



CONSOLIDATED FINANCIAL STATEMENTS
CREDIT UNION CENTRAL OF SASKATCHEWAN

December 31, 2024

Table of Contents

INDEPENDENT AUDITOR'S REPORT	3
CONSOLIDATED BALANCE SHEET.....	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OR LOSS	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	8
CONSOLIDATED STATEMENT OF CASH FLOWS.....	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10
1. REPORTING ENTITY	10
2. MATERIAL ACCOUNTING POLICIES.....	10
3. FINANCIAL RISK MANAGEMENT	29
4. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES.....	39
5. CAPITAL MANAGEMENT.....	41
6. CASH AND CASH EQUIVALENTS.....	42
7. SECURITIES	43
8. DERIVATIVE ASSETS AND LIABILITIES	48
9. LOANS	49
10. ALLOWANCE AND PROVISION FOR CREDIT LOSSES	50
11. INVESTMENT IN ASSOCIATE.....	51
12. PROPERTY, PLANT AND EQUIPMENT	52
13. INTANGIBLE ASSETS	53
14. INCOME TAXES.....	54
15. DEPOSITS	57
16. LOANS AND NOTES PAYABLE	58
17. SHARE CAPITAL	59
18. NET INTEREST INCOME	61
19. ASSESSMENT REVENUE AND FEE FOR SERVICE REVENUE.....	61
20. SALARY AND EMPLOYEE BENEFITS.....	62
21. GAIN ON FINANCIAL INSTRUMENTS	62
22. RELATED PARTY TRANSACTIONS.....	62
23. COMMITMENTS.....	63
24. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	65

Independent Auditor's Report

To the Members of
Credit Union Central of Saskatchewan

Opinion

We have audited the consolidated financial statements of Credit Union Central of Saskatchewan (the "Company"), which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated statement of profit and loss, the consolidated statement of comprehensive income or loss, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
March 5, 2025
Regina, Saskatchewan

CONSOLIDATED BALANCE SHEET

[in thousands of Canadian dollars]

As at December 31

	2024	2023
	\$	\$
Assets		
Cash and cash equivalents [note 6]	195,784	262,098
Securities [note 7]	2,309,240	2,151,360
Derivative assets [note 8]	3,949	3,654
Loans [note 9]	10,283	13,882
Trade and other receivables	3,693	3,450
Other assets	1,006	1,019
Investment in associate [note 11]	32,999	30,699
Property, plant and equipment [note 12]	438	566
Intangible assets [note 13]	25,600	30,226
Deferred income tax assets [note 14]	10,922	13,367
Assets held for sale [note 24]	18,968	13,043
	2,612,882	2,523,364
Liabilities		
Deposits [note 15]	2,344,942	2,239,823
Derivative liabilities [note 8]	4,441	4,470
Loans and notes payable [note 16]	29,974	29,973
Trade and other payables	7,079	6,741
	2,386,436	2,281,007
Equity		
Share capital [note 17]	71,562	91,503
Retained earnings	155,023	149,310
Accumulated other comprehensive (loss) income	(139)	1,544
Total equity attributable to equity holders of SaskCentral	226,446	242,357
	2,612,882	2,523,364

See accompanying notes

On behalf of the Board:



Director



Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

[in thousands of Canadian dollars]

Year ended December 31

	2024	2023
	\$	\$
Continuing operations		
Interest income		
Securities	93,072	87,849
Loans	1,346	3,251
	94,418	91,100
Interest expense		
Deposits	77,539	68,054
Loans and notes	1,748	1,886
	79,287	69,940
Net interest income [note 18]	15,131	21,160
Provision for credit losses (recoveries) [note 10]	5	(55)
Net interest income after provision for credit losses (recoveries)	15,126	21,215
Non-interest income		
Assessment revenue [note 19]	6,723	6,231
Fee for service [note 19]	27,666	12,821
Gain on financial instruments [note 21]	4,756	1,284
Share of profits (losses) in associate	1,897	(972)
	41,042	19,364
Net interest and non-interest income	56,168	40,579
Non-interest expense		
Salary and employee benefits [note 20]	11,111	9,937
Professional and advisory services	5,055	5,663
Technology expense	23,484	16,911
Occupancy	476	594
General business	2,619	3,069
	42,745	36,174
Profit for the year before income taxes	13,423	4,405
Income tax expense [note 14]	3,516	1,240
Profit for the year from continuing operations	9,907	3,165
Discontinued operations, net of tax		
(Loss) profit for the year from discontinued operations [note 24]	(3,866)	9,562
Profit for the year	6,041	12,727

See accompanying notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OR LOSS

[in thousands of Canadian dollars]

Year ended December 31

	2024	2023
	\$	\$
Profit for the year	6,041	12,727
Other comprehensive loss		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Financial assets at FVTOCI		
Net unrealized (losses) gains on FVTOCI securities during the year	(333)	2,646
Reclassification of impairment losses (gains) on FVTOCI securities [note 10]	3	(48)
Share of other comprehensive income of associate	452	405
Income tax relating to items that will be reclassified subsequently [note 14]	(92)	(592)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net change in fair value due to change in own credit risk on financial liabilities [note 21]	(2,796)	(4,058)
Income tax related to items that will not be reclassified subsequently [note 14]	755	1,096
Other comprehensive loss for the year, net of tax	(2,011)	(551)
Total comprehensive income for the year	4,030	12,176

See accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

[in thousands of Canadian dollars]

Year ended December 31

	Accumulated other comprehensive income (loss)				
	Share capital	Retained earnings	Fair value reserves	Own credit risk reserve	Total Equity
Balance as at December 31, 2022	175,688	136,637	(46)	2,087	314,366
Profit for the year	-	12,727	-	-	12,727
Other comprehensive (loss) income for the year, net of tax	-	-	2,411	(2,962)	(551)
Decrease in share capital [note 17]	(84,185)	-	-	-	(84,185)
Reclassification of own credit risk on derecognition of related financial liabilities, net of tax	-	(54)	-	54	-
Balance as at December 31, 2023	91,503	149,310	2,365	(821)	242,357
Profit for the year	-	6,041	-	-	6,041
Other comprehensive (loss) income for the year, net of tax	-	-	30	(2,041)	(2,011)
Decrease in share capital [note 17]	(19,941)	-	-	-	(19,941)
Reclassification of own credit risk on derecognition of related financial liabilities, net of tax	-	(328)	-	328	-
Balance as at December 31, 2024	71,562	155,023	2,395	(2,534)	226,446

See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

[in thousands of Canadian dollars]

Year ended December 31	2024	2023
	\$	\$
Cash flows from (used in) operating activities		
Profit for the year	6,041	12,727
Adjustments to determine net cash from (used in) operating activities:		
Loss (profit) for the year from discontinued operations, net of tax [note 24]	3,866	(9,562)
Depreciation of property, plant and equipment and investment property	204	312
Other amortization/accretion	(24,393)	(11,483)
Gain on financial instruments [note 21]	(4,756)	(1,284)
Gain on disposal of property, plant, and equipment	(1)	-
Net interest income [note 18]	(15,131)	(21,160)
Provision for credit losses (recoveries) [note 10]	5	(55)
Share of (profits) losses in associate	(1,897)	972
Income tax expense [note 14]	3,516	1,240
Changes in operating assets and liabilities:		
Derivative assets, net of derivative liabilities	(324)	(213)
Loans, net of repayments and sales	(6,683)	23,608
Trade and other (payables) receivables	(1,353)	(4,124)
Other assets	13	(257)
Deposits, net of withdrawals	72,964	(462,704)
Loans and notes payable, net of repayments	1	19
Interest received	93,430	92,489
Dividends received	730	802
Interest paid	(77,608)	(67,706)
Cash flows from (used in) continuing operating activities	48,624	(446,379)
Cash flows from (used in) operating activities - discontinued operations	844	(7)
Cash flows from (used in) operating activities	49,468	(446,386)
Cash flows used in financing activities		
Repatriation of share capital [note 17]	(19,941)	(84,185)
Dividends paid to members	-	(291,825)
Cash flows used in financing activities	(19,941)	(376,010)
Cash flows (used in) from investing activities		
Purchase of securities	(3,743,954)	(5,073,181)
Proceeds from sales of securities	3,651,404	5,964,025
Distributions from investment in associate	49	189
Disposal of subsidiary [note 24]	(1,189)	-
Additions to property, plant and equipment, net of disposals	(2)	(79)
Additions to intangible assets, net of disposals	(4,026)	(8,293)
Cash flows (used in) from continuing investing activities	(97,718)	882,661
Cash flows from investing activities - discontinued operations	1,877	1,388
Cash flows (used in) from investing activities	(95,841)	884,049
Net (decrease) increase in cash and cash equivalents	(66,314)	61,653
Cash and cash equivalents, beginning of year	262,098	200,445
Cash and cash equivalents, end of year	195,784	262,098

See accompanying notes

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Credit Union Central of Saskatchewan (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, 2016* (the Act). Under the Act, Credit Union Deposit Guarantee Corporation of Saskatchewan (CUDGC) has regulatory responsibilities for SaskCentral.

SaskCentral functions as a liquidity manager and key service supplier on behalf of and for Saskatchewan credit unions. SaskCentral also maintains business relationships with, and investments in, a number of co-operative entities on behalf of Saskatchewan credit unions, including Prairie Payments Joint Venture (PPJV), 6047572 Canada Inc. (604 Canada), previously Celero Solutions, 16170277 Canada Inc. (161 Canada) and CU CUMIS Wealth Holdings LP (CUC Wealth).

2. MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS[®] Accounting Standards. These consolidated financial statements have been prepared in accordance with subsection 292(4) of the *Cooperative Credit Associations Act (Canada)* (the CCAA).

These consolidated financial statements were authorized for issue by the Board on March 5, 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except financial assets and liabilities held at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI), which have been measured at fair value, including all derivative contracts.

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.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of presentation (continued)

(b) Basis of measurement (continued)

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.

Valuation techniques used to measure fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair values are determined by reference to quoted bid or asking prices, as appropriate, in the principal market or most advantageous market for that asset or liability to which SaskCentral has immediate access (Level 1).

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, SaskCentral looks primarily to external readily observable market inputs including factors such as interest rate yield curves, currency rates, and price and rate volatilities, as applicable (Level 2). In certain circumstances, SaskCentral uses one or more input parameters that are not based on observable market data or uses observable inputs that require significant adjustment based on unobservable inputs (Level 3). The impact on net income of valuations reflecting non-market observable inputs (Level 3 valuations) is disclosed in note 4. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The credit quality of financial assets and financial liabilities, including derivative instruments, is considered in determining the fair value of these instruments. In determining the credit quality of the instrument both SaskCentral's own credit risk and the risk of the counterparty are considered elements of this credit quality.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions SaskCentral holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Where valuation techniques such as discounted cash flow models are used to determine fair values, they are validated and periodically reviewed.

(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.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of presentation (continued)

(d) Comparative figures

The amortization of intangibles was previously classified under occupancy on the statement of profit or loss and has been reclassified to technology expense to better reflect the nature of the costs. The amount reclassified in 2023 was \$2,447.

(e) 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 consolidated 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.

