



2024

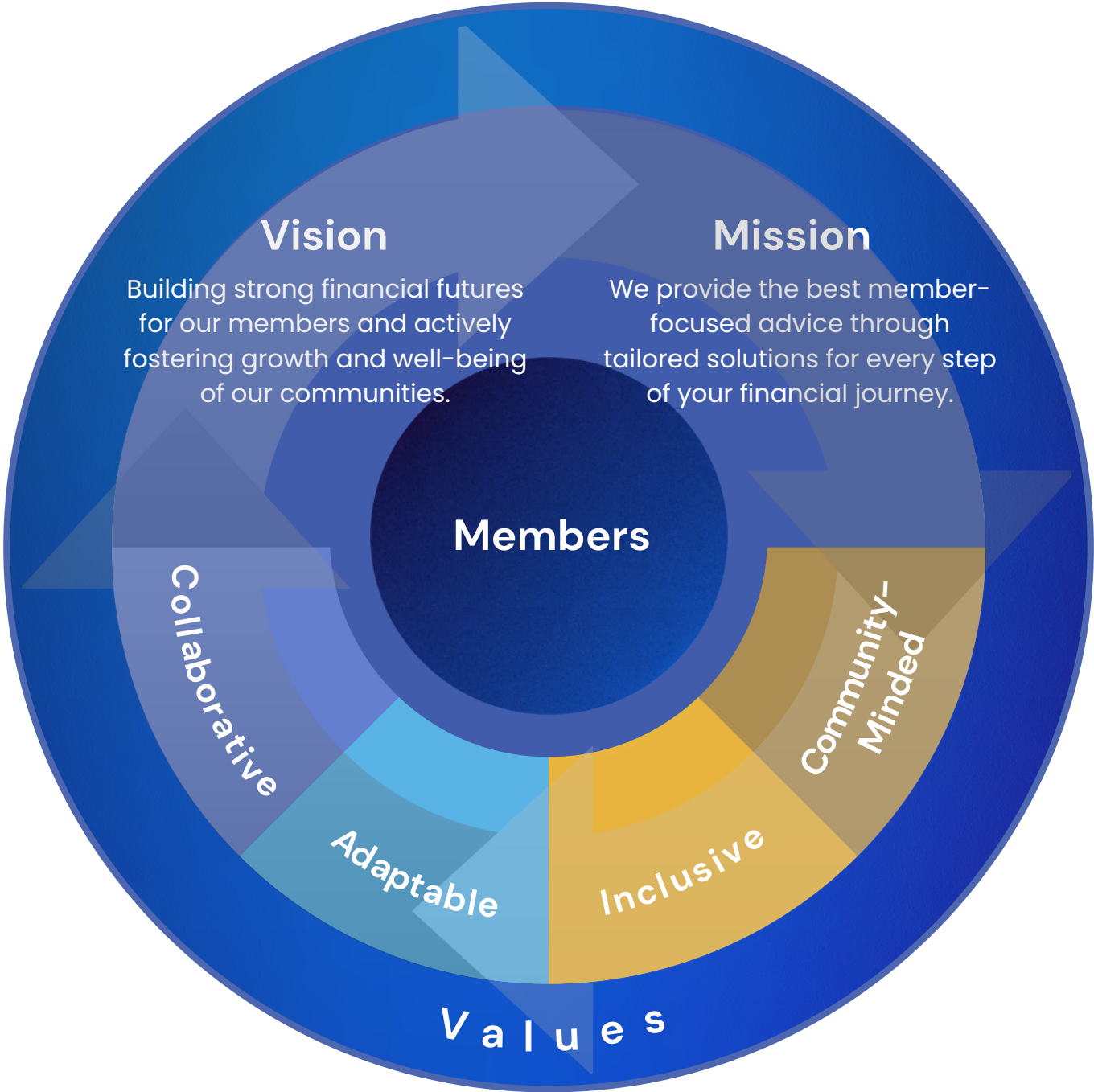
# Annual Report



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# Vision, Mission & Values



## **Message from Board of Directors' Chair and Chief Executive Officer**

In 2024, transformational change took centre stage, with the well-being of our members and the financial sustainability of TCU Financial Group as our primary focus.

As we reflect on the past year, we take great pride in the resilience and adaptability demonstrated by our team as we embraced this transformation. Our efforts remained rooted in strengthening the financial security of our members and communities while reinforcing our commitment to long-term sustainability. Through strategic partnerships and collaboration, we not only navigated challenges but emerged stronger, deepening our connection with the people we serve.

### **Financial Performance**

Our financial performance this year reflects steady and sustainable growth, with both assets and net income showing a significant increase compared to 2023. This progress is a direct result of financial management, strategic decision-making, and the continued trust and engagement of our members. Supported by the dedication of our staff and leadership team, these achievements reinforce our ability to deliver competitive products and services while strengthening our financial foundation for long-term stability and growth.

### **Technology and Digital Transformation**

In 2024, investing in technology was a strategic priority essential to driving our long-term vision forward. As we expand our suite of member-facing solutions, we are also focused on enhancing internal efficiencies to reduce friction for both our members and employees. By modernizing systems, automating processes, and integrating smarter digital solutions, we are creating a more seamless, responsive, and accessible experience. These advancements reinforce our operational foundation, ensuring we remain agile and well-positioned to meet the evolving needs of our members now and in the future.

### **Community Commitment**

At TCU, supporting our community is more than a responsibility – it is a fundamental part of who we are. This year, we proudly contributed \$60,000 to various community initiatives and we continued to support local organizations through both volunteer efforts and financial donations. Our members and staff have worked diligently to ensure that our community remains at the heart of everything we do, embodying the spirit of cooperation and shared responsibility.

### **Looking Ahead**

As we move forward, we are excited about the opportunities that will drive growth and strengthen TCU Financial Group for our members, employees, and the communities we serve. Our commitment to Saskatchewan remains strong as we continue investing in a stable, member-focused future. With a clear purpose, we remain dedicated to being a trusted partner in supporting the financial well-being of our members, fostering a rewarding workplace for our employees, and strengthening the communities around us. By embracing innovation, deepening partnerships, and leveraging strategic growth, we are building long-term sustainability that will benefit generations to come. While challenges may emerge, we are confident in our ability to adapt, thrive, and create new opportunities that reinforce our role as a strong and reliable Credit Union for our members and a valued employer for our team.

## Gratitude and Acknowledgements

I would like to extend my heartfelt gratitude to all our Board members for their unwavering dedication and commitment to TCU. Serving on the Board is a significant responsibility, and their hard work and thoughtful contributions—both in Board meetings and across a range of committees have been instrumental in guiding our credit union through this year's challenges.

I also want to thank our management team and staff for their tireless efforts. Their dedication has been the backbone of our success, and it is through their continued commitment that we are able to serve our members with excellence.

Finally, to our members, I offer my sincerest thanks. Your continued trust and engagement are the pillar of our success. We are here because of you, and together we have built a strong, resilient credit union that is well-positioned for the future.

In closing, we look forward to the continued growth and success of TCU Financial Group. We remain committed to delivering value to our members, ensuring their financial well-being, and contributing positively to the communities we serve. Thank you for your ongoing trust and partnership.

Respectfully yours,



Stephanie Mansfield  
Chair – Board of Directors



Greg Peacock  
Chief Executive Officer



Stephanie Mansfield – Chair  
Board Member since 2013



Angela Prokop – Vice Chair  
Board Member since 2020



Jeffery Brown  
Board Member since 2024



Nicole Cox  
Board Member since 2019



David Froh  
Board Member since 2022

# Board of Directors

Our Board of Directors is committed to maintaining focus on the members, the communities we serve and the financial sustainability of TCU Financial Group Credit Union.

Learn more about our directors by visiting [tcufinancialgroup.com](http://tcufinancialgroup.com)



Brett Gerich  
Board Member since 2022



Sheldon Gerspacher  
Board Member since 2024



Donald Hobday  
Board Member since 2021



Greg Lepp  
Board Member since 2023



Norm Peel  
Board Member since 2023

## Meeting Attendance

2024 Board & Board Committee Meeting Attendance January 1 - December 31, 2024							
Board of Directors	Board Meeting	Executive Committee	Audit & Conduct Review Committee	CEO Compensation & Performance Evaluation Committee	Governance & Human Resources Committee	Risk Committee	Other
Stephanie Mansfield Chair	6 of 6	5 of 5	5 of 5	3 of 4			9 of 9 <sup>3</sup>
Angela Prokop Vice Chair	6 of 6	4 of 5		3 of 4	5 of 5	1 of 1	4 of 4
Jeffery Brown <sup>1</sup>	4 of 4				3 of 3		4 of 4
Brendan Bitz <sup>2</sup>	2 of 2					1 of 1	2 of 2 <sup>3</sup>
Nicole Cox	5 of 6		5 of 5	4 of 4	2 of 2		4 of 4
David Froh	4 of 6				1 of 2	3 of 3	2 of 4
Brett Gerich	5 of 6		2 of 2		2 of 2	3 of 3	4 of 4
Sheldon Gerspacher <sup>1</sup>	3 of 4		3 of 3				4 of 4
Donald Hobday	4 of 6			3 of 4		4 of 4	4 of 4
Greg Lepp	6 of 6				3 of 3	4 of 4	4 of 4
Norm Peel	6 of 6		4 of 5		3 of 3		4 of 4

<sup>1</sup> term started

<sup>2</sup> term ended

<sup>3</sup> Includes Corporate Social Responsibility Committee – 6 meetings (not a committee of the Board)

**Other** includes:

- AGM
- Re-organization Meeting
- Strategic Planning Meetings

Note: The Committee structure changed after the re-organization meeting in April. Any variances seen in committee attendance are due to the changes.

## Delegate Remuneration

2024 Board Honorariums, Per Diems, Travel/Other & Learning/Development					
Board of Directors	Honorarium	Per Diems	Travel/Other	Learning & Development	Total
Stephanie Mansfield Chair	\$7,000.00	\$9,520.00	\$1,965.33	\$1,996.45	\$20,481.78
Angela Prokop Vice Chair	\$3,400.00	\$6,930.00	\$571.32	\$1,977.50	\$12,878.82
Jeffery Brown <sup>1</sup>	\$800.00	\$3,400.00	\$558.07	\$1,640.50	\$6,398.57
Brendan Bitz <sup>2</sup>	\$400.00	\$1,000.00	-	-	\$1,400.00
Nicole Cox	\$1,200.00	\$5,850.00	-	\$3,286.40	\$10,336.40
David Froh	\$1,200.00	\$3,000.00	-	\$4,004.50	\$8,204.50
Brett Gerich	\$1,200.00	\$5,600.00	-	\$4,004.50	\$10,804.50
Sheldon Gerspacher <sup>1</sup>	\$800.00	\$3,320.00	\$855.87	\$1,640.50	\$6,616.37
Donald Hobday	\$1,200.00	\$4,600.00	\$510.92	\$2,558.50	\$8,869.42
Greg Lepp	\$1,200.00	\$5,000.00	-	\$3,106.50	\$9,306.50
Norm Peel	\$1,200.00	\$6,000.00	\$1,139.24	\$2,857.50	\$11,196.74
<b>Total</b>	<b>\$19,600.00</b>	<b>\$54,220.00</b>	<b>\$5,600.75</b>	<b>\$27,072.85</b>	<b>\$106,493.60</b>

<sup>1</sup> term started

<sup>2</sup> term ended

## Corporate Governance

As a financial co-operative, TCU Financial Group is governed by a Board of Directors which is normally comprised of ten Directors, all of whom are independent. The functions of the Board include the sanctioning of strategic business plans, corporate mission, vision, values, and guiding principles; monitoring corporate performance against strategic business plans; overseeing the operations; ensuring compliance with laws and regulations; keeping members informed regarding plans, strategies, and performance of the Credit Union; performance management and compensation of the CEO; and other related matters as they may arise.

During 2024, the Board of Directors held six regular meetings and four other meetings.

The Board of Directors has formed five committees to assist with the governance process.

**Audit & Conduct Review Committee** – The purpose of this committee, from an audit perspective, is to provide independent oversight of the credit union's operations and to ensure the accuracy, integrity, security, prudence and legality of its financial transactions and records. From a conduct review perspective, this committee's purpose is to ensure the integrity and objectivity of Directors, Officers, and Employees of TCU. This committee monitors and reviews related party transactions with the credit union to ensure they are fair, and that best judgment is exercised in all matters or related party relationships as a result of real or perceived conflict of interest. During 2024, the Audit & Conduct Review Committee was comprised of four directors and met five times.

**Risk Committee** – The purpose of this committee is to ensure a strong enterprise risk management framework exists. This framework provides reasonable assurance that strategic, operational, financial, and regulatory objectives are achieved. The committee oversees the identification, measurement, and development of strategies to manage those risks. The committee also oversees the compliance with legal and regulatory requirements. During 2024, the Risk Committee was comprised of four directors and met four times.

**Governance & Human Resources Committee** – The purpose of this committee is to ensure an appropriate governance structure is in place, to oversee the election process of the Board of Directors, the Board evaluation and development process, along with human resources. This includes the compensation philosophy and culture of the organization. Additionally, this committee works closely with the executive management to formulate policies and practices to meet the needs of our members, staff, and the corporate entity. During 2024, the Governance & Human Resources Committee was comprised of four directors and met five times.

**Executive Committee** – The purpose of this committee is to act in the capacity of, and on behalf of, the Board of Directors between regular or special Board meetings on all Board matters except those which the Board may not, in compliance with legislative requirements, delegate. Additionally, this committee sets the Board of Director's regular meeting and planning meeting agendas. The Executive Committee consists of the Chair and Vice Chair of the Board of Directors and the Chief Executive Officer. During 2024, this committee met five times.

**CEO Compensation & Performance Evaluation Committee** – The purpose of this committee is to ensure that a fair, equitable and competitive compensation program is provided for the CEO. Additionally, this committee conducts the CEO performance evaluation process and sets the performance plan for the following year. The CEO Compensation & Performance Evaluation Committee consists of five members of the Board of Directors which are the Chair, Vice Chair, Chair of the Audit & Conduct Review Committee, Chair of the Risk Committee and Chair of the



Governance & Human Resources Committee (who in 2024 was also the Vice Chair of the Board, meaning the committee only had four members). During 2024, this committee met four times.

**Executive Management** – The Executive Management team is responsible to oversee the operation of the credit union as directed through the strategic plan and policies approved by the Board of Directors. Additionally, Executive Management is responsible for developing processes that identify measures and monitor and control risks.

The Executive Management team consists of the following:

- Greg Peacock – Chief Executive Officer
- Jason Bazinet – Chief Financial Officer
- Dawn Bell – Chief Risk & Compliance Officer
- Randy Martynuik – Chief Information Officer
- Crystal Mills – Chief Operating Officer

# Highlights

## In 2024, Canada's Credit Unions were honoured with six Ipsos Financial Service Excellence Awards

- Customer Service Excellence
- Values My Business
- Financial Planning & Advice
- Branch Service Excellence
- Online Banking Excellence
- Live Agent Telephone Banking Experience

### By the numbers

**7th** largest provincially regulated credit union in Saskatchewan

**\$722 million** in assets on the credit union side

Serving over **14,500** members

**\$399 million** in managed assets on the wealth management side

TCU Financial Group employs **97** people

Member owned since **1952**

# Highlights

## TCU Financial Group Gives Back

### TCU's Corporate Social Responsibility Program

TCU Financial Group has dedicated resources to support the categories of Diversity, Equity & Inclusion, Mental Health, Sick Kids, Food Insecurity, and Education.

Donations were made to: Haven Kids' House, Hockey Helps the Homeless, Hope's Home, YWCA Regina, Ronald McDonald House, Cathedral Community Fridge, Hospitals of Regina Foundation, and Make-a-wish Foundation Canada



**\$6,000**  
allocated to  
scholarships



**\$13,000**  
allocated to  
donations



YWCA Walk a Mile in Their Shoes



Ronald McDonald House Home for Dinner

## Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) provides detailed information, including commentary on the results of operations and financial condition of TCU Financial Group Credit Union (TCU Financial Group), for the year ending December 31, 2024. The MD&A is an integral part of the annual report and should be read in conjunction with the accompanying consolidated financial statements.

