

**SaskCentral
Annual Report**

2023



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Note: Visit saskcentral.com to view the audited Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

Vision

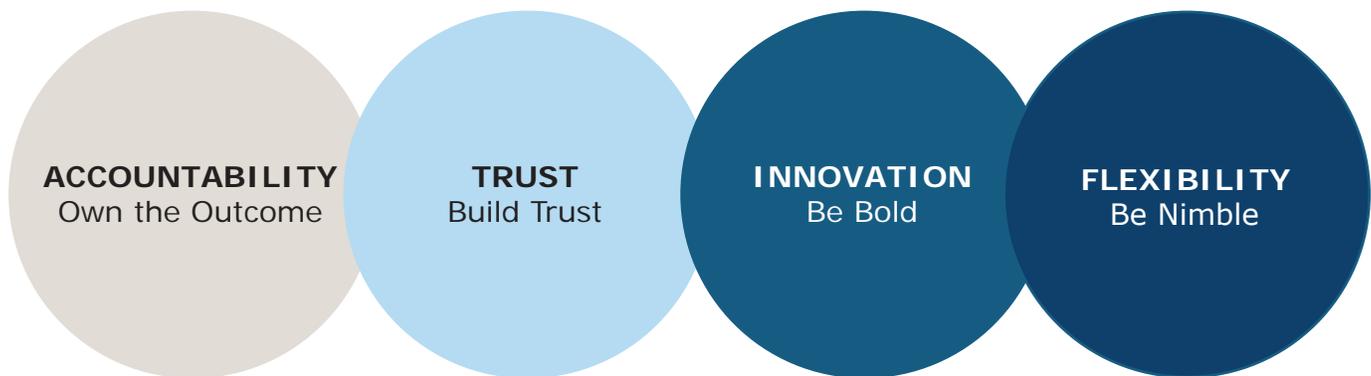
We are a trusted and effective partner that Saskatchewan credit unions count on to enable liquidity management services and access to payments ecosystems, by 2024.

Purpose

At SaskCentral, we lead wholesale services and transformation necessary for vibrant and sustainable credit unions.

Our Values

SaskCentral follows four **Elevated Core Values**:



SaskCentral also subscribes to the core values on which co-operatives are based:

- Self-help: In co-operatives, people help each other whilst helping themselves by working together for mutual benefit.
- Self-responsibility: Individuals within co-operatives act responsibly and play a full part in the organization.
- Democracy: A co-operative will be structured so that members have control over the organization.
- Equality: Each member will have equal rights and benefits according to their contribution.
- Equity: Members will be treated justly and fairly.
- Solidarity: Members will support each other and other co-operatives.

In the tradition of co-operative founders, SaskCentral believes in the ethical values of:

- Honesty
- Openness
- Social responsibility
- Caring for others



The past year marked another significant step on SaskCentral's transformational journey, as we completed the third and final year of Enterprise Strategy 2024 and solidified our new direction and focus as: "a trusted and effective partner that Saskatchewan credit unions count on to enable liquidity management services and access to payments ecosystems."

The multi-year strategy came to life through three successive Missions – Ignite (2021), Accelerate (2022), and Elevate (2023). The changes and actions we undertook were critical for SaskCentral to navigate the rapidly evolving financial services environment and transform our business to meet the needs of credit unions.

In 2021, we set out to reinvent SaskCentral's place in the Saskatchewan credit union system and to return to the core functions that credit unions need from SaskCentral. We substantially achieved that goal, and our focus now is on continuing to strengthen our expertise in liquidity management and payments.

Along the journey, we delivered tangible value for Saskatchewan credit unions, returning over \$700 million in capital and liquidity to

our credit union member-owners. In doing so, we reduced the liquidity they hold with us and created a much more focused and value-centric Central with expertise in liquidity management and payments ecosystem access through clearing and settlement activities.

In 2023, we concentrated on elevating our operations through refreshed governance, lean processes, exceptional execution and innovative leadership. We achieved or exceeded most of our goals with a focus on advancing action within five key areas:

- Statutory liquidity management
- Payments, clearing and settlement
- Strategic investments
- Governance
- People and Culture

Highlights of our achievements include the following: (See the Strategy section of this report for full details.)

- Transitioned the amount of statutory liquidity required by credit unions from 10% to 8.65% and developed a framework in cooperation with CUDGC to allow credit unions to manage up to 2% of that 8.65% on their own balance sheets.
- Insourced financial operations functions previously provided by Concentra Bank, introducing technology-driven process improvements as we did so.
- Obtained membership approval for a new governance framework, and revised bylaws, that makes SaskCentral the first Central to adopt an "at large" Board model for its full Board. The 2024 director election process will be the first under the new framework, which will be fully implemented as current Board member terms expire from 2024-2026.
- Achieved approval for Prairie Payments Joint Venture (PPJV) governance changes.

LETTER FROM THE CHAIR AND CEO

- Completed negotiation of a renewal Master Services Agreement (MSA) between the Prairie Centrals and Everlink; this MSA incorporates improved service level commitments, strengthened contract governance provisions, and protections in the event of a change of control of Everlink (the Centrals own 49%; Cooperative Financial Services owns 51%) during the term of the contract. It was rolled out to credit unions in early 2024.
- Advanced work to determine the future ownership of Celero Solutions and Everlink with the goal of achieving better alignment with credit union needs.
- Defined the 2024 organizational design, completing talent mapping and initiating strategies to close gaps, and rolled out new leadership development programs.
- Exceeded targets for financial measures.

As always, our people are at the heart of achieving our goals. Throughout 2023, employee engagement remained a priority, with clear and consistent communications on our future state business model and strategy. Our employees continued to demonstrate our elevated Core Values of Accountability, Trust, Innovation and Flexibility, as we launched several projects and implemented organizational structure and role changes to

support our future direction.

In 2023, the credit union sector continued to grow with Saskatchewan credit unions' assets totaling \$26.4 billion. Although the number of credit unions is decreasing, their total membership grew to 445,000 in 2023, and their needs in terms of liquidity management and access to the payments ecosystem are even more important, complicated and sophisticated than ever before.

As we look to the future, we are embracing our focus on liquidity management and access to payments with a refreshed Purpose and Vision, and a new three-year strategy - *Momentum Unleashed*. As we build on the **momentum** gained through the delivery of ES2024, we will **unleash** our ability to provide expertise, partnerships and financial solutions, elevating how we provide specialized liquidity solutions and modernized payments access for the future success of Saskatchewan credit unions.

In all our decisions, SaskCentral remains committed to the credit unions we serve. We thank them for their ongoing support and engagement which we know is critical to achieving our goals and success collectively into the future.



Stephen Fitzpatrick,
CEO



Neil Cooper,
Chair

SaskCentral is the liquidity manager and conduit to payments ecosystems for Saskatchewan credit unions and also maintains business relationships with, and investments in, a number of entities on their behalf.

Liquidity Management

SaskCentral manages liquidity on behalf of Saskatchewan credit unions directly and through strategic investments. By aggregating statutory liquidity deposits, SaskCentral facilitates clearing and settlement, provides credit facilities that support daily cash flow management, coordinates emergency liquidity support and provides investment management services.

