2024
ANNUAL REPORT

Resiliency in times of change.

Purpose

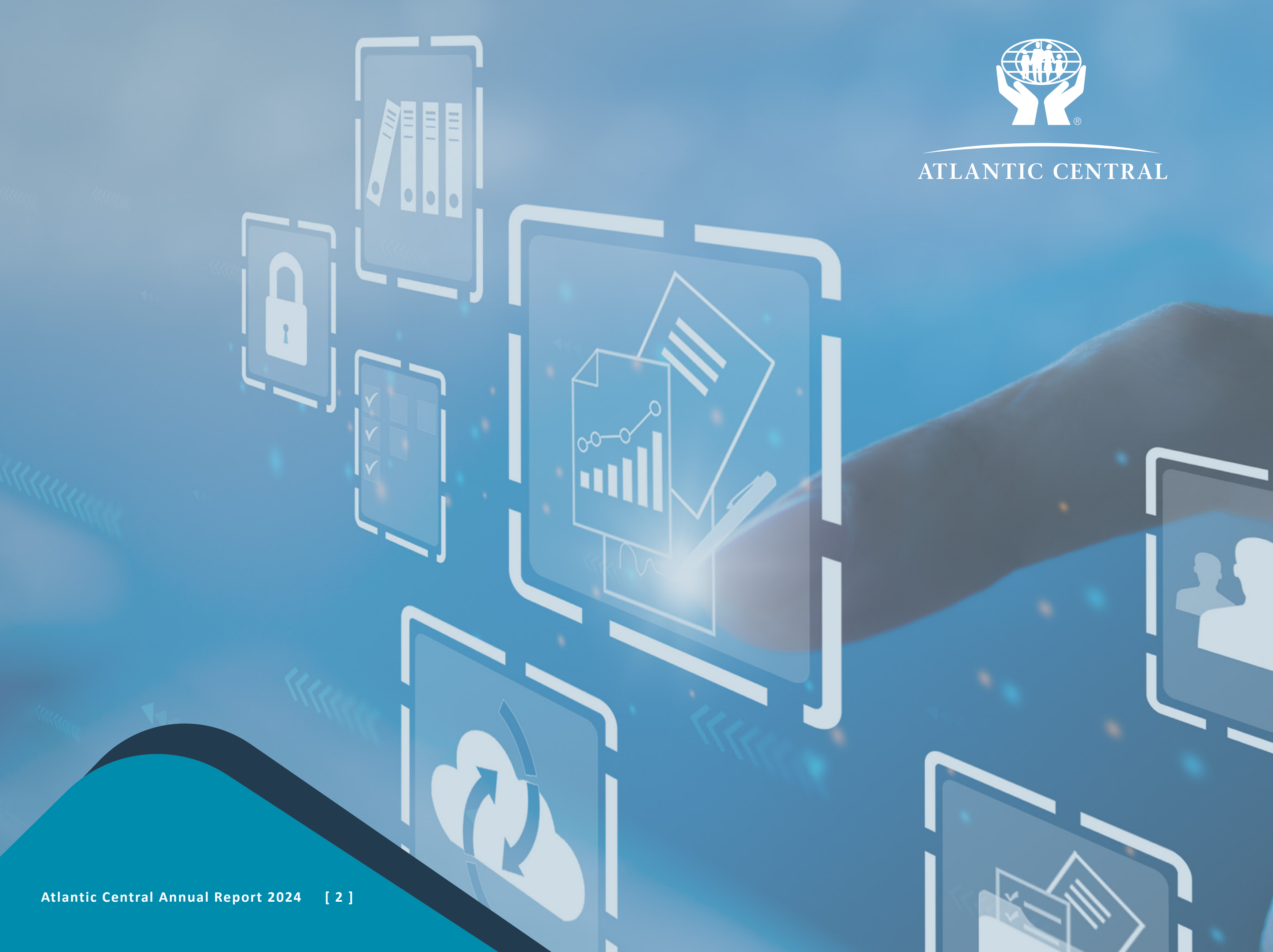
We partner with credit unions and others to enable the Atlantic credit union system and the communities we serve to grow well.

Vision

A thriving Atlantic credit union system with growing membership and a clear contribution to member and community success.

Culture

We are solution driven, collaborative, and respectful. Together, as one team, we serve our customers and our communities through collaborative and timely solution delivery.



Chair's Message

As I reflect on the past year, transformation was at the heart of Atlantic Central's journey. In an evolving financial landscape, we have remained steadfast in our commitment to delivering the services that credit unions value and need to support their growth and long-term success.

Our focus was intentional, ensuring our initiatives, partnerships, and strategic direction align with the priorities of our credit unions. Through extensive consultations we heard what credit unions need from their Central to support their success, and we made the necessary adjustments to our organization to ensure we, and the credit union system, remain sustainable and with the agility required to effectively respond to changing economic conditions. We will continue to adapt to meet the challenges and opportunities ahead.

The board recognizes that the strength of our system lies in collaboration. By working together, we can build a future that is not only financially sustainable but also deeply rooted in the cooperative principles that have defined us from the beginning. The board finds incredible value in meeting with our counterparts at League Savings and Mortgage and our partner, League Data. Sharing diverse perspectives and participating in collaborative decision-making enables us to develop better solutions.

Strong governance is a cornerstone of our success. It ensures accountability, transparency, and sound decision-making, allowing us to move forward with integrity and confidence. A comprehensive review of Atlantic Central's governance model began in 2022, and over the past two years changes to the model were implemented to ensure its evolution in response to the complexities of the financial services industry and the needs of Atlantic Central's evolving business model. In 2024 our membership approved a bylaw change enabling the board to appoint an independent director with specialized skills. By April 2025, the board will welcome its first independent director to complement the board's existing expertise.

Atlantic Central remains steadfast in our commitment to the credit union system. In October, we hosted a Summit with credit union leaders to focus on key priorities. The value of these meetings cannot be overstated as they strengthen our collective efforts to address challenges and opportunities within the financial services industry. The board supports Atlantic Central's strategic direction and its dedication to supporting credit unions in becoming the financial institution of choice among consumers. By fostering an environment of inclusivity and cooperation, we can drive innovation, navigate change with confidence, and build a sustainable future for credit unions, their members and our communities.

On behalf of the board, I extend my gratitude to the management and staff of Atlantic Central. Under Paul Masterson's leadership we embarked on a new vision for Atlantic Central – one that is informed by credit unions and the evolving nature of our business. Together, through strong leadership and collective effort, we are shaping a future that is innovative, resilient, and focused on long-term success.

Sarah Millar
Board Chair

CEO's Message

The financial services industry continues to evolve at a rapid pace. The shifts in technology, regulatory environment, and consumer expectations present both challenges and opportunities. Our ability to adapt to these changes, while staying focused on our core purpose will be key to our success.

Atlantic Central performed well against its corporate objectives with all key initiatives meeting our strategic goals and objectives.

Credit unions also performed solidly in 2024. At year end the region grew its assets by 9.3%, delivered a return on assets of 79 basis points, and strengthened regional equity ratio by 10 basis points. Total credit union assets grew to $9.4 billion, with strong loan growth.

Atlantic Central continued the work we began in 2023 to transform our business model and focus on the core services credit unions value and need to support their current and future success. Following extensive consultations with credit unions we announced the key outcomes at a regional CEO summit in October. They include reducing Atlantic Central's dues over time, aligning service pricing with costs, and refining our business model for long-term sustainability. Implementing the changes associated with this work began in January 2025 with full implementation expected by 2027. The outcomes of this transformational work will result in a smaller Atlantic Central that focuses on services that are mandatory, or core services required by the credit unions we serve.

We successfully launched a new regional credit union logo. The new modernized logo was adopted by 17 credit unions at year end. This was a significant undertaking led by Atlantic Central's Marketing Department in partnership with credit union subject matter experts and facilitated by an external partner. Credit unions will gradually adopt the new logo throughout 2025 in line with their own business plans and timeline. The success of this initiative is a testament to what we can achieve by putting our collective efforts behind a common goal.

The important work to transition Atlantic credit unions to a new, modern banking platform continued throughout 2024. We are proud to support our partner, League Data, in this historic undertaking which saw 17 credit unions successfully onboarded at year end. We have a team of dedicated subject matter experts who are integral to ensuring the project's goals and objectives are achieved. We will continue to support this critical project until all credit unions have converted to the new banking platform by the end of Q2 2025.

As we develop our goals and objectives for the coming year our focus will include:

- **Adapting to Industry Changes**: Ensuring we remain at the forefront of industry innovation and anticipate emerging trends.
- **Collaboration**: Facilitating collaboration to maximize our collective efforts to achieve common goals.
- **Being Nimble**: Empowering our teams to make swift, informed decisions and act with agility in a constantly changing environment.
- **Building for the Future**: Investing in the right technologies, talent, and processes that will drive long-term growth and sustainability.

I want to thank our Board of Directors for their leadership, guidance, and support over the past year. Their strategic vision has been instrumental in navigating challenges and driving our success. A sincere thank you to our employees for their dedication to Atlantic Central and the credit union system. The changes resulting from our new business model have been difficult. Their resilience, adaptability and commitment during this journey of transformation is truly inspirational. Their contributions and the vital role they play in our continued success is deeply appreciated. I would like to take this opportunity to recognize Kim Walker, who retired from her role as COO in October. Her contributions to the organization and the credit union system during her 20-year career have been invaluable, and we wish her all the best in her retirement.

We recognize that the pace of change will continue to intensify, requiring us to respond quickly and intentionally. Together, we will navigate change with courage, embrace new opportunities with confidence, and build a strong and enduring credit union system guided by the values that have served us for nearly a century.

Paul Masterson
President and CEO

Year in Review

Credit Unions

36
credit unions

127
branch locations

1,429
employees

291,000
members

$9.4B
system assets

System Initiatives

Holiday Pay It Forward

$96,000+
in support of local organizations, charities, individuals or families during December

#Loyal2LocalChallenge

$97,000+
infused into local economies across Atlantic Canada over a one-month period to support locally owned small businesses

Corporate Social Responsibility

$144,000
to support local and regional initiatives

Atlantic Central at a Glance

In 2024, Atlantic Central made significant progress in executing our strategic plan, strengthening our relationship with credit unions and providing the products, services, and partnerships essential for their success.

Financial Performance

Atlantic Central initiated a strategic review of its funding and services model in 2023, conducting a thorough evaluation of all services offered. This process involved extensive engagement with credit unions to determine which services would deliver the greatest value and best support their long-term success. As a result, Atlantic Central decided to transform its existing model starting in 2025, prioritizing mandatory and core services while gradually phasing out discretionary offerings.

Stakeholder Engagement

Atlantic Central is committed to meaningful stakeholder engagement to ensure we remain aligned with the evolving needs of our credit unions. By fostering open dialogue, collaboration, and continuous feedback, we can continue to support credit union success in an ever-changing financial landscape.

- **Funding and services review** – 18+ months of consultations with credit union leaders. The outcomes of this transformational work result in a smaller Atlantic Central that focuses on services that are mandatory for a Central to provide and select services considered essential by our stakeholders and aligned with our role as facilitator and aggregator.

Year in Review (con't)

- **Evolving our regional brand** – The first step in the evolution of our regional brand was updating the credit union logo to better reflect who we are and the diverse membership we serve. After more than a year of working in partnership with credit union subject matter experts the new logo was launched, receiving positive feedback from credit unions and members. The new logo was adopted by 17 credit unions at year end.
- **Credit union mergers** – Atlantic Central supports credit union mergers through each stage of the process including planning, member and stakeholder engagement, regulatory requirements, member voting, and operational integration. In 2024, we facilitated the successful mergers of five credit unions to create two credit unions.

Operational Excellence

Atlantic Central is committed to driving continuous improvement and optimizing our processes to maximize efficiency, achieve better results, and enhance service to credit unions.

- **honeybee Mission** – This is the overall brand name for a system-wide undertaking for managing the delivery of changes across our banking system. It includes projects related to core banking, digital services, client delivery, and cyber security service. Throughout 2024 Atlantic Central worked closely with our partner, League Data, to support credit union conversions to a new, modern, digital banking platform. In 2024 17 credit unions converted to the new system with the remaining transitioning before the end of June 2025.
- **Enhancing our treasury model** - Atlantic Central partners with TBSM, an experienced and innovative Canadian organization focused on treasury and finance consulting to ensure our treasury and risk management strategy, liquidity risk measurement and management, and interest rate risk and management support our strategic goals and objectives.

People and Culture

Atlantic Central is committed to fostering an environment that prioritizes inclusivity, talent development, empowerment, and engagement; where all employees feel valued and inspired to be their best.

Our annual employee engagement survey is a key tool to identify areas of strength as well as where improvements are needed. In 2024 we achieved an overall engagement score of 80.1%, down from the previous year's score of 87%. It was a challenging year for employees as we completed the funding and services review that will result in a smaller organization over time. While challenges exist, our employees provided clear feedback on the areas we need to focus on, and we will take meaningful steps to strengthen our culture and improve the employee experience. A crucial step to achieving this is ensuring the appropriate level of support is in place to meet the needs of all employees so they can continue to thrive at Atlantic Central.

Strategy Execution

Atlantic Central is building for the future with a strategy that is focused, agile, and aligned with the evolving needs of credit unions. This will result in a more streamlined organization, better equipped to deliver impactful solutions to support credit union success.

Collaboration has become synonymous with innovation and driving meaningful outcomes through shared expertise and collective problem-solving. Atlantic Central works closely with the CEO Executive Committee, comprised of a small group of credit union leaders from all four Atlantic provinces. This allows us to gain more clarity around challenges and opportunities and how credit unions are impacted based on their size, local economic realities, and demographics. These insights help us identify key points of alignment, inform future collaboration opportunities, and develop focused strategies to drive growth.

Coady Award 2024

The Coady Award honours an outstanding credit union in Atlantic Canada that exemplifies bold leadership and unwavering commitment to co-operation, volunteerism, education, and environmental sustainability. Named after Rev. Dr. Moses Coady—a visionary Catholic priest, educator, and co-operative pioneer—this award celebrates the transformative power of credit unions in shaping stronger, more vibrant communities. It serves as a tribute to those who go beyond financial services, fostering meaningful change and empowering individuals to build a brighter, more sustainable future together.

Acadian Credit Union in Chéticamp, Nova Scotia, was honoured with the 2023 Coady Award, recognizing its dedication to building a stronger, more resilient future—one that reflects the true spirit of co-operation. In 2023, Acadian Credit Union donated $325,000 to support several community initiatives and local businesses. This contribution reflects the credit union's core values of "people helping people" and deep concern for community well-being.

Two major donations of $100,000 each were awarded to the North Inverness Recreation Association for the purchase of a new Zamboni and to the Sacred Heart Hospital Foundation to support local healthcare initiatives. The remaining $125,000 was distributed equally among five additional organizations, further strengthening the social and economic fabric of the community.

Through strong partnerships and ongoing support of local organizations and initiatives, Acadian Credit Union makes a lasting, positive impact in the communities it serves.

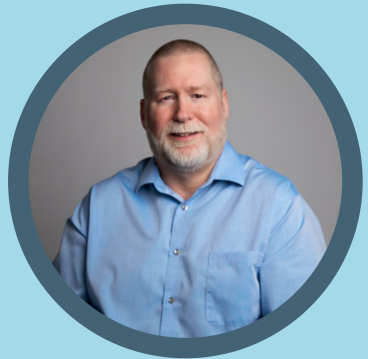
On behalf of Acadian Credit Union: Stacey Richardson, Lynn LeLievre, and Lynn Deveau.

Management Team

Paul Masterson
President and CEO

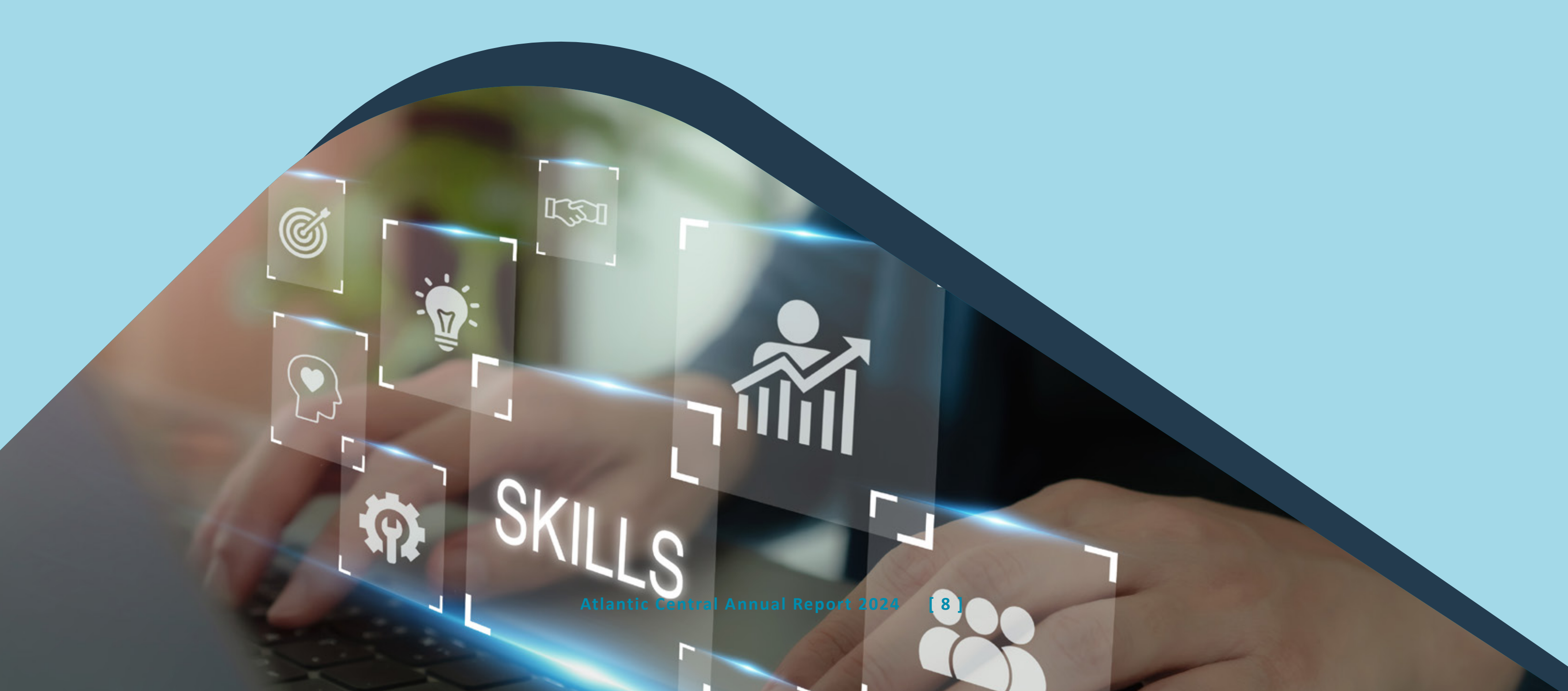
Brenda Roberts-Harmon
VP, General Counsel and
Chief Risk Officer

Paul Paruch
VP, Digital and Payments



Don Noyes
VP, Finance and
Chief Financial Officer

Andrew Morash
VP, Operations and
General Manager LSM



Corporate Governance

Sound governance and ethical behaviour begin with our Board of Directors ("Board"), which is accountable to our shareholder members and assumes responsibility for the stewardship of Atlantic Central ("Central"). The Board is responsible for overseeing the management of the business and affairs of Central, and for providing effective leadership, with an objective of enhancing stakeholder value for credit unions. Among its many specific duties, the Board approves strategic goals and business plans, sets policy to direct the overall operations of Central, provides advice, counsel and oversight to the President and CEO, oversees the ethical, legal, and social conduct of Central, oversees risk management, and reviews Central's ongoing financial performance. The Board ensures that appropriate structures and procedures are in place to confirm its independence from Management.

Board Composition

The Board of Central consists of twelve Directors as follows:

I. Two Directors elected by delegates representing Central's member credit unions within the New Brunswick Regional Group;
II. Two Directors elected by delegates representing Central's member credit unions within the Newfoundland and Labrador Regional Group;
III. Six Directors elected by delegates representing Central's member credit unions within the Nova Scotia Regional Group, as follows:
  a. Three Directors elected by delegates representing Central's member credit unions within NS Peer Group A (credit unions with total assets up to and including $100,000,000); and
  b. Three Directors elected by delegates representing Central's member credit unions within NS Peer Group B (credit unions with total assets over $100,000,000); and
IV. Two Directors elected by delegates representing Central's member credit unions within the Prince Edward Island Regional Group.
V. At its discretion, the Board may appoint one (1) Independent Director to fill the need for identified competencies.

The following individuals currently serve on the Board of Directors:

AC Chair - PE Regional Group
Consolidated Credit Union

Sarah Millar
Chief Executive Officer
Consolidated Credit Union
Board Attendance 10/10
(Meetings, Training, Planning)
Term Expires: April 2027
*Table Officer

PE Regional Group
Provincial Credit Union

Bert Ronahan
Chief Administrative Officer
Provincial Credit Union
Board Attendance 12/12
(Meetings, Training, Planning)
Term Expires: April 2026

AC Vice Chair - NB Regional Group
Brunswick Credit Union

Lisa Loughery
Chief Executive Officer
Brunswick Credit Union
Board Attendance 10/12
(Meetings, Training, Planning)
Term Expires: April 2027
*Table Officer

NB Regional Group
OMISTA Credit Union

Tammy Christopher
Chief Executive Officer
OMISTA Credit Union
Board Attendance 10/12
(Meetings, Training, Planning)
Term Expires: April 2027

Corporate Governance (con't)

NL Regional Group
Atlantic Edge Credit Union

Steve Blackwood
Bell Workforce Manager
Board Attendance 12/12
(Meetings, Training, Planning)
Term Expires: April 2026

NL Regional Group
Public Service Credit Union

Doug Dewling
Director (Chair)
Public Service Credit Union
Board Attendance 12/12
(Meetings, Training, Planning)
Term Expires: April 2027

NS Peer Group A
iNova Credit Union

Angela Franklin
Director
iNova Credit Union
Board Attendance 8/10
(Meetings, Training, Planning)
Term Expires: April 2027

NS Peer Group A
Acadian Credit Union

Camille Maillet
Retired Director
Acadian Credit Union
Board Attendance 10/12
(Meetings, Training, Planning)
Resigned: January 2025

NS Peer Group A
Princess Credit Union

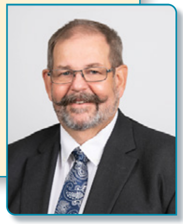
Thomas Vickers
Director
Princess Credit Union
Board Attendance 12/12
(Meetings, Training, Planning)
Term Expires: April 2026

NS Peer Group B
Coastal Financial Credit Union

Danielle Boudreau
Director (Vice Chair)
Coastal Financial Credit Union
Board Attendance 12/12
(Meetings, Training, Planning)
Term Expires: April 2027

NS Peer Group B
Valley Credit Union

Martin Gillis
Director
Valley Credit Union
Board Attendance 12/12
(Meetings, Training, Planning)
Term Expires: April 2026



NS Peer Group B
East Coast Credit Union

Mary Oxner
Director (Chair)
East Coast Credit Union
Board Attendance 10/10
(Meetings, Training, Planning)
Term Expires: April 2027

The Board and each committee meet at least once each fiscal quarter, and the Board holds an annual strategic planning session. The Board meets at other times when matters requiring its approval or consideration are raised and it is not possible or prudent to wait for the next regularly scheduled meeting. The Board met five times in 2024.

Corporate Governance (con't)

Committees of the Board

The Board has established the following standing committees: Audit; Risk; Conduct Review; Co-operative Social Responsibility; Executive, Human Resource and Compensation; and Governance.

MEETING ATTENDANCE / COMMITTEES

Executive, Human Resource and Compensation Committee:

Role	Name	Attendance
[Chair]	**Sarah Millar**	**3/3**
[Vice-Chair]	**Lisa Loughery**	**2/3**
	Danielle Boudreau	**3/3**
	Tammy Christopher	**4/4**
	Thomas Vickers	**3/4**
	Martin Gillis	**1/1**

Its five members include the Board Chair, Vice-Chair and three members at large elected by the Board, one of whom shall be a member, concurrently, of the Board of Central's subsidiary, League Savings, serving as an appointee of Central. This Committee is responsible for addressing matters between scheduled Board meetings that require immediate attention and acts as a Human Resource Committee. In this capacity, the Committee makes recommendations to the Board on the President and CEO's compensation and performance evaluation and oversees the Central's people strategy.

Audit, Risk and Conduct Review Committees:

Role	Name	Attendance
[Chair]	**Doug Dewling**	**7/7**
	Tammy Christopher	**7/7**
	Mary Oxner	**5/5**
	Bert Ronahan	**7/7**
	Danielle Boudreau	**2/2**

The Committees consist of at least four Directors, none of whom is an employee or officer of Central or League Savings and Mortgage Company ("League Savings"). The Audit Committee is responsible for ensuring Management has designed and implemented an effective system of financial management and related internal controls. It reviews and reports on the audited financial statements and ensures compliance with certain regulatory and statutory requirements. It is also responsible for meeting periodically with internal and external auditors. The Risk Committee is responsible for ensuring Management has developed and maintains an effective Enterprise Risk Management Framework for evaluating the business strategies used for the allocation of human resources, capital, and other resources. The Conduct Review Committee is responsible for ensuring Central has developed and adheres to ethical standards and sound business conduct in such areas as conflict of interest and related party procedures.

Co-operative Social Responsibility Committee:

Role	Name	Attendance
[Chair]	**Sally van de Wiel**	**4/4**
	Steve Blackwood	**3/3**
	Lisa Loughery	**3/4**
	Thomas Vickers	**3/3**

The joint Central and League Savings Co-operative Social Responsibility ("CSR") Committee is comprised of at least one Director from each of Central and League Savings, and, where possible, representatives from each of the Atlantic Provinces. The CSR Committee develops and supports clear and precise policy statements for consideration by the Board that help define our belief in social well-being and sustainability. The Committee recommends to the Board priorities for charitable giving and awards and recognition programs and provides related oversight to these priorities and programs. In addition, the Committee ensures sustainability and environmental impacts are considered in the management of premises and operations.

Corporate Governance (con't)

MEETING ATTENDANCE

[Chair]	**Martin Gillis**	**4/4**
	Angela Franklin	**3/3**
	Camille Maillet	**3/4**
	Sarah Millar	**3/3**

COMMITTEES

Governance Committee:
The Committee consists of at least four Directors and is responsible for reviewing and recommending changes to the governance structure of Central and for ensuring an effective governance system is in place, including a schedule for regular policy review and compliance. In addition, this Committee ensures Board decisions and positions are appropriately translated into documented policies. Policies developed by the Committee are forwarded to the Board for its consideration and approval. The Committee oversees the procedures for nominating and electing Central Directors to ensure compliance with Central's By-laws, and resolves any issues or questions related to this process. The Committee is responsible for overseeing the Director evaluation process, Board competencies, and the ongoing training and development of Board members.

Attendance at Board and Committee Meetings
The Board of Directors recognizes the importance of each individual Director's participation at Board and committee meetings. Every Director is expected to attend all Board and committee meetings unless adequate cause is given for missing a meeting.

Mandate of the Board of Directors
While the Board's fundamental responsibility is to oversee the management of the business and affairs of Central, any responsibility that is not specifically delegated to the President and CEO remains with the Board. In particular, the Board oversees Central's strategic direction to ensure it serves the organization, its member credit unions, employees, and communities of New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island. The Board assumes overall stewardship with respect to Central's purpose and values, its long-term objectives, and the approval of corporate strategies. Specifically, the Board is responsible for:

- the selection, succession, evaluation, compensation and employment conditions of the President and CEO;
- establishing and approving Board policies;
- overseeing Central's internal control framework;
- developing and approving Central's strategic goals and business;
- providing advice to the President and CEO;
- evaluating the Board's performance and overseeing the ethical, legal, and social conduct of the organization; and
- reviewing the financial performance and condition of the organization.

Board Evaluations
As part of its commitment to ongoing development and improvement, the Board conducts an annual self-evaluation. This evaluates the Board's effectiveness in the following governance areas: Central's purpose and vision; strategic leadership; financial performance; internal controls and oversight, including financial oversight, risk oversight, and human resources oversight; co-operative social responsibility; compliance and accountability; stakeholder relations; Board functioning; Board and Management relations; and learning and development. The results of the evaluation are used to guide the training and development agenda for the Board in the upcoming year. In 2023, the Board added an independent evaluator component to the self-evaluation process. In 2024, the Board implemented an independent exit interview process for retiring directors.

Corporate Governance (con't)

Evolving Governance Processes

At Central, we recognize that our governance standards must evolve to respond to changes in our organization, the credit union system, stakeholder expectations and regulatory requirements, and to ensure Central and its stakeholders receive the benefit of exceptional governance practices. The Board and Management continually monitor developments in corporate governance practices and are committed to ongoing training and development so Central can continue to be a positive example in the credit union system with its governance practices. Over the past several years, Central has increased its focus on diversity and inclusion. In 2023, the Board hired a consultant to perform an independent governance review, and the Board is completing the implementation of the recommendations. In 2024, the AC By-laws were amended to allow for the appointment of an independent director to fill the need for identified competencies. Recruitment began in November and an independent director will be appointed in early 2025.

Affiliate and Regulatory Boards

Canadian Co-operative Investment Fund (CCIF)
Central is an Investor Member in CCIF and is entitled to appoint a Delegate to attend CCIF Annual General Meetings. The Board appointed Gary O'Brien to the Board of CCIF (term expires April 2025). Central appointed Thomas Vickers as the Delegate.

Co-operative Enterprise Council of New Brunswick (CECNB)
Central has a share in CECNB; there is no Central Director currently serving on the CECNB Board.

Co-operative Management Education Co-operative (CMEC)
Central holds shares in CMEC. The CMEC Board includes co-op/credit union nominated positions; the Central currently has no director serving on the CMEC Board. Central appointed Thomas Vickers as the Delegate.

Credit Union Central of Canada (CUCC) – now known as 189286 Canada Inc.
CUCC transitioned to the Canadian Credit Union Association (CCUA) in 2015; however, a Board of Directors is still in place for 189286 Canada Inc., and Paul Masterson serves on the Board.

League Data Limited
The President and CEO of Central, or designate, has a dedicated seat on the Board of League Data Limited. Paul Masterson, Central's CEO, serves on the League Data Board.

League Savings and Mortgage Company (LSM)
Central is entitled to appoint six members to the Board of its subsidiary, League Savings. Currently the Directors appointed by Central to the Board of LSM are Steve Blackwood, Danielle Boudreau, Doug Dewling, Martin Gillis, Jim MacFarlane, and Thomas Vickers.

Nova Scotia Co-operative Council (NSCC)
Central appoints one Director to the NSCC Board. Thomas Vickers is the Central Director serving on the NSCC Board (annual term expires in 2025).

Nova Scotia Credit Union Deposit Insurance Corporation (NS CUDIC)
The role of the Nova Scotia Credit Union Deposit Insurance Corporation (NS CUDIC) is to provide deposit insurance for credit unions and caisses populaires in Nova Scotia. Working with Atlantic Central and the Nova Scotia Department of Finance, they provide the most comprehensive deposit insurance and stabilization programs of any financial institution in Nova Scotia. NS CUDIC regulates the Central.

The Co-operators
The Atlantic region has three Directors on The Co-operators' Board. Two of the positions are elected at-large, and Atlantic Central appoints the third. Effective April 2023, Central appointed Jim MacFarlane to serve as Director (term expires in 2026). Central also appoints two delegates - currently Danielle Boudreau (term expires in 2026) and Thomas Vickers (term expires in 2025).

Atlantic Central

Consolidated Financial Statements
December 31, 2024
(expressed in Canadian dollars)

Management's Responsibility for the Consolidated Financial Statements

Management has the responsibility of preparing the accompanying consolidated financial statements and ensuring that all information in the annual report is consistent with the consolidated financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, Management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. The Board has appointed an Audit Committee which reviews the annual financial statements with Management and auditors before final approval by the Board.

Both the federal and provincial regulators of financial institutions may conduct examinations and make such enquiries into the affairs of Atlantic Central and its subsidiary as they deem necessary to ensure the safety of depositors and members of Atlantic Central and to ensure that Atlantic Central is in sound financial condition. Their findings are reported directly to Management.

PricewaterhouseCoopers LLP, the independent auditors, have examined the consolidated financial statements of Atlantic Central in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the following report to members.

Paul Masterson, CPA, CA
President and CEO

Donald M. Noyes, CPA, CA
Vice President Finance and CFO

Independent auditor's report

To the Members of Atlantic Central

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Atlantic Central and its subsidiary (together, the Company) as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2024;
- the consolidated statement of income (loss) for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in members' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
Cogswell Tower, 2000 Barrington Street, Suite 1101, Halifax, Nova Scotia, Canada B3J 3K1
T.: +1 902 491 7400, F.: +1 902 422 1166, Fax to mail: ca_halifax_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia
March 26, 2025

Atlantic Central

Consolidated Balance Sheet

As at December 31, 2024

	Note	2024 $	2023 $
Assets			
Cash and cash equivalents		71,625,963	83,021,129
Restricted cash		1,370,998	3,239,933
Investments	6	1,344,015,166	1,211,792,615
Loans and mortgages	7	860,801,902	709,759,185
Accrued interest		12,854,198	14,129,969
Income tax receivable		-	178,541
Capital tax receivable		-	63,746
Fixed assets	10	206,302	247,181
Right-of-use assets	11	44,903	237,998
Deferred tax assets	17	842,355	3,612,665
Securitization assets	8	78,748,597	101,272,358
Other assets	22	11,250,213	19,107,296
		2,381,760,597	2,146,662,616
Liabilities			
Deposits	12	1,933,755,978	1,692,120,091
Accrued interest		18,102,615	14,454,651
Lease liabilities	11	1,243,454	1,711,346
Accounts payable and accrued liabilities	22	18,169,380	17,360,257
Servicing liabilities		23,864,464	30,334,652
Mortgage-backed securities	8	210,495,645	212,499,199
Capital tax payable	17	235,368	-
Income tax payable	17	217,621	-
Deferred tax liability	17	183,308	-
		2,206,267,833	1,968,480,196
Members' equity			
Capital stock	13	101,987,145	112,387,145
Contributed surplus		6,018,056	6,018,056
Special reserve	13	7,052,098	9,524,261
Retained earnings		49,051,737	46,103,484
Accumulated other comprehensive income		11,383,728	4,149,474
		175,492,764	178,182,420
		2,381,760,597	2,146,662,616
Commitments and contractual obligations	16		

Approved by the Board of Directors

Paul Masterson, CPA, CA	*Sarah Millar*	*Doug Dewling*
President and CEO	Chair	Director

The accompanying notes are an integral part of these consolidated financial statements.

Atlantic Central

Consolidated Statement of Income (Loss)

For the year ended December 31, 2024

	Note	2024 $	2023 $
Financial income			
Investment income		51,403,007	38,769,649
Interest on loans and mortgages		43,276,569	32,981,169
		94,679,576	71,750,818
Financial expense		82,650,990	66,529,626
Gross financial margin		12,028,586	5,221,192
Provision for credit losses		2,451,059	988,870
Net financial income		9,577,527	4,232,322
Securitization gains	8	2,915,231	1,567,562
Non-interest income	21	13,748,381	13,078,085
		26,241,139	18,877,969
Operating expenses			
Salaries and staff-related		14,845,022	15,106,418
Management fees		148,772	194,847
Office		2,016,486	2,378,495
Marketing and business development		161,863	210,489
Democracy		758,715	768,810
Professional fees		1,271,090	1,114,299
Other		1,560,597	1,047,133
		20,762,545	20,820,491
Operating income (loss)		5,478,594	(1,942,522)
Initiatives and restructuring expenses	23	2,472,163	1,288,876
Rebates		-	6,100,000
Gain on sale of fixed assets	9	(412)	(8,996,886)
Income (loss) before income taxes		3,006,843	(334,512)
Capital tax	17	2,111,326	1,867,948
Income taxes (recovery)	17	419,426	(2,018,285)
Net income (loss) for the year		476,091	(184,175)

The accompanying notes are an integral part of these consolidated financial statements.

Atlantic Central

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

	Note	2024 $	2023 $
Net income (loss) for the year		476,091	(184,175)
Other comprehensive income (OCI)			
Items that will be reclassified subsequently to income			
Net change in unrealized gains (losses) on investments at fair value through OCI			
Net unrealized gains on mark-to-market investments		12,924,871	9,820,086
Reclassification of net realized (gains) losses to net income		(2,705,638)	104,712
Income tax expense	17		
On unrealized gains on mark-to-market investments		(3,769,614)	(2,871,330)
On reclassification of net realized (gains) losses to net income (loss)		784,635	(30,625)
Other comprehensive income		7,234,254	7,022,843
Comprehensive income		7,710,345	6,838,668

The accompanying notes are an integral part of these consolidated financial statements.

Atlantic Central

Consolidated Statement of Changes in Members' Equity

For the year ended December 31, 2024

	Capital stock $	Contributed surplus $	Special reserve $	Retained earnings $	Accumulated other comprehensive income $	Total members' equity $
Year ended December 31, 2024						
Balance – Beginning of year	112,387,145	6,018,056	9,524,261	46,103,484	4,149,474	178,182,420
Net income for the year	-	-	-	476,091	-	476,091
Other comprehensive income, net of tax	-	-	-	-	7,234,254	7,234,254
Comprehensive income	-	-	-	476,091	7,234,254	7,710,345
Transfer from special reserve	-	-	(2,472,163)	2,472,163	-	-
Redeemed	(10,400,000)	-	-	-	-	(10,400,000)
Balance – End of year	101,987,145	6,018,056	7,052,098	49,051,738	11,383,728	175,492,765
Year ended December 31, 2023						
Balance – Beginning of year	112,387,145	6,018,056	10,813,136	44,998,783	(2,873,369)	171,343,751
Net loss for the year	-	-	-	(184,175)	-	(184,175)
Other comprehensive income, net of tax	-	-	-	-	7,022,843	7,022,843
Comprehensive (loss) income	-	-	-	(184,175)	7,022,843	6,838,668
Transfer from special reserve	-	-	(1,288,876)	1,288,876	-	-
Issued in equity rebalancing	2,660,280	-	-	-	-	2,660,280
Redeemed in equity rebalancing	(2,660,280)	-	-	-	-	(2,660,280)
Balance – End of year	112,387,145	6,018,056	9,524,261	46,103,484	4,149,474	178,182,420

The accompanying notes are an integral part of these consolidated financial statements.

Atlantic Central

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 $	2023 $
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	476,090	(184,175)
Charges (credits) to income not involving cash		
Loans and mortgages, net	(151,042,717)	(43,673,312)
Deposits, net	241,635,887	182,543,971
Loss on revaluation of interest rate swaps	(3,234,744)	4,115,612
Gain on disposal of building	-	(8,996,886)
Depreciation	165,522	194,565
Mortgage-backed securities, net	(8,473,742)	(19,491,891)
Interest receivable/payable, net	4,923,737	3,262,354
Income taxes receivable/payable, net	459,908	3,876,721
Deferred tax assets/liabilities, net	2,953,620	576,303
Securitization assets	22,523,761	11,711,692
Other items, net	11,851,951	(2,892,625)
	122,239,273	131,042,329
Financing activities		
Dividends	(10,400,000)	-
Leases, net	-	(145,463)
	(10,400,000)	(145,463)
Investing activities		
Investments, net	(124,988,298)	(116,775,700)
Proceeds on sale of building	-	12,020,797
Fixed assets, net	(115,076)	(98,300)
	(125,103,374)	(104,853,203)
Change in cash and cash equivalents during the year	(13,264,101)	26,043,663
Cash and cash equivalents – Beginning of year	86,261,062	60,217,399
Cash and cash equivalents – End of year	72,996,961	86,261,062
Cash and cash equivalents include		
Cash and balances with financial institutions	71,625,963	83,021,129
Restricted cash	1,370,998	3,239,933
	72,996,961	86,261,062
Supplemental disclosure of cash flow information		
Interest received	92,269,593	71,304,519
Dividends received	569,484	438,772
Interest paid	79,003,026	59,718,083
Income taxes paid (received), net of refunds	233,164	(150,472)

The accompanying notes are an integral part of these consolidated financial statements.

1 Reporting entity

Atlantic Central (the Company or Central) is incorporated in Nova Scotia under the Credit Union Act. Until December 31, 2023, Central was regulated by the Nova Scotia Office of the Superintendent of Credit Unions. Effective January 1, 2024, Central is regulated by the Nova Scotia Credit Union Deposit Insurance Corporation (NSCUDIC).

Central is wholly owned by credit unions in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island. Its head office is located at 6074 Lady Hammond Road in Halifax, Nova Scotia. Central's key financial role is the management of the Atlantic credit union system's liquidity reserve requirements. Additionally, Central provides financial, trade association and other support services to Atlantic credit unions, their members and others. The subsidiary, League Savings and Mortgage Company, provides financial services to credit unions, their members and others.

The consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2025.

2 Basis of presentation

The consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The material accounting policies applied in the preparation of the consolidated financial statements are set out in note 4.

The consolidated financial statements include the accounts of the subsidiary, League Savings and Mortgage Company (League Savings). Subsidiaries are defined as entities controlled by the Company. Control is defined as the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Subsidiaries are consolidated from the date control is transferred and consolidation ceases on the loss of control.

Intercompany transactions and account balances have been eliminated from the consolidated accounts. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments as indicated in note 4.

The Company presents its consolidated balance sheet on a non-classified basis. The following balances are generally classified as current: cash and cash equivalents, fixed income investments and loans and mortgages maturing within one year, accrued interest, assets held for sale, other assets maturing within one year, lease liabilities, demand deposits, term deposits and mortgage-backed securities maturing within one year, accounts payable and accrued liabilities and income taxes.

3 Changes in accounting standards

Adoption of new accounting standards

There were no changes in accounting policies during the year that had a significant impact on the Company.

Amendments to IAS 1, Non-current Liabilities with Covenants

The International Accounting Standards Board (IASB) issued amendments to IAS 1, Presentation of Financial Statements, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as current or non-current as at the reporting date. The amendments were effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. These amendments, amongst other, require disclosure of information about these covenants in

the notes to the financial statements. The adoption of the amendments had no impact on the consolidated financial statements.

Future changes in accounting policies

IFRS 18, Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the consolidated financial statements. IFRS 18 will replace IAS 1, Presentation of Financial Statements. IFRS 18's focus is on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation that apply to the primary financial statements and notes in general.

IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is currently evaluating the new standard for any potential impact on the consolidated financial statements.

4 Material accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with financial institutions that are utilized primarily in the payments function. Certain cash accounts that are utilized in Central's investment activities are reported in investments.

Restricted cash includes cash balances segregated and held with financial institutions for specific mortgage-backed securities (MBS) program clearing activities.

Financial instruments

The Company classifies its financial assets in the following measurement categories: fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI); or amortized cost. Management determines the classification of its financial instruments at initial recognition.

The accounting policies related to these financial assets and liabilities are as follows:

Measurement methods – amortized cost and effective interest rate

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any loan loss allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses (ECLs) and includes transaction costs,

premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities are adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in net income (loss).

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or Stage 3), for which interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the ECL provision). Expenses incurred directly in the origination of loans and mortgages are deferred and recognized in the consolidated statement of income (loss) as a reduction to income over the expected life of the relevant loans and mortgages.

Initial recognition and measurement

The Company recognizes loans and mortgages on the date on which they are originated. All other financial instruments are recognized on the trade date, which is the date on which the Company becomes party to the contractual provision of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Immediately after initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognized in net income (loss) when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the difference is deferred and the timing of recognition of deferred day-one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs or realized through settlement.

Leases

The Company classifies a contract, or component of a contract, as a lease if it conveys a right to control the use of an identifiable asset for a period in exchange for consideration.

As a lessor

At inception, the Company classifies a lease that transfers substantially all the risks and rewards incidental to ownership of the underlying asset as a finance lease. All other leases are classified as operating leases. When assets are held subject to a finance lease, the Company recognizes a finance lease receivable in the consolidated balance sheet representing its net investment in the lease. Interest income is recognized over the term of the lease using the implicit interest rate, which reflects a constant rate of return. For operating leases, the Company recognizes lease payments received as income on a straight-line basis over the term of the lease.

As a lessee

Except for certain short-term and low-value leases, the Company recognizes a right-of-use asset and lease liability for all leases at commencement. Lease liabilities are initially measured at the present value of the lease payments due over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed contractual payments, variable contractual payments based on a rate or index and any amounts payable with respect to purchase, extension and/or termination options when it is reasonably certain that the Company will exercise the option. Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability plus initial direct costs and estimated decommissioning costs, less any lease incentives received. Right-of-use assets are subsequently amortized on a straight-line basis over the term of the lease or the estimated useful life of the asset, whichever is shorter. Right-of-use assets are recognized as part of the Company's premises and equipment within other assets on the consolidated balance sheet, while lease liabilities are included in other liabilities.

Investments

The classification requirements for debt and equity investments are described below:

Debt instruments

Debt instruments are instruments that meet the definition of a financial liability from the issuer's perspective; such as loans and government and corporate bonds. The classification and subsequent measurement of debt instruments depend on the business model for managing the asset and the cash flow characteristics of the asset.

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

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for interest revenue, ECL and reversals and foreign exchange gains and losses, which are recognized in income or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income or loss. Interest income from these financial assets is included in interest on investments using the effective interest rate method.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is included in interest on investments.

Business model

The Company considers the following in the determination of the applicable business model for financial assets:

- the business purpose of the portfolio, such as a focus on earning contractual interest income or a focus on matching the duration of the liabilities that are funding the assets;

- the risks that are being managed and the type of activities that are carried out on a day-to-day basis to manage the risks;

- the basis on which performance of the portfolio is being evaluated; and

- the frequency and significance of sales activity in prior periods and expectations about future sales activity.

The Company has established specific criteria for financial assets that are originated or acquired for the purpose of securitization in a subsequent period. If, at origination or acquisition, based on this established criteria, the financial asset is expected to be securitized as part of a portfolio that qualifies for derecognition, the business objective of holding the financial asset to collect contractual cash flows is not met. Such financial assets are measured at FVTPL. If the portfolio does not qualify for derecognition, the Company has elected to determine the business model based on the accounting result of the securitization. As such, the held-to-collect business model is considered to be met.

SPPI

Where the business model is to hold to collect contractual cash flows, or to collect contractual cash flows and sell, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Company elects to present in OCI changes in the fair value of certain equity instruments that are not held for trading.

Gains and losses on these equity instruments are never reclassified to income or loss, and no impairment is recognized in income or loss. Dividends are recognized in investment income unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI.

Dividend income is recognized when the right to receive income is established.

Investments in associates

Associates are entities over which the Company exercises significant influence but not control. The Company accounts for its investment in associates using the equity method. The Company's share of profits or losses of associates is recognized in the consolidated statement of income (loss) in investment income.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests of the Company in associates are recognized in the consolidated statement of income (loss).

For investments in associates, a significant or prolonged decline in fair value of the investment below its carrying value is evidence that the investment is impaired. The impairment loss is the difference between the carrying value and its recoverable amount as at the measurement date. The recoverable amount is the higher of an investment's fair value less costs of disposal and its value in use.

Investment in CU CUMIS Wealth Holdings Limited Partnership (CCWH)

CCWH is an investment limited partnership domiciled in Canada formed to hold the partners' interest in Aviso Wealth Inc. The partners of CCWH are Central, Central 1 Credit Union, Credit Union Central of Alberta, Credit Union Central of Saskatchewan, Credit Union Central of Manitoba Limited and The CUMIS Group. Central has a 5.7% ownership interest in CCWH and accounts for its investment using the equity method (note 24).

Impairment

The Company assesses on a forward-looking basis ECL associated with its debt instruments carried at amortized cost and FVOCI. The Company recognized a loss allowance for such losses at each reporting date. The measurement of ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Debt instruments carried at FVOCI are considered to have low credit risk; the loss allowance recognized during the period was, therefore, limited to 12-month ECL. Management considers low credit risk to be, in the absence of evidence of an increase in credit risk, investments in government debt instruments and investments in financial institutions that have been designated as a domestic systemically important bank (D-SIB) or a global systemically important bank (G-SIB). Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Note 5 provides more detail on how the ECL is measured.

Modifications of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans. When this happens, the Company assesses whether the new terms are substantially different from the original terms. The Company does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, where the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; and
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognizes the original financial asset, recognizes a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed upon payments. Differences in the carrying amount are also recognized in net income (loss) as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in net income (loss). The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or the Company transfers the contractual rights to receive the cash flows from the asset or has assumed an obligation to pay those cash flows to a third party and the Company has transferred substantially all of the risks and rewards of ownership of that asset to a third party. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

The Company enters transactions where it retains the contractual rights to receive cash flows from assets, but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as pass through transfers that result in derecognition if the Company:

- has no obligation to make payments unless it collects equivalent amounts from the assets;
- is prohibited from selling or pledging the assets; and
- has an obligation to remit any cash it collects from the assets without material delay.

Financial liabilities

Other financial liabilities, including borrowings and deposits, are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

Mortgage-backed securities

The Company securitizes insured residential mortgages through the creation of MBS under the National Housing Act Mortgage-Backed Securities (NHA MBS) program sponsored by Canada Mortgage and Housing Corporation (CMHC). All loans securitized under the NHA MBS program are required to be insured by CMHC or a third party insurer. The NHA MBS program utilizes a Central Payor and Transfer Agent (CPTA).

The MBS created under the program are sold to third-party investors (Market MBS) or are sold to Canada Housing Trust (CHT), a CMHC-sponsored structured entity, under the Canada Mortgage Bond (CMB) program.

In a Market MBS, the CPTA registers the NHA MBS and issues NHA MBS certificates to investors, and CMHC provides a guarantee of the timely payment of amounts due to the investors. The MBS are backed by the residential mortgages and amortized in step with the mortgages underlying the security.

In the CMB program, the CHT aggregates NHA MBS from multiple issuers, financing the purchase of the NHA MBS through the issuance of securities to third party investors.

The Company uses these securitization programs to diversify its funding sources.

With Market MBS, the Company typically continues to administer the loans securitized and is entitled to the payments received on the mortgages. At the same time, the Company is obligated to make the payments due on the issued MBS, including the investment yield due to the investors in the security, regardless of whether the Company has collected the funds from the mortgagor.

The Company also purchases pools of mortgages to sell into the CMB program. These mortgage pools are typically administered by a third party mortgage servicer for a fee. For these pools, the Company is also entitled to the payments received on the mortgages and obligated to make the payments due on the issued MBS.

The CMB program requires the provision of replacement MBS securities to offset the declining balance of the underlying mortgages through principal payments. The CMB program also requires an interest rate swap agreement under which a swap counterparty pays the CHT the interest due to investors and receives the interest on the NHA MBS securities. For a fee, the Company has contracted with a third party financial institution to take on the requirements to provide the replacement NHA MBS securities and to act as the swap counterparty.

Derecognition

The sale of mortgages through the NHA MBS program does not meet the requirements for derecognition if the Company has not transferred substantially all the risks and rewards of ownership of the underlying mortgage. This occurs when it retains the prepayment, credit and interest rate risk associated with the mortgages. For sales of MBS that do not qualify for derecognition, the Company continues to recognize the underlying mortgages akin to pledged assets, and the cash proceeds from securitization are recognized akin to secured liabilities, as the mortgages are being pledged against the cash borrowed.

Securitization retained interests and servicing liabilities

In certain cases, the Company has purchased pools of mortgages for subsequent sale into the CMB program where the Company's exposure to risks and rewards from the securitized assets is quite limited. In these transactions, the Company retains the rights to the future excess interest spread and the liability associated with servicing the assets sold, with very little exposure to variable cash flows.

The Company accounts for its retained interests and servicing liabilities on the consolidated balance sheet, in securitization assets and accounts payable and accrued liabilities, respectively. During the life of the securitization, as cash is received, the retained interest and the servicing liability are amortized and recognized in the consolidated statement of income (loss) under interest on loans and mortgages and non-interest income (securitization expenses), respectively.

Gains on securitization

When these assets are derecognized, the gains or losses on the transactions are recorded in securitization gains and are dependent in part on the previous carrying amount of the financial assets involved in the transfer. The proceeds of the sale are allocated between the assets sold and the retained interests, based on their relative fair value at the date of transfer and net of transaction costs.

Assets held for sale

Certain fixed assets that have been listed for sale, or have been sold pending close, are reclassified as assets held for sale on the consolidated balance sheet. These assets are expected to be sold within a 12-month period. Assets held for sale are valued at the lower of carrying value and fair value less costs to sell.

Deposits

Deposits are measured at fair value on recognition, net of transaction costs directly attributable to issuance. Subsequent measurement is at amortized cost using the effective interest method.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can readily be measured. The principal sources of revenue are interest and fee income.

The Company generates revenue primarily from providing products and services to its members, including credit union lending and access to digital banking technologies and payments processing solutions offered by credit union system partners and other service providers. The Company provides access to credit facilities to support clearing, daily cash management, borrowing and other liquidity management requirements.

Payment services facilitate the day-to-day banking requirements of credit unions, which comprise multiple services that are provided over time. The revenue is collected over time at contracted terms based on the number of transactions that have occurred in the period, or a flat monthly fee depending on the type of services provided.

As a trade association, the Company collects dues from credit union members to fund certain services such as risk management, human resources, consulting and support, project management and marketing and communications planning. These value-added services give member credit unions access to a wealth of expertise, while remaining affordable through economies of scale. The assessment of dues funded functions is determined annually based on an operating budget that is approved by the Board of Directors (the Board). Dues are collected from credit unions quarterly. The services are rendered over time and performance obligations are satisfied in the same manner.

The Company also collects dues from member credit unions to develop a regional marketing program. The program includes owned and earned multi-media campaigns and other activities to allow credit unions to build awareness of the credit union's brand to acquire members and increase wallet share. The dues are reviewed and approved by credit unions annually. The Company engages third party vendors to perform these services. As such, performance obligations are satisfied over time as marketing activities are provided.

The Company also provides other consulting and marketing services, which are typically one-off work requests. The performance obligations relating to these services are satisfied upon completion of the contracts and delivery of the goods or services. Therefore, revenue is recognized at a point in time based on the right to invoice.

Other fee income, including account servicing fees, loan fees, discharge fees and administration fees, is recognized as the services are provided.

Translation of foreign currencies

Assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect as at the consolidated balance sheet date. Revenue and expenses denominated in foreign currencies are translated using the rate as at the transaction date.

Foreign currency translation gains and losses are included in banking service fees.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income (loss), except to the extent that they relate to a business combination or items recognized directly in equity or in OCI. Income tax consequences of dividends on financial instruments classified as equity are recognized in net income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax (losses), tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available, which allows the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/assets are settled/recovered.

Employee benefits

Short-term employee benefits include salaries and wages, compensated absences, medical and dental plans and variable compensation. Central also contributes on behalf of employees to a Group Savings for Retirement Program and to life and long-term disability insurance plans. Under these defined contribution programs, Central pays fixed contributions to an independent entity and has no legal or constructive obligation to pay further contributions. Defined contribution program costs of $847,377 (2023 – $792,514) are expensed as the related service is provided.

Initiatives and restructuring

System initiatives and other organization changes are reported in initiatives and restructuring expenses.

Critical accounting estimates and assumptions

In preparing the Company's consolidated financial statements, Management is required to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recorded in the period in which the estimate reversed if the revision affects only that period or in the period of revision and in future periods if the revision affects both the current and future periods.

The judgments and estimates that have the most significant effect on the amounts recognized in the consolidated financial statements are decisions with respect to the fair value of financial instruments, the allowance for loan losses, the derecognition of loans and mortgages and income taxes.

Due to the uncertainty in the current economic environment, developing reliable estimates and applying judgment remain difficult. Consideration is given to various risks to the economic outlook of Canada; however, significant measurement uncertainty exists in determining ECLs, and the forecasting of forward-looking information is subject to significant judgment.

The impact of tariffs imposed by the United States government in March 2025, may not be known immediately and could vary depending on numerous factors such as retaliatory measures imposed by Canada. An estimated impact on the financial position of the Company has not been quantified at this time as this is a complex scenario, and reliable information is still forthcoming.

Fair value of financial instruments

The determination of the fair value of financial instruments requires the exercise of judgment by Management. The fair value of financial instruments traded in active markets as at the consolidated balance sheet date is based on their quoted market prices. Where independent quoted market prices do not exist, fair value may be based on other observable current market transactions or based on a valuation technique that maximizes the use of observable market inputs.

For certain types of equity instruments where no active market exists or where quoted prices are not otherwise available, fair value is considered to approximate par value based on the terms of those instruments. The Company continues to monitor these instruments for any indication that a new measure of fair value is available.

ECL allowance

The Company reviews its loan portfolio to assess the ECL allowance for loans at least on a quarterly basis. The measurement of the ECL allowance for loans and debt instruments measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 5.

Several significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk (SICR);
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

The judgments, inputs, methodology and assumptions used for estimating the ECL allowance are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Derecognition of loans and mortgages

In determining whether to derecognize loans and mortgages, judgment is applied in determining whether the Company has transferred substantially all of the risks and rewards of ownership in transferring the assets to another entity.

Income taxes

The determination of deferred tax assets or liabilities requires judgment, as the recognition is dependent on projections of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled.

5 Risk management

The Company has an enterprise-wide approach to the identification, measurement, monitoring and management of risks faced across the organization. The Company manages significant risks efficiently and effectively through an Enterprise Risk Management Framework (ERM), which includes a comprehensive infrastructure of policies, procedures, methods, oversight and independent review, designed to reduce the significant risks and to manage those risks within appropriate tolerances for the Company.

Authority for all risk-taking activities rests with the Board, which approves the Company's Risk Appetite Statement and risk management policies, delegates limits and regularly reviews Management's risk assessments and compliance with approved policies. Qualified professionals throughout the Company manage these risks through comprehensive and integrated control processes and models, including regular review and assessment of risk measurement and reporting processes.

The various processes within the Company's risk management framework are designed to ensure that risks in the various business activities are properly identified, measured, stress tested, assessed and controlled. Internal Audit reports independently to the Audit, Risk and Conduct Review Committees of the Board on the effectiveness of the risk management policies and the extent to which internal controls are in place and operating effectively.

Stress testing is a risk measurement technique that examines the potential effects on the Company's financial condition resulting from adverse economic, liquidity, credit and/or financial market conditions. The Company's risk management processes include stress testing scenarios, including exceptional but plausible adverse events that can impact the Company's financial results and capital requirements, the results of which are used to enhance its understanding of its risk profile, and to support its strategic decision making. Stress testing results are also explicitly incorporated into the Company's Internal Capital Adequacy Assessment Process (ICAAP) and Capital Plan, its Liquidity Management Plan and its Recovery Plan.

The Chief Risk Officer is responsible for the oversight of risk management across the organization and reports quarterly to the Risk Committee and the Board. The Management Risk Committee (MRC) is responsible for the review and evaluation of the financial risks and performance of the Company, including the management of:

- Credit risk
- Interest rate risk
- Investment portfolio
- Large exposures
- Liquidity
- Foreign exchange
- Derivatives
- Capital

The MRC reviews financial risk management policies, recommends changes to policies and procedures as appropriate and monitors compliance with financial policies.

The Asset Liability Committee (ALCO) has been established to ensure the effective and prudent management of the Company's financial assets and liabilities. ALCO will achieve this by developing and implementing financial strategies and related processes consistent with the short and long-term goals set by the Board.

The Company's principal business activities result in a consolidated balance sheet that consists primarily of financial instruments. The key risks related to the Company's financial instruments are credit, liquidity and market risk.

Credit risk

Credit risk is the potential for loss due to the failure of a borrower, counterparty, endorser or guarantor to fulfill its payment obligation to the Company. Credit risk arises in the Company's direct lending operations and in its funding and investing activities where counterparties have repayment or other obligations to the Company. There is also credit risk in unfunded loan commitments. The Company has established policies and procedures for credit risk management, including individual counterparty limits and portfolio category limits relating to investment activities.

Management of credit risk requires prudent and conservative underwriting criteria administered by well-trained and experienced personnel. Credit risk management practices also include consistent and timely collection procedures, analysis of property appraisals and a realistic credit allowance process to provide a regular evaluation of the loan portfolio. Credit policies are reviewed and approved annually by the Board. Management regularly reviews its credit procedures to ensure they provide extensive, up-to-date guidance for the underwriting and administration of all types of loans.

All loans are risk rated at the time of approval and may be subject to subsequent risk assessment based on factors such as loan type, amount, original risk rating and payment history. Loans with higher risk require more intensive analysis and higher levels of approval. The Executive Credit Committee reviews all loans above the lending limits of the President and CEO.

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Company has developed models to support the quantification of credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loan and advances at a counterparty level, the Company considers three components:

- the probability of default (PD) by the borrower or counterparty on its contractual obligations;
- current exposures to the counterparty and its likely future development, from which the Company derives the exposure at default (EAD); and
- the likely recovery ratio on the defaulted obligations loss given default (LGD).

The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimize their effectiveness.

The classes of financial instruments to which the Company is most exposed to credit risk are cash and cash equivalents, investments and loans and mortgages.

ECL measurement

IFRS 9, Financial Instruments, outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2, but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the ECLs that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on ECLs on a lifetime basis.

The key judgments and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all instruments held by the Company. A watch list is used to monitor credit risk; this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by Management.

The Company considers a financial instrument to have experienced an SICR when one or more of the following quantitative or qualitative criteria have been met:

- for consumer and residential loans:
  - contractual cash flow obligations are more than 30 days past due; and/or
  - available information as at the reporting date indicates that the ability of the borrower to fulfill its contractual cash flow obligations will be reduced (i.e. using internal watch lists for monitoring the credit risk of borrowers).
- for commercial loans:
  - contractual cash flow obligations are more than 30 days past due; and/or
  - available information as at the reporting date indicates that the ability of the borrower to fulfill its contractual cash flow obligations will be reduced (i.e. significant deterioration in risk rating, in short-term forbearance, early signs of cash flow/liquidity problems, adverse change in operating results, adverse changes in business, financial or economic conditions in which the business operates).

In the years ended December 31, 2024 and 2023, the Company used the low credit risk exemption for certain investment grade securities and for credit union lines of credit.

Definition of default and credit-impaired assets

The Company defines a financial instrument as credit-impaired when it meets one or more of the following:

- the borrower is more than 90 days past due on its contractual payments;
- the borrower is in long-term forbearance; and
- the borrower is insolvent or has filed for bankruptcy.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Company's ECL calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria.

Measuring ECL — explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis, depending on whether an SICR has occurred since initial recognition or whether an asset is credit-impaired. ECLs are the discounted product of the PD, EAD and LGD, defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.

- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be incurred if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortizing products, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.

The 12-month and lifetime LGDs are determined based on the factors that impact the recoveries made post default. These vary by product type:

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and expected recovery costs.

- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and collateral values change, etc., are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Collateral held and other credit risk enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common is accepting collateral for funds advanced. A valuation of the collateral obtained is prepared as part of the loan origination process. The principal collateral types for loans and advances are mortgages over residential properties and charges over business assets such as premises, inventory and accounts receivable. The Company's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held since the prior period.

Assets obtained by the Company by taking possession of collateral held as security against loans and advances are included in other assets. The balance held as at December 31, 2024 was $nil (2023 – $nil).

Management regularly monitors the Company's credit risk and reports to the Board on a quarterly basis.

Liquidity risk

Liquidity refers to the capacity to generate or obtain sufficient cash or its equivalent in a timely manner at a reasonable price to meet the Company's commitments as they fall due and to fund new business opportunities. Liquidity risk is the potential for losses to be incurred from holding insufficient liquidity to survive a contingent stress event.

The Company's primary role is to manage liquidity for the credit union systems in Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador. In its role as a credit union service partner, League Savings' primary financial role is to accept deposits from credit unions, their members and others, and to employ those funds to advance loans and mortgages to credit union members and others.

The Company has established policies to ensure that it is able to generate sufficient funds to meet all its financial commitments in a timely and cost-effective manner. In addition, a liquidity plan is prepared, which forecasts the amount of liquidity required and the sources that will be used to fund those requirements. These policies and plans are annually reviewed and approved by the Board.

The Company's liquidity management practices include:

- ensuring the quality of investments acquired for liquidity purposes meet very high standards;
- matching the maturities of assets and liabilities;
- diversifying funding sources;
- establishing and maintaining minimum liquidity reserves;
- monitoring actual cash flows on a daily basis;
- monitoring economic, market and local trends and forecasting future cash flow requirements;
- utilizing lines of credit to fund temporary needs and selling or securitizing mortgage pools to meet longer term requirements;
- stress testing scenarios to determine the ability to withstand various unanticipated events; and
- contingency planning.

While operating under similar liquidity management frameworks, certain liquidity management practices of Central and the subsidiary, League Savings, differ due to the specific nature of each organization. While Central's primary financial role is to manage the liquidity requirements of the Atlantic credit union system, League Savings acts primarily in the mortgage lending and deposit taking industry. In particular, the potential liquidity stresses that are modelled in scenario testing are different.

As the credit unions' system liquidity provider, the Company's cash flows are impacted by the liquidity requirements of the individual Atlantic credit unions. As a result, Central's liquidity stress testing assesses the impact of increases in the drawdowns of credit union lines of credit and decreases in credit union excess liquidity deposits (deposits above the levels that credit unions are required to maintain with Central). League Savings' cash flows are most significantly impacted by its credit union corporate deposits. As such, its scenario testing focuses on increases in the redemptions of these deposits.

The matching of the maturities of assets and liabilities is detailed in note 14.

Management monitors the Company's liquidity position daily and reports to the Board on a quarterly basis.

Market risk

Market risk is the risk of loss that results from changes in interest rates, foreign exchange rates, equity prices and commodity prices. Market risk exposures are managed through policies, standards and limits established by the Board, which are formally reviewed and approved annually. This includes limits on the mismatch of foreign currency assets and liabilities and limits on the amount of equity investments permitted in the securities portfolio. The Company has no exposure to commodity prices.

The Company uses a variety of techniques to identify, measure and control market risk. Derivatives may be used only to offset clearly identified risks. The Company has developed standards regarding the use of derivative products.

Interest rate risk is the risk that a movement in interest rates will have on the financial condition of the Company. The Company's interest rate risk policies include limits on the allowable variation in forecasted financial margin due to interest rate changes. The Company manages and controls interest rate risk primarily by managing asset/liability maturities; however, off-balance sheet techniques such as interest rate risk contracts may be used to hedge against specific interest rate exposures.

The Company measures interest rate risk through a combination of financial position and income simulation analysis on a monthly basis. Financial position analysis measures the difference between the amount of assets and liabilities repricing in specific time periods. Income simulation models are used to measure interest rate exposure under various assumptions about interest rates, products, volumes and pricing. Sensitivity analysis of an interest rate increase and decrease of 100 basis points is disclosed in the table below.

Earnings at risk over the next 12 months as at December 31:

	2024 **$**	**2023** **$**
100 basis point increase	957,363	1,226,985
100 basis point decrease	(110,422)	(1,226,608)

Management provides quarterly reports to the Board on interest rate risk. The Board has established limits on the Company's maximum exposure to interest rate risk and the Company's earnings at risk were within this limit.

6 Investments

Debt instruments are carried at FVOCI. For equity investments, the Company has also elected to measure the investments at FVOCI. The Company accounts for its investment in associate using the equity method.

	2024		2023	
	Cost $	**Market value $**	**Cost $**	**Market value $**
Banks[a]	440,283,174	440,228,209	609,959,637	607,808,680
Government debt	727,337,152	719,885,031	446,841,238	431,087,655
Co-operative deposits	139,439,725	140,209,764	131,055,314	131,085,315
Co-operative equities	16,351,167	24,998,305	13,293,153	24,083,727
Corporate equities	112,461	1,926,720	112,462	1,644,920
Allowance for impairment	(52,480)	(52,480)	(90,300)	(90,300)
	1,323,471,199	1,327,195,549	1,201,171,504	1,195,619,997
Investment in associate, at equity		16,819,617		16,172,618
		1,344,015,166		1,211,792,615

(a) Includes cash and cash equivalents utilized in the investments function.

The investment portfolio of Central includes segregated funds that are invested from statutory liquidity deposits placed by each member credit union. These segregated investments are managed by province:

	2024			2023		
Province	**Market value investment $**	**Investment income $**	**Investment income %**	**Market value investment $**	**Investment income $**	**Investment income %**
Nova Scotia	347,553,760	11,321,982	3.26	314,447,554	9,554,578	3.04
Newfoundland and Labrador	48,725,516	1,587,292	3.26	46,728,127	1,419,847	3.04
Prince Edward Island	128,693,637	4,192,350	3.26	118,308,474	3,594,837	3.04
New Brunswick	122,542,243	3,991,961	3.26	115,778,607	3,517,966	3.04
	647,515,156	21,093,585	3.26	595,262,762	18,087,228	3.04

The segregated investments generated a gross yield of 3.26% in 2024 (2023 – 3.04%). On a net basis, after deducting the interest paid on the segregated deposits, the segregated investments generated a net yield of (0.21%) in 2024 (2023 – 0.06%).

7 Loans and mortgages

As at December 31, 2024, loans are presented net of ECLs. Loans are initially measured at fair value and are subsequently measured at amortized cost.

	Total loans $	Allowance for credit losses $	Net loans $
Balance at December 31, 2024			
Residential	452,155,226	1,097,746	451,057,480
Commercial	406,928,722	4,028,193	402,900,529
Commercial leases	617,733	18,302	599,431
Other	323,746	10,895	312,851
Co-operatives	5,931,611	-	5,931,611
	865,957,038	5,155,136	860,801,902
Balance at December 31, 2023			
Residential	432,614,453	773,110	431,841,343
Commercial	275,040,571	1,675,299	273,365,272
Commercial leases	1,894,670	858,062	1,036,608
Other	532,834	17,505	515,329
Co-operatives	3,000,633	-	3,000,633
	713,083,161	3,323,976	709,759,185

The following table is a summary of loans and mortgages by ECL impairment stage. Stage 1 represents those performing loans carried with a 12-month ECL, Stage 2 represents those performing loans carried with a lifetime ECL and Stage 3 represents those loans with a lifetime credit loss that are considered impaired. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

	Performing		Impaired	
	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Balance at December 31, 2024				
Residential	446,740,684	1,191,369	4,223,173	452,155,226
Commercial	393,106,001	-	13,822,721	406,928,722
Commercial leases	497,382	-	120,351	617,733
Other	322,611	865	270	323,746
Co-operatives	5,931,611	-	-	5,931,611
	846,598,289	1,192,234	18,166,515	865,957,038
Balance at December 31, 2023				
Residential	430,168,203	1,646,423	799,827	432,614,453
Commercial	275,040,571	-	-	275,040,571
Commercial leases	877,565	-	1,017,105	1,894,670
Other	531,831	611	392	532,834
Co-operatives	3,000,633	-	-	3,000,633
	709,618,803	1,647,034	1,817,324	713,083,161

Loss allowance

The loss allowance recognized in the year is impacted by a variety of factors, such as:

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the year, and the consequent step up (or step down) between 12-month and lifetime ECL;
- additional allowances for new financial instruments recognized during the year, as well as releases for financial instruments de-recognized in the year;
- impact on the measurement of ECLs due to changes in PD, EAD and LGD in the year arising from regular refreshing of inputs to models;
- impacts on the measurement of ECLs due to changes made to models and assumptions;
- discount unwinding within ECLs due to the passage of time, as ECL is measured on a present value basis; and
- financial assets derecognized during the year and the writeoffs of allowances related to assets that were written off during the year.

The following table presents the reconciliation of allowances for credit losses for each loan category according to ECL impairment stage:

	Performing		Impaired	
	Stage 1 $	**Stage 2 $**	**Stage 3 $**	**Total $**
Residential				
Balance at December 31, 2023	744,612	5,237	23,261	773,110
Transfer to (from)				
Stage 1	(232,975)	2,953	230,021	(1)
Stage 2	3,760	(3,760)	74	74
Stage 3	(121)	-	-	(121)
Gross writeoffs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement[a]	326,732	(1,476)	(573)	324,683
Balance at December 31, 2024	842,008	2,954	252,783	1,097,745
Commercial				
Balance at December 31, 2023	1,675,299	-	-	1,675,299
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Gross writeoffs	-	-	-	-
Recoveries	-	-	2,337,425	2,337,425
Remeasurement[a]	15,469	-	-	15,469
Balance at December 31, 2024	1,690,768	-	2,337,425	4,028,193
Commercial leases				
Balance at December 31, 2023	11,057	-	847,004	858,061
Transfer to (from)				-
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Gross writeoffs	-	-	(828,104)	(828,104)
Recoveries	-	-	-	-
Remeasurement[a]	(4,790)	-	(6,865)	(11,655)
Balance at December 31, 2024	6,267	-	12,035	18,302
Other				
Balance at December 31, 2023	16,834	301	370	17,505
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Gross write-offs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement[a]	(6,619)	125	(115)	(6,609)
Balance at December 31, 2024	10,215	426	255	10,896
Total allowance at December 31, 2024	2,549,258	3,379	2,602,499	5,155,136

	Performing		Impaired	
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Residential				
Balance at December 31, 2022	553,894	3,866	4,779	562,539
Transfer to (from)				
Stage 1	(26,433)	4,436	21,997	-
Stage 2	2,954	(2,954)	-	-
Gross writeoffs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement[(a)]	214,197	(111)	(3,516)	210,570
Balance at December 31, 2023	744,612	5,237	23,260	773,109
Commercial				
Balance as at December 31, 2022	1,344,445	-	-	1,344,445
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Gross writeoffs	-	-	(23,121)	(23,121)
Recoveries	-	-	2,700	2,700
Remeasurement[(a)]	330,853	-	20,422	351,275
Balance at December 31, 2023	1,675,298	-	1	1,675,299
Commercial leases				
Balance at December 31, 2022	21,797	-	384,485	406,282
Transfer to (from)				
Stage 1	(14,411)	-	14,411	-
Stage 2	-	-	-	-
Gross writeoffs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement[(a)]	3,671	-	448,109	451,780
Balance at December 31, 2023	11,057	-	847,005	858,062
Other				
Balance at December 31, 2022	29,949	781	1,389	32,119
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Gross writeoffs	(6,985)	(186)	(278)	(7,449)
Recoveries	7,437	198	296	7,931
Remeasurement[(a)]	(13,567)	(493)	(1,037)	(15,097)
Balance at December 31, 2023	16,834	300	370	17,504
Total allowance at December 31, 2023	2,447,801	5,537	870,636	3,323,974

(a) Remeasurement includes changes in the allowance related to purchases and originations, derecognitions and maturities, partial repayments and additional draws on existing facilities and changes in estimates relating to the costs and the value of collateral reflected in the realizable value of a loan.

The Company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Company will take possession of collateral to mitigate potential credit losses.

Financial assets that are credit-impaired as at December 31 and the related collateral held are shown below:

			2024
	Balance $	**Collateral value $**	**Allowance $**
Residential	4,223,173	3,970,390	252,784
Commercial	13,822,721	11,485,296	2,337,425
Commercial leases	120,351	108,315	12,035
Other	270	-	255
	18,166,515	15,564,001	2,602,499
			2023
Residential	799,827	896,000	23,261
Commercial	-	-	-
Commercial leases	1,017,105	162,000	847,004
Other	392	-	370
	1,817,324	1,058,000	870,635

Commercial leases

The carrying value of finance leases of certain commercial equipment where the Company is the lessor includes the following:

	2024 $	**2023 $**
Minimum lease payments receivable:		
Not later than one year	222,679	1,109,057
Between one and five years	412,185	860,256
	634,864	1,969,313
Unearned finance income	(17,131)	(74,643)
Gross commercial leases receivable	617,733	1,894,670

The average weighted term to maturity of the commercial leases is 19 months. The average weighted interest rate on the current receivable is 3.76%.

8 Mortgage-backed securities

Balances relating to mortgage-backed securities under the NHA MBS program are as follows:

a) Transferred assets that do not qualify for derecognition

The Company securitizes insured residential mortgage loans by participating in the NHA MBS and CMB programs. Through the programs, the Company issues securities backed by residential mortgage loans that are insured against the borrowers' default. Once the mortgage loans are securitized, the Company assigns the underlying mortgages and/or related securities to CMHC. As an issuer of MBS, the Company is responsible for advancing all scheduled principal and interest payments to CMHC, irrespective of whether the amounts have been collected on the underlying transferred mortgages.

In these securitizations, the Company retains certain prepayment risk, timely payment guarantee risk and interest rate risk related to the transferred mortgages. Due to retention of these risks, the transferred mortgages are not derecognized and the securitization proceeds are accounted for as secured borrowings. There are generally no ECLs on the securitized mortgage assets, as the mortgages benefit from credit insurance. Furthermore, the investors and CMHC have no recourse to other assets of the Company in the event of failure of mortgages to be paid when due.

The following are the Company's net positions on its securitized assets and liabilities that have not been derecognized:

			2024			2023
Carrying value	**Market MBS $**	**CMB $**	**Total $**	**Market MBS $**	**CMB $**	**Total $**
NHA MBS assets	195,423,926	17,569,350	212,993,276	191,678,829	25,029,906	216,708,735
Associated liabilities	192,932,757	17,562,888	210,495,645	187,493,488	25,005,711	212,499,199

NHA MBS assets are recognized on the consolidated balance sheet and are included as part of loans and mortgages.

b) Transferred assets that have been derecognized

In addition to the MBS above, certain mortgages were sold into the CMB program or to other third parties and derecognized. Balances relating to these transferred assets are as follows:

	2024 $	**2023 $**
Mortgages sold	126,761,596	346,384,467
Gain on sales	2,915,231	1,567,562
Outstanding balance of mortgages sold and derecognized	3,093,729,653	3,164,137,216
Related balances as at December 31		
Retained interests	78,748,597	101,272,358
Servicing liabilities	23,864,464	30,334,652

9 Assets held for sale

Assets held for sale relate to fixed assets expected to be sold in the next 12 months. As at December 31, 2024, Atlantic Central had $nil (2023 – $nil) of assets held for sale.

During the year ended December 31, 2022, Atlantic Central entered a purchase and sale agreement with a third party to sell its head office land and building located in Halifax. The sale closed on June 30, 2023.

10 Fixed assets

	Land $	Buildings and improvements $	Furniture and equipment $	Total $
2024				
Gross carrying amount				
Balance at January 1	-	-	979,750	979,750
Additions	-	-	107,460	107,460
Disposals	-	-	-	-
Balance at December 31	-	-	1,087,210	1,087,210
Accumulated depreciation				
Balance at January 1	-	-	732,569	732,569
Disposals	-	-	-	-
Depreciation	-	-	148,339	148,339
Balance at December 31	-	-	880,908	880,908
Carrying amount December 31	-	-	206,302	206,302

	Land $	Buildings and improvements $	Furniture and equipment $	Total $
2023				
Gross carrying amount				
Balance at January 1	-	52,532	7,415,416	7,467,948
Additions	-	-	121,267	121,267
Disposals	-	(52,532)	(6,556,934)	(6,609,466)
Balance at December 31	-	-	979,749	979,749
Accumulated depreciation				
Balance at January 1	-	40,096	7,133,991	7,174,087
Disposals	-	(41,137)	(6,537,746)	(6,578,883)
Depreciation	-	1,041	136,324	137,365
Balance at December 31	-	-	732,569	732,569
Carrying amount December 31	-	-	247,180	247,180

11 Leases

	Premises $	Computer and equipment $	Total $
2024			
Right-of-use assets			
Gross carrying amount			
Balance at January 1	576,888	99,205	676,093
Additions	-	-	-
Disposals	(175,913)	-	(175,913)
Balance at December 31	400,975	99,205	500,180
Accumulated depreciation			
Balance at January 1	338,889	99,205	438,094
Depreciation	17,183	-	17,183
Balance at December 31	356,072	99,205	455,277
Carrying amount December 31	44,903	-	44,903
Lease liabilities	1,243,454	-	1,243,454
Interest expense in financial expense	74,075	-	74,075

	Premises $	Computer and equipment $	Total $
2023			
Right-of-use assets			
Gross carrying amount			
Balance at January 1	549,791	99,205	648,996
Additions	60,521	-	60,521
Disposals	(33,425)	-	(33,425)
Balance at December 31	576,887	99,205	676,092
Accumulated depreciation			
Balance at January 1	283,909	96,985	380,894
Depreciation	54,980	2,220	57,200
Balance at December 31	338,889	99,205	438,094
Carrying amount December 31	237,998	-	237,998
Lease liabilities	1,711,346	-	1,711,346
Interest expense in financial expense	36,093	15	36,108

12 Deposits

	2024 $	2023 $
Current accounts	144,143,480	104,833,051
Cash management	192,409,803	203,956,670
Segregated liquidity	643,634,467	588,801,580
Registered	5,483,598	5,788,957
Other demand	7,801,239	5,669,211
Total demand deposits	993,472,587	909,049,469
Registered	131,781,872	141,638,693
Other term	808,501,519	641,431,929
Total term deposits	940,283,391	783,070,622
	1,933,755,978	1,692,120,091

Each provincial government has developed their own statutory requirements for each credit union (CU) to maintain liquid reserves to support a liquidity event such as a run-on deposits/investments. Part of these reserves are required to be maintained by the Company. Detailed calculations are listed below:

Province	Segregated
Nova Scotia	8.1% of CU deposits and borrowings
New Brunswick	8% of liabilities
Prince Edward Island	6% of assets
Newfoundland and Labrador	6% of CU deposits and borrowings

These segregated liquidity deposits are segregated by province. The segregated funds that are invested are managed by province (see note 6).

	2024			2023		
Province	Segregated deposit $	Interest expense $	Interest expense %	Segregated deposit $	Interest expense $	Interest expense %
Nova Scotia	333,140,022	11,549,252	3.47	311,926,644	9,010,675	2.98
Newfoundland and Labrador	46,997,382	1,629,299	3.47	45,766,066	1,337,398	2.98
Prince Edward Island	123,666,724	4,287,261	3.47	118,501,595	3,392,412	2.98
New Brunswick	118,030,366	4,091,860	3.47	112,607,275	3,312,258	2.98
	621,834,494	21,557,672	3.47	588,801,580	17,052,743	2.98

13 Capital stock

Authorized capital stock, and the amounts outstanding, are as follows:

				2024		2023	
	Par value $	**Redemption price $**	**Authorized**	**Shares**	**Amount $**	**Shares**	**Outstanding amount $**
Province							
Opening balance				7,517,543	75,175,430	7,517,543	75,175,430
Issued				-	-	266,028	2,660,280
Redeemed				(1,040,000)	(10,400,000)	(266,028)	(2,660,280)
Common shares	None	None	Unlimited	6,477,543	64,775,430	7,517,543	75,175,430
Opening balance				31,991	32	31,991	32
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class B	0.001	100	100,000,000	31,991	32	31,991	32
Opening balance				37,211,593	37,211,593	37,211,593	37,211,593
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class LSM	None	1	10,000,000	37,211,593	37,211,593	37,211,593	37,211,593
Opening balance				26,690	27	26,690	27
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class NB	0.001	100	10,000,000	26,690	27	26,690	27
Opening balance				4,100	4	4,100	4
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class NL	0.001	100	10,000,000	4,100	4	4,100	4
Opening balance				59,240	59	59,240	59
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class NS	0.001	100	10,000,000	59,240	59	59,240	59
Opening balance				100	-	100	-
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class PEI	0.001	100	10,000,000	100	-	100	-
				43,811,257	101,987,145	44,851,257	112,387,145

Shares are owned by member credit unions, who must maintain Common Shares in amounts proportionate to that member's pro rata share of system assets. Common Share ownership requirements are determined by the Board. All classes of shares are non-voting. Members hold votes proportionate to their pro rata share of system assets.

In 2024, in accordance with Common Share ownership requirements, Central issued $nil (2023 – $2,660,280) in Common Shares and redeemed $nil (2023 – $2,660,280).

All of the Class B, Class NB, Class NL, Class NS and Class PEI shares were issued as part of a Business Combination effective January 1, 2011, under which Central purchased the assets and assumed the liabilities of Credit Union Central of New Brunswick and Credit Union Central of Prince Edward Island. Central may, at any time, upon providing 30 days notice, and subject to any limitations set by applicable legislation or the Nova Scotia Credit Union Deposit Insurance Corporation, redeem these shares for the redemption price.

Other than the redemption of shares that would result from the windup of a credit union, Central has no plans to redeem any of the remaining Class B, Class NB, Class NL, Class NS or Class PEI shares at this time. The redemption value of the remaining shares is $12,212,100 (2023 – $12,212,100).

Common shareholders have the right to receive any dividends that may be declared out of the ordinary income of Central. Holders of the Class B, Class NB, Class NL, Class NS and Class PEI shares have the right to receive any dividends that may be declared out of the extraordinary income of Central on that respective class of shares. Ordinary income refers to income earned in the ordinary course of business after January 1, 2011. Extraordinary income refers to income that does not typically result from normal business activities.

In December 2024, Central transferred $nil (2023 – $nil) in retained earnings to a Special Reserve to be used to fund future Atlantic credit union initiatives. Spending out of the Special Reserve is reported in the consolidated statement of income (loss) in initiatives and restructuring expenses (see note 23).

In 2024, Central issued $nil (2023 – $nil) Class LSM shares to further invest in League Savings and Mortgage growth. In 2024, Central issued a stock dividend on Class LSM shares in the amount of $nil (2023 – $nil).

In December 2023, the Board approved a redemption of Common Shares of $10,400,000, which was completed in May 2024, in accordance with its Capital Management Plan.

The consideration for any shares issued or redeemed is cash or, for Class LSM shares, additional shares.

14 Financial instruments

a) Interest rate risk

The Company earns and pays interest on certain assets and liabilities. To the extent that the assets, liabilities and financial instruments mature or reprice at different points in time, the Company is exposed to interest rate risk. The table below summarizes carrying amounts of consolidated balance sheet items by the earlier of the contractual repricing or maturity dates. Non-interest-sensitive items are those that have no maturity date and do not pay or receive interest.

An estimate of prepayments has been determined by Management and includes the estimated principal portion of regular mortgage payments and full payouts of mortgage loans during their term based upon historical trends for these types of payments.

(Reported in $000's)	Within 3 months $	3 months to 1 year $	1 year to 5 years $	Over 5 years $	Non-interest sensitive $	Total $	Average rate %
2024							
Assets							
Cash and investments	722,270	382,602	213,801	42,830	55,509	1,417,012	3.38
Loans and mortgages	80,303	244,792	535,985	4,709	(4,987)	860,802	5.19
Other assets	-	-	-	-	103,947	103,947	
	802,573	627,394	749,786	47,539	154,469	2,381,761	
Liabilities and equity							
Deposits	1,175,091	423,281	240,657	-	94,727	1,933,756	3.56
Other liabilities	-	-	-	-	62,016	62,016	
Mortgage-backed securities	3,934	46,449	162,610	-	(2,497)	210,496	2.99
Equity	-	-	-	-	175,493	175,493	
	1,179,025	469,730	403,267	-	329,739	2,381,761	
Subtotal	(376,452)	157,664	346,519	47,539	(175,270)	-	
Derivatives	268,000	(119,000)	(118,000)	(31,000)	-	-	
Prepayment estimate	20,276	60,828	(80,398)	(706)	-	-	
Excess (deficiency)	(88,176)	99,492	148,121	15,833	(175,270)	-	

(Reported in $000's)	Within 3 months $	3 months to 1 year $	1 year to 5 years $	Over 5 years $	Non-interest sensitive $	Total $	Average rate %
2023							
Assets							
Cash and investments	496,822	315,397	404,836	51,003	29,996	1,298,054	3.57
Loans and mortgages	68,740	161,922	481,079	1,342	(3,324)	709,759	4.91
Other assets	-	-	-	-	138,850	138,850	
	565,562	477,319	885,915	52,345	165,522	2,146,663	
Liabilities and equity							
Deposits	1,080,120	338,872	194,639	-	78,490	1,692,121	4.12
Other liabilities	-	-	-	-	63,861	63,861	
Mortgage-backed securities	2,974	22,501	191,234	-	(4,210)	212,499	2.74
Equity	-	-	-	-	178,182	178,182	
	1,083,094	361,373	385,873	-	316,323	2,146,663	
Subtotal	(517,532)	115,946	500,042	52,345	(150,801)	-	
Interest rate swaps	308,000	(20,000)	(257,000)	(31,000)	-	-	
Prepayment estimate	18,091	54,272	(72,162)	(201)	-	-	
Excess (deficiency)	(191,441)	150,218	170,880	21,144	(150,801)	-	

b) Interest rate swap agreements

The Company may enter into interest rate swap agreements as a component of its overall risk management strategy. These agreements are contractual arrangements between two parties to exchange a series of cash flows. In an interest rate swap agreement, counterparties generally exchange fixed and floating rate interest payments based on a notional value. Typically, the floating rate is reset periodically, and the net interest amount is exchanged between counterparties at

scheduled dates. The Company uses interest rate swaps to manage its exposure to interest rate risk arising from its fixed term mortgage assets and funding liabilities.

The primary risks associated with these contracts are the exposure to movements in interest rates and the ability of the counterparties to meet the terms of the contract. Interest rate swap agreements are used to manage interest rate risk by modifying the repricing or maturities of assets and liabilities. Interest rate swap agreements are considered financial derivatives and are recorded at fair value. Income and expenses on interest rate swap agreements are recognized over the life of the contract as an adjustment to interest expense. Accrued expenses are recorded in accrued interest payable.

Rates represent the weighted average interest rates the Company is contractually committed to pay/receive until the swap matures. The floating side of all swaps is based on the three-month Canadian Overnight Repo Rate Average (CORRA). Market value represents the mark-to-market value of outstanding contracts – generally, the net amount that would be payable or receivable on the reporting date based on the floating rate at current market rates.

Income and expenses on interest rate swap agreements are recognized over the life of the contract as an adjustment to interest expense. Accrued expenses are recorded in accrued interest payable. Mark-to-market gains (losses) on swaps are recorded in other assets (accounts payable and accrued liabilities), while the change in market value is recorded in financial expense.

The following interest rate swap contracts were outstanding and recorded in accounts payable and accrued liabilities as at December 31, 2024 and other assets as at December 31, 2023.

			2024			**2023**
	Notional value $	**Rate %**	**Market value $**	**Notional value $**	**Rate %**	**Market value $**
Pay fixed swaps:						
Terms to maturity						
Within 1 year	139,000,000	4.2085	(755,887)	40,000,000	1.5730	570,264
1 year to 5 years	118,000,000	4.2443	(3,405,376)	257,000,000	4.2229	(2,003,501)
Over 5 years	31,000,000	3.3300	(446,564)	31,000,000	3.3325	98,295
	288,000,000	4.2186	(4,607,827)	328,000,000	3.8156	(1,334,942)

			2024			**2023**
	Notional value $	**Rate** %	**Market value** $	**Notional value** $	**Rate** %	**Market value** $
Receive fixed swaps:						
Terms to maturity						
Within 1 year	20,000,000	4.5700	111,225	20,000,000	5.2010	84,095
1 year to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
	20,000,000	4.5700	111,225	20,000,000	5.2010	84,095

The loss on the revaluation of these interest rate swaps of $3,236,768 (2023 – $4,115,612) is recorded in financial expense.

The Company also uses bond forward agreements to manage the interest rate risk on certain mortgages. Mark-to-market gains (losses) on bond forwards are recorded in securitization gains.

The following bond forward contracts were outstanding and recorded in accounts payable and accrued liabilities as at December 31, 2024 and other assets as at December 31, 2023.

	2024			2023		
	Notional value $	**Forward price %**	**Market value $**	**Notional value $**	**Forward price %**	**Market value $**
Bond forward:						
Terms to maturity						
Within 1 year	10,240,000	93.705	(9,232)	1,000,000	100.500	(57,448)
1 year to 5 years	-	-	-	-	-	-
	10,240,000	93.705	(9,232)	1,000,000	100.500	(57,448)

c) Index-linked deposits

The Company offers index-linked term deposits, which are non-redeemable three and five-year term deposits that pay, on maturity, a return to the depositor linked to the performance of a market index. The interest paid to the depositor at maturity is based on the growth in the index over the term of the deposits.

To offset the risk of this variable interest rate, the Company enters into agreements whereby the Company pays a fixed rate of interest for the term of each index-linked deposit based on the face value of the deposits sold. At the end of the term, the Company receives an amount equal to the amount that will be paid to the depositors. As at December 31, 2024, the balance of outstanding index-linked deposits was $3,677,420 (2023 – $6,176,616) (note 12).

d) Fair value

The following table presents the fair value of the financial instruments of the Company based on the valuation methods and assumptions set out below. Fair value represents the amount at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions, and is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Fair value is best evidenced by a quoted market price, if one exists. Quoted market prices are not available for a significant portion of the Company's financial instruments.

The fair values disclosed exclude the values of assets and liabilities that are not considered financial instruments, such as prepaid expenses and balances that are statutory in nature. In addition, items like the value of intangible assets such as customer relationships, which, in Management's opinion add significant value to the Company, are not included in the disclosures below.

A three-tier hierarchy is used as a framework for disclosing fair values based on inputs used to value the Company's financial instruments recorded at fair value. Valuation methods used in this framework are categorized under the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical financial instruments.

- Level 2 – Inputs other than quoted prices included within level 1 that are observable either directly or indirectly.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data. This level includes equity investments and debt instruments with significant unobservable components.

The Company's policy is to recognize transfers into and out of the fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2024, the Company had no transfers between fair value hierarchy levels.

The following table summarizes the fair value measurements recognized in the consolidated balance sheet by class of asset or liability and categorized by level according to the significance of the inputs used in making the measurements.

The carrying value of cash and cash equivalents and accrued interest on assets and liabilities approximates their fair value as they are short-term in nature or are receivable on demand.

For investments, corporate equities are valued using quoted market prices (Level 1) and government and corporate debt instruments are valued using market prices provided by third-party brokers (Level 2). Co-operative equities that do not have a quoted price in an active market are valued based on recent transactions. The ownership of co-operative equities is typically restricted to credit unions and other credit union system partners, and is usually a condition of membership or necessary for access to the services provided by a system partner. As a result, transactions in these investments are restricted and typically occur at par value, which is the best estimate of fair value.

Given the nature of most investments in co-operative equities – specifically, the fact that investments are typically not made for the purpose of financial gain (i.e. to earn investment income) – the application of valuation techniques to determine fair value are typically not in use. In limited cases where such valuation techniques have been utilized, that information is used in determining the fair value of the co-operative investment. The Company continues to monitor these investments for any indication that a new measure of fair value is available.

For variable rate loans and deposits, the carrying value is also considered to be a reasonable estimate of fair value. For fixed rate loans and mortgages, co-operative deposit investments, deposits and mortgage-backed securities, the fair value is calculated using a discounted cash flow model based on current interest rates and the term to maturity of the instrument (Level 2). The discount rates applied were based on the current market rate offered for the average remaining term to maturity.

The fair value of derivatives is determined using observable market inputs, including forward exchange rates and interest rates, as applicable, at the measurement date, with the resulting value discounted back to present values. The calculated values are compared to statements received from counterparties.

The determination of estimated fair values is based on market conditions at a specific point in time and may not be reflective of future fair values.

	Level 1 $	Level 2 $	Level 3 $	Total fair value $	Total carrying value $
2024					
Assets					
Investments	1,926,720	1,300,270,524	24,998,304	1,327,195,548	1,323,471,199
Loans and mortgages	-	864,381,983	-	864,381,983	860,801,902
Liabilities					
Deposits	-	1,943,021,455	-	1,943,021,455	1,933,755,978
Mortgage-backed securities	-	208,002,785	-	208,002,785	210,495,645
2023					
Assets					
Investments	1,644,920	1,169,891,350	24,083,727	1,195,619,997	1,195,619,997
Loans and mortgages	-	696,356,599	-	696,356,599	709,759,185
Liabilities					
Deposits	-	1,689,513,089	-	1,689,513,089	1,692,120,091
Mortgage-backed securities	-	201,885,995	-	201,885,995	212,499,199

Changes in Level 3 fair value measurements

The table below presents a reconciliation of the changes in Level 3 financial instruments during the years ended December 31, 2024 and 2023, including realized and unrealized gains (losses) included in income and OCI.

	2024 $	2023 $
Balance at January 1	24,083,727	22,001,561
Realized and unrealized gains (losses)		
Included in income (loss)	422,458	130,663
Included in OCI	(2,143,437)	1,793,039
Purchases	2,635,556	158,364
Disposals	-	100
Balance at December 31	24,998,304	24,083,727

15 Related party transactions

a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, and include members of the Board, the President and CEO and other senior officers of the Company. Compensation to members of the Board is limited to an annual honorarium.

The President and CEO and each of the five other senior officers of the Company earned variable compensation during the year. The Company's Total Compensation Program does not include guaranteed bonuses or deferred compensation payments. Variable compensation is earned during the year and paid in cash in the following year. Directors do not participate in any variable compensation programs.

The components of total compensation received by key management personnel and balances due to/from key management personnel are as follows:

	2024 **$**	**2023** **$**
Short-term employee benefits	1,702,718	1,345,701
Contributions to group savings for retirement program	107,179	92,240
Variable compensation	299,045	222,088
Mortgage balances due to key management	68,770	73,881
Deposit balances due to key management	196,112	187,684

Short-term employee benefits include salaries, director remuneration and other benefits. The mortgage and deposit transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

b) Associates

The Company has a contract with League Data Limited, a related company by virtue of common ownership, for the provision of administrative, management and other services. The companies also transact other business in the ordinary course of operations. The following transactions and balances are measured at the exchange amount:

	2024 **$**	**2023** **$**
Income and fees related to the management contract	105,000	86,000
Services and equipment purchases from League Data Limited	415,836	433,537
Other deposits with Central	5,920,240	3,174,578
Amount payable to League Data Limited	73	(880,975)
Deferred funding for regional marketing program	15,635	25,155

16 Commitments and contractual obligations

a) Approved loans and mortgages

As at December 31, 2024, the Company had approved lines of credit in the amount of $240,173,924 (2023 – $209,993,232) and approved mortgages for syndication in the amount of $96,422,672 (2023 – $66,988,500) and other approved mortgages in the amount of $318,243,513 (2023 – $249,884,395) that have not been advanced to borrowers.

b) Clearing and settlement agreement

Central has entered into a contract for clearing, settlement and US dollar account services. Pricing is subject to annual adjustment effective January 1 of each calendar year. The contract was effective December 11, 2023 and has a five-year term.

c) CCIF Limited Partnership capital contributions

In 2017, in accordance with the terms of a CCIF Limited Partnership Agreement, the Company entered into a subscription agreement to invest in the capital of CCIF Limited Partnership (CCIF). The subscription is for $375,000 in partnership units and $125,000 in partnership loans. As required by the subscription agreement, the Company has made a number of investments in CCIF.

As at December 31, 2024, the Company had the following outstanding commitment to CCIF:

	2024			2023		
	Units	Loans $	Total $	Units	Loans $	Total $
Total commitment	375,000	125,000	500,000	375,000	125,000	500,000
Investment to date	214,925	71,642	286,567	214,925	71,642	286,567
Remaining commitment	160,075	53,358	213,433	160,075	53,358	213,433

The date of the capital call for the remaining committed amount, which is at the discretion of the General Partner of CCIF, has not yet been determined.

17 Income taxes

The provision for income taxes differs from the result that would be obtained by applying the combined Canadian federal and provincial statutory income tax rates to income before taxes. This difference results from the following:

	2024 $	2023 $
Income before income taxes	3,006,843	(334,512)
Statutory income tax rate	29.00%	30.64%
Expected income tax	871,984	(102,496)
Effect on income tax of		
Non-taxable dividends	(3,121)	(191,109)
Permanent tax differences	35,344	(1,201,848)
Capital and large corporate tax	1,499,041	1,326,243
Differences due to rates	40,424	8,083
Other	87,079	10,790
Total income tax expense (recovery)	2,530,751	(150,337)

The significant components of income tax expense are as follows:

	2024 $	2023 $
Current income tax expense		
Federal and provincial	(2,534,194)	(2,594,594)
Capital and large corporate tax	2,111,326	1,867,948
	(422,868)	(726,646)
Deferred income tax expense		
Origination and reversal of deductible temporary differences	2,953,619	576,309
	2,530,751	(150,337)

The components of the future income tax assets (liabilities) are as follows:

	Balance	Recognized in		Balance	Recognized in		Balance
	2022 $	Net income (loss) $	OCI $	2023 $	Net income (loss) $	OCI $	2024 $
Deferred tax assets							
Property and equipment	538,759	(87,497)	-	451,262	(81,108)	-	370,144
Allowance for impaired loans	608,426	160,872	-	769,298	70,324	-	839,622
Losses carried forward	4,928,545	(548,896)	-	4,379,650	(2,937,755)	-	1,441,895
Net donations carried forward	88,097	(36,929)	-	51,168	5,680	-	56,850
Net capital losses	8,445	(8,423)	-	22	-	-	22
Other	-	243	-	243	40	-	283
	6,172,275	(520,639)	-	5,651,634	(2,942,808)	-	2,708,818
Deferred tax liabilities							
Unrealized gains on investments	1,983,296	55,673	-	2,038,969	10,801	-	2,049,770
	4,188,976	(576,303)	-	3,612,665	(2,953,609)	-	659,055
Deferred tax asset (liability)							
Attributable to							
Central	3,590,583	(739,488)	-	2,851,094	(3,034,403)	-	(183,309)
League Savings	598,393	163,177	-	761,571	80,785	-	842,356
Net deferred tax asset (liability)	4,188,976	(576,311)	-	3,612,665	(2,953,618)	-	659,055

18 Capital requirements

Federal Bill C-43, which came into effect in December 2014, included provisions repealing Part XVI of the Cooperative Credit Associations Act (CCAA), which permitted provincial Centrals to operate with oversight from the federal Office of the Superintendent of Financial Institutions (OSFI). As a result of this change, provincial governments become exclusively responsible for the oversight of provincial Centrals effective January 15, 2017.

Central continues to manage its capital under the guidelines established by OSFI, which prescribes a liabilities to capital borrowing multiple not to exceed 20 times capital. The Company is also subject to the requirements of the Credit Union Act, which requires Central to establish and maintain a level of equity that is not less than 5% of its assets.

League Savings is subject to guidelines OSFI has issued based on standards issued by the Bank for International Settlements, Basel Committee of Banking Supervisors (BCBS). OSFI has adopted capital guidelines based on the standards known as Basel II, which became effective for League Savings in 2008. Pillar 1 of the Basel II framework defines minimum capital requirements, while Pillar 2 addresses standards for the management of capital requirements.

Capital requirements are determined based on exposure to credit risk, operational risk and, for entities with significant trading activity, market risk. The standards provide different methodologies for the calculation of risk exposures based on a company's relative size and sophistication. League Savings has implemented the Standardized Approach for credit risk and the Basic Indicator Approach (BIA) for operational risk. League Savings is not subject to the requirements for market risk.

OSFI's Basel III capital requirements include rules to implement the BCBS guidance on non-viability contingent capital (NVCC). The NVCC rules require that all capital instruments include loss absorption features.

As of January 2019, under the BCBS rules, League Savings is required to meet new minimum requirements of: Common Equity Tier 1 ratio of 4.5% plus a capital conservation buffer of 2.5%, collectively 7%. Including the capital conservation buffer, the minimum Tier 1 ratio is 8.5% and the Total Capital ratio is 10.5%.

As of 2024, OSFI requires Canadian deposit-taking institutions to fully implement the 2023 Basel III reforms.

The Company has established internal limits to ensure that it meets its regulatory requirements. Central's capital is monitored regularly and reported to the Board quarterly. The Capital Management Plan, which forecasts capital requirements and includes contingency plans in the event of unanticipated changes, is reviewed by the Board annually.

Details of the Company's regulatory capital as at December 31 were as follows:

Central

	2024	**2023**
Maximum borrowing multiple	20	20
Actual borrowing multiple	15.6	12.7
Minimum equity ratio	5.0%	5.0%
Actual equity ratio	9.5%	9.6%

League Savings

	2024 $	2023 $
Risk-weighted assets for		
Credit risk	393,869,147	395,760,703
Operational risk	26,000,000	26,625,000
Total	419,869,147	422,385,703
Capital elements		
Common shares	41,857,854	37,857,854
Contributed surplus	1,785,887	1,785,887
Accumulated OCI	(207,902)	(946,313)
Retained earnings	35,506,126	35,364,821
CET1	78,941,965	74,062,249
Total Tier 1 capital	78,941,965	74,062,249
Stage 1 and Stage 2 allowance	2,552,420	2,453,017
Total Tier 2 capital	2,552,420	2,453,017
Total regulatory capital	81,494,385	76,515,266

	%	%
Ratios		
CET1	18.8	17.5
Total Tier 1	18.8	17.5
Total capital	19.4	18.0
Leverage ratio	6.9	8.2
OSFI targets		
CET1	7.0	7.0
Total Tier 1	8.5	8.5
Total capital	10.5	10.5
Leverage ratio	4.0	4.0

The Company's capital ratios have been in compliance with the regulatory requirements throughout the year.

19 Credit facilities

Central has established an operating line of credit of $35,000,000 with Central 1 Credit Union. The line of credit bears interest at the institution's prime lending rate. As security, Central has provided an assignment of marketable securities having a carrying value of $35,000,000. As at December 31, 2024 and 2023, there were no balances outstanding on this facility.

The Company has a line of credit agreement with Equitable Bank, bearing interest at Concentra (Equitable Bank) Prime rate minus 90 basis points (0.90%), up to an amount of $25,000,000. The facility is secured by a charge over insured residential mortgages covering 110% of the loan facility. As at December 31, 2024 and 2023, there were no amounts outstanding on this facility.

In the ordinary course of business, assets are deposited as security for contract settlements with derivative exchanges or other derivative counterparties for transactions conducted under terms that are common and customary to standard derivative activities. As at December 31, 2024, there was a deposit of $595,000 (2023 – $380,000) pledged as collateral in relation to derivative transactions.

20 Assets under administration

a) Mortgages under administration

Assets under administration include mortgages under administration, which are not the property of Central and