

2025 ANNUAL REPORT



Simplifying Banking for Canadians



About Innovation Federal Credit Union

Innovation Federal Credit Union is a financial co-operative governed by a Board of Directors, **accountable** to our member-owners. We are committed to continually meeting the standards of legal and regulatory requirements to maintain **member confidence** and demonstrate financial success.

Innovation has a long, **distinguished history** of reflecting the strength of its **co-operative values** by forging stronger, more diverse communities – driving economic development, sponsorship, scholarships, and a wide range of charitable giving. Sustaining strong communities is at the core of the **credit union difference**.



Our achievements in 2025 were driven by our members and their ongoing financial needs. We continue to strive to **simplify banking for Canadians**, helping them to reach and maintain their financial goals.

By **reinvesting profits** into our members, communities, and staff, we aim to provide more than just everyday banking. We are proud to provide **Responsible Banking™**.



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Board Chair's Message

What an absolute honor it is serving, for the first time, as your Innovation Board Chair in 2025/2026. My term follows the outstanding contributions of past Board Chair, Russ Siemens. His vision, member-focused philosophies, and friendship have meant the world to me and our Board. Thank you, Russ, for your leadership and ongoing dedication to our membership.

You may be familiar with our approach to something called Responsible Banking™. In the simplest terms, it means doing the right thing. It centers on ethical practices, transparency and community impact. Responsible Banking is also underpinned by inclusion, co-operative principles, and our duty to educate our members, all coinciding with our purpose to simplify banking for you. Digitalization is the mechanism that makes Responsible Banking accessible, understandable, and inclusive for all.

I'm excited to further our Responsible Banking efforts in 2026 for two particular segments: youth and Indigenous members. For our youth members, we will emphasize that they are owners of their credit union capable of reaching financial goals with the help of a trusted co-operative. For our Indigenous members, it is about presence and being rooted in their communities. We've proudly pledged \$1 million over 10 years to support Indigenous Peoples through the Indigenous Community Development Fund. This substantial investment supports the celebration of Indigenous culture, community projects, and programs that provide long-term benefit to Indigenous and northern communities in Saskatchewan. I know the personal pride I felt witnessing the care for Meadow Lake at the opening of our Co-op Centre and Innovation Field House. Co-operatives truly make a difference in our world. It's because of you, we're able to make these contributions. Thank you for your membership!

Two key 2025 highlights:

- Pursuing the first-ever Canadian interprovincial merger with ABCU Credit Union. Once merged, we will gain two advice centres in Edmonton and Beaumont, Alberta.
- Sharing \$5.4 million with our member-owners as part of our Member Rewards program. This includes our monthly transaction rewards where you can earn cash by doing simple online transactions like paying a bill.

I'd like to thank your Innovation Board members for their significant contributions and support this past year. Every Board member has a development plan, attends a minimum of two training and development days each year, along with additional courses that build our governance skill set. They are truly devoted to our purpose of simplifying banking for Canadians.

In a world with countless banking options, your choice to stay with an organization dedicated to co-operative values is truly commendable. Thank you for your continued loyalty. We look forward to more exciting enhancements to better serve you in 2026.



Michele Wilde
Board Chair

CEO's Message

2025 was a year of record-breaking success and progress as we continued to strengthen the foundations of Innovation Federal Credit Union. We have improved operational resilience, advanced our digital transformation, and matured our risk and governance practices while staying true to our purpose of simplifying banking for Canadians. Thanks to our amazing team members, we did this in an environment defined by ongoing disruption, regulatory evolution, and rapidly changing member expectations.

What stands out most is how our people responded. Across our Credit Union, our teams leaned into industry disruption rather than resisting it. We saw staff embrace new ways of working, adopt digital tools, leverage artificial intelligence (AI), and collaborate across traditional boundaries to deliver better outcomes for members.

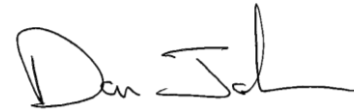
As we move into 2026 and beyond, we are seeing solid and accelerating momentum in our digital transformation. The investments we've made in cyber security, data, cloud, and modern Microsoft technology platforms are coming together to mature as a more agile, scalable, and member-centric organization. These capabilities position us well to compete and to continue delivering disproportionate value relative to our size.

The years ahead will be shaped by several converging innovations like open banking, payments modernization, and artificial intelligence. Rather than viewing these as isolated initiatives, we see them as converging opportunities to reimagine how value is created for members. Open banking will enable members to securely control their financial data, unlocking new services, insights, and partnerships. Payments modernization will bring faster, more reliable, and more

transparent transactions. Artificial intelligence, when applied responsibly, will amplify our human potential, freeing our people from routine work, improving decision-making, strengthening risk management, and enhancing the member experience. At Innovation, technology and AI are not about replacing people; they are about empowering them. We will continue to invest in skills, governance, as well as ethical and secure frameworks that ensure technology is used thoughtfully, transparently, and in service of our members and communities.

Thank you to our employees for your resilience, curiosity, and commitment. Thank you to our Board for your stewardship and guidance. And thank you to our members for placing your trust in Innovation.

The future of banking is rapidly changing. Innovation is ready.



Daniel Johnson

CEO

 [linkedin.com/in/danjohnson](https://www.linkedin.com/in/danjohnson)

2025 Company Highlights

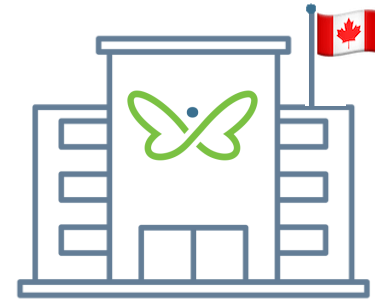
Innovation Federal Credit Union is one of the largest credit unions in Canada with over 500 employees and more than \$5.8 billion in managed assets. In 2023, with the support of our membership, we became the first credit union on the prairies to achieve national reach as a federal credit union under *The Bank Act*. We serve over 72,000 members across eight provinces through digital banking services and 28 advice centre locations (now including locations in both Regina and Saskatoon). As a member-owned co-operative, we provide quarterly Member Rewards to our members and reinvest a minimum 2% of our pre-tax profits back into the communities we serve.

72,643 members

across eight Canadian provinces



28



advice centre locations

Innovation is the third – and first on the prairies - federal credit union in Canada.



Assets Under Administration
+\$315.1 million (+5.7%) to
end the year at **\$5.8 billion.**

522 employees



Strong, Stable Growth and Earnings



6.87%

return
on equity

\$5.4M

in record
earnings back
to members

A Historic Interprovincial Merger

In 2025, ABCU Credit Union (ABCU) and Innovation Federal Credit Union (Innovation) diligently began progressing towards the first interprovincial credit union merger in Canada, slated for April 1, 2026.

This milestone follows an unprecedented 96%-member approval by ABCU voting members during a Special General Meeting held on June 25, 2025, where ABCU members overwhelmingly endorsed the strategic move aimed at modernizing services and expanding interprovincial reach. Furthermore, 82% of Innovation voting members expressed their support for the amalgamation during Innovation's Annual General Meeting held on June 26, 2025.

This merger will represent the first interprovincial credit union amalgamation in Canadian history, setting the stage for future collaborations across provincial borders. The newly integrated entity, operating under "Innovation Federal Credit Union", will deliver enhanced digital services, streamlined lending platforms, and a wider community outreach to members in Alberta and beyond.



Embracing AI in the Workplace



In 2025, we embedded Microsoft 365 Copilot and AI into everyday Innovation workflows to assist staff in simplifying tasks, reducing cognitive load, and helping all teams focus on higher-value member interactions.

With continued staff engagement and growing AI-assisted hours, our teams continue to advance secure, responsible AI through custom agents built with Copilot Studio, supported by training, governance, and a clear focus on productivity, trust, and member-centered banking.

Our AI augmentation plan's objective is to ensure staff roles are enhanced by AI to allow for both more quantitative and qualitative focus time on effective work solutions versus job replacement. As well, we utilize a code of conduct and ethical use practices that require users to validate AI sources while private AI platforms are leveraged to help prevent sharing of inputs and queries outside of our organization.



Our Purpose



Our Values



Accountability

We take ownership of problems and fix what's broken. When we think we've made a mistake (we all do), we ask. We're best when we collaborate and share in success.

Integrity

We say what we do; we do what we say. We speak the truth, kindly. We do the right thing, even when it's hard, and we honour the commitments we make to each other.

Respect

We are courteous and concerned. We recognize that the thoughts and backgrounds of others are as important as our own. We consider what others are feeling and what they might be going through, because we believe in treating everyone with decency and dignity.



Member First

At Innovation Federal Credit Union, we want to be known for our unwavering commitment to providing exceptional member service at every opportunity. Our employees are encouraged to provide members with the kind of service that they themselves would want to experience.

We continuously train new employees on our **Member First** philosophy to enhance our three C's approach (competence, courtesy, and concern) for members. We look to be more responsive to member needs in an anywhere/anytime service environment, adopting new methods of serving you to match how you would like to conduct your business.

Co-operative Principles

As a true co-operative financial institution, Innovation Federal 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. Men and women 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 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.



Board of Directors



Michele Wilde
Board Chair



Lisa Arora
Board Member



Joan Baer
Board Member



Peter Brown
Board Member



Liam Choo-Foo
Board Member



Meagan Cockrill
Board Member



Mike Davis
Board Member



Brian Guillemain
Board Member



Daniel Johnson
Board Member



Karen McBride
Board Member



Marty Meloche
Board Member



Russ Siemens
Board Member



Bruce Sack
Retired Member

Executive Team



Daniel Johnson
Chief Executive Officer



Sheldon Hess
Chief Financial Officer



Dean Gagne
Chief Disruption
and Growth Officer



Sandra Meinig
Chief Risk Officer



Jason Cinq-Mars
Chief Information Officer



Gwen Renwick
Chief Wealth Officer



Don Coulter
Acting Chief Operating Officer



Kathy Irwin
Chief People Officer

NOTE: Innovation would like to acknowledge the service and contributions of Brad Appel, Ian McArthur, and Shahani Perera during their time on the Executive Team.

2025 Corporate Scorecard Results

Pillar	Key Result	Key Performance Indicator	Performance Measures	
			Actual	Target
Member Obsessed	Increase # of Members Using Innovation Wealth	# of Members Who Deal With Innovation Wealth	565	500
	Improve Member Satisfaction	NPS Survey Member Satisfaction Score	8.45	8.5
	Grow Business With Members	Index of Total Book of Business (Loans, Deposits, Wealth) and Memberships to Target	3.25	3.00
	Achieve Claim Settlements & Financing	# Claim Settlements Financed	6	6
	Achieve Claim Settlements & Financing	\$ Claims Financed	\$42,200,000	\$45,000,000
Thriving Teams	Improve Indigenous Diversity	% Indigenous within IFCU workforce	6.70%	5.50%
	Employee Engagement	% Engaged from Staff Engagement Survey	77.00%	70.00%
Financial Strength	Efficiency Ratio	% Revenue/Expenses	67.66%	71.27%
	Meet Capital Ratios	Capital Ratio (Risk Weighted)	16.42%	15.41%
	Meet Capital Ratios	Leverage Ratio	8.89%	8.41%
Digitalization	Increase Digital Memberships	% of Digital Memberships	64.19%	64.00%
	Digital Transformation Index	8 Metrics Covering 5 Core Tenants	2.00	3.00
National Reach	Achieve Fintech Revenue	Non-Interest Revenue Generated from Fintech Partners	\$137,377	\$585,000
Risk	Risk Maturity Index	4 Categories Representing 13 Metrics	1.00	3.00

NPS – Net Promoter Score





Save

More than **46,800 members** have a No-Fee Bank Account



Earn

\$5.4 million paid to members in 2025 (and **\$54.0 million** since 2007)



Give

\$11.6 million given back to our communities since 2007

“At the heart of it all is putting the member first—listening and helping them make sense of their wealth and financial future.”

- Chie Magkasi, Digital Wealth Specialist, Innovation Wealth | Aviso Wealth



\$5.4 million

Being an Innovation member means sharing in our success. For simply doing business with us, we approved \$5.4 million in member distributions in 2025 – an increase of **2.0%** over 2024.



Member Rewards

There are three facets of the Member Rewards program: Save, Earn, and Give.

Save

Members save on fees - as much as \$11/month – with our No-Fee Bank Account.

Earn

Members earn quarterly profit-sharing dollars paid to their Member Rewards accounts based on the business they do with us. In 2025, we returned over \$3.6 million to members in the form of allocations.

Over \$1.3 million was also paid to members in the form of dividends, based on the amount of equity members have.

Our Monthly Transaction Rewards - based on digital transaction activity - returned \$0.4 million to members, while our youth dividend (for members 18 years old and under) totaled \$0.1 million.

Give

Our members help us support our communities. Because we share our profits, their business helps us give back to the communities we serve.

\$1.2 million

given in 2025 to local organizations who are making a difference!



In 2025, we invested \$1.2 million into our communities in the form of sponsorship, naming rights, community development, legacy funds, grants, and scholarships. This is a contribution of 3.48% of our pre-tax profits.



Innovation is proud to be the only Saskatchewan credit union recognized with earning the designation as an Imagine Canada certified company of the PRISM Network. This designation represents being a symbol of excellence in community impact within Canada.

Our credit union continues to contribute a minimum of 2% of our pre-tax profits annually to activities that support our communities.



We were proud to once again partner with Stark & Marsh and the City of Swift Current for GoGreen in 2025. Since 2009, GoGreen has helped plant over 4,500 trees and shrubs.

Legacy Community & Development Grant Fund

In 2025, just over

\$265,000

was given to **twenty** deserving organizations and community projects



January 2025

- North Battleford: Battleford Industrial School Commemorative Association, Lionel Peyachew Residential School Memorial - \$5,000
- Cabri: Cabri Ice Centre, Compressor Repairs - \$5,000
- Wilkie: Wilkie Minor Baseball, Dugout Renovations - \$5,000
- Hodgeville: Village of Hodgeville, Minor Hockey Board Dividers - \$7,500
- Glaslyn: Glaslyn & District Recreation Board, Ball Diamond Upgrades - \$10,000
- North Battleford: Twin Rivers Curling Club, Tables/Chairs - \$10,000
- Gravelbourg: Gravelbourg Bon Ami Inc., Day Program Kitchen Renovations - \$15,000
- North Battleford: Midwest Food Resources Project Inc., Community Garden Kitchen Project - 25,000
- Swift Current: SPCA, New Shelter - \$25,000

July 2025

- Cando: Cando Community School, Sensory Room Upgrade - \$10,000
- Gravelbourg: Gravelbourg Fire Department, Wild Land Suppression Equipment - \$15,000
- Makwa: Makwa Senior Citizens, Furnace & Furniture Upgrades - \$10,000
- Meota: Morningside Early Learning Centre, Meota Daycare Build - \$25,000
- North Battleford: Notre Dame School, Notre Dame Primary Playground Project - \$25,000
- Shell Lake: Shell Lake Minor Sports, Ball Diamond Project - \$10,000
- Swift Current: Southwest Literacy Committee, Swift Current Story Trail - \$10,000
- Lancer: Lancer Ag Society, Playground Project - \$15,000

Goodsoil Legacy Fund

- Goodsoil & District Rec Inc., Arena Plant - \$19,000
- Goodsoil Recreation Community Hall General Upgrades - \$11,125

Pierceland Legacy Fund

- Pierceland Minor Hockey, Performance Equipment - \$9,050



8.24%
Innovation Indigenous
Leadership Representation

25.0%
of Innovation new employees
in 2025 were Indigenous

36.0%
of Innovation Indigenous
members are 34 years & under



519

hours of Innovation staff time was
spent learning about Indigenous
culture and history in 2025.



\$42.2 million

in Business Banking,
Settlement Claim
and Trust Financing



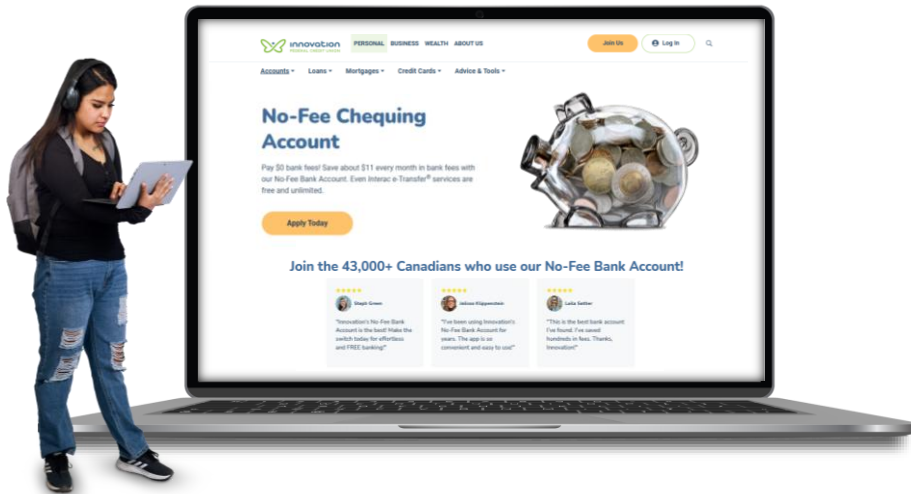
“Innovation has shown me what meaningful financial partnership can look like. Their commitment to accessible banking, community investment and understanding of the unique realities of northern and Indigenous communities has helped create opportunities that might not otherwise exist.” - Eva Misponas, Member Advisor, Buffalo Narrows



Innovation continues to demonstrate our commitment to Truth and Reconciliation – and the Truth and Reconciliation Commission’s Call to Action #94 - through the work we do.

6.70%

of Innovation staff has self-declared as Indigenous, with representation at all levels of the company – from Board of Directors to front line roles.



11 Indigenous Financial Empowerment Sessions

These sessions helped make financial services more approachable and accessible for Indigenous Peoples, simply by improving financial services understanding and engagement.

21

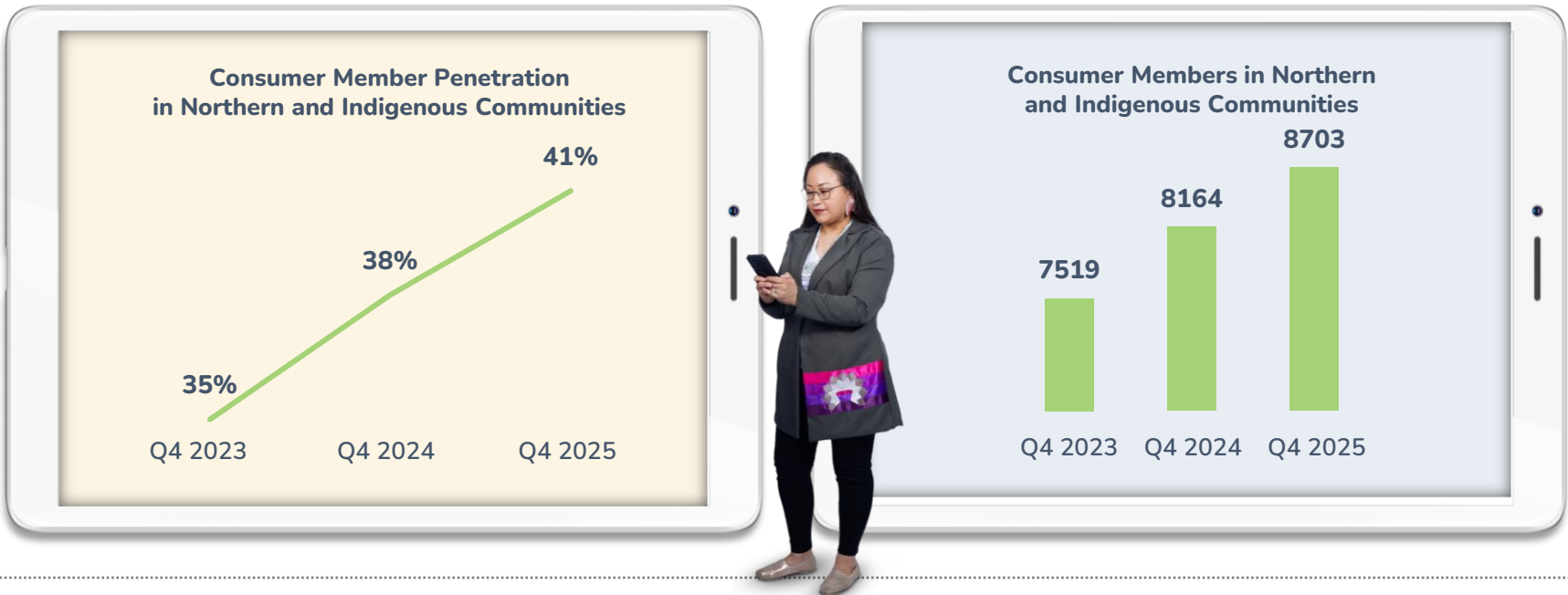
Twenty-one Indigenous communities, organizations, projects, and initiatives were supported in 2025 through the Indigenous Community Development Fund.



Responsible Banking™

In 16 Northern Saskatchewan and Indigenous partnership communities, **539** new consumer members helped increase the region’s membership penetration to **41%**.

Partnership Communities: La Loche, Buffalo Narrows, Île-à-la-Crosse, Beauval, Green Lake, Meadow Lake, Pierceland (includes Big Island Lake Cree Nation), Pinehouse Lake, Turnor Lake (includes Birch Narrows Dene Nation), Dillon (includes Buffalo River Dene Nation), Patuanak (includes English River First Nation), Loon Lake (includes Makwa Sahgaiehan First Nation), Waterhen Lake First Nation



Door-Step Banking Days

The continuation of our **Door-Step Banking Days** initiative – that helps provide banking information, advice and services to Northern communities and remote residents - created #PopUpBanks that provided 3 Door-Step Banking Days, 10 Account Opening Days and 4 Mobile Advice Centre (MAC) Days.



\$88,000



awarded in scholarships that helped 36 students with their education costs.

\$10,000

Innovation No Essay Scholarship Recipient



“I am at loss for words. I’m beyond grateful and honored to be chosen for this opportunity. A big thank you from my family and I. Thank you for helping me make my dreams possible.”

- **Alexssa Detu**, Swift Current SK



“Helping meet the financial needs of all Canadians is simply part of our DNA. It’s what we strive to accomplish every day.”

- Ron Hughes, Residential Mortgage Underwriting Specialist

15,000 Meals Donated



With inflation still significantly impacting Saskatchewan residents and local charitable organizations, our **2025 Food Security Campaign** focused on ensuring that the underserved continued to receive food during this difficult time. The donation resulted in over **15,000 meals*** being made available in 2025 and over **65,000 meals** since 2021.

*One meal equals a \$5 donation, based on the average meal cost across organizations.

iButterfly Effect

Innovation Employee Matching Program

In support of health, education and poverty, our employee matching program, the iButterfly Effect, gave back \$52,000 in 2025 – supporting Stars (health focus), Cooperative Development Foundation (education focus) and Food Banks of Canada (poverty focus).

\$52,000



Co-operative Week and Credit Union Day

We celebrated Co-operative Week and Credit Union Day in the third week of October 2025 with our members and co-operative partners, which included hosting BBQs with Meadow Lake Co-op and Pioneer Co-op in Swift Current as well as a Free Swim event with Discovery Co-op in North Battleford. Innovation staff also treated people in their communities with Random Acts of Kindness to brighten their day.



Picnic in the Park

Over **5,000** people once again attended our **44th Annual Picnic in the Park** on June 8th - enjoying an afternoon filled with free games, sunshine, entertainment, and a food concession with old-fashion prices.



\$725,201
2025 Learning & Development Spend

Investing in Our Employees

As an employer, Innovation Federal Credit Union is recognized for progressive policies such as competitive fixed and variable compensation, flexible benefit plans, flexible work schedules, supporting volunteer work, employee wellness plans, and educational support. We work to ensure our employees are proud, feel valued, and are actively engaged in the achievement of our corporate vision.



27
summer students
hired in 2025

2025 Development Index

86.75% employee participation
in professional development



Female Leadership Representation

65.9%

Leadership Team Representation

85 Total Leadership Team Members
56 Female / 29 Male



41.6%

Female Board Representation

12 Total Board Members
5 Female / 7 Male



Innovation continues its prosperous partnership with the Canadian Centre for Diversity and Inclusion (CCDI). We also provide and support diversity learning opportunities for staff and have created a company-wide diversity celebration calendar.



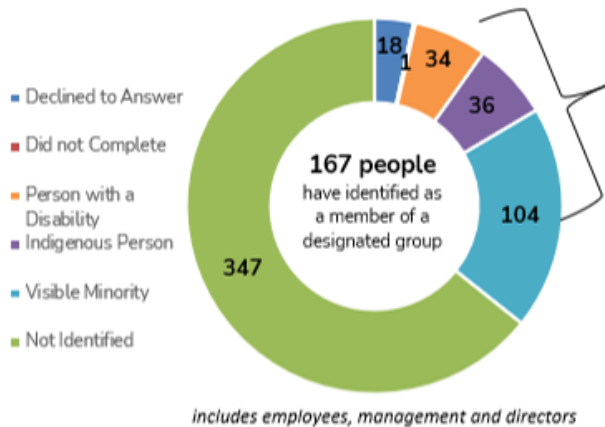
Employee Resource Groups

Innovation's Employee Resource Groups (ERGs) are voluntary, employee-led groups that serve to foster a diverse, inclusive workplace aligned with our purpose, values, and goals. By encouraging open dialogue, ERGs play a crucial role in driving cultural transformation, enhancing employee engagement, and helping to create an environment where everyone feels valued and empowered to bring their whole selves to work. Two Employee Resource Groups created in 2024 – Women in Leadership (EmpowHER) and The Indigenous Group (TIG) – continued to be active alongside Innovation Young Leaders (IYL).

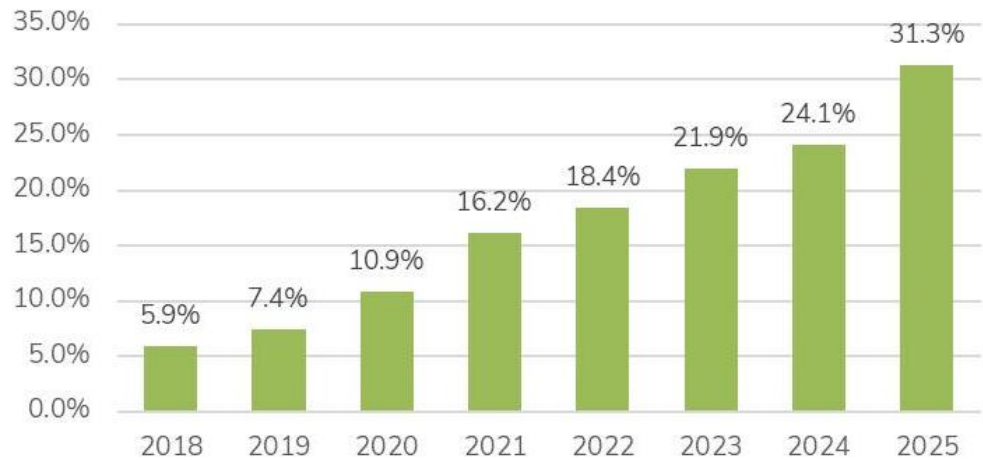
31.33%

of Innovation staff identify as a member of a designated group: visible minority, Indigenous or person with a disability.

Diversity



% of Organization Identifying as Part of a Designated Group



The Pay Equity Committee posted Innovation’s Pay Equity Plan on February 25, 2025, and submitted the Annual Pay Equity Statement in June. The Pay Equity Report concluded that we have no pay equity gaps. Innovation remains committed to Pay Equity and the concepts of pay fairness as part of our Responsible Banking™ approach. In alignment with the Accessible Canada Act, Innovation also completed our Multi Year Accessibility Plan and formally posted on the Accessibility page of our website on May 28, 2025.





Simplifying Banking for Members With Key Fintech Partnerships

In 2025, key strategic federal fintech partnerships helped further drive growth, financial stability, and the simplification of our members' banking needs.

Parachute

offers members debt consolidation loans with cash-back incentives.

Willful

makes it easy for members to create a legal will online, that includes an exclusive 20%-member discount.

Nesto

is Canada's trusted lender for online mortgages.

ClearEstate

is a one-stop-shop for members' estate planning and settlement needs.

Climate Strategy Disclosure Statement



As a member-owned financial institution, we recognize the growing importance of climate-related risks to and opportunities for our long-term sustainability and the communities we serve. While we are at the beginning of our climate journey, our strategic approach is focused on building foundational awareness, assessing exposure to climate-related risks and developing internal capacity to respond effectively.

Our initial priorities include integrating climate considerations into our enterprise risk management framework and exploring tools for scenario analysis tailored to our Credit Union’s scale and operations.

We are also committed to aligning our strategy with evolving regulatory expectations, including the Office of the Superintendent of Financial Institutions Guideline B-15. We will continue to refine our approach as data, capabilities, and industry practices mature.



PERSONAL BUSINESS WEALTH ABOUT US

Join Us

Log In



Accounts ▾ Loans ▾ Mortgages ▾ Credit Cards ▾ Advice & Tools ▾

Governance



Corporate Structure and Governance

Innovation Federal Credit Union (“Innovation”, “the Credit Union”) is a co-operative financial institution headquartered in Saskatchewan. Innovation is regulated by the Office of the Superintendent of Financial Institutions (‘OSFI’) and must comply with *The Bank Act* (SC 1991), Financial Consumer Agency of Canada (FCAC), Canadian Deposit Insurance Corporation (CDIC), the Bank of Canada (BoC), Innovation’s bylaws and policy, and other applicable laws.

Innovation employs a modern and effective use of governance and risk frameworks to ensure it is managed and operated in a sound and prudent manner. The Board ensures that Innovation maintains high standards for its governance framework and governance of the Credit Union.

Board Nomination Process

The Board of Directors of Innovation is elected by its members. Innovation follows the Co-operative Principles of Open and Voluntary Membership and of Democratic Member Control. All members have equal voting rights: one member, one vote.

Board terms at Innovation are renewable every three years and there are no term limits. The bylaws of the Credit Union set that at least half of the Board must reside in Saskatchewan. Nominees can put their names forward by submitting a nomination package through the process identified in Innovation’s bylaws. The voting period is a minimum of seven days with voting performed either electronically or by paper, and election results being announced at the Annual Meeting. In 2025, Innovation members elected five incumbent directors to the Board. The elected Directors fulfilled the diversity and competencies Innovation was seeking.

Board Composition

The Board is composed of 13* individuals (including the CEO), elected by Innovation’s membership. Committee composition is determined by the Board through analysis of individual Director’s experience, education, and competencies so that Directors can be effective on the committees they serve. The CEO is not a member of any of the standing committees.

**one director retired in September 2025*

Diversity

Innovation seeks to maintain a Board comprised of talented and dedicated Directors with a diverse mix of expertise, co-operative philosophy, experience, skills and backgrounds. Ideally, the Board will reflect the diverse nature of the business and the members. Within Innovation’s Board Diversity Policy, Innovation seeks to maintain a Board in which no one gender represents more than 70% of Directors, which was met in 2025. The Board strives to have a diversity ratio of one gender representing no more than eight seats of the Board by 2027.

Competencies

The Board Competency Matrix is used to determine the skills, competencies and experience that make up an ideal Board, including an ongoing commitment to the Co-operative Principles. It also indicates the ideal number of Directors to possess each competency making it reflective of Innovation’s strategy and future. The Board follows its Succession Planning Policy and evaluates all Directors to find any existing or possible future gaps in the Board’s competencies. The Board employs various strategies to address any identified gaps, such as Board and Director Development plans and actively looking for potential nominees for future elections. The Matrix can be found as **Appendix A**.

Corporate Structure and Governance

Directors' Financial Institution

As per the Bylaws of Innovation Federal Credit Union, all Directors are required to use Innovation as their financial institution. This ensures that Directors sufficiently understand the services of Innovation and can represent the membership. The Governance, People and Conduct Review Committee determined that all Directors met this requirement in 2025.

Board Independence/Affiliation

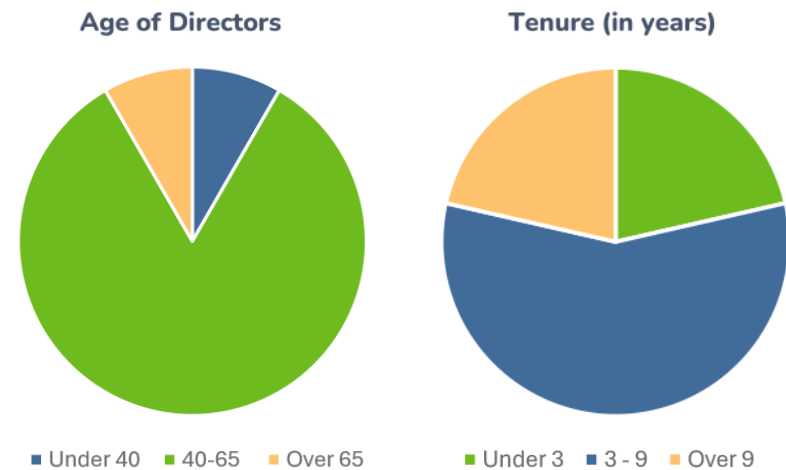
At all times, the majority of Innovation's Board will be independent to ensure that Directors are able to preserve independent, objective and prudent business judgement, and provide unbiased leadership for Innovation.

No more than two thirds of the Board can be affiliated with Innovation, as per definition of affiliated in the [Bank Act \(162.1\)](#). In 2025, 4/13 Directors were affiliated. With the exception of the CEO, the Board was completely independent in 2025. The Board and its Committees met in camera, without management and non-independent directors present, at minimum once every meeting.

Board Succession, Effectiveness and Renewal

Annually the Board of Directors reviews its Succession Plan which ensures the appropriate level of governance is always achieved with minimal disruption during Board turnover. The plan focuses on maintaining a balance of competencies, tenure, independence, diversity and commitment to co-operative principles. Throughout the succession planning process, the Board considers the need for any potential emerging technical skills and expertise required on the Board because of evolving priorities, risks or changes in Innovation's business operations.

In 2025, the Board approved, on the recommendation of the Governance, People and Conduct Review Committee, a roster of potential successors for each leadership role and their readiness to fill the position. The Board continues to monitor and identify potential areas that could be bolstered to avoid possible gaps in future years. An evergreen list of potential director candidates is maintained by the Board to minimize risk and ensure that Innovation has a Board capable of overseeing a federally regulated financial institution.



As of December 31, 2025

Corporate Structure and Governance

Director Remuneration

Remuneration for Board members is in accordance with Innovation's Director Remuneration Policy. Directors received an honorarium payment, in recognition of their service, event attendance, preparation for meetings etc. Per diems were also paid for attendance at meetings, travel and formal training and development.

Innovation bylaws limit remuneration paid to Directors to \$1,000,000 in a fiscal year. In 2025, the total Board compensation was \$449,394.

Director Expenses

Innovation reimburses Directors for accommodation, travel, and food expenses. In 2025 the total cost of Director expenses was \$80,678.

Director Attendance

Directors are required to attend a minimum of two thirds of all Board and Committee meetings. Board meetings were held at least quarterly (following fiscal quarter-end), and December. Strategic Planning was conducted in June and September. Standing Committees met prior to the Board meeting to discuss, review and recommend resolutions to the full Board. Ad hoc meetings may be called from time to time at the call of the Chair. All Directors met attendance requirements in 2025.

Director Education/Development

Innovation requires Directors to engage in ongoing learning and development. In 2025, Directors continued to demonstrate their commitment to education through individual development plans and as a collective.

The Board and Executive received the following training and development in 2025:

- Cybersecurity
- Truth and Reconciliation, Indigenous
- AI
- Privacy
- Innovation Experience (Culture)

Individual Director training and development in 2025, included but not limited to:

- Accredited Credit Union Director Achievement Program – ACCUD
- First Nations and Indigenous Director Designation
- Risk Governance
- Qualified Risk Director Designation (QRE)
- Mastering Disruptive Governance
- Canadian Credit Union Association Conference Attendance
- Governance Best Practices
- Cyber Security and AI

As set out in the Director Development Policy, all Directors are required to meet a minimum educational requirement prior to completion of the first three-year term. As of December 31, 2025, all Directors met this requirement.

Board of Directors

Attendance and Remuneration

	Attendance		Committee Structure				Remuneration
	Committee Meeting	Board Meeting	Audit Committee	Risk Committee	Community and Member Relations Committee	Governance, People and Conduct Review Committee	Per Diem and Honorarium not inc. Taxable Benefit (in dollars)
Brian Guillemín VC**	11/11	11/11		✓		✓ C*	38,756
Bruce Sack ⁺	7/7	8/8		✓		✓	23,058
Dan Johnson	20/20	11/11					
Joan Baer	8/10	10/11	✓	✓ C			40,005
Karen McBride	10/10	11/11	✓ C	✓			39,431
Liam Choo-Foo	9/11	9/11	✓*		✓**	✓	31,494
Lisa Arora	11/11	11/11			✓ C**	✓	38,359
Marty Meloche	8/10	9/11	✓	✓**	✓*		31,719
Meagan Cockrill	9/9	10/11	✓		✓		31,945
Michele Wilde VC* BC**	16/16	11/11	✓**	✓**	✓*	✓	51,302
Mike Davis	14/14	11/11	✓	✓*		✓ C**	35,909
Peter Brown	10/10	10/11		✓*	✓	✓**	33,844
Russ Siemens BC*	15/15	10/11	✓**	✓**			53,574
							449,394

*Until June 2025

**Since June 2025

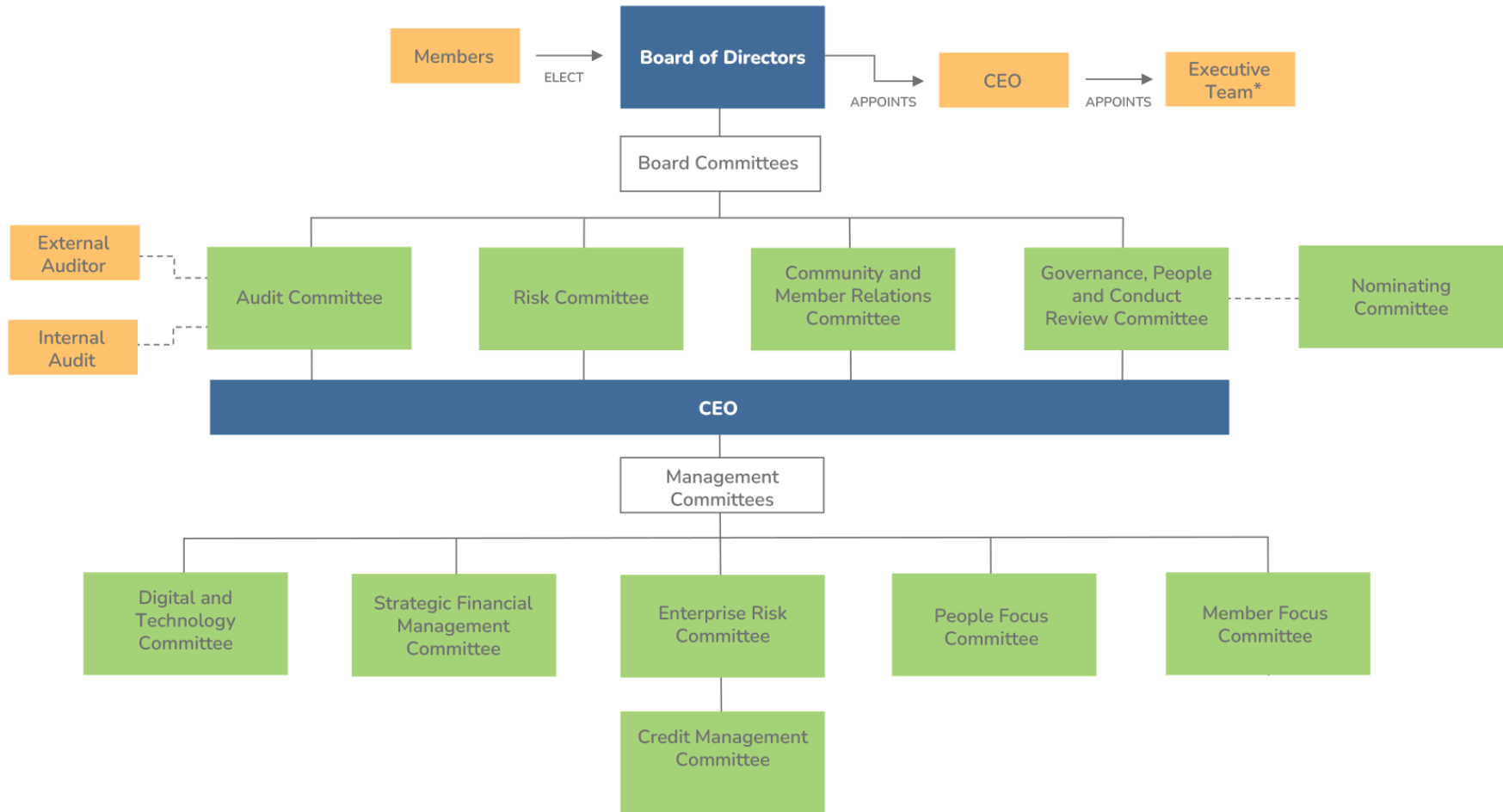
+ Until September 2025

C - Committee Chair **VC** - Vice Chair **BC** - Board Chair

Ad hoc and informational meetings were held, as needed, in addition to the meetings calculated above.

