
SYNERGY CREDIT UNION 2025 FINANCIAL STATEMENTS

2025 FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Synergy Credit Union Ltd.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with IFRS® Accounting Standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee were comprised entirely of directors who were neither management nor employees of the credit union. The Board was responsible for overseeing management in the performance of its financial reporting responsibilities. The Audit Committee had the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee was also responsible for recommending the appointment of the credit union's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors had full and free access to, and met periodically and separately with, both the Audit Committee and management to discuss their audit findings.



Neil Cooper
Chief Financial Officer, Conexus Credit Union



Christine Tucker
Chief Financial Officer, Synergy Credit Union

March 9, 2026
Lloydminster, Saskatchewan

To the Members of Synergy Credit Union Ltd.:

Opinion

We have audited the financial statements of Synergy Credit Union Ltd. (the "credit union"), which comprise the statement of financial position as at December 31, 2025, and the statements of comprehensive income, changes in equity and cash flows, and the related schedule for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the credit union as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS® Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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.

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 International Accounting Standards Board, 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 credit union'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 credit union 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 credit union'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 credit union'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 credit union 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.

MNP LLP

Chartered Professional Accountants

March 9, 2026
Saskatoon, Saskatchewan

STATEMENT OF FINANCIAL POSITION

As at December 31

(\$ thousands)	NOTE	2025	2024
ASSETS			
Cash and cash equivalents	4	38,507	73,335
Investments	5	289,349	344,447
Loans	6	1,777,842	1,579,211
Foreclosed property		64	78
Other receivables		426	343
Other assets		3,705	3,475
Property, plant and equipment	7	23,210	26,368
Intangible assets		1,018	1,067
Deferred tax assets	13	1,483	1,188
		2,135,604	2,029,512
LIABILITIES			
Deposits	8	1,906,176	1,821,586
Loans payable	9	6,001	-
Other liabilities	10	10,837	7,135
Membership shares	11	22,484	21,780
Allocation payable to members	11	5,250	3,794
		1,950,748	1,854,295
Commitments (Note 18)			
Event after the reporting period (Note 20)			
EQUITY			
Retained earnings		168,541	158,902
Contributed surplus		16,315	16,315
		184,856	175,217
		2,135,604	2,029,512

The accompanying notes are an integral part of these financial statements

On behalf of the Conexus Board of Directors:



Melanie Bonnah



Neil Carruthers

STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31

(\$ thousands)	NOTE	2025	2024
INTEREST INCOME			
Loans		87,977	77,067
Investments		12,773	21,183
		100,750	98,250
INTEREST EXPENSE			
Deposits		40,965	48,947
Loans		584	22
		41,549	48,969
NET INTEREST INCOME			
Provision for credit losses	6	2,091	1,472
NET INTEREST MARGIN			
		57,180	47,809
NON-INTEREST INCOME			
Unrealized gains on investments		1,061	1,862
Gains (losses) on foreclosed property		52	(49)
Other revenue	12	10,607	9,258
		11,720	11,071
NON-INTEREST EXPENSES (Schedule 1)			
Personnel		28,205	24,300
Occupancy		4,743	3,841
Member security		1,635	1,524
General business		15,197	12,177
Organization costs		680	559
		50,460	42,401
INCOME BEFORE ALLOCATIONS AND INCOME TAX			
		18,370	16,479
Patronage allocation		5,260	3,685
Income tax expense	13	3,471	3,347
COMPREHENSIVE INCOME FOR THE YEAR			
		9,639	9,447

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31

(\$ thousands)	Retained earnings	Contributed surplus	Total equity
Balance at December 31, 2023	149,455	16,315	165,770
Comprehensive income	9,447	-	9,447
Balance at December 31, 2024	158,902	16,315	175,217
Comprehensive income	9,639	-	9,639
Balance at December 31, 2025	168,541	16,315	184,856

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the years ended December 31

(\$ thousands)	2025	2024
OPERATING ACTIVITIES		
Loan interest received	87,036	77,451
Investment interest received	13,619	22,100
Dividends received	302	254
Non-interest revenue received	12,269	12,723
Interest paid	(45,324)	(45,913)
Patronage paid to members	(3,803)	(2,687)
Payments to vendors and employees	(46,364)	(46,752)
Income taxes paid	(3,704)	(3,071)
Net increase in loans and foreclosed property	(198,242)	(191,403)
Net increase in deposits	88,365	108,736
Net cash used in operating activities	(95,846)	(68,562)
INVESTING ACTIVITIES		
Property, plant and equipment and intangible assets purchased	(1,298)	(485)
Purchases of investments	(33,021)	(56,321)
Proceeds on sale and maturities of investments	86,971	147,666
Proceeds on disposal of property, plant and equipment	2,644	-
Property, plant and equipment work in progress purchased	(846)	-
Net cash from investing activities	54,450	90,860
FINANCING ACTIVITIES		
Membership shares redeemed and distributions (net)	568	(13,151)
Repayment of securitization liabilities	-	(2,447)
Debt taken on in year	6,000	-
Net cash from (used in) financing activities	6,568	(15,598)
Increase (decrease) in cash and cash equivalents	(34,828)	6,700
Cash and cash equivalents, beginning of year	73,335	66,635
Cash and cash equivalents, end of year	38,507	73,335

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025
(\$ thousands)

1. REPORTING ENTITY

Synergy Credit Union Ltd. (the credit union) was continued pursuant to *The Credit Union Act 1998* of the Province of Saskatchewan, and operates twelve credit union branches. The credit union serves members in Lloydminster, Kindersley, Saskatoon and surrounding areas.

In accordance with *The Credit Union Act 1998*, Credit Union Deposit Guarantee Corporation (CUDGC), a provincial corporation, guarantees the full repayment of all deposits held in Saskatchewan credit unions, including accrued interest.

Statement of compliance

The financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

The financial statements were approved by the Conexus Board of Directors and authorized for issue on March 9, 2026.

2. BASIS OF PREPARATION

Basis of measurement

The financial statements have been prepared using the historical basis except for the revaluation of certain financial instruments.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the credit union's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

Significant accounting judgments, estimates and assumptions

The preparation of the credit union's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in comprehensive income in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be significant.

Classification of financial assets

Classification of financial assets requires management to make judgments regarding the business model under which the credit union's financial assets are held and whether contractual cash flows consist solely of payments of principal and interest. Management has determined that the penalty to exercise prepayment features embedded in certain loans made to retail members does not result in payments that are not solely payments of principal and interest because they represent reasonable additional compensation for early termination of the contract.

Key assumptions in determining the allowance for expected credit losses

At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased,

management develops a number of assumptions about the following factors which impact the borrowers' ability to meet debt obligations:

- Expected significant increase in unemployment rates, interest rates, industrial restructuring and other economic circumstances;
- Declining revenues, working capital deficiencies, increases in balance sheet leverage and liquidity;
- Expected or actual changes in internal credit ratings of the borrowers or external credit ratings of the instrument and overdue status;
- Credit scores for regions or demographics;
- The correlation between credit risk on all lending facilities of the same borrower; and
- Changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about:

- Prepayments; and
- The timing and extent of missed payments or default events.

In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

In estimating expected credit losses, the credit union develops a number of assumptions as follows:

- The period over which the credit union is exposed to credit risk, considering for example, prepayments, extension options, demand features;
- The probability weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes;
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date;
- Expected cash shortfalls including recoveries, costs to recover and the effects of any collateral or other credit enhancements;
- Estimates of effective interest rates used in incorporating the time value of money; and
- Effects of the economic changes, such as inflation and interest rate changes, on specific sectors to which the credit union has credit exposures.