The following discussion and analysis are the responsibility of management and is current as of March 25, 2025.

### Forward Looking Statements

This MD&A may contain forward looking statements concerning TCU Financial Group and its future strategies. These statements involve uncertainties in relation to the prevailing economic, legislative, and regulatory conditions at the time of writing. Therefore, actual results may differ from the future looking statements contained in this discussion.

### Corporate Profile

TCU Financial Group is a member-owned financial co-operative serving over 14,500 members in the province of Saskatchewan. As a full-service financial institution, TCU Financial Group offers members a comprehensive line of consumer, business and wealth management products and services. It serves its members through two branches and an advice centre in Saskatoon, two branches in Regina, MemberLine (call centre), and through its online and mobile banking platforms.

### Economic Environment and 2025 Forecast

Saskatchewan's economy in 2024 demonstrated resilience despite challenges, with real GDP growth of 1.3%, ranking third among provinces. The unemployment rate increased slightly from 5.0% at the start of 2024 to 5.9% by year-end. Employment reached a record high of 606,200 jobs, with 14,000 new positions added during the year.

The agriculture sector faced severe drought conditions, leading to increased crop insurance claims and financial instability among grain buyers. Meanwhile, the minerals and energy sector strengthened as the Saskatchewan Research Council's (SRC) Rare Earth Processing Facility in Saskatoon began commercial-scale production in 2024. This milestone made Saskatchewan the only jurisdiction in North America with such capabilities. Once fully operational in early 2025, the facility will produce approximately 400 tonnes of rare earth metals per year—enough to power 500,000 electric vehicles. These metals are also critical for wind turbines, robotics, HVAC systems, elevators, and other green technologies. The potash market stabilized in 2024, with BHP's expansion of the Jansen project contributing to growth.

The housing market showed mixed results. Residential construction increased by 6.3%, and building permits rose by 10.9%. However, housing affordability remains a concern, with home prices averaging 6.5 times the province's average income. Saskatchewan's population surpassed 1.23 million, driven by strong international immigration, despite continued interprovincial migration outflows.

Real GDP is projected to grow by 1.9% in 2025, outpacing the national average for the fourth consecutive year. Major infrastructure projects, rising fertilizer prices, and interest rate cuts will drive this growth, supporting business expansion and household spending. Business confidence remains strong, with only 10% of businesses expecting weak demand compared to 17% nationally.

Key industries - agriculture, resource extraction, and construction, will fuel economic activity, with capital investments in mining and infrastructure playing a major role. The unemployment rate is expected to stabilize at 5.3%, while wage growth and a tightening labor market should sustain momentum.

Saskatchewan's resource industries, particularly potash and rare earth elements, are set for expansion, while agriculture is expected to rebound with improved weather. Consumer spending should recover as interest rates stabilize. However, economic risks remain, including potential trade disputes and tariffs. New tariffs on Canadian exports could impact Saskatchewan's trade-dependent economy, affecting businesses and employment. Reduced immigration targets and population outflows to Alberta and British Columbia also present challenges.

Despite these uncertainties, Saskatchewan's diversified export markets and economic prospects remain strong. Strategic investments in economic diversification, infrastructure, and resource development will be essential for sustaining long-term growth and stability.

### Financial Performance Review

Financial Management	2024 Actual	2024 Plan	2023 Actual
<b>Assets</b>	722,088,229	736,197,000	710,454,487
Growth (\$)	11,633,742	25,742,513	(23,951,786)
Growth (%)	1.6%	3.6%	-3.3%
<b>Member Loans</b>	554,436,622	559,539,000	541,717,923
Growth (\$)	12,718,699	17,821,077	(40,504,781)
Growth (%)	2.3%	3.3%	-7.0%
<b>Member Deposits</b>	637,495,146	639,651,000	623,803,227
Growth (\$)	13,691,919	15,847,773	(7,272,995)
Growth (%)	2.2%	2.5%	-1.2%

Despite economic headwinds, TCU celebrated key milestones and achievements in 2024. Total assets grew by 1.6% to \$722.1 million, marking a strong recovery from the previous year's contraction. Loan growth remained positive at 2.3%, with commercial lending serving as a key driver. Deposit growth closely aligned with loan growth, reinforcing financial stability and providing a strong foundation for future expansion.

Member Loans and Leases	2024	2023	Change	
			\$	%
Residential mortgages	211,922,333	216,957,985	(5,035,652)	-2.3%
Home equity lines of credit	101,038,641	102,198,377	(1,159,736)	-1.1%
Personal loans	7,737,555	8,077,305	(339,750)	-4.2%
Commercial loans	213,527,700	198,759,009	14,768,691	7.4%
Lines of credit and overdrafts	20,785,135	17,018,836	3,766,299	22.1%
Leases	368,920	479,066	(110,146)	-23.0%
<b>Gross loans</b>	<b>555,380,284</b>	<b>543,490,578</b>	<b>11,889,706</b>	<b>2.2%</b>
Accrued interest	2,072,723	2,024,141	48,582	2.4%
Allowance for credit losses	(3,016,385)	(3,932,796)	916,411	-23.3%
Foreclosed property held for resale	-	136,000	(136,000)	-100.0%
<b>Net loans</b>	<b>554,436,622</b>	<b>541,717,923</b>	<b>12,718,699</b>	<b>2.3%</b>

The loan portfolio exhibited positive momentum in 2024, with total gross loans rising by 2.2% to \$555.4 million. The most significant area of expansion was in commercial lending, which grew by 7.4% to \$213.5 million. This aligns with Saskatchewan's economic developments, particularly increased investments in construction activity. Lines of credit and overdrafts also saw strong demand, increasing by 22.1%, reflecting the need of members to tap into short-term financing solutions.

Conversely, residential mortgage lending declined by 2.3%, mirroring trends in Saskatchewan's housing market, where affordability challenges persisted despite a 6.3% increase in residential construction activity. Home equity lines of credit and personal loans also saw slight contractions, suggesting that higher borrowing costs and economic uncertainty influenced consumer financial decisions.

The allowance for credit losses decreased significantly by 23.3%, signaling an improvement in credit quality and risk management. With the province expecting economic stability in 2025, loan portfolio diversification and prudent underwriting practices will remain key to sustaining healthy growth.

Composition of Loan Portfolio	2024	2023
Secured by residential real estate	56%	59%
Consumer personal loans	1%	1%
Commercial loans and leases	39%	37%
Lines of credit and overdrafts	4%	3%

The loan portfolio composition in 2024 saw a slight shift in focus. Loans secured by residential real estate declined from 59% to 56%, aligning with the decrease in mortgage lending. In contrast, commercial loans and leases expanded from 37% to 39%, reinforcing our growing emphasis on business lending. Lines of credit and overdrafts increased from 3% to 4%, reflecting a greater reliance on short-term credit solutions. Consumer personal loans remained stable at 1% of the total portfolio. Our strategic goal is to keep a diversified and balanced loan portfolio that is weighted in the range of 60% consumer and 40% commercial, and the minor shifts in portfolio composition are consistent with our strategy and desire to maintain a balanced credit risk profile.

Member Deposits	2024	2023	Change	
			\$	%
Consumer retail deposits				
Chequing	110,769,537	107,735,201	3,034,336	2.8%
Savings	55,859,559	59,499,981	(3,640,422)	-6.1%
Term deposits	172,695,475	169,087,146	3,608,329	2.1%
Registered accounts	167,126,569	158,247,006	8,879,563	5.6%
Total consumer retail deposits	506,451,140	494,569,334	11,881,806	2.4%
Commercial deposits				
Chequing	62,698,254	58,592,286	4,105,968	7.0%
Savings	14,577,213	17,104,504	(2,527,291)	-14.8%
Term deposits	45,708,795	46,562,606	(853,811)	-1.8%
Total commercial deposits	122,984,262	122,259,396	724,866	0.6%
Accrued interest	8,059,744	6,974,497	1,085,247	15.6%
Member Deposits	637,495,146	623,803,227	13,691,919	2.2%

Total deposits grew by 2.2% to \$637.5 million. Consumer retail deposits increased by 2.4%, driven by growth in chequing accounts (+2.8%), term deposits (+2.1%), and registered accounts (+5.6%). However, savings deposits declined by 6.1%, indicating a shift toward fixed-term products.

On the commercial side, deposits remained stable, with a modest overall increase of 0.6%. Commercial chequing accounts grew by 7.0%, supporting business transaction needs, while savings deposits declined by 14.8%, likely due to businesses reallocating funds for operational expenses or capital investments. Term deposits decreased slightly by 1.8%, suggesting shifts in business savings strategies.

The overall composition of the deposit portfolio remained stable and consistent, with consumer deposits representing 80% of the total and commercial deposits accounting for 20%.

Composition of Deposit Portfolio	2024	2023
Chequing	27%	27%
Savings	11%	12%
Term deposits	35%	35%
Registered accounts	27%	26%

Composition by Segment	2024	2023
Consumer retail deposits	80%	80%
Commercial deposits	20%	20%

Profitability	2024 Actual	2024 Plan	2023 Actual
Revenue	21,270,388	21,358,500	20,669,622
Operating expense	18,178,572	17,850,000	17,784,840
Provision for credit losses	1,040,139	1,447,000	2,618,548
<b>Net income</b>	<b>1,594,642</b>	<b>1,536,000</b>	<b>341,755</b>
Comprehensive income	3,373,545	2,792,000	1,535,741
Return on average assets (ROAA)	0.22%	0.21%	0.05%
Efficiency ratio	85.5%	83.6%	86.0%

TCU's profitability improved significantly in 2024. Revenue increased to \$21.3 million, marking a steady rise from the previous year. Operating expenses reached \$18.2 million, reflecting strategic investments in employees, process enhancements, payments modernization, and digital transformation. These investments are expected to drive long-term efficiency and member service improvements.

The provision for credit losses decreased to \$1.0 million, a major improvement from the \$2.6 million recorded in 2023, reinforcing effective credit risk management. Net income rose sharply to \$1.6 million, a significant turnaround from the \$341,755 recorded in the previous year. With the Bank of Canada easing its policy interest rate by 1.75% in the second half of 2024, comprehensive income improved to \$3.4 million, exceeding both the prior year's \$1.5 million and the 2024 budget of \$2.8 million. The return on average assets (ROAA) improved to 0.22%, up from 0.05% in 2023, indicating enhanced financial performance, while the efficiency ratio remained stable at 85.5%.

Capital Management	2024 Actual	2024 Plan	2023 Actual
CET1 capital / risk-weighted assets	15.7%	14.9%	17.0%
Total eligible capital / risk-weighted assets	16.2%	15.1%	17.2%
Total eligible capital / leveraged assets	9.8%	9.4%	9.4%

Member equity and capital are the primary measurements of a credit union's financial strength and ability to be resilient through unexpected events. Our capital management policy is to ensure that we remain adequately capitalized, maintaining a prudent cushion of retained earnings and equity to finance new opportunities, invest in our business, and offer a solid level of protection against severe negative economic events.

Our capital ratios remain strong, reflecting financial stability and regulatory compliance. The Common Equity Tier 1 (CET1) capital ratio stood at 15.7%, exceeding the planned 14.9% but slightly lower than the 17.0% recorded in 2023. Total eligible capital to risk-weighted assets stood at 16.2%, surpassing the planned target. The total eligible capital to leveraged assets ratio remained at 9.8%, supporting a well-capitalized position. These strong capital ratios provide a solid foundation for future growth while ensuring resilience against market fluctuations.



	Total Exposure	Avg. Risk Weight	Total Risk Weighted Assets	
			2024	2023
Cash and Investments	154,327,322	18%	28,266,940	23,698,261
Loans	552,363,899	60%	333,846,467	291,205,751
Investment Property	1,696,793	100%	1,696,793	1,755,528
On-Balance Sheet Credit Risk Assets	708,388,014	51%	363,810,200	316,659,540
Commitments to Extend Credit Risk	222,707,836	22%	48,418,993	31,171,646
Pillar 1 - Credit Risk Exposures	931,095,850	44%	412,229,193	347,831,186
Other Assets	13,700,215	102%	13,936,271	14,745,296
Pillar 1 - Other Risk Exposures	13,700,215	102%	13,936,271	14,745,296
Total On-Balance Sheet Assets	722,088,229	52%	377,746,471	331,404,836
Interest Rate Swaps	75,000,000	0%	75,000	75,000
Pillar 1 - Market Risk Exposures	75,000,000	0%	75,000	75,000
Gross Income (3 YR Avg.)	19,893,443	187%	37,300,205	37,766,940
Pillar I - Operational Risk Exposures	19,893,443	187%	37,300,205	37,766,940
Total Pillar I Risk Exposures	1,039,689,508	45%	463,540,669	400,418,422

Risk-weighted assets reflect a balanced approach to risk management, with loans making up the largest exposure. Loans carried an average risk weight of 60%, amounting to \$333.8 million. Cash and investments supported an 18% risk weight, ensuring liquidity stability, while investment property remained fully risk-weighted at 100%. On-balance sheet credit risk assets increased to \$363.8 million, in line with the growth of the lending portfolio. Commitments to extend credit rose, resulting in a 22% risk-weighted exposure. Given Saskatchewan's ongoing economic diversification efforts, maintaining a robust risk management framework will remain a priority.

Liquidity Management	2024 Actual	2024 Plan	2023 Actual
Loans / assets	76.8%	76.0%	76.0%
Liquidity coverage ratio	545%	> 125%	962%

Liquidity is a cornerstone of financial stability, with key metrics reflecting a strong position. Our primary focus as a credit union is to deploy most of the funds deposited with us into member loans and our ideal loan-to-asset ratio is between 78% to 82%. For 2024, the loans-to-assets ratio increased to 76.8% and is moving closer to our optimal level of loans to assets target. The liquidity coverage ratio (LCR) remains exceptionally high at 545%, significantly above the regulatory minimum, reinforcing the credit union's ability to meet short-term obligations. This robust liquidity position enables TCU to support continued lending growth while safeguarding depositor confidence.

All Saskatchewan Credit Unions are required to maintain 8.65% of their liabilities on deposit with SaskCentral, as the manager of the provincial liquidity program. These liquidity investments provide a safety net of liquid funds to satisfy payment obligations and to also protect the credit union against unforeseen liquidity events. In addition to these statutory liquidity investments, the credit union maintains an investment portfolio of bonds that can be liquidated on short-notice and maintains \$34,700,000 in credit facilities to meet any expected and unexpected liquidity demands.

Saskatchewan's economic outlook for 2025 remains positive, with expected GDP growth of 1.9%. TCU is well-positioned to capitalize on economic expansion, supported by a strong financial foundation, prudent risk management, and strategic investments in digital transformation and infrastructure. Continued economic diversification and financial stability efforts will be key to long-term growth and resilience.

## Management of Risk

### Overview

As a financial institution, TCU Financial Group is inherently exposed to a number of risks. Effective risk management is critical to the attainment of strategic initiatives. The credit union continues to work to build a strong risk culture that empowers all employees to be risk-aware and engaged in the identification and management of risk. TCU Financial Group utilizes an Enterprise Risk Management (ERM) framework that is aligned with Credit Union Deposit Guarantee Corporation's (the Corporation's) Standards of Sound Business Practice to identify, measure, monitor, control, and report the risks of the organization on an enterprise-wide and disaggregated level.

TCU Financial Group classifies risk exposure according to the following categories: Strategic, Operational, and Financial. These material risk categories reflect the significant risks that could impact TCU Financial Group's ability to achieve business objectives.

A key component of TCU Financial Group's risk management approach is to ensure that top and emerging risks are identified, managed, and reported. Our ERM framework includes various policies and programs at TCU Financial Group and allows effective management of enterprise-wide risks by:

- Providing a means by which the Board and management establish and reinforce the credit union's risk culture.
- Articulating and monitoring adherence to risk appetite through the Risk Appetite Framework.
- Establishing a risk management system with the three lines of defense to identify, measure, monitor, control, and report risks.
- Establishing management and Board risk governance and oversight committees to provide a structured and disciplined approach to risk management and informed decision making.
- Establishing risk management policies and framework documents to govern the credit union's business and operational activities.

