Financial statements of
OMISTA Credit Union Limited

December 31, 2024

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Independent Auditor's Report

To the Members of
OMISTA Credit Union Limited

Opinion

We have audited the financial statements of OMISTA Credit Union (the "Credit Union"), 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 material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
April 14, 2025
Moncton, New Brunswick

OMISTA Credit Union Limited

Statement of financial position

As at December 31, 2024

	Notes	2024 $	2023 $
Assets			
Cash and cash equivalents		**8,366,523**	8,314,292
Investments	5	**56,544,819**	59,673,332
Loans to members	4	**338,562,168**	311,719,340
Deferred income taxes	15	**515,400**	493,161
Other assets	7	**3,403,779**	3,476,447
Income taxes receivable		**162,789**	232,233
Property and equipment	6	**4,072,521**	2,242,140
Right of use assets	10	**934,867**	514,874
		412,562,866	386,665,819
Liabilities			
Liabilities to members			
Members' accounts	11	**376,813,934**	353,645,453
Accrued interest on deposits		**4,529,162**	3,812,240
		381,343,096	357,457,693
Other liabilities			
Accounts payable and accrued liabilities	12	**1,973,584**	2,794,051
Lease liabilities	10	**989,398**	564,186
Liabilities qualifying as regulatory equity	13		
Class C preferred shares issued to Atlantic Central	14	**250,000**	250,000
Membership shares	14	**108,503**	122,680
Surplus shares	14	**443,087**	464,561
Class A preferred shares issued to members	14	**361,281**	444,530
Class AA preferred shares issued to members	14	**1,105,000**	1,495,100
Class AAA preferred shares issued to members	14	**4,991,200**	2,991,200
		391,565,149	366,584,001
Members' equity	13		
Special reserve		**500,000**	500,000
Retained earnings		**19,702,008**	18,786,109
Credit Union Central of New Brunswick dissolution surplus		**795,709**	795,709
		20,997,717	20,081,818
		412,562,866	386,665,819

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

Approved by the Board

________________________________, Director

________________________________, Director

OMISTA Credit Union Limited

Statement of comprehensive income

Year ended December 31, 2024

	Notes	2024 $	2023 $
Revenue			
Interest on loans		**17,332,827**	15,096,891
Interest on investments		**2,362,049**	2,201,483
		19,694,876	17,298,374
Financial expenses			
Interest		**9,666,303**	7,233,618
Impairment losses on loans		**376,946**	263,533
		10,043,249	7,497,151
Financial margin		**9,651,627**	9,801,223
Other revenue			
Service charges		**1,342,864**	1,188,650
Other		**541,020**	371,915
Commissions		**485,763**	471,670
Property and equipment rentals		**102,465**	101,857
Foreign exchange gains		**99,387**	96,666
		12,223,126	12,031,981
Operating expenses			
Salaries and employee benefits		**6,206,753**	5,416,060
General business		**2,796,092**	2,528,689
Member security		**546,353**	488,585
Organization		**500,860**	443,191
Occupancy costs		**475,754**	436,572
Depreciation		**457,043**	364,683
		10,982,855	9,677,780
Earnings before patronage rebate and income taxes		**1,240,271**	2,354,201
Patronage rebate		**—**	103,195
Earnings before income taxes		**1,240,271**	2,251,006
Income taxes	15		
Current		**346,611**	583,459
(Recovery) deferred		**(22,239)**	60,450
		324,372	643,909
Comprehensive income for the year		**915,899**	1,607,097

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

OMISTA Credit Union Limited

Statement of changes in members' equity

Year ended December 31, 2024

	Retained earnings $	Dissolution surplus $	Special reserve $	Total $
Balance, January 1, 2024	**18,786,109**	**795,709**	**500,000**	**20,081,818**
Comprehensive income for the year	**915,899**	**—**	**—**	**915,899**
Balance, December 31, 2024	**19,702,008**	**795,709**	**500,000**	**20,997,717**

	Retained earnings $	Dissolution surplus $	Special reserve $	Total $
Balance, January 1, 2023	17,179,012	795,709	500,000	18,474,721
Comprehensive income for the year	1,607,097	—	—	1,607,097
Balance, December 31, 2023	18,786,109	795,709	500,000	20,081,818

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

OMISTA Credit Union Limited
Statement of cash flows
Year ended December 31, 2024

	2024	2023
	$	$
Operating activities		
Comprehensive income for the year	**915,899**	1,607,097
Financial margin	**(9,651,627)**	(9,801,223)
Depreciation	**457,043**	364,683
Income taxes	**324,372**	643,909
	(7,954,313)	(7,185,534)
Changes in non-cash items		
Other assets	**72,668**	(1,206,291)
Accounts payable and accrued liabilities	**(820,467)**	(172,490)
Interest paid	**(8,949,381)**	(5,730,772)
Income taxes paid	**(277,167)**	(985,697)
Interest received	**19,694,876**	17,298,374
	1,766,216	2,017,590
Financing activities		
Increase in members' accounts	**23,168,481**	18,679,480
Decrease in membership shares	**(14,177)**	(19,125)
Redemption of surplus shares	**(21,474)**	(65,101)
Redemption of class A preferred shares issued to members	**(83,249)**	—
Redemption of class AA preferred shares issued to members	**(390,100)**	—
Issuance of class AAA preferred shares issued to members	**2,000,000**	2,991,200
Principal payments on leases	**(112,239)**	(96,054)
	24,547,242	21,490,400
Investing activities		
Purchase of property and equipment	**(2,169,966)**	(348,947)
Loans to members	**(27,219,774)**	(8,716,779)
Sale (purchase) of investments, net	**3,128,513**	(14,129,803)
	(26,261,227)	(23,195,529)
Increase in cash and cash equivalents	**52,231**	312,461
Cash and cash equivalents, beginning of year	**8,314,292**	8,001,831
Cash and cash equivalents, end of year	**8,366,523**	8,314,292

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

1. Reporting entity

OMISTA Credit Union Limited (the "Credit Union") is incorporated under the Credit Unions Act of New Brunswick and its principal activity is providing financial services to its members. For financial reporting and regulatory matters, the Credit Union is under the authority of the New Brunswick Superintendent of Credit Unions. The Credit Union head office is located at 1192 Mountain Road, Moncton, New Brunswick.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards.

The financial statements were approved by the Credit Union's Board of Directors ("Board") and authorized for issuance on April 10, 2025.

Basis of preparation

These financial statements are presented in Canadian dollars which is the Credit Union's functional currency. They are prepared on the historical cost basis, except for financial instruments at fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI"), which are stated at their fair values.

Use of significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosures of contingent assets and contingent liabilities at the date of these financial statements, and the reported amounts of revenues 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 the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from estimates made in these financial statements.