The above assumptions are based on historical information and adjusted for current conditions and forecasts of future economic conditions. The credit union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:

- Interest rates;
- Unemployment rates;
- Gross domestic product;
- Inflation;
- Loan to Value ratios; and
- Housing price indices.

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The credit union uses judgment to weight these scenarios.

Fair value of unquoted equity instruments

The credit union has assessed that the fair values of its unquoted equity instruments and SaskCentral shares approximates its cost based on the terms that the equity investments cannot be transferred, the shares cannot be sold and new shares are issued at par value of all currently held shares.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements have been summarized below. These accounting policies have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

Regulations to the Act specify that certain items are required to be disclosed in the financial statements which are presented at annual meetings of members. It is management's opinion that the disclosures in these financial statements and notes comply, in all material respects, with the requirements of the Act. Where necessary, reasonable estimates and interpretations have been made in presenting this information.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the credit union at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in comprehensive income for the current period.

Revenue recognition

The following describes the credit union's principal activities from which it generates revenue.

Service charge fees, commission and other revenue

The credit union generates revenue providing financial services to its members. Revenue is recognized as services are rendered. The credit union does not have an enforceable right to payment until services are rendered and commission revenue earned when the products are sold. The amount of revenue recognized on these transactions is based on the price specified in the contract.

The credit union does not expect to have any contracts where the period between the transfer of the promised goods or services to the member and payment by the member exceeds one year. Consequently, the credit union does not adjust any of the transaction prices for the time value of money.

Revenue recognition for items outside the scope of IFRS 15 is included in the financial instruments section of Note 3.

Financial instruments

Financial assets

Recognition and initial measurement

The credit union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

The credit union recognizes and de-recognizes purchases and sales of financial assets on the trade date, which is the date that the credit union commits to selling or purchasing the financial asset. Interest is not accrued on the asset and corresponding liability until the settlement date when title of the financial asset passes.

Classification and subsequent measurement

On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The credit union determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics. Financial instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and de-recognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash equivalents, other receivables, loans and certain investments held.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and derivative financial assets (which are index-linked derivatives).

The credit union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. Equity investments measured at fair value through profit or loss are comprised of investment funds, preferred shares, and shares in SaskCentral. Derivatives measured at fair value through profit or loss are comprised of index linked derivatives.

Business model assessment

The credit union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, how performance of the portfolio is evaluated and risks affecting the performance of the business model.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest, on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the credit union considers factors that would alter the timing and amount of cash flows such as, prepayment and extension features, terms that might limit the credit union's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The credit union reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The credit union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The date the credit union commits to purchasing a financial asset is considered the date of initial recognition for the purpose of applying the credit union's accounting policies for impairment of financial assets. For financial assets, the credit union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the credit union assessed that a significant increase in credit risk has occurred, the credit union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime. The credit union applies the simplified approach for accounts receivable. Using the simplified approach, the credit union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment (continued)

The credit union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants and requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the credit union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial asset;
- For loan commitments and financial guarantee contracts, as a provision; and
- For facilities with both a drawn and undrawn component where the credit union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component. Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision.

Financial assets are written off when the credit union has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 17 for additional information about the credit union's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

De-recognition of financial assets

The credit union applies its accounting policies for de-recognition of a financial asset to a part of a financial asset only when:

- The part comprises only specifically identified cash flows from a financial asset;
- The part comprises only a pro-rata share of the cash flows from a financial asset; or
- The part comprises only a pro-rata share of specifically identified cash flows from a financial asset.

In all other situations the credit union applies its accounting policies for de-recognition of a financial asset to the entirety of a financial asset.

The credit union de-recognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the credit union either:

- Transfers the right to receive the contractual cash flows of the financial asset; or
- Retains the right to receive the contractual cash flows of the financial asset, but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the credit union retains the risks and rewards of ownership. When the credit union neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the credit union de-recognizes the financial asset. At the same time, the credit union separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss. Such transactions include syndication transactions resulting in transfers qualifying for de-recognition.

Modification of financial assets

The credit union assesses the modification of terms of a financial asset to evaluate whether its contractual rights to the cash flows from that asset have expired in accordance with the credit union's de-recognition policy.

The credit union considers the following circumstances as an expiry of its contractual rights to the cash flows from an asset: changes to the present value of contractual cash flows of the original asset exceeding 10% (i.e. the credit union applies the guidance for modification of a financial liability by analogy), or substantial changes to the risk exposures arising from the financial asset.

When the modifications do not result in de-recognition of the financial asset, the gross carrying amount of the financial asset is recalculated with any difference between the previous carrying amount and the new carrying amount recognized in profit or loss. The new gross carrying amount is recalculated as the present value of the modified contractual cash flows discounted at the asset's original effective interest rate.

For the purpose of applying the impairment requirements, at each reporting date subsequent to the modification, the credit union continues to assess whether there has been a significant increase in credit risk on the modified financial assets from the date of initial recognition.

Financial liabilities

Recognition and initial measurement

The credit union recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the credit union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost or fair value through profit or loss.

In addition, on initial recognition the credit union may irrevocably designate certain financial liabilities to be measured at fair value through profit or loss in the following circumstances:

- The designation eliminates or significantly reduces an accounting mismatch;
- A group of financial liabilities or financial liabilities and financial assets is managed and its performance evaluated on a fair value basis; or
- The financial liability is a host contract containing one or more embedded derivatives.

Changes in the carrying amount of these financial liabilities are recognized in profit or loss. Where the credit union has designated a financial liability at fair value through profit or loss, the change in fair value of the financial liability attributable to the credit union's own credit risk is presented in other comprehensive income, except where doing so creates or enlarges an accounting mismatch. Those amounts recorded in other comprehensive income are not subsequently reclassified to profit or loss.

Financial liabilities measured at fair value through profit or loss include derivative liabilities (index-linked derivatives). When the transfer of a financial asset does not qualify for de-recognition because the credit union has retained substantially all of the risks and rewards of ownership, a liability is recognized for the consideration received. Subsequently, any expense incurred on the financial liability is recognized in profit or loss.

All other financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities measured at amortized cost include deposits, loans payable, other liabilities and member capital.

Financial liabilities are not reclassified subsequent to initial recognition.

3. MATERIAL ACCOUNTING POLICIES (continued)

De-recognition of financial liabilities

The credit union de-recognizes a financial liability only when its contractual obligations are discharged, canceled or expire.

Derivatives

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 period. Changes in the fair value of derivative instruments are recognized in profit or loss.

Dividend income

Dividend income is recorded in profit or loss when the credit union's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the credit union, and the amount of the dividend can be measured reliably.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired, subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Collateral

The credit union recognizes the proceeds from the sale of any non-cash collateral that has been pledged to it and a liability measured at fair value for its obligation to return the collateral.

If a debtor defaults under the terms of its contract and is no longer entitled to the return of any collateral, the credit union recognizes the collateral as an asset initially measured at fair value or, if it has already sold the collateral, de-recognizes its obligation to return the collateral.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the credit union's cash management system.

Investments

Each investment is classified into one of the categories described under financial instruments. The classification dictates the accounting treatment for the carrying value and changes in that value.

Impairment of 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.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 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 comprehensive income.

Syndication

The credit union syndicates individual assets with various other financial institutions primarily to manage credit risk, create liquidity and manage regulatory capital for the credit union. Syndicated loans transfer substantially all the risks and rewards related to the transferred financial assets and are de-recognized from the credit union's statement of financial position. All loans syndicated by the credit union are on a fully-serviced basis. The credit union receives fee income for services provided in the servicing of the transferred financial assets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives they are accounted for as separate items of property, plant and equipment. All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use.