Payments have been rounded to the nearest dollar.

Governance Structure



*Oversight functions (Chief Risk Officer, Chief Financial Officer, Chief Audit Executive, Chief Compliance Officer) have a reporting line to the Board and relevant committee.

Corporate Structure and Governance

Board Highlights

The Board was successful in moving forward several important initiatives in 2025. Notable initiatives include:

- Successful member approvals at the Annual Meeting including:
 - The ABCU Credit Union amalgamation agreement
 - Revised bylaws to include a new form of capital
- Approved a sustainability strategy statement
- Engaged with the regulator to build a strong relationship
- Revised committee composition
- Approved key financial and strategic plans to support organizational stability and resilience
- Managed CEO's performance
- Conducted a robust Board and Committee assessment

Committee Highlights

The Board has four standing Committees that have been delegated responsibilities through their respective Terms of Reference. This delegation of responsibilities enables a clear focus on specific areas vital to the effective operation of Innovation.

Audit Committee

Six Directors and Board Chair

The Audit Committee ('AC') oversees the financial reporting process, reviews financial statements, liaises with internal and external auditors and regulators, and reviews internal control procedures.

2025 Committee Accomplishments

- Oversaw Pillar 3 Results
- Approved the expansion of the Bearer Deposit Note (BDN) program
- Supported expanding the multi-unit residential securitization program
- Provided prudent oversight of the financial plan, reviewed budget variances, and financial forecasts
- Moved Internal Audit to an inhouse function
- Fulfilled its fiduciary duty to oversee the capital and liquidity of the Credit Union while monitoring balance sheet risk
- Satisfied all duties as set forth in the Terms of Reference

Corporate Structure and Governance

Governance, People, and Conduct Review Committee

Five Directors and Board Chair

The Governance, People and Conduct Review Committee (GPCRC) establish and maintain effective governance guidelines, monitor the performance and succession of senior leadership, oversee people practices, and ensure compliance with governance policies and Innovation bylaws. In 2025, the GPCRC also acquired oversight of Conduct Review which encompasses Conflict of Interest, Code of Conduct (business and ethics) for all staff and Directors, and Related Party transactions.

2025 Committee Accomplishments

- Recommended governance enhancements relating to committee structure, remuneration and logistics to the Board
- Enhanced the Board's re-organization process
- Monitored employee engagement and culture
- Approved a robust Director development plan for 2026
- Ensured that the organization has an effective process in place for executive and critical position succession and recommended to the Board the succession plan for the CEO
- Fulfilled all duties as set forth in the Terms of Reference, including review of metrics and strategies pertaining to Human Resources

Risk Committee

Six Directors and Board Chair

The Risk Committee ensures that Innovation acts with the full integrity and objectivity of its Directors and employees by having in place policies, practices and frameworks that protect people and the organization from claims and from the perception of unfair benefit or conflict of interest. This Committee also oversees cyber security and data governance.

2025 Committee Accomplishments

- Oversaw the maturing of disclosure and compliance practices
- Received quarterly reports on IT and Cyber Risk
- Oversaw the progress of the major initiatives of the Credit Union
- Monitored risks, the Risk Appetite Framework and emerging regulatory requirements
- Fulfilled all duties as set forth in the Terms of Reference

Corporate Structure and Governance

Community and Member Relations Committee

Five Directors and Board Chair

The Community and Member Relations Committee ensures effective frameworks for sustainability and community involvement. They establish efficient and effective service delivery channels to serve current and future members and to oversee the implementation of member education programs. The Committee also maintains an effective mechanism to understand member needs and ensure the membership's voice is integrated in governance and operations.

2025 Committee Accomplishments

- Oversaw advancement of sustainability and B-15 compliance
- Continued to make meaningful progress on Indigenous relations and Truth and Reconciliation
- Oversaw community investment
- Received reporting on member service levels and satisfaction
- Fulfilled all duties as set forth in the Terms of Reference

Compensation

The Board of Directors of Innovation is accountable for the oversight of compensation and governs the compensation program through a Board approved Compensation Policy. The Policy is designed to support the attraction and retention of a highly qualified workforce while ensuring the appropriate management of regulatory, financial, reputational, operational and cultural risk. Programs are aligned with performance goals that motivate employees to achieve strategic goals prudently and within acceptable risk tolerances while driving appropriate financial performance and generating long term sustainability.

Innovation takes a balanced approach to compensation by adhering to Pay Equity best practices and considering market standards, thereby promoting both fairness and competitiveness. Practices are designed around five key principles:

1. **Performance Based:** Compensation rewards performance. Our pay for performance approach provides a direct link to both corporate and individual performance through our Short-Term Incentive Plan. We reward the performance of individuals, business segments and organizational results relative to objectives that support our business strategies for sustainable growth.
2. **Risk Aligned:** Compensation aligns with sound risk management principles. Compensation programs and practices align with the enterprise-wide risk management framework to ensure there is an appropriate balance between risk and rewards. Performance of individuals, business segments and Innovation overall is assessed on a number of measures, including adherence to risk management policies, OSFI Corporate Governance Guidelines, and the FSB Principles for Sound Governance. Compensation will not incentivize taking excessive risks.
3. **Competitive:** Compensation enables Innovation to attract, engage and retain talent. Target total compensation is benchmarked to ensure it is competitive in the markets where we operate and compete for talent. Our compensation programs reward employees for high performance and their potential for future contribution.
4. **Member-Driven:** Compensation rewards behaviours that align with our values and drive exceptional member experiences. Innovation values form the foundation of our culture and underpin our Member First commitment to put the needs of our members first and deliver exceptional value.

Corporate Structure and Governance

5. Equitable: That all compensation is equitable, and that equal pay is provided for equal work. Innovation Federal Credit Union takes factors of skill, effort, responsibility, and working conditions into consideration when determining whether work is equal or of equal value. Innovation will be transparent in its compensation processes and documentation will be maintained throughout the process to ensure the appropriate implementation and enforcement. Exceptions may be made for positions where - based on geography, supply or market pressures - the position may be determined as critical or hard to attract and/or retain. These positions may have a premium added versus similarly evaluated roles.

The Board delegates oversight of compensation philosophy, design and administration to the Governance, People & Conduct Review Committee (GPCRC). The Board delegates the following accountabilities to the GPCRC, through the GPCRC Terms of Reference:

- a. Annually review the Credit Union's compensation philosophy, policy, structure, and programs, and will recommend any material changes for Board approval, ensuring that it is fair and transparent, and has alignment with the Credit Union's:
 - i. corporate strategy,
 - ii. corporate budget and business plans,
 - iii. People Strategy,
 - iv. regulatory requirements and compliance, including OSFI's Corporate Governance Guideline, Pay Equity and Employment Equity Regulations, and the Financial Stability Board Principles for Sound Compensation Practices,

- v. risk management framework, and
 - vi. competitive environment.
- b. Review and recommend to the Board any new compensation, incentive, or pension plans, or any material changes to such plans.
 - c. Monitor and assess actual corporate performance against short and long-term incentive plan targets, and review and recommend to the Board the result and payout factor and aggregate payments under the Credit Union's incentive plans, engaging in any consultations that may be required, such as:
 - i. with the Audit Committee on the quality of earnings used to determine such awards and the affordability of the program;
 - ii. with the Risk Committee and Chief Risk Officer on performance against any risk metrics;
 - d. Regularly review and recommend to the Board Innovation's approach to annual reporting and disclosure in relation to executive compensation; and
 - e. Review and confirm alignment with the Financial Stability Board (FSB) Principles for Sound Compensation.

Innovation may engage independent advisors to provide an external perspective of marketplace changes and best practices related to compensation design and governance, and objective advice regarding the appropriate level of compensation. When engaged, these advisors should provide a report of their findings and recommendations directly to the GPCRC.

Corporate Structure and Governance

Base Salary

Innovation Federal Credit Union is committed to providing market competitive wages and to be compliant to the *Canada Pay Equity Act*. Innovation targets the median for base salary ranges and uses recognized, national compensation surveys to evaluate and determine the salary ranges. A formal review of the market occurs every two years. Innovation uses a modern job evaluation system to ensure compensation equity across all roles.

Variable Compensation

Variable or “at risk” compensation is a component of the total compensation program. Each year, a portion of the compensation for employees is determined by both corporate scorecard metrics and individual performance objectives. Innovation must meet a minimum threshold of financial performance for employees to be eligible for variable compensation.

All employees are eligible to participate in a Short-Term Incentive Plan (‘STIP’). The STIP is designed to link corporate objectives to individual staff performance plans, thereby ensuring clear accountability and line of sight throughout the organization. Payouts of this variable incentive program are designed to be triggered based on achievement of corporate targets as well as individual targets.

The aggregate STIP amount paid annually by Innovation is influenced by four factors:

- Organizational year-end financial performance which produces the corporate tier at which a STIP may be available.
- Individual results in relation to annual performance management goals.

- The composition of the staff complement as each position has a market relevant variable compensation target as a percentage of salary amount as indicated in Table 1.
- The number of staff eligible for the STIP.

At the individual level, the STIP consists of two components:

- The corporate portion constitutes 50% of the program.
- The individual component makes up the remaining 50% of the program.

The Compensation Policy ensures that, for target STIP to be paid, financial performance is appropriate. To enact the program, the corporate trigger ROE¹ must meet a minimum of 8%. The target, or 100% of the corporate portion of the STIP, is paid when the organization achieves the annual budgeted corporate trigger ROE or a minimum of 10%, whichever is greater.

The CEO and eligible members of the Executive Team also participate in a Long-Term Incentive Plan (‘LTIP’). The purpose of the LTIP is to align compensation to the Financial Stability Board Principles for Sound Compensation as well as ensuring a competitive, market based total compensation package. It is designed to drive the achievement of the Credit Union’s strategic plans by focusing on longer-term success. The LTIP incentivizes participants to achieve long term goals that result in Innovation’s sustainable growth and the creation of long-term member value.

¹Corporate trigger ROE = (operating income before taxes, before member distributions, before variable compensation (STIP and LTIP) and excluding unrealized gains/losses) / prior year-end retained earnings

Corporate Structure and Governance

The LTIP program is a long-term cash plan with an annual grant frequency based on a performance period of three fiscal years. The amount granted is based on pre-established performance metrics related to profitability and member centric growth. The LTIP includes hurdles that must be met to trigger any payment. The target payment is 25% for the CEO and 15% for eligible Executive.

Table 1

Employment Group	Weighting of Corporate vs. Individual	Target of STIP as a % of Base Salary	Maximum STIP	Target of LTIP as a % of Base Salary	Maximum LTIP
CEO	50/50	40%	60%	25%	37.5%
Executive Management	50/50	25%	37.5%	15%	22.5%
Senior Management	50/50	15-17.5%	22.5-36.25%	Not Eligible	
Sales Role Management	50/50	12.5%	18.75%		
Front Line Retail BackOffice/Support Professional/Technical	50/50	10.0%	15%		

Managing Risk in Compensation

Compensation is linked to performance against the corporate scorecard and adherence to risk appetite. Innovation manages compensation programs to ensure that these programs do not cause regulatory, financial, reputational, operational, and talent retention risks. Oversight and controls include, but are not limited to:

- Innovation’s Risk Management Team and Internal Audit functions provide independent oversight and reporting to the Board. These risks are managed within Innovation’s approved risk appetite.

- The Audit Committee is responsible for reviewing any proposed variable compensation payments. They ensure these payments meet the requirements of Policy and that they are within the financial capacity of the organization.
- Any employee falling under the Definition of Responsible Persons and/or within an Oversight Function may be subject to a compensation claw back. Claw backs are restricted to Short-Term Incentive and Long Terms Incentive paid within the previous 36 months. The Risk Committee is responsible to review any variable compensation payments and determine whether there was any inappropriate risks or violations of the Policy that occurred that would justify a reduction or elimination of future, or claw back, of past incentive payments. Recommendations of such would be made to the Board.
- If a significant revenue or expense item does in fact occur because of normal course of business, the potential frequency or occurrence must be considered. Those items which are deemed to be one-time only or cannot be repeated in the future will be excluded from the determination of the corporate results portion of the STIP program.

Ultimately the Board of Directors has full authority to approve, in all or in part, or to not approve payment of any variable compensation.

Corporate Structure and Governance

Employee Benefits

Innovation provides a robust suite of benefits to all its eligible employees, including:

- Pension plan
- Health and dental benefits
- Life insurance
- Wellness days
- Sick days
- Vacation
- Employee Family Assistance Plan (EFAP)
- Medical appointment coverage
- Employee loan pricing
- Wealth planning
- Education and development

Executive Compensation

The Board of Directors has the exclusive responsibility of overseeing and approving the remuneration and performance of the CEO and Executive. The Board, on the recommendation of the Governance, People & Conduct Review Committee, approves the salary and specific components of the CEO’s compensation package. They also approve the position level, pay range and available components of the total compensation of the Executive Leadership Team. The Board also has the accountability to approve all variable compensation distributions to the CEO and Executive.

The CEO and Executive Team participate in the Short-Term Incentive Program under the same parameters as the rest of employees in the organization. Certain members of the Executive Team are also eligible for the Long-Term Incentive Program.

The table below provides transparency of the compensation structure for Innovation’s Executive Team. Details include base salary, variable compensation, and other benefits to ensure clarity and accountability in our compensation practices.

Executive Compensation

	Salary	Variable Pay	Benefits	Total
CEO	445,995	318,887	99,164	864,045
Executive Team	1,405,854	583,933	237,706	2,227,493

*All values are rounded to the nearest dollar

CEO Evaluations

The Governance, People and Conduct Review Committee ensures that the Board completes the annual mid- and year-end performance assessment of the CEO. In 2025, these processes were facilitated by a third party. The CEO’s remuneration is aligned with both business and individual performance objectives and is structured to incentivize the achievement of strategic business goals, consistent with our Board-approved risk appetite statement and corporate scorecard.

Transparency and Ethics

Innovation Federal Credit Union acts in a transparent manner. It provides all the necessary disclosures to members and stakeholders, ensuring they feel confident and informed to make decisions.

Corporate Structure and Governance

Innovation depends on its values of accountability, integrity and respect to ensure honesty in all its interactions and in conducting business. Innovation abides by several policies and requirements as set out by the Credit Union and its Regulators. This includes, but is not limited to:

- **Protecting consumers.** Innovation follows *The Bank Act* and Financial Consumer Protection Framework Regulations overseen by the Financial Consumer Agency of Canada as well as co-operative principles endorsed by the International Co-operative Alliance and the international credit union operating principles as endorsed by the World Council of Credit Unions. Innovation's Board is required to approve, oversee and periodically review and assess the effectiveness of policies and procedures respecting market practice that ensures good business practices and fairness to consumers. The Market Code can be found in Appendix B.
- **Respecting the privacy of its members and customers, through the Board's adopted Credit Union Code for the Protection of Personal Information.** Innovation has policies and procedures in place to protect your privacy and the right to protect the collection, use and disclosure of personal information. Further information can be found on our website at <https://www.innovationcu.ca/legal/privacy-and-security.html>
- **Outlining the expectation for business conduct and decision making through its Code of Conduct and related procedures and practices.** Annually, the Code of Conduct

is acknowledged by all employees, officers and Directors indicating that they have read, understood and complied with the Code. In addition, Innovation has an Integrity in Action Program (whistleblower) which is reviewed biennially by the Board and shared with all employees on an annual basis as well as part of their onboarding. Management investigates all incidents of non-compliance with the Code of Conduct and determines appropriate responses to non-compliance.

Co-operative Industry Directorships

Derek Vanthuyne, VP Strategy, is a member of the Board of Directors of the Saskatchewan Cooperative Association.

Gowthaman Siva Kumar, Industrial - Engineer Member Obsessed, was elected to the Saskatchewan Cooperative Association Board in December 2025.

Kimberly Enge, Manager Liquidity and Capital is an Employer Delegate for the Cooperative Superannuation Society.

Christina Garchinski, VP Operational Excellence was elected in September 2024 to the Cooperative Development Foundation Board of Directors for a three-year term.

Board of Directors



Michele Wilde, Pro. Dir

Board Chair

Director Since: 2018
Term Expiry: 2028
Meadow Lake, SK

Michele has served as a director on numerous Boards, specifically in the co-operative sector. Her passion for the credit union system and co-operative values and principles that it follows compelled her to serve the membership as a Director. As a lifelong credit union member, Michele strives to ensure Innovation strategies align with member value and member service.

In the past year Michele has worked to obtain her designation as a Professional Director. She is a devoted lifelong learner continuously participating in courses and webinars to keep on top of trends and governance best practices.

In addition, for over 20 years Michele co-owned and managed a small business she and her husband established, leading to her development and knowledge in Human Resources.



Russ Siemens, ICD.D, ACCUD, Ed.D, CCD

Board Member

Director Since: 2007
Term Expiry: 2027
Swift Current, SK

Russ is highly engaged in current leadership practices, has substantial governance experience, and has a strategic mindset. He has certifications in Governance (ICD.D, 2014), Fintechs (MIT, 2015), Cybersecurity (ISACA, 2017), Diversity and Inclusion (CCDI, 2019), and Environmental Sustainability (NYU, 2021).

He is consensus-motivated with significant HR, financial services, and educational administration experience. Following a fulfilling 30-year career serving educational communities, he presently focuses on using his team-building skills to lead the Innovation Board in providing a clear vision, overseeing the exceptional value Innovation gives to members, focusing on the cooperative principles, and ensuring a sustainable Credit Union for future members.

He is future focused and an innovative thinker with an entrepreneurial spirit. He also has considerable experience leading organizations through complex change processes.

Board of Directors



Lisa Arora, B. Ed, CDI.D,

Board Member
Chair, Community and Member
Relations Committee

Director Since: 2024
Term Expiry: 2028
Victoria, BC

Lisa Arora is the Founder and President of Get the Picture, a boutique consultancy which provides management consulting and visual facilitation services to organizations looking to drive change. She has helped companies navigate system reform, develop strategic enterprise and transformation plans, drive culture change, improve processes and harness group genius to solve a range of other organizational and team development issues. She has a well-developed strategic acumen, having both advised businesses, the public sector and trade associations on their strategies and built her own successful company.

Lisa is highly respected for her exceptional ability to read people, work with disparate groups in complex settings, listen and play a leading role in bringing about consensus and solutions. She is motivated by challenge and capable of generating and critiquing creative and innovative ideas.

Lisa is a certified director through Corporate Directors International and a certified mediator. Past service on boards includes United Way of Southern Vancouver Island (Past Chair), Camosun College Foundation, Strategic Advisory Panel to the Auditor General of British Columbia (2012) and International Forum of Visual Practitioners.



Joan Baer, ICD.D, MBA, ACUIC

Board Member
Chair, Risk Committee

Director Since: 2019
Term Expiry: 2029
Goodsoil, SK

Joan is the owner of Baer Values which provides consulting services in the areas of strategic planning, risk management, CEO performance evaluations, capital and liquidity management, business cases and project management. During her career, Joan managed a credit union for over 20 years, as well as implemented and managed internal audit functions for Saskatchewan credit unions.

She is a passionate, strong motivator and committed team player with enthusiastic leadership, communication, decision making, problem solving and interpersonal skills.

She holds an MBA in Executive Management, an ICD.D, and ACUIC Designation.

Board of Directors



Peter Brown

Board Member

Director Since: 2023
Term Expiry: 2027
Lloydminster, SK

Peter's roots are deep in the co-operative movement. He has worked in co-operatives for over 25 years, including communities that Innovation serves, such as Swift Current, North Battleford, and Meadow Lake. He is currently proudly serving as the Chief Executive Officer (CEO) of Lloydminster and District Co-operative.

In Peter's previous role as a Business Advisor at Federated Co-operatives Limited, he helped support the missions and goals of up to 25 various co-operatives. The co-operative movement is a family passion, as throughout Peter's co-op management career, his wife, Jaime, worked at many of the corresponding credit unions for 15 years.

Peter has experience with Strategic Organizational Leadership, Corporate Performance Management, Sales Force Automation (SFA), Customer Relationship Management (CRM), digital marketing strategies, customer acquisition, and various forms of governance.

Peter provides strong leadership and guidance to his team, driving purpose and vision throughout the organization. In 2024, he completed the Executive Masters of Business Administration (MBA) program through the University of Fredericton.



Liam Choo-Foo, B.Ed., M.Ed.

Admin; Pro.Dir, ACCUD

Board Member

Director Since: 2021
Term Expiry: 2028
Swift Current, SK

Liam is the former CEO of the Chinook School Division where he oversaw a multimillion-dollar budget and over 1,000 staff members. He has served on a multitude of boards in his community and currently serves as Vice Chair of the Swift Current Broncos, Chair of his Parish Council, and Governor to the Western Hockey League (WHL).

The combination of Liam's governance training and practical experience as both a CEO and a Board Chair puts him in a unique position of understating the full spectrum of how an organization should be effectively governed and lead. He is focused on the future to ensure Innovation remains profitable for its members. Liam recognizes the importance of continuous learning and development. He has achieved his Governance Professional Director Accreditation and is currently working towards his Accredited Credit Union Director Achievement designation through Dalhousie University.

Liam gets great satisfaction in being a member of a team that accomplishes great things.

Board of Directors



Mike Davis, BSP, ICD.D

Board Member
Chair, Governance, People and
Conduct Review Committee

Director Since: 2007
Term Expiry: 2027
Swift Current, SK

Mike is the Pharmacist/Manager at Pioneer Co-op in Swift Current. He currently serves on the Pharmacy Examining Board of Canada as well as Chairing the Discipline Committee of the Saskatchewan College of Pharmacy Professionals. He is a Past President of the College and has chaired other committees.

Prior to the inception of Innovation Credit Union, Mike served on Southwest Credit Union's Board and as President of the Board in the years leading to the formation of Innovation Credit Union. He has also coached and officiated Swift Current Minor Football and has been a leader in Scouts.

He has a strong understanding of the co-operative movement, its benefits, and the challenges Innovation faces. As a Director, he makes sure there is a focus on executing Innovation's strategic plan, ensuring it is profitable and sustainable for future generations.



Brian Guillemain, MBA, Pro. Dir

Vice Chair

Director Since: 2022
Term Expiry: 2029
Saskatoon, SK

Brian worked for almost 30 years within the credit union system. During that time, he was actively involved in the financial/payment card industry and participated in major technology changes and organizational transformations. Throughout Brian's career, both within the credit union sector and SaskTel, he gained significant experience in technology implementations, project management, strategy development, change management, risk management, vendor management and succession/talent management.

Brian has received his certificates in Digital Transformation: Leading People, Data & Technology, Platform Strategies for Success, and recently Cyber Risk Governance. In 2011 he received his International Executive M.B.A and in 2024 he completed his Professional Director Designation through Governance Solutions.

In addition to his experience and education, Brian has contributed to his community through directorships on the following boards: Cedar Villa Estates Community Association (current Chair), Saskatchewan Science Centre Saskatchewan Fencing Association, and Child Find Saskatchewan. He also has served on multiple advisory committee's surrounding the finance and technology sectors.

Board of Directors



**Daniel Johnson, B.Comm,
C. Dir**
Board Member

Non-Independent Director Since: 2023
Term Expiry: 2029
Swift Current, SK

Dan Johnson is the Chief Executive Officer of Innovation Federal Credit Union and began his credit union career in 1994.

To embrace transformation and disruption, Dan is dedicated to lifelong learning and curiosity. He recently completed the Postgraduate Diploma in Digital Business from MIT Sloan & Columbia Business School. Dan is a Chartered Director (C.Dir.) from McMaster University the Director's College and has a Bachelor of Commerce degree from the University of Saskatchewan. He is also currently serving as a Board Director with the SES Solar Co-operative.

Dan believes in community and volunteerism which reflects his personal values and priorities. Dan and his wife Laureen live in Swift Current. Their kids, Hunter and Kamryn, are attending university and stay active with sports. They all love camping and travelling.



Marty Meloche, B.Comm, C. Dir
Board Member

Director Since: 2024
Term Expiry: 2028
Regina, SK

With his career focused on the credit union and co-operative sector, Marty worked in leadership positions at SaskCentral, CUCORP and Concentra Financial. He focused in areas of risk, revenue sourcing, commercial banking, restructures, and strategy.

Highlights of Marty's career include leading corporate and commercial banking units, as well as being responsible for overall risk portfolio and annual credit reviews with the federal regulator. Marty was also on the project team at SaskCentral that created and subsequently led the first multi province corporate banking entity for the Canadian credit union system.

Over the years, he has volunteered and chaired many community events and served on the following boards and committees: Regina Exhibition Association Limited (REAL), Financial Executives Institute - Saskatchewan, Canadian Credit Union Association - National Lenders Committee, and is currently on the board of Simpson Seeds Inc.

Marty holds a Bachelor of Commerce and a Chartered Director designation (C.Dir Honours) and has taken development courses in the areas of executive leadership, mergers and acquisitions, and Canadian Securities.

Board of Directors



**Karen McBride, MBA, ORMP,
QRD, C. Dir**

Board Member
Chair of Audit and Conduct Review
Committee

Director Since: 2022
Term Expiry: 2029
Regina, SK

Karen has more than forty years of experience in the financial services industry, most of them within the Saskatchewan credit union system. Executive level experience includes risk management, compliance, credit risk oversight, finance, treasury and capital management, disaster preparedness and response, corporate policy, and internal audit.

Karen has held mid and senior management level positions in accounting, technology, and corporate services. She obtained her MBA at Queen's University, Masters Certificate in Operational Risk from York University, and Operational Risk Management Professional Designation from the International Institute for Operational Risk Management. She was key in the design and launch of Concentra Financial, serving as its first Chief Risk Officer. In 2012, Karen retired from Concentra as Executive Vice President, Chief Risk Officer & Chief Compliance Officer, and now operates Risk Lens Consulting.

Karen has completed multiple volunteer missions in Africa, including one year in Malawi with her husband Blair. Here, Karen assisted the financial co-operative system to comply with new regulatory requirements and legislation, develop risk management systems and policies, and strengthen leadership competencies. Together, they launched a new credit union for the Malawi national police service.



Bruce Sack, ACCUD

Retired Board Member

Director Since: 2010
North Battleford, SK

Bruce was elected to Innovation's Board of Directors in 2010 and held the position of Board President from 2016 – 2020. He is also a 2014 graduate of the Accredited Credit Union Institute of Canada through Dalhousie University.

He was employed from 1973 to 2003 in various mid and senior management positions and retired as the VP of Business Development and Human Resources from the Battlefords Credit Union Limited operating as BCU Financial in 2003.

He continues to be very involved in community organizations as a director and vice chair and has had past years' involvement as a player, coach and mentor in minor hockey, baseball and fastball. He currently enjoys watching his grandchildren participate in sports of choice and dance.

Bruce has a strong foundation in co-operative values serving as an employee for 32 years in retail and credit union co-operatives and 14 years as a Board Member. He focuses on ensuring the employees and members are at the forefront of Board decisions.

Board of Directors



Meagan Cockrill CPA, CA, BBAH

Board Member

Director Since: 2025

Term Expiry: 2029

Battleford, SK

Meagan is a CPA, CA and obtained her Chartered Accountant designation with KPMG LLP in Vancouver. She has worked in both public practice and industry, gaining experience in large and small organizations and in industries like mining, manufacturing, insurance, and secondary education. She has experience in internal and external audit, budgeting and forecasting, financial modelling and data analysis, and driving operational efficiency through process optimization and technology implementation.

Meagan values accountability, integrity, and is motivated to ensure that Innovation is successful and sustainable long-term. She strives to continually deepen her understanding of the business and its drivers, to challenge thoughtfully and respectfully, and to understand others' perspectives and motivations. She is passionate about strengthening communities and believes that improving the financial lives of Canadians is critical to this goal. She believes in reducing complexity in banking, in increasing nation-wide financial literacy, and in the importance of great customer service.

Meagan lives in Battleford, SK with her husband Jeremy and son Bennett. She enjoys playing tennis and piano as well as reading non-fiction and biographies. She has volunteered with Meals on Wheels, the Boys & Girls Club, and Safe Families Canada in the Battlefords.

Board of Directors

2025 Board Competency Matrix

	Senior Leadership Experience	Other Board Experience	Financial Literacy	Accounting	Human Resources & Compensation	Governance & Ethics	Strategic Planning	Environment	Digital, IT & Security	Commercial Credit	Financial Services	Legal, Regulatory & Compliance	Growth & Market Expansion	Risk Identification & Management	Leadership with Co-operatives	Stakeholder Engagement & Community Leadership
Brian Guillemain	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓	✓
Bruce Sack*	✓		✓	✓	✓	✓	✓			✓	✓	✓		✓	✓	✓
Daniel Johnson	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓
Joan Baer	✓	✓	✓	✓	✓	✓	✓				✓	✓		✓	✓	✓
Karen McBride	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
Liam Choo-Foo	✓	✓	✓		✓	✓	✓									✓
Lisa Arora	✓	✓				✓	✓								✓	✓
Marty Meloche	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
Meagan Cockrill			✓	✓					✓							✓
Michele Wilde	✓	✓	✓		✓	✓	✓								✓	✓
Mike Davis	✓	✓	✓	✓		✓	✓						✓		✓	✓
Peter Brown	✓	✓	✓		✓		✓			✓	✓	✓	✓	✓	✓	✓
Russ Siemens	✓	✓	✓		✓	✓	✓	✓	✓						✓	✓

✓ = 4 (advanced) or 5 (expert) ranking

* = until September 2025

Corporate Structure and Governance – Executive Team



Daniel Johnson
Chief Executive Officer

Dan Johnson is the Chief Executive Officer of Innovation Credit Union and began his credit union career in 1994.

To embrace transformation and disruption, Dan is dedicated to lifelong learning and curiosity! He recently completed the Postgraduate Diploma in Digital Business from MIT Sloan & Columbia Business School. Dan is a Chartered Director (C.Dir.) from McMaster University the Director's College and has a Bachelor of Commerce degree from the University of Saskatchewan.

Dan believes in community and volunteerism which reflects his personal values and priorities. Dan and his wife Laureen live in Swift Current. Their kids, Hunter and Kamryn, are attending university and stay active with sports. They all love camping and travelling.



Sheldon Hess
Chief Financial Officer

Upon graduation from the University of Saskatchewan in the spring of 1995 with a Bachelor of Commerce degree, Sheldon began his credit union career with Moosomin Credit Union in the fall of 1995. Early in 1997, Sheldon joined Innovation working in various capacities with the credit union since that time.

Sheldon is committed to lifelong continuous learning and development which is evident in the following academic achievements:

- Executive MBA
- Chartered Director (C. Dir) from The Director's College
- Post-Baccalaureate Diploma in Management
- Bachelor of Commerce – accounting major
- Certified Financial Planning (CFP) designation
- Associate with the Credit Union Institute of Canada (ACUIC)

Sheldon was born in Yorkton, SK and raised on a farm east of that community. Sheldon and his wife Barb have two children, Duncan and Chloe. Sheldon enjoys reading, spending time with his family along with various outdoor activities.

Corporate Structure and Governance – Executive Team



Dean Gagne
Chief Disruption Officer

Dean Gagne is the Chief Disruption Officer of Innovation Federal Credit Union. Dean has been with Innovation since December of 2013 and has over 25 years of experience in the financial services industry.

Prior to joining Innovation, Dean’s work experience covered research, consulting, strategy, technology management, digital marketing, marketing, and advertising. Dean has previously held high-level research/consulting positions, as well as line management positions, for leading edge corporations and consulting firms. He has also taught marketing strategy, consumer behavior and marketing research for several universities throughout the world.

Dean attended the University of Saskatchewan. His undergraduate studies were in Marketing and Finance (B.Comm. program) and graduate studies focused on Strategic Thinking and Technology Management (M.Sc. program).

Dean was born in North Battleford, Saskatchewan, and grew up on a farm just south of Medstead, Saskatchewan. He lives with his wife Katherine and their three daughters in Regina. Dean is Metis, which is one of Canada’s three distinct Aboriginal groups identified in the Canada Constitution.



Don Coulter
Acting Chief Operating Officer

Don is the Acting Chief Operating Officer of Innovation, with responsibilities including Operations, Mergers, Fintech Partnerships, Strategy, Project Management and Digital Transformation.

Don has been a senior executive with several financial institutions, including Coast Capital Savings Credit Union, Concentra, connectFirst credit union, MCAN Financial, the Ontario Teachers' Pension Plan and CIBC. A passionate believer in the cooperative movement, he has been elected by his credit union peers to serve on many credit union system boards including the Canadian Credit Union Association (CCUA). Don was a founding member of the Canadian Board Diversity Council, a group of senior Canadian CEOs who advanced diversity on Canadian Boards. For over a decade he has taught university business courses part-time.

Don is an alumnus of the University of Toronto, the Stern School of Business at NYU, and Harvard Business School. He is a chartered professional accountant (CPA,CA) and has the ICD.D designation from the Institute of Corporate Directors.

Corporate Structure and Governance – Executive Team



Jason Cinq-Mars
Chief Information Officer

Jason joined #InnovationNation in January 2023 as the Senior Vice President (SVP) of Next Generation Banking where he defined and implemented a strategic vision to position the Credit Union as a leader in Consumer Driven Banking (Open Banking) and Banking as a Service. Under his leadership, Innovation became the first credit union in Canada to launch a cloud-based core banking system with Fiserv, leveraging the Azure platform to deliver a seamless and secure digital banking experience to its members.

As CIO, Jason oversees the information, technology, and security functions of the credit union, ensuring alignment with the business objectives and the members' needs. Jason has over 25 years of experience in the business technology industry, spanning strategy, execution, and operations. He has held senior leadership roles in various organizations, including 15 years within the Credit Union System.

Throughout his career, he has been passionate about life-long learning, co-operatives, member experience and continuous improvement in the services provided and the adaptive practices through which strategy is executed.

Jason was born in Winnipeg, Manitoba and now lives in Edmonton, Alberta, with his wife Terri and their two sons.



Sandra Meinig
Chief Risk Officer

Sandra Meinig is the Chief Risk Officer of Innovation and has over 25 years of experience in the financial industry. Sandra is known as a business-oriented risk executive and has built a successful track record developing strategies and executing major shifts in how risk management supports the business objectives.

Her proven leadership of collaborative and cross-functional teams provides strategic direction, oversight and stewardship across the organization ensuring effective risk management practices in protection of member value and the fulfillment of regulatory requirements.

Sandra holds an Honours Business Administration and Masters Business Administration from Ivey Business School, Western University, and the designation of ICD.D from the Institute of Corporate Directors.

Sandra lives in Toronto with her husband Dave and enjoys gardening, cooking, golf, kayaking and travel.

Corporate Structure and Governance – Executive Team



Gwen Renwick
Chief Wealth Officer

Gwen began her credit union career in 1989 with Battlefords Credit Union. Since that time, she has held roles with Vancouver City Savings Credit Union, BCU Financial, RBC and now with Innovation Wealth – rising to her current role as Chief Wealth Officer.

Gwen's expertise has been in creating plans that enabled members to invest successfully to reach their goals. This expertise and passion has helped her attain Personal Financial Planner and Qualified Associate Financial Planner designations. She also has achieved the Canadian Securities, Branch Compliance and Canadian Investment Fund courses.

A credit union member since 1968, Gwen believes in the cooperative values and the focus on giving back to the communities that Innovation serves. She spends time giving back in her community by supporting various charities through volunteering and fundraising – most notably for breast cancer research and cancer survivors.

Gwen and her husband Bryan are proud parents of two children and now live in Saskatoon, Saskatchewan.



Kathy Irwin
Chief People Officer

Joining the Innovation team in 2003, Kathy has worked in several capacities within the Marketing and Human Resources teams and has been part of the senior leadership team since 2020. Her deep experience in human resources and dedication to creating a supportive and empowering work environment have shaped our people strategy.

Demonstrating her commitment to education and continued development throughout her career, Kathy is a Chartered Professional in Human Resources (CPHR) and has a Bachelor of Commerce Degree from the University of Saskatchewan as well as a Certificate in Adult Education.

Through Rotman School of Management she obtained a Certificate in Strategic HR and most recently completed a Post Graduate Diploma in Digital Business from MIT and Columbia Business School.

Kathy lives in Wilkie, SK with her husband Curtis and two children, Maddex and Mila. Spare time is centered around family, playing the roles of hockey and dance mom, as well as staying active in the community as a volunteer.



Management Discussion and Analysis

This Management's Discussion and Analysis (MD&A) is presented to enable readers to assess material changes in the financial condition of the operating results of Innovation Federal Credit Union ("Innovation", "the credit union", "the organization") for the year ended December 31, 2025, compared with prior years, planned results and future strategies. This MD&A is prepared in conjunction with the Consolidated Financial Statements and related Notes for the year ended December 31, 2025 and should be read together. The MD&A includes information up to March 3, 2026. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from Innovation's annual Consolidated Financial Statements.

Caution Regarding Forward-Looking Statements

This MD&A may contain forward-looking statements concerning Innovation's future strategies. These statements involve uncertainties in relation to prevailing economic, legislative, and regulatory conditions at the time of writing. By their very nature, forward-looking statements are based on assumptions that involve inherent risks and uncertainties, both general and specific. It is therefore possible that the forecasts, projections, and other forward-looking statements will not be achieved or will prove to be inaccurate. Although the credit union believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct.

Factors That May Affect Future Results

The economic and business conditions in Canada and abroad can impact domestic and local economies, affecting business, consumer prices, and personal incomes. The prevailing conditions nationally influence financial markets and the Bank of Canada's monetary policy, causing changes in interest rates and the value of the Canadian dollar. Fluctuations in the capital markets, environmental conditions and competition can impact the market share and price of Innovation's products and services, affecting performance.

Innovation operates in an extremely competitive industry with pressure coming from traditional banking institutions along with a host of non-traditional and new market entrants. This environment along with the rapid pace of change in technology and consumer behavior has strong influences over how the organization provides financial services to current and future members.

2025 Economic Conditions and Future Outlook

The following section contains forecasts and predictions based on information and assumptions from sources that are considered reliable. Actual outcomes may be materially different from the outlook. This is particularly true considering the rapidly changing economic climate influenced by geopolitical events and the resulting heightened level of future uncertainty.

Global

As per the International Monetary Fund (IMF):

The IMF projects steady global economic growth, with world GDP expected to expand by 3.3% in 2026 and 3.2% in 2027, broadly consistent with 2025 levels. This overall stability masks divergent underlying trends. Strong investment driven by technological advancement—particularly in artificial intelligence and concentrated among a limited number of countries and firms—is offset by headwinds related to trade policy uncertainty, elevated public debt levels, and ongoing geopolitical risks. Growth momentum remains uneven across regions and sectors, increasing vulnerability to economic shocks.

Global headline inflation is expected to continue moderating, declining from 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027. While inflation is projected to return to target levels, progress is anticipated to be slower in the United States compared with most other advanced economies. Financial conditions remain broadly accommodative, despite elevated sovereign yields and periods of market volatility. Equity market performance has become increasingly concentrated among large technology firms, contributing to heightened valuation levels and an increased risk of market corrections.

Economic growth across major regions is expected to remain uneven over the near term. In the United States, economic activity is projected to remain resilient, with growth of approximately 2.4% in 2026 and 2.0% in 2027. This outlook is supported by fiscal stimulus, easing monetary policy, and continued strength in technology-related investment. Although trade barriers continue to weigh on the level of economic activity, their incremental impact on growth is expected to diminish over time.”.