Statutory Liquidity Deposits

By regulation, Saskatchewan credit unions hold 8.65% of their deposits with SaskCentral. These are known as statutory liquidity deposits. For investments backing deposits, SaskCentral invests in liquid assets, which support clearing and settlement, daily cash flow management and emergency liquidity. Statutory Liquidity deposit products are offered to member credit unions on the basis of the Liquidity Coverage Ratio, where the underlying asset mix backing the deposits are attributed to credit union Liquidity Adequacy requirements as outlined by Credit Union Deposit Guarantee Corporation (CUDGC).

Clearing and Settlement

Clearing involves the routing of information related to payment items among financial institutions, to facilitate settlement of payments between payers and payees. Clearing & Settlement is facilitated by SaskCentral, via the Group Clearer, on behalf of member credit unions.

Prairie Payments Joint Venture (PPJV) provides payment processing for credit unions, including

processing Interac e-Transfer, wires, cheque, AFT and bill pay. Daily balances are cleared through SaskCentral; the net Saskatchewan cash flow is aggregated with other provinces and the Canadian system net amount is settled with the Bank of Canada.

Payments Canada sets the requirements for accessing the payments ecosystem via the Bank of Canada and outlines roles and responsibilities. Clearing credit union centrals are represented by Central 1, which acts as the Group Clearer. A Group Clearing Joint Venture (GCJV) with representatives from Central 1, Alberta Central, SaskCentral and Credit Union Central of Manitoba (CUCM) oversees the functioning of the Group Clearer. Through the GCJV, credit unions access the Lynx system for high value payments and the Automated Clearing and Settlement System for batch payments. Clearing centrals pledge collateral to the Bank of Canada via the Group Clearer, to support payment flows and daily changes in clearing & settlement balances.

Daily Cash Flow Management

SaskCentral offers several products and services to help credit unions manage daily cash flow requirements, including a current account, credit facilities, and cash services.

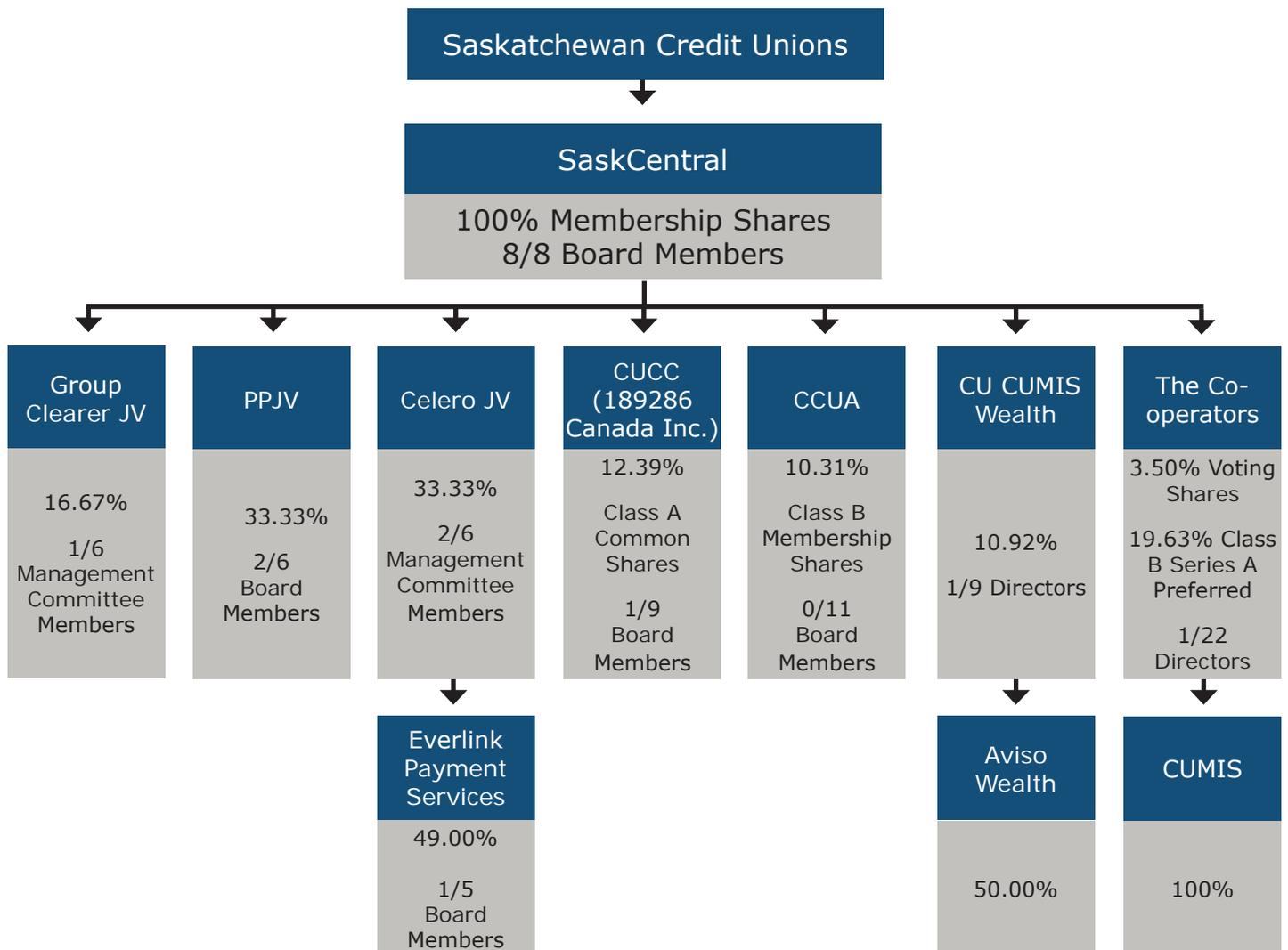
SaskCentral maintains a commercial paper program, supported by a R1-Low credit rating with DBRS Morningstar, coupled with a variety of Repurchase Facilities with Schedule 1 banks. Additionally, SaskCentral maintains access to the Bank of Canada's Standing Term Liquidity Facility (STLF).

Emergency Liquidity Support

SaskCentral provides emergency liquidity support to Saskatchewan credit unions, inclusive of short-term credit facilities, incident management, and communication protocols. SaskCentral’s emergency lending services are assessed annually, through comprehensive scenario based testing.

Strategic Partners

SaskCentral holds an ownership position in strategic partners as a means of ensuring access to the products and services Saskatchewan credit unions need to provide full service to their members. SaskCentral’s ability to influence investee strategies is tied to its ownership interest in the investee:



CORPORATE PROFILE

Prairie Payments Joint Venture (PPJV)

Share ownership by SaskCentral: 33.3%

The PPJV administers the outsourcing of payments processing capabilities with IBM Canada Ltd. and other vendors for Alberta, Saskatchewan and Manitoba credit unions. The PPJV provides payment and related support services to its owners Alberta Central (33.3%), SaskCentral (33.3%), and CUCM (33.3%).

Celero Solutions

Share ownership by SaskCentral: 33.3%

Celero Solutions is a joint venture among Alberta Central, CUCM and SaskCentral, providing information technology solutions to its owner organizations, prairie credit unions and third party clients. Celero owns 49% of Everlink Payment Services Inc.