Buildings and improvements	5 to 40 years
Furniture and equipment	3 to 20 years
Automotive	5 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date. Gains or losses on the disposal of property, plant and equipment will be determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in comprehensive income as other operating income or other operating costs, respectively.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income taxes

The credit union accounts for income taxes using the asset and liability method. Current and deferred taxes are recognized in comprehensive income except to the extent that the tax is recognized either in other comprehensive income or directly in equity, or the tax arises from a business combination. Under this method, the provision for income taxes is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled.

Deferred tax asset and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable income.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allows the deferred tax asset to be utilized. Deferred 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.

Membership shares

Shares are classified as liabilities or member equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union Board of Directors are classified as equity. Shares redeemable subject to regulatory restrictions are accounted for using the criteria set out in IFRIC 2 *Members' Shares in Cooperative Entities and Similar Instruments*.

4. CASH AND CASH EQUIVALENTS

	2025	2024
Cash on hand	3,798	4,339
Deposits on demand	34,709	68,996
	38,507	73,335

5. INVESTMENTS

	2025	2024
Amortized Cost		
SaskCentral liquidity deposits	124,596	135,251
SaskCentral liquidity term deposits	39,304	17,749
Non-redeemable term deposits	57,000	121,500
Marketable bonds and bank terms	34,803	45,075
Debentures	823	899
Accrued interest	1,241	2,389
Total amortized cost	257,767	322,863
Fair Value Through Profit Loss (FVTPL)		
SaskCentral shares	3,549	4,621
Investment funds	28,019	16,950
Preferred shares	14	13
Total fair value through profit loss (FVTPL)	31,582	21,584
Total investments	289,349	344,447

Pursuant to Regulations, the Standards of Sound Business Practices (SSBP) requires that the credit union maintain 8.65% of its total liabilities in specified liquidity deposits. The provincial regulator for credit unions, CUDGC, requires that the credit union adhere to these prescribed limits and restrictions. As of December 31, 2025 and 2024, the credit union met the requirements.

SaskCentral is owned by Saskatchewan credit unions acting as their liquidity manager. SaskCentral maintains business relationships with, and invests in, several cooperative entities on behalf of Saskatchewan credit unions, including CU CUMIS Wealth Holdings LP (CUC Wealth) and CGI (previously Celero Solutions).

6. LOANS

	2025				Net Loans
	Performing	Impaired	Allowance Specific	Allowance for Expected Credit Losses	
Mortgages					
Agriculture	163,277	-	-	(10)	163,267
Commercial	506,969	6,033	(2,044)	(2,304)	508,654
Residential	815,976	1,402	(285)	(271)	816,822
Consumer loans	132,586	380	(248)	(1,927)	130,791
Business loans	159,435	60	(60)	(1,127)	158,308
Total loans	1,778,243	7,875	(2,637)	(5,639)	1,777,842

6. LOANS (continued)

	2024				Net Loans
	Performing	Impaired	Allowance Specific	Allowance for Expected Credit Losses	
Mortgages					
Agriculture	148,008	-	-	(11)	147,997
Commercial	452,728	9,233	(567)	(1,789)	459,605
Residential	685,429	2,725	(237)	(273)	687,644
Consumer loans	135,161	724	(469)	(2,071)	133,345
Business loans	150,363	1,947	(403)	(1,287)	150,620
Total loans	1,571,689	14,629	(1,676)	(5,431)	1,579,211

Changes in allowance for credit losses	2025	2024
Balance at beginning of year	7,107	10,917
Provision for credit losses	2,091	1,472
Amounts written-off	(922)	(5,282)
Balance at end of year	8,276	7,107

Loans past due but not impaired

A loan is considered past due when a payment had not been received by the contractual due date. The following table presents the carrying value of loans that are past due but not classified as impaired because they are either (i) less than 90 days past due unless there is information to the contrary that an impairment event has occurred or (ii) fully secured and collection efforts are reasonably expected to result in repayment.

Loans that are past due but not impaired as at December 31, are as follows:

	2025			Total days
	1 to 59 days	60 to 90 days	More than 90 days	
Mortgages				
Agriculture	1,139	-	-	1,139
Commercial	2,009	-	-	2,009
Residential	6,230	104	-	6,334
Consumer loans	3,785	95	-	3,880
Business loans	133	-	-	133
Total loans	13,296	199	-	13,495

	2024			Total days
	1 to 59 days	60 to 90 days	More than 90 days	
Mortgages				
Agriculture	951	-	-	951
Commercial	3,000	-	-	3,000
Residential	7,388	23	-	7,411
Consumer loans	2,605	107	-	2,712
Business loans	1,015	32	-	1,047
Total loans	14,959	162	-	15,121

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and improvements	Furniture and equipment	Automotive	Total
Balance at December 31, 2023	6,564	41,474	6,387	136	54,561
Additions	-	100	95	-	195
Disposals	-	(2)	(138)	-	(140)
Balance at December 31, 2024	6,564	41,572	6,344	136	54,616
Additions	-	588	589	41	1,218
Disposals	(493)	(7,034)	(1,230)	-	(8,757)
Work in progress	-	846	-	-	846
Impairment of land, buildings and improvements, and furniture and equipment	(314)	(726)	(33)	-	(1,073)
Balance at December 31, 2025	5,757	35,246	5,670	177	46,850

Accumulated depreciation	Land	Buildings and improvements	Furniture and equipment	Automotive	Total
Balance at December 31, 2023	-	21,627	4,583	136	26,346
Depreciation	-	1,571	467	-	2,038
Disposals	-	(2)	(134)	-	(136)
Balance at December 31, 2024	-	23,196	4,916	136	28,248
Depreciation	-	1,521	535	14	2,070
Disposals	-	(5,522)	(1,156)	-	(6,678)
Balance at December 31, 2025	-	19,195	4,295	150	23,640

Net book value	Land	Buildings and improvements	Furniture and equipment	Automotive	Total
At December 31, 2024	6,564	18,376	1,428	-	26,368
At December 31, 2025	5,757	16,051	1,375	27	23,210

Due to the upcoming merger as disclosed in Note 20, the credit union tested certain property, plant and equipment for impairment by hiring an independent appraisal firm to complete an appraisal using standard methodologies to determine the fair value measurement of the related assets. The credit union recognized an impairment loss of \$1,073 in Occupancy expenses with respect to land, buildings and improvements and furniture and equipment on one branch.

8. DEPOSITS

	2025	2024
Demand deposits	1,026,450	969,417
Term deposits	864,764	833,431
Accrued interest	14,962	18,738
	1,906,176	1,821,586

9. LOANS PAYABLE

	2025	2024
Borrowings	6,001	-

SaskCentral

The credit union has an authorized line of credit bearing interest at prime less 0.50% in the amount of \$20,250 (2024 - \$19,250) from SaskCentral. Prime rate was 4.45% at December 31, 2025. At December 31, 2025 and 2024, the credit union had \$0 outstanding on this line of credit.

The credit union also has available through SaskCentral a commercial paper facility in the amount of \$20,250 (2024 - \$19,250). 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 established plus 0.375%. As of December 31, 2025 and 2024, the credit union had \$0 drawn on this program, bearing nil interest. As at December 31, 2025 and 2024, the accrued interest on this commercial paper facility is \$0.

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

Concentra Bank

The credit union has a secured quick line (revolving credit facility) in the amount of \$50,000 (2024 - \$50,000) from Concentra 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.