In the Euro Area, growth is forecast to remain modest at approximately 1.3% and 1.4% in 2026 and 2027. Structural headwinds persist, and the benefits of the global technology investment cycle are expected to be more limited than in the United States. Increased public spending, particularly in Germany, is anticipated to provide some support and contribute to a gradual improvement in economic conditions.

China’s economic outlook has improved modestly, with growth revised upward to approximately 4.5% in 2026 before easing to 4.0% in 2027. Near-term momentum is supported by policy stimulus and a temporary easing of U.S. tariffs, while longer-term growth remains constrained by structural challenges.

Across emerging markets, economic growth is expected to remain just above 4%. India continues to demonstrate comparatively stronger momentum, while other regions are projected to experience gradual improvement as the effects of trade policy uncertainty continue to fade.

2025 Economic Conditions and Future Outlook

The global economic outlook remains exposed to a range of downside risks. Elevated asset valuations, particularly those associated with artificial intelligence–driven investment themes, increase the potential for a market correction should expected growth fail to materialize. A sharp retrenchment in investment or equity markets could have broader spillover effects across the global economy. In addition, renewed trade policy disruptions, including the reintroduction of tariffs or restrictions on critical inputs such as semiconductors and rare earth materials, could negatively affect global supply chains and economic activity. Ongoing geopolitical tensions, particularly in the Middle East and Ukraine, continue to pose risks to energy markets, global transportation networks, and inflation dynamics. Fiscal vulnerabilities also persist, as elevated public debt levels and sustained deficits may place upward pressure on long-term interest rates and contribute to tighter global financial conditions.

Notwithstanding these risks, the outlook also includes potential upside. Faster-than-expected adoption of artificial intelligence across industries could meaningfully enhance productivity and investment, lifting global economic growth by up to 0.3 percentage points in 2026 and contributing further gains over the medium term. In addition, sustained progress toward improved trade cooperation could reduce policy uncertainty, support cross-border investment, and improve overall economic efficiency. *(IMF, World Economic Outlook, January 2026)*

This global outlook is further supported by the January 2026 Monetary Policy Report published by the Bank of Canada. Global growth expectations contained within this report are found below. *(Bank of Canada, Monetary Policy Report, January 2026)*

Table 4: Projection for global economic growth (percentage change)

	Share of real global GDP* (%)	Growth† (%)			
		2024	2025	2026	2027
United States	15	2.8 (2.8)	2.2 (2.1)	2.6 (2.2)	2.1 (2.1)
Euro area	12	0.8 (0.8)	1.5 (1.2)	1.2 (1.0)	1.4 (1.5)
China	19	5.0 (5.0)	5.0 (4.9)	4.5 (4.4)	4.2 (4.1)
World	100	3.3 (3.2)	3.5 (3.2)	3.2 (2.9)	3.0 (3.0)

* Shares of gross domestic product (GDP) are based on International Monetary Fund (IMF) estimates of the purchasing-power-parity valuation of country GDPs for 2024 from the IMF's October 2025 *World Economic Outlook*.

† Numbers in parentheses are projections from the October Report.

Sources: National sources via Haver Analytics and Bank of Canada calculations, estimates and projections

2025 Economic Conditions and Future Outlook

National

As per the Bank of Canada:

Economic growth in Canada during 2025 was subdued, reflecting the combined effects of U.S. trade tariffs, ongoing trade policy uncertainty, and slowing population growth. Quarterly GDP growth remained modest throughout the year, with evidence that economic momentum weakened toward year-end. These factors contributed to a more cautious economic environment heading into 2026.

Inflation has remained close to the Bank of Canada's 2% target, consistent with its price-stability mandate. Underlying inflationary pressures continue to be offset by excess supply in the economy, helping to contain overall price growth despite cost pressures related to tariffs and global supply dynamics.

Labour market conditions remain mixed. Employment growth has continued, led primarily by service-oriented sectors such as health care. However, labour market slack persists, with the unemployment rate remaining elevated and hiring intentions subdued across many sectors, reflecting ongoing economic uncertainty and cautious business sentiment.

The Bank of Canada expects economic growth in Canada to remain modest over the projection horizon as the economy adjusts to a disrupted trade environment. Average real GDP growth is anticipated to be approximately 1.25%, reflecting the combined effects of ongoing trade-related frictions, a structural reallocation of capital and labour across sectors, and slower population growth. These factors are expected to weigh on overall economic momentum and constrain near-term expansion.

Inflation is projected to remain close to the Bank of Canada's 2% target throughout the forecast period. Excess supply in the economy is expected to largely offset upward cost pressures arising from tariffs and supply-chain adjustments, supporting price stability and anchoring inflation expectations near target levels.

The global economic backdrop provides some external support to the Canadian economy. Global growth is expected to remain solid, underpinned by continued investment in artificial intelligence and fiscal stimulus in several major economies. However, persistent trade barriers are expected to limit the extent to which global growth translates into stronger domestic economic performance. (Bank of Canada, Monetary Policy Report, January 2026)

2025 Economic Conditions and Future Outlook

Table 2: Contributions to average annual real GDP growth Percentage points*†

	2024	2025	2026	2027
Consumption	1.2 (1.3)	1.2 (1.5)	0.7 (0.8)	0.6 (0.9)
Housing	0.0 (-0.1)	0.1 (0.1)	0.2 (0.2)	0.2 (0.1)
Government	1.0 (1.1)	0.6 (0.7)	0.7 (0.7)	0.6 (0.4)
Business fixed investment	-0.1 (-0.2)	0.0 (-0.2)	0.1 (0.0)	0.3 (0.3)
Subtotal: final domestic demand	2.2 (2.1)	1.9 (2.1)	1.7 (1.7)	1.7 (1.7)
Exports	0.3 (0.2)	-0.9 (-1.2)	-0.1 (-0.2)	0.7 (1.0)
Imports	-0.2 (-0.2)	0.2 (0.3)	-0.1 (-0.1)	-0.8 (-1.0)
Inventories	-0.2 (-0.5)	0.5 (0.0)	-0.4 (-0.3)	-0.1 (-0.1)
GDP	2.0 (1.6)	1.7 (1.2)	1.1 (1.1)	1.5 (1.6)
Memo items (percentage change):				
Range for potential output	3.2 (2.8)	1.9–2.7 (1.2–2.0)	0.6–1.6 (0.4–1.4)	0.7–1.7 (1.3–2.3)
CPI inflation	2.4 (2.4)	2.1 (2.0)	2.0 (2.1)	2.1 (2.1)

* Numbers in parentheses are from the October Report.

† Numbers may not sum to their respective totals due to rounding.

Sources: Statistics Canada and Bank of Canada calculations, estimates and projections

Financial Highlights

Each year, Innovation develops a corporate plan through a comprehensive budget and planning process. The following table provides an overview of key financial measures compared to targets for 2025. Actual results for 2024 have also been included for comparative purposes.

Table 1: Select Financial Information

	2025 Actual	2025 Plan	2024 Actual
Growth			
Total Assets *	4,465,895	4,571,018	4,239,955
Annual Asset Growth	5.33%	7.81%	12.01%
Total Deposits *	3,660,230	3,843,631	3,601,175
Annual Deposit Growth	1.64%	6.73%	8.96%
Total Loans *	3,816,480	3,942,096	3,733,405
Annual Loan Growth	2.23%	5.59%	16.89%
Credit quality			
Delinquency greater than 90 days	3.72%	<= 1.25%	1.21%
Gross Impaired loans *	145,972	9,826	35,763
Allowance for credit losses *	24,124	17,229	19,186
Provision for credit losses *	10,219	6,772	9,553
Liquidity management			
Liquidity Coverage Ratio	168.98%	179.32%	157.51%
Loan to asset ratio	85.46%	86.24%	88.05%
Capital			
Common Equity Tier 1 Capital / Risk Weighted Assets	15.96%	15.01%	14.78%
Total Tier 1 Capital / Risk Weighted Assets	15.96%	15.01%	14.78%
Total Eligible Capital / Risk Weighted Assets	16.42%	15.41%	15.21%
Leverage Ratio	8.89%	8.41%	8.53%
Profitability and member return			
Operating income before member distributions and tax *†	39,932	37,085	36,138
Member distributions *	5,374	5,492	5,271
Net income *	24,885	23,118	24,674
Return on assets (ROA)	0.56%	0.51%	0.58%
Return on equity (ROE)	6.87%	6.39%	7.31%
Efficiency ratio †	67.66%	71.27%	68.45%

*In thousands of Canadian \$

†Excludes unrealized gains (losses) and member distributions

Financial Review – Results Of Operations

The financial review provides an analysis of the significant categories as shown on the Income Statement and includes a review of revenue and expense results of the current year along with historic comparative results.

The Consolidated Statement of Comprehensive Income (Income Statement) includes the operational results of the credit union as well as Innovation subsidiaries.

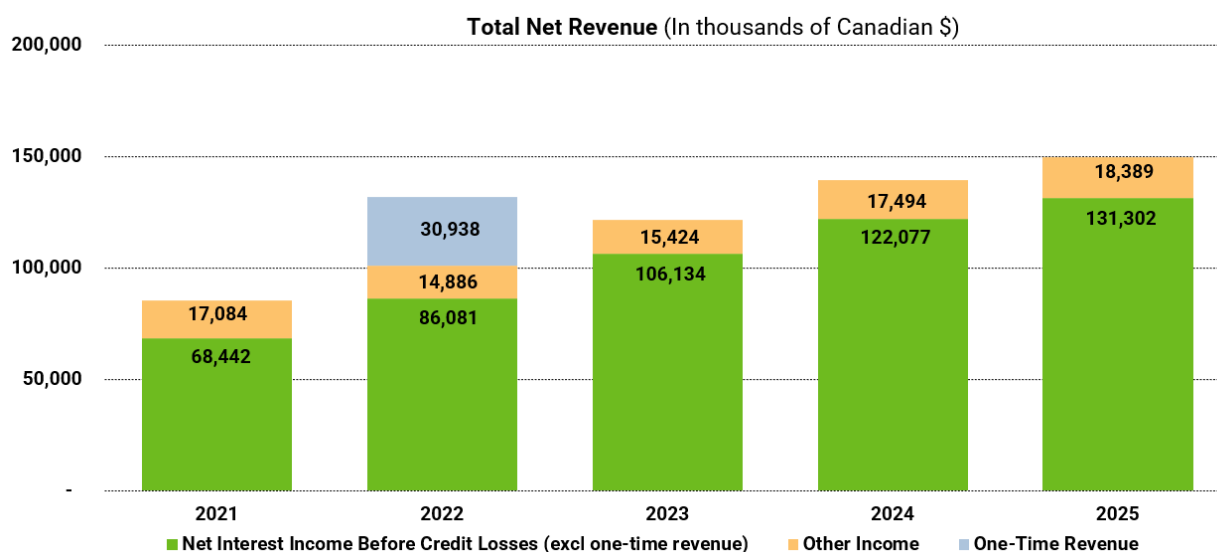
Total Net Revenue

Total net revenue earned by Innovation consists of income and expense generated by interest bearing assets and liabilities held on the Consolidated Statement of Financial Position (Balance Sheet) as well as revenue generated from non-interest sources.

Table 2: Total Net Revenue

(In thousands of Canadian \$)	2025		2024	
	Actual (\$)	% Of Total	Actual (\$)	% Of Total
Net Interest Income Before Credit Losses	131,302	87.7%	122,077	87.5%
Other Income	18,389	12.3%	17,494	12.5%
Total Net Revenue	149,691		139,571	

Total net revenue increased \$10.1 million or 7.3% to \$149.7 million in 2025. Historic results are inclusive of the recognition of a \$30.9 million one-time SaskCentral dividend included in 2022.



Net Interest Income Before Credit Losses

Net interest income before credit losses represents the difference between the interest earned on assets and interest paid on deposits and other funding liabilities. Also included in this amount

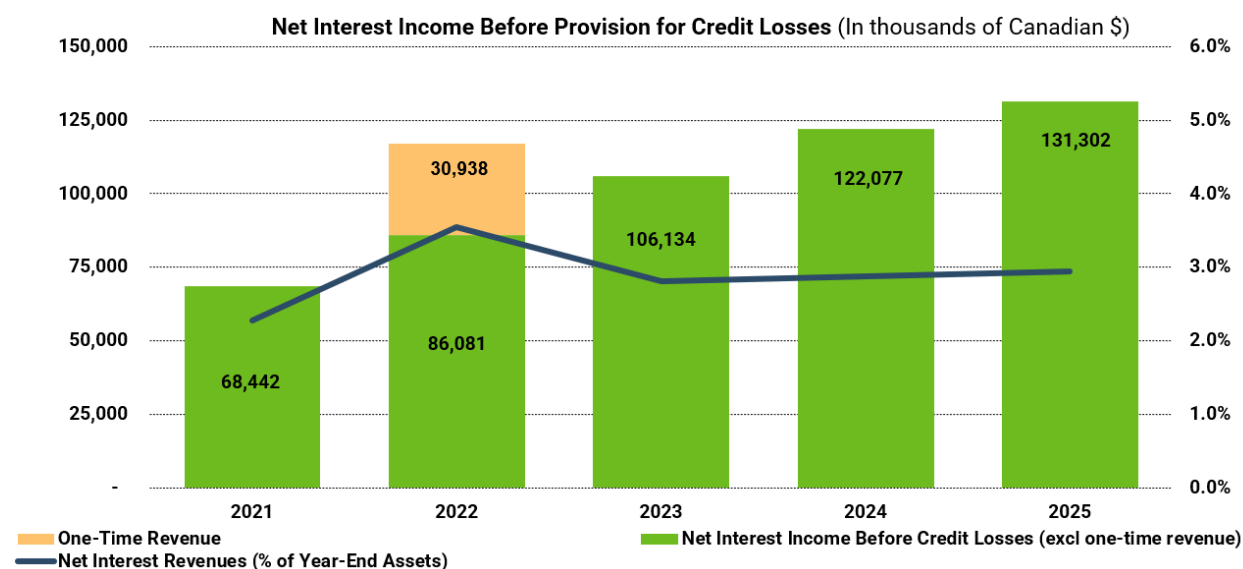
Financial Review – Results Of Operations

is the realized gain (loss) on investments classified as Fair Value Through Profit or Loss (FVTPL). Net interest income before credit losses is driven by the volume of interest-bearing assets and liabilities held by the organization, the mix or types of interest-bearing assets and liabilities held on the balance sheet, as well as the interest rates associated with these assets and liabilities.

Table 3: Net Interest Income Before Credit Losses

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Interest Income	232,003	236,687	(4,684)	(2.0%)
Interest Expense	102,066	114,850	(12,784)	(11.1%)
Realized Gain on FVTPL Investments	417	240	177	73.8%
Realized Gain on Securitization	948	-	948	n/a
Net Interest Income Before Credit Losses	131,302	122,077	9,225	7.6%

Net interest income before credit losses increased by \$9.2 million or 7.6% to \$131.3 million in 2025. The annual pace of growth in net interest income before credit losses of 7.6% exceeded the annual pace of growth in total assets held on the balance sheet in 2025 of 5.2%.



Member Distributions

Member distributions are included in net interest income before provision for credit losses. In 2025, the Board of Directors declared total member distributions of \$5.4 million, an increase of 2.0% over the prior year, which were distributed on a quarterly basis. Total annual member distributions are targeted at a level of 15% of pre-tax income excluding one-time revenue sources. However, these distributions are at the full discretion of the Board of Directors.

Distributions to members through the Member Rewards Program contain four distinct elements:

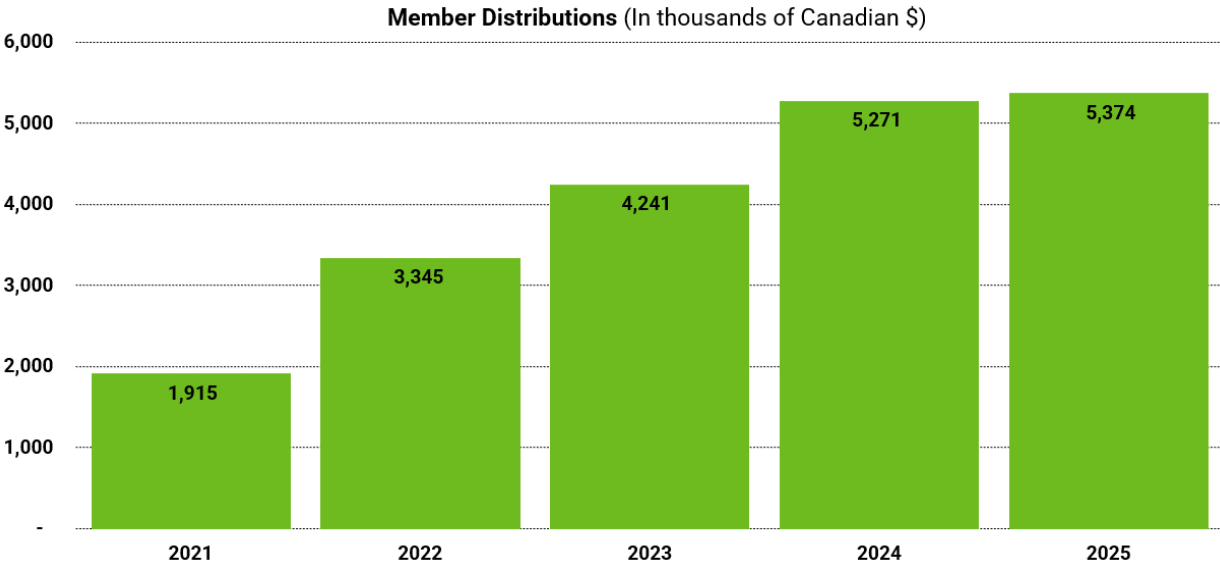
- **Allocations:** patronage allocations, based on total interest paid on qualifying loans as well as total interest earned on qualifying deposits, which is utilized to increase the value

Financial Review – Results Of Operations

of member shares held by each member of Innovation. Of the \$5.4 million total authorized member distributions in 2025, \$3.6 million was returned to members in the form of allocations.

- Dividends:** fully accessible dividends paid to members based on outstanding Member Rewards Account balances and approved dividend rates authorized by the Board of Directors. In 2025, the Board of Directors authorized quarterly dividends at an annualized rate of 5.80% (Q1), 5.80% (Q2), 5.80% (Q3) and 5.63% (Q4). Of the \$5.4 million total 2025 authorized member distributions, \$1.2 million was returned to members in the form of dividends.
- Youth Dividends:** fully accessible dividends paid to members under the age of 19 as at the date of distribution. In 2025, and listed in Canadian \$, the Board of Directors authorized quarterly youth dividends of \$10.00 (Q1), \$10.00 (Q2), \$10.00 (Q3) and \$10.00 (Q4) per member. Of the \$5.4 million total 2025 authorized member distributions, \$0.1 million was returned to members in the form of youth dividends.
- Monthly Transaction Rewards:** cash distribution program based on digital transaction activity. Of the \$5.4 million total 2025 authorized member distributions, \$0.4 million was returned to members in the form of monthly transaction rewards.

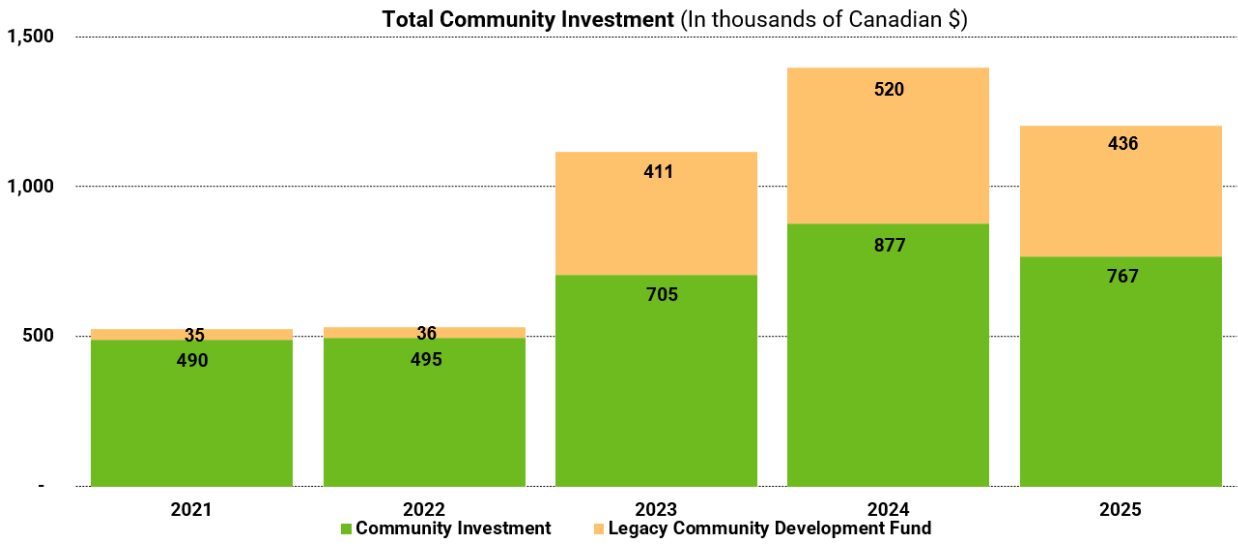
The Member Rewards Program is an important differentiator for Innovation and demonstrates the organization’s commitment to cooperative principles. Total member distributions are influenced by the profitability level of the credit union. As pre-tax income levels improved slightly in 2025, the corresponding amounts distributed to members through the Member Rewards Program also increased. Total member distributions increased \$0.1 million or 2.0% in 2025. Innovation continues to show consistency in ensuring the member-owners benefit from the success of the organization.



Financial Review – Results Of Operations

In addition to this member distribution, Innovation views the no-fee personal account as another method by which profits are repatriated to the membership. An upfront real-time benefit is provided to all personal members as there are no monthly service charge fees tied to this account.

Continued strong community support is an important cooperative principle to Innovation. In 2025, a total of \$1.2 million (\$1.4 million in 2024), representing an annual decrease of 13.9%, was returned to communities serviced by Innovation in the form of contributions to various community projects and sponsorships. This amount is included in operating expenses under the general business category. Additional information can be found within the Corporate Social Responsibility (CSR) section of the 2025 Annual Report.



Net Provision for Credit Losses

The net provision for credit losses includes both the realized losses/recoveries on loans which are no longer considered collectible (net write-offs) and the expected future shortfall in cash flows on individual loans and portfolios of loans based on the assessment of credit risk (change in allowance). The net provision for credit losses represents management’s best estimate of loss formations during the year after carefully assessing the overall portfolio and reviewing individual impaired loans.

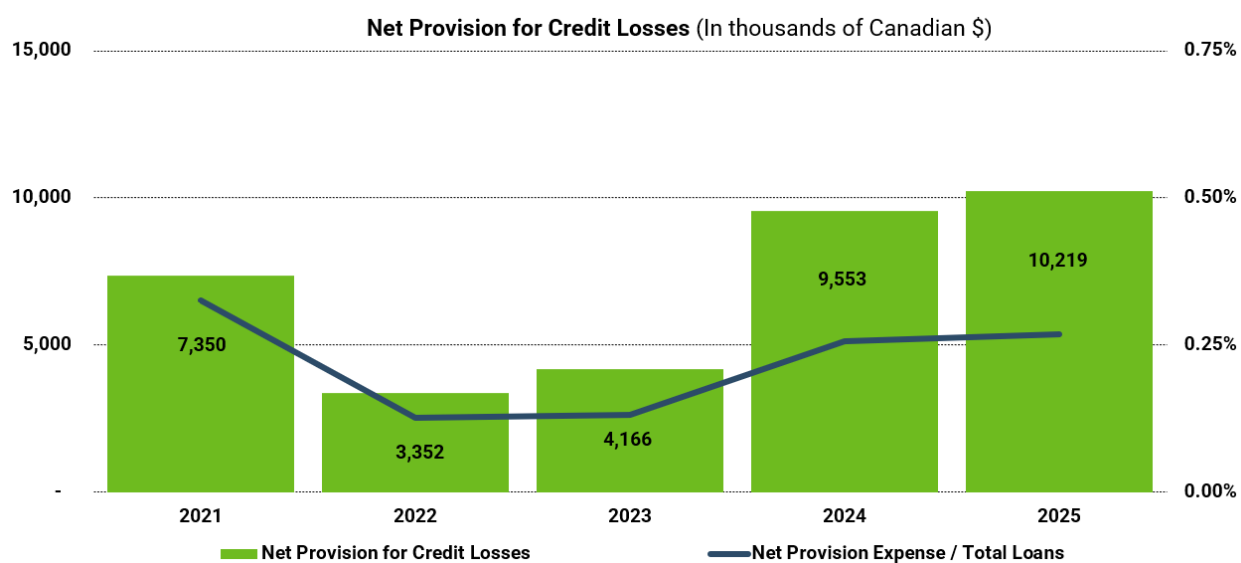
The amount of provision may vary year-to-year based on impaired loan balances, estimates of the credit losses on those loans, and economic conditions.

Financial Review – Results Of Operations

Table 4: Net Provision (Recoveries) for Credit Losses by Asset Category

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Agriculture Loans	1,436	363	1,073	295.6%
Commercial Loans	6,732	5,747	985	17.1%
Consumer Loans	2,045	3,373	(1,328)	(39.4%)
Investments	6	70	(64)	(91.4%)
Net Provision for Credit Losses	10,219	9,553	666	7.0%
Net Provision for Credit Losses (% of Year-End Total Loan Portfolio)	0.27%	0.26%		

Net provision for credit losses increased by \$0.7 million or 7.0% to \$10.2 million in 2025. In relation to the size of the total year-end loan portfolio, the 2025 net provision for credit losses increased by 1 basis point.



Net provision for credit losses is influenced by the prevailing economic conditions along with the future economic outlook and in turn the resulting impacts on the membership of Innovation. Changes in provision for credit losses are naturally dependent on changes in the anticipated recoverable amounts held against loans that may become uncollectible in the future. Deteriorating conditions related to individual loans held on the balance sheet will lead to an increase in provision for credit losses.

IFRS 9 uses an expected credit loss (ECL) model to determine impairment in financial instruments. The ECL model is forward-looking, in that an actual event that signifies a credit loss is not required to record the loss. Under IFRS 9, stage 1 refers to 12-month ECL estimates calculated for the assets that have not had a significant increase in credit risk. Stage 2 refers to lifetime ECL estimates calculated on those assets that have had an increase in credit risk since initial recognition. Stage 3 refers to estimates calculated on assets which have experienced an increase in risk to the point where it is considered credit impaired.

Financial Review – Results Of Operations

Table 5: Net Provision (Recoveries) for Credit Losses by ECL Recognition Category

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
12-month ECL (Stage 1)	2,559	1,505	1,054	70.0%
Lifetime ECL not credit-impaired (Stage 2)	(392)	3,822	(4,214)	(110.3%)
Lifetime credit-impaired (Stage 3)	8,052	4,226	3,826	90.5%
Net Provision for Credit Losses	10,219	9,553	666	7.0%

Other Income

Innovation's non-interest revenue consists of the following major components:

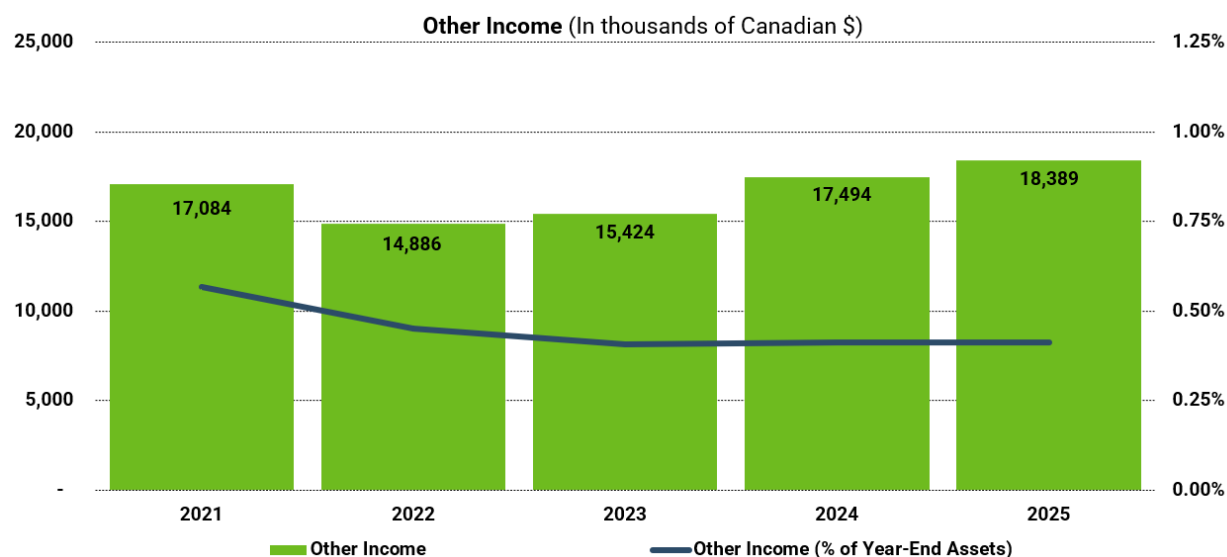
- **Service charges on products:** fees charged to members on the various operating and savings account products offered by the organization.
- **Loan fees, commissions, and insurance:** fees collected from members related to lending products along with commission revenue earned on the sale of various loan insurance products.
- **Other fees and commissions:** include ATM revenue, foreign exchange revenue, credit card portfolio revenue, as well as fees charged to members on NSF and overdraft occurrences.
- **Innovation Wealth:** revenue generated through wealth management services offered by Innovation Wealth, a wholly owned subsidiary.
- **Other Revenue:** includes revenue generated through rental of physical properties owned by the organization, contracted services provided to other organizations as well as revenue earned through Innovation's ownership interest in CU Dealer Finance Corp.

Table 6: Other Income

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Service charges on products	1,247	1,183	64	5.4%
Loan fees, commissions, and insurance	5,297	4,927	370	7.5%
Other fees and commissions	3,188	4,138	(950)	(23.0%)
Innovation Wealth	7,150	6,200	950	15.3%
Other revenue	1,507	1,046	461	44.1%
Other Income	18,389	17,494	895	5.1%

Other income increased by \$0.9 million or 5.1% to \$18.4 million in 2025. In relation to the size of the organization's balance sheet, other income remained unchanged in 2025 at 0.41% of total assets.

Financial Review – Results Of Operations



Operating Expenses

Innovation's operating expenses consist of the following major components:

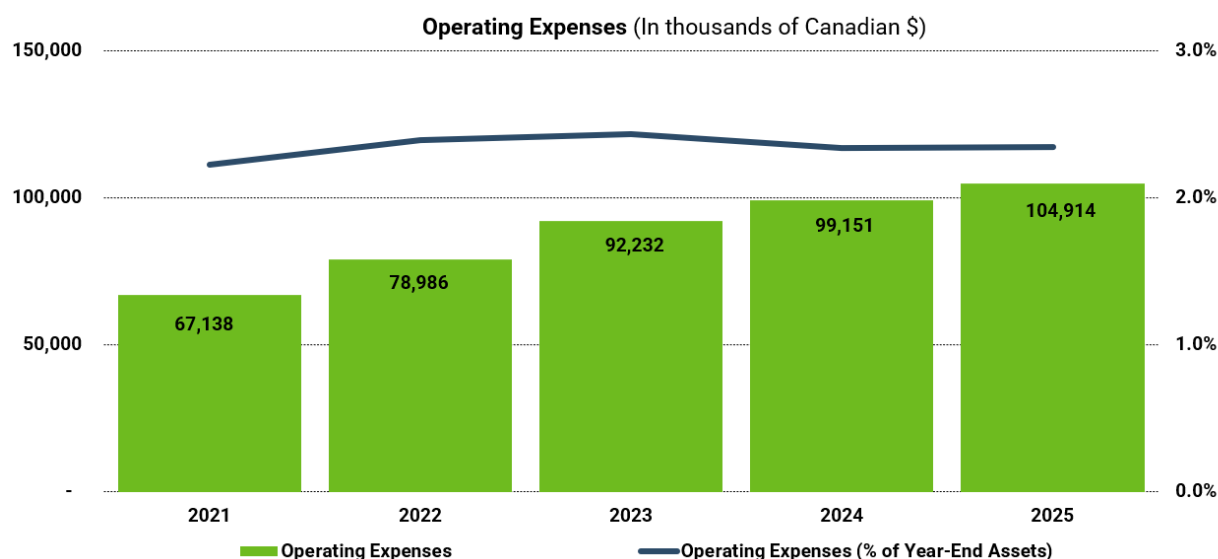
- **Personnel:** costs directly associated with staff in the employment of the credit union and subsidiary organizations including fixed and variable compensation along with costs of recruiting, benefits, and training.
- **Security:** costs associated with regulatory oversight and deposit insurance along with fidelity and burglary insurance.
- **Organizational:** various costs associated with the governance of the credit union including Board of Director's remuneration and training, annual meeting costs, and co-operative and association membership costs.
- **Occupancy:** costs related to the various locations owned or leased by the organization including property taxes, insurance, utilities, rent, security, maintenance, and depreciation.
- **General business:** includes a wide range of operating costs including marketing, technology costs including new technology development as well as existing infrastructure security and maintenance, communication costs, postage and statement costs, costs associated with the organization's ATM network, legal and external audit costs, as well as equipment and supplies.

Table 7: Operating Expenses

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Personnel	59,796	57,822	1,974	3.4%
Security	2,327	2,420	(93)	(3.8%)
Organizational	1,668	1,301	367	28.2%
Occupancy	4,265	4,257	8	0.2%
General business	36,858	33,351	3,507	10.5%
Operating Expenses	104,914	99,151	5,763	5.8%

Financial Review – Results Of Operations

Operating expenses increased by \$5.8 million or 5.8% to \$104.9 million in 2025. In relation to the size of the organization’s balance sheet, operating expenses increased by 1 basis points in 2025 to 2.35% of total assets. The average annual growth rate over the past five years equates to 9.7%. 2025 growth of 5.8% trailed this five-year average while also falling short of the prior year annual growth rate of 7.5%.



Net Income

Profitability results are shown before and after the provision of income taxes. These results are also inclusive of all unrealized gains or losses as required under current accounting guidelines.

Table 8: Income Before Tax and Net Income

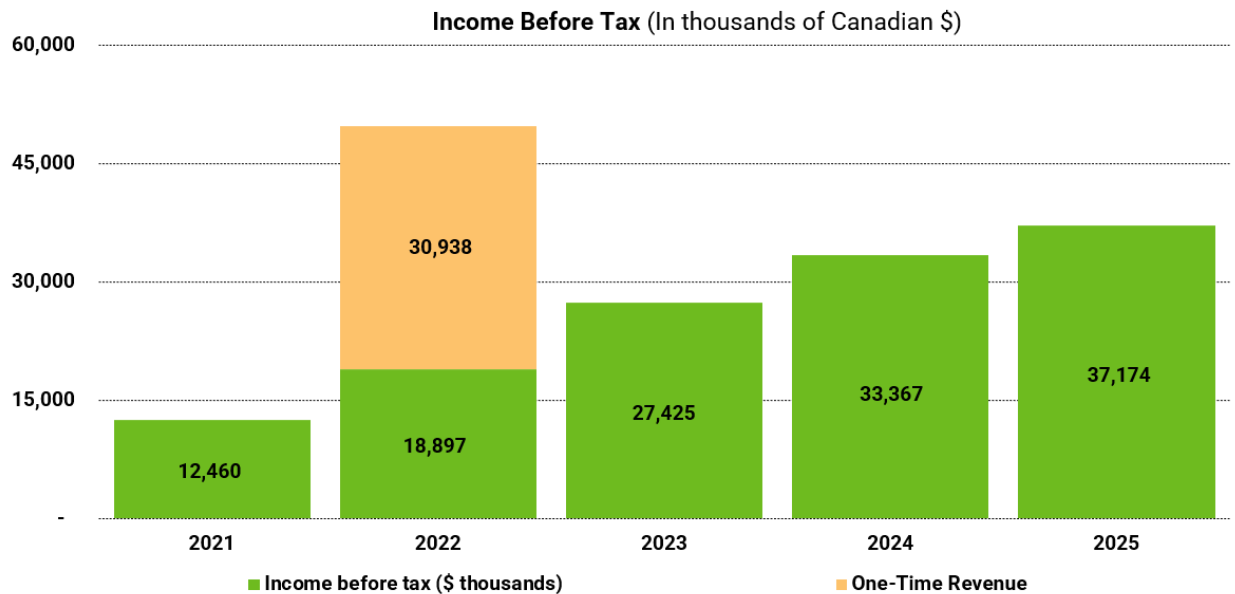
(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Income Before Tax	37,174	33,367	3,807	11.4%
Net Income After Tax	24,885	24,674	211	0.9%
Return on Assets After Tax*	0.56%	0.58%		
Return on Equity After Tax†	6.87%	7.31%		

*Return on Assets = Net Income / Year-End Assets

†Return on Equity = Net Income / Prior Year-End Retained Earnings

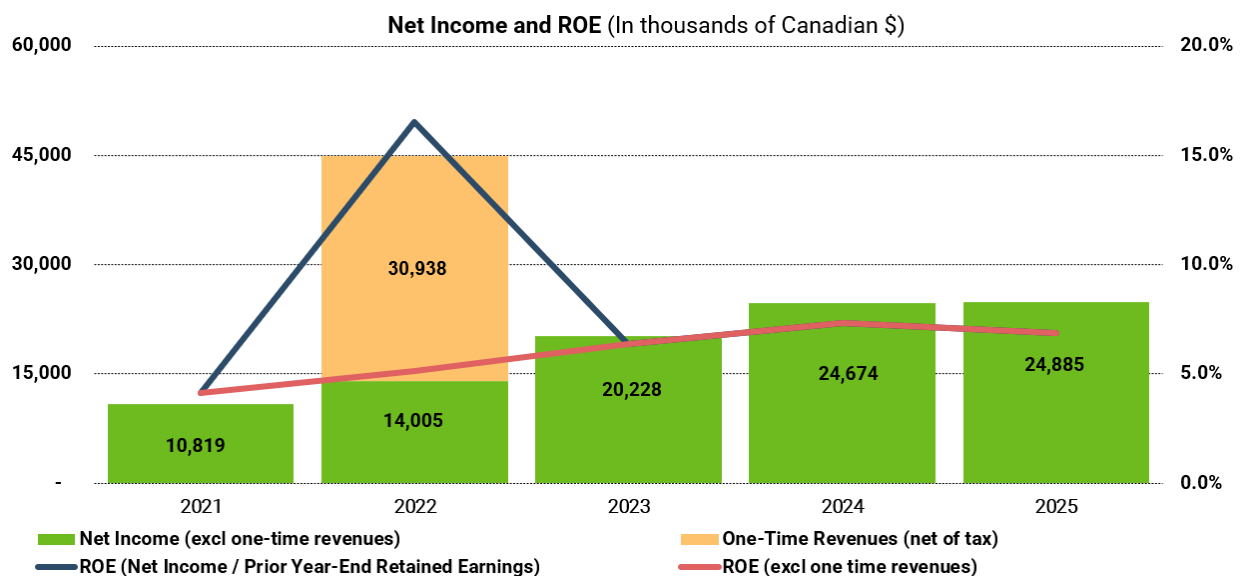
Income before tax increased by \$3.8 million or 11.4% to \$37.2 million in 2025.

