

1965

DEPOSIT GUARANTEE CORPORATION OF MANITOBA ANNUAL REPORT

2025

YEARS  
DGCM



# 1966



The Honourable Harry Enns (seated) signs a declaration proclaiming Credit Union Day with members of the Co-operative Credit Society of Manitoba (CCSM) board, 1966.

## VISION

The Deposit Guarantee Corporation of Manitoba is respected as a proactive and effective regulator and deposit guarantor.

## MISSION

To promote and contribute to the stability and public confidence in the Manitoba System.

## CORPORATE VALUES

**Integrity** – We adhere to the highest ethical and professional standards. We are held accountable to each other, and our stakeholders, to operate in a responsible manner.

**Competence** – We are a skilled and dedicated Board and Staff, empowered to achieve effective results.

**Co-operation** – We communicate and collaborate effectively with our stakeholders.

**Effectiveness** – We consider and apply reliable data, sound judgment, and best practices to identify and assess risk in the best interests of Manitoba credit unions and their members.

**Leadership** – We use our knowledge of the Manitoba credit unions and the financial services industry, to anticipate future trends and proactively respond to our environment.

**Fairness** – We respect stakeholder viewpoints, treating issues and decisions with reasonable, impartial, and consistent responses.



Deposit Guarantee  
Corporation of Manitoba

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# Chair and Chief Executive Officer Report



**Vernon MacNeill**  
Chief Executive Officer



**Fernand Vermette**  
Chair

The Deposit Guarantee Corporation of Manitoba (DGCM) is pleased to present its 2025 year in review. This year was marked by disciplined financial performance, meaningful progress on core supervisory priorities, and constructive engagement with stakeholders across the Manitoba Credit Union System. We continued to invest in capabilities that strengthen our readiness to anticipate and respond to emerging risks, while honouring our mandate to safeguard depositor interests and uphold confidence in Manitoba's credit unions.

DGCM concluded the year with total assets of \$602.71 million, an increase of \$53.59 million over 2024. Marketable securities reached \$591.00 million, increasing by \$59.81 million from the prior year. Regular assessment revenue totaled \$33.45 million, exceeding budget by \$157.37 thousand. Investment income from interest and dividend revenue amounted to \$17.05 million, performing \$724.95 thousand above budget. Gains on debt securities totaled \$561.79 thousand, significantly above budget expectations.

Operating expenses amounted to \$6.15 million, which was \$446.94 thousand below budget. Net income reached \$43.01 million, outperforming budget by \$2.52 million and surpassing the previous year by \$5.11 million. Total comprehensive income reached \$53.20 million, reflecting strong performance despite modest year-over-year variances. Retained earnings increased to \$565.54 million, while accumulated other comprehensive income rose to \$31.24 million.

The Manitoba Credit Union System remained stable in 2025, with combined assets of \$48.20 billion. Loans comprised 85.53% of System assets, while deposits represented 88.25%. System net income totaled \$227.69 million, or 0.47% of assets. System regulatory capital reached 6.85%, marginally above the prior year's ratio of 6.77%. Risk-Weighted capital levels remained stable and consistent across institutions.

DGCM advanced a comprehensive risk agenda. The Risk Department completed a credit concentration thematic review and issued a report and consultation paper. This included virtual and in-person consultations with stakeholders at the at the System Meeting and the DGCM Town Hall. Early in 2025, DGCM released recovery planning guidelines to the four largest credit unions and Credit Union Central of Manitoba (CUCM). DGCM devoted significant resources to the preparation of a new crisis management framework, approved in Board policy and tested through a table-top exercise with the Board and Executive & Management Team.

**Net income reached \$43.01 million, outperforming budget by \$2.52 million and surpassing the previous year by \$5.11 million.**

# Chair and Chief Executive Officer Report

DGCM continued working with national partners to support the Bank of Canada's liquidity framework, including Standing Term Liquidity Facility (STLF) and Emergency Lending Assistance (ELA) readiness. Payments Canada legislative changes in 2025 now allows credit unions to be members, permitting the flow of funds in the event of a systemic crisis. Information system enhancements continued, including nearing completion of Phase One of the MIS re-platforming initiative. Phase Two will commence in early 2026.

**The results achieved in 2025 reflect DGCM's strong financial position, advancements in supervisory capability, and commitment to depositor protection.**

Governance renewal occurred in 2025 as DGCM welcomed new Board members. Dale Ward and Robert Jones departed the Board, and DGCM welcomed Brian Mayes, Brent Thomas, and Mary Nemeth. In addition, Matthew Wiebe replaced Silvester Komlodi as the non-voting member from the Manitoba Government. DGCM expresses our sincere appreciation to the departing Board members for their commitment and service to our organization.

In 2025, consolidation continued across the Manitoba Credit Union System, highlighted by the merger of two credit unions and one caisse populaire. This development reflects ongoing structural evolution as institutions pursue scale, efficiency, and resilience in an increasingly complex financial landscape. The merger further underscores the importance of DGCM's supervisory role, ensuring that System changes occur in a manner that supports stability and maintains strong depositor protection.

Throughout the year, DGCM's Risk Department advanced work on implementing recommendations aimed at achieving full compliance with international standard-setting bodies. These efforts included enhancing methodologies, strengthening documentation frameworks, and progressing toward alignment with best practices in risk oversight, crisis preparedness, and System-wide resilience. The commitment to continuous improvement reflects DGCM's dedication to operating at a standard consistent with global peers.

Stakeholder engagement remained a defining feature of DGCM's approach in 2025. DGCM appreciated the strong turnout and thoughtful participation of System partners at the Town Hall meeting, where credit union leaders and industry participants contributed valuable perspectives on supervisory initiatives, System risks, and emerging trends. This engagement is a key component of DGCM's collaborative regulatory approach, ensuring that sector voices remain integral to policy development and supervisory planning.

In addition to System-wide engagement, DGCM staff took part in several important educational and professional development events. Staff presented at the Directors Forum, attended the Small Market Conference, and attended several educational sessions both within Canada and internationally. These learning opportunities support the organization's ongoing commitment to maintaining a skilled, informed, and forward-thinking workforce capable of responding to evolving risks and regulatory expectations. The insights gained from these sessions also contribute to DGCM's broader capacity-building efforts as the organization modernizes its supervisory toolkit.

The results achieved in 2025 reflect DGCM's strong financial position, advancements in supervisory capability, and commitment to depositor protection. DGCM extends appreciation to its staff, the Board of Directors, government partners, CUCM, and the leaders of Manitoba's credit unions for their support and collaboration.

In 2025, DGCM had four long-service staff members retire. We thank Darla Anderson, Viviane Delaquis, Sandra Morrison, and Doug Shumilak for their many years of stellar service to our organization.

DGCM remains committed to fostering a strong, resilient, and competitive Manitoba Credit Union System.



Fernand Vermette,  
Chair



Vernon MacNeill,  
Chief Executive Officer

# Corporate Governance

DGCM is administered by a Board of not less than five and not more than seven Directors, all of whom are formally appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Finance. Additionally, the Deputy Minister of Finance (or designate) sits as a non-voting member of the Board.

Board of Director Nominations/Applications are reviewed by a Selection Committee composed of senior Manitoba Finance officials, the CEO of CUCM, and one designated credit union representative that can best represent the caisse and the Francophone Community. Candidates are assessed on competencies identified by DGCM and approved by the Minister of Finance.

The Board governs the business affairs of DGCM and establishes the strategic direction that oversees the stability of and public confidence in the credit union System, CUCM, and the Guarantee Fund as mandated by *The Credit Unions and Caisses Populaires Act (Act)*. The Directors operate under formal Terms of Reference for the Board and its Committees. The Board and senior management, as a team, complement each other's skills in directing the use of DGCM's resources to accomplish its purposes and sets the foundation for ongoing effective governance.

## BOARD OF DIRECTORS

Back row, left to right

**Brian Mayes**, Director  
Winnipeg, Manitoba  
*Appointed: April 2025*

**Mary Nemeth**, Director  
Headingley, Manitoba  
*Appointed: October 2025*

**Ren DaCosta**, Director  
(Chair, Governance & Human Resources Committee)  
Winnipeg, Manitoba  
*Appointed: May 2022*

Front row, left to right

**Myron Pawlowsky**, Director  
(Chair, Finance & Audit Committee)  
Winnipeg, Manitoba  
*Appointed: August 2017*

**Fernand Vermette**, Chair  
Winnipeg, Manitoba  
*Appointed: November 2020*

**Brent Thomas**, Director  
Winnipeg, Manitoba  
*Appointed: October 2025*

Absent

**Mabel Wieler**, Vice-Chair  
Winnipeg, Manitoba  
*Appointed: August 2017*

**Matthew Wiebe**, Director  
(Acting Deputy Minister of Finance)  
Winnipeg, Manitoba  
*Non-Voting Member*



# 1970



As credit unions entered the 1970s, they expanded services beyond basic savings and personal loans. Members gained access to chequing accounts, mortgages, and new investment options, reflecting a broader role in meeting members' financial needs.

## FRAMEWORK

DGCM began operating in 1965 as The Credit Union Stabilization Fund. Since 1968, legislation has required that every Manitoba credit union and caisse be covered by a deposit guarantee entity. In 2022, DGCM was given the additional responsibility to oversee CUCM. Previously, CUCM had been regulated by the federal government, followed by Financial Institutions Regulation Branch (FIRB). In 2025, the caisse merged with two credit unions to form Assiniboine Credit Union/Caisse Assiniboine. As a result, DGCM now oversees a single system: the Manitoba Credit Union System and CUCM.

DGCM established a governance framework that closely follows best practices in the financial industry. Its framework is based on the legal, regulatory, institutional, and ethical environment that addresses the administration and controls in its organization.

DGCM regularly reviews its objectives to ensure it remains focused on its mandate to fully guarantee the safety of member deposits. There are internal programs in place to closely monitor the Manitoba credit union environment and keep DGCM apprised of changes and trends. DGCM's proactive risk-based approach to regulation allows it to become involved earlier to mitigate potential risks to the Guarantee Fund.

## COMMITTEES

Board Committees are designed to utilize Directors' strengths to enhance our governance practices and address key responsibilities and activities.

### Finance & Audit Committee

The Finance & Audit Committee reports quarterly to the Board and meets independently with auditors to verify external and internal due diligence in DGCM's controls and financial reporting. This report includes confirming the activities outlined in its Terms of Reference to ensure that the fundamental activities are being conducted.

The Finance & Audit Committee is subject to the following legislative requirements:

- review the annual audited financial statements with the Board of Directors, the Chief Financial Officer, and the auditor
- review the changes in the accounting standards followed by DGCM
- recommend the appointment of an auditor to the Board of Directors
- review the scope, timing, and coordination of the external and internal audit plans
- review any difficulties or restrictions experienced by the auditor in carrying out the audit and the findings of the audit
- review all significant recommendations made by the auditor to DGCM's management on the subject of internal control and the management response to the recommendations
- review all significant differences of opinion between the auditor and DGCM's management, whether or not they are resolved
- perform such duties and carry out such other functions as may be determined by resolution by DGCM's Board of Directors

The Finance & Audit Committee is also responsible for oversight of:

- compliance and regulatory practices
- financial performance and budget
- financial reporting and accounting practices
- operational and internal control practices
- investment policy review and compliance

### Governance & Human Resources Committee

The Governance & Human Resources Committee reports quarterly to the Board. The Committee oversees DGCM's corporate governance practices and confirms it operates under a formal Terms of Reference, satisfactorily fulfilling its functions during the year.