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

Judgments made by management in the application of IFRS Accounting Standards that have a significant effect on these financial statements and estimates with a significant risk of material adjustment in the next year are discussed below. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Credit Union's financial statements are as follows:

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from observable markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives, discount rates and prepayment rates. The valuation of financial instruments is described in more detail in Note 18.

2. Basis of preparation (continued)

Use of significant accounting judgments, estimates and assumptions (continued)

(b) *Allowances for expected credit losses*

The measurement of impairment losses on loans to members is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Please see the impairment of financial assets section of Note 3 for further detail on these. A number of significant judgments are also required in applying the accounting requirements for measuring the expected credit loss ("ECL"), such as:

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

The impairment loss on loans to members is disclosed in more detail in Note 9.

(c) *Economic lives of property and equipment*

Management determines the estimated useful lives of its property and equipment based on historical experience of the actual lives of property and equipment of similar nature and functions, and reviews these estimates at the end of each reporting period.

(d) *Provisions*

The amount recognized as provisions and accrued liabilities, including legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Credit Union assesses its liabilities and contingencies based upon the best information available.

(e) *Securitizations and syndications*

The determination of whether derecognition criteria have been met under IFRS 9 requires judgment. For each transaction management assesses if securitized residential mortgages or syndicated loans have had substantially all risk and rewards transferred or control has been transferred.

3. Material accounting policy information

The Credit Union has consistently applied the accounting policies as set out in this note to all periods presented in these financial statements.

Financial instruments

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

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

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, are subsequently measured at amortized cost.

The measurement and classification categories of financial assets in accordance with IFRS 9 are outlined below. The Credit Union has no debt instruments that are subsequently measured at FVTOCI.

Financial instrument	Classification
Cash	Amortized cost
Investments	
Equity investments	FVTPL
Liquidity reserve deposits	Amortized cost
Loans to members	Amortized cost
Other assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Members' deposits	Amortized cost
Other liabilities	Amortized cost

For the purpose of the SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement.

3. Material accounting policy information (continued)

Financial assets (continued)

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Credit Union determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Credit Union's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Credit Union has business models for managing its financial instruments which reflect how the Credit Union manages its financial assets in order to generate cash flows. The Credit Union's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Credit Union considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Credit Union does not reasonably expect to occur, such as so-called 'worst case' or stress case' scenarios.

Debt instruments at amortized cost

The Credit Union assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Credit Union's business model for managing the asset.

For an asset to be classified and measured at amortized cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

At initial recognition of a financial asset, the Credit Union determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Credit Union reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Credit Union has not identified a change in its business models.

Debt instruments are measured at amortized cost using the effective interest method, and are subject to impairment. See the Impairment section below. Interest income on debt instruments at amortized cost is recognized in interest on loans to members and investment income on the statement of income and other comprehensive income.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability, and of allocating interest income or expense over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Material accounting policy information (continued)

Fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 18.

Impairment of financial assets

The Credit Union assesses loss allowances for expected credit losses ("ECLs") on its financial instruments that are not measured at FVTPL. Loss allowances are recognized on loans to members in Note 9.

No impairment loss is recognized on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECLs that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECLs that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition.

For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided below.

ECLs are an estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Credit Union under the contract and the cash flows that the Credit Union expects to receive, discounted at the asset's effective interest rate.

The Credit Union measures ECL on an individual basis. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

(i) Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Credit Union assesses whether debt instruments that are financial assets measured at amortized cost are credit-impaired at each reporting date.

3. Material accounting policy information (continued)

Impairment of financial assets (continued)

(ii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see below).

The Credit Union considers the following as constituting an event of default:

- the borrower is past due more than 90 days on the credit obligation to the Credit Union; or
- the Credit Union considers the borrower to be unlikely to pay the loan to the Credit Union in full, without recourse by the Credit Union to actions such as realizing security.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Credit Union takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in commercial lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status are key inputs in this analysis.

(iii) Significant increase in credit risk

The Credit Union monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Credit Union will measure the loss allowance based on lifetime rather than 12-month ECL. The Credit Union's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Credit Union monitors all financial assets that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Credit Union compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the date when the financial instrument was first recognized. In making this assessment, the Credit Union considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Credit Union allocates its loans to members to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the reporting date; with
- The remaining lifetime PD that was estimated based on facts and circumstances at the time of initial recognition.

The PDs used are forward looking and the Credit Union uses the same methodologies and data used to measure the loss allowance for ECL.

For retail lending the Credit Union considers events such as bankruptcy and consumer proposals.

3. Material accounting policy information (continued)

Impairment of financial assets (continued)

(iii) Significant increase in credit risk (continued)

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. For corporate lending there is particular focus on assets that are included on a 'watch list', given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Credit Union considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL, unless the Credit Union has reasonable and supportable information that demonstrates otherwise.

More information about significant increase in credit risk is provided in Note 17.

(iv) Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information, where applicable.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is largely based on historical default rates by category of loan product and credit rating. PDs are estimated considering the contractual maturities of exposures. The estimation is based on current conditions, adjusted where applicable to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account cost of realization of collateral. LGD models for unsecured assets consider time of recovery and recovery rates. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD 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, and expected drawdowns on committed facilities. The Credit Union's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, and changes in utilization of undrawn commitments. The Credit Union uses EAD models that reflect the characteristics of the portfolios.

3. Material accounting policy information (continued)

Impairment of financial assets (continued)

(iv) Measurement of ECL (continued)

The Credit Union measures ECL considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Credit Union's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Credit Union's exposure to credit losses to the contractual notice period. For such financial instruments the Credit Union measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period.

(v) Write-offs

Loans are written off when the Credit Union has no reasonable expectations of recovering the financial asset. This is the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Credit Union may apply enforcement activities to financial assets written off. Recoveries resulting from the Credit Union's enforcement activities will result in impairment gains.

Modification and derecognition of financial assets

(i) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets; where a financial instrument includes both a drawn and an undrawn component, such as a line of credit, and the Credit Union cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Credit Union presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is modified, the Credit Union assesses whether this modification results in derecognition. In accordance with the Credit Union's policy a modification results in derecognition when it gives rise to substantially different terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Credit Union determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

3. Material accounting policy information (continued)

Modification and derecognition of financial assets (continued)

(i) Presentation of allowance for ECL in the statement of financial position (continued)

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

On derecognition of a financial asset measured at amortized cost other than in its entirety (e.g. when the Credit Union retains an option to repurchase part of a transferred asset), the Credit Union allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized is recognized in income.

