

**AGENDA**  
**63rd ANNUAL MEETING**  
**KERROBERT CREDIT UNION LIMITED**  
**MARCH 16, 2026**

1. CALL TO ORDER BY PRESIDENT
2. APPROVAL OF AGENDA
3. CONFIRMATION OF QUORUM (MINIMUM OF 15 MEMBERS)
4. CONFIRMATION OF ADEQUATE MEETING NOTICE
5. CONFIRMATION OF FINANCIAL STATEMENT AVAILABILITY WITHIN REQUIRED TIME
6. MINUTES OF THE 62nd ANNUAL MEETING
7. BUSINESS ARISING FROM MINUTES
8. BOARD OF DIRECTORS' REPORT
9. MANAGEMENT DISCUSSION AND ANALYSIS
10. ADOPTION OF REPORTS PRESENTED
11. NOMINATING COMMITTEE REPORT
12. APPOINTMENT OF AUDITORS FOR 2026
13. PRESENTATION OF SERVICE AWARDS
14. NEW BUSINESS
15. DOOR PRIZES
16. ADJOURNMENT

**KERROBERT CREDIT UNION LIMITED**  
**CHARTER NO. 343**  
**INCORPORATED MAY 1, 1963**

**BOARD OF DIRECTORS**

**EXPIRY OF TERM**

1. Brennan Murphy	2026
2. Tracey Cholin	2026
3. Harrison Meier	2026
4. Nancy Charteris	2027
5. Michele Schmidt	2027
6. Rob Wiebe	2027
7. Ian Welter	2028
8. Brett Purvis	2028
9. Hannah Kohlman	2028

**EXECUTIVE**

President	Michele Schmidt
1 <sup>ST</sup> Vice-President	Ian Welter
2 <sup>ND</sup> Vice-President	Nancy Charteris

**STAFF**

Trina Duhaime	General Manager
Tammy Krahn	Business Account Manager
Alexandra Meier	Business Account Manager (on leave)
Tara MacKinnon	Lending Administrator
Lori Clappison	Deposit Support
Brenna Greschner	Risk & Compliance Support
Amber Augustin	Member Service Representative
Tammy Neumeier	Member Service Representative (Part-Time)
Jamie Gramlich	Member Service Representative (Major Branch)

**ANNUAL MEETING OF THE MEMBERS OF  
THE KERROBERT CREDIT UNION LIMITED**

Proof of Notice:

CANADA )  
 )  
PROVINCE OF SASKATCHEWAN ) I, Trina Duhaime,  
 ) of the Town of Kerrobert  
 ) in the Province of Saskatchewan,  
 ) General Manager of the  
 ) Kerrobert Credit Union Limited

TO WIT:

That I have personal knowledge that the notice of this annual meeting was duly prepared and given to its' members, as required by the Bylaws of the Credit Union and the Credit Union Act, 1988.

NOTICE was posted in branch, on Facebook and Instagram and in the Chronicle starting February 3, 2026.

Sworn before me at the Town )  
of Kerrobert, in the Province )  
of Saskatchewan, this 9 day )  
of March, 2026. )

  
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A Commissioner for Oaths in and for  
The Province of Saskatchewan  
My commission expires: October 31, 2029

**ANNUAL MEETING OF THE MEMBERS OF THE  
KERROBERT CREDIT UNION LIMITED**

I, Trina Duhaime, General Manager of Kerrobert Credit Union Limited, make oath and say that:

The Auditor's Report and Financial Statement were made available to the membership on March 4, 2026, which is at least 10 days prior to the annual meeting.

Sworn before me at the Town )  
of Kerrobert, in the Province )  
of Saskatchewan, this 9 day )  
of March 2026. )

  
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\_\_\_\_\_

A Commissioner for Oaths in and for  
The Province of Saskatchewan  
My Commission expires: October 31, 2029

KERROBERT CREDIT UNION LIMITED  
MINUTES

DATE: March 17, 2025  
TYPE OF MEETING: 62<sup>nd</sup> Annual General Meeting

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**Call to Order:**

Brennan Murphy called meeting to order at 7:22 p.m.

**Approval of Agenda:**

**2025-29**

**MURPHY-SMITH**

Motion was made by Duane Murphy, seconded by Warren Smith to approve agenda as presented.

Carried.

Confirmation of Quorum (minimum of 15 members) – 87 members attending, 5 guests.

Confirmation of Adequate Meeting Notice - Notice of meeting was posted in the branch and on social media February 3, 2025, and in the Chronicle newspaper on February 4, 2025.

Confirmation of Financial Statement Availability within required time - Audited financial statements were available to the membership by March 3, 2025. Therefore, the meeting is declared to be lawfully convened.

**Approval of Minutes:**

Tammy Krahn read aloud minutes of the 61<sup>st</sup> Annual meeting.

**2025-30**

**WENZEL-NEUMEIER**

Motion was made by Dan Wenzel, seconded by Mark Neumeier to approve minutes as read.

Carried

Business arising from the minutes – None declared.

**Board of Directors Report:** Presented by Brennan Murphy.

2024 was a profitable year; this success enables us to remain independent and sustainable. The Member Loyalty announced at last annual meeting was paid out in August 2024, and 2025 payout will be distributed by the end of March. Donations, sponsorships and advertising totaled almost \$50,000 to various local organizations. We continued sponsoring "Sunday Fun-day" and the Breakfast Program, providing school supplies and celebrated graduating students with bursary awards which highlights the importance we place on the next generation. The staff provided over 400 hours volunteering at various events and committees in the community. Special mention to Shannon Cholin and Terry Welter for their years of service on the Board of Directors.

**2025-31**

**KOHLMAN-KRAHN**

Motion was made by Cody Kohlman, seconded by Leighton Krahn to accept Board of Directors report as presented.

Carried.

No questions were raised from the report.

**Management Discussion and Analysis:**

2024 saw steady asset growth due to increase in deposits. We disbursed a total of \$10.9 million in loans resulting in 1.34% growth over the previous year. Our loan to asset ratio ended at 58.8% which is below the target range. Delinquency is well managed. Delinquency over 90 days was .01% at year end. Note that the spike in the net interest margin in 2022 was a dividend payment from the sale of Concentra Financial. Our investment portfolio saw higher returns in 2023 and 2024 with some better rated term deposits that paid higher interest rates. Our operating expenses as a percentage of assets declined slightly, even while proceeding with system upgrades -including the ATM replacement, as well as year over year increases in salaries, audit services and taxes. Our capital ratios targets are set above Credit Union Deposit Guarantee Corporation minimum levels, which we continue to exceed in some key ratios, meaning we continue to maintain a strong capital position. We have remained compliant, we will continue to enhance our product and service offerings, and we look forward to serving our communities in the years to come.

**Adoption of Reports Presented:**

**2025-32**

**WIEBE-CHOLIN**

Motion was made by Rob Wiebe, seconded by Jim Cholin to approve reports as presented.

Carried.

**Nominating Committee Report:** Presented by Nancy Charteris. The Nominations must be received 21 days before the annual meeting. We have 3 terms expiring in 2025 and 3 nominations have been accepted. All positions filled by acclamation.

**Appointment of Auditors for 2025:** We are satisfied with the audit we have received from MNP for the last few years and recommend their appointment for 2025.

**2025-33**

**KURTZ-KNORR**

Motion was made by Joe Kurtz, seconded by Mark Knorr to approve MNP for 2025 auditors.

Carried.

**Presentation of Service Awards:** Jamie Gramlich received a 10-year service award. Board member Shannon Cholin received recognition for 6 years of service and Terry Welter received recognition for 24 years of service on the Board of Directors.

**New Business:**

None to declare.

**Door Prizes:**

Johanna Matvichuk and Aron Mack each received a barbeque set, Madison McIntosh received a jewelry travel case, Judy Neumeier and Dennis Murphy each received a set of steak knives, Lorraine Knorr received a Kerrobert Credit Union sweatshirt, and Dan Wenzel received a large tote bag.

**2025-34**

**MACK**

Motion was made by Aron Mack to adjourn meeting at 7:50 p.m.

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BRENNAN MURPHY, PRESIDENT

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TAMMY KRAHN, SECRETARY

## 2025 KERROBERT CREDIT UNION BOARD OF DIRECTOR'S REPORT

On behalf of the Board of Directors, I am pleased to present the 2025 Annual Report for Kerrobert Credit Union. This past year marked continued strength, meaningful progress, and a focus on long-term sustainability. Our solid financial performance allows us to remain independent, financially sound, and well-positioned to meet the evolving needs of our members while promoting the credit union difference to future members.

As a Board, our priority is to provide strong governance and oversight while guiding the long-term strategic direction of our credit union. Management then translates this direction into short-term operational plans that support our goals. In 2025, we continued to expand our product offerings and enhance our technology, including the introduction of quick loans and the implementation of two-step verification to strengthen online banking security.

We are proud to balance financial results with our responsibility to support our members and our community. This year, we issued a member loyalty payout for the third consecutive year, totaling \$100,000—a reflection of both our financial stability and the continued trust of our membership. Additionally, we contributed more than \$55,000 to community projects, events, sponsorships, and advertising, reaffirming our longstanding commitment to making a positive local impact.

In a year marked by global uncertainties—from shifting tariffs to significant provincial changes—our credit union has remained focused on providing stability. The ongoing amalgamations of larger Saskatchewan credit unions, including Conexus, Cornerstone, and Synergy, continue to reshape the provincial financial landscape. In this environment, the Board of Directors remains firmly committed to maintaining Kerrobert Credit Union as an autonomous, stand-alone financial institution dedicated to serving our community.

Achieving this commitment requires exceptional dedication from our staff. Throughout 2025, our employees continued to invest in training and professional development to strengthen their knowledge and adapt to an ever-changing environment. Their hard work ensures we can continue to provide high-quality, personalized financial services. We extend our sincere appreciation for their unwavering efforts.

I would also like to thank my fellow Board members for their continued commitment, leadership, and thoughtful engagement at the board table. Your contributions play a vital role in shaping the success of our organization.

Most importantly, we extend our deepest gratitude to our members. Your loyalty, trust, and ongoing support allow us to remain strong and community-focused. In an increasingly competitive financial marketplace, the relationships we build with our members truly set us apart. Your confidence in your local credit union provides the foundation for our success—today and into the future.

Thank you.

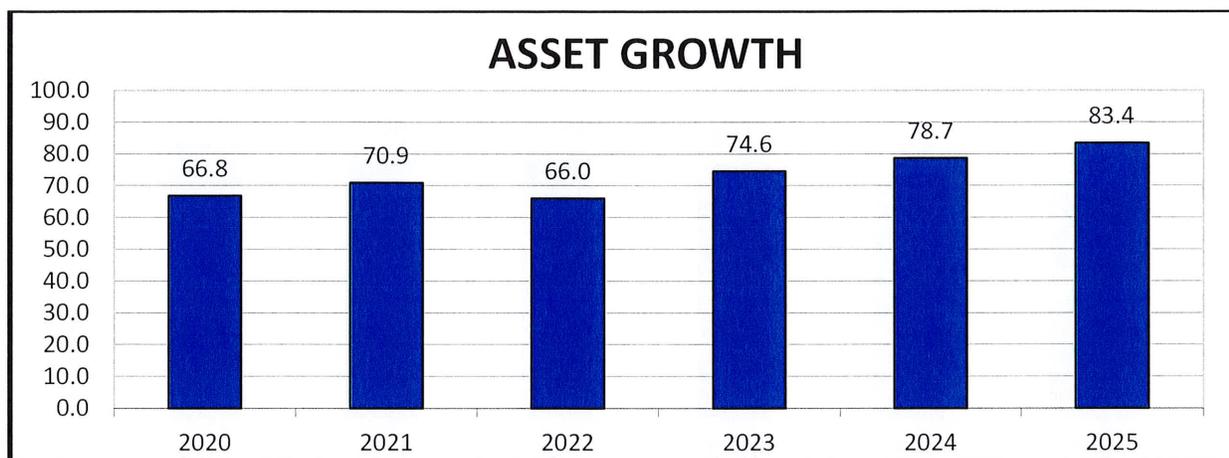
**Michele Schmidt**

President

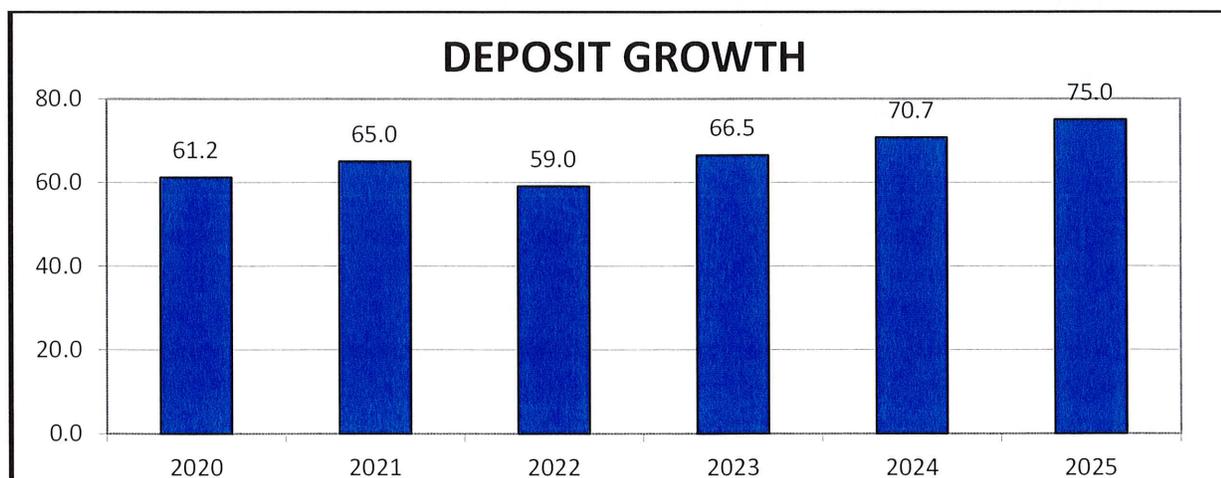
## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Statement Highlights – December 31, 2025