The Governance & Human Resources Committee is responsible for:

- corporate governance
- board orientation and education
- succession planning
- Chief Executive Officer performance and compensation
- stakeholder communication

## BOARD AND COMMITTEE MEETING ATTENDANCE

DGCM's Board held nine regular meetings in 2025, one of which was the strategic planning session. Both the Finance & Audit Committee and the Governance & Human Resources Committee held four regular meetings. Director meeting attendance is summarized as follows.

Directors	Board of Directors Meetings (9)	Finance & Audit Committee Meetings (4)	Governance & Human Resources Committee Meetings (4)
Fernand Vermette <sup>1</sup>	9/9	4/4	4/4
Mabel Wieler <sup>2</sup>	9/9	4/4	3/3
Myron Pawlowsky <sup>3</sup>	9/9	4/4	2/2
Ren DaCosta	9/9	–	4/4
Brian Mayes <sup>4</sup>	6/7	–	2/2
Mary Nemeth <sup>5</sup>	4/4	1/1	–
Brent Thomas <sup>6</sup>	4/4	–	1/1
Matthew Wiebe <sup>7</sup>	0/4	0/2	0/2
Dale Ward <sup>8</sup>	2/2	–	2/2
Robert Jones <sup>9</sup>	5/5	2/2	–
Silvester Komlodi	0/5	0/2	0/2

<sup>1</sup> Fernand Vermette is an observer on the Finance & Audit Committee.

<sup>2</sup> Mabel Wieler attended the Governance & Human Resources Committee once as the Interim Chair and twice as an observer in 2025.

<sup>3</sup> Myron Pawlowsky served on the Governance & Human Resources Committee twice in 2025 as an Interim Director.

<sup>4</sup> Brian Mayes was appointed to the Board of Directors in April 2025.

<sup>5</sup> Mary Nemeth was appointed to the Board of Directors in October 2025.

<sup>6</sup> Brent Thomas was appointed to the Board of Directors in October 2025.

<sup>7</sup> Matthew Wiebe was appointed Acting Deputy Minister of Finance in August 2025, replacing Silvester Komlodi as a Non-Voting Member on the Board of Directors.

<sup>8</sup> Dale Ward's appointment as a member of the Board of Directors was revoked in April 2025.

<sup>9</sup> Robert Jones' appointment as a member of the Board of Directors was revoked in October 2025.

# Management Discussion and Analysis

## MANDATE

Our mission and vision, coupled with our corporate values, keeps us focused on fulfilling our mandate. Manitoba legislation prescribes DGCM's mandate to:

- guarantee deposits in credit unions
- promote credit union development of sound business practices to protect them from financial losses
- ensure that credit unions operate under sound business practices and ensure CUCM operates according to prudential standards
- promote and otherwise contribute to the stability of and public confidence in the credit union System and CUCM

The Chief Executive Officer plans, communicates, and sets in motion the action undertaken by the organization to meet the Board's strategic direction.



Illustration by John Tutura used in the 1981 CCSM annual report. In 2004, CCSM was renamed Credit Union Central of Manitoba.

## EXECUTIVE & MANAGEMENT TEAM

### EXECUTIVE

Left to right

#### **Joe Nowicky**

Chief Financial Officer

#### **Gabrielle Marrin**

Chief Risk Officer

#### **Vernon MacNeill**

Chief Executive Officer

### MANAGEMENT

Left to right

#### **Andrew Moreau**

Director, Regulatory Practices

#### **Erica Esselmont**

Director, Risk (Monitoring)



## GOVERNANCE AND RISK MANAGEMENT STANDARDS

### STANDARDS OF SOUND BUSINESS PRACTICE FOR CREDIT UNIONS

The Standards of Sound Business Practice (SSBP) establish minimum requirements for capital, liquidity, and other key areas. The SSBP contains four governance and risk management standards designed to assist credit unions in directing and managing their institution in a prudent, effective, and appropriate manner.

DGCM's four SSBP for credit unions are:

1. **Corporate Governance** – Credit unions must effectively direct, oversee, and manage business activities and ensure that performance, accountability, and integrity are achieved.
2. **Strategic Management** – Credit unions must ensure that business operations are effectively planned, executed, and monitored.
3. **Risk Management** – Credit unions must have a comprehensive approach to identifying, managing, and controlling business and operating risks.
4. **Internal Control Structure** – Credit unions must establish and maintain effective systems for internal control, and ensure these systems are reviewed and validated on a regular basis through internal and external audit.

### PRUDENTIAL STANDARDS FOR CUCM

In addition to establishing minimum capital requirements and other key areas, the Prudential Standards for CUCM also contain four governance and risk management standards, which are similar to those of the SSBP, but modified to reflect CUCM's unique business model and its role managing liquidity reserves at credit unions.

# 1980



In the 1980s, Manitoba credit unions moved from hand-run bookkeeping to shared mainframe computers, centralizing data to handle growing membership, higher transaction volumes, and stricter reporting and oversight demands.

## MANAGING RISK

DGCM utilizes a formal Enterprise Risk Management (ERM) framework for identifying, evaluating, and managing risks present in our operating environment.

ERM is broken down into distinct stages.

- **Risk Identification** – identifies broad risk categories and principal inherent risks within each category
- **Current Mitigation Strategies** – determines existing risk management strategies and evaluates effectiveness
- **Residual Risk** – defines residual risk, considering inherent risks and existing risk mitigation strategies, on the basis of likelihood and impact
- **DGCM's Risk Tolerance** – establishes DGCM's comfort or acceptable level of risk
- **Comprehensive Risk Profile** – consolidates all principal residual risks relative to DGCM's accepted risk tolerance level in the form of a risk map
- **Risk Management & Monitoring** – identifies and implements risk management strategies to avoid, accept, transfer, or mitigate principal residual risks approaching or exceeding DGCM's accepted risk tolerance level; also reviews the effectiveness of risk management strategies in controlling principal risks to DGCM



## KEY INITIATIVES AND ACHIEVEMENTS

DGCM's 2025 business plan re-affirmed three core strategies to fulfill its mandate. To support these strategies, a number of strategic initiatives were identified and scheduled for implementation during the year. The following table summarizes the core strategies and results for the year, along with key initiatives planned over the next year.

### Corporate Strategy #1

### 2025 Results

### 2026 Planned Key Initiatives

#### Prevention

DGCM leads its prevention effort to the System through the distribution of the SSBP and Prudential Standards, based on industry best practices, and interpretive guidance documentation on critical operational issues within the SSBP and Prudential Standards. Examination and monitoring frameworks recognize the individuality of each credit union and support credit union autonomy, while encouraging proactive risk mitigation within the institutions, minimizing the demand for deposit protection, and ensuring CUCM operates according to the Prudential Standards.

#### Government Relations

Continued engagement with the provincial government to ensure DGCM's priorities are understood pertaining to recommended changes to the Act based on International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems.

#### Government Relations

Continue engagement with provincial and federal stakeholders to maximize awareness and positively influence decisions on numerous evolving areas of focus.

#### Public Awareness

Develop and disseminate educational content to the public on the existence and mandate of DGCM.

## KEY INITIATIVES AND ACHIEVEMENTS

### Corporate Strategy #2

#### 2025 Results

#### 2026 Planned Key Initiatives

#### Corporate Excellence

DGCM will fulfill its legislated mandate through the engagement of a dedicated team of knowledgeable staff, using an effective inventory of tools and resources to satisfy the needs of key stakeholders, while aligning operations to support core strategies. These efforts will be executed prudently to achieve the required results.

#### Regulatory Oversight – Credit Risk Management

Compiled and analyzed the results of a thematic review on credit concentration and consulted with stakeholders.

#### Internal Audit

Commenced a new multi-year plan, ensuring critical corporate functions are aligned with best practices, and associated risks are reasonably managed.

Engagements completed in 2025 included an IT penetration test.

#### IT Strategic Plan

Initiated a new multi-year plan, ensuring IT goals and initiatives continue to support corporate strategic objectives. The IT Strategic Plan continues to focus on the areas of IT cybersecurity, infrastructure modernization, operational excellence, and data analytics.

#### Regulatory Oversight – Credit Risk Management

Issue prudential guidelines and regulations governing credit concentration.

#### Regulatory Guidance

Review and update supervision guidelines to respond to the evolving operating environment.

### Corporate Strategy #3

#### 2025 Results

#### 2026 Planned Key Initiatives

#### Deposit Protection

DGCM utilizes global best practices to fulfill its mandate in protecting the deposits of Manitoba's credit unions. Comprehensive regulatory and intervention frameworks support effective crisis management, resolution, and reimbursement strategies to minimize risk to DGCM. A Guarantee Fund of appropriate size and mix is maintained to support the risk mitigation requirements of DGCM, and to provide a revenue stream to help offset operational costs.

#### Liquidity Risk Management

Continued its collaboration with the Bank of Canada and CUCM to ensure that the Manitoba System are eligible to receive Bank of Canada loan facilities in the event of a liquidity crisis.

#### Crisis Management and Response Framework

Revised the Framework, issued Recovery Planning Guidance, updated communications and management plans, and conducted a table-top review.

#### Internal Capital Adequacy Assessment Program

Worked with regulated entities to implement Internal Capital Adequacy Assessment Program (ICAAP).

#### Liquidity Risk Management

Continuation of work performed in 2025.

#### Crisis Management and Response Framework

Continue to refine the framework and enhance DGCM's readiness through policy development, process integration, and testing.

#### Guarantee Fund Adequacy

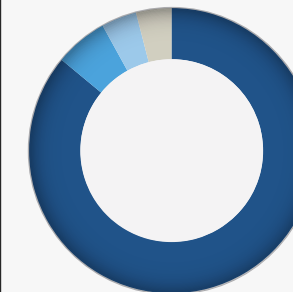
Update the actuarial study on the adequacy of the Guarantee Fund.



## DGCM FINANCIAL OVERVIEW

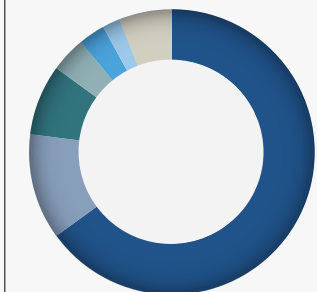
On December 31, 2025, our assets totaled \$602.7 million. The increase of \$53.6 million, or 9.8% over 2024, was derived principally from comprehensive income. Our investment portfolio, which represents 98% of our assets, is principally invested in segregated Canadian government bonds and treasury bills, and Canadian corporate bonds. DGCM invests in additional asset classes to diversify risk exposure to the portfolio and enhance investment returns. The following charts illustrate the composition of the investment portfolio.