Financial liabilities

The Credit Union is required to classify all financial liabilities as either financial liabilities 'at FVTPL' or 'other financial liabilities'. All of the Credit Union's financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including deposits from members, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Credit Union derecognizes financial liabilities when, and only when, the Credit Union's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Membership shares and surplus shares

In accordance with IFRIC 2, the Credit Union's membership shares and surplus shares are presented in the statement of financial position as financial liabilities. These liabilities qualify as equity for regulatory purposes, notwithstanding their financial statement classification. Dividends on these shares will be classified as financial expenses in the statement of comprehensive income and retained earnings, if and when declared.

3. Material accounting policy information (continued)

Leases

(i) Right-of-use assets

The Credit Union recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Credit Union recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

The lease payments also include the exercise price of purchase options, if any, reasonably certain to be exercised by the Credit Union and payments of penalties for terminating a lease, if the lease term reflects the Credit Union exercising the option to terminate. The variable lease payment that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Credit Union uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the tease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re - measured if there is a modification, a change in the lease term or a change in the in- substance fixed lease payments.

(iii) Short-term leases on leases of low-value assets

The Credit Union applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low - value assets are recognized as expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash balances with Atlantic Central, and highly liquid temporary investments which are readily convertible into cash and which are subject to insignificant risk of changes in value. Liquidity reserve deposits held with Atlantic Central are included in investments.

Property and equipment

Property and equipment are recorded at cost or deemed cost less accumulated depreciation and any recognized impairment loss. Depreciation is provided annually on a straight-line basis at rates calculated to recognize the cost less estimated residual value of the assets over their estimated useful lives using the following rates:

Asset	Rate
Buildings	10 - 40 years
Furniture and equipment	3 - 20 years
Leasehold improvements	Term of leases

3. Material accounting policy information (continued)

Impairment of non-financial assets

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Credit Union estimates the recoverable amount of the asset's useful life.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

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

Provisions

Provisions are recognized when the Credit Union has a present obligation (legal or constructive), as a result of a past event, it is probable that the Credit Union will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Short-term employee benefits

Short-term employee benefits include salaries and wages, employee benefits, allowances, bonuses and burdens. Short-term employee benefits are expensed as the related service is provided.

Revenue recognition

(i) Interest income

Interest income is accrued on a daily basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Investment income

Investment revenue is recognized as revenue on an accrual basis using the effective interest rate method.

3. Material accounting policy information (continued)

Revenue recognition (continued)

(iii) Service charges

Service charge revenue is recognized when earned, specifically when the members' accounts are charged.

(iv) Property and equipment rentals

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

(v) Commissions

Commissions' revenue is recognized when the event creating the commissions takes place.

Income taxes

The tax expense represents the sum of current income tax payable and deferred income tax.

The income tax currently payable is based on taxable income for the year. Taxable income differs from comprehensive income as reported in the statement of operations because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Credit Union's liability for current income tax is calculated using income tax rates effective at the statement of financial position date.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statement and the corresponding income tax bases used in the computation of taxable income. Deferred tax is accounted for as an asset or liability on the statement of financial position, detailed in Note 15. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

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

Deferred income tax is calculated at the tax rates that have been enacted or substantially enacted at the end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income and retained earnings, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is charged or credited in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offset of current income tax assets and liabilities and when the Credit Union intends to settle its current income tax assets and liabilities on a net basis.

3. Material accounting policy information (continued)

New and amended IFRS Accounting Standards that are effective for the current year

(i) *Amendments to IAS 1 – presentation of financial statements – classification of liabilities as current or non-current*

The IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The classification is based on rights that are in existence at the end of the reporting period and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are applied retrospectively upon adoption. These amendments were effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The application of these amendments did not have a material impact on the Credit Union's financial statements.

New and revised IFRS Accounting Standards in issue but not yet effective

(i) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements;
- improve aggregation and disaggregation.

The Credit Union is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when the Credit Union applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. The application of these amendments are not expected to have a material impact on the Credit Union's financial statements.

4. Loans to members

	2024 $	2023 $
Commercial		
Mortgages	**109,868,120**	98,610,946
Loans	**12,275,565**	11,130,004
Lines of credit	**8,517,845**	7,146,887
Personal		
Mortgages	**170,819,555**	161,731,564
Loans	**24,750,724**	19,926,194
Lines of credit	**14,342,784**	15,041,971
	340,574,593	313,587,566
Allowance for impaired loans (Note 9)	**2,012,425**	1,868,226
	338,562,168	311,719,340

The loan classifications set out above are defined as in the Regulations to the Credit Unions Act.

At December 31, 2024, the Credit Union had $46,780,246 ($40,877,955 in 2023) in loans approved but undisbursed, including unused lines of credit, and has potential commitments under lines of credit and guarantees issued to members of $63,000 ($45,000 in 2023).

Mortgage loans are repayable in monthly blended principal and interest instalments over a maximum term of five years based on a maximum amortization period of twenty-five years. Mortgage loans bear interest at an average annual rate of 4.30% (4.24% in 2023).

Commercial loans and personal loans are repayable to the Credit Union in monthly blended principal and interest instalments over a maximum amortization period of five years, except for line of credit loans, which are repayable on a revolving credit basis and require minimum monthly payments. Loans bear interest at an average annual rate of 5.44% (5.00% in 2023). Lines of credit bear interest at an average annual rate of 7.05% (8.84% in 2023) and are repayable upon demand.

Syndicated loans

The Credit Union has entered into syndication agreements with various other credit unions to limit exposure to certain commercial loans.

In 2024, the credit union entered into 6 new fully syndicated agreements. The total of the syndicated loans were $17,976,573 where the Credit Union’s portion was 35.29%, or $6,344,688. At December 31, 2024 all the loan proceeds had been disbursed.

Full derecognition occurs when the Credit Union transfers its contractual right to receive cash flows from the assets, or retains the right but assumes an obligation to pass on the cash flows from the asset, and transfers substantially all the risks and rewards of ownership. The risks include credit, interest rate, prepayment and other price risks.

The following table summarizes the Credit Union’s total syndicated loans as at December 31, 2024:

	2024 $	2023 $
Gross loans under syndication	**40,159,063**	28,475,806
Other participants’ portion	**(29,490,818)**	(21,793,724)
	10,668,245	6,682,082

4. Loans to members (continued)

Syndicated loans (continued)

The portions of the loans syndicated are derecognized as the Credit Union has entered an agreement to transfer substantially all of the cash flows associated with the risks and rewards of the loans. The Credit Union earns a service fee to administer the loans under syndication.

