2015
ANNUAL REPORT

SASKCENTRAL®
Dedicated to Credit Union Success

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Vision, Mission, Values

OUR VISION

The ultimate destination of our company.
A nationally unified, internationally capable, co-operative financial network.

OUR MISSION

How we plan to get there.
Working with credit unions and their partners, lead and support the changes necessary to create a healthy, relevant and sustainable credit union system.

OUR VALUES

The standards and principles by which our brand lives.
Honest • Trustworthy • Co-operative • Enterprising

Letter from the

President and the CEO

It is our pleasure to present the SaskCentral 2015 Annual Report.

Financial results were again positive, with all measures exceeding target. Additionally, SaskCentral maintained its R1 (low) short term credit rating from DBRS. This was welcome news and reflects the strength of our credit union system.

A sound financial position is a prerequisite for the successful implementation of our business plan. The two overarching goals of that plan for 2015 were *national unification* and *credit union experience*.

Addressing the *credit union experience* goal, we have been working to continually improve our service offering and ensure it aligns with the needs of our credit unions. During the year, SaskCentral took several steps toward enhancing the discretionary services available to credit unions. In two cases – HR consulting and promotional items – our research showed that credit unions could be better served by transferring responsibility for delivery of those services to co-operative partners who already had the expertise. This was carried out, with satisfaction reported by our credit unions.

At the same time, we have continued to refine our product lines, scaling them appropriately for use by credit unions of different sizes. SaskCentral has also been busy reviewing alternative models that would enhance provision of backoffice services to peer group 3 credit unions. These would have as their objectives increased economies of scale for the credit unions and the maintenance of service levels to members.

Other activities outlined in the business plan under the *credit union experience* header were similarly completed. These included creating a culture in which employees feel more fully engaged – especially in regard to understanding and carrying out our business strategy. Results of our 2015 internal organizational culture index survey – the tool used to evaluate this parameter – were higher than ever achieved.

One of our objectives has also been to continue to find efficiencies. Expanding the market focus of our consulting services to include other provinces creates economies of scale and further strengthens our expertise in delivering a wide range of consulting services to credit unions across Canada.

Closer to home, we finished a series of renovations to our Regina building – begun in 2014. These have reduced SaskCentral office sizes and numbers and optimized rental revenues. These and other disruptive transformations were met by our employees with continued professionalism and dedication.

Changes were also carried out within our own governance structure. 2015 saw the SaskCentral board beginning to operate with its reduced number of 8 directors instead of 13. Similarly, the delegate system was also streamlined to better represent the size, number and distribution of today's credit unions. As an ancillary benefit, this has resulted in savings to the system through a reduced dues assessment.

Our second key strategic goal in 2015 was *national unification*. The importance of this goal cannot be overstated. As in previous years, we see this as fundamentally critical to ensuring future credit union success. Also similar to previous years, SaskCentral has continued to take a forward role in supporting opportunities for joint initiatives and collaboration within our credit union system, regionally and nationally.

In 2015 this appeared in a number of ways, including participation with the other centrals around the key specific issue areas facing credit unions: liquidity, payments and clearing.

While work in those areas is ongoing, success in a different area was realized with the signing in November of a memorandum of understanding (MOU), initiated by SaskCentral, between SaskCentral, Central 1 and Alberta Central. The substance of this agreement is to explore the potential for collaboration around client relationship management, including the tools used to evaluate credit union satisfaction, efficiencies, and the sharing of vendors and research.

We are also very proud to have been a part of the transformation of Credit Union Central of Canada into the newly minted Canadian Credit Union Association (CCUA). The year saw the launch of the CCUA business plan and CCUA's inaugural board meeting with Saskatchewan credit union representation on the board. Working with the Association and other centrals to develop a National Trade Association is an eagerly anticipated area of activity for us in 2016.

Continued

Letter from the President and the CEO

Government relations and advocacy continues to be ranked as a top priority for Saskatchewan credit unions. Advocacy and Legislation was also identified as one of the four pillars for the newly formed CCUA. SaskCentral's work to align with these contributed to making 2015 a busy year in this important area.

With the clock ticking on the transition of SaskCentral from the supervision of the federal Office of the Superintendent of Financial Institutions to the Province, SaskCentral's executive undertook extensive collaboration with the ministries of Justice and Finance to determine an appropriate legislative and regulatory framework for SaskCentral. As 2016 unfolds, we will continue our efforts to ensure a seamless transition for the credit union system as SaskCentral's new legislative and regulatory framework is introduced and passed in the Legislature, and implemented by government by 2017.

SaskCentral provided submissions to the provincial government on a variety of policy areas including the provincial budget and Saskatchewan's proposed changes to farmland ownership under *The Saskatchewan Farm Security Act*.

We pursued an opportunity to support credit unions' efficiency and made a submission to Saskatchewan Justice to amend *The Electronic Information and Documents Act* to allow electronic signatures on mortgage related documents. Our advocacy on electronic signatures was bolstered by a coalition of support from the Saskatchewan Chamber of Commerce and the Association of Saskatchewan Realtors. The Ministry of Justice will revisit the issue when that legislation is reviewed in the future.

We continue to have regular meetings with the provincial ministries of Finance and Justice, and with opposition critics, to exchange information about credit union priorities.

Finally, we expanded our government engagement strategy this year, leading into the provincial election this spring. Our goal is to equip all the new and returning MLAs with a solid understanding of the important role credit unions play in Saskatchewan's economy.

"Government Relations and Advocacy continues to be ranked as a top priority for Saskatchewan credit unions."

Keith Nixon
CEO

Russ Siemens
President

Corporate Governance

SaskCentral corporate governance is anchored in the co-operative principle of democratic member control. Our governance model and democratic structure differentiates the credit union system from other financial service organizations. Dedicated to our co-operative values, we work to ensure SaskCentral has effective, ethical and transparent governance practices.

Board of Directors

SaskCentral has an eight-person board elected by delegates of Saskatchewan credit unions. The board is responsible for providing strategic oversight to SaskCentral, overall governance, monitoring progress toward business plan objectives and for representing the interests of our province's credit unions based on size, geography and credit union membership. All are independent directors.

(left to right) Kevin Lukey, Eric Dillon, Mark Lane, Laverne Goodsman, Russ Siemens, Mitchell Anderson, Gilles Colbert, Tim Goddard

Continued

Corporate Governance

Mitchell Anderson

Elected to SaskCentral Board of Directors in 2014. Director, Affinity Credit Union.

Term expires: 2016

Gilles Colbert

Elected to SaskCentral Board of Directors in 2009. Retired Manager, Unity Credit Union Limited. Director, The Co-operators.

Term expires: 2017

Eric Dillon

Elected to SaskCentral Board of Directors in 2014. CEO, Conexus Credit Union.

Term expires: 2016

Tim Goddard

Elected to SaskCentral Board of Directors in 2014. CEO, Rockglen-Killdeer Credit Union. Delegate, Co-operatives and Mutuals Canada.

Term expires: 2018

Laverne Goodsman

Elected to SaskCentral Board of Directors in 2013. Agricultural producer. Director, Conexus Credit Union.

Term expires: 2018

Mark Lane

Elected to SaskCentral Board of Directors in 2013. CEO, Affinity Credit Union.

Term expires: 2017

Kevin Lukey

Elected to the SaskCentral Board of Directors in 2014. CEO, Cornerstone Credit Union.

Term expires: 2017

Russ Siemens, President

Elected to SaskCentral Board of Directors in 2014. Director, Innovation Credit Union. Director, Concentra Financial.

Term expires: 2018

Continued

Corporate Governance

Board Charter and Director Profile

The SaskCentral board maintains written descriptions of the mandate and key responsibility areas for the board as a whole and for the individual director. The descriptions serve as a basis for director orientation, functioning, evaluation and development planning.

Compensation

Director compensation is paid according to policy which is periodically benchmarked against that of other like organizations. All payments are subject to review by the chair of the board and SaskCentral Internal Audit. Chair compensation is subject to review by the vice-chair and is also subject to review by Internal Audit.

Director	Per Diem[1]	Per Diem Paid to Organization	Honorarium	Honorarium Paid to Organization	Total
Mitchell Anderson	10,375	0	8,100	0	18,475
Gilles Colbert	16,275	0	8,100	0	24,375
Eric Dillon	0	5,000	0	8,100	13,100
Scott Flavel[2]	3,937	0	2,209	0	6,146
Tim Goddard	11,687	0	8,100	0	19,787
Laverne Goodsman	16,650	0	8,100	0	24,750
Wayne Kabatoff[2]	7,281	0	2,209	0	9,490
Mark Lane	0	4,000	0	8,100	12,100
Kevin Lukey	8,987	0	8,100	0	17,087
Pieter McNair[2]	5,500	0	2,209	0	7,709
Al Meyer[2]	3,312	0	2,209	0	5,521
Russ Siemens[4]	28,558	0	26,209	0	54,767
Dean Walde[2,3]	14,125	0	9,000	0	23,125
Total:	**126,687**	**9,000**	**84,545**	**16,200**	**236,432**

1 As a consequence of being on the SaskCentral board, SaskCentral directors may be nominated to serve as directors for a number of other co-operative organizations. To the extent that those other organizations do not provide compensation for board service, SaskCentral policy provides remuneration to its directors for time spent in these alternate duties.

2 Board member from January 2015 to April 2015 reflecting remuneration and attendance numbers.

3 Board chair from January 2015 to April 2015.

4 Board chair from April 2015 to December 2015.

Corporate Governance

Board Evaluation

Evaluations are periodically conducted to ensure board operations are efficient and adhere to the highest standards of integrity. In 2014 the board performed a comprehensive evaluation on board and chair effectiveness. This evaluation was compiled in December 2014 and the board examined results and began acting upon recommendations in 2015. The board maintains a director development policy aimed at providing resources to support ongoing personal development.

	Meetings Attended
Mitchell Anderson	7/8
Gilles Colbert	7/8
Eric Dillon	6/8
Scott Flavel	3/3
Tim Goddard	8/8
Laverne Goodsman	8/8
Mark Lane	8/8
Wayne Kabatoff	3/3
Kevin Lukey	8/8
Pieter McNair	3/3
Al Meyer	2/3
Russ Siemens	8/8
Dean Walde	2.5/3

Code of Conduct

A written code of ethical business conduct has been adopted by the board to guide director, delegate and employee activities and ensure accountability. All directors, delegates and employees of SaskCentral are required annually to sign a statement that they have read and will abide by this code. The code of conduct is reviewed every two years by the board and corporate counsel.

Whistle Blower Policy

A SaskCentral whistle blower policy states that all SaskCentral employees, directors and delegates are responsible for reporting actual or potential unethical conduct. The intent of this policy is to provide individuals with a mechanism or channel by which they can report incidents of actual or potential improper or unethical conduct without fear of reprisal or unwarranted negative consequences. The whistle blower policy is reviewed by the board and corporate counsel every two years.

CEO Position Description

The SaskCentral board maintains a written description of the position of the CEO, outlining the role, accountabilities and challenges of the position and providing a reference point for the development of the CEO's annual performance plan. The CEO position profile was reviewed and updated in 2015. A CEO performance plan is developed and evaluated based on the position description, business plan and balanced scorecard.

Committees

Executive Committee

Role:

- Demonstrates leadership on behalf of the board of directors while representing the business affairs of SaskCentral.
- Supports the board with director recruitment and succession, committee appointments and review of remuneration policies.

The Executive Committee was dissolved as part of the SaskCentral board reorganization approved by the membership at the 2015 annual meeting in April.

	Meetings Attended
Eric Dillon	1/2
Scott Flavel	2/2
Al Meyer	1/2
Russ Siemens	2/2
Dean Walde	2/2

Audit and Risk Committee

Role:

- Ensures an independent review of SaskCentral's financial operation in areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to sound business practices.
- Oversees the effectiveness of the governance and management control environment within SaskCentral.
- Ensures SaskCentral's enterprise risk management framework is appropriate to optimize liquidity, market, credit, legal and regulatory, operational and strategic risk for the protection and creation of shareholder value.

	Meetings Attended
Mitchell Anderson	2/3
Gilles Colbert	5/5
Wayne Kabatoff	2/2
Mark Lane	4/5
Kevin Lukey	5/5
Russ Siemens	5/5

Delegate Engagement Committee

Role:

- Encourages delegate participation in SaskCentral and credit union system policy debate, and assists in planning provincial delegate forums.
- Supports the submission of resolutions for presentation to delegates and monitors action on resolutions that have been passed by delegates.

The Delegate Engagement Committee was dissolved effective December 31, 2015 in favour of a board approved credit union engagement strategy that was put into place in 2015. This strategy will perform many of the functions of the Delegate Engagement Committee and will focus on the credit union as member of SaskCentral as opposed to being delegate-centred.

	Meetings Attended
Tim Goddard	4/4
Laverne Goodsman	4/4
Pieter McNair	3/3
Russ Siemens	2/2
Dean Walde	2/2

Corporate Governance

Governance and Conduct Review Committee

Role:

- Monitors and oversees governance practices and processes used to support the board in carrying out its governance mandate, which is to direct and control the business affairs of SaskCentral and to support the delegate structure.
- Ensures related party transactions are identified, reviewed and dealt with in accordance with prudent business practices.
- Promotes ethical behaviours through SaskCentral's code of conduct.

	Meetings Attended
Eric Dillon	4/5
Tim Goddard	3/3
Scott Flavel	2/2
Kevin Lukey	3/3
Pieter McNair	2/2
Russ Siemens	2/3
Dean Walde	2/2

Public Policy Committee

Role:

- Identifies public policy issues, ensures credit union input around policy positions and recommends policy decisions to the SaskCentral Board of Directors.

	Meetings Attended
Tim Goddard	2/2
Laverne Goodsman	4/5
Mark Lane	2/3
Russ Siemens	5/5
Dean Walde	2/2

Consolidated Financial Highlights

December 31 (in thousands)	**2015 $**	2014 $	2013 $	2012 $	2011 $
Income from continuing operations					
Net interest income after loan impairment charges	**11,074**	10,892	11,197	10,540	9,927
Non-interest income	**55,373**	52,832	55,260	60,112	55,726
Non-interest expense	**33,770**	34,651	34,396	36,247	35,127
Income taxes and non-controlling interest	**6,374**	5,425	6,001	6,164	4,120
Net income from continuing operations	**26,303**	23,648	26,060	28,241	26,406
Income from discontinuing operations	**–**	–	–	–	807
Net income	**26,303**	23,648	26,060	28,241	27,213
Distribution of income					
Dividends	**9,900**	6,669	8,160	8,170	9,884
Distribution as a % of average share capital	**7.2%**	4.9%	6.4%	6.4%	7.8%
Financial position					
Securities	**2,054,862**	1,906,201	1,927,146	1,889,865	1,846,152
Loans	**37,800**	40,636	80,568	58,927	94,277
Deposits	**1,926,524**	1,790,716	1,766,974	1,691,507	1,631,789
Members' equity	**405,841**	383,382	360,563	340,628	323,479

Executive Team

Keith Nixon, CEO

- Joined SaskCentral: 1987
- Time in the credit union system: 35 years
- Fellows designation for the Credit Union Institute of Canada
- Certificate in Administration, University of Regina
- Board member: Canadian Credit Union Association; Credit Union Deposit Guarantee Corporation; Sherwood Co-operative Association Limited

Debbie Lane, EVP and Chief People Officer

- Joined SaskCentral: 1992
- Certified Human Resource Professional (CHRP) designation
- Member: Saskatchewan Association of Human Resource Professionals (SAHRP)
- Member: Northwest & Ethical Investments LP (NEI) board; National Benefits Plan board (chair); Children's Wish Foundation of Canada Human Resource and Compensation Committee

Sheri Lucas, EVP Finance, CFO, CRO

- Joined SaskCentral: 2007
- CPA, CA: Office of the Provincial Auditor, Saskatchewan
- Past employers: Saskatchewan Wheat Pool; Crown Investments Corporation of Saskatchewan
- Award: 100 Most Powerful Women in Canada for 2012
- Board member: Canadian Cancer Society, Saskatchewan Division

Corporate Profile

SaskCentral develops a wide range of business and financial solutions and undertakes numerous activities for, and on behalf of, Saskatchewan credit unions. Its core strategies are those business functions that are critical and closely related to the organization's strategy, while its ancillary services are those activities that are responses to current and emerging opportunities and needs of credit unions.

Core Services

Liquidity Management

SaskCentral is the system statutory liquidity manager. Through aggregating statutory liquidity deposits, SaskCentral facilitates clearing and settlement, supports daily cash flow management and coordinates emergency liquidity support.

Trade Association

The primary role of SaskCentral's trade association function is to recognize where there is strength in collaboration and to facilitate collective system action in response to these opportunities. Overall objectives are to provide leadership in joint initiatives and through strategic policy direction, undertake credit union advocacy, represent Saskatchewan credit unions with provincial and federal governments and lead system-wide initiatives in response to emerging trends and regulatory compliance requirements.

Trade association areas of focus include:

System Engagement

This encompasses SaskCentral's role in gathering credit union input on corporate and system initiatives. This is accomplished through activities such as credit union spring and fall combined CEO/delegate meetings.

System Governance

This includes activities to support the effective, transparent and democratic governance of credit unions, such as board training and coordination of spring and fall system meetings.

Government Relations

This area comprises the building of effective relationships with provincial and federal government regulators and relevant government departments. The objective of this role is to positively influence legislation and regulation by ensuring member credit unions' interests are known and clearly understood.

Compliance Support

Recognizing the cost and regulatory burden credit unions face in managing increasing compliance requirements, this function develops collective solutions in areas such as anti-money laundering, anti-terrorist financing, Foreign Account Tax Compliance Act (FATCA), anti-spam legislation and privacy.

Online Communications and System Public Relations

Examples of activities in these areas include development and management of a public system website and system media relations.

Research

This function provides analysis of economic, market and social trends to assist credit unions with strategic planning.

Ancillary Services

Non-Financial Products and Services

SaskCentral forecasts and fulfills the business advisory service needs of Saskatchewan credit unions and other co-operatives. In doing so, it provides access to a team of highly specialized consultants who support the ability of Saskatchewan credit unions to succeed in their markets.

Core non-financial products and services include:

Member Relations

Member Relations acts as the primary point of contact through which credit unions can address strategic and operational topics related to SaskCentral and its investee organizations. Through this contact, the team gathers information on the ongoing needs, interests, challenges and future strategies of credit unions, and then ensures the information is channeled directly to SaskCentral management, executive and board, as well as to SaskCentral's partner companies.

Strategic Solutions

Strategic Solutions covers a wide range of consulting options to assist credit unions in areas such as enterprise risk management, governance and strategic planning.

Operational Solutions

Operational Solutions gives credit unions the means to improve the effectiveness and efficiency of their business procedures. Examples include fraud management, management support services, lending and deposit support, AML compliance officer support, credit union training and sales and service.

Assurance Services

These services support credit unions in aligning their business operations with legislated requirements and guidelines. Example services in this category are internal audit and regulatory compliance support.

SaskCentral Initiatives

Working toward clear, verifiable objectives is a key part of SaskCentral's planning and evaluation process. Each year, SaskCentral's business plan describes specific quantifiable targets as measured by a variety of evaluation tools. These targets are each listed under one of four strategic focus areas: Credit Union, Financial, Internal Business Processes (replaced by "Strategic" in SaskCentral's 2016 Business Plan) and People. Where applicable, specific initiatives – other than those that are simply day-to-day operations – are carried out under one of these focus areas. The following lists the initiatives undertaken that meet the strategic objectives within each focus area. Detailed financial results appear later in this annual report in the Management Discussion and Analysis section, in the Consolidated Financial Statements and in the Notes to the Consolidated Financial Statements.