### ASSET CLASS PROFILE



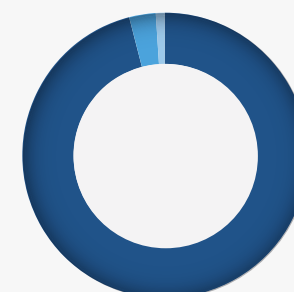
- Canadian Fixed Income **86.3%**
- Canadian Real Estate Funds **5.6%**
- Canadian Equities **4.2%**
- Foreign Equities **3.9%**

### SECTOR PROFILE



- Government **67.9%**
- Financials **11.2%**
- Real Estate **7.9%**
- Energy **3.3%**
- Industrial **2.3%**
- Communication **1.8%**
- Other **5.6%**

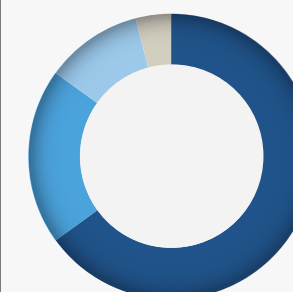
### GEOGRAPHIC PROFILE



- Canada **95.7%**
- United States **3.2%**
- International **1.1%**

### CREDIT PROFILE

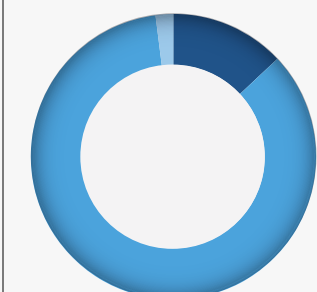
(excluding Real Estate and Equity funds)



- AAA **64.4%**
- AA **19.3%**
- A **10.2%**
- BBB **6.1%**

### MATURITY PROFILE

(excluding Real Estate and Equity funds)



- Under one year **13.8%**
  - One to five years **85.9%**
  - Five to ten years **0.3%**
- (Modified duration: 2.0 years)*

## DGCM FINANCIAL OVERVIEW

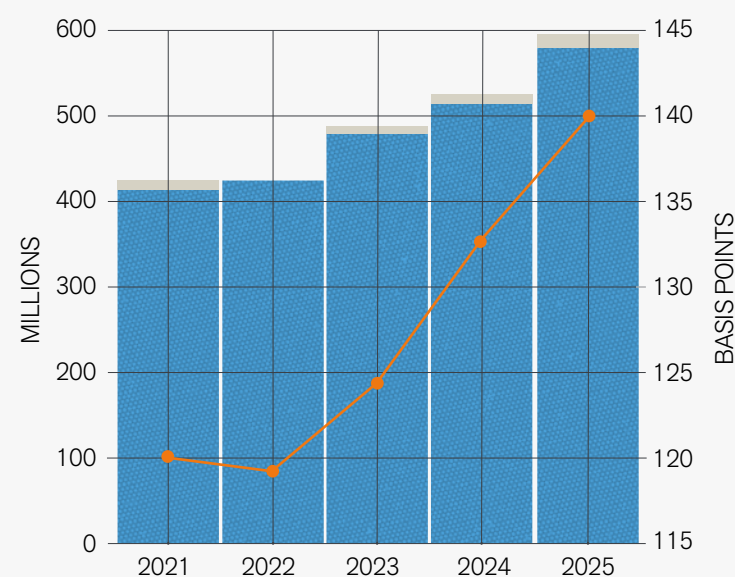
### EQUITY POSITION

DGCM's equity totaled \$596.8 million at year-end, comprised of retained earnings and accumulated other comprehensive income (AOCI). Also referred to as the Guarantee Fund, it represents the current internal financial resources available to protect Manitoba's credit union System.

Retained earnings are DGCM's net income accumulated over time. At year-end, retained earnings totaled \$565.5 million, an increase of \$45.9 million or 8.8% over 2024. This increase was due to annual net income from regular operations, plus gains on sales of equity instruments.

AOCI is accumulated unrealized gains and losses, driven by fluctuations in the fair market value of the investment portfolio. At year-end, AOCI totaled a gain of \$31.3 million, net of deferred taxes.

When AOCI is combined with retained earnings, the total equity position in absolute dollars and relative to all credit union deposits, reflects the fair market value of our Guarantee Fund. At year-end, total equity was 140.3 bps of System deposits.

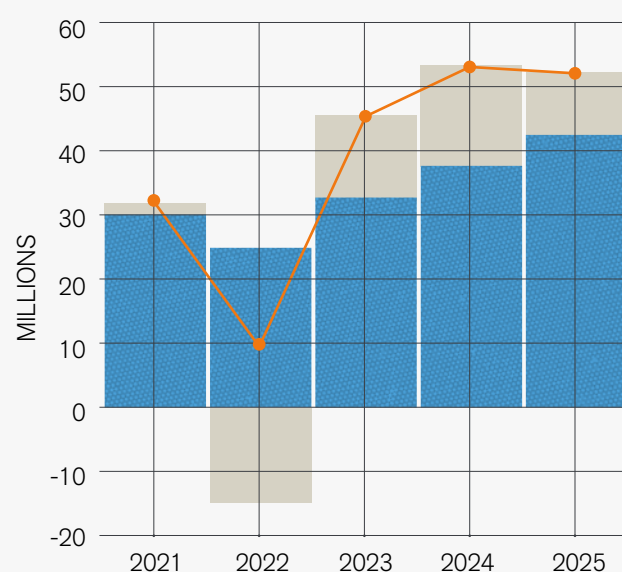


■ Retained Earnings  
■ AOCI  
● bps of System Deposits

### COMPREHENSIVE INCOME

Comprehensive income is the total income over the course of the year for DGCM. Net income is derived from regular operations. Other comprehensive income (OCI) is derived from unrealized changes in the fair market value of the investment portfolio and realized gains or losses on equity instruments. Comprehensive income for the year totaled \$53.2 million.

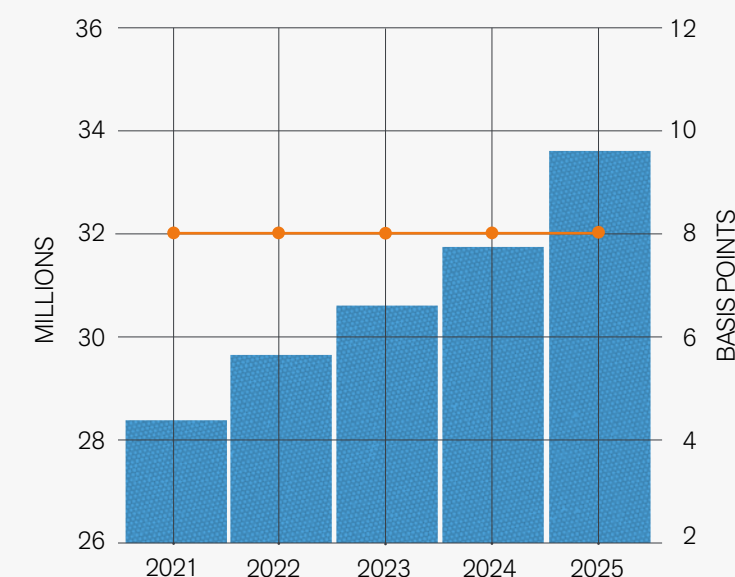
Revenue for the year totaled \$50.7 million, offset by Registrar's fees, operating expenses, and income taxes, totaling \$7.7 million. The result was a net income of \$43.0 million. OCI for the year totaled a gain of \$10.2 million, net of tax.



■ Net Income  
■ OCI  
● Comprehensive Income

### ASSESSMENTS

DGCM charges quarterly assessments to Manitoba credit unions to maintain the Guarantee Fund. The Guarantee Fund is available to offset credit union shortfalls to reimburse depositors in the event of failure. In 2025, DGCM charged an annualized rate of 8.0 bps of average System deposits, generating \$33.4 million in revenue. In 2025, DGCM also charged CUCM an annual levy of \$100,000, to offset the incremental cost of overseeing this regulated entity.



■ Regular Assessments  
● Assessment Rate (bps of average System deposits)

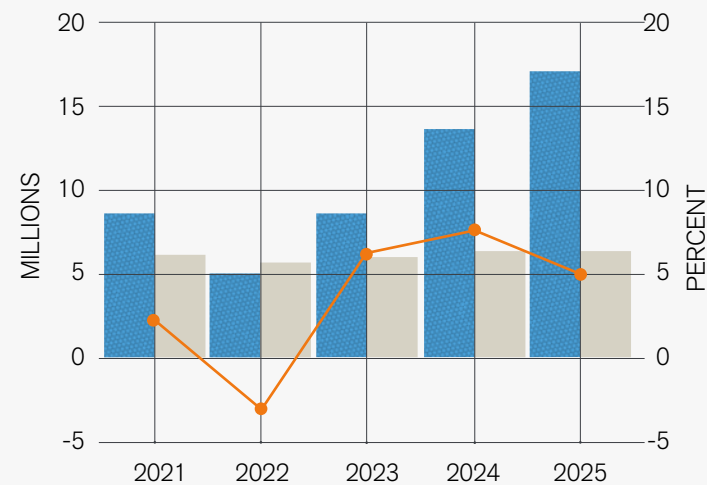


## DGCM FINANCIAL OVERVIEW

### INVESTMENT INCOME

DGCM earns income on its investments through interest revenue, and gains/losses on the sales of investments and foreign exchange. Total investment revenue was \$17.3 million, comprised of interest and dividend revenue of \$17.0 million, gains on the sales of investments of \$0.6 million due to rebalancing of the portfolio, and losses on foreign exchange of \$0.3 million due to charges for hedging foreign currency exposure. Investment income is used to offset operating expenses, with any residual amount applied to maintain the Guarantee Fund.

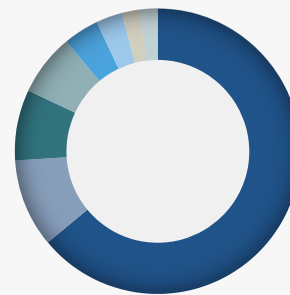
Total return takes into account the investment income noted above, as well as unrealized gains/losses on investments and realized gains/losses on equity instruments, recognized in OCI, and is measured as time-weighted rate of return. The negative return for 2022 was due to unrealized losses on a predominantly fixed-income portfolio in a rising-yield environment.



■ Investment Income  
■ Operating Expenses  
● Total Return %

### OPERATING EXPENSES

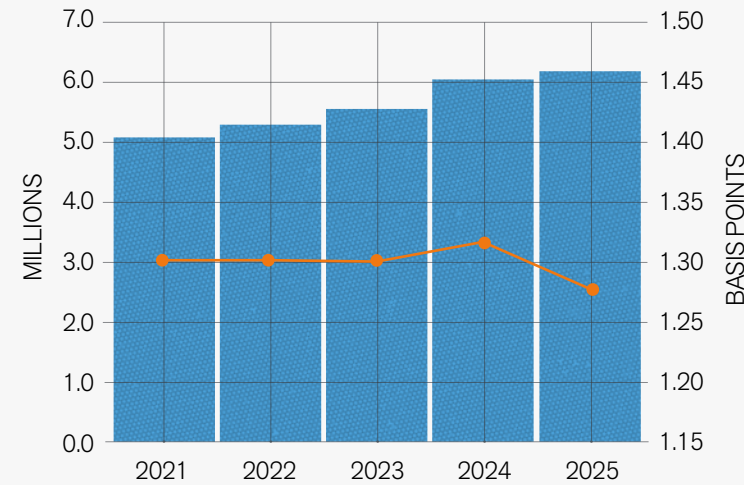
DGCM incurs operating expenses in fulfilling its legislated mandate. Operating expenses for 2025 were \$6.2 million, an increase of \$0.1 million from 2024. The increase was primarily due to a variety of small variances in each area of operations.