Financial Review – Results Of Operations

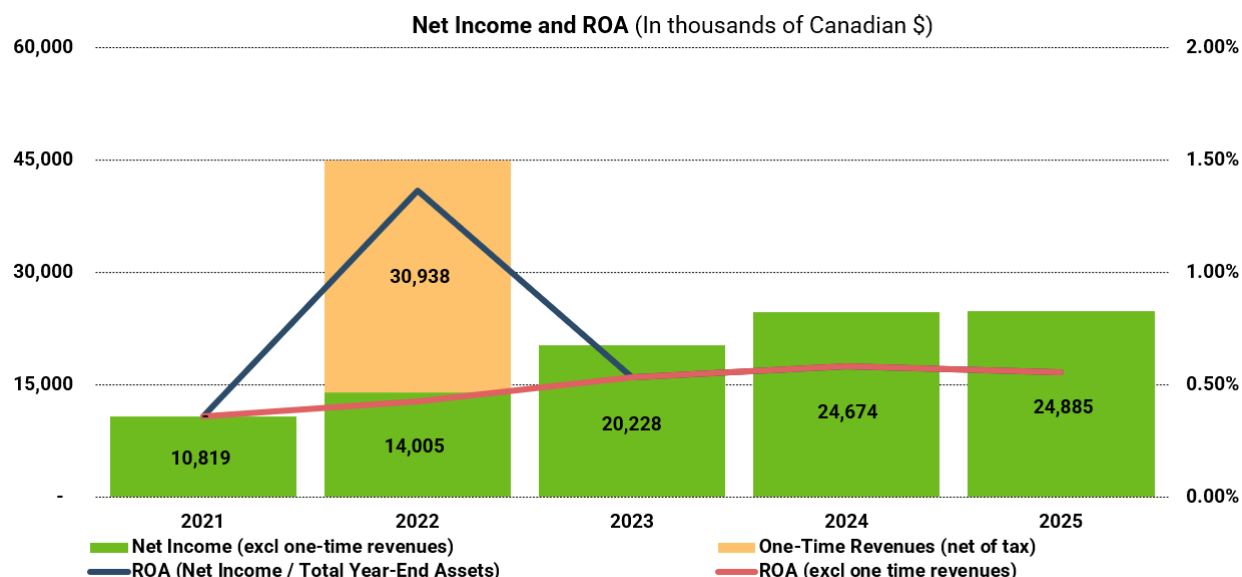


Net income after tax increased by \$0.2 million or 0.9% to \$24.9 million in 2025. 2025 after-tax profitability levels measured by return on assets (ROA) and return on equity (ROE) declined when compared to the previous year’s results.

Historic trends illustrated below articulate the impact of significant one-time items include the special SaskCentral dividend (2022).



Financial Review – Results Of Operations



Efficiency

The efficiency ratio measures the percentage of income earned that is spent on the operation of the business. A low efficiency ratio indicates efficient use of resources. The ratio is calculated by comparing operating expenses and total revenue. Total revenue used in this measure is calculated as the sum of net interest income before credit losses (excluding member distributions) and other income.

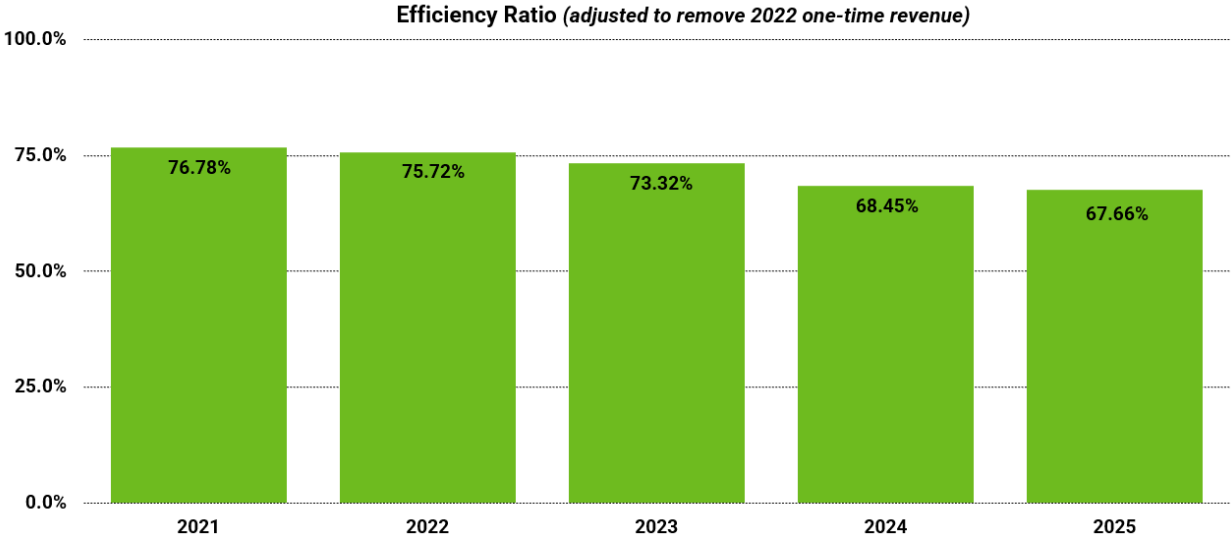
Table 9: Efficiency Ratio

(In thousands of Canadian \$)	2025	2024	Change \$	%
Operating Expenses	104,914	99,151	5,763	5.8%
Net Interest Income Before Credit Losses	131,302	122,077	9,225	7.6%
Less: Member Distributions	5,374	5,271	103	2.0%
Other Income	18,389	17,494	895	5.1%
Total Net Revenue (excl Member Distributions)	155,065	144,842	10,223	7.1%
Efficiency Ratio	67.66%	68.45%		

The efficiency ratio improved in 2025 to 67.66%, compared to a weaker result of 68.45% in 2024. The improved result in 2025 was driven by the fact that total net revenue (prior to member distributions) increased year-over-year by \$10.2 million or 7.1% while total operating expenses increased by \$5.8 million or 5.8%. As net revenue growth outpaced expense growth, the efficiency ratio improved in 2025.

Historic results shown below exclude the 2022 one-time revenue related to the SaskCentral special dividend.

Financial Review – Results Of Operations



Financial Review – Balance Sheet

The financial review provides an analysis of the significant categories as shown on the Consolidated Statement of Financial Position (Balance Sheet) and includes a review of the assets and liabilities of the organization along with information pertaining to the capital and liquidity position.

Total Assets Under Administration

Total assets under administration include assets held on Innovation's balance sheet, such as loans and investments, as well as off-balance sheet assets, such as Innovation Wealth administered investment portfolios and loans syndicated to partner organizations.

Table 10: Assets Under Administration

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
On-Balance Sheet Assets	4,465,895	4,239,955	225,940	5.3%
Off-Balance Sheet Assets Under Administration				
Innovation Wealth	1,245,600	1,113,195	132,405	11.9%
Sold/Syndicated Loans	106,498	148,732	(42,234)	(28.4%)
CEBA Loans under Administration	3,422	4,445	(1,023)	(23.0%)
Total Assets Under Administration	5,821,415	5,506,327	315,088	5.7%

Total Assets (On-Balance Sheet)

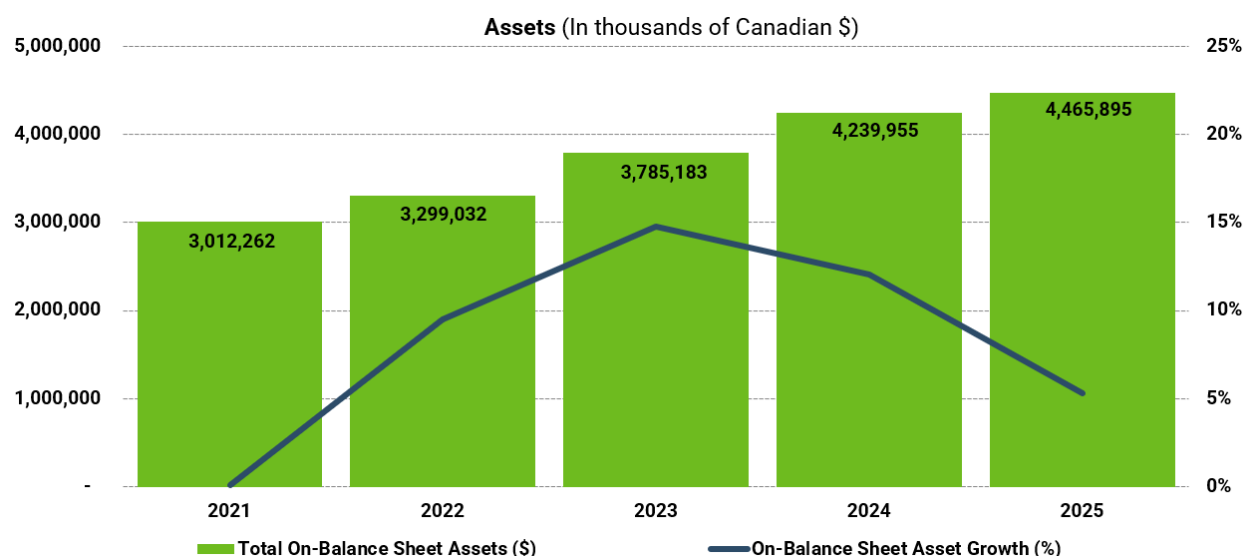
Innovation strives to build and manage a well-diversified balance sheet comprised of high-quality assets providing an appropriate return to the credit union. Funding of the balance sheet is achieved through a variety of sources. Capital is held at levels required based on the size of the balance sheet and the underlying risks faced by the organization.

Table 11: Total Assets

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Cash and cash equivalents	321,072	220,178	100,894	45.8%
Investments	276,010	233,066	42,944	18.4%
Loans	3,816,480	3,733,405	83,075	2.2%
Accounts receivable	8,519	6,687	1,832	27.4%
Prepaid expenses	17,549	16,209	1,340	8.3%
Derivative assets	157	748	(591)	(79.0%)
Property and equipment	13,192	13,940	(748)	(5.4%)
Investment property	1,014	1,100	(86)	(7.8%)
Right of use assets	762	817	(55)	(6.7%)
Intangible assets	1,096	1,237	(141)	(11.4%)
Income tax receivable	504	-	504	n/a
Deferred income tax assets	9,540	12,568	(3,028)	(24.1%)
Total Assets	4,465,895	4,239,955	225,940	5.3%

Financial Review – Balance Sheet

Total assets increased by \$225.9 million or 5.3% to \$4.466 billion in 2025. The average annual growth rate over the past five years equates to 8.3%. 2025 growth of 5.3% fell short of this five-year average and also fell short of the prior year annual growth rate of 12.0%. This reduced pace of growth was anticipated and by design.



Cash and Investments

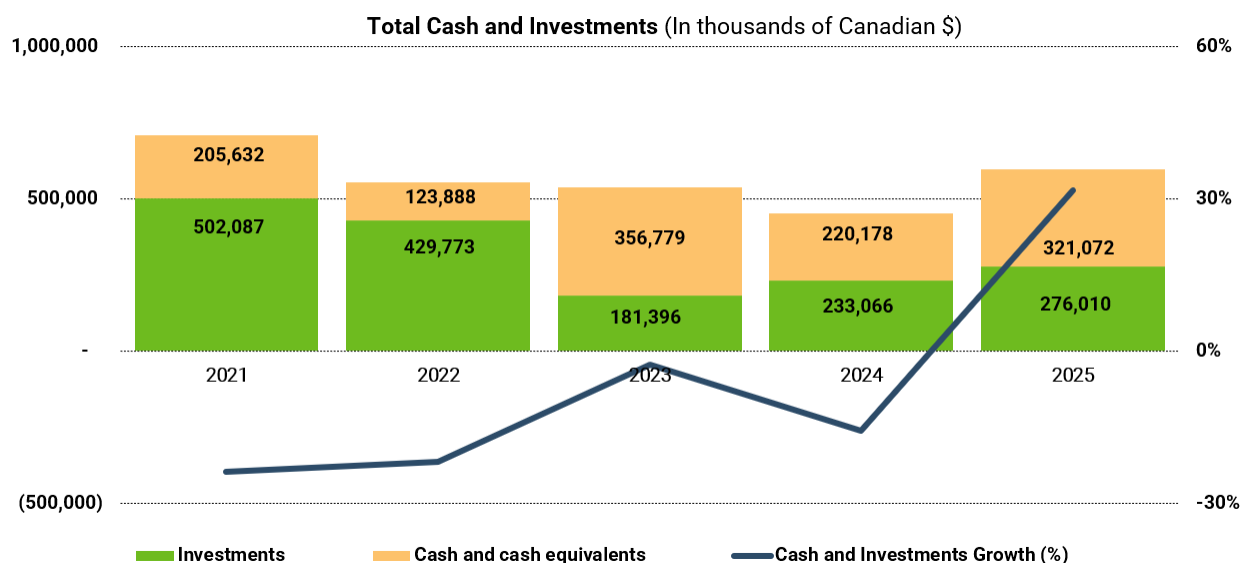
The portfolio of investments, cash and cash equivalents as reported on the balance sheet are managed based on the liquidity needs of Innovation in a manner which provides appropriate returns. The Board of Directors reviews and approves an investment policy which governs this portfolio of assets managed by the organization.

Table 12: Cash and Investments

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Cash and cash equivalents	321,072	220,178	100,894	45.8%
Investments				
Debt Investments (Amortized Cost)	167,829	169,893	(2,064)	(1.2%)
Debt Investments (FVTPL)	73,282	28,166	45,116	160.2%
Equity Securities (FVTPL)	34,899	35,007	(108)	(0.3%)
Total Investments	276,010	233,066	42,944	18.4%
Total Cash and Investments	597,082	453,244	143,838	31.7%

Total cash and investments increased by \$143.9 million or 31.7% to \$597.1 million in 2025. Holding an appropriate amount of cash and investments on the balance sheet assists in the management of liquidity risk to the organization.

Financial Review – Balance Sheet



Loans

The total loan portfolio held by the organization consists of performing loans and impaired loans. Hereafter, the terms "impaired loans" and "non-performing loans" will be used interchangeably throughout this document), less established allowances.

Performing Loans

Innovation manages a portfolio of loans generated through relationships with both members and non-members of the credit union. The total loan portfolio held by the organization consists of performing and impaired loans less established allowances.

Performing loans contain the principal balance and accrued interest on all loans that have not been deemed as impaired by the organization.

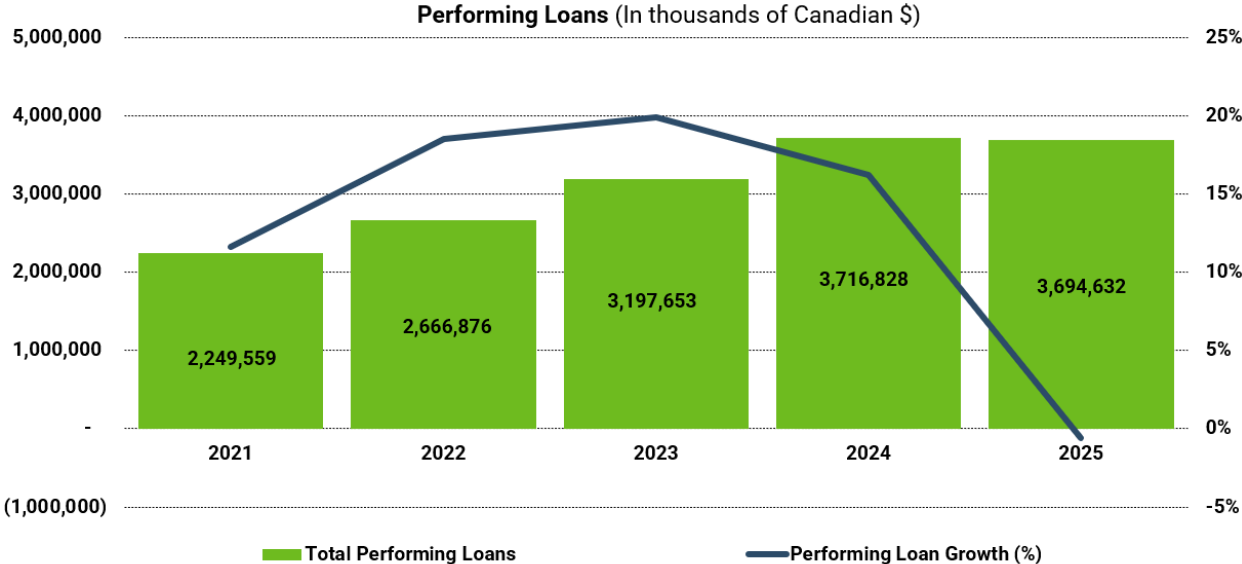
Table 13: Performing Loan Portfolio

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Agriculture	529,355	483,653	45,702	9.4%
Commercial	1,064,435	1,318,013	(253,578)	(19.2%)
Consumer	2,071,652	1,883,252	188,400	10.0%
Finance Leases	5,425	6,402	(977)	(15.3%)
Accrued Interest	23,765	25,508	(1,743)	(6.8%)
Total Performing Loans	3,694,632	3,716,828	(22,196)	(0.6%)

The total performing loan portfolio decreased by \$22.2 million or 0.6% to \$3.695 billion in 2025. 2025 reduction primarily resulted from the commercial loan category which was nearly fully offset by growth in the consumer and agriculture categories.

Financial Review – Balance Sheet

2025 annual loan growth of (0.6%) fell short of the previous five-year average annual growth rate of 13.1% while also trailing the prior year growth rate of 16.2%.



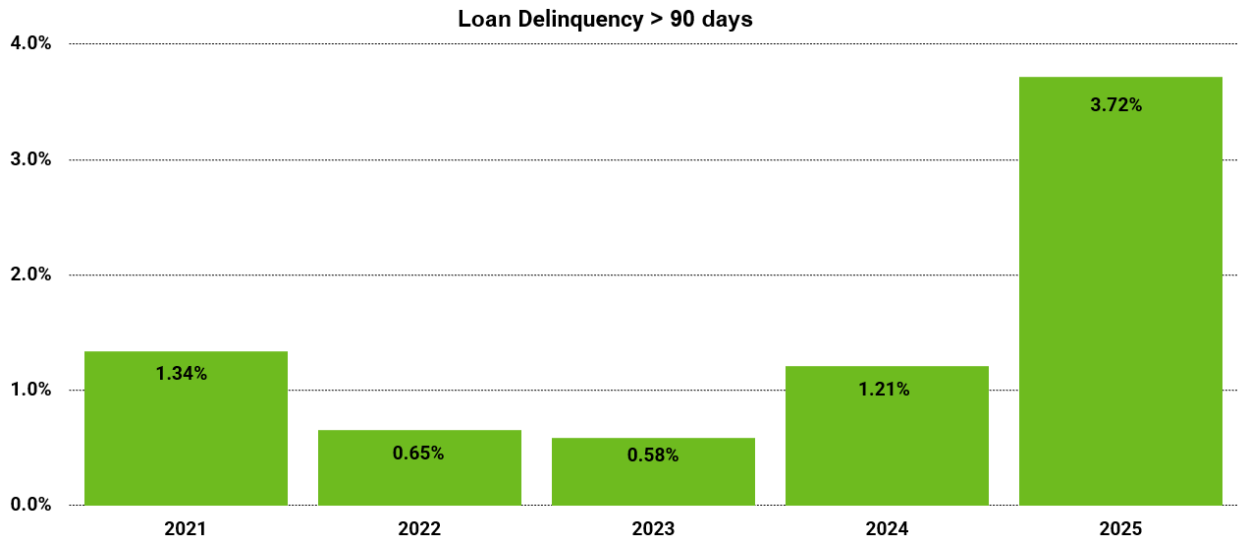
Credit Quality

Innovation focuses on the origination of high-quality credit to members and non-members. To achieve this objective the credit union employs stringent underwriting criteria and closely monitors loan portfolios.

A loan is considered past due when a counterparty is contractually in arrears but where payment in full is expected. Loan delinquency is a natural risk faced by all financial institutions. Innovation continues to manage this risk in a prudent fashion, working with members impacted by changing credit and economic conditions.

Delinquency greater than 90 days ended 2025 at 3.72%, an increase from 1.21% in the prior year. The increase is reflective of general macroeconomic pressures, a more challenging operating environment for borrowers and the normalization from historically low levels. The commercial real estate sector has been especially impacted where landowners face challenges with pre-sales and starting construction. Innovation has taken proactive steps to address emerging credit risk, including enhanced portfolio monitoring and early-stage delinquency management. In addition, Innovation has a robust stress testing and scenario analysis program to assess portfolio performance under adverse economic conditions to ensure that Innovation remains financially robust through the credit cycle.

Financial Review – Balance Sheet



In situations where the organization may be unable to collect all principal and interest due according to the contractual terms of the loan agreement, the specific loan will be moved into the impaired category.

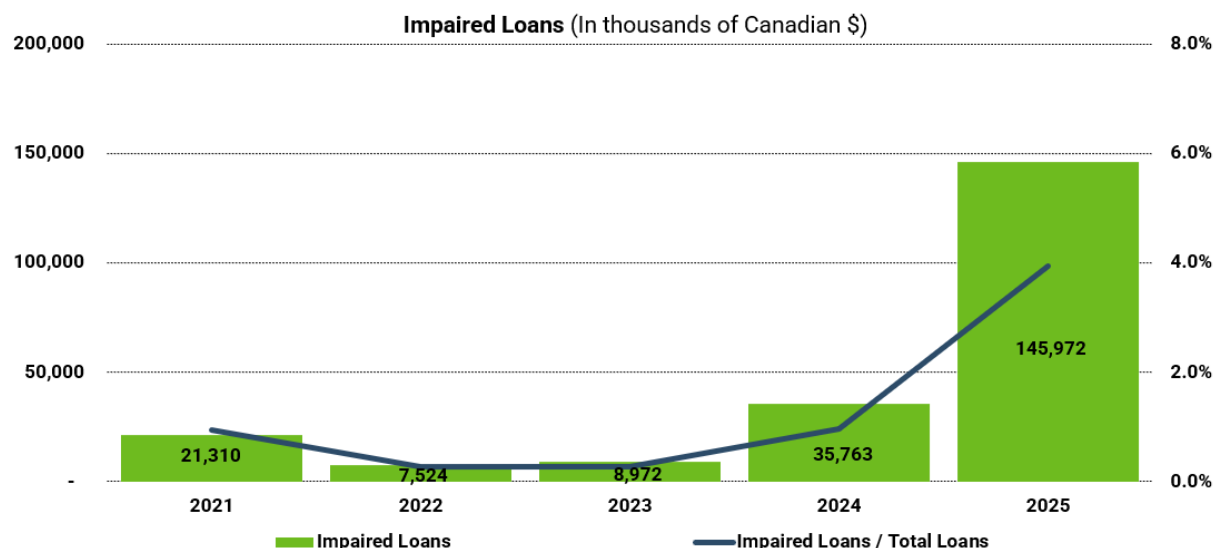
Table 14: Impaired Loan Portfolio

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Agriculture	1,930	-	1,930	n/a
Commercial	112,741	28,949	83,792	289.4%
Consumer	22,518	2,330	20,188	866.4%
Finance Leases	376	376	-	0.0%
Foreclosed Property	82	36	46	127.8%
Accrued Interest	8,325	4,072	4,253	104.4%
Total Impaired Loans	145,972	35,763	110,209	308.2%

The total impaired loan portfolio increased by \$110.2 million or 308.2% to \$146.0 million in 2025. In relation to the size of the total loan portfolio, total impaired loan balances ended 2025 at a level of 3.82% which was an increase from the prior year result of 0.96%. Exposures to large, connected relationships which move into or out of the impaired category will introduce volatility to the credit quality of the loan portfolio. Connected relationships refer to borrowers, counterparties, or exposures that are economically, legally, or operationally linked in a way that causes their credit risk to be interdependent rather than independent.

Beginning August 2025, Innovation implemented an approach whereby all loans delinquent for more than 90 days will be classified as non-performing loans (NPLs), resulting in NPL trends closely mirroring 90+ day delinquencies. The rise in NPLs is predominantly influenced by land development and construction loans and is reflective of the aforementioned credit environment.

Financial Review – Balance Sheet



IFRS 9 uses an expected credit loss (ECL) model to determine impairment in financial instruments. The ECL model is forward looking, in that an actual event that signifies a credit loss is not required to record the loss. Under IFRS 9, 12-month ECL are calculated for the assets that have not had a significant increase in credit risk and a lifetime ECL is calculated on those assets that have had an increase in credit risk since initial recognition.

Total ECL can be broken out by loan portfolio as well as by ECL recognition stage. The recognition stages include 12-month ECL (stage 1), lifetime ECL not credit-impaired (stage 2) and lifetime ECL credit-impaired (stage 3).

Table 15: Total ECL Allowance by Portfolio

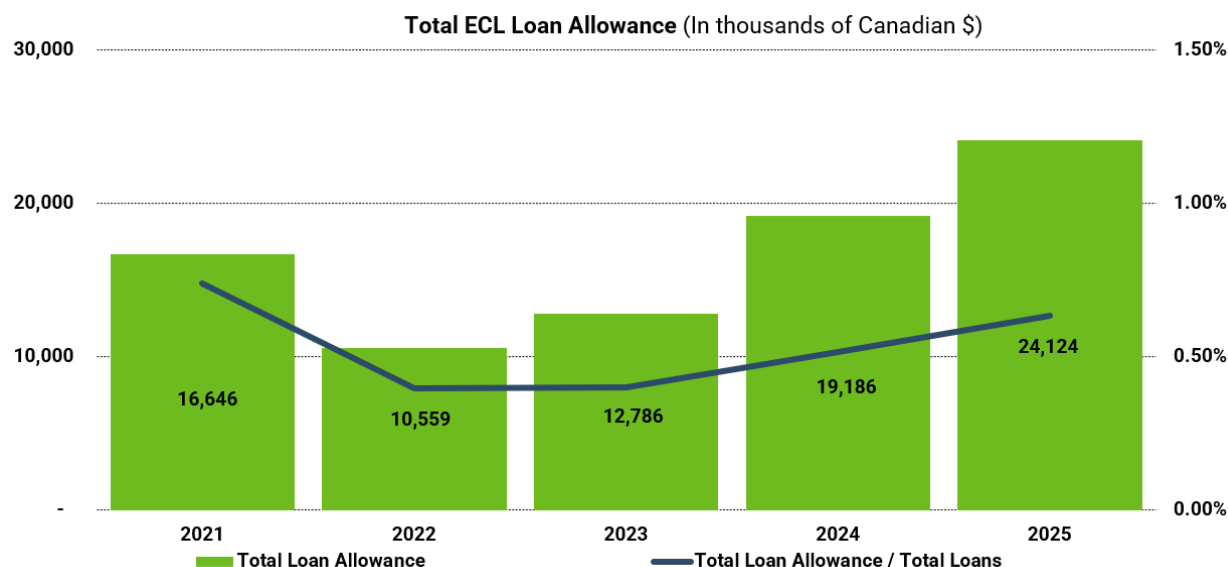
(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Agriculture	3,188	1,778	1,410	79.3%
Commercial	14,843	11,884	2,959	24.9%
Consumer	6,093	5,524	569	10.3%
Total ECL	24,124	19,186	4,938	25.7%

Table 16: Total ECL Allowance by Recognition Stage

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Stage 1 – 12-month ECL	7,196	3,920	3,276	83.6%
Stage 2 – Lifetime ECL not credit impaired	4,366	6,911	(2,545)	(36.8%)
Stage 3 – Lifetime ECL credit impaired	12,562	8,355	4,207	50.4%
Total ECL	24,124	19,186	4,938	25.7%

Financial Review – Balance Sheet

Total ECL loan allowances ended 2025 at a level of 0.63% of the total loan portfolio, which was an increase from the prior year-end result of 0.51%. 2025 year-end results exceeded the previous five-year average of 0.54%.



Management is confident that all known material issues within the loan portfolio have been captured in the loan allowance figure reported above. Robust internal processes and controls continue to operate effectively to ensure the value of loans as reported on the balance sheet is accurate.

Total Loans

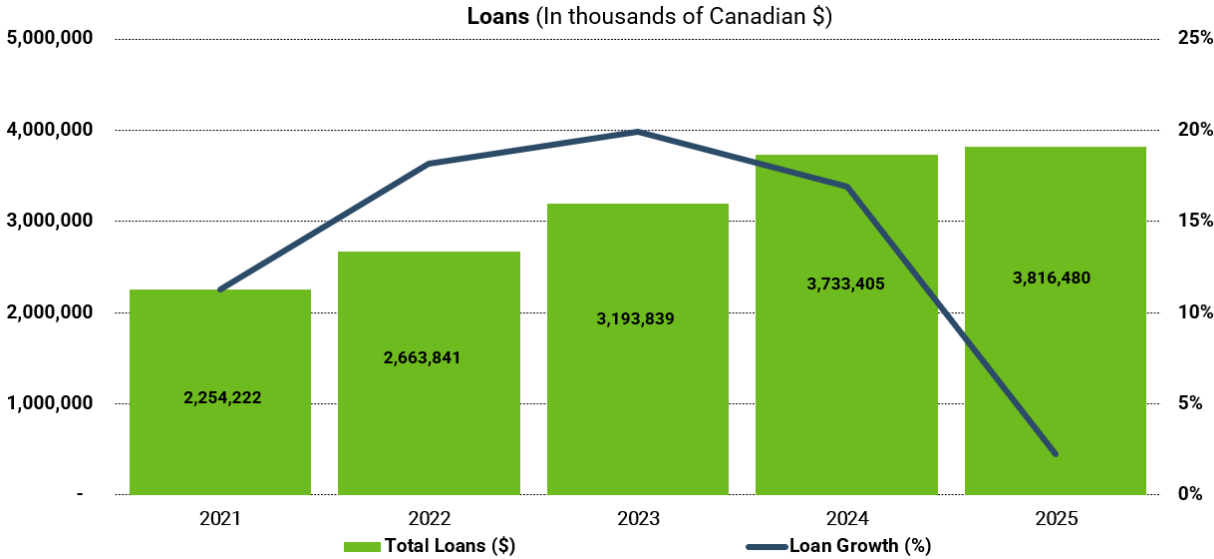
The total loan portfolio aggregates the performing loan portfolio with the impaired loan portfolio less loan allowances.

Table 17: Total Loan Portfolio

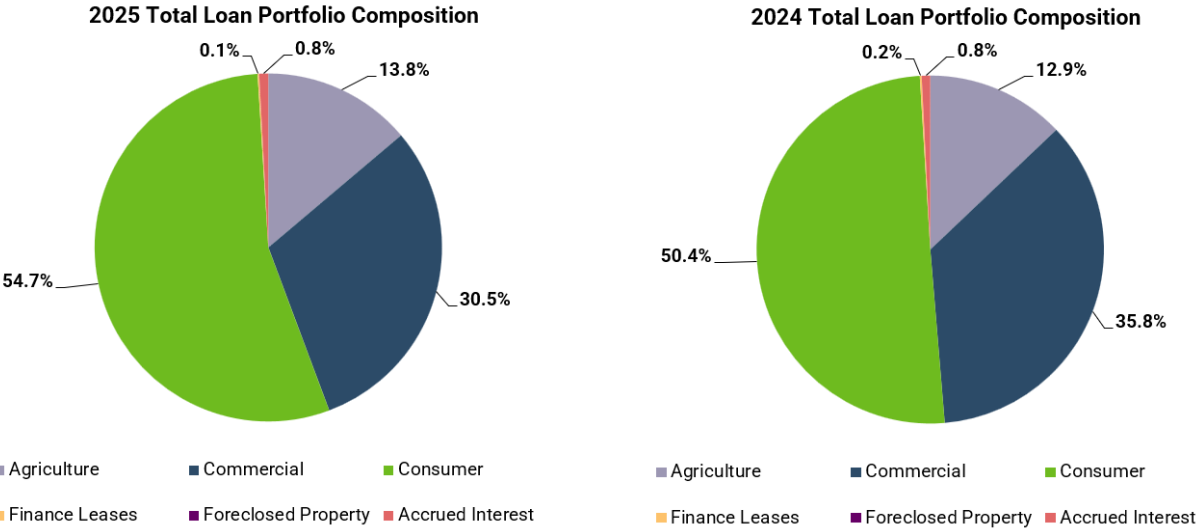
(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Agriculture	528,363	482,136	46,227	9.6%
Commercial	1,162,333	1,335,094	(172,761)	(12.9%)
Consumer	2,088,077	1,880,058	208,019	11.1%
Finance Leases	5,535	6,501	(966)	(14.9%)
Foreclosed Property	82	36	46	127.8%
Accrued Interest	32,090	29,580	2,510	8.5%
Total Loans	3,816,480	3,733,405	83,075	2.2%

The total loan portfolio increased by \$83.1 million or 2.2% to \$3.816 billion in 2025. The average annual growth rate over the past five years equates to 13.7%. 2025 growth of 2.2% fell short of this five-year average while also trailing the prior year annual growth rate of 16.9%.

Financial Review – Balance Sheet



Growth occurred within the agriculture and consumer portfolios which offset a reduction in the commercial portfolio. As a result of the growth pattern, the proportion of the total loan portfolio held in the commercial loan category decreased when compared to the prior year.



Innovation has established numerous strategic partnerships with various financial entities across the country to ensure the credit union has the ability to source commercial and residential mortgages that fall within Innovation’s risk appetite. Innovation leverages these additional loan sources to augment the activity generated from the membership of the credit union.

Financial Review – Balance Sheet

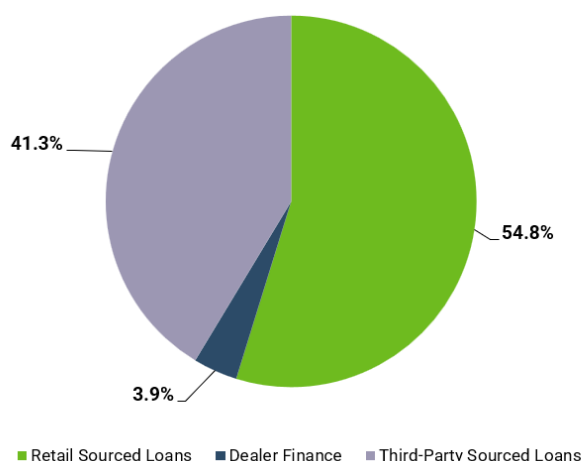
Table 18: Loan Concentration – By Source

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Retail Sourced Loans	2,086,648	1,927,080	159,568	8.3%
Dealer Finance Sourced Loans	147,436	128,493	18,942	14.7%
Third-Party Sourced Loans	1,574,349	1,667,401	(93,052)	(5.6%)
Total Loans*	3,808,433	3,722,974	85,459	2.3%

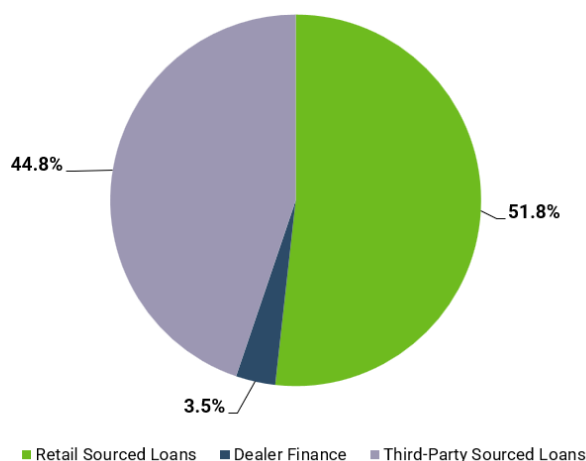
*Total Loans exclude ECL allowance, foreclosed property, and accrued interest

Strong loan growth in 2025 occurred from the retail and dealer finance sources. Growth within these channels resulted in a reduced appetite to source additional volumes through the various third-party channels. As a result, the proportionate share of third-party sourced loans declined from 44.8% as of December 31, 2024 to 41.3% as of December 31, 2025.

2025 Loan Composition - By Source



2024 Loan Composition - By Source



Deposits

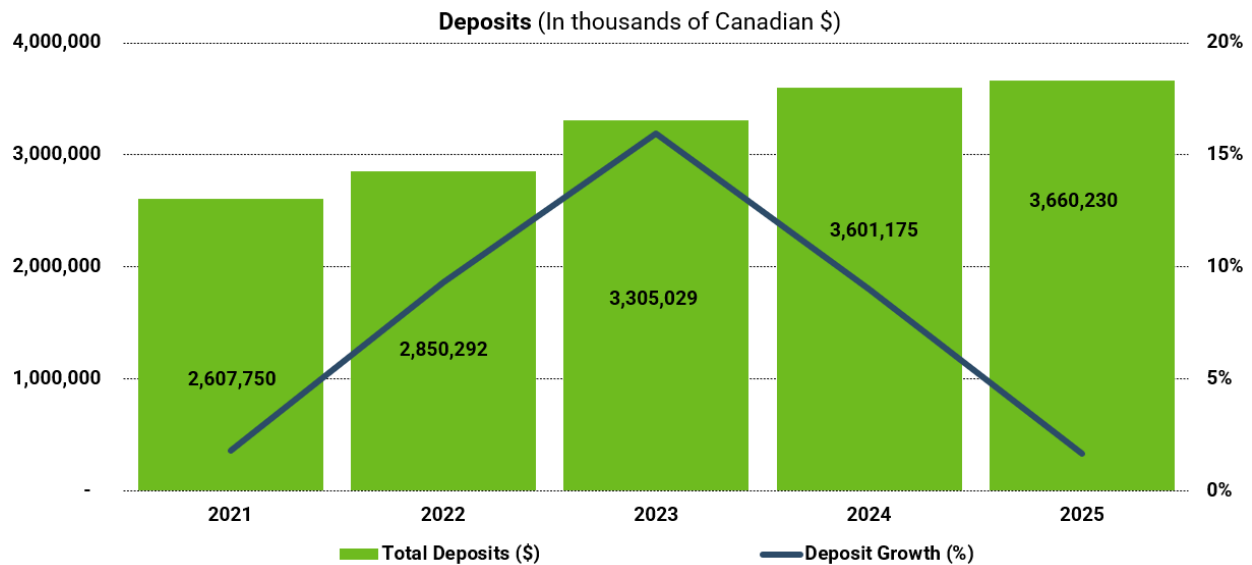
Innovation offers a variety of competitive deposit products to the market, including registered and non-registered investments.

Table 19: Deposit Concentration - By Product Type

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Demand	1,751,037	1,602,901	148,136	9.2%
Term	1,489,357	1,591,703	(102,346)	(6.4%)
Registered Plans	380,789	355,792	24,997	7.0%
Interest Payable	39,047	50,779	(11,732)	(23.1%)
Total Deposits	3,660,230	3,601,175	59,055	1.6%

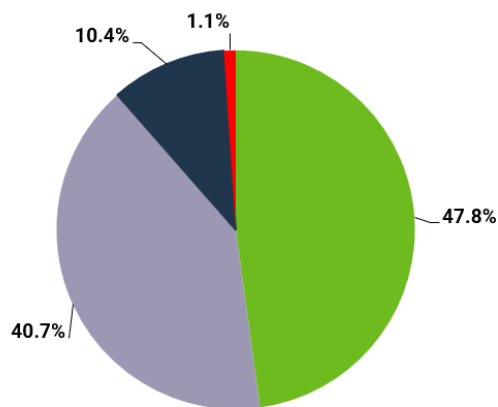
Financial Review – Balance Sheet

Total deposits grew by \$59.1 million or 1.6% to \$3.660 billion in 2025. The average annual growth rate over the past five years equates to 7.5%. 2025 growth of 1.6% fell short of this five-year average while also falling short of the prior year’s annual growth rate of 9.0%.

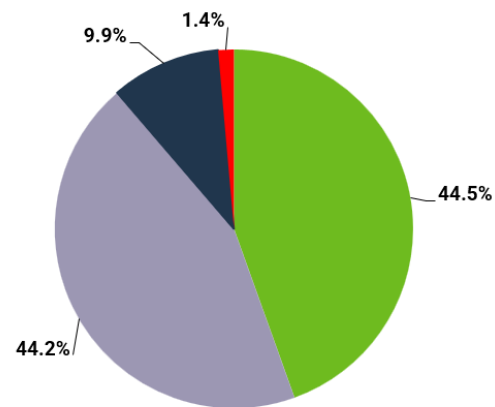


The primary source of deposit growth was from within the demand deposit category while the term category declined year-over-year. This growth pattern resulted in the proportionate share of the total deposit portfolio sourced from term accounts to decrease in 2025.

2025 Deposit Composition - By Product Type



2024 Deposit Composition - By Product Type



■ Demand ■ Term ■ Registered Plans ■ Interest Payable ■ Demand ■ Term ■ Registered Plans ■ Interest Payable

The organization strives to continue to grow the deposit portfolio through enhancing relationships with current personal and business members as well as through expanding the membership base.