Credit Union

This focus area describes projects undertaken during the year specifically designed to support the success and business goals of Saskatchewan credit unions.

Strategic Objective: Consistently deliver a strong value proposition and strengthen responsiveness, resulting in greater client loyalty.

Quality Measurement Survey – measures credit union satisfaction across a range of SaskCentral activities and service areas.

In 2015, SaskCentral achieved a composite score of 86%, compared to a target range of 80-85%.

Responsiveness to Credit Union Needs – measures the extent to which SaskCentral has responded to the needs of credit unions.

In 2015, SaskCentral achieved a composite score of 71%, compared to a target range of 72-75%.

Strategic Objective: Leverage Concentra's national mandate to facilitate other national partnerships.

Ownership of Concentra – The purpose of this measure is to gauge the extent to which diversification of Concentra Financial is achieved. No change in ownership % was targeted for 2015.

Financial

This area is focused on maintaining a position of financial strength to enable the achievement of SaskCentral's strategic objectives.

Strategic Objective: Maintain financial strength and credit rating.

DBRS Rating

SaskCentral maintained its R1-low DBRS rating. This is a strong indicator of Saskatchewan's economy and the strength of the Saskatchewan credit union system.

Internal Capital Adequacy Assessment Process (ICAAP)

In 2015, SaskCentral developed an ICAAP that identifies its risks and assesses the probability of these risks occurring; how much capital a risk would require; the impact of the business plan on capital levels, which includes performing stress testing and scenario analyses; and identifies the ranges of capital that should be held. ICAAP analysis was subsequently incorporated into SaskCentral's 2016 capital planning process. The analysis supported the decision to increase SaskCentral's distribution policy limit, as described by the borrowing multiple, to 16:1 (previously 15:1). This provides additional opportunity to flow through earnings to Saskatchewan credit unions while ensuring SaskCentral's long-term capital strength.

Strategic Objective: Maintain effective and efficient operations

SaskCentral continues to adhere to board-directed principles of expense management, productivity, low-profit business model and no cross-subsidization.

Core Earnings

Core earnings target was $3.8-$4.8 million. Actual for 2015 was $7.7 million.

Internal Business Processes

This focus area is comprised of activities centered on maintaining a high performing business model that enables organizational success.

Strategic Objective: Address new regulatory developments to clearing and liquidity structures.

In 2014, the federal government, as part of its Economic Action Plan, announced that it would clarify its mandate in regard to Canadian credit unions, which would include moving credit union centrals to a provincial regulatory framework. During 2015, this gave rise to three major work streams in which SaskCentral was directly involved. The three work streams continue into 2016.

CUPSA – Clearing and Settlement

One result of the federal announcement was that the Credit Union Prudential Supervisors Association (CUPSA) determined that a revised clearing and settlement structure would be required. SaskCentral participated in a centrals' working group formed to develop a national group clearing model to address CUPSA direction. The recommendation made to CUPSA was that two strategies be pursed in tandem. The first was that short term measures be implemented to mitigate the risks associated with the current structure. These measures would be implemented by the end of 2016. The second strategy, which would not be implemented by the end of 2016, would create a single federally incorporated and regulated SettleCo to provide the long-term legal and regulatory stability of a group clearing structure. CUPSA has formally agreed to the working groups' recommendations.

Regulatory/Legislative Framework

Preparatory to its move to a provincial regime, SaskCentral worked with the Financial and Consumer Affairs Authority (FCAA), Legislative Services, and members of government and opposition to ensure a new legislative framework was proposed by the end of 2015. Amending legislation is expected to be passed in 2016.

Work was also carried out with FCAA on the development of a provincial regulatory framework. FCAA may legislate authority to Credit Union Deposit Guarantee Corporation (CUDGC) or contract with CUDGC for the regulatory oversight of SaskCentral.

Lending Agreement

A further result of the federal government's reassessment of its mandate in regard to credit union centrals has been identification of the need for a lending agreement between the Bank of Canada (BoC) and the provincial governments in their role as primary regulators for the credit union system. SaskCentral along with the Province, CUDGC and FCAA, were in contact with the BoC to explore the requirements of such an agreement. Further discussions around a provincial indemnification for access to the BoC facility are expected to follow the development of the necessary legislation for SaskCentral.

Strategic Objective: Build formal collaboration arrangements with other centrals.

MOU with Central 1 and CUCA

In November, SaskCentral entered into an MOU with Central 1 and Alberta Central. The purpose of this is to explore potential for collaboration around client relationship management practices and delivery models and the provision of products and services.

Continued

SaskCentral Initiatives

People

This focus area is designed to enable maintenance of an engaged workforce with the required competencies to facilitate achievement of SaskCentral's business strategy.

Strategic Objective: Strengthen employee focus to support a positive credit union experience.

Employee Engagement

Company-wide evaluation in 2015 returned a composite score of 89% against a target range of 80-85%.

Organizational Culture Inventory

This measures the extent to which SaskCentral is approaching the goal parameters it has set for itself in terms of a balance of a number of behavioural characteristics, as judged by its employees. The composite target range was 80-85%, with the actual score achieved being 89%.

In 2015, SaskCentral was again named as one of the Best Workplaces in Canada by the Great Place to Work® Canada Institute, coming in with an overall ranking of #14. At the same time, the company ranked #20 for Best Workplaces for Women.

Co-operative Social Responsibility

Co-operative social responsibility (CSR) is of growing importance to SaskCentral and to credit unions. With its emphasis on organizational behavior that benefits society, the economy and the environment, CSR is a natural fit with SaskCentral as a financial co-operative.

SaskCentral conducts CSR activities under its own It All Adds Up Logo. Our CSR strategy links to our corporate values and business plan, and more importantly, aligns with the plans and priorities of our key stakeholders – credit unions, employees and the community.

It all adds up.

Credit Unions

Stakeholder engagement is a key component of CSR. SaskCentral believes in engaging with credit unions, listening to their concerns and responding to these concerns by providing the best total solution.

In 2015 we focused our CSR efforts on initiatives that provide value for credit unions by reducing SaskCentral's operational costs in the areas of paper usage and travel expenses.

Employees

SaskCentral engages employees to gather their input on CSR initiatives. In 2015, the focus was on volunteerism, with 54% of our employees taking advantage of a company policy which allows up to three paid days per year served in volunteer activities.

Creating a safe, comfortable and environmentally friendly workplace was also a 2015 priority. SaskCentral achieved a BOMA BEST Gold certification which reflects the substantial building improvements completed during the year.

Community

As a co-operative, SaskCentral upholds the principle of giving back to the community. In 2015 the organization donated $168,300 to local charities and non-profit organizations through financial contributions, volunteer hours and in-kind donations.

Employees were also encouraged to take advantage of SaskCentral's Building Communities Grant program which allows each employee to name a charity or non-profit of their choice to receive a donation of $200. In 2015, 94% of employees took advantage of the program to donate a total of $15,200 among Saskatchewan community organizations.

Sponsorships Managed by SaskCentral

SaskCentral, as the trade association for Saskatchewan credit unions, manages a number of sponsorships that credit unions support collectively. In addition, credit unions donate locally to their own communities. In 2014[1], Saskatchewan credit unions contributed more than $7.4 million to growing communities. Fundraising efforts brought in almost $430,000 for causes like the Children's Hospital Foundation of Saskatchewan, Red Cross Disaster Relief, Terry Fox Run and Telemiracle. Credit union employees logged more than 43,000 hours of volunteer time for community organizations.

1 The most recent period for which figures are available.

Government Relations

Saskatchewan credit unions continue to rank government relations and advocacy strategies as top priorities for the system. SaskCentral strives to shape legislation, regulations and policy at the provincial and federal levels of government in the interests of Saskatchewan credit unions.

Provincial Government Engagement Strategy

New Legislative and Regulatory Framework for SaskCentral

In January 2017, SaskCentral will officially be under the supervision of the provincial government. Shifting the credit union centrals to provincial supervision was one of the major changes affecting the credit union system announced in the 2014 federal Economic Action Plan legislation commonly known as Bill C-43.

Along with some of the other changes introduced in C-43, SaskCentral's priority in Government Relations is to address new regulatory developments to clearing and liquidity structures. SaskCentral's officials worked to ensure the stability of national clearing structures and emergency liquidity options through four major work streams:

1. **Development of a Legislative Framework: Work with the Saskatchewan provincial government in the development of a legislative framework for SaskCentral**

2. **Development of a Regulatory Framework: Work with the Saskatchewan provincial government in the development of a regulatory framework for SaskCentral**

3. **Pursuit of an Emergency Lending Agreement (ELA) between the Bank of Canada and the Province of Saskatchewan**

4. **Participation in Federal Payments Network: Work with other provincial credit union centrals and regulators to ensure continued participation with the Canadian Payments Association and the Bank of Canada in the clearing and settlement of financial transactions upon the cessation of a consistent Office of the Superintendent of Finance Institutions regulatory framework**

SaskCentral undertook extensive collaboration with officials in the ministries of Justice and Finance to determine an appropriate legislative and regulatory framework for SaskCentral.

SaskCentral representatives also worked to educate key elected officials about the implications of the changes. Meetings were held with the provincial ministers of Finance, Justice and the NDP Critic for Finance to discuss the implications of the changes. The support of the government and the opposition will be required to ensure a new legislative and regulatory framework is in place by the end of January 2017. These efforts will continue into 2016 to ensure a seamless transition.

Continued

Government Relations

The Saskatchewan Farm Security Act Legislation

In the spring of 2015, Saskatchewan's Minister of Agriculture announced proposed changes to the farmland ownership aspects of *The Saskatchewan Farm Security Act*. SaskCentral surveyed credit unions regarding the proposed changes and solicited feedback on the system's ongoing advocacy for a comprehensive review of the legislation. After reviewing the input of credit unions, SaskCentral made a submission to the Ministry of Agriculture expressing support for additional restrictions on institutional investors of Saskatchewan farmland. The submission also reaffirmed credit unions' advocacy for a comprehensive review of the outdated legislation.

Ongoing Provincial Advocacy Strategies

SaskCentral provided submissions to the provincial government on a variety of policy areas such as the provincial budget and Saskatchewan Justice's consultation on Beneficiary Designation.

Fall Government Engagement

The 2015 provincial government engagement package, entitled *Engines of Growth* was distributed to the credit union system in the fall. Two advocacy training sessions accompanied the rollout of the booklet for credit union delegates, board members and general managers and chief executive officers. The package was distributed to all members of the Legislative Assembly.

The package details the credit unions contributions to Saskatchewan's economy in prosperous economic times and during a challenging economy. The provincial government's decision in 2014 to maintain the competitive balance in the tax provisions for credit unions in turn supports credit unions' ability to provide lending capital to businesses and the agriculture sector for growth.

Electronic Signatures

SaskCentral pursued an opportunity to support credit unions' efficiency and proposed an amendment to *The Electronic Information and Documents Act* to allow electronic signatures on mortgage related documents. SaskCentral's advocacy on electronic signatures was bolstered by a coalition of support from the Saskatchewan Chamber of Commerce and the Association of Saskatchewan Realtors. The Ministry of Justice noted the submission and may revisit the issue when that legislation is reviewed in the future.

Support for Federal Advocacy Initiatives

Capital Growth Tax Credit

Leading into the federal budget, SaskCentral worked to promote Credit Union Central of Canada's (CUCC) campaign for the proposed new tax credit for credit unions, called the Capital Growth Tax Credit. The proposed tax credit is based on the difference in year over year of retained earnings, multiplied by five per cent and then deducting the resulting amount from taxes owing.

The MyCUmatters campaign encouraged support of this new capital growth tax credit proposal. In April, the federal budget included a commitment referencing "working collaboratively with the credit union sector."

Farm Credit Canada (FCC) Liaison Committee

Along with other credit union representatives, as well as from the FCC, SaskCentral continued to participate in the FCC Liaison Committee. The committee made tangible progress in collaboration and information sharing including identifying over $50 million in co-lending opportunities for 2015.

Strategic Partners

SaskCentral maintains business arrangements with, and investment in, a number of co-operative financial service organizations. These relationships provide Saskatchewan credit unions with required services and also enable SaskCentral to achieve efficiencies by dealing with key service suppliers on behalf of the entire Saskatchewan credit union system.

Concentra Financial

Share ownership by SaskCentral: 84.3%

Concentra Financial is Canada's only financial retail association; a co-operative, providing financial and trust solutions to over 300 Canadian credit unions. Concentra is owned by its members who include credit unions, provincial credit union centrals and other financial co-operatives. Concentra Trust is a wholly owned subsidiary of Concentra Financial and provides trust services to credit unions across Canada.

Credit Union Payment Services (CUPS)

Joint venture participation by SaskCentral: 50%

CUPS is a joint venture of SaskCentral and Alberta Central. It provides payment services and related products to credit unions, corporate clients and others in the financial services industry.

Celero Solutions

Share ownership by SaskCentral: 31.4%

Celero Solutions is a joint venture between four Canadian prairie co-operative organizations: Alberta Central, Manitoba Central, Concentra Financial and SaskCentral. Celero delivers reliable, innovative and cost-effective information technology solutions to the joint venture partners and credit unions in the areas of switching, telecommunications and banking. SaskCentral's ownership is changing from 31.4% to 33.3% in 2016 (refer to Note 34 of the consolidated financial statements).

Group Clearing Joint Venture

Joint venture participation by SaskCentral: 16.7%

Arising from inter-central discussions initiated in 2010, Group Clearing is a joint venture of SaskCentral, Central 1, Alberta Central and Manitoba Central that replaces the clearing previously performed by Canadian Central. The joint venture's purpose is to govern and operate the clearing function for credit unions across the country.

Credit Union Central of Canada (CUCC)

Share ownership by SaskCentral: 12.2%

CUCC is the national trade association for the Canadian credit union system. Incorporated in 1953 by a special act of Parliament, and regulated under the *Cooperative Credit Associations Act (Canada)*, CUCC provides a national forum, a national voice and national services to support and expand the Canadian credit union system. In 2015, CUCC transitioned to become the Canadian Credit Union Association (CCUA). The intent is that membership in CCUA will be held directly by credit unions.

Continued

Strategic Partners

Credential Financial Inc.

Share ownership by SaskCentral: 8.2%

Credential Financial Inc. is the national wealth management provider founded by the Canadian credit union system. The company offers credit unions and independent investment firms an integrated range of products and services to meet the financial needs of Canadians. Credential Financial Inc. also provides its partners with a full complement of back-office administration and in-branch support.

Northwest & Ethical Investments L.P. (NEI)

Share ownership by SaskCentral: 8.2%

NEI is a mutual fund company that makes independent portfolio managers accessible to Canadian retail investors through two fund families: Northwest Funds and Ethical Funds.

NEI is a fully Canadian-owned company, owned 50% by Desjardins Group and 50% by the provincial credit union centrals. This backing of experience and support provides the company with stability and the resources to actively pursue business growth through credit unions and independent financial advisors across Canada.

The Co-operators Group Limited

Share ownership by SaskCentral: 3.5%

The Co-operators is a 100% Canadian-owned and operated company insuring over two million people Canada-wide. Its member-owners are co-operatives, credit unions and like-minded organizations, representing a variety of sectors and regions across the country. The Co-operators supports and funds the development of community-oriented co-operatives and social enterprises, and works to contribute to communities across Canada.

Along with Central 1, The Co-operators holds joint ownership of CUMIS. CUMIS partners with credit unions to deliver competitive insurance and financial solutions. CUMIS’ principal companies are CUMIS Life Insurance Company and CUMIS General Insurance Company.

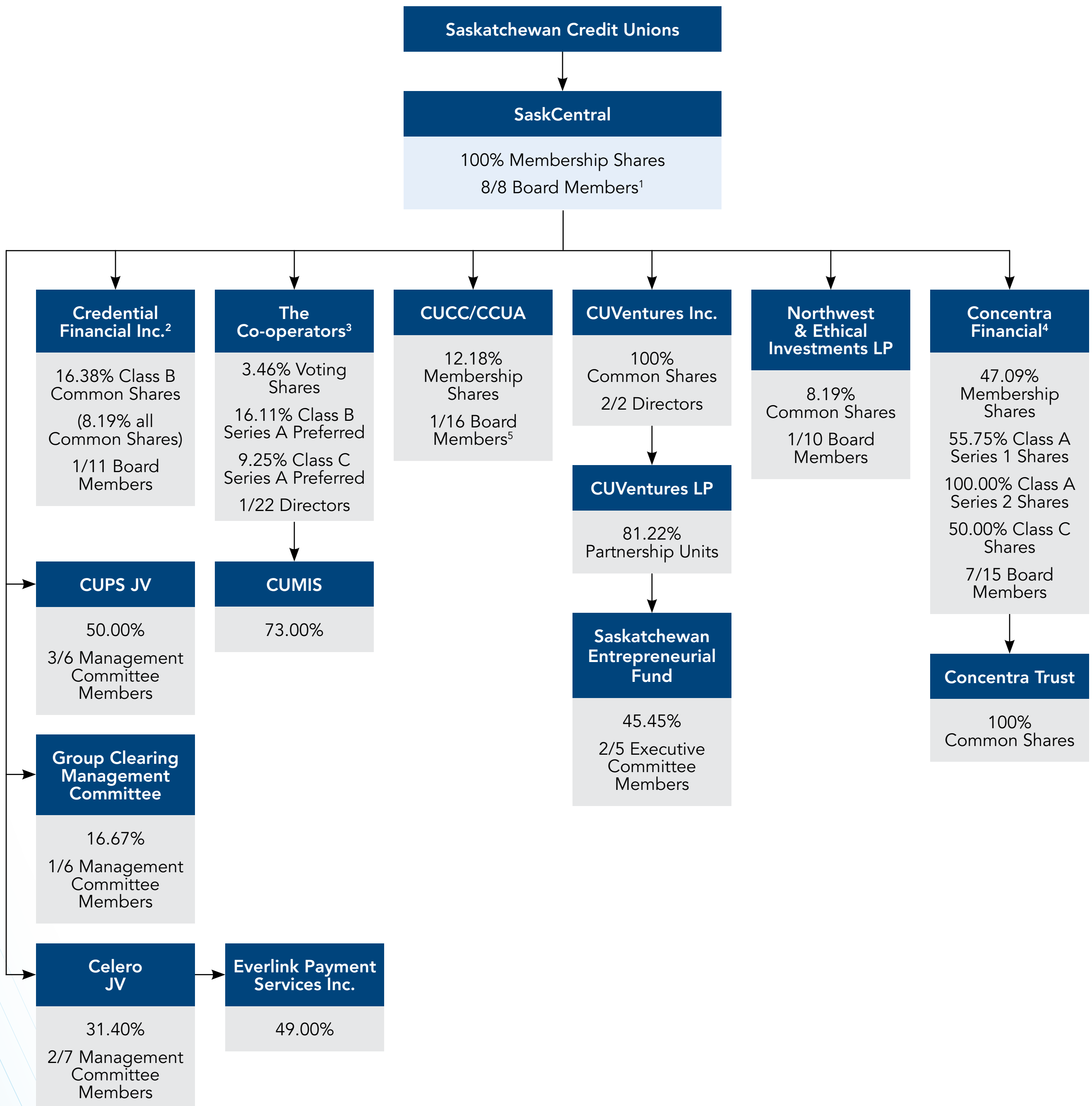
CUVentures Inc.

Share ownership by SaskCentral: 100%

CUVentures Inc. invests in the Saskatchewan Entrepreneurial Fund Joint Venture (SEF JV). SEF JV provides direct investments in small and medium sized enterprises throughout Saskatchewan. CUVentures Inc. also acts as an aggregation vehicle through which individual credit unions have invested in the APEX Investment LP.