- Salaries and Benefits **64.0%**
- Contract and Professional Fees **11.8%**
- Occupancy **6.9%**
- Administration **6.6%**
- CUCM Funding **3.9%**
- Corporate Governance **2.9%**
- Travel **1.6%**
- Other **2.3%**

### TRENDS

DGCM is committed to managing expenses. The upward trend in costs over the past five years has been driven by a consistent effort to improve resiliency and effectiveness of operations, most notably in regulatory oversight and cybersecurity, to address present and emerging risks in the increasingly complex operating environment. Relative to System assets, expenses have remained steady at approximately 1.3 bps.



■ Operating Expenses  
● bps of System Assets

In 1994, the organization now known as DGCM, was renamed the Credit Union Deposit Guarantee Corporation from its previous name, The Credit Union Stabilization Fund (logo shown below). It was felt that the general public would be better served by a name that clearly expressed the organization's single most important responsibility.



# 1990



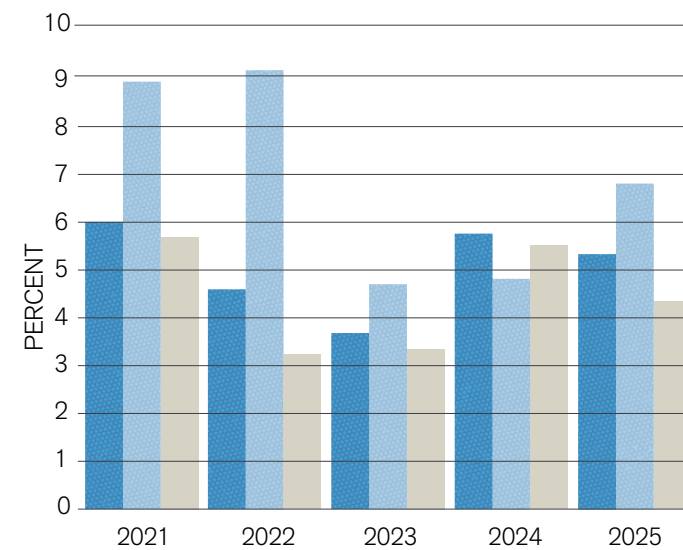
The Interac network expands rapidly in the 1990s enabling credit union members to make everyday purchases using debit cards linked directly to their accounts.

## SYSTEM FINANCIAL OVERVIEW

### GROWTH

Asset and deposit growth both decreased in 2025 to 5.3% and 4.4% respectively. Loan growth increased this past year to 6.9%.

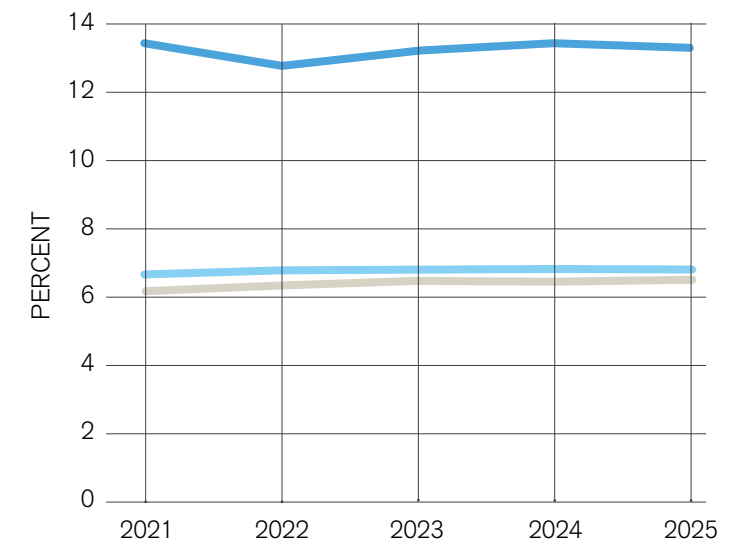
System assets were \$48.2 billion at year-end, while deposits and loans totaled \$42.5 billion and \$41.2 billion respectively.



- Asset Growth
- Loan Growth
- Deposit Growth

### CAPITAL

Regulatory capital and retained earnings increased slightly and were at 6.9% and 6.6% respectively, as asset growth decreased, and profitability increased. Risk-Weighted capital decreased from 13.6% to 13.5%.



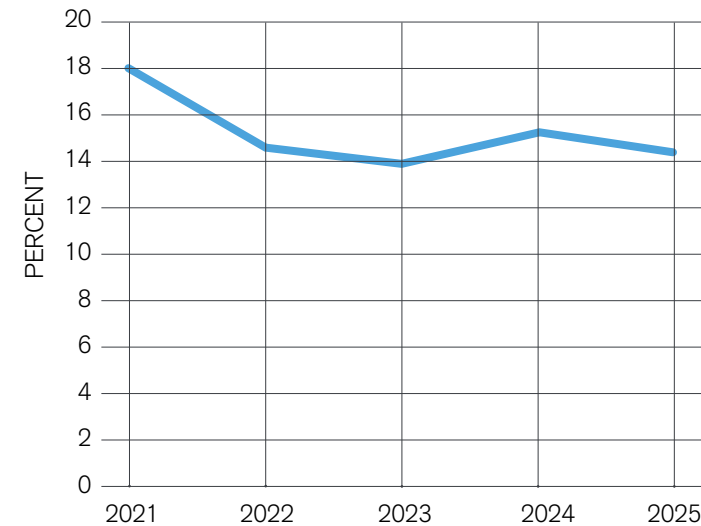
- Risk-Weighted Capital
- Regulatory Capital
- Retained Earnings



## SYSTEM FINANCIAL OVERVIEW

### LIQUIDITY

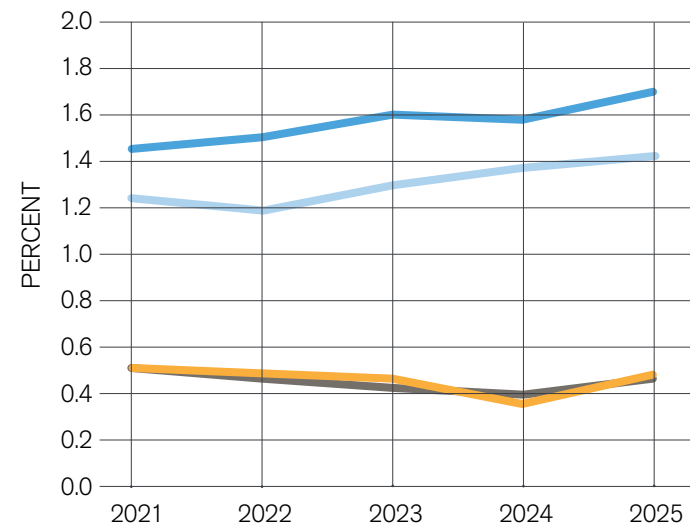
Liquidity decreased over the previous year to 14.2%, as loan growth outpaced deposit growth.



— Liquidity

### PROFITABILITY

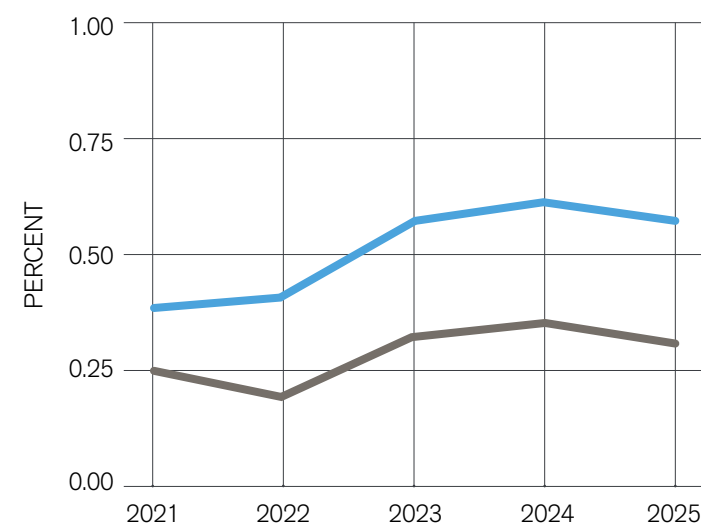
Gross financial margin was higher compared to the previous year, increasing to 1.7%. Gross operating expenses remained fairly consistent at 1.4%, while other revenue increased to 0.5%. Comprehensive income increased to 0.5%. The Prime Lending Rate decreased over 2025, which had a favourable effect on profitability.



— Gross Financial Margin  
 — Gross Operating Expenses  
 — Other Revenue  
 — Comprehensive Income

### DELINQUENCY

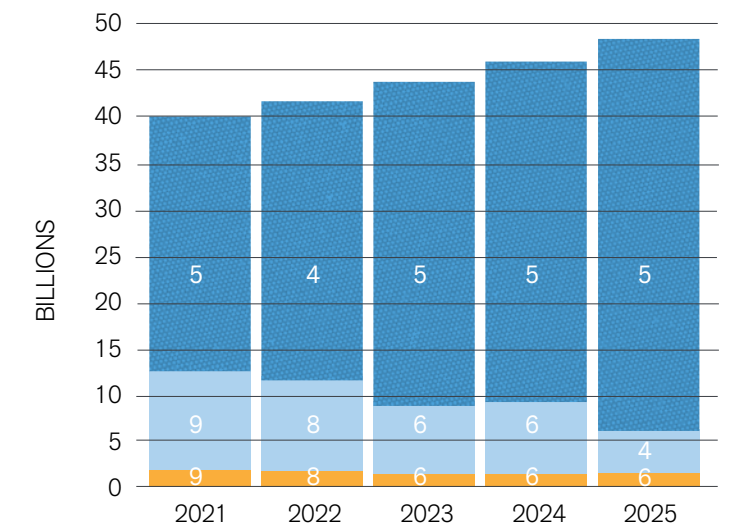
Average 30 and 90-day loan delinquency decreased in 2025 to 0.56% and 0.31%, respectively. Delinquency remains low relative to industry norms and continues to be closely evaluated for signs of stress.



— Greater than 30 days  
 — Greater than 90 days

### SYSTEM PROFILE BY ASSET SIZE AND NUMBER OF INSTITUTIONS

The total number of institutions decreased from 17 in 2024 to 15 in 2025 due to merger activities.



— Less than \$500 Million  
 — Between \$500 Million – \$2 Billion  
 — Greater than \$2 Billion



# 2000



In the 2000s, with online banking becoming standard, credit unions adopt Interac e-Transfer, allowing members to securely send money between financial institutions across Canada.