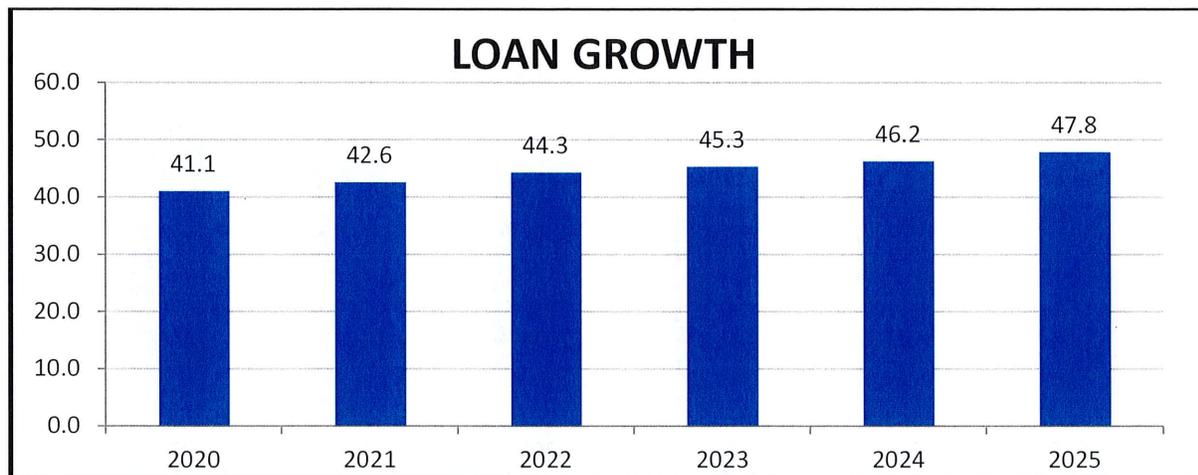
In 2025, we experienced steady asset growth driven primarily by an increase in member deposits. Our assets grew to \$83,411,841 from \$78,656,054 or a 6.05% increase over last year. A strong deposit base supports our lending activities, and when loan demand softens, we strategically invest excess liquidity in high-quality investments.



Our member deposits increased from \$70,746,881 to \$75,024,337 representing growth of 6.05%. This increase was mostly in Plan 24 savings accounts and terms deposits. We continue to focus on strengthening member access channels and ensuring our products remain competitive and financially sound. In late 2024 we were informed that Central1 would no longer be providing Digital Banking Services. As a result, throughout 2025, alongside 60 participants from across Canada, we have been engaged with a National Digital Banking Working Group in an extensive vendor evaluation process that concluded with Intellect Design as the preferred provider for a new digital banking platform. We are confident that this partnership will deliver a modern, secure, and user-focused digital experience that meets the evolving needs of our members.



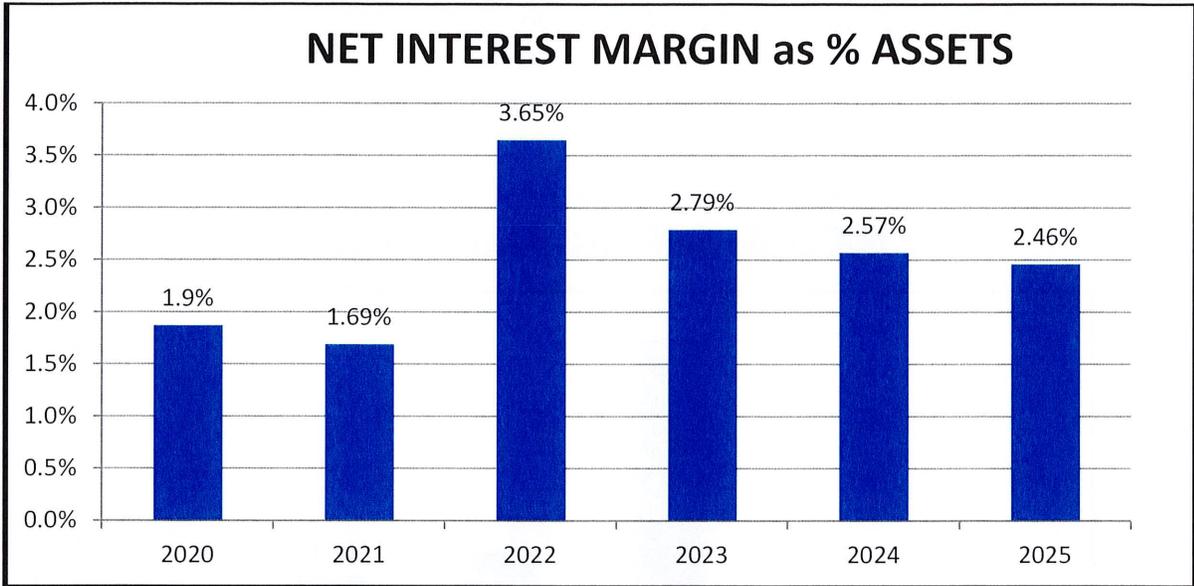
Lending remains a key income source. Our loan portfolio grew across all sectors, reaching \$47,824,764 an increase of 3.45% resulting in a 57.34% loan-to-asset ratio. While our target range is 70-75% our priority is maintaining a high-quality portfolio that meets member needs. Our lending department continues to pursue local lending opportunities, building relationships with other Credit Unions for syndication arrangements and with Calidon Equipment Leasing for equipment leases. In addition, targeted interest-rate promotions were utilized to support portfolio growth. In 2025, we disbursed 58 loans and lines of credit totaling \$12,202,146.



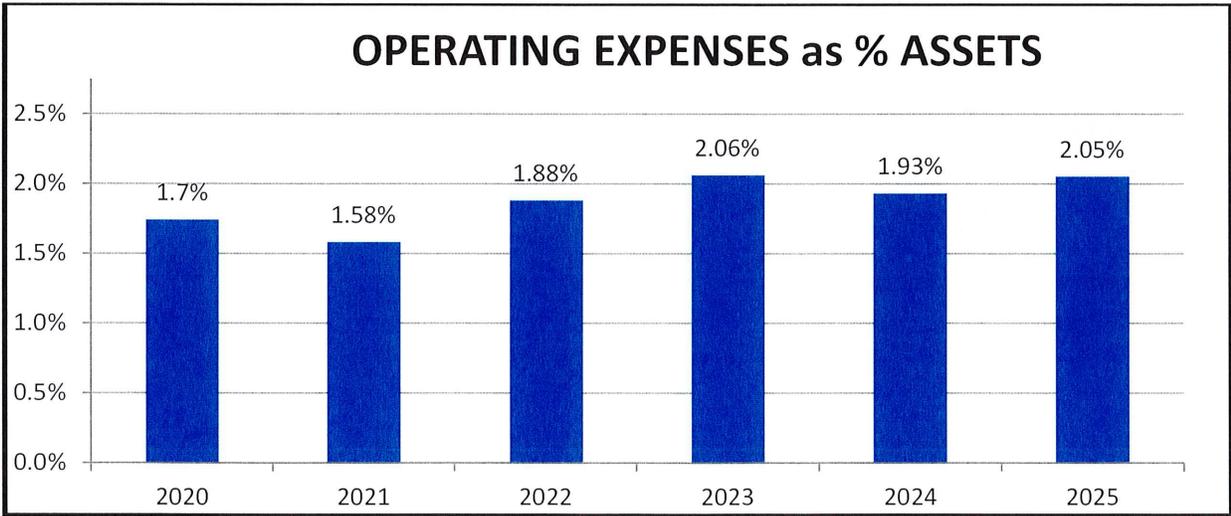
Delinquency levels continue to be professionally managed. Delinquency over 90 days was 0% at year end. Ongoing communication with members and sound underwriting practices support strong debt-servicing performance. Although our delinquency remains low, we continue to monitor credit risk in alignment with International Financial Reporting Standards, considering economic factors such as interest rates and unemployment trends. The lack of significant issues in delinquency is at least partially the result that rates have decreased throughout 2025 which positively impacts borrowers.

Regular internal file reviews and annual assessments by our syndication partners help identify potential risks in our loan portfolio. Commercial loans are more sensitive to economic factors and although the Saskatchewan economy has remained stronger than in other parts of the country, we have proactively increased our specific loan loss allowance for this sector to \$200,000 (from \$100,000 in 2024), whereas we reduced our general allowance to \$78,691. We continue to monitor credit conditions and adjust our strategies to ensure our risk exposure is appropriate.

Our 2025 net interest margin was 2.46%. Throughout the year, the Bank of Canada reduced its overnight rate multiple times that brought the rate down to 2.25% by yearend. While lower interest rates can encourage borrowing and consumer spending, they also place downward pressure on our net interest margin. Despite this, we have effectively balanced the need to support member borrowing and maintain competitive deposit returns by strategically managing pricing across both sides of our balance sheet.

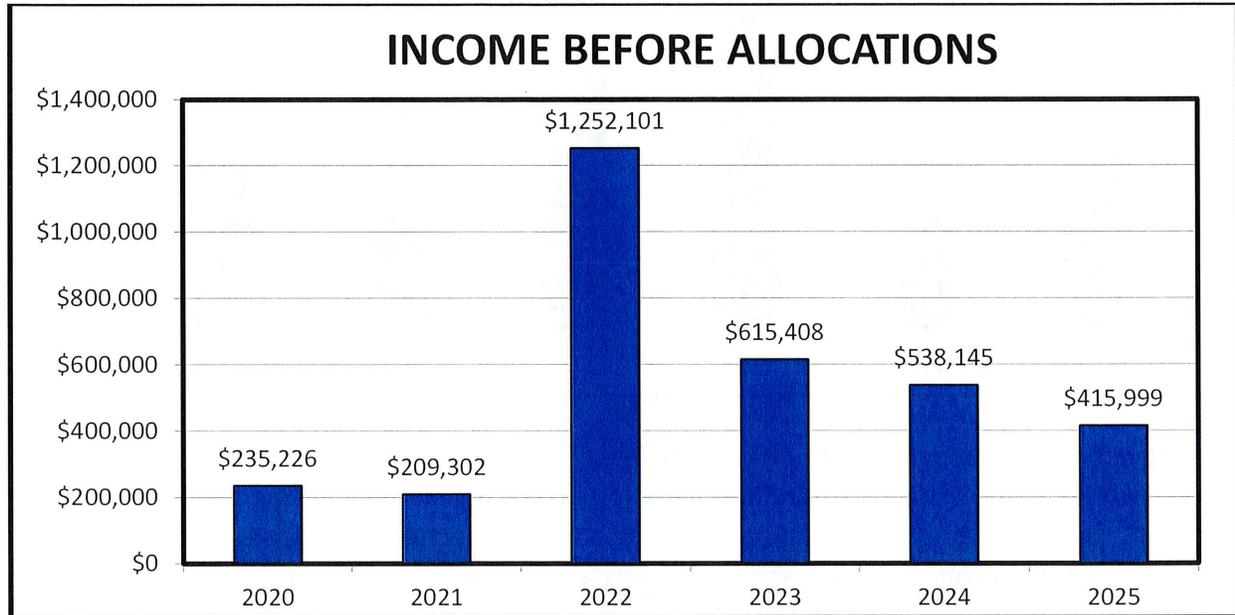


Operating expenses as a percentage of assets increased, reflecting investments in online banking security, system upgrades, and participation in national online banking platform initiatives. Costs associated with bonding, property and cybersecurity insurance, as well as salaries, income and property taxes, and both internal and external audit services also rose during the year. In addition, general business expenses, which include technology, compliance and advertising continue to grow. As we work to keep pace with advancements in technology and evolving regulatory requirements we are continually faced with rising operational costs.



Capital strength remains a key indicator of financial resilience. Capital levels are managed according to policies and plans that are reviewed and approved by the Board of Directors. Our capital levels exceeded regulatory and internal policy requirements. Our regulator, Credit Union

Deposit Guarantee Corporation (CUDGC) has set minimum levels for these ratios. We achieved a Leverage Ratio of 9.65% (minimum 5%; policy target 7%) and an Eligible Capital to Risk-Weighted Assets ratio of 17.80% (minimum 10.5%; target 14.34%).



Overall, 2025 was a successful year marked by growth and financial stability. Net income before allocations was \$415,999 or \$289,358 after tax and the declaration of our Member Loyalty Payout. We remain committed to strengthening our product and service offerings to meet the evolving needs of our members and communities.

Respectfully submitted by,

Trina Duhaime B. Comm, FCUIC  
General Manager

## ***VISION, MISSION AND VALUES***

### **Vision**

We aspire to grow our community through service excellence, social responsibility, and financial strength.

***Growing Community*** – Kerrobert Credit Union has a commitment to the needs of our members and the community. Beyond providing financial services the Kerrobert Credit Union must provide a leadership role.

***Service Excellence*** – Delivering product and service excellence that will result in member satisfaction and community success requires an emphasis on excellence. Excellence is brought to life through the knowledge and expertise of our employees and elected leaders and their connection to the community.

***Social Responsibility*** – Kerrobert Credit Union contributes to the welfare of our members and community. From the beginning, the Kerrobert Credit Union has filled needs that have not been satisfied by other financial service providers. Future relevance depends on remaining true to this core strength. Social responsibility is fundamental to the greater role and purpose of the Kerrobert Credit Union.

