



Consolidated
CREDIT UNION

enriching communities
empowering members
building tomorrow



ANNIVERSARY
Consolidated
CREDIT UNION

2024
ANNUAL
REPORT

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“ *The feeling of belonging to a community and sharing ownership of a financial institution is a nice feeling.* ”

-CONSOLIDATED CREDIT UNION MEMBER



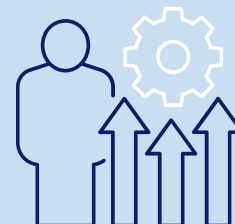
Supporting Community Economic Development

Support local small business, charities, and individuals while showing the importance of the cooperative movement



Supporting Education & Building Financial Literacy

Invest in financial literacy opportunities across Prince Edward Island



Growing the Consolidated Credit Union

Ensuring Consolidated Credit Union remains a strong financial institution able to service members

\$33.6 M

In business loans issued in 2024

\$25,000

Given to local organizations in the form of donations and sponsorships

35+

New small businesses supported in funding

400+

Small business members across Prince Edward Island

22

Free financial literacy workshops hosted

229

Participants attended Each One Teach One sessions

\$10,500

Awarded in scholarships

7

Students received CCU scholarships

2

Presentations given to high school students on student financing and budgeting options

7,000+

Members across Prince Edward Island

55

Years of operation

328,477,805

in assets

3

Locations to service our members

20

Consecutive years ranked Top Financial Institution for Customer Service Excellence

Our Staff



Sarah Millar



Shane MacKinnon



Karen Gallant



Matthew Hankinson



Amanda Murphy



Shannon Kennedy



Brenda Gaudet



Nancy Clark



Shelley MacKay



Janice Richard



Stephen Boyd



Lucy Zhang

Our outstanding team and dynamic culture are at the heart of our success.



Connor Gallant



Angela Rochford



Judy Doyle-Waugh



Carol Arsenault



Sandra Hickey



Kelly Culleton



Nick Clow



Barb Murphy



Shawna Kelly



Deanna Walsh



Judy Martin



Dawn Coughlin



Keith Johnston



Pete Peters



Janet Ross



Pam Bernard



Tanya Bernard



Sandra Paynter



Ann Ellis



Amanda Watts



2024 Service Awards

Celebrating 602 years of service across all 33 staff

In 2024, we proudly recognize the commitment and dedication of 11 employees who have achieved significant career milestones at Consolidated Credit Union. Each of their unique journeys reflects the spirit of collaboration and teamwork that drives our continued growth and success.

3 years

Carol Arsenault
Janice Richard
Karen Gallant
Shawna Kelly

5 years

Brenda Gaudet
Shannon Kennedy

20 years

Pam Bernard

30 years

Debbie MacLean

25 years

Shane MacKinnon
Stephen Boyd
Tanya Bernard



Lori Gandy

President's Report

“

Your board of directors are a diverse set of individuals from the community and are committed to ensuring the Consolidated Credit Union provides the best financial needs to you the member.

”

As Chair of the Board of Directors for the Consolidated Credit Union it is my privilege to provide our members with a brief report for 2024.

The board of directors is responsible for the governance of the credit union by overseeing risk, offering guidance to the CEO when required and participating in the planning for the future of our credit union. Your directors work as a team to provide knowledge and support to the CEO to ensure the needs of all our members are met. We attend full board and committee meetings monthly as required, and participate in Atlantic Central semi-annual general meetings. Your board of directors are a diverse set of individuals from the community and are committed to ensuring the Consolidated Credit Union provides the best financial needs to you the member.

All current directors have or are working towards completing the required training through CUDA (Credit Union Directors Association) and if any member is interested in becoming directors please contact the nomination committee.

I want to congratulate Sarah Millar your CEO for being elected Chair of the Board of Directors for Atlantic Central. This is the first time a CEO from a credit union in the Atlantic provinces has been elected and is quite an achievement and recognition of Sarah's knowledge and commitment to the credit union system.

Our annual audit was completed in late fall of 2024 and the consolidated credit union continues to achieve a high standard of operational excellence. Thank you to Rob MacBain and Jamie Cudmore of CUDIC for your support and guidance and to CEO Sarah Millar and her staff for providing the information needed to complete this report along with the financials required by ABCE, our auditors.

Within the past couple of years, the Atlantic Credit Unions have purchased and are now implementing the new banking system for all four provinces. This is the biggest and most costly endeavor, the Atlantic region will have as our old banking system was outdated and no longer viable to compete with other banking institutions. This is an ongoing and monumental task and should be completed by spring of 2025.

The Consolidated Credit Union continues to grow in assets and in 2024 we attained assets

of \$328,477,805 million and had a net earning of \$1,619,145 million. Sarah Millar will provide further details on the financial aspect of the credit union in her report.

At this time, I would like to acknowledge and thank the following businesses and individuals for their continued support of our credit union: CUDIC (provincial regulator); Arsenault Best Cameron and Ellis (auditors); Atlantic Central and League Savings and Mortgage. Thank you to our CEO, Sarah Millar and her team, for their hard and tireless work this past year. To my fellow board members: Harvey, Mike, Derwin, Ron, John, Larry, David and James thank you for your support, dedication and time. To our Recording Secretary, Tanya Bernard, thank you for always keeping us up to date with meeting schedules, minutes and reminders. To the recipients of the CCU Scholarship Awards, congratulations and all the best in your future plans. Finally, and most importantly thank you to all members of the Consolidated Credit Union for your commitment and support!

In closing, thank you for attending and I look forward to a prosperous and exciting year in 2025.

Sincerely,

LORI GANDY
President and Chair
Consolidated Credit Union Board of Directors



Sarah Millar

CEO's Report

“

Together, we're not just adapting to change – we're shaping the future of our credit union and building a stronger, more connected community for all.

”

It's an honor to stand before you today as we reflect on what has already been an exciting and transformative year for our credit union. We've come a long way, and as we continue to evolve, I am reminded of the unwavering commitment we have to our members, our community, and to each other.

This year has brought change in many forms, and change, while sometimes challenging, also opens the door to new opportunities. One of the most significant changes we've undertaken is the redesign of our logo. It's more than just a new visual identity—it represents our future, our growth, and the vibrant, forward-thinking spirit that defines us. This new logo is a symbol of the many ways we are evolving to better serve you, our members, and to stay relevant in an ever-changing financial landscape.

We are also embarking on a major transition to a new banking system. This is a huge step forward, and it will bring us the tools and technology needed to provide the best possible services to our members. It's about giving you faster, more efficient, and more secure access to your accounts, all while keeping the personal touch that has always been our hallmark. As technology continues to shape the way we interact with our members, we are committed to staying ahead of the curve, ensuring we adapt to the growing demand for digital services, and continuing to offer a seamless, personalized banking experience, wherever you are.

None of this would be possible without the amazing support we receive from our community. The foundation of our credit union has always been our members, and that connection is more important than ever. We've seen the power of that support in action, especially in the face of economic challenges. Through these times, you've remained steadfast in your trust and loyalty, and that means the world to us. Together, we are building a stronger future for our community, and we're grateful for the role you play in that.

But none of this happens without the incredible team we have in place. I want to take a moment to thank our staff—each and every one of you. Your dedication, hard work, and passion for serving our members is truly inspiring. You are the heart and soul of this credit union, and the success of this transition would not be possible without you. Thank you for your resilience and your commitment to our shared mission.

I would also like to thank our Board of Directors. Your guidance and vision have been invaluable as we navigate this exciting chapter. Your leadership helps ensure that we stay true to our values while also embracing the changes necessary to thrive in the future.

As we look ahead, we know the road will continue to evolve, and there will be challenges along the way. But we are confident that, with the support of our amazing team, our dedicated board, and, most importantly, our wonderful members, we will continue to adapt and thrive.