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

- *Classification of investments in associates and investment in joint operations:* determining whether SaskCentral has control, joint control or significant influence over its investees (notes 2.2 and 2.3).
- *Classification of financial assets:* assessment of the business model within which a financial asset is held and whether the cash flows represent solely payments of principal and interest (note 2.6 (a))
- *Allowance for credit losses:* determining the appropriate inputs into the expected credit loss (ECL) model and establishing the criteria for determining when there has been a significant increase in credit risk (note 2.6 (d)).
- *Fair value measurement:* determining the fair value for certain assets and liabilities which require significant unobservable inputs (notes 2.1 (b), 2.6 (b) and 4).
- *Asset held of sale assessment:* determining whether it is highly probable that an asset will be sold within one year of the reporting period (note 2.4).
- *Intangible asset impairment:* determining what constitutes a cash generating unit (CGU) is subject to management judgment (note 2.13).
- *Deferred income tax:* determining the recognition of deferred tax assets and liabilities based on future probability assumptions (note 2.14 (b)).

2.2 Investment in associate

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 of the operations 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 other comprehensive income (OCI) of the associate. Distributions received from the associate reduce SaskCentral's investment in associate on the consolidated balance sheet. When SaskCentral's share of losses of an associate exceeds SaskCentral's interest in that associate, SaskCentral discontinues recognizing its share of further losses.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Investment in associate (continued)

Additional losses are recognized only to the extent that SaskCentral has incurred legal or constructive obligations or made payments on behalf of the associate. If a distribution is received from an associate in excess of SaskCentral's carrying value, the distribution is recognized as income if SaskCentral has no obligation to refund the distribution or is not currently liable for the obligations of the associate. If SaskCentral may be required to refund the distribution or is liable for the obligations of the associate, the distribution is recorded as a liability.

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 the consolidated statement of profit or loss in the period in which the investment is acquired.

The requirements of IAS 36, *Impairment of Assets* are applied to determine whether it is necessary to recognize any impairment loss with respect to SaskCentral's investment in associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with 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.

The following investment in associate is included in these consolidated statements:

CU CUMIS Wealth Holdings LP (CUC Wealth) - SaskCentral has a 10.92% (2023 - 10.92%) interest in CUC Wealth. CUC Wealth serves as a holding company for the five provincial credit union centrals and other co-operatives' ownership in Aviso Wealth Inc. (Aviso). Aviso is a national, integrated financial services company serving the wealth management needs of Canadian credit unions and independent financial organization. SaskCentral has significant influence over CUC Wealth through its representation on the board of directors and participation in policy-making processes. SaskCentral has the right to appoint one out of nine (11.11%) members to the CUC Wealth board of directors and management has concluded that SaskCentral has significant influence over CUC Wealth. SaskCentral's representation on the CUC Wealth board of directors provides the ability to participate in and influence financial, operating and policy-making processes, including participation in decisions around distributions of CUC Wealth. CUC Wealth is accounted for in these consolidated financial statements using the equity method.

2.3 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.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Interests in joint operations (continued)

When SaskCentral undertakes its activities under joint operations, it 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; and
- its expenses, including its share of any expenses incurred jointly.

The following interests in joint operation is included in these consolidated statements:

PPJV – SaskCentral has 33.33% (2023 – 33.33%) interest in PPJV. On January 1, 2020, SaskCentral entered into a joint venture agreement, referred to as PPJV, with Alberta Central and Credit Union Central of Manitoba to administer payments processing, previously performed by CUPS Payment Services. The PPJV provides payment services and related support services to the members of its owners as well as to other organizations. PPJV is an unincorporated joint operation structured through a separate vehicle with a contractual agreement. 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 the joint venturer based on their proportionate share in the joint operation. The contractual agreement between SaskCentral, Alberta Central, and Credit Union Central of Manitoba states that the gross revenues, expenses, income and losses of the joint operation shall belong to, be owned by and borne exclusively by the three parties in proportion to their ownership share in the joint operation. SaskCentral accounts for its share of PPJV's assets, liabilities, revenue and expenses in these consolidated financial statements, which are recorded following SaskCentral's accounting policies for these assets, liabilities, revenues, and expenses.

161 Canada – SaskCentral has 33.33% interest in 161 Canada. 161 Canada was incorporated under the laws of Canada on June 26, 2024 with SaskCentral, Alberta Central, and Credit Union Central of Manitoba owning one-third interest each. The principal activity of 161 Canada is that of an investment holding company, specifically for a 49% equity share in Everlink Payments Services Inc. (Everlink). 161 Canada is an incorporated legal entity and is seen as a separate entity under law. However, per the terms of the unanimous shareholder agreement, 161 Canada exists for the sole purpose of holding bare legal title of Everlink. The legal form of 161 Canada gives SaskCentral, Alberta Central, and Credit Union Central of Manitoba the beneficial rights to Everlink. As such, 161 Canada has been classified as a joint operation and proportionately consolidated in these financial statements in proportion to SaskCentral's ownership share.

2.4 Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. No further depreciation is taken once non-current assets have been classified as an asset held for sale. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In determining whether a sale is highly probable, management is required to make judgements on whether the sale will be completed within one year of the assessment date.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Assets held for sale (continued)

When SaskCentral is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. SaskCentral then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Management has concluded that at the end of the reporting period, SaskCentral's building, investment property, investment in 604 Canada, and investment in Everlink have met the conditions outlined under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5), and the sales are expected to occur within one year.

2.5 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 FVTOCI and recorded at fair value. Obligations related to assets sold under repurchase agreements are recorded in loans payable (note 16). Interest incurred on repurchase agreements is included in loans and notes interest expense.

2.6 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 the consolidated statement of profit or loss. SaskCentral uses trade date accounting for regular way contracts when recording financial instrument transactions.

(a) Financial assets

Debt instruments are classified as amortized cost, FVTOCI or FVTPL, on the basis of SaskCentral's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

SaskCentral makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, from the sale of financial assets, or both. SaskCentral determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment requires judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(a) Financial assets (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding.

'Principal' is defined as the fair value of the financial asset on initial recognition. Principal may change over the life of the instrument due to repayments. 'Interest' is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In performing this assessment, SaskCentral takes into consideration contractual features that could change the amount or timing of contractual cash flows, such that the cash flows are no longer consistent with a basic lending arrangement. If SaskCentral identifies any contractual features that could modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Debt instruments measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization of premiums, discounts and other transaction costs is included in interest income in the consolidated statement of profit or loss.

Debt instruments measured at FVTOCI

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVTOCI are recorded in OCI. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to interest income in the consolidated statement of profit or loss using the effective interest rate method. Upon derecognition, realized gains and losses are reclassified from OCI to the consolidated statement of profit or loss.

Debt instruments designated at FVTPL

SaskCentral may, at initial recognition, irrevocably designate a financial asset as at FVTPL when one of the following criteria is met:

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- A group of financial assets is managed with its performance being evaluated on a fair value basis; or
- The financial asset contains one or more embedded derivatives which significantly modifies the cash flows otherwise required by the contract.

These instruments are measured at fair value in the consolidated balance sheet, with transaction costs recognized immediately in the consolidated statement of profit or loss as part of gain on financial instruments. For financial assets designated at FVTPL, changes in fair value are recognized in the consolidated statement of profit or loss.

Equity instruments measured at FVTPL/FVTOCI

Equity instruments are measured at FVTPL unless an election is made to designate them at FVTOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the consolidated statement of profit or loss.

SaskCentral can elect to classify non-trading equity instruments at FVTOCI. This election will be used for certain equity investments for strategic or longer-term investment purposes. The FVTOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Both realized and unrealized gains and losses on these instruments are recorded in OCI and are not subsequently reclassified to the consolidated statement of profit or loss. Dividends received are recorded in interest income in the consolidated statement of profit or loss. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the consolidated statement of profit or loss on sale of the security.

(b) Financial liabilities

SaskCentral classifies its financial liabilities as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

SaskCentral may, at initial recognition, irrevocably designate a financial liability as at FVTPL when one of the following criteria is met:

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- A group of financial liabilities is managed with its performance being evaluated on a fair value basis; or
- The financial liability contains one or more embedded derivatives which significantly modifies the cash flows otherwise be required by the contract.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(b) Financial liabilities (continued)

For liabilities at FVTPL, all changes in fair value are recognized in the consolidated statement of profit or loss, except for changes in fair value arising from changes in SaskCentral's own credit risk which are recognized in OCI. Other financial liabilities are measured at amortized cost using the effective interest method. Changes in fair value of liabilities due to changes in SaskCentral's own credit risk, recognized in OCI, are not subsequently reclassified to the consolidated statement of profit or loss upon derecognition/extinguishment of the liabilities. Instead, these changes are reclassified from accumulated other comprehensive income (AOCI) to retained earnings upon derecognition/extinguishment of the liabilities. Determination of fair value changes in own credit risk on financial liabilities designated at FVTPL requires SaskCentral to utilize valuation techniques, such as discounted cash flow model, where observable data is obtained from sources such as Bloomberg. Where valuation techniques such as models are used to determine SaskCentral's own credit risk, they are validated and periodically reviewed. With the exception of its deposits and derivative financial instruments which are FVTPL, SaskCentral's holdings in financial liabilities are classified as measured at amortized cost.

(c) Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after SaskCentral changes its business model for managing financial assets. There were no changes to any of the SaskCentral's business models for the year ended December 31, 2024.

(d) Impairment of financial assets

SaskCentral establishes an allowance for credit losses for the following categories of financial assets that are not measured at FVTPL:

- Financial assets at amortized cost;
- Financial assets at FVTOCI; and
- Undrawn lending commitments.

No impairment is recognized on equity investments in the scope of IFRS 9 - *Financial Instruments* (IFRS 9). The impairment of financial assets is presented in the consolidated balance sheet as a deduction in the gross carrying amount of loans.

Expected credit loss impairment model

SaskCentral uses an ECL methodology to measure impairment of its financial instruments. Expected credit losses reflect the present value of all cash shortfalls related to default events which may occur over a specified period of time. Consequently, SaskCentral's allowance for credit losses is an output of a model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The impairment amount reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(d) Impairment of financial assets (continued)

Expected credit loss impairment model (continued)

The impairment model measures the ECL using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 - where there has not been a significant increase in credit risk since initial recognition of a financial asset, an amount equal to 12-month ECL is recorded. For those instruments with a remaining maturity of less than twelve months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 - when a financial asset experiences a significant increase in credit risk subsequent to the origination but is not considered to be in default, an amount equal to lifetime ECL is recorded.
- Stage 3 - when a financial asset is considered to be in default, an amount equal to lifetime ECL continues to be recorded or the financial asset is written off.

Financial assets may migrate forward or backward through the three stages as their credit risk deteriorates or improves. When measuring ECL, SaskCentral considers the maximum contractual period over which it is exposed to credit risk (expected life). All contractual terms are considered when determining the expected life, including prepayment and extension or rollover options.

Measurement of ECL

The measurement of ECL is a function of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD). The PD is an estimate of the likelihood that a financial asset will not be repaid and will go into default. LGD is an estimate of the amount that may not be recovered in the event of default. The assessment of the PD and LGD is based on historical data and current market conditions adjusted by reasonable and supportable information about future economic conditions. EAD is an estimate of the outstanding amount of credit exposure at the time a default may occur.

