

2025

ANNUAL REPORT

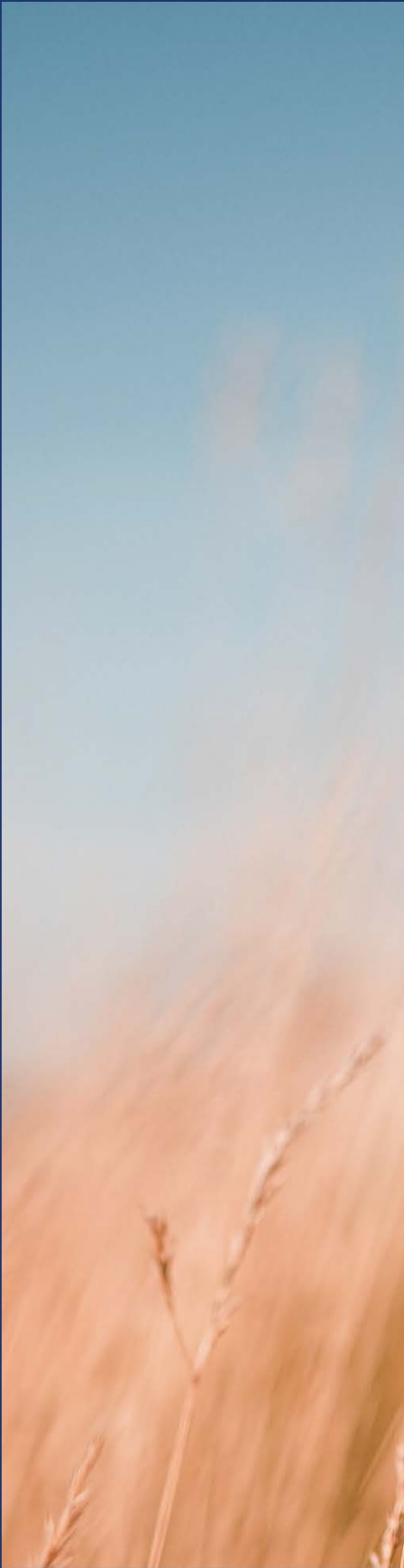


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MANDATE & GOVERNING PRINCIPLES

MANDATE

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan's provincially regulated credit unions (Saskatchewan Credit Unions). The Corporation is also the primary regulator for Saskatchewan Credit Unions and Credit Union Central of Saskatchewan (SaskCentral), together, Provincially Regulated Financial Institutions or "PRFIs," as directed in provincial legislation – *The Credit Union Act, 1998* (the CU Act) and *The Credit Union Central of Saskatchewan Act, 2016* (the CUCS Act). The Corporation instills confidence in Saskatchewan's provincially regulated credit union system (the System) with a mandate of:

- establishing regulatory standards and ensuring PRFIs are performing to those standards;
- promoting responsible governance by PRFIs, and contributing to the strength and financial stability of the System;
- directing PRFIs to take remedial action on material deficiencies, and any issue that may put depositors' funds at risk;
- maintaining and managing a guarantee fund in a sound and prudent manner; and
- guaranteeing the repayment of deposits in Saskatchewan Credit Unions.

VISION

To instill public confidence in the Saskatchewan provincially regulated credit union system.

VALUES

Values guide individual and organizational behaviour. The Corporation's values are reflected in its Code of Conduct which provides a common frame of reference for staff, management, and the board in fulfilling the Corporation's mandate and strategic focus.

Co-operation: As part of the co-operative financial services system, we respect co-operative principles and support Saskatchewan Credit Unions and SaskCentral in enhancing their strength and development by working together.

Honesty and Integrity: We perform our duties conscientiously with the highest level of honesty and professional integrity.

Fairness: We approach issues and decisions with common sense, sound judgment, fairness, and consistency.

Responsible Regulation: We act to protect the rights and interests of Saskatchewan depositors. We strike an appropriate regulatory balance that effectively protects depositors without unduly impairing a Saskatchewan Credit Union's ability to compete in the market.

Leadership: We use our knowledge of the System and the financial services industry to anticipate future trends and proactively respond to our environment. We demonstrate leadership provincially and nationally by advocating positive change that contributes to the strength and financial stability of PRFIs.

Teamwork and Respect: We work as a team to achieve goals and progress towards our common vision. We recognize that people are the key to success. We consistently treat people with dignity, respect, fairness, and the highest standards of ethics. We demonstrate co-operation when working with others, encouraging questions that generate innovative ideas and creative solutions.

CULTURE STATEMENT

At the Corporation, we are committed to fostering a constructive culture. Our values guide our actions and interactions, shaping the way we prudentially regulate PRFIs and protect depositors across Saskatchewan.

The Corporation's values align with a constructive culture that is characterized by:

- trustworthiness
- excellence
- empowerment
- accountability
- collaboration
- engagement

STRATEGIC DIRECTION

To ensure the effective regulation of the System by continuing to adhere to national and international best practices. To promote and lead discussions with our stakeholders regarding emerging issues and the changing environment. The Corporation will continue to be flexible and adaptive.

OPERATING PRINCIPLES

Our principles provide direction on how to carry out the Corporation's roles and responsibilities. They are what make us unique. These philosophical insights have contributed to the Corporation's notable success throughout its history and provide guidance in shaping the Corporation's future.

EFFECTIVE REGULATION

As the primary prudential and solvency regulator, we support and encourage a successful System by working with stakeholders to balance prudential regulation with market forces.

We recognize the need for PRFIs to evolve in the marketplace, and we support a strong and prosperous System by:

- focusing on the future of the financial services industry
- striving to implement industry best practices where it is reasonable to do so
- developing flexible and enabling approaches to effective and efficient regulation

Our role is to regulate, not to manage. Our actions demonstrate our preference to prescribe rather than restrict and demonstrate our respect for a Saskatchewan Credit Union's right to determine its own destiny.

We believe that effective deposit protection is accomplished through investments in prevention including:

- analyzing PRFIs' performance on an ongoing basis to ensure early identification of potential risks
- communicating our expectations
- sponsoring and promoting programs that strengthen the knowledge and skills of Saskatchewan Credit Union decision makers

AUTHORITY, RESPONSIBILITY, ACCOUNTABILITY

Authority

- We clearly communicate to all stakeholders our authority to take action to protect deposits. The Corporation has the authority to act to fulfill its deposit protection responsibilities in the best interests of PRFIs.

Responsibility

- We exercise great care and judgment in carrying out the authority that has been granted to us.
- We are responsible to act when others are either unwilling or unable to take action on matters concerning Saskatchewan Credit Union and/or System solvency and the safety of deposits.

Accountability

- We demonstrate accountability through fiscal responsibility.
- We pursue economical business solutions to protect deposits and minimize costs to the PRFIs.
- Our operating methods demonstrate effective and efficient use of System resources.

OBJECTIVITY AND INDEPENDENCE

Our actions are free of influence, interest, or relationship that would impair professional judgment or objectivity.

We act independently and in the best interests of the Corporation to protect depositors' funds.

We carry out our responsibilities fairly and consistently, basing decisions on careful analysis of facts.

OPENNESS

We communicate openly with all stakeholders.

We respect our stakeholders' rights to privacy and confidentiality of information.

We value the opinions and ideas of our stakeholders and take care to ensure that we consult with them on matters that affect them.

COLLABORATIVE RELATIONSHIPS

Through constructive relationships with our stakeholders, we create opportunities to enhance the overall quality and effectiveness of our results.

We believe that the best solutions are arrived at by working with others to build common understanding and to identify and achieve common goals.

MESSAGE FROM THE BOARD CHAIR AND CEO

The Corporation's core purpose is to instill public confidence in Saskatchewan's provincially regulated credit union system. We do this through establishing and maintaining a regulatory framework that meets internationally established best practices as well as through guaranteeing the full repayment of member deposits held with Saskatchewan Credit Unions. In 2025, we achieved all the objectives of our business plan, with a focus on advancing key aspects of our regulatory framework.

The Corporation remains attentive to the changing environment affecting the broader financial sector, and in particular credit unions. Ensuring emerging risks are appropriately captured, monitored, and addressed through evolving regulatory requirements is fundamental to maintaining financial stability within the System. The Corporation continues to take a prudential approach to regulation, and the System remains stable and well-functioning under this model.

Depositor awareness has been a focus area throughout 2024 and 2025 with the aim to enhance depositor confidence and understanding of the security provided by the Corporation's deposit guarantee. With the framework completed in 2024, the key area of focus in 2025 was implementing targeted communications strategies and improving the accessibility and quality of content.