Thank you for being a part of this journey. Together, we're not just adapting to change—we're shaping the future of our credit union and building a stronger, more connected community for all.

Thank you,

SARAH MILLAR
Chief Executive Officer,
Consolidated Credit Union

Your Board of Directors



David Olscamp
Director



James Arsenault
Director



Ron Siliker
Director



Derwin Clow
Director



John MacIsaac
Director



Harvey Wedge
Director



Mike Deveau
Director



Larry MacKinnon
Director



Lori Gandy
President

Our Directors reflect the communities we serve, and play an integral role in shaping the future of our credit union. As policy makers, our Board of Directors are instrumental in effective positive changes within the credit union system. They provide a direct link and a fresh perspective, helping Consolidated Credit Union be more responsive to members' needs. These volunteers nominated and elected by members of the credit union are accountable to our membership for all policies and decisions at CCU. Additionally, they are responsible to ensure sound management of the credit union and to safeguard our assets.

The credit union difference is all about service by members, for members, right here in our community and we are proud of our 55 year history rooted in this cooperative structure.



In 2024, we embarked on the journey to refresh our logo to better represent our evolving journey and the values we hold dear. Designed with our members in mind, this update embodies the perfect blend of modern banking and our deep-rooted cooperative spirit. It symbolizes our on-going commitment to growth, community, and innovative banking solutions. While our appearance may have changed, our dedication to our members remains the same.

**New look +
same community
values.**

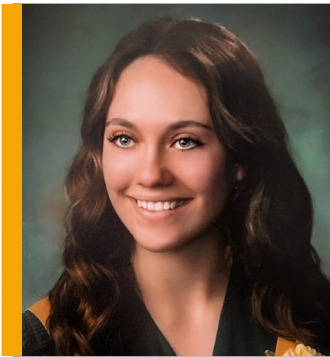


Consolidated
CREDIT UNION

In 2025, you can expect to see our new, refreshed logo appearing in more places, from sponsorships, to our office signage, and more

\$10,500 Awarded in Scholarships in 2024

We are thrilled to announce the seven recipients of the Consolidated Credit Union Scholarships for 2024. Each recipient was awarded **\$1,500** to support their post-secondary education, with a total of **\$10,500** distributed. We extend our best wishes to these outstanding students as they pursue their students and future aspirations.



Marleigh-Jayne Smallwood
Three Oaks Senior High



Hayden Chan Three
Oaks Senior High



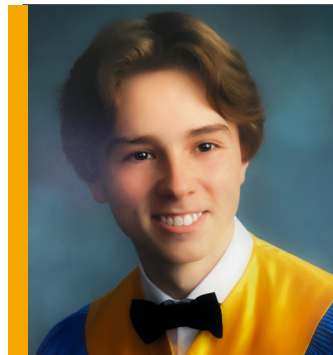
Emily Robichaud
Three Oaks Senior High



Jaylyn Rogers Three
Oaks Senior High



Samantha Blanchard
École-Sur-Mer



Liam Duffy Kinkora
Regional High

William Keough
Kinkora Regional High

CONGRATULATIONS AND ALL THE BEST
IN YOUR FUTURE ENDEAVOURS!



Olivia McNeill was our lucky winner of our Back to School Giveaway. She headed back to school in September with a brand new MacBook Pro!

Entrants opened a NEW youth no fee spending account with us and will also benefit from modern banking, no monthly fees, and tons of other financial resources to help them manage their money.

Each One Teach One

We are pleased to offer free Financial Literacy sessions for community groups, schools, and organizations through the Each One Teach One program.

What is Each On Teach One?

Each One Teach One (EOTO) is an innovative program that trains employees of financial institutions to deliver basic financial skills workshops in community settings. Delivered in plain language, the approach of EOTO is to meet individuals where they are, - without judgement - whenever they are seeking training. The workshops may have as few as two participants, or as many as 100.

The goal of EOTO is to provide community members with financial education so that they can confidently manage their personal finances. Workshops can cover a variety of topics such as: building a healthy credit history, debt smarts, fraud prevention, and basic budgeting.

If you're interested in hosting an Each One Teach One Financial Literacy session, please get in touch with us!



22 Each One
Teach One Sessions
were held in 2024

Organizations we supported in 2024 with EOTO:

St. Eleanor's Transitional Housing
(Health PEI)

LifeHouse Emergency Shelter

Connection 2 Employment

Town of Borden-Carleton

East Prince Youth Development Centre

École-Sur-Mer

East Prince Women's Employability Group

Somerset Consolidated School

Community Impact

At CCU, community lies at the very core of our mission and drives every decision we make. We firmly believe that a strong community forms the foundation for collective prosperity and growth. Everything we do, from financial services to donations and sponsorships, is rooted in the belief that by empowering and supporting our community, we can create a brighter future for all. Our dedication to community engagement, financial literacy, and personalized services reflects our unwavering commitment to the people and neighbourhoods we proudly serve.

Community isn't just a part of what we do - it's the heart.





Organizations and initiatives we supported in 2024:

Special Olympics

U17 WhiteCaps Girls Softball

Coldest Night of the Year

Summerside Fire Department Firefighter's

Curling Championship

Bowl for Kids Sake

CURE Foundation for Breast Cancer Research

The Starlings Choir

Crapaud Exhibition Association

Somerset Summer BBQ

Summerside Sea Cadets #85

Noah Dobson's Hockeyfest

Big Brother's Big Sister's Big Giveback

Family Place's Touch a Truck

Holman's Christmas Light Gardens

Lights for Life

Kensington Wild Major Midget Hockey

Women for Wishes Golf Tournament

Summerside Yueltdie Festival

Connection 2 Employment

Andrew's Senior Care

Town of Borden-Carleton Zamboni

Business in the Open Podcast

Hot Chocolate Trail

Witches on Water Street

Ocean 100 Stuff a Bus

Ladies Night Gala in support of LifeHouse

Emergency Shelter

U14 PEI Edge High Performance Ringette

Holland College

Cops for Kids

Edd McNeill Memorial Tournament

Borden-Carleton Summer Camp

Twin Shores Christmas in July

Breakfast at the Farm

Rotary Club of Summerside



Banking with a side of community

These are just a few of the places, events and causes your Consolidated Credit Union team was proud to be a part of in 2024. We had so much fun supporting our local community.



We were proud to support the Edd McNeill Memorial Hockey Tournament.

It was a beautiful morning at Breakfast at the Farm handing out some fun CCU bucket hats.



We were honoured to donate and decorate a tree for the residents at Andrews Senior Care.



Consolidated Credit Union staff made sure everyone got their Christmas Cookies following the Santa Claus Parade in Yuletide Village.



Consolidated Credit Union was proud to be a platinum sponsor for the 30th Annual Lights for Life in support of the Prince County Hospital a cause that directly funds vital medical equipment.





“

We absolutely love the member-staff relationship at CCU. It really affects the atmosphere, and we love seeing the community involvement of staff, and the give-back that CCU offers.

”

-CONSOLIDATED CREDIT UNION MEMBER



We were proud to sponsor the Town of Borden Carleton's Zamboni, featuring our brand-new logo.

We enjoyed a night of lights and community supporting the Holman's Christmas Light Gardens.



Staff wore orange shirts in reflection and support of the indigenous community on Truth and Reconciliation Day.



We donated non-perishable food items to Ocean 100 FM's Stuff a Bus Campaign to help Island families as they headed back to school.



We spent an afternoon with the Borden-Carleton Day Camp chatting about money and decorating some piggy banks.



Awards and Recognition



“

...I had the honour of being awarded the inaugural Emerging Leader Award amongst the Atlantic Credit Unions. I am still processing this honour, and feel incredibly grateful to have been nominated and selected. The work that I do with Consolidated Credit Union means everything to me. It's true what they say: 'love what you do and you'll never work a day in your life.' Ever learning. Ever growing. Thank you to everyone who has supported me so far in my career.