## A Vibrant Network

### MANITOBA CREDIT UNIONS

DGCM regulates and guarantees the deposits of Manitoba's vibrant network of 15 credit unions.

- |   |                              |
|---|------------------------------|
| Access Credit Union                             | Me-Dian Credit Union         |
| Assiniboine Credit Union/<br>Caisse Assiniboine | Niverville Credit Union      |
| Belgian-Alliance Credit Union                   | Rosenort Credit Union        |
| Cambrian Credit Union                           | Steinbach Credit Union       |
| Compass Credit Union                            | Stride Credit Union          |
| Flin Flon Credit Union                          | Sunrise Credit Union         |
| Fusion Credit Union                             | Swan Valley Credit Union     |
|   | Winnipeg Police Credit Union |

### VIRTUAL BRANCHES

Virtual divisions are identified below, linked to its credit union.

- Achieva Financial
- Cambrian Credit Union
- Hubert Financial
- Access Credit Union
- MAXA Financial
- Assiniboine Credit Union/Caisse Assiniboine
- Outlook Financial
- Assiniboine Credit Union/Caisse Assiniboine

In addition, DGCM regulates CUCM, the trade association and service provider for Manitoba's credit unions.



# 2025 Financial Statements

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# 2025 Financial Statements

## Management's Responsibility

Management of the Deposit Guarantee Corporation of Manitoba (DGCM) is responsible for the integrity and fair presentation of the financial statements included in the annual report. The financial statements have been prepared in accordance with International Financial Reporting Standards.

In discharging its responsibility, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, proper records are maintained, and assets safeguarded.

The Board of Directors of DGCM oversees management's responsibilities for the financial reporting procedures and internal control systems. The Board reviews the financial statements in detail prior to approving the statements for publication.

The Board's Finance & Audit Committee recommends the appointment of the external auditor and reviews the terms of the external audit engagement, annual fees, audit plans and scope, and management letter recommendations.



Vernon MacNeill, MBA  
Chief Executive Officer



S. Joe Nowicky, CPA, CMA  
Chief Financial Officer

# Independent Auditor's Report

To the Board of Directors of the Deposit Guarantee Corporation of Manitoba

## Opinion

We have audited the financial statements of Deposit Guarantee Corporation of Manitoba ("DGCM"), which comprise the statement of financial position as at December 31, 2025 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DGCM 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. 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 DGCM 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, included 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 these financial statements in accordance with IFRS 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 DGCM'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 DGCM or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing DGCM'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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DGCM'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 DGCM'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 DGCM to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants  
Winnipeg, Manitoba  
March 27, 2026

# 2025 Financial Statements

## Statement of Financial Position

(in thousands of dollars)

**As at December 31**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash (Note 5)	\$ 1,799	\$ 8,581
Investments (Note 6)	590,996	531,191
Assessments receivable (Note 7)	8,501	8,169
Deferred tax assets (Note 8)	72	69
Other assets (Note 9)	1,347	1,116
	<u>\$ 602,715</u>	<u>\$ 549,126</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 10)	1,723	1,826
Defined benefit obligation (Note 11b)	795	765
Current tax liability (Note 8)	336	592
Deferred tax liability (Note 8)	3,085	2,364
Total liabilities	<u>5,939</u>	<u>5,547</u>
Contingent liabilities (Note 12)		
<b>CORPORATION EQUITY</b>		
Retained earnings	565,535	519,640
Accumulated other comprehensive income	31,241	23,939
Total corporation equity	<u>596,776</u>	<u>543,579</u>
	<u>\$ 602,715</u>	<u>\$ 549,126</u>

Approved by the Board on March 27, 2026



**Fernand Vermette**  
Board Chair



**Myron Pawlowsky**  
Finance & Audit Committee Chair

# 2025 Financial Statements

## Statement of Comprehensive Income

(in thousands of dollars)

Year Ended December 31	<u>2025</u>	<u>2024</u>
<b>REVENUES</b>		
Regular assessments	\$ 33,448	\$ 31,867
Investment income (Note 13)	17,258	13,405
	<u>50,706</u>	<u>45,272</u>
<b>EXPENSES</b>		
Financial recovery from credit unions (Note 12)	-	(1)
Registrar's fees	300	300
Operating expenses (Note 14)	6,151	6,058
	<u>6,451</u>	<u>6,357</u>
<b>INCOME BEFORE INCOME TAXES</b>	44,255	38,915
<b>Income tax expense (Note 8)</b>	1,244	1,009
<b>NET INCOME</b>	<u>43,011</u>	<u>37,906</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be reclassified subsequently to net income</b>		
Unrealized gains on FVTOCI debt instruments	7,407	12,505
Income tax expense	(667)	(1,125)
Realized losses on FVTOCI debt instruments	617	2,137
Income tax recovery	(55)	(192)
<b>Total items that may be reclassified</b>	<u>7,302</u>	<u>13,325</u>
<b>Items that will not be reclassified subsequently to net income</b>		
Realized and unrealized gains on FVTOCI equity instruments	3,169	3,375
Income tax expense	(285)	(304)
<b>Total items that will not be reclassified</b>	<u>2,884</u>	<u>3,071</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>	10,186	16,396
<b>COMPREHENSIVE INCOME</b>	<u>\$ 53,197</u>	<u>\$ 54,302</u>

# 2025 Financial Statements

## Statement of Changes in Equity

(in thousands of dollars)

	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total</b>
Balance at January 1, 2024	\$ 478,663	\$ 10,614	\$ 489,277
Net income	37,906	-	37,906
Other comprehensive loss	-	16,396	16,396
Total comprehensive income (loss)	37,906	16,396	54,302
Transfer of revaluation reserve upon disposal of FVTOCI equity instruments	3,071	(3,071)	-
Balance at December 31, 2024	<u>\$ 519,640</u>	<u>\$ 23,939</u>	<u>\$ 543,579</u>
Balance at January 1, 2025	\$ 519,640	\$ 23,939	\$ 543,579
Net income	43,011	-	43,011
Other comprehensive income	-	10,186	10,186
Total comprehensive income	43,011	10,186	53,197
Transfer of revaluation reserve upon disposal of FVTOCI equity instruments	2,884	(2,884)	-
Balance at December 31, 2025	<u>\$ 565,535</u>	<u>\$ 31,241</u>	<u>\$ 596,776</u>

# 2025 Financial Statements

## Statement of Cash Flows

(in thousands of dollars)

<b>Year Ended December 31</b>	<b>2025</b>	<b>2024</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 43,011	\$ 37,906
Non-cash expense – deferred income tax assets	(3)	4
Non-cash expense – depreciation	222	198
Net impairment loss on investments	9	4
Net increase in assessments receivable	(332)	(421)
Net decrease in prepaid expenses	9	155
Net (decrease) increase in current net tax payable	(256)	598
Net decrease in financial assistance to credit unions liability	-	(48)
Net increase in accounts payable and accrued liabilities, net of right of use assets obligation	39	59
Net increase in defined benefit obligation	30	32
<b>Cash flows generated by operating activities</b>	<b>42,729</b>	<b>38,487</b>
<b>INVESTING ACTIVITIES</b>		
Net increase in investments	(48,925)	(31,179)
Purchase of property and equipment, net of disposal proceeds	(444)	(107)
<b>Cash flows used in investing activities</b>	<b>(49,369)</b>	<b>(31,286)</b>
<b>FINANCING ACTIVITIES</b>		
Principal payment of lease liabilities	(142)	(104)
<b>Cash flows used in financing activities</b>	<b>(142)</b>	<b>(104)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(6,782)</b>	<b>7,097</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>8,581</b>	<b>1,484</b>
<b>CASH, END OF YEAR</b>	<b>\$ 1,799</b>	<b>\$ 8,581</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Income taxes paid	\$ 1,502	\$ 407

# 2025 Financial Statements

## Notes to Financial Statements

(in thousands of dollars, unless otherwise noted)

### 1 Nature of organization

The Deposit Guarantee Corporation of Manitoba (DGCM) is a deposit guarantee corporation established under The Credit Unions and Caisses Populaires Act of Manitoba (The Act). All of the operational activities of DGCM are focused on achieving its legislated objectives:

- Guarantee deposits in Manitoba credit unions and caisses populaires (hereinafter credit unions);
- Promote credit unions' development of sound business practices to protect them from financial losses;
- Ensure the credit unions operate according to standards of sound business practices;
- Ensure that Credit Union Central of Manitoba (hereinafter the Central) operates according to prudential standards; and
- Promote and otherwise contribute to the stability of and public confidence in the credit union system, the caisse populaire system and the Central.

Without limiting the generality of the foregoing, DGCM shall do such things as are necessary to enable a credit union assigned to it to satisfy the claims of the members of the credit union for withdrawals of deposits. The registered address of DGCM is 390-200 Graham Avenue, Winnipeg, Manitoba, Canada.

### 2 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements were authorized for issue by the Board of Directors on March 27, 2026.

### 3 Material accounting policies

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

#### a) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for financial assets designated as fair value through other comprehensive income (FVTOCI), which are measured at fair value in the statement of financial position.

DGCM's financial statements are presented in Canadian dollars, DGCM's functional currency.

# 2025 Financial Statements

## b) Cash

Cash consists of cash on hand, and chequing and demand balances with chartered banks.

## c) Regular assessments, special assessments, and financial assistance repayments

Credit union and the Central regular assessments, special assessments, and financial assistance repayments are measured at the fair value of the consideration received or receivable at initial recognition.

Credit union and Central regular assessments, special assessments, and financial assistance repayments are recognized as follows:

- Credit union and Central regular assessments are recognized when earned. Regular assessments are determined quarterly and accrued for monthly. Credit union and Central payments are received quarterly.
- Special assessments are recognized when earned. Special assessments are only charged if, in the opinion of DGCM's Board, the Guarantee Fund is, or is about to be, impaired.
- Financial assistance repayments are recognized when received.

## d) Financial assets

All financial assets are initially recognized at fair value in the Statement of Financial Position and are subsequently classified as measured at fair value through profit and loss (FVTPL), FVTOCI or amortized cost based on DGCM's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics. Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis.

### i. Classification

Cash	Amortized cost
Fixed income investments	FVTOCI (Debt Instruments)
Equity investments	FVTOCI (Equity Instruments)
Derivative assets	FVTPL
Assessments receivable	Amortized cost

### ii. Amortized cost

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. Amortized cost financial assets are accounted for at amortized cost using the effective interest method, less any impairment. Interest revenue is recognized through investment income by applying the effective interest rate.

# 2025 Financial Statements

### iii. Fair value through other comprehensive income

Debt instruments that meet the following conditions are measured at FVTOCI:

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

Equity instruments that are not held for trading are irrevocably elected to be measured at FVTOCI.

FVTOCI financial assets are carried at fair value with unrealized gains and losses recorded in the Statement of Comprehensive Income on a net of tax basis. Accumulated other comprehensive income (AOCI) forms part of corporation equity.

Accumulated realized gains or losses on fixed income investments upon disposal are transferred from OCI to net income. Accumulated realized gains or losses on equity investments are transferred directly from OCI to retained earnings, without being recorded through profit or loss.