CU Cumis Wealth Holdings LP (CUC Wealth)

Share ownership by SaskCentral: 10.9%

Aviso Wealth, which is owned by CUC Wealth (50%) and Desjardins (50%), supports credit unions in meeting the wealth needs of their members by integrating wealth management services across Canada.

The Co-operators Group Limited

Share ownership by SaskCentral: 3.5%

The Co-operators is 100% Canadian-owned and operated by co-operatives, credit unions and like-minded organizations, representing a variety of sectors and regions across the country. The Co-operators owns CUMIS, which partners with credit unions to deliver a wide range of insurance, wealth management and investment services.

Canadian Credit Union Association (CCUA)

Share ownership by Saskatchewan Credit Unions (Class A): 16.8%

Share ownership by SaskCentral (Class B): 10.3%

CCUA is the national trade association that provides services to Canada's credit unions, caisses populaires (outside Quebec) and regional credit union central organizations. CCUA is distinct in its commitment to cooperative values and is the first national credit union-governed organization in Canada.

CUCC (legal name 189286 Canada Inc.)

Share ownership by SaskCentral: 12.4%

CUCC provides payments support for Interac products and services to the national credit union system and acts as the Master Client on behalf of credit unions that use Everlink as the service provider for core Interac products and services.

GCJV

Joint venture participation by SaskCentral: 16.7%

Group Clearing is a joint venture of SaskCentral, Central 1, Alberta Central and CUCM that provides governance and oversight for group clearing strategies, activities and risks on behalf of credit unions across the country.

Business Models

Business models of SaskCentral and investees fall on a spectrum from low profit (service utility) to profit maximization. At its core, SaskCentral is a utility serving Saskatchewan credit unions. It offers products and services on a commercial terms basis. As long as capital and liquidity are adequate, the organization strives to maximize rates paid to credit unions and minimize assessments and fees charged to credit unions.

Governance

Governance processes balance investee needs to operate within their own environment with credit union needs as users and owners. SaskCentral's ability to influence investee strategies is tied to its ownership interest in the investee.

SaskCentral's leadership team is represented on the following Boards and committees:

SaskCentral Leadership Representation on Strategic Investees	
PPJV Board	CUC Wealth Board
Celero Management Committee and Everlink Board	Group Clearer Joint Venture (GCJV) Management Committee
CUCC Board	Co-operators Board

As a result of direct representation on the PPJV Board, SaskCentral has appointed M. Elchuk, CIO Affinity Credit Union, to the PPJV Board. Saskatchewan credit unions are also represented on Celero's Management

Committee by Neil Cooper, CFO of Conexus Credit Union. Together, these representations provide opportunities to engage strategic investees where credit union concerns are identified (e.g., service, profitability).

SaskCentral provides updates to the board on investees' performance and investees regularly present to the SaskCentral board at quarterly board meetings.

How Investee Earnings Are Distributed to Credit Unions

PPJV: PPJV earnings/losses are included in SaskCentral's net earnings.

Co-operators Group Limited: Patronage dividends based on credit union usage are paid to SaskCentral and are included in SaskCentral's net earnings. Preferred Class B Series A shares pay 5.0% and are received annually. The member loyalty payment is received annually and can fluctuate significantly, based on the earnings of Co-operators Group.

Celero Solutions: Celero's earnings or losses, which include distributions from Everlink, are included in SaskCentral's net earnings. Any distributions received from Celero may be passed through to credit unions as determined by SaskCentral's Board of Directors.

CUC Wealth: Agreements with Aviso Wealth require that at least 90% of the earnings must be flowed through to credit unions. CUC Wealth has, at its discretion, the ability to flow through the remaining earnings to its owners. Any earnings received from CUC Wealth are included in SaskCentral's net earnings.

Executive Team



Stephen Fitzpatrick, Chief Executive Officer

- Joined SaskCentral in 2021 as CFO/CRO and was appointed CEO in April 2023
- Past Employers: Exchange Bank of Canada/Currency Exchange international, Canadian Credit Union Association, Capital Planning Solutions Inc., CIBC
- MBA, Accounting and Finance, University of Western Ontario - Richard Ivey School of Business; Bachelor of Business Administration (BBA), Accounting, University of Prince Edward Island
- ICD.D designation, Institute of Corporate Directors; CPA designation, Chartered Professional Accountants of Ontario
- Director: Interac Association/ Acxsys Corporation, Concentra Financial Services Association/Concentra Bank, Everlink Payments Services Inc.
- Chair: Interac Association
- Member: Prairie Payments Joint Venture Management Board, Project Evolution Steering Committee, Celero Management Committee



Cheryl Maksymiw, Chief Financial Officer & Chief Risk Officer

- Joined SaskCentral in 2009 and was appointed CFO/CRO in February 2024
- Past Employers: CUETS Financial, The Canada Life Assurance Company
- Chartered Professional Accountant designation; Bachelor of Administration with Cooperative Education designation, University of Regina
- Member: CU CUMIS Wealth Holdings Board, Group Clearing Joint Venture Management Committee



Jennifer Uhren, Executive, Corporate Services

- Joined SaskCentral in 2004
- 20+ years business and credit union experience
- Bachelor of Commerce, University of Calgary
- Chartered Professional in Human Resources designation (CPHR)
- Human Capital Management Certificate, Queen's School of Business
- Member: Co-operators Group Limited, 189286 Canada Inc. (operating as CUCC)



Tyler Huntington, Executive, Investment Services & Liquidity Management

- Joined SaskCentral in 2004
- 25+ years in the financial services industry, with a focus within the Treasury and Capital Markets areas
- Bachelor of Finance, University of Regina
- Chartered Investment Manager and Derivatives Markets Specialist designations; Fellow of Canadian Securities Institute

In 2021, SaskCentral introduced Enterprise Strategy 2024, a transformational strategy that redefined the organization's priorities and set the stage for SaskCentral to focus on two core areas: liquidity management services and facilitating access to payments ecosystems for Saskatchewan Credit Unions.

Through delivery of our strategy, we transformed into an efficient organization focused on providing the critical infrastructure services of statutory liquidity and credit facilities, and payments, clearing and settlement to our credit union owners. Staying committed to our belief that capital is best held in the hands of credit unions, we made bold decisions, resulting in the return of more than \$700 million in capital and liquidity to credit unions. These returned funds served to support our key stakeholders' ability and independence to adapt and thrive in response to the evolving financial landscape.

In 2021, we **ignited** our passion to serve credit unions into focused action. In 2022, we **accelerated** our transformation by deepening our core competencies and processes, repatriating capital as a result of selling non-core assets, engaging system partners in restructuring ownership of jointly held assets and shifting our business model. In 2023, we completed Enterprise Strategy 2024 and **elevated** our operations through refreshed governance, lean processes, accountability to drive execution, and leadership development.

Priorities during this strategy included six building blocks as well as targets and measures indicating progress:

1. Building Block: Statutory Liquidity Management

Statutory liquidity management and credit facilities is a core service provided by SaskCentral. The organization needs to deliver this service in a way that best meets member credit union needs, providing greater flexibility for them to evolve their business models and to take advantage of the opportunities provided by Payments Canada Modernization.