Continued

Strategic Partners



1 Effective April 8, 2015 the SaskCentral Board was reduced from 12 members to 8 members.
2 SaskCentral has defacto representation through Credit Union Central Alberta's board representative.
3 Director represents all Saskatchewan member-owners.
4 Board members represent the Saskatchewan region.
5 Effective September 15, 2015 – CCUA Board of Directors consists of 16 directors in total (11 elected & 5 appointed).

Management Discussion and Analysis

This section of the annual report, providing management's discussion and analysis (MD&A) of the consolidated results of SaskCentral, should be read in conjunction with the audited consolidated financial statements and notes as at and for the year ended December 31, 2015. The consolidated financial statements are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS). This MD&A is dated February 25, 2016 and provides comments regarding SaskCentral's financial and operating results, risk management, capital management and business outlook.

Caution Regarding Forward-Looking Statements

From time to time, SaskCentral makes written and verbal forward-looking statements. Statements of this type are included in reports to Saskatchewan credit union shareholders, the annual report, and may be included in filings with Canadian regulators in other communications. Forward-looking statements include, but are not limited to, statements about SaskCentral's objectives and strategies, targeted and expected financial results and the outlook for SaskCentral's business or for the Canadian economy.

By their very nature, forward-looking statements involve numerous assumptions. A variety of factors, many of which are beyond SaskCentral's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, changes in economic and political conditions, legislative and regulatory developments, legal developments, the accuracy of and completeness of information SaskCentral receives from counterparties, the ability to attract and retain key personnel and management's ability to anticipate and manage the risks associated with these factors. The preceding list is not exhaustive of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. SaskCentral does not undertake to update any forward-looking statements, whether written or verbal, that may be made from time to time by it or on its behalf.

Company Profile

SaskCentral is a financial services co-operative which provides liquidity management, consulting services, research and support to Saskatchewan credit unions. SaskCentral functions as a trade association on behalf of the province's credit unions to provide a unified voice in matters of common interest. The primary services provided to credit unions by SaskCentral are:

- to facilitate clearing and settlement through the Bank of Canada;
- to provide financial products and services that support daily cash flow management at credit unions;
- to provide emergency liquidity funding and centralized coordination in the event of a liquidity crisis;
- to offer consulting services that provide innovative solutions to help credit unions strengthen their competitive positioning;
- to offer democratic governance support to ensure efficient and effective co-operative governance;
- to provide advocacy services, representing Saskatchewan credit unions with the provincial and federal governments and within the Canadian credit union system; and
- to provide strategic investment management through entities that provide key services to credit unions.

SaskCentral's Role in Liquidity Support

SaskCentral manages system-wide liquidity on behalf of Saskatchewan credit unions directly and through investees.

Through aggregating statutory liquidity deposits, SaskCentral facilitates clearing and settlement, supports daily cash flow management and coordinates emergency liquidity support.

Clearing and Settlement

The movement of funds between financial institutions is known as clearing and settlement. This process occurs daily at three levels – the credit union level, the provincial level and the national level. CUPS manages the daily clearing and settlement operations for credit unions. Settlement operations include processing of paper-based deposits and clearings, cheque and document imaging and electronic services such as automated funds transfers and wire transfers. Daily balances are cleared through SaskCentral, the net Saskatchewan cash flow is aggregated with other provinces and the Canadian net amount is settled with the Bank of Canada.

At the national level, the Canadian Payments Association sets the requirements for accessing the Bank of Canada and outlines roles and responsibilities. Credit union centrals are represented by one central which acts as the Group Clearer. Central 1 is the Group Clearer. A Group Clearing Joint Venture oversees the functioning of the Group Clearer and consists of representatives from Central 1, Alberta Central, SaskCentral and Credit Union Central of Manitoba. Through the Joint Venture, credit unions access the Large Value Transfer System for electronic payments and the Automated Clearing and Settlement System for paper based payments. Centrals pledge collateral to the Bank of Canada and in return the Bank of Canada issues a current account and a line of credit to facilitate the flow of funds to or from financial institutions.

Daily Cash Flow Management

SaskCentral offers several products and services to help credit unions manage daily cash flow requirements, including statutory liquidity deposits, an overnight account, a line of credit, alternate funding sources and cash services.

By regulation, credit unions hold 10% of their deposits with SaskCentral. These are known as statutory liquidity deposits. Credit unions select from a variety of term options and interest options, including five fixed term options from one to five years, and a variable rate option. Credit unions can invest up to 35% of their statutory deposits in the four and five year products.

SaskCentral has adopted a low profit business model. This means that pricing of products and services is just sufficient to cover operating costs. Statutory liquidity deposit pricing reflects the low profit business model. Deposits are priced so that SaskCentral's interest margin is sufficient to cover the costs of financial administration and regulation.

SaskCentral maximizes deposit rates for credit unions by seeking the best returns on investments backing deposits. This is achieved through accessing wholesale institutional markets and avoiding brokerage fees. SaskCentral has access to wholesale institutional investments due to the large volumes that result from aggregation of statutory liquidity.

SaskCentral provides credit unions a line of credit for normal liquidity needs and bridge financing for unexpected liquidity requirements. In addition, credit unions may access commercial paper markets by leveraging SaskCentral's commercial paper program. SaskCentral's commercial paper program is supported by SaskCentral's investment grade rating of R1-low with DBRS.

SaskCentral funds these products and services by using three funding tools. Repurchase agreements allow SaskCentral to generate cash by selling securities to major Canadian banks with the agreement to repurchase within days. The commercial paper program allows SaskCentral to issue short-term securities to generate cash. Finally, SaskCentral has a secured line of credit with a major Canadian bank.

Emergency Liquidity Support

SaskCentral provides funding and centralized coordination on an emergency basis. This includes identification of triggers, roles and responsibilities and communication protocols.

Emergency funding is both sufficient and available. Sufficiency is demonstrated through stress testing whereby potential credit union outflows are evaluated against funding sources. In normal times, funding sources include repurchase agreements, the commercial paper program and a secured line of credit. In an emergency, these sources are augmented by SaskCentral's stock of High Quality Liquid Assets (HQLA) and the Inter-Central Liquidity Agreement (ICLA). The ICLA is a lending syndicate between Central 1, Alberta Central, SaskCentral and Credit Union Central of Manitoba. Each central provides an uncommitted line of credit that may be used by any of the centrals in the event of a liquidity crisis. SaskCentral may access up to $400 million. In accordance with the ICLA, each central is required to maintain 6% of their provincial system assets in eligible investments.

Availability of emergency funding is evaluated by examining the underlying characteristics of HQLA. Fundamental characteristics include credit standing, degree of subordination and duration risk. Market-related characteristics include market breadth, market depth, price volatility and flight to quality. Operational characteristics include freedom from encumbrances, independence from other lines of business and ability of the liquidity manager to control HQLA.

In response to the 2008 financial market disruption, regulatory reform has been underway internationally and in Canada. The goal is to promote a more resilient financial sector by improving the ability to absorb shocks. SaskCentral has adopted a liquidity metric modeled after the Liquidity Adequacy Requirements of the Office of the Superintendent of Financial Institutions of Canada (OSFI). OSFI's liquidity requirements do not apply to SaskCentral, however, SaskCentral has incorporated the OSFI principles in SaskCentral's liquidity metrics.

Credit Union Deposit Guarantee Corporation (CUDGC) is aligning its liquidity requirements with those set by the Basel Committee on Banking Supervision at the international level and OSFI for federally regulated financial institutions in Canada. In June 2015, the Corporation finalized and issued Liquidity Risk Management Principles. In September 2015, the Corporation circulated draft Standards of Sound Business Practice – Liquidity Adequacy Requirements. Key to the framework is the introduction of the Liquidity Coverage Ratio. Implementation of the Liquidity Standards is targeted for January 1, 2017. SaskCentral is actively supporting the Corporation and credit unions in the implementation of the Liquidity Standards.

Economic Overview

In 2015, Saskatchewan's economy contracted by 0.5%, following a year of strong growth in 2014 of 1.9%. A sharp decline in oil prices resulted in lower investment in related energy sectors and reduced consumer spending.

Despite the economic challenges caused by low oil prices, the labour market in Saskatchewan remains strong on a comparative basis. Saskatchewan boasted the lowest annual unemployment rate in Canada for 2015 at 5.0% compared to 6.9% nationally. A record number of people were employed in the province at 573,700 while private sector jobs increased by 5,300 or 1.6%.

Saskatchewan continues to be one of the fastest growing provinces in Canada. As of October 2015 there were 1,138,879 people living in Saskatchewan, an increase of 12,312 from a year ago representing the third fastest growing province in the past year. Saskatchewan has the largest percentage of workers under the age of 24 in Canada, positioning the province well for the expected wave of baby boomer retirements in the near future.

The outlook for 2016 remains optimistic, with a rebound in agricultural sector providing an offset to the challenges in the energy sector as oil prices are expected to slowly recover. Saskatchewan real GDP growth is forecast to be positive in 2016 with growth estimates falling in the 2.0% to 2.5% range. Overall, 2016 economic growth will be highly correlated to a mild rebound in oil prices, which is viewed to be key driver in energy investment, manufacturing and retail spending.

Saskatchewan Credit Union System Performance

CUDGC is the primary regulator for Saskatchewan credit unions. The information provided in the following sections is compiled by CUDGC and is taken from their report 'Saskatchewan Credit Unions Quarterly Highlights'.

Credit unions operate within a comprehensive regulatory framework to ensure depositors' funds are fully guaranteed and completely secure. The corporation establishes standards of sound business practice that are aligned with federal and international regulatory approaches, and monitors credit unions to ensure they are operating according to those standards.

For more information, please visit their website: cudgc.sk.ca.

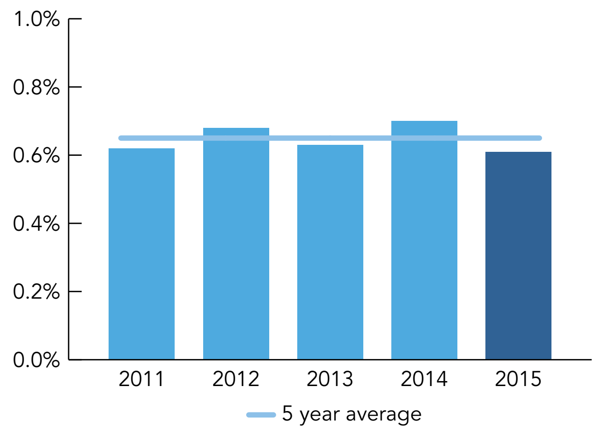
Results Overview

The financial performance of Saskatchewan credit unions is summarized below based on the following key performance indicators: profitability, capital, growth, liquidity risk, credit risk and interest rate risk.

Profitability

In 2015, credit unions reported earnings of $124 million (2014 – $132 million) for a return on average assets (ROA) of 0.61% (2014 – 0.70%). The low interest rate environment is negatively impacting profitability. As a result, credit unions have continued efforts to contain costs.

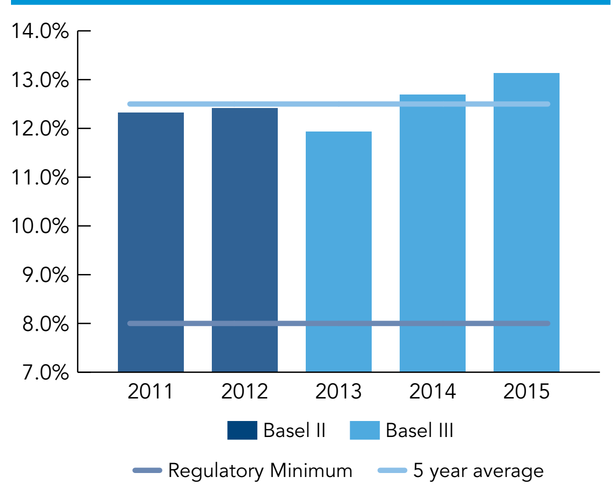
Return on Average Assets



Capital

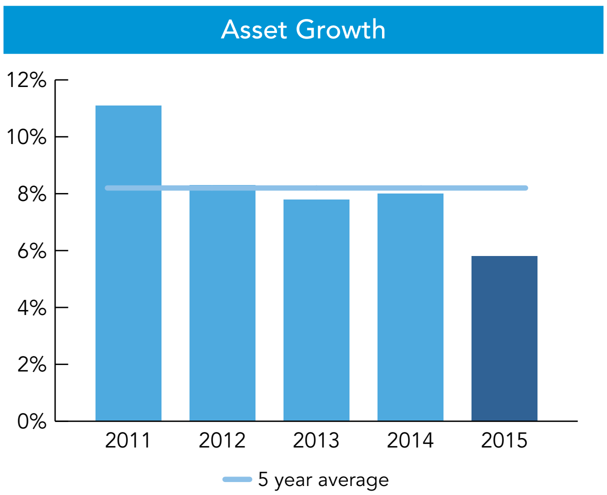
Capital levels improved significantly in 2015 as credit unions focused on maintaining costs and managing growth. As a percentage of risk-weighted assets, eligible capital increased to 13.14% from 12.69% in 2014. This was due to strong profitability and lower loan growth. Credit union capital is well above the current regulatory minimum of 8.0% and the future regulatory minimum of 10.5%. The future requirement incorporates a 2.5% conservation buffer and is effective in 2016.

Basel II & Basel III Total Eligible Capital (%RWA)

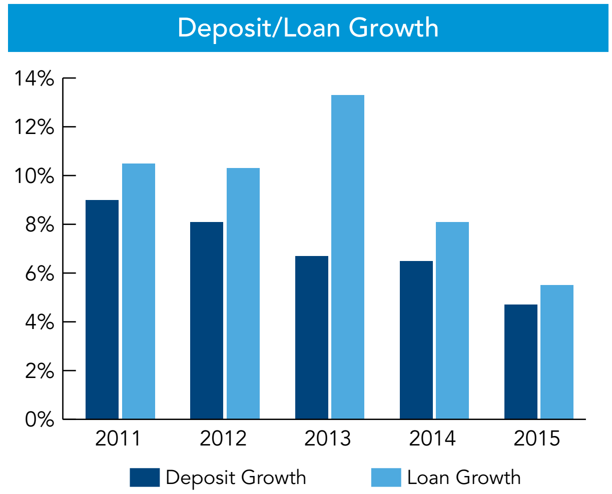


Growth

Asset, loan and deposit growth decreased from levels achieved in 2014. This can be attributed, in part, to strong competition in the financial sector and a weakened Saskatchewan economy. Assets grew by 5.8% to $20.8 billion (2014 – $19.7 billion), behind the five year average of 8.2%.



Loans grew 5.5% to $16.6 billion (2014 – $15.8 billion). Net new loans outpaced net new deposits in 2015. Deposit growth decreased from 2014 to 4.7%, the lowest it has been in the last five years.



Liquidity Risk

Liquidity risk continued to remain stable, with a slight decrease in 2015. This can be attributed to lower loan growth compared to asset growth.

Credit Risk

Delinquencies in 2015 were 0.35% (2014 – 0.26%), which remain below the five year average of 0.45%. The increase in delinquencies was not unexpected given the current economic conditions.

Interest Rate Risk

Interest rate risk decreased in 2015 and remains below the five year average. For a 1% increase in interest rates, the net market value change to assets decreased slightly to -0.48% (-0.53% in 2014) and continues to remain within an acceptable range.

Statistical Review of Credit Unions

	2011	2012	2013	2014	**2015**
Credit Unions	61	60	53	51	**49**
Employees	3,516	3,479	3,467	3,469	**3,477**
Members	508,001	502,413	490,712	475,201	**472,702**

2015 SaskCentral Consolidated Financial Performance

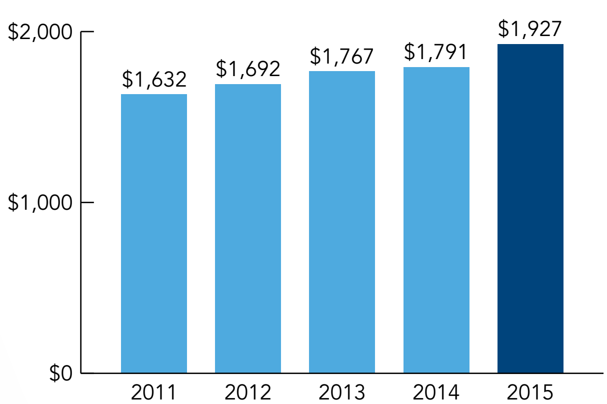
Results Overview

SaskCentral's consolidated financial performance includes results from subsidiaries, associates and joint operations. The financial performance and stability of SaskCentral is summarized according to the following categories: growth, profitability, liquidity and return on equity (ROE).

Growth

SaskCentral's deposits increased by 7.6% over prior year (2014 – 1.3%). Statutory liquidity deposits comprise 93.0% (2014 – 95.0%) of total deposits.

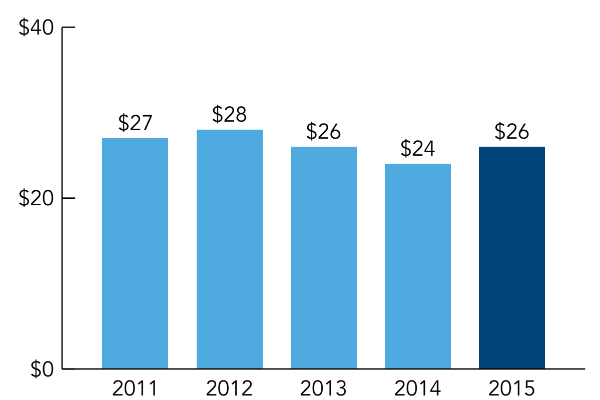
SaskCentral Deposits (in millions)



Profitability

SaskCentral's profit was $26.3 million (2014 – $23.6 million).

SaskCentral Profit (in millions)



Net interest income increased slightly to $11.1 million (2014 – $10.9 million) due to The Co-operators distribution of $0.5 million (2014 – $0.2 million).

Income from dues was $5.5 million (2014 – $6.0 million). Cost savings in SaskCentral operations and in special assessments allowed SaskCentral to lower dues in 2015.

Fee for service revenue increased to $24.2 million (2014 – $23.7 million) due to increased sales for discretionary products and services provided to credit unions.

Gains on financial instruments arise from asset backed commercial paper and from portfolio repositioning for asset/liability management purposes. Gains increased to $2.9 million (2014 – $2.0 million) as the current year results include a one-time settlement related to Castor Holdings Ltd. (Castor) of $1.7 million. Refer to Note 28 in the consolidated financial statements for details on the Castor settlement.

The share of profits of associates represents SaskCentral's share of net income from Concentra Financial, Celero Solutions, and Saskatchewan Entrepreneurial Fund Joint Venture (SEF JV). The share of profits in associates was $22.7 million (2014 – $21.1 million). The increase was due to strong earnings from Concentra Financial.

SaskCentral's share of Celero Solutions' net income was $1.4 million (2014 – $1.0 million). Higher net earnings were driven by Celero Solutions' management's efforts to control costs as well as a one-time impact of termination penalties.

Non-interest expenses represent expenditures incurred to fund dues-related products and generate fee for service revenue, as well as general operating expenses such as salary and employee benefits and occupancy costs. Non-interest expenses decreased slightly to $33.8 million (2014 – $34.7 million).

SaskCentral paid a dividend to credit unions in March 2015 of $5.4 million (2014 – $3.3 million), representing a 4.0% (2014 – 2.5%) return on investment. SaskCentral also paid to credit unions the dividend received from Concentra Financial of $4.5 million (2014 – $3.4 million) in June. This dividend represented a 4.0% return on SaskCentral's investment in Concentra Financial (2014 – 3.0%).