In 2025, we remained focused on key deliverables that enhanced our ability to take action during a crisis event. With a robust crisis management framework in place, our efforts in 2025 focused on the development of a credible recovery and resolution framework. This framework is intended to guide the action of the Crisis Management Group's (jointly the Corporation and the Registrar of Credit Unions) actions during a crisis within the System.

We introduced thematic reviews within our supervisory practices in 2025. These reviews provide deeper insights into emerging risks and ensure Provincially Regulated Financial Institutions maintain compliance with applicable guidelines. In addition, we implemented regulatory policy enhancements related to Third-Party Risk Management, reflecting our commitment to staying ahead of evolving risks and supporting credit unions in effectively managing outsourcing and vendor relationships.

Throughout the year, we maintained a strong focus on stakeholder consultation and collaboration as regulatory expectations advance nationally and provincially. As a leader in credit union regulation, this engagement supports informed decision-making and strengthens relationships critical to identifying and addressing key risks within the System.

Looking ahead to 2026, the Corporation will continue to enhance its capacity to respond to an increasingly complex financial environment. Key areas of focus include advancing the Provincial Systematically Important Financial Institutions (P-SIFI) Framework, strengthening resolution readiness, and pursuing contingent funding strategies as part of the System's overall financial safety net. Internally, we will advance our cybersecurity posture and invest in organizational capacity to support corporate excellence.

In 2025, we also marked an important leadership transition with the retirement of former CEO Brent Schellenberg in June, following an exceptional 41 years of dedicated service to the Corporation and the credit union system. We extend our deep appreciation to Brent for his steadfast leadership, commitment to regulatory excellence, and significant contributions to strengthening the System throughout his tenure.

The Board convened a CEO Recruitment Committee to guide the search for Brent's successor. Their thoughtful work supported a smooth and deliberate transition, culminating in the appointment of Cory Stephen as CEO. Cory has been with the Corporation since 2009, and a member of its executive team since 2017. This leadership continuity positions the Corporation well as we advance our strategic priorities and continue to serve the System with integrity and excellence.

On behalf of the Board and Executive Leadership, we extend our sincere appreciation to all employees for their dedication, professionalism, and contributions throughout the year. Your expertise, leadership, and commitment to regulatory excellence have fostered a constructive culture, strengthened teamwork, and enabled the successful advancement of our goals and priorities.

We also extend our gratitude to Saskatchewan Credit Unions, SaskCentral, and all stakeholders for your partnership and collaboration. Your commitment and insights are essential to maintaining a strong, resilient financial system that serves the needs of Saskatchewan communities.

Supported by strong governance and effective regulation, the Corporation remains committed and guided by our vision - to instill public confidence in the Saskatchewan provincially regulated credit union system.



Kerry Tarasoff, Board Chair



Cory Stephen, CEO

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The board of directors governs the Corporation's business affairs. The board sets the strategic direction and ensures the Corporation's efforts reinforce the strength and financial stability of Saskatchewan Credit Unions and SaskCentral.

The Credit Union Act, 1998 requires a Selection Committee (the Committee) that selects individuals for appointment to the board. The Committee, consisting of equal representation from the Ministry of Justice and SaskCentral, appoints individuals who meet the criteria for competency and experience as established by the board.

The board consists of:

- the Deputy Minister of Justice or the nominee of the Deputy Minister of Justice,
- the Deputy Minister of Finance or the nominee of the Deputy Minister of Finance, and
- five individuals appointed by the Selection Committee.

The Committee conducted a recruitment process to fill two independent director positions in the fall of 2024. Kevin Lukey and Blair Swystun were reappointed by the Selection Committee as independent directors. Kevin and Blair's three-year term became effective January 15, 2025.

The Corporation's board was composed of the following individuals in 2025:

CATHERINE BENNING, KC, LLB, BA
MINISTRY OF JUSTICE APPOINTEE

MAX HENDRICKS
MINISTRY OF FINANCE APPOINTEE

SUZANNE ANTON, LLB, BCOMM
SELECTION COMMITTEE APPOINTEE
*Suzanne Anton resigned from the board in May 2025

KEVIN LUKEY
SELECTION COMMITTEE APPOINTEE

SCOTT MCMANN
SELECTION COMMITTEE APPOINTEE

BLAIR SWYSTUN, ICD.D, CFA, MBA, B.SC.
SELECTION COMMITTEE APPOINTEE

KERRY TARASOFF, FCPA, FCMA, BCOMM, BA
SELECTION COMMITTEE APPOINTEE

AUDIT COMMITTEE

The Audit Committee oversees the integrity of the Corporation's financial reporting and controls. Using input provided by management, the committee regularly reports to the board regarding the Corporation's:

- financial reporting
- internal control systems
- relationship with auditors
- adherence to policy and regulatory requirements
- business continuity and disaster recovery plans
- legal and ethical conduct

The Audit Committee ensures the independence of external and internal auditors. It also ensures the Corporation uses appropriate due diligence in its controls, accountability, and financial reporting.

The following directors were members of the Audit Committee in 2025:

- Kevin Lukey (Chair)
- Scott McMann
- Blair Swystun
- Kerry Tarasoff (ex officio)

HUMAN RESOURCES AND GOVERNANCE COMMITTEE

The board established a Human Resource (HR) and Governance Committee in 2025. The committee is a standing committee of the board established to:

- Assist the board in shaping, overseeing, and monitoring the Corporation's human resources strategy, including CEO employment, CEO performance management, and the Corporation's People and Culture risk.
- Assist the board in overseeing performance by ensuring effective governance practices are in place.

The following directors were members of the HR and Governance Committee in 2025:

- Kevin Lukey
- Scott McMann
- Blair Swystun (Chair)
- Kerry Tarasoff (ex officio)

CEO RECRUITMENT COMMITTEE

The board established an ad hoc committee for the purpose of recruiting a new CEO. The committee engaged the services of a recruitment firm and conducted a nationwide search. The committee was disbanded upon completion of the recruitment.

The following directors were the members of the CEO Recruitment Committee:

- Catherine Benning
- Kevin Lukey
- Kerry Tarasoff

BOARD AND COMMITTEE MEETING ATTENDANCE

The Corporation's board held nine meetings in 2025, including a strategic planning session. The Audit Committee met four times, and the newly formed HR & Governance Committee had one meeting. The CEO Recruitment Committee had four meetings during the year. The charts below outline director attendance at meetings.

Board

Name	Meetings Attended
Anton*	4
Benning	9
Hendricks	1
Lukey	9
McMann	9
Swystun	9
Tarasoff	9

*Suzanne Anton resigned from the board in May 2025

Audit Committee

Name	Meetings Attended
Lukey	4
McMann	4
Swystun	4
Tarasoff	4

HR & Governance Committee

Name	Meetings Attended
Lukey	1
McMann	1
Swystun	1
Tarasoff	1

CEO Recruitment Committee

Name	Meetings Attended
Lukey	4
Tarasoff	4
Benning	4

BOARD AND COMMITTEE REMUNERATION

Director remuneration is intended to recognize effort and dedication, and to reasonably compensate directors for their time. The Corporation's board remuneration policy is reviewed annually to ensure fair and comparable remuneration with similar organizations.

Directors claim honorarium and per diem allowances at their discretion. The government directors have elected not to receive remuneration from the Corporation.

In 2025, the Corporation paid director compensation in the amount of \$111,436, which includes honorariums, per diems, and other benefits as outlined below.

Name	Honorarium	Per Diem	Benefits
Anton	4,313	3,400	497
Lukey	8,625	15,600	31
McMann	8,625	11,425	122
Tarasoff	18,500	20,150	152
Swystun	8,625	11,250	121
Totals	48,688	61,825	923

EXECUTIVE MANAGEMENT

The executive management team provides strategic vision, leadership, and direction to the Corporation.