To advance this building block, in 2023, we:

- Reduced the statutory liquidity requirement from 10% to 8.65% and executed the transition plan.
- Developed a framework and approval process, in consultation with CUDGC, to allow credit unions to manage a portion of

Statutory Liquidity (up to 2%) on their own balance sheets.

- Revised Liquidity Management Assessment fees to deliver market-based pricing on products and services.

2. Building Block: Payments, Clearing and Settlement

Clearing and settlement and access to the payments ecosystem is a core service provided by SaskCentral. The evolving payments environment is a key catalyst within our strategy, requiring adaptations to address future infrastructure needs, capabilities and connections to support this foundational aspect of credit union business. SaskCentral has a role in connecting credit unions to the payments ecosystem by providing access through joint venture relationships, as well as assistance in understanding the impacts of the Payments Canada Modernization initiative.

STRATEGY

To advance this building block, in 2023, we:

- Achieved alignment with Prairie Payments Joint Venture (PPJV) on clearing and settlement integration, established regular engagement with PPJV management and implemented e-transfer and bill payments workstreams.
- Achieved approval for PPJV governance changes, including the addition of another Saskatchewan representative on the PPJV Board.

3. Building Block: Strategic Investments

SaskCentral holds investments on behalf of Saskatchewan credit unions and must make appropriate decisions about those investments. This includes determining ownership strategies and assessing which investments are appropriate to be owned via SaskCentral, versus other ownership models.

To advance this building block, in 2023, we:

- Advanced work to determine the future ownership of Celero Solutions and Everlink, and completed the negotiation of a renewed Master Services Agreement between the Prairie Centrals and Everlink.
- Continued the implementation of the facility sale strategy while increasing the leased space in the SaskCentral building to 56%.

4. Building Block: Discretionary Services

Aligned with SaskCentral's focus on two core areas, liquidity management services and facilitating access to payments ecosystems for Saskatchewan credit unions, in 2022, SaskCentral separated National Consulting from the organization with three sale transactions.

5. Building Block: Governance

SaskCentral's governance structure has been based on a legacy environment that did not align to the organization's future state. As SaskCentral implemented change to better serve Saskatchewan credit unions, the governance model needed to transform as well.

To advance this building block, in 2023, we:

- Obtained membership approval and implemented a new governance framework with revised bylaws.
- Reviewed and revised all policies as required to ensure alignment with amended bylaws.
- Began the 2024 director election process under the new framework.

6. Building Block: People and Culture

Aligned with our strategy, it is important that SaskCentral has a high performing and innovative workforce with empowered leaders equipped with the right mix of knowledge, skills, leadership and execution behaviours to enable excellence in delivery of our core services. To achieve this, SaskCentral embarked on a multi-year journey to evolve its culture, leadership, competencies and reinforcing structures (organizational and other small "governance") to ensure alignment to our future state.

To advance this building block, in 2023, we:

- Defined our 2024 organizational design.
- Completed workforce planning, initiating strategies to close skill and competency gaps.
- Implemented a leadership development program aligned to our future culture.
- Implemented SaskCentral's Inclusion, Diversity, Equity and Accessibility strategy.

SaskCentral's corporate governance is anchored in the co-operative principle of democratic member control. Our governance model and co-operative structure differentiates Saskatchewan credit unions 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 Saskatchewan credit unions. The board provides strategic oversight to, and overall governance of, SaskCentral, monitoring progress toward business plan objectives and representing the interests of our province's credit unions. Following the AGM in May 2023, SaskCentral's bylaws were amended to implement a new Board structure. All directors are now elected at large, with a competency-based board.



Neil Cooper, Chair
Elected in 2018
CFO, Conexus Credit Union
Term expires: 2024



Doug Jones, Vice Chair
Elected in 2020
CEO, Cornerstone Credit Union
Term expires: 2026



Mitchell Anderson
Elected in 2014
Director, Affinity Credit Union
Term expires: 2025



Adam Franko
Elected in 2023
General Manager, Luseland
Credit Union
Term expires: 2026



Gilles Colbert
Elected in 2009
Retired Manager, Unity Credit
Union
Retired from Board: May 2023

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. The director profile sets forth the required skills and competencies of a director, which informs director development as well as recruitment.



Mark Lane
Elected in 2013
CEO, Affinity Credit Union
Term expires: 2026



Ian McArthur
Elected in 2021
Chief People & Governance
Officer, Innovation Credit Union
Term expires: 2024



Annette Revet
Elected in 2018
Chief Strategy & Governance
Officer, Conexus Credit Union
Term expires: 2025



Tim Goddard
Elected in 2014
Past CEO, Rockglen-Killdeer
Credit Union
Resigned: September 2023



Michelle MacDonald
Appointed in October 2023
Chief Information Officer,
Prairie Centre Credit Union
Term expires: 2024

CORPORATE GOVERNANCE

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 as well as Internal Audit.

Director	Per Diem		Honorary		Other Compensation	Total
	Direct	CU	Direct	CU		
Mitchell Anderson	6,894		8,100		5,766	20,760
Neil Cooper		5,638		18,662		24,300
Adam Franko	5,250		5,063		4,798	15,111
Gilles Colbert*	2,656		3,038		3,099	8,793
Tim Goddard**	5,844		6,075		1,967	13,886
Doug Jones	4,813		8,100		3,083	15,996
Mark Lane		5,331	14,437		6,404	26,172
Michelle MacDonald***	688		1,350		744	2,782
Ian McArthur	4,563		8,100		18	12,681
Annette Revet		5,331		8,100	26	13,457
Total:	30,708	16,300	54,263	26,762	25,905	153,938

*Gilles Colbert retired in May 2023

**Tim Goddard resigned in September 2023

***Michelle MacDonald was appointed in October 2023

Board Attendance	Meetings Attended
Mitchell Anderson	10/10
Neil Cooper	10/10
Adam Franko	6/10
Tim Goddard	7/10
Doug Jones	10/10
Mark Lane	10/10
Michelle MacDonald	1/10
Ian McArthur	10/10
Annette Revet	10/10

Board Evaluation

Evaluations are periodically conducted to ensure board operations are efficient and adhere to the highest standards of integrity. The board conducts an on-going cycle of self-evaluations, board and committee evaluations and peer evaluations. The board also maintains a board and director development policy aimed at providing resources to support ongoing personal development.

Code of Conduct

A written code of ethical business conduct has been adopted by the board to guide director 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. The last review took place in March 2024.

Meetings References Above	
Board	4
AGM	1
Planning/Development	2
Special Board	3

Note: Any meetings held by special committee of SaskCentral have not been reported on.

Whistleblower Policy

The SaskCentral whistleblower policy states that all SaskCentral employees and directors 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. The last review took place in December 2023.

CEO Position Description

The SaskCentral board maintains a written description of the position of the CEO, outlining the role, accountabilities, qualifications and challenges of the position and provides a reference point for the development of the CEO's annual performance plan. The CEO position profile was reviewed and updated in March 2023. A CEO performance plan is developed and evaluated based on the position description and priority deliverables for the year aligned to the business plan and balanced scorecard.

Committees

Audit and Risk Committee

Role:

Responsible for assisting the Board in its oversight of SaskCentral's financial operations in areas deemed necessary to maintain the integrity of:

- SaskCentral's financial statements and other financial information;
- the qualifications, performance, and independence of the external auditors,
- the performance of SaskCentral's internal audit function;
- the adequacy of internal controls;
- adherence to sound business practices, and
- compliance with legal and regulatory requirements.