Liquidity

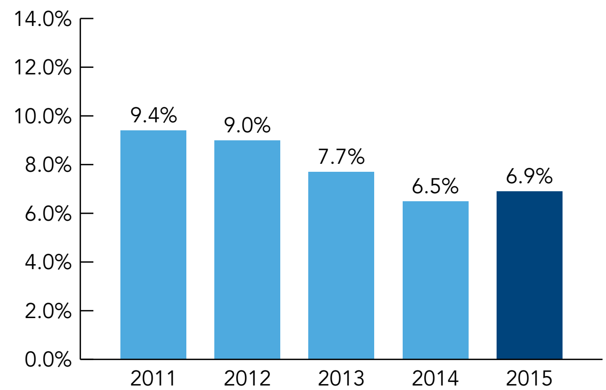
SaskCentral continued to hold a strong liquidity position in 2015. Consolidated cash and securities totalled $2.1 billion, or 87% of assets (2014 – 87%).

Return on Equity

Equity increased by $22.5 million over 2014. Another year of strong earnings resulted in an increase in retained earnings of $19.1 million.

For 2015, SaskCentral's ROE was 6.9% (2014 – 6.5%).

SaskCentral Return on Equity



Liquidity Management

SaskCentral manages liquidity by evaluating regulatory developments, monitoring liquidity risks, evaluating liquidity sufficiency and providing leadership on emergency liquidity processes.

Two measures are used to monitor SaskCentral's liquidity risk position. First, a liquidity coverage ratio compares liquid assets to potential outflows on a system-wide basis. Second, a liquidity score is calculated on SaskCentral's investment portfolio. Both measures are used to assess SaskCentral's liquidity position and all policy requirements have been met in 2015. Refer to Note 3 for further information.

Capital Management

Capital management consists of maintaining the capital required to cover risks and comply with the regulatory capital ratios defined by OSFI. Policies are developed to set out the principles and practices SaskCentral incorporates into its capital management strategy. These policies also set out the basic criteria SaskCentral adopts to ensure that it has sufficient capital at all times and prudently manages such capital in view of its future capital requirements.

SaskCentral has developed an Internal Capital Adequacy Assessment Process (ICAAP) as an important component of its Enterprise Risk Management (ERM) framework. ICAAP provides a comprehensive financial analysis of the organization's major risks. This analysis improves the understanding of the issues facing SaskCentral and their financial impact on the organization. The ICAAP allows SaskCentral to make more informed decisions about its strategic initiatives, organizational policies and capital optimization strategies. Doing so assists SaskCentral in meeting its strategic objectives.

SaskCentral actively manages capital to ensure long-term financial stability, balancing the credit unions' desire for return on their investments with the capital requirements necessary to support liquidity functions and maintain an investment-grade credit rating. Capital plans analyze the different strategies that are available to SaskCentral to optimize capital. Specifically, the purpose of capital planning is to ensure SaskCentral has adequate capital to:

- meet regulatory and operational requirements;
- provide flexibility for changes in business plans;
- signal financial strength to stakeholders; and
- provide dividend options.

Regulatory Capital and Capital Ratios

Capital levels are regulated pursuant to guidelines issued by OSFI. Regulatory capital is allocated to two tiers. Tier 1 capital comprises the highest quality capital and is a core measure of SaskCentral's financial strength. It consists of more permanent components of capital, is free of mandatory fixed charges against earnings and has a subordinate legal position to the rights of depositors and other creditors. SaskCentral's Tier 1 capital is comprised of credit union membership shares and retained earnings. Tier 2 capital includes supplementary capital instruments that contribute to the overall strength of SaskCentral as a going concern but fall short of meeting the Tier 1 requirements. Total capital is defined as the sum of Tier 1 and Tier 2 capital. For further details on the terms and conditions of the various capital components, refer to Note 5 in the consolidated financial statements.

Regulatory capital is adjusted for investments in unconsolidated subsidiaries. The investment in Concentra Financial (net of accumulated other comprehensive income) and Celero Solutions is deducted from SaskCentral's capital. This allows OSFI to monitor the capital strength of SaskCentral's stand-alone operations. Concentra Financial is a regulated financial institution – it reports separately to and is regulated directly by OSFI.

Borrowing Multiple

Regulatory capital adequacy is measured by OSFI through the borrowing multiple. The borrowing multiple is calculated by dividing total borrowings by Tier 1 and Tier 2 regulatory capital. Total borrowings consist of deposits, loans payable, notes payable, and other adjustments. OSFI sets a limit of 20.0:1 that the borrowing multiple must not exceed. SaskCentral has set its own maximums that are below that of OSFI. The Financial Management Policy sets a limit of 17.0:1, at which point the board must take immediate mitigating action to make certain the borrowing multiple does not exceed OSFI's limit. The Financial Management Policy also describes a management limit of 16.0:1, at which point management will outline actions to assuage the situation. As of December 31, 2015, the borrowing multiple was 13.2:1 (2014 – 12.8:1).

Regulatory Capital and Ratios

	2015	2014
Tier 1 Capital	**390,525**	368,342
Total Borrowing Multiple Capital	**151,393**	146,083
Total Borrowings	**1,999,440**	1,863,363
Actual Borrowing Multiple	**13.2:1**	12.8:1
SaskCentral Policy Limit	**17.0:1**	17.0:1
Tier 1 Regulatory Capital		
Membership shares	**138,688**	135,581
Retained earnings	**255,708**	236,632
IFRS related reclassification[1]	**(3,871)**	(3,871)
Total Tier 1 Capital	**390,525**	368,342
Tier 2 Regulatory Capital		
IFRS related reclassification[1]	**3,871**	3,871
Total Tier 2 Capital	**3,871**	3,871
Total Tier 1 and Tier 2 Capital	**394,396**	372,213
Deduct:		
Investments in unconsolidated subsidiaries	**241,837**	225,425
Assets of little or no realizable value	**1,166**	705
Total Tier 1 and Tier 2 Capital	**151,393**	146,083

[1] Accumulated net after-tax fair value gain on investment property is reclassified to Tier 2.

Capital Management

SaskCentral's borrowing multiple is expected to increase due to system growth. SaskCentral's capital plan evaluates projected capital adequacy and considers capital options, including membership share true-up and organic growth of retained earnings.

SaskCentral's bylaws require member credit unions to maintain membership share capital in SaskCentral at 1% of the previous year's system assets. The bylaw gives SaskCentral the discretion to make this annual true-up in whole or in part. It does not prohibit or prevent either a request from SaskCentral for a voluntary share subscription or a credit union from voluntarily subscribing to additional membership share capital. In 2015 credit unions voluntarily subscribed to $3.1 million in additional membership share capital.

SaskCentral would not exercise the authority to require membership share capital subscriptions unless its capital plan indicated a projected borrowing multiple in excess of 16.0:1 in the subsequent year. In that case, SaskCentral would only exercise this authority to the extent that the required subscriptions would bring the projected borrowing multiple to 16.0:1 or to 1.0% of system assets, whichever was first met. At December 31, 2015 credit union membership share capital represented 0.71% of prior year's (0.67% of current year's) system assets.

SaskCentral remains well capitalized and able to support a strong, growing credit union system. Based on the projected borrowing multiple at the end of 2016, SaskCentral would be able to withstand additional capital shocks of $25 million before reaching the board policy limit of 17.0:1.

Capital Requirements

The primary purpose of capital is to support clearing and settlement, daily cash flow management and emergency liquidity support. Regulatory limits are established to ensure sufficiency of capital for these purposes.

Uses of Capital

Capital is directed to strategic investments that provide products and services to assist credit unions in servicing their members. These investments include Concentra Financial, Celero Solutions, CUPS, NEI, Credential Financial Inc., The Co-operators, CUCC and CUVentures Inc.

Excess capital is returned to the credit unions as a dividend. SaskCentral's dividend policy provides a market rate based return to credit unions, subject to profitability and board approval. In 2015, a dividend of $5.4 million was paid based on SaskCentral's 2014 eligible earnings. In addition, Concentra Financial paid a $4.5 million Class A share dividend to SaskCentral on 2014 earnings (2014 – $3.4 million). This dividend represented a 4% return on SaskCentral's investment in Concentra Financial (2014 – 3.0%).

Future Capital Environment

SaskCentral continues to closely monitor developments in domestic and international regulatory environments to assess the impact on our current and future capital position, and will revise our capital management strategies to reflect any changes.

In February 2014, the Government of Canada announced plans to clarify the federal regulatory regime for credit unions, including cessation of OSFI's Supervision of Provincial Credit Union Centrals through repealing Part XVI of the *Cooperative Credit Associations Act* (Canada), which allows for voluntary registration of provincial centrals under the federal regulatory regime. It is expected that this change will come into effect in January 2017. SaskCentral does not expect this to impact its regulatory capital requirements.

Enterprise Risk Management

Enterprise Risk Management (ERM) is designed to identify potential events and risks that may significantly affect SaskCentral's ability to achieve its statutory and strategic goals and objectives. The goal of ERM at SaskCentral is not to eliminate risk, but rather to ensure that existing and emerging risks are identified and managed within acceptable risk appetites and tolerances.

The risk framework is closely tied with SaskCentral's strategy and is integrated with SaskCentral's strategy map and balanced scorecard. SaskCentral's strategy and its key risks are approved by the SaskCentral board. Effective management of risk strengthens the ability of the organization to achieve its objectives and meet its obligations. Risk-aware decisions, reflected in strategy and action, optimize opportunity and capacity to create profit for stakeholders.

SaskCentral utilizes a strategy map to represent the major business objectives and improvements that are most critical to the organization's success. These objectives are then used as the major risk categories, facilitating more intense scrutiny of critical areas during risk identification.

In 2015, SaskCentral's strategy map included the following objectives:

- Leverage Concentra's national mandate to facilitate other national partnerships
- Address new regulatory developments to clearing and liquidity structures
- Build formal collaboration arrangements with other centrals
- Sustain and invigorate employee engagement and align the culture in support of the strategy
- Consistently deliver a strong value proposition and strengthen responsiveness, resulting in greater loyalty
- Strengthen internal client focus to support a positive credit union experience
- Expand the market focus for consulting nationally
- Maintain financial strength and credit rating
- Maintain effective and efficient operations

Although risks are managed within the balanced scorecard/strategy map approach, all risks are also mapped to the OSFI risk categories of credit, market (interest rate, price and foreign exchange), liquidity, strategic and operational, legal and regulatory.

SaskCentral has a board-approved conflict of interest policy and a code of conduct that must be followed by all employees, directors and delegates. In addition, SaskCentral has a regulatory compliance framework and anti-money laundering/anti-terrorist financing framework. The regulatory compliance framework and the anti-money laundering/anti-terrorist financing framework each consist of board-approved policy and procedures, which require the appointment of a chief compliance officer/chief anti-money laundering officer to oversee and be responsible for the framework, regular risk assessment and reporting to executive management and the board on legislative and regulatory compliance and independent review of the framework.

The Financial Management Policy contains policies for capital impairment, annual earnings distribution and the quantity of capital that the organization is required to maintain to comply with regulatory requirements.

As a financial institution, SaskCentral takes on risk to create value for its shareholders. Credit and market risk are undertaken within the risk tolerance levels outlined in the board's policies. These portfolios of risk reflect the organization's competencies and capacities. They are evaluated, managed and priced on the basis of changing business conditions in the competitive environment. SaskCentral's Financial Management Advisory Committee reviews these risks on a monthly basis.

The ICAAP is an important part of SaskCentral's ERM process. ICAAP provides a comprehensive financial analysis of the organization's major risks and allows SaskCentral to make more informed decisions about its strategic initiatives, organizational policies and capital optimization strategies. The ICAAP is reviewed annually by the Board.

SaskCentral provides centralized coordination of emergency liquidity processes as described in the Liquidity Crisis Management Plan. The plan provides the basis for navigating through a liquidity crisis in a speedy and appropriate manner by outlining triggers, roles and responsibilities and communication protocols. The Liquidity Crisis Management Team is comprised of decision makers from SaskCentral, CUDGC, the affected credit union and Concentra Financial.

Every organization is vulnerable to loss as a result of business disruption or disasters. SaskCentral is responsible for minimizing the impact on the organization including recovering critical functions for clients and protecting employees and tenants. To minimize the potential impact from these types of events, SaskCentral has developed and maintains a comprehensive Business Continuity Plan which includes an Emergency Preparedness Plan, Disaster Recovery Plan and a Business Resumption Plan. Major risks identified as part of the business continuity planning process are considered for inclusion in the corporate risk register if the impact merits it.

2016 Outlook

The following forward-looking information in this section must be read in conjunction with the ***Caution Regarding Forward-Looking Statements*** *described at the beginning of the MD&A.*

We continue to see significant changes within the credit union system and the broader financial services regulatory environment. SaskCentral is committed to keeping pace with these changes and to its vision of creating a nationally unified and internationally capable co-operative financial network.

Toward this vision, our focus is on our two strategic goals: national collaboration and credit union experience.

National collaboration signals SaskCentral's goal of facilitating transformational change in wholesale services for credit unions Canada-wide. Opportunities and risks facing credit unions are not bound by provincial borders and therefore it is critical SaskCentral pursue strategies national in scope. Working collaboratively with governments, regulators, credit union partners and stakeholders across the country is critical to ensuring the continued strength of Saskatchewan credit unions and the Canadian credit union system.

Our strategic goal of credit union experience entails taking a leadership role in building a sustainable national wholesale service model for credit unions. This model, based on a user-pay approach, will answer the need for services scaled in cost and complexity to smaller credit unions, helping to support the long-term viability of these important financial service providers in their communities.

The 2016 Business Plan is broken down into four separate focus areas:

Strategic

The goal of the Strategic focus area is to demonstrate leadership in delivering transformational change nationally to position credit unions for success. In 2016 SaskCentral has identified three critical national objectives that support this goal. First, we will address evolving developments to clearing and liquidity structures. Second, we will support integration with the new Canadian Credit Union Association (CCUA). Third, we will support strategic investees' alignment to our national mandate.

Credit Union

The goal of the Credit Union focus area is to facilitate wholesale product and service expertise to support credit unions nationally. In 2016, SaskCentral's objective to support this goal will be development of a national product and service model for peer group 3 credit unions.

Financial

The goal of the Financial focus area is to maintain a position of financial strength to enable the achievement of our strategic objectives. SaskCentral's financial focus will be centered on optimizing liquidity and capital while efficiently managing the balance sheet to maintain a position of financial strength.

People

The goal of the People focus area is to maintain an engaged workforce with the competencies required to facilitate the achievement of our strategic direction. SaskCentral's strategies for sustaining employee engagement and cultural alignment are centered on supporting continued change management, leadership training and development and enhancing both formal and informal retention strategies throughout the organization.

Accounting Matters

Critical Accounting Estimates and Assumptions

The accompanying consolidated financial statements have been prepared in accordance with IFRS. The significant accounting policies used in the preparation of the financial statements are described in Note 2. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at year end. Critical accounting estimates and judgments are described in Note 6.

Subsequent Event

Refer to Note 34 for details on a subsequent event.

Management's Responsibility for Financial Reporting

To the Members of Credit Union Central of Saskatchewan

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

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. The system of internal controls is further supported by Audit Services staff, who regularly review all aspects of SaskCentral's operations. The board of directors and the Audit and Risk Committee are composed entirely of directors who are neither management nor employees of SaskCentral. The Audit and Risk Committee is appointed by the board to review the consolidated financial statements in detail with management and to report to the board prior to their approval of the consolidated financial statements for publication.

The Office of the Superintendent of Financial Institutions Canada reviews the activities of SaskCentral to ensure compliance with the Cooperative Credit Associations Act, to ensure the safety of depositors and members of SaskCentral and to ensure that SaskCentral is in sound financial condition. Their findings are reported directly to management.

External auditors are appointed by the members to audit the consolidated financial statements and report directly to them; their report is presented separately.

Keith Nixon
Chief Executive Officer

Sheri Lucas
Executive Vice-President of Finance / Chief Financial Officer / Chief Risk Officer

February 25, 2016

Audit and Risk Committee Report to the Members

To the Members of Credit Union Central of Saskatchewan

The purpose of the Audit and Risk Committee is to ensure an independent review of SaskCentral's financial operation in areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to sound financial practices.

The Audit and Risk Committee, composed of five directors independent of management, meets at least quarterly and provides a report to the board of directors on its activities following every meeting. The Audit and Risk Committee reviews the annual consolidated financial statements with management and recommends their approval to the board of directors.

The Audit and Risk Committee requires management to implement and maintain appropriate internal control procedures, and reviews, evaluates and approves those procedures. Annually, management prepares amendments to the Financial Management Policy, which are reviewed by the Audit and Risk Committee. As part of its mandate, the Audit and Risk Committee monitors management's adherence to the Financial Management Policy. In addition, any significant transactions that could affect the well-being of SaskCentral are reviewed by the Audit and Risk Committee.

The Audit and Risk Committee recommends the appointment of the external auditor and reviews the terms of the external audit engagement, annual fees, audit plans and scope, and management letter recommendations. The Audit and Risk Committee meets with the Chief Audit Officer to review and approve audit plans and also reviews reports from Audit Services on the effectiveness of the internal control environment. Both the external auditor and Audit Services have free access to, and meet periodically with, the Audit and Risk Committee to discuss their findings.

The annual return prepared by management for the Office of the Superintendent of Financial Institutions (OSFI) is reviewed by the Audit and Risk Committee prior to filing. Also, management letter recommendations received from OSFI are reviewed by the Audit and Risk Committee.

Gilles Colbert
Chair, Audit and Risk Committee

February 25, 2016

Independent Auditor's Report

Deloitte.