”

SHANNON KENNEDY
Marketing & Project Manager,
Consolidated Credit Union

We had a lot to celebrate in 2024 – our 55th year of business. In April, our very own Shannon Kennedy won the inaugural Atlantic Credit Union Emerging Leader Award. This award recognizes and celebrates emerging leaders who exhibit outstanding leadership and commitment to the credit union system in Atlantic Canada.



In November, our incredible leader, Sarah Millar was awarded the Summerside Chamber of Commerce Lifetime Business Award. Sarah has worked for Consolidated Credit Union for over 42 years, and her passion for serving our community and members is not something that goes unnoticed. She is a true leader at heart, and her wisdom, Kindness, and professionalism are the building blocks of CCU.

“

We are truly fortunate to live and work in Summerside, and I'm excited to see what the future holds for our beautiful City by the Sea. Together, we can continue to make this community an even better place to call home.

SARAH MILLAR
Chief Executive Officer, Consolidated Credit Union

”



Financial Planning

At CCU, you'll find the wealth management solutions you need, from a partner you can trust. Let us help you grow and protect your wealth with a strategy that's right for you.

You'll always be ahead when you've got someone behind you.



We partner with 13 Credit Unions across Atlantic Canada, who constantly seek to add quality services and convenience to members' lives. We are pleased to provide access to CU Financial Management Ltd, Credential Securities Services, and Credit Asset Management Inc.

Together, we can redefine your future. Don't hesitate to contact us to find out more information.



Krista Ahern



Monica MacInnis

Financial Statements



Consolidated Credit Union Ltd.

Financial Statements
December 31, 2024

Management's Report

Management's Report

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

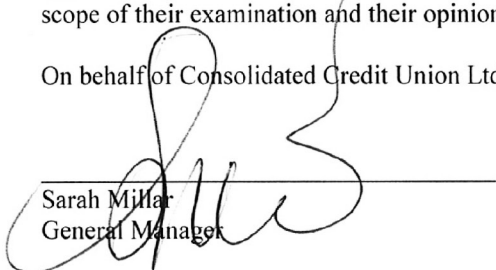
The financial statements are prepared by management in accordance with International Financial Reporting Standards established by the International Accounting Standards Board. A summary of the significant accounting policies is disclosed in note 3 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Management is accountable to the Board of Directors of Consolidated Credit Union Ltd. on matters of financial reporting and internal control. Management provides the Board of Directors with externally audited financial statements annually. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by ArsenaultBestCameronEllis, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Consolidated Credit Union Ltd.



Sarah Millar
General Manager

Auditor's Report



ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

Member of The AC Group of Independent Accounting Firms

Chartered Professional Accountants &
Business Advisors
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Charlottetown, Prince Edward Island
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Fax (902) 566-5074
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March 5, 2025

Independent Auditor's Report

To the Members of Consolidated Credit Union Ltd.

Opinion

We have audited the accompanying financial statements of Consolidated Credit Union Ltd., which comprise the statement of financial position as at December 31, 2024, and the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Consolidated Credit Union Ltd. as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Financial Statements* section of our report. We are independent of Consolidated Credit Union Ltd. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available 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.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing Consolidated Credit Union Ltd.'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 Consolidated Credit Union Ltd. or to cease operations, or has no realistic alternative but to do so.

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Auditor's Report



ArsenaultBestCameronEllis

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www.acgca.ca

Those charged with governance are responsible for overseeing Consolidated Credit Union Ltd.'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 Consolidated Credit Union Ltd.'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 Consolidated Credit Union Ltd.'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 Consolidated Credit Union Ltd. 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.

ArsenaultBestCameronEllis

Chartered Professional Accountants

Statement of Financial Position



Consolidated Credit Union Ltd.

Statement of Financial Position

As at December 31, 2024

	2024 \$	2023 \$
Assets		
Cash and cash equivalents	15,271,026	30,037,830
Accounts receivable	490,868	504,487
Loans and mortgages (notes 6 and 15)	263,342,283	253,796,441
Prepaid expenses (note 18)	1,918,090	1,356,106
Income taxes receivable	145,090	-
Property and equipment (note 7)	2,607,117	2,704,124
Investments (note 8)	44,703,331	35,247,639
	<u>328,477,805</u>	<u>323,646,627</u>
Liabilities		
Member deposits (note 9)	304,479,806	301,301,348
Accrued interest payable	3,374,395	2,784,837
Other liabilities (note 11)	120,280	488,902
Income taxes payable	-	168,661
Deferred income taxes (note 12)	16,600	35,300
	<u>307,991,081</u>	<u>304,779,048</u>
Members' Equity		
Class A preferred shares (note 10)	5,000,000	5,000,000
Undistributed income	15,486,724	13,867,579
	<u>20,486,724</u>	<u>18,867,579</u>
	<u>328,477,805</u>	<u>323,646,627</u>

Approved by the Board of Directors

Harvey J. Sedgwick Director

(3)

Paul Little Director

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

Statement of Changes in Member's Equity

Consolidated Credit Union Ltd.

Statement of Changes in Members' Equity

For the year ended December 31, 2024

	2024 \$	2023 \$
Undistributed income - Beginning of year	13,867,579	11,880,613
Net comprehensive income for the year	1,619,145	1,986,966
Undistributed income - End of year	15,486,724	13,867,579

Statement of Comprehensive Income



Consolidated Credit Union Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2024

	2024 \$	2023 \$
Revenue		
Loan interest (note 15c)	11,880,940	10,709,453
Investment	2,724,334	2,016,807
Service fees	587,997	607,720
Commissions	538,925	682,724
Property rentals	12,365	13,529
Other income	43,730	45,267
	<u>15,788,291</u>	<u>14,075,500</u>
Expenses		
Staff (notes 13 and 15)	2,916,519	2,729,280
Premises	192,564	207,983
Insurance	402,030	375,073
Office	174,214	162,778
Service fees (note 11)	1,289,135	1,177,219
General	758,970	729,376
Cost of capital	7,546,188	5,616,098
Amortization	185,059	183,762
	<u>13,464,679</u>	<u>11,181,569</u>
Operating earnings	<u>2,323,612</u>	<u>2,893,931</u>
Other expenses		
Share dividends	81,319	109,085
Provision for loan losses (note 6)	17,081	35,123
	<u>98,400</u>	<u>144,208</u>
	<u>2,225,212</u>	<u>2,749,723</u>
Provision for (recovery of) income taxes (note 12)		
Current	624,767	769,857
Deferred	(18,700)	(7,100)
	<u>606,067</u>	<u>762,757</u>
Net comprehensive income for the year	<u>1,619,145</u>	<u>1,986,966</u>

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AC ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS

Statement of Cash Flow

Consolidated Credit Union Ltd.