Audit and Risk Committee	Meetings Attended
Mitchell Anderson (Chair)	4/4
Neil Cooper	4/4
Doug Jones	4/4
Gilles Colbert	1/4
Adam Franko	3/4

Governance, Human Resources 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.
- Reviews SaskCentral's human resources strategy and initiatives, human resources policies and programs, and oversees CEO performance management and compensation processes.
- 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.
- Supports the performance of SaskCentral by overseeing the overall Board policy framework, including SaskCentral's bylaws.

Governance, HR and Conduct Review Committee	Meetings Attended
Annette Revet (Chair)	4/4
Tim Goddard*	2/4
Mark Lane	4/4
Michelle MacDonald**	1/4
Ian McArthur	4/4

*Tim Goddard resigned in September 2023

**Michelle MacDonald was appointed in October 2023

Nominating Committee

Role:

- Oversees the annual nomination process of directors to the Board.
- Recommends the director election process and short list of candidates to the Board.
- Pro-actively searches for nominees who possess the competencies, experiences, and diversity the Board is seeking upcoming director positions.
- Leads the process of reviewing and interviewing qualified candidates.
- Maintains and regularly reviews an evergreen list of individuals who have expressed an interest in serving on the Board.

Nominating Committee	Meetings Attended
Annette Revet (Chair)	2/2
Adam Franko	2/2
Doug Jones	2/2
Mark Lane	2/2

Transaction Oversight Committee: Project Eagle

Role:

- The Transaction Oversight Committee was established by the SaskCentral Board of Directors to act on its behalf with respect to the divestiture of SaskCentral's ownership of Concentra Bank.

Transaction Oversight Committee	Meetings Attended
Neil Cooper (Chair)	2/2
Doug Jones	2/2
Mark Lane	2/2
Annette Revet	2/2

Transaction Oversight Committee: Project Evolution

Role:

- The Transaction Oversight Committee was established by the SaskCentral Board of Directors to act on its behalf with respect to SaskCentral's ownership interest of Everlink and Celero.

Transaction Oversight Committee	Meetings Attended
Mark Lane (Chair)	3/5
Doug Jones	5/5
Ian McArthur	5/5
Annette Revet	5/5

Co-operative Social Responsibility (CSR)

SaskCentral's CSR strategy focuses on organizational behavior that benefits society, the economy and the environment, linking to our corporate values and business plan and aligning with the plans and priorities of our key stakeholders – credit unions, employees and the community.

Credit Unions

Stakeholder engagement is a key component of CSR. SaskCentral engages directly with credit unions on a daily basis to support their needs. Both ES 2024 and the Momentum Unleashed strategies were and are designed to enhance our focus on credit unions and to deliver to a high standard in our two core business competencies. By offering products and services on commercial terms, we ensure SaskCentral understands the markets in which it operates on behalf of our credit union members and customers.

Employees

SaskCentral encourages and supports volunteerism among staff with a company policy allowing employees up to three paid days per year to serve in volunteer activities. In 2023, employees donated 196 hours of their time.

Creating a safe, comfortable and environmentally friendly workplace is also a priority. In 2022, SaskCentral renewed its BOMA BEST silver certification which it will hold until 2025. BOMA BEST® is a national green building certification program which assesses an organization's environmental performance and management of its buildings.

Community

As a co-operative, SaskCentral upholds the principle of giving back to the community. In 2023, the organization donated close to \$66,000 to local charities and non-profit organizations through financial contributions, volunteer hours and in-kind donations. This includes 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 \$300. In 2023, we donated \$11,700 to 20 Saskatchewan community organizations.

Diversity, Equity, and Inclusion (DEI)

In 2023 SaskCentral began implementation of a DEI strategy to help ensure we have a diverse and inclusive workforce that reflects the clients we serve and contributes to the success of our credit union owners and their members.

The strategy, laid out as the Inclusion Diversity Equity and Accessibility (IDEA) Roadmap, includes a vision to create an organization where we welcome and celebrate diverse

perspectives and experiences, engage and respect all employees, and nurture our connection to our community.

Actions throughout the year included rolling out the strategy to all employees, policy changes, community engagement and a purposeful team-building event aligned to Truth and Reconciliation. Plans for 2024 include building on our foundation through formal training and education for all employees.

MANAGEMENT DISCUSSION AND ANALYSIS

The purpose of the following discussion is to provide the users of SaskCentral's consolidated financial statements with an overview of its financial performance and the various measures SaskCentral uses to evaluate its financial results.

For the purpose of SaskCentral's consolidated MD&A, SaskCentral refers to the consolidated entity, including its downstream investees, Prairie Payments Joint Venture (PPJV), Celero Solutions and CU CUMIS Wealth Holdings LP (CUC Wealth).

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 March 6, 2024 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 and 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, alignment of strategies of potential partners, 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 the liquidity manager, clearing and settlement access provider, and conduit to payments ecosystems for Saskatchewan credit unions. Through effective strategy execution, efficient liquidity management and targeted products and services, SaskCentral helps Saskatchewan credit unions meet their own targets for success.

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

A summary of SaskCentral's strategic partners and their classification for accounting purposes is as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

Strategic Partners	Accounting Classification
Celero Solutions	Investment in associate
CUC Wealth	Investment in associate
Prairie Payments Joint Venture (PPJV)	Subsidiary

Concentra Bank was acquired by Equitable Bank on November 1, 2022. Refer to note 28 of the consolidated financial statements for further information regarding the sale.

Economic Overview

As the economy recovered from the pandemic, inflation remained a pivotal economic issue internationally. A wide array of geopolitical factors and pandemic driven disruptions sustained elevated inflation for longer than expected. Central banks continued to increase rates from 2022 into mid 2023 as consumer demand and a tight labour market supported a strong economy.

The 2024 outlook remains uncertain as the Bank of Canada continues to monitor inflation, which is expected to remain at 3.00% through the first half of 2024, returning to target (2%) in 2025. Economic growth slowed within Canada in 2023, with weakening consumer spending and business investment, in response to higher prices and interest rates. Growth is expected to increase in 2024, with increased household spending, and a rebound in export based demand from foreign markets. The Bank forecasts GDP growth of 0.8% in 2024, and 2.4% in 2025.

Statistical Review of Provincial Credit Unions

	2019	2020	2021	2022	2023*
Credit Unions	40	39	36	35	32
Employees	3,365	3,277	3,384	3,449	2,998
Members	482,009	486,152	490,288	497,389	444,614

* Innovation Credit Union federalized in 2022 so is not included in 2023 statistics. Innovation Federal Credit Union has 443 employees and serves 62,287 members.

Saskatchewan Credit Union Performance

SaskCentral manages liquidity on behalf of Saskatchewan credit unions and SaskCentral's financial strength is built upon the financial strength of Saskatchewan credit unions, which are financially sound.