Deloitte LLP
2103 - 11th Avenue
Mezzanine Level
Bank of Montreal Building
Regina SK S4P 3Z8
Canada

Tel: 306-565-5200
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INDEPENDENT AUDITOR'S REPORT

To the Members of Credit Union Central of Saskatchewan

We have audited the accompanying consolidated financial statements of Credit Union Central of Saskatchewan, which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Credit Union Central of Saskatchewan as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Professional Accountants

Regina, Saskatchewan
February 25, 2016

Credit Union Central of Saskatchewan
Consolidated Balance Sheet

[in thousands of Canadian dollars]

As at December 31

	2015 $	2014 $
Assets		
Cash and cash equivalents [note 7]	**70,573**	70,244
Securities [note 8]	**2,054,862**	1,906,201
Derivative assets [note 9]	**8,333**	15,643
Loans [note 10]	**37,800**	40,636
Trade and other receivables	**610**	754
Other assets	**709**	616
Investments in associates [note 11]	**246,214**	230,683
Property, plant and equipment [note 12]	**6,297**	5,035
Investment property [note 13]	**9,987**	10,188
Intangible assets [note 14]	**241**	799
	2,435,626	2,280,799
Liabilities		
Deposits [note 16]	**1,926,524**	1,790,716
Derivative liabilities [note 9]	**8,321**	15,643
Loans payable [note 17]	**57,909**	57,651
Notes payable [note 18]	**14,995**	14,992
Trade and other payables	**3,874**	4,538
Other liabilities	**436**	236
Deferred income tax liabilities [note 15]	**17,726**	13,641
	2,029,785	1,897,417
Equity		
Share capital [note 19]	**138,688**	135,581
Retained earnings	**255,708**	236,632
Accumulated other comprehensive income	**10,468**	10,159
Total equity attributable to equity holders of SaskCentral	**404,864**	382,372
Non-controlling interest	**977**	1,010
Total equity	**405,841**	383,383
	2,435,626	2,280,799

See accompanying notes

On behalf of the Board:

Director

Director

Credit Union Central of Saskatchewan
Consolidated Statement of Profit or Loss

[in thousands of Canadian dollars]

Year ended December 31

	2015 $	2014 $
Interest income		
Securities	33,306	34,865
Loans	772	1,170
	34,078	36,035
Interest expense		
Deposits	22,196	23,697
Loans and notes	808	1,379
Subordinated debentures	-	67
	23,004	25,143
Net interest income	11,074	10,892
Non-interest income		
Dues [note 21]	5,512	5,986
Fee for service [note 22]	24,237	23,725
Gain on financial instruments [note 28]	2,892	2,017
Share of profits of associates [note 11]	22,732	21,104
	55,373	52,832
Net interest and non-interest income	66,447	63,724
Non-interest expense		
Salary and employee benefits [note 23]	14,145	14,629
Professional and advisory services [note 24]	7,912	7,245
Computer and office equipment [note 25]	3,817	3,819
Occupancy [note 26]	3,589	3,630
General business [note 27]	4,307	5,328
	33,770	34,651
Profit for the year before income taxes	32,677	29,073
Income tax expense [note 15]	6,374	5,425
Profit for the year	26,303	23,648
Attributable to:		
Owners of SaskCentral	26,303	23,648
Non-controlling interest	-	-
	26,303	23,648

See accompanying notes

Credit Union Central of Saskatchewan
Consolidated Statement of Comprehensive Income

[in thousands of Canadian dollars]

Year ended December 31

	2015 $	2014 $
Profit for the year	**26,303**	23,648
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Net unrealized gains on available-for-sale securities during the year	**2,666**	5,603
Reclassification of gains on available-for-sale securities disposed of in the year	**(516)**	(1,052)
Share of other comprehensive loss of associates [note 11]	**(1,457)**	(2,541)
Income tax relating to items that may be reclassified subsequently [note 15]	**(384)**	(886)
Other comprehensive income for the year, net of tax	**309**	1,124
Total comprehensive income for the year	**26,612**	24,772
Attributable to:		
Owners of SaskCentral	**26,612**	24,772
Non-controlling interest	**-**	-
	26,612	24,772

See accompanying notes

Credit Union Central of Saskatchewan
Consolidated Statement of Changes in Equity

[in thousands of Canadian dollars]

Year ended December 31

	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total	Non-controlling interest	Total Equity
Balance as at December 31, 2013	132,385	217,852	9,035	359,272	1,291	360,563
Profit for the year	-	23,648	-	23,648	-	23,648
Other comprehensive income for the year, net of tax	-	-	1,124	1,124	-	1,124
Increase (decrease) in share capital	3,196	-	-	3,196	(281)	2,915
Dividends [note 20]	-	(6,669)	-	(6,669)	-	(6,669)
Reduction in income taxes [note 15]	-	1,801	-	1,801	-	1,801
Balance as at December 31, 2014	135,581	236,632	10,159	382,372	1,010	383,382
Profit for the year	-	26,303	-	26,303	-	26,303
Other comprehensive income for the year, net of tax	-	-	309	309	-	309
Increase (decrease) in share capital	3,107	-	-	3,107	(33)	3,074
Dividends [note 20]	-	(9,900)	-	(9,900)	-	(9,900)
Reduction in income taxes [note 15]	-	2,673	-	2,673	-	2,673
Balance as at December 31, 2015	138,688	255,708	10,468	404,864	977	405,841

See accompanying notes

Credit Union Central of Saskatchewan
Consolidated Statement of Cash Flows

[in thousands of Canadian dollars]

Year ended December 31

	2015 $	2014 $
Cash flows from operating activities		
Profit for the year	**26,303**	23,648
Adjustments to determine net cash used in operating activities:		
Depreciation of property, plant and equipment and investment property [note 12/13]	**884**	801
Other amortization	**10,517**	11,926
Gain on financial instruments	**(2,892)**	(2,017)
Net interest income	**(11,074)**	(10,892)
Share of profits in associates, net of losses	**(22,732)**	(21,104)
Income tax expense	**6,374**	5,425
Changes in operating assets and liabilities:		
Derivative assets and liabilities	**(12)**	-
Loans, net of repayments	**4,546**	39,878
Trade and other (payables) receivables	**(520)**	124
Other assets	**(93)**	70
Deposits, net of withdrawals	**136,252**	22,681
Other liabilities	**200**	110
Interest received	**33,646**	36,833
Dividends received	**521**	215
Interest paid	**(23,446)**	(24,950)
Cash flows provided by operating activities	**158,474**	82,748
Cash flows from financing activities		
Loans payable, net of repayments	**256**	(49,938)
Notes payable, net of repayments	**3**	4
Redemption of subordinated debentures	**-**	(30,000)
Proceeds from issuance of share capital	**3,107**	3,196
Dividends paid to members [note 20]	**(9,900)**	(6,669)
Cash flows used in financing activities	**(6,534)**	(83,407)
Cash flows from investing activities		
Purchase of securities	**(2,662,291)**	(2,515,764)
Proceeds from sales of securities	**2,506,747**	2,530,546
Distributions from investments in associates	**5,744**	4,752
Property, plant and equipment [note 12]	**(1,945)**	(1,237)
Intangible assets [note 14]	**134**	(377)
Cash flows (used in) provided by investing activities	**(151,611)**	17,920
Net increase in cash and cash equivalents	**329**	17,261
Cash and cash equivalents, beginning of year	**70,244**	52,983
Cash and cash equivalents, end of year	**70,573**	70,244

See accompanying notes

1. REPORTING ENTITY

Credit Union Central of Saskatchewan and its subsidiaries (collectively "SaskCentral") is a company domiciled in Canada. The address of SaskCentral's registered office is 2055 Albert Street, Regina, Saskatchewan, S4P 3G8. SaskCentral is incorporated under *The Credit Union Central of Saskatchewan Act, 1999 (the Act)*, and maintains a certification and carries on business pursuant to the *Cooperative Credit Associations Act (Canada)* (the CCAA). SaskCentral's core functions are liquidity management and trade association activities on behalf of and for Saskatchewan credit unions.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of Presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared in accordance with subsection 292(4) of the CCAA.

These consolidated financial statements were authorized for issue by the Board on February 25, 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, financial assets and liabilities held at fair value through profit or loss (FVTPL), which include all derivative contracts, which have been measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, SaskCentral 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 measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, and measurements that have some similarities to fair value, but are not fair value, such as value in use on impairment.

SaskCentral follows a fair value hierarchy to categorize the inputs used to measure fair value into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) 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; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is SaskCentral's functional currency. Except as otherwise indicated, financial information presented in Canadian dollars has been rounded to the nearest thousand.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

(d) Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates thereby impacting the consolidated financial statements. Management believes that the underlying assumptions are appropriate and that SaskCentral's financial statements therefore present the financial position and results fairly.

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.

Information about key sources of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are described in note 6.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of SaskCentral and entities controlled by SaskCentral and its subsidiaries. Control is achieved when SaskCentral (a) has power over the investee; (b) is exposed, or has rights, to variable returns from its involvement with the investee; and (c) has the ability to use its power to affect its returns.

SaskCentral reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When SaskCentral has less than the majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. SaskCentral considers all relevant facts and circumstances in assessing whether or not SaskCentral's voting rights in an investee are sufficient to give it power, including:

- the size of SaskCentral's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- potential voting rights held by SaskCentral, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate SaskCentral has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when SaskCentral obtains control over the subsidiary and ceases when SaskCentral loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income (loss) (OCI) from the date SaskCentral gains control until the date when SaskCentral ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with SaskCentral's accounting policies.

All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between SaskCentral and its subsidiaries are eliminated in full upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which SaskCentral has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize SaskCentral's share of the profit or loss and OCI of the associate. When SaskCentral's share of losses of an associate exceeds SaskCentral's interest in that associate, SaskCentral discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that SaskCentral has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in associate, any excess of the cost of the investment over SaskCentral's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of SaskCentral's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) are applied to determine whether it is necessary to recognize any impairment loss with respect to SaskCentral's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* (IAS 36) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, SaskCentral as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

SaskCentral accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale and repurchase agreements

Securities sold subject to repurchase agreements are treated as collateralized borrowing transactions when the transferee has the right by contract or custom to sell or repledge the collateral and are classified as available-for-sale and recorded at fair value. Obligations related to assets sold under repurchase agreements are recorded in loans payable. Interest incurred on repurchase agreements is included in loans and notes interest expense.

Financial instruments

All financial assets and financial liabilities are recognized in the consolidated balance sheet and measured in accordance with their assigned classification. Financial assets and financial liabilities are recognized when SaskCentral becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

(a) Financial assets

SaskCentral classifies financial assets to the following specified categories: FVTPL; available-for-sale; held to maturity; and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held-for-trading or is designated as FVTPL.

A financial asset is classified as held-for-trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and is reported as gains on financial instruments. Gains and losses arising from SaskCentral's foreign exchange contracts are classified as held-for-trading and are included in the consolidated statement of profit or loss and are reported as fee for service. Fair value is determined in the manner described in note 4.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables or financial assets at FVTPL. Available-for-sale financial assets are initially recognized at fair value and measured subsequently at fair value with gains and losses being recognized in OCI in the consolidated statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized. Fair value is determined in the manner described in note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial assets (continued)

Available-for-sale financial assets are assessed for impairment at the end of each reporting period. If an available-for-sale financial asset is determined to be impaired, the cumulative gains or losses previously recognized in OCI in the consolidated statement of comprehensive income are recognized in the consolidated statement of profit or loss. Interest is calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available-for-sale are recognized in the consolidated statement of profit or loss.

Purchase premiums or discounts on available-for-sale securities are amortized over the life of the security using the effective interest method and are recognized in securities interest income. Interest income accruing on available-for-sale securities is recorded in securities interest income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of profit or loss in securities interest income when SaskCentral's right to receive payment is established. Gains and losses realized on disposal of available-for-sale securities are included in gains on financial instruments.

Investments in equity instruments of co-operative enterprises classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortized cost using the effective interest method less any impairment.

(b) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity securities, a significant or prolonged decline in the fair value of the security below its costs is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial assets, such as trade and other receivables, assets are assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include SaskCentral's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of thirty days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Impairment of financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets that are carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in OCI are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in OCI. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(b) Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities measured at amortized cost. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liability is either held-for-trading or it is designated as FVTPL. A financial liability is classified as held-for-trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains and losses arising from re-measurement recognized in profit or loss. Fair value is determined in the manner described in note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial assets or liabilities

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have expired or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. SaskCentral tests control to ensure that continuing involvement on the basis of any retained powers of control do not prevent derecognition. When financial assets are derecognized in full, a gain or loss is recognized in profit or loss for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received.

SaskCentral derecognizes financial liabilities when, and only when, SaskCentral's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

Categories of financial instruments

SaskCentral classifies their financial instruments into categories that reflect characteristics of the financial instruments. The classification made can be seen in the table below:

	Classification as defined by IAS 39	Type of financial instrument
Financial assets	FVTPL	Held-for trading • Certain debt securities • Derivative assets
	Available-for-sale	Certain debt securities Equity securities
	Loans and receivables	Cash and cash equivalents Loans Trade and other receivables
Financial liabilities	FVTPL	Held-for-trading • Derivative liabilities
	Other financial liabilities	Deposits Loans payable Notes payable Trade and other payables

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized within interest income and interest expense in the consolidated statement of profit or loss using the effective interest method, except for short-term receivables and payables when the effect of discounting is immaterial. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, SaskCentral estimates future cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and basis points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income on held-for-trading securities is presented together with all other changes in the fair value of held-for-trading securities in gain on financial instruments.

Fee for service

Fee for service revenues are recognized over the period in which the related service is rendered.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid securities with a short maturity from the date of acquisition. They are subject to insignificant risk of changes in fair value and are used to manage short-term cash commitments.

Derivative financial instruments

SaskCentral enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, which include foreign exchange forward contracts. SaskCentral also enters into derivative transactions on an intermediary basis on behalf of credit unions. These derivatives are carried at fair value on a gross basis as derivative assets and liabilities. Further details of derivative financial instruments are disclosed in note 9.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are reported at cost less accumulated depreciation and impairment losses. Land is not amortized.

Depreciation is recognized using the straight-line method over the estimated useful life of the item of property, plant and equipment. Depreciation is discontinued when the residual value is equal to or greater than the net carrying value of a depreciable asset. The residual value of an asset is the estimated amount that would be currently obtained from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The applicable depreciation periods are as follows:

Building	40 years
Building improvements	5 to 35 years
Furniture and equipment	3 to 20 years

Depreciation methods, residual values and estimates of useful lives are reviewed at the end of each reporting period, with the effect of any changes being accounted for on a prospective basis.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to SaskCentral and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Day to day servicing costs of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses arising from disposal of property, plant and equipment are measured as the difference between the disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Investment property

Investment property is property held for long-term rental income or for capital appreciation or both, and that is not occupied by SaskCentral. Investment property may be partially occupied by SaskCentral with the remainder being held for rental income or capital appreciation. If the part of the property held for rental income can be sold separately, SaskCentral accounts for the portions separately. The portion that is owner-occupied is accounted for as property, plant and equipment and the portion that is held for rental income is accounted for as an investment property. In order to determine the percentage of the portions, SaskCentral uses the size of the property measured in square feet.

Investment property is carried at its cost less any accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the straight-line method over forty years, which is the estimated useful life of the investment property. Depreciation is discontinued when the residual value is equal to or greater than the net carrying value of a depreciable asset. Depreciation methods, residual values and estimates of useful lives are reviewed at the end of each reporting period, with the effect of any changes being accounted for on a prospective basis.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives ranging from three to five years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Amortization methods and estimates of useful lives are reviewed at the end of each reporting period, with the effect of any changes being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no further economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss when the asset is derecognized.

Impairment of non-financial assets

Non-financial assets such as property, plant and equipment, investment property and intangible assets and are reviewed to determine whether an impairment loss has occurred on the assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If an impairment loss is presumed to exist, a recoverable amount is estimated for the asset to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is assessed as the estimated future cash flows discounted to present value using a discount rate reflecting current market assessments of the time value of money and risks specific to the asset where future cash flows have not been adjusted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units).

If the estimated recoverable amount is less than the carrying amount, the carrying amount is reduced to the estimated recoverable amount. The difference between the recoverable and carrying amount is the impairment loss and the loss is recognized in profit or loss immediately.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date and when there is an indication that reversal of the impairment may have occurred. Upon reversal of an impairment loss the carrying amount is increased to the revised recoverable amount and the revised recoverable amount does not exceed the carrying amount had the impairment loss not been recognized in prior years. The reversal is recognized in profit or loss immediately. No non-financial assets were impaired in 2015 or 2014.

Taxation

Income tax expense represents current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit for the year before income taxes as reported in the consolidated statement of profit or loss because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. SaskCentral's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) Deferred 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 consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the consolidated balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

(b) Deferred tax (continued)

The principal temporary differences arise from depreciation of property, plant and equipment, effective interest method and carry-forward losses. Deferred income tax is not recognized for the following: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income, and differences relating to investments in subsidiaries to the extent SaskCentral is able to control the timing of the reversal of the temporary difference and to the extent that it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. A deferred tax asset is recognized for differences relating to investments in subsidiaries to the extent that it is probable that the temporary differences will reverse in the future and that future taxable profits will be available against which they can 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.

Deferred tax related to fair value re-measurement of available-for-sale securities, which are recognized in OCI, is also recognized in OCI and subsequently in the consolidated statement of profit or loss together with the deferred gains or losses.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but SaskCentral intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Employee Benefits

(a) Pension benefits

A defined contribution plan is a post-employment benefit plan under which SaskCentral pays fixed contributions into a separate entity. SaskCentral has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Contributions to a defined contribution plan that are due more than twelve months after the end of the reporting period in which the employees rendered the service are discounted to their present value at the reporting date.

(b) Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under SaskCentral's annual incentive compensation plan if SaskCentral has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized if, as a result of a past event, SaskCentral has a present legal or constructive obligation that can be estimated reliably, and it is probable that SaskCentral will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Dividends

SaskCentral records dividends to shareholders as a reduction in retained earnings, in the year in which they are declared.

New standards and interpretations not yet adopted

At December 31, 2015 a number of standards and interpretations, and amendments thereto have been issued by the International Accounting Standards Board (IASB), which are not effective for these consolidated financial statements. Those which could have an impact on SaskCentral's consolidated financial statements are discussed below.

Property, plant and equipment and intangible assets

The amendments to IAS 16, *Property, Plant and Equipment* (IAS 16) and IAS 38, *Intangible Assets: Clarification of Acceptable Methods for Depreciation and Amortization* (IAS 38), clarify that the use of revenue-based methods for calculating depreciation of an asset is not appropriate. The reason for the amendment is that revenue generated by activities that include the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments to IAS 16 and IAS 38 are not effective until annual periods beginning on or after January 1, 2016, with prospective application required. SaskCentral does not anticipate that the amendments to IAS 16 and IAS 38 would have a significant impact to its consolidated financial statements.

Acquisitions of Interests in Joint Operations

The amendments to IFRS 11, *Joint Arrangements* (IFRS 11) provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3, *Business Combinations*. The amendments to IFRS 11 are not effective until annual periods beginning on or after January 1, 2016. SaskCentral does not anticipate that the amendments to IFRS 11 would have significant impact to its consolidated financial statements.

Financial instruments

On July 24, 2014 the IASB issued the final version of IFRS 9, *Financial Instruments* (IFRS 9). IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Key requirements of IFRS 9:

All recognized financial assets that are within the scope of IAS 39 are to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely of principal and interest on the principal amount outstanding, are generally measured at fair value through OCI (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity instrument (that is not held-for-trading) in OCI, with only dividend income generally recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations not yet adopted (continued)

Financial instruments (continued)

With regard to the measurement of financial liabilities designated as at FVTPL, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mis-match in profit or loss. Changes in the fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

SaskCentral anticipates that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect to SaskCentral's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

Revenue from contracts with customers

IFRS 15, *Revenue from Contracts with Customers* (IFRS 15), is a new standard that addresses the recognition of revenue from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, *Revenue* (IAS 18), IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity instruments are no longer within the scope of IFRS 15. Instead they are within the scope of IAS 39 (or IFRS 9, once adopted).

The core principle of the new standard is the recognition of revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in the exchange for those goods or services. Specifically, IFRS 15 introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied (i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer). Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 was initially effective for annual periods beginning on or after January 1, 2017. In July 2015, the IASB approved the deferral of the effective date of IFRS 15. IFRS 15 is now effective for annual periods beginning on or after January 1, 2018. SaskCentral is currently evaluating the impact of the new standard on its consolidated financial statements.

SaskCentral did not early adopt any new or amended standards in 2015.

3. FINANCIAL RISK MANAGEMENT

The *Financial Management Policy* outlines risk management activities that support the maintenance of sufficient liquidity while ensuring capital adequacy. As a financial institution, SaskCentral is exposed to the following risks as a result of holding financial instruments: credit risk, market risk, and liquidity risk. The following is a description of these risks and how they are managed.

Credit risk

Credit risk arises from a counterparty's inability or unwillingness to fully meet its contractual obligations. The credit risk on securities and loans relates to principal and interest amounts. For derivatives, credit risk is the contract's replacement cost as opposed to its notional value.

SaskCentral manages credit risk by:

- Restricting the concentration of credit to issuer, issuer group, and industry
- Establishing prudent loan structuring, credit review and authorization processes
- Monitoring the quality of the credit portfolio ensuring conservative valuation and timely recognition of losses through specific loan impairment charges and securities write downs
- Providing new and annual reviews of issuers and industries for credit quality
- Limiting credit union loans
- Limiting the use of derivatives

SaskCentral's Board is responsible for approving the credit risk tolerances in the *Financial Management Policy* upon the recommendation of the Audit and Risk Committee. Compliance to this policy is presented to the Audit and Risk Committee on a semi-annual basis.