Statement of Cash Flows

For the year ended December 31, 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Net comprehensive income for the year	1,619,145	1,986,966
Items not affecting cash		
Amortization	185,059	183,762
Deferred income taxes	(18,700)	(7,100)
Provision for loan losses	17,081	35,123
	1,802,585	2,198,751
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	13,619	(335,330)
Increase in loans and mortgages	(9,562,923)	(3,812,175)
Increase in prepaid expenses	(561,984)	(749,612)
Increase in income taxes receivable	(145,090)	-
Increase in accrued interest payable	589,558	1,362,123
Increase (decrease) in other liabilities (note 11)	(364,548)	349,080
Decrease in income taxes payable	(168,661)	(210,671)
	(8,397,444)	(1,197,834)
Financing activities		
Increase in member deposits	3,178,458	18,284,364
Repayment of other liabilities - lease liability (note 11)	(4,074)	(3,256)
Increase in Class A preferred shares	-	697,600
	3,174,384	18,978,708
Investing activities		
Purchase of property and equipment	(88,052)	(106,243)
Increase in investments	(9,455,692)	(1,919,142)
	(9,543,744)	(2,025,385)
Increase (decrease) in cash and cash equivalents	(14,766,804)	15,755,489
Cash and cash equivalents - Beginning of year	30,037,830	14,282,341
Cash and cash equivalents - End of year	15,271,026	30,037,830
Supplementary disclosure		
Interest received	14,383,600	12,468,041
Interest paid	6,930,666	4,265,223
Dividends paid	109,805	99,323
Income taxes paid	938,518	991,161

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1 General information

Consolidated Credit Union Ltd. (the "Credit Union") is incorporated under the Prince Edward Island Credit Unions Act. Its principal business activities include financial and banking services for credit union members.

The Credit Union's head office is located in Summerside, Prince Edward Island.

2 Basis of presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements have been approved for issue by the Board of Directors on March 5, 2025.

(b) Basis of measurement

These financial statements have been presented on the historical cost basis except for certain financial instruments as indicated in note 3.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The judgments that have the most significant effect on the amounts recognized in the financial statements are detailed in note 4.

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3 Summary of significant accounting policies

(a) Financial instruments

i) *Classification and measurement of financial assets*

The Credit Union classifies its financial assets into one of the following measurement categories:

- Amortized cost; or
- Fair value through profit or loss (FVTPL).

Financial assets include both debt and equity instruments.

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- i) the Credit Union's business model for managing the asset; and
- ii) the cash flow characteristics of the asset.

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The Credit Union's business model assessment is based on the following categories:

- Held to collect: The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- Held to collect and for sale: Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- Other business model: The business model is neither held-to-collect nor held-to-collect and for sale.

The Credit Union assesses the business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of a business model, the Credit Union takes into consideration the following factors:

- How the performance of assets in a portfolio is evaluated and reported to group heads and other key decision makers within the Credit Union's business lines;
- How compensation is determined for the Credit Union's business lines' management that manages the assets;
- Whether the assets are held for trading purposes (ie. assets that the Credit Union acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking);
- The risks that affect the performance of assets held within a business model and how those risks are managed.

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

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortization of premium/discount.

Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), and a profit margin.

If the Credit Union identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Based on these factors, the Credit Union classifies its debt instruments into one of the following two measurement categories:

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in note 6. Interest income from these financial assets is included in loan interest revenue using the effective interest rate method.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss, and is not part of a hedging relationship, is recognized in comprehensive income and presented in the comprehensive income statement within investment revenue in the period in which it arises. Interest income from these financial assets is included in investment revenue using the effective interest method.

Equity instruments

The Credit Union subsequently measures all equity investments at FVTPL. Impairment losses and reversals of impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Credit Union's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in investment revenue in the statement of comprehensive income (SCI).

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ii) *Classification and measurement of financial liabilities*

Financial liabilities are classified into one of the following measurement categories:

- Amortized cost; or
- Fair value through profit or loss (FVTPL).

Financial liabilities measured at amortized cost

Member deposits are accounted for at amortized cost. Interest on deposits, calculated using the effective interest rate method, is recognized as cost of capital expense. Interest on subordinated notes and debentures, including capitalized transaction costs, is recognized using the effective interest rate method as interest expense.

Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL form a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-making. Financial liabilities are recognized on the trade date and are accounted for at fair value, with changes in fair value and any gains or losses recognized in the SCI as part of the non-interest income. Transaction costs are expensed as incurred.

iii) *Determination of fair value*

Fair value of a financial asset or liability is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Credit Union has access at the measurement date.

The company measures instruments carried at fair value under the following fair value hierarchy. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

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iv) *Derecognition of financial assets and liabilities*

The derecognition criteria are applied to the transfer of part of an asset rather than the asset as a whole, only if such part comprises specifically identified cash flows from the asset, a fully proportionate share of the cash flows from the asset, or a fully proportionate share of specifically identified cash flows from the asset.

A financial asset is derecognized when the contractual rights to the cash flows from the asset has expired or the Credit Union transfers the contractual rights to receive the cash flows from the financial asset; or has assumed an obligation to pay those cash flows to an independent third-party, or the Credit Union has transferred substantially all the risks and rewards of ownership of that asset to an independent third-party. Management determines whether substantially all the risk and rewards of ownership have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows remains significantly similar subsequent to the transfer, the Credit Union has retained substantially all of the risks and rewards of ownership.

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Credit Union derecognizes the transferred asset only if it has lost control over the asset. Control over the asset is represented by the practical ability to sell the transferred asset. If the Credit Union retains control over the asset, it will continue to recognize the asset to the extent of its continuing involvement.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in the SCI.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. If an existing financial liability is replaced by another from the same counterparty on substantially different terms or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognized as a gain/loss in the SCI.

v) *Impairment*

The Credit Union applied a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9 for the financial assets measured at amortized cost.

The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument.

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

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- Stage 1 – where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – when a financial instrument experiences a credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The probability of default (PD), exposure at default (EAD) and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical inputs are as follows:

- PD – the probability of default is an estimate of the likelihood of default over a given time period. A default may only happen at a certain time over the remaining estimated life.
- EAD – the exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.
- LGD – the loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

At each reporting date, the Credit Union assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral and the impact of forward-looking macroeconomic factors. Common assessments for credit risk include management judgment, delinquency and monitoring.

When measuring expected credit loss, the Credit Union considers the maximum contractual period over which the Credit Union is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment and extension and rollover options.

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

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- Significant financial difficulty of the borrower;
- Default or delinquency in interest or principal payments;
- High probability of the borrower entering a phase of bankruptcy or a financial recognition;
- Measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

The Credit Union considers that default has occurred and classifies the financial asset as impaired when it is more than 90 days past due.

The Credit Union writes off an impaired financial asset, either partially or fully, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(b) Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Credit Union at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between cost in the functional currency at the beginning of the period, and the cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on the translation are recognized in the statement of comprehensive income.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(d) Property and equipment

Furniture, equipment and computers and pavement are stated at cost less accumulated amortization. Land and buildings were stated at fair value on October 1, 2010 which subsequently became the cost basis (see note 4). Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost can be measured reliably. Repairs and maintenance costs are charged to expenses during the financial period in which they are incurred.

Land is not depreciated. Buildings and right-of-use asset depreciation are calculated on a straight-line method over 40 years and 5.5 years, respectively. All other property and equipment is amortized using the declining balance method at the following annual rates:

Furniture and equipment	20%
Computers	30%
Pavement	8%

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Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Credit Union will obtain ownership by the end of the lease term, in which case they are depreciated to the end of the useful life of the underlying asset. Right-of-use assets are recognized for contracts that are, or contain, leases.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were identified as impaired as at December 31, 2024.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds to the net book value of the asset and are presented as a gain or loss on disposal in the statement of comprehensive income.

(e) Leased assets

For any new contracts entered into on or after January 1, 2019, the Credit Union considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Credit Union assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Credit Union;
- the Credit Union has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period, considering its rights within the defined scope of the contract; and
- the Credit Union has the right to direct the use of the identified asset throughout the period. The Credit Union assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period.

At lease commencement date, the Credit Union recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Credit Union, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

At the commencement date, the Credit Union measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Credit Union's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

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Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Credit Union has elected to account for short-term leases and leases of low-value assets using the practical expedients option. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities have been included in other liabilities.

(f) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the asset's fair value less costs of disposal. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Employment benefits

Short-term obligations

Liabilities for wage and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in the SCI in respect of the employees service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in other liabilities in the statement of financial position.