CORY STEPHEN, CFA
CHIEF EXECUTIVE OFFICER

DARREN RODGER, BBA
VICE-PRESIDENT REGULATORY OVERSIGHT

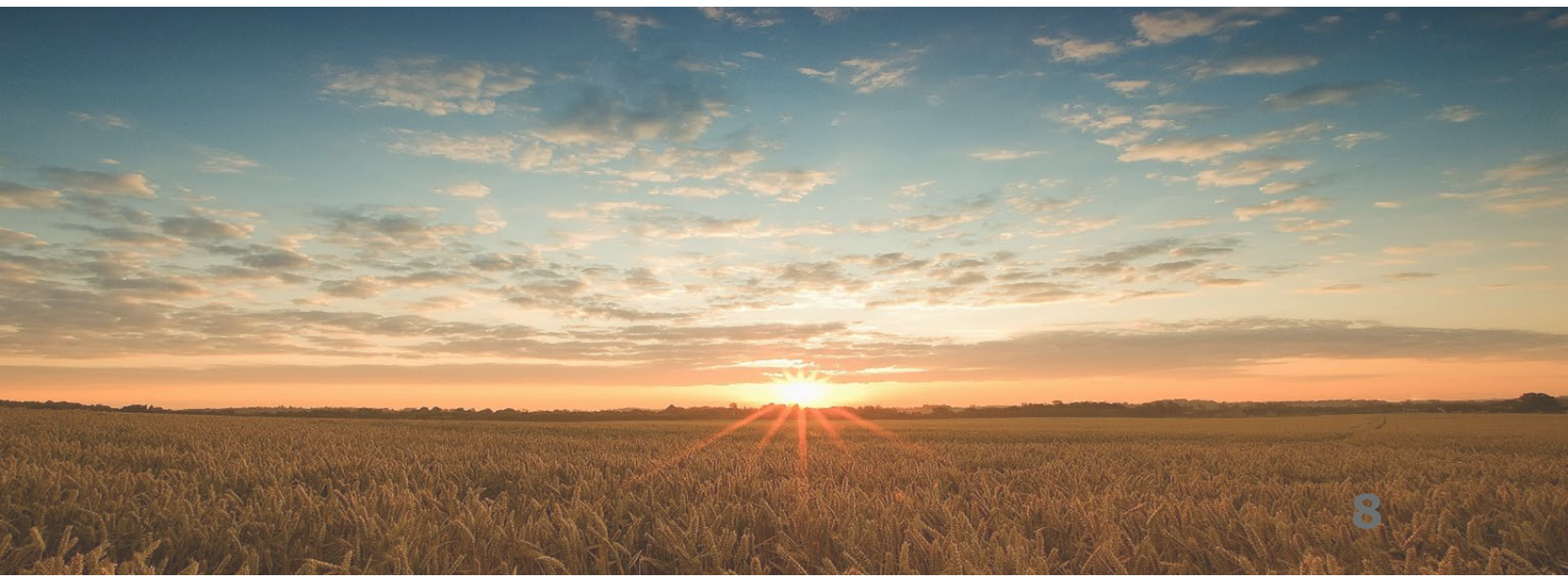
DEANNA BERGBUSCH, MBA, BCOMM
VICE-PRESIDENT CORPORATE OPERATIONS

CODE OF CONDUCT

All directors, executives, employees, and contractors must adhere to a Code of Conduct (the Code). The Code outlines responsibilities and guides the conduct of professional duties including:

- compliance with laws, regulations, and proprietary rights;
- integrity of corporate records and communication;
- privacy and confidentiality of corporate information;
- fair dealing with employees, suppliers, and service suppliers;
- corporate political, social, and environmental responsibility;
- freedom from workplace harassment, violence, and solicitation;
- protection and proper use of corporate assets;
- reporting of dishonest or suspected dishonest activities; and,
- conflicts of interest.

Each year, board members and employees of the Corporation acknowledge their understanding of, and compliance with, the Code. The Corporation reports to the board on code compliance yearly.



CREDIT UNION DEPOSIT GUARANTEE CORPORATION

WHO WE ARE

Since 1953, the Corporation has successfully guaranteed the full repayment of deposits held in Saskatchewan Credit Unions. As the first deposit guarantor in Canada, we have a long history of protecting deposits and regulating credit unions effectively. Additionally, the Corporation has supervisory and regulatory responsibilities regarding SaskCentral, the liquidity manager for Saskatchewan Credit Unions.

The Corporation demonstrates the strength of its regulatory regime through strong governance practices. The governance framework, available on cudgc.sk.ca, identifies the roles and outlines the relationship between board and management.

The Corporation gets its powers to carry out activities through provincial legislation.

Our main responsibilities include:

- manage a deposit guarantee fund in line with industry standards
- set standards for good business practices and ensure credit unions follow them
- direct credit unions to take action if any issues arise that could put depositors' money at risk
- guarantee the full repayment of deposits in Saskatchewan Credit Unions

The Corporation is not a government agency. We are, however, accountable to the Government of Saskatchewan through the Registrar of Credit Unions.

LEGISLATIVE AND GOVERNANCE MODEL

Saskatchewan Legislative Assembly

Establishes public policy and enacts legislation for the System. Through legislation, the provincial government prescribes responsibilities for both the Corporation and the Registrar.

Provincial legislation provides the overall framework for the regulation of PRFIs, and includes:

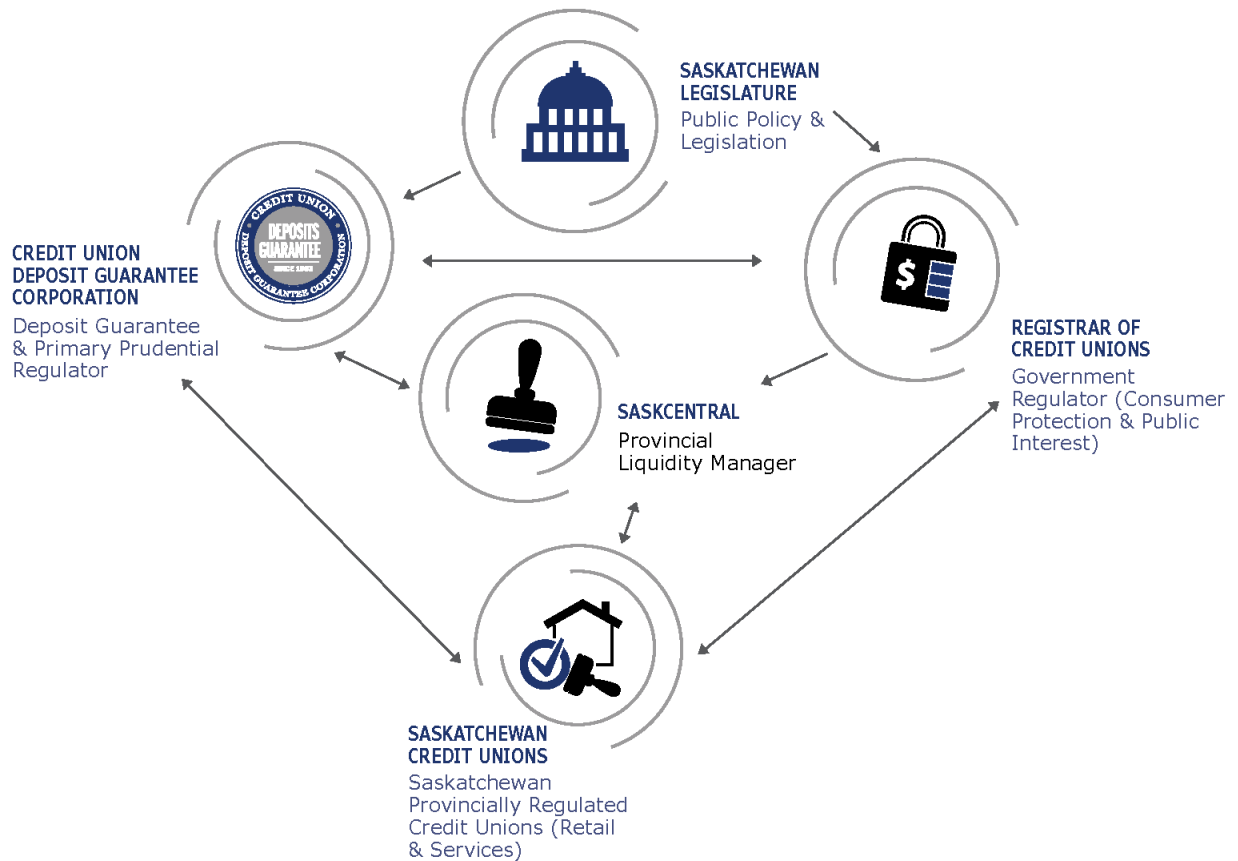
- *The Credit Union Act, 1998* (the CU Act),
- *The Credit Union Regulations, 1999* (the Regulations),
- *The Credit Union Insurance Business Regulations*, and,
- *The Credit Union Central of Saskatchewan Act, 2016* (the CUCS Act).

PRFIs must comply with the legal requirements and obligations established in the governing legislation, as well as other relevant provincial and federal legislation. PRFIs must also comply with regulatory requirements established by the Corporation, as well as the articles, bylaws, and policies set by PRFIs.

The Registrar of Credit Unions

Oversees and monitors the Corporation to ensure it is fulfilling its regulatory role and mandate. The Financial and Consumer Affairs Authority of Saskatchewan (FCAA) is the Office of the Registrar (the Registrar) for the Corporation as per the CU Act and the CUCS Act, and *The Financial and Consumer Affairs Authority of Saskatchewan Act*. The Registrar has the ultimate responsibility and authority for the regulation of PRFIs. They are responsible for approving and accepting registrations and statutory filings of PRFIs and issuing formal approvals of Prudential Standards.