Credit Union Deposit Guarantee Corporation (CUDGC) functions as the deposit guarantor for Saskatchewan credit unions and serves as the primary regulator for credit unions and SaskCentral. Together, these entities are considered Provincially Regulated Financial Institutions (PRFIs). CUDGC operates under provincial legislation, namely, The Credit Union Act, 1998, and The Credit Union Central of Saskatchewan Act, 2016. The responsibility for overseeing CUDGC is assigned to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan as stipulated by provincial legislation.

Established in 1953, CUDGC holds the distinction of being the first deposit guarantor in Canada, ensuring the successful guarantee of deposits. Through promoting responsible governance and prudent management of capital and liquidity, and guaranteeing deposits, CUDGC plays a crucial role in fostering confidence in Saskatchewan PRFIs. CUDGC provides Quarterly Highlights containing detailed information on Saskatchewan Credit Union performance on its website at <http://www.cudgc.sk.ca>.

MANAGEMENT DISCUSSION AND ANALYSIS

2023 SaskCentral Consolidated Financial Performance

Results Overview

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

Assets Held for Sale and Discontinued Operations

As described in note 27 of the consolidated financial statements, during 2023, the Board of Directors approved the intent to sell SaskCentral's investment in Celero Solutions. The disposition is consistent with SaskCentral's long-term business plan. As of December 31, 2023, management has concluded that the investment in Celero Solutions met the conditions under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (IFRS 5) and is classified as an asset held for sale and presented separately in the consolidated balance sheet.

As described in note 27 of the consolidated financial statements, on February 1, 2023, SaskCentral's land, building, and investment property were classified as held for sale and presented separately in the consolidated balance sheet. The disposal is consistent with SaskCentral's long-term business plan.

As described in note 28 of the consolidated financial statements, on November 1, 2022, SaskCentral disposed of its entire investment in Concentra Bank. No investment was retained in Concentra Bank. The disposition is consistent with SaskCentral's long-term business plan. The initial purchase consideration, net of transaction costs, of \$409,806 was received in cash on November 1, 2022. The purchase price was revised during 2023. The calculated purchase price consideration, net of transaction costs was \$408,086.

The comparative consolidated statements of profit or loss and other comprehensive income (OCI) for 2022 and 2023 have been restated to show the discontinued operations separately from continuing operations. Results from continued operations and discontinued operations are discussed separately and referenced throughout this MD&A. Please refer to notes 27 and 28 of the consolidated financial statements for details on the results from discontinued operations.

Profitability

SaskCentral generated profit of \$12.7 million (2022 - \$6.3 million profit). SaskCentral's profit from continuing operations was \$3.2 million (2022 - \$8.6 million loss). The increase in continued operations was mainly due to increased net interest income. SaskCentral's profit from discontinued operations, including the gain on discontinued operations, was \$9.5 million (2022 - \$14.9 million).

Consolidated Profit (in millions)



MANAGEMENT DISCUSSION AND ANALYSIS

Net interest income increased to \$21.2 million (2022 - \$11.8 million) primarily due to the increased short-term interest rates during the year. Assessment revenue of \$6.2 million (2022 - \$6.1 million) remained consistent with prior year. SaskCentral continued to offer market comparable pricing on products and services consistent with market benchmarks in 2023.

Fee for service revenue decreased to \$12.8 million (2022 - \$13.0 million) primarily due to a decrease in payment processing fees revenue.

Realized and unrealized gains on financial instruments increased to \$1.3 million (2022 - \$5.3 million loss) primarily due to the closing of long-term credit spreads related to financial liabilities impacting SaskCentral's own credit risk reserve.

The share of losses of associates represents SaskCentral's share of net income (losses) from its investees. SaskCentral's share of losses was \$0.9 million (2022 - \$0.7 million income).

As noted, SaskCentral's investment in Celero Solutions was classified as held for sale in 2023. SaskCentral has not recognized cumulative losses totaling \$5.2 million (2022 - \$3.4 million) in relation to its interest in Celero Solutions held for sale because SaskCentral has no obligation in respect of those losses.

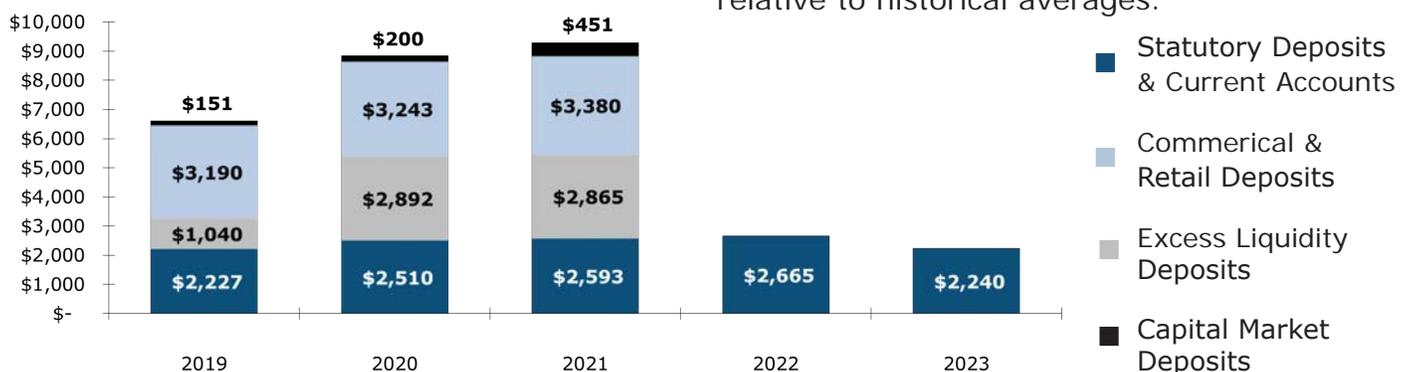
In addition, the loans to Celero Solutions described in note 25 of the consolidated financial statements are not considered part of the net investment and therefore, the loans are not written down. Although SaskCentral is liable in proportion to its ownership interest in Celero Solutions, for all of Celero Solutions' covenants and obligations, these losses do not reflect an obligation for SaskCentral at the end of the reporting period and therefore have not been recognized.

Non-interest expenses represent expenditures incurred to manage liquidity for Saskatchewan credit unions and payments processing services, as well as general operating expenses such as salary and employee benefits and occupancy costs. The non-interest expenses related to SaskCentral's core services decreased \$1.6 million largely due to costs savings in salary and employment benefits expenses. The non-interest expenses related to payments processing service increased by \$0.5 million due to higher consulting and project management costs.

Growth

Deposits are comprised of statutory liquidity deposits and credit union cash balances. Statutory liquidity deposits decreased 18.4% (2022 - 2.1% increase) due to the required rate for statutory deposits decreasing from 10% to 8.65% in 2023 and credit union cash balances increasing to 13.5% (2022 - 11.7%). Credit union cash balances can fluctuate substantially year over year. Credit unions continue to experience high levels of liquidity relative to historical averages.