Interest on interest-bearing fixed income investments is calculated using the effective interest method and recorded in investment income.

Dividends on equity investments are recorded in investment income upon declaration.

### iv. Fair value through profit or loss

All financial assets not measured at amortized cost or FVTOCI are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch. Unrealized and realized gains and losses, dividends declared, and interest income on these financial assets are recorded in investment revenue.

### v. Impairment of financial assets

DGCM recognizes loss allowances for expected credit losses (ECL) for any FVTOCI debt instrument or amortized cost asset. The ECL is a probability weighted estimate of credit losses measured as the present value of all cash shortfalls that are possible within the 12 months after the reporting date or lifetime depending on whether there has been significant increased credit risks since initial recognition. As noted in Note 15(c)(ii), DGCM's investment policy only permits holding debt instruments with a credit risk rating that is equivalent to the globally understood definition of "investment grade". Loss allowances are measured by assessing the probability of the non-payment of the instrument which is then multiplied by the amount of the expected loss arising from default to determine the ECL.

At each reporting date, DGCM assesses whether FVTOCI debt instruments or amortized cost assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# 2025 Financial Statements

In making an assessment of whether an FVTOCI debt instrument or amortized cost asset is credit-impaired, DGCM considers the following factors.

- The market's assessment of credit worthiness as reflected in bond yields.
- The rating agencies' assessment of credit worthiness.
- The issuer's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

## vi. Derecognition of financial assets

DGCM derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If DGCM neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, DGCM recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If DGCM retains substantially all the risks and rewards of ownership of a transferred financial asset, DGCM continues to recognize the financial asset and also recognizes a collateralized borrowing for proceeds received.

## e) Financial liabilities

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

### Classification

Accounts payable and accrued liabilities	Amortized cost
Derivative liabilities	FVTPL

Financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

## f) Derivative financial instruments

DGCM designates certain derivative financial instruments held for risk management as fair value hedging instruments in qualifying hedging relationships. On initial designation of the hedge, DGCM formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. DGCM makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument(s) is(are) expected to be highly effective in offsetting the changes in the fair value of the respective hedged items(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%.

When a derivative is designated as a hedging instrument in a hedge of the change in fair value of a recognized asset, changes in the fair value of the derivative are recognized immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk, in investment income.

# 2025 Financial Statements

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then the hedge accounting is discontinued prospectively.

## **g) Effective interest method**

DGCM uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## **h) Transaction costs**

Transaction costs for financial assets classified as FVTOCI, amortized cost, and financial liabilities classified as amortized cost, are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

## **i) Leasing**

At inception of a contract, DGCM assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right-of-use (ROU) of an identified asset for a period of time in exchange for consideration. DGCM recognizes a ROU asset and a lease liability at the lease commencement date on the Statement of Financial Position.

The ROU asset is initially measured based on the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The ROU asset is disclosed in Note 9 and depreciated to the earlier of the useful life of the ROU asset or the lease term using the straight-line method. Depreciation expense on ROU assets is included within operating expenses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, DGCM shall use its incremental borrowing rate. Generally, DGCM uses its incremental borrowing rate as its discount rate. The lease liability is measured at amortized cost using the effective interest method and is included with accounts payable and accrued liabilities. Interest expense on lease liabilities is included within operating and administrative expenses.

# 2025 Financial Statements

## **j) Employee benefits**

### **i. Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in net income in the periods during which services are rendered by employees.

### **ii. Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. DGCM's defined benefit plan is a retirement allowance, limited to a single future obligation, as a proportion of an employee's annual salary. DGCM's net obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. The calculation is performed annually by a qualified actuary using the projected unit credit method. Termination benefits are recognized as an expense at the earlier of the following dates:

- when DGCM recognizes costs for a restructuring within the scope of International Accounting Standard (IAS) 37 that includes the payment of termination benefits, or
- when DGCM can no longer withdraw the offer of those benefits

If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### **iii. Short-term employee benefits**

Short-term employee benefits are obligations that are expected to be settled wholly within 12 months of the end of the annual reporting period in which the employees render related services. These obligations are measured on an undiscounted basis.

## **k) Provision for financial assistance to credit unions**

The provision for financial assistance to credit unions is based on potential losses that may arise due to merger, liquidation arrangements, or dissolution. The provision is established based on an individual credit union's probability of requirement for assistance and an assessment of the aggregate risk in the credit union Systems (Note 12).

## **l) Assets acquired from merger/dissolution of credit unions**

Loans and real property acquired as a result of merger or dissolution proceedings are recorded at estimated net realizable value.

# 2025 Financial Statements

## m) Taxation

Income tax expense represents the sum of the current tax and deferred tax. Tax is recognized as an expense or recovery in net income except to the extent that it relates to items that are recognized outside net income.

### i. Current income tax

Current income tax is based on taxable income for the year. Taxable income differs from income as reported in the Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. DGCM's current tax liabilities are measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

### ii. Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences except where it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which DGCM expects, at each balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and DGCM intends to settle its current tax assets and liabilities on a net basis.

## n) Changes in accounting policies

No standards or interpretations have been adopted which had a material impact on the financial statements for DGCM.

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## **o) New standards and interpretations not yet adopted**

The following standard has been announced which will have an impact on future financial statements for DGCM:

IFRS 18 *Presentation and Disclosure in Financial Statements* replaces IAS 1 *Presentation of Financial Statements* and is mandatorily effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18, sets out significant new requirements for how financial statements are presented, with particular focus on the statement of profit or loss and the aggregation and disaggregation of information. The change in standards applies retrospectively and will impact the presentation of DGCM's financial statements for the year ended December 31, 2027.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are mandatorily effective for annual reporting periods beginning on or after January 1, 2026. The amendments clarify requirements for the derecognition of financial liabilities settled through electronic transfers and refine the classification of financial assets, including the assessment of contractual cash flow characteristics and introduce additional disclosure requirements. The amendments may impact the classification of DGCM's financial assets, the timing of derecognition of certain financial liabilities, and related disclosures of DGCM's financial statements for the year ending December 31, 2026.

## **4 Critical accounting judgments and key sources of estimation uncertainty**

In the application of DGCM's accounting policies, which are described in Note 3, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### **a) Critical judgments in applying accounting policies**

Judgement is made on the classification of financial assets, significantly affecting the amount recognized in the financial statements.

Within DGCM's classification of financial assets, the business model within which the assets are held and whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding are assessed.

There are no other critical judgments, apart from those involving estimations, that management has made in the process of applying DGCM's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

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## b) Key sources of estimation uncertainty

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

### i. Provision for financial assistance to credit unions

#### Individual provisions for credit union assistance

Individual provisions and contingencies for financial assistance are recognized in accordance with IFRS. The process defined below will be applied annually at minimum, and more frequently if required. Credit union analysis will consider:

- an individual credit union's risk rating as established by DGCM
- an individual credit union's financial strength, including capital strength to absorb potential losses and earning trends
- whether a credit union appears to have appropriately valued assets
- whether levels of collective and individual allowances appear reasonable
- provisions and contingencies related to assisted mergers and arrangements

DGCM has determined that individual provisions are required to facilitate a loan indemnity and amalgamation, as described in note 12.

#### Collective provision for credit union assistance

The collective accrual for financial assistance is based on five-year, ten-year, and twenty-year averages of loss experience and other components that consider capital shortfalls and insufficient capital levels. This will include management's judgment based on historical information and other factors.

In addition, a collective provision may be deemed necessary based on DGCM's best estimate of current aggregate risk to DGCM as determined by evaluating the following conditions:

- market and economic conditions
- credit union analysis
- historic loss experience

DGCM has determined that there is no collective provision for credit union assistance required.

### ii. Estimates of fair values

Financial instrument carrying values reflect the prevailing market and the liquidity premiums embedded within the market pricing methods DGCM relies upon.

Fair values of marketable investments classified as FVTOCI are determined with reference to quoted market prices, within the bid/ask spread, primarily provided by third party independent pricing sources. Where prices are not quoted in a normally active market, fair values are determined by valuation models. DGCM maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring value. DGCM

# 2025 Financial Statements

obtains quoted prices in active markets, when available, for identical assets at the balance sheet date to measure marketable securities and other investments at fair value. See details of hierarchy of fair value disclosures in Note 15.

### iii. Impairment of financial instruments

Impairment of financial instruments is determined by performing an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. DGCM's investment policy statement requires FVOCI debt instruments to be of investment grade, with a credit rating of BBB or higher. Credit risk increases significantly for FVOCI debt instruments falling below investment grade. Credit ratings for FVOCI debt instruments is monitored on a daily basis.

## 5 Cash

Cash includes cash on hand and current accounts with CIBC Mellon and Scotiabank.

## 6 Investments

Investments include fixed income investments and equity investments. A summary of investments as reflected in the statement of financial position is as follows:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Fixed income investments</b>		
Treasury bills	58,899	48,707
Government bonds	360,402	302,636
Corporate bonds	90,621	106,765
	<u>509,922</u>	<u>458,108</u>
<b>Equity investments</b>		
Canadian equities	24,676	21,236
Global equity exchange traded funds, net of forward contracts	22,783	19,964
Canadian real estate funds	33,615	31,883
	<u>81,074</u>	<u>73,083</u>
	<u>590,996</u>	<u>531,191</u>

## 7 Assessments receivable

Assessments receivable refer to the outstanding balance owed by credit unions for the fourth quarter assessment or any special assessment, charged by DGCM. Substantially all of the outstanding balances are collected within 31 days of year-end.

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## 8 Income taxes

### a) Income tax recognized in net income

<b>Year ended December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Current tax</b>		
Current tax expense in respect of the current year	1,247	1,005
<b>Deferred tax</b>		
Deferred tax (recovery) expense recognized in the current year	(3)	4
Total tax expense relating to continuing operations	<u>1,244</u>	<u>1,009</u>

The expense for the year can be reconciled to the accounting income as follows:

<b>Year ended December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Income from continuing operations	44,255	38,915
Income tax expense at statutory rate	3,983	3,502
Non-taxable credit union assessments	(3,001)	(2,859)
Foreign withholding taxes and other	262	366
Income tax expense recognized in net income	<u>1,244</u>	<u>1,009</u>

### b) Income tax recognized in other comprehensive income

<b>Year ended December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Deferred tax</b>		
Fair value gains re-measurement of FVTOCI financial assets	31,241	23,939
Total deferred income tax expense recognized in accumulated other comprehensive income	<u>3,085</u>	<u>2,361</u>

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## c) Deferred tax assets and liability

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 9% (2024: 9%). Deferred tax assets have been recognized in respect of temporary differences giving rise to deferred tax assets where management believes it is probable that these assets will be recovered.