In overseeing and ensuring appropriate regulation of PRFIs, the Registrar's primary focus is consumer protection and the public interest. The Registrar has the overarching responsibility of ensuring a safe and sound System in Saskatchewan. The Registrar may delegate powers and authority to the Corporation. The Registrar may also issue and enforce directives to the Corporation.



WHO WE REGULATE

Saskatchewan Credit Unions

Credit unions are independent financial service co-operatives that are owned and controlled by the members they serve. In Saskatchewan, credit unions were formed during the 1930s as a response to the difficult social and economic issues at that time. They have since evolved to become full-service financial institutions and rank among the leaders in the country for overall customer service excellence. An elected board of directors governs each credit union, sets strategic direction, and oversees the work of a management team that is responsible for the daily operations.

As of December 31, 2025, there are 30 credit unions established under provincial legislation and regulated by the Corporation. They range in asset size from \$53 million to in excess of \$8.8 billion.

SaskCentral

SaskCentral is the statutory liquidity manager for Saskatchewan Credit Unions. By regulation, SaskCentral holds statutory liquidity deposits from credit unions to facilitate clearing and settlement, provide credit facilities that support daily cashflow management, coordinate emergency liquidity support, and provide investment management services. SaskCentral also maintains business relationships with, and investments in, a number of entities on behalf of Saskatchewan Credit Unions. As of December 31, 2025, SaskCentral held \$2.2 billion of statutory liquidity deposits which are backed by investments in liquid assets.

HOW WE DO IT

As deposit guarantor and primary regulator for PRFIs, we establish:

- Regulatory requirements for credit unions through the Standards of Sound Business Practice (the Standards)
- Prudential Standards for SaskCentral
- Regulatory guidance for PRFIs

Changes to legislation and developments in the financial services environment drive regulatory requirements. New or updated requirements are put in place to provide PRFIs with guidance in the areas of corporate governance, risk management, capital and liquidity management, and financial and business practices. These requirements are often based on national standards, such as those from the Office of the Superintendent of Financial Institutions (OSFI) who regulates all banks in Canada, federal credit unions, and all federally incorporated trust and loan companies.

PRFIs and other key stakeholders are provided with advance notice of the Corporation's plans to issue or revise regulatory requirements.

Deposit Protection – Three Lines of Defence

Deposits held in Saskatchewan Credit Unions are fully guaranteed against credit union failure due to solvency issues.

The Corporation's long-established approach to protecting depositors is premised on three lines of defence:

1. **Setting Regulations:** Credit unions must follow the Corporation's Standards and regulatory guidance. The Corporation monitors to ensure they comply and steps in when risk is elevated.
2. **Ensuring Healthy Finances:** Through regular reviews, the Corporation ensures credit unions have enough cash and capital to support their operations and cover their business risks.
3. **Deposit Guarantee Fund:** The Corporation maintains a Deposit Guarantee Fund (DGFund), supported by earnings and annual contributions from Saskatchewan Credit Unions.

Standards of Sound Business Practice

The Corporation is empowered by the CU Act, to set Standards for Saskatchewan Credit Unions. The Standards, approved by the Corporation's board and filed with the Registrar, set minimum requirements and a framework to effectively regulate credit unions.

Regulatory guidance is created to help credit unions follow the Standards. The Corporation's level of oversight depends on each credit union's size, complexity, and risk.

The objectives of the Standards include:

- setting requirements for good governance and risk management to keep credit unions safe and protect deposits
- limiting practices that create elevated risk

The Standards emphasize making practical decisions, considering:

- the credit union's goals
- risks the credit union faces
- the amount of cash and capital available
- the need to follow regulatory requirements

Prudential Standards

Under the CUCS Act, and in consultation with the Registrar, the Corporation establishes Prudential Standards for SaskCentral. These standards are similar to those for credit unions and ensure SaskCentral operates safely and responsibly.

The objectives of the Prudential Standards include:

- setting requirements for good governance and safe operations
- limiting practices that create elevated risk

Supervision of PRFIs

Beyond setting and communicating requirements, the Corporation:

- monitors whether PRFIs meet expectations
- direct PRFIs that are not meeting standards to take action
- step in if a PRFI's performance is not at an acceptable level

The Corporation's Supervisory Framework guides our supervision of PRFIs. This includes principles, processes, and tools for assessment of each institution's risk profile. We aim to ensure credit unions and SaskCentral are well-governed and financially stable.

Through consolidated financial reporting and review of key performance indicators, the Corporation assesses the strength and financial stability of Saskatchewan's credit union system.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC FOCUS AREAS

The Corporation’s annual strategic planning session, held each April, brings the board and management together for an in-depth review of changes in our operating environment, the resulting impacts on risk, and the implications for the Saskatchewan credit union system. The board affirms the strategic priorities and provides direction to management. This collaborative process supports our mandate to protect and promote the strength and financial stability of the System.

DEPOSIT PROTECTION AND REGULATORY EXCELLENCE

The Corporation strives for excellence in regulation and deposit protection by employing industry best practices. It provides responsible regulatory administration by balancing the need for effective regulation with the realities of the competitive marketplace. The Corporation holds PRFIs to standards that are comparable to federally regulated institutions in support of a continued movement towards prudential regulation, self-determination, and self-regulation. Through strong working relationships with regulators in other jurisdictions and the Registrar, the Corporation strives to maintain a regime that includes an effective regulatory framework with minimal burden to PRFIs.

Financial strength continues to be paramount to the mandate of the Corporation as we maintain a strong deposit guarantee fund that reflects best practices in deposit protection. Investments in preventive programs and initiatives are key to our ability to control and manage risk to the DGFund.

Performance and Measures

Goal: A comprehensive deposit protection regime supported by responsible, balanced regulation

Objectives	Measures, Targets, and Thresholds	2025 Performance
Instill confidence in the safety and security of Saskatchewan Credit Unions	Credit union depositor confidence is targeted at 90% with a threshold of 80%	97%
Manage risk to the Deposit Guarantee Fund	% of PRFIs surveyed believe regulatory processes are fair is targeted at 90% with a threshold of 80%	100%
Provide fair and consistent regulation Effective regulatory oversight of PRFIs		

Goal: Corporate financial strength

Objectives	Measures, Targets, and Thresholds	2025 Performance
Meet deposit protection financial obligations	Deposit Guarantee Fund range is 1.6% to 1.8% of consolidated System deposits with a threshold of 1.7%.	1.76%
Demonstrate fiscal responsibility	Overall corporate operational budgets do not exceed a 5% negative variance	4.8% positive variance

Key Initiatives

Crisis Preparedness

During 2025, the Corporation continued to strengthen its capabilities through maturation and development of a credible recovery and resolution framework. Efforts were predominately focused on the development of a crisis specific response for resolvability of SaskCentral and the integration of resolution framework components. Simultaneously, the Corporation worked with key partners and stakeholders as the implementation of federal Bill C-59 had direct impacts to our credit union P-SIFIs. The Corporation facilitated information sharing between Payments Canada, P-SIFIs, and the Bank of Canada (the Bank).

Engagement with the Ministries of Justice and Finance was positive throughout 2025, with a focus on supporting the due diligence process that supports the Corporation’s request for a provincial support agreement.

This work stream continues to be multi-year focused and will continue in 2026. Work to complete resolution plans for all three P-SIFIs is extensive, coupled with ongoing information sharing and engagement with the Bank and the provincial government.



PREVENTION

Investments made by the Corporation in preventive initiatives enhance the ability of PRFIs to operate in a sound and prudent manner. Strong, stable institutions facilitate the System’s ability to operate effectively and instill depositor confidence. The Corporation’s objective is to encourage PRFIs to act proactively, minimizing the need for the Corporation to react through intervention or payment of claims on the DGFund.

The Corporation focuses on having strong engagement with stakeholders, through the hosting of a System meeting and successful updates and distribution of enhanced regulatory policy requirements. Engagement through consultation activities provide insight on the pace of change and challenges Saskatchewan Credit Unions face while operating in the current environment.