Consolidated Deposits (in millions)



MANAGEMENT DISCUSSION AND ANALYSIS

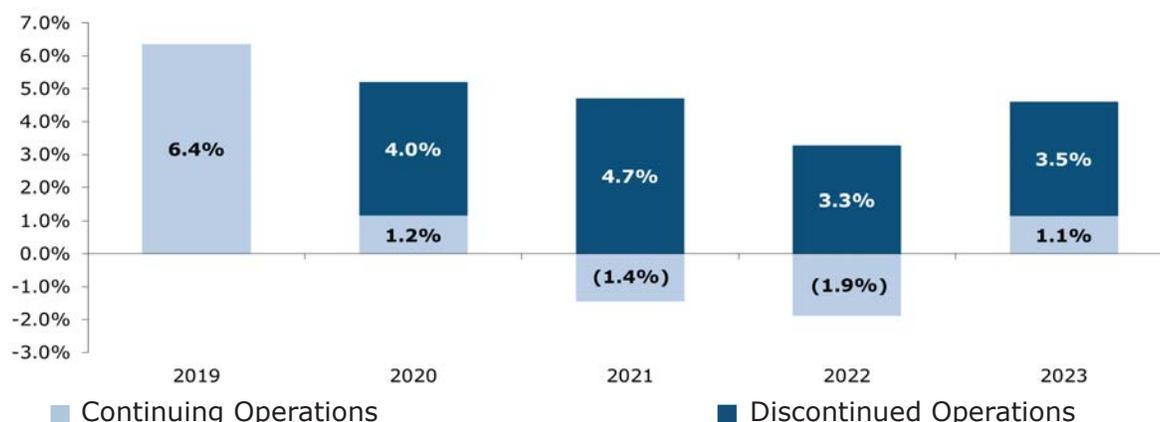
Liquidity

SaskCentral continued to hold a strong liquidity position in 2023. Cash and securities totalled \$2.4 billion, or 95.6% of assets (2022 – \$3.2 billion or 96.2%).

Return on Equity

Equity decreased by \$72.0 million from 2022. Annual earnings resulted in a net increase to retained earnings of \$12.7 million. SaskCentral repatriated \$75.5 million of Class A membership shares and \$8.7 million of Class B membership shares in 2023. For 2023, SaskCentral's ROE was 4.6% (2022 – 1.4%).

Consolidated Return on Equity



Liquidity Management

SaskCentral manages liquidity by evaluating regulatory developments, monitoring liquidity risks and evaluating liquidity sufficiency.

SaskCentral uses two metrics to monitor liquidity risk: the SaskCentral stand-alone Liquidity Coverage Ratio (LCR) and CUDGC's LCR. The stand-alone LCR is modeled after the Standards of Sound Business Practice – Liquidity Adequacy Requirements (SSBP-LAR) published by CUDGC. This guideline does not apply to SaskCentral; however, SaskCentral has incorporated the LAR principles in the LCR. CUDGC's LCR is based on the balance sheet of all Saskatchewan credit unions and includes their statutory liquidity deposit investments. All measures are used to assess SaskCentral's

liquidity position, and all policy requirements have been met in 2023. Refer to note 4 of the consolidated financial statements for further information.

SaskCentral supports credit unions in managing their LCR. A credit union's stock of High-Quality Liquid Assets (HQLA) includes securities held directly as well as those held indirectly in the form of statutory liquidity deposits with SaskCentral. A credit union may allocate the amount of its statutory liquidity deposits to each level of HQLA and other liquid assets on a 'look-through' basis and in accordance with the investment allocation of the liquidity pool at each level.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Management

Capital management consists of maintaining the capital required to cover risks and comply with the regulatory capital ratios defined by CUDGC. 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, 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; and signal financial strength to stakeholders.

Regulatory Capital and Capital Ratios

Capital levels are regulated pursuant to guidelines issued by CUDGC. 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 6 of the consolidated financial statements. Regulatory capital is adjusted for investments in unconsolidated subsidiaries. The investment in CUC Wealth (net of accumulated other comprehensive income) is deducted from SaskCentral's capital. This allows CUDGC to monitor the capital strength of SaskCentral's stand-alone operations.

Borrowing Multiple

Regulatory capital adequacy for SaskCentral is measured by CUDGC 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. CUDGC 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 CUDGC.

The *Financial Management Policy* establishes an internal limit of 18.0:1, at which point SaskCentral's Board of Directors must require management to take mitigating action to make certain the borrowing multiple does not exceed CUDGC's limit. The *Financial Management Policy* also establishes a management limit of 17.0:1, at which point management will outline actions to the Board to assuage the situation. As of December 31, 2023, the borrowing multiple was 11.6:1 (2022– 10.0:1).

Tier 1 and Tier 2 Capital

	2023	2022
Tier 1 Capital	236,121	310,541
Total Borrowing Multiple Capital	194,886	269,819
Total Borrowings	2,269,796	2,694,496
Actual Borrowing Multiple	11.6:1	10.0:1
SaskCentral Policy Limit	18.0:1	18.5:1 ³
Tier 1 Regulatory Capital		
Membership shares	91,503	175,688
Retained earnings	149,310	136,637
Own credit risk ¹	(821)	2,087
IFRS related reclassification ²	(3,871)	(3,871)
Total Tier 1 Capital	236,121	310,541
Tier 2 Regulatory Capital		
IFRS related reclassification ²	3,871	3,871
Total Tier 2 Capital	3,871	3,871
Total Tier 1 and Tier 2 Capital	239,992	314,412
Deduct:		
Investments in unconsolidated subsidiaries	30,859	32,049
Assets of little or no realizable value	14,247	12,544
Total Tier 1 and Tier 2 Capital	194,886	269,819
¹ Represents the cumulative impact of SaskCentral's own credit risk (OCR) on financial liabilities measured at fair value through profit or loss.		
² Accumulated net after-tax fair value gain on investment property is reclassified to Tier 2.		
³ Temporary limit until December 31, 2022.		

SaskCentral's capital plan evaluates projected capital adequacy and considers capital options, including membership share true-ups and organic growth of retained earnings.

SaskCentral's bylaws require each Class A and Class B member credit union to maintain mandatory membership share capital equal to a percentage of their previous year's assets, as determined by the Board. The percentage shall not be less than 0.01% and not more than 1.0% for each of Class A and Class B.

The mandatory membership share capital level in 2023 was set at 0.32% of 2022 year ending assets (2022 – 0.64%). This resulted in repatriating \$84.2 million in membership share capital back to credit unions (2022 – an additional \$426 thousand was subscribed).

SaskCentral remains well capitalized and able to support Saskatchewan credit unions. Based on the borrowing multiple at the end of 2023, SaskCentral would be able to withstand additional capital shocks of \$68.7 million

MANAGEMENT DISCUSSION AND ANALYSIS

before reaching the Board policy limit of 18.0:1.

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 Celero Solutions, PPJV, CUC Wealth, The Co-operators, and the Canadian Credit Union Association (CCUA).

Excess capital that is not required to manage risk and comply with regulatory requirements is returned to credit unions either through a dividend, or through the repatriation of membership share capital.

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 its capital management strategies to reflect any changes.

Enterprise Risk Management

SaskCentral's ERM framework aligns with the ERM framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The ERM framework is approved by the Board and implemented by the ERM function, led by the Chief Risk Officer (CRO). The framework describes the principles, governance structures, roles and responsibilities and key concepts that SaskCentral uses to guide its assessment of risks within the organization, and outlines

a thorough and systematic way that risk is managed, identified, assessed, monitored and reported.