5. Investments

	2024 **$**	2023 $
Atlantic Central		
Liquidity reserve deposit	**30,476,783**	27,901,811
Term deposits	**16,000,000**	27,000,000
Shares	**4,166,913**	4,619,018
Concentra		
Term deposits	**5,000,000**	—
Other investments		
League Data shares	**857,550**	108,930
Other shares	**43,573**	43,573
	56,544,819	59,673,332

Atlantic Central, liquidity reserve deposit

Subsection 11(1) of the Regulations to the Credit Unions Act requires the Credit Union to maintain 10% of its assets in liquid assets. Subsection 7(2) states that 80% of this (8% of assets) is to be maintained in segregated reserve deposits established by the Central. These deposits bear interest at variable rates that averaged of 3.5% in 2024 (3.00% in 2023).

Subsection 11(3) requires that the other remaining 20% (2% of assets) be maintained as cash on hand or in deposits redeemable on demand. As of year end, the Credit Union has sufficient liquidity reserve deposit and cash on hand for the above requirements.

Atlantic Central term deposits

The term deposits with Atlantic Central mature between January 8, 2025 and March 24, 2025, and bear interest at 3.12% to 4.33%.

Atlantic Central shares

As a condition of maintaining membership in the Atlantic Central, the Credit Union is required to maintain an investment in shares of the Atlantic Central. The Atlantic Central is required to maintain 8% of its assets as equity. The Credit Union is required to maintain shares equal to their percentage of the Credit Union system's assets as a whole multiplied by the Atlantic Central's share requirement.

Atlantic Central shares are subject to an annual rebalancing mechanism and are issued and redeemable at par value. As there is no active market for these shares, fair value is equal to redemption value as all available earnings are distributed to shareholders annually.

5. Investments (continued)

Other long-term investments

All other investments are required for participation as a Credit Union in Atlantic Canada. These investments have no active market as they represent the Credit Union's investment in organizations created to support their delivery of service to members. The Credit Union is entitled to par value of these interests on redemption which is considered the fair value.

6. Property and equipment

	Land $	Buildings $	Furniture and equipment $	Leasehold improvements $	Total $
Cost					
Balance January 1, 2024	**561,250**	**2,273,210**	**3,143,833**	**902,301**	**6,880,594**
Additions	**—**	**76,259**	**709,764**	**1,383,943**	**2,169,966**
Balance December 31, 2024	**561,250**	**2,349,469**	**3,853,597**	**2,286,244**	**9,050,560**
Accumulated depreciation					
Balance January 1, 2024	**—**	**1,292,727**	**2,820,078**	**525,649**	**4,638,454**
Depreciation expense	**—**	**102,782**	**156,190**	**80,613**	**339,585**
Balance December 31, 2024	**—**	**1,395,509**	**2,976,268**	**606,262**	**4,978,039**
Net book value December 31, 2024	**561,250**	**953,960**	**877,329**	**1,679,982**	**4,072,521**

	Land $	Buildings $	Furniture and equipment $	Leasehold improvements $	Total $
Cost					
Balance January 1, 2023	561,250	2,241,970	2,936,341	792,086	6,531,647
Additions	—	31,240	207,492	110,215	348,947
Balance December 31, 2023	561,250	2,273,210	3,143,833	902,301	6,880,594
Accumulated depreciation					
Balance January 1, 2023	—	1,197,108	2,709,380	466,824	4,373,312
Depreciation expense	—	95,619	110,698	58,825	265,142
Balance December 31, 2023	—	1,292,727	2,820,078	525,649	4,638,454
Net book value December 31, 2023	561,250	980,483	323,755	376,652	2,242,140

7. Other assets

	2024 **$**	2023 $
Accrued interest receivable	**779,258**	780,200
Prepaid expenses and other receivables	**2,624,521**	2,696,247
	3,403,779	3,476,447

8. Loan securitizations

The Credit Union enters into transactions in the normal course of business by which it transfers recognized financial assets directly to third parties.

Full derecognition occurs when the Credit Union transfers its contractual right to receive cash flows from the financial assets, or retains the right but assumes an obligation to pass on the cash flows from the asset, and transfers substantially all the risks and rewards of ownership. The risks include credit, interest rate, prepayment and other price risks.

Residential mortgages that have been derecognized are those that meet the qualifications required to be derecognized under IFRS Accounting Standards.

The following table summarizes the Credit Union's total derecognized securitized loans and mortgages as at December 31, 2024:

	2024 Personal mortgages $	2023 Personal mortgages $
Outstanding balances of derecognized securitized loans	**2,288,157**	2,761,294
Payments received on securitized mortgages	**(382,545)**	(473,137)
	1,905,612	2,288,157

9. Allowance for impaired loans

Allowance for credit losses

	Stage 1 $	Stage 2 $	Stage 3 $	Gross amount $	Stage 1 $	Stage 2 $	Stage 3 $	ECL $	2024 Net amount $
Personal loans	**36,946,454**	**1,103,980**	**291,620**	**38,342,054**	**708,918**	**121,767**	**218,715**	**1,049,400**	**37,292,654**
Residential mortgage	**167,227,622**	**3,081,706**	**30,233**	**170,339,561**	**158,990**	**17,867**	**4,535**	**181,392**	**170,158,170**
Commercial loans and mortgage	**107,449,197**	**19,359,277**	**2,100,480**	**128,908,954**	**293,745**	**253,690**	**234,198**	**781,633**	**128,127,321**
	311,623,273	**23,544,963**	**2,422,333**	**337,590,569**	**1,161,653**	**393,324**	**457,448**	**2,012,425**	**335,578,145**

	Stage 1 $	Stage 2 $	Stage 3 $	Gross amount $	Stage 1 $	Stage 2 $	Stage 3 $	ECL $	2023 Net amount $
Personal loans	33,216,105	643,390	175,922	34,035,417	830,042	79,620	175,922	1,085,584	32,949,833
Residential mortgage	160,276,222	441,029	—	160,717,251	143,289	3,307	—	146,596	160,570,655
Commercial loans and mortgage	97,238,129	17,397,167	67,622	114,702,918	305,950	262,474	67,622	636,046	114,066,872
	290,730,456	18,481,586	243,544	309,455,586	1,279,281	345,401	243,544	1,868,226	307,587,360

Total net loans for 2024 are $338,562,168 ($311,719,340 in 2023). However, as a result of the acquisition of Citizens Credit Union, $2,984,023 ($4,131,980 in 2023) is fully guaranteed by New Brunswick Credit Union Deposit Insurance Corporation and are therefore excluded from the allowance for impaired loans disclosure. See Note 17 for further details.