Financial Review – Balance Sheet

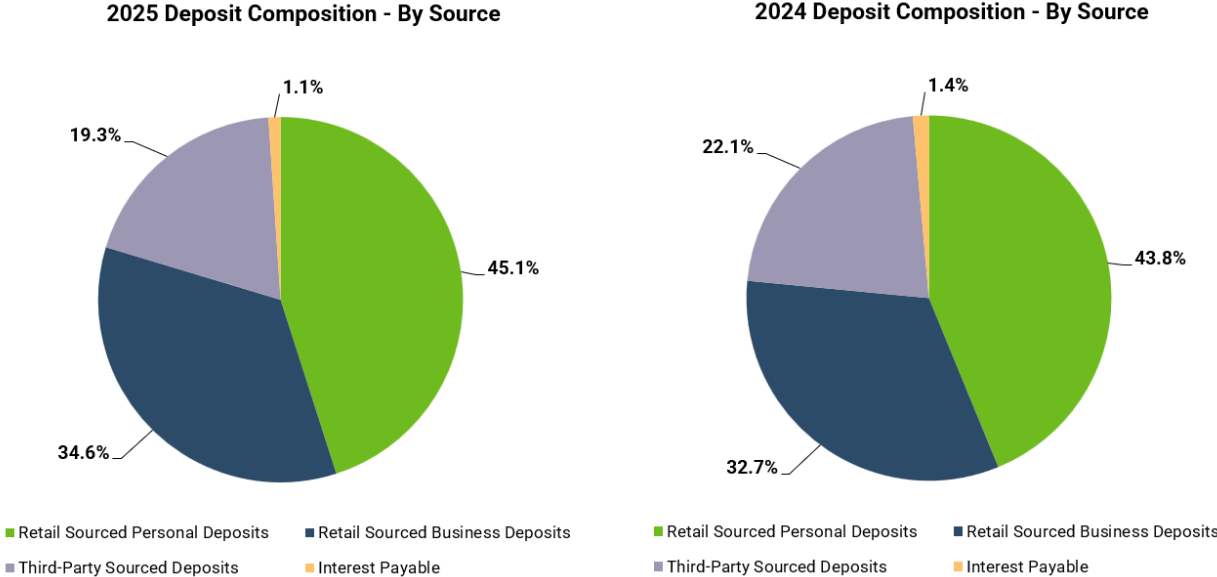
To provide greater funding assurance, Innovation has established multiple diversified deposit funding sources outside the current membership base. These third-party sourced deposits are sourced through individual relationships with multiple national investment dealers while also leveraging Innovation’s listing on the CANNEX Financial Network. In addition, relationships have been formed with select fintech organizations which provide another source of deposits to the credit union.

Table 20: Deposit Concentration - By Source

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Retail Sourced Deposits				
Personal Members	1,649,125	1,577,029	72,098	4.6%
Business Members	1,266,296	1,178,387	87,907	7.5%
Total Retail Sourced Deposits	2,915,421	2,755,416	160,005	5.8%
Third-Party Sourced Deposits	705,762	794,980	(89,218)	(11.2%)
Interest Payable	39,047	50,779	(11,732)	(23.1%)
Total Deposits	3,660,230	3,601,175	59,055	1.6%

Referring to the retail sourced deposit portfolio, 2025 growth of 5.8% was ahead of the five-year average growth rate of 4.3%, however fall short of the prior year result of 6.3%.

Growth patterns witnessed during 2025 resulted in a shift in the mix of the total deposit portfolio. The proportionate share of total deposits sourced from third parties (brokers) decreased from 22.1% as of December 31, 2024 to 19.3% as of December 31, 2025.



Innovation continues to leverage its wide range of funding sources based on the cash flow needs of the credit union.

Financial Review – Balance Sheet

Liquidity Management

A key objective of Innovation as a financial institution is to exercise prudent liquidity management, ensuring timely access to cash or cash equivalents at a reasonable cost to meet obligations. Innovation's liquidity management framework, targets and strategies are documented in an annual Liquidity Plan. A board approved Contingency Funding Plan is also available to identify, measure, monitor and control liquidity risk during a stressed situation.

The principles of Innovation's liquidity management framework include:

- maintain a strategy and policies to manage liquidity risk;
- maintain a stock of liquid assets;
- measure and monitor funding requirements;
- manage market access to funding sources;
- ensure internal controls over liquidity risk management; and
- contingency planning.

Innovation has a liquidity policy and established comprehensive processes and practices for managing funding requirements. Innovation maintains access to a diverse range of funding sources. Deposits represent a significant component of Innovation's funding strategy, totaling over \$3.660 billion as at 2025 year-end.

In addition to deposits, Innovation has external borrowing arrangements with several providers, offering a total credit limit of \$167.6 million. These sources include the following credit agreements:

- \$2.0 million (CDN) line of credit with SaskCentral
- \$0.1 million (USD) line of credit with SaskCentral
- \$45.0 million (CDN) line of credit with Central 1
- \$0.5 million (USD) line of credit with Central 1
- \$50.0 million (CDN) line of credit with National Bank
- \$70.0 million (CDN) line of credit with Desjardins

During 2025, Innovation used external borrowing facilities minimally. Utilization at the end of 2025 was \$0.

Innovation leverages the securitization market for funding and to build an effective liquidity management framework. Innovation periodically securitizes assets to generate funding through capital markets, resulting in on-balance sheet securitization liabilities or high-quality liquid assets (HQLA). In 2025, a total of sixteen securitization pools were created totaling \$147.34 million, all of which were held as HQLA. On-balance sheet securitization liabilities increased by \$45.08 million (40.9%) to \$155.29 million in 2025 as shorter vintage HQLA pools were sold.

Innovation has access to repurchase agreements (repos) which are short term agreements to sell a high-quality liquid asset to a counterparty, while agreeing to buy it back at a

Financial Review – Balance Sheet

predetermined date and cost. Repos are short-term liquidity tools used to enhance cash flows as transactions are typically 30 days or less.

Innovation successfully launched the Bearer Deposit Note (BDN) program in 2024 and continued to grow the balance to \$199.06 million by the end of 2025. BDNs offer short-dated funding, with issuances typically less than 1-year.

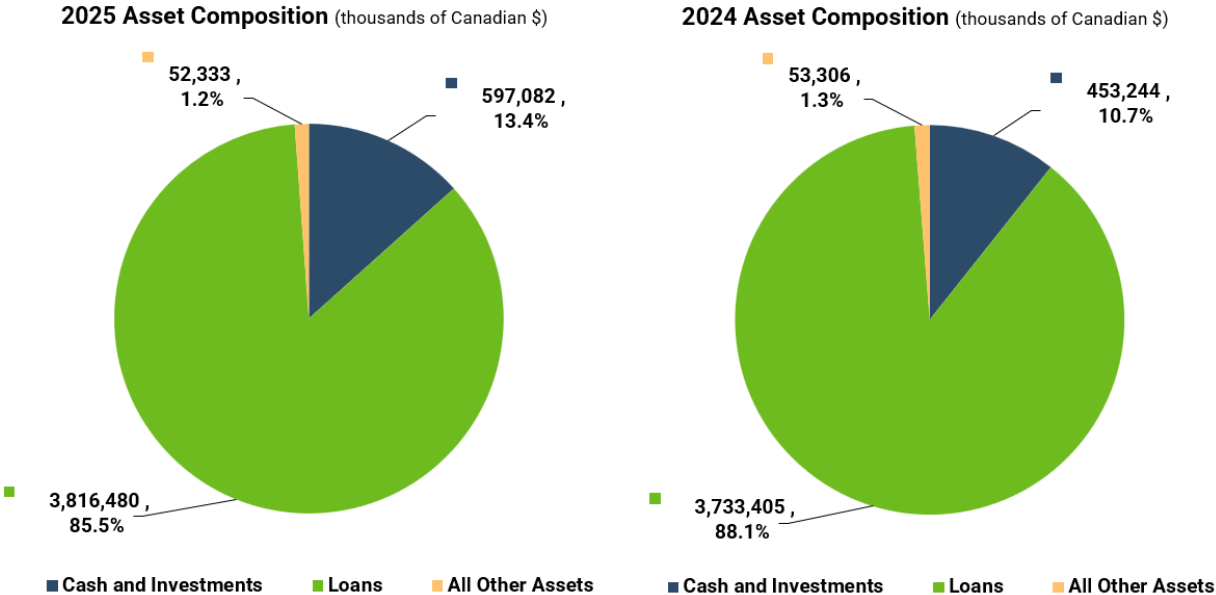
Utilizing these diversified channels improves the overall funding assurance of the organization. During the year, multiple liquidity tests were conducted to confirm access to these sources and to ensure internal processes support timely advances when required.

The balance sheet structure continues to influence the organization’s ability to manage liquidity risk.

Table 21: Asset Composition

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Cash and Investments	597,082	453,244	143,838	31.7%
Loans	3,816,480	3,733,405	83,075	2.2%
All other assets	52,333	53,306	(973)	(1.8%)
Total Assets	4,465,895	4,239,955	225,940	5.3%

Throughout 2025 and as a direct result of efforts to manage growth and capital deployment, liquidity positioning was integral to support structural changes and arising opportunities.



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Balance sheet composition is important from a liquidity management perspective as the organization must ensure it carries an appropriate level of high-quality liquid assets. Innovation maintains a cushion of high-quality liquid assets to be drawn upon to meet unforeseen funding requirements. These assets are reported on the balance sheet as cash or cash equivalents, investments, and residential mortgages.

A key metric used by Innovation to assess liquidity risk is the Liquidity Coverage Ratio (LCR). The objective of the LCR is to ensure there is an adequate stock of unencumbered high-quality liquid assets that:

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

Table 22: Liquidity Coverage Ratio (LCR)

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Level 1 Weighted Assets	196,813	215,934	(19,121)	(8.9%)
Level 2A Weighted Assets	-	-	-	-
Level 2B Weighted Assets	34,732	36,411	(1,679)	(4.6%)
High Quality Liquid Assets (HQLA)	231,545	252,345	(20,800)	(8.2%)
Eligible Non-Operational Demand Deposits	99,181	34,528	64,653	187.2%
HQLA & Eligible Non-Op Demand Deposits	330,726	286,873	43,853	15.3%
Retail and Small Business Deposit Run-Off	100,798	71,843	28,955	40.3%
Unsecured Wholesale Funding Run-Off	290,760	287,026	3,734	1.3%
Secured Funding Run-Off	-	-	-	-
Additional Requirements	26,827	63,980	(37,153)	(58.1%)
Total Prescribed Outflows	418,385	422,849	(4,464)	(1.1%)
Total Prescribed Cash Inflows	222,667	240,720	(18,053)	(7.5%)
Net Prescribed Cash Outflows	195,718	182,128	13,589	(7.5%)
Liquidity Coverage Ratio (LCR)	168.98%	157.51%		

The organization's risk appetite framework (RAF) contains a Board of Director approved LCR minimum of 120% under the federal environment. The LCR ended 2025 well above the minimum level, as defined in the risk appetite framework.

In 2018, Innovation introduced the net cumulative cash flow (NCCF) liquidity risk metric to the organization. The NCCF metric is used within the federal regulatory environment to supervise and monitor liquidity at an individual financial institution. The NCCF calculates a horizon for net positive cash flows to capture the risk posed by funding mismatches between assets and liabilities. By utilizing this type of cash flow analysis, institutions may be able to more successfully mitigate the risk of disruption to market confidence and maintain the ability to meet short-term liabilities in a liquidity crisis.

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In addition, Innovation continues to monitor liquidity risk utilizing a stress testing program which models the impacts of ten distinct scenarios and calculates a survival horizon over a twelve-month period. The results of this stress testing program are reported monthly to senior management and quarterly to the Audit Committee of the Board.

Finally, Innovation also conducts a variety of stress tests against the future financial forecast. The results of these stress tests are consolidated and presented to the Board of Directors as part of the annual budget process.

Capital Management

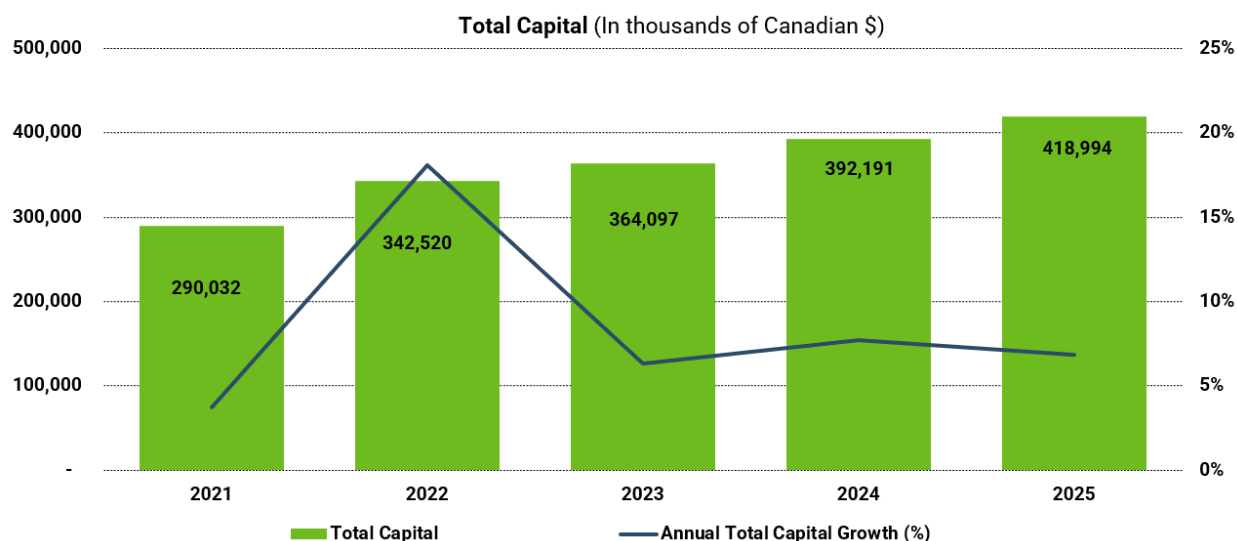
Innovation's capital management framework is designed to satisfy regulatory requirements and internal assessments while supporting growth, development, and membership value. Innovation retains a portion of its annual earnings to meet these capital objectives. Once these capital objectives are met, additional earnings are allocated to members through member distributions authorized by the Board of Directors. A portion of these quarterly member distributions are in the form of patronage allocations which are in turn utilized to increase the value of each membership share held in the organization.

Table 23: Regulatory Capital

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Retained Earnings	386,876	361,991	24,885	6.9%
Deduct: Intangible Assets	1,096	1,237	(141)	(11.4%)
Membership Shares – Par Value	363	338	25	7.4%
Membership Shares – Patronage Allocations	21,254	20,160	1,094	5.4%
Common Equity Tier 1 (CET1) Capital	407,397	381,252	26,145	6.9%
Additional Tier 1 Capital	-	-	-	-
Tier 2 Capital	11,597	10,939	658	6.0%
Total Capital	418,994	392,191	26,803	6.8%

Total capital grew by \$26.8 million or 6.8% to \$419.0 million in 2025. The average annual growth rate over the past five years equates to 8.5%. 2025 growth of 6.8% fell short of this five-year average and also fell short of the prior year's annual growth rate of 7.7%. Historic trends illustrated below include the impact of significant one-time special SaskCentral dividend (2022).

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The adequacy of the capital base of the organization is measured in relation to either the risk weighted assets or total leverage exposure. Risk weighted assets are determined by applying the regulatory prescribed rules to on-balance sheet and off-balance sheet exposures.

Table 24: Risk Weighted Assets

	2025			2024		
	Net Exposure (In thousands of Canadian \$)	Effective Risk %	Risk-Weighted Amount	Net Exposure	Effective Risk %	Risk-Weighted Amount
On-Balance Sheet						
Cash, cash equivalents and investments	597,082	41.7%	249,155	453,244	46.7%	211,470
Loans	3,816,480	50.2%	1,915,045	3,733,405	48.3%	1,803,288
Property and equipment	13,192	100.0%	13,192	13,940	100.0%	13,940
Investment property	1,014	100.0%	1,014	1,100	100.0%	1,100
Right of use assets	762	100.0%	762	817	100.0%	817
Intangible assets	1,096	0%	-	1,237	0%	-
All other assets	36,269	52.3%	91,495	36,212	241.8%	87,551
Total Assets	4,465,895	50.7%	2,270,745	4,239,955	50.0%	2,118,166
Off-Balance Sheet Items						
Derivatives	100,000	0.1%	128	40,457	0.5%	220
Credit Commitments	463,648	15.8%	73,135	564,739	44.6%	252,107
Total Credit Risk	563,648	13.0%	73,263	605,196	41.7%	252,327
Operational Risk			208,175			208,688
Total Risk-Weighted Assets	5,029,543	50.7%	2,552,183	4,845,151	53.2%	2,579,181

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The Basel III capital reforms introduced a non-risk-based leverage ratio requirement to act as a supplementary measure to the risk-based capital requirements. The leverage ratio is defined by the Office of the Superintendent of Financial Institutions (OSFI) as total tier 1 capital divided by the leverage exposure. The leverage exposure is the total unweighted on-balance sheet assets and off-balance sheet commitments.

Table 25: Leverage Exposure

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
On-Balance Sheet Assets	4,465,895	4,239,955	225,940	5.3%
Less: Deductions from Capital	1,096	1,237	(141)	(11.4%)
Add: Off-Balance Sheet Exposures	119,693	229,200	(109,507)	(47.8%)
Total Leverage Exposure	4,584,492	4,467,918	116,574	2.6%

OSFI has prescribed capital adequacy measures and minimum capital requirements. The capital adequacy requirements are based on the Basel III capital standards framework established by the Bank of International Settlements and adopted by financial institutions around the globe.

Four prescribed tests have been established to assess the capital adequacy of financial institutions:

- Common Equity Tier 1 (CET1) Capital / Total Risk Weighted Assets
- Tier 1 Capital / Total Risk Weighted Assets
- Total Eligible Capital / Total Risk Weighted Assets
- Tier 1 Capital / Total Leverage Exposure

Innovation's Board of Directors approves internal capital policy targets that:

- support prudent operations.
- are appropriate for the organization's risk profile, risk appetite, and risk tolerance.
- are aligned with the credit union's stress testing program and internal capital adequacy assessment process (ICAAP), and
- are stricter than regulatory minimums.

Prudent targets are the first line of defence to ensure capital levels exceed regulatory minimums, even in times of significant loss or unplanned growth. Capital planning is integral to Innovation's business planning. Innovation's business plan must demonstrate its ability to strive to meet Board level capital standards. In addition to striving to meet Board level standards for capital adequacy, management (as part of the Strategic Financial Management Committee) sets operating objectives for capital levels. Balance sheet strategies are designed to ensure these capital levels are achieved in addition to other strategies, such as growth and profitability targets.

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Current Board capital management policies have been approved with the following targets:

Metric	Risk Appetite Minimum
Common Equity Net Tier 1 / Risk Weighted Assets	11.55%
Total Tier 1 Capital / Risk Weighted Assets	11.55%
Total Capital / Risk Weighted Assets	13.75%
Total Capital / Leveraged Assets	7.70%

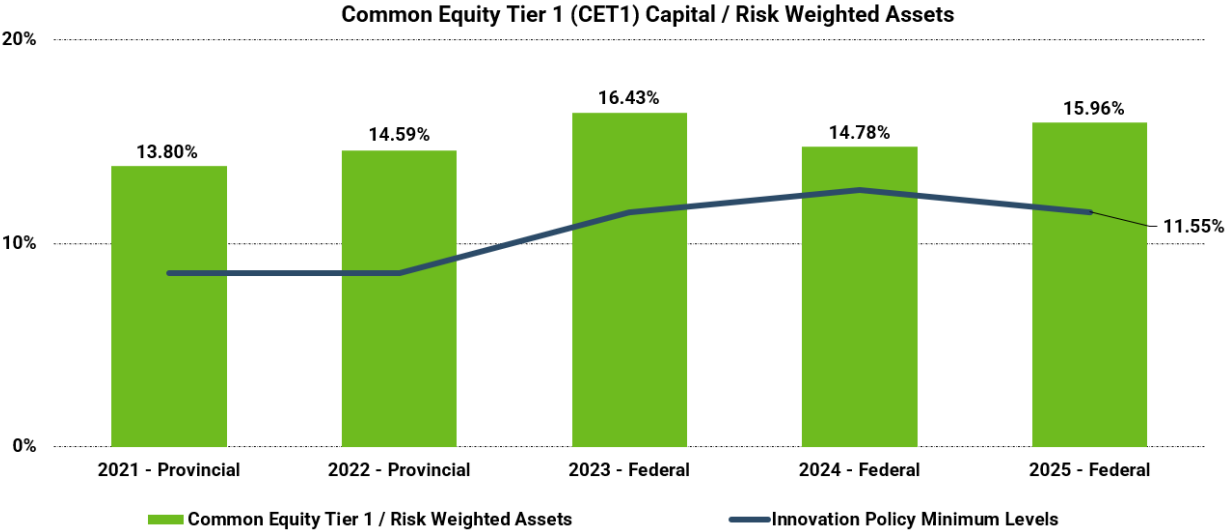
In 2025, the organization effectively built and deployed capital, strategically aligning capital levels with risk appetite targets.

The first capital adequacy ratio focuses on the common equity tier 1 capital (CET1) as a percentage of total risk weighted assets.

Table 26: CET1 Capital Ratio

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Common Equity Tier 1 Capital	407,397	381,252	26,145	6.9%
Risk Weighted Assets	2,552,183	2,579,181	(26,998)	(1.0%)
CET1 Capital Ratio	15.96%	14.78%		

Common equity tier 1 (CET1) capital ratio increased in 2025 by 118 basis points to 15.96%. CET1 capital continues to be strong, well above internal policy targets.



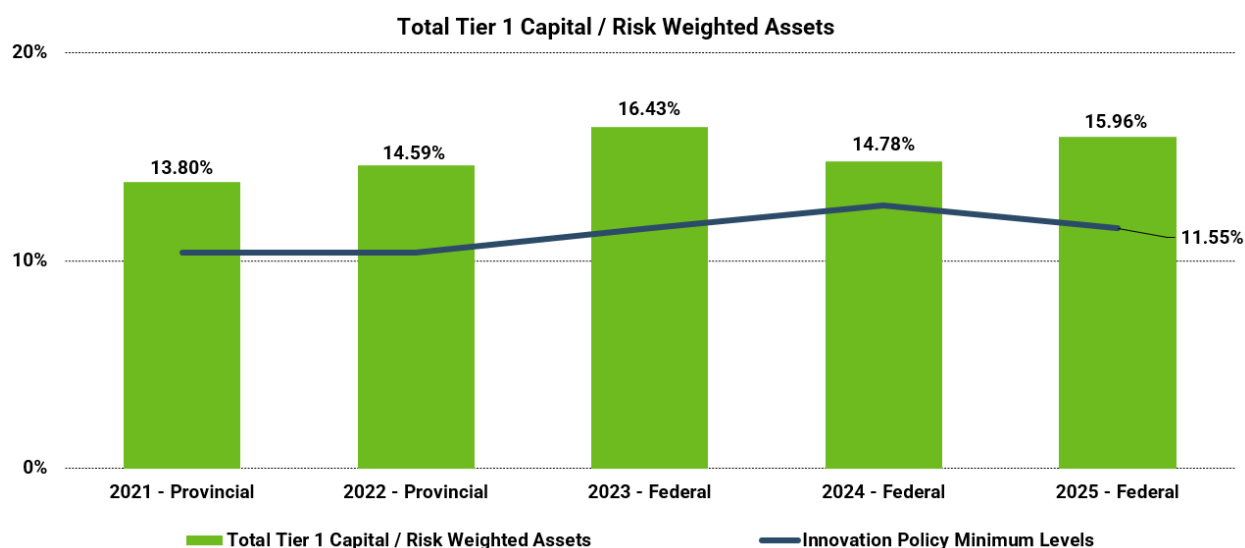
The second capital adequacy ratio focuses on total tier 1 capital as a percentage of total risk weighted assets. Innovation currently has no additional forms of tier 1 capital aside from the common equity tier 1 (CET1) capital.

Financial Review – Balance Sheet

Table 27: Total Tier 1 Capital Ratio

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Common Equity Tier 1 Capital	407,397	381,252	26,145	6.9%
Additional Tier 1 Capital	-	-	-	-
Total Tier 1 Capital	407,397	381,252	26,145	6.9%
Risk Weighted Assets	2,552,183	2,579,181	(26,998)	(1.0%)
Total Tier 1 Capital Ratio	15.96%	14.78%		

The total tier 1 capital ratio increased in 2025 by 118 basis points to 15.96%. Total tier 1 capital continues to be strong, well above internal policy targets.



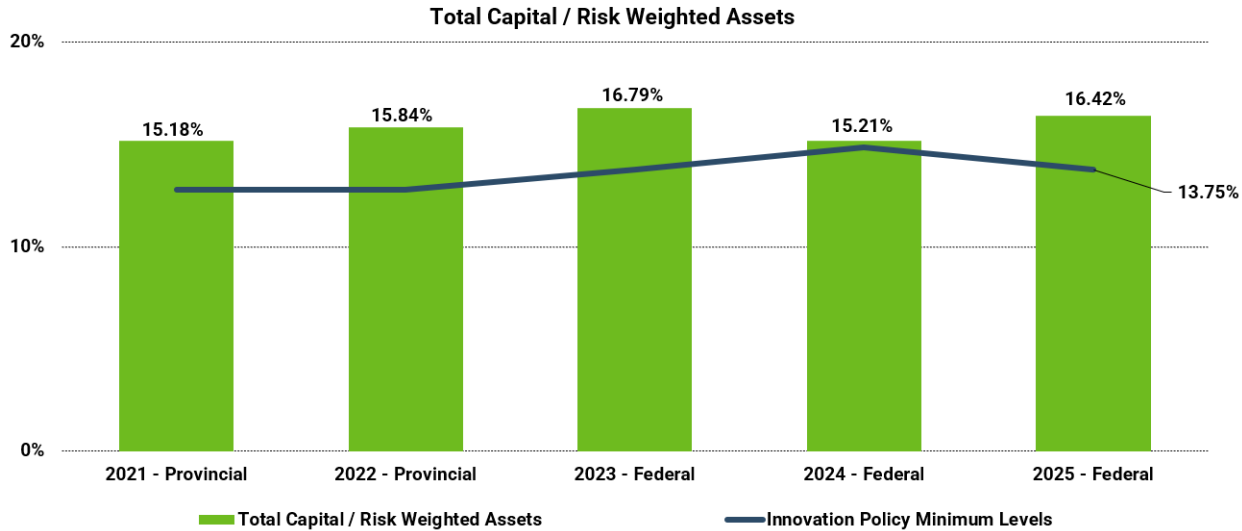
The third capital adequacy ratio focuses on total eligible capital as a percentage of total risk weighted assets.

Table 28: Total Capital Ratio

(In thousands of Canadian \$)	2025	2024	Change	
			\$	%
Total Capital	418,994	392,191	26,803	6.8%
Risk Weighted Assets	2,552,183	2,579,181	(26,998)	(1.0%)
Total Capital Ratio	16.42%	15.21%		

The total capital ratio increased in 2025 by 121 basis points to 16.42%. Total capital continues to be strong and well above internal policy targets.

Financial Review – Balance Sheet

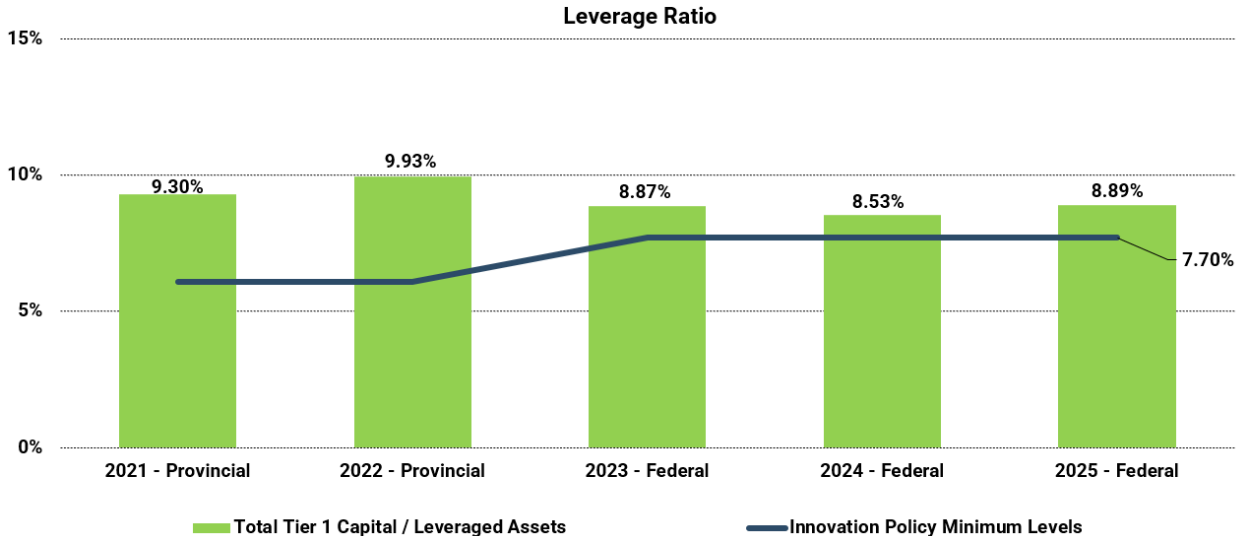


The final capital adequacy ratio focuses on total eligible capital in relation to total leverage exposures. This ratio is commonly referred to as the leverage ratio. Total leverage assets include on-balance sheet assets, less deductions from capital along with specified off-balance sheet items such as the undrawn balances on approved loans and letters of credit.

Table 29: Leverage Ratio

	2025	2024	Change	
			\$	%
Total Tier 1 Capital	407,397	381,252	26,145	6.9%
Leverage Exposure	4,584,492	4,467,918	116,574	2.6%
Leverage Ratio	8.89%	8.53%		

The leverage ratio increased in 2025 by 36 basis points to 8.89%. From a historical perspective, 2025 results continue to trend above internal policy targets.



Enterprise Risk Management

As a financial institution, Innovation is exposed to a wide variety of risks, both financial and non-financial. As a result, the credit union must properly measure and assess the existing and the potential risks to ensure it is adequately prepared to serve our members and communities now and in the future. The enterprise risk management (ERM) process is used for the identification, measurement, and monitoring of risks. Innovation has a structured ERM framework designed to not only manage its existing risks, but to anticipate potential changes that may negatively affect the organization.

Risk Culture

Accountability lies at the core of Innovation’s risk culture. Business decision makers have primary accountability for risk, while the Risk Management Group is primarily responsible for providing an enterprise-wide view of risk-taking activities and for independent oversight and challenge of control effectiveness.

The Board sets the tone for risk culture by encouraging awareness of risks, clearly communicating that excessive risk-taking is not acceptable, and fostering a workplace where every employee shares responsibility for managing risks. We leverage strong talent on the front line, in corporate functions, and in internal audit to ensure effective risk management.

Risk Appetite

Innovation’s risk appetite encompasses our capacity for risk, which enables us to balance our risk tolerances with return expectations. It supports the achievement of sustainable earnings growth in the execution of strategy supported by the Member First philosophy and the co-operative principles.

Risk Governance

Risk governance provides an oversight structure that ensures the implementation of an appropriate risk framework with supporting risk policies/procedures/practices and a defined risk appetite. It provides the organization with clear levels of authority and specific responsibilities for risk decisions. Below are the key elements of risk governance at Innovation.

Three Lines of Defence

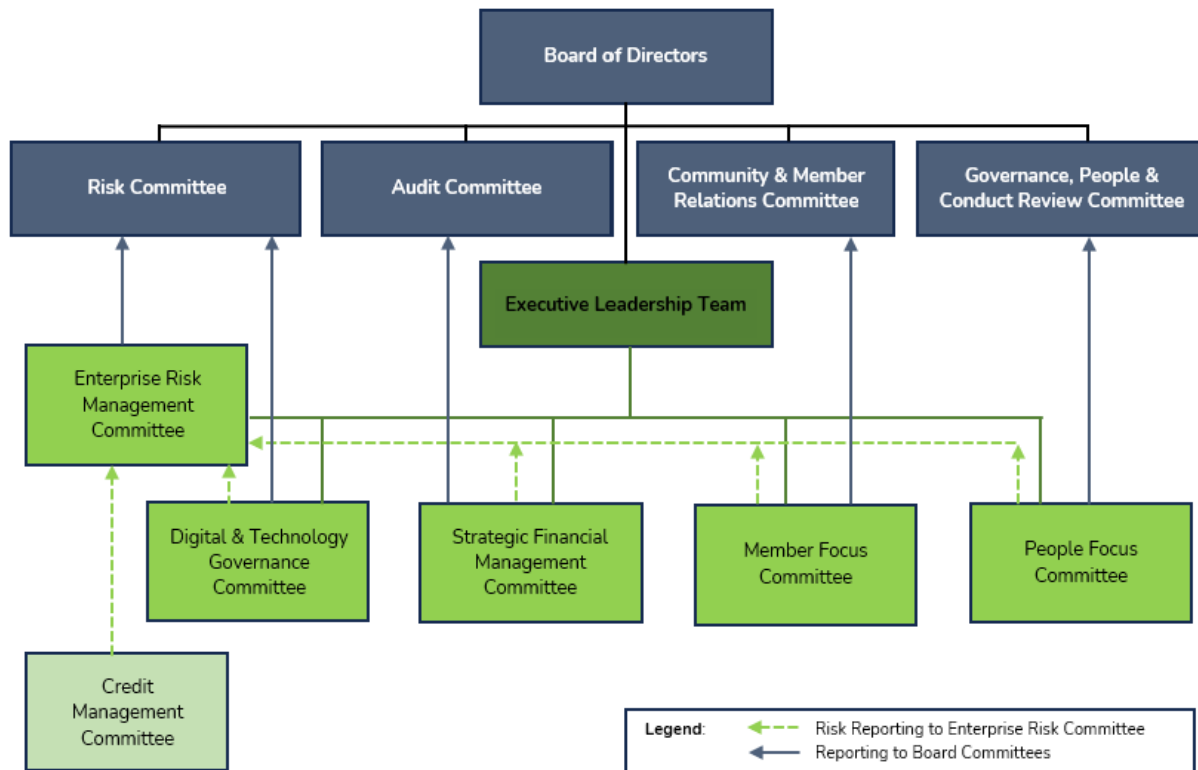
Innovation has adopted the Three Lines of Defence model to help provide a consistent, transparent, and clearly documented allocation of accountability and segregation of functional responsibilities. Innovation’s organizational structure continues to evolve and align to the Three Lines of Defence, improving the management of risk throughout the business operations.

Enterprise Risk Management



Management Committee Structure

A fundamental component of our risk governance is the management committee structure.



The following chart outlines the key accountabilities of the management committees.

Enterprise Risk Management Committee	<ul style="list-style-type: none"> • Ensure the efficient and effective management of Innovation’s enterprise-wide risks, in a manner consistent with direction from the Board, with Innovation’s risk appetite, and with applicable regulatory standards. • Oversee the implementation of the enterprise-wide risk management frameworks and assess and review risk appetite and risk policies.
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Enterprise Risk Management

Digital & Technology Governance Committee	<ul style="list-style-type: none"> • Oversee Innovation’s digital and technology strategies and identify and mitigate digital and technology risks. • Plan, approve, prioritize and direct the digital and technology initiatives to ensure the internal and external member needs and expectations for solutions are met.
Strategic Financial Management Committee	<ul style="list-style-type: none"> • Ensure the efficient and effective management of Innovation’s market, liquidity and financial risks, assets, liabilities and capital. • Oversee the formulation, and evaluation of strategy including enterprise level balance sheet management strategies and monitor the performance against strategy.
Member Focus Committee	<ul style="list-style-type: none"> • Oversee Innovation’s strategic initiatives and decisions that impact Community relations and Member growth, satisfaction and business development. • Ensure a compliant and effective complaint handling process is maintained.
People Focus Committee	<ul style="list-style-type: none"> • Oversee people management and ensure that Innovation has a knowledgeable, skilled and engaged workforce. • Ensure that detailed attention is directed to Innovation’s key strategic resource which is people.
Credit Management Committee (a sub-committee of the Enterprise Risk Committee)	<ul style="list-style-type: none"> • Ensure the efficient and effective management of Innovation’s loan portfolio, consistent with direction from the Enterprise Risk Committee. • Assist the Chief Risk Officer in ensuring Innovation has prudent and sound lending practices designed to maintain operational viability and to safeguard Innovation’s credit portfolio.

Board Policy Framework

The management of risks across the material risk categories is done through the establishment of risk management Board Policies and Management Practices, governed by the Board Policy Framework. The Board Policy Framework sets out the principles and authorities on Board policy, the hierarchy of governing documents and the governance requirements for monitoring, measuring and reporting on compliance with Board policy.

Chief Risk Officer and Risk Management Group Mandates

The Chief Risk Officer (CRO) reports functionally to the Board of Directors, through the Risk Committee, and directly to the Chief Executive Officer and is a member of the Executive Leadership Team. The CRO is responsible for the oversight of all risks (i.e., financial, non-financial, technical and regulatory) across Innovation. The CRO establishes appropriate risk governance, oversight and controls through a formal management risk committee structure, which ensures that there is a structured, disciplined process for decision making necessary to achieve Innovation’s strategic and financial objectives.

Under the leadership of the CRO within the Second Line of Defence, the Risk Management Group (RMG) is an independent and enterprise-wide function that is accountable for oversight and effective challenge of all significant and material risks faced by Innovation. The RMG promotes a risk-aware culture, establishes risk frameworks, risk appetite and board policies, and sets

Enterprise Risk Management

standards that address significant risks across the organization. The RMG provides independent oversight of the effectiveness of the organization's risk and compliance processes, and reports on the enterprise risk profile independently of business segments.

Internal Capital Adequacy Assessment Process (ICAAP)

The ICAAP is an integral part of Innovation's Enterprise Risk Management program. The ICAAP supports Innovation in ensuring that capital targets and levels are adequate to support the material risks of business operations, that capital is effectively deployed and maintained, and that capital decisions are aligned with risk appetite, policies and practices. Key stress tests are performed as part of the ICAAP as well as throughout the year.

Significant Risk Areas

Certain risks are considered transverse risks, such as climate-related risks, as they have the potential to impact risks across all the material risk categories used by Innovation to support consistent understanding and reporting. Innovation is continuing to develop and enhance its monitoring and reporting of climate risks, including identifying and evaluating both physical risks, such as extreme weather events and long-term environmental shifts, and transition risks arising from regulatory, technological, or market changes.

Innovation has identified eight material risk categories as follows:

A. Strategic Risk

Strategic risk is the current and prospective impact on volumes, earnings, or capital arising from adverse business conditions and decisions, competitor actions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation.

Key Strategic Risks

Strategic risk is inherent in providing products and services to consumers. The Board direction and how it is translated into day-to-day activities must be compatible with what the consumer wants. Products and services must be competitive and profitable, and resources must be used appropriately for Innovation to be successful.

Strategic Risk Management

Innovation has annual strategic planning sessions for the Board of Directors and Executive Management. Strategic objectives, performance measures, and key initiatives are identified and form part of the balanced scorecard which is communicated to all staff and used to measure organizational performance. Strategies are regularly reviewed and adapted as necessary due to the changing financial environment. Management is responsible for executing business plans and quarterly progress reports track performance.

Enterprise Risk Management

B. Capital Adequacy

Innovation measures the strength of its capital position not only by the level of capitalization, but also by the quality of capital. The capital goals are guided by the Capital Management Board Policy and expressed in the Capital Plan.

Key Strategic Risks

Innovation strives to be adequately capitalized at all times and to maintain a prudent cushion to ensure future viability. Minimum levels of capital, including capital conservation buffers, have been prescribed under the federally regulated environment.

Strategic Risk Management

Innovation conducts its capital management activities in accordance with the applicable regulatory requirements and sound business practices. Capital adequacy instills confidence in the organization and promotes responsible governance. It supports both existing and future business and provides a safety net for a variety of enterprise-wide risks. The Board of Directors approves the risk appetite based on the relationship between anticipated capital levels and the ability to achieve business objectives.

C. Market Risk

The balance sheet of Innovation is subject to market risk, which is defined as the potential for change in the market value of rate sensitive assets and rate sensitive liabilities. Risk can arise from adverse changes in interest rates, credit spreads, foreign exchange rates, and other relevant parameters, such as market volatility.