(h) Revenue recognition

i) Loan interest

Interest on loans and mortgages is recognized on an amortized cost basis using the effective interest rate method. The effective rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan and mortgage to the net carrying amount of the loan and mortgage. When estimating the future cash flows the Credit Union considers all contractual terms of the loan and mortgage excluding any provision for future credit losses. The calculation includes all fees and costs paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts. Mortgage prepayment penalties are recognized in SCI when received. All interest is recognized on an accrual basis.

ii) Investment and other income

Investment and other income is recognized as revenue on an accrual basis.

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iii) Service fees

Service fees are recognized on an accrual basis in accordance with the service agreement.

iv) Commissions

Commissions income is recognized when the event creating the commission takes place.

v) Property rentals

Property rental income is recognized in the month the rent is earned.

(i) Income taxes

Income tax expense comprises current and deferred tax and is recognized in the SCI.

i) Current income tax

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

ii) Deferred income tax

Deferred income tax is recognized in respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are comprised primarily of differences between the carrying amounts and the income tax basis of the Credit Union's loans outstanding and property and equipment. Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(j) Related parties

A related party is a person or an entity that is related to the Credit Union.

A person or a close member of that person's family is related to the Credit Union if that person:

- i) Has control or joint control over the Credit Union, with the power to govern the Credit Union's financial and operating policies;
- ii) Has significant influence over the Credit Union, participating in financial and operating policy decisions, but not control over these policies; or
- iii) Is a member of the key management personnel of the Credit Union. Key management personnel, consistent with the definition under IAS 24, Related Party Disclosures, are persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, including any director of the Credit Union.

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(k) Capital disclosures

The Credit Union considers its capital to be its members' equity. The Credit Union's objectives when managing its capital are to safeguard its ability to continue as a going concern in order to provide services to its members. Capital is under the direction of the Board with the objective of minimizing risk and ensuring adequate liquid investments are on hand to meet the Credit Union's national standards.

(l) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but are not effective for the fiscal year ended December 31, 2024 and have not been early adopted by the Credit Union. These standards are not expected to have a material effect on the Credit Union in the current or future reporting periods.

4 Critical accounting estimates and judgments

The Credit Union makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the period the assumptions change. The principal areas involving a higher degree of judgment or complexity and/or area which require significant estimates are described below:

(a) Fair value of land and building

On October 1, 2010, the Credit Union increased the carrying value of land and building by \$212,112. The fair value of the property was determined by an independent third party appraisal.

(b) Allowance for credit losses

The expected credit loss model requires the recognition of credit losses based on up to 12 months of expected losses for performing loans and the recognition of lifetime losses on performing loans that have experienced a significant credit risk since origination.

The determination of a significant increase in credit risk takes into account many different factors since origination, and certain other criteria, such as delinquencies. The assessment of a significant increase in credit risk requires experienced credit judgment.

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

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(c) Estimated useful lives of property and equipment

Management estimates the useful lives of property and equipment based on the period during which assets are expected to be available for use. The amounts and timing of recorded amortization expense of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear and legal and other limits to use. It is possible that changes in these factors may cause changes in the estimated useful lives of the Credit Union's property and equipment in the future.

(d) Fair value of financial instruments

Fair value measurement techniques are used to value various financial assets and financial liabilities and are used in impairment testing on certain non-financial assets.

The fair values of the Credit Union's financial instruments were estimated using the valuation methods and assumptions described below. Since many of the Credit Union's financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in interest rates that have occurred since their origination. Due to the use of subjective assumptions and uncertainties, the fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

Fair values of floating loans and deposits approximate book value as the interest rates on these instruments automatically re-price to market and the spread remains appropriate. Fixed rate loans are valued by discounting the contractual future cash flows at current market rates for loans with similar credit risks. Fixed rate deposits are valued by discounting the contractual future cash flows using market rates currently being offered for deposits with similar terms. A credit valuation adjustment is applied to the calculated fair value of uninsured deposits to account for the credit union's own risk.

The fair value for the Credit Union's investments as detailed in note 5 is determined as follows:

- Membership shares in Atlantic Central, League Data, Co-operative, CU Financial Management Limited and CU Cumis Wealth do not trade in a public market. Fair market value approximate par value as the shares are subject to regular rebalancing across the membership; and
- Liquidity reserve deposits are fair valued by discounting the contractual future cash flows at current market rates of similar financial instruments with similar terms.

(e) Income taxes

The actual amounts of income tax expense only become final upon filing and acceptance of the tax return by relevant authorities which occur subsequent to the issuance of the financial statements. Estimation of income taxes include evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions, before they expire, against future taxable income. Tax assessment is based upon enacted tax acts and estimates of future taxable income. To the extent estimates differ from the final tax provision, earnings would be affected in a subsequent period.

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(f) Extension of options for leases

When the Credit Union has an option to extend a lease, management uses its judgment to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practices and any cost that will be incurred to change the asset is an option to extend is not take, to help them determine the lease term.

5 Fair value of financial instruments

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		2024		2023	
	Fair level hierarchy	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assets					
Loans and mortgages	Level 2	263,342,283	263,342,283	253,796,441	253,796,441
Liquidity reserve deposit	Level 2	20,669,201	20,669,201	19,820,395	19,820,395
Atlantic Central shares	Level 2	2,966,410	2,966,410	3,352,484	3,352,484
League Data shares	Level 2	564,690	564,690	71,730	71,730
Co-operative membership	Level 3	3,000	3,000	3,000	3,000
CU Financial Management Limited	Level 3	28	28	28	28
CU Cumis Wealth	Level 3	2	2	2	2
Term deposits	Level 2	20,500,000	20,500,000	12,000,000	12,000,000
		<u>308,045,614</u>	<u>308,045,614</u>	<u>289,044,080</u>	<u>289,044,080</u>
Financial liabilities					
Member deposits	Level 2	304,479,806	304,479,806	301,301,348	301,301,348

The fair value for items that are short-term in nature are equal to book value. These include cash and cash equivalents, accounts receivable, accrued liabilities and other liabilities.

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6 Loans and mortgages

(a) Loans at amortized cost

	Gross loans \$	Allowance for credit losses \$	2024 Net carrying amount \$	Gross loans \$	Allowance for credit losses \$	2023 Net carrying amount \$
Insured mortgages	2,010,597	151	2,010,446	2,051,718	154	2,051,564
Uninsured mortgages	150,206,515	33,649	150,172,866	142,380,558	12,966	142,367,592
Personal loans	5,100,201	14,666	5,085,535	4,372,782	11,844	4,360,938
Personal lines of credit and overdrafts	5,446,649	38,124	5,408,525	5,200,793	44,231	5,156,562
Dealer plan loans	108,734	380	108,354	288,092	1,008	287,084
Commercial loans	4,156,580	12,426	4,144,154	2,346,844	20,734	2,326,110
Commercial mortgages	86,985,012	65,240	86,919,772	87,769,978	65,828	87,704,150
Commercial lines of credit	3,004,291	51,059	2,953,232	2,727,009	43,113	2,683,896
Syndication loans	-	-	-	189,556	47	189,509
Mortgage pools	385,438	29	385,409	441,475	33	441,442
Municipalities	1,833,093	137	1,832,956	1,886,081	141	1,885,940
Secured lines of credit and overdrafts	4,321,491	457	4,321,034	4,342,118	464	4,341,654
	263,558,601	216,318	263,342,283	253,997,004	200,563	253,796,441

Mortgages and loans

Mortgages are secured by realty mortgages with interest rates of 2.39% - 6.79% (2023 - 2.39% - 6.95%).