***Financial Strength*** – Kerrobert Credit Union is an institution of trust and integrity. Members and the community alike look to the credit union as a source of investment and contribution. Financial strength is the ability to provide investment for growth and development. Financial strength provides a solid financial base so we can invest in growth for the future.

### **Mission**

Kerrobert Credit Union Limited is a member owned, community-based organization dedicated to the co-operative philosophy, which provides a range of quality personal, financial services to fulfill the needs of the members and the community.

We achieve this through sound financial management and relevant approaches to service and product excellence.

Kerrobert Credit Union promotes the credit union image through involvement and visibility in the community.

### **Values**

Kerrobert Credit Union subscribes to the co-operative principles as endorsed by the International Co-operative Alliance, and the international credit union operating principles as endorsed by the World Council of Credit Unions.

***Co-operation and Accountability*** – Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. We work together through a belief

that we can accomplish more together than alone. We consider the effect of our actions on others. In the tradition of our founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

***Communication*** – We communicate in an open, effective, and timely manner.

***Community Impact*** – We actively support the development of our communities locally, provincially, and beyond. Our communities are stronger because of the credit union system.

***Employee Satisfaction*** – We respect our employees and their contribution to our success. We encourage employee involvement and participation. We recognize and reward them for their creativity, teamwork, and achievement. We support their development by providing training and educational opportunities. We respect their need to balance personal and professional lives.

***Financial Strength*** – Our strong financial performance allows us to invest in members and the community for future growth. We balance the need for financial results with the needs of our members and communities. The trust and confidence of our members is maintained through sound business practice.

***Product and Service Excellence*** – We work with our members and communities to understand their needs and respond with high quality products and services. Our employees provide friendly, knowledgeable, and helpful service.

***Professional Conduct*** – Members' financial affairs are conducted with integrity and in a professional manner. Our ethical principles are rooted in the concern for the individual. Confidentiality is integral to the way we do business.

## ***CREDIT UNION MARKET CODE***

Kerrobert Credit Union Limited voluntarily adheres to the credit union Market Code. This code has been jointly developed by Saskatchewan Credit Unions National Consulting Limited and Credit Union Deposit Guarantee Corporation to ensure the protection of credit union members. The code sets forth guidelines for the following areas:

- Complaint handling, which outlines the process for dealing with all complaints regarding the service, products, fees, or charges of Kerrobert Credit Union.
- Fair sales by outlining the roles and relationship of staff to all members/clients and in accordance with the financial services agreement.
- Financial planning process to advise member/clients on the risks and benefits associated with financial planning services.

- Privacy to protect the interests of those who do business with Kerrobert Credit Union. Privacy is the practice to ensure all member/client information is kept confidential and used only for the purpose for which it was gathered.
- Professional standards to preserve a positive image of Kerrobert Credit Union among our members, clients, and communities.
- Capital management to ensure our capital structure aligns with our risk philosophy.
- Financial reporting to adhere to business and industry standards.
- Governance practices to adhere to the intent and stipulation of our corporate bylaws, which are approved by the membership of Kerrobert Credit Union.
- Risk management to ensure all risks are measured and managed in an acceptable fashion.

## ***CO-OPERATIVE PRINCIPLES***

As a true co-operative financial institution, Kerrobert Credit Union acts in accordance with internationally recognized principles of co-operation:

### ***Voluntary and Open Membership***

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

### ***Democratic Member Control***

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Directors serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

### ***Member Economic Participation***

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### ***Autonomy and Independence***

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### *Education, Training, and Information*

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

### *Co-operation among Co-operatives*

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

### *Concern for Community*

Co-operatives work for the sustainable development of their communities through policies approved by their members.

## **INTRODUCTION**

Kerrobert Credit Union is an independent credit union owned by our members. As of December 2025, we had 1188 members. (2024 – 1177 members)

Kerrobert Credit Union serves the communities of Kerrobert and Major. The Kerrobert office provides a wide range of deposit, lending, and investment products. The Major branch is open part-time, offering deposit and investment services.

## **STRATEGY**

The vision of Kerrobert Credit Union is to be the leading provider of a wide range of financial services in Kerrobert, Major and surrounding areas. To monitor our specific objectives throughout the year that support this vision, we have developed a strategic plan that outlines our long and short-term goals. The Board of Directors and management review those goals semi-annually.

The Kerrobert Credit Union reaffirmed their strategic objectives in late 2025. We utilize and identify four key focus areas.

The first is **People and Performance**. Within this area, we look to maintain a culture of service excellence that exceeds expectations; ensure we have the right competencies to achieve our strategies; and increase our people's awareness of member opportunities and strengthen their skills to proactively engage our members.

Second is **Members and Community**. Here, we want to enhance the depth of our financial relationships with members and the general public; increase our understanding of our

member's financial needs and assist them in achieving their financial goals; lead our communities through involvement and financial support; and increase the awareness of the Kerrobert Credit Union 'brand' and our credit union difference.

The third area is **Financial Performance**. This is as simple as ensuring optimal financial strength (ie: sufficient profitability and sustainable growth) to achieve our strategies.

The final area is **Development**. We want to position ourselves to succeed in the future state; ensure we have the financial products and services our members want and which make financial sense for our credit union to offer; and we will look to collaborate with like-minded credit unions to achieve our strategies.

## **ENTERPRISE RISK MANAGEMENT**

Enterprise Risk Management is a systematic process, conducted by your board and management, designed to identify potential events that may affect planned outcomes and responding to those events so as to manage risks to be within its risk appetite and to provide reasonable assurance of entity objectives. Risks are categorized and defined as: Credit/Concentration Risk, Liquidity Risk, Emerging Risks, Reputation Risk, Human Resources Risk, Operational Risks, Strategic Risk, Market/Interest Rate Risk and Legal/Regulatory Risk. Kerrobert Credit Union will maintain appropriate levels of control over all risks faced by the enterprise in the normal course of doing business. These controls are aimed at minimizing uncertainty and maximizing opportunity such that the capacity of the enterprise to protect and grow shareholder value is optimized.

Annually, your Board of Directors will complete a strategic planning process to review and determine the mission, objectives and strategic business priorities of the credit union and establish the basis on which longer term operational decisions will be undertaken.

In setting direction, the business planning process will give preference to decisions made by consensus. The majority rule applies where necessary to assure that decisions are undertaken in the priority given. Implementation of the strategic business plan is the responsibility of the General Manager, who reports to the board regularly on the organization's progress in relation to the plans.

### **Strategic Risk**

Strategic risk is the risk that adverse decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, customer preferences, product obsolescence or resource allocation will impact our ability to meet our objectives. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals and the quality of implementation.

The Board of Directors is accountable to the members of the credit union for directing the affairs of the credit union and maintaining policies that are responsive to their needs and the needs of the credit union for sound operations. The Board of Directors works diligently on behalf of the members to set the corporate strategy and direction, while Management develops and delivers operating strategies.

### ***Market/Interest Rate Risk***

Market risk is the exposure to potential loss from changes in market prices or rates. Losses can occur when values of assets and liabilities or revenues are adversely affected by changes in market conditions, such as interest rate or foreign exchange movement.

At the operational level, asset values are monitored to determine existing market prices, past trends and the most likely future direction. In terms of interest rate risk, management utilizes static gap modeling along with Simulation Services offered through Concentra Treasury Consulting to ensure that abrupt and unexpected changes in interest rates will not cause a significant impact to the credit union beyond its ability to withstand that impact. Management takes a conservative approach to asset valuation to ensure the credit union is not taking on elevated levels of risk.

Interest rate risk is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates. A couple of examples of this type of risk would be: A large portfolio of loans with variable interest rates and the prime interest rate decreases. This would result in reduced income. A second example would be a member locking their investment in for 5 years and having rates steadily increase over 5 years. This would result in lost investment income for that member, but reduced expenses for the Credit Union.

### ***Liquidity Risk***

Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.

Each day the credit union monitors the actual inflows and outflows of funds through our SaskCentral clearing account. The credit union has established a \$1,400,000 line of credit on this account. As of December 31, 2025 Kerrobert Credit Union held 9.07% of its member liabilities in a Statutory Liquidity Account. The credit union has never had to draw upon this facility to fund its liquidity requirements.

Another liquidity requirement is called the Liquidity Coverage Ratio (LCR). The object of the LCR is to ensure the credit union has an adequate stock of unencumbered high quality liquid assets (HQLA) that consists of assets which can be converted into cash at little or no loss of value; and meets its liquidity needs for a 30 calendar day stress scenario, by which time it is assumed corrective actions have been taken by the credit union and/or Credit Union Deposit Guarantee Corporation. As of December 31, 2025 Kerrobert Credit Union was well above the CUDGC

regulatory guideline. The guideline remained at 100% or greater for 2025. Kerrobert Credit Union is still well positioned to remain above regulatory guidelines. We had set our LCR ratio at 120% and as of December 31, 2025 we were at 662.25%. (2024 – 504.23%)

### ***Credit/Concentration Risk***

Credit risk is the risk of loss arising from a borrower or counterparty's inability to meet its obligations. Examples of sources of credit risk may include direct lending activities and holdings of investment securities. As of December 31, 2025 the Kerrobert Credit Union had no delinquent loan over 90 days. We continue to monitor and work with our members in keeping delinquency at a minimum.

Concentration risk is the level of risk in a Financial Institution's portfolio arising from concentration to a single counterparty, sector or country. The risk arises from the observation that more concentrated portfolios are less diverse and therefore the returns on the underlying assets are more correlated. Being that Kerrobert Credit Union has a small trade area, we could consider oil or farming within our area a concentration risk. We look to offset those risks by partnering with other Credit Unions or Credit Union affiliated companies to diversify our loan portfolio outside our trade area. Those agreements are referred to as syndication or participation loans.

When Kerrobert Credit Union is overexposed in a specific area of lending or close to its lending limits, we may sell that loan to another Credit Union, upon their approved assessment of the file. Kerrobert currently syndicates out five loans to other Credit Unions. Another option is when Kerrobert Credit Union purchases loans from elsewhere. This process is used when lending opportunities within our membership are limited or we are looking to diversify our portfolio. Kerrobert has a number of participation loans and leases which it has purchased from other Credit Unions or Calidon Equipment Leasing.

As per CUDGC guidelines, Kerrobert Credit Union is required to provide additional credit disclosures in regard to the residential mortgage portfolio. When providing residential mortgages, Kerrobert Credit Union has a maximum lending value of 80% of the collateral value. While lending beyond that loan-to-value (LTV) may be considered, it then requires the use of default insurance, which is a contractual coverage that protects our Credit Union's residential portfolio against potential losses caused by borrower default. Kerrobert Credit Union utilizes the Canada Mortgage Housing Corporation (CMHC) to provide this coverage as needed.

A Home Equity Line of Credit (HELOC) is a form of non-amortizing (revolving) credit that is secured by a residential property. Unlike a traditional residential mortgage, most HELOC's do not fit a regular amortization schedule. Kerrobert Credit Union currently holds three HELOC's at a value of \$167,000.00

A non-conforming mortgage is a mortgage on residential property securing a loan that is approved with exceptions to requirements outlined in policy and procedures. As of December 31, 2025 the credit union held five non-conforming mortgages at a value of \$983,440.53. Due

to the exceptions to policy these types of mortgages would pose more risk to the credit union and therefore are monitored regularly and reported quarterly to the board.

Additionally, Kerrobert Credit Union is registered to hold mortgages in Alberta. As of December 31, 2025 the credit union held two conventional mortgages in Alberta for a value of \$446,154.94. The remainder of our residential mortgage portfolio are Saskatchewan locations.

Kerrobert Credit Union's residential mortgage portfolio as of December 31, 2025 is as follows:

<u>Amortization period</u>	<u>Number</u>	<u>Insured (CMHC)</u>	<u>% of Portfolio</u>	<u>Uninsured (Conventional)</u>	<u>% of Portfolio</u>
Less than 5 years	38	\$608,752.83	5.82	\$3,872,912.02	37.03
5-10 years	23	\$86,698.77	0.83	\$1,034,581.13	9.89
11-15 years	12	\$203,484,.92	1.95	\$1,492,975.17	14.28
16-20 years	13	\$72,582.82	0.69	\$1,605,382.97	15.35
Over 20 years	7	\$151,803.77	1.45	\$1,328,757.55	12.71
<b>TOTAL</b>	<b>93</b>	<b>\$1,123,333.11</b>	<b>10.74%</b>	<b>\$9,334,608.84</b>	<b>89.26%</b>

### ***Legal and Regulatory Risk***

Legal and regulatory risk is the risk arising from potential violation of, or nonconformance with, laws, rules, regulations, prescribed practices, or ethical standards. The Kerrobert Credit Union operates in a heavily regulated environment. The credit union's structure, policies and procedures all assist in the compliance with laws and regulations. Throughout most of 2025 a staff member was responsible for anti-money laundering compliance, enforcing measures to combat money laundering and terrorist activity risk. In December, we contracted National Consulting Limited's AML Full Service team to ensure compliance in this area while maintaining an in-branch designate who acts as a liaison with the support team when required.

### ***Operational Risk***

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters.

This risk is managed through the use of policies, procedures, controls and monitoring. Our contracted internal audit service inspects operational risk and reports findings directly to the Audit and Risk Committee to give an independent perspective of risk.

### ***Other Risks***

We have identified other risks from our Enterprise Risk Management process. They are as follows: Emerging risk, Human Resources risk and Reputation risk.