Performance and Measures

Goal: Credit union strength and financial stability

Objectives	Measures, Targets, and Thresholds	2025 Performance
Invest in programs that reduce risk to the Deposit Guarantee Fund	% of PRFIs surveyed believe regulatory processes are fair is targeted at 90% with a threshold of 80%	100%
Promote sound governance and strategic management in Saskatchewan Credit Unions	% of PRFIs that believe the Corporation is responsive to its stakeholders is targeted at 90% with a threshold of 80% The aggregate composite risk rating of the System and SaskCentral is = to or < than 2.0 (Mid-Moderate) with a threshold of 2.0	100% <2.0
Foster positive working relationships	Consolidated Saskatchewan Credit Union risk-weighted capital is targeted to be > 13.5% with a threshold of 13.5%	16.57%

Key Initiatives

Depositor Awareness

The Corporation concluded its multi-year effort focused on depositor awareness. Building on the framework development in the prior year, 2025 focused on the operational advancement. Keys to our success, included updates in the following areas:

- Readability enhancements on the Corporation’s public website, supporting members and the public with access to information with a higher degree of comprehension.
- Redevelopment of key message documents and a central repository for credit union access to materials for education and member engagement.
- Redrafted regulatory expectations for credit unions for how information can be shared, references to the Corporation and/or deposit guarantee, and where logos and signage must be maintained.
- New videos designed for internal and external information sharing.

Enhanced tools and resources lead to broader stakeholder awareness and understanding in 2025, and on-going activities will become business as usual processes. The Corporation will continue with annual member surveys to monitor trending and make any necessary adjustments, as required, to ensure the current level of public awareness and understanding can be maintained.

CORPORATE EXCELLENCE

The Corporation is committed to regulatory and governance excellence supported by strong strategic and operational planning that keeps our daily activities aligned with clear objectives. A robust governance framework, grounded in well-defined policies, ensures sound oversight and serves as a model for Saskatchewan Credit Unions. Our Enterprise Risk Management framework further strengthens decision-making by identifying and assessing risks to both PRFIs and the Corporation, which enhances the Corporation’s business strategies and safeguards the DGFund.

Delivering effective deposit protection requires a skilled, adaptable, and knowledgeable team. We prioritize a constructive, collaborative work environment where employees are supported in their growth and empowered to lead at every level. We remain committed to investing in our people. Their expertise and leadership have driven our past success and will continue to position the organization as a leader into the future.

Performance and Measures

Goal: Sound governance and business practices

Objectives	Targets and Thresholds	2025 Performance
Demonstrate best practices in corporate governance and strategic management	Board governance self-assessment results are targeted at 85% with a threshold of 80%.	91%
Fulfill responsibilities professionally and with the utmost integrity	Audit committee governance self-assessment results are targeted at 85% with a threshold of 80%.	88%
Foster a constructive work environment	Organizational Effectiveness Inventory surveys results indicate a staff satisfaction rating score target of 80% with a threshold of 75%.	85%
	Organizational Culture Inventory target will reflect an average of constructive styles > or = to the 75 th percentile, with a threshold of 50 th percentile.	81%

Key Initiatives

Corporate Technology Enhancements

This initiative was to review and determine how technology was keeping pace with the needs of our staff and business practices. As such, the Corporation examined opportunities to enhance its cyber security posture.

These efforts included the completion of cyber security awareness training in October as part of Cyber Awareness Month, which also incorporated additional business continuity training for all staff. The Corporation also conducted monthly phishing tests, performed quarterly workstation scanning, and completed a cyber tabletop exercise in November.

The Corporation continues to make progress in addressing observations from its most recent cybersecurity audit. Throughout 2026 additional activities will be completed to close any of the remaining gaps.

Additionally, the Corporation began to identify and document the business needs for the Financial Monitoring System to understand what the scope of an application upgrade and redesign would include.

Data Management

This initiative reviewed, changed, and enhanced the data management process in support of the Corporation's records information management and data classification framework. This work resulted in the creation of a new corporate practice on data management, a revised retention schedule, staff training on preferred data management practices, and enhanced data security access.



ENTERPRISE RISK MANAGEMENT

The Corporation is exposed to various risks during regular business activities, and the management and board determine how much risk is acceptable. Enterprise risk management (ERM) is used to identify, assess, and mitigate risks, which helps form the goals, objectives, and strategies that guide the organization’s strategic and business plans, and provides direction for its priorities and resource allocation. The ERM framework outlines the Corporation’s principal risks, risk appetite and risk tolerances, and includes actions taken to effectively manage and monitor risks. Management reviews the current environment and updates the risk assessment twice per year. The board uses the year-end risk assessment as the basis for strategic planning every year.

Enterprise Risk Appetite Statements

The following enterprise risk appetite statements outline the level of risk the Corporation is willing to assume:

- We will only restrict Saskatchewan Credit Union activities by creating and enforcing regulations and guidelines that will allow Saskatchewan Credit Unions to take prudent risks during the course of their business.
- We regulate with an emphasis on preventing the need for payouts to depositors.
- We will maintain the guarantee fund at a level sufficient to instill confidence in Saskatchewan Credit Union depositors and other stakeholders.
- We avoid actions that would damage the Corporation’s or the Saskatchewan Credit Union System’s reputation in the eyes of our stakeholders.
- We maintain our operations at a level that supports our mandate. We will spend what is needed, but only what is needed, to acquire the capacity to regulate prudently.

Every year the Corporation reviews twenty principal risks that are divided into five categories: Deposit Guarantee/Solvency, Strategic, Regulatory, Operational, and Financial.

Risk Category	Definition	Direction of Risk
Deposit Guarantee/Solvency Risk	Risks to the strength and financial stability of Saskatchewan Credit Unions arising from a broad range of economic and environmental factors that may impact depositors’ confidence.	
Strategic Risk	Risks associated with the overall effectiveness of the board and management of the organization, including the ability to develop and execute appropriate business plans and strategies.	
Regulatory Risk	Risks associated with the failure to comply with laws, rules, regulations, prescribed practices, or ethical standards within which the Corporation is governed.	
Operational Risk	Risks associated with the performance of business functions or processes within the Corporation. Risks may arise from deficiencies or breakdowns relative to the control environment, technology and information systems, human capital, or communication methods.	
Financial Risk	Risks associated with the Corporation’s ability to meet financial obligations and prudently manage its fiscal responsibilities.	



2025 Risk Assessment

The overall direction of risk remains unchanged year over year. The principal risks, risk tolerance for those risks, and the actions taken to mitigate, manage, and monitor those risks in 2025 and into 2026 remain acceptable and effective.

Key risks, and emerging risks are reviewed, discussed, and approved by the board during planning each year and are reported on twice yearly. Our business plan includes key initiatives critical to managing risk and achieving success. Strategic risks are managed and mitigated through the effective risk appetite framework and planning processes.

The Corporation provides supervision and regulation to instill public confidence in the System and mitigate the deposit guarantee/solvency risks. Additional mitigation is provided through the Corporation's crisis management framework, which is well developed and frequently reviewed with those involved.

Regulatory risks are managed and mitigated by periodically assessing our frameworks against international standards for supervision and effective deposit insurance. Our regulatory framework, including key regulatory policies to support sound and stable PRFIs, continues to keep pace with industry standards. The Corporation continues to utilize sound practices for its regulatory roadmap, research, development, and consultation, which assist in managing and mitigating transition risk for institutions.

Operational risks are managed and mitigated through a board approved policy and practice framework which addresses risks related to people, reputation, outsourcing, fraud and liability. We have a board approved Code of Conduct that all employees and directors must sign each year and follow. The Corporation is responsible for preventing or mitigating the impact of business disruption or disasters, including recovering critical functions and protecting employees and stakeholders. To minimize the potential impact from these types of events, we maintain a comprehensive information governance framework including a business continuity plan. Strong oversight and risk management practices continue to be in place with respect to the Corporation's liquidity, ensuring our mandate and operational cashflow requirements can be met.

Financial risks are mitigated through the board approved investment policy and stress-testing of the portfolio. Investment holdings of the Corporation remain appropriate, and investment strategies have remained unchanged resulting in a conservative investment portfolio, with appropriate oversight. Continued prioritization of review of investment practices by internal audit provides independent assurance that our oversight and controls are strong. We continue to work proactively on the structure of our investment portfolio, prioritizing investments that focus on safety of principle, liquidity, and lastly, return.