The components of deferred tax assets and liability were as follows:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>Change</u></b>
<b>Deferred tax assets</b>			
Provision for retirement obligation	72	69	3
<b>Deferred tax liabilities</b>			
Right-of-use assets	-	3	(3)
Net unrealized gain on FVTOCI financial assets	3,085	2,361	724
	<u>3,085</u>	<u>2,364</u>	<u>721</u>

## 9 Other assets

The components of other assets were as follows:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Accounts receivable	1	6
Employee loans	2	-
Prepaid expenses	80	68
ROU assets	770	924
Property and equipment	494	118
	<u>1,347</u>	<u>1,116</u>

## 10 Accounts payable and accrued liabilities

Accounts payable are outstanding invoices payable upon receipt to vendors. Insured savings accounts are deposits acquired through mergers of credit unions. Lease liabilities refers to obligations to vendors under lease contract. Accrued liabilities refer to obligations to vendors where no invoice has been received.

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## 11 Post-employment plans

### a) Defined contribution plans

DGCM contributes to two defined contribution retirement benefit plans for all qualifying employees. These benefit plans are operated by the Co-operative Superannuation Society and Canada Life. DGCM is required to match employees' contributions of a specified percentage of earnings to the benefit plans. The only obligation of DGCM with respect to the retirement benefit plans is to make specified contributions.

The total expense recognized in the income statement of \$200 (2024: \$198) represents contributions payable to these plans by DGCM at rates specified in the rules of the plans. As at December 31, 2025, all contributions due in respect of the 2025 and 2024 reporting periods had been remitted to the plans.

### b) Defined benefit plan

DGCM operates a self-funded defined benefit plan, referred to as a retirement allowance, for qualifying employees. Under the plan, employees are entitled to a one-time retirement benefit varying between 17% and 50% of the final salary on attainment of a minimum of nine years of service with DGCM, and a minimum retirement age of 55. No other post-retirement benefits are provided to these employees.

This benefit is self-funded by DGCM. The benefit exists outside the scope of provincial and federal legislation and is not subject to any regulatory framework. DGCM is solely responsible for the governance of the benefit.

The risks associated with the benefit are strictly financial in nature, primarily driven by any concentration in age groups of employees. Current evaluations show no material concentration of age groupings at December 31, 2025.

The most recent actuarial valuation of the defined benefit obligation was carried out in December 2025 by Eckler Ltd. The present value of the defined benefit obligation, and related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Discount rates	4.6%	4.5%
Expected rates of salary increase	3.0%	3.0%
Assumed retirement age	62	62

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Amounts recognized in net income in respect to this defined benefit plan are as follows:

<b>Year ended December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Current service cost	43	36
Actuarial gains recognized in the year	18	25
Interest costs	33	40
	<u>94</u>	<u>101</u>

Actuarial gains and losses, and service costs, including curtailments and settlements, are recognized immediately through net income, and recorded in salaries and employee benefits in the schedule of operating expenses.

The amount included in the Statement of Financial Position arising from DGCM's obligation in respect of its defined benefit plan is the present value of the unfunded defined benefit obligation.

Movements in the present value of the defined benefit obligation in the current period were as follows:

<b>Year ended December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Opening defined benefit obligation	765	733
Current service cost	43	36
Actuarial gains recognized in the year	18	25
Interest costs	33	40
Benefits paid	(64)	(69)
Closing defined benefit obligation	<u>795</u>	<u>765</u>

The maturity profile of the obligation is outlined as follows:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Within one year	315	167
Later than one year and not later than five years	188	351
Later than five years	292	247
	<u>795</u>	<u>765</u>

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## 12 Contingent liabilities and provision for financial assistance to credit unions

As at December 31, 2025, DGCM has guaranteed \$41.2 billion (2024: \$40.8 billion) in credit union deposits. Based on its ongoing monitoring procedures, DGCM has concluded that a provision for such contingencies does not need to be established at this time.

As at December 31, 2025, DGCM has not committed to any loan indemnities and amalgamation assistance to credit unions (2024: NIL). For the year ended December 31, 2025, DGCM has not recorded any expense or recovery for loan indemnities or credit union amalgamation assistance (2024: recovery of \$1).

## 13 Investment Income

<b>Year ended December 31</b>	<b>2025</b>	<b>2024</b>
Interest income – loans and receivables	75	142
Interest income – FVTOCI	15,207	13,706
Dividend income – FVTOCI	1,767	1,745
Realized gains (losses) on disposal of marketable investments	571	(2,132)
Unrealized and realized losses on foreign exchange	(353)	(52)
Impairment loss on investments	(9)	(4)
	<u>17,258</u>	<u>13,405</u>

For the year ended, December 31, 2025, DGCM disposed of \$7,030 (2024: \$8,419) of FVTOCI equity instruments, resulting in a cumulative realized gain of \$2,884 (2024: \$3,071) on disposal. FVTOCI equity instruments are disposed of for the purpose of recalibrating the investment portfolio, to match the target asset mix of the Investment Policy Statement, on a quarterly basis.

## 14 Operating expenses

<b>Year ended December 31</b>	<b>2025</b>	<b>2024</b>
Salaries and benefits	3,939	3,911
Contract and professional fees	724	728
Occupancy	422	425
Administration	408	390
Central funding	242	243
Corporate governance	179	158
Travel	98	79
Other	139	124
	<u>6,151</u>	<u>6,058</u>

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## 15 Financial instruments

### a) Class disclosure

The following is the disclosure of financial assets by class:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Amortized Cost</b>		
Cash	1,799	8,581
Assessments receivable	8,501	8,169
Employee loans	2	-
	<u>10,302</u>	<u>16,750</u>
<b>FVTOCI</b>		
Fixed income investments	509,922	458,107
Equity investments	81,074	73,084
	<u>590,996</u>	<u>531,191</u>

The following is the disclosure of financial liabilities by class:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Amortized Cost</b>		
Accounts payable and accrued liabilities	<u>1,723</u>	<u>1,826</u>

### b) Capital risk management

DGCM manages its capital to maintain a capital structure that provides the flexibility to provide liquidity to support its obligation to guarantee deposits in credit unions.

DGCM's capital management objective is to maintain total equity (retained earnings and accumulated other comprehensive income) within a range of 118 to 150 basis points (bps) of deposits in credit unions. This equity target range has been approved by the Superintendent of Financial Institutions Regulations Branch. The Board of Directors reviews DGCM's equity position quarterly to ensure prudent positioning within the target range. Where the aggregate shortfall of credit union capital exceeds one-sixteenth of one percent of total deposits and accrued interest, DGCM shall net the shortfall against its equity for this calculation.

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## c) Financial risk management

DGCM is exposed to risks of varying degrees of significance which could affect its ability to support its obligation to guarantee deposits in credit unions. The main objectives of DGCM's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to these risks. The principal financial risks to which DGCM is exposed include interest rate risk, credit risk, liquidity risk, equity price risk, and currency risk.

DGCM seeks to minimize the effects of these risks by utilizing a conservative investment policy. The investment policy contains written principles, addressing interest rate risk, credit risk, liquidity risk, equity price risk, and currency risk. The investment policy is approved by the Registrar, in compliance with subsection 144(h) of The Act. Compliance with policy is monitored by the external investment manager on a continuous basis.

The Finance department reports quarterly to the Board of Directors on policy compliance and risk exposures.

### i. Interest rate risk management

DGCM is exposed to fluctuations in interest rates that could affect the cash flows from marketable investments at the time of maturity and reinvestment of individual instruments. These fluctuations could affect the fair values of financial assets and liabilities, and DGCM's ability to support its obligation to guarantee deposits in credit unions.

To manage interest rate risk, DGCM's investment policy restricts the concentration (asset mix) of segregated and pooled fixed income investments within the portfolio. As well, the aggregate duration of segregated and pooled fixed income investments do not exceed 0.25 years of respective benchmark indices, as noted below.

<b>Asset class</b>	<b>Maximum asset mix</b>	<b>Benchmark index</b>
Government bonds	62.50%	FTSE TMX Short Term Government Bond
Corporate bonds	25.00%	FTSE TMX All Corporate Bond
Global bonds	6.25%	Barclays Global Aggregate Bond (CDN \$)

To further mitigate interest rate risk, the policy permits the allocation of some or all of the portfolio into cash and short-term government bonds for protection from loss of principal and ensure sufficient cash is held to finance the operations of DGCM.

DGCM may use derivative financial instruments to manage interest rate risk. No derivative financial instruments were used during the year for this purpose.

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## Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. A 50 bps increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 bps higher/lower and all other variables were held constant, DGCM's:

- net income for the year ended December 31, 2025 would increase/decrease by \$324/\$325 (2024: increase/decrease by \$387/386). This is attributable to DGCM's exposure to interest rates on current accounts and maturing investments, and
- other comprehensive income for the year would decrease/increase by \$4,582 (2024: decrease/increase by \$3,831) mainly as a result of the changes in the fair value of FVOCI fixed rate instruments.

## ii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to DGCM. DGCM's exposure to credit risk consists principally of:

- fixed income investments with Canadian federal, provincial and municipal governments, and corporations
- equity investment in global bond funds
- derivative instruments for hedging purposes
- assessments receivable from credit unions

Measures are taken to mitigate each exposure to credit risk:

- DGCM's investment policy only permits holding marketable investment-grade (BBB or higher) fixed income investments. Ratings are determined by independent rating agencies. Credit risk exposure is limited to that contained within respective benchmark indices.
- Credit risk with derivative instruments is evaluated quarterly. It is DGCM's practice to transact in derivatives only with the most credit worthy financial intermediaries.
- DGCM monitors the financial strength of individual credit unions on a monthly basis.

Assessments receivable from credit unions are unrated. All of the outstanding balances are collected within 31 days of year-end. Historically, DGCM has not experienced bad debts related to any of these counterparties.

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The table below shows the credit risk exposure of fixed income investments and global bond funds, by credit rating, at the end of the reporting period using DBRS' credit rating symbols:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Credit rating</b>		
AAA	328,321	271,418
AA	100,337	91,172
A	49,371	64,383
BBB	31,893	31,134
	<u>509,922</u>	<u>458,107</u>

The table below shows the credit risk exposure of investments, by issuer, at the end of the reporting period:

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Government	419,301	351,342
Corporate	90,621	106,765
	<u>509,922</u>	<u>458,107</u>

DGCM incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from economic experts and consideration of a variety of external actual and forecast information, DGCM formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and Bank of Canada, forecasts by large Canadian banks and financial institutions and other selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by DGCM for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

DGCM has identified and documented key drivers of credit risk and credit losses for the portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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The economic scenarios used as at December 31, 2025 included the following Canadian key indicators:

- National unemployment rates;
- National gross domestic product;
- Bank of Canada overnight rate target;
- National annual housing starts; and
- West Texas Intermediate oil prices.

Predicted relationships between key indicators and default and loss rates on financial assets have been developed based on analyzing historical data over the past 18 years.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default;
- Loss given default; and
- Exposure at default.

These parameters are derived from external benchmark information derived from Moody's Annual Default Study.

The following table shows reconciliations from the opening to the closing balance of the 12-month ECL allowance for impairment for debt investment securities at FVTOCI, net of tax. The allowance is netted against Investments in the Statement of Financial Position.

	<u>2025</u>	<u>2024</u>
Balance at January 1	36	32
Remeasurement of loss allowance, net of purchases and disposals	9	4
Balance at December 31	<u>45</u>	<u>36</u>

### iii. Liquidity risk management

Liquidity risk is the risk of having insufficient financial resources to meet DGCM's cash and funding requirements in support of the guarantee of deposits in credit unions. DGCM's approach to manage its liquidity risk is to ensure, as far as possible, that it will have cash, demand deposits, and marketable investments which meet its annual capital target.