*Emerging risk* is new risks or familiar risks that become apparent in new or unfamiliar conditions. Their sources can be natural or human, and often are both. Emerging risks may include new technologies, as well as economic, societal, environmental, regulatory or political change. While some emerging trends are developing at a slow pace (like demographic changes, societal preferences or cancer research), others can be fast-changing with disruptive potential. Slow-moving emerging trends, too, may gain momentum quickly (e.g., medical breakthroughs). Kerrobert Credit Union has been no stranger to many changes over the past number of years.

*Human Resource risk* is any people, culture or governance factor that causes uncertainty in the business environment that could adversely affect the company's operations. Standard basic human resource risks could be a shortage of qualified employees, key employee retirements and incomplete/sloppy work just to name a few.

*Reputational risk* is a threat or danger to the good name or standing of a business or entity. Reputational risk can occur in the following ways:

- Directly, as the result of the actions of the company itself
- Indirectly, due to the actions of an employee or employees
- Tangentially, through other peripheral parties, such as joint venture partners or suppliers

## **REGULATORY MATTERS**

### **CORPORATE STRUCTURE AND GOVERNANCE**

The governance of Kerrobert Credit Union is anchored in the co-operative principle of democratic member control.

#### ***Board of Directors:***

##### *Mandate and Responsibilities*

The Board of Directors is responsible for the strategic oversight, business direction and supervision of management of Kerrobert Credit Union. In acting in the best interests of the credit union and its members, the board's actions adhere to the standards set out in the Credit Union Act 1998, the "Standards of Sound Business Practice" and other applicable legislation.

The board is comprised of nine individuals elected by the members of the credit union. Terms are for three years. Nominations are made by the Nominating Committee, who is also responsible for finding candidates to fill any vacant positions. Voting, if required is by paper ballot and election results are announced at the annual meeting.

The board members, besides attending regular board meetings, are involved in the Audit and Risk Committee, Executive Committee, Nomination Committee and Conduct Review Committee.

<u>Name</u>	<u>Occupation</u>	<u>First Elected</u>	<u>Term Expires</u>
Michele Schmidt, President	Semi Retired Town Administrator	2023	2027
Ian Welter, 1 <sup>st</sup> Vice	Business Owner	2016	2028
Nancy Charteris, 2 <sup>nd</sup> Vice	Farmer/Retired Oilfield Admin	2019	2027
Brennan Murphy	Autobody Technician	2002	2026
Rob Wiebe	Grain Farmer	2018	2027
Tracey Cholin	Cattle Farmer	2021	2026
Harrison Meier	Oilfield Contract Operator	2024	2026
Brett Purvis	Business Owner	2025	2028
Hannah Kohlman	Home-based business owner	2025	2028

***Executive Committee:***

The Executive Committee acts in the capacity of, and on behalf of the board between regular and special board meetings on all board matters, except those which the board may not, in compliance with legislative requirements, delegate. The committee consists of the President, 1<sup>st</sup> Vice-President and 2<sup>nd</sup> Vice-President.

***Audit and Risk Committee:***

The Audit and Risk Committee oversees the financial reporting process, reviews financial statements, liaisons with internal and external auditors and regulators, and reviews internal control procedures. The committee consists of three directors. The committee is chosen through appointment at the re-organizational meeting.

***Nomination Committee:***

The Nominating Committee oversees the nomination and election process for elections of credit union directors. The committee is chosen through appointment at the re-organizational meeting.

***Conduct Review Committee:***

The Conduct Review Committee ensures that Kerrobert Credit Union acts with the full integrity and objectivity of its directors and employees, by having in place policies, processes, and practices that protect people and the organization from claims and from the perception of unfair benefit or conflict of interest. The committee is chosen through appointment at the re-organizational meeting.

***Compensations and Attendance:***

Director compensation is found in the notes to the financial statements. All directors are required to attend at least three board meetings annually. In any event, a director shall not miss more than two consecutive meetings unless excused for good cause by the board. Failure to meet attendance expectations may disqualify a director from continuing in office.

In 2025, the Board of Directors held twelve board meetings and eight committee meetings. Average attendance at the regular board meetings was 82%.

***Director Training:***

The credit union provides the necessary opportunities for personal and professional development of directors.

The credit union will pay related tuition costs, expenses and remuneration for training and development opportunities, as outlined in the “director remuneration” policy of the credit union.

It is acknowledged that the Credit Union Director Achievement (CUDA) program and/or the Board 360 learning program is the starting point for all director development. All new directors are encouraged to enroll in this program. Individual attendance in the various modules of this program will be in accordance with the annual director development plan and budget.

Attendance at credit union system meetings, conferences, conventions, and seminars provide opportunities to support director development. Attendance by individuals at such events is encouraged and will be considered on a case by case basis by the board.

***Executive Management:***

The three positions that comprise the management team are: General Manager and two Business Account Managers. The General Manager is responsible for overseeing credit adjudication, financial management, strategic planning, management of strategic relationships, human resources, and general management of the credit union. The Business Account Managers are responsible for the management of the loan portfolio, collections, and the control of overdrafts.

The General Manager, Trina Duhaime, has a Bachelor of Commerce Degree and a FCUIC designation (Credit Union General Studies Program). She has more than twenty-eight years’ experience in the credit union system, twenty-three of those with the Kerrobert Credit Union. Trina continues to complete business courses to enhance her knowledge and attends system and peer credit union meetings that involve discussion on challenges and changes in our credit union system. Trina represents the Kerrobert Credit Union as a shareholder of National Consulting Limited which provides operational support and solutions to credit unions across Canada. Trina is the Vice-President of the Credit Union Managers Association whose vision is to build a vibrant credit union system by acting as the channel for employees to establish and sustain strong, professional relationships with their peers.

Business Account Manager, Alexandra Meier joined our staff in May 2023 and is currently on leave. She brought 5 years of experience in the credit union system to Kerrobert Credit Union. She started as an MSR in December 2018 with Biggar & District Credit Union where she then entered the lending department as a Lending Specialist in 2020. In 2022, she moved to Kerrobert and continued working within the credit union system at Luseland Credit Union as a

Lending Administrator. She then transitioned to Business Account Manager in Kerrobert where she continues to further her knowledge in the lending department by participating in Commercial and Agriculture analysis courses facilitated by National Consulting Limited and peer group lending meetings. Alex obtained her Business Professional Development Certificate in 2024.

Business Account Manager, Tammy Krahn joined our staff in June 2023. She previously was one of the Owner/Operators of the Kerrobert Bakery and Coffee Bar for 16 years. As a small business owner, she took great pride in serving the community and providing quality in the products and services they offered. She recognizes the importance of Kerrobert Credit Union's role in serving the community of Kerrobert; in the quality of products and services they offer, and in their contributions to the organizations that make our community a great place to live. Tammy Krahn had served on the Kerrobert Credit Union Board of Directors beginning in March of 2021 and transitioned into the position of Business Account Manager in June of 2023. She has 10 years of prior experience in the banking sector in lending and investments with Canada Trust, TD Canada Trust and RBC. Tammy has furthered her knowledge with Commercial and Agricultural Lending analysis courses through National Consulting Limited, obtaining her Professional Business Development Certificate and completing the Each One Teach One Course on financial literacy in order to facilitate this education opportunity in our community.

The Kerrobert Credit Union Management Team is responsible for managing, monitoring and controlling the credit union operations in accordance with legislation, CUDGC standards of sound business practice and board policies.

***Corporate Social Responsibility (CSR):***

Kerrobert Credit Union has always placed an emphasis on being a good corporate citizen in our community and providing much more than financial services. This commitment is illustrated by not only financial contributions made, but the volunteer hours our employees donate to various local organizations.

In 2025 donations, sponsorships and advertising totaled \$55,627.33. Some of the donations were made to Major and Kerrobert Fire Departments, Kerrobert Agricultural Society, Kerrobert Rodeo, Golf Course, Curling Club, Kerrobert Minor Hockey, Communities in Bloom, Wildlife Federation, Prairie Sunset Music Festival, Kinsmen and Kin Clubs, Kerrobert Food Bank and Major Rec Board. We offered free swimming days throughout the summer months as a Sunday family fun day. We supported the Breakfast program at our Kerrobert school and attended Fruit Friday's as volunteers. We provided bursary scholarships to eligible graduating students who are furthering their education. We also have staff volunteering with the Harvest Festival activities and holding positions with other organizations throughout the year to give back to the community we serve. Staff volunteered over 300 hours of their own time to various organizations.

## **CAPITAL MANAGEMENT**

Kerrobert Credit Union's management and board place a high priority on member service and currently feel the best way to maintain the existing high level of service is remaining autonomous. To retain control of our local credit union it is important to manage the capital position of the operation.

The Credit Union Deposit Guarantee Corporation (CUDGC) has set out minimum standards to which all Saskatchewan Credit Unions must adhere. Capital standards have escalated over the past few years. The table on the following page outlines the CUDGC Standards, Kerrobert Credit Union's Policy targets and our year end results.

CUDGC not only expects credit unions to meet these standards, but to exceed them as they are considered only minimum capital standards.

As of December 31, 2025 Kerrobert Credit Union exceeded the CUDGC regulatory minimums and our internal capital targets.

The credit union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors.

	<b>CUDGC Standards</b>	<b>KCU Policy Target</b>	<b>KCU as of December 31, 2025</b>
<b>Total Eligible Capital to Risk-Weighted Assets</b>	10.50%	14.34%	17.80%
<b>Tier 1 Capital to Risk-Weighted Assets</b>	8.50%	14.34%	17.61%
<b>Common Equity Tier 1 Capital to Risk-Weighted Assets</b>	7.00%	7.00%	17.61%
<b>Leverage Ratio</b>	5.00%	7.00%	9.65%

The Internal Capital Adequacy Assessment Process (ICAAP) identifies all material risks faced by the credit union and assesses the impact those risks may have on the credit union's regulatory capital. By setting aside sufficient capital to absorb the financial impact of these risks, should they occur, Kerrobert Credit Union helps ensure its long-term viability. The risks and opportunities assessed in the ICAAP process are identified through the capital adequacy reporting, Enterprise Risk Management (ERM) and Stress Testing processes. The Kerrobert Credit Union uses a template to calculate the impact the identified risks will have on capital and liquidity. The optimal target level for capital is 14.34% as determined by the ICAAP.

As part of the analysis process, an impact and likelihood rating is assigned to each risk and opportunity, consistent with the ERM process. Thus, each opportunity, risk and stress test

achieved a severity score in the following categories: low, modest, moderate and high. Specific stress tests that are done to assess the capital or liquidity impact are: 10% increase in loans, 10% decrease in deposits, 30% increase in deposits, 2% interest rate shock and a 30% decrease in the value of residential mortgages. Reverse stress testing is also done. This identifies the financial magnitude of an event that would cause the credit union to breach regulatory and policy capital levels.

Where CUDGC determines a credit union is not in compliance with the Standards or Regulatory Guidance Documents, the Corporation may take any necessary action. Necessary action may include, but is not limited to:

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

Kerrobert Credit Union is committed to the Standards of Sound Business Practice and to the prudent operation of the credit union.



## CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE

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Credit Union Deposit Guarantee Corporation (the Corporation) functions as the deposit guarantor for Saskatchewan's provincially regulated credit unions (Saskatchewan Credit Unions) and serves as the primary regulator for Saskatchewan Credit Unions and Credit Union Central of Saskatchewan (SaskCentral). Collectively, these entities are referred to as Provincially Regulated Financial Institutions or "PRFIs". The Corporation operates under provincial legislation, namely, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016*. The responsibility for overseeing the Corporation is assigned to the Registrar of Credit Unions with the Financial and Consumer Affairs Authority of Saskatchewan as specified by provincial legislation.

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the safety of deposits against credit union failure. Through the promoting of responsible governance, risk management, and prudent management of capital, liquidity, along with guaranteeing deposits, the Corporation plays a crucial role in fostering confidence in Saskatchewan PRFIs.

For more information about the Corporation's responsibilities and its role in promoting the strength and stability of Saskatchewan PRFIs, consult the Corporation's website at [www.cudgc.sk.ca](http://www.cudgc.sk.ca).