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

ERM is closely tied with SaskCentral's strategy and business plan and is integrated with SaskCentral's strategic goals and balanced scorecard. SaskCentral's key risks and emerging risks are reviewed, challenged, and approved by the SaskCentral Audit and Risk Committee of the Board quarterly. SaskCentral utilizes a strategy map to represent the primary strategic goals most critical to the organization's success. These strategic goals are used as the major risk categories, facilitating more intense scrutiny of critical areas during risk identification.

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 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 timely 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(s), PPJV, the Group Clearer Joint Venture

MANAGEMENT DISCUSSION AND ANALYSIS

and CCUA. The plan is tested at least annually through tabletop or full mock exercises.

SaskCentral's Capital Crisis Management Plan provides a basis for analyzing capital management options during a stress event and the organization's ability to maintain or replenish capital levels.

As a Provincial Systemically Important Financial Institution, SaskCentral maintains a Recovery Plan with a purpose to restore stakeholder's confidence in the financial soundness of the institution following an extreme, but plausible, stress event. The Recovery Plan outlines management actions that demonstrate SaskCentral's ability to recover from extreme liquidity and capital events. Recovery Plan scenarios and actions are updated and filed with CUDGC.

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 maintains a comprehensive Continuity Management Program to direct the effective management of any major business continuity disruption.

SaskCentral has a Board-approved conflict of interest policy and a code of conduct that all employees and directors must follow. In addition, SaskCentral has a regulatory compliance framework and anti-money laundering / anti-terrorist financing framework and an appointed Chief Compliance Officer/ Chief Anti-Money Laundering Officer, who oversees and is responsible for the framework, regular risk assessment and reporting to executive management and the Board on legislative and regulatory compliance.

2024 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.

Credit unions continue to operate in and respond to a rapidly changing environment; one driven by technological advancements, economic and competitive pressures, and changing consumer behavior and preferences.

This presents continued pressures around margins, growth and member acquisition for credit unions, and impacts technology, digitization and efficiency. As the credit union system evolves to meet these challenges and opportunities, so too must SaskCentral – and the urgency continues to heighten.

In addition, the payments landscape is changing. Payments Canada is working to modernize Canada's payment systems. A modern payments infrastructure designed for the digital world will introduce new opportunities to simplify and enhance everyday payment interactions. This highly evolving environment directly drives SaskCentral's strategy and continued transformation.

In 2023, SaskCentral completed a multi-year strategy, Enterprise Strategy 2024 (ES2024), which included sequential annual milestones and accompanying business strategies to achieve our 2024 Vision to become, "A trusted and effective partner that Saskatchewan credit unions count on to enable liquidity management services and access to payment ecosystems, by 2024."

In 2023, SaskCentral also defined a new three-year strategy, Momentum Unleashed, which builds on the momentum gained through the delivery of ES2024 and unleashes our ability to provide expertise, partnerships and financial solutions for the future success of credit unions.

MANAGEMENT DISCUSSION AND ANALYSIS

Our 2024 - 2026 strategy focuses on providing specialized liquidity solutions and modernized payments access through four key areas:

Liquidity Management

Statutory liquidity management is a core service provided by SaskCentral. The organization needs to deliver this service in a way that best meets the changing needs of member credit unions. In 2024, we will examine our products, services and pricing structure to ensure we are offering enhanced choices for credit unions and an improved service delivery model. We will engage with our stakeholders to provide them with a comprehensive understanding of our products, services, and pricing structure.

Payments

SaskCentral has a role in connecting credit unions to the payments ecosystem by providing access through the PPJV. In 2024, as a customer and owner of PPJV, SaskCentral will continue to collaborate closely to test and implement various payment streams. We will also assess the PPJV structure and governance to ensure the best alignment with the needs of Saskatchewan credit unions.

Additionally, SaskCentral needs to assist credit unions in understanding the impacts of the Payments Canada Modernization initiative so they can be positioned to respond. In 2024, through participation in the Payments Canada Financial Risk Group (FRG), SaskCentral will develop a clear understanding of the potential impacts of Real Time Rail (RTR) on SaskCentral and credit unions, consistent with Payments Canada timelines, and identify resources and infrastructure needed for RTR implementation. Also in 2024, as Payments Canada develops a conceptual design for the Future State of Retail Batch Payments, SaskCentral will actively engage with the Group Clearer (Central1 Credit Union) to gain deeper insights into the effects for SaskCentral, our credit unions and our partners.

Clearing and Settlement

In 2024, we will explore how to elevate our operational capabilities and strengthen our position within the clearing and settlement ecosystem, and work with industry experts, Payments Canada, and other third parties to determine SaskCentral's future state related to clearing and settlement.

Strategic Investees

SaskCentral holds an ownership position in strategic partners as a means of ensuring access to the products and services our credit union owners need to provide full services to their members. In 2024, we will enhance the strategic investee management framework, which will serve as a vital tool in our ongoing commitment to optimize our strategic investments to ensure future returns and risks are carefully considered and evaluated. To complete our commitments from ES2024, we will continue to execute recommendations on the future ownership of Celero and Everlink and continue to execute the sale strategy of the SaskCentral building.

Accounting Matters

Critical Accounting Policies and Estimates

The accompanying consolidated financial statements have been prepared in accordance with IFRS. The material accounting policies used in the preparation of the consolidated 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 3 of the consolidated financial statements.

Changes in Accounting Policies

Amendments to IAS 1, Presentation of Financial Statements and IFRS Practice Statement 2

SaskCentral has adopted the amendments to IAS 1, *Presentation of Financial Statements* and IFRS Practice Statement 2 for the first time in the year. Although the amendments did not result in any changes to the accounting policies, the amendments impacted the

accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements. Management reviewed the accounting policies and made updates to the information disclosed in note 2 of the consolidated financial statements in certain instances in line with the amendments.

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 Internal Audit, which regularly reviews 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 its approval of the consolidated financial statements for publication.

Credit Union Deposit Guarantee Corporation (CUDGC) of Saskatchewan reviews the activities of SaskCentral to ensure compliance with the *Cooperative Credit Associations Act* and the *Credit Union Central of Saskatchewan Act, 2016*, 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.



Stephen Fitzpatrick,
Chief Executive Officer



Cheryl Maksymiw,
Chief Financial Officer / Chief Risk Officer
March 6, 2024

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 four 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 the audit summary report. The Audit and Risk Committee meets with the Chief Internal Auditor to review and approve audit plans, and reviews reports from Internal Audit on the effectiveness of the internal control environment. Both the external auditor and Internal Audit have free access to, and meet periodically with, the Audit and Risk Committee to discuss their findings.

Management provides the Audit and Risk Committee with certifications on its compliance with the Credit Union Deposit Guarantee Corporation (CUDGC) requirements. Also, management letter recommendations received from CUDGC are reviewed by the Audit and Risk Committee.



Mitchell Anderson
Chair, Audit and Risk Committee
March 6, 2024



SaskCentral's head office is located in Regina, on Treaty 4 land and within the traditional territory of the Métis.

Saskatchewan credit unions serve members and communities associated with Treaties 2, 4, 5, 6, 8 and 10. This includes the traditional lands of the Nêhiyawak (Plains Cree), Nahkawiniwak (Saulteaux), Nakota (Assiniboine), Dakota and Lakota (Sioux), and Denesuline (Dene/Chipewyan)

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