At December 31, 2025, the credit union had \$6,000 (2024 - \$0) outstanding on this credit facility. At December 31, 2025 the accrued interest on this facility is \$1 (2024 - \$0). The credit facility is secured by residential mortgages amounting to \$30,000 equaling 110% of the credit limit insured by CMHC or Sagen Mortgage Insurance Company Canada, Concentra term deposits amounting to \$20,000, as well as a second charge security interest against the assets of the credit union. The interest rate payable under the facility is the Concentra Prime Rate less 0.90% (2024 - prime less 0.90%) for funds secured by insured mortgages, and the Concentra Prime Rate less 1.25% (2024 - prime less 1.25%) for funds secured by Concentra term deposits. The annual standby fees are 0.20% per annum for funds secured by insured mortgages and 0.15% per annum for funds secured by Concentra term deposits.

10. OTHER LIABILITIES

	2025	2024
Accounts payable and accrued liabilities	9,976	6,200
Corporate income taxes payable	655	594
Retained member capital for distribution	206	341
	10,837	7,135

11. MEMBERSHIP SHARES AND ALLOCATION PAYABLE

Membership shares, including member ProfitShares, are as provided for by *The Credit Union Act 1998* and administered according to the credit union's Bylaws, which set 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.

Membership share characteristics include freedom from mandatory charge and subordination to the rights of creditors and depositors.

	2025	2024
Balance, beginning of year	21,780	34,940
Allocations to members		
Interest rebate to borrowers	1,328	866
Bonus interest to investors	1,639	824
Share dividend	836	986
Redemptions on member accounts	(3,240)	(15,981)
Allocated membership shares	22,343	21,635
Other membership shares	141	145
Total membership shares	22,484	21,780

The Board of Directors declared a patronage allocation in the amount of \$5,250 on December 31, 2025 (2024 - \$3,794). The patronage allocation approved by the Board of Directors is based on the amount of loan interest paid, deposit interest earned, and a dividend based on outstanding ProfitShare balances as of December 31, 2025.

	2025	2024
Interest rebate to borrowers	2,165	1,597
Bonus interest to investors	2,474	1,333
Share dividend	611	864
	5,250	3,794

12. OTHER REVENUE

	2025	2024
Deposit fees and commissions	3,311	3,672
Wealth services	3,255	2,822
Insurance	750	872
Loan fees	1,634	1,624
Credit card	601	445
Lease	331	313
Other	725	100
	10,607	9,258

13. INCOME TAXES

Income tax expense is comprised of:	2025	2024
Current tax expense	3,765	3,167
Deferred tax expense (recovery)	(294)	180
	3,471	3,347

A reconciliation of income taxes at statutory rates with the reported income taxes is as follows:

	2025	2024
Income before income taxes	13,110	12,794
Combined federal and provincial tax rate	27.00%	27.00%
Income tax expense at statutory rate	3,540	3,454
Adjusted for the net effect of:		
Non-deductible and other items	3	15
Non-taxable dividends	(81)	(31)
Differences in expected income tax rates	(5)	(126)
Taxable capital gains	23	-
Refundable taxes	(9)	(23)
Prior year adjustments to income tax provision	-	58
	3,471	3,347

Deferred tax assets and liabilities recognized are attributable to the following:

	2025	2024
Deferred tax assets (liabilities)		
Property, plant and equipment	914	693
Loans	1,594	1,512
Restructuring charges	206	-
Unrealized gains on fair value through profit or loss investment funds	(1,231)	(1,017)
Net deferred tax asset	1,483	1,188

14. CAPITAL MANAGEMENT

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 the standardized approach to calculate risk-weighted assets 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 1250% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC.

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 tier 1 requirement for permanence or freedom from mandatory charges. Tier 1 capital consists of two components: common equity tier 1 (CET1) capital and additional tier 1 capital. CET1 capital includes retained earnings, contributed surplus and AOCI. Deductions from CET1 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, fair value gains/losses on own use property, reverse mortgage exposures greater than 80% LTV and capitalized mortgage portfolio insurance premiums. Additional tier 1

capital consists of qualifying membership shares or other investment shares issued by the credit union that meet the criteria for inclusion in tier 1 capital and are not included in common equity tier 1 capital. At the current time, the credit union does not have any qualifying membership or investment shares that meet the criteria established for additional tier 1 capital.

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 certain deductions from capital plus specified off-statement of financial position exposures. Based on the type of off-statement of financial position 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 management framework 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 2025:

	Regulatory standard	Board minimum
Total eligible capital to risk-weighted assets	10.50%	12.50%
Total tier 1 capital to risk-weighted assets	8.50%	9.50%
CET1 capital to risk-weighted assets	7.00%	9.50%
Leverage ratio	5.00%	6.00%

During the years ended December 31, 2025 and 2024, the credit union complied with all internal and external capital requirements.

Eligible capital

	2025	2024
Risk-weighted assets	1,365,682	1,330,621
CET1 capital comprises:		
Retained earnings	168,541	158,902
Contributed surplus	16,315	16,315
Deductions from CET1 capital:		
Intangible assets	(1,018)	(1,067)
Total eligible tier 1 capital	183,838	174,150
Tier 2 capital comprises:		
Membership capital	27,734	25,574
Collective allowance	5,639	5,431
Total tier 2 capital	33,373	31,005
Total eligible capital	217,211	205,155

Regulatory capital adequacy ratios

	2025	2024
Total eligible capital to risk-weighted assets	15.91%	15.42%
Total tier 1 capital to risk-weighted assets	13.46%	13.09%
CET1 capital to risk-weighted assets	13.46%	13.09%
Leverage ratio	9.68%	9.60%

15. RELATED PARTY TRANSACTIONS

A related party exists 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.

The Board's Audit Committee reviews and monitors all related party transactions for compliance with legislation, standards of sound business practice and with credit union's policies and procedures. The Committee is charged with ensuring that all proposed related party transactions are fair to the credit union and that the best judgment of the credit union has not been compromised as a result of real or perceived conflict of interest.

Related parties are defined in *The Credit Union Act 1998* and include all directors or senior officers of the credit union, their spouses, their children under the age of 18, or any entity in which the director, senior officer, their spouse, or their children under the age of 18 has a substantial or controlling interest.

Member loans

The credit union, in accordance with its policy, grants loans to related parties at regular member rates or at preferred staff rates for senior officers. These loans are granted under the same lending policies applicable to other members. The credit union received interest from related parties in the amount of \$218 (2024 - \$264).

	2025	2024
Loans outstanding at January 1	6,304	6,791
Loans granted (repaid) during the year, net	(701)	(487)
	5,603	6,304

Member deposits

Related parties may hold deposit accounts and have access to personal chequing accounts that do not incur service charges. Interest paid by the credit union to the related parties is \$73 (2024 - \$77).

	2025	2024
Deposits at January 1	4,013	3,770
Deposits received during the year, net	364	243
	4,377	4,013

Ordinary course of business transactions

The credit union, in accordance with its policy and *The Credit Union Act 1998*, can enter into business transactions for the purchase of services with entities owned or significantly controlled by designated related parties. These transactions are in the credit union's ordinary course of business, are at market terms and conditions and are reviewed and reported to the Audit Committee. The value of such services purchased by the credit union to entities owned or significantly controlled by designated related parties in 2025 was \$19 (2024 - \$14).

Key management compensation

Key management persons (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the credit union, directly or indirectly. Control is the power to govern the financial and operating policies of the credit union so as to obtain benefits from its activities. The KMP of the credit union includes the executive leadership team (ELT) and members of the board who held offices during the financial year. The ELT is comprised of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and Chief Innovation & People Officer. Other key management personnel (OKMP) include the direct reports of Chief Operating Officer, as well as the Director, Finance & Accounting, VP, Human Resources, Corporate Secretary & Executive Administrator and Internal Auditor.