Non-mortgage loans are priced at market rates unless circumstances warrant special considerations. The interest rates range from 0.50% - 18.99% (2023 - 0.50% - 18.99%) on personal and business loans and 0.00% - 30.00% (2023 - 0.00% - 30.00%) on line of credits and overdrafts. The non-mortgage loans are secured by an assignment of specific call deposits and share capital of the borrower and other specific assigned securities.

The Credit Union's prime lending rate

The Credit Union's prime lending rate is set by the Board based on the prime interest rate of chartered banks in Canada. The rate as at December 31, 2024 was 5.45% (2023 - 7.20%).

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Consolidated Credit Union Ltd.

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December 31, 2024

(b) Impaired loans

	2024			2023		
	Gross impaired loans \$	Allowance for credit losses \$	Net carrying amount \$	Gross impaired loans \$	Allowance for credit losses \$	Net carrying amount \$
Uninsured mortgages	465,176	22,419	442,757	213,217	2,304	210,913
Personal loans	18,762	4,503	14,259	14,773	3,128	11,645
Personal lines of credit and overdrafts	25,202	11,017	14,185	65,163	18,553	46,610
Commercial loans	50,134	6,267	43,867	139,382	17,423	121,959
Commercial lines of credit	74,636	27,988	46,648	58,938	22,102	36,836
Secured lines of credit and overdrafts	4,426	133	4,293	4,623	139	4,484
	638,336	72,327	566,009	496,096	63,649	432,447

(c) Allowance for credit losses

	2024			
	Balance as at January 1, 2024 \$	Provision for (recovery of) credit losses \$	Net write-offs \$	Net \$
Insured mortgages	154	(3)	-	151
Uninsured mortgages	12,966	20,683	-	33,649
Personal loans	11,844	8,444	(5,622)	14,666
Personal lines of credit and overdrafts	44,231	(6,107)	-	38,124
Dealer plan loans	1,008	(628)	-	380
Commercial loans	20,734	(8,308)	-	12,426
Commercial mortgages	65,828	(588)	-	65,240
Commercial lines of credit	43,113	7,946	-	51,059
Syndication loans	47	(47)	-	-
Mortgage pools	33	(4)	-	29
Municipalities	141	(4)	-	137
Secured lines of credit and overdrafts	464	(7)	-	457
	200,563	21,377	(5,622)	216,318

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December 31, 2024

As at December 31, 2024	Stage 1 \$	Stage 2 \$	Stage 3 \$	2024 Total \$
Insured mortgages	151	-	-	151
Uninsured mortgages	11,228	788	21,633	33,649
Personal loans	10,163	-	4,503	14,666
Personal lines of credit and overdrafts	27,108	2,000	9,016	38,124
Dealer plan loans	380	-	-	380
Commercial loans	6,159	-	6,267	12,426
Commercial mortgages	65,240	-	-	65,240
Commercial lines of credit	23,072	-	27,987	51,059
Mortgage pools	29	-	-	29
Municipalities	137	-	-	137
Secured lines of credit and overdrafts	324	-	133	457
	143,991	2,788	69,539	216,318
As at December 31, 2023	Stage 1 \$	Stage 2 \$	Stage 3 \$	2023 Total \$
Insured mortgages	154	-	-	154
Uninsured mortgages	10,662	1,499	805	12,966
Personal loans	8,716	84	3,044	11,844
Personal lines of credit and overdrafts	25,678	9,059	9,494	44,231
Dealer plan loans	1,008	-	-	1,008
Commercial loans	3,311	-	17,423	20,734
Commercial mortgages	65,828	-	-	65,828
Commercial lines of credit	21,011	-	22,102	43,113
Syndication loans	47	-	-	47
Mortgage pools	33	-	-	33
Municipalities	141	-	-	141
Secured lines of credit and overdrafts	325	-	139	464
	136,914	10,642	53,007	200,563

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(d) Provision for loan losses

	2024	2023
	\$	\$
Increase (decrease) in allowance	15,755	(27,267)
Write offs	5,622	63,313
Recoveries	(4,296)	(923)
	<u>17,081</u>	<u>35,123</u>

(e) Loans past due but not impaired

At December 31, 2024 and December 31, 2023, all loans that were past due have been considered impaired by the Credit Union.

7 Property and equipment

	Land \$	Building \$	Furniture, equipment and computers \$	Pavement \$	Total \$
Recorded amount					
Balance - Beginning of year	440,144	2,731,613	807,540	116,302	4,095,599
Additions	-	40,588	47,464	-	88,052
Balance - End of year	<u>440,144</u>	<u>2,772,201</u>	<u>855,004</u>	<u>116,302</u>	<u>4,183,651</u>
Accumulated amortization					
Balance - Beginning of year	-	736,163	566,186	89,126	1,391,475
Current period amortization	-	117,706	65,179	2,174	185,059
Balance - End of year	<u>-</u>	<u>853,869</u>	<u>631,365</u>	<u>91,300</u>	<u>1,576,534</u>
Carrying value					
December 31, 2023	440,144	1,995,450	241,354	27,176	2,704,124
December 31, 2024	440,144	1,918,332	223,639	25,002	2,607,117

As at December 31, 2024, furniture, and equipment and computers includes right-of-use assets with a cost of \$17,907 (2023 - \$17,907), accumulated amortization of \$17,907 (2023 - \$14,651), and carrying amount of nil (2023 - \$3,256). For the year ended December 31, 2024, amortization expense includes \$3,256 related to the right-of-use assets (2023 - \$3,256).

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8 Investments

	2024 \$	2023 \$
<i>Measured at fair value through profit or loss</i>		
Liquidity reserve	20,669,201	19,820,395
Atlantic Central shares	2,966,410	3,352,484
League Data shares	564,690	71,730
Co-operative membership	3,000	3,000
CU Financial Management Ltd.	28	28
CUMIS Wealth Holdings	2	2
Total fair value measured through profit or loss	24,203,331	23,247,639
<i>Measured at amortized cost</i>		
Term deposits	20,500,000	12,000,000
	44,703,331	35,247,639

Liquidity reserve deposit

In order to meet the Credit Union national standards, the Credit Union is required to maintain on deposit in Atlantic Central an amount equal to 6% of the prior quarter's assets (note 16b). The deposit bears interest at a variable rate.

Term deposits

Term deposits were invested with Atlantic Central and League Savings and Mortgage and were carried at amortized cost which approximated fair value. These term deposits have the following maturity dates and rates of return:

Amount \$	Rate of Return	Maturity
5,000,000	5.10%	January 31, 2025
2,000,000	4.06%	February 24, 2025
1,000,000	4.68%	March 26, 2025
2,500,000	3.73%	March 31, 2025
1,500,000	4.73%	April 28, 2025
2,000,000	3.40%	July 4, 2025
2,000,000	4.13%	July 29, 2025
2,500,000	3.36%	August 1, 2025
2,000,000	5.16%	November 9, 2025
Total		20,500,000

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9 Member deposits

	2024 \$	2023 \$
Member shares and deposits (note 10)	19,539,496	21,600,962
Savings and Plan 24	34,896,066	41,663,932
Chequing accounts	110,383,976	103,120,088
Term deposits	90,571,286	89,891,920
RRSP and RRIF	49,088,982	45,024,446
	<u>304,479,806</u>	<u>301,301,348</u>

Member share and share accounts include the \$5 membership share plus individual members' deposits.

Member share and share accounts pay members a dividend return at the discretion of the Board. Privileges of the shares are under the authority of the Board. The member dividend rate declared and paid for 2024 was 0.50% (2023 - 0.50%) based on the average minimum monthly share balance throughout the period.

Savings and Plan 24 are deposits on a call basis that pay holders a variable interest rate ranging from 0.00% - 5.15% (2023 - 0.00% - 5.15%) and 0.00% - 2.50% (2023 - 0.00% - 2.50%), respectively.