Key Market Risks

The key risks in this category are market changes and other specific risks including price risk, interest rate risk, foreign exchange risk, and derivatives risk which can impact the credit union's financial strength. At Innovation, market risk mainly results from interest rate changes due to timing gaps in re-pricing assets and liabilities, both on and off the financial statement.

Market Risk Management

Effective management of market risk includes documented policies which address roles and responsibilities, delegation of authority and limits, risk measurement and reporting, valuation, and back testing, hedging policies, and exception management. Some elements of market risk management are discussed in other parts of this report. Market risk exposure limits are set in Innovation policy; methods of scenario and stress testing are conducted to determine if the limits are exceeded. The corporate finance department is responsible for reporting on and monitoring market risk, with oversight by the Audit Committee of the Board. Corporate finance monitors market risk exposure by measuring the impact of interest rates on the financial position and earnings through several models and tests given various interest rate scenarios. Derivatives are utilized to manage market risks, such as economic value of equity and change in net interest income.

Enterprise Risk Management

D. Liquidity Risk

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. Inability to manage liquidity risk may result in a lack of confidence from our members and key stakeholders.

Key Liquidity Risks

Liquidity risk falls into three categories: Mismatch – the risk that the demand for repayment of deposit obligations will outstrip the capacity to raise new liabilities or liquidate assets. Contingent – the risk of not having sufficient funds to meet future sudden and unexpected short-term obligations. Market – the inability to sell assets at or near fair market value. The key risk identified in this area is if liquidity restraints impact member service, financial strength, and reputation.

Liquidity Risk Management

Innovation uses a variety of sources to fund operating requirements, such as member deposits, cash and securities, lines of credit and corporate borrowings, sale of assets through securitization and syndication, and national statutory liquidity programs. Some of these sources of funds are immediate and some require more long-term planning.

The elements of liquidity risk management are similar to the other risk categories. Effective management of liquidity involves policies, limits, reporting, and proactive management. Liquidity policies and limits are well documented at Innovation. The Liquidity Plan is updated annually and presented to the Board. Corporate finance measures and monitors available liquidity daily, weekly, and forward over a twelve-month time horizon. The Audit Committee of the Board receives quarterly reports on the liquidity position and sets operating targets. The Board also receives regular reports on liquidity.

E. Credit Risk

Credit risk refers to the potential inability of the organization to deal with adjudication, asset quality and asset growth challenges affecting the ability to fulfill its mandate. Credit risk arises from the possibility of incurring losses from a borrower or counterparty's potential inability or unwillingness to meet its on and/or off-balance sheet contractual obligations.

Key Credit Risks

At Innovation, credit risk comes primarily from our direct lending activities and, to a lesser extent, our holdings of investment securities. Individual risks identified in this category are default risk, portfolio concentration risk, inadequate allowance risk, and policy exceptions risk. The key risk is that asset impairments could impact financial strength.

Credit Risk Management

Credit risk management focuses on underwriting and pricing loans according to their risk and ensuring the overall portfolio is well diversified. There are five parts to credit risk management including policy, credit granting, monitoring and exposure, portfolio management, and audit.

Enterprise Risk Management

- The Board approves risk tolerances and credit policies, while senior management authorizes management practices and procedures aligned with the risk appetite and established policies. Lending policy and practice are subject to continuous review and periodic updates as necessary.
- Credit granting encompasses analysis, pricing, determination of terms, and comprehensive documentation of lending activities. Loan pricing tools are used by lenders to make informed pricing decisions. All Innovation Advice Centers employ standardized lending documentation to ensure consistency across processes.
- Reports based on North American Industry Classification System (NAICS) codes are used to monitor Innovation's exposure to industry concentrations.
- Credit portfolio performance is overseen by the Credit Management Committee, the Enterprise Risk Committee and the Risk Committee of the Board, which meet quarterly.
- Internal Audit conducts credit reviews as part of their regular, ongoing audit plan.

F. Regulatory Compliance Risk

Regulatory compliance risk is the risk of non-compliance with laws, rules, regulations, prescribed practices, or regulator guidelines which may result in monetary penalties or affect Innovation's ability to operate.

Key Regulatory Compliance Risks

As a financial institution, Innovation operates in a highly regulated environment. Our subsidiary businesses are subject to additional industry-specific requirements, each with its own regulatory standards and oversight expectations. As a federally regulated business, we are also subject to legislation applicable to our operations, such as labour, privacy, market conduct/consumer protection, and anti-money laundering laws. Compliance failures can impact operational effectiveness, member service, and Innovation's reputation.

Regulatory Compliance Risk Management

Innovation manages regulatory compliance risk through a structured and integrated approach aligned with our Enterprise Risk Management and Regulatory Compliance Management frameworks.

Clear governance, well-defined policies and procedures, and strong oversight of regulatory controls support adherence to legal and regulatory requirements. Innovation has established dedicated compliance functions responsible for providing independent oversight, guidance, and challenge to operational areas. These functions help ensure that business units understand and comply with applicable requirements, implement effective controls, and address issues promptly.

Compliance activities are led by the Chief Compliance Officer, appointed by the Board of Directors. The CCO has direct and independent access to the Board when required and coordinates formal

Enterprise Risk Management

compliance reporting to the Board’s Risk Committee. This governance structure reinforces accountability and transparency in compliance oversight.

Designated departments are responsible for developing and updating management practices and procedures. These teams ensure that all relevant legal and regulatory requirements are incorporated into day-to-day processes, consistent with Innovation’s risk appetite expectations and our commitment to maintaining strong control environments.

Each department is responsible for understanding and applying the regulatory obligations that relate to its operations. Where appropriate, Innovation supplements internal expertise with external advisors or specialized third-party service providers to ensure accuracy and completeness in meeting regulatory standards.

This integrated approach supports Innovation’s commitment to maintaining a strong culture of compliance, protecting member interests, and operating within a well-managed risk environment.

G. Reputation Risk

Reputation risk is where negative perception jeopardizes Innovation’s credibility, achievement of business goals, and strategic objectives, or ability to maintain the organization as a prominent financial institution. It can be a risk of loss resulting from damages to an organization's reputation, in lost revenue, increased operating, capital, or regulatory costs. It is inherent in everything that Innovation does, including the relationships it develops with third parties. It is thought of as a second order risk – i.e., a risk that results from an actual failure or perceived failure in one of the other risk categories.

Reputation Risk Management

Oversight of reputational risk management is the responsibility of the Board, the Risk Committee and the Community and Member Relations Committee. In addition, the Business Continuity Management Program has been established to address potential reputational risks that could arise from an event. The program includes a Business Continuity Plan, Pandemic Plan, Business Resumption Plans, Disaster Recovery Plan, and a Crisis Communication Plan.

H. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Operational risk includes legal risk, which is defined as the risk of loss which may be caused by any event that creates liability for Innovation, such as contractual disputes or breaches, privacy breaches, fraud, and intentional or unintentional employee or director misconduct. It also includes model risk, which is the risk of adverse outcomes from using models due to errors in development, implementation, or use.

Operational risks may result in financial loss, regulatory penalties, reputational damage, or business interruption that could materially affect results of operations.

Enterprise Risk Management

Key Operational Risks

Innovation has adopted an operational risk taxonomy that describes the breadth of exposures. This taxonomy supports the consistent identification and assessment of operational risk. The following risks are managed within the program:

- **People:** Human resource management risks include ensuring the ability to attract and retain a highly engaged, diverse, talented, and trained workforce. This includes monitoring for fraudulent or unsafe practices as well as adherence to all labour and compliance standards.
- **Technology:** Technology risk includes threats and opportunities regarding capacity, sustainability, resiliency, and security. Monitoring and managing risks for both the internal and member-facing technology environment, including cyber security, are included.
- **Third Party:** Innovation contracts with third parties throughout its operations. Innovation's Third-Party Risk Management Program is a risk based and cross functional approach that monitors and evaluates the third party and services provided from the start of the relationship through termination. This program is designed to ensure third parties consistently meet service arrangements, keep Innovation data and systems safe, and prevent exposing Innovation to negative outcomes.
- **Business Execution:** Execution risk refers to the potential for incomplete or inaccurate transactions and processes resulting from errors, inadequate oversight, or ineffective internal controls. Key areas of focus include data integrity, the reliability and timeliness of reporting, and effective change management.
- **Legal:** Legal risk could materialize in any of the operational risk categories. Innovation may be the subject of a claim or proceedings alleging non-compliance with legal or statutory responsibility and/or losses allegedly due to a failure by Innovation to carry out its contractual obligations or enforce its contractual rights.
- **Fraud:** The risk of losses due to acts of a type intended to defraud, misappropriate property, or circumvent the law.
- **Model:** In the course of business, we use models for risk-based assessments and financial risk management. There is risk exposure if the models are inaccurate, incomplete, or misused in decision-making processes.
- **Physical Security:** Physical security risk includes protection of our physical assets such as Advice Centres and equipment.
- **Resiliency:** Operational resiliency, our ability to operate through disruptions, is impacted by all operational risk categories. We focus on ensuring operational disruptions are effectively managed, through incident response and business continuity capabilities.

Operational Risk and Resiliency Management

Operational Risk and Resiliency Management is an essential component of the overall ERM program. The Operational Risk and Resiliency Framework (ORRF) provide the means for Innovation to satisfy itself that it operates within an acceptable level of risk as established by the Board through the established risk appetite. The ORRF outlines the structure, processes, and key control elements that enable Innovation's management to apply a risk-based approach to identify, assess, manage, and mitigate operational risk. The Framework is split into two element groups:

Enterprise Risk Management

- The Operational Risk Management Program elements provide the preventive risk measurement aspects of the program. It defines how we identify, measure and mitigate risk exposures and ensure reporting to our various stakeholders as needed.
- The Operational Resiliency Program elements focus on the prompt response to disruptions. It outlines how we review, test and monitor our critical processes, to ensure continual improvement.

Together they support strong internal controls and our ability to remain resilient in the face of disruptions.

Monitoring and Reporting

Monitoring and reporting of the risk profile of Innovation and the adherence to risk appetite and policy is provided regularly to senior management, the Enterprise Risk Committee and the Risk Committee of the Board. Innovation is committed to full and transparent disclosure and communicates the development of significant risks to the Risk Committee as soon as possible.

The CRO Report provides a quarterly, enterprise-wide view of Innovation's top risks, incorporating updates from risk owners, key risk indicators, emerging issues, and insights from management committee meetings and executive-level discussions.

Identified risks with higher than acceptable residual risk are escalated to senior management. Risks that become urgent and require immediate treatment are elevated to the CRO, who informs the Enterprise Risk Committee and the Risk Committee, as appropriate.

**INNOVATION FEDERAL
CREDIT UNION**

***CONSOLIDATED
FINANCIAL STATEMENTS***

December 31, 2025

Independent Auditor's Report

To the Members of
Innovation Federal Credit Union

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

Other Information

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Credit Union as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

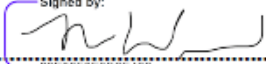
Chartered Professional Accountants
Regina, Saskatchewan
March 30, 2026

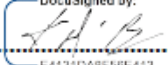
INNOVATION FEDERAL CREDIT UNION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of Canadian \$)
As at December 31, 2025

	Note	2025	2024
ASSETS			
Cash and cash equivalents	4	\$ 321,072	\$ 220,178
Investments	5	276,010	233,066
Loans	6	3,816,480	3,733,405
Accounts receivable		8,519	6,687
Prepaid expenses		17,549	16,209
Derivative assets	8	157	748
Property and equipment	9	13,192	13,940
Investment property	9	1,014	1,100
Right-of-use assets	10	762	817
Intangible assets	11	1,096	1,237
Income taxes receivable		504	-
Deferred income tax asset	22	9,540	12,568
		<u>\$ 4,465,895</u>	<u>\$ 4,239,955</u>
LIABILITIES			
Deposits	12	\$ 3,660,230	\$ 3,601,175
Securitized borrowings	14	155,289	110,210
Accounts payable and accrued liabilities		26,237	16,690
Short-term notes payable	13	199,055	109,518
Derivative liabilities	8	-	177
Lease liabilities	10	815	867
Income taxes payable		-	4,266
Deferred income tax liabilities	22	3,749	3,519
Deferred revenue		396	388
Membership shares and distributions	16	33,248	31,154
		<u>4,079,019</u>	<u>3,877,964</u>
Commitments	21		
EQUITY			
Retained earnings		386,876	361,991
		<u>386,876</u>	<u>361,991</u>
		<u>\$ 4,465,895</u>	<u>\$ 4,239,955</u>

The accompanying notes are an integral part of the consolidated financial statements

APPROVED BY THE BOARD

Signed by:  Director
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E-41310A8F5BE413

INNOVATION FEDERAL CREDIT UNION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands of Canadian \$)
Year ended December 31, 2025

	Note	2025	2024
INTEREST INCOME			
Loans		\$ 211,433	\$ 214,427
Investments		19,989	21,440
Derivative instruments		581	820
		<u>232,003</u>	<u>236,687</u>
INTEREST EXPENSE			
Deposits		87,585	104,903
Borrowings		9,107	4,676
Member distributions	16	5,374	5,271
		<u>102,066</u>	<u>114,850</u>
REALIZED GAIN ON FVTPL INVESTMENTS		417	240
REALIZED GAIN ON SECURITIZATION		948	-
		<u>131,302</u>	<u>122,077</u>
NET INTEREST INCOME BEFORE CREDIT LOSSES		131,302	122,077
PROVISION FOR CREDIT LOSSES	7	10,219	9,553
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES		<u>121,083</u>	<u>112,524</u>
UNREALIZED GAIN ON FVTPL INVESTMENTS		3,030	3,355
UNREALIZED LOSS ON DERIVATIVES		(414)	(855)
OTHER INCOME	15	18,389	17,494
NET INTEREST AND OTHER INCOME		<u>142,088</u>	<u>132,518</u>
OPERATING EXPENSES			
Personnel		59,796	57,822
Security		2,327	2,420
Organizational		1,668	1,301
Occupancy		4,265	4,257
General business		36,858	33,351
		<u>104,914</u>	<u>99,151</u>
INCOME BEFORE PROVISION FOR INCOME TAXES		<u>37,174</u>	<u>33,367</u>
PROVISION FOR (RECOVERY OF) INCOME TAXES			
Current	22	9,031	9,480
Deferred	22	3,258	(787)
		<u>12,289</u>	<u>8,693</u>
NET INCOME AND COMPREHENSIVE INCOME		<u>\$ 24,885</u>	<u>\$ 24,674</u>

The accompanying notes are an integral part of the consolidated financial statements

INNOVATION FEDERAL CREDIT UNION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands of Canadian \$)
Year ended December 31, 2025

	Note	2025	2024
RETAINED EARNINGS			
Balance, beginning of year	\$	361,991	\$ 337,317
Net income and comprehensive income		<u>24,885</u>	<u>24,674</u>
Balance, end of year	\$	<u><u>386,876</u></u>	<u><u>\$ 361,991</u></u>

The accompanying notes are an integral part of the consolidated financial statements

INNOVATION FEDERAL CREDIT UNION
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of Canadian \$)
Year ended December 31, 2025

	Note	2025	2024
OPERATING ACTIVITIES			
Net income and comprehensive income		\$ 24,885	\$ 24,674
Adjustments for non-cash items:			
Net interest income before credit losses		(131,302)	(122,077)
Provision for credit losses	7	10,219	9,553
Unrealized gain on financial instruments		(2,616)	(2,500)
Gain (loss) on disposal of property and equipment		(14)	35
Depreciation - property and equipment	9	2,363	2,247
Depreciation - right of use assets	10	338	328
Depreciation - investment property	9	86	224
Securitized borrowings		77	(153)
Amortization - intangible assets	11	141	147
Current income tax expense	22	9,031	9,480
Deferred income tax expense (recovery)	22	3,258	(787)
Changes in non-cash working capital			
Loans		(90,778)	(538,383)
Accounts receivable		(1,832)	(456)
Prepaid expenses		(1,340)	64
Deposits		70,787	281,065
Accounts payable and accrued liabilities		9,547	(18,842)
Deferred revenue		8	(4)
Dividends received		988	1,173
Interest received		227,942	223,744
Interest paid		(104,088)	(93,175)
Income taxes paid		(13,801)	(8,870)
		<u>13,899</u>	<u>(232,513)</u>
INVESTING ACTIVITIES			
Purchases of investment securities		(112,281)	(116,987)
Proceeds on sale of investment securities		73,342	69,946
Purchase of property and equipment	9	(1,649)	(2,586)
Purchase of investment property	9	-	(238)
Proceeds from disposal of property and equipment		48	132
		<u>(40,540)</u>	<u>(49,733)</u>
FINANCING ACTIVITIES			
Repayment of lease liabilities	10	(335)	(298)
Payment of membership distributions		(5,374)	(5,271)
Proceeds on membership distributions		2,094	1,672
Repayment of securitized borrowings		(77,146)	(39,233)
Proceeds from securitized borrowings		123,095	80,580
Repayment of short term deposit notes		(522,000)	(75,000)
Proceeds of short term deposit notes		607,201	183,195
		<u>127,535</u>	<u>145,645</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		100,894	(136,600)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		220,178	356,779
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ <u>321,072</u>	\$ <u>220,178</u>

The accompanying notes are an integral part of the consolidated financial statements

INNOVATION FEDERAL CREDIT UNION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian \$)
For the year ended December 31, 2025

1. REPORTING ENTITY

Innovation Federal Credit Union and its subsidiaries (collectively “Innovation”) is a federal credit union domiciled in Canada. The address of Innovation’s registered office is 198 1st Avenue NE, Swift Current, Saskatchewan. Innovation is a financial service provider.

Innovation Federal Credit Union operates as a federal credit union pursuant to subsection 35(1) of The Bank Act (Canada).

Innovation operates 28 (2024 – 29) advice centers and serves members and non-members in North Battleford, Swift Current, Meadow Lake and surrounding areas. Innovation Federal Credit Union is a member of the Canada Deposit Insurance Corporation (“CDIC”).

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and the accounting guidelines as issued by the Office of the Superintendent of Financial Institutions Canada (“OSFI”), as required under Section 308(4) of the Bank Act.

The consolidated financial statements for the year ended December 31, 2025 were authorized for issue by the Board of Directors (the “Board”) on March 30, 2026.

The consolidated financial statements have been prepared using the historical cost basis unless otherwise noted in the accounting policies. The consolidated financial statements are presented in Canadian dollars, which is Innovation’s functional currency.

3. MATERIAL ACCOUNTING POLICIES

Accounting policy information is material if, when considered together with other information included in the entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

INNOVATION FEDERAL CREDIT UNION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian \$)
For the year ended December 31, 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

The accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

Use of Estimates, Key Judgments and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS[®] Accounting Standards as issued by the IASB requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosure of contingent assets and contingent liabilities at the date of these consolidated financial statements as well as the reported amounts of income and expenses during the reporting year.

Accordingly, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate was revised and in any future years affected.

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

a) Valuation of Financial Instruments

Innovation determines the fair value of financial instruments for which there is no observable market price using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. The judgments include consideration of liquidity and other risks affecting the specific instrument.

b) Determination of Allowance for Credit Losses

Innovation measures loss allowances at an amount equal to lifetime expected credit loss ("ECL"), except for debt investments that are determined to have low credit risk at the reporting date, and loans where credit risk has not increased significantly since their initial recognition. The measurement of loss allowances on loans is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

INNOVATION FEDERAL CREDIT UNION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian \$)
For the year ended December 31, 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Use of Estimates, Key Judgments and Assumptions (continued)

b) Determination of Allowance for Credit Losses (continued)

A number of significant judgments are also required in applying the account requirements for measuring the ECL, such as:

- Determining criteria for significant increase of credit risk: IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased Innovation takes into account qualitative and quantitative reasonable and supportable information.
- Choosing appropriate models and assumptions: Innovation uses various models and assumptions in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models and key drivers of credit risk.
- When measuring ECL Innovation uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers.
- Probability of default (“PD”): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, and assumptions/expectations of future conditions.
- Loss Given Default (“LGD”): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral.
- Exposure at Default (“EAD”): EAD is an estimate of the exposure at a future default date.

c) Securitized Borrowings

Innovation securitizes groups of assets by selling them to an independent special purpose or qualifying special purpose entity (“SPE”) or trust. Such transactions create liquidity for Innovation and release capital for future needs. If Innovation remains exposed to credit risk, the underlying loans have not been derecognized and are reported in Innovation’s consolidated statement of financial position as securitized borrowings. Securitized loans are derecognized from the consolidated statement of financial position when substantially all the risks and rewards of ownership are transferred to the SPE. Judgment is required in making this determination.

INNOVATION FEDERAL CREDIT UNION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian \$)
For the year ended December 31, 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

d) Property and Equipment

Depreciation methods, useful lives and residual values require estimation and are reviewed annually and adjusted if appropriate.

e) Investment property

Investment property consists of land and buildings held to earn rental income. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Property held for use in the supply of service to members or for administrative use that has a portion that earns rental income is allocated between investment property and property and equipment, based on the floor space usage.

Depreciation is recorded in occupancy expense in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful life, commencing in the month the asset becomes available for use. The estimated useful lives of investment property are determined on the same basis as those of property and equipment above. Depreciation methods, residual values and estimates of useful lives are reviewed annually.

f) Intangible Assets

Amortization methods, useful lives and residual values require estimation and are reviewed annually and adjusted if appropriate.

g) Impairment of Non-Financial Assets

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. These are called cash-generating units ("CGUs") and the allocation of assets to CGUs requires estimation and judgment.

An impairment loss is recognized immediately in profit and loss if the carrying amount of an asset or a CGU exceeds its recoverable amount. There is estimation uncertainty in the determination of the recoverable amounts for CGUs.

INNOVATION FEDERAL CREDIT UNION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian \$)
For the year ended December 31, 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Use of Estimates, Key Judgments and Assumptions (continued)

g) Impairment of Non-Financial Assets (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed immediately through profit and loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

h) Classification of Financial Assets

Business Model Assessment

Innovation assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to Innovation's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated;
- the stated objective for managing the financial asset, frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Financial assets are held in business models categorized into three areas:

- Held-to-Collect - Primary objective is to hold financial assets to collect contractual cash flows.

INNOVATION FEDERAL CREDIT UNION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian \$)
For the year ended December 31, 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Use of Estimates, Key Judgments and Assumptions (continued)

h) Classification of Financial Assets (continued)

- Both Held-to-Collect and For-Sale - Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- Other - Business model is neither held-to-collect nor held-to-collect and for-sale and includes trading, managing assets on a fair value basis, or maximizing cash through sale.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, Innovation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. Examples of events that could change the amount and timing of cash flows are leverage features, prepayment and extension terms, terms that limit Innovation's claim to cash flows from specified assets and features that modify consideration of the time value of money.

Basis of Consolidation

The consolidated financial statements include the financial statements of Innovation and its subsidiaries. Assets, liabilities, income and expenses of subsidiaries are included in the consolidated financial statements after eliminating inter-company transactions and balances.

Subsidiaries are entities controlled by Innovation. Control is achieved where Innovation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

INNOVATION FEDERAL CREDIT UNION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian \$)
For the year ended December 31, 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Basis of Consolidation (continued)

Included in the consolidated financial statements are the following entities controlled by Innovation:

Subsidiary	Head office	Book value of shares (actual \$)	Voting rights
Innovative Holdings Inc.	Swift Current, SK	\$ 102	100%
Innovation Wealth Ltd.	Swift Current, SK	\$ 1,100	100%

Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when Innovation becomes a party to the contractual provisions of the instrument.

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

Classification and Subsequent Measurement

a) Financial assets: debt instruments

Financial assets which meet the definition of debt, including loans, certain investments and derivatives are classified into one of the following measurement categories:

- Amortized cost; or
- Fair value through other comprehensive income (“FVOCI”); or
- Fair value through profit or loss

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

a) Financial assets: debt instruments (continued)

Debt instruments may be designated at FVTPL upon initial recognition if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise. For all other debt instruments, classification is determined based on an assessment of: (i) the business model under which the asset is held; and (ii) the contractual cash flow characteristics of the instrument.

Innovation does not hold debt instruments measured at FVOCI.

ai) Debt instruments measured at amortized cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent strictly payments of principal and interest ("SPPI"). After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated considering any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization of premiums, discounts and other transaction costs is included in interest income in the consolidated statement of comprehensive income.

Impairment of debt instruments measured at amortized cost is calculated using the ECL approach. Debt instruments, including loans and certain investments are presented net of the related allowance for impairments on the consolidated statement of financial position.

aii) Debt instruments measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis, assets whose cash flows do

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

aii) Debt instruments measured at FVTPL (continued)

not represent payments that are SPPI, and assets which are designated as such at initial recognition. These instruments are measured at fair value in the consolidated statement of financial position, with transaction costs recognized immediately in the consolidated statement of comprehensive income. Realized and unrealized gains and losses are recognized as part of realized and unrealized gains on FVTPL investments and derivatives in the consolidated statement of comprehensive income.

b) Financial assets: equity instruments

Financial assets which meet the definition of equity are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase.

For equity instruments measured at FVTPL, changes in fair value are recognized as part of the consolidated statement of comprehensive income.

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

c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities may be designated at FVTPL when one of the following criteria is met:

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

c) Financial liabilities (continued)

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities at FVTPL are measured at fair value with changes in fair value being recognized in the consolidated statement of comprehensive income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

With the exception of its derivative financial instruments which are FVTPL, Innovation's holdings in financial liabilities are classified as measured at amortized cost.

d) Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or when Innovation has transferred substantially all the risks and rewards of ownership of the assets.

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, Innovation derecognizes the transferred asset only if it no longer controls the asset. Control is represented by the practical ability to sell the transferred asset without the need to impose additional restrictions. If Innovation retains control over the asset, it will continue to recognize the asset to the extent of its continuing involvement. When a financial asset is derecognized in full, a gain or loss is recognized in net income for an amount equal to the difference between the carrying amount of the asset and the value of the consideration received, including any new assets and/or liabilities recognized.

Financial liabilities are derecognized when the associated obligation has been discharged, cancelled, or otherwise extinguished.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

e) Derivative Financial Instruments

Innovation enters into derivative contracts to manage exposure to changes in interest rates and the variability of cash flows associated with securitized mortgages. These cash flows may be affected by changes in the timing of repayments, including prepayments, of the underlying mortgage loans.

Derivative contracts are not designated in hedge accounting relationships and are recorded at fair value through profit or loss. Innovation has transferred substantially all of the risks and rewards of ownership of the securitized mortgages and has no ongoing control over the transferred assets.

f) Embedded derivatives

Derivatives embedded in non-derivative host contracts are evaluated using the solely payments of principal and interest test along with the business model test. Innovation has embedded derivatives in its index-linked deposit products.

g) Financial asset impairment

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

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

gi) *ECL impairment model*

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

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

g) Financial asset impairment (continued)

gi) *ECL impairment model* (continued)

Innovation's ECL impairment model measures loss allowances using a three-stage approach based on the change in credit risk since origination:

- 12-month ECL (Stage 1) – Where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12 months ECL is recorded. The ECL is computed using a probability of default occurring over the next 12 months.
- Lifetime ECL not credit-impaired (Stage 2) – When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the probability of default over the remaining estimated life of the financial instrument.
- Lifetime ECL credit-impaired (Stage 3) – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime ECLs.

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

gii) *Model parameters*

The following variables represent the key inputs in Innovation's ECLs:

- Probability of Default ("PD") – an estimate of the likelihood of default over a given time horizon.
- Loss Given Default ("LGD") – an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

g) Financial asset impairment (continued)

gii) Model parameters (continued)

- Exposure at Default (“EAD”) – an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and expected drawdowns on committed facilities.

These parameters are generally derived from Innovation’s own historical loss data by major asset class.

giii) Significant increase in credit risk

At each reporting date, Innovation assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. In making this assessment, Innovation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Innovation allocates its loans to a relevant credit risk grade depending on their credit quality. The quantitative information is primary indicator of significant increase in credit risk and is based on the change in lifetime PD.

Significant increase in credit risk is evaluated based on the risk rating migration of the exposures with consideration of forward-looking macroeconomic factors.

For corporate lending there is a particular focus on assets that are included on a ‘watch list’, given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending Innovation considers the credit score changes of its members and events such as bankruptcy.

There is a rebuttable presumption that the credit risk of the financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days overdue. Innovation currently does not rebut this presumption.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

g) Financial asset impairment (continued)

giv) Forward-looking information

The measurement of ECLs for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

In its models, Innovation relies on forward-looking macroeconomic factors, such as debt service ratios, unemployment rates, housing price indexes and bond yields.

Innovation utilizes multiple probability-weighted scenarios to estimate the forward-looking macroeconomic factors. Innovation considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. Innovation relies upon forecasts generated by an external vendor.

The external vendor provides multiple forecasted scenarios which are then assessed and probability-weighted by Innovation using judgment.

Typically, Innovation will probability-weight the “base case” scenario most heavily as it represents the most likely outcome and is aligned with information used by Innovation for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

Change in accounting estimate

During the year, Innovation used additional macroeconomic factors through forward-looking information and adjusted PD, LGD and EAD factors in estimating ECL. This change was applied on a prospective basis. The impact of the change on the impairment losses on financial assets of Innovation resulted in an increase in the 12-month ECL (Stage 1) by \$822 and a decrease to the lifetime ECL not credit-impaired (Stage 2) by \$544. As a result, the set of macroeconomic factors used in 2025 differs from those used in 2024. Accordingly, certain forward-looking disclosures are not directly comparable to the prior period.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

g) Financial asset impairment (continued)

giv) Forward-looking information (continued)

The economic scenarios used in the determination of ECLs at December 31, 2025 include the following ranges of macroeconomic factors:

% Change ¹	12 Month Average Forecast			5 Year Average Forecast		
	Base Case	Best Case	Worst Case	Base Case	Best Case	Worst Case
Debt Service Ratio	-0.09%	1.55%	-3.84%	0.27%	1.04%	-0.39%
Unemployment Rate	-3.30%	-14.37%	17.38%	-2.54%	-3.69%	0.72%
Housing Price Index (HPI)	2.67%	5.83%	-3.47%	2.39%	3.62%	0.93%
Benchmark Bond Yields 2-year	4.41%	75.48%	-29.98%	2.80%	13.82%	0.32%
Benchmark Bond Yields 5-year	8.56%	79.34%	-14.15%	3.54%	14.85%	1.33%
Target Rate	-10.29%	51.09%	-50.42%	1.10%	7.78%	-3.04%
Treasury Bills 3-month	-3.23%	68.07%	-45.05%	2.64%	11.65%	-2.97%

¹ The % change represents the change in the macro economic factor as a % difference from the most recent publicly available results as of December 31, 2025

The economic scenarios used in the determination of ECLs at December 31, 2024 include the following ranges of macroeconomic factors:

% Change ¹	12 Month Average Forecast			5 Year Average Forecast		
	Base Case	Best Case	Worst Case	Base Case	Best Case	Worst Case
3 Month GOC Bond Rate	-33.26%	-0.84%	-57.96%	-8.86%	-6.12%	-12.09%
3 Month BA Rate	-29.93%	0.24%	-53.29%	-8.30%	-6.08%	-12.10%
Unemployment Rate	6.60%	5.85%	7.67%	5.30%	4.85%	6.52%
Housing Price Index (HPI)	2.80%	4.28%	-4.30%	2.75%	3.98%	-0.76%

¹ The % change represents the change in the macro economic factor as a % difference from the most recent publicly available results as of December 31, 2024

The sensitivity of ECLs to future economic conditions is measured by assuming each forward-looking scenario (i.e. baseline, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios. The resulting increase (decrease) in the allowance for credit losses arising under these range of scenarios for the year ended December 31, 2025 would be \$335 to (\$154) (2024 - \$253 to (\$143)).

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

g) Financial asset impairment (continued)

gv) Modified financial assets

If the terms of a financial asset are modified, Innovation evaluates whether the cash flows of the modified instrument are substantially different by comparing the present value of the original cash flows to the revised cash flows discounted at the effective interest rate. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial instrument are deemed to have expired. In this case, the original financial asset or liability is derecognized and a new financial asset or liability is recognized in the consolidated statement of financial position at fair value.

If the cash flows of the modified financial instrument carried at amortized cost are not substantially different, then the modification does not result in derecognition and the gross carrying amount of the asset or liability is adjusted to match the present value of the revised contractual cash flows. The difference between the original and revised gross carrying amount is recognized as a modification gain or loss in the consolidated statement of comprehensive income.

If such a modification is carried out on a credit-impaired (Stage 3) loan, then the gain or loss is included within the net impairment losses on financial assets. In all other cases, it is recorded as other income.

gvi) Definition of default

Innovation considers a financial instrument to be in default (Stage 3) as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- Significant financial difficulty of the borrower;
- High probability of the borrower entering a phase of bankruptcy or a financial reorganization;
- Measurable decrease in the estimated future cash flows from the loan or value of the underlying collateral.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

g) Financial asset impairment (continued)

gvi) Definition of default (continued)

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

gvii) Write-off policy

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid securities with an original maturity of less than or equal to three months. They are subject to insignificant risk of changes in fair value and are used to manage short-term cash commitments. Cash and cash equivalents are carried at amortized cost on the consolidated statement of financial position.

Loans

Loans and retained interests in loans from securitization closed to prepayments are measured initially at fair value plus transaction costs, and subsequently at amortized cost using the effective interest method, less any impairment losses. All loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Loans (continued)

Retained interests in loans from securitization on pools open to prepayment are recognized initially at fair value, and subsequently at FVTPL. The retained interest would not meet the criteria to be recognized at amortized cost since the variability in cash flows resulting from possible future prepayments would not meet the SPPI criteria under IFRS 9.

Property and Equipment

Property and equipment are reported at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized in profit and loss and is calculated using the straight-line method over the estimated useful life of the related asset as follows (with the exception of land, which is not depreciated):

Facilities	10 - 40 years
Computer hardware	4 - 8 years
Furniture and equipment	5 years
Automotive	5 years

The estimated useful lives, residual values and depreciation methods are reviewed annually and adjusted if appropriate.

Gains and losses on the disposal or retirement of property and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recorded in profit or loss in the year of disposal or retirement.

Intangible Assets

Intangible assets include certain computer software, naming rights and low-cost core deposits arising from stable member relationships obtained through business combinations where Innovation is considered the acquirer. All intangibles are initially recorded at cost or at their assessed fair value at the time of the business combination.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible Assets (continued)

All Innovation's intangible assets have a finite life, and are amortized using the straight-line method over the useful life of the asset as follows:

Software	2 - 10 years
Naming rights	40 years
Core deposits	9 years

Amortization is included in the consolidated statement of comprehensive income. The estimated useful lives and amortization methods are reviewed annually and adjusted if appropriate. Gains and losses on the disposal of intangible assets are recorded in profit or loss in the year of disposal.

In determining if a SaaS (Software as a Service) arrangement is eligible for capitalization as an intangible asset, Innovation assesses the arrangement to determine if it has control of the software or a specific portion of the software. For those arrangements, or specific portions of arrangements where control does not exist, Innovation recognizes any related implementation costs as prepaid expenses or operating expenses as incurred through net income and comprehensive income. Where control exists the costs are capitalized as intangible assets and depreciated over the respective useful lives.

Impairment of Tangible and Intangible Assets

Annually, Innovation reviews the carrying amounts of its tangible and intangible 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, Innovation estimates the recoverable amount of a group of assets (or CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, Innovation estimates future cash flows it expects to derive from

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3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of Tangible and Intangible Assets (continued)

the asset or group of assets along with expectations about possible variations in the amount and timing of those cash flows. The estimated 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 a CGU is estimated to be less than the carrying amount, the carrying amount of the asset or assets within a CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount. The increased carrying amount will 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 profit or loss.

Income Taxes

Income tax expense comprises of current and deferred income tax. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for taxation purposes. These amounts are measured using enacted or substantively enacted tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of the deductions available to be carried forward to future periods for tax purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Income Taxes (continued)

Any effect of the re-measurement or re-assessment is recognized in the year of change, except when they relate to items recognized directly in other comprehensive income.

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

Leases

a) *As lessor*

At inception, Innovation classifies a lease which transfers substantially all of the risks and rewards incidental to ownership of the underlying asset as a finance lease. All other leases are classified as operating leases.

When assets are held subject to a finance lease, Innovation recognizes a finance lease asset included in loans in the consolidated statement of financial position representing its net investment in the lease. Interest income is recognized over the term of the lease using the implicit interest rate, which reflects a constant rate of return.

For operating leases, Innovation recognizes lease payments received as income on a straight-line basis over the term of the lease.

b) *As lessee*

Innovation classifies a contract, or component of a contract, as a lease if it conveys a right to control the use of an identifiable asset for a period of time in exchange for consideration. With the exception of certain short-term and low-value leases, Innovation recognizes a right-of-use asset and lease liability for all leases at commencement.

Lease liabilities are initially measured at the present value of the lease payments due over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at Innovation's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed

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3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

b) As lessee (continued)

contractual payments, variable contractual payments based upon a rate or index and any amounts payable with respect to purchase, extension and/or termination options when it is reasonably certain that Innovation will exercise the option. Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability plus initial direct costs and estimated decommissioning costs, less any lease incentives received. Right-of-use assets are subsequently amortized on a straight-line basis over the term of the lease or the estimated useful life of the asset, whichever is shorter.

Revenue Recognition

Revenue is recognized when Innovation satisfies a performance obligation by transferring the promised good or service to the customer, and the customer obtains control of the good or service. The recognition of revenue can either be over time or at a point in time, depending on when the performance obligation is satisfied. Determining the timing and transfer of control, at a point in time or over time, requires judgment.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. The interest income is calculated by applying the effective interest rate to the gross carrying amount of the non-credit impaired financial assets. For credit-impaired financial assets the interest income is calculated by applying the effective interest rate to the amortized cost of the credit-impaired financial assets.

Other income includes service charges on products, transaction fees, other fees and commissions and insurance fees, which are recognized over the period the services are performed.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Membership Equity

Membership shares are classified as financial liabilities in the consolidated statement of financial position in accordance with their terms. All shares are redeemable at the option of the member after one year from the request of membership withdrawal.

Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities reflect the exchange rates at the reporting date. Carrying values of non-monetary assets and liabilities that are measured in terms of historical cost reflect the exchange rates at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are translated to Canadian dollars at the exchange rate at the date that the fair value was determined.

Translation gains and losses are included in other income in the consolidated statement of comprehensive income.

Employee Future Benefits

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

Innovation's contributions to the defined contribution plan are expensed as incurred. Pension benefits of \$2,717 (2024 - \$2,639) were paid to defined contribution retirement plans during the year.

Future Accounting Changes

Innovation actively monitors developments and changes in accounting standards from the IASB, as well as requirements from the other regulatory bodies, including OSFI.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Future Accounting Changes (continued)

a) Presentation and disclosure in financial statements (IFRS 18)

In April 2024, the IASB issued a new standard – IFRS 18 - Presentation and Disclosure in Financial Statements. The standard becomes effective January 1, 2027, prospectively. The key objective is to set requirements for the presentation of general-purpose financial statements. It is expected that Innovation will have structural changes to the financial statements which are currently being assessed.

b) Classification and disclosures (Amendments to IFRS 9)

In May 2024, the IASB issued amendments to IFRS 9, which will become effective prospectively on January 1, 2026. These amendments include clarifying the classification of financial assets with environmental, social, and corporate governance impacts. The amendments also introduce new disclosure requirements for equity investments. Innovation is currently assessing the impact.

c) Electronic transfer payments (Amendments to IFRS 9)

In May 2024, the IASB also issued amendments to IFRS 9 regarding the derecognition of electronic transfer payments. These will become effective on January 1, 2026. The amendments clarify that financial assets and liabilities should be derecognized on the settlement date rather than the initiation date. Additionally, the IASB has developed an accounting policy option that allows a company to derecognize a financial liability before delivering cash on the settlement date, provided certain criteria are met. Innovation is currently assessing the impact.

4. CASH AND CASH EQUIVALENTS

	2025	2024
Cash on hand	\$ 33,899	\$ 12,361
Cash held with financial institutions	280,108	207,817
Short-term investments	7,065	-
Total	\$ 321,072	\$ 220,178

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5. INVESTMENTS

The following table provides information on the investments held by Innovation.