**Credit Union Deposit Guarantee Corporation  
Saskatchewan Credit Unions by Asset Size  
As At 31-Dec-2025**

<b>Credit Union Name</b>	<b>Total Assets \$</b>	<b>Number Of Memberships</b>	<b>Number Of Service Locations</b>
Affinity Credit Union 2013	8,820,821,318	133,608	50
CONEXUS Credit Union 2006	8,052,387,158	149,661	30
Prosperity Credit Union Limited	2,303,148,054	32,450	30
Cornerstone Credit Union Financial Group Limited	2,226,880,374	28,144	15
Synergy Credit Union Ltd.	2,133,392,225	28,071	12
TCU Financial Group Credit Union	765,356,886	14,548	5
Weyburn Credit Union Limited	747,675,902	8,000	3
Radius Credit Union Limited	640,987,631	5,991	8
Unity Credit Union Limited	408,700,392	4,484	1
Crossroads Credit Union	405,430,136	6,540	4
Accent Credit Union	353,894,942	4,656	3
Biggar and District Credit Union	335,365,939	3,818	3
Churchbridge Credit Union	279,360,405	3,231	2
Raymore Credit Union	268,507,811	2,986	2
St. Gregor Credit Union, Limited	268,292,614	2,829	2
Foam Lake Savings and Credit Union Limited	207,076,301	3,180	1
Luseland Credit Union Limited	174,543,820	1,873	1
Stoughton Credit Union Limited	170,150,061	1,716	2
Prairie Pride Credit Union	166,393,209	2,285	3
Doddsland and District Credit Union Limited	164,661,254	1,570	1
Bruno Savings and Credit Union Limited	132,877,897	1,150	2
Turtleford Credit Union Limited	126,709,716	2,195	1
Sandhills Credit Union	123,899,900	1,701	1
Lafleche Credit Union Limited	116,163,820	1,756	2
North Valley Credit Union	115,155,767	1,979	1
Bengough Credit Union	98,455,188	1,361	3
Edam Credit Union Limited	92,868,438	1,202	1
Saskatoon City Employees Credit Union	89,584,812	2,128	1
Kerrobert Credit Union Limited	83,424,974	1,190	2
Rockglen-Killdeer Credit Union Limited	53,103,196	1,135	1
<b>Total</b>	<b>29,925,270,141</b>	<b>455,438</b>	<b>193</b>



**Kerrobert Credit Union Limited**  
**Financial Statements**  
*December 31, 2025*

**Kerrobert Credit Union Limited**  
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*For the year ended December 31, 2025*

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## Management's Responsibility

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To the Members of Kerrobert Credit Union Limited:

Management is responsible for the preparation and fair presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors and Audit and Risk Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit and Risk Committee has the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

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

March 3, 2026



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General Manager

To the Members of Kerrobert Credit Union Limited:

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

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

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

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

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

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

## Independent Auditor's Report *(Continued from previous page)*

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### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Saskatoon, Saskatchewan

March 3, 2026

*MNP* LLP

Chartered Professional Accountants

**MNP**

**Kerrobert Credit Union Limited**  
**Statement of Financial Position**

*As at December 31, 2025*

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Cash and cash equivalents (Note 4)	12,573,599	10,499,955
Investments (Note 5)	21,786,343	20,672,677
Member loans receivable (Note 6)	47,824,764	46,231,587
Other assets (Note 7)	171,803	144,409
Property, plant and equipment (Note 8)	1,055,332	1,107,426
	<b>83,411,841</b>	<b>78,656,054</b>
<b>Liabilities</b>		
Member deposits (Note 10)	75,024,337	70,746,881
Other liabilities (Note 12)	371,300	182,382
Membership shares (Note 13)	5,940	5,885
	<b>75,401,577</b>	<b>70,935,148</b>
 <b>Commitments</b> (Note 17), (Note 19)		
 <b>Members' equity</b>		
Retained earnings	8,010,264	7,720,906
	<b>83,411,841</b>	<b>78,656,054</b>

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

*The accompanying notes are an integral part of these financial statements*

**Kerrobert Credit Union Limited**  
**Statement of Comprehensive Income**  
*For the year ended December 31, 2025*

	2025	2024
<b>Interest income</b>		
Member loans	2,288,816	2,220,947
Investments	1,124,979	1,309,892
	<b>3,413,795</b>	<b>3,530,839</b>
<b>Interest expense</b>		
Member deposits	1,361,289	1,502,484
Borrowed money	1,030	1,622
	<b>1,362,319</b>	<b>1,504,106</b>
<b>Gross financial margin</b>	<b>2,051,476</b>	<b>2,026,733</b>
<b>Other income</b>	<b>117,104</b>	<b>126,440</b>
	<b>2,168,580</b>	<b>2,153,173</b>
<b>Operating expenses</b>		
Personnel	721,978	737,914
Security	80,238	75,694
Organizational	38,260	31,715
Occupancy	127,106	129,731
General business	742,627	539,847
	<b>1,710,209</b>	<b>1,514,901</b>
<b>Income before provision for impaired loans, patronage refund and provision for income taxes</b>	<b>458,371</b>	<b>638,272</b>
<b>Provision for impaired loans (Note 6)</b>	<b>42,372</b>	<b>100,127</b>
<b>Patronage refund (Note 14)</b>	<b>102,051</b>	<b>100,000</b>
<b>Income before provision for income taxes</b>	<b>313,948</b>	<b>438,145</b>
<b>Provision for income taxes (Note 11)</b>		
Current	17,928	40,677
Deferred	6,662	520
	<b>24,590</b>	<b>41,197</b>
<b>Comprehensive income</b>	<b>289,358</b>	<b>396,948</b>

*The accompanying notes are an integral part of these financial statements*

**Kerrobert Credit Union Limited**  
**Statement of Changes in Members' Equity**  
*For the year ended December 31, 2025*

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	<i>Retained earnings</i>	<i>Total equity</i>
<b>Balance December 31, 2023</b>	<b>7,323,958</b>	<b>7,323,958</b>
Comprehensive income	<b>396,948</b>	<b>396,948</b>
<b>Balance December 31, 2024</b>	<b>7,720,906</b>	<b>7,720,906</b>
Comprehensive income	<b>289,358</b>	<b>289,358</b>
<b>Balance December 31, 2025</b>	<b>8,010,264</b>	<b>8,010,264</b>

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*The accompanying notes are an integral part of these financial statements*

## Kerrobert Credit Union Limited

### Statement of Cash Flows

*For the year ended December 31, 2025*

	<b>2025</b>	<b>2024</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from member loans	2,179,288	2,377,375
Interest and dividends received from investments	1,115,014	1,195,229
Other income	117,104	126,440
Cash paid to suppliers and employees	(1,486,086)	(1,548,665)
Interest paid on deposits	(1,384,369)	(1,365,463)
Interest paid on borrowed money	(1,030)	(1,622)
Patronage refund	(102,051)	(100,000)
Income taxes paid	(33,232)	(53,199)
	<b>404,638</b>	<b>630,095</b>
<b>Financing activities</b>		
Net change in member deposits	4,300,536	3,659,773
Net change in membership shares	55	(220)
	<b>4,300,591</b>	<b>3,659,553</b>
<b>Investing activities</b>		
Net change in investments	(1,103,701)	(10,133,219)
Net change in member loans receivable	(1,526,021)	(866,821)
Purchases of property, plant and equipment	(1,863)	(61,933)
	<b>(2,631,585)</b>	<b>(11,061,973)</b>
<b>Increase (decrease) in cash equivalents</b>	<b>2,073,644</b>	<b>(6,772,325)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>10,499,955</b>	<b>17,272,280</b>
<b>Cash and cash equivalents, end of year</b>	<b>12,573,599</b>	<b>10,499,955</b>

*The accompanying notes are an integral part of these financial statements*

# Kerrobert Credit Union Limited

## Notes to the Financial Statements

For the year ended December 31, 2025

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### 1. Reporting entity

Kerrobert Credit Union Limited (the "Credit Union") was formed pursuant to the Credit Union Act 1998 of Saskatchewan ("the Act") and operates two Credit Union branches.

The Credit Union serves members and non-members in Major and Kerrobert, Saskatchewan and the surrounding communities. The address of the Credit Union's registered office is 445 Atlantic Avenue, Kerrobert, Saskatchewan.

The Credit Union operates as one segment principally in personal and commercial banking in Saskatchewan. Operating branches are similar in terms of products and services provided, methods used to distribute products and services, types of members and the nature of the regulatory environment.

The Credit Union conducts its principal operations through two branches, offering products and services including deposit business, individual lending, and independent business and commercial lending. The deposit business provides a wide range of deposit and investment products and sundry financial services to all members. The lending business provides a variety of credit products and services designed specifically for each particular group of borrowers. Other business comprises business of a corporate nature such as real estate and insurance, investment, risk management, asset liability management, treasury operations and revenue and expenses not expressly attributed to the business units.

#### **Statement of compliance**

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

The financial statements were approved by the Board of Directors and authorized for issue on March 3, 2026.

### 2. Basis of preparation

#### **Basis of measurement**

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

#### **Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Credit Union's functional currency.

#### **Significant accounting judgments, estimates and assumptions**

The preparation of the Credit Union's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

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

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

#### **Classification of financial assets**

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

**2. Basis of preparation** *(Continued from previous page)*

***Key assumptions in determining the allowance for expected credit losses***

At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the following factors which impact the borrowers' ability to meet debt obligations:

- Expected significant increase in unemployment rates and interest rates
- Declining revenues, working capital deficiencies, increases in balance sheet leverage and liquidity
- Expected or actual changes in internal credit ratings of the borrowers or external credit ratings of the instrument
- The correlation between credit risk on all lending facilities of the same borrower
- Changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

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

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

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

- Interest rates
- Unemployment rates
- Gross domestic product
- Inflation
- Loan to value ratios
- Housing price indices

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

**3. Material accounting policy information**

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

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

3. **Material accounting policy information** *(Continued from previous page)*

**Foreign currency translation**

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

**Revenue recognition**

The following describes the Credit Union's principal activities from which it generates revenue.

**Service charge fees, commission and other revenue**

The Credit Union generates revenue from providing various financing and investing services to its members. Revenue is recognized as services are rendered.

The Credit Union does not have an enforceable right to payment until services are rendered and commission revenue earned when the products are sold.

The amount of revenue recognized on these transactions is based on the price specified in the contract.

The Credit Union applies the practical expedient, whereby the Credit Union does not adjust the promised amount of consideration for the effects of a significant financing component if the Credit Union expects, at contract inception, that the period between when the Credit Union transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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

**Financial instruments**

**Financial assets**

**Recognition and initial measurement**

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

**Classification and subsequent measurement**

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

Debt instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash equivalents, SaskCentral and Concentra Bank (a subsidiary of Equitable Bank) deposits, portfolio bonds, member loans receivable and accrued interest thereon, and accounts receivable.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and mutual funds.

**3. Material accounting policy information** *(Continued from previous page)*

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. Equity investments measured at fair value through profit or loss are comprised of other equity instruments and SaskCentral shares.

*Business model assessment*

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

*Contractual cash flow assessment*

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

**Reclassifications**

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

**Impairment**

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For member loans receivable, the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union applies the simplified approach for accounts receivable that do not contain a significant financing component. Using the simplified approach, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

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

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

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

**3. Material accounting policy information** *(Continued from previous page)*

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

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

**Derecognition of financial assets**

The Credit Union applies its accounting policies for the derecognition of a financial asset to a part of a financial asset only when:

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

In all other situations the Credit Union applies its accounting policies for the derecognition of a financial asset to the entirety of a financial asset.

The Credit Union derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Credit Union either:

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

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

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Credit Union derecognizes the financial asset. At the same time, the Credit Union separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss. Such transactions include syndications of member loans.

**Modification of financial assets**

The Credit Union assesses the modification of terms of a financial asset to evaluate whether its contractual rights to the cash flows from that asset have expired in accordance with the Credit Union's derecognition policy.

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

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

**Financial liabilities**

**Recognition and initial measurement**

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

3. **Material accounting policy information** *(Continued from previous page)*

**Classification and subsequent measurement**

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

**Derecognition of financial liabilities**

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

**Dividend income**

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

**Interest**

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

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

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

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

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

**Collateral**

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

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

**Cash and cash equivalents**

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

**Investments**

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

3. **Material accounting policy information** *(Continued from previous page)*

**SaskCentral and Concentra Bank deposits and shares**

SaskCentral and Concentra Bank deposits are measured at amortized cost. SaskCentral shares are measured at fair value, with adjustments to fair value recognized in profit or loss.

***Impairment of non-financial assets***

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

***Syndication***

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

***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

All assets having limited useful lives are depreciated using the declining balance method over their estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use.

The depreciation rates applicable for each class of asset during the current and comparative period are as follows:

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	declining balance	4 %
Computer hardware	declining balance	30 %
Computer software	declining balance	100 %
Furniture and equipment	declining balance	20 %

**3. Material accounting policy information** *(Continued from previous page)*

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

Gains or losses on the disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in comprehensive income as other operating income or other operating costs, respectively.

**Income taxes**

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled.

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

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allows the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Membership shares**

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

**Standards issued but not yet effective**

The Credit Union has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2025 but are not yet effective. Unless otherwise stated, the Credit Union does not plan to early adopt any of these new or amended standards and interpretations.

**Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)**

Amendments to IFRS 9 and IFRS 7, issued in May 2024, clarify the date of recognition and derecognition of financial assets and financial liabilities, including that a financial liability is derecognized on the settlement date. The amendments introduce a voluntary election permitting the derecognition of some financial liabilities settled through an electronic cash transfer system before the settlement date, provided specific conditions are met. They also provide further guidance for assessing whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement including those that contain contingent features, non-recourse features or are investments in contractually linked instruments. The amendments also add new disclosure requirements for certain instruments with contractual terms that include a contingent feature and for investments in equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026, and are to be applied retrospectively; restatement of prior periods is not required. The Credit Union has not yet determined the impact of these amendments on its financial statements.

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

3. **Material accounting policy information** *(Continued from previous page)*

**Standards issued but not yet effective** *(Continued from previous page)*

**IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18, issued in April 2024, replaces IAS 1 *Presentation of Financial Statements*, and introduces three primary changes:

- Income and expenses must be classified into five defined categories in the Statement of Profit or Loss and specified totals and subtotals must be presented;
- Management-defined performance measures must be disclosed in a single note to the financial statements, along with accompanying explanations and reconciliations; and
- Enhanced requirements for grouping information in the financial statements.

IFRS 18 will not impact the recognition or measurement of items in the financial statements.

In addition, entities must use the operating profit or loss subtotal as the starting point for reporting cash flows from operating activities under the indirect method in the statement of cash flows, and the accounting policy choice about how to classify cash inflows and outflows related to interest and dividends paid and received has been eliminated.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, including for interim financial statements, and is required to be applied retrospectively. The Credit Union has not yet determined the impact of these amendments on its financial statements.