The ECL parameters are generally derived from internally developed statistical models utilizing SaskCentral's own historical loss data by major asset class with the exception of PD and LGD for commercial mortgages/loans and securities. Due to the limited number of historical losses within these portfolios, SaskCentral has mapped its internal risk ratings to external ratings and utilized both public and proprietary third-party data to determine the appropriate parameters by rating.

Significant increase in credit risk

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

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(d) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

SaskCentral's assessment of significant increase in credit risk is performed quarterly based on the following three factors. If any of these factors indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2:

- The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if the credit rating has dropped below investment grade, based on Morningstar DBRS ratings.
- SaskCentral considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.
- Additional qualitative reviews are performed to assess the staging results and make adjustments, as necessary, to better reflect the positions whose credit risk has increased significantly.

For its other commercial exposures, SaskCentral uses its internal risk rating scale unless an external credit rating is available. All exposures have a risk rating assigned that reflects the PD of the borrower which are reviewed and updated at least annually. Significant increase in credit risk is evaluated based on the risk rating migration of the exposures with consideration of forward-looking macroeconomic factors.

The assessment of significant increase in credit risk requires experienced credit judgment. In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, SaskCentral must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the expected credit loss allowance.

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognized. For the purpose of this assessment, credit risk is based on an instrument's PD, not the losses SaskCentral expects to incur. The assessment is generally performed at the instrument level.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfill their obligations both in near term and in the longer term, including periods of adverse changes in the economic or business environment. SaskCentral considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(d) Impairment of financial assets (continued)

Definition of default

SaskCentral considers a financial asset to be in default when:

- The external rating agencies have assigned a default rating to the investment;
- The debt issuer or obligor has not met a legally scheduled payment or has indicated that it will miss such a payment in near future;
- The borrower has sought or been placed in bankruptcy resulting in the delay or avoidance of repayment of the amount owing;
- Significant financial difficulty of the borrower;
- High probability of the borrower entering a phase of bankruptcy or a financial reorganization; or
- There is a measurable decrease in the estimated future cash flows from the loan or the underlying collateral.

In addition to the above observable indicators, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. SaskCentral does not currently rebut this presumption except for certain insured loans where, due to the strength of the underlying credit enhancement, it is reasonably certain that collection efforts will result in a full recovery of the defaulted loan.

Forward looking information

The measurement of ECL and the assessment of significant increase in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. SaskCentral has developed models incorporating specific macroeconomic variables that are relevant to each specific portfolio. SaskCentral exercises judgment to incorporate multiple economic forecasts which are probability-weighted in the determination of the final expected credit loss. The allowance is sensitive to changes in both the economic forecast and the probability-weight assigned to each forecast scenario.

Calculation of expected credit losses

The calculation of expected credit losses includes the explicit incorporation of forecasts of future economic conditions.

Macroeconomic factors

In its ECL models, SaskCentral relies on a broad range of forward-looking information as economic inputs, such as: GDP growth, unemployment rates, Bank of Canada interest rates, oil price per barrel, the Canadian equity index, and new housing starts. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data. Where available, SaskCentral will utilize geographic specific macroeconomic factors. Due to the limited loss history, SaskCentral has relied upon industry norms and best practices to identify key drivers of credit risk and credit losses for each portfolio of financial instruments and has estimated relationship between macro-economic variables, credit risk and credit losses.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(d) Impairment of financial assets (continued)

Multiple forward-looking scenarios

SaskCentral determines ECL using multiple probability-weighted forward-looking scenarios. Based on economic forecasts of large Canadian banks, SaskCentral formulates a 'base case' scenario of the future direction of relevant economic variables as well as representative range of other possible forecast scenarios. This process involves developing additional economic scenarios and considering the relevant probabilities of each outcome. External information includes economic data and forecasts published by the Bank of Canada, provincial government bodies and large Canadian financial institutions.

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

The following table represents the values of the macroeconomic variables over the next four calendar quarters used in determining SaskCentral's ECLs.

Macroeconomic variables	12-month forecast Base case
Bank of Canada interest rates (%)	2.58
Canadian unemployment (%)	6.73
GDP growth (% change)	1.78
Housing starts (000s/quarter)	61.21
Oil price (\$USD)	69.13

Presentation of allowance for ECL in the statement of financial position

For financial assets measured at amortized cost, loss allowances for ECL are presented in the consolidated balance sheet as a deduction from the gross carrying amount of the assets.

The allowance for credit losses for financial assets measured at FVTOCI does not reduce the carrying amount of the asset in the consolidated balance sheet, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI with a corresponding recognition to the provision for credit losses in the consolidated statement profit or loss. Upon derecognition of a FVTOCI debt instrument the accumulated unrealized fair value gains and losses, together with the impairment reserve, are recycled from AOCI to the consolidated statement of profit or loss.

Modified financial assets

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the financial asset should be derecognized. Where the modification does not result in derecognition, the date of origination continues to be used to determine a significant increase in credit risk. Where modification results in derecognition, the original asset is derecognized, and the new asset is recognized at its fair value. The difference between the carrying value of the derecognized asset and the fair value of the new asset is recognized as a gain or loss in the consolidated statement of profit or loss.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(d) Impairment of financial assets (continued)

Write-off

SaskCentral writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where the financial assets are secured, write-off is generally after receipt of any proceeds from the realization of the security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may occur earlier. In subsequent periods, any recoveries of amounts previously written off are credited to the net provision for credit losses in the consolidated statement of profit or loss.

(e) 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 does not prevent derecognition. Where substantially all of the risks and rewards of ownership of the financial asset are neither retained nor transferred, SaskCentral derecognizes the transferred asset only if it has lost control over that asset. Control over the assets is represented by the practical ability to sell the transferred asset without the need to impose additional restrictions. If SaskCentral retains control over the asset, it will continue to recognize the asset to the extent of its continuing involvement. When financial assets are derecognized in full, a gain or loss is recognized in the consolidated statement of 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 the consolidated statement of profit or loss.

2.7 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. 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.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Total interest income and total interest expense for specific categories of financial assets and financial liabilities is presented in note 18.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Revenue recognition

Nature of goods and services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. SaskCentral recognizes revenue when it transfers control of a product or service to a customer. Determining the timing of the transfer of control, at a point in time or over time, requires judgment.

Incremental costs of obtaining a contract are recognized in net income on a basis consistent with the transfer of control of the related product or service. SaskCentral utilizes a practical expedient and expenses these costs as they are incurred when the expected recognition period is one year or less.

SaskCentral earns revenue outside of interest income on financial assets. Revenues arising from these streams are recognized based on contracts with customers. The consideration received does not include any significant financing components that are not included in the transaction price.

The following is a description of the principal activities for SaskCentral from which revenue is generated including the nature of its performance obligations, the timing of when they are satisfied and the significant payment terms:

(a) SaskCentral revenue recognition

Liquidity management assessment

SaskCentral collects liquidity management assessment fees from member credit unions to provide services such as clearing and settlement, daily cash flow management and emergency liquidity management. The liquidity management assessment fees are reviewed and approved by SaskCentral's Board annually. The fees are assessed based on member credit unions' assets. The services are rendered over time and performance obligations are satisfied in the same manner; therefore, revenues are recognized over time. Payment for the liquidity management assessment fee is due on a monthly basis.

Tenant revenue

SaskCentral collects rental revenue from tenants relating to the lease of office and parking space. SaskCentral retains substantially all of the risks and benefits of ownership and therefore accounts for leases with its tenants as operating leases. Rental income is recognized systemically over the term of the lease. Any incentives offered in negotiating and arranging an operating lease are amortized over the term of the operating lease. Tenant revenue is recorded based on the amount received or to be received in accordance with the operating lease.

SaskCentral's investment property met the conditions outlined under IFRS 5 in 2023 and was classified as an asset held for sale on the consolidated balance sheet. The investment property continues to meet the conditions under IFRS 5 and as such tenant revenue has been classified as profit from discontinued operations on the consolidated statement of profit or loss.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Revenue recognition (continued)

(b) PPJV revenue recognition

Payment processing fees

The PPJV revenue is comprised primarily of payment processing services, including automated fund transfers, wires, bill payments, Interac payments, cheque imaging, statement processing and other payments related services. The performance obligations for legacy services are satisfied at the point in time in which the services are rendered to the customer. For bill payments and Interac payments processed on the payments processing platform, the PPJV's performance obligation is to provide continuous access to the platform and related payment services over the life of the contract, and accordingly, revenue from these services is recognized over time. For both legacy services and Interac payments processed on the platform, the transaction price is a fixed amount per transaction. The PPJV collects payments from its customers on a monthly basis and there are no significant financing components.

2.9 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.

2.10 Derivative financial instruments

SaskCentral enters into derivative transactions to hedge foreign currency risks and for economic and asset/liability management purposes. 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 8.

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 the separate statement of profit or loss immediately.

2.11 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 period for the furniture and equipment is 1 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.

SaskCentral's building and land met the conditions outlined under IFRS 5 in 2023 and were classified as an asset held for sale on the consolidated balance sheet. The building and land continue to meet the conditions under IFRS 5 and as such continue to be classified as an asset held for sale on the consolidated balance sheet.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.12 Intangible assets

Intangible assets includes development costs for the platform recognized at historical cost. Amortization of development costs commenced when payment processing service functionality was available for use on the platform. As of October 31, 2024, the development of the platform is complete. Amortization for all payment processing services on the platform commenced on a straight-line basis on November 1, 2024. While the platform was under development, amortization expense was recognized for payment processing services as they became available for use and was calculated based on the proportionate share of estimated total payment volumes over the useful life of the platform. The platform costs have an estimated useful life ending August 31, 2030. Amortization of development costs is reflected in the 'technology expense' line item on the consolidated statement of profit and loss.

The payment processing platform, formerly development costs, relate to expenditures incurred with the development of the platform controlled by the joint venture. Eligible costs for the platform are expenditures that are directly attributable to building the platform and preparing the asset for its intended use and include borrowing costs, fees associated with third party software development and architecture, testing and project management. Costs associated with training, maintenance and data conversion activities are expensed as incurred.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An asset is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Fair value is estimated based on recent transactions for similar assets within the same industry. Value in use is estimated based on discounted net cash flows from the continuing use and ultimate disposal of an asset.

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 the consolidated statement of profit or loss when the asset is derecognized.

2.13 Impairment of non-financial assets

Non-financial assets such as property, plant and equipment and intangible assets 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. For the purpose of assessing impairment of non-financial assets, SaskCentral must identify CGUs. Impairment testing is performed at a CGU level. Assets and liabilities are grouped into CGUs at the lowest level of separately identified cash flows. Determination of what constitutes a CGU is subject to management judgment. The composition of a CGU can directly impact the recoverability of non-financial assets included within the CGU. Management has determined that SaskCentral has one CGU relating to the operations of PPJV's payment processing services.

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 the consolidated statement of profit or loss immediately.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.13 Impairment of non-financial assets (continued)

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 the consolidated statement of profit or loss immediately. No non-financial assets were impaired in 2024 or 2023.

2.14 Taxation

Income tax expense represents current and deferred tax. Current tax and deferred tax are recognized in the consolidated statement of profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

(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. The principal temporary differences arise from allowances for credit losses, depreciation of property, plant and equipment, accrued expenses, the effective interest method, and carry-forward amounts. 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. 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.