	2025	2024
Debt Investments (Amortized Cost)		
Mortgage-backed securities	\$ 9,904	\$ 25,878
Corporate debt and covered bonds	85,006	81,792
Deposits and debt securities	70,648	60,099
Accrued interest	2,384	2,231
Impairment	(113)	(107)
Debt Investments (FVTPL)		
Other debt securities	72,247	28,037
Accrued interest	1,035	129
Equity Securities (FVTPL)		
Investment funds and other entities	34,872	34,483
Accrued interest	27	524
Total Investments	\$ 276,010	\$ 233,066

Innovation's investment securities portfolio is comprised of a large number of investment securities carrying a wide variety of terms, conditions and issuers held for the purpose of liquidity management and effective utilization of excess funds.

At December 31, 2025, \$207,873 (2024 - \$126,904) of debt investments mature more than 12 months after the reporting date.

SaskCentral Membership Shares

Currently Innovation holds \$6,329 in Class B membership shares (2024 - \$8,182) of SaskCentral. The voting rights, characteristics, and value of membership shares are set out in the bylaws of SaskCentral. Membership shares of SaskCentral carry an issuance and redemption price of \$10 (not in thousands) per share.

These shares are classified as FVTPL. There is no active market for these shares as they are issued only by virtue of membership in SaskCentral. The shares are redeemable upon withdrawal of membership or at the discretion of the board of directors of SaskCentral. The shares may be surrendered upon withdrawal from membership for proceeds equal to the paid-in value, to be received in accordance with a SaskCentral by-law providing for the redemption of its share capital.

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6. LOANS

2025						
	Performing	Impaired	ECL Allowance			Net
			12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	
Agriculture	\$ 529,355	\$ 1,930	\$ (1,808)	\$ (1,094)	\$ (20)	528,363
Commercial ¹	1,064,435	112,741	(3,599)	(2,200)	(9,044)	1,162,333
Consumer	2,071,652	22,518	(1,773)	(1,072)	(3,248)	2,088,077
Finance Leases	5,425	376	(16)	-	(250)	5,535
Foreclosed Property	-	82	-	-	-	82
Accrued Interest	23,765	8,325	-	-	-	32,090
Total Loans	\$ 3,694,632	\$ 145,972	\$ (7,196)	\$ (4,366)	\$ (12,562)	\$ 3,816,480

¹ Loans are measured at amortized cost, except for \$3,647 (2024 - \$nil) in retained interests from securitized loan pools open to prepayment, which are measured at fair value through profit or loss (FVTPL).

2024						
	Performing	Impaired	ECL Allowance			Net
			12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	
Agriculture	\$ 483,653	\$ -	\$ (674)	\$ (843)	\$ -	482,136
Commercial	1,318,013	28,949	(1,831)	(3,295)	(6,742)	1,335,094
Consumer	1,883,252	2,330	(1,388)	(2,773)	(1,363)	1,880,058
Finance Leases	6,402	376	(27)	-	(250)	6,501
Foreclosed Property	-	36	-	-	-	36
Accrued Interest	25,508	4,072	-	-	-	29,580
Total Loans	\$ 3,716,828	\$ 35,763	\$ (3,920)	\$ (6,911)	\$ (8,355)	\$ 3,733,405

The aging of loans, including those that were past due but not impaired and those that were individually impaired, as at December 31 was:

	<u>2025</u>		<u>2024</u>	
	Performing	Impaired	Performing	Impaired
Current	\$ 3,646,975	\$ 3,287	\$ 3,646,727	\$ 1,340
31-60 days	17,253	900	23,584	12
61-90 days	5,808	530	2,246	79
Over 90 days	831	132,930	18,761	30,260
Accrued Interest	23,765	8,325	25,510	4,072
Total	\$ 3,694,632	\$ 145,972	\$ 3,716,828	\$ 35,763

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6. LOANS (continued)

Innovation holds collateral against loans to customers in the form of interests over property, other securities over assets, and guarantees.

During the year, Innovation obtained residential property and commercial property with carrying values of \$82 and (2024 - \$36) by taking possession of collateral held as security. Repossessed property is sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

7. ALLOWANCE AND NET PROVISION FOR CREDIT LOSSES

The following tables show reconciliations from the opening to the closing balance of the allowance for impairment by class of financial instrument.

	2025			
Total	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2025	\$ 3,920	\$ 6,911	\$ 8,355	\$ 19,186
Transfer to 12-month ECL	1,029	(1,029)	-	-
Transfer to lifetime ECL not credit-impaired	(180)	254	(74)	-
Transfer to lifetime ECL credit-impaired	(126)	(1,378)	1,504	-
Net remeasurement of loss allowance	1,305	2,539	4,351	8,195
New financial assets originated	2,553	399	1,811	4,763
Financial assets that have been derecognized	(1,305)	(3,330)	1,890	(2,745)
Write-offs	-	-	(5,851)	(5,851)
Recoveries	-	-	576	576
Balance at December 31, 2025	\$ 7,196	\$ 4,366	\$ 12,562	\$ 24,124

Agricultural	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2025	\$ 685	\$ 843	\$ 250	\$ 1,778
Transfer to 12-month ECL	72	(72)	-	-
Transfer to lifetime ECL not credit-impaired	(28)	28	-	-
Transfer to lifetime ECL credit-impaired	(27)	(31)	58	-
Net remeasurement of loss allowance ¹	617	548	(37)	1,128
New financial assets originated	596	98	-	694
Financial assets that have been derecognized	(91)	(320)	25	(386)
Write-offs	-	-	(26)	(26)
Recoveries	-	-	-	-
Balance at December 31, 2025	\$ 1,824	\$ 1,094	\$ 270	\$ 3,188

¹Includes finance leases from our agricultural borrowers with a total allowance of \$257.

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7. ALLOWANCE AND NET PROVISION FOR CREDIT LOSSES (continued)

Commercial	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2025	\$ 1,847	\$ 3,295	\$ 6,742	\$ 11,884
Transfer to 12-month ECL	455	(455)	-	-
Transfer to lifetime ECL not credit-impaired	(52)	52	-	-
Transfer to lifetime ECL credit-impaired	(92)	(916)	1,008	-
Net remeasurement of loss allowance ²	1,033	1,715	3,347	6,095
New financial assets originated	1,023	107	-	1,130
Financial assets that have been derecognized	(615)	(1,598)	1,720	(493)
Write-offs	-	-	(3,866)	(3,866)
Recoveries	-	-	93	93
Balance at December 31, 2025	\$ 3,599	\$ 2,200	\$ 9,044	\$ 14,843

²Includes finance leases from our commercial borrowers with a total allowance of \$9.

Consumer	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2025	\$ 1,388	\$ 2,773	\$ 1,363	\$ 5,524
Transfer to 12-month ECL	502	(502)	-	-
Transfer to lifetime ECL not credit-impaired	(100)	174	(74)	-
Transfer to lifetime ECL credit-impaired	(7)	(431)	438	-
Net remeasurement of loss allowance	(345)	276	1,041	972
New financial assets originated	934	194	1,811	2,939
Financial assets that have been derecognized	(599)	(1,412)	145	(1,866)
Write-offs	-	-	(1,959)	(1,959)
Recoveries	-	-	483	483
Balance at December 31, 2025	\$ 1,773	\$ 1,072	\$ 3,248	\$ 6,093

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7. ALLOWANCE AND NET PROVISION FOR CREDIT LOSSES (continued)

2024

Total	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2024	\$ 3,148	\$ 4,652	\$ 4,986	\$ 12,786
Transfer to 12-month ECL	1,069	(1,026)	(43)	-
Transfer to lifetime ECL not credit-impaired	(233)	249	(16)	-
Transfer to lifetime ECL credit-impaired	(1,499)	(786)	2,285	-
Net remeasurement of loss allowance	528	4,016	4,563	9,107
New financial assets originated	1,358	535	14	1,907
Financial assets that have been derecognized	(451)	(729)	(351)	(1,531)
Write-offs	-	-	(3,480)	(3,480)
Recoveries	-	-	397	397
Balance at December 31, 2024	\$ 3,920	\$ 6,911	\$ 8,355	\$ 19,186

Agricultural	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2024	\$ 334	\$ 822	\$ 253	\$ 1,409
Transfer to 12-month ECL	265	(265)	-	-
Transfer to lifetime ECL not credit-impaired	(10)	10	-	-
Transfer to lifetime ECL credit-impaired	-	-	-	-
Net remeasurement of loss allowance ¹	(218)	327	-	109
New financial assets originated	343	52	-	395
Financial assets that have been derecognized	(29)	(103)	(9)	(141)
Write-offs	-	-	(1)	(1)
Recoveries	-	-	7	7
Balance at December 31, 2024	\$ 685	\$ 843	\$ 250	\$ 1,778

¹Includes finance leases from our agricultural borrowers with a total allowance of \$261.

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7. ALLOWANCE AND NET PROVISION FOR CREDIT LOSSES (continued)

Commercial	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2024	\$ 1,061	\$ 2,188	\$ 3,449	\$ 6,698
Transfer to 12-month ECL	309	(309)	-	-
Transfer to lifetime ECL not credit-impaired	(24)	24	-	-
Transfer to lifetime ECL credit-impaired	(134)	(392)	526	-
Net remeasurement of loss allowance ²	317	1,983	3,601	5,901
New financial assets originated	411	72	-	483
Financial assets that have been derecognized	(93)	(271)	(273)	(637)
Write-offs	-	-	(679)	(679)
Recoveries	-	-	118	118
Balance at December 31, 2024	\$ 1,847	\$ 3,295	\$ 6,742	\$ 11,884

²Includes finance leases from our commercial borrowers with a total allowance of \$16.

Consumer	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total ECL
Beginning Balance, January 1, 2024	\$ 1,753	\$ 1,642	\$ 1,284	\$ 4,679
Transfer to 12-month ECL	495	(452)	(43)	-
Transfer to lifetime ECL not credit-impaired	(199)	215	(16)	-
Transfer to lifetime ECL credit-impaired	(1,365)	(394)	1,759	-
Net remeasurement of loss allowance	429	1,706	962	3,097
New financial assets originated	604	411	14	1,029
Financial assets that have been derecognized	(329)	(355)	(69)	(753)
Write-offs	-	-	(2,800)	(2,800)
Recoveries	-	-	272	272
Balance at December 31, 2024	\$ 1,388	\$ 2,773	\$ 1,363	\$ 5,524

The proportion of allowance relating to undrawn commitments included above is \$121 (2024- \$138).

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7. ALLOWANCE AND NET PROVISION FOR CREDIT LOSSES (continued)

2025				
Debt instruments at Amortized Cost	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total
Agriculture loans	\$ 1,122	\$ 326	\$ (12)	\$ 1,436
Commercial loans	1,441	224	5,067	6,732
Consumer loans	(10)	(942)	2,997	2,045
Investments	6	-	-	6
Net impairment losses on financial assets	\$ 2,559	\$ (392)	\$ 8,052	\$ 10,219

2024				
Debt instruments at Amortized Cost	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Total
Agriculture loans	\$ 96	\$ 276	\$ (9)	\$ 363
Commercial loans	635	1,784	3,328	5,747
Consumer loans	704	1,762	907	3,373
Investments	70	-	-	70
Net provision for credit losses	\$ 1,505	\$ 3,822	\$ 4,226	\$ 9,553

8. DERIVATIVE FINANCIAL INSTRUMENTS

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of the derivatives are measured. The notional amounts indicate the volume of transactions outstanding at December 31, 2025 and are not indicative of either the market risk or the credit risk.

Interest rate swaps

Innovation currently enters into interest rate swaps to manage exposure to interest rate risk. Interest rate swaps are contractual agreements between two parties to exchange a series of cash flows based on agreed upon rates to a notional amount. Generally, counterparties exchange a fixed and floating interest rate payment to manage

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8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate swaps (continued)

exposure to interest rate risk by modifying the interest rate characteristics of assets or liabilities.

	Maturities of derivatives (notional amount)					Net fair value			
	2025			2024	Total	2025		2024	
	Under 1 year	1 to 5 years	Over 5 years	Total		Assets	Liabilities	Assets	Liabilities
Derivatives at FVTPL									
Interest rate swaps	\$ 40,000	\$ 60,000	\$ -	\$ 100,000	\$ 40,000	\$ 157	\$ -	\$ 571	\$ -
Index-linked options	-	-	-	-	457	-	-	177	177
	\$ 40,000	\$ 60,000	\$ -	\$ 100,000	\$ 40,457	\$ 157	\$ -	\$ 748	\$ 177

9. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY

Property and equipment

	2025					
	Land	Facilities	Computer Hardware	Furniture & Equipment	Automotive	Total
Cost						
Balance at January 1, 2025	\$ 1,718	\$ 32,650	\$ 15,303	\$ 4,381	\$ 1,247	\$ 55,299
Additions	-	57	1,277	27	288	1,649
Disposals	-	-	-	-	(153)	(153)
Balance at December 31, 2025	\$ 1,718	\$ 32,707	\$ 16,580	\$ 4,408	\$ 1,382	\$ 56,795
Depreciation						
Balance at January 1, 2025	\$ -	\$ 25,094	\$ 11,641	\$ 3,839	\$ 785	\$ 41,359
Depreciation expense	-	951	1,130	138	144	2,363
Disposals	-	-	-	-	(119)	(119)
Balance at December 31, 2025	\$ -	\$ 26,045	\$ 12,771	\$ 3,977	\$ 810	\$ 43,603
Net Book Value						
Balance at December 31, 2025	\$ 1,718	\$ 6,662	\$ 3,809	\$ 431	\$ 572	\$ 13,192

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9. PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY (continued)

Property and equipment (continued)

2024

	Land	Facilities	Computer Hardware	Furniture & Equipment	Automotive	Total
Cost						
Balance at January 1, 2024	\$ 1,718	\$ 32,319	\$ 13,826	\$ 4,207	\$ 1,072	\$ 53,142
Additions	-	569	1,580	174	263	2,586
Disposals	-	-	(103)	-	(88)	(191)
Transfer to investment property	-	(238)	-	-	-	(238)
Balance at December 31, 2024	\$ 1,718	\$ 32,650	\$ 15,303	\$ 4,381	\$ 1,247	\$ 55,299
Depreciation						
Balance at January 1, 2024	\$ -	\$ 24,298	\$ 10,650	\$ 3,697	\$ 729	\$ 39,374
Depreciation expense	-	934	1,032	142	139	2,247
Disposals	-	-	(41)	-	(83)	(124)
Transfer to investment property	-	(138)	-	-	-	(138)
Balance at December 31, 2024	\$ -	\$ 25,094	\$ 11,641	\$ 3,839	\$ 785	\$ 41,359
Net Book Value						
Balance at December 31, 2024	\$ 1,718	\$ 7,556	\$ 3,662	\$ 542	\$ 462	\$ 13,940

Investment Property

	2025	2024
Cost		
Balance at January 1	\$ 2,658	\$ 2,420
Transfer from property and equipment	-	238
Balance at December 31	\$ 2,658	\$ 2,658
Depreciation		
Balance at January 1	\$ 1,558	\$ 1,334
Transfer from property and equipment	-	138
Depreciation expense	86	86
Balance at December 31	\$ 1,644	\$ 1,558
Net Book Value		
Balance at December 31	\$ 1,014	\$ 1,100

The fair value of the investment property above as at December 31, 2025 is \$1,752 (2024 - \$1,752).

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10. LEASES

Right-of-use (ROU) assets

			2025			2024			
	Facilities	Other	Total	Facilities	Other	Total	Facilities	Other	Total
Cost									
Balance at January 1	\$ 1,416	\$ 72	\$ 1,488	\$ 1,533	\$ 72	\$ 1,605			
Additions	283	-	283	396	-	396			
Disposals	(279)	(35)	(314)	(513)	-	(513)			
Balance at December 31	\$ 1,420	\$ 37	\$ 1,457	\$ 1,416	\$ 72	\$ 1,488			
Depreciation									
Balance at January 1	\$ 624	\$ 47	\$ 671	\$ 816	\$ 40	\$ 856			
Depreciation expense	331	7	338	321	7	328			
Disposals	(279)	(35)	(314)	(513)	-	(513)			
Balance at December 31	\$ 676	\$ 19	\$ 695	\$ 624	\$ 47	\$ 671			
Net Book Value									
Balance at December 31	\$ 744	\$ 18	\$ 762	\$ 792	\$ 25	\$ 817			

Lease liabilities

	2025		2024	
Interest expense on lease liabilities	\$ 42	\$	53	\$
Expense relating to variable lease payments	161	\$	152	\$
Total amounts recognized in profit or loss	\$ 203	\$	205	\$
Repayment of lease liabilities	293	\$	300	\$
Total cash outflows for leases	\$ 496	\$	504	\$

The variable lease payments that are not included in the calculation of the lease liability include operating costs associated with the lease that are not based on an index or rate.

The lease liability carrying value as at December 31, 2025 is \$815 (2024- \$867).

The contractual maturity of future lease payments are as follows:

	2025		2024	
1 year or less	\$ 368	\$	374	\$
1 to 5 years	\$ 565	\$	754	\$

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11. INTANGIBLE ASSETS

	2025			
	Software	Naming Rights	Core Deposits	Total
Cost				
Balance at January 1	\$ 6,483	\$ 1,500	\$ 901	8,884
Balance at December 31	\$ 6,483	\$ 1,500	\$ 901	\$ 8,884
Amortization				
Balance at January 1	\$ 6,482	\$ 550	\$ 615	7,647
Amortization expense	-	37	104	141
Balance at December 31	\$ 6,482	\$ 587	\$ 719	\$ 7,788
Carrying Value				
Balance at December 31	\$ 1	\$ 913	\$ 182	\$ 1,096
	2024			
	Software	Naming Rights	Core Deposits	Total
Cost				
Balance at January 1	\$ 6,483	\$ 1,500	\$ 901	8,884
Balance at December 31	\$ 6,483	\$ 1,500	\$ 901	\$ 8,884
Amortization				
Balance at January 1	\$ 6,477	\$ 512	\$ 511	7,500
Amortization expense	5	38	104	147
Balance at December 31	\$ 6,482	\$ 550	\$ 615	\$ 7,647
Carrying Value				
Balance at December 31	\$ 1	\$ 950	\$ 286	\$ 1,237

12. DEPOSITS

	2025	2024
Demand	\$ 1,751,037	\$ 1,602,901
Term	1,489,357	1,591,703
Registered Plans	380,789	355,792
Interest Payable	39,047	50,779
Total Deposits	\$ 3,660,230	\$ 3,601,175

At December 31, 2025, \$1,044,906 (2024 - \$800,141) of deposits are expected to be settled more than 12 months after the reporting date.

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13. FUNDING FACILITIES

Loans Payable

	2025		2024	
	Balance	Credit Limit	Balance	Credit Limit
SaskCentral Line of Credit	\$ -	\$ 2,000	\$ -	\$ 10,000
Central 1 Line of Credit	-	45,000	-	45,000
National Bank Credit Line	-	50,000	-	50,000
Desjardins Credit Line	-	70,000	-	50,000
Total Credit Facilities (CDN)	\$ -	\$ 167,000	\$ -	\$ 155,000
SaskCentral Line of Credit	-	100	-	100
Central 1 Line of Credit	-	500	-	500
Total Credit Facilities (USD)	\$ -	\$ 600	\$ -	\$ 600

Innovation has two committed credit facilities with SaskCentral in the amount of \$2,000 (2024 - \$10,000) and \$100 in U.S. funds (2024 - \$100). The interest rate on both lines of credit is the SaskCentral prime interest rate plus an applicable spread. Innovation pledges securities issued by the Federal Government as collateral for both facilities. Innovation is required to have assets pledged and held as collateral for these facilities at all times. The market value of the pledged securities was \$2.47 million as of December 31, 2025.

Innovation has two committed credit facilities with Central 1 in the amount of \$45,000 (2024 - \$45,000) and \$500 in U.S. funds (2024 - \$500). The interest rate on both lines of credit is the Central 1 prime interest rate plus an applicable spread. Innovation pledges securities issued by the Federal Government as collateral for both facilities. IFCU is required to have assets pledged and held as collateral for these facilities at all times. The market value of the pledged securities was \$49.30 million as of December 31, 2025.

Innovation has a committed credit facility with Desjardins in the amount of \$70,000 (2024 - \$50,000). The facility can be drawn with two business days' notice. The interest rate depends on the type of draw and collateral pledged but is based on the Desjardins cost of funds or prime rate plus an applicable spread. Collateral is only required when a draw is made. Forms of collateral include eligible insured, insurable and uninsured residential mortgages.

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13. FUNDING FACILITIES (continued)

Loans Payable (continued)

Innovation has a committed credit facility with National Bank in the amount of \$50,000 (2024 - \$50,000). The facility can be drawn with two business days' notice. The interest rate is based on CORRA or National Bank prime rate plus an applicable spread. Collateral is only required when a draw is made. Forms of collateral include eligible insured residential mortgages, cash and Government securities.

Short-term Notes Payable

IFCU issues Bearer Deposit Notes (BDNs), which are recorded as short-term notes payable. BDNs are unsecured debt instruments issued at a discount to their face value. The purchaser receives the face value at maturity.

	2025		2024
Face value	\$ 200,000		\$ 110,000
Discount	(945)		(482)
Total short-term notes payable	\$ 199,055		\$ 109,518

In 2025 interest expense of \$4,336 (2024 - \$1,323) was recognized in the income statement as part of borrowings related to the BDNs.

14. SECURITIZED BORROWINGS

Securitizations not qualifying for derecognition

Innovation participates in the Canada Mortgage and Housing Corporation ("CMHC") sponsored National Housing Act Mortgage-Backed Securities ("NHA MBS") program where Innovation assigns all legal rights, interest and title in certain insured residential mortgages to CMHC in exchange for NHA MBS certificates. As Innovation continues to be exposed to substantially all of the risks and rewards of ownership of the original mortgages, Innovation has determined that the assignment of the mortgages does not constitute a transfer.

At December 31, 2025, the carrying value of the residential mortgage loans, including accrued interest is \$156,737 (2024 - \$111,736). Due to retention of substantially all the risks and rewards of ownership of these assets, Innovation continues to recognize them within loans on the consolidated statement of financial position, and the transfers

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14. SECURITIZED BORROWINGS (continued)

Securitized borrowings not qualifying for derecognition (continued)

are accounted for as secured financing transactions. The associated liability of \$155,289 (2024 - \$110,210), secured by these assets, is included in securitized borrowings on the consolidated statement of financial position and is carried at amortized cost.

Innovation also retains certain amounts of its issued NHA MBS certificates as part of its liquidity management strategy. As at December 31, 2025 residential mortgages of \$224,722 (2024 - \$237,622) with a fair value of \$223,455 (2024 - \$230,188) were assigned to NHA MBS certificates and retained by Innovation. These unsold NHA MBS certificates are reported in consumer loans on the consolidated statement of financial position.

Securitized borrowings qualifying for derecognition

Certain securitization transactions undertaken by Innovation result in Innovation derecognizing the transferred assets in their entirety. This is the case where Innovation purchases, securitizes and sells pools of multi-family and social housing mortgages with no prepayment option to third parties. Innovation does not retain substantially all the risks and rewards of ownership and transfers control over the assets. Innovation retains some continuing involvement in the transaction which is represented by the retained interests. Innovation is compensated for servicing through retained interest, no separate servicing asset or liability is recognized. There is no credit risk associated with the securitization retained interest as the derecognized loans are fully insured.

Innovation achieves derecognition on the securitization and sale of certain pools of multi-family and social housing mortgages with a prepayment option. In these transactions, Innovation purchases, securitizes, and sells pools of multi-family and social housing mortgages and then engages in a transaction to transfer its rights in the excess interest spread and/or any prepayment risk, thereby transferring substantially all the risks and rewards of ownership in the asset and derecognizing the asset in its entirety. During the year Innovation purchased, and derecognized \$117,826 (2024 - \$nil) of multi-unit residential loans with prepayment options.

The following table provides quantitative information of Innovation's securitization activities and transfers that are derecognized in their entirety during the year:

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14. SECURITIZED BORROWINGS (continued)

Securitized borrowings qualifying for derecognition (continued)

	2025	2024
Multi-family securitization activity		
Principal balance of multi-family loans securitized and derecognized during the year	\$ 228,712	\$ -
Gain on multi-family loans securitized and derecognized during the year	948	-
Continuing involvement		
Outstanding principal balance of derecognized multi-family loans subject to servicing agreements	228,712	-
Carrying value of retained interests	7,107	-
Cumulative servicing expense on derecognized multi-family loans during the year	18	-

15. OTHER INCOME

	2025	2024
Service charges on products	\$ 1,247	\$ 1,183
Loan fees, commissions and insurance	5,297	4,927
Other fees and commissions	3,188	4,138
Innovation Wealth	7,150	6,200
Other revenue	1,507	1,046
Total	\$ 18,389	\$ 17,494

16. MEMBERSHIP SHARES AND DISTRIBUTIONS

Innovation may issue an unlimited number of membership shares and consists of fully paid shares with a par value of \$5 per share (not in thousands). The membership shares are redeemable under certain conditions stipulated in the *Bank Act* and in the by-laws of Innovation. Innovation has the ability to distribute to members surplus earnings in the form of patronage allocations and/or dividends.

Membership shares and distributions are comprised of the following:

	2025	2024
Membership Shares - par value	\$ 363	\$ 338
Membership Shares - patronage allocations	21,255	20,160
Membership rewards - unrestricted	11,630	10,656
Total Membership Shares and Distributions	\$ 33,248	\$ 31,154

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16. MEMBERSHIP SHARES AND DISTRIBUTIONS (continued)

Unrestricted Member Rewards included available distributions made to members including dividends. These balances are disburseable at the option of the member.

The Board of Directors declared total member distributions in the amount of \$5,374 (2024 - \$5,271) based on 2025 earnings. The member distributions approved by the Board of Directors quarterly were based on the balance of active Member Reward accounts, members under the age of 19 as of that quarter, loan interest paid and deposit interest earned by each member during the quarter (excluding credit cards and registered products deposits), and digital transaction activity.

The member distributions are reported on the consolidated financial statements as follows: \$1,242 (2024 - \$1,359) cash dividends, \$139 (2024 - \$125) youth cash dividends, \$425 (2024 - \$437) Monthly Transaction Rewards, and \$3,568 (2024 - \$3,350) patronage allocations to Membership Shares.

17. CAPITAL MANAGEMENT

Innovation conducts its capital management in accordance with OSFI Capital Adequacy Requirements (CAR) - Guideline. Innovation has established a Capital Plan that is approved by the Board of Directors. A Capital Contingency Plan is also in place to identify, measure, monitor, and control capital during a stressed event.

Regulatory standards require small to medium size deposit taking institutions (SMSBs) to maintain the following minimum ratios as a percentage of risk weighted assets, these minimums include a 2.5% capital conservation buffer:

Common equity tier 1 (CET1)	7.00%
Tier 1 capital	8.50%
Total capital	10.50%

Total capital is the combination of tier 1 and tier 2 capital.

Tier 1 capital is comprised of the highest quality capital elements. It consists of two components: CET1 and additional Tier 1 capital. CET1 includes common shares, retained earnings, contributed surplus, accumulated other comprehensive income and applied regulatory adjustments. Deductions from CET1 include items such as goodwill, intangible assets, deferred tax assets (except those arising from temporary differences) and significant investments in commercial entities. Additional Tier 1 capital consists of qualifying shares and other instruments issued by Innovation that meet the criteria for inclusion in additional tier 1 capital and are not included in CET1.

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17. CAPITAL MANAGEMENT (continued)

Tier 2 capital includes items such as collective allowance for credit losses, subordinated debt, preferred shares or other instruments issued by Innovation that meet the criteria for inclusion in tier 2 capital and are not included in tier 1 capital.

Regulatory standards also require category II SMSBs to maintain a minimum leverage ratio of 3.0% (2024 – 3.0%). This ratio is calculated by dividing Tier 1 capital by on balance sheet exposures, derivative exposures, securities financing transactions and off-balance sheet items.

During the year, Innovation complied with all regulatory capital requirements.

The following table summarizes key capital information:

Capital Summary	2025	2024
Common equity tier 1 capital	\$ 407,397	\$ 381,252
Total tier 1 capital	407,397	381,252
Total tier 2 capital	11,597	10,938
Total capital	\$ 418,994	\$ 392,190
Risk-weighted assets	\$ 2,552,183	\$ 2,579,181
Leveraged assets	4,584,492	4,467,918
Common equity tier 1 to risk weighted assets	15.96%	14.78%
Total Tier 1 to risk weighted assets	15.96%	14.78%
Total capital to risk weighted assets	16.42%	15.21%
Total Tier 1 capital to leveraged assets	8.89%	8.53%

18. RELATED PARTY TRANSACTIONS

Related parties exist when one party has the ability to directly or indirectly exercise control, joint control, or significant influence over the other or is a member, or close family of a member, of the key management personnel of Innovation. Related party transactions are in the normal course of operations and are measured at the consideration established and agreed to by the parties.

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18. RELATED PARTY TRANSACTIONS (continued)

Loans

At December 31, 2025, certain directors, senior management and their spouses, children and dependents were indebted to Innovation for an amount totaling \$4,990 (2024 - \$4,183). The loans to the directors were granted under the same lending policies applicable to other members. Certain management loans qualify for the staff lending program at preferential rates. These loans have been recorded at amortized cost with the discount amortized using the effective interest method. Director and management loans are included in loans on the consolidated statement of financial position.

There were no loans forgiven or written down during the year with related parties.

Deposits

As of December 31, 2025, certain directors, senior management and their spouses, children and dependents over which the director or executive has substantial control had deposits at Innovation for an amount totaling \$2,346 (2024 - \$2,400).

Directors and other key management personnel may hold deposit accounts. These accounts are maintained under the same terms and conditions as the accounts of other members and are included in deposits on the consolidated statement of financial position.

Remuneration

Compensation for directors and other key management personnel was comprised of:

	2025	2024
Salaries and other short-term employee benefits	\$ 5,354	\$ 4,702
Other long-term benefits	193	190
	\$ 5,548	\$ 4,892

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19. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables summarize the classification of Innovation's financial instruments:

	2025			2024		
	FVTPL	Amortized Cost	Total Carrying Value	FVTPL	Amortized Cost	Total Carrying Value
FINANCIAL ASSETS						
Cash and cash equivalents	\$ -	\$ 321,072	\$ 321,072	\$ -	\$ 220,178	\$ 220,178
Investments	108,181	167,829	276,010	63,173	169,893	233,066
Loans	3,647	3,812,833	3,816,480	-	3,733,405	3,733,405
Accounts receivable	-	6,529	6,529	-	6,687	6,687
Derivative assets	157	-	157	748	-	748
FINANCIAL LIABILITIES						
Deposits	\$ -	\$ 3,660,230	\$ 3,660,230	\$ -	\$ 3,601,175	\$ 3,601,175
Securitized borrowings	-	155,289	155,289	-	110,210	110,210
Accounts payable and accrued liabilities	-	24,246	24,246	-	16,690	16,690
Short term notes payable	-	199,055	199,055	-	109,518	109,518
Derivative liabilities	-	-	-	177	-	177
Membership shares and distributions	-	33,248	33,248	-	31,154	31,154

Fair value of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair values are determined, where possible, by reference to quoted bid or asking prices in an active market. In the absence of an active market, Innovation determines fair value based on internal or external valuation models, such as discounted cash flow analysis or using observable market-based inputs (bid and ask price) for instruments with similar characteristics and risk profiles.

Innovation classifies fair value measurements of financial instruments recognized in the consolidated statement of financial position using the following three-tier fair value hierarchy, which reflects the significance of the inputs used in measuring fair value as follows:

- Level 1: Quoted market prices (unadjusted) are available in active markets for identical assets or liabilities; and
- Level 2: Fair value measurements are derived from inputs other than quoted prices that are included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

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19. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

- Level 3: Fair value measurements derived from valuation techniques that include significant unobservable inputs.

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

Fair values represent estimates of value at a particular point in time and may not be relevant in predicting future cash flows or income. Estimates respecting fair values are based on subjective assumptions and contain significant uncertainty. Potential income taxes or other expenses that may be incurred on actual disposition have not been reflected in the fair values disclosed.

The following methods and assumptions were used to estimate fair values of financial instruments:

- The carrying values for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and membership shares and distributions approximated their fair values.
- The terms for short-term deposit notes are consistently three months; therefore, the face value of the notes approximates the fair value.
- Estimated fair values of investments are based on quoted market prices of similar investments (Level 2). Venture capital funds are carried at the last disclosed net asset value (Level 3).
- For variable interest rate loans that re-price frequently, carrying values are assumed to be fair values. Fair values of other loans are estimated using discounted cash flow calculations with market interest rates for similar groups of loans to expected maturity amounts.
- Fair value of deposits without a specified maturity term is the stated value. Fair value for other deposits is estimated using discounted cash flow calculations at market rates for similar deposits.
- Fair values of securitized borrowings are estimated using discounted cash flow calculations with market interest rates for similar groups of loans to expected maturity amounts.

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19. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

- The fair value of derivative financial instruments is estimated by referring to the appropriate current market yields with matching terms to maturity. These instruments have been valued assuming they will not be sold, using present value or other techniques, and are not necessarily representative of the amounts realizable in an immediate settlement of the instrument.

The interest rates used to discount estimated cash flows, when applicable, are based on the government treasury bill rates for investments with maturities less than a year and government bond rates for longer-term investments. Loan discount rates are based on Innovation's residential mortgage floor rates for insured loans and commercial mortgage renewal rates for all other lending. These are as follows:

	2025	2024
Investments	2.47% - 3.79%	2.07% - 3.13%
Loans	4.01% - 6.13%	4.09% - 6.67%
Deposits	2.90% - 3.10%	3.30% - 3.45%

The fair value and related carrying value of the financial instruments have been summarized in the table below by level within the fair value hierarchy, except for those financial instruments whose carrying amount is a reasonable approximation of fair value.

	2025				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS					
<i>Measured at FVTPL</i>					
Investments	\$ 108,181	\$ 108,181	\$ -	\$ 80,091	\$ 28,090
Derivative assets	157	157	-	157	-
Loans	3,647	3,647	-	3,647	-
<i>Measured at Amortized Cost</i>					
Investments	167,829	171,176	-	171,176	-
Loans	3,816,480	3,796,625	-	3,796,625	-
	\$ 4,096,294	\$ 4,079,786	\$ -	\$ 4,051,696	\$ 28,090
FINANCIAL LIABILITIES					
<i>Measured at FVTPL</i>					
Derivative liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Measured at Amortized Cost</i>					
Short term notes payable	\$ 199,055	\$ 200,000	\$ -	\$ 200,000	\$ -
Deposits	3,660,230	3,644,004	-	3,644,004	-
Securitized borrowings	155,289	156,847	-	156,847	-
	\$ 4,014,574	\$ 4,000,851	\$ -	\$ 4,000,851	\$ -

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19. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

	2024				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS					
<i>Measured at FVTPL</i>					
Investments	\$ 63,173	\$ 63,173	\$ -	\$ 36,833	\$ 26,340
Derivative assets	748	748	-	748	-
<i>Measured at Amortized Cost</i>					
Investments	169,893	172,818	-	172,818	-
Loans	3,733,405	3,705,022	-	3,705,022	-
	\$ 3,967,219	\$ 3,941,761	\$ -	\$ 3,915,421	\$ 26,340
FINANCIAL LIABILITIES					
<i>Measured at FVTPL</i>					
Derivative liabilities	\$ 177	\$ 177	\$ -	\$ 177	\$ -
<i>Measured at Amortized Cost</i>					
Short term notes payable	109,518	110,000	-	110,000	-
Deposits	3,601,175	3,578,481	-	3,578,481	-
Securitized borrowings	110,210	111,831	-	111,831	-
	\$ 3,821,080	\$ 3,800,489	\$ -	\$ 3,800,489	\$ -

There were no transfers between Level 1 and Level 2 in the period and there are no liabilities measured using Level 3 of the fair value hierarchy.

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	2025	2024
Opening Balance	\$ 26,340	\$ 22,792
Unrealized gains included in net income	1,492	2,938
Purchases	2,060	850
Disposals	(1,305)	(417)
Change in accrued interest	(497)	177
Closing Balance	\$ 28,090	\$ 26,340

20. FINANCIAL INSTRUMENT RISK MANAGEMENT

Innovation is exposed to the following risks as a result of holding financial instruments: credit risk, liquidity risk and market risk. The following is a description of these risks and how Innovation manages its exposure to them.

Credit Risk

The business of Innovation necessitates the management of credit risk. Credit risk arises from a counterparty's inability or unwillingness to fulfill its payment obligations. Credit risk may arise from principal and interest amounts on loans.

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

The Board of Directors of Innovation oversees the risk management process. In addition, OSFI establishes standards with which Innovation must comply. Senior management coordinates policy setting on risk management issues, assesses the risk exposure of Innovation and reviews the effectiveness of internal control processes.

Innovation uses a disciplined lending approach with standard underwriting parameters for each category of loans. These parameters are used to assist Innovation in implementing a prudent and effective credit granting process to assess the borrower's ability to repay.

Innovation also mitigates credit risk by obtaining quality collateral. Innovation considers collateral to be of good quality if it can determine the legal validity and market value on an ongoing basis. Innovation's internal policy provides additional information regarding the appropriate collateral based on the category of loan. Types of collateral generally obtained by Innovation are, but are not limited to, real and non-real property by way of mortgages and security agreements.

Innovation has documented policies and procedures in place for the valuation of financial and non-financial collateral. Valuations of collateral are performed periodically to ensure they remain reasonable. The collateral and other credit enhancements held by the Innovation as security for loans include:

- mortgages over residential lots and properties;
- recourse to business assets such as real estate, equipment, inventory and accounts receivable;
- recourse to the commercial real estate properties being financed; and
- recourse to liquid assets, guarantees and securities.

In some cases, Innovation obtains third-party guarantees and insurance to reduce the risk of loan default. In total, 16% (2024 – 17%) of the Innovation's loan portfolio is guaranteed by a government program or agency. The largest of these guarantees is in the residential mortgage portfolio, which is guaranteed by either Canada Mortgage and Housing Corporation (CMHC), a government owned corporation, at 11% (2024 – 11%) or Sagen at 2% (2024 – 2%).

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

The following table summarizes the outstanding loan balances by type of collateral held as security ranked in descending order of quality. In instances where a loan has multiple forms of collateral, it has been grouped based on the highest quality collateral held:

	2025	2024
Fully secured by government guarantee or default insurance	\$ 608,244	\$ 644,316
Fully or partially secured by tangible mortgage assets ¹	2,593,810	2,630,249
Fully or partially secured by tangible non mortgage assets	456,430	369,427
Unsecured	150,030	79,019
	\$ 3,808,514	\$ 3,723,011

¹Includes both loans and lines of credit secured by mortgage assets.

The below table outlines additional information with respect to collateral for credit-impaired (stage 3) and foreclosed loans:

	2025	2024
Credit-impaired (Stage 3) loans		
Fair value of collateral held as security for stage 3 loans	\$ 225,755	\$ 50,461
Stage 3 loans without an allowance due to adequate security	\$ 74,591	\$ 1,850
Foreclosed loans		
Assets acquired via enforcement of security during the year	\$ 84	\$ 38

In addition, Innovation monitors its loan concentration to ensure it is in compliance with its policies.

Credit risk also may arise from principal and interest amounts on investments. Innovation manages credit risk through adherence to internal policies and procedures for the acquisition of investments. Safety of principal is accomplished by ensuring that all investments purchased are reasonable and prudent. Investment decisions are made with due diligence to avoid undue risk of loss while obtaining a reasonable return.

Innovation's investment portfolio excluding accrued interest and impairment is as follows:

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

	2025	2024
	Carrying Amount	Carrying Amount
Long Term Issuer Rating AAA	\$ 9,904	\$ 25,878
Long Term Issuer Rating AA(low) to AA(high)	88,455	34,224
Long Term Issuer Rating A(low) to A(high)	35,180	26,291
Long Term Issuer Rating BBB(low) to BBB(high)	104,265	109,413
Unrated	34,873	34,484
	\$ 272,677	\$ 230,290

At December 31, 2025, Innovation does not hold any credit derivative financial instruments (2024 - \$Nil). Innovation is exposed to credit risk in the event of non-performance by counterparties to its derivative financial instruments but does not anticipate non-performance by any of the counterparties. Management monitors the credit risk and credit standing of counterparties on a regular basis.

In addition, in the normal course of business Innovation has entered various commitments to extend credit that may not be reported on the consolidated statement of financial position, as well as guarantees and standby letters of credit. 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.