4. **Cash and cash equivalents**

	2025	2024
Cash	1,282,652	1,183,430
Cash equivalents	11,290,947	9,316,525
	12,573,599	10,499,955

5. **Investments**

	2025	2024
Measured at amortized cost		
SaskCentral and Concentra Bank deposits	15,749,714	14,695,005
Portfolio bonds	4,000,000	4,000,000
	19,749,714	18,695,005
Measured at fair value through profit or loss		
SaskCentral shares	137,720	178,969
Other equity investments	582,575	492,333
Mutual funds	1,000,000	1,000,000
	1,720,295	1,671,302
	21,470,009	20,366,307
Accrued interest	316,334	306,370
	21,786,343	20,672,677

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**5. Investments** *(Continued from previous page)*

The table below shows the credit risk exposure on investments. Ratings are provided by Dominion Bond Rating Services ("DBRS") unless otherwise indicated.

	2025	2024
<b>Investment portfolio rating</b>		
AA	2,000,000	3,000,000
A	2,000,000	2,000,000
R1	4,887,434	4,873,974
BBB	11,000,000	10,000,000
Unrated	1,582,575	492,333
	<b>21,470,009</b>	<b>20,366,307</b>

Statutory liquidity

Pursuant to Regulations, the Standards of Sound Business Practices ("SSBP") requires that the Credit Union maintain 8.65% of its total liabilities in specified liquidity deposits. The provincial regulator for Credit Unions, Credit Union Deposit Guarantee Corporation ("CUDGC"), requires that the Credit Union adhere to these prescribed limits and restrictions. As of December 31, 2025 the Credit Union met the requirement.

Liquidity coverage ratio

The Credit Union has implemented a liquidity coverage ratio ("LCR") which is a regulatory requirement of CUDGC. The objective of the LCR is to ensure that the Credit Union has an adequate stock of unencumbered high-quality liquid assets ("HQLA") that:

- consists of cash or assets that can be converted into cash at little or no loss of value; and
- meets its liquidity needs for a 30-calendar day stress scenario, by which time it is assumed corrective actions have been taken by the Credit Union and/or CUDGC.

This stress scenario noted above is viewed as a minimum requirement. The Credit Union conducts additional stress tests to assess the level of liquidity to hold beyond the regulatory minimum, and constructs scenarios that could cause difficulties for specific business activities. Internal stress tests have longer time horizons and results are reported to CUDGC upon request.

The LCR is calculated as the value of the stock in HQLA in stressed conditions divided by the total net cash outflows over the next 30 calendar days.

As at December 31, 2025, the Credit Union is in compliance with regulatory requirements.

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**6. Member loans receivable**

Principal and allowance by loan type:

	<b>2025</b>				
	<b>Principal performing</b>	<b>Principal impaired</b>	<b>Allowance specific</b>	<b>Allowance for expected credit losses</b>	<b>Net carrying value</b>
Agriculture loans and mortgages	19,959,977	-	-	34,615	<b>19,925,362</b>
Commercial loans and mortgages	13,152,661	786,772	195,108	41,338	<b>13,702,987</b>
Consumer loans	1,145,440	-	-	144	<b>1,145,296</b>
Lines of credit	1,308,393	-	-	261	<b>1,308,132</b>
Residential mortgages	11,280,771	-	-	2,333	<b>11,278,438</b>
	46,847,242	786,772	195,108	78,691	<b>47,360,215</b>
Accrued interest	464,549	4,892	4,892	-	<b>464,549</b>
	<b>47,311,791</b>	<b>791,664</b>	<b>200,000</b>	<b>78,691</b>	<b>47,824,764</b>

	<b>2024</b>				
	<b>Principal performing</b>	<b>Principal impaired</b>	<b>Allowance specific</b>	<b>Allowance for expected credit losses</b>	<b>Net carrying value</b>
Agricultural loans and mortgages	18,903,479	-	-	44,666	18,858,813
Commercial loans and mortgages	12,914,819	755,737	94,054	91,326	13,485,176
Consumer loans	1,103,913	-	-	207	1,103,706
Lines of credit	1,266,381	-	-	391	1,265,990
Residential mortgages	11,085,341	-	-	3,569	11,081,772
	45,273,933	755,737	94,054	140,159	45,795,457
Foreclosed assets	82,163	-	-	-	82,163
Accrued interest	353,967	5,946	5,946	-	353,967
	<b>45,710,063</b>	<b>761,683</b>	<b>100,000</b>	<b>140,159</b>	<b>46,231,587</b>

The allowance for loan impairment changed as follows:

	<b>2025</b>	<b>2024</b>
Balance, beginning of year	<b>240,159</b>	176,685
Provision for impaired loans	<b>42,372</b>	100,127
	<b>282,531</b>	276,812
Less: accounts written off, net of recoveries	<b>3,840</b>	36,653
Balance, end of year	<b>278,691</b>	240,159

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**

*For the year ended December 31, 2025*

**7. Other assets**

	2025	2024
Accounts receivable	73,907	99,183
Corporate income tax recoverable	20,527	5,223
Prepaid expenses and deposits	77,369	39,575
Deferred tax asset	-	428
	171,803	144,409

**8. Property, plant and equipment**

	Land	Buildings	Computer hardware	Computer software	Furniture and equipment	Total
<b>Cost</b>						
Balance at December 31, 2023	72,017	1,455,638	41,882	62,497	163,653	1,795,687
Additions	-	-	5,505	-	56,428	61,933
Balance at December 31, 2024	72,017	1,455,638	47,387	62,497	220,081	1,857,620
Additions	-	-	1,863	-	-	1,863
Disposals	-	-	-	-	(39,993)	(39,993)
Balance at December 31, 2025	72,017	1,455,638	49,250	62,497	180,088	1,819,490
<b>Accumulated depreciation</b>						
Balance at December 31, 2023	-	446,954	31,727	62,497	150,183	691,361
Depreciation	-	40,347	3,157	-	15,329	58,833
Balance at December 31, 2024	-	487,301	34,884	62,497	165,512	750,194
Depreciation	-	38,733	4,310	-	10,914	53,957
Disposals	-	-	-	-	(39,993)	(39,993)
Balance at December 31, 2025	-	526,034	39,194	62,497	136,433	764,158
<b>Net book value</b>						
At December 31, 2024	72,017	968,337	12,503	-	54,569	1,107,426
At December 31, 2025	72,017	929,604	10,056	-	43,655	1,055,332

**9. Line of credit**

The Credit Union has an authorized line of credit due on demand, with no fixed repayment date, bearing interest at prime minus 0.5% (3.95% at December 31, 2025), in the amount of \$1,400,000 (2024 - \$1,400,000) from SaskCentral. As at December 31, 2025, \$nil was advanced (2024 - \$nil).

Borrowings are secured by an assignment of book debts, financial services agreement, and an operating account agreement.

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**10. Member deposits**

	2025	2024
Chequing, savings, plan 24	44,497,567	42,050,450
Registered savings plans	4,306,157	4,017,949
Term deposits	25,659,331	24,094,120
Accrued interest	561,282	584,362
	75,024,337	70,746,881

Member deposits are subject to the following terms:

- Chequing, savings and plan 24 products are payable on demand and bear interest at rates up to 2.00% (2024 - 2.00%).
- Registered savings plans are subject to fixed and variable rates of interest up to 4.90% (2024 - 4.90%), with interest payments due monthly, annually or on maturity.
- Term deposits are subject to fixed and variable rates of interest up to 5.00% (2024 - 5.00%), with interest payments due monthly, annually or on maturity.

**11. Income tax**

***Income tax expense recognized in comprehensive income***

The applicable tax rate is the aggregate of the federal income tax rate of 9% (2024 - 9%) and the provincial tax rate of 1% (2024 - 1.0%).

***Reconciliation between average effective tax rate and the applicable tax rate***

	2025	2024
Applicable tax rate	27.00 %	27.00 %
Small business deduction	(17.00)%	(17.00)%
Non-taxable other items	(2.17)%	(0.60)%
	7.83 %	9.40 %

**12. Other liabilities**

	2025	2024
Accounts payable	265,066	81,767
Deferred tax liability	6,234	-
Patronage refund payable	100,000	100,615
	371,300	182,382

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**13. Membership shares**

Authorized:

Unlimited number of Common shares, at an issue price of \$5.

Issued:

	2025	2024
1,188 Common shares (2024 - 1,177)	<b>5,940</b>	5,885

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All common shares are classified as liabilities.

When an individual becomes a member of the Credit Union, they are issued a common share at \$5 per share. Each member of the Credit Union has one vote, regardless of the number of common shares held.

During the year, the Credit Union issued 65 (2024 - 48) and redeemed 54 (2024 - 92) common shares.

**14. Patronage**

The Credit Union declared a patronage refund payable in the amount of \$100,000 (2024 - \$100,000) on December 31, 2025, to be paid by cash to the members based on number of products used, volume of business and length of membership for the year ended December 31, 2025.

The patronage refund of \$100,000 has been reflected in the statement of comprehensive income with related tax savings of approximately \$10,000 (2024 - \$10,000) reflected in the current year's provision for income taxes.

**15. Related party transactions**

***Key management compensation of the Credit Union***

Key management personnel ("KMP") of the Credit Union are the General Manager, Account Managers and members of the Board of Directors. KMP remuneration includes the following expenses:

	2025	2024
Salaries and short-term benefits	<b>343,849</b>	338,822
Other long-term benefits	<b>25,419</b>	27,707
<b>Total remuneration</b>	<b>369,268</b>	366,529

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***Transactions with key management personnel***

The Credit Union, in accordance with its policy, may grant credit to its directors, management and staff at concessional rates of interest on their loans and facilities.

Loans made to KMP are approved under the same lending criteria applicable to members and are included in member loans on the statement of financial position. There are no loans to KMP that are impaired.

Directors, management and staff of the Credit Union hold deposit accounts. These accounts are maintained under the same terms and conditions as accounts of other members, and are included in deposit accounts on the statement of financial position.

There are no benefits or concessional terms and conditions applicable to the family members of KMP.

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
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**15. Related party transactions** *(Continued from previous page)*

These loans and deposits were made in the normal course of operations and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

	2025	2024
Aggregate loans to KMP	1,255,289	1,298,042
Aggregate revolving credit facilities to KMP	482,000	562,000
Less: approved and undrawn lines of credit	(459,905)	(523,105)
	1,277,384	1,336,937

	2025	2024
During the year the aggregate value of loans and lines of credit approved to KMP amounted to:		
Loans	109,376	105,038
Mortgages	20,081	65,534
	129,457	170,572

	2025	2024
Income and expense transactions with KMP consisted of:		
Interest earned on loans and revolving credit facilities to KMP	58,542	55,145
Interest paid on deposits to KMP	50,575	42,199

	2025	2024
The total value of member deposits from KMP as at the year-end:		
Chequing and demand deposits	1,959,446	1,779,365
Term deposits	1,342,680	2,311,508
Registered plans	194,412	196,202
Total value of member deposits due to KMP	3,496,538	4,287,075

***Directors' fees and expenses***

	2025	2024
Directors' expenses	3,951	2,306

**16. Capital management**

A capital management framework is included in policies and procedures established by the Board of Directors. The Credit Union's objectives when managing capital are to:

- Adhere to regulatory capital requirements as minimum benchmarks;
- Co-ordinate strategic risk management and capital management;
- Develop financial performance targets/budgets/goals;
- Administer a patronage program that is consistent with capital requirements;
- Administer an employee incentive program that is consistent with capital requirements; and

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
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**16. Capital management** *(Continued from previous page)*

- Develop a growth strategy that is coordinated with capital management requirements.

CUDGC prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC have been based on the Basel II framework, consistent with the financial industry in general.

The Credit Union follows a risk-weighted asset calculation for credit and operational risk. Under this approach, credit unions are required to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets, including off-balance sheet commitments. Based on the prescribed risk of each type of asset, a weighting of 0% to 1,250% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum tier 1 capital to risk-weighted assets of 6% and a minimum common equity tier 1 capital to risk-weighted assets of 4.5%. In addition to the minimum capital ratios, the Credit Union is required to hold a capital conservation buffer of 2.5%. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement. Eligible capital consists of total tier 1 and tier 2 capital.

Tier 1 capital is defined as a credit union's primary capital and comprises the highest quality of capital elements while tier 2 is secondary capital and falls short of meeting tier 1 requirements for permanence or freedom from mandatory charges. Tier 1 capital consists of two components: common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital includes retained earnings, contributed surplus and accumulated other comprehensive income ("AOCI"). Deductions from common equity tier 1 capital include goodwill, intangible assets, deferred tax assets (except those arising from temporary differences), increases in equity capital resulting from securitization transactions, unconsolidated substantial investments and fair value gains/losses on own-use property. Additional tier 1 capital consists of qualifying membership shares and other investment shares issued by the Credit Union that meet the criteria for inclusion in additional tier 1 capital.

Tier 2 capital includes a collective allowance for credit losses to a maximum of 1.25% of risk-weighted assets, subordinated indebtedness, and qualifying membership shares or other investment shares issued by the Credit Union that meet the criteria for inclusion in tier 2 capital and are not included in tier 1 capital.

Regulatory standards also require the Credit Union to maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Based on the type of off-balance sheet exposure, a conversion factor is applied to the leverage ratio.

The Credit Union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors. The following table compares CUDGC regulatory standards to the Credit Union's board policy for 2025:

	<i>Regulatory standards</i>	<i>Board limits</i>
Total eligible capital to risk-weighted assets	10.50 %	14.34 %
Total tier 1 capital to risk-weighted assets	8.50 %	14.34 %
Common equity tier 1 capital to risk-weighted assets	7.00 %	7.00 %
Leverage ratio	5.00 %	7.00 %

During the year, the Credit Union complied with all internal and external capital requirements.