Chequing accounts are held on a call basis and pay the account holders interest at the Credit Union's stated rates, 0.00% - 5.15% (2023 - 0.00% - 5.15%).

Term deposits are for periods of one to five years and generally may not be withdrawn prior to maturity, without penalty. Term deposits for periods less than one year may be withdrawn after 30 days, subject to an interest reduction.

Fixed *term deposits* bear interest at various rates ranging from 0.00% - 6.75% (2023 - 0.00% - 7.25%) and extend for a term of up to five years.

Withdrawal privileges on all member deposit accounts are subject to the overriding right of the Board to impose a waiting period.

RRSP and RRIF

Concentra Financial is the Trustee for the registered savings plans offered to plan owners. Under an agreement with the trust company, members' contributions to the plans, as well as income earned on them, are deposited in the Credit Union. On withdrawal, payment of the plan proceeds is made to the members, or the parties designed by them, by the Credit Union, on behalf of the trust company. RRSP and RRIF term deposits bear interest at various rates ranging from 0.00% - 6.75% (2023 - 0.00% - 6.75%).

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10 Member shares

Member shares are not guaranteed by the Credit Union Deposit Insurance Corporation

	2024	2023
	\$	\$
Membership shares and deposits	19,539,496	21,600,962
Class A preferred shares	5,000,000	5,000,000

Membership shares

An unlimited number of membership shares are available for issuance, with a par value of \$5 each. As a condition of membership in Consolidated Credit Union Ltd., each member must hold at least one share. These shares are non-transferable, redeemable by the Credit Union, retractable by shareholders subject to the Credit Union's right to suspend redemption, if the redemption would impair the financial ability of the Credit Union, for a period of up to twelve months by Board resolution and indefinitely by Board resolution with the approval of the Credit Union Deposit Insurance Corporation. Dividends on membership shares are payable at the discretion of the Board.

Class A preferred shares

The Credit Union has issued 50,000 Class A preferred shares having a par value of \$100 per share to members of the Credit Union. The minimum number of Class A preferred shares which may be held by one member is 10 and the maximum number of shares which were purchased by one member was 500. The Class A preferred shares are non-cumulative, non-voting, non-participating shares with a minimum dividend rate adjusted every three years. The dividend rate for the first three-year period is 7.25% and will be paid annually in the form of interest. The dividends shall be paid in priority to any dividends on any other shares of the Credit Union and in priority to patronage refunds. After the three-year period ending March 15, 2026, the shares may be redeemed or rolled over into a new issuance of Class A preferred shares at the sole direction of the directors. Based upon these redemption characteristics, these shares have been classified as part of members' equity.

11 Other liabilities

	2024	2023
	\$	\$
Trade liabilities	28,098	324,817
Accrued liabilities	92,182	160,011
Lease liability	-	4,074
	<u>120,280</u>	<u>488,902</u>

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The initial recognition of the present value of the lease liability of \$17,907 is a non-cash transaction. During the year, payments of \$3,509 (2023 - \$3,509) were made of which \$3,368 (2023 - \$3,256) was a reduction to the lease liability and \$140 (2023 - \$253) was recorded as a service fees expense.

12 Income taxes

(a) Tax rate reconciliation

	2024 \$	2023 \$
Income before income taxes	2,225,212	2,749,723
Taxes at statutory rates - 31.00% (2023 - 31.00%)	689,816	852,414
Impact of the 21% (2023 - 21%) small business deduction and additional deduction for credit unions	(82,852)	(89,427)
Permanent differences and other	17,804	6,870
	624,768	769,857

(b) Deferred income taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 31% (2023 - 31%), as follows:

	2024 \$	2023 \$
Balance - Beginning of period	35,300	42,400
Comprehensive income statement expense (recovery)	(18,700)	(7,100)
Balance - End of period	16,600	35,300

Deferred income tax liabilities are attributable to the following items:

	2024 \$	2023 \$
Deferred income tax liability		
Property and equipment	63,500	79,700
Allowance for impaired loans	(46,900)	(44,400)
	16,600	35,300

13 Pension plan

The Credit Union provides employees with a voluntary defined contribution pension plan in which the Credit Union matches employee contributions to the plan, within specified limits. During the period, the Credit Union expensed \$159,431 (2023 - \$152,386) in contributions to the plan. This expense is included with staff expenses on the SCI.

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14 Related party transactions

The Credit Union provides financial services to members. These members hold the loans and mortgages and member deposits and therefore the interest income and interest expense are transacted in the ordinary course of business with these members.

15 Composition of key management

Key management includes the Board of Directors, chief executive officer, chief financial officer, front office manager, senior financial services officer, compliance officer, IT administrator and marketing and project manager. Compensation awarded to key management included:

(a) Key management, excluding directors

	2024	2023
	\$	\$
Salaries and short-term employee benefits	915,785	971,373

(b) Directors' remuneration

	2024	2023
	\$	\$
Honorariums	28,900	28,100
Payment for expenses while on credit union business	3,321	9,312

(c) Loans to directors and key management personnel

	2024	2023
	\$	\$
Loans outstanding - Beginning of year	1,068,550	1,786,080
Loans issued during the year	576,607	362,734
Loan repayments during the year	(573,059)	(457,914)
Net change due to change in personnel and board	396,619	(622,350)
Loans outstanding - End of year	1,468,717	1,068,550
Interest income earned	41,658	36,817

The loans issued to directors and key management personnel and close family members during the year of \$1,468,717 (2023 - \$1,068,550) are repayable over 1-7 years and have interest rates ranging from 1.39% - 7.45% (2023 - 2.39% - 8.20%).

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16 Risk management

The Credit Union's principal business activities result in a statement of financial position that consists primarily of financial instruments. The principal financial risks that arise from transacting financial instruments include credit, liquidity, market, interest rate and operational risk. Authority for all risk-taking activities rests with the Board of Directors (the "Board"), which approves risk management policies, delegates limits and regularly reviews management's risk assessments and compliance with approved policies. Qualified professionals throughout the Credit Union manage these risks through comprehensive and integrated control processes and models, including regular review and assessment of risk measurement and reporting processes.

(a) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty of a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from the Credit Union's commercial and consumer loans and advances, and loan commitments arising from such lending activities.

Credit risk is the single largest risk for the Credit Union's business; management therefore carefully manages its exposure to credit risk. Oversight for the credit risk management and control is done by management who reports to the Board.

The Credit Union's maximum exposure to credit risk at the statement of financial position date in relation to each class of recognized financial assets is the carrying amount of those assets indicated in the statement of financial position. The maximum credit exposure does not take into account the value of any collateral or other security held, in the event other entities or parties fail to perform their obligations under the financial instruments in question. The principal collateral and other credit enhancements the Credit Union holds as security for loans include (i) insurance and mortgages over residential lots and properties, (ii) recourse to business assets such as an assignment of real estate, equipment, inventory and accounts receivable, and (iii) recourse to liquid assets, guarantees and securities. The value of collateral held against individual exposures is generally assessed at the time of borrowing and when a specific review of that exposure is undertaken in accordance with policy.

The Credit Union's maximum exposure to credit risk at the reporting date was:

	2024 \$	2023 \$
Cash and cash equivalents	15,271,026	30,037,830
Accounts receivable	490,868	504,487
Loans and mortgages	263,342,283	253,796,441
Investments	44,703,331	35,247,639
	<u>323,807,508</u>	<u>319,586,397</u>

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Cash and cash equivalents and investments have low credit risk exposure as these assets are high quality investments with low risk counterparties. For the loan portfolio, the Credit Union's underwriting methodologies and risk modelling is customer based rather than product based. The Credit Union reviews the member's capacity to repay the loan rather than relying exclusively on collateral, although it is an important component in establishing risk.

(b) Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities as they come due. Liquidity risk is inherent in any financial institution and could result from entity level circumstances and/or market events.