The Credit Committee, established by the Board and comprised of members of executive and senior management, has the authority to approve large loans. The Financial Management Advisory Committee, established by the Board and comprised of members of executive and senior management, has the authority to set credit risk strategies for the security portfolio within the risk tolerances in the *Financial Management Policy.*

The following reports, related to the management of credit risk, are provided to the SaskCentral Board:

- Monitored and Non-Productive Assets Report
- Large Lending Credits Report

The SaskCentral credit risk objectives, policies, and methodologies have not changed materially from December 31, 2014.

SaskCentral assumes credit risk in both the security and loan portfolios. In the securities portfolio SaskCentral supplements its internal credit analysis with industry recognized rating agency data (DBRS, Standard and Poor's, and Moody's). In the loans portfolio SaskCentral places primary reliance on internal risk ratings and a comprehensive review of the credit worthiness of the borrower. SaskCentral does not transact in credit derivatives.

in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

SaskCentral is exposed to credit related losses in the event of non-performance by the counterparties to derivative contracts. In determining the credit quality of derivative instruments both SaskCentral's own credit risk and the risk of the counterparty are considered elements of the credit quality.

Credit risk is measured by using a credit equivalent amount. The credit equivalent amount is derived from the sum of the positive replacement cost and the potential credit risk exposure which reflects the potential change in replacement cost in relation to the remaining term to maturity of the contract. Potential credit risk exposure is calculated in accordance with the capital adequacy guidelines as prescribed by OSFI.

SaskCentral's maximum exposure to credit risk, including undrawn commitments, without taking account of any collateral held or other credit enhancements is:

		2015 $	
	Amount outstanding	Undrawn commitments	Total
Cash and cash equivalents	70,573	-	70,573
Securities	2,054,862	-	2,054,862
Derivative assets	8,961	-	8,961
Loans	37,800	449,275	487,075
Investments in associates	246,214	-	246,214
Letters of credit and financial guarantees	36	-	36
Total Exposure	2,218,446	449,275	2,867,721

		2014 $	
	Amount outstanding	Undrawn commitments	Total
Cash and cash equivalents	70,244	-	70,244
Securities	1,906,201	-	1,906,201
Derivative assets	9,575	-	9,574
Loans	40,636	446,887	487,523
Investments in associates	230,683	-	230,683
Letters of credit and financial guarantees	36	-	36
Total Exposure	2,257,375	446,887	2,704,262

in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The following table summarizes the authorized credit exposures based on SaskCentral's internal risk rating for loans.

	2015 $	2014 $
Low risk		
Risk rating 1	475,977	474,358
Risk rating 2	1,000	1,000
Standard monitoring		
Risk rating 3	-	-
Risk rating 4	8,611	-
Special monitoring		
Risk rating 5	-	11,582
Default		
Risk rating 6	-	-
Risk rating 7	-	-
Total Exposure	485,588	486,940

The following table summarizes the risk rating based on recognized rating agency data for FVTPL securities at carrying value.

	2015 $	2014 $
A	23,444	22,804
Unrated	488	471
Total Exposure	23,932	23,275

The following table summarizes the risk rating based on recognized rating agency data for available-for-sale securities at carrying value.

	2015 $	2014 $
AAA/R1H	655,468	727,257
AA/R1M	591,551	578,885
A/R1L	700,170	514,246
BBB/R2H	63,611	40,668
Co-operatives	11,746	13,406
Total Exposure	2,022,546	1,874,462

Refer to note 8 for information on the credit quality performance of the security portfolio and note 10 for information on the credit quality performance of the loan portfolio.

in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Concentrations of credit risk indicate relative sensitivity of performance to developments affecting a particular industry or geographic region. The following table summarizes the authorized credit exposures associated with financial instruments by industry.

Credit risk exposure by industry:

	2015 $	2014 $
Automobile financing	36,710	41,434
Banking (Schedule 1)	813,280	739,829
Banking (Schedule 2 and Schedule 3)	-	3,500
Credit card issuing/financing	39,027	46,273
Diversified holdings	6,985	9,451
Information	10,038	10,196
Insurance carriers and related activities	1,797	1,797
Local credit union	386,306	384,489
Manufacturing	33,730	25,279
Master asset vehicles (MAV)	23,932	23,275
Mining & oil and gas extraction	5,075	18,274
Other non-depository (co-operatives)	401,816	389,791
Public administration (federal, provincial, and municipal government)	977,304	921,324
Real estate	30,901	4,808
Rental & leasing services	15,110	13,504
Retail trade	14,860	10,290
Transportation and warehousing	45,269	47,899
Utilities	15,829	10,600
Wholesale trade	9,752	2,248
Total Exposure	2,867,721	2,704,262

Market risk

Market risk arises from three components:

- Interest rate risk which results from movements in interest rates. This risk primarily results from timing differences in the re-pricing of assets and liabilities as they mature or are contractually re-priced;
- Price risk which results from changes in the market price of an asset or liability; and
- Foreign exchange risk which results from movements in foreign exchange rates.

SaskCentral manages market risk by:

- Acquiring assets which are marketable with minimal risk of price fluctuation
- Establishing market risk limits
- Monitoring exposure and simulating the impact of interest rate changes
- Monitoring exposure to changes in foreign exchange rates
- Undertaking stress testing

in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

SaskCentral's Board is responsible for approving the market risk tolerances in the *Financial Management Policy* upon the recommendation of the Audit and Risk Committee. Compliance to these policies is presented to the Audit and Risk Committee on a semi-annual basis. These policies outline maximum limits for the exposure of net interest income and the economic value of equity to market risk.

The Financial Management Advisory Committee has the authority to set market risk strategies for the balance sheet within the risk tolerances in the *Financial Management Policy*. In addition, this committee monitors the monthly simulation of the impact of interest rate changes to ensure market risk levels remain within policy and strategy parameters, and reviews derivative holdings.

The SaskCentral market risk objectives and methodologies have not changed materially from December 31, 2014.

The market risk position is measured on a monthly basis. Measurement of risk is based upon key assumptions such as future interest rate movements, asset growth, and funding mix. The short term (next 12 months) risk position is assessed by measuring both the impact of an immediate 100 basis points (bp) shock and a 30% rate ramp scenario on the adjusted net interest income which is the net interest income adjusted for realized gains and losses on derivatives. The long term risk position is assessed by measuring both the impact of an immediate 100 bp shock and a 30% rate ramp scenario on the economic value of equity.

The following represents the SaskCentral market risk position:

	2015 $		2014 $	
	Adjusted net interest income	Economic value of equity	Adjusted net interest income	Economic value of equity
Impact of:				
100 bp increase in rates	**7.0%**	**(1.0%)**	4.6%	(1.0%)
100 bp decrease in rates	**(4.1%)**	**0.4%**	(3.2%)	0.8%
Impact of:				
30% rate ramp increase	**2.0%**	**(0.1%)**	2.5%	(0.2%)
30% rate ramp decrease	**(1.1%)**	**0.1%**	(0.7%)	0.3%

Interest rate risk

SaskCentral's exposure to interest rate risk is the risk of capital volatility due to changes in interest rates. This arises when assets and liabilities have different maturity profiles. Interest rate risk has the potential to affect capital strength. Capital volatility is managed by matching asset duration or cash flows to liability duration or cash flows. Interest rate derivatives may be used to manage the duration or cash flow mismatch. SaskCentral monitors interest rate changes monthly on a forecasted basis.

in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

SaskCentral evaluates interest rate risk by determining the financial impact under a variety of scenarios. SaskCentral limits the impact of interest rate changes so that an immediate 100 bp change in the interest rate will not negatively affect the economic value of equity by more than 10% or projected annual net interest income by more than 10% and a 30% rate ramp scenario will not negatively affect the economic value of equity by more than 10% one year forward or projected annual net interest income by more than 10%. SaskCentral's interest rate sensitivity to a 100 bp fluctuation in interest rates over the next 12 months would be as outlined in the following table:

	2015 $		2014 $	
	Profit (loss) for the year	**Other comprehensive (loss) income**	**Profit (loss) for the year**	**Other comprehensive (loss) income**
Impact of:				
100 bp increase in rates	**11,366**	**(4,058)**	11,319	(3,864)
100 bp decrease in rates	**(10,191)**	**3,977**	(10,461)	3,787

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument, including derivatives, will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. SaskCentral's most significant other price risk relates to its holdings of asset-backed commercial paper (ABCP) as described in note 8. SaskCentral manages its other price risk by adhering to the *Financial Management Policy*.

Liquidity risk

Liquidity risk arises from the inability to generate or obtain necessary cash or cash equivalents in a timely manner, at a reasonable price, to meet commitments as they become due, without incurring unacceptable losses.

Liquidity risk specific to the role of SaskCentral as operating liquidity manager is managed by:

- Investing in a stock of high quality liquid assets
- Ensuring liquidity funding sources are sufficient to meet the requirements for normal operating mode, emergency operating mode, and bridge operations
- Complying with the requirements arising from the Group Clearing Agreement
- Maintaining a Liquidity Crisis Management Plan, including funding plans, and disseminating to credit unions
- Undertaking stress testing to assist in identifying, measuring and controlling liquidity risks and assessing liquidity sufficiency in case of both internal and market-wide stress events
- Maintaining an investment grade rating of R1-low
- Leading engagement with credit unions regarding liquidity processes and practices

The assessment of the liquidity position reflects management's estimates, assumptions, and judgments relative to current and future company specific operations and market conditions.

The SaskCentral Board is responsible for approving the liquidity risk tolerances in the *Financial Management Policy* upon the recommendation of the Audit and Risk Committee. Compliance to these policies is presented to the Audit and Risk Committee on a semi-annual basis.

in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The Financial Management Advisory Committee has the authority to set liquidity risk strategies for the balance sheet within the risk tolerances in the *Financial Management Policy*. In addition, this committee reviews compliance to mandatory liquidity requirements and monitors the liquidity position and projections, including the results of stress testing.

In the normal course of business SaskCentral enters into contracts that give rise to commitments of future minimum payments which affect liquidity.

The following table provides a summary of the SaskCentral primary future contractual funding commitments.

	2015 $				
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Loans payable	57,909	-	-	-	57,909
Notes payable	14,995	-	-	-	14,995
Total Exposure	72,904	-	-	-	72,904

	2014 $				
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Loans payable	57,651	-	-	-	57,651
Notes payable	14,992	-	-	-	14,992
Total Exposure	72,643	-	-	-	72,643

The SaskCentral liquidity risk objectives and policies have not changed materially from December 31, 2014. SaskCentral uses two metrics to monitor liquidity risk: the Liquidity Coverage Ratio (LCR) and a liquidity score. The LCR is modeled after the May 2014 Liquidity Adequacy Requirements (LAR) Guideline published by the Office of the Superintendent of Financial Institutions (OSFI). This guideline does not apply to SaskCentral; however, SaskCentral has incorporated the LAR principles in the LCR. The LCR is the ratio of liquid assets over potential outflows over five days based on a combined view of Saskatchewan credit unions and SaskCentral. The policy limit describes an LCR of 150% or better. The LCR was 201% at December 31, 2015 (2014 – 190%).

SaskCentral also evaluates liquidity quality of investments using the liquidity score. The liquidity score is an internal rating system developed by all Group Clearing participants. Ratings range from 0 to 4 with 0 indicating the investment is illiquid and 4 indicating the investment can be sold immediately to any dealer. The policy limit describes a liquidity score of 3.0 or better. The liquidity score was 3.3 at December 31, 2015 (2014 – 3.3).

in thousands of Canadian dollars

4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Some of SaskCentral's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value of financial assets and financial liabilities measured at fair value on recurring basis

Instrument	Fair value as at 2015 $	Fair value as at 2014 $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets					
Available-for-sale securities					
Government					
Federal	**594,685**	556,655	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg.	N/A
Provincial	**372,370**	360,839	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg.	N/A
Municipal	**3,752**	3,829	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg.	N/A
Corporate					
Corporate debt	**256,300**	213,313	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg.	N/A
Asset backed securities (ABS)	**5,986**	8,452	Level 2	Discounted cash flow. Future cash flows are determined based on coupon rates ranging from 1.12% to 1.22% that reflect a combination of collateralized debt obligation (CDO) and commercial mortgage backed security (CMBS) rates with similar maturity dates and characteristics. Discount rates ranging from of 1.00% to 1.03% estimated using market comparable rates from Bloomberg.	N/A
Central 1 Credit Union (Central 1) subordinated debentures	**5,783**	5,852	Level 2	Discounted cash flow. Future cash flows are determined based on coupon rates ranging from 0.88% to 2.21% that reflect a three month CDOR rate with similar maturity dates and characteristics plus an adjustment of 10 bps. Discount rates ranging from 1.00% to 1.12%, estimated using market comparable rates from Bloomberg.	N/A

in thousands of Canadian dollars

4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Fair value of financial assets and financial liabilities measured at fair value on recurring basis (continued)

Instrument	Fair value as at 2015 $	Fair value as at 2014 $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets (continued)					
Available-for-sale securities (continued)					
Credential Financial subordinated debentures	**581**	576	Level 2	Discounted cash flow. Future cash flows are determined based on a fixed coupon rate of 5.13%. Discount rates ranging from 1.01% to 1.15%, estimated using market comparable rates from Bloomberg.	N/A
Credential Securities subordinated debentures	**660**	659	Level 2	Discounted cash flow. Future cash flows are determined based on a fixed coupon rate of 4.05%. Discount rate of 1.01% estimated using market comparable rates from Bloomberg.	N/A
Chartered banks	**777,707**	717,968	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg.	N/A
Co-operatives [(1)]	**660**	2,224	Level 2	Fair value determined by obtaining bid price from independent third party.	N/A
FVTPL securities					
MAV [(2)]	**23,932**	23,275	Level 3	Discounted cash flow. Future cash flows based on a coupon rate ranging from 0.59% to 0.78% that reflects a CDOR and a CDX rate with similar maturity dates and similar characteristics.	Discount rate of 3.29% calculated using the coupon rate plus a credit spread and liquidity discount. The higher the discount rate, the lower the fair value.
Derivative assets					
Index-linked term deposits	**8,321**	15,639	Level 2	Discounted cash flow. Future cash flows are estimated based on observable market inputs (third party quotes, pricing on trading venues and prices for comparable transactions) and a discount rate derived from relevant market inputs for each asset class.	N/A

[(1)] Certain co-operative securities with a carrying value at December 31, 2015 of $4,062 (2014 - $4,095) are not included in this note as these securities are carried at cost because a quoted price in an active market is not available and the fair value cannot be reliably measured.
[(2)] If the above unobservable input to the valuation were 1% higher/lower while all other variables were held constant, the varying amount of MAV securities would decrease/increase by $126/$261.

in thousands of Canadian dollars

4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Fair value of financial assets and financial liabilities measured at fair value on recurring basis (continued)

Instrument	Fair value as at 2015 $	Fair value as at 2014 $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial liabilities					
Derivative assets (continued)					
Foreign exchange contracts	**12**	4	Level 2	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates and contract forward rates.	N/A
Derivative liabilities					
Foreign exchange contracts	**-**	4	Level 2	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates and contract forward rates.	N/A
Index-linked term deposits	**8,321**	15,639	Level 2	Discounted cash flow. Future cash flows are estimated based on observable market inputs (third party quotes, pricing on trading venues and prices for comparable transactions) and a discount rate derived from relevant market inputs for each asset class.	N/A

SaskCentral's policy is to recognize transfers into and transfer out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the year, the valuation method of MAV securities was changed from a market comparable approach using multiple broker-quoted prices to a discounted cash flow method. As a result, SaskCentral transferred MAV securities with a carrying value of $23,275 at the date of the transfer from Level 2 into Level 3. There have been no transfers between Level 1 and 2.

Reconciliation of Level 3 fair value measurements

	2015 $	2014 $
Level 3, beginning of year	**-**	22,326
Transfer in from Level 2	**23,275**	-
Total gains (losses)		
In profit or loss	**657**	961
In OCI	**-**	-
Issuances	**-**	-
Sales/settlements	**-**	-
Principal payments	**-**	(12)
Transfer out of Level 3	**-**	(23,275)
Level 3, end of year	**23,932**	-
Total gains for the period included in profit or loss for assets held at the end of the reporting period	**657**	961

in thousands of Canadian dollars

4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Fair value of financial assets and liabilities not measured at fair value on recurring basis (but fair value disclosures are required)

Except as detailed in the following table, SaskCentral considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair value.

	Carrying value as at		Fair value as at			
	2015 $	2014 $	2015 $	2014 $	Fair value hierarchy	Valuation technique(s)
Financial assets						
Credit union loans – fixed interest rate[1]	**14,970**	14,975	**14,997**	14,976	Level 2	Discounted cash flows based on current market rates of interest for similar lending.
Commercial loans	**3,620**	4,093	**3,627**	4,099	Level 2	
Financial liabilities						
Deposits	**1,926,524**	1,790,716	**1,950,345**	1,805,083	Level 2	Discounted cash flows based on current market rates of interest for similar maturities.
Loans payable	**57,909**	57,649	**57,905**	57,649	Level 2	
Notes payable	**14,995**	14,992	**14,995**	14,995	Level 2	

[1] The fair value of variable interest rate credit union loans approximates the carrying value of $19,210 (2014 - $21,568).

5. CAPITAL MANAGEMENT

SaskCentral manages and monitors capital from several perspectives, including regulatory capital requirements and operational capital requirements.

Regulatory capital is allocated to two tiers: Tier 1 and Tier 2. Tier 1 regulatory capital comprises the more permanent components of capital and consists of share capital and retained earnings, excluding accumulated other comprehensive income. Tier 2 regulatory capital consists of subordinated debentures, less any amortization on the subordinated debentures as required by the OSFI. Total regulatory capital is defined as the sum of Tier 1 and Tier 2 regulatory capital, less substantial investments and assets of little or no realizable value.

SaskCentral manages its capital by monitoring, on a quarterly basis, a number of regulatory requirements as prescribed by OSFI and by internal Board and operational policies. Annually, SaskCentral develops a five year capital plan that is reviewed with the Audit and Risk Committee. This capital plan discusses the components of capital, the assumptions and risk factors, the capital and financial position, and provides alternatives to support organizational growth.

The Borrowing Multiple is an important measure for SaskCentral as it determines the level of borrowings to total regulatory capital or the leverage in the organization. Total borrowings are comprised of total deposits, notes payable, loans payable and liabilities related to derivative contracts, excluding index-linked term deposits. The Borrowing Multiple is not to exceed 20.0 times total borrowings as prescribed by OSFI. Internal board policy for this ratio is set at 17.0 times. During the year, SaskCentral increased the management limit on the Borrowing Multiple to 16.0 (2014 – 14.0) times.

in thousands of Canadian dollars

5. CAPITAL MANAGEMENT (continued)

Throughout the year, SaskCentral has been in compliance with OSFI prescribed capital adequacy requirements, board policy capital requirements, and internally imposed operational capital targets.

	2015 $	2014 $
Capital		
Tier 1 and Tier 2 regulatory capital	**394,396**	372,213
Less deductions:		
Substantial investments	**241,837**	225,425
Assets of little value	**1,166**	705
Total borrowing multiple capital	**151,393**	146,083
Borrowing multiple	**13.2:1**	12.8:1

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, profits and losses during the reporting period. Accordingly, actual results may differ from those estimates. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgments are evaluated on a continuous basis, and are based on historical experience and other factors, including expectations with regard to future events. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments that management have made in the process of applying SaskCentral's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Allowances for impairment

SaskCentral reviews its asset portfolio to assess impairment on an annual basis. In determining whether an impairment loss should be recorded in the consolidated statement of profit or loss, SaskCentral makes judgments as to whether there is any observable evidence to suggest impairment may exist before the decrease can be identified in the asset portfolio.