9. Allowance for impaired loans (continued)

Allowance for credit losses (continued)

	12-month ECL (Stage 1) $	Lifetime non-credit impaired (Stage 2) $	Lifetime credit impaired (Stage 3) $	2024 Total $
Balance at January 1, 2024	**1,279,281**	**345,401**	**243,544**	**1,868,226**
Transfer to (from)				
Stage 1	**(25,608)**	**15,281**	**10,327**	**—**
Stage 2	**(24,057)**	**18,522**	**5,535**	**—**
Stage 3	**(145,002)**	**(157,034)**	**302,036**	**—**
Originations	**474,672**	**58,264**	**38,489**	**571,425**
Remeasurements	**(397,633)**	**112,891**	**90,262**	**(194,480)**
Write-offs	**—**	**—**	**(268,934)**	**(268,934)**
Recoveries	**—**	**—**	**36,188**	**36,188**
Balance at December 31, 2024	**1,161,653**	**393,325**	**457,447**	**2,012,425**

	12-month ECL (Stage 1) $	Lifetime non-credit impaired (Stage 2) $	Lifetime credit impaired (Stage 3) $	2023 Total $
Balance at January 1, 2023	1,181,752	281,138	240,945	1,703,835
Transfer to (from)				
Stage 1	(1,088)	576	512	—
Stage 2	(2,880)	(9)	2,889	—
Stage 3	(22,314)	(132,516)	154,830	—
Originations	255,801	129,045	11,141	395,987
Remeasurements	(131,990)	67,167	(36,482)	(101,305)
Write-offs	—	—	(99,143)	(99,143)
Recoveries	—	—	(31,148)	(31,148)
Balance at December 31, 2023	1,279,281	345,401	243,544	1,868,226

Loans past due but not impaired are as follows:

	<30 days $	31-60 days $	61-90 days $	>90 days $	2024 Total $
Personal					
loans & mortgages	**3,192,744**	**149,912**	**–**	**–**	**3,342,656**
line of credit	**775,324**	**30,196**	**1,389**	**–**	**806,909**
Commercial					
loans & mortgages	**1,136,727**	**–**	**–**	**–**	**1,136,727**
line of credit	**–**	**63,076**	**–**	**–**	**63,076**
Total loans past due but not impaired	**5,104,795**	**243,184**	**1,389**	**–**	**5,349,368**

9. Allowance for impaired loans (continued)

Allowance for credit losses (continued)

	<30 days $	31-60 days $	61-90 days $	>90 days $	2023 Total $
Personal					
loans & mortgages	1,226,813	187,344	131,727	77,337	1,623,221
line of credit	123,828	15,132	—	—	138,960
Commercial					
loans & mortgages	1,156,358	—	—	—	1,156,358
line of credit	—	—	—	—	—
Total loans past due but not impaired	2,506,999	202,476	131,727	77,337	2,918,539

All loans less than 30 days are included in Stage 1 loans. All loans greater than 30 days, but less than 90 days are included in Stage 2 loans.

Collateral

For all mortgages (personal and commercial) valuations are obtained of the properties and the loan to value (“LTV”) cannot exceed 75% unless insured. Other loans may require collateral in the form of real property or personal guarantees to protect the Credit Union’s risk of loss. The Credit Union does not routinely update the valuation of collateral held. Collateral is included in the expected credit losses (“ECL”) calculation through the loss given default adjustment (below). This is based on historical experience of the Credit Union and updated based on changes in market indices (i.e. regional house price indices) when they indicate a difference from historical experience. The following table represents the impact of collateral on the determination of ECL.

Value of collateral in determining LGD

	Personal $	**Residential mortgages $**	**Commercial $**	**2024 Total $**
Stage 1	**9,888,672**	**151,328,631**	**92,207,051**	**253,424,354**
Stage 2	**275,995**	**2,724,372**	**16,710,803**	**19,711,170**
Stage 3 - credit impaired	**72,905**	**25,698**	**1,866,281**	**1,964,884**
	10,237,572	**154,078,701**	**110,784,135**	**275,100,408**

	Personal $	Residential mortgages $	Commercial $	2023 Total $
Stage 1	10,001,013	145,947,343	84,736,746	240,685,102
Stage 2	160,848	374,875	14,787,592	15,323,315
Stage 3 - credit impaired	—	—	—	—
	10,161,861	146,322,218	99,524,338	256,008,417

9. Allowance for impaired loans (continued)

Forward-looking information ("FLI")

The Credit Union incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The estimation and application of FLI requires significant judgment. The Credit Union relies on a broad range of FLIs, such as expected unemployment rates and, interest rates. The economic scenarios used as at December 31, 2024 included the following ranges of New Brunswick, Canada key indicators for the years ending December 31, 2024 and 2023.

	2024	2023
	%	%
Unemployment rates	**6.70**	6.60
Interest rates	**2.50**	5.00

10. Leases

Leases as lessee

The Credit Union leases office spaces and branches. The leases typically run for periods of 5 years, with an option to renew the lease after that date.

The Credit Union also leases equipment with contract terms of less than three years. These leases are short-term and/or leases of low-value items. The Credit Union has elected not to recognize right-of-use assets and lease liabilities for these leases.

Information about leases related to branch and office premises for which the Credit Union is a lessee is presented below.

Right-of-use assets

	2024	2023
	$	$
Balance at January 1	**514,874**	614,415
Depreciation charge for the year	**(117,458)**	(99,541)
Additions	**537,451**	—
Balance at December 31	**934,867**	514,874

Lease liabilities

	2024	2023
	$	$
Balance at January 1	**564,186**	660,240
Payments	**(140,770)**	(116,252)
Interest	**28,531**	20,198
Additions	**537,451**	—
Balance at December 31	**989,398**	564,186

10. Leases (continued)

Leases as lessee (continued)

Amounts recognized in profit or loss

	2024	2023
	$	$
Interest on lease liabilities	**28,531**	20,198
Expenses relating to short-term leases and low value assets	**16,440**	16,440
	44,971	36,638

Amounts recognized in statement of cash flows

	2024	2023
	$	$
Lease payments included in lease liability	**140,768**	116,252
Lease payments on short-term or low-value leases	**16,440**	16,440
	157,208	132,692

Maturity of lease liabilities

	0 - 12 Months	**1-5 Years**	**5+ Years**	**Total**
	$	**$**	**$**	**$**
Lease liabilities	**141,704**	**516,249**	**331,445**	**989,398**

11. Members' accounts

	2024	2023
	$	$
Term deposits	**129,500,843**	115,418,118
Demand deposits	**105,997,124**	101,384,515
Chequing accounts	**93,385,986**	90,665,021
Registered Savings Plans	**47,929,981**	46,177,799
	376,813,934	353,645,453

Demand deposits

Demand deposits bear interest at an average annual rate of 1.66% (1.76% in 2023) and may be withdrawn on demand, subject to the discretion of the directors who may require notice.

Term deposits

Outstanding term deposits for periods of one to five years 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.

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

Fixed term deposits bear interest at an average annual rate of 4.49% (4.54% in 2023) and extend for a term of up to 5 years.

