BUSINESS PLAN 2026-2029

CREDIT UNION
DEPOSIT GUARANTEE CORPORATION

MESSAGE FROM THE CHAIRPERSON

I am pleased to provide the 2026-2029 Business Plan of the Credit Union Deposit Guarantee Corporation (the Corporation), a Crown Corporation reporting to the Minister of Government Services, with responsibility for the regulation of credit unions in the province.

The Corporation is a Category 2 entity under the **Transparency and Accountability Act** that requires such public bodies as the Corporation to prepare a three-year performance-based plan.

The strategic direction of the Provincial Government to create a robust, stable economy are applicable to the Department of Government Services. Prudent oversight of the credit union system contributes to a stronger economy through stable banking and financial services.

This business plan provides an overview of the Corporation and identifies the strategic goals and objectives to be accomplished during the next three years from April 1, 2026 to March 31, 2029. The Board of the Corporation is accountable for the preparation of this plan and for achieving the goals and objectives contained therein.

Joan Marie Gatherall
Chair

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OVERVIEW

The Corporation is responsible for the administration of the **Credit Union Act, 2009** and the **Credit Union Regulations, 2009**, for the stabilization of the credit union system, and for providing deposit insurance to credit union members. It monitors and examines the financial affairs of credit unions and works with credit unions to resolve deficiencies identified through this process. The Corporation may establish financial and governance standards for credit unions and ensure sound business practices are followed. It has the authority to place credit unions under supervision and to act as administrator or liquidator if required, pursuant to the **Credit Union Act, 2009**.

The Corporation's website can be found at: https://www.cudgcnl.com

The Corporation has seven employees. The Board has eight directors with five directors selected from credit union system nominees, one from the Department of Government Services, one from the Department of Finance and one director appointed by the Minister to represent the public interest (Appendix A). The Chief Executive Officer is also the Secretary-Treasurer of the Board but is not a voting member. The Superintendent of Credit Unions and Deputy Superintendent of Credit Unions are appointed by the Minister.

The Corporation maintains a deposit guarantee fund for its purposes, which represents the accumulated assessments paid by credit unions, as well as the accumulated operating surplus of the Corporation. The Corporation is self-funding and does not receive any public grants for its operating needs.

The Corporation administers various credit union insurance programs provided by the Credit Union Bonding Program, a national credit union risk sharing insurance program managed by CUMIS Insurance. These insurance programs include Fidelity Bonding, Directors and Officers Liability, Corporate Errors and Omissions, Employment Practices Liability, Privacy Liability and On-line Banking.

In addition, the Corporation holds the funds of credit union members that are classified as unclaimed. Unclaimed funds consist of accounts where no member-initiated transition has taken place with the credit union for 12 years. After the 12 years have elapsed, the funds and related documentation are transferred to the Corporation for administration. Credit union members, administrators, heirs or estates can apply to the Corporation to obtain unclaimed balances to which they may be entitled.

The Corporation is an active participant in national and regional credit union related organizations. Management represents the Corporation on the National Risk Management Committee, the Credit Union Prudential Supervisors Association (CUPSA), and the International Credit Union Regulators Network (ICURN).

For the fiscal period ended March 31, 2026, the Corporation's revenues were generated from deposit insurance assessments (62 per cent), premiums from other insurance programs (11 per cent) and investment income (28 per cent). The Corporation's primary operating expenses were salaries and benefits (51 per cent), insurance costs (29 per cent) and other operating costs (20 per cent) such as travel and administration. The Board of Directors of the Corporation is responsible for submitting its annual budget to the Minister for approval no later than the date set by the Minister.

The credit union system in Newfoundland and Labrador is comprised of six credit unions with offices in 37 locations, approximately 61,000 members and assets in excess of 1.6 billion dollars. The system employs over 300 people.

MANDATE

The mandate of the Credit Union Deposit Guarantee Corporation is to protect the qualifying investments of credit union members and to facilitate the financial stability of the credit union system by requiring credit unions to comply with legislation and exercise sound business practices. The legislative duties of the Credit Union Deposit Guarantee Corporation are outlined in Section 134 of the **Credit Union Act, 2009** as contained in Appendix B.

VISION

Newfoundlanders and Labradorians have access to a credit union system that is strong, stable and successful.

PRIMARY CLIENTS

The Credit Union Deposit Guarantee Corporation identifies its primary clients as credit unions and credit union members. These organizations, individuals, or groups are the primary users and beneficiaries of the Corporation's lines of business.