Senior management has established an Enterprise Risk Management Committee which is responsible to ensure that the Board, via the Risk Committee, has the information needed to provide proper oversight of the risk management function within TCU. Executive and senior management are responsible for the implementation of strategies and policies approved by the Board as well as regular reporting to the Board or specific committees to ensure proper oversight is maintained.

The Asset and Liability Management Committee (ALCO) consists of executive management and other management personnel. The committee is responsible for monitoring liquidity and interest rate risk as well as overall credit exposure. This committee provides regular reporting to the Board related to liquidity, market risk and capital management activities undertaken by management.

The Internal Credit Committee (ICC) is responsible for the approval of large credit exposures and also oversight and monitoring of the performance of TCU's entire credit portfolio, including risk metric performance. The Committee consists of executive management and other management personnel.

The Information Systems and Technology Steering Committee is comprised of executive management and other management personal to provide leadership and planning to align technology investments with TCU Financial Group's digital transformation strategies, deliver value, and manage performance and risk. The Committee monitors, evaluates, and approves actions related to technology risk and cybersecurity, and prioritizes major digital projects.

TCU Financial Group has also established an independent internal audit function that was outsourced to PRA Canada for 2024 (now BDO Canada LLP). Reporting from the internal audit function is delivered to management and the Audit & Conduct Review Committee of the Board on a quarterly basis to assist in the oversight of TCU Financial Group's internal controls.

The Risk Committee of the Board receives direct reporting from senior management and is responsible for monitoring the risk management framework and making recommendations to the Board regarding acceptable levels of risk. The Audit & Conduct Review Committee of the Board is responsible to provide oversight of the external and internal audit process and the adequacy of internal controls.

The Board is responsible to approve the overall business plan, including recommendations from various committees. The Board also receives reporting from the various Board committees as it relates to approvals made by those committees.

### **Risk Culture**

Risk accountability lies at the core of TCU Financial Group's risk culture. Business decision-makers have primary accountability for risk, while the Risk Management Group is primarily responsible for providing an enterprise-wide view of risk-taking activities by:

- Monitoring adherence to the Board's overall risk appetite and limit structure.
- Ensuring appropriate focus on the identification of new and emerging risks.
- Working with individuals across the organization to review and develop policies and procedures, monitor risk exposures, and challenging key business proposals.

Our approach is designed to help ensure that we only take as much risk as warranted by our business model, strategies, and policies, and that risk levels and types are transparent throughout the credit union. Business-line managers closest to our members are risk owners, while the Risk Management Group provides independent oversight and challenge of control effectiveness. We leverage strong talent on the front line, in corporate functions, and in internal audit to ensure effective risk management. To provide the foundation for risk culture, the Board establishes tone at the top by promoting risk awareness, conveying expectations that it does not support excess risk taking, and promoting a culture where employees are individually and collectively responsible for risk management.

The following risk principles guide employees in the corporate-wide management of risk:

Risk Principle		Description of Principle
1	Enterprise-wide in scope	Risk management spans all areas of the credit union, including third-party alliances and joint venture undertakings.
2	Transparent and effective communication	Matters related to risk are communicated and escalated in a timely and forthright manner.
3	Enhanced accountability	As an organization, we are working to ensure that risk is managed and understood by all employees, individually and collectively.
4	Independent oversight	The Chief Risk & Compliance Officer is responsible to oversee the identification, measurement, monitoring and reporting of the risks of the credit union regularly, and independently of business lines or operational management.
5	Integrate risk and control culture	Risk management is expected to be integrated into the daily routines, decision-making and strategy of the credit union.
6	Strategic balance	Risk is managed to an acceptable level of exposure, recognizing the need to protect and grow the organization.

## Risk Appetite

TCU Financial Group's risk appetite encompasses our capacity for risk, which enables us to balance our risk tolerances with return expectations. Risk appetite is defined as the aggregate level and types of risk that TCU is willing to accept or avoid, in order to achieve its strategic and business objectives. Risk appetite is a comprehensive expression of the types and size of risks to which the credit union wishes to be exposed or not to be exposed, given the strategy and business model of the organization. Our risk appetite is based on an understanding of the credit union's overall capacity to bear risk. Risk limits and tolerance ranges represent the maximum risk the credit union can bear relative to its financial capital position, regulatory requirements, strength of earnings, resilience of brand and reputation. We also consider various stakeholder expectations including members, management and regulators with varying perspectives on risk appetite. As such, our risk appetite combines short-term management and earnings perspectives with longer-term solvency.

TCU Financial Group's risk appetite framework provides the basis for the development of risk management policies that establish and monitor adherence to the approved risk appetite. The Risk Appetite Policy also establishes the requirement to align risk-taking with the credit union's vision, strategy, and risk principles. Adherence to risk principles and limits in day-to-day operations provides the basis for managing the risk profile of the credit union.

## Three Lines of Defense

TCU Financial Group has adopted the Three Lines of Defense model to help provide a consistent, transparent, and clearly documented allocation of accountability and segregation of functional responsibilities. Our organizational structure continues to evolve and align to the Three Lines of Defense, improving the management of risk throughout the business operations of the credit union.

Business Operations	Risk Management Group	Internal Audit
First Line of Defense (risk takers)	Second Line of Defense (risk oversight)	Third Line of Defense (independent assurance)
<ul style="list-style-type: none"> <li>• Owns and manages risk in day-to-day business operations.</li> <li>• Optimizes risk/return trade-off within risk appetite.</li> <li>• Embeds a risk aware culture within each business unit.</li> <li>• Operates within risk limits, tolerances, policies and legislative and regulatory requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Leads and coordinates development and maintenance of the Risk Appetite Framework, corporate policies and frameworks.</li> <li>• Supports a risk aware culture.</li> <li>• Provides independent oversight of the First Line of Defense, including independent challenge.</li> <li>• Defines risk measurement methodology and develops risk models and tools.</li> <li>• Independently identifies, measures, monitors and reports on the credit union's risk profile.</li> <li>• Provides advice on risk mitigation, risk appetite, risk assessment, and quantification approaches.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides independent assurance as to the effectiveness of the ERM Framework and the effectiveness of the First and Second Lines of Defense.</li> <li>• Independently reviews adherence to controls, policies and regulatory requirements.</li> <li>• Identifies operational weaknesses and recommends and tracks remediation actions.</li> </ul>

**Chief Risk & Compliance Officer and Risk Management Group Mandates**

The Chief Risk & Compliance Officer (CRCO) is independent from business line management. The CRCO reports to the Chief Executive Officer but has unfettered access and a functional reporting line to the Risk Committee of the Board. As part of the Executive Management Team, the CRCO is responsible for providing strategic direction and leadership for the enterprise risk management and compliance functions of TCU Financial Group. The internal audit function also reports administratively to the CRCO.

The Risk Management Group is an independent function that is accountable for oversight and effective challenge of all significant and material risks faced by the organization. The risk group reinforces enterprise-wide risk culture; establishes risk appetite, policies, and frameworks, provides independent oversight to the effectiveness of the credit union's risk and compliance processes; and reports on the enterprise risk profile independently of business segments.

**Stress Testing**

Stress testing is an important component of TCU Financial Group's risk management framework. Stress testing results are used to:

- Ensure the credit union's risk appetite is commensurate with its risk capacity
- Ensure the credit union has sufficient capital for its risk profile
- Ensure the credit union has a buffer to withstand extreme but plausible shocks and stress events
- Ensure the credit union has capacity to recover from stress conditions

We incorporate the results of our stress tests into our Internal Capital Adequacy Assessment Process (ICAAP).

## ICAAP

The ICAAP is an integral part of TCU Financial Group's ERM program. The ICAAP supports the credit union in ensuring that capital targets and levels are adequate to support the material risks of business operations, that capital is effectively deployed and maintained, and that capital decisions are aligned with the credit union's risk appetite, corporate policies, and risk frameworks.

## Material Risks

Material risks are those considered significant to the success of TCU Financial Group. The credit union takes on risks that are aligned with its strategic direction and risk appetite and create value for shareholders.

### *Credit Risk*

Credit risk is the risk of loss associated with a borrower, obligor or counterparty (collectively referred to as counterparty) failing to meet the agreed terms in their respective loan agreement(s). TCU Financial Group has a credit management policy, procedures and underwriting requirements to assess and manage credit risk, which is inherent in the financial industry. TCU Financial Group monitors industry standards, market and economic conditions, and regulations in order to refine and evolve our credit risk practices.

The responsibility for managing credit risk is shared following the Three Lines of Defense model. Our Board delegates credit approval authorities to the CEO, who has delegated credit risk approval authorities to individuals within the credit department and business segments as necessary to enable daily business activities. Credit transactions in excess of these authorities must be approved by the Internal Credit Committee in alignment with the limits and requirements contained in the Corporation's Standards of Sound Business Practice.

Credit risk analysis includes continuous review and assessment of our loan portfolio performance, including criteria such as repayment, security valuation and diversification. We continue to actively manage our credit book as part of the risk and capital management processes. This helps determine the potential impact of an economic downturn that may result in defaults and a decrease in housing prices. Results indicate that TCU Financial Group's capital position remains resilient in the event of a medium-to-high stress scenario that affects the residential mortgage portfolio. Specifically, an LTV shock of 30% and results in a negative impact of approximately \$1,200,000 on the credit union's capital position.

Activities in place to manage TCU Financial Group's credit risk profile within risk appetite and risk limits include:

- Entering into transactions within the credit union's knowledge and expertise.
- Consistent application of sound credit policies and procedures that set out the requirements for structuring loans. Underwriting requirements include the use of collateral, amortization, loan-to-value, reporting and covenants.
- Requiring the counterparty to pledge collateral as security for the credit to mitigate potential loss in the event of default.
- Regular reporting that assists management in identifying trends and/or red flags. TCU Financial Group is better positioned to proactively address concerns and increase the probability the loan can be rehabilitated.

The largest percentage of our credit book is invested in residential mortgages, including Home Equity Lines of Credit (HELOCs). TCU Financial Group has enhanced underwriting and review practices to insulate/mitigate risk in the portfolio associated with market volatility, as was observed in the years following the pandemic. A more focused approach to diversification continues to be refined and implemented, which includes increased participation in commercial lending through a combination of on-book and purchased loans (syndication) across various industries and provinces.

#### Residential Mortgage Loan Portfolio

TCU Financial Group's residential mortgage loan portfolio is composed of uninsured, insured and HELOC mortgages. TCU Financial Group has established policies and procedures aligned with legislative and regulatory requirements that set out maximum loan to value, amortization periods and review requirements. Insured mortgages are those that have contractual coverage protecting TCU Financial Group against potential loss as a result of borrower default. Default insurance can be provided by government backed entities or other approved private mortgage insurers. Currently TCU Financial Group uses Canada Mortgage and Housing Corporation (CMHC) and Sagen (previously called Genworth) to provide mortgage default insurance.

A HELOC is a form of non-amortizing (revolving) credit facility that is secured by a residential property. Unlike a traditional residential mortgage, most HELOCs are not structured to fit a predetermined amortization, although regular, minimum periodic payments are required. TCU Financial Group is limited to providing the non-amortizing HELOC component of a residential mortgage to a maximum authorized loan to value (LTV) ratio of less than or equal to 65%.

The following tables provide details to allow for evaluation of the soundness and condition of TCU Financial Group's residential mortgage operations:

#### Residential Mortgage Loan Portfolio (amount held by TCU Financial Group)

Category	Balance (\$)	Mortgages (#)	Portfolio (%)
Insured Mortgages	100,978,907	598	33%
Conventional Mortgages	110,943,426	765	35%
Home Equity Lines of Credit (HELOC)	101,038,641	969	32%
Total Residential Mortgage Portfolio	312,960,974	2,332	100%

#### Residential Mortgage Term Loan Portfolio by Amortization (non-HELOC)

Remaining Mortgage Amortization	Balance (\$)	Mortgages (#)	Average Balance (\$)
Less than 10 years	7,934,843	178	44,578
10 – 14 years	26,890,669	265	101,474
15 – 19 years	67,672,259	466	145,219
20 – 25 years	96,752,119	409	236,558
More than 25 years	12,672,443	45	281,610
Total Loans	211,922,333	1,363	154,432



## Residential Mortgage Loan-to-Value (LTV)

Category	Average LTV Ratio
Newly Originated Uninsured Residential Mortgages	67%
Newly Originated HELOCs (LTV at approval)	65%

### *Liquidity Risk*

Liquidity and funding risk is the risk of financial loss due to the inability to access sources of funds or to generate sufficient cash or cash equivalents in a timely manner to meet all commitments as they become due, without raising funds at adverse rates or selling on a forced basis.

Liquidity risk analysis includes a review of strategies around member deposit acquisition and other loan funding sources. TCU Financial Group has established liquidity, capital management and asset/liability management (ALM) policies which are approved by the Board and provide direction in managing the associated risks. Loan syndication continues to be one strategy employed to mitigate liquidity pressures. Existing borrowing facilities with SaskCentral and Equitable Bank also form part of the management strategy. Management develops strategies designed to attract deposits and non-interest revenue streams. The ALCO is responsible to manage liquidity risk based on the approved policy and to provide reporting to the Board.

### *Market (Interest Rate) Risk*

Market Risk at TCU Financial Group refers to the interest rate risk in the banking book. Interest rate risk in the banking book arises due to the duration mismatch between assets and liabilities. Adverse interest rate movements may cause a reduction in earnings and/or a reduction in the economic value of TCU Financial Group's assets or liabilities, resulting in a reduction of economic value of equity.

Market risk analysis includes a review of market conditions, asset/liability matching and interest margins. In addition to the ALCO, TCU Financial Group has employed the services of an outside consultant to assist with our balance sheet management. There is an increased focus on stress testing and portfolio analysis to assist in developing proactive management strategies. Interest rate swaps are employed as one strategy to manage interest rate risk. Senior management conducts ongoing reviews of product offerings, product delivery and product pricing to help ensure profitability. Reporting is provided to the Board regularly. Work continues to enhance the type and depth of the reporting available to assist management.

### *Strategic Risk*

Strategic risk is the risk of exposure to loss resulting from changes in the external business environment or failure to respond appropriately to these changes as a result of inaction, ineffective strategies or poor implementation of strategies.

Annual planning meetings with executive management and the Board set the direction for the credit union. Our strategic direction is set by the Board, and management is responsible to develop initiatives to achieve the strategic plan. Management reports to the Board on the progress to plan for initiatives designed around our members, corporate culture, financial performance metrics and growth as well as operational business processes. The reporting

process that identifies metrics to gauge performance in these strategic focus areas is referred to as the "Balanced Scorecard". The Board reviews and approves the Balanced Scorecard annually.

### *Operational Risk*

Operational risk is the risk of direct or indirect loss resulting from people, inadequate or failed internal processes or systems, or from external events. Operational risk is inherent in all business activities.

Operational risk analysis includes a review of human resources, information systems, internal controls, and business continuity planning. Operational risk occurs when TCU Financial Group is not able to develop or deliver products and services to its members due to human error, inadequate or failed technical issues, inadequate internal controls, lack of trained or qualified staff or other resources, etc. TCU Financial Group has established policies, procedures, internal controls, and compliance activities with regular reviews of these controls. For example, TCU Financial Group has adopted a Code of Conduct for employees and directors.

TCU Financial Group utilizes a risk register and engages third party experts to ensure a high level of knowledge and support for daily operations and key initiatives as needed. TCU Financial Group also requests and receives audit reports from key suppliers to ensure that these organizations are able to remain viable partners for our organization.