11. Members' accounts (continued)

Registered Savings Plans

Concentra Financial is the trustee for the registered savings plans offered to members. Under an agreement with the trust company, member's 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 members, or the parties designated by them, by the Credit Union, on behalf of the trust company. RRSP and RRIF term deposits bear interest at an average annual rate of 4.45% and 4.40% respectively (4.28% and 4.19% in 2023).

12. Accounts payable and accrued liabilities

	2024	2023
	$	$
Other payable and accrued liabilities	**1,973,584**	2,794,051
	1,973,584	2,794,051

13. Capital management

Subsection 15 of the Rules to the Act stipulates that credit unions must meet certain minimum equity requirements. This requirement, as set out in the regulations, requires credit unions to maintain an equity level equal to 5% of the total assets.

In accordance with IFRS Accounting Standards, the Credit Union's membership shares and surplus shares are presented in the statement of financial position as financial liabilities. These liabilities qualify as equity for regulatory purposes, notwithstanding their financial statement classification. At December 31, the equity level for the Credit Union for regulatory purposes is as follows:

	2024	2023
	$	$
Class AAA preferred shares issued to members	**4,991,200**	2,991,200
Class AA preferred shares issued to members	**1,105,000**	1,495,100
Class A preferred shares issued to members	**361,281**	444,530
Class C preferred shares issued to Atlantic Central	**250,000**	250,000
Membership shares	**108,503**	122,680
Surplus shares	**443,087**	464,561
Special reserve	**500,000**	500,000
Retained earnings	**19,701,233**	18,786,109
Credit Union Central of New Brunswick dissolution surplus	**795,709**	795,709
Total regulatory equity	**28,256,013**	25,849,889
Total assets	**412,597,398**	386,665,819
Equity level	**6.85%**	6.69%

In the 2011 fiscal year the Credit Union received a distribution of $795,709 resulting from the dissolution of Credit Union Central of New Brunswick. The Financial and Consumer Services Commission ("FCNB") put a restriction on the use of this distribution for a two year period from September 30, 2011 which was subject to FCNB review at the end of the two year period. As of the year end date FCNB has not lifted the restriction on this amount.

Any utilization of the special reserve will require the approval of the board of directors.

13. Capital management (continued)

The Credit Union's objectives when managing capital are:

(a) To safeguard the Credit Union's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other stakeholders, and

(b) To provide an adequate return to members by pricing products and services commensurately with the level of risk and market forces.

The Credit Union manages its capital through a set of formalized management policies and through corporate governance at the level of the Board of Directors and related committees. Due to the nature of the Credit Union, capital is also managed through the regulation requirements on minimum regulatory equity and the maintaining of liquidity deposits at Atlantic Central as noted above.

14. Shares

Class A Preferred shares

The Class A preferred shares are non-cumulative, non-voting, non-participating shares with a minimum dividend rate adjusted every five years. The dividend rate for each five year period will be set at the percentage of the par value of the shares, in an amount equal to the highest annual percentage rate of interest offered by the Credit Union on its five year guaranteed investment certificates during the year which the Class A preferred shares are offered for sale, adjusted on the five year anniversary date of closing, plus 2.00% (currently 5.50%). The dividends are paid in priority of any other shares, except Class B preferred shares and in priority to patronage refunds. Dividends shall be paid annually within 30 days after the annual meeting of members. These shares are only available to members of the Credit Union, within the province of New Brunswick, and are only transferable to members of the Credit Union resident of the province of New Brunswick, except in the case of a transfer by Operation of Law or redemption at the discretion of the Board of Directors of the Credit Union. Based upon these characteristics, these shares have been classified as part of other liabilities.

Class AA Preferred shares and Class AAA Preferred shares (Series 1)

The Class AA preferred shares and Class AAA preferred shares (Series 1) are both offered for sale from time to time, pursuant to the Credit Union by-laws. Only members of the Credit Union are eligible to purchase these shares. The shares have an issue price of $100 per share with a minimum purchase of ten (10) shares and a maximum of five-hundred (500) shares. The shares are interest-bearing, non- voting, non-redeemable and non transferrable for a three year period. At the expiration from initial issue, the shares may be redeemed or rolled over into a new issuance of Class AA and Class AAA (series 1) preferred shares for an additional three year period. The shares may be callable by the Credit Union with 60 days written notice to the member. For the three year period, Class AA and Class AAA dividends shall be paid in an amount equal to that percentage of the par value of the preferred shares, which is equal to the Bank of Canada Prime Rate plus minimum 50 basis points as determined on the closing date. Money invested in the Preferred shares is not guaranteed or insured by the New Brunswick Credit Union Deposit Insurance Corporation. The number of Class AA preferred shares issued and outstanding at December 31, 2024 is 11,050 (14,951 in 2023) and their dividend rate is 5.95% (3% in 2023).

Number of Class AAA preferred shares issued and outstanding at December 31, 2024 is 49,912 (29,912 in 2023) and their dividend rate is 7.2% (7.2% in 2023).

14. Shares (continued)

Class C Preferred shares

The Class C preferred shares issued to Atlantic Central are cumulative, non-voting, non - participating shares with a required dividend rate based on the bench mark rate as defined in Atlantic Central's Liquidity Investment Policy. For the year ended December 31, 2024, the rate of return was 3.5% (between 2.9% and 3% in 2023). In years where the Credit Union has not defaulted on payments to Atlantic Central on dividends and maintains a level of regulatory equity in excess of 5% of the total assets of the Credit Union, it shall be at liberty to pay dividends and/or patronage dividends to its members.

Membership shares

Section 40 of the Credit Unions Act describes shares as the capital of the Credit Union. Pursuant to the Credit Union's by-laws, the value of each share is $5 and as a condition of membership each member must hold one share. The authorized membership shares are not covered by Credit Union Deposit Insurance and the shares have various restrictions on withdrawals.

Surplus shares

The surplus shares are a special class of shares. The surplus shares do not receive any interest, are not covered by Credit Union Deposit Insurance and are subject to restrictions on their withdrawal. Generally the restrictions are based on the amount in the individual member's surplus shares account and the age of the member.

	2024 **$**	2023 $
Surplus shares, beginning of year	**464,561**	529,662
Redemptions / transfers during the year	**(21,474)**	(65,101)
	443,087	464,561

Patronage rebates

The Credit Union's Board of Directors have not declared and reported a patronage rebate in the form of a cash payment to borrowing members based on relationship. Cash payments to members based on relationship was nil in 2024 ($103,195 in 2023).