This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the portfolios. Note 28 provides details on a loan provision recovery received in 2015. There were no allowances for impairment in 2015.

Significant influence over Concentra Financial

Note 11 describes that Concentra Financial is an associate of SaskCentral even though SaskCentral owns 84.3% (2014 – 84.3%) of the non-voting Class A shares and 47% (2014 – 47%) of the voting membership shares of Concentra Financial. Section 52 of the CCAA prohibits Concentra Financial from being controlled by SaskCentral. The CCAA requires that Concentra Financial can only be controlled by another association and SaskCentral is not an association. SaskCentral has significant influence over Concentra Financial by virtue of its right to appoint seven out of fifteen members of the Concentra Financial Board of Directors. Also, SaskCentral is limited to a 30% or 50% vote on special resolutions brought to the members. Finally, SaskCentral is limited to one vote out of 235 member votes on ordinary resolutions brought to the members. Management has concluded that due to the lack of substantive rights to power, SaskCentral does not control Concentra Financial. SaskCentral cannot control the relevant activities of Concentra Financial as these decisions are made at the Board of Director and/or member level.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Critical judgments in applying accounting policies (continued)

Significant influence over Celero Solutions

Note 11 describes that SaskCentral has significant influence over Celero Solutions by virtue of its 31.4% (2014 – 31.4%) interest in Celero Solutions. Refer to note 34 for details on a subsequent event relating to Celero Solutions. SaskCentral has the right to appoint two out of seven (28.6%) members of the Celero Solutions Management Committee. Management has concluded that due to the lack of unanimous consent required to make decisions regarding relevant activities, SaskCentral does not have joint control over Celero Solutions. However, since SaskCentral has 28.6% of the voting power of Celero Solutions, management has concluded that SaskCentral has significant influence over Celero Solutions.

Control of CUVentures LP

Note 31 describes that CUVentures LP is a subsidiary of SaskCentral as a result of SaskCentral's 100% (2014 – 100%) ownership of CUVentures Inc., the General Partner. In addition, SaskCentral has the power to appoint and remove two out of two directors of CUVentures Inc. SaskCentral also owns 81.22% (2014 - 81.22%) of the partnership units of CUVentures LP. Management has concluded that SaskCentral has control over CUVentures LP since SaskCentral has 100% of the voting power of CUVentures Inc., who has the full power and authority to make all decisions on behalf of CUVentures LP.

Significant influence over Saskatchewan Entrepreneurial Fund Joint Venture

CUVentures LP has 100% ownership of Saskatchewan Entrepreneurial Fund Limited Partnership (SEF LP), which has a 45.45% share in Saskatchewan Entrepreneurial Fund Joint Venture (SEF JV). Note 11 describes that SaskCentral has significant influence over SEF JV by virtue of SEF LP's 45.45% (2014 – 45.45%) interest in SEF JV. SaskCentral has the ability to appoint two out of five members (40%) to the Executive Committee of SEF JV. Management has concluded that due to the lack of unanimous consent required to make decisions, SaskCentral does not have joint control of SEF JV. However, since SaskCentral has 40% of the voting power of SEF, through CUVentures LP, management has concluded that SaskCentral has significant influence over SEF.

Classification of CUPS Payment Services as a joint operation

Note 32 describes that CUPS Payment Services (CUPS) is a joint operation by virtue of SaskCentral's 50% interest in the joint arrangement in which unanimous consent is required for decision making. The remaining 50% interest in CUPS is owned by Alberta Central. CUPS is an unincorporated joint operation structured through a separate vehicle with a contractual arrangement. This separate vehicle is an unincorporated joint venture and is not seen as a separate entity under law. An unincorporated joint venture does not offer limited liability and the assets and liabilities held in the separate vehicle are regarded legally as the assets and liabilities of SaskCentral and Alberta Central based on their proportionate share in the joint operation. The legal form of the contractual arrangement gives SaskCentral and Alberta Central rights to the assets and obligations for the liabilities, in proportion to their proportionate share in the joint operation. The contractual agreement between SaskCentral and Alberta Central states that the gross revenues, expenses, income and losses of the joint operation shall belong to, be owned by and borne exclusively by SaskCentral and Alberta Central in proportion to their proportionate share in the joint operation. Management has concluded that CUPS is a joint operation due to the fact that both SaskCentral and Alberta Central share proportionately the rights to the assets, obligations to the liabilities and share of profits or losses of CUPS.

in thousands of Canadian dollars

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes

Some of SaskCentral's financial assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, SaskCentral uses market-observable data to the extent it is available. Where Level 1 inputs are not available, SaskCentral utilizes valuation techniques, such as discounted cash flow models, or observable data from sources such as Bloomberg, to calculate the fair value of assets and liabilities. Where valuation techniques such as models are used to determine fair values, they are validated and periodically reviewed. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 4 and 13.

Income taxes

The deferred income tax liability recognized at December 31, 2015 is based on future profitability assumptions over a five year horizon. In the event of changes to these profitability assumptions, the deferred income tax liability recognized may be adjusted.

7. CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash and balances with Central 1	**35,323**	37,136
Cash and balances with banks	**11,147**	9,869
Cash equivalents	**24,103**	23,239
	70,573	70,244

8. SECURITIES

SaskCentral's securities portfolio is comprised of a large number of securities carrying a variety of terms and conditions. Approximately 70.8% (2014 – 71.9%) of the portfolio bears interest at fixed rates and pays interest semi-annually and/or upon maturity. The remainder of the portfolio earns interest at variable rates and pays interest monthly or quarterly, provides a return of dividends over varying periods of time or provides an index-linked return.

in thousands of Canadian dollars

8. SECURITIES (continued)

The maturity dates and weighted average effective interest rates for the securities portfolio are as follows:

	2015 $					
	Term to maturity					
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity	Total
Available-for-sale						
Government						
Federal						
Fair value	13,509	87,101	484,075	10,000	-	594,685
Amortized cost	13,501	86,670	480,914	10,012	-	591,097
Yield [1]	0.93%	1.27%	1.17%	1.00%		1.18%
Provincial						
Fair value	26,080	24,649	321,641	-	-	372,370
Amortized cost	26,085	24,645	321,299	-	-	372,029
Yield [1]	0.58%	0.79%	1.07%			1.02%
Municipal						
Fair value	-	-	3,752	-	-	3,752
Amortized cost	-	-	3,715	-	-	3,715
Yield [1]			1.53%			1.53%
Corporate						
Corporate debt [2]						
Fair value	28,721	46,334	182,848	4,383	-	262,286
Amortized cost	28,714	46,229	181,551	4,374	-	260,868
Yield [1]	1.45%	1.83%	2.04%	2.02%		1.94%
Chartered banks						
Fair value	71,629	158,749	532,857	14,472	-	777,707
Amortized cost	71,612	158,025	526,422	14,299	-	770,358
Yield [1]	1.64%	1.85%	2.09%	2.43%		2.00%
Co-operatives						
Fair value	-	660	581	5,783	4,722	11,746
Amortized cost	-	656	573	6,000	4,722	11,951
Yield [1]				0.85%		0.42%
Total fair value	139,939	317,493	1,525,754	34,638	4,722	2,022,546
Total amortized cost	139,912	316,225	1,514,474	34,685	4,722	2,010,018
FVTPL						
Master asset vehicle						
Fair value	-	23,932	-	-	-	23,932
Total carrying value						2,046,478
Accrued interest						8.384
						2,054,862

[1] *represents weighted average effective interest rates based on year-end carrying values*
[2] *corporate debt includes: commercial paper and medium-term notes*

in thousands of Canadian dollars

8. SECURITIES (continued)

	2014 $					
	Term to maturity					
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity	Total
Available-for-sale						
Government						
Federal						
Fair value	45,082	83,209	417,950	10,414	-	556,655
Amortized cost	45,057	82,817	415,453	10,400	-	553,727
Yield [1]	1.30%	1.89%	1.48%	1.24%		1.52%
Provincial						
Fair value	23,061	47,140	290,638	-	-	360,839
Amortized cost	22,992	47,001	289,026	-	-	359,019
Yield [1]	2.70%	1.57%	1.46%			1.55%
Municipal						
Fair value	-	-	3,829	-	-	3,829
Amortized cost	-	-	3,825	-	-	3,825
Yield [1]			1.53%			1.53%
Corporate						
Corporate debt [2]						
Fair value	-	43,576	178,189	-	-	221,765
Amortized cost	-	43,513	177,329	-	-	220,842
Yield [1]		1.73%	2.14%			2.06%
Chartered banks						
Fair value	21,035	92,700	599,120	5,113	-	717,968
Amortized cost	21,015	92,335	594,847	4,999	-	713,196
Yield [1]	2.20%	2.12%	2.16%	2.86%		2.16%
Co-operatives						
Fair value	-	-	-	5,852	7,554	13,406
Amortized cost	-	-	-	6,000	7,476	13,476
Yield [1]				1.38%		0.60%
Total fair value	89,178	266,625	1,489,726	21,379	7,554	1,874,462
Total amortized cost	89,064	265,666	1,480,480	21,399	7,476	1,864,085
FVTPL						
Master asset vehicle						
Fair value	-	-	22,804	471	-	23,275
Total carrying value						1,897,737
Accrued interest						8,464
						1,906,201

[1] represents weighted average effective interest rates based on year-end carrying values
[2] corporate debt includes: commercial paper, medium-term notes

in thousands of Canadian dollars

8. SECURITIES (continued)

Unrealized gains and losses on available-for-sale securities

	2015 $			
	Amortized cost	**Unrealized gains**	**Unrealized losses**	**Fair value**
Government	966,841	6,131	(2,165)	970,807
Corporate	1,043,177	9,451	(889)	1,051,739
	2,010,018	15,582	(3,054)	2,022,546

	2014 $			
	Amortized cost	**Unrealized gains**	**Unrealized losses**	**Fair value**
Government	916,571	4,810	(58)	921,323
Corporate	947,514	6,134	(509)	953,139
	1,864,085	10,944	(567)	1,874,462

MAV, which consist of pools of assets, issued notes on January 19, 2009, to replace non-bank sponsored or third party ABCP which had experienced a liquidity event or market disruption in 2007. During the year SaskCentral received $215 (2014 - $270) of principal and interest payments on the MAV notes held. The fair value of MAV notes held at December 31, 2015 is $23,932 (2014 - $23,275).

9. DERIVATIVE ASSETS AND LIABILITIES

Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, equity instrument or index.

Derivative contracts are expressed in notional amounts. The notional amounts, which are off-balance sheet, do not represent amounts exchanged and, thus, are not a measure of SaskCentral's exposure through the use of derivatives. The notional amount is the reference amount used to determine the payment required by contract and is a common measure of business volume.

Foreign exchange forward contracts are contractual obligations to buy or sell one currency against another, for settlement on the day the contract expires. A forward contract manages the risk of fluctuating exchange rates by locking in a current price for a transaction that will take place in the future. Exposure is managed through entering into forward contracts.

Index-linked term deposits are contractual agreements between SaskCentral and participating credit unions, where credit union member's returns are linked to an underlying basket of stocks or indices. The return is generated through the use of a derivative specific to each product offering. SaskCentral is party to these transactions by facilitating the transactions, providing treasury expertise, and directing settlement with each participating credit union.

Derivatives currently held or issued are for non-trading purposes. These derivatives are used in managing SaskCentral's asset/liability activities and include investing and hedging activities.

in thousands of Canadian dollars

9. DERIVATIVE ASSETS AND LIABILITIES (continued)

Notional amounts and term to maturity

2015 $	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Foreign exchange contracts	-	125	-	-	125
Index-linked term deposits	11,906	14,716	92,049	-	118,671
	11,906	14,841	92,049	-	118,796

2014 $	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Foreign exchange contracts	143	141	-	-	284
Index-linked term deposits	21,421	18,551	89,695	-	129,667
	21,564	18,692	89,695	-	129,951

Fair value of derivative instruments

	2015 $		2014 $	
	Positive	Negative	Positive	Negative
Foreign exchange contracts	12	-	4	4
Index-linked term deposits	8,321	8,321	15,639	15,639
	8,333	8,321	15,643	15,643

Amounts Expected to be Recovered or Settled

	2015 $		2014 $	
	Positive	Negative	Positive	Negative
Within 12 months	1,888	1,876	5,048	5,048
After 12 months	6,445	6,445	10,595	10,595
	8,333	8,321	15,643	15,643

SaskCentral does not make any representations as to the derivative transactions related to the manufacturing of the index-linked term deposits, or the return of the derivative. SaskCentral has no payment obligation beyond that which it receives on the derivative, and is not responsible should any loss occur.

in thousands of Canadian dollars

10. LOANS

	2015 $	2014 $
Credit union	**34,172**	36,528
Commercial loans	**3,611**	4,082
	37,783	40,610
Accrued interest	**17**	26
	37,800	40,636

Approximately 60.40% (2014 – 53.11%) of the total loan portfolio bears interest at variable rates.

The repricing dates, which approximate maturity dates, and weighted average effective interest rates for the loan portfolio are as follows:

	2015				
	Within 3 months	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
Credit union					
Amortized cost ($)	**34,172**	-	-	-	**34,172**
Rate (%)	**1.99%**				**1.99%**
Commercial loans					
Amortized cost ($)	**3,611**	-	-	-	**3,611**
Rate (%)	**2.70%**				**2.70%**
Amortized cost	**37,783**	-	-	-	**37,783**

	2014				
	Within 3 months	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
Credit union					
Amortized cost ($)	36,528	-	-	-	36,528
Rate (%)	2.19%				2.19%
Commercial loans					
Amortized cost ($)	4,082	-	-	-	4,082
Rate (%)	3.00%				3.00%
Amortized cost	40,610	-	-	-	40,610

in thousands of Canadian dollars

11. INVESTMENTS IN ASSOCIATES

Concentra Financial

At December 31, 2015, SaskCentral owns 84.3% (2014 – 84.3%) of the non-voting Class A shares and 47% (2014 – 47%) of the voting membership shares of Concentra Financial. Concentra Financial provides financial intermediation and trust services to Canadian credit unions and associated commercial and retail customers. Concentra Financial's registered place of business is Saskatoon, Saskatchewan.

Celero Solutions

At December 31, 2015, SaskCentral has a 31.4% (2014 – 31.4%) interest in Celero Solutions, an arrangement between SaskCentral, Alberta Central and Manitoba Central for the purpose of providing information technology (IT) services including developing new IT services and providing technology-based products. Refer to note 34 for details on a subsequent event relating to Celero Solutions. Celero Solutions' registered place of business is Calgary, Alberta.

SEF JV

At December 31, 2015, SaskCentral has a 45.45% (2014 – 45.45%) interest in SEF JV, which was created to undertake and carry out the investment and deployment of capital to small and mid-sized businesses in Saskatchewan requiring less than $1 million in capital. SEF JV's principal place of business is Regina, Saskatchewan.

SaskCentral accounts for the above investments in associates using the equity method in these consolidated financial statements. Related party transactions for these investees, if any, are disclosed in note 29.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by SaskCentral is as follows:

2015
$

	Assets	Liabilities	Revenue	Profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
Concentra Financial	7,799,706	7,374,901	232,154	25,301	(1,728)	23,573
Celero Solutions	39,169	26,872	82,868	4,404	-	4,404
SEF JV	2,547	181	69	(140)	-	(140)
	7,841,422	7,401,954	315,091	29,565	(1,728)	27,837

2014
$

	Assets	Liabilities	Revenue	Profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)
Concentra Financial	6,746,485	6,452,119	218,678	23,207	(3,014)	20,193
Celero Solutions	41,545	30,533	78,806	3,063	-	3,063
SEF JV	3,318	175	229	(136)	-	(136)
	6,791,348	6,482,827	297,713	26,134	(3,014)	23,120

in thousands of Canadian dollars

11. INVESTMENTS IN ASSOCIATES (continued)

A reconciliation of the Concentra Financial's financial information to the carrying amount of SaskCentral's interest in Concentra Financial recognized in the consolidated financial statements is provided below.

2015	Concentra Financial Equity Components $	%	SaskCentral's Carrying Amount $
Ending share capital	248,232		
Concentra shares held by other Class A shareholders	(15,177)		
Concentra shares held by Class B shareholders	(3,990)		
Concentra shares held by Class D shareholders	(110,987)		
Concentra shares held by other member shareholders	(18)		
SaskCentral's portion of share capital	118,060		118,060
Ending retained earnings	174,318		
Accumulated other comprehensive income	2,255		
Retained earnings at date of asset transfer (January 1, 2005) [(1)]	(22,628)	55.76%	12,617
Dividend on 2005 earnings [(1)]	2,579	55.76%	(1,438)
Retained earnings attributable to Class A shareholders	156,524	84.30%	131,950
			261,189
Goodwill			(19,248)
Other adjustments			(687)
Carrying amount of SaskCentral's investment in Concentra Financial			241,254

2014	Concentra Financial Equity Components $	%	SaskCentral's Carrying Amount $
Ending share capital	137,245		
Concentra shares held by other Class A shareholders	(15,177)		
Concentra shares held by Class B shareholders	(3,990)		
Concentra shares held by other member shareholders	(18)		
SaskCentral's portion of share capital	118,060		118,060
Ending retained earnings	153,138		
Accumulated other comprehensive income	3,983		
Retained earnings at date of asset transfer (January 1, 2005) [(1)]	(22,628)	55.76%	12,617
Dividend on 2005 earnings [(1)]	2,579	55.76%	(1,438)
Retained earnings attributable to Class A shareholders	137,072	84.30%	115,552
			244,791
Goodwill			(19,248)
Other adjustments			236
Carrying amount of SaskCentral's investment in Concentra Financial			225,779

(1) On January 1, 2005, a significant portion of SaskCentral's financial assets and financial liabilities were transferred to Concentra Financial. In exchange for net assets transferred, SaskCentral received additional non-voting Class A shares. As a result, in 2005, SaskCentral's ownership interest at January 1, 2005 was 55.76%. SaskCentral's portion of non-voting Class A dividend received from Concentra Financial in 2005 was 55.76%, or $1,438.

in thousands of Canadian dollars

11. INVESTMENTS IN ASSOCIATES (continued)

A reconciliation of Celero Solutions and SEF JV's financial information to the carrying amount of SaskCentral's interest in associates recognized in the consolidated financial statements is provided below.