A deferred tax liability is recognized when income taxes are payable in future periods as a result of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax related to fair value re-measurement of FVTOCI, 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.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.14 Taxation (continued)

(b) Deferred tax (continued)

The deferred income tax assets and liabilities recognized at December 31, 2024 are based on future profitability assumptions within the foreseeable future. In the event of changes to these profitability assumptions, the deferred income tax assets and liabilities recognized may be adjusted. Uncertainty about the assumptions and estimates of future profitability could result in outcomes that require a material adjustment to the deferred assets or liabilities.

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.

2.15 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.

(c) Termination benefits

Termination benefits are employee benefits provided when employment is terminated by SaskCentral before the normal retirement date, or whenever an employee accepts an offer of benefits in exchange for the termination of employment. SaskCentral recognizes termination benefits at the earlier of the date when SaskCentral can no longer withdraw the offer of those benefits and the date SaskCentral recognizes costs for a restructuring provision which involves the payment of termination benefits. Benefits falling due more than twelve months after the date of the consolidated balance sheet are discounted to present value.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

2. MATERIAL ACCOUNTING POLICIES (continued)

2.16 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. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. SaskCentral determines the probability of a loss arising and reliably estimates the expenditures required to settle any current or pending claims. 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.

2.17 Dividends

SaskCentral records dividends to shareholders as a reduction in retained earnings, in the year in which they are declared. There were no dividends declared in 2023 and 2024.

2.18 New standards and interpretations not yet adopted

SaskCentral actively monitors developments and changes in accounting standards from the International Accounting Standards Board (IASB), as well as requirements from the other regulatory bodies. A number of new accounting standards are effective for annual reporting periods beginning after January 1, 2024, and earlier application is permitted. However, SaskCentral has not early adopted any new or amended accounting standards in preparing these consolidated financial statements. SaskCentral does not expect the new or amended accounting standards to have an impact on SaskCentral's consolidated financial statements, with the exception of the following:

IFRS 18, *Presentation and Disclosures in Financial Statements*, will replace IAS 1, *Presentation of Financial Statements*, and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces requirements to present specific categories and defined subtotals in the statement of profit or loss, provides disclosures on management defined performance measures in the notes to the financial statements, and improve aggregation and disaggregation. SaskCentral anticipates that the application of the new standard will have an impact on the presentation of the consolidated financial statements when it is applied in future periods.

3. FINANCIAL RISK MANAGEMENT

The *Financial Management Policy*, the *Enterprise Risk Management Framework*, and the *Risk Appetite Framework* outline risk management activities that support the maintenance of sufficient liquidity while ensuring capital adequacy and maintaining acceptable levels of risk. 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 *Enterprise Risk Management Framework* describes the principles, governance structures, roles and responsibilities and key concepts that SaskCentral uses to guide its assessment of risks within the organization. The framework outlines a thorough and systematic way that risk is managed, identified, assessed, monitored and reported. The *Risk Appetite Framework* sets basic goals, benchmarks, parameters and limits (e.g., level of losses) as to the amount of risk SaskCentral is willing to accept, taking into account various financial, operational and macroeconomic factors.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

The following is a description of each risk and how they are managed.

Credit risk

Credit risk arises from a borrower, guarantor or 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 with this policy is presented to the Audit and Risk Committee on a quarterly basis.

The Credit Committee, established by the Board and comprised of members of executive and senior management, has the authority to approve large loans and loans to strategic partners. The Asset and Liability Committee, established by the Board and comprised of certain members of executive and senior management, has the authority to set credit risk strategies for the security and loan portfolios within the risk tolerances in the *Financial Management Policy*.

The Investment Management Committee and Management Risk Committee, established by the Board and comprised of members of the executive leadership team, support credit risk oversight by ensuring credit risk is well understood and within stated risk appetite and tolerance limits.

The following reports, related to the management of credit risk, are provided to SaskCentral's Audit and Risk Committee:

- Compliance certificate (certifying compliance with concentration limits)
- Monitored and Non-Productive Assets Report
- Large Lending Credit Report
- Enterprise Risk Management Report

The SaskCentral credit risk objectives, policies, and methodologies have not changed materially from December 31, 2023.

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 (Morningstar DBRS, Standard and Poor's, and Moody's). SaskCentral uses the most conservative rating from the rating agency data available. In the loans portfolio, SaskCentral places primary reliance on internal risk ratings and a comprehensive review of the credit worthiness of the borrower and the quality of the collateral underlying the loan. SaskCentral does not transact in credit derivatives.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
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.

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

	Amount outstanding	2024 \$ Undrawn commitments ⁽¹⁾	Total
Cash and cash equivalents	195,784	-	195,784
Securities	2,309,240	4,080	2,313,320
Derivative assets	1,808	-	1,808
Loans	10,285	588,532	598,817
Investment in associate	32,999	-	32,999
Total exposure	2,550,116	592,612	3,142,728

⁽¹⁾ Includes unfunded capital commitments on securities.

	Amount outstanding	2023 \$ Undrawn commitments ⁽¹⁾	Total
Cash and cash equivalents	262,098	-	262,098
Securities	2,151,360	5,690	2,157,050
Derivative assets	2,257	-	2,257
Loans	14,120	576,318	590,438
Investment in associate	30,699	-	30,699
Total exposure	2,460,534	582,008	3,042,542

⁽¹⁾ Includes unfunded capital commitments on securities.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The following table summarizes the credit quality of SaskCentral's non-derivative financial assets and undrawn commitments by risk rating category:

	2024 \$	2023 \$			
	Stage 1	Stage 2	Stage 3	Total	Total
Loans at amortized cost					
Low risk	10,285	-	-	10,285	3,604
Special monitoring	-	-	-	-	10,516
Total exposure	10,285	-	-	10,285	14,120
Allowance for credit losses	(2)	-	-	(2)	(238)
Undrawn commitments and letters of credit					
Low risk	588,532	-	-	588,532	574,651
Special monitoring	-	-	-	-	1,667
Total exposure ⁽¹⁾	588,532	-	-	588,532	576,318
Securities at FVTOCI					
AAA/R1H	1,462	-	-	1,462	1,479
AA/R1M	14,330	-	-	14,330	23,048
A/R1L	134,665	-	-	134,665	73,740
BBB/R2H	995	-	-	995	967
Unrated	7,924	-	-	7,924	8,793
Total exposure	159,376	-	-	159,376	108,027
Impairment reserve ⁽²⁾	(42)	-	-	(42)	(39)
FVTPL securities					
AAA/R1H	176,750	-	-	176,750	451,141
AA/R1M	936,848	-	-	936,848	476,150
A/R1L	773,019	-	-	773,019	863,843
BBB/R2H	212,793	-	-	212,793	205,847
Unrated	39,756	-	-	39,756	35,914
Total exposure	2,139,166	-	-	2,139,166	2,032,895
Unfunded capital commitments on securities					
Unrated	4,080	-	-	4,080	5,690
Total exposure	2,901,439	-	-	2,901,439	2,737,050

⁽¹⁾ The total exposure for undrawn commitments represents the maximum amount SaskCentral is contractually committed to fund. Many of these contracts will expire without being drawn upon and thereby reduce SaskCentral's credit risk from the maximum commitment.

⁽²⁾ Impairment reserves represent the accumulated ECLs which have been reclassified from OCI to net income since inception of the FVTOCI debt instruments.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Collateral and other credit enhancements

(a) Commercial loans

As at December 31, 2024, 100% (2023 - 100%) of SaskCentral's credit union and commercial loans are secured. The credit risk on the loans to credit unions is mitigated because of the General Security Agreement between SaskCentral and the credit unions. SaskCentral also held \$65,496 (2023 - \$88,637) of collateral in the form of residential mortgages to secure the commercial loans.

(b) Securities

SaskCentral is exposed to credit risk related to its securities. SaskCentral doesn't hold any collateral on these securities.

Credit risk by industry

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 by industry for financial assets.

	2024	2023
	\$	\$
Automobile financing	70,825	70,729
Banking (Schedule 1)	321,188	304,071
Information	106,223	121,316
Insurance carriers and related activities	997	997
Local credit union	548,498	480,510
Manufacturing	37,500	37,834
Mining & oil and gas extraction	57,177	89,288
Other non-depository (co-operatives)	259,084	380,582
Public administration (federal, provincial, and municipal government)	1,372,765	1,239,364
Real estate	69,727	72,206
Retail trade	29,408	23,433
Securities, commodity contracts and other FI's	53,938	87,694
Transportation and warehousing	74,973	31,514
Utilities	140,425	103,004
Total exposure	3,142,728	3,042,542

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Counterparty credit risk

Counterparty credit risk is the risk that a counterparty to a derivative or FX spot transaction could default before the final settlement of the transaction. In order to reduce counterparty credit risk exposure, SaskCentral uses, where possible, legally enforceable bi-lateral and multi-lateral netting agreements with counterparties. All over-the-counter derivatives are executed under industry standards agreements such as an International Swaps and Derivatives Association (ISDA) agreement (or equivalent). SaskCentral uses legally enforceable collateral arrangements, such as a credit support annex (CSA) where SaskCentral has chosen to adopt an exchange of variation margin.

Market risk

Market risk arises from three components:

- Interest rate risk refers to the current or prospective risk to SaskCentral's capital and earnings arising from adverse movement in interest rates;
- 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:

- Matching asset duration or cash flows to liability duration or cash flows;
- Establishing market risk limits;
- Monitoring exposure and simulating the impact of interest rate changes;
- Matching the amount of foreign-denominated assets to foreign-denominated liabilities; and
- Undertaking stress testing.

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 with these policies is presented to the Audit and Risk Committee on a quarterly basis. These policies outline maximum limits for the exposure of net interest income and the economic value of equity.

The Asset and Liability Committee has the authority to set market risk strategies for the balance sheet within the risk tolerances in the *Financial Management Policy*. In addition, management 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 following reports, related to the management of market risk, are provided to SaskCentral's Audit and Risk Committee:

- Compliance certificate (certifying compliance with net interest income and economic value of equity limits)
- Enterprise Risk Management Report

SaskCentral's market risk objectives and methodologies have not changed materially from December 31, 2023.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

SaskCentral is not exposed to significant currency risk as the net foreign currency positions are not significant.

The following represents SaskCentral's market risk position:

	2024		2023	
	Adjusted net interest income	Economic value of equity	Adjusted net interest income	Economic value of equity
Impact of:				
200 bp increase in rates	14.15%	(2.06%)	12.45%	(0.30%)
200 bp decrease in rates	(22.22%)	2.08%	(7.75%)	0.34%

(a) Interest rate risk

SaskCentral's exposure to interest rate risk is the risk of capital and earnings 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.

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 200 bp parallel shift in the yield curve will not negatively affect the economic value of equity by more than 20% or projected annual net interest income by more than 40%.

SaskCentral's interest rate sensitivity to fluctuations in the yield curve over the next twelve months are outlined in the following table:

	2024		2023	
	\$		\$	
	Profit for the year	Other comprehensive (loss) income	Profit for the year	Other comprehensive (loss) income
Impact of:				
200 bp increase in rates	14,836	(281)	15,379	(181)
200 bp decrease in rates	10,109	270	12,616	174

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(a) Interest rate risk (continued)

SaskCentral's consolidated gap analysis as at December 31 is outlined in the following tables. Repricing dates are based on the earlier of maturity or the contractual repricing date.