15. Income taxes

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate of 25.05% (25.88% in 2023) are as follows:

	2024 **$**	2023 $
Income before income taxes	**1,240,271**	2,251,006
Income tax expense based on statutory tax rate of 25.05% (25.88% in 2023)	**310,688**	582,581
Adjustments to income taxes resulting from		
Changes on deferred tax rate	**11,697**	60,058
Tax effect on permanent differences	**2,381**	1,058
Impact of (over) under provision of prior years	**(3,533)**	4,995
Other differences	**3,139**	(4,783)
	324,372	643,909

15. Income taxes (continued)

The tax effected temporary differences, which result in deferred income tax assets and liabilities and the amount of deferred taxes recognized in the 2024 statement of comprehensive income and retained earnings are as follows:

	Balance at December 31, 2023 $	**Recognized in net income $**	**Balance at December 31, 2024 $**
Loans to members	459,080	**(56,848)**	**402,232**
Investments	(170,814)	**5,484**	**(165,330)**
Property and equipment	170,485	**(64,851)**	**105,634**
Postretirement benefit obligation	34,410	**138,454**	**172,864**
	493,161	**22,239**	**515,400**

16. Related party transactions

As a requirement of Section 125(1) of the Credit Unions Act, the Credit Union is required to disclose the following items:

Related party loans and deposits

Employee loans and lines of credit, up to a maximum of $50,000, bear interest at the Canada Revenue Agency quarterly prescribed rate. This discount can be received after one year of service with the Credit Union and employees who leave the employment of the Credit Union will be required to renegotiate loans or lines of credit under regular lending policies. Employees who retire with loans under this program and have at least 20 years of service are entitled to this interest rate for the life of the loans. All mortgages to employees are negotiated under the same terms and conditions as with other members. None of these loans is included in stage 2 or stage 3 when determining ECL.

As at December 31, 2024, the aggregate value of interest bearing personal loans, mortgage loans, and line of credits outstanding to directors totaled $284,232 ($393,965 in 2023). These loans have been advanced on the same terms and conditions as have been accorded to all members. None of these loans is included in stage 2 or stage 3 when determining ECL.

As at December 31, 2024, the aggregate value of deposits and share accounts held by directors totaled $654,595 ($314,078 in 2023).

Key management and directors' remuneration

Key management of the Credit Union are senior employees, officers to executive management and members of the board of directors. The aggregate amount paid to key management includes the following:

	2024 $	2023 $
Board honorariums	**39,412**	31,799
Other board expenses	**94,360**	77,932
Management	**1,192,714**	1,074,697

16. Related party transactions (continued)

Key management and directors' remuneration (continued)

Loans and mortgages to and deposits from key management personnel consist of the following:

	2024	2023
	$	$
Loans and mortgages to key management personnel	**1,027,752**	744,199
Value of unadvanced loans, mortgages and lines of credit	**428,868**	367,727
Interest on loans and mortgages to key management personnel	**45,115**	30,002
Deposits	**654,595**	775,671
Total interest paid on deposits	**20,171**	15,335

None of these loans or mortgages were included in stage 2 or stage 3 when determining ECL.

17. Financial risks and concentration of risk

(a) Risk management

Consistent with other similar entities, the Credit Union's risk management policies are typically performed as part of the overall management of Credit Union's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. Management's close involvement in operations identifies risks and variations from expectations leading to changes in risk management activities and requirements and actions. Management has not entered into hedging transactions to manage risk. As part of the overall management of the entity's operations, management avoids undue concentrations of risk and may require collateral to mitigate credit risk. The Credit Union is also reviewed by FCNB, which audit loan files and other operational issues every 12 months on behalf of the New Brunswick Superintendent of Credit Unions.

(b) Liquidity risk

The business of the Credit Union necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or sell assets on a forced basis.

The Credit Union has access to a line of credit with the Atlantic Central in the amount of $9,667,000 with an interest rate of 5.45%. The line of credit is secured by deposits and an assignment of book debts. At year end, the Credit Union has utilized none of the line of credit available.

The Credit Union also has a liquidity deposit on deposit with Atlantic Central shown in Note 5. This deposit is in place in case of emergency liquidity requirements.

17. Financial risks and concentration of risk (continued)

(b) Liquidity risk (continued)

The following tables are showing the maturity of financial assets and liabilities as at December 31. The time bands of 0 - 12 months, 1 - 5 years and 5+ years have been used.

	0 - 12 months $	1-5 Years $	5+ Years $	No fixed maturity $	2024 Total $
Financial assets					
Accrued interest receivable	**779,258**	**—**	**—**	**—**	**779,258**
Loans to members	**90,336,443**	**246,798,703**	**1,427,022**	**—**	**338,562,168**
Liquidity reserve deposit and term deposits	**51,476,783**	**—**	**—**	**—**	**51,476,783**
Cash and cash equivalents	**8,366,523**	**—**	**—**	**—**	**8,366,523**
Other investments	**5,068,036**	**—**	**—**	**—**	**5,068,036**
Total financial assets December 31, 2024	**156,027,043**	**246,798,703**	**1,427,022**	**—**	**404,252,768**

	0 - 12 months $	1-5 Years $	5+ Years $	No fixed maturity $	2024 Total $
Financial liabilities					
Accrued interest on members' accounts	**4,529,162**	**—**	**—**	**—**	**4,529,162**
Accounts payables and accrued liabilities	**1,973,584**	**—**	**—**	**—**	**1,973,584**
Members' accounts	**114,241,965**	**58,584,866**	**—**	**203,987,103**	**376,813,934**
Liabilities qualifying as regulatory equity	**—**	**6,096,200**	**—**	**1,162,871**	**7,259,071**
Total financial liabilities December 31, 2024	**120,744,711**	**64,681,066**	**—**	**205,149,974**	**390,575,751**

17. Financial risks and concentration of risk (continued)

(b) Liquidity risk (continued)

	0 - 12 months $	1-5 Years $	5+ Years $	No fixed maturity $	2023 Total $
Financial assets					
Accrued interest receivable	780,200	—	—	—	780,200
Loans to members	83,834,490	227,022,715	862,135	—	311,719,340
Liquidity reserve deposit and term deposits	54,901,811	—	—	—	54,901,811
Cash and cash equivalents	8,314,292	—	—	—	8,314,292
Other investments	4,771,521	—	—	—	4,771,521
Total financial assets December 31, 2023	152,602,314	227,022,715	862,135	—	380,487,164

	0 - 12 months $	1-5 Years $	5+ Years $	No fixed maturity $	2023 Total $
Financial liabilities					
Accrued interest on members' accounts	3,812,240	—	—	—	3,812,240
Accounts payables and accrued liabilities	2,794,051	—	—	—	2,794,051
Members' accounts	88,401,423	67,996,866	—	197,247,164	353,645,453
Liabilities qualifying as regulatory equity	1,495,100	2,991,200	—	1,281,771	5,768,071
Total financial liabilities December 31, 2023	96,502,814	70,988,066	—	198,528,935	366,019,815

(c) Interest rate risk

Interest rate risk refers to the potential impact of changes in interest rates on the Credit Union's earnings when maturities of its financial liabilities are not matched with the maturities of its financial assets. The interest rate risk is being managed with the Credit Union's Asset/Liability Management policies. Current average interest rates for loans to members and members' accounts can be found in Notes 4 and 11 respectively.