### *Legal and Regulatory Risk*

Regulatory compliance risk is the risk of regulatory sanctions or restricted business capacities due to non-compliance with applicable regulatory requirements within governing legislation, regulations and regulators' expectations applicable to the operations of TCU Financial Group. A regulatory requirement obligates the credit union to do (or prohibits it from doing) certain things or to act or conduct its affairs in a particular manner. The Chief Risk & Compliance Officer (CRCO) is responsible to oversee the design, development, implementation and maintenance of the regulatory compliance programs for the credit union. Within this responsibility, the CRCO ensures that key day-to-day controls throughout the credit union are sufficiently robust to effectively mitigate the risk of noncompliance with regulatory and legislative requirements. Regulatory compliance matters are reported to the ERM Committee and to the Board through its Risk Committee.

Legal and regulatory risk analysis includes a review of fraud and fiduciary risk exposure; the cost to implement regulatory or compliance regimes; and the possible effect of non-compliance with laws, rules, regulations or ethical standards. TCU Financial Group has policies, procedures and internal controls in place to mitigate our exposure to these risks, as well as ensure compliance with applicable laws and regulations. The regulatory framework continues to evolve to meet the needs of TCU Financial Group and the expectations of the Credit Union Deposit Guarantee Corporation (CUDGC). Quarterly reporting is provided to senior management, the Risk Committee and the Audit & Conduct Review Committee to enable Board oversight of the compliance and control processes.

**TCU FINANCIAL GROUP CREDIT UNION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

## Management's Responsibility Communication

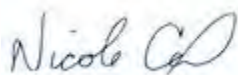
To the Members of TCU Financial Group,

Management has responsibility for preparing the accompanying financial statements and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgements and estimates in accordance with International Financial Reporting Standards.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Ultimate responsibility for financial statements to members lies with the Board of Directors. An Audit & Conduct Review Committee of Directors is appointed by the Board to review financial statements in detail with management and to report to the Board of Directors prior to their approval of the financial statements for publication.

Independent auditors appointed by the members audit the financial statements and meet separately with both the Audit & Conduct Review Committee and management to review their findings. The independent auditors report directly to the members and their report follows. The independent auditors have full and free access to the Audit & Conduct Review Committee to discuss their audit and their findings as to the integrity of the Credit Union's financial reporting and the adequacy of the system of internal controls.



Nicole Cox  
Chair, Audit & Conduct Review Committee



Greg Peacock  
Chief Executive Officer

## Independent Auditor's Report

To the Members of  
TCU Financial Group Credit Union

### Opinion

We have audited the financial statements of TCU Financial Group Credit Union (the "Credit Union"), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
March 25, 2025  
Saskatoon, Saskatchewan

**TCU FINANCIAL GROUP CREDIT UNION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31**

	Notes	2024	2023
<b>Assets</b>			
Cash and cash equivalents	5	20,533,132	20,617,775
Other assets	6	3,533,422	5,299,097
Investments	7	134,770,915	133,164,611
Loans receivable	8	554,436,622	541,717,923
Property and equipment	10	6,069,643	6,559,807
Right of use assets	11	921,446	1,120,256
Investment property	12	1,696,793	1,755,528
Intangible assets	13	126,256	219,490
<b>Total assets</b>		<b>722,088,229</b>	<b>710,454,487</b>
<b>Liabilities</b>			
Deposits	15	637,495,146	623,803,227
Secured borrowing	16	5,663,199	5,894,473
Derivative financial liabilities	9	1,872,929	4,528,904
Lease liabilities	11	1,146,094	1,355,890
Other liabilities	14	2,266,644	4,601,361
Membership shares	18	74,080	74,040
<b>Total liabilities</b>		<b>648,518,092</b>	<b>640,257,895</b>
<b>Members' equity</b>			
Accumulated other comprehensive loss		(1,133,959)	(2,912,862)
Retained earnings		74,704,096	73,109,454
<b>Total members' equity</b>		<b>73,570,137</b>	<b>70,196,592</b>
<b>Total liabilities and members' equity</b>		<b>722,088,229</b>	<b>710,454,487</b>

The accompanying notes are an integral part of the financial statements.

APPROVED BY THE BOARD:



Stephanie Mansfield, Board Chair



Angela Prokop, Board Vice Chair



**TCU FINANCIAL GROUP CREDIT UNION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31**

	Notes	2024	2023
<b>Interest revenue</b>			
Loan		27,894,167	26,473,638
Investment		5,518,621	4,843,387
		<b>33,412,788</b>	<b>31,317,025</b>
<b>Interest expense</b>			
Member deposits		15,285,977	12,952,292
Borrowed money		383,071	465,609
Interest rate swaps		2,396,552	2,709,841
		<b>18,065,600</b>	<b>16,127,742</b>
<b>Net interest income</b>		<b>15,347,188</b>	<b>15,189,283</b>
<b>Provision for credit losses</b>	7,8	<b>1,040,276</b>	<b>2,618,548</b>
<b>Net interest income after provision for credit losses</b>		<b>14,306,912</b>	<b>12,570,735</b>
<b>Other income</b>			
Unrealized gains on investments		1,290,413	1,288,592
Other revenue		4,632,788	4,191,748
		<b>5,923,201</b>	<b>5,480,340</b>
<b>Operating expenses (Schedule 1)</b>			
Personnel		9,653,061	9,782,947
General business		6,140,934	5,640,012
Occupancy		1,598,484	1,622,743
Security		583,922	583,393
Organizational		202,170	155,746
		<b>18,178,571</b>	<b>17,784,841</b>
<b>Income before income taxes</b>		<b>2,051,542</b>	<b>266,234</b>
<b>Income taxes</b>	22		
Current (recovery)		(735)	(10,361)
Deferred (recovery)		457,635	(65,160)
		<b>1,594,642</b>	<b>341,755</b>
<b>Net income before other comprehensive income</b>		<b>1,594,642</b>	<b>341,755</b>
<b>Other comprehensive income (net of tax)</b>			
Net unrealized gains on cash flow hedges		1,778,903	1,193,986
<b>Total comprehensive income</b>		<b>3,373,545</b>	<b>1,535,741</b>

The accompanying notes are an integral part of the financial statements.

**TCU FINANCIAL GROUP CREDIT UNION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**

	2024	2023
<b>Cash provided by (used in) operating activities</b>		
Net income	1,594,642	341,754
Adjustments for non-cash items:		
Net interest income before credit losses	(15,347,188)	(15,189,283)
Income tax expense	456,900	(75,521)
Unrealized losses on investments	(1,290,413)	(1,288,592)
Provision (recovery) for credit losses	1,040,276	2,618,548
Depreciation of property and equipment	583,105	716,708
Depreciation right of use assets	198,810	193,020
Amortization of intangible assets	93,234	202,131
Amortization of investment property	58,735	58,735
Loss (gain) on disposal of property and equipment	--	--
Impairment of intangible assets	--	--
Changes in non-cash working capital:		
Loans	(13,657,464)	37,960,170
Other assets	652,255	10,187,004
Deposits	12,606,672	(11,218,520)
Other liabilities	(2,336,146)	1,387,943
Interest received	33,036,323	31,171,173
Interest paid	(17,199,476)	(12,017,015)
Taxes paid	--	--
<b>Net cash from (used in) operating activities</b>	<b>490,265</b>	<b>45,048,255</b>
<b>Cash provided by (used in) investing activities</b>		
Purchase of property and equipment	(92,941)	(132,172)
Purchase of intangible assets	--	--
Net change in investments	(40,937)	(27,950,800)
Disposal of property and equipment	--	--
<b>Net cash from (used in) investing activities</b>	<b>(133,878)</b>	<b>(28,082,972)</b>
<b>Cash provided by (used in) financing activities</b>		
Advances of loans payable	--	(15,800,000)
Repayment of principal portion of lease liabilities	(209,796)	(196,595)
Repayment of secured borrowings	(231,274)	(2,283,329)
Issuance (redemption) of membership shares	40	25
<b>Net cash from (used in) financing activities</b>	<b>(441,030)</b>	<b>(18,279,899)</b>
<b>Increase in cash and cash equivalents</b>	<b>(84,643)</b>	<b>(1,314,616)</b>
Cash and cash equivalents, beginning of year	20,617,775	21,932,391
<b>Cash and cash equivalents, end of year</b>	<b>20,533,132</b>	<b>20,617,775</b>

The accompanying notes are an integral part of the financial statements.

**TCU FINANCIAL GROUP CREDIT UNION**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31**

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	2024	2023
<b>Retained earnings</b>		
Retained earnings – beginning of year	73,109,454	72,767,699
Net income	1,594,642	341,755
Retained earnings – end of year	<u>74,704,096</u>	<u>73,109,454</u>
<b>Accumulated other comprehensive income</b>		
Accumulated other comprehensive loss – beginning of year	(2,912,862)	(4,106,848)
Other comprehensive income	1,778,903	1,193,986
Accumulated other comprehensive loss – end of year	<u>(1,133,959)</u>	<u>(2,912,862)</u>
<b>Total members' equity</b>	<u>73,570,137</u>	<u>70,196,592</u>

The accompanying notes are an integral part of the financial statements.

**TCU FINANCIAL GROUP CREDIT UNION**  
**SCHEDULE 1: NON-INTEREST EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31**

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**1. Incorporation and governing legislation**

TCU Financial Group Credit Union (the Credit Union) is a for profit corporation governed by *The Credit Union Act, 1998* in the Province of Saskatchewan, Canada. The Credit Union's registered office is located in Saskatoon, Saskatchewan. The Credit Union provides financial services to members through branches in Saskatoon, Regina and the surrounding area.

In accordance with *The Credit Union Act, 1998*, Credit Union Deposit Guarantee Corporation (CUDGC) regulates all credit unions in Saskatchewan. CUDGC establishes Standards of Sound Business Practices, provides regulatory guidance and guarantees the repayment of all deposits, including accrued interest. If a credit union is not in compliance with the standards or regulatory guidance, CUDGC has the authority to take necessary action, which may include reducing or restricting the credit union's authorities and limits, taking preventative actions, issuing a compliance order, placing the credit union under supervision or administration, or issuing an amalgamation order.

**2. Basis of presentation and statement of compliance**

The financial statements have been prepared in accordance with IFRS® Accounting Standards and interpretations as issued by the International Accounting Standards Board (IASB). The financial statements for the year ended December 31, 2024, were approved by the Board of Directors and authorized for issue on March 25, 2025.

The financial statements have been prepared on the historical cost basis, except for certain investments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the Credit Union takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The financial statements are presented in Canadian dollars, which is the Credit Union's functional currency.

**3. Summary of material accounting policy information**

The material accounting policy information used in the preparation of these financial statements are summarized below. These accounting policies have been applied consistently to all periods presented in these financial statements.

**(a) Use of estimates and judgements**

The preparation of the financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant uses of judgements and estimates are as follows:

**(i) Valuation of financial instruments**

The Credit Union determines the fair value of financial instruments for which there is no observable market price using a variety of valuation techniques as described further in Note 19. The inputs to these models are derived from observable market data where possible, but where observable market data is not available,

**TCU FINANCIAL GROUP CREDIT UNION**  
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**FOR THE YEARS ENDED DECEMBER 31**

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judgement is required to establish fair values. The judgements include consideration of liquidity and other risks affecting the specific instrument.

*(ii) Allowances for credit losses*

Specific allowances are applied to financial assets evaluated individually for impairment. In particular, management judgement is required to estimate the amount and timing of cash flows the Credit Union expects to receive. These estimates are based on a number of factors, including the net realizable value of any underlying collateral.

The expected credit loss model requires the recognition of twelve months of expected credit losses for performing loans, and of lifetime losses on performing loans that have experienced a significant increase in credit risk since origination. The determination of a significant increase in credit risk requires experienced judgement and considers a number of different factors that vary by product and risk segment. Some of these factors are based on forecasts of future economic conditions. The recognized expected credit losses are determined using these estimates, which may be materially different from actual credit losses realized.

**(b) Financial instruments**

All financial instruments are initially recognized at fair value plus transaction costs, except in the case of financial assets and liabilities classified as fair value through profit or loss (where transaction costs are expensed). The classification of financial assets at initial recognition depends on the entity's business model for managing financial assets and the contractual cash flow characteristics of the instrument. The Credit Union uses settlement date accounting for regular way contracts when recording financial asset transactions. All financial instruments are classified as fair value through profit or loss, amortized cost or fair value through other comprehensive income.

The business model used by the Credit Union is a key consideration for the classification of financial assets. The two primary models are to hold financial assets to collect contractual cashflows, or to hold financial assets to collect contractual cashflows and sell financial assets. The Credit Union's business model is to hold financial assets to collect contractual cash flows.

Embedded derivatives are not separated from the host contract, with the contract treated as one instrument at initial recognition. The classification is determined based on an assessment of the contractual cashflow characteristics and the business model under which it is managed.

*(i) Fair value through profit or loss*

Financial assets and liabilities are classified as fair value through profit or loss (FVTPL) when the instruments are:

- Held for trading purposes,
- Part of a managed portfolio with a pattern of short-term profit taking,
- Non trading financial assets that do not consist solely of payments of principal and interest (SPPI), or
- Voluntarily designated as such.

Equity instruments are measured at FVTPL unless the asset is not held for trading purposes and an irrevocable election to classify as fair value through other comprehensive income is made. Financial assets and financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized immediately in profit or loss.

Derivatives are initially recognized at fair value on the date the Credit Union becomes party to the provisions of the contract and are subsequently remeasured at fair value at the end of each reporting

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period. Unrealized and realized gains/losses from changes in the fair value of derivative instruments are recognized in the statement of comprehensive income, unless the derivatives are designated in a qualifying hedge accounting relationship. The Credit Union has designated all its derivatives as hedging instruments.

The Credit Union has not voluntarily designated any financial instruments as FVTPL.

*(ii) Amortized cost*

Financial assets classified as amortized cost are debt financial instruments with contractual cash flows that consist solely of payments of principal and interest (SPPI) and are managed on a hold to collect basis. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset, and a profit margin which is recognized using the effective interest rate method. Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

All financial liabilities are classified as amortized cost unless it has been classified as FVTPL.

*(iii) Fair value through other comprehensive income*

Financial assets are classified as fair value through other comprehensive income (FVOCI) when the financial assets:

- Are held within a business model that is to hold to collect contractual cashflows and sell financial assets,
- Have contractual terms that give rise, on specified dates, to cash flows that are SPPI, and
- Are not designated as held for trading.

The following table summarizes the classifications of the Credit Union's various financial instruments:

	Amortized Cost	FVTPL	FVOCI
Cash and cash equivalents	X		
Accounts Receivable	X		
Preferred shares		X	
SaskCentral shares		X	
SaskCentral investments	X		
Equitable Bank (Concentra) Investments	X		
Other investments		X	
Provincial and corporate bonds		X	
Derivatives		X	
Derivatives – cash flow hedge			X
Loans receivable	X		
Accrued interest	X		
Deposits	X		
Secured borrowing	X		
Other liabilities	X		
Membership shares	X		

**TCU FINANCIAL GROUP CREDIT UNION**  
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**(c)      *Impairment***

The Credit Union assesses financial assets, other than those recorded at FVTPL, for indicators of impairment at each reporting period.

*Loans receivable*

The Credit Union uses the expected credit loss (ECL) impairment model to measure the loss allowance on loans receivable, in the following categories:

- Stage 1 – the expected losses for the next 12 months on performing financial assets,
- Stage 2 – the expected lifetime losses on performing financial assets that have experienced a significant increase in credit risk since origination, and
- Stage 3 – the expected lifetime losses on credit impaired financial assets.

Stage 1 assets consist of performing loans with credit risk that have not increased significantly since origination. Stage 2 assets consist of performing loans with credit risk that has increased significantly since origination. Stage 3 assets consist of high risk, non-performing or doubtful loans, where it is not expected that the principal and interest will be collected in full. Stage 1 and Stage 2 performing loans are included in the analysis without consideration of collateral value. Stage 3 doubtful loans are included in the analysis at the balance outstanding less any collateral value and consideration of collection costs. Individual loan assets move between stages as credit risk increases or decreases.

Movement in the stages relies on judgment to assess whether a loan's credit risk has significantly increased relative to the date the loan was initially recognized. For this assessment, an increase in credit risk is considered at the instrument level. Assessing for significant increases in credit risk is performed quarterly based on factors noted in the following paragraph.