	2024						
	\$						
	Floating and on demand	Within 3 months	Over 3 months and 1 year	Over 1 year to 5 years	Over 5 years	Non- interest sensitive	Total
Assets							
Cash and cash equivalents	195,784	-	-	-	-	-	195,784
Securities	-	513,503	1,043,993	703,369	695	47,680	2,309,240
Loans	-	10,283	-	-	-	-	10,283
Other non-sensitive assets	-	-	-	-	-	97,575	97,575
Total assets	195,784	523,786	1,043,993	703,369	695	145,255	2,612,882
Liabilities							
Deposits	858,760	186,382	577,970	721,130	700	-	2,344,942
Loans and notes payable	-	29,974	-	-	-	-	29,974
Other non-sensitive liabilities	-	-	-	-	-	11,520	11,520
Equity attributable to equity holders	-	-	-	-	-	226,446	226,446
Total liabilities and equity	858,760	216,356	577,970	721,130	700	237,966	2,612,882
On-balance sheet gap	(662,976)	307,430	466,023	(17,761)	(5)	(92,711)	-
Notional amount of derivative financial instruments							
Pay side instruments	-	(2,418)	(17,517)	(16,888)	-	-	(36,823)
Receive side instruments	-	2,418	5,205	16,888	-	12,312	36,823
Derivative financial instruments gap	-	-	(12,312)	-	-	12,312	-
Total gap	(662,976)	307,430	453,711	(17,761)	(5)	(80,399)	-
Total cumulative gap	(662,976)	(355,546)	98,165	80,404	80,399	-	-

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

(a) Interest rate risk (continued)

	2023						
	\$						
	Floating and on demand	Within 3 months	Over 3 months and 1 year	Over 1 year to 5 years	Over 5 years	Non- interest sensitive	Total
Assets							
Cash and cash equivalents	262,098	-	-	-	-	-	262,098
Securities	-	419,631	710,365	960,944	679	59,741	2,151,360
Loans	-	13,421	450	11	-	-	13,882
Other non-sensitive assets	-	-	-	-	-	96,024	96,024
Total assets	262,098	433,052	710,815	960,955	679	155,765	2,523,364
Liabilities							
Deposits	798,903	150,764	562,624	726,332	1,200	-	2,239,823
Loans and notes payable	-	29,973	-	-	-	-	29,973
Other non-sensitive liabilities	-	-	-	-	-	11,211	11,211
Equity attributable to equity holders	-	-	-	-	-	242,357	242,357
Total liabilities and equity	798,903	180,737	562,624	726,332	1,200	253,568	2,523,364
On-balance sheet gap	(536,805)	252,315	148,191	234,623	(521)	(97,803)	-
Notional amount of derivative financial instruments							
Pay side instruments	-	(2,325)	(17,999)	(24,293)	-	-	(44,617)
Receive side instruments	-	2,325	2,915	24,293	-	15,084	44,617
Derivative financial instruments gap	-	-	(15,084)	-	-	15,084	-
Total gap	(536,805)	252,315	133,107	234,623	(521)	(82,719)	-
Total cumulative gap	(536,805)	(284,490)	(151,383)	83,240	82,719	-	-

(b) 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 manages its other price risk by adhering to the *Financial Management Policy*.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

3. FINANCIAL RISK MANAGEMENT (continued)

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 (HQLA);
- Ensuring liquidity funding sources are sufficient to meet the requirements for normal operating mode, emergency operating mode, and bridge operations;
- Complying with the requirements of the Group Clearer, which requires pledging of system assets to meet the standards described by the Bank of Canada’s Standing Liquidity Facility;
- Maintaining a *Liquidity Crisis Management Plan* document 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; and
- Maintaining an investment grade rating of R1-low.

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 with these policies is presented to the Audit and Risk Committee on a quarterly basis. The Asset and Liability 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 with mandatory liquidity requirements and monitors the liquidity position and projections, including the results of stress testing.

The following reports, related to the management of liquidity risk, are provided to SaskCentral’s Audit and Risk Committee:

- Compliance certificate (certifying compliance with liquidity coverage ratio limits)
- Enterprise Risk Management Report.

SaskCentral uses two metrics to monitor liquidity risk: the SaskCentral stand-alone Liquidity Coverage Ratio (LCR) and a system-wide LCR. The system-wide LCR is a combined view of Saskatchewan credit unions and is calculated by CUDGC. The stand-alone LCR is modeled after the CUDGC Standards of Sound Business Practice – Liquidity Adequacy Requirements (SSBP-LAR). This SSBP does not apply to SaskCentral; however, SaskCentral has incorporated the LAR principles in the LCR.

	2024		2023	
	System-wide LCR	Stand-alone LCR	System-wide LCR	Stand-alone LCR
Policy limit	120%	110%	120%	110%
Actual	258%	155%	207%	170%

SaskCentral’s liquidity risk objectives and methodologies have not changed materially from December 31, 2023. In the normal course of business SaskCentral enters into contracts that give rise to commitments of future minimum payments which affect liquidity. Refer to note 15 and note 16 for SaskCentral’s primary future contractual commitments relating to deposits and loans and notes payable.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
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	Classification	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
		2024 \$	2023 \$		
Financial assets					
<i>Securities</i>					
Government	FVTOCI	18,655	1,479	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg, or dealer quoted prices where applicable.
	Designated FVTPL	1,355,706	1,199,567	Level 2	
Corporate debt	FVTOCI	995	967	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg, or dealer quoted prices where applicable.
	Designated FVTPL	624,759	627,479	Level 2	
Equities	FVTPL	17,816	16,640	Level 3	Pooled fund investments are valued based on estimated fair values determined using appropriate techniques and best estimates by the investment administrator and recorded based on net asset values.
Chartered banks	FVTOCI	131,802	96,788	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg, or dealer quoted prices where applicable.
	Designated FVTPL	118,945	154,901	Level 2	
	FVTPL	-	15,034	Level 2	
Co-operatives ⁽¹⁾	FVTOCI	7,924	8,793	Level 3	Discounted cash flow. Future cash flows based on projected operating results of the entity and a terminal growth rate ranging from 0 - 2% (2023 - 0 - 2%). Discount rate ranging 11% - 12% (2023 - 12% - 13%).
Exchange Traded Funds	FVTPL	20,825	18,159	Level 2	Market comparable prices using quoted bid prices obtained from Bloomberg.
<i>Derivative assets</i>					
Index-linked term deposits	FVTPL	3,949	3,654	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.
Total financial assets		2,301,376	2,143,461		

⁽¹⁾ Certain co-operative securities with a carrying value at December 31, 2024 of \$1,115 (2023 - \$1,115) 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.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
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	Classification	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
		2024 \$	2023 \$		
Financial liabilities					
Deposits	Designated FVTPL	2,100,354	2,000,896	Level 2	Discounted cash flow. Future cash flows are determined based on rates for the underlying asset portfolio, estimated using market comparable rates from Bloomberg.
<i>Derivative liabilities</i>					
Index-linked term deposits	FVTPL	3,949	3,654	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.
Foreign exchange contracts	FVTPL	492	816	Level 2	Market comparable prices using yields with matching terms to maturity. The fair values reflect the estimated amounts that SaskCentral would receive if the contracts were terminated at the reporting date.
Total financial liabilities		2,104,795	2,005,366		

SaskCentral's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, Level 2 and/or Level 3 in 2023 and 2024.

Reconciliation of Level 3 fair value measurements

The following table summarizes the changes in Level 3 assets and liabilities recorded at fair value:

	2024	2023
	\$	\$
Level 3, beginning of year	25,433	25,877
Unrealized losses in profit or loss	(435)	(3,647)
Unrealized gains in OCI	(1,338)	816
Purchases/issuances	2,080	2,387
Level 3, end of year	25,740	25,433
Total losses for the period included in profit or loss for assets held at the end of the reporting period	(435)	(3,647)

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

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

Reconciliation of Level 3 fair value measurements (continued)

SaskCentral holds securities for which the fair value is derived using significant unobservable inputs. Securities classified as Level 3 instruments include investments in Canadian and U.S. credit, private equity fund investments and real estate pooled funds. Pooled fund investments are valued based on estimated fair values determined using appropriate techniques and best estimates by either the investment administrator, management of the pooled fund, or appraisers.

Where external appraisers are engaged to perform the valuation, the investment administrator ensures the appraisers are independent and compares the assumptions used with the administrator's expectations based on current market conditions and industry practice to ensure the valuation captures the business and economic conditions specific to the investment. Significant unobservable inputs include discount rates, capitalization rates, rent forecasts, market interest rates and credit spreads. The year-end fair values of the pooled funds are provided by the investment administrator and are recorded based on net asset values. These net asset values are reviewed by management.

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		Fair value hierarchy	Valuation technique
	2024	2023	2024	2023		
	\$	\$	\$	\$		
Financial assets						
Loans	10,285	14,120	10,285	14,065	Level 2	Discounted cash flows based on current market rates of interest for similar lending.
Total financial assets	10,285	14,120	10,285	14,065		
Financial liabilities						
Deposits ⁽¹⁾	234,062	230,073	234,062	230,073	Level 2	Discounted cash flows based on current market rates of interest for similar maturities.
Loans and notes payable	29,974	29,973	29,974	29,973	Level 2	
Total financial liabilities	264,036	260,046	264,036	260,046		

⁽¹⁾ Certain deposits are designated at FVTPL and are measured at fair value on a recurring basis. The fair value methods for these deposits have been disclosed in the preceding charts.

5. CAPITAL MANAGEMENT

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

SaskCentral manages its capital by monitoring, on a quarterly basis, a number of regulatory requirements as prescribed by CUDGC and by internal Board and operational policies. The regulatory capital ratio (Borrowing Multiple) calculation is specified in the CUDGC *Capital Adequacy Requirements Prudential Standard 2017-02 for SaskCentral*.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

5. CAPITAL MANAGEMENT (continued)

Annually, SaskCentral develops a three-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 in the organization. Total borrowings are comprised of total deposits, loans and notes 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 CUDGC. Internal board policy for this ratio is set at 18.0 times. Operationally, management targets a maximum ratio of 17.0 times.

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 AOCI and goodwill. Tier 2 regulatory capital consists of subordinated debentures, less any amortization on the subordinated debentures as required by CUDGC. 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.

CUDGC also prescribes an Internal Capital Adequacy Assessment Process (ICAAP) to address SaskCentral's unique conditions. ICAAP is an integrated process that evaluates capital adequacy and is used to establish capital targets that take into consideration the strategic direction and risk appetite of SaskCentral. ICAAP seeks to identify the material risks requiring capital and quantify the amount of capital that should be held in relation to those risks.

Throughout 2023 and 2024, SaskCentral has been in compliance with CUDGC prescribed capital adequacy requirements, board policy capital requirements, and internally imposed operational capital targets.