LINES OF BUSINESS

The Credit Union Deposit Guarantee Corporation provides the following lines of business to its primary clients:

1. Regulation of Credit Unions
2. Deposit Insurance
3. Stabilization
4. Unclaimed Balances

Regulation of Credit Unions
The Corporation regulates credit unions through its examination, monitoring and enforcement activities.

Examination

The Corporation examines credit unions for compliance with legislation and sound business practices. The Corporation uses a risk-based approach to determine credit unions that will be examined.

The Corporation also performs regular desk audits using an inquiry program accessing the credit unions' on-line database. The Corporation selects random transactions to examine as well as identifies transactions that meet specific criteria, for example, those transactions that may be higher risk, to investigate.

Monitoring

Monthly, quarterly, and annually, the Corporation receives financial statements and other regulatory reports from credit unions. Reports are reviewed and, if necessary, remedial action is taken. Annually, the Corporation also reviews independent audited statements of credit unions prepared by accountants licensed under the **Chartered Professional Accountants and Public Accountants Act**.

Enforcement

Credit unions that are non-compliant are assessed fines and penalties pursuant to legislation and may be placed under supervision by the Corporation.

Deposit Insurance
The Corporation provides deposit insurance on deposits of credit union members equal to a maximum $250,000 per insured deposit. There are four insured deposit categories, including:

- Basic deposits
- Joint deposits
- Registered deposits
- Trust accounts

Stabilization
The Corporation stabilizes credit unions through supervision, training and risk management activities.

Supervision

Pursuant to the legislation, credit unions experiencing on-going difficulties may be placed under supervision. The degree of supervision depends on the severity of the problem. The supervision process could involve requiring a credit union to prepare a plan to address the problem, monitoring for compliance, or it may include replacing the Board of Directors of the credit union in question, merging the credit union with another credit union or eventually closing the credit union.

Training

In accordance with the regulations, the Corporation may prescribe the minimum level of training for a director or officer of a credit union. The Corporation encourages training of directors in good corporate governance practices by financially supporting director training.

Risk Management

The Corporation directly administers five insurance policies on behalf of the credit union system. The five policies are Bonding, Directors & Officers Liability, Corporate Errors and Omissions, Employment Practices Liability and On-line Banking. The Corporation also serves as the provincial representative on two national advisory committees (the Master Policy Holder Committee and the National Risk Management Committee) maintained by the Corporation’s private insurance provider. The Corporation ensures that minimum coverage levels are maintained by credit unions where the insurance is not directly administered by the Corporation, for example in the areas of privacy and cyber security.

Unclaimed Balances
The Corporation holds funds classified as unclaimed on behalf of credit union members, their administrators, heirs or estates. Eligible individuals can apply to the Corporation to obtain unclaimed balances to which they may be entitled.

STRATEGIC ISSUE 1: Changing National Financial Institution Regulatory Framework

The Government of Canada is undertaking significant revisions to modernize the national regulatory framework for financial institutions. Changes include:

- Introduction of Consumer Driven Banking (also known as Open Banking).
- Introduction of StableCoin.
- Legislative and policy changes to the anti-fraud, anti-money laundering, and anti-terrorist financing frameworks.
- Revisions to the Canada Free Trade Agreement that impact provincially regulated financial institutions.
- Implementation of recommendations, where feasible, resulting from the International Monetary Fund's Financial Sector Assessment Program.
- Potential revisions to federal deposit insurance.

The Corporation will need to ensure that the regulatory framework for provincially regulated credit unions is consistent with federal legislation that underpins the national financial system. The Corporation will also need to ensure that it is compliant with interprovincial requirements.

Provincial deposit insurance largely mirrors federal deposit insurance coverage types. If the Federal government changes the federal deposit insurance framework certain federal changes will automatically apply to the Corporation while other changes that are not mandatory may require the Corporation to assess if the Corporation should adopt the same, or a similar coverage change.

The extent of announced, and anticipated changes, may require revisions to the **Credit Union Act, 2009** and Regulations as well as the Corporation's prudential standards and operations. The Corporation will need to ensure that credit unions regulated by the Corporation are aware of upcoming changes and are compliant with applicable regulatory standards.

Given the nature and extent of the changes, it is anticipated that the Corporation will require significant work during the reporting period to analyze potential impacts. The Corporation will ensure the Department of Government Services is aware of options to respond to the changes. The Corporation will also assess what internal operational changes are required.

While the exact timing of potential changes is primarily at the discretion of the Federal Government, the Corporation has been and will remain engaged to ensure appropriate advice is provided and the appropriate operational changes are adopted to ensure a stable and effective credit union system.