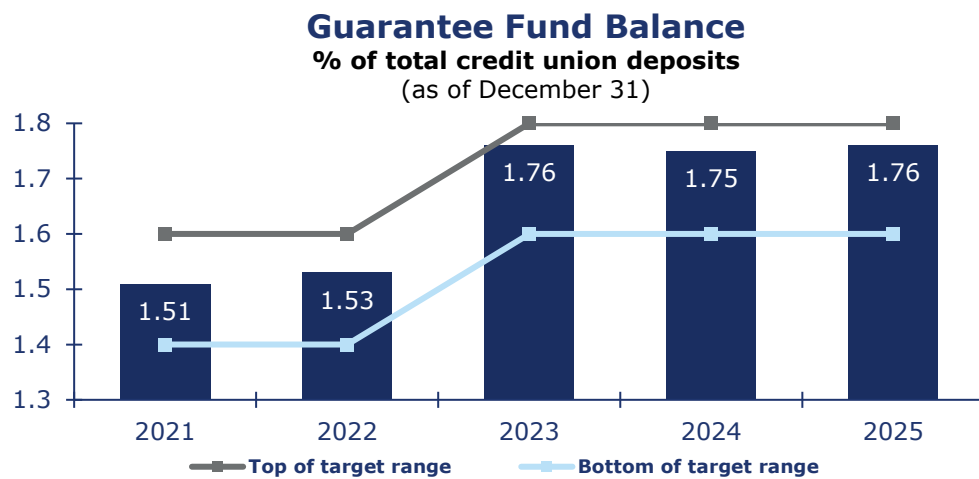
We continue to be focused on our mandate and vision, ensuring strong and stable financial institutions, and providing prudential oversight while ensuring regulatory requirements are appropriate.

FINANCIAL SUMMARY

Deposit Guarantee Fund

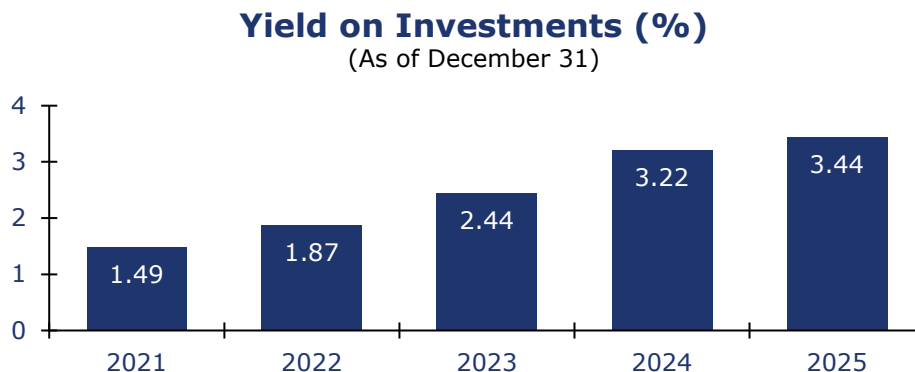
Starting in 1953, the DGFund was initially created by Saskatchewan Credit Union contributions and has grown to be one of the largest funds in North America. The DGFund is sustained by investment interest and annual contributions paid by credit unions which covers the costs of the Corporation's deposit protection and regulatory responsibilities.

The Corporation has established a fund target range, which is based on the size of the DGFund as a percentage of total deposits. The strategic intent of this target range is to instill confidence, accommodate anticipated risks to the DGFund during normal business cycles, and provide protection during difficult periods. The DGFund target range is 1.6% to 1.8%.



On December 31, 2025, the balance of the Fund represented 1.76% of total Saskatchewan Credit Union deposits (2024: 1.75%).

The annual assessment charged to Saskatchewan Credit Unions in 2025 was 0.08%, consistent with assessments in the previous five years. Investment revenue generated from the DGFund as of December 31, 2025, resulted in an overall yield of 3.44% (2024: 3.22%). This overall yield reflects the increased interest rate environment that provided an increase in our yield.



Income and Assessments

In thousands (\$)	2021	2022	2023	2024	2025
Saskatchewan Credit Union assessment	18,305	19,178	18,654	18,191	19,348
SaskCentral assessment	100	100	100	105	105
Interest from investments	6,012	5,985	8,763	12,024	14,705
Recovery from unclaimed balances	9	-	-	-	33
Total	24,426	25,263	27,517	30,320	34,191

Expenses

In thousands (\$)	2021	2022	2023	2024	2025
Financial assistance	6,193	-	-	-	-
Registrar's fees	300	300	300	300	300
Operational services	6,265	6,225	7,195	7,170	7,759
Total	12,758	6,525	7,495	7,470	8,059

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements were prepared by the Corporation's management, who is responsible for developing and ensuring the integrity, reliability, and completeness of the information presented. This responsibility includes the selection of appropriate accounting policies and making objective judgements and estimates in accordance with International Financial Reporting Standards.

In discharging these responsibilities, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, proper records maintained, and assets safeguarded.

The audit committee, on behalf of the board of directors of the Corporation, oversees management's responsibilities for financial reporting and internal control systems. The board of directors and the audit committee are composed entirely of directors who are neither management nor employees of the Corporation. The audit committee reviews the financial statements prior to recommending approval to the board. Other responsibilities of the audit committee include meeting regularly with management, internal audit, and the Corporation's external auditors.

The audit committee recommends the appointment of the external auditor to the board, to perform an independent audit of the financial statements and provide an opinion thereon; their report is presented separately.



Cory Stephen
Chief Executive Officer



Glen Hladun
Controller, Finance & Accounting

Independent Auditor's Report

To the Board of Directors of
Credit Union Deposit Guarantee Corporation

Opinion

We have audited the financial statements of Credit Union Deposit Guarantee Corporation (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statement of operations, other comprehensive income, and fund balance and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The signature "Deloitte LLP" is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants
Regina, Saskatchewan
March 26, 2026

2025 FINANCIAL STATEMENTS

Credit Union Deposit Guarantee Corporation

STATEMENT OF FINANCIAL POSITION

As at December 31
(in thousands)

	2025	2024
	\$	\$
Assets		
Cash	1,239	1,537
Investments, net of impairment [note 4, 8, 11 and 13]	448,757	422,942
Other assets [note 5]	803	866
	450,799	425,345
Liabilities		
Accounts payable and other liabilities [note 6]	2,386	2,393
Fund Balance		
Deposit Guarantee Fund [note 12]	448,413	422,952
	450,799	425,345

See accompanying notes

On behalf of the Board of Directors:



Director



Director

Credit Union Deposit Guarantee Corporation

**STATEMENT OF OPERATIONS, OTHER COMPREHENSIVE INCOME AND
FUND BALANCE**

**For the year ended December 31
(in thousands)**

	2025	2024
	\$	\$
<hr/>		
Revenue		
Credit union assessment	19,348	18,191
Credit Union Central of Saskatchewan assessment	105	105
Interest from investments	14,705	12,024
Recovery from unclaimed balances [note 6]	33	-
	34,191	30,320
<hr/>		
Expenses		
Registrar's fees	300	300
Operational services [note 9]	7,759	7,170
	8,059	7,470
<hr/>		
Income before provision for credit losses and income taxes	26,132	22,850
Impairment on financial assets [note 4 and 11]	-	43
Income tax expense [note 7]	671	451
	25,461	22,356
<hr/>		
Net income and total comprehensive income	25,461	22,356
<hr/>		
Fund balance, beginning of year	422,952	400,596
Net income and total comprehensive income	25,461	22,356
Fund balance, end of year	448,413	422,952

See accompanying notes

Credit Union Deposit Guarantee Corporation

STATEMENT OF CASH FLOWS
For the year ended December 31
(in thousands)

	2025	2024
	\$	\$
Cash flows from operating activities		
Net income and total comprehensive income	25,461	22,356
Adjustments for:		
Amortization of investment premiums	(2,943)	(1,948)
Interest from investments	(11,760)	(10,074)
Impairment on financial assets	-	43
Income tax expense	671	451
Depreciation	95	92
Recovery from unclaimed balances	(33)	-
Changes in non-cash working capital:		
Other assets	(24)	(4)
Accounts payable and other liabilities	204	113
Interest received	10,970	9,463
Income tax paid	(783)	(282)
Cash flows from operating activities	21,858	20,210
Cash flows used in financing activities		
Repayment of lease liabilities	(74)	(67)
Cash flows used in financing activities	(74)	(67)
Cash flows used in investing activities		
Purchase of investments	(165,542)	(139,423)
Proceeds from redemption of investments	143,460	120,055
Cash flows used in investing activities	(22,082)	(19,368)
Net (decrease) increase in cash	(298)	775
Cash, beginning of year	1,537	762
Cash, end of year	1,239	1,537

See accompanying notes

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

1. NATURE OF OPERATIONS

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan's provincially regulated credit unions (Saskatchewan Credit Unions) and the primary regulator for Saskatchewan Credit Unions and Credit Union Central of Saskatchewan (SaskCentral), together, Provincially Regulated Financial Institutions or "PRFIs", as directed in provincial legislation - *The Credit Union Act, 1998* (the CU Act) and *The Credit Union Central of Saskatchewan Act, 2016* (the CUCS Act). The Corporation instills confidence in Saskatchewan's provincially regulated credit union system (the System) with a mandate of:

- establishing regulatory standards and ensuring PRFIs are performing to those standards;
- promoting responsible governance by PRFIs, and contributing to the strength and financial stability of the System;
- directing PRFIs to take remedial action on material deficiencies, and any issue that may put depositors' funds at risk;
- maintaining and managing a guarantee fund in a sound and prudent manner; and
- guaranteeing the repayment of deposits in Saskatchewan Credit Unions.