	2024	2023
	\$	\$
Capital		
Tier 1 and Tier 2 regulatory capital	224,051	239,992
Less deductions:		
Substantial investments	32,711	30,859
Assets of little value	11,377	14,247
Total borrowing multiple capital	179,963	194,886
Borrowing multiple	13.2:1	11.6:1

6. CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Cash and balances with Central 1	167,102	183,354
Cash and balances with banks	11,193	6,877
Cash equivalents	17,489	71,867
	195,784	262,098

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

7. SECURITIES

SaskCentral's securities portfolio is comprised of a large number of securities carrying a variety of terms and conditions. Approximately 98% (2023 - 82%) 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.

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

	2024						Total
	\$						
	Yield ⁽¹⁾	Term to maturity					
Within 3 months		Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity		
FVTOCI							
Government							
Fair value	3.13%	17,193	1,462	-	-	-	18,655
Amortized cost		17,195	1,459	-	-	-	18,654
Corporate debt ⁽²⁾							
Fair value	2.24%	-	995	-	-	-	995
Amortized cost		-	1,000	-	-	-	1,000
Chartered banks							
Fair value	3.86%	36,957	94,845	-	-	-	131,802
Amortized cost		36,932	94,561	-	-	-	131,493
Co-operatives ⁽³⁾							
Fair value		-	-	-	-	7,924	7,924
Amortized cost		-	-	-	-	4,108	4,108
Total FVTOCI fair value		54,150	97,302	-	-	7,924	159,376
Total FVTOCI amortized cost		54,127	97,020	-	-	4,108	155,255
Designated FVTPL							
Government							
Fair value	3.52%	359,548	765,974	230,184	-	-	1,355,706
Amortized cost		359,464	765,394	226,801	-	-	1,351,659
Corporate debt ⁽²⁾							
Fair value	4.13%	70,621	131,020	423,118	-	-	624,759
Amortized cost		70,622	130,575	414,260	-	-	615,457
Chartered banks							
Fair value	3.72%	18,486	49,697	50,067	695	-	118,945
Amortized cost		18,494	49,597	49,429	649	-	118,169
Total designated FVTPL fair value		448,655	946,691	703,369	695	-	2,099,410
Total designated FVTPL amortized cost		448,580	945,566	690,490	649	-	2,085,285

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

⁽²⁾ corporate debt includes commercial paper and medium-term notes

⁽³⁾ SaskCentral has chosen to elect certain equity securities at FVTOCI under IFRS 9

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

7. SECURITIES (continued)

	2024 (continued)						Total
	\$						
	Yield ⁽¹⁾	Term to maturity					
Within 3 months		Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity		
FVTPL							
Co-operatives							
Fair value	-	-	-	-	1,115		1,115
Amortized cost	-	-	-	-	1,115		1,115
Equities							
Fair value	-	-	-	-	17,816		17,816
Amortized cost	-	-	-	-	23,187		23,187
Exchange Traded Funds							
Fair value	3.50%	-	-	-	20,825		20,825
Amortized cost		-	-	-	15,582		15,582
Total FVPTL fair value		-	-	-	39,756		39,756
Total FVTPL amortized cost		-	-	-	39,884		39,884
Total carrying value of securities		-	-	-	-		2,298,542
Accrued interest							10,698
							2,309,240

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

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

7. SECURITIES (continued)

	2023						Total
	\$						
	Yield (1)	Term to maturity					
Within 3 months		Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity		
FVTOCI							
Government							
Fair value	5.03%	-	1,479	-	-	-	1,479
Amortized cost		-	1,479	-	-	-	1,479
Corporate debt (2)							
Fair value	2.24%	-	967	-	-	-	967
Amortized cost		-	1,000	-	-	-	1,000
Chartered banks							
Fair value	4.44%	64,738	25,288	6,762	-	-	96,788
Amortized cost		64,824	25,648	6,929	-	-	97,401
Co-operatives (3)							
Fair value		-	-	-	-	8,793	8,793
Amortized cost		-	-	-	-	3,639	3,639
Total FVTOCI fair value		64,738	27,734	6,762	-	8,793	108,027
Total FVTOCI amortized cost		64,824	28,127	6,929	-	3,639	103,519
Designated FVTPL							
Government							
Fair value	3.78%	265,905	379,407	554,255	-	-	1,199,567
Amortized cost		265,606	382,548	562,285	-	-	1,210,439
Corporate debt (2)							
Fair value	3.41%	40,373	251,569	335,537	-	-	627,479
Amortized cost		40,536	254,542	335,907	-	-	630,985
Chartered banks							
Fair value	2.74%	38,177	51,655	64,390	679	-	154,901
Amortized cost		38,286	52,357	65,778	649	-	157,070
Total designated FVTPL fair value		344,455	682,631	954,182	679	-	1,981,947
Total designated FVTPL amortized cost		344,428	689,447	963,970	649	-	1,998,494

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

(2) corporate debt includes commercial paper and medium-term notes

(3) SaskCentral has chosen to elect certain equity securities at FVTOCI under IFRS 9

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

7. SECURITIES (continued)

	2023 (continued)						Total
	\$						
	Yield ⁽¹⁾	Term to maturity				No fixed maturity	
Within 3 months		Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
FVTPL							
Chartered banks							
Fair value	3.10%	-	-	-	-	15,034	15,034
Amortized cost		-	-	-	-	15,255	15,255
Co-operatives							
Fair value		-	-	-	-	1,115	1,115
Amortized cost		-	-	-	-	1,115	1,115
Equities							
Fair value		-	-	-	-	16,640	16,640
Amortized cost		-	-	-	-	20,181	20,181
Exchange Traded Funds							
Fair value	3.60%	-	-	-	-	18,159	18,159
Amortized cost		-	-	-	-	15,582	15,582
Total FVPTL fair value		-	-	-	-	50,948	50,948
Total FVTPL amortized cost		-	-	-	-	52,133	52,133
Total carrying value of securities							2,140,922
Accrued interest							10,438
							2,151,360

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

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

8. 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 foreign exchange contract manages the risk of fluctuating exchange rates by locking in a current price for a transaction that will take place in the future. Foreign exchange exposure is managed through entering into foreign exchange forward contracts.

Index-linked term deposits are contractual agreements between SaskCentral and participating credit unions, where credit union members' 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.

2024						
\$						
	Notional amount by term to maturity				Fair value	
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total	Asset	Liability
Asset / liability management						
Foreign exchange contracts	-	12,312	-	12,312	-	492
As intermediary						
Index-linked term deposits	2,418	5,205	16,888	24,511	3,949	3,949
	2,418	17,517	16,888	36,823	3,949	4,441

2023						
\$						
	Notional amount by term to maturity				Fair value	
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total	Asset	Liability
Asset / liability management						
Foreign exchange contracts	-	15,084	-	15,084	-	816
As intermediary						
Index-linked term deposits	2,325	2,915	24,293	29,533	3,654	3,654
	2,325	17,999	24,293	44,617	3,654	4,470

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

8. DERIVATIVE ASSETS AND LIABILITIES (continued)

Amounts expected to be recovered or settled:

	2024 \$		2023 \$	
	Asset	Liability	Asset	Liability
Within 12 months	2,005	2,497	710	1,526
After 12 months	1,944	1,944	2,944	2,944
	3,949	4,441	3,654	4,470

9. LOANS

	2024 \$			2023 \$		
	Gross carrying value	Allowance for credit losses	Total	Gross carrying value	Allowance for credit losses	Total
Loans at amortized cost						
Credit union	5,051	-	5,051	3,604	-	3,604
Commercial loans	5,234	(2)	5,232	10,461	(238)	10,223
	10,285	(2)	10,283	14,065	(238)	13,827
Accrued interest			-			55
			10,283			13,882

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

	Effective rate	2024 \$				Total
		Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	
Loans at amortized cost						
Credit union	4.96%	5,051	-	-	-	5,051
Commercial loans	4.95%	5,234	-	-	-	5,234
		10,285	-	-	-	10,285
Accrued interest						-
						10,285

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

9. LOANS (continued)

	2023					
	\$					
	Effective rate	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Loans at amortized cost						
Credit union	6.70%	3,604	-	-	-	3,604
Commercial loans	7.20%	10,000	450	11	-	10,461
		13,604	450	11	-	14,065
Accrued interest						55
Total gross carrying value						14,120

10. ALLOWANCE AND PROVISION FOR CREDIT LOSSES

The following table presents the changes to the allowance for credit losses for SaskCentral's financial assets:

	2024				2023
	\$				\$
	Stage 1	Stage 2	Stage 3	Total	Total
Allowance on financial assets at amortized cost					
Balance as at January 1	-	238	-	238	245
Provision for credit losses (recoveries) on financial assets	2	-	-	2	(7)
Derecognized financial assets and maturities	-	(238)	-	(238)	-
Balance at December 31	2	-	-	2	238
Allowance on financial assets at FVTOCI					
Balance as at January 1	39	-	-	39	87
Provision for credit losses (recoveries) on financial assets	3	-	-	3	(48)
Balance at December 31	42	-	-	42	39
Total allowance for credit losses					
Balance as at January 1	39	238	-	277	332
Provision for credit losses (recoveries) on financial assets	5	-	-	5	(55)
Derecognized financial assets and maturities	-	(238)	-	(238)	-
Balance at December 31	44	-	-	44	277

For the purpose of impairment assessment, the securities and certain commercial loans to credit unions above are considered to have low credit risk as the counterparties to these investments have an investment grade credit rating. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to a twelve-month ECL.

SaskCentral is exposed to credit risk in relation to securities and loans. The credit risk on certain loans to credit unions is mitigated because of the *General Security Agreement* between SaskCentral and the credit unions. SaskCentral has not recognized a loss allowance for the credit union loans that are collateralized by the *General Security Agreement*.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

10. ALLOWANCE AND PROVISION FOR CREDIT LOSSES (continued)

The allowance for credit losses on financial assets at FVTOCI is not recognized in the consolidated balance sheet because the carrying amount of securities at FVTOCI is fair value. The cumulative amount of the provision for credit losses recognized in the consolidated statement of profit or loss is presented in AOCI. The provision for credit losses on financial assets measured at FVTOCI is recognized in OCI.

There were no credit impaired (Stage 3) securities in either 2024 or 2023.

11. INVESTMENT IN ASSOCIATE

CUC Wealth

At December 31, 2024, SaskCentral has a 10.92% (2023 - 10.92%) interest in CUC Wealth, which was created to hold SaskCentral, Atlantic Central, Central 1, Credit Union Central of Manitoba, Alberta Central and the Co-operators investment share in Aviso. CUC Wealth's principal place of business is Winnipeg, Manitoba.