In determining the expected credit losses, management assesses each loan asset and assigns a risk rating of Stage 1 Remote/Low Risk, Stage 2 Moderate Risk or Stage 3 Higher Risk. Management also estimates the probability of default and expected loss ratio for each risk rating category, considering a number of factors, such as product type and terms, local, provincial and national economic factors, historical loss experience and delinquency trends. Certain factors are based on forecasts of future economic conditions, such as housing starts, unemployment and interest rates. Loan assets which were modified, but not derecognized, during the period are specifically assessed to determine if there has been a significant increase in credit risk by comparing the risk of default at the origination of the loan to the risk of default at the reporting date.

The probability of default and the expected loss ratio are applied to the loan assets classified in each stage to estimate the expected credit loss.

At each reporting period, the Credit Union performs the analysis to estimate the loan allowance including whether there has been a significant increase in credit risk since recognition. Changes in the loan allowance are recognized in the provision for credit losses on the statement of comprehensive income as they occur.

When a loan is impaired, any collateral has been realized, and there is no expectation of recovery, the loan is written off. Records about written off loans are maintained in case future recoveries are received. Loan allowances on loans written off in the period are reversed in the period the loan is written off. Recoveries on loans written off are recognized in revenue in the period the amount is received.

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*Investments and other financial assets*

The Credit Union uses the expected credit loss impairment model to measure the loss impairment on investments and other financial assets. Management assesses each individual asset and determines whether there has been a significant increase in credit risk since origination and the probability of default. The factors considered include significant financial difficulty of the issuer or counterparty, disappearance of an active market for the security, prolonged decline in the fair value of a security, as well as local, provincial and national economic factors.

At each reporting period, the Credit Union analyzes individual investments and other financial assets to estimate the expected credit loss. Changes in the estimated credit loss are recognized in investment revenue for investments and other revenue for other financial assets on the statement of comprehensive income as they occur.

*Non-financial assets*

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating units (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

**(d) Property and equipment**

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of valuation of assets less their residual values over their useful lives. Depreciation is based on the estimated useful life of the item using the following methods and rate or terms:

Computer & communications equipment and programs	4 – 8 years	straight-line
Buildings	40 years	straight-line
Furnishings, equipment	10 years	straight-line
Leasehold improvements	15 years	straight-line

**(e) Intangible assets**

Specified intangible assets are recognized and reported separately. Definite life intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over 4 - 8 years for purchased software and 10 years for naming rights, based upon management's best estimate of the useful life of the asset, and included in the statement of comprehensive income. The estimated useful life and amortization method are reviewed at each year end and adjusted if appropriate. At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible



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and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Gains and losses on the disposal of intangible assets are recorded in the statement of comprehensive income in the year of disposal.

**(f) Leases**

The Credit Union classifies a contract, or component of a contract, as a lease if it conveys a right to control the use of an identifiable asset for a period of time in exchange for consideration. With the exception of certain short-term and low-value leases, the Credit Union recognizes a lease liability and right-of-use asset for all leases at commencement.

Lease liabilities are initially measured at the present value of the future lease payments due over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Credit Union's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed contractual payments, variable contractual payments based upon a rate or index and any amounts payable with respect to purchase, extension and/or termination options when it is reasonably certain that the Credit Union will exercise the option. Variable lease payments which are not based upon a rate or index are excluded from the measurement of the lease liability and are recognized in occupancy expense as they are incurred.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability plus initial direct costs and estimated decommissioning costs, less any lease incentives received. Right-of-use assets are subsequently depreciated on a straight-line basis over the term of the lease, or the estimated useful life of the asset as determined on the same basis as the Credit Union's other property and equipment noted above, whichever is shorter.

Changes in facts and circumstances which impact the future lease payments, including whether an option is reasonably certain to be exercised, result in a remeasurement of the lease liability. When a remeasurement occurs, a corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced below zero.

**(g) Investment property**

Investment property consists of land and buildings held to earn rental income. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Property held for use in the supply of service to members or for administrative use that has a portion that earns rental income is allocated between investment property and property and equipment, based on the floor space usage.

Depreciation is recorded in general business expense in the statement of comprehensive income on a straight-line basis over the estimated useful life, commencing in the month the asset becomes available for use. The estimated useful lives of investment property are determined on the same basis as those of property and equipment above. Depreciation methods, residual values, and estimates of useful lives are reviewed annually.

**(h) Income taxes**

Income tax expense is comprised of current and deferred taxes which are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

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Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for tax purposes. These amounts are measured using enacted or substantially enacted tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for tax purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any effect of the re-measurement or re-assessment is recognized in the period of change, except when they relate to items recognized directly in other comprehensive income. The Credit Union is taxed at an effective rate of 25.4% on taxable earnings eligible for that rate and at 27% on the excess balance.

Deferred taxes are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or for different tax entities where the Credit Union intends to settle its current tax assets and liabilities on a net basis or simultaneously.

**(i) *Derivative financial instruments and hedge accounting***

*Hedge accounting qualification*

The Credit Union designates all of its derivatives as cash flow hedging instruments where the derivative is highly effective in offsetting either changes in the fair value or cash flows attributable to the hedged item.

At the inception of the hedge accounting relationship, the Credit Union documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Credit Union documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effective requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the documented hedge ratio matches the actual ratio of the hedged item and hedging instrument.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designate hedging relationship remains the same, the Credit Union rebalances the hedge so that it meets the qualifying criteria again.

The Credit Union discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted prospectively.

*Cash flow hedges*

In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of income taxes, is recorded in other comprehensive income (OCI) while the ineffective portion is recorded within other income on the statement of comprehensive income when the hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting (after rebalancing, if applicable), hedge accounting is discontinued and the amounts previously recorded in OCI are reclassified to net interest income during the periods when the variability in the cash flows of the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the amounts previously recorded in OCI are immediately reclassified to other income.

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**(j) Employee benefits**

The Credit Union provides certain pension and other benefits to employees as follows:

*Short-term employee benefits*

Short-term employee benefits, such as salaries, incentive pay programs, vacation, medical benefits, allowances, paid absences, and other benefits including any related payroll taxes, are accounted for on an accrual basis over the period in which employees provide the related services. The benefits are expensed as part of personnel expenses in the statement of comprehensive income.

*Termination benefits*

Termination benefits are recognized when the Credit Union is committed to terminating the employment of a current employee according to a formal plan without possibility of withdrawal. Termination benefits are expensed as part of personnel expenses in the statement of comprehensive income.

*Post-employment benefits*

*Defined Contribution Superannuation Plan*

The Credit Union contributes to a defined contribution superannuation plan, which provides benefits to employees upon retirement or death. The Credit Union has no financial interest in the plan and is not liable for the performance or obligations of the plan. Credit Union contributions to the plan of \$491,790 (2023 - \$587,115) were paid during the year.

Employee benefits are recognized within personnel expenses in the statement of comprehensive income. Accrued and unpaid amounts are included in accounts payable and other liabilities in the statement of financial position.

#### **4. Future Accounting Changes**

A number of new accounting standards, and amendments and interpretations to accounting standards, are not yet effective for the year ended December 31, 2024, and have not been applied in preparing these statements. Those accounting changes that could have an impact on the Credit Union's future financial statements are discussed below:

- *Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments.* In May, 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments* to address matters identified during the post-implementation review of IFRS 9 – *Financial Instruments*. The amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date. A new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. The amendments also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social and governance (ESG)-linked features. The amendments become effective January 1, 2026.
- *IFRS 18 – Presentation and Disclosure in Financial Statements.* In April, 2024, IASB published the new standard, which will replace IAS 1 *Presentation of Financial Statements* as the primary source of requirements for financial statement presentation. The new standard includes new requirements related to income statement structure, subtotals, inclusion of management defined performance measure disclosures, and new principles for grouping financial statement information. IFRS 18 will become effective January 1, 2027.

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**5. Cash and cash equivalents**

	2024	2023
Cash on hand	2,645,018	2,332,828
Deposits at call – SaskCentral	12,438,538	9,218,608
Deposits at call – Other	2,040,849	3,481,051
Cheques and items in transit	1,449,019	388,312
	<b>18,573,424</b>	<b>15,420,799</b>
Restricted cash	1,959,708	5,196,976
Cash and cash equivalents	<b>20,533,132</b>	<b>20,617,775</b>

Restricted cash is comprised of cash reserves for the Credit Union’s securitized programs and collateral posted for derivatives. Restricted cash is not available for use in the Credit Union’s day-to-day operations.

**6. Other assets**

	2024	2023
Accounts receivable	127,984	380,542
Deferred income tax assets	1,704,961	2,819,116
Income taxes receivable	50,000	--
Prepaid service contracts	1,197,028	1,497,423
Prepaid expenses	453,449	602,016
	<b>3,533,422</b>	<b>5,299,097</b>

**7. Investments**

	2024	2023
Amortized cost:		
SaskCentral liquidity deposits	54,957,310	56,074,372
SaskCentral demand deposit	25,300,000	43,700,000
Equitable Bank (Concentra) investments	24,000,000	--
	<b>104,257,310</b>	<b>99,774,372</b>
Fair value through profit or loss:		
Provincial and corporate bonds	25,363,282	25,819,457
SaskCentral shares	1,705,580	2,357,240
Preferred shares	--	2,000,000
Other investments	2,552,821	2,596,574
Accrued interest	970,550	642,667
	<b>30,592,233</b>	<b>33,415,938</b>
ECL allowance on investments	(78,628)	(25,699)
	<b>30,513,605</b>	<b>33,390,239</b>
Total investments	<b>134,770,915</b>	<b>133,164,611</b>

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At December 31, 2024, \$56,948,065 (2023 - \$38,667,488) of investments are expected to be recovered more than 12 months after the reporting date.

Credit unions must maintain 8.65% of total liabilities, using a prescribed formula, in specified liquidity deposits in SaskCentral, in addition to liquidity required to meet their normal cash flow requirements. As of December 31, 2024, the Credit Union met the requirement.

**8. Loans receivable**

Member Loans and Leases As at December 31, 2024	Stage 1	Stage 2	Stage 3	Total Loans
Residential mortgages	192,960,946	14,435,214	4,526,173	211,922,333
Home equity lines of credit	98,963,854	1,861,239	213,548	101,038,641
Personal loans	7,295,689	413,377	28,489	7,737,555
Commercial loans	187,267,237	22,803,900	3,456,563	213,527,700
Lines of credit and overdrafts	18,350,525	2,296,871	137,739	20,785,135
Leases	368,920	--	--	368,920
Gross loans	505,207,171	41,810,601	8,362,512	555,380,284
Accrued interest	1,649,711	142,061	280,951	2,072,723
Allowance for credit losses				
Member loans and leases	(720,921)	(1,349,868)	(668,032)	(2,738,821)
Off balance sheet credit instruments	(85,340)	(192,224)	--	(277,564)
Foreclosed property held for resale	--	--	--	--
<b>Net loans</b>	<b>506,050,621</b>	<b>40,410,570</b>	<b>7,975,431</b>	<b>554,436,622</b>

Off Balance Sheet Credit Instruments As at December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Residential mortgages	1,346,583	--	--	1,346,583
Home equity lines of credit	121,885,133	551,227	44,967	122,481,327
Personal loans	27,570	--	--	27,570
Commercial loans	31,979,842	--	--	31,979,842
Lines of credit and overdrafts	61,223,077	3,716,287	25,150	64,964,514
Leases	--	--	--	--
Gross exposures	216,462,205	4,267,514	70,117	220,799,836
Allowance for credit losses	(85,340)	(192,224)	--	(277,564)
<b>Net Off Balance Sheet Credit Exposures</b>	<b>216,376,865</b>	<b>4,075,290</b>	<b>70,117</b>	<b>220,522,272</b>

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Member Loans and Leases As at December 31, 2023	Stage 1	Stage 2	Stage 3	Total Loans
Residential mortgages	191,896,418	21,093,904	3,967,663	216,957,985
Home equity lines of credit	99,539,361	2,451,790	207,226	102,198,377
Personal loans	7,326,964	679,661	70,680	8,077,305
Commercial loans	191,840,126	6,655,176	263,707	198,759,009
Lines of credit and overdrafts	13,484,542	571,611	2,962,683	17,018,836
Leases	479,066	--	--	479,066
Gross loans	504,566,477	31,452,142	7,471,959	543,490,578
Accrued interest	1,671,402	93,032	259,707	2,024,141
Allowance for credit losses				
Member loans and leases	(381,784)	(331,383)	(3,061,171)	(3,774,338)
Off balance sheet credit instruments	(88,810)	(69,648)	--	(158,458)
Foreclosed property held for resale	--	--	--	136,000
Net loans	505,767,285	31,144,143	4,670,495	541,717,923

Off Balance Sheet Credit Instruments As at December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Residential mortgages	1,293,761	189,861	--	1,483,622
Home equity lines of credit	114,780,190	2,967,387	51,469	117,799,046
Personal loans	3,730	--	--	3,730
Commercial loans	22,477,107	261,295	--	22,738,402
Lines of credit and overdrafts	59,387,087	729,513	287,773	60,404,373
Leases	--	--	--	--
Gross exposures	197,941,875	4,148,056	339,242	202,429,173
Allowance for credit losses	(88,810)	(69,648)	--	(158,458)
Net Off Balance Sheet Credit Exposures	197,853,065	4,078,408	339,242	202,270,715

Loans to members, excluding allowances for credit losses and accrued interest, mature as follow:

	2024	2023
Under 1 year	251,537,159	222,083,430
1 to 2 years	113,125,926	104,088,496
2 to 3 years	82,222,737	105,562,194
3 to 4 years	43,867,334	65,603,747
Over 4 years	64,627,128	46,152,711
	<b>555,380,284</b>	<b>543,490,578</b>

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*Allowance for credit losses*

A summary of the loan allowance for expected credit losses is as follows:

	12-Month ECL (Stage 1)	Lifetime ECL Non-credit impaired (Stage 2)	Lifetime ECL Credit impaired (Stage 3)	Total
As at January 1, 2023	633,075	514,166	749,480	1,896,721
Transfer to (from)				
Stage 1	(36,395)	20,273	16,122	--
Stage 2	349,908	(351,807)	1,899	--
Stage 3	--	--	--	--
Net remeasurements	(414,494)	225,726	1,872,339	1,683,571
Derecognitions and maturities	(114,263)	(37,692)	(145,485)	(297,440)
Loan originations	52,763	30,365	--	83,128
Loans written-off, net of recoveries	--	--	566,816	566,816
As at December 31, 2023	470,594	401,031	3,061,171	3,932,796
Transfer to (from)				
Stage 1	82,702	(82,702)	--	--
Stage 2	(34,780)	88,590	(53,810)	--
Stage 3	(4,280)	(4,793)	9,073	--
Net remeasurements	153,039	1,323,860	271,628	1,748,527
Derecognitions and maturities	(92,046)	(212,656)	(4,498,007)	(4,802,709)
Loan originations	196,795	24,037	13,181	234,013
Loans written-off, net of recoveries	34,237	4,725	1,864,796	1,903,758
<b>As at December 31, 2024</b>	<b>806,261</b>	<b>1,542,092</b>	<b>668,032</b>	<b>3,016,385</b>

The following table discloses the changes in the allowance for credit losses:

	2024	2023
Balance at beginning of year	3,958,495	1,906,762
Provision for credit losses:		
Charge for loan impairment	987,347	2,602,891
Charge for investment impairment (Note 6)	52,929	15,658
Total provision for credit losses	1,040,276	2,618,548
Write-offs, net of recoveries	(1,903,758)	(566,816)
Balance at end of the year	<u>3,095,013</u>	<u>3,958,495</u>

*Credit quality of member loans*

The following table outlines the ranges used for the categorization of credit risk assessments:

Risk Assessment	Beacon Score Range for Residential Mortgage and Personal Loans	Risk Rating Range for Commercial Loans
Very low risk	760+	1
Low risk	681 < 759	2 and 3
Medium risk	620 < 680	4, 5 and 6
High risk / impaired	Less than 620	7, 8, 9 or 10