Management expects that DGCM's principal sources of funds will be cash generated from credit union regular assessments and interest earned on its investments to support its financial obligation to guarantee deposits in credit unions.

In the event that the investment portfolio must be drawn upon, DGCM's target asset mix equates to 95% of the portfolio being tradeable in major Canadian and American bond and equity markets. Redemptions on the residual balance can be made on a quarterly basis.

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The following table details DGCM's expected maturity for its cash accounts, segregated debt instrument financial assets and financial liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial assets and financial liabilities including interest that will be earned on those assets and liabilities. Excluded from the table below are Canadian and Global equities totaling \$81,074 (2024: \$73,084).

<b>As at December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Financial assets</b>		
Under one year	74,811	88,177
One to five years	435,412	378,511
Five to ten years	1,498	-
	<u>511,721</u>	<u>466,688</u>

## Financial liabilities

All financial liabilities are due within one year.

## iv. Equity price risk management

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets and other pricing risk.

To manage equity price risk, DGCM's investment policy restricts the concentration (asset mix) of equity-based investments within the portfolio, and ensure they are passively managed against established diversified indices, as noted in the table below.

<b>Asset class</b>	<b>Maximum asset mix</b>	<b>Benchmark index</b>
Canadian Equities	6.25%	S&P/TSX Composite Index
Global Equities	6.25%	MSCI World Index (CDN \$)

The best estimate return assumptions for equities are primarily based on long-term historical averages. Changes in the current market could result in changes to these assumptions and will impact asset cash flows. A 10% increase/decrease on equity market prices would increase/decrease other comprehensive income by \$4,319 (2024: \$3,749).

## v. Currency risk management

Currency risk relates to DGCM holding financial instruments in different currencies. Changes in foreign exchange rates can expose DGCM to the risk of foreign exchange losses. DGCM has investments in investments denominated in U.S. dollars. In accordance with IFRS, foreign currency translation gains and losses from these investments, net of hedging activities and tax effects, are recorded in net income. A 10% weakening or strengthening of the Canadian dollar would not have a material impact on net income or total comprehensive income as DGCM uses derivative financial instruments to manage currency risk.

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## vi. Fair value of financial instruments

### Fair value of financial instruments carried at amortized cost

DGCM considers that the carrying amounts of financial assets and financial liabilities recognized at amortized cost in the financial statements approximate their fair values.

### Valuation techniques and assumptions applied for the purposes of measuring fair value

DGCM has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three level fair value hierarchy. Financial assets and financial liabilities measured at fair value on a recurring basis on the balance sheet are categorized as follows:

**Level 1:** Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that DGCM has the ability to access. Assets utilizing Level 1 inputs include cash, treasury bills, Canadian equities exchange traded funds (ETFs), and global equities and bond ETFs.

**Level 2:** Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 assets include government bonds and corporate bonds, which use quoted prices for similar assets and liabilities in active markets as inputs for valuation.

**Level 3:** Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. Level 3 assets include a Canadian real estate fund, which is valued primarily based on the discounted cash flow approach, however direct capitalization and comparable sale methodologies are also employed, where appropriate. Level 3 assets also include shares held with Equitable Bank, which are held at cost, representing fair value at the end of the reporting period.

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The following table presents DGCM's assets and liabilities that are carried at fair value on a recurring basis.

<b>As at December 31, 2024</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
<b>Assets measured at fair value</b>				
Cash	8,581	-	-	8,581
Fixed income investments				
Treasury bills	48,707	-	-	48,707
Government bonds	-	302,636	-	302,636
Corporate bonds	-	106,765	-	106,765
Equity investments				
Canadian equities	21,236	-	-	21,236
Global equity exchange traded funds	19,964	-	-	19,964
Canadian real estate fund	-	-	31,883	31,883
Total assets measured at fair value on a recurring basis	<u>98,488</u>	<u>409,401</u>	<u>31,883</u>	<u>539,772</u>

<b>As at December 31, 2025</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
<b>Assets measured at fair value</b>				
Cash	1,799	-	-	1,799
Fixed income investments				
Treasury bills	58,899	-	-	58,899
Government bonds	-	360,402	-	360,402
Corporate bonds	-	90,621	-	90,621
Equity investments				
Canadian equities	24,676	-	-	24,676
Global equity exchange traded funds	22,783	-	-	22,783
Canadian real estate fund	-	-	33,615	33,615
Total assets measured at fair value on a recurring basis	<u>108,157</u>	<u>451,023</u>	<u>33,615</u>	<u>592,795</u>

There were no transfers of DGCM's assets between Level 1 and Level 2 in the year.

## Liabilities measured at fair value

There are no liabilities carried at fair value on a recurring basis.

# 2025 Financial Statements

The following table presents additional information about assets measured at fair value on a recurring basis and for which DGCM has utilized Level 3 inputs to determine fair value:

<b>2024</b>	<b><u>Canadian real estate fund</u></b>
Balance at January 1	30,665
Total gains	1,218
Purchases	-
Sales	-
Other	-
Balance at December 31	<u>31,883</u>
Total gains for the year included in investment income	<u>-</u>
Change in unrealized gains for the year included in earnings for assets held at December 31	<u>1,218</u>

<b>2025</b>	<b><u>Canadian real estate fund</u></b>
Balance at January 1	31,883
Total gains	1,732
Purchases	-
Sales	-
Other	-
Balance at December 31	<u>33,615</u>
Total gains for the year included in investment income	<u>-</u>
Change in unrealized gains for the year included in earnings for assets held at December 31	<u>1,732</u>

# 2025 Financial Statements

The following table sets out information about significant unobservable inputs used at year-end in measuring assets and liabilities categorized as Level 3 in fair value hierarchy:

Type of asset	Canadian real estate fund
Valuation approach	Property valuations are generally determined using models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.
Significant unobservable inputs	Discount rate Reversionary rate Vacancy rate
Input values	Discount range 5.5-12% (2024: 5.5-12.0%) Reversionary range 5.5-12% (2024: 4.5-11.0%) Vacancy weighted average 9.0% (2024: 8.3%) Effective Vacancy 10.3% (2024: 8.8%)
Inter-relationship between key inputs and fair value measurement	A decrease/increase in the discount rate would result in an increase/decrease in fair value. A decrease/increase in the reversionary rate would result in an increase/decrease in fair value. A decrease/increase in the expected vacancy rate would generally result in an increase/decrease in fair value.

## vii. Derivative financial instruments

In the normal course of managing exposure to fluctuations in foreign exchange rates, DGCM is an end-user of forward contracts. Forward contracts are for three-months, with successive renewals upon maturity, to match the existing currency risk exposure. These forward contracts are designated as accounting hedges.

As at December 31, 2025, DGCM had forward contracts with a FMV of \$143 (2024: negative \$276). The notional value of the contracts was \$16,928 (2024: \$15,575). The counterparty of forward contracts is the Canadian Imperial Bank of Commerce. The maturity date of the contracts is March 12, 2026.

# 2025 Financial Statements

## 16 Related party transactions

### a) Compensation of key management personnel

Key management personnel are defined as the Chief Executive Officer, Chief Risk Officer, and Chief Financial Officer.

DGCM provides interest free loans to employees for:

- medical equipment not covered under the insured benefits package and necessary for effective performance of their duties
- computer equipment for the employee's own use and consistent with the technology utilized by DGCM

The maximum loan size is \$8, repayable by payroll deduction over a maximum period of three years.

Outstanding loans to key management personnel at the end of 2025 was \$2 (2024: \$NIL).

The remuneration of the Chief Executive Officer is determined by the Board of Directors. The remuneration of the Chief Risk Officer and Chief Financial Officer is determined by the Chief Executive Officer. The aggregate remuneration of key management personnel during the year was as follows:

<b>Year ended December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Salaries	823	781
Short-term benefits	39	53
Post-employment benefits	80	70
	<u>942</u>	<u>904</u>

### b) Board members' remuneration and expenses

The remuneration of the Board of Directors is determined by the Lieutenant Governor in Council. The remuneration of board members during the year was as follows:

<b>Year ended December 31</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Board member remuneration	125	107
Expenses	54	51
	<u>179</u>	<u>158</u>

# 2025 Financial Statements

## 17 Leases

### a) Lease arrangement

DGCM has an office space lease for own use. The main office space for operations has a seven-year lease term that expires December 31, 2030 with no option to renew.

### b) Right-of-use assets

	<u>2025</u>	<u>2024</u>
Balance at January 1	924	986
Additions	-	92
Depreciation charge for the year	(154)	(154)
Balance at December 31	<u>770</u>	<u>924</u>

### c) Lease liabilities

The following table sets out the maturity of contractual undiscounted cash flows:

<b>As at December 31</b>	<u>2025</u>	<u>2024</u>
No later than one year	176	176
Later than one year and not later than five years	737	723
Later than five years	-	191
	<u>913</u>	<u>1,090</u>

In 2025, the total cash outflow for leases was \$186 (2024: \$186).

### d) Amounts recognized in profit or loss

<b>Year ended December 31</b>	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	34	39
Depreciation of ROU assets	154	154
	<u>188</u>	<u>193</u>

# 2025 Financial Statements

## The Public Interest Disclosure (Whistleblower Protection) Act

The Deposit Guarantee Corporation of Manitoba (DGCM) is designated as a government body for purposes of the Public Interest Disclosure (Whistleblower Protection) Act (the Act). The Act requires that government bodies disclose, in their annual reports, any activities regulated by this legislation.

The Act came into effect in April 2007. This law gives employees a clear process for disclosing concerns about significant and serious matters (wrongdoing) in the Manitoba public service sector, and strengthens protection from reprisal. The Act builds on protections already in place under other statutes, as well as collective bargaining rights, policies, practices and processes in the Manitoba public service.

Wrongdoing under the Act may be: contravention of federal or provincial legislation; an act or omission that endangers public safety, public health, or the environment; gross mismanagement; or, knowingly directing or counseling a person to commit a wrongdoing. The Act is not intended to deal with routine operational or administrative matters.

A disclosure made by an employee in good faith, in accordance with the Act, and with a reasonable belief that wrongdoing has been or is about to be committed is considered to be a disclosure under the Act, whether or not the subject matter constitutes wrongdoing. All disclosures receive careful and thorough review to determine if action is required under the Act, and must be reported in a department's annual report in accordance with Section 18 of the Act.

The following is a summary of disclosures received by DGCM for the fiscal year ended December 31, 2025:

<b>Information Required Annually (per Section 18 of the Act)</b>	<b>Fiscal Year 2025</b>
<b>The number of disclosures received, and the number acted on and not acted on. Subsection 18(2)(a)</b>	<b>Nil</b>
<b>The number of investigations commenced as a result of a disclosure. Subsection 18(2)(b)</b>	<b>Nil</b>
<b>In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations or corrective actions taken in relation to the wrongdoing, or the reasons why no corrective action was taken. Subsection 18(2)(c)</b>	<b>Nil</b>