The aggregate compensation of KMP during the year, comprising amounts paid or payable, was as follows:

	2025	2024
Directors		
Compensation and other short-term benefits	169	186
Executive leadership team		
Salaries and other short-term benefits	1,912	1,681
Post-employment benefits	84	76
Other key management personnel		
Salaries and other short-term benefits	1,575	1,493
Post-employment benefits	82	82
	3,822	3,518

In the above table, remuneration shown as salaries and other short-term benefits include wages, salaries, statutory government contributions, paid annual leave and paid sick leave, performance-based incentive and the value of fringe benefits received, Director per diems, but excludes out-of-pocket expense reimbursements.

Members of the ELT receive a performance-based incentive in the form of variable compensation, which is included in salaries and other short-term benefits. Variable compensation is accrued in the fiscal year earned and paid in the following year. Figures in the above table represents the timing of when variable compensation amounts are accrued as a personnel expense as opposed to when they are paid. Variable compensation accrued for the ELT in 2025 is \$522 (2024 - \$388) and OKMP 2025 is \$281 (2024 - \$220). Travel and training costs to members of the board in 2025 were \$47 (2024 - \$38).

Restructuring charges resulting from the pending merger of \$1,889 (2024 - \$0) were accrued but not paid during the year and are not included in the compensation numbers above. The total payable related to restructuring charges is included in accounts payable, with the related expense included in Personnel and will be paid out based on underlying agreements between 2026 and 2028.

16. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Fair values are determined where possible by reference to quoted bid or asking prices in an active market. In the absence of an active market, the credit union determines fair value based on internal or external valuation models, such as discounted cash flow analysis or using observable market-based inputs (bid and ask price) for instruments with similar characteristics and risk profiles.

The credit union classifies fair value measurements of financial instruments recognized in the statement of financial position using the following three-tier fair value hierarchy, which reflects the significance of the inputs used in measuring fair value as follows:

- *Level 1:* Quoted market prices (unadjusted) are available in active markets for identical assets or liabilities;
- *Level 2:* Fair value measurements are derived from inputs other than quoted prices that are included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- *Level 3:* Fair value measurements derived from valuation techniques that include significant unobservable inputs.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

16. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table summarizes the carrying amount and fair values of the credit union's financial instruments.

2025	Carrying amount	Level 1	Level 2	Level 3
FINANCIAL ASSETS -Recurring measurements				
<i>Fair value through profit loss (FVTPL)</i>				
Cash on hand	3,798	-	3,798	-
SaskCentral shares	3,549	-	-	3,549
Investment funds	28,019	-	-	28,019
Preferred shares	14	-	-	14
Total financial assets- recurring measurements	35,380	-	3,798	31,582
FINANCIAL ASSETS – Fair values disclosed				
<i>Amortized cost</i>				
Deposits on demand	34,709	-	34,709	-
SaskCentral liquidity term deposits	39,304	-	39,369	-
SaskCentral liquidity deposits	124,596	-	124,599	-
Non-redeemable term deposits	57,000	-	57,000	-
Marketable bonds and bank terms	34,803	-	34,809	-
Debentures	823	-	823	-
Accrued interest	1,241	-	1,241	-
Loans	1,777,842	-	1,788,116	-
Other receivables	426	-	426	-
Total financial assets - fair values disclosed	2,070,744	-	2,081,092	-
FINANCIAL LIABILITIES – Fair values disclosed				
<i>Other financial liabilities</i>				
Deposits	1,906,176	-	1,909,327	-
Loans payable	6,001	-	6,001	-
Other liabilities	10,182	-	10,182	-
Member capital	27,734	-	-	27,734
Total financial liabilities – fair values disclosed	1,950,093	-	1,925,510	27,734

2024	Carrying amount	Level 1	Level 2	Level 3
FINANCIAL ASSETS – Recurring measurements				
<i>Fair value through profit loss (FVTPL)</i>				
Cash on hand	4,339	-	4,339	-
SaskCentral shares	4,621	-	-	4,621
Investment funds	16,950	-	-	16,950
Preferred shares	13	-	-	13
Total financial assets – recurring measurements	25,923	-	4,339	21,584
FINANCIAL ASSETS – Fair values disclosed				
<i>Amortized cost</i>				
Deposits on demand	68,996	-	68,996	-
SaskCentral liquidity term deposits	17,749	-	17,836	-
SaskCentral liquidity deposits	135,251	-	135,256	-
Non-redeemable term deposits	121,500	-	121,500	-
Marketable bonds and bank terms	45,075	-	45,805	-
Debentures	899	-	899	-
Accrued interest	2,389	-	2,389	-
Loans	1,579,211	-	1,574,047	-
Other receivables	343	-	343	-
Total financial assets - fair values disclosed	1,971,413	-	1,967,071	-
FINANCIAL LIABILITIES – Fair values disclosed				
<i>Other financial liabilities</i>				
Deposits	1,821,586	-	1,829,833	-
Other liabilities	6,541	-	6,541	-
Member capital	25,574	-	-	25,574
Total financial liabilities – fair values disclosed	1,853,701	-	1,836,374	25,574

Methods and assumptions

- The fair values of short-term financial instruments including cash and cash equivalents, short-term investments, other receivables, other liabilities and certain other assets and liabilities are approximately equal to their carrying values.
- Fair values of investments are based on quoted market prices, when available, or quoted market prices of similar investments.
- For variable interest rate loans that reprice frequently, fair values approximate carrying values. Fair values of other loans are estimated using discounted cash flow calculations with market interest rates for similar groups of loans.
- Carrying values approximate fair values for deposits with adjustable rates without specified maturity terms. Fair values for other deposits and loans payable with specified maturity terms are estimated using discounted cash flow calculations at market rates for similar deposits with similar terms.
- The fair values of derivative financial instruments are estimated by reference to the appropriate current market yields with matching terms to maturity. The fair values reflect the estimated amounts that the credit union would receive or pay to terminate the contracts at the reporting date.
- The interest rates used to discount estimated cash flows, when applicable, are based on interest rates for identical products as at the reporting date.
- All recurring Level 2 fair value measurements use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.
- For fair value measurements of Level 3 SaskCentral shares, the credit union has assessed that the fair value of the amounts is comparable to their amortized cost, which equals the par value of the shares. The shares are not quoted or traded, however, when new shares are offered the price remains the same as the par value of all currently available shares. There was no impact of the measurement on profit or loss for the year.

16. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Changes in recurring measurement level 3 assets	2025	2024
Balance, beginning of year	21,584	28,136
Gains recognized in comprehensive income	1,061	1,862
Additions	10,768	946
Disposals	(1,831)	(9,360)
Balance, end of year	31,582	21,584

17. FINANCIAL INSTRUMENT RISK MANAGEMENT

The nature of the credit union's financial instruments creates exposure to credit, liquidity and market risk. Management of these risks is established in policies and procedures determined by the Board of Directors. In addition, CUDGC establishes standards to which the credit union must comply.

Credit risk

Credit risk is the risk of loss to the credit union if a member or counterparty defaults on its contractual payment obligations. Credit risk may arise from loans and receivables and principal and interest amounts due on investments.

Credit risk is managed in accordance with a governing policy established by the Board of Directors. The Board of Directors has delegated responsibility for the management of credit risk to the CEO. The CEO has in turn delegated responsibility for management of credit risk within the loan portfolio to the Retail Division, and for management of credit risk within the investment and derivatives portfolio to the Finance Division.

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

Financial instruments are assessed at each reporting date for a significant increase in credit risk since initial recognition. This assessment considers changes in the risk of a default occurring at the reporting date as compared to the date of initial recognition.