GOAL

By March 31, 2029, the Credit Union Deposit Guarantee Corporation will have initiated changes to the regulatory and deposit insurance framework for provincially regulated credit unions. These changes respond to underlying federal and interprovincial revisions to national regulatory and deposit insurance requirements for financial institutions.

GOAL INDICATORS

- Provided advice to the Department of Government Services on changes to Provincial legislation based on national developments affecting credit union system.
- Consulted with Federal and Provincial partners to share expertise on expected changes and where possible ensure a harmonized approach.
- Consulted with provincially regulated credit unions on the expected changes.
- Implemented, or begun implementation of required changes to the Corporation's regulatory processes.

OBJECTIVES

1. By March 31, 2027, the Credit Union Deposit Guarantee Corporation will have consulted stakeholders and completed a jurisdictional review.

Indicators:

- Consulted with Federal and Provincial partners.
- Ensured that the Provincial Government is informed of matters that may require amendments to the **Credit Union Act, 2009** or Regulations or otherwise impact the Corporation's operations.
- Consulted with provincially regulated credit unions on the expected changes.

2. By March 31, 2028, the Credit Union Deposit Guarantee Corporation will have continued monitoring the federal and interprovincial developments and assessed potential revisions to the Corporation's regulatory framework.

3. By March 31, 2029, the Credit Union Deposit Guarantee Corporation will have continued monitoring the federal and interprovincial developments and assessed potential revisions to the Corporation's regulatory framework for future changes. Where required the Corporation will have implemented regulatory changes.

STRATEGIC ISSUE 2: Standards of Sound Business and Financial Practices

The financial services environment in which Newfoundland and Labrador credit unions operate continues to evolve due to changes in regulatory expectations, technological innovation, cybersecurity risks, governance practices, underlying financial market conditions, and member behaviour. The Corporation must ensure that its regulatory framework remains current, risk-based, and aligned with leading practices.

The Standards of Sound Business and Financial Practices (the Standards) are used to promote the safety, soundness, and resilience of the credit union system. The last substantive update to the Standards was in December 2007.

Updating the Standards will support the Corporation’s mandate to protect depositors, strengthen confidence in the credit union system, and modernize the Corporation’s regulatory expectations for credit union boards and staff.

GOAL

By March 31, 2029, the Credit Union Deposit Guarantee Corporation will have modernized the Standards of Sound Business and Financial Practices to ensure they are current, risk-based, and proportionate, and that they effectively support the safety, soundness, and sustainability of Newfoundland and Labrador credit unions.

GOAL INDICATORS

- Alignment of the Standards with current regulatory priorities and emerging risks
- Updated Standards approved by the Corporation’s Board of Directors
- Integration of updated Standards into regulatory and examination processes

OBJECTIVES

1. By March 31, 2027, the Credit Union Deposit Guarantee Corporation will have conducted a comprehensive review of the existing Standards of Sound Business and Financial Practices.

Indicators

- Researched similar standards in other Canadian jurisdictions
- Assessed the current Standards against emerging risks, regulatory experience, and leading practices
- Identify gaps, redundancies, and areas requiring clarification or modernization
- Engage internal staff to identify operational and interpretive challenges

2. By March 31, 2028, the Credit Union Deposit Guarantee Corporation will have developed and consulted on revised Standards of Sound Business and Financial Practices.

3. By March 31, 2029, the Credit Union Deposit Guarantee Corporation will have adopted the updated Standards and integrated them into the regulatory processes.

APPENDIX A – DIRECTOR PROFILES

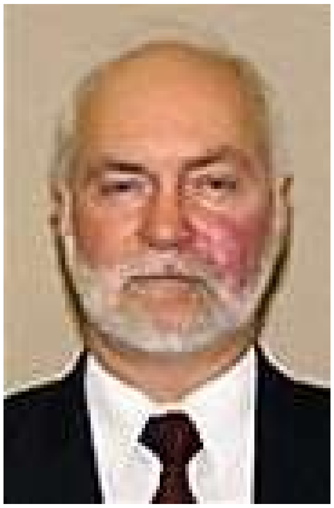
Joan Marie Gatherall
Chair

Joan Marie Gatherall has 30 years of progressive and diverse financial, business and volunteer experience. She graduated with a Bachelor of Commerce (Hons) and received her Chartered Accountant designation in 1990. Over her career, she has worked in public practice, the Provincial Government, the Credit Union System and private industry in various management roles. For 6 years, she was General Manager of the Credit Union Central of NL working with credit unions to improve performance and governance. She has been an active credit union member for over 25 years. Her volunteer experience ranges from the local school community, The Kids Eat Smart Foundation and School Board Trustee. Ms. Gatherall is a credit union system nominee and was appointed as Chair of the Corporation in June 2022.