The Corporation is a body corporate established and continued by Section 442 of the CU Act. It has existed since July 1, 1952 and commenced operations in 1953. The Corporation operates within policies and standards established by its board of directors (the board). Management exercises judgment in establishing financial commitments.

The Corporation is domiciled in Canada. The address of the Corporation's office is 2055 Albert Street, Regina, Saskatchewan, S4P 3G8.

Prevention is a primary deposit protection strategy for the Corporation. Programs are sponsored and developed to strengthen the knowledge and skills of credit union decision-makers. The Corporation employs proactive, risk-based approaches to monitoring performance of PRFIs to ensure early identification of risks and actions required to protect deposits.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

a) Statement of compliance

The financial statements have been prepared in accordance with subsection 457(3) of the CU Act. Section 457 states that, except as otherwise specified in the regulations, the annual statements must be prepared in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP). Canadian GAAP for publicly accountable enterprises is IFRS[®] Accounting Standards. The Corporation's financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements for the year ended December 31, 2025 were authorized for issue by the board on March 26, 2026.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

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

d) Use of estimates and judgments

The preparation of the financial statements in compliance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates thereby affecting the financial statements. Management believes that the underlying assumptions are appropriate and that the Corporation's financial statements fairly present its financial position and operating results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant use of judgments and estimates is discussed in Note 3(d) provision for financial assistance.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Financial instruments

i) Financial assets and financial liabilities

Classification and measurement of financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at their fair value when the Corporation becomes a party to the contractual provisions of the financial instrument.

The subsequent measurement classification of financial assets is based on the Corporation's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). Specifically, debt instruments that are held within a business model whose objective is to collect contractual cash flows and that have contractual cash flows that are SPPI on the principal amount outstanding are subsequently measured at amortized cost. All financial liabilities are subsequently measured at amortized cost.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Corporation changes its business model for managing financial assets. There were no changes to the Corporation's business model for the year ended December 31, 2025.

ii) Effective interest method

The effective interest method is used to calculate the amortized cost of a financial asset or financial liability and to allocate interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

Interest from investments presented in the statement of operations, other comprehensive income and fund balance includes interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

iii) Cash

Cash consists of cash on hand and on deposit.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

a) Financial instruments (continued)

iv) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. The Corporation recognizes material transaction costs as part of the carrying amount of all financial instruments.

v) Fair value

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 Corporation 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 value for disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of their inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

vi) Financial asset impairment

Impairment of debt instruments measured at amortized cost is calculated using the expected credit loss (ECL) approach. The impairment of financial assets is presented in the statement of financial position as a deduction from the gross carrying amount of investments.

Expected credit loss impairment model

The Corporation's impairment on financial assets is an output of a model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The impairment amount reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

a) Financial instruments (continued)

vi) Financial asset impairment (continued)

The Corporation will typically weight the probability of the 'base case' scenario most heavily as it represents the most likely outcome and is aligned with information used by the Corporation for other purposes such as planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

Significant increase in credit risk

At each reporting date, the Corporation assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information with the impact of forward-looking macroeconomic factors.

Write-offs

The Corporation writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. In subsequent periods, any recoveries of amounts previously written off are credited to impairment on financial assets in the statement of operations, other comprehensive income and fund balance. No financial assets, either partially or in full, were written off during the year.

b) Revenue recognition

Revenue is measured based on the considerations specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognizes revenue when it transfers control of a product or service to a customer.

Nature of goods and services

The Corporation earns assessment revenue outside of income from interest on investments. Assessment revenue is recognized based on the services provided by the Corporation in accordance with the CU Act and the CUCS Act. The consideration received for providing these services does not include any significant financing components that are not included in the transaction price.

Assessment revenue

The Corporation's principal activity from which it generates revenue is to serve as the deposit guarantor for Saskatchewan credit unions, and the primary regulator for credit unions and SaskCentral. The revenue is composed of deposit assessments charged to

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b) Revenue recognition (continued)

Saskatchewan credit unions based on a percent of total credit union deposit balances of the preceding fiscal year, and a regulatory assessment charged to SaskCentral. The assessments are charged to credit unions and SaskCentral annually for which payment is due immediately upon demand. The performance obligations are satisfied over time as services are provided over time. Accordingly, revenue is recognized monthly. Rebates for deposit assessment revenue may be recognized when authorized by the board. During the year, no rebates for deposit assessment revenue were recognized.

c) Interest from investments

Investment interest income is recognized on the accrual basis using the effective interest method. Purchased premiums and discounts are amortized using the effective interest method over the term to maturity of the applicable investment.

d) Provision for financial assistance

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that the outflow of economic benefits will be required to settle the obligation. The amount, timing and form of financial assistance that may be required for credit unions are dependent on future events and outcomes. Outcomes that may require financial assistance are stabilization, amalgamations, arrangements, liquidations or dissolutions.

The Corporation provides for a provision for financial assistance based on three main components, as follows:

1. Where the need for financial assistance becomes likely and the amount for specific credit unions can reasonably be estimated.
2. Where the amount can be reasonably estimated and arises from an indemnity agreement entered into with credit unions due to outcomes.
3. Where the Corporation has determined there is the potential for financial assistance based on analysis of the inherent risks in the credit union system.

Credit union analysis for potential liabilities includes a review of all credit unions based on key financial and risk information and provisions related to amalgamations or arrangements and any indemnity agreements. Provisions are estimated by the Corporation based on the most reliable information available at the time the provision is made.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Employee future benefits

The Corporation's employee future benefit program is a defined contribution pension plan. A defined contribution plan is a post-employment benefit plan under which the Corporation pays fixed contributions to the Co-operative Superannuation Society (CSS) Pension Plan. The Corporation has no legal or constructive obligation to pay further contributions if the plan does not hold sufficient assets to provide pension benefits commensurate with past services.

The Corporation's contributions to the defined contribution plan are expensed as incurred. Pension funds of \$290 (2024 - \$277) were paid to defined contribution retirement plans during the year.

f) Taxation

i) Current income tax

Income tax expense comprises current taxes and is recognized in the statement of operations, other comprehensive income and fund balance. Income tax (receivable) payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as a (recovery) expense for the period.

ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Corporation's financial statements.

g) Future accounting changes

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18), which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and accompanies limited amendments to other standards which will be effective upon the adoption of the new standard. The standard introduces new defined subtotals to be presented in the statement of operations, other comprehensive income and fund balance, disclosure of management-defined performance measures and enhances aggregation and disaggregation principles for groupings of information. This standard will be effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Corporation is assessing the impact of adopting this standard on our financial statements.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

4. INVESTMENTS, NET OF IMPAIRMENT

The Corporation invests in fixed income securities with priority on safety, liquidity, and return, with repricing dates matching maturity dates for the majority of its investments.

Category	2025			2024			
	\$			\$			
	Term to Maturity			Carrying value	Fair value	Carrying value	Fair value
0 to 1 year	1 to 3 years	3 to 5 years					
Government of Canada	27,009	5,401	24,986	57,396	57,720	55,940	56,472
Yield ⁽¹⁾	4.42%	3.59%	2.87%	3.66%		3.50%	
Provincial Governments	50,379	101,150	38,915	190,444	192,169	165,423	166,395
Yield ⁽¹⁾	2.41%	3.57%	2.98%	3.14%		2.97%	
Municipals	-	-	-	-	-	15,823	15,788
Yield ⁽¹⁾	-	-	-	-		2.31%	
Chartered Banks	56,091	64,258	11,946	132,295	133,185	121,936	122,653
Yield ⁽¹⁾	3.71%	3.57%	3.61%	3.64%		3.39%	
Commercial Securities	19,895	38,158	7,399	65,452	66,129	61,440	61,965
Yield ⁽¹⁾	3.16%	3.97%	3.46%	3.66%		3.45%	
	153,374	208,967	83,246	445,587	449,203	420,562	423,273
Accrued interest				3,242		2,452	
Impairment on financial assets				(72)		(72)	
				448,757		422,942	

(1) Represents weighted average effective interest rates based on year-end carrying values

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

5. OTHER ASSETS

	2025	2024
	\$	\$
Right-of-use assets	666	741
Prepaid expenses	54	47
Deferred income tax assets	75	67
Accounts receivable	8	11
	803	866

The Corporation has lease contracts for its office and parking spaces, expiring December 31, 2032.

6. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable are generally paid within three months with the exception of unclaimed balances that are due on demand and the lease liabilities which amortize over the term of the lease.

	2025	2024
	\$	\$
Accounts payable	510	455
Unclaimed balances	887	790
Lease liabilities	773	827
Income tax payable	216	321
	2,386	2,393

The Corporation is responsible to administer unclaimed balances received from credit unions pursuant to subsection 71(1) of the CU Act, and subsections 10(1) and 11(1) of The Credit Union Regulations, 1999. The Corporation's policy is to retain unclaimed balances in accounts payable for 25 years following date of receipt by the Corporation, after which time these balances are recognized into income.

During the year, \$33 (2024 - \$nil) was recognized as income as the Corporation held the unclaimed balance for 25 years following date of receipt.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

7. INCOME TAXES

The components of income tax payable in the statement of financial position is as follows:

	2025	2024
	\$	\$
Current income tax expense		
Relating to the current year*	678	462
Deferred income tax recovery		
Origination and reversal of temporary differences	(7)	(11)
	671	451

*Current income tax expense is before 2025 tax installments of \$462 (2024 - \$141).

Reconciliation of income tax expense included in the statement of operations, other comprehensive income and fund balance is as follows:

	2025	2024
	\$	\$
Income tax expense calculated at 10% (2024 - 10.0%)	2,613	2,281
Adjustments for the effect of:		
Non-taxable income*	(1,945)	(1,830)
Expenses not deductible for tax purposes*	3	3
Impact of tax rate changes	-	(3)
	671	451

*Credit union and SaskCentral assessments and financial assistance are non-taxable transactions.

8. LINES OF CREDIT

The Corporation has the following authorized lines of credit available:

	2025	2024
	\$	\$
Operating line of credit	2,000	2,000
Line of credit for financial assistance	10,000	10,000
	12,000	12,000

The Corporation has a credit facility for \$12,000 (2024 - \$12,000) where the Corporation is required to maintain more than fifty percent of its current asset management portfolio with the institution, based on most recent market values. The facility bears interest equal to the lending institution's floating prime rate minus 0.25% per annum. The lending institution's current floating prime rate is 4.45% (2024 - 5.45%). All amounts under this credit facility are repayable upon demand and are unsecured as the Corporation has pledged no assets.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

9. OPERATIONAL SERVICES EXPENSES

	2025	2024
	\$	\$
Corporate governance	189	186
Salaries and benefits	4,873	4,757
Technology	593	626
Professional fees	813	418
Travel	139	146
Facilities	136	122
Contract services	456	442
Depreciation	95	92
Preventive services	84	93
Interest paid on lease liabilities	48	53
Other	333	235
	7,759	7,170

Corporate governance and salaries and benefits expenses include payments to the board and executive management.

10. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the consideration established and agreed to by the parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Key management compensation

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation, directly or indirectly and as such are related parties. The Corporation's KMP are the board and executive management.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

10. RELATED PARTY TRANSACTIONS (continued)

Key management compensation (continued)

The following is compensation of KMP, as included in Note 9.

	2025	2024
	\$	\$
The board and board committees		
Per diems, honorariums, and other benefits	111	99
Executive management		
Salaries and other short-term employee benefits	857	911
Post-employment benefits	93	96
	950	1,007
	1,061	1,106

11. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The nature of the Corporation's holdings of financial instruments exposes the Corporation to credit, market and liquidity risk. The Corporation's risk objectives, policies and methodologies have not changed materially from the previous year.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability or unwillingness to fulfill its payment obligations. Credit risk may arise from principal and interest amounts on the Corporation's investment portfolio.

The Corporation manages credit risk through adherence to board-approved policy and practice for the acquisition of investments. Safety of principal is accomplished by ensuring that all investments purchased are reasonable and prudent. Investment decisions are made with due diligence to avoid undue risk of loss while obtaining a reasonable return. The Corporation has established a listing of eligible investments, based on high credit quality ratings from external rating agencies, that meet the above requirements.

The Corporation monitors investments on a monthly basis. The status of the investment portfolio in relation to performance targets and limits is reported to the board at each regular board meeting. An exception to the investment policy will be reported to the chief executive officer (CEO) within two business days. The CEO will notify the audit committee in writing of the exception within two business days of being notified.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

11. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The Corporation's investment portfolio credit quality ratings are as follows:

Investment portfolio rating*	2025 Carrying Amount \$	2024 Carrying Amount \$
AAA	57,396	55,941
AA	135,806	134,278
A	236,014	198,605
BBB	16,371	31,738
	445,587	420,562
Accrued interest	3,242	2,452
Impairment on financial assets	(72)	(72)
Investments, net of impairment	448,757	422,942

*per external rating agencies

Market risk

Market risk is the risk of loss that may arise from changes in market factors, notably interest rates. Interest rate risk is the potential adverse impact on income due to changes in interest rates. The Corporation's policy is to primarily invest in fixed income securities and to purchase with the intent to hold to maturity. Accordingly, interest rate risk arises from the re-pricing of investments as they mature.

The Corporation will not participate in lending of securities or purchasing of investments in foreign currencies, nor participate in derivative transactions. These policies help to mitigate the Corporation's exposure to market risk.

The investment portfolio is monitored by management on a monthly basis to ensure compliance with the policies and reported to the board at each regular board meeting.

The fair value of the investment portfolio is subject to fluctuation as a result of normal market risk. The principal factor influencing the fair value is the prevailing rate of interest. Applying a present value calculation demonstrates that an increase of 1% in interest rates will result in a decrease of approximately \$7,031 or 1.59% (2024 - \$6,214 or 1.49%) in the fair value of the investment portfolio. Conversely, a decrease of 1% in interest rates will result in an increase in the fair value of the same amount. Changes to interest rates have no impact on net income because investments are classified as measured at amortized cost.

Credit Union Deposit Guarantee Corporation

NOTES TO THE FINANCIAL STATEMENTS (in thousands)

Year ended December 31

11. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk arises from the inability to generate or obtain the necessary cash or its equivalents in a timely manner, at a reasonable price, to meet organizational commitments. In particular, the risk arises from failure to meet the Corporation's day-to-day operational needs or deposit protection obligations.

The Corporation must maintain sufficient liquidity to meet its cash flow obligations. The ability of the Corporation to meet cash flow obligations is achieved by the structure of investments and identification of operational requirements. Accordingly, the Corporation's investment policy includes liquidity score parameters to help mitigate liquidity risk. The investment portfolio is monitored by management on a monthly basis to ensure compliance with the policies and reported to the board at each regular board meeting.

The liquidity score is a weighted average rating calculated on the investment portfolio that reflects probable loss upon immediate liquidation. The rating criteria are described as follows:

- Rating 4 – investments can be sold immediately to any dealer
- Rating 3 – investments can be sold quickly with a pricing discount that is not anticipated to be significant
- Rating 2 – investments can be sold, however there are limited buyers, and it may take longer to execute a sale and the pricing discount is anticipated to be moderate to significant
- Rating 1 – investments can be sold, however there are very limited buyers, it may take a prolonged period of time to execute a sale and the pricing discount is anticipated to be severe
- Rating 0 – investments are illiquid and unable to be sold

The Corporation's policy is to maintain a minimum liquidity score of 3.0. At December 31 the liquidity score is 3.4 (2024 – 3.3).

To further manage liquidity risk, the Corporation has \$12,000 (2024 - \$12,000) in authorized lines of credit available (Note 8).

12. FUND MANAGEMENT

The Corporation's objective when managing the Fund is to establish a fund target range that instills confidence, comfortably accommodating all anticipated risks to the Fund during normal business cycles and provides a cushion in more difficult periods. The current target range for the Fund is 1.6% to 1.8% of total deposits. At December 31, the Fund is 1.76% of total deposits (2024 – 1.75%).

Credit Union Deposit Guarantee Corporation

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13. FAIR VALUE MEASUREMENT

Fair value of financial assets and liabilities that are not measured at fair value

The Corporation considers the carrying amount of financial assets and financial liabilities, other than investments, recognized in the financial statements to approximate their fair values. Investments are measured at amortized cost and the fair value of investments is disclosed in Note 4.

Fair value hierarchy investments	2025	2024
	\$	\$
Level 1	-	-
Level 2	449,203	423,273
Level 3	-	-
	449,203	423,273

The fair values of the financial assets included in the Level 2 category above have been determined in accordance with generally accepted pricing models based on either quoted prices obtained from Bloomberg or a discounted cash flow analysis, with the most significant inputs being the appropriate discount rate for the instrument, which is obtained from observable data for similar instruments.

There have been no transfers between levels in the hierarchy and no changes to the valuation methods during the period.



**CREDIT UNION DEPOSIT
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