Guarantees and standby letters of credit represent irrevocable commitments that Innovation will make payments in the event a member cannot meet its obligations to third parties, and they carry the same risk, recourse and collateral security requirements as loans extended to members. Documentary and commercial letters of credit are instruments issued on behalf of a member authorizing a third party to draw drafts on Innovation up to a stipulated amount subject to specific terms and conditions. Innovation is at risk for any drafts drawn that are not ultimately settled by the member and the amounts are collateralized by the goods to which they relate.

Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans, bankers' acceptances or letters of credit.

The unused portion of authorized loans and lines of credit and from standby letters of credit totals \$463,648 (2024 - \$564,739). This amount does not necessarily represent

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

future cash requirements since many commitments will expire or terminate without being funded.

The following table provides a summary of Innovation's risk rating framework:

Portfolio	Method	Low Risk	Moderate Risk	High Risk
Commercial/Agriculture	Internal Risk Ratings	1 - 3	4 - 6	7 - 10
Consumer	External Credit Scores	>720	640-720	<640
Investments	External Credit Ratings	AAA - BBB	BB - B	<CCC

As at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Agriculture				
Low Risk	\$ 163,456	\$ -	\$ -	\$ 163,456
Moderate Risk	321,891	23,389	-	345,280
High Risk	3,314	17,305	-	20,619
Impaired	-	-	1,930	1,930
Total Exposure	\$ 488,661	\$ 40,694	\$ 1,930	\$ 531,285
Allowance for credit losses	(1,792)	(1,084)	(21)	(2,897)
	\$ 486,869	\$ 39,610	\$ 1,909	\$ 528,388
Commercial				
Low Risk	\$ 150,881	\$ -	\$ -	\$ 150,881
Moderate Risk	830,032	9,122	-	839,154
High Risk	7,109	67,291	-	74,400
Impaired	-	-	112,741	112,741
Total Exposure	\$ 988,022	\$ 76,413	\$ 112,741	\$ 1,177,176
Allowance for credit losses	(3,555)	(2,194)	(9,042)	(14,791)
	\$ 984,467	\$ 74,219	\$ 103,699	\$ 1,162,385
Consumer Loans				
Low Risk	\$ 1,522,924	\$ 2,166	\$ -	\$ 1,525,090
Moderate Risk	365,412	8,438	-	373,850
High Risk	111,878	60,834	-	172,712
Impaired	-	-	22,518	22,518
Total Exposure	\$ 2,000,214	\$ 71,438	\$ 22,518	\$ 2,094,170
Allowance for credit losses	(1,741)	(1,059)	(3,249)	(6,049)
	\$ 1,998,473	\$ 70,379	\$ 19,269	\$ 2,088,121

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

As at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Finance Leases				
Low Risk	\$ 3,779	\$ -	\$ -	\$ 3,779
Moderate Risk	1,197	-	-	1,197
High Risk	449	-	-	449
Impaired	-	-	376	376
Total Exposure	\$ 5,425	\$ -	\$ 376	\$ 5,801
Allowance for credit losses	(16)	-	(250)	(266)
	\$ 5,409	\$ -	\$ 126	\$ 5,535
Undrawn Commitments				
Low Risk	\$ 5,138	\$ 1,848	\$ 6,506	\$ 13,492
Moderate Risk	297,687	3	-	297,690
High Risk	146,037	6,429	-	152,466
Impaired	-	-	-	-
Total Exposure	\$ 448,862	\$ 8,280	\$ 6,506	\$ 463,648
Allowance for credit losses	(92)	(29)	-	(121)
	\$ 448,770	\$ 8,251	\$ 6,506	\$ 463,527
Debt Securities				
Low Risk	\$ 165,558	\$ -	\$ -	\$ 165,558
Total Exposure	\$ 165,558	\$ -	\$ -	\$ 165,558
Allowance for credit losses	(113)	-	-	(113)
	\$ 165,445	\$ -	\$ -	\$ 165,445
As at December 31, 2024				
Agriculture				
Low Risk	\$ 147,486	\$ -	\$ -	\$ 147,486
Moderate Risk	285,020	29,466	-	314,486
High Risk	5,387	16,294	-	21,681
Impaired	-	-	-	-
Total Exposure	\$ 437,893	\$ 45,760	\$ -	\$ 483,653
Allowance for credit losses	(664)	(832)	-	(1,496)
	\$ 437,229	\$ 44,928	\$ -	\$ 482,157
Commercial				
Low Risk	\$ 114,140	\$ 958	\$ -	\$ 115,098
Moderate Risk	1,122,694	37,272	-	1,159,966
High Risk	9,839	33,110	-	42,949
Impaired	-	-	28,949	28,949
Total Exposure	\$ 1,246,673	\$ 71,340	\$ 28,949	\$ 1,346,962
Allowance for credit losses	(1,815)	(3,246)	(6,740)	(11,801)
	\$ 1,244,858	\$ 68,094	\$ 22,209	\$ 1,335,161
Consumer Loans				
Low Risk	\$ 1,132,246	\$ 3,606	\$ -	\$ 1,135,852
Moderate Risk	522,986	19,019	-	542,005
High Risk	123,281	82,114	-	205,395
Impaired	-	-	2,330	2,330
Total Exposure	\$ 1,778,513	\$ 104,739	\$ 2,330	\$ 1,885,582
Allowance for credit losses	(1,363)	(2,746)	(1,365)	(5,474)
	\$ 1,777,150	\$ 101,993	\$ 965	\$ 1,880,108

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

As at December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Finance Leases				
Low Risk	\$ 1,751	\$ -	\$ -	\$ 1,751
Moderate Risk	4,595	-	-	4,595
High Risk	56	-	-	56
Impaired	-	-	376	376
Total Exposure	\$ 6,402	\$ -	\$ 376	\$ 6,778
Allowance for credit losses	(27)	-	(250)	(277)
	\$ 6,375	\$ -	\$ 126	\$ 6,501
Undrawn Commitments				
Low Risk	\$ 259,894	\$ -	\$ -	\$ 259,894
Moderate Risk	293,391	7,416	28	300,835
High Risk	1,603	2,407	-	4,010
Impaired	-	-	-	-
Total Exposure	\$ 554,888	\$ 9,823	\$ 28	\$ 564,739
Allowance for credit losses	(51)	(87)	-	(138)
	\$ 554,837	\$ 9,736	\$ 28	\$ 564,601
Debt Securities				
Low Risk	\$ 170,000	\$ -	\$ -	\$ 170,000
Total Exposure	\$ 170,000	\$ -	\$ -	\$ 170,000
Allowance for credit losses	(107)	-	-	(107)
	\$ 169,893	\$ -	\$ -	\$ 169,893

Liquidity Risk

Liquidity risk is the risk that Innovation is unable to generate or obtain the necessary cash or cash equivalents in a timely manner, at a reasonable price, to meet its financial commitments as they come due.

The Board of Directors is ultimately responsible for the liquidity risk management policy. Management reports to the Board monthly on Innovation's compliance with the policy. In addition, OSFI establishes standards to which Innovation must comply.

Innovation manages the liquidity risk resulting from inflows and outflows by ensuring there is adequate liquidity available to meet financial obligations. This entails holding high quality liquid assets and maintaining credit facilities to fund potential shortfalls, as described in Note 13.

OSFI prescribes liquidity adequacy measures and minimum liquidity requirements. The liquidity adequacy rules are based on the international liquidity framework, including

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Liquidity Risk (continued)

Basel III, which have been adopted by financial institutions around the globe, including Canadian banks.

The primary measures for liquidity adequacy at Innovation include the Liquidity Coverage Ratio (“LCR”) and Net Cumulative Cash Flow (“NCCF”). The LCR is calculated as the stock of high-quality liquid assets (“HQLA”) divided by net cash outflows over a 30-day stress scenario. Innovation seeks to maintain this ratio greater than or equal to 120%. HQLA are assets that can be easily converted into cash at little or no loss of value. OSFI defines the LCR by grouping HQLA into either Level 1 or Level 2 categories and applying various weightings to reflect their value in stressed conditions. Level 1 assets are the highest quality assets whereas Level 2 assets are considered less liquid. Net cash outflows are defined as total expected cash outflows minus total expected inflows; various categories of outflows are applied run-off rates while inflows are multiplied by the rate they are expected to flow in under a stressed scenario.

Regulatory standards required Innovation to maintain a minimum liquidity coverage ratio of 100% in 2025. During the year Innovation maintained internal liquidity adequacy targets that exceed regulatory requirements.

NCCF measures detailed cash flows to determine funding mismatches between assets and liabilities over various time bands under stressed conditions. OSFI requires institutions to meet a supervisory communicated, institution specific survival horizon.

The following are the contractual maturities of Innovation's non-derivative financial liabilities:

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Liquidity Risk (continued)

	2025				
	< 1 year	1-2 years	2-3 years	3 + Years	Total
<i>Non-derivative financial liabilities</i>					
Deposits	\$ 2,859,238	\$ 242,451	\$ 452,184	\$ 160,891	\$ 3,714,764
Securitized borrowings	48,099	47,639	38,536	31,696	165,970
Accounts payable and accrued liabilities	26,237	-	-	-	26,237
Short-term notes payable	200,000	-	-	-	200,000
Membership shares and distributions	-	-	-	33,248	33,248
Total	\$ 3,133,574	\$ 290,090	\$ 490,720	\$ 225,835	\$ 4,140,219
	2024				
	< 1 year	1-2 years	2-3 years	3 + Years	Total
<i>Non-derivative financial liabilities</i>					
Deposits	\$ 2,833,012	\$ 523,221	\$ 138,651	\$ 184,303	\$ 3,679,187
Securitized borrowings	22,516	-	16,774	85,915	125,204
Accounts payable and accrued liabilities	16,690	-	-	-	16,690
Short-term notes payable	110,000	-	-	-	110,000
Membership shares and distributions	-	-	-	31,154	31,154
Total	\$ 2,982,217	\$ 523,221	\$ 155,425	\$ 301,372	\$ 3,962,235

Market Risk

Market risk is the risk of loss in value of financial instruments or the cash flows arising from them, which may arise from changes in market factors such as interest rates, foreign currency risk, equity prices and credit spreads. Innovation's exposure changes depending on market conditions. The primary market risk that Innovation is exposed to is interest rate risk.

Innovation uses different risk management processes to manage market risk.

Market risk is managed in accordance with policies and procedures established by the Board of Directors.

Senior management is responsible for managing market risk in accordance with Innovation's internal policy. Senior management reports monthly to the Board Innovation's compliance with the policy and regulatory requirements and dollar volume and yields of all investments by investment category. All exceptions noted are to be reported to the Board.

The Board is responsible for monitoring significant variances and to ensure that corrective measures are implemented.

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk arises from fluctuations in interest rates, which may impact assets and liabilities differently due to maturity mismatches, basis risk and embedded options. Innovation prudently measures and manages risks that arise from changes in interest rates, specifically the current or prospective risk to capital and earnings. Interest rate risk is measured using Economic Value of Equity (“EVE”) and Earnings at Risk (“EaR”).

The table below summarizes the carrying amounts of financial instruments exposed to interest rate risk. Re-pricing dates are based on the earlier of maturity or the contractual re-pricing date and effective interest rates, where applicable, representing the weighted average effective yield. The totals are based on static data and do not reflect future expectations. Derivative instruments, including interest rate swaps and indexed deposit options, are not included above. Refer to Note 8 for maturity dates of derivative instruments.

	Variable Rate	On Demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest sensitive	2025
ASSETS								
Cash	\$ -	\$ 258,190	\$ 7,065	\$ -	\$ -	\$ -	\$ 55,817	\$ 321,072
Investments	-	-	35,636	21,198	215,843	-	3,333	276,010
Loans	833,516	-	357,569	749,914	1,796,999	59,927	18,555	3,816,480
Accounts receivable	-	-	-	-	-	-	8,519	8,519
	\$ 833,516	\$ 258,190	\$ 400,270	\$ 771,112	\$ 2,012,842	\$ 59,927	\$ 86,224	\$ 4,422,081
LIABILITIES								
Deposits	\$ -	\$ 1,531,904	\$ 324,843	\$ 664,150	\$ 814,122	\$ 9,271	\$ 315,940	\$ 3,660,230
Securitized borrowings	-	-	3,270	9,771	142,248	-	-	155,289
Accounts payable and accrued liability	-	-	-	-	-	-	26,237	26,237
Short-term deposit notes	\$ -	\$ -	\$ 124,591	\$ 74,464	\$ -	\$ -	\$ -	\$ 199,055
Membership shares and distributions	-	-	-	-	-	-	33,248	33,248
	\$ -	\$ 1,531,904	\$ 452,704	\$ 748,385	\$ 956,370	\$ 9,271	\$ 375,425	\$ 4,074,059
2025 Statement of Financial	\$ 833,516	\$ (1,273,714)	\$ (52,434)	\$ 22,727	\$ 1,056,472	\$ 50,656	\$ (289,201)	\$ 348,022
	Variable Rate	On Demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest sensitive	2024
ASSETS								
Cash	\$ -	\$ 170,568	\$ -	\$ -	\$ -	\$ -	\$ 49,610	\$ 220,178
Investments	-	-	17,992	78,925	133,372	-	2,777	233,066
Loans	934,997	-	275,746	768,389	1,661,275	78,126	14,872	3,733,405
Accounts receivable	-	-	-	-	-	-	6,687	6,687
	\$ 934,997	\$ 170,568	\$ 293,738	\$ 847,314	\$ 1,794,647	\$ 78,126	\$ 73,946	\$ 4,193,336
LIABILITIES								
Deposits	\$ -	\$ 1,426,651	\$ 260,364	\$ 835,021	\$ 791,500	\$ 8,641	\$ 278,998	\$ 3,601,175
Securitized borrowings	-	-	6,123	18,933	85,154	-	-	110,210
Accounts payable and accrued liabilities	-	-	-	-	-	-	16,690	16,690
Short-term deposit notes	-	-	109,518	-	-	-	-	109,518
Membership shares and distributions	-	-	-	-	-	-	31,154	31,154
	\$ -	\$ 1,426,651	\$ 376,005	\$ 853,954	\$ 876,654	\$ 8,641	\$ 326,842	\$ 3,868,747
2024 Statement of Financial Position gap	\$ 934,997	\$ (1,256,083)	\$ (82,267)	\$ (6,640)	\$ 917,993	\$ 69,485	\$ (252,896)	\$ 324,589

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Interest Rate Risk (continued)

The above tables do not identify management's expectations of future events where repricing and maturity dates differ from contractual dates. The above table excludes derivative instruments, including interest rate swaps and index-linked deposit options. Refer to Note 8 for maturity dates of derivative instruments.

EVE is a long-term measure that calculates the change in present value of all asset cash flows minus the present value of all liability cash flows, plus or minus the present value of off-balance sheet instruments. Shock scenarios are compared to the flat environment to reflect rate sensitivities across maturity buckets and determine the potential impact to capital. A significant decline in the equity value would be an indicator of balance sheet structure problems.

EaR identifies how net interest income responds to unique changes in rates. EaR is calculated using a dynamic (forward-looking) balance sheet. As a result, the impact on profitability is contingent on growth, new volume mix assumptions, balance sheet composition, maturity matching, basis risk and interest rates.

Metrics	2025	2024
EaR impact due to an immediate 2% increase in interest rates	\$ 3,182	\$ 5,755
EaR impact due to an immediate 2% decrease in interest rates	\$ (3,219)	\$ (6,655)
EVE impact due to an immediate 2% increase in interest rates	\$ (15,072)	\$ (6,500)
EVE impact due to an immediate 2% decrease in interest rates	\$ 13,271	\$ 4,430

Innovation utilizes proactive strategies to manage interest rate risk, including derivatives, product offerings, pricing promotions, syndications, securitizations, and duration adjustments. Permitted derivative products are outlined in the Investment Policy.

Innovation may engage with derivative counterparties if proper due diligence and reviews in accordance with OSFI's B10 guidance are conducted and approved by the voting members of the Strategic Financial Management Committee and regulator, as required.

An International Swaps and Derivatives Association Agreement ("ISDA") and Credit Support Annex ("CSA") must also be in place prior to transacting with counterparties.

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20. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Innovation's exposure to foreign currency risk arises due to members' U.S. dollar deposits. In seeking to manage the risks from foreign exchange rate fluctuations, Innovation enters into U.S. dollar money market investments which protect against any adverse movements in the exchange rate.

21. COMMITMENTS

Innovation has entered into various commitments that include the following:

- Invest up to \$2,233 (2024 - \$4,263) of additional capital in certain venture capital funds.
- Invest \$4,839 (2024 - \$5,235) in community development initiatives.

In addition, there are other commitments related to strategic initiatives and information technology contracts. These other commitments are as follows:

2026	\$	15,157
2027		15,824
2028		16,863
2029		17,635
2030		18,897
Total Other Commitments	\$	84,376

22. INCOME TAXES

Income tax expense is comprised of:

	2025	2024
Current income tax expense		
Current period	\$ 9,031	\$ 9,480
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	3,258	(787)
Provision for income taxes	\$ 12,289	\$ 8,693

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22. INCOME TAXES (continued)

The income tax expense for the year can be reconciled to the accounting net income as follows:

	2025	2024
Income before provision for income taxes	\$ 37,174	\$ 33,367
Combined federal and provincial tax rate	27%	27%
Income tax expense at statutory rate	\$ 10,037	\$ 9,009
Adjusted for effect of:		
Non-deductible expenses	27	53
Income not taxable in determining profit	(385)	(358)
Derecognition of deferred tax asset	2,563	-
Prior year true-up adjustments	32	(22)
Other	15	11
	\$ 12,289	\$ 8,693
Effective tax rate	33.06%	26.05%

Deferred income tax assets and liabilities recognized are attributable to the following:

	2025	2024
Deferred income tax assets are comprised of the following:		
Loans and leases	\$ 3,791	\$ 3,343
Property and equipment	5,749	9,225
	\$ 9,540	\$ 12,568
Deferred income tax liabilities are comprised of the following:		
Other	\$ 739	\$ 525
Prepaid expenses	3,010	2,994
	\$ 3,749	\$ 3,519

23. MEMBERSHIP

The following membership data is as at December 31, 2025, and is annexed in accordance with subsection 308 (3) of the Bank Act. As at December 31, 2025, Innovation Federal Credit Union is organized and carrying on business on a cooperative basis in accordance with subsection 12(1) of the Bank Act.

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23. MEMBERSHIP (continued)

	2025	2024
Number of Members (not in thousands)	72,643	67,562
Percentage of members who are natural persons	91.20%	90.60%
Percentage of financial services transacted with members on the basis of gross revenues	63.91%	61.12%

24. SUBSEQUENT EVENTS

On March 4, 2026, the Federal Minister of Finance approved the merger of Innovation Federal Credit Union and ABCU Credit Union Ltd. (“ABCU”) (a provincially regulated credit union located in Alberta), effective April 1, 2026. As a result, the assets, liabilities and operations of ABCU will be amalgamated with Innovation effective that date. This will be the first interprovincial credit union merger in Canada. The merger is structured as an amalgamation whereby the amalgamated entity will continue as Innovation Federal Credit Union.

As the Ministerial approval and related merger occurred after the reporting period, no adjustments have been made to the accompanying financial statements as at and for the year ended December 31, 2025. The financial impact of the amalgamation will be reflected in the Innovation’s financial statements beginning April 1, 2026.



Board Competency Matrix: Desired Board Composition

Core Business Skills/Experience	Ideal Experience (# of Advanced [4] and Expert [5])
<p>Senior Leadership Experience Experience as an executive or senior manager in a small-medium sized enterprise. Individuals with senior leadership experience have had experience working as a part of a team managing a company/organization and its people.</p>	<p>2-3</p>
<p>Other Board Experience Experience on a Board other than small charitable organization/community associations. Understands how to effectively collaborate with fellow directors and management to build consensus and utilizes communication/facilitation techniques to encourage debate, dialogue, and discussion.</p>	<p>4-6 <i>Ideal: Chair & VC – 4+</i></p>
<p>Financial Literacy The ability to understand and effectively use various finance skills to make informed decisions. Ability to understand budgeting processes, financial objectives, and financial statements (balance sheets and income statement). Reviews financial reports presented by management and asks appropriate questions</p>	<p>3-4 <i>Require: 1 CPA</i></p>
<p>Accounting Understands and incorporates processes to ensure compliance with internal controls and standards of sound business practices. Reads and interprets reports of the compliance officer, external auditor, internal auditor and the regulators. Asks appropriate questions about the credit union policies, practices, and reports and demonstrates a knowledge of resolution strategies to address any material weaknesses and deficiencies. Incumbents of an “expert” skill level would hold an CPA designation.</p>	<p>1-2 <i>Require: 1 CPA</i></p>
<p>Human Resources & Compensation Experience with human resources issues in a corporate environment with relevant knowledge of compensation plan design and administration, leadership development/talent management, corporate culture and succession planning.</p>	<p>1-2</p>

<p>Governance & Ethics</p> <p>Understands what corporate governance is and how it is applied to the credit union environment, the governance structure of the credit union, and the responsibilities of directors and the Board. Recognizes the role of ethics (code of conduct) and personal integrity in acting in the best interests of the credit union and safeguards confidential and sensitive information. Contributes fully to the Board and governance structures by asking appropriate questions, identifying material deficiencies, and seeking independent advice or expertise when required. <i>*Expert level will have a professional director/governance designation supplemented by years of experience.</i></p>	<p>6-8 (Ideally Board/Committee Chairs)</p>
<p>Strategic Planning</p> <p>Ability to generate and apply strategic thinking to the business insights and opportunities relevant to credit unions. Applies knowledge of corporate goals, strategies, and objectives to evaluate reports and recommendations by management to ensure alignment with the organization’s vision and values. Experience development and/or executing strategy at a senior or governance level.</p>	<p>2-3</p>
<p>Environment</p> <p>Understands evolving Canadian environmental regulations and environmental landscape as Canada transitions to a lower carbon economy. Ability to understand IFCU stakeholders and member expectations related to environmental sustainability, climate risk management, responsible business practices, and ESG in general. Ensure the integration of ESG considerations in business strategy, risk management, and disclosures to support long-term resilience and regulatory compliance.</p>	<p>1-2</p>
<p>Digital, IT & Security</p> <p>Knowledge and understanding of current and emerging technologies, the opportunities it holds for the credit union, current risks, and regulatory requirements. Experience and education to support implementation of a technology strategy and understanding of emerging and industry technologies, cyber-security, and IT projects.</p>	<p>2-3</p>
<p>Commercial Credit</p> <p>Experience in commercial lending and is proficient in directing and governing policies relating to such. Ability to provide oversight, understanding and challenge the level of risk and potential impacts to the portfolio. Will be able to understand the risks associated with different levels of lending.</p>	<p>1-2</p>

Core Industry Experience	Ideal Experience (# of Advanced [4] and Expert [5])
<p>Financial Services Industry Experience at the senior management level with a good understanding of financial institutions and the ability to offer insights on the credit union’s strategy and mission, key business drivers, organization structure and major stakeholders. Ability to compare operational efficiency against industry standards and best practices.</p>	2-4
<p>Legal, Regulatory & Compliance Has experience and demonstrates knowledge of the Acts, legislation, regulations, and other relevant legal requirements pertaining to the credit union. Understands the credit union’s by-laws and related policies and promotes regulatory compliance. Able to identify gaps in the credit union’s policies and initiates policy enhancements to deal with gaps. <i>*Expert level would have a legal degree or extensive experience working for a regulator.</i></p>	2-4
<p>Growth & Market Expansion Experience with a rapidly growing organization focused on direct-to-consumer product offerings, services, and member relations. Understanding of the complexities involved with expanding to different geographical regions and rapidly growing a member base. Experience in mergers and acquisitions.</p>	2-3
<p>Risk Identification & Management Understands the areas of risk to which the credit union may be exposed, the risk management framework and policies of the credit union. Experience in developing and overseeing risk frameworks in large, complex organizations. Understanding of the Board’s role in the oversight of risk management and the risk assessment tools and reports. <i>*Expert level would required experience in managing risk within a FRFI and/or a professional risk designation.</i></p>	3-5
<p>Leadership with Co-operatives Knowledge of member-owned organizations, with an understanding of the co-operative principles as guidelines by which credit unions put their values into practice. Understands the nature and extent of the credit union’s operations and infrastructure including the major lines of business, services and delivery channels, and the membership profile.</p>	4-6
<p>Stakeholder Engagement & Social Impact Familiarity with overseeing and ensuring effective engagement and communication strategies with key stakeholders, including members (particularly in underserved communities), employees, regulators, and the government. Understands the importance of social sustainability and the supporting strategies. Volunteer experience with not for profit (charitable) or community-based organizations.</p>	2-3

Diversity

Tenure: The Board is cognizant of having regular renewal of Directors during election cycles.

Geographical: The Board seeks to be geographically diverse across Canada (1 – 2 directors), and the number of directors who ordinarily reside in Saskatchewan shall, at all times, compose at least half of the Board of Directors.

Gender: The Board strives to have a diversity ratio of no more than one gender representing eight (8) seats of the Board by 2027.

Cultural: The Board encourages cultural diversity that is reflective of its membership.

Innovation Credit Union – Director Self-Evaluation Guide

Directors will use the guidelines below to evaluate and report their skill/experience level for each competency.

Rating	Description
1	No formal education, experience, or competency
2	Basic understanding or experience level: <ul style="list-style-type: none">• Education/training that provided basic understanding• Some experience related to the skill/experience• Capable of following the Board discussions on the topic
3	Competent understanding or experience level: <ul style="list-style-type: none">• Management/Board experience or well-developed skills in this area that result in a fulsome understanding of the key issues/principles• Education or training specific to this skill• Capable of evaluating materials prepared by Management and contributing to the Board discussions
4	Advanced understanding or experience level: <ul style="list-style-type: none">• Extensive Management or Board experience specific to this skill• Significant experience as a practitioner in this area• Able to review materials prepared by Management and ask practical questions• Capable of analysing data/explaining concepts and contributing significantly to board discussions
5	Expert-level understanding: <ul style="list-style-type: none">• 8+ years of senior management experience, considered an expert or specialist more broadly by peers• Professional designation or post-graduate education relevant to this skill• Capable of analysing data/explaining concepts, leading Board discussions, developing long-term strategy and challenging experts



Market Code

Innovation Federal Credit Union (“Innovation” or “the credit union”) and its employees have always been committed to delivering a high quality of service to members and customers. The Market Code that follows builds on this commitment. This Market Code identifies the market practice standards and how the credit union subscribes to the standards.

Our Conduct and Co-operative Values

The Market Code represents the standards the credit union embraces as an organization, the way the credit union conducts itself and how it will continue to treat existing and potential members and customers as it works to maintain the member’s trust, while living out our co-operative values.

Innovation 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. Innovation is member-owned and democratically controlled. The goal is to provide a measurable economic and social benefit to members and communities by incorporating the following values in all that it does:

Co-operation and Accountability – Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Co-operatives work together through a belief that we can accomplish more together than alone. Innovation takes into account the effect of its 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 –Innovation communicates in an open, effective and timely manner.

Community Impact –Innovation actively supports the development of communities locally, provincially and beyond. Communities are stronger because of the credit union system.

Employee Satisfaction –Innovation respects its employees and their contribution to its success. It encourages employee involvement and participation. It recognizes and rewards them for their creativity, teamwork and achievement. Innovation supports employee development by providing training and educational opportunities. It respects its employees’ need to balance personal and professional lives.

Financial Strength –Innovation financial performance allows it to invest in its members and the community for future growth. It balances the need for financial results with the needs of members and communities. The trust and confidence of members is maintained through sound business practice.

Product and Service Excellence –Innovation works with members and communities to understand their needs, and respond with innovative, high-quality products and services. Its employees provide friendly, knowledgeable, and helpful service.

Professional Conduct – Members' financial affairs are conducted with integrity and in a professional manner. Innovation's ethical principles are rooted in concern for the individual. Confidentiality is integral to the way it does business.

The Co-operative Difference

Members, in addition to accessing financial services from Innovation, are also owners and decision-makers that have a say in its actions. Members elect a board of directors to provide leadership and ensure that members' views are represented.

Being an owner also means sharing in Innovation's success. Its financial success is shared with its membership in accordance with the board's direction and in keeping with prudent business practices. Some credit unions offer lower interest rates and service fees, others distribute patronage dividends and many contribute to community initiatives.

As a community-owned financial institution, Innovation is sensitive to member satisfaction with the level of service members receive. It invites members to provide comments on their services.

To Whom Does the Market Code Apply?

Innovation has adopted the Market Code which sets out the standards of good business practice to follow when dealing with consumers.

The Market Code reflects Innovation's vision, mission, values, policies and practices.

Adherence to the Market Code is mandatory for all employees, directors, board appointed committees and officers.

It is Innovation's responsibility to understand and follow the Market Code and act in accordance with the highest standards of personal and professional integrity. Similarly, Innovation expects third parties providing credit union services to maintain high standards of business conduct and ethics. To that end, service providers will be advised the Market Code is available on its website, or a copy will be provided on request.

Market Code applies to all products and services offered by the credit union whether provided by branches, over the phone, by mail, on the Internet or through any other service delivery method.

Innovation is committed to supporting the Market Code by providing employees, directors, board-appointed committees and officers with orientation and information that ensures understanding, awareness, and commitment. Their good judgment in applying the Market Code determines the conduct of it.

It will continuously explore and adhere to standards of practice and service in the financial services industry that are in keeping with co-operative values.

Innovation's Key Commitments to You, the Member

Innovation will:

- act fairly and reasonably in all its dealings;
- make sure that advertising and promotional literature is clear and not misleading and that you are given clear information about its products and services;
- give you clear information about how an account or service works, the terms and conditions along with the fees and charges that apply to it;
- help you use its account and services by providing regular statements (where appropriate) and will keep you informed by providing notices of changes to the interest rates, charges or terms and conditions;
- try to help you deal with things that go wrong;
- have a complaint resolution process available to you, with no charge applied by the credit union, to address any complaints or concerns that may arise;
- as per the credit union's Privacy Code, treat all personal information as private and confidential, and operate secure and reliable banking and payments systems;
- train employees so they are qualified and capable of fulfilling their duties;
- abide by the co-operative values defining our standards of business conduct and ethics;
- publicize its Market Code, have copies available and make sure all employees are trained to put it into practice; and
- meet commitments in the Market Code.

Principles in Action

Products and Services to Meet Member Needs

Innovation will provide general information about the rights and obligations that arise out of its relationship with you in relation to the banking services it provides. This will be provided at account opening when the Financial Services Agreement is completed, when the rights and obligations contained in the Financial Services Agreement are revised and throughout the relationship with you when the products/services you acquired from the credit union carry specific rights and obligations.

Innovation will facilitate informed decisions about its banking services:

- by providing disclosure of product and service information at the time of inquiry and/or at the time of acquisition. When this is not possible, information will be provided as soon as possible afterward. Relevant information will be provided along with product information to help you understand the basic financial implications of the transaction, the fees and charges associated and any terms and conditions that apply;
- by providing information in plain language;
- by answering any questions you may have;
- by providing a toll free # or branch number to call to enable you to speak to subject matter experts when you have a query or concern; and
- by explaining, when asked, the written information that has been provided.

If a member asks Innovation for assistance in helping plan the management of their financial affairs, it will:

- work with the member to provide advice through authorized and licensed staff; or
- refer you to appropriate external sources for advice; or
- recommend you seek advice from another source.

If a product supplied is acquired from a third party, we will disclose relevant relationships to you at the time of product inquiry and/or product acquisition.

Innovation may receive compensation from the sale of third-party products or services.

Innovation will do its best to avoid situations where there is a conflict of interest. When there is a potential or perceived conflict of interest, Innovation will bring this to your attention and you will be given the opportunity to cancel, postpone or continue with the transaction.

It will not discriminate against you on the basis of race, religion, age, pregnancy, marital status, gender, sexual orientation, ethnic or social origin, disability, color, ethics, belief, culture, language or birth, except to the extent that a distinction is required or justified by any law, or to the extent that the factor has commercial implications, or if a special product or service offering is designed for all members of a particular target market group.

Advertising and Sales Practices

Innovation will ensure its advertising and promotional literature is not deceptive or misleading. It will not practice tied or coercive selling.

Innovation will not impose undue pressure or coerce you to obtain a product or service from the credit union and any of its affiliates as a condition of obtaining another product or service from the credit union. You will not be unduly pressured to buy a product or service that you do not want in order to obtain another desired product or service.

Innovation may show its interest in your business or appreciation of your loyalty by offering preferential pricing or bundling of products and services with more favorable terms. These practices should not be confused with coercive tied selling.

Its requirements will be reasonable and consistent with its level of risk. The law allows Innovation to impose reasonable requirements on consumers as a condition for granting a loan or to provide a specific service, but only to the extent necessary for the credit union to manage its risk or its cost or to comply with the law.

Innovation will not knowingly take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing or unethical activity. Innovation will act fairly and reasonably towards you in an ethical manner; in doing so, it will consider your conduct, its conduct and the contract between us.

In meeting Innovation's key commitments to you, it will have regard to its prudential obligations.

Access to Basic Banking

Innovation recognizes the importance of access to banking services and will take reasonable measures to ensure access to a basic banking account. A credit union may restrict account services to reasonably protect itself from credit losses from account users.

Account Statements

To help you manage your account and check activity on it, Innovation will provide regular account statements depending on the financial services being accessed.

Statements may be provided monthly, quarterly or, at a minimum, annually. A statement may not be provided if , after taking reasonable steps, Innovation is unable to locate you.

Notice of Service Fee Changes and/or Account Structure Changes

Innovation will provide a minimum of 30 days' notice for changes in service fees and/or changes in account, product, or service structures that you are receiving.

Notice of Branch Closure

Innovation will provide a minimum of four months' notice in the event of a branch closure.

Changes to Terms and Conditions

Innovation will provide a minimum of 30 days' notice to the terms and conditions that govern the operation of your account(s) as soon as changes are made. Notice can be provided through its website, and either by mail, statement message, or electronically.

Employee Training and Competency

Innovation will ensure its employees are trained with appropriate accreditation and licensing so that they:

- acquire an appropriate level of knowledge to competently and effectively carry out their roles and responsibilities and provide the products and services they are authorized to provide;
- meet professional ethical standards and act with a high level of honesty, integrity, fairness, due diligence and skill; and
- have adequate knowledge of the provisions of the Market Code and comply with this code in dealing with you.

If accreditation and/or licenses are not prominently displayed, employees will identify the relevant accreditations and/or licenses they maintain at the time of product inquiry and/or product sale.

Abiding by the Law

Innovation will ensure that all products and services comply with relevant laws and regulations.

It will comply with all applicable laws, rules and regulations of federal, provincial and local governments and other applicable public and self -regulating agencies as well as credit union policies that affect how we do our jobs.

Administration of the Market Code

Copies of the Market Code

Innovation will provide a printed copy of Market Code upon request. It shall also provide a copy of the Market Code on its website.

Accountability

Innovation is responsible for adherence to the Market Code and will designate a Compliance Officer who is accountable for the credit union's compliance with the Market Code. Ultimate accountability for its compliance with the Market Code rests with Innovation's board of directors.

It will identify the Compliance Officer responsible for the day-to-day compliance with the Market Code to its members, customers and employees.

Innovation will implement policies and procedures to give effect to the principles, including:

- procedures to receive and respond to concerns and inquiries;
- training staff to understand and follow its policies and procedures; and
- an annual review of the effectiveness of the policies and procedures to ensure compliance with the Market Code and to consider revisions.

Innovation will periodically remind employees, officers and directors of the importance of the Market Code. It has adopted a Code of Conduct that sets standards for the business and ethical conduct of employees. Employees, officers and directors are required to sign a declaration stating that they review the credit union's Code of Conduct annually and commit to uphold the principles in the Market Code.

Questions about the Market Code?

Contact Innovation's Compliance Officer if you have questions about the Market Code. The name of the Compliance Officer is available by contacting Innovation.

They will respond to inquiries, questions or concerns within a reasonable amount of time and at no cost or at a reasonable cost to you. The requested information will be provided or made available in a form that is generally understandable.

If the Market Code is not being followed, Innovation will seek to correct the deficiency.

If your inquiry, question, or concern is not resolved to your satisfaction, it will be recorded by the credit union. When you make an inquiry or lodge a complaint, you will be informed of complaint handling procedures by Innovation.

Complaint Handling (Problem Resolution)

If you have a concern about the products or services we offer, please let us know. We will attempt to address your concern as quickly as we can, following our three-step process.

1. Contact Us – Our frontline staff will record the details of your concern and work to resolve it to your satisfaction within 14 days.
2. Escalation to Senior Management – If we are unable to address your concern to your satisfaction in Step 1, our Senior Management team will review the matter and attempt to resolve it for you.
3. Escalation to Innovation’s Complaint Officer – If we are unable to resolve your concern to your satisfaction in Step 2, our Complaint Officer will review the matter and attempt to resolve it for you.

Step 1: Contact Us

Contact us and let us know your concern. We will take detailed notes of your complaint and work with you to resolve it to your satisfaction. You can contact us:

- Online: <https://www.innovationcu.ca/help/contact-us.html>
- Through our call centre: 1.866.446.7001
- By email: webmail@innovationcu.ca
- Through mobile banking
- By mail addressed to any of our advice centres
- By visiting any of our advice centres.

After you contact us and provide us with the details of your concern, we will confirm we have received your complaint in writing. You can contact us at any time to ask for an update on the status of your complaint.

If you are not satisfied with the resolution we offer, or if we do not respond to your concern within 14 days of you bringing it to our attention, we will escalate your complaint to Step 2.

We will also escalate your complaint to Step 2 or Step 3 at any time if you ask us to. Our hope is we can address your concern as quickly as possible during Step 1.

Step 2: Escalation to Senior Management

Senior Management will review the details of your complaint. We may contact you and ask for additional information to help us work toward a solution.

A member of Senior Management will attempt to provide you with a written response to your complaint.

If you are not satisfied with the resolution, we will escalate your complaint to Step 3.

Step 3: Escalation to Innovation’s Complaint Officer

Innovation’s most senior Complaint Officer will review your complaint if it is not resolved to your satisfaction during Steps 1 and 2. You may be contacted by our Complaint Officer for additional information about your concern or your experience during Steps 1 and 2.

Our Complaint Officer will provide you with a written response to your complaint within 56 days after we receive it.

What if I am not satisfied with how my complaint was handled or the resolution that was proposed to me? Or, what if my complaint was not responded to by the Complaint Officer within 56 days?

Option 1: Contact the Ombudsman for Banking Services and Investments

If your complaint is not handled to your satisfaction, you have the option to escalate your complaint to an external complaint handling body, the Ombudsman for Banking Services and Investments (“OBSI”).

The OBSI is an independent and impartial dispute resolution body that oversees complaints between consumers and financial institutions. You can contact the OBSI regarding your complaint at any time within 180 days following the day you receive your final response from us.

Ombudsman for Banking Services and Investments (OBSI)

20 Queen Street West, Suite 2400

P.O. Box 8, Toronto, ON M5H 3R3

Call: 1-888-451 4519 Teletypewriter (TTY): 1-855-TTY-OBSI / 1-855-889-6274

Fax: 1-888-422-2865

Email: ombudsman@obsi.ca

Visit: obsi.ca

Feel free to reach out to us if you have any challenges contacting the OBSI.

Option 2: Contact the Financial Consumer Agency of Canada

The Financial Consumer Agency of Canada (“FCAC”) oversees our compliance with consumer protection laws, voluntary codes of conduct and public commitments. This includes, for example, the requirement for us to share information about our complaint handling process with you.

For a full list of the codes and commitments applicable to us, see

<https://www.innovationcu.ca/content/dam/innovationcu/en/resources/voluntary-codes-conduct-public-commitments.pdf>.

If you have a concern about our compliance with a consumer protection law, or any of our voluntary codes of conduct/public commitments, contact the FCAC at:

Financial Consumer Agency of Canada

427 Laurier Avenue West, 6th Floor

Ottawa, ON K1R 1B9

Call (English): 1-866-461-FCAC (3222) Call (French): 1-866-461-ACFC (2232)

Outside Canada: 613-960-4666

Teletypewriter (TTY): 1-866-914-6097 / 613-947-7771

Fax: 1-866-814-2224 / 613-941-1436

Visit: canada.ca/en/financial-consumer-agency/corporate/contact-us.html