Summary financial information for CUC Wealth, not adjusted for the percentage ownership held by SaskCentral is as follows:

2024						
\$						
	Assets	Liabilities	Revenue	Profit	Other comprehensive income	Total comprehensive income
CUC Wealth	166,104	9,278	34,188	30,897	4,137	35,034

2023						
\$						
	Assets	Liabilities	Revenue	Profit	Other comprehensive income	Total comprehensive income
CUC Wealth	162,514	31,585	35,976	28,593	3,717	32,310

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

	2024	2023
	\$	\$
Net assets of the associate	156,826	130,929
Proportion of SaskCentral's ownership interest	10.92%	10.92%
	17,125	14,297
Fair value differential upon acquisition	19,386	19,386
Amortization of fair value differential	(3,568)	(3,039)
Other adjustments	56	55
Carrying amount of SaskCentral's interest in associate	32,999	30,699

SaskCentral received \$49 (2023 - \$189) in dividends from CUC Wealth.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

12. PROPERTY, PLANT AND EQUIPMENT

	2024 \$		
	Furniture and equipment	Right of use asset	Total
Cost			
Balance as at January 1	950	661	1,611
Additions	6	79	85
Disposals	(39)	(7)	(46)
Ending balance as at December 31	917	733	1,650
Accumulated depreciation			
Balance as at January 1	718	327	1,045
Depreciation charges	92	112	204
Disposals	(37)	-	(37)
Ending balance as at December 31	773	439	1,212
Carrying value as at December 31	144	294	438

	2023 \$				
	Land	Building	Furniture and equipment	Right of use asset	Total
Cost					
Balance as at January 1	859	13,002	1,543	505	15,909
Additions	-	13	68	164	245
Disposals	-	-	(75)	(8)	(83)
Transfer to investment property	-	(41)	-	-	(41)
Reclassification to assets held for sale [note 24]	(859)	(12,974)	(586)	-	(14,419)
Ending balance as at December 31	-	-	950	661	1,611
Accumulated depreciation					
Balance as at January 1	-	9,688	1,219	163	11,070
Depreciation charges	-	28	115	164	307
Disposals	-	-	(65)	-	(65)
Reclassification to assets held for sale [note 24]	-	(9,716)	(551)	-	(10,267)
Ending balance as at December 31	-	-	718	327	1,045
Carrying value as at December 31	-	-	232	334	566

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

13. INTANGIBLE ASSETS

	2024 \$		
	Computer software	Payments Processing Platform	Total
Cost			
Balance as at January 1	1,633	37,043	38,676
Additions	-	4,021	4,021
Ending balance as at December 31	1,633	41,064	42,697
Accumulated amortization			
Balance as at January 1	1,082	7,368	8,450
Amortization charges	167	8,480	8,647
Ending balance as at December 31	1,249	15,848	17,097
Carrying value as at December 31	384	25,216	25,600

	2023 \$		
	Computer software	Payments Processing Platform	Total
Cost			
Balance as at January 1	1,628	28,747	30,375
Additions	5	8,296	8,301
Ending balance as at December 31	1,633	37,043	38,676
Accumulated amortization			
Balance as at January 1	910	5,242	6,152
Amortization charges	172	2,126	2,298
Ending balance as at December 31	1,082	7,368	8,450
Carrying value as at December 31	551	29,675	30,226

As at October 31, 2024 the payments processing platform was no longer under development and is being amortized over its expected useful life. During the year, previously capitalized development costs for the platform of \$5,945 (2023 - \$708) were recorded to amortization expense due to changes in management's platform development plans resulting in these costs no longer meeting the criteria to be recognized as an asset.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

14. INCOME TAXES

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

	2024	2023
	\$	\$
Deferred income tax expense on continuing operations		
Origination and reversal of temporary differences	3,516	1,240
Deferred income tax recovery on discontinued operations [note 24]		
Origination and reversal of temporary differences	(408)	(360)
Deferred tax from adjustments for prior years	-	(3,290)
	(408)	(3,650)
	3,108	(2,410)

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

	2024	2023
	\$	\$
Deferred income tax (recovery) expense on continuing operations		
Net unrealized gains on FVTOCI securities	92	592
Own credit risk reserve	(755)	(1,096)
	(663)	(504)

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 profit and loss. There were no dividends declared in 2023 and 2024.

Total income tax reported in the consolidated financial statements:

	2024	2023
	\$	\$
Income tax expense (recovery)	2,445	(2,914)

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

14. INCOME TAXES (continued)

Reconciliation of income tax expense from continuing operations:

	2024	2023
	\$	\$
Combined federal and provincial income tax rate applied to (losses) income from continuing operations (2024 - 27%; 2023 - 27%)	3,689	1,189
Income tax expense (recovery) adjusted for the effect of:		
Non-taxable dividend income	(197)	(217)
Adjustments related to prior periods	58	282
Expenses not deductible for tax purposes	8	13
Tax not recorded on equity pickup of controlled affiliate	-	135
Amounts taxed at other than general income tax rate	(42)	(186)
Other	-	24
Income tax expense on continuing operations	3,516	1,240

The income tax expense on continuing operations excludes the tax recovery from the discontinued operations of \$408 (2023 - \$3,650). This has been included in (Loss) Profit from discontinued operations, net of tax' in the consolidated statement of profit or loss (see note 24).

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 23% (2023 - 22%). The movement in deferred income tax asset (liability) is as follows:

	2024	2023
	\$	\$
Balance, beginning of year	13,367	10,453
Recognized in profit or loss	(3,108)	2,410
Recognized in OCI:		
FVTOCI securities:		
Fair value measurement	(92)	(592)
Own credit risk reserve	755	1,096
Balance, end of year	10,922	13,367

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

14. INCOME TAXES (continued)

The components of deferred income taxes are as follows:

	2024	2023
	\$	\$
Deferred income tax assets		
Non-capital loss carryforward	18,641	21,538
Accounts payable and deferred revenue	32	37
Losses not yet deductible for tax purposes	-	36
Other	-	37
	18,673	21,648
Deferred income tax liabilities		
Securities	(6,836)	(7,429)
Property, plant and equipment	(915)	(852)
	(7,751)	(8,281)
Net deferred income tax asset	10,922	13,367

Net deferred income taxes are anticipated to be realized as follows:

	2024	2023
	\$	\$
Net deferred income taxes asset (liability):		
Within 12 months	-	-
After more than 12 months	10,922	13,367
Net deferred income tax asset	10,922	13,367

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 \$69,041 (2023 - \$83,288) which are available to offset future taxable income.

The balance of these loss carryforwards will expire as follows:

	Total
	\$
2037	12,507
2038	18,007
2040	9,844
2041	17,040
2042	5,671
2043	5,972
	69,041

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

14. INCOME TAXES (continued)

A deferred tax asset has been recognized in respect of \$18,641 (2023 - \$21,538) of such losses. The benefit of the tax losses has been recognized in SaskCentral's financial statements as realization of the related tax benefit is probable. In evaluating the ability to realize the related tax benefit on the deferred income tax assets, SaskCentral considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, management begins with historical results adjusted for the results of discontinued operations and incorporates assumptions related to the amount of future state pre-tax operating income adjusted for items that do not have tax consequences. The future state operating income also considers expected earnings from agreements for the provision of payments processing and related services. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates SaskCentral uses to manage the underlying operations.

15. DEPOSITS

Provincial Liquidity Program

The Provincial Liquidity Program requires Saskatchewan credit unions to maintain deposits with SaskCentral based on 8.65% (2023 - 8.65%) of credit union deposits and loan liabilities (mandatory liquidity).

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

	2024							Total
	\$							
	Term to maturity							
Effective rate ⁽¹⁾	On demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity		
Amortized cost								
Member deposits	0.50%	234,062	-	-	-	-	234,062	
Designated at FVTPL								
Provincial liquidity program ⁽²⁾	3.68%	-	175,856	577,970	721,130	700	624,698	
							2,100,354	
							2,334,416	
Accrued interest							10,526	
							2,344,942	

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

⁽²⁾ the amortized cost of deposits designated at FVTPL at December 31, 2024 is equal to \$2,086,872 resulting in cumulative unrealized losses on these deposits of \$13,482.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

15. DEPOSITS (continued)

	2023							Total
	\$							
	Term to maturity							
	Effective rate ⁽¹⁾	On demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No fixed maturity	
Amortized cost								
Member deposits	0.65%	230,073	-	-	-	-	-	230,073
Designated at FVTPL								
Provincial liquidity program ⁽²⁾	3.51%	-	141,910	562,624	726,332	1,200	568,830	2,000,896
		230,073	141,910	562,624	726,332	1,200	568,830	2,230,969
Accrued interest								8,854
								2,239,823

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

⁽²⁾ the amortized cost of deposits designated at FVTPL at December 31, 2023 is equal to \$2,017,897 resulting in cumulative unrealized gains on these deposits of \$17,001.

16. LOANS AND NOTES PAYABLE

Repurchase 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. There is no outstanding balance at the 2024 year-end (2023 - \$nil).

Lines of credit

SaskCentral has a credit facility with Central 1 for which SaskCentral has pledged securities with the Bank of Canada to support the group clearing agreement (note 23). Advances less than or equal to the value of the pledged securities bears interest at the Bank of Canada overnight rate. Advances in excess of the value of the pledged securities bears interest at the Bank of Canada overnight rate plus 10%. In 2023, the credit facility with Central 1 was for \$100,000 with an effective interest rate equal to the Bank of Canada overnight rate.

In addition, SaskCentral has a secured credit facility with Canadian Imperial Bank of Commerce for \$40,000 (2023 - \$40,000) where SaskCentral is required to maintain a borrowing base comprised of fixed income collateral. This line of credit bears interest at banker's acceptance rate plus 0.45% (2023 - banker's acceptance rate plus 0.45%).

Notes payable

SaskCentral is authorized to issue a maximum of \$300,000 (2023 - \$300,000) under a commercial paper program. Outstanding notes payable matures within one month (2023 - one month). The weighted average effective interest rate of these items is 3.58% (2023 - 5.23%).

Secured funding facilities

SaskCentral has access to a liquidity facility offered by the Bank of Canada, namely the Standing Term Liquidity Facility (STLF). SaskCentral also has access to the Emergency Lending Assistance facility. SaskCentral has no outstanding balance (2023 - \$nil) on these facilities. The facilities are secured by portfolios of qualifying securities or deposits.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

16. LOANS AND NOTES PAYABLE (continued)

	Loans and notes payable		Collateral			
			Securities pledged			
			Fair value		Carrying value	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Lines of credit	-	-	256,709	259,639	255,701	262,566
Notes payable	29,974	29,973	-	-	-	-
	29,974	29,973	256,709	259,639	255,701	262,566

17. SHARE CAPITAL

Under the Act, SaskCentral is authorized to issue an unlimited number of membership shares. Also, under the Act, SaskCentral may, by bylaw, establish one or more classes of membership. SaskCentral is authorized to issue the following classes of membership shares:

- An unlimited number of Class A membership shares
- An unlimited number of Class B membership shares
- An unlimited number of Class C non-voting shares
- An unlimited number of investment shares

Each member of SaskCentral must own at least one Class A or Class B membership share.

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 2024 was set at 0.30% (2023 - 0.32%) for Class A and 0.27% (2023 - 0.32%) for Class B.

Class A membership shares

The Class A membership shares entitle the holders to vote. All votes of a Class A member credit union at general or special meetings shall be based on the number of Class A membership shares held by a member. The Class A shares also provide the right to receive dividends declared on the Class A membership shares. The holders of the Class A membership shares are Saskatchewan provincial credit unions.

Class A 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, Class A membership shares are to be issued and redeemed at \$10 per share. Upon liquidation or dissolution of SaskCentral, the Class A membership shareholders will be entitled to receive \$10 per share prior to the holders of the Class B membership shares. Following the distribution of the \$10 per share to both Class A and B members, the Class A shareholders are entitled to share equally, on a share-by-share basis, in the remaining assets of SaskCentral.