17. Financial risks and concentration of risk (continued)

(c) Interest rate risk (continued)

The Credit Union prepares an interest rate impact analysis on a quarterly basis which shows the effect to net income if interest rates rise or fall in the market by 100 basis points (bps). This analysis determined that an increase in interest rates of 100 bps could result in an increase to net income of $76,000 (increase of $387,450 in 2023) while a decrease in interest rates of 1% could result in a decrease to net income of $169,000 (decrease of $263,030 in 2023). This analysis is used to determine if it is necessary to change new fixed rate loans and deposits to make up for changes in variable rate financial instruments. As can be seen above in the maturities of financial liabilities, the majority of the Credit Union's financial liabilities fall due within a year. If the interest changes significantly, the majority of these financial liabilities would be coming due and interest rates paid on them could be adjusted accordingly. Management believes the policies in place are sufficient to alleviate interest rate risk.

(d) Credit risk

The business of the Credit Union necessitates the management of credit risk. Credit risk is the potential for loss due to the failure of a borrower to meet its financial obligations. The Credit Union mitigates its lending credit risk exposure by defining its target market area, limiting the principal amount of credit to a borrower at any given time, providing credit analysis prior to approval of the loan, obtaining collateral when appropriate, employing risk based pricing, and for commercial loans, by limiting concentration by industry and geographical location. Along with other credit unions in the Province of New Brunswick, the Credit Union is restricted in making larger commercial loans without prior approval of FCNB. The credit risk exposure at December 31, 2024 for loans to members is their carrying amount shown in Note 4.

Loans that are past due but not classified as impaired are loans where members have failed to make payments when contractually due. As at December 31, 2024 the Credit Union had $5,349,368 ($2,918,539 in 2023) of loans that were past due and not considered impaired. $5,349,368 of these loans are between 1 day and 90 days of being past due, and none are over 90 days past due. Loans and advances are reviewed according to the assessed level of credit risk. Classifications adopted are as follows:

- Past-due loans - are loans and advances where the borrower has failed to make a repayment when contractually due.
- Credit impaired loans - are loans and advances where the full recovery of outstanding principal and interest is considered doubtful. It is presumed any loan with 90 days or greater in arrear payments is credit impaired.
- Assets acquired through the enforcement of security (foreclosed assets) - are assets (usually residential property or motor vehicles) acquired in full or partial settlement of a loan through the enforcement of security arrangements. The recoverable value of such assets forms part of the net value of loans to members as part of the estimated future cash flows.

18. Fair value of financial instruments

The following is a breakdown of how financial instruments have been classified by the Credit Union, by category, showing the carrying amount, the fair value and the difference of each financial asset and liability. The maximum credit risk exposure to the below financial assets is their carrying amounts. Fair values are based on market conditions at a specific point in time and may not be reflective of future fair values.

18. Fair value of financial instruments (continued)

	Carrying amount $	Fair value $	2024 Fair value difference $
Financial assets			
Amortized cost			
Accrued interest receivable	**779,258**	**779,258**	**—**
Loans to members	**338,562,168**	**333,136,759**	**(5,425,409)**
Liquidity reserve deposit and term deposits	**51,476,783**	**51,476,783**	**—**
Cash and cash equivalents	**8,366,523**	**8,366,523**	**—**
FVOCI			
Other investments	**5,068,036**	**5,068,036**	**—**
	404,252,768	**398,827,359**	**(5,425,409)**
Financial liabilities			
Amortized cost			
Accrued interest on members' accounts	**4,529,162**	**4,529,162**	**—**
Other payables and accrued liabilities	**1,973,584**	**1,973,584**	**—**
Members' accounts	**376,813,934**	**378,185,888**	**(1,371,954)**
Membership shares	**7,259,071**	**7,259,071**	**—**
	390,575,751	**391,947,705**	**(1,371,954)**

18. Fair value of financial instruments (continued)

	Carrying amount $	Fair value $	2023 Fair value difference $
Financial assets			
Amortized cost			
Accrued interest receivable	780,200	780,200	—
Loans to members	311,719,340	298,473,841	(13,245,499)
Liquidity reserve deposit and term deposits	54,901,811	54,901,811	—
Cash and cash equivalents	8,314,292	8,314,292	—
FVOCI			
Other investments	4,771,521	4,771,521	—
	380,487,164	367,241,665	(13,245,499)
Financial liabilities			
Amortized cost			
Accrued interest on members' accounts	3,812,240	3,812,240	—
Other payables and accrued liabilities	2,794,051	2,794,051	—
Members' accounts	353,645,453	357,090,187	(3,444,734)
Membership shares	5,768,071	5,768,071	—
	366,019,815	369,464,549	(3,444,734)

The above estimates were determined by management using the assumptions outlined below. Fair values are an estimate based on current market conditions and may not be reliable due to the use of assumptions.

Interest rate sensitivity is the main reason for changes in fair values of the Credit Union's financial instruments. With the exception of FVTPL or FVTOCI, the carrying value is not adjusted to reflect fair value, as it is the Credit Union's intention to realize their value over time.

The following are the methods and assumptions used to estimate the fair value of financial instruments:

The fair values of accrued interest receivable, cash and cash equivalents, accrued interest on members' accounts, and other payables and accrued liabilities are the same as their carrying amount due to their short-term nature.

The fair value of deposits with Atlantic Central is approximated by its carrying amount due to the short-term maturity and repricing of the investments to market rates of return.

The fair values of loans to members' and members' accounts are determined by two methods. Variable rate loans to members' and demand deposit members' accounts are estimated to be at fair value, as the interest rates of these financial instruments vary with market interest rates. Fixed rate loans to members' and fixed term deposit members' accounts fair value is determined by discounting the expected future cash flows of these financial instruments at current market rates for products with similar terms and credit risks. The expected fair value of these loans to members' and fixed term deposits may differ with changes in interest rates.

18. Fair value of financial instruments (continued)

Shares held in Atlantic Central, League Data and other investments are not actively traded. Their fair value is determined to be approximated by the redemption value which the value the Credit Union would receive if they exercise their right to redeem. As these shares are redeemable at the Credit Union's option they are considered due on demand. Substantially all earnings of the shares are distributed annually to shareholders via dividends.

The Credit Union employs a fair value hierarchy to categorize the inputs it uses in valuation techniques to measure the fair value. Investments at FVTOCI are Level 3 fair value assets for the years ended December 31, 2024 and 2023.

19. Comparative figures

Certain figures for 2023 have been reclassified to conform to the presentation adopted in 2024.