The credit union considers loans and receivables to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists, such as notification from the borrower or breach of major covenants. This definition is consistent with the definitions used for the credit union's internal credit risk management practices and has been selected because it most closely aligns the definition of default to the credit union's past credit experience, and the covenants placed in standard borrowing contracts. Relatively few financial instruments subsequently return to performing status after a default has occurred under this definition without further intervention on the part of the credit union. These loans are considered stage 3 loans.

Changes in credit risk are assessed on the basis of the risk that a default will occur over the contractual lifetime of the financial instrument rather than based on changes in the amount of expected credit losses or other factors. In making this assessment the credit union takes into account all reasonable and supportable information, including forward-looking information, available without undue cost or effort. The credit union considers past due information of its balances and information about the borrower available through regular commercial dealings, such as requests for loan modifications.

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when contractual payments have exceeded 30 days past due, or other information becomes available to management through the course of regular credit reviews, communication with the borrower or forecasting processes which consider macroeconomic conditions expected to have a future impact on borrowers. These loans are considered stage 2 loans. The credit union considers there not to have been a significant increase in credit risk despite contractual payments being more than 30 days past due when they have interviewed the borrower and determined that payment is forthcoming. Loans that are not determined to be stage 2 or stage 3 loans are considered stage 1 loans.

When the contractual terms of a financial asset have been modified or renegotiated and the financial asset has not been de-recognized, the credit union assesses for significant increases in credit risk by consideration of its ability to collect interest and principal payments on the modified financial asset, the reason for the modifications, the borrower's payment performance compared to the modified contractual terms and whether such modifications increase the borrower's ability to meet its contractual obligations.

The credit union identifies credit-impaired financial assets through regular reviews of past due balances and credit assessments of its members. Credit-impaired financial assets are typically placed on the credit union's watch list based on its internal credit risk policies. In making this assessment, the credit union considers past due information of its balances and information about the borrower available through regular commercial dealings.

Measurement of expected credit losses

The credit union measures expected credit losses for member loans on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type (agriculture, commercial, residential, consumer and business loans). Otherwise, expected credit losses are measured on an individual basis.

The credit union will measure expected credit losses on an individual basis for the loans that are considered credit-impaired since it usually has information available to estimate the actual amounts that are expected to be recovered. The lifetime expected credit losses will be calculated as the difference between the carrying amount and the present value of expected recoveries (including the sale of collateral) for the individual loan. When measuring 12-month and lifetime expected credit losses, the credit union utilizes complex modelling, which uses current banking system loan data to assess probability of default, exposure at default, loss given default and present value calculations.

Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its members and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses. Management also makes judgment on how many years of data to utilize or whether to weigh more recent years more heavily in the analysis.

Management had to use judgment in several areas to assess if the estimate the model calculated was reasonable or if an overlay was needed to increase or decrease the allowance. Key factors influencing assumptions are economic uncertainties in markets outside of the prairies, declining interest rate environment, and the improvement of our borrower's ability to service debt.

The credit union has run a number of simulations on its collective allowance, incorporating assumptions about the resulting macroeconomic impacts of current interest rate environment, based on information and facts available at December 31, 2025. These scenarios are weighted, and the weighted average is used to build the estimate for expected credit losses. The three simulations included:

- *Model 1* - baseline approach where results are similar to this year with no improvement or further decline expected;
- *Model 2* - stressing the syndication loan portfolio, specifically commercial mortgages originating in British Columbia and Ontario, increasing the risk rating for each loan by 1 rating, suggesting these markets have an increased risk of default; and
- *Model 3* - improving the economic outlook on consumer loans by 10%, suggesting improvement in default, given rates have decreased from last year, allowing for payments to be more manageable for our members.

The weightings chosen on December 31, 2025 were 50% for model 1, 40% for model 2 and 10% for model 3. This approach resulted in an increase of \$373 to the collective provision at December 31, 2025 (2024 - increase of \$347).

17. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery. The credit union assesses that there is no reasonable expectation of recovery when they have exhausted all attempts to obtain some of the loan back, including realizing on the security, if any, and disposing of related security. Where information becomes available indicating the credit union will receive funds, such amounts are recognized at their fair value.

Exposure to credit risk

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9 *Financial instruments*. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount. The gross carrying amount of financial assets represents the maximum exposure to credit risk for that class of financial asset.

December 31, 2025	Loans Outstanding				Allowance for Credit Losses (ACL)				
	Stage 1	Stage 2	Stage 3	Gross Loans	Stage 1	Stage 2	Stage 3	ACL	Net Loans
Mortgages									
Agriculture	145,852	17,425	-	163,277	6	4	-	10	163,267
Commercial	426,300	76,644	10,058	513,002	617	3,483	248	4,348	508,654
Residential	741,773	74,876	729	817,378	184	319	53	556	816,822
Consumer loans	119,189	13,525	252	132,966	467	1,551	157	2,175	130,791
Business loans	139,155	20,281	59	159,495	143	1,019	25	1,187	158,308
Total	1,572,269	202,751	11,098	1,786,118	1,417	6,376	483	8,276	1,777,842

December 31, 2024	Loans Outstanding				Allowance for Credit Losses (ACL)				
	Stage 1	Stage 2	Stage 3	Gross Loans	Stage 1	Stage 2	Stage 3	ACL	Net Loans
Mortgages									
Agriculture	134,697	13,311	-	148,008	10	1	-	11	147,997
Commercial	404,433	43,934	13,594	461,961	470	1,613	273	2,356	459,605
Residential	602,949	83,864	1,341	688,154	154	326	30	510	687,644
Consumer loans	122,297	13,101	487	135,885	466	1,697	377	2,540	133,345
Business loans	127,922	22,477	1,911	152,310	107	1,250	333	1,690	150,620
Total	1,392,298	176,687	17,333	1,586,318	1,207	4,887	1,013	7,107	1,579,211

Concentrations of credit risk

Concentration of credit risk exists if a number of borrowers are exposed to similar economic risks by being engaged in similar economic activities or being located in the same geographical region, and indicate the relative sensitivity of the credit union's performance to developments affecting a particular segment of borrowers or geographical region. Geographical risk exists for the credit union due to its primary service area being Lloydminster, Kindersley, and Saskatoon, Saskatchewan and surrounding areas.

Amounts arising from expected credit losses

Reconciliation of the loss allowance

The following tables show a reconciliation of the opening to the closing balance of the loss allowance by class of financial instrument.

	Allowance for Credit Losses (ACL)			
	Stage 1	Stage 2	Stage 3	Gross Loans
2025				
<i>Agriculture Mortgages</i>				
Balance at December 31, 2024	10	1	-	11
Net remeasurement of loss allowance	(4)	3	-	(1)
Balance at December 31, 2025	6	4	-	10
<i>Commercial Mortgages</i>				
Balance at December 31, 2024	470	1,613	273	2,356
Net remeasurement of loss allowance	147	1,870	(25)	1,992
Balance at December 31, 2025	617	3,483	248	4,348
<i>Residential Mortgages</i>				
Balance at December 31, 2024	154	326	30	510
Net remeasurement of loss allowance	30	(7)	23	46
Balance at December 31, 2025	184	319	53	556
<i>Consumer loans</i>				
Balance at December 31, 2024	466	1,697	377	2,540
Net remeasurement of loss allowance	1	(146)	(220)	(365)
Balance at December 31, 2025	467	1,551	157	2,175
<i>Business loans</i>				
Balance at December 31, 2024	107	1,250	333	1,690
Net remeasurement of loss allowance	36	(231)	(308)	(503)
Balance at December 31, 2025	143	1,019	25	1,187
Total allowance for credit losses				8,276

	Allowance for Credit Losses (ACL)			
	Stage 1	Stage 2	Stage 3	Gross Loans
2024				
<i>Agriculture Mortgages</i>				
Balance at December 31, 2023	7	1	-	8
Net remeasurement of loss allowance	3	-	-	3
Balance at December 31, 2024	10	1	-	11
<i>Commercial Mortgages</i>				
Balance at December 31, 2023	369	1,404	4,557	6,330
Net remeasurement of loss allowance	101	209	(4,284)	(3,974)
Balance at December 31, 2024	470	1,613	273	2,356
<i>Residential Mortgages</i>				
Balance at December 31, 2023	136	258	273	667
Net remeasurement of loss allowance	18	68	(243)	(157)
Balance at December 31, 2024	154	326	30	510
<i>Consumer loans</i>				
Balance at December 31, 2023	498	1,787	416	2,701
Net remeasurement of loss allowance	(32)	(90)	(39)	(161)
Balance at December 31, 2024	466	1,697	377	2,540
<i>Business loans</i>				
Balance at December 31, 2023	122	996	93	1,211
Net remeasurement of loss allowance	(15)	254	240	479
Balance at December 31, 2024	107	1,250	333	1,690
Total allowance for credit losses				7,107

17. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Investments

The following table summarizes the credit exposure of the credit union's investment portfolio.