At December 31, 2024, 6,337,949 (2023 - 8,094,629) Class A membership shares were issued and outstanding. During 2024, SaskCentral repatriated \$17,567 (2023 - \$75,462) of Class A membership shares.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

17. SHARE CAPITAL (continued)

Class B membership shares

The Class B membership shares provide the right to vote, with similar voting privileges as Class A membership shares, and the right to receive dividends declared on the Class B membership shares. The holders of Class B membership shares are federal credit unions and other members.

Class B membership shares may be redeemed only with the approval of the Board subject to the limits provided in the Act. In accordance with the bylaws of SaskCentral, Class B membership shares are to be issued and redeemed at \$10 per share. Upon liquidation or dissolution of SaskCentral, the Class B membership shareholders will be entitled to receive \$10 per share following the payment of \$10 per share to the holders of the Class A membership shares.

At December 31, 2024, 818,209 (2023 - 1,055,670) Class B membership shares were issued and outstanding. During 2024, SaskCentral repatriated \$2,374 (2023 - \$8,722) of Class B membership shares.

Class C non-voting shares

The Class C non-voting shares shall be issued to non-members who use the products and services of SaskCentral on a fee for service basis. Class C non-voting shareholders do not have the right to receive dividends. Class C non-voting shares may be redeemed only with the approval of the Board subject to the limits provided in the Act. In accordance with the bylaws of SaskCentral, Class C non-voting shares are to be issued and redeemed at \$10 per share. Upon liquidation or dissolution of SaskCentral, the Class C non-voting shares shall not be entitled to any distribution of the assets of SaskCentral.

At December 31, 2024, 10 (2023 - 10) Class C non-voting shares were issued and outstanding. During 2024, no (2023 - \$1) class C non-voting shares were redeemed for cash.

Investment shares

The investment shares entitle the holder to receive non-cumulative cash dividends as and when declared by the Board. The holders of investment shares will not be entitled to attend any meeting of members of SaskCentral and will not be entitled to vote at any such meeting. Investment shares may be redeemed only with the approval of the Board subject to the limits provided in the Act. In accordance with the bylaws of SaskCentral, investment shares are to be issued and redeemed at \$10 per share. Upon liquidation or dissolution of SaskCentral, the investment shares shall not be entitled to any distribution of the assets of SaskCentral.

There are currently no series of investment shares approved for issuance.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

18. NET INTEREST INCOME

	2024	2023
	\$	\$
Interest income		
Financial assets measured at amortized cost	7,715	10,168
Financial assets measured at FVTOCI	6,190	7,762
Financial assets measured at FVTPL	2,620	2,787
Financial assets designated at FVTPL	77,893	70,383
	94,418	91,100
Interest expense		
Financial liabilities measured at amortized cost	3,929	2,836
Financial liabilities designated at FVTPL	75,358	67,104
	79,287	69,940
Net interest income	15,131	21,160

19. ASSESSMENT REVENUE AND FEE FOR SERVICE REVENUE

Disaggregation of revenue

In the following table, revenue is disaggregated by timing of revenue recognition and major revenue sources.

	2024	2023
	\$	\$
Assessment revenue		
<i>Services transferred over time</i>		
Liquidity management assessment	6,723	6,231
Fee for service revenue		
<i>Services transferred at a point in time</i>		
Payment Processing Fees	16,850	8,986
<i>Services transferred over time</i>		
Payment Processing Fees	10,780	3,602
Foreign exchange	(198)	(51)
Other revenue	234	284
	10,816	3,835
	27,666	12,821

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

20. SALARY AND EMPLOYEE BENEFITS

	2024	2023
	\$	\$
Contributions to defined contribution plans	441	415
Employee training and development	99	48
Other employee benefits	638	728
Salaries and incentive compensation	9,478	7,922
Termination benefits	455	824
	11,111	9,937

SaskCentral contributes annually to a defined contribution pension plan for employees. These costs are included in salary and employee benefits. The contributions are held in trust by the Co-operative Superannuation Society. As a defined contribution pension plan, SaskCentral has no future obligation for future contributions to fund benefits to plan members.

21. GAIN ON FINANCIAL INSTRUMENTS

	2024	2023
	\$	\$
Unrealized gains (losses) arising on financial assets measured at FVTPL	1,469	(1,724)
Realized gains arising on financial assets measured at FVTPL	106	-
Unrealized gains arising on financial assets designated as at FVTPL	30,685	34,781
Realized gains (losses) arising on financial assets designated as at FVTPL	183	(798)
Unrealized losses arising on financial liabilities designated as at FVTPL	(30,483)	(35,770)
Realized gains arising on financial liabilities designated as at FVTPL	-	737
Reclassification of net change in fair value on financial liabilities designated as at FVTPL from profit or loss to OCI (own credit risk reserve)	2,796	4,058
	4,756	1,284

22. 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.

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.

SaskCentral provided a variety of services to 604 Canada (previously Celero Solutions) and PPJV. 604 Canada was classified as an asset held for sale in the 2023 year-end consolidated financial statements. On July 3, 2024, Celero Solutions sold its operational assets and activities to a third party, including the "Celero Solutions" brand name. Following the completion of the sale, Celero Solutions changed its name to 6047572 Canada Inc. 604 Canada is currently in the process of winding down its operations. Refer to note 24 for more information.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

22. RELATED PARTY TRANSACTIONS (continued)

Balances and transactions between SaskCentral and jointly controlled entities (PPJV), which are related parties of SaskCentral, have been eliminated on consolidation and are not disclosed in this note.

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 related parties:

	2024	2023
	\$	\$
6047572 Canada Inc. (Previously Celero Solutions)		
Loan receivable from (amount drawn on line of credit)	-	10,516
Due from included in trade and other receivables	20	48
Due to included in trade and other payables	21	319
Interest received from	378	558
Fee for service revenue received from	122	432
Technology services paid to	685	2,118

Key management compensation

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

	2024	2023
	\$	\$
Directors		
Salaries and other short-term employee benefits	141	88
Post-employment and other long-term benefits	8	4
	149	92
Key management personnel		
Salaries and other short-term employee benefits	3,636	2,732
Post-employment and other long-term benefits	177	116
Termination benefits	272	285
	4,085	3,133
	4,234	3,225

At December 31, 2024, certain directors and key management were indebted to SaskCentral for an amount totaling \$nil (2023 - \$356). The loans held by directors were granted under the same lending policies applicable to other members. Certain management loans qualify for the staff lending program at preferential rates.

23. COMMITMENTS

Credit commitments

The amounts reported as lines of credit and loan commitments 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.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

23. COMMITMENTS (continued)

Credit commitments (continued)

The following table summarizes the contractual maturities of the financial assets underlying SaskCentral's credit commitments:

	2024	2023
	\$	\$
Lines of credit and loan commitments		
<i>Loans at amortized cost</i>		
Original term to maturity of one year or less	588,532	576,318
Uncalled funding commitments for investments	4,080	5,690
	592,612	582,008

SaskCentral has also pledged \$80,828 (2023- \$134,981) of securities in relation to securities lending agreements.

Contractual commitments

As of December 31, 2024, SaskCentral has contractual commitments with varying terms.

Under the terms of the Prairie Payments Joint Venture Agreement, the revenues, expenses, losses and costs of capital projects of PPJV belong to and are borne exclusively and in equal share by the joint venturers. Each joint venture is contractually responsible for its share of the liabilities of the PPJV and for funding its share of ongoing expenses. The PPJV has contractual agreements until 2030 for the development and operation of a payments processing platform. SaskCentral's proportionate share of these commitments is \$39,311.

The following table summarizes the expected cash outflows, inclusive of the PPJV commitments noted above, resulting from these contracts over their respective terms.

	\$
Less than one year	8,571
One to five years	30,669
Five years and thereafter	4,627
	43,867

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.

Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements

December 31, 2024
in thousands of Canadian dollars

24. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Regina commercial office building

In 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. Management continues to be committed to the plan to sell the assets. The assets are expected to be sold within twelve months.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2024	2023
	\$	\$
Assets held for sale		
Property, plant and equipment	4,241	4,152
Investment property	8,891	8,891
Total assets classified as held for sale	13,132	13,043

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2024	2023
	\$	\$
Revenue	2,922	2,561
Expenses	(2,078)	2,019
Profit before tax	844	542
Attributable tax expense	228	146
Profit from discontinued operations, net of tax	616	396

All income from discontinued operations is attributable to the owners of SaskCentral. There is no income or loss included in AOCI related to the disposal group.

Investment in associate

6047572 Canada Inc. (previously Celero Solutions)

During 2023, the Board approved the intent to sell SaskCentral's investment in Celero Solutions and the investment was reclassified as an asset held for sale under IFRS 5 in the consolidated balance sheet. SaskCentral has a 33.33% (2023 - 33.33%) interest in Celero Solutions, an arrangement between SaskCentral, Alberta Central, and Credit Union Central of Manitoba for the purpose of providing information technology services. Prior to 2023, SaskCentral accounted for Celero Solutions as an investment in associate using the equity method. At December 31, 2023 the investment in associates' carrying value was \$nil as a result of Celero Solution's losses.

On July 3, 2024, Celero Solutions sold its operational assets and activities to a third party, including the "Celero Solutions" brand name. Following the completion of the sale, Celero Solutions changed its name to 6047572 Canada Inc. On September 11, 2024, 161 Canada assumed the bare legal title of 604 Canada's investment in Everlink. 161 Canada is a related entity under the common control of SaskCentral, Alberta Central, and Credit Union Central of Manitoba. As disclosed under note 2.3, SaskCentral accounts for its share of 161 Canada's assets, liabilities, revenue and expenses within these consolidated financial statements. 604 Canada is currently in the process of winding down its remaining operations.

**Credit Union Central of Saskatchewan
Notes to the Consolidated Financial Statements**

December 31, 2024
in thousands of Canadian dollars

24. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Investment in associate (continued)

Everlink

Collectively, the Board of Directors of SaskCentral, Alberta Central, and Credit Union Central of Manitoba have committed to a plan to sell their 49% ownership in Everlink. The disposal is consistent with SaskCentral's long-term business plan. The sale is expected to occur within 12 months.

The major classes of assets and liabilities comprising the operations classified as held for sale (including both 604 Canada and Everlink) are as follows:

	2024	2023
	\$	\$
Assets held for sale		
Investment in Everlink	5,836	-

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2024	2023
	\$	\$
Revenue	617	1,388
Expenses	(5,735)	-
(Loss) profit before tax	(5,118)	1,388
Attributable tax recovery	(636)	(506)
(Loss) profit from discontinued operations, net of tax	(4,482)	1,894

All income from discontinued operations is attributable to the owners of SaskCentral. There is no income or loss included in AOCI related to the disposal group.

Disposal of Concentra Bank

On November 1, 2022, SaskCentral disposed of its entire investment in Concentra Bank, including Concentra Trust to Equitable Bank. Concentra Bank owns 100% of the common shares of Concentra Trust. No investment was retained in Concentra Bank. 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 results of the discontinued operations, which have been included in the consolidated statement of profit or loss, for 2023, were as follows:

	2023
	\$
Gain on sale of discontinued operations	3,982
Income tax recovery on sale of discontinued operations	3,290
Profit from discontinued operations, net of tax	7,272