The Credit Union's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation.

Exposure to liquidity risk:

The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to deposits. For this purpose, liquid assets may comprise of the following:

	2024	2023
	\$	\$
Cash and cash equivalents	15,271,026	30,037,830

Credit Union bylaws require Consolidated Credit Union Ltd. to maintain sufficient liquid assets and a line of credit to meet its normal cash flow requirements. Consistent with other Prince Edward Island Credit Unions, Consolidated Credit Union Ltd. is required by the Credit Union Deposit Insurance Corporation to maintain 10% of the prior quarter's member deposits in liquid investments of which 90% must be held by Atlantic Central in order to ensure ongoing cash flow requirements are met. The Credit Union was compliant with this requirement at December 31, 2024.

Cash flows payable under financial liabilities by remaining contractual maturities are as follows:

	Under 1 year \$	Over 1 to 5 years \$	Over 5 years \$	2024 Total \$
Member deposits	205,600,527	79,339,783	-	284,940,310
Share accounts	19,539,496	-	-	19,539,496
Accrued interest payable	3,374,395	-	-	3,374,395
Other liabilities	120,280	-	-	120,280
	228,634,698	79,339,783	-	307,974,481

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	Under 1 year \$	Over 1 to 5 years \$	Over 5 years \$	2023 Total \$
Member deposits	220,425,506	59,274,880	-	279,700,386
Share accounts	21,600,962	-	-	21,600,962
Accrued interest payable	2,784,837	-	-	2,784,837
Other liabilities	488,902	-	-	488,902
	245,300,207	59,274,880	-	304,575,087

The Credit Union expects that many members will not request repayment on the earliest date the Credit Union could be required to pay.

(c) Market risk

Market risk is the risk of exposure to changes to financial prices affecting the value of positions held by the Credit Union as part of its normal trading activities. As the Credit Union does not deal in foreign exchange contracts or commodities, market risk consists solely of interest rate risk. The objective of market rate risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. For the Credit Union, mismatches in the balances of assets, liabilities and off-balance sheet financial instruments that mature and reprice in varying reporting periods generate interest rate risk. These mismatches will arise through the ordinary course of business as the Credit Union manages member portfolios of loans and deposits with changing term preferences and through the strategic positioning of the Credit Union to enhance profitability.

The following table provides the potential before-tax impact of an immediate and sustained 1% increase or decrease in interest rates on net interest income, assuming no further hedging is undertaken. These measures are based on assumptions made by management. All interest rate risk measures are based upon interest rate exposures at a specific time and continuously change as a result of business activities and the Credit Union's management initiatives.

	Net interest income change 2024 \$	Net interest income change 2023 \$
Before tax impact of		
1% increase in interest rates	489,244	185,304
1% decrease in interest rates	(488,688)	(185,304)

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(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(f) Capital management

The primary objective of the Credit Union's capital management is to ensure that it maintains a healthy financial position in order to support its business. The Credit Union manages its capital structure and makes changes to it in light of changes in economic conditions.

Consistent with other Prince Edward Island Credit Unions, Consolidated Credit Union Ltd. is required by the Credit Union Deposit Insurance Corporation to maintain an equity level of 5% of the Credit Union's total assets.

In accordance with the recommendations of the Canadian Chartered Professional Accountants related to the financial statement presentation of financial instruments, the ownership shares are presented in the statement of financial position as financial liabilities. At December 31, 2024, the equity level for regulatory purposes is as follows:

	2024 \$	2023 \$
Ownership shares (note 10)	38,855	39,675
Members' equity	15,486,724	13,867,579
Class A preferred shares	5,000,000	5,000,000
Total regulatory equity	20,525,579	18,907,254
Total assets	328,477,805	323,646,627
Equity level	6.61%	5.84%
	#	2024 \$
Opening, January 1, 2024	7,935	39,675
Net decrease	(164)	(820)
Closing, December 31, 2024	7,771	38,855

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17 Interest rate sensitivity

The following table sets out assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the company's interest rate risk position is limited by the fact that certain borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing dates. For example, notes receivable are shown at contractual maturity but certain notes could prepay earlier.

	2024				
	Under 1 year \$	Over 1 to 5 years \$	Over 5 years \$	Not interest rate sensitive \$	Total \$
Assets					
Cash and equivalents	14,000,956	-	-	1,270,070	15,271,026
Effective interest rate	0.24%		-		
Accounts receivable	-	-	-	490,868	490,868
Loans and mortgages	111,191,765	151,655,506	163,337	331,675	263,342,283
Effective interest rate	4.99%	4.33%	5.83%		
Prepaid expenses	-	-	-	1,918,090	1,918,090
Income taxes receivable	-	-	-	145,090	145,090
Property and equipment	-	-	-	2,607,117	2,607,117
Investments	44,703,331	-	-	-	44,703,331
Effective interest rate	3.60%				
Total assets	169,896,052	151,655,506	163,337	6,762,910	328,477,805
Liabilities and surplus					
Member deposits	148,835,047	79,339,783	-	76,304,976	304,479,806
Effective interest rate	2.14%	4.56%			
Accrued interest payable	-	-	-	3,374,395	3,374,395
Other liabilities	-	-	-	120,280	120,280
Deferred income taxes	-	-	-	16,600	16,600
Share capital	-	-	-	5,000,000	5,000,000
Undistributed income	-	-	-	15,486,724	15,486,724
Total liabilities and surplus	148,835,047	79,339,783	-	100,302,975	328,477,805
Interest rate sensitivity gap	21,061,005	72,315,723	163,337	(93,540,065)	

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	2023				
	Under 1 year \$	Over 1 to 5 years \$	Over 5 years \$	Not interest rate sensitive \$	Total \$
Assets					
Cash and cash equivalents	29,075,812	-	-	962,018	30,037,830
Effective interest rate	2.87%				
Accounts receivable	-	-	-	504,487	504,487
Loans and mortgages	82,107,226	171,259,130	117,298	312,787	253,796,441
Effective interest rate	5.78%	3.88%	6.13%		
Prepaid expenses	-	-	-	1,356,106	1,356,106
Property and equipment	-	-	-	2,704,124	2,704,124
Investments	35,247,639	-	-	-	35,247,639
Effective interest rate	3.35%				
Total assets	146,430,677	171,259,130	117,298	5,839,522	323,646,627
Liabilities and surplus					
Member deposits	168,405,753	59,274,880	-	73,620,715	301,301,348
Effective interest rate	2.4%	4.35%			
Accrued interest payable	-	-	-	2,784,837	2,784,837
Other liabilities	-	-	-	488,902	488,902
Income taxes payable	-	-	-	168,661	168,661
Deferred income taxes	-	-	-	35,300	35,300
Share capital	-	-	-	5,000,000	5,000,000
Undistributed income	-	-	-	13,867,579	13,867,579
Total liabilities and surplus	168,405,753	59,274,880	-	95,965,994	323,646,627
Interest rate sensitivity gap	(21,975,076)	111,984,250	117,298	(90,126,472)	-

As at December 31, 2024, the Credit Union's net interest spread was 2.06% (2023 - 2.21%). The net interest spread is calculated by expressing the difference between (a) the percentage of income earned on the average year-end interest bearing assets and (b) the percentage of costs of capital and borrowings on the average year-end interest bearing liabilities.

18 Commitments

On May 24, 2022 the Credit Union entered into a commitment with League Data Limited to transition its core banking platform to a new platform. The total cost of the transition is estimated to be \$1,673,608. As at December 31, 2024, the Credit Union has incurred costs of \$1,673,608 which is included on the financial statements in prepaid expenses.

The Credit Union had lines of credit and loans and mortgages approved but not disbursed at December 31, 2024 amounting to \$26,788,841.