The following table summarizes key capital information:

	2025	2024
<b><i>Eligible capital</i></b>		
Total tier 1 capital	8,010,264	7,720,906
Total tier 2 capital	84,631	146,044
<b>Total eligible capital</b>	<b>8,094,895</b>	<b>7,866,950</b>

**16. Capital management** *(Continued from previous page)*

***Risk-weighted assets***

Total eligible capital to risk-weighted assets	17.80 %	17.79 %
Total tier 1 capital to risk-weighted assets	17.61 %	17.46 %
Common equity tier 1 capital to risk-weighted assets	17.61 %	17.46 %
Leverage ratio	9.65 %	9.93 %

**17. Financial instruments**

The Credit Union, as part of its operations, carries a number of financial instruments which result in exposure to the following risks: credit risk, market risk and liquidity risk.

Accordingly, the Credit Union has established avoidance of undue concentrations of risk, hedging of risk exposures, and requirements for collateral to mitigate credit risk as risk management objectives. In seeking to meet these objectives, the Credit Union follows risk management policies approved by its Board of Directors.

The Credit Union's risk management policies and procedures include the following:

- Ensure all activities are consistent with the mission, vision and values of the Credit Union
- Balance risk and return
- Manage credit, market and liquidity risk through preventative and detective controls
- Ensure credit quality is maintained
- Ensure credit, market, and liquidity risk is maintained at acceptable levels
- Diversify risk in transactions, member relationships and loan portfolios
- Price according to risk taken, and
- Using consistent credit risk exposure tools.

Various Board of Directors committees are involved in financial instrument risk management oversight, including the Audit and Risk Committee and Conduct Review Committee.

There have been no significant changes from the previous year in the Credit Union's risks to which it is exposed or its general policies and procedures for managing risk.

***Credit risk***

Credit risk is the risk of financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Credit Union. Credit risk primarily arises from member loans receivable.

**17. Financial instruments** *(Continued from previous page)*

**Risk management process**

Credit risk management is integral to the Credit Union's activities. Management and the Board of Directors are responsible for developing and implementing the credit risk management practices of the Credit Union by establishing the relevant policies and procedures. Management carefully monitors and manages the Credit Union's exposure to credit risk by reviewing member credit extension policies and guidelines and reviewing the performance of loan portfolios, including default events and past due status. The risk management process starts at the time of a member credit application and continues until the loan is fully repaid. The primary credit risk management policies and procedures include the following:

- Loan security (collateral) requirements
- Security valuation processes, including method used to determine the value of real property and personal property when that property is subject to a mortgage or other charge
- Maximum loan to value ratios where a mortgage or other charge on real or personal property is taken as security
- Borrowing member capacity (repayment ability) requirements
- Borrowing member character requirements
- Limits on aggregate credit exposure per individual and/or related parties
- Limits on concentration of credit risk by loan type, industry and economic sector
- Limits on the types of credit facilities and services offered
- Internal loan approval processes and loan documentation standards
- Loan re-negotiation, extension and renewal processes
- Processes that identify adverse situations and trends, including risks associated with economic, geographic and industry sectors
- Control and monitoring processes including portfolio risk identification and delinquency tolerances
- Timely loan analysis processes to identify, assess and manage delinquent and impaired loans
- Collection processes that include action plans for deteriorating loans
- Overdraft control and administration processes
- Loan syndication processes

The Credit Union's credit risk policies, processes and methodologies are reviewed periodically to ensure they remain relevant and effective in managing credit risk.

To meet the needs of its members and to manage its own exposure to fluctuations in interest rates, the Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of members. These are subject to normal credit standards, financial controls, risk management and monitoring procedures. The contractual amounts of these credit instruments represents the maximum credit risk exposure without taking into account the fair value of any collateral, in the event other parties fail to perform their obligations under these instruments.

The Credit Union makes the following instruments available to its members:

- Guarantees and standby letters of credit representing irrevocable assurances that the Credit Union will pay if a member cannot meet their obligations to a third party; and
- Commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans (including lines of credit and credit cards), guarantees or letters of credit

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded.

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
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**17. Financial instruments** *(Continued from previous page)*

As at year-end, the Credit Union had the following outstanding financial instruments subject to credit risk:

	<b>2025</b>	2024
Unadvanced lines of credit	<b>3,517,162</b>	3,615,424
Commitments to extend credit	-	160,000
Guarantees and standby letters of credit	<b>20,000</b>	40,000
	<b>3,537,162</b>	3,815,424

**Inputs, assumptions and techniques**

*Definition of default and assessments of credit risk*

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

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

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

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

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

*Measurement of expected credit losses*

The Credit Union measures expected credit losses for member loans receivable on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type (residential mortgages, commercial loans/mortgages, agricultural loans/mortgages, personal loans and lines of credit). Otherwise, expected credit losses are measured on an individual basis.

When measuring 12-month and lifetime expected credit losses, the Credit Union utilizes complex modelling, which uses current banking system loan data to assess probability of default, exposure at default, loss given default and present value calculations. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its members and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

**17. Financial instruments** *(Continued from previous page)*

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

The Credit Union has run a number of simulations on its collective allowance, incorporating assumptions about the resulting macroeconomic impacts of inflation and interest rate changes, based on information and facts available at December 31, 2025. The macroeconomic factors that affect the Credit Union's expected credit loss calculations are: Saskatchewan unemployment rates, provincial housing starts, national interest rates, national GDP growth, and national oil prices. Each factor is forecasted in a base case, a best case and a worst case scenario. These scenarios are weighted, and the weighted average is used to build the estimate for expected credit losses. Key factors influencing assumptions of the simulations are economic uncertainties tied to interest rate changes, tariffs, continued inflationary pressures, the quality of credit, and the borrower's future ability to service debt. These assumptions were shocked up and down 10-30% in the best and worst case scenario.

The weighting used in the model is 50% base, 10% best and 40% worst case, as the base case is historically the most likely scenario. The December 31, 2025 modelling is based on these weightings.

**Write-offs**

Financial assets are written off when there is no reasonable expectation of recovery. The Credit Union assesses that there is no reasonable expectation of recovery when the security relating to the loan has been sold and there are remaining amounts outstanding or the borrower has filed for bankruptcy and the trustee has indicated that no additional funds will be paid. Where information becomes available indicating the Credit Union will receive funds, such amounts are recognized at their fair value.

**Exposure to credit risk**

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount.

Except as noted below, the gross carrying amount of financial assets represents the maximum exposure to credit risk for that class of financial asset.

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17. **Financial instruments** (Continued from previous page)

	12-month ECL	2025 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<b>Consumer loans</b>				
Low risk	1,145,440	-	-	1,145,440
Total gross carrying amount	1,145,440	-	-	1,145,440
Less: loss allowance	144	-	-	144
Total carrying amount	1,145,296	-	-	1,145,296
<b>Residential mortgages</b>				
Low risk	11,280,771	-	-	11,280,771
Total gross carrying amount	11,280,771	-	-	11,280,771
Less: loss allowance	2,333	-	-	2,333
Total carrying amount	11,278,438	-	-	11,278,438
<b>Commercial loans and mortgages</b>				
Low risk	13,152,661	-	-	13,152,661
Default	-	-	786,772	786,772
Total gross carrying amount	13,152,661	-	786,772	13,939,433
Less: loss allowance	41,338	-	200,000	241,338
Total carrying amount	13,111,323	-	586,772	13,698,095
<b>Agricultural loans and mortgages</b>				
Low risk	19,959,977	-	-	19,959,977
Moderate risk	-	-	-	-
Total gross carrying amount	19,959,977	-	-	19,959,977
Less: loss allowance	34,615	-	-	34,615
Total carrying amount	19,925,362	-	-	19,925,362
<b>Lines of credit</b>				
Low risk	1,308,393	-	-	1,308,393
Total gross carrying amount	1,308,393	-	-	1,308,393
Less: loss allowance	261	-	-	261
Total carrying amount	1,308,132	-	-	1,308,132
<b>Total</b>				
Low risk	46,847,242	-	-	46,847,242
Moderate risk	-	-	-	-
Default	-	-	786,772	786,772
Total gross carrying amount	46,847,242	-	786,772	47,634,014
Less: loss allowance	78,691	-	200,000	278,691
Total carrying amount	46,768,551	-	586,772	47,355,323

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

17. **Financial instruments** (Continued from previous page)

	12-month ECL	2024 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<b>Consumer loans</b>				
Low risk	1,103,913	-	-	1,103,913
Total gross carrying amount	1,103,913	-	-	1,103,913
Less: loss allowance	207	-	-	207
Total carrying amount	1,103,706	-	-	1,103,706
<b>Residential mortgages</b>				
Low risk	11,085,341	-	-	11,085,341
Total gross carrying amount	11,085,341	-	-	11,085,341
Less: loss allowance	3,569	-	-	3,569
Total carrying amount	11,081,772	-	-	11,081,772
<b>Commercial loans and mortgages</b>				
Low risk	12,914,819	-	-	12,914,819
Default	-	-	755,737	755,737
Total gross carrying amount	12,914,819	-	755,737	13,670,556
Less: loss allowance	87,561	-	103,765	191,326
Total carrying amount	12,827,258	-	651,972	13,479,230
<b>Agriculture loans and mortgages</b>				
Low risk	18,726,793	-	-	18,726,793
Moderate risk	-	176,686	-	176,686
Total gross carrying amount	18,726,793	176,686	-	18,903,479
Less: loss allowance	43,610	1,056	-	44,666
Total carrying amount	18,683,183	175,630	-	18,858,813
<b>Lines of credit</b>				
Low risk	1,266,381	-	-	1,266,381
Total gross carrying amount	1,266,381	-	-	1,266,381
Less: loss allowance	391	-	-	391
Total carrying amount	1,265,990	-	-	1,265,990
<b>Total</b>				
Low risk	45,097,247	-	-	45,097,247
Moderate risk	-	176,686	-	176,686
Default	-	-	755,737	755,737
Total gross carrying amount	45,097,247	176,686	755,737	46,029,670
Less: loss allowance	135,338	1,056	103,765	240,159
Total carrying amount	44,961,909	175,630	651,972	45,789,511

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**17. Financial instruments** *(Continued from previous page)*

*Concentrations of credit risk*

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

**Amounts arising from expected credit losses**

*Reconciliation of the loss allowance*

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

	<i>12-month ECL</i>	<i>Lifetime ECL (not credit impaired)</i>	<i>Lifetime ECL (credit impaired)</i>	<i>Total</i>
<b>Consumer loans</b>				
Balance at January 1, 2024	192	-	-	192
Net remeasurement of loss allowance	15	-	-	15
Balance at December 31, 2024	207	-	-	207
Net remeasurement of loss allowance	(63)	-	-	(63)
Balance at December 31, 2025	144	-	-	144
<b>Residential mortgages</b>				
Balance at January 1, 2024	4,774	-	-	4,774
Net remeasurement of loss allowance	(1,205)	-	-	(1,205)
Balance at December 31, 2024	3,569	-	-	3,569
Net remeasurement of loss allowance	(1,236)	-	-	(1,236)
Balance at December 31, 2025	2,333	-	-	2,333
<b>Commercial loans and mortgages</b>				
Balance at January 1, 2024	87,703	-	36,526	124,229
Net remeasurement of loss allowance	(142)	-	67,239	67,097
Balance at December 31, 2024	87,561	-	103,765	191,326
Net remeasurement of loss allowance	(46,223)	-	96,235	50,012
Balance at December 31, 2025	41,338	-	200,000	241,338
<b>Agricultural loans and mortgages</b>				
Balance at January 1, 2024	45,846	1,149	-	46,995
Net remeasurement of loss allowance	(2,236)	(93)	-	(2,329)
Balance at December 31, 2024	43,610	1,056	-	44,666
Net remeasurement of loss allowance	(8,995)	(1,056)	-	(10,051)
Balance at December 31, 2025	34,615	-	-	34,615

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
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17. **Financial instruments** *(Continued from previous page)*

	<i>12-month ECL</i>	<i>Lifetime ECL (not credit impaired)</i>	<i>Lifetime ECL (credit impaired)</i>	<i>Total</i>
<b>Lines of credit</b>				
Balance at January 1, 2024	495	-	-	495
Net remeasurement of loss allowance	(104)	-	-	(104)
<hr/>				
Balance at December 31, 2024	391	-	-	391
Net remeasurement of loss allowance	(130)	-	-	(130)
<hr/>				
Balance at December 31, 2025	261	-	-	261
<hr/>				
<b>Total</b>				
Balance at January 1, 2024	139,010	1,149	36,526	176,685
Net remeasurement of loss allowance	(3,672)	(93)	67,239	63,474
<hr/>				
Balance at December 31, 2024	135,338	1,056	103,765	240,159
Net remeasurement of loss allowance	(56,647)	(1,056)	96,235	38,532
<hr/>				
Balance at December 31, 2025	78,691	-	200,000	278,691

*Financial instruments for which the impairment requirements of IFRS 9 do not apply*

The carrying amount of SaskCentral shares, as disclosed in Note 5, best represents the Credit Union's maximum exposure to credit risk for those items. The Credit Union holds no collateral or other credit enhancements for these balances.

**Market risk**

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices and credit spreads. The Credit Union's exposure changes depending on market conditions. Market risks that have a significant impact on the Credit Union include fair value risk and interest rate risk.

Market risk arises from changes in interest rates that affect the Credit Union's net interest income. Exposure to this risk directly impacts the Credit Union's income from its loan and deposit portfolios. The Credit Union's objective is to earn an acceptable net return on these portfolios, without taking unreasonable risk, while meeting member needs.

**Risk measurement**

The Credit Union's risk position is measured and monitored each month to ensure compliance with policy. Management provides quarterly reports on these matters to the Credit Union's Board of Directors.