Allison Chaytor-Loveys
Vice-Chair

Allison Chaytor-Loveys retired as Chief Executive Officer at Newfoundland and Labrador Credit Union (NLCU) in December 2021. Ms. Chaytor-Loveys has 49 years' experience in the credit union system in Newfoundland and Labrador. She has also served as a Board Director nationally with Canadian Credit Union Association (CCUA) and with the World Organization of Co-Operative Credit Unions (WOCCU). Ms. Chaytor-Loveys is a credit union system nominee and was appointed as a director of the Corporation in June 2022.

DIRECTOR PROFILES (Cont.)



William Langthorne

William Langthorne, after working for forty-five years in the public and private sectors in various financial and management positions, retired in 2019. Mr. Langthorne worked for thirty years as an employee of the Credit Union Deposit Guarantee Corporation and ended his career as Chief Executive Officer, board member and Superintendent of Credit Unions. He has been a member of a credit union for over thirty-five years. Mr. Langthorne was a licensed professional accountant (CPA-CGA) for over thirty years and has a Bachelor of Arts degree with a major in Economics and a minor in business from Memorial University. Mr. Langthorne is a credit union system nominee and was appointed as a director of the Corporation in June 2022.

Julian McCarthy

Julian McCarthy retired from the Newfoundland and Labrador public service in 2019 after a successful 33-year career. He was the Assistant Deputy Minister of Consumer and Commercial Affairs, Department of Service NL, for 8 years prior to his retirement and also served as Chair of the Board for the Credit Union Deposit Guarantee Corporation during the same period. He spent most of his career regulating and auditing various sectors of the financial services, pensions and consumer affairs industries. He served on several national boards and organizations related to the regulation of the financial services and pensions industry during his career. Mr. McCarthy holds a Bachelor of Commerce (honors) Degree from Memorial University. Mr. McCarthy is a credit union system nominee and was appointed as a director of the Corporation in June 2022.

DIRECTOR PROFILES (Cont.)

Natalie Templeman is currently the Chief Information Officer of Newfoundland and Labrador Hydro and has over 24 years of experience in various leadership roles in the public sector. Ms. Templeman has a Bachelor of Commence degree from Memorial University. Ms. Templeman was appointed as the Public Interest Representative in June 2022.

Natalie Templeman

Brian Sparkes leads the team for Load Forecasting and Market Analysis within NL Hydro. Prior to this role, Brian worked within the Energy Marketing team at Nalcor Energy and held the roles of Team Lead of Analytics and Energy Trader. Before joining NL Hydro, Brian spent twelve years working as a manager in the Credit Union system, both in Newfoundland and Alberta. He holds a Bachelor of Business Administration from Memorial University. Brian has previously sat on the Board for League Savings and Mortgage. Mr. Sparkes is a credit union system nominee and was appointed as a director of the Corporation in September 2022.

Brian Sparkes

Thomas Duggan works for the Government of Newfoundland and Labrador as Director of Policy, Strategic Planning and French Services for the Department of Government Services. He is one of two government representatives on the board. Thomas has Masters' Degrees in English (University of New Brunswick 2024) and Political Science (Memorial University 2006). He is from Chapel's Cove, Newfoundland and Labrador and currently lives in St. John's.

Thomas Duggan

APPENDIX B - MANDATE

Legislated Duties (Source: **Credit Union Act, 2009,** SNL 2009, c. C-37.2)

134. The duties of the guarantee corporation are:

(a) to provide, for the benefit of persons having deposits with credit unions in the province, deposit insurance against loss of part or all of those deposits by making payments to the depositors to the extent and in the manner authorized by this Act;

(b) in those circumstances that the guarantee corporation considers appropriate, to provide assistance to credit unions for the purpose of stabilization or for the orderly liquidation of a credit union;

(c) to protect deposits in credit unions against impairment arising from financial losses and insolvency by

(i) promoting the development and implementation of sound business practices and sound financial policies and procedures by credit unions; and,

(ii) establishing and implementing loss prevention programs and other controls;

(c.1) to ensure that credit union by-laws comply with this Act and the regulations;

(c.2) to notify the superintendent of the matters prescribed in the regulations that may impact credit unions, credit union members or the guarantee corporation;

(d) to act as supervisor of a credit union; and,

(e) to do those other things that may be required or authorized by this Act or the regulations.