	2025	2024
AA	30,414	40,939
A-	5,131	5,131
R-1	167,517	157,649
BBB	57,420	122,854
Unrated	28,867	17,874
Total investments	289,349	344,447

Loan portfolio

Please refer to Note 6 which summarizes credit risk exposures for the loan portfolio including performing loans, impaired loans, past due but not impaired loans and allowances for credit losses.

Exposure to credit risk

The credit union's maximum exposure to credit risk at the statement of financial position date in relation to each class of recognized financial asset (cash, investments, loans, securitized mortgages, other receivables and derivatives) is the carrying amount of those assets as indicated in the statement of financial position. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

In the normal course of business, the credit union has entered into various commitments to extend credit that may not be reported on the statement of financial position, as well as guarantees and standby letters of credit. The primary purpose of these contracts is to make funds available for the financing needs of members. These are subject to normal credit standards, financial controls, risk management and monitoring procedures. Commitments are included in Note 18.

Liquidity risk

Liquidity risk is the risk 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.

Risk measurement

The assessment of the credit union's liquidity position reflects management's estimates, assumptions and judgment pertaining to current and prospective specific and market conditions and the related behavior of its members and counter parties. The credit union measures and manages the liquidity position from three risk perspectives.

- Short-term exposure (up to one month) based on historical changes in liquidity;
- Medium-term exposure (up to one year) based on forecasted cash flows; and
- Exposure to abnormal liquidity events based on various stress tests.

Policies and processes

The credit union manages liquidity by monitoring, forecasting and managing cash flows. The Finance Division manages day-to-day liquidity within board-approved policies, and reports to the ALCO quarterly to ensure compliance. Management provides quarterly reports on these matters to the Risk Committee. The acceptable amount of risk is defined by policies approved by the Board and monitored by the ALCO and Risk Committee. The credit union's liquidity policies and practices include:

- Measuring, monitoring and forecasting of cash flows;
- Maintaining a sufficient pool of high quality liquid assets to meet operating needs;
- Maintaining access to credit and commercial paper facilities;
- Managed growth of the credit union's loan and deposit portfolios;
- Established access to asset sale programs through capital markets and credit union partners;
- The establishment of a board approved liquidity plan and related liquidity contingency plans; and
- Participation in the mandatory statutory liquidity program.

The following are the contractual maturities of the credit union's financial liabilities.

	Less than 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
2025					
Deposits	1,597,324	246,432	62,274	146	1,906,176
Loans payable	6,001	-	-	-	6,001
Other liabilities	10,182	-	-	-	10,182
Member capital	5,250	-	-	22,484	27,734
Total	1,618,757	246,432	62,274	22,630	1,950,093
2024					
Deposits	1,579,703	152,961	88,472	450	1,821,586
Other liabilities	6,541	-	-	-	6,541
Member capital	3,794	-	-	21,780	25,574
Total	1,590,038	152,961	88,472	22,230	1,853,701

Liquidity coverage ratio

The liquidity coverage ratio (LCR) is a regulatory requirement of CUDGC. The minimum LCR requirement of 100% was effective January 1, 2019. The objective of the LCR is to ensure the credit union has an adequate stock of unencumbered high quality liquid assets (HQLA) that:

- Consists of cash or assets that can be converted into cash at little or no loss of value; and
- 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.

	2025	
	Actual Value	Weighted Value
High quality liquid assets (HQLA)		
Level 1 HQLA	178,562	178,562
Level 2A HQLA	3,615	3,073
Level 2B HQLA	12,207	6,104
Total HQLA	194,384	187,739
Cash outflows		
Stable retail deposits	382,697	19,135
Less stable retail deposits	119,045	11,904
Retail term deposits > 30 days	577,895	-
Unsecured wholesale funding	811,577	69,617
Other contractual funding obligations	361,957	26,764
Total cash outflows	2,253,171	127,420
Cash inflows		
Inflows from loan repayments	14,004	7,002
Inflows from other counterparties not included in HQLA	13,871	13,871
Total cash inflows	27,875	20,873
Cash inflows after CUDGC maximum inflow cap applied, if required		20,873
Total net cash outflows		106,547

17. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Policies and processes (continued)

	2024	
	Actual Value	Weighted Value
High quality liquid assets (HQLA)		
Level 1 HQLA	185,724	185,724
Level 2A HQLA	1,264	1,074
Level 2B HQLA	146	73
Total HQLA	187,134	186,871
Cash outflows		
Stable retail deposits	364,233	18,212
Less stable retail deposits	110,642	11,064
Retail term deposits > 30 days	562,932	-
Unsecured wholesale funding	765,041	67,936
Other contractual funding obligations	361,324	26,232
Total cash outflows	2,164,172	123,444
Cash inflows		
Inflows from loan repayments	12,540	6,270
Inflows from other counterparties not included in HQLA	52,301	52,301
Total cash inflows	64,841	58,571
Cash inflows after CUDGC maximum inflow cap applied, if required		58,571
Total net cash outflows		64,873

Quarterly LCR history

	2025	2024
At March 31	384%	556%
At June 30	214%	565%
At September 30	183%	398%
At December 31	176%	288%

As the LCR is a CUDGC prescribed standard, when a credit union is not in compliance, CUDGC may take any necessary action. Necessary action may include, but is not limited to:

- Reducing or restricting the credit union's authorities and limits;
- Subjecting the credit union to preventive intervention;
- Issuing a compliance order;
- Placing the credit union under supervision or administration; and
- Issuing an amalgamation order.

The credit union has met and complied with its 2025 internal LCR limit of 100% and the CUDGC limit of 100% for 2025.

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, foreign currency risk, equity prices and credit spreads. The credit union's exposure changes depending on market conditions. The primary market risks that credit union is exposed to are interest rate risk and foreign currency risk.

The Finance Division manages day-to-day market risk within approved policies and reports quarterly to ALCO to ensure policy compliance. Management provides quarterly reports on these matters to the Risk Committee.

Interest rate risk

The most significant form of market risk to the credit union is interest rate risk. Interest rate risk is the potential adverse impact on profit due to changes in interest rates.

The credit union's exposure to interest rate risk arises due to timing differences in the repricing of assets and liabilities, as well as due to 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 reprice on particular dates. Gap analysis measures the difference between the amount of assets and liabilities that reprice in specific time buckets.

The following table summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual repricing/maturity dates. Repricing dates are based on the earlier of maturity or the contractual repricing date and effective interest rates, where applicable, represent the weighted average effective yield. The schedule does not identify management's expectations of future events where repricing and maturity dates differ from contractual dates.