**Objectives, policies and processes**

Management is responsible for managing the Credit Union's interest rate risk, monitoring approved limits and compliance with policies. The Credit Union manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by the Board of Directors.

The Credit Union's goal is to achieve adequate levels of profitability, liquidity and safety. The Board of Directors reviews the Credit Union's investment and asset-liability management policies periodically to ensure they remain relevant and effective in managing and controlling risk.

**Interest rate risk**

Interest rate risk is the sensitivity of the Credit Union's financial condition to movements in interest rates. Cash flow interest rate risk is the risk that the future cash flows of the Credit Union's financial instruments will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in prevailing market interest rates. Interest margins reported in comprehensive income may increase or decrease in response to changes in market interest rates. The Credit Union incurs interest rate risk on its loans and other interest bearing financial instruments.

**17. Financial instruments** *(Continued from previous page)*

In managing interest rate risk, the Credit Union relies primarily upon use of asset - liability and interest rate sensitivity simulation models, which is monitored by the Credit Union. Periodically, the Credit Union may enter into interest rate swaps to adjust the exposure to interest rate risk by modifying the repricing of the Credit Union's financial instruments.

Sensitivity analysis is used to assess the change in value of the Credit Union's financial instruments against a range of incremental basis point changes in interest rates over a twelve month period. Interest rate shock analysis is calculated in a similar manner to sensitivity analysis but involves a more significant change of 100 basis points or greater in interest rates. Sensitivity analysis and interest rate shock analysis are calculated on a quarterly basis and are reported to the Board of Directors. Based on current differences between financial assets and financial liabilities as at year-end, the Credit Union estimates that an immediate and sustained 100 basis point increase in interest rates would decrease net interest margin by \$7,604 (2024 - \$5,945) over the next 12 months while an immediate and sustained 100 basis point decrease in interest rates would increase net interest margin by \$7,604 (2024 - \$5,945) over the next 12 months.

Other types of interest rate risk are basis risk (the risk of loss arising from changes in the relationship of interest rates which have similar but not identical characteristic; for example, the difference between prime rates and the Canadian Deposit Offering Rate) and prepayment risk (the risk of loss of interest income arising from the early repayment of fixed rate mortgages and loans), both of which are monitored on a regular basis and are reported to the Board of Directors.

The Credit Union's major source of income is financial margin which is the difference between interest earned on investments and loans to members and interest paid to members on their deposits. The objective of managing the financial margin is to match repricing or maturity dates of loans and investments and member deposits within policy limits. These limits are intended to limit the Credit Union's exposure to changing interest rates and to wide fluctuations of income during periods of changing interest rates. The differential represents the net mismatch between loans and investments and member deposits for those particular maturity dates. Certain items on the statement of financial position, such as non-interest bearing member deposits and equity do not provide interest rate exposure to the Credit Union. These items are reported as non-interest rate sensitive in the table below.

Amounts with variable interest rates, or due on demand, are classified as on demand.

A significant amount of member loans receivable and member deposits can be settled before maturity on payment of a penalty. No adjustment has been made for repayments that may occur prior to maturity.

***Interest rate sensitivity***

In the table below, the carrying amounts of financial instruments are presented in the periods in which they next reprice to market rates or mature and are summed to show the net interest rate sensitivity gap.

***Contractual repricing and maturity***

All financial instruments are reported in the schedule below based on the earlier of their contractual repricing date or maturity date. The schedule below does not identify management's expectations of future events where repricing and maturity dates differ from contractual dates.

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**Notes to the Financial Statements**  
For the year ended December 31, 2025

17. **Financial instruments** (Continued from previous page)

	<i>(In thousands)</i>					<b>2025</b>	<b>2024</b>
	<i>On demand</i>	<i>Within 3 months</i>	<i>Over 3 months to 1 year</i>	<i>Over 1 year</i>	<i>Non-interest sensitive</i>	<i>Total</i>	<i>Total</i>
<b>Assets</b>							
Cash and cash equivalents	5,791	5,500	-	-	1,283	<b>12,574</b>	10,500
<i>Average yield %</i>	<i>2.37</i>	<i>2.94</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2.38</i>	<i>3.22</i>
Investments	5,000	4,500	8,250	3,000	1,036	<b>21,786</b>	20,673
<i>Average yield %</i>	<i>2.37</i>	<i>2.94</i>	<i>3.39</i>	<i>3.22</i>	<i>-</i>	<i>2.76</i>	<i>3.76</i>
Member loans receivable	4,522	3,699	12,789	26,384	431	<b>47,825</b>	46,232
<i>Average yield %</i>	<i>5.60</i>	<i>4.62</i>	<i>5.27</i>	<i>4.82</i>	<i>-</i>	<i>4.95</i>	<i>5.10</i>
Accounts receivable	-	-	-	-	74	<b>74</b>	99
	<b>15,313</b>	<b>13,699</b>	<b>21,039</b>	<b>29,384</b>	<b>2,824</b>	<b>82,259</b>	77,504
<b>Liabilities</b>							
Member deposits	26,144	7,290	13,936	8,594	19,060	<b>75,024</b>	70,747
<i>Average yield %</i>	<i>0.89</i>	<i>3.52</i>	<i>2.84</i>	<i>3.97</i>	<i>-</i>	<i>1.63</i>	<i>2.03</i>
Accounts payable	-	-	-	-	365	<b>365</b>	182
Membership shares	-	-	-	-	6	<b>6</b>	6
	<b>26,144</b>	<b>7,290</b>	<b>13,936</b>	<b>8,594</b>	<b>19,431</b>	<b>75,395</b>	70,935
<b>Net sensitivity</b>	<b>(10,831)</b>	<b>6,409</b>	<b>7,103</b>	<b>20,790</b>	<b>(16,607)</b>	<b>6,864</b>	6,569

**Liquidity risk**

Liquidity risk is the risk that the Credit Union cannot meet a demand for cash or fund its obligations as they come due. The Credit Union's management oversees the Credit Union's liquidity risk to ensure the Credit Union has access to enough readily available funds to cover its financial obligations as they come due. The Credit Union's business requires such liquidity for operating and regulatory purposes. Refer to Note 5 for further information about the Credit Union's regulatory requirements.

Liquidity risk is managed through a three tiered structure consisting of the local Credit Union level, the provincial Credit Union level and the national Credit Union level.

Locally, the Credit Union manages its liquidity position from three perspectives:

- Structural liquidity risk, which addresses the risk due to mismatches in effective maturities between assets and liabilities, more specifically the risk of over reliance on short-term liabilities to fund long-term illiquid assets;
- Tactical liquidity risk, which addresses the day-to-day funding requirements that are managed by imposing prudential limits on net fund outflows; and
- Contingent liquidity risk, which assess the impact of sudden stressful events and the Credit Union's responses thereto.

The primary liquidity risk policies and procedures include the following:

- Liquidity risk management framework to measure and control liquidity risk exposure;
- Measurement of cashflows;
- Maintain a line of credit and borrowing facility with SaskCentral;
- Maintenance of a pool of high quality liquid assets;
- Monitoring of single deposits and sources of deposits;
- Monitoring of term deposits; and
- Contingency planning.

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
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**17. Financial instruments** *(Continued from previous page)*

Provincially, SaskCentral manages a statutory liquidity pool of marketable investment securities on behalf of Saskatchewan Credit Unions to facilitate clearing and settlement, daily cash flow management and emergency liquidity support. Nationally, credit union centrals are represented by one central which acts as the Group Clearer, Central 1 Credit Union. The Group Clearer is a member of the Canadian Payments Association and pools provincial cash flows to settle with the Bank of Canada.

The following table details contractual maturities of financial liabilities:

As at December 31, 2025:

	<i>(In thousands)</i>			
	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>&gt; 2 years</b>	<b>Total</b>
Member deposits	66,430	4,387	4,207	75,024
Accounts payable	365	-	-	365
Membership shares	-	-	6	6
	<b>66,795</b>	<b>4,387</b>	<b>4,213</b>	<b>75,395</b>

As at December 31, 2024:

	<i>(In thousands)</i>			
	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>&gt; 2 years</b>	<b>Total</b>
Member deposits	61,212	3,922	5,613	70,747
Accounts payable	182	-	-	182
Membership shares	-	-	6	6
	<b>61,394</b>	<b>3,922</b>	<b>5,619</b>	<b>70,935</b>

The Credit Union manages liquidity risk on a net asset and liability basis. The following tables explain the contractual maturities of financial assets held for the purpose of managing liquidity risk.

As at December 31, 2025:

	<i>(In thousands)</i>			
	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>&gt; 2 years</b>	<b>Total</b>
Cash and cash equivalents	12,574	-	-	12,574
Investments	18,786	2,000	1,000	21,786
Member loans receivable	21,441	15,214	11,170	47,825
Accounts receivable	74	-	-	74
	<b>52,875</b>	<b>17,214</b>	<b>12,170</b>	<b>82,259</b>

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
For the year ended December 31, 2025

**17. Financial instruments** (Continued from previous page)

As at December 31, 2024:

	<i>(In thousands)</i>			
	< 1 year	1-2 years	> 2 years	Total
Cash and cash equivalents	10,500	-	-	10,500
Investments	17,673	3,000	-	20,673
Member loans receivable	20,499	15,867	9,866	46,232
Accounts receivable	99	-	-	99
	48,771	18,867	9,866	77,504

**18. Fair value measurements**

The Credit Union classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for which there is little or no market data and which require the Credit Union to develop its own assumptions

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

The Credit Union considers a fair value measurement to have transferred between the levels in the fair value hierarchy on the beginning of the reporting period, the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2, as well as no transfers into or out of Level 3 during the period.

In determining fair value measurements, the Credit Union uses the net present value valuation techniques and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

***Financial assets and financial liabilities measured at fair value***

The Credit Union's financial assets and financial liabilities measured at fair value in the statement of financial position on a recurring basis have been categorized into the fair value hierarchy as follows:

<i>(In thousands)</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2025 Level 3</i>
<b>Financial assets</b>				
Cash	1,283	1,283	-	-
SaskCentral shares	138	-	-	138
Other equity investments	583	-	583	-
Mutual funds	1,000	-	1,000	-
	3,004	1,283	1,583	138

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**Notes to the Financial Statements**  
For the year ended December 31, 2025

18. **Fair value measurements** (Continued from previous page)

<i>(In thousands)</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2024 Level 3</i>
<b>Financial assets</b>				
Cash	1,183	1,183	-	-
SaskCentral shares	179	-	-	179
Other equity investments	492	-	492	-
Mutual funds	1,000	-	1,000	-
	2,854	1,183	1,492	179

For fair value measurements of Level 3 SaskCentral shares, the Credit Union has assumed that the fair value of the amounts is comparable to their amortized cost, which equals the par value of the shares. The shares are not quoted or traded, however when new shares are offered the price remains the same as the par value of all currently available shares. There was no impact of the measurement on profit or loss for the year.

**Financial instruments not measured at fair value**

The carrying amount, fair value, and categorization into the fair value hierarchy of all other financial assets and financial liabilities held by the Credit Union and not measured at fair value on the statement of financial position are as follows:

<i>(In thousands)</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2025 Level 3</i>
<b>Financial assets measured at amortized cost</b>					
Cash equivalents	11,291	11,291	11,291	-	-
Investments	20,066	20,029	-	20,029	-
Member loans receivable	47,825	47,815	-	47,815	-
Accounts receivable	74	74	-	74	-
	79,256	79,209	11,291	67,918	-

**Financial liabilities measured at amortized cost**

Member deposits	75,024	75,390	-	75,390	-
Accounts payable	365	365	-	365	-
Membership shares	6	6	-	-	6
	75,395	75,761	-	75,755	6

<i>(In thousands)</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2024 Level 3</i>
<b>Financial assets measured at amortized cost</b>					
Cash equivalents	9,317	9,317	9,317	-	-
Investments	19,002	18,914	-	18,914	-
Member loans receivable	46,232	45,286	-	45,286	-
Accounts receivable	99	99	-	99	-
	74,650	73,616	9,317	64,299	-

**Kerrobert Credit Union Limited**  
**Notes to the Financial Statements**  
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**18. Fair value measurements** *(Continued from previous page)*

			2024		
<i>(In thousands)</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>Financial liabilities measured at amortized cost</b>					
Member deposits	70,747	70,969	-	70,969	-
Accounts payable	182	182	-	182	-
Membership shares	6	6	-	-	6
	70,935	71,157	-	71,151	6

**Level 2 and Level 3 fair value measurements for financial instruments not measured at fair value**

Valuation techniques and inputs for Level 2 and Level 3 fair value measurements are as follows:

All Level 2 fair value measurements use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

**19. Commitments**

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

	2025	2024
<b>Venture Capital cash calls</b>		
MDL Real Estate Investment Fund	-	27,667
<b>Other commitments</b>		
National Consulting Limited	-	13,000
Viking Audit Services	-	12,000
Verafin	13,254	12,623
Celero - Forge - PPJV eTransfer	9,000	22,000
MNP Digital	47,844	-
	70,098	59,623

Other commitments:

In 2016, the Credit Union entered into a seven year commitment with Celero for the provision of retail banking services. In 2024, the agreement was extended to July 3, 2029. The annual operating fee is calculated based on the average number of outstanding accounts throughout the year. The annual operating fees for the year ended December 31, 2025 were \$50,125 (2024 - \$49,250) and recorded as an expense. The annual estimated fee for the year ended December 31, 2026 is \$50,454 (2025 - \$50,125).

In 2024, the Credit Union entered into a five year commitment for the provision of their financial and banking performance application and regulatory reporting. The commitment is until January 31, 2030. The annual subscription fee for the year ended December 31, 2026 is estimated to be \$29,000 (2025 - \$28,000).