	2015 $	
	Celero Solutions	SEF JV
Net assets of the associate	12,297	2,366
Proportion of SaskCentral's ownership interest	31.40%	45.45%
	3,861	1,075
Other adjustments	23	1
Carrying amount of SaskCentral's interest in associates	**3,884**	**1,076**

	2014 $	
	Celero Solutions	SEF JV
Net assets of the associate	11,012	3,143
Proportion of SaskCentral's ownership interest	31.40%	45.45%
	3,458	1,428
Other adjustments	18	-
Carrying amount of SaskCentral's interest in associates	3,476	1,428

During the period, SaskCentral received the following distributions from its investments in associates:

	2015 $	2014 $
Concentra Financial	**4,492**	3,369
Celero Solutions	**979**	243
SEF JV	**273**	1,140
	5,744	4,752

in thousands of Canadian dollars

12. PROPERTY, PLANT AND EQUIPMENT

2015 $	Land	Building	Furniture and equipment	Total
Cost				
Balance as at January 1	859	10,875	4,516	16,250
Additions	-	1,474	473	1,947
Disposals	-	-	(74)	(74)
Transfers	-	(399)	399	-
Ending Balance as at December 31	859	11,950	5,314	18,123
Accumulated Depreciation				
Balance as at January 1	-	7,280	3,935	11,215
Depreciation charges	-	357	326	683
Disposals	-	-	(72)	(72)
Transfers	-	-	-	-
Ending Balance as at December 31	-	7,637	4,189	11,826
Carrying Value as at December 31	859	4,313	1,125	6,297

2014 $	Land	Building	Furniture and equipment	Total
Cost				
Balance as at January 1	859	10,351	4,504	15,714
Additions	-	631	606	1,237
Disposals	-	(437)	(264)	(701)
Transfers	-	330	(330)	-
Ending Balance as at December 31	859	10,875	4,516	16,250
Accumulated Depreciation				
Balance as at January 1	-	7,314	4,002	11,316
Depreciation charges	-	348	252	600
Disposals	-	(437)	(264)	(701)
Transfers	-	55	(55)	-
Ending Balance as at December 31	-	7,280	3,935	11,215
Carrying Value as at December 31	859	3,595	581	5,035

in thousands of Canadian dollars

13. INVESTMENT PROPERTY

Investment property consists of the portion of the building not occupied by SaskCentral. SaskCentral uses the cost model to account for its investment property. Details are as follows:

	2015 $	2014 $
Cost		
Balance as at January 1	**11,449**	11,449
Ending Balance as at December 31	**11,449**	11,449
Accumulated Depreciation		
Balance as at January 1	**1,261**	1,060
Depreciation charges	**201**	201
Ending Balance as at December 31	**1,462**	1,261
Carrying Value as at December 31	**9,987**	10,188

The fair value of SaskCentral's investment property at December 31, 2015 is $27,141 (2014 - $27,079). The fair value of the investment property has been arrived at on the basis of a valuation completed by management.

The fair value was determined using an income approach. The estimate of fair value by management was developed based on current and future income that could be generated by the investment property through rents based on estimated market rates. In estimating the fair value of the investment property, the highest and best use of the investment property is the current use.

A summary of inputs (Level 3) used to calculate fair value of investment property is provided below:

Income approach	2015	2014
Rent per square foot (in actual Canadian dollars)	**$13 - $19**	$13 - $19
Parking rate per month (in actual Canadian dollars)	**$212.50**	$212.50
Vacancy rate	**10.96%**	11.45%
Capitalization rate	**7.5%**	7.5%

In 2015, investment property generated rental income of $3,139 (2014 - $2,654). Direct operating expenses recognized in the consolidated income statement were $1,797 (2014 - $1,762).

in thousands of Canadian dollars

14. INTANGIBLE ASSETS

	2015 $		
	Computer Software	Intangible Assets under Development	Total
Cost			
Balance as at January 1	4,650	836	5,486
Additions	-	206	206
Transfers	7	(7)	-
Adjustment	(358)	-	(358)
Ending Balance as at December 31	4,299	1,035	5,334
Accumulated Amortization			
Balance as at January 1	3,872	815	4,687
Amortization charges	410	14	424
Adjustment	(18)	-	(18)
Ending Balance as at December 31	4,264	829	5,093
Carrying Value as at December 31	35	206	241

	2014 $		
	Computer Software	Intangible Assets under Development	Total
Cost			
Balance as at January 1	4,273	836	5,109
Additions	377	-	377
Ending Balance as at December 31	4,650	836	5,486
Accumulated Amortization			
Balance as at January 1	3,439	812	4,251
Amortization charges	433	3	436
Ending Balance as at December 31	3,872	815	4,687
Carrying Value as at December 31	778	21	799

in thousands of Canadian dollars

15. INCOME TAXES

Income taxes are included in the consolidated statement of profit or loss as follows:

	2015 $	2014 $
Deferred income tax expense		
Origination and reversal of temporary differences	**6,374**	5,425
	6,374	5,425

Income taxes are included in the consolidated statement of comprehensive income as follows:

	2015 $	2014 $
Net unrealized gains on available-for-sale securities		
Deferred income tax expense	**585**	746
	585	746
Reclassification of gains on available-for-sale securities to income		
Deferred income tax (recovery) expense	**(201)**	140
	(201)	140
	384	886

Income taxes are included in the consolidated statement of changes in equity as follows:

	2015 $	2014 $
Reduction in income taxes due to payment of dividends		
Deferred income tax recovery	**(2,673)**	(1,801)
	(2,673)	(1,801)

Dividends, which are reflected in retained earnings, are normally deductible in determining current income subject to tax. The reduction in income tax resulting from the payment of dividends deductible in determining income subject to tax is reflected in retained earnings.

Total income tax reported in the consolidated financial statements:

	2015 $	2014 $
	4,085	4,510

Reconciliation of income tax expense from continuing operations:

	2015 $	2014 $
Combined federal and provincial income tax rate applied to income from Continuing operations (2015 – 27%; 2014 – 27%)	**8,823**	7,850
Income tax expense adjusted for the effect of:		
Non-taxable dividend income	**(141)**	(58)
Rate reduction relating to equity income	**(2,309)**	(2,284)
Expenses not deductible for tax purposes	**23**	25
Adjustments related to prior periods	**(22)**	(108)
	6,374	5,425

in thousands of Canadian dollars

15. INCOME TAXES (continued)

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 16% (2014 - 18%). The movement in deferred income tax liability is as follows:

	2015 $	2014 $
Balance, beginning of year	13,641	9,131
Recognized in profit or loss	6,374	5,425
Available-for-sale securities:		
Fair value measurement	585	746
Transfer to profit or loss	(201)	140
Recognized in retained earnings	(2,673)	(1,801)
Balance, end of year	17,726	13,641

The components of deferred income taxes are as follows:

	2015 $	2014 $
Deferred income tax assets		
Non capital loss carryforward	2,817	4,909
Accounts payable and deferred revenue	91	103
Losses not yet deductible for tax purposes	216	270
Other	9	8
	3,133	5,290
Deferred income tax liabilities		
Securities	(20,121)	(18,092)
Property, plant and equipment	(738)	(839)
	(20,859)	(18,931)
Net deferred income tax liability	(17,726)	(13,641)

	2015 $	2014 $
Deferred income tax assets		
Recoverable after more than 12 months	3,033	5,178
Recoverable within 12 months	100	112
	3,133	5,290
Deferred income tax liabilities		
Payable after more than 12 months	(20,859)	(18,931)
	(20,859)	(18,931)
Net deferred income tax liability	(17,726)	(13,641)

Deferred income tax assets are recognized for tax losses carried forward only to the extent that realization of the related tax benefit is probable. SaskCentral has non-capital loss carryforwards of $10,433 (2014 - $18,180) which are available to offset future taxable income. The balance of these loss carryforwards will expire in the year 2030 ($8,986) and 2032 ($1,447). The benefit of the tax losses has been recognized in SaskCentral's financial statements as realization of the related tax benefit is probable.

in thousands of Canadian dollars

16. DEPOSITS

Provincial Liquidity Program

The Provincial Liquidity Program requires Saskatchewan credit unions to maintain deposits with SaskCentral based on 10% of credit union deposits and loan liabilities.

The maturity dates, and weighted average effective interest rates for SaskCentral's deposits are as follows:

2015
$

	Term to maturity						
	On Demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity	Total
Member							
Amortized Cost	129,839	-	-	-	-	-	129,839
Yield (1)	0.01%						0.01%
Provincial liquidity program							
Amortized Cost	-	66,959	210,356	944,625	-	570,101	1,792,041
Yield (1)		1.24%	1.29%	1.56%		0.61%	1.22%
	129,839	66,959	210,356	944,625	-	570,101	1,921,880
Accrued interest							4,644
							1,926,524

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

2014
$

	Term to maturity						
	On Demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity	Total
Member							
Amortized Cost	84,650	-	-	-	-	-	84,650
Yield (1)	0.03%						0.03%
Provincial liquidity program							
Amortized Cost	-	68,518	224,470	902,566	-	505,424	1,700,978
Yield (1)		1.31%	1.36%	1.65%		1.14%	1.45%
	84,650	68,518	224,470	902,566	-	505,424	1,785,628
Accrued interest							5,088
							1,790,716

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

Interest rates on deposits are determined by market conditions.

in thousands of Canadian dollars

17. LOANS PAYABLE

SaskCentral has available credit facilities related to securities repurchase agreements from National Bank Financial, Toronto Dominion Bank, Royal Bank of Canada and Bank of Nova Scotia. These repurchase agreements mature within one month (2014 – one month).

In addition, SaskCentral has a credit facility with Central 1 for $100,000 (2014 - $100,000) for which SaskCentral has pledged securities with the Bank of Canada to support the group clearing agreement (note 30). The balance of the credit facility is unsecured, ranking equally with the deposit obligations of SaskCentral. SaskCentral also has a secured credit facility with Canadian Imperial Bank of Commerce for $100,000 (2014 - $100,000) where SaskCentral is required to maintain a borrowing base comprised of fixed income collateral.

	Loans payable [1]		Collateral			
			Securities pledged			
			Fair value		Carrying value	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Repurchase payable	**57,909**	57,651	**57,905**	57,647	**57,080**	57,096
Central 1 line of credit	**-**	-	**309,903**	316,651	**311,105**	315,872
	57,909	57,651	**367,808**	374,298	**368,185**	372,968

[1] *Weighted average effective interest rate based on year-end carrying values is 0.55% (2014 - 1.05%).*

18. NOTES PAYABLE

SaskCentral is authorized to issue a maximum of $300,000 (2014 - $300,000) under a commercial paper program. Outstanding commercial paper matures within one month (2014 – one month) and at December 31, 2015 has a weighted average effective interest rate of 0.87% (2014 – 1.26%).

19. SHARE CAPITAL

Under the Act, SaskCentral is authorized to issue an unlimited number of membership shares.

Each member of SaskCentral must own at least one membership share and each member has one vote. The holders of membership shares are Saskatchewan credit unions and certain co-operative associations.

SaskCentral's bylaws require credit unions maintain membership share capital in SaskCentral at 1% of their previous year's assets. SaskCentral has the discretion to make this annual true-up in whole or in part. SaskCentral would not exercise this authority to require additional membership share capital contributions unless the SaskCentral capital plan indicated a projected borrowing multiple in excess of 15.0:1 in the subsequent year. In that case, SaskCentral would only exercise this authority to the extent that the required contribution would bring the projected borrowing multiple to 15.0:1 or to 1.0% of system assets, whichever was first met.

Membership shares may be redeemed only with the approval of the Board subject to the limits provided in the Act. The redemption price is determined with reference to the bylaws of SaskCentral. In accordance with the bylaws of SaskCentral, membership shares are to be issued and redeemed at $10 per share.

Issued share capital is comprised of 13,868,844 membership shares at December 31, 2015 (2014 – 13,558,100). Membership shares issued during the year were exchanged for cash.

in thousands of Canadian dollars

20. DIVIDENDS

In 2015, dividends of $9,900 (2014 - $6,669) were declared, as approved by the Board. Two cash dividends were paid to credit unions in 2015. The first was in March for $5,400 (2014 - $3,300) and the second in June for $4,500 (2014 - $3,369).

21. DUES

Dues, which are included in non-interest income, are used to fund various products and services designed for credit unions. Saskatchewan credit unions pay an annual dues assessment fee to SaskCentral based on a charge per membership (50% of the dues assessment) and a charge on assets (50% of the dues assessment).

22. FEE FOR SERVICE

	2015 $	2014 $
Fee for service revenue	**18,796**	18,168
Foreign exchange revenue (expense)	**402**	328
Marketing and promotional sales	**-**	617
Miscellaneous revenue	**187**	195
Parking revenue	**323**	295
Tenant revenue	**4,629**	4,001
Unrealized and realized (losses) gains on foreign exchange	**(100)**	121
	24,237	23,725

23. SALARY AND EMPLOYEE BENEFITS

	2015 $	2014 $
Contributions to defined contribution plans	**599**	618
Employee training and development	**245**	219
Other employee benefits	**968**	970
Salaries and incentive compensation	**12,333**	12,822
	14,145	14,629

SaskCentral contributes annually to a defined contribution pension plan for employees. The contributions are held in trust by the Co-operative Superannuation Society and are not recorded in these consolidated financial statements. As a defined contribution pension plan, SaskCentral has no future obligation for future contributions to fund benefits to plan members.

24. PROFESSIONAL AND ADVISORY SERVICES

	2015 $	2014 $
Concentra Financial consulting fees	**567**	606
Credit Union Central of Canada (CUCC) cost sharing	**1,380**	1,180
Professional fees	**5,965**	5,459
	7,912	7,245

in thousands of Canadian dollars

25. COMPUTER AND OFFICE EQUIPMENT

	2015 $	2014 $
Depreciation	613	607
Computer processing and development	3,190	3,192
Maintenance	14	20
	3,817	3,819

26. OCCUPANCY

	2015 $	2014 $
Depreciation and amortization	693	631
Maintenance	898	844
Professional fees	367	327
Property taxes and utilities	1,631	1,828
	3,589	3,630

27. GENERAL BUSINESS

	2015 $	2014 $
Administrative and service costs	2,357	2,723
Insurance and licenses	81	137
Inventory and promotional supplies	-	429
Marketing and public relations	254	393
Printing, office supplies and telephone	1,055	851
Rental and meeting expense	63	140
Travel and entertainment	497	655
	4,307	5,328

28. GAIN ON FINANCIAL INSTRUMENTS

	2015 $	2014 $
Realized gains on available-for-sale securities	580	1,093
Realized losses on available-for-sale securities	(64)	(41)
Unrealized gains on securities classified as held-for-trading	657	965
Recovery on loan provision	1,719	-
	2,892	2,017

SaskCentral provided loans to Castor Holdings Ltd. (Castor), a real estate lending company, over a number of years in the late 1980s and early 1990s. Castor declared bankruptcy in 1992. As the credit was unsecured, SaskCentral recognized a full allowance in 1992. SaskCentral is a member of a group of financial institutions which sought legal proceedings against the auditors of Castor for negligence in the performance of their audit. A settlement proposal was accepted by the plaintiffs in the second quarter of 2015. In 2015, SaskCentral received a total of $1,719 (2014 - $nil) in settlement proceeds, which were recorded as a recovery on loan provision.

in thousands of Canadian dollars

29. RELATED PARTY TRANSACTIONS

Related parties exist when one party has the ability to directly or indirectly exercise control, joint control or significant influence over the other or is a member of the key management personnel of SaskCentral. SaskCentral defines key management personnel as directors and the management positions of Chief Executive Officer, Executive Vice-President Finance / Chief Financial Officer / Chief Risk Officer, Executive Vice-President Credit Union Solutions / Chief People Officer, Associate Vice-President Legal / Corporate Secretary, Associate Vice-President Finance, Associate Vice-President Market Solutions, Associate Vice-President Strategic Initiatives, and Associate Vice-President Government Relations and Compliance.

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. Related party loan balances are included with groups of loans with similar credit risk characteristics when assessing collective allowances. Balances and transactions between SaskCentral, its subsidiaries and jointly controlled entities, which are related parties of SaskCentral, have been eliminated on consolidation and are not disclosed in this note.

SaskCentral provides a variety of services to Concentra Financial and Celero Solutions. Some of the services provided include facility services and financial services. SaskCentral also receives financial services from Concentra Financial and technology services from Celero Solutions.

The following table summarizes the balances outstanding at year end and related party transactions during the year not noted elsewhere in the consolidated financial statements for SaskCentral and its subsidiaries:

	2015 $	2014 $
Celero Solutions		
Loan receivable from (amount drawn on line of credit)	**3,619**	4,093
Due from included in trade and other receivables	**79**	122
Due to included in trade and other payables	**385**	586
Interest received from	**107**	131
Fee for service revenue received from	**1,128**	1,078
Technology services paid to	**3,371**	3,310
Concentra Financial		
Lines of credit authorized to	**100,000**	100,000
Loans receivables from (amount drawn on line of credit)	**12,513**	11,072
Collateral received from	**27,971**	25,365
Due from included in trade and other receivables	**25**	34
Deposits payable to	**-**	2,817
Due to included in trade and other payables	**4**	6
Interest received from	**49**	96
Fee for service revenue received from	**1,215**	1,179
Financial services fees paid to	**576**	606

in thousands of Canadian dollars

29. RELATED PARTY TRANSACTIONS (continued)

Key Management Compensation

The aggregate compensation of key management personnel for SaskCentral and its subsidiaries during the year includes amounts paid or payable and is as follows:

	2015 $	2014 $
Directors		
Salaries and other short-term employee benefits	223	291
Post-employment benefits	10	11
	233	302
Key Management Personnel		
Salaries and other short-term employee benefits	2,529	2,244
Post-employment benefits	178	265
	2,707	2,509
	2,940	2,811

30. COMMITMENTS

The amounts reported as lines of credit and loan commitments, and letters of credit represent a maximum credit exposure to SaskCentral. Many of these contracts will expire without being drawn upon, thereby reducing SaskCentral's credit risk from the maximum commitment. SaskCentral earns minimal fees on commitments. SaskCentral has not issued any financial guarantee contracts.

	2015 $	2014 $
Lines of credit and loan commitments		
Original term to maturity of one year or less	449,275	446,887
Original term to maturity of more than one year	400,000	400,000
	849,275	846,887
Letters of credit and guarantees		
Original term to maturity of one year or less	36	36
	36	36

30. COMMITMENTS (continued)

Group Clearing Agreement

Under the group clearing agreement, SaskCentral guarantees and indemnifies the Group Clearer and each member of the Canadian Central group clearing agreement against any losses arising from the payment obligation for settlement drawn on or payable by SaskCentral and its member credit unions. In addition, SaskCentral and its member credit unions abide by the Canadian Payments Association's rules, bylaws and procedures for settlement.

31. SUBSIDIARY

SaskCentral owns 81.22% (2014 – 81.22%) of the partnership units of CUVentures LP. Through its 100% ownership of CUVentures Inc., SaskCentral has control over CUVentures LP and CUVentures LP is consolidated into these financial statements. CUVentures LP's principal place of business is Regina, Saskatchewan. CUVentures LP owns an investment in APEX Investment LP (APEX) on behalf of the credit unions, which SaskCentral consolidates and classifies as non-controlling interest in these consolidated financial statements. The credit unions have no voting rights in relation to the relevant decisions of CUVentures LP.

32. JOINT OPERATION

SaskCentral has a material joint operation, CUPS. SaskCentral has a 50% share in the ownership interest of CUPS. The remaining 50% interest is owned by Alberta Central. The CUPS joint operation was created to provide payment and support services to its members, specifically, services relating to the clearing and settlement of any payment items and services relating to the handling of foreign non-cash payment items. SaskCentral's earnings participation in CUPS is based upon the volume of Saskatchewan credit union payment activity as a percentage of the overall payment activity of CUPS. Capital contributions are shared equally with Alberta Central. CUPS' principal place of business is Calgary, Alberta.

33. APPLICATION OF NEW AND REVISED IFRSs

SaskCentral has not applied any new or revised IFRSs issued by the IASB that were mandatorily effective for an accounting period that begins on or after January 1, 2015.

34. SUBSEQUENT EVENT

During 2015, Concentra Financial notified Celero Solutions of its intent to withdraw as an owner of the Celero Solutions Joint Venture. On December 23, 2015, Celero Solutions' management committee approved a resolution, effective January 1, 2016, to remove Concentra Financial from the Celero Solutions Joint Venture and redistribute its ownership share equally between the remaining joint venturers. As a result of the resolution, SaskCentral's ownership interest in Celero Solutions' will change to 33.33% effective January 1, 2016.

SASKCENTRAL
Dedicated to Credit Union Success

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