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The following table presents the gross carrying amount of loans subject to impairment by risk category:

As at December 31, 2024	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
<b>Risk Categories</b>				
Very low risk	166,350,322	7,105,895	--	173,456,217
Low risk	103,375,943	6,905,966	17,000,003	127,281,912
Medium risk	29,157,777	2,739,490	193,519,569	225,416,836
High risk	9,415,844	537,394	11,042,458	20,995,696
Impaired	4,739,721	33,338	3,456,564	8,229,623
<b>Total loans</b>	<b>313,039,607</b>	<b>17,322,083</b>	<b>225,018,594</b>	<b>555,380,284</b>

As at December 31, 2023	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
<b>Risk Categories</b>				
Very low risk	180,032,541	6,393,011	--	186,425,552
Low risk	88,132,138	6,919,462	24,319,998	119,371,598
Medium risk	39,716,323	2,794,844	173,192,210	215,703,377
High risk	9,120,236	835,547	4,562,309	14,518,092
Impaired	4,174,889	95,680	3,201,390	7,471,959
<b>Total loans</b>	<b>321,176,127</b>	<b>17,038,544</b>	<b>205,275,907</b>	<b>543,490,578</b>

*Performing status of member loans*

As at December 31, 2024	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
Current	309,991,855	17,159,995	224,854,537	552,006,387
1 – 30 days delinquent	815,922	153,995	2,208	972,125
31 – 60 days delinquent	171,921	--	--	171,921
61 – 90 days delinquent	313,273	--	--	313,273
Greater than 90 days delinquent	1,746,636	8,093	161,849	1,916,578
<b>Total loans</b>	<b>313,039,607</b>	<b>17,322,083</b>	<b>225,018,594</b>	<b>555,380,284</b>

As at December 31, 2023	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
Current	315,792,274	16,692,842	205,025,897	537,511,013
1 – 30 days delinquent	2,026,265	240,044	80,296	2,346,605
31 – 60 days delinquent	1,143,312	43,700	--	1,187,012
61 – 90 days delinquent	97,405	19,948	3,874	121,227
Greater than 90 days delinquent	2,116,871	42,010	165,840	2,324,721
<b>Total loans</b>	<b>321,176,127</b>	<b>17,038,544</b>	<b>205,275,907</b>	<b>543,490,578</b>

See Note 20 – Risk Management, Credit Risk – for additional information on how the Credit Union manages and assesses credit risk within its loan and investment portfolios.



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**9. Derivatives**

	December 31, 2024					
	Notional Amounts				Fair Values	
	< 1 year	1 to 5 years	> 5 years	Total	Asset	Liability
Swap contracts	5,000,000	70,000,000	--	75,000,000	--	1,872,929
Forward contracts	--	--	--	--	--	--
Interest rate derivatives	5,000,000	70,000,000	--	75,000,000	--	1,872,929

	December 31, 2023					
	Notional Amounts				Fair Values	
	< 1 year	1 to 5 years	> 5 years	Total	Asset	Liability
Swap contracts	--	75,000,000	--	75,000,000	--	4,528,904
Forward contracts	--	--	--	--	--	--
Interest rate derivatives	--	75,000,000	--	75,000,000	--	4,528,904

The fair value amounts include accrued interest.

Notional amounts are the contract amounts used to calculate the cash flows to be exchanged. They do not represent credit or market risk exposure. Notional amounts are not exchanged.

The Credit Union has entered into a cash flow hedge to manage a portion of the interest rate risk that arises from the variable interest cash flows associated with its prime based loans. All swap contracts held are cash flow hedges. The net interest income and expense for the hedged and hedging items are recognized in interest income as it is realized. When the hedge results are effective, all gains and losses of the derivative are initially posted to other comprehensive income and are reclassified to income in the period in which the cash flows from the hedged risk are recorded. Any ineffectiveness is immediately recognized in profit or loss.

The following table summarizes the hedge ineffectiveness gains (losses) recognized in profit or loss:

	2024	2023
Cash flow hedges	--	--

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**10. Property and equipment**

	Land	Building	Furniture and equipment	Total
<b>Cost</b>				
Balance at January 1, 2023	1,782,898	9,599,406	8,421,616	19,803,920
Additions	--	--	132,172	132,172
Disposals/transfers	--	--	(6,167)	(6,167)
Balance at December 31, 2023	1,782,898	9,599,406	8,547,621	19,929,925
Additions	--	--	92,941	92,941
Disposals/transfers	--	--	(4,566)	(4,566)
Balance at December 31, 2024	<b>1,782,898</b>	<b>9,599,406</b>	<b>8,635,996</b>	<b>20,018,300</b>
<b>Accumulated depreciation</b>				
Balance at January 1, 2023	--	4,826,585	7,832,992	12,659,577
Depreciation	--	408,926	307,782	716,708
Disposals/transfers	--	--	(6,167)	(6,167)
Balance at December 31, 2023	--	5,235,511	8,134,607	13,370,118
Depreciation	--	382,380	200,725	583,105
Disposals/transfers	--	--	(4,566)	(4,566)
Balance at December 31, 2024	--	<b>5,617,891</b>	<b>8,330,766</b>	<b>13,948,657</b>
<b>Net book value</b>				
Balance at December 31, 2023	1,782,898	4,363,895	413,014	6,559,807
Balance at December 31, 2024	<b>1,782,898</b>	<b>3,981,515</b>	<b>305,230</b>	<b>6,069,643</b>

**11. Right-of-use assets**

	Facilities	Other	Total
<b>Cost</b>			
Balance at January 1, 2023	2,627,389	89,783	2,717,172
Additions	148,019	--	148,019
Balance at December 31, 2023	2,775,408	89,783	2,865,191
Additions	--	--	--
Disposals	--	--	--
Balance at December 31, 2024	<b>2,775,408</b>	<b>89,783</b>	<b>2,865,191</b>
<b>Accumulated depreciation</b>			
Balance at January 1, 2023	1,462,131	89,783	1,551,914
Depreciation	193,021	--	193,021
Balance at December 31, 2023	1,655,152	89,783	1,744,935
Depreciation	198,810	--	198,810
Disposals	--	--	--
Balance at December 31, 2024	<b>1,853,962</b>	<b>89,783</b>	<b>1,943,745</b>
<b>Net book value</b>			
Balance at December 31, 2023	1,120,256	--	1,120,256
Balance at December 31, 2024	<b>921,446</b>	--	<b>921,446</b>

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	2024	2023
<b>Lease payments and expense</b>		
Interest expense on lease liabilities	44,830	49,043
Expenses related to variable lease payments	110,029	125,894
<b>Total amounts recognized in profit or loss</b>	<b>154,859</b>	174,937
Repayment of lease liabilities	209,796	48,576
<b>Total cash outflow for leases</b>	<b>364,655</b>	223,513

The variable lease payments that are not included in the calculation of the lease liability include operating costs associated with the lease that are not based on index or rate. The lease liability carrying value at December 31, 2024 is \$1,146,094 (2023 - \$1,355,890).

**12. Investment property**

	Land	Facilities	Total
<b>Cost</b>			
Balance at January 1, 2023	591,983	1,986,540	2,578,523
Additions	--	--	--
Disposals	--	--	--
Balance at December 31, 2023	591,983	1,986,540	2,578,523
Additions	--	--	--
Disposals	--	--	--
Balance at December 31, 2024	<b>591,983</b>	<b>1,986,540</b>	<b>2,578,523</b>
<b>Accumulated depreciation</b>			
Balance at January 1, 2023	--	764,260	764,260
Depreciation	--	58,735	58,735
Disposals	--	--	--
Balance at December 31, 2023	--	822,995	822,995
Depreciation	--	<b>58,735</b>	<b>58,735</b>
Disposals	--	--	--
Balance at December 31, 2024	--	<b>881,730</b>	<b>881,730</b>
<b>Net book value</b>			
Balance at December 31, 2023	591,983	1,163,545	1,755,528
Balance at December 31, 2024	<b>591,983</b>	<b>1,104,810</b>	<b>1,696,793</b>

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	2024	2023
<b>Income related to investment property</b>		
Rental income	230,770	225,772
Direct operating expenses	101,146	96,147
	<b>129,624</b>	<b>129,625</b>
<b>Future rental payments receivable:</b>		
Not later than one year	152,948	152,948
Later than one year and not later than five years	229,422	382,371
Later than five years	--	--
	<b>382,370</b>	<b>535,319</b>

**13. Intangible assets**

	Purchased software	Naming rights	Total
<b>Cost</b>			
Balance at January 1, 2023	660,081	1,708,875	2,368,956
Additions	--	--	--
Disposals/transfers	--	--	--
Balance at December 31, 2023	660,081	1,708,875	2,368,956
Additions	--	--	--
Disposals/transfers	--	--	--
Balance at December 31, 2024	<b>660,081</b>	<b>1,708,875</b>	<b>2,368,956</b>
<b>Accumulated amortization</b>			
Balance at January 1, 2023	470,672	1,476,663	1,947,335
Amortization	144,078	58,053	202,131
Disposals/transfers	--	--	--
Balance at December 31, 2023	614,750	1,534,716	2,149,466
Amortization	<b>35,181</b>	<b>58,053</b>	<b>93,234</b>
Disposals/transfers	--	--	--
Balance at December 31, 2024	<b>649,931</b>	<b>1,592,769</b>	<b>2,242,700</b>
<b>Net book value</b>			
Balance at December 31, 2023	45,331	174,159	219,490
Balance at December 31, 2024	<b>10,150</b>	<b>116,106</b>	<b>126,256</b>

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**14. Other liabilities**

	2024	2023
Payroll related amounts	272,096	193,882
Other accounts payable	1,484,538	4,018,160
Deferred income tax liabilities	126,690	125,261
Unearned revenue	296,978	178,173
Unclaimed balances	86,342	85,885
	<b>2,266,644</b>	<b>4,601,361</b>

**15. Deposits**

	2024	2023
Chequing	173,467,791	166,327,487
Savings	70,436,772	76,604,485
Term deposits	218,404,270	215,649,752
Registered accounts	167,126,569	158,247,006
Accrued interest	8,059,744	6,974,497
	<b>637,495,146</b>	<b>623,803,227</b>

At December 31, 2024, \$177,465,000 (2023 - \$155,623,000) of deposits are expected to be settled more than 12 months after the reporting date.

**16. Secured borrowing**

The Credit Union has transferred an amortizing ownership interest in various qualifying residential mortgage receivables to various investors through the National Housing Act (NHA) Mortgage-Backed Securities (MBS) Program. No transfers occurred during 2024 and \$6,005,881 was transferred in 2023. The Credit Union retains the responsibility for servicing the qualifying residential mortgage receivables. Under the program, the Credit Union has an obligation to forward principal and interest amounts as per each individual mortgage agreement loans to Canada Mortgage and Housing Corporation (CMHC) monthly, whether or not it receives payments from mortgagees. The Credit Union retains certain prepayment risk, timely payment guarantees risk and interest rate risk related to the transferred mortgages. Due to retention of these risks, transferred mortgages are not derecognized and the securitization proceeds are accounted for as secured borrowings. There are generally no expected credit losses on the securitized mortgage assets, as the mortgages are insured against default. Further, investors and CMHC have no recourse against other assets of the Credit Union in the event of failure of mortgages.

Mortgage loans are pledged against the MBS issuances. As a requirement of the MBS program, the Credit Union assigns and transfers to CMHC, all of its rights, title, and interest in existing mortgage pools. If the Credit Union fails to make timely payments under the MBS security, CMHC may enforce assignment to CMHC of the mortgages included in the mortgage pools backing the securities issued. If CMHC enforces the assignments, all authority and power of the Credit Union under the terms of the MBS guide, whether with respect to securities issued or mortgages pooled in the contract, shall pass to and be vested with CMHC.

The associated liability, secured by these loans, is carried at amortized cost and included in secured debt on the statement of financial position. The associated liability at December 31, 2024, is recorded net of unamortized transaction costs of \$132,720 (2023 - \$181,394).

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As part of its liquidity management strategy, the Credit Union retains part of its issued NHA MBS certificates. NHA MBS certificates that have been retained by the Credit Union are \$6,016,513 (2023 - \$9,158,578) with a fair value of \$5,960,370 (2023 - \$8,748,568). These unsold NHA MBS certificates are reported in loans receivable in the statement of financial position.

The following table summarized the carrying amounts and the secured debt maturities:

	2024		2023	
	Loan assets	Secured debt	Loan assets	Secured debt
Less than 1 year	--	--	--	--
1 year and over	5,680,248	5,663,199	5,908,589	5,894,473
Total securitization	5,680,248	5,663,199	5,908,589	5,894,473

The following table illustrates the fair value of the transferred assets, the associated liabilities and the resulting net position:

	2024	2023
Fair value of transferred assets	5,680,248	5,908,589
Less: fair value of secured debt	5,681,471	5,848,629
Net position	(1,223)	59,960

**17. Loans payable**

*SaskCentral*

The Credit Union has an authorized line of credit with SaskCentral in the amount of \$7,000,000 (2023 - \$7,000,000) bearing an interest rate of prime less 0.50%. The rate was 4.95% at December 31, 2024 (2023 – 6.70%). Additionally, the Credit Union has a US dollar denominated line of credit with SaskCentral in the amount of \$100,000 (2023 - \$100,000) bearing an interest rate of 8.00% (2023 – 8.00%). At December 31, 2024, and 2023, the Credit Union had no outstanding balances on its SaskCentral line of credit facilities.

The Credit Union has access to a commercial paper facility in the amount of \$3,800,000 (2023 - \$3,800,000) through SaskCentral. Under the program, the Credit Union may request drawings up to the established limit. The principal amount and interest are due on the maturity date of the commercial paper issued by SaskCentral. The interest rate payable is the commercial paper market term rate as establish plus 0.375%. The Credit Union maintains a short-term repo credit facility in the amount of \$3,800,000 (2023 - \$3,800,000) with SaskCentral. The interest rate payable on this short-term repo credit facility is the Bank of Canada overnight rate plus 0.50%. The Credit Union had no outstanding balances on either its commercial paper facility or its short-term repo credit facility with SaskCentral at December 31<sup>st</sup> in 2024 or 2023.

All SaskCentral bank indebtedness agreements are secured by general security agreements registered against the assets of the Credit Union.

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*Equitable Bank (formerly Concentra Bank)*

The Credit Union has a secured quick line (revolving credit facility) in the amount of \$20,000,000 (2023 - \$40,000,000) from Equitable Bank. The intended purpose of the credit facility is to support the Credit Union's liquidity needs in extending loans to members and to finance any other operating requirements. The credit facility is secured by residential mortgages equaling 110% of the credit limit insured by CMHC or Sagen (Genworth Financial Corporation), as well as a second charge security interest against the assets of the Credit Union. The interest rate payable under this facility is Concentra prime less 0.90% (2023 - 3-month CDOR rate plus 1.00%), with an annual standby fee of 0.20%. At December 31, 2024, and 2023, the Credit Union had no outstanding balances on its Equitable Bank quick line credit facilities.

**18. Membership shares**

Membership shares are as provided for by *The Credit Union Act, 1998* and administered according to the terms of the Credit Union bylaws which sets out the rights, privileges, restrictions and conditions.

The authorized share capital is unlimited in amount and consists of fully paid shares with a par value of \$5 per share. These accounts are not guaranteed by CUDGC. Characteristics include permanence, freedom from mandatory charge and subordination to the rights of creditors and depositors.

**19. Capital management**

Credit Union Deposit Guarantee Corporation (CUDGC) prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC have been based on the Basel III framework, consistent with the financial industry in general.

The Credit Union follows a risk-weighted asset calculation for credit and operational risk. Under this approach, credit unions are required to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets, including off-balance sheet commitments. Based on the prescribed risk of each type of asset, a weighting of 0% to 400% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum total tier 1 capital to risk-weighted assets of 6% and a minimum common equity tier 1 capital to risk-weighted assets of 4.5%. Eligible capital consists of total tier 1 and tier 2 capital. In addition to the minimum capital ratios, the Credit Union is required to hold a capital conservation buffer of 2.5%. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement. Outside periods of stress, the Credit Union is required to hold buffers of capital above the regulatory minimum. If the buffer is drawn down, the Credit Union will be required to implement a capital plan for rebuilding the buffer within a reasonable time frame.

Tier 1 capital is defined as a credit union's primary capital and comprises the highest quality of capital elements while tier 2 is secondary capital and falls short of meeting the tier 1 requirements for permanence or freedom from mandatory charges. Tier 1 capital consists of two components: common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital includes retained earnings, contributed surplus and accumulated other comprehensive income. Deductions from common equity tier 1 capital include goodwill, intangible assets, deferred tax assets (except those arising from temporary differences), increases in equity capital resulting from securitization transactions, unconsolidated substantial investments and fair value gains/losses on own-use property. Additional tier 1 capital consists of qualifying membership shares and other investment shares issued by the Credit Union that meet the criteria for inclusion in additional tier 1 capital.

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Tier 2 capital includes a collective allowance for credit losses to a maximum of 1.25% of risk weighted assets, subordinated indebtedness, and qualifying membership shares or other investment shares issued by the Credit Union that meet the criteria for inclusion in tier 2 capital and are not included in tier 1 capital.

Regulatory standards also require the Credit Union to maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Based on the type of off-balance sheet exposure, a conversion factor is applied to the leverage ratio. All items deducted from capital are excluded from total assets.

The Credit Union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors. The following table compares CUDGC regulatory standards to the Credit Union's Board policy for 2024:

	Regulatory standard (Minimum plus 2.5% buffer)	Board Minimum
Total eligible capital to risk-weighted assets	10.5%	13.0%
Total tier 1 capital to risk-weighted assets	8.5%	9.5%
Common equity tier 1 capital to risk-weighted assets	7.0%	9.5%
Leverage ratio	5.0%	6.0%

During the year, the Credit Union complied with all internal and external capital requirements. The following table summarizes key capital information:

	2024	2023
CET1 capital comprises:		
Retained earnings	74,704,096	73,109,455
Accumulated other comprehensive income (loss)	(1,133,959)	(2,912,863)
Deductions from CET1 capital:		
Intangible assets	(126,256)	(219,490)
Deferred tax assets (Non-capital loss carryforward)	(878,052)	(2,119,313)
Eligible CET1 capital	72,565,829	67,857,789
Additional tier 1 capital		
Total eligible tier 1 capital	72,565,829	67,857,789
Tier 2 capital comprises:		
Membership capital	74,080	74,040
Collective allowance	2,426,981	897,325
Total tier 2 capital	2,501,061	971,365
Total eligible capital	75,066,890	68,829,154
Risk weighted assets	463,540,669	400,418,422
Total eligible capital to risk-weighted assets	16.2%	17.1%
Total tier 1 capital to risk-weighted assets	15.7%	16.9%
Common equity tier 1 capital to risk-weighted assets	15.7%	16.9%
Leverage ratio	9.8%	9.4%



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**20. Fair value of financial instruments**

*Summary of valuation methods and assumptions*

The Credit Union uses a variety of valuation techniques to measure the fair value of its financial instruments including the use of relevant market prices (Level 1) and valuation models which rely on both observable (Level 2) and unobservable (Level 3) inputs based on information available at the reporting date. Due to the use of subjective judgement and uncertainties, the aggregate fair value amounts disclosed in the financial statements should not be interpreted as necessarily being realizable in an immediate settlement or sale. The following is a summary of the methods and assumptions that were used to estimate fair values of financial instruments:

- the fair values of short-term financial instruments including cash, other assets, and other liabilities are approximately equal to their book values due to their short term nature;
- the values of investments are based on quoted market prices, when available, or quoted market prices of similar investments;
- for variable interest rate loans that re-price frequently, fair values approximate book values. Fair values of other loans are estimated using discounted cash flow calculations with market interest rates for similar groups of loans;
- the fair values of deposits with unspecified maturity terms are approximately equal to their carrying values. Fair values for other deposits and loans payable with specified maturity terms is estimated using discounted cash flow calculations at market interest rates for similar groups of deposits; and
- the fair values of derivative financial instruments are estimated by reference to the appropriate current market yields with matching terms of maturity. The fair values reflect the estimated amount that the Credit Union would receive or pay to terminate the contracts at the reporting date.

*Carrying values and fair value hierarchy*

The following table summarizes the carrying values and fair values the Credit Union's financial instruments:

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	20,533,132	20,533,132	20,617,775	20,617,775
Investments	134,770,915	135,199,479	133,164,611	132,712,870
Loans	554,436,622	552,298,948	541,717,923	530,106,419
Derivative assets	--	--	--	--
Accounts receivable	127,984	127,984	380,542	380,542
Total financial assets	<b>709,868,653</b>	<b>708,159,544</b>	695,880,851	683,817,606
<b>FINANCIAL LIABILITIES</b>				
Deposits	637,495,146	629,177,173	623,803,227	625,721,285
Loans payable	--	--	--	--
Secured borrowing	5,663,199	5,681,471	5,894,473	5,848,629
Membership shares	74,080	74,080	74,040	74,040
Lease liabilities	1,146,094	1,146,094	1,355,890	1,355,890
Derivative liabilities	1,872,929	1,872,929	4,528,904	4,528,904
Other liabilities	2,266,644	2,266,644	4,601,361	4,601,361
Total financial liabilities	<b>648,518,092</b>	<b>640,218,391</b>	640,257,895	642,130,109

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The fair value of the financial instruments have been summarized in the table below by level within the fair value hierarchy, except those financial instruments whose carrying amount is a reasonable approximation of fair value.

	2024			
	Level 1	Level 2	Level 3	Total
<b>FINANCIAL ASSETS</b>				
<i>Financial assets at FVTPL</i>				
SaskCentral shares	--	1,705,580	--	1,705,580
Preferred shares	--	--	--	--
Other investments	--	--	2,552,821	2,552,821
Provincial and corporate bonds	--	25,363,282	--	25,363,282
<i>Financial assets at amortized cost</i>				
Investments	--	105,577,796	--	105,577,796
Loans	--	552,298,948	--	552,298,948
Total financial assets	--	684,945,606	2,552,821	687,498,427
<b>FINANCIAL LIABILITIES</b>				
<i>Financial liabilities at FVOCI</i>				
Derivative liabilities	--	1,872,929	--	1,872,929
<i>Financial liabilities at amortized cost</i>				
Deposits	--	629,177,173	--	629,177,173
Loans payable and secured borrowing	--	5,681,471	--	5,681,471
Total financial liabilities	--	636,731,573	--	636,731,573
2023				
<b>FINANCIAL ASSETS</b>				
<i>Financial assets at FVTPL</i>				
SaskCentral shares	--	2,357,240	--	2,357,240
Preferred shares	--	2,000,000	--	2,000,000
Other investments	--	--	2,596,574	2,596,574
Provincial and corporate bonds	--	25,819,457	--	25,819,457
<i>Financial assets at amortized cost</i>				
Investments	--	99,939,599	--	99,939,599
Loans	--	530,106,419	--	530,106,419
Total financial assets	--	660,222,715	2,596,574	662,819,289
<b>FINANCIAL LIABILITIES</b>				
<i>Financial liabilities at FVOCI</i>				
Derivative liabilities	--	4,528,904	--	4,528,904
<i>Financial liabilities at amortized cost</i>				
Deposits	--	625,721,285	--	625,721,285
Loans payable and secured borrowing	--	5,848,629	--	5,848,629
Total financial liabilities	--	636,098,818	--	636,098,818

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	2024	2023
Level 3 Assets: Changes in recurring measurements		
Balance, beginning of year	2,596,574	2,968,518
Unrealized gains (losses) recognized in FVTPL	58,172	(49,920)
Additions	161,000	205,000
Disposals	(262,925)	(527,024)
Balance, end of year	2,552,821	2,596,574

**21. Financial risk management**

The following note presents information about the Credit Union's exposure to risks from its financial instruments and the objectives, policies and processes for measuring and managing risk.

*Credit risk*

Credit risk is the risk of financial loss to the Credit Union if a customer or counterparty defaults on its contractual payment obligations. Credit risk may arise from loans, receivables and investments.

Credit risk is managed in accordance with policies and procedures established by the Board of Directors. In addition, CUDGC establishes standards with which the Credit Union must comply. The Credit Union's Board has established lending policies and procedures which outline the minimum standards and criteria for granting credit to borrowers. Certain types of lending are subject to an annual review process to ensure that standards continue to be met. Accounts which are deemed to be of higher-than-average risk are monitored more frequently. Policy and procedures also specify the type of assets which may be taken as collateral and the techniques for valuation.

The Credit Union has established credit limits for individual borrowers to manage overall credit risk of the portfolio and establish parameters for credit diversification. By regulation, the maximum aggregate credit exposure per member is capped at 25% of eligible capital and the Board of Directors has further restricted this limit to \$12,000,000, representing 16.3% of eligible capital. The established portfolio mix for 2024 is:

	Board objectives	Actual
Consumer	60%	60%
Commercial	40%	40%

Except as otherwise noted below, the carrying amount of the financial assets recognized in the financial statements, which is net of impairment losses, represents the Credit Union's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

The following table discloses the Credit Union's exposure to credit risk by risk rating grades:

	Loans	Investments
Very low risk, low risk	300,738,129	131,326,172
Medium risk	225,416,836	2,552,821
High risk	20,995,696	--
Impaired	8,229,623	--
Gross credit exposures	555,380,284	133,878,993
Accrued interest	2,072,723	970,550
Allowance for credit losses	(3,016,385)	(78,628)
Total credit risk exposures, net	554,436,622	134,770,915

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*Liquidity risk*

Liquidity risk is the risk of financial loss to the Credit Union in the event that the Credit Union is unable to generate or obtain the necessary cash or cash equivalents in a timely manner, at a reasonable price, to meet its financial commitments as they come due. Liquidity risk is managed in accordance with policies and procedures established by the Board of Directors. In addition, CUDGC establishes standards to which the Credit Union must comply. The Credit Union's primary liquidity risk policies and procedures include policies for minimum liquidity holdings, monthly monitoring and access to additional short-term financing.

The Credit Union enters into transactions to purchase goods and services on credit and/or borrow funds for which repayment is required at various maturity dates, including processing the financial transactions of borrowers and depositors. Liquidity risk is measured by reviewing the Credit Union's future cash flows for the possibility of a negative net cash flow. The contractual maturities of financial liabilities can be found within the table under interest rate risk.

Member deposits, excluding accrued interest, mature as follow:

	2024	2023
On demand	258,247,614	257,122,578
Under 1 year	193,722,925	203,591,261
1 to 2 years	52,659,432	57,447,887
2 to 3 years	37,692,547	21,174,746
3 to 4 years	64,754,329	21,518,210
Over 4 years	22,358,555	55,974,048
	<b>629,435,402</b>	<b>616,828,730</b>

*Liquidity coverage ratio*

The liquidity coverage ratio (LCR) is a regulatory requirement of CUDGC with a prescribed minimum LCR requirement of 100%. The objective of the LCR is to ensure the Credit Union has an adequate stock of unencumbered high quality liquid assets (HQLA) that: (1) consists of cash or assets that can be converted into cash at little or no loss of value, and; (2) meets its liquidity needs for a 30-calendar day stress scenario.

Inflow and outflow values are calculated as outstanding balances maturing or callable within 30 days of various types of liabilities, off-balance sheet items or contractual receivables. These items are weighted after the application of haircuts (for HQLA) and inflow and outflow rates are prescribed by CUDGC. The LCR is calculated as the weighted value of HQLA divided by the weighted value of total net cash outflows.

	2024		2023	
	Actual	Weighted	Actual	Weighted
High quality liquid assets (HQLA)				
Level 1 assets	65,829,217	65,829,217	57,480,189	57,480,189
Level 2A assets	1,383,881	1,176,299	1,105,999	940,099
Level 2B assets	11,140,481	5,570,241	16,108,635	10,309,463
Total HQLA	<b>78,353,579</b>	<b>72,575,757</b>	74,694,823	68,729,751

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	2024		2023	
	Actual	Weighted	Actual	Weighted
Cash outflows:				
Stable retail deposits	202,028,364	11,167,590	193,024,682	9,651,234
Less stable retail deposits	59,894,860	8,614,677	31,762,467	3,176,247
Unsecured wholesale funding/deposits	112,414,063	9,039,385	82,583,158	7,497,109
Other contractual funding obligations	223,988,991	11,410,492	203,057,859	8,255,783
Total cash outflows	<b>598,326,278</b>	<b>40,232,144</b>	510,428,166	28,580,373
Cash inflows:				
Inflows from loan repayments	3,189,708	1,594,854	2,900,745	1,450,373
Inflows from other counterparties	61,745	30,873	(444,455)	(222,228)
Not included in HQLA	25,300,000	25,300,000	43,700,000	43,700,000
Total cash inflows	<b>28,551,453</b>	<b>26,925,727</b>	46,156,290	44,928,145
Cash inflows after CUDGC maximum inflow cap applied, if required		--		21,435,280
Total net cash outflows		<b>13,306,418</b>		7,145,093
Quarterly LCR history				
March 31		<b>881%</b>		177%
June 30		<b>329%</b>		241%
September 30		<b>391%</b>		264%
December 31		<b>545%</b>		962%

The Credit Union has met and complied with its internal LCR limit of 110% and the CUDGC minimum LCR of 100%.

*Market risk*

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices and credit spreads. The Credit Union's exposure can change depending on market conditions. Market risk is managed in accordance with policies and procedures established by the Board of Directors. In addition, CUDGC establishes standards to which the Credit Union must comply. The Credit Union's primary market risk policies and procedures include policies for maximum mismatch levels, quarterly monitoring and adjusting product mix to address match position.

The primary market risk that the Credit Union is exposed to is interest rate risk. Interest rate risk is the potential adverse impact on the earnings due to changes in interest rates. The Credit Union's exposure to interest rate risk arises primarily from timing differences in the re-pricing of assets and liabilities, including financial assets and liabilities with fixed and floating rates. The Credit Union's exposure to interest rate risk can be measured by the mismatch or gap, between the assets, liabilities and off-balance sheet instruments scheduled to mature or re-price on particular dates. Gap analysis measures the difference between the amount of assets and liabilities that re-price in specific time periods. To manage exposure to interest rate fluctuations and to manage asset and liability mismatch, the Credit Union may enter into interest rate swaps. These minimize the interest rate risk and cash required to liquidate the contracts by entering into counter balancing positions. The Credit Union used interest rate swaps in the current year.

The following table summarizes the Credit Union's exposure to interest rate risk by the earlier of the contractual re-pricing/maturity dates. Re-pricing dates are based on the earlier of maturity or the contractual re-pricing date and effective interest rates, where applicable, represent the weighted average effective yield. The tables do not identify management's expectations of future events where re-pricing and maturity dates differ from contractual dates.

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	2024 (In thousands)						
	On Demand	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Cash and cash equivalents	16,439	--	--	--	--	4,094	20,533
<i>Effective rate</i>	0.98%	--	--	--	--	--	0.78%
Investments	25,300	30,656	18,086	41,140	16,178	3,411	134,771
<i>Effective rate</i>	3.23%	3.70%	4.63%	3.57%	2.29%	--	3.43%
Loans	112,111	72,825	72,273	296,120	803	305	554,437
<i>Effective rate</i>	7.03%	5.10%	4.59%	4.24%	5.27%	--	4.96%
Other assets	--	--	--	--	--	12,347	12,347
<i>Effective rate</i>	--	--	--	--	--	--	--
<b>Total assets</b>	<b>153,850</b>	<b>103,481</b>	<b>90,359</b>	<b>337,260</b>	<b>16,981</b>	<b>20,157</b>	<b>722,088</b>
<i>Effective rate</i>	5.76%	4.69%	4.60%	4.15%	2.43%	--	4.47%
Deposits	63,525	66,892	126,831	177,465	--	202,782	637,495
<i>Effective rate</i>	1.09%	3.69%	3.56%	4.22%	--	--	2.38%
Other liabilities	--	--	--	5,663	--	5,360	11,023
<i>Effective rate</i>	--	--	--	3.36%	--	--	2.50%
Members' equity	--	--	--	--	--	73,570	73,570
<b>Total liabilities and members' equity</b>	<b>63,525</b>	<b>66,892</b>	<b>126,831</b>	<b>183,128</b>	<b>--</b>	<b>281,712</b>	<b>722,088</b>
<i>Effective rate</i>	1.09%	3.69%	3.56%	4.19%	--	--	2.14%
On-balance sheet gap	90,325	36,589	(36,472)	154,132	16,981	(261,555)	--
Derivatives	(75,000)	--	5,000	70,000	--	--	--
<b>Net mismatch</b>	<b>15,325</b>	<b>36,589</b>	<b>(31,472)</b>	<b>224,132</b>	<b>16,981</b>	<b>(261,555)</b>	<b>--</b>

	2023 (In thousands)						
	On Demand	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Cash and cash equivalents	17,897	--	--	--	--	2,721	20,618
<i>Effective rate</i>	2.15%	--	--	--	--	--	1.87%
Investments	46,057	29,485	18,871	20,438	17,690	624	133,165
<i>Effective rate</i>	4.72%	4.63%	1.57%	3.28%	2.49%	--	3.71%
Loans	118,104	42,460	58,988	321,162	630	374	541,718
<i>Effective rate</i>	7.52%	4.31%	4.32%	3.75%	5.60%	--	4.68%
Other assets	--	--	--	--	--	14,954	14,954
<i>Effective rate</i>	--	--	--	--	--	--	--
<b>Total assets</b>	<b>182,058</b>	<b>71,945</b>	<b>77,859</b>	<b>341,600</b>	<b>18,320</b>	<b>18,673</b>	<b>710,455</b>
<i>Effective rate</i>	6.28%	4.44%	3.65%	3.72%	2.60%	--	4.32%
Deposits	67,064	66,664	136,927	156,115	--	197,033	623,803
<i>Effective rate</i>	1.51%	3.12%	3.30%	3.96%	--	--	2.21%
Other liabilities	--	--	--	10,423	--	6,032	16,455
<i>Effective rate</i>	--	--	--	3.92%	--	--	2.50%
Members' equity	--	--	--	--	--	70,197	70,197
<b>Total liabilities and members' equity</b>	<b>67,064</b>	<b>66,664</b>	<b>136,927</b>	<b>166,538</b>	<b>--</b>	<b>273,262</b>	<b>710,455</b>
<i>Effective rate</i>	1.51%	3.12%	2.93%	3.96%	--	--	2.00%
On-balance sheet gap	114,994	5,281	(59,068)	175,061	18,320	(254,589)	--
Derivatives	(75,000)	--	--	75,000	--	--	--
<b>Net mismatch</b>	<b>39,994</b>	<b>5,281</b>	<b>(59,068)</b>	<b>250,061</b>	<b>18,320</b>	<b>(254,589)</b>	<b>--</b>

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A 1% increase in interest rates with all other variables held constant would result in an increase in the Credit Union's profit for the year ended December 31, 2025, of \$736,000 (2024 - increase of \$703,000). A 1% decrease in interest rates with all other variables held constant would result in a decrease in the Credit Union's profit for the year ended December 31, 2025 of \$817,000 (2024 - decrease of \$782,000). The Credit Union uses simulation modeling to simulate the effect of a change in the market rate of interest.

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union's exposure to foreign currency risk arises due to Member's U.S. dollar deposits and The Board of Directors has established a foreign currency exposure limit of 4% of eligible capital. At December 31, 2024, the Credit Union's foreign currency exposure was \$529,912 (2023 - \$734,750) and represents 0.72% (2023 - 1.07%) of eligible capital.

**22. Income taxes**

	2024	2023
Current tax expense		
Current income tax expense on profit for current year	(735)	(10,361)
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	457,635	(65,160)
Total income tax expense	<u>456,900</u>	<u>(75,521)</u>
Income tax expense reconciliation:	2024	2023
Income before income taxes	2,051,542	266,234
Combined federal and provincial tax rate	27%	27%
Income tax expense at statutory rate	553,916	71,883
Adjusted for the net effect of:		
Non-deductible expenses	2,974	1,719
Non-taxable dividend income	(26,783)	--
Prior year adjustment	(70,858)	(138,763)
Other	(2,349)	(10,361)
Total income tax expense	<u>456,900</u>	<u>(75,522)</u>
Effective rate of tax	<u>22%</u>	<u>-28%</u>
Deferred tax assets		
Property and equipment	174,817	371,254
Loans	652,092	317,991
Non-capital loss carryforward	878,052	2,119,312
Other	--	10,558
Total deferred tax assets	<u>1,704,961</u>	<u>2,819,115</u>
Deferred tax liabilities		
Venture Capital Investments	126,960	125,261
	<u>126,960</u>	<u>125,261</u>
Net deferred tax asset	<u>1,578,271</u>	<u>2,693,855</u>

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**23. Commitments**

*Commitments subject to credit risk*

In addition, in the normal course of business, the Credit Union has entered into various commitments to extend credit that are not reported on the statement of financial position, including guarantees and letters of credit. The primary purpose of these contracts is to make funds available for the financing needs of customers. These are subject to normal credit standards, financial controls, risk management and monitoring procedures.

Guarantees and standby letters of credit represent irrevocable commitments that the Credit Union will make payments in the event that a customer cannot meet its obligations to third parties, and they carry the same risk, recourse and collateral security requirements as loans extended to customers. Commercial letters of credit are instruments issued on behalf of a customer authorizing a third party to draw drafts on the Credit Union up to a stipulated amount subject to specific terms and conditions. The Credit Union is at risk for any drafts drawn that are not ultimately settled by the customer, but the amounts are collateralized by the goods to which they relate. Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans, bankers' acceptances or letters of credit.

The amounts reported below represent the maximum credit exposure for commitments to extend credit. Many of these contracts expire without being drawn upon, thereby reducing the Credit Union's credit risk from the maximum commitment. As many commitments will expire or terminate without being funded, the amounts shown on the table below do not necessarily represent future cash requirements.

	2024	2023
Undrawn lines of credit	187,445,841	178,203,419
Letters of credit	787,787	1,281,755
Commitments to extend credit	32,566,208	22,943,999
Total commitments to extend credit	220,799,836	202,429,173
Commitments to fund investments	1,908,000	569,000
Total commitments to extend credit and fund investments	222,707,836	202,998,173

In 2021, the Credit Union entered into an agreement to purchase units in the Westcap MBO III Investment Fund. The Credit Union makes advances to the Fund when requested which decreases the remaining commitment. Redemption of units does not increase the total remaining commitment to the Fund. At the end of December 2024, the Credit Union has advanced \$592,000 of their total commitment of \$1,000,000 to the Westcap MBO III Investment Fund. This commitment is represented in the table above under commitments to fund investments.

In 2024, the Credit Union entered into an agreement to purchase units in Conexus Venture Capital (CVC) Fund #2. The Credit Union makes advances to CVC Fund #2 when requested which decreases the remaining commitment. Redemption of units does not increase the total remaining commitment to CVC Fund #2. At the end of December 2024, the Credit Union had not yet advanced any funds towards its total commitment of \$1,500,000 in CVC Fund #2. This commitment is represented in table above under commitments to fund investments.



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*Other commitments*

The Credit Union has entered into other commitments for the provision of banking system services. Future estimated payments for these commitments are as follows:

2025	925,383
2026	648,961
2027	668,430
2028	570,468
2029	358,309
Thereafter	53,432

**24. Related party transactions**

Related parties exist when one party has the ability to directly or indirectly exercise control, joint control or significant influence over the other or is a member, or close family member of a member, of the key management personnel of the Credit Union. Related party transactions are in the normal course of operations and are measured at the consideration established and agreed to by the parties.

*Loans receivable*

At December 31, 2024, certain members of the board of directors and key management personnel were indebted to the Credit Union for amounts totaling \$4,586,366 (2023 - \$3,942,975). These loans were granted under the same lending policies applicable to other members and are included in loans receivable on the statement of financial position.

*Deposit accounts*

Directors and key management personnel may hold deposit accounts totaling \$849,270 (2023 - \$614,943). These accounts are maintained under the same terms and conditions applicable to other members and are included in member deposits on the statement of financial position.

*Compensation*

Compensation presented as short-term benefits includes wages, salaries, statutory government contributions, paid annual leave, paid sick leave, variable compensation and the value of fringe benefits received, but excludes out-of-pocket expense reimbursements. The aggregate compensation of directors and key management personnel during the year comprising amounts paid or payable or provided for is as follows:

	2024	2023
Short-term employee benefits	1,112,336	1,049,630
Post-employment benefits	68,563	60,780
Director remuneration	78,584	76,737
<b>Total compensation paid to key management personnel</b>	<b>1,259,483</b>	<b>1,187,147</b>



## CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE 2024

January 2025

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Credit Union Deposit Guarantee Corporation (the Corporation) functions as the deposit guarantor for Saskatchewan's provincially regulated credit unions. (Saskatchewan Credit Unions) and serves as the primary regulator for Saskatchewan Credit Unions and Credit Union Central of Saskatchewan (SaskCentral). Collectively, these entities are referred to as Provincially Regulated Financial Institutions or "PRFIs". The Corporation operates under provincial legislation, namely, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016*. The responsibility for overseeing the Corporation is assigned to the Registrar of Credit Unions with the Financial and Consumer Affairs Authority of Saskatchewan as specified by provincial legislation.

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the safety of deposits against credit union failure. Through the promoting of responsible governance, risk management, and prudent management of capital, liquidity, along with guaranteeing deposits, the Corporation plays a crucial role in fostering confidence in Saskatchewan PRFIs.

For more information about the Corporation's responsibilities and its role in promoting the strength and stability of Saskatchewan PRFIs, consult the Corporation's web site at [www.cudgc.sk.ca](http://www.cudgc.sk.ca).

# Officers



## Greg Peacock, Chief Executive Officer

With over 30 years of experience in the financial services industry—29 of those within the credit union system—Greg has dedicated his career to the success and growth of TCU Financial Group (TCU). His journey within the organization has spanned multiple key roles, including Loans Officer, Accountant, Finance Manager, Branch Manager, and Chief Financial Officer, providing him with a deep and comprehensive understanding of the credit union’s operations and its evolving member needs.

Appointed as Chief Executive Officer in June 2020, Greg leads TCU with a steadfast commitment to its strategic objectives, focusing on member well-being, financial sustainability, and community impact. What sets him apart is his deep commitment and loyalty to the credit union system, embodying the cooperative principles that define its success. His leadership is guided by a member-first philosophy, ensuring that every decision supports the long-term prosperity of both members and the communities the credit union serves. Born and raised in Saskatoon, Greg earned a Bachelor of Commerce degree from the University of Saskatchewan. Outside of work, he enjoys spending time at the lake with his wife and son. A dedicated community leader, he also serves as Board President of the Saskatoon Hilltop Football Club further reinforcing his passion for cooperative values and local engagement.



## Jason Bazinet, Chief Financial Officer

Jason has more than 25 years of experience in the financial services industry, with the majority of those years spent serving within the Saskatchewan credit union system. He has worked in the areas of wealth management, credit union regulation, risk analytics, internal audit, and finance. This diverse and substantial background has enabled him to build a solid framework for delivering and executing innovative solutions to complex and dynamic strategic challenges. He takes great pride in positioning credit unions as a collaborative community partner – working with leaders from the municipal, health, education, and business sectors to ensure the communities a credit union serves remain economically viable, sustainable, and prosperous.

Prior to joining TCU in 2021, Jason had previously served as the Chief Financial Officer and Chief Risk Officer with Synergy Credit Union. Jason has also worked for both the Saskatchewan and Alberta Credit Union Deposit Guarantee Corporations, where he played a key role in the research, development, and implementation of their respective risk-based supervisory systems.

Jason holds a Bachelor of Business Administration degree from the University of Regina. In 2017, he completed the CUES’ Strategic Innovation Institute at Stanford University and was awarded the Certified Innovation (CIE) designation. He also completed the Professional Director certification program through the Johnson-Shoyama Graduate School of Public Policy and Governance Solutions in 2016.



## Dawn Bell, Chief Risk & Compliance Officer

With nearly three decades of experience in the financial sector, Dawn is a seasoned leader with a deep understanding of regulatory compliance, enterprise risk management, and strategic governance. Her expertise spans people and operations management, regulatory oversight, and risk mitigation strategies that support sustainable growth and financial integrity. She holds both a Bachelor of Arts and a Bachelor of Laws degree from the University of Saskatchewan and is a non-practicing lawyer. Additionally, she has earned the Certified Credit Union Director (CCD) designation, reinforcing her commitment to governance excellence within the credit union system.

As Chief Risk & Compliance Officer, Dawn is responsible for shaping and executing the organization’s risk and compliance strategy. She fulfills key executive roles, including Chief Compliance Officer, Chief Anti-Money Laundering Officer, Chief Privacy Officer, and Complaints Officer, ensuring that regulatory frameworks are not only met but integrated into a proactive and member-centric approach. Her leadership is instrumental in fostering a culture of accountability, ethical business practices, and operational resilience.

A proud Saskatchewan native, Dawn takes great pride in her prairie roots and the values of integrity, perseverance, and community that they instill. She is an avid traveler who enjoys exploring new cultures and perspectives, bringing a global mindset to her work. When not managing risk and compliance, she can often be found on stage with one of Saskatoon’s amateur theatre groups, where her passion for performance and storytelling allows her to connect with audiences in a different capacity.

# Officers



## Randy Martynuik, Chief Information Officer

Randy boasts over 25 years of exemplary experience across a spectrum of industries, including Information Technology, Financial Services, Transportation, and Energy. His career is marked by a relentless pursuit of educational and professional growth, with a keen focus on technology innovation, IT leadership, information management, enterprise architecture, project management, and process improvement.

Prior to his tenure at TCU Financial Group, Randy excelled in the credit union sector as the Head of Innovation and Technology at SaskCentral. In this role, he provided strategic technology leadership, spearheaded digital transformation initiatives, and managed technology operations with finesse. His 13-year stint at CUETS (Credit Union Electronic Transaction Services) further solidified his reputation, where he demonstrated exceptional technology leadership and business acumen.

Randy is a certified Project Management Professional and holds a bachelor's degree in Business Administration, along with a certificate in Computer Science from the University of Regina. A proud Saskatchewan native, Randy enjoys balancing his professional achievements with personal passions such as golfing, traveling, and tinkering with his classic Porsche and Victory motorcycle.



## Crystal Mills, Chief Operating Officer

Crystal is a seasoned business and operations leader with over 25 years of experience, primarily in the financial services sector. Since 2014, she has held senior leadership roles, shaping strategic direction, fostering innovation, and driving sustainable growth. A visionary and thought leader, she excels at enabling scalability in evolving markets and delivering transformative initiatives that enhance operational efficiency, customer experience, and financial performance.

Before joining TCU Financial Group, Crystal held leadership positions at Conexus Credit Union and TD Canada Trust, where she was instrumental in the delivery of the strategic direction and execution of retail and wealth banking programs. Her ability to lead complex initiatives, optimize business models, and cultivate high-performing teams has been a hallmark of her leadership.

Crystal holds an Executive MBA from the University of Regina and has obtained multiple professional certifications throughout her career. She is a certified coach and has specialized training in agile leadership, further enhancing her ability to drive collaboration, innovation, and cultural transformation within organizations.

Beyond her professional achievements, Crystal is deeply committed to community engagement and serves on the SOFIA House Board as Vice Chair. She is passionate about leadership development, mentorship, and fostering meaningful connections that drive positive change. Having spent a few years in Alberta, Saskatchewan was calling and she moved back to her roots where she now enjoys traveling, gardening, and spending quality time with family and friends.