2025	On demand	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Assets							
Cash and cash equivalents	34,709	-	-	-	-	3,798	38,507
<i>Effective rate</i>	0.72%	-	-	-	-	-	0.65%
Investments	125,837	22,000	53,304	45,828	10,812	31,568	289,349
<i>Effective rate</i>	0.52%	3.21%	3.55%	3.58%	5.06%	-	1.87%
Loans	386,522	60,481	235,026	1,030,980	64,833	-	1,777,842
<i>Effective rate</i>	6.11%	4.23%	3.92%	5.08%	5.82%	-	5.15%
Other receivables	-	-	-	-	-	426	426
	547,068	82,481	288,330	1,076,808	75,645	35,792	2,106,124
Liabilities							
Deposits	586,439	147,191	408,721	308,706	146	454,973	1,906,176
<i>Effective rate</i>	1.32%	3.54%	3.08%	3.69%	3.83%	-	1.94%
Loans payable	6,001	-	-	-	-	-	6,001
<i>Effective rate</i>	3.45%	-	-	-	-	-	3.45%
Other liabilities	-	-	-	-	-	10,182	10,182
Member capital	-	-	-	-	-	27,734	27,734
	592,440	147,191	408,721	308,706	146	492,889	1,950,093
Net mismatch	(45,372)	(64,710)	(120,391)	768,102	75,499	(457,097)	156,031

2024	On demand	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Assets							
Cash and cash equivalents	68,996	-	-	-	-	4,339	73,335
<i>Effective rate</i>	1.92%	-	-	-	-	-	1.81%
Investments	134,773	31,500	89,616	56,132	10,855	21,571	344,447
<i>Effective rate</i>	3.65%	4.04%	4.59%	3.93%	5.04%	-	3.77%
Loans	335,029	40,209	207,180	942,853	53,940	-	1,579,211
<i>Effective rate</i>	6.87%	4.75%	4.34%	4.93%	6.26%	-	5.30%
Other receivables	-	-	-	-	-	343	343
	538,798	71,709	296,796	998,985	64,795	26,253	1,997,336
Liabilities							
Deposits	580,128	153,723	438,268	241,433	450	407,584	1,821,586
<i>Effective rate</i>	1.96%	4.59%	4.21%	4.33%	4.00%	-	2.60%
Loans payable	-	-	-	-	-	-	-
<i>Effective rate</i>	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	6,541	6,541
Member capital	-	-	-	-	-	25,574	25,574
	580,128	153,723	438,268	241,433	450	439,699	1,853,701
Net mismatch	(41,330)	(82,014)	(141,472)	757,552	64,345	(413,446)	143,635

17. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Interest rate risk (continued)

The credit union estimates comprehensive income would be impacted by the following amounts given a +/- 1% change in interest rates. Given the non-linear relationship between broader market rates and rates on credit union deposits, the sensitivity of comprehensive income to interest rates is expected to decrease as market rates increase.

Impact to comprehensive income	2025	2024
1% rise in the prime interest rate	348	984
1% decrease in the prime interest rate	(348)	(984)

To manage its exposure to interest rate fluctuations and to manage the asset liability mismatch, the credit union enters into interest rate swaps. It minimizes the interest rate risk and cash required to liquidate the contracts by entering into counter balancing positions. The credit union does not have any existing swaps at December 31, 2025.

Board policy places limitations on exposure to interest rate risk by outlining maximum acceptable levels of asset-liability gap, maximum acceptable levels of margin sensitivity to interest rates, and by placing restrictions on the types and quantities of asset classes that may be held in the credit union's investment portfolio.

18. COMMITMENTS

Operating leases

The credit union leases a parking lot from the City of Lloydminster for a 5 year term with a 12 month termination notice. The commitment for this lease is \$19. The credit union leases two postage machines with 66-month terms expiring in 2028. The total commitment for these equipment leases is \$15.

Commitments subject to credit risk

Standby letters of credit represent irrevocable assurances that the credit union will make payments in the event that a member cannot meet its obligations to third parties, and they carry the same risk, recourse and collateral security requirements as loans extended to members.

Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans, bankers' acceptances or letters of credit. The credit union makes the following instruments available to its members:

- Standby letters of credit representing irrevocable assurances that the credit union will pay if a member cannot meet their obligations to a third party;
- Documentary and commercial letters of credit to allow a third party to draw drafts to a maximum agreed amount under specific terms and conditions;
- Commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans (including lines of credit), guarantees or letters of credit;
- Irrevocable commitments to venture capital investments that are subject to cash calls; and
- Credit card guarantees to Collabria MasterCard representing assurances that the credit union will assume the associated credit risk if a member cannot meet their obligations to Collabria.

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded. As at December 31, 2025, the credit union had the following other commitments subject to credit risk:

	2025	2024
Undrawn lines of credit	201,484	208,847
Standby letters of credit	969	915
Commitments to extend credit	150,583	156,824
Venture Capital cash calls	4,142	7,052
Collabria MasterCard guarantees	79	109
	357,257	373,747

Other commitments

The credit union has various other commitments that include community investments, banking system services and software contracts. Future estimated payments for these commitments are as follows.

	Estimated payments
2026	1,086
2027	1,038
2028	1,064
2029	547
	<u>3,735</u>

19. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to the current year's presentation.

20. EVENT AFTER THE REPORTING PERIOD

On June 18, 2025, the membership of Synergy Credit Union Ltd. voted in favour of the amalgamation proposed by the Board of Directors of Synergy Credit Union Ltd., Cornerstone Credit Union Financial Group Limited, and Conexus Credit Union (2006). The amalgamation was approved by CUDGC pursuant to subsection 307(2)(d) of the Act on November 5, 2025, with the newly amalgamated Credit Union operating as Conexus Credit Union, effective January 1, 2026.

Conexus Credit Union has been identified as the acquirer, acquiring 100% of the voting equity interest of the Credit Union. All assets and liabilities will be transferred from the Credit Union to Conexus Credit Union at fair value upon amalgamation. The assessment of the fair values of identifiable assets acquired and liabilities assumed as at January 1, 2026, is in progress as of the date these financial statements were authorized for issue. Accordingly, it is not practicable to disclose the amounts recognized for each major class of assets acquired and liabilities assumed, or any resulting goodwill.

SCHEDULE 1: NON-INTEREST EXPENSES

For the years ended December 31

(\$ thousands)	2025	2024
PERSONNEL		
Salaries	20,954	18,020
Employee profit sharing	2,625	1,897
Employee benefits	4,030	3,834
Other	596	549
	28,205	24,300
OCCUPANCY		
Building depreciation	1,521	1,571
Property, plant and equipment impairment	1,073	-
Building and land taxes	551	519
Building fire insurance	234	246
Building maintenance	494	457
Heat, light and water	91	250
Janitorial services	508	540
Other	271	258
	4,743	3,841
MEMBER SECURITY		
CUDGC deposit insurance assessment	1,442	1,355
Fidelity and burglary insurance	193	169
	1,635	1,524
GENERAL BUSINESS		
Advertising and donations	3,441	1,652
Automotive	43	23
Computer costs	5,772	4,909
Equipment depreciation	535	467
External audit	213	95
Foreclosed property	168	122
Loan, search and legal fees	574	575
Overdraft and fraud losses	32	78
Card fees	225	158
Service, clearing and ATM charges	2,629	2,812
Stationary and supplies	72	75
Telephone and postage	343	386
Other	1,150	825
	15,197	12,177
ORGANIZATION COSTS		
Annual meetings	17	24
Director compensation and expenses	199	265
SaskCentral dues	79	82
Other	385	188
	680	559
TOTAL NON-INTEREST EXPENSES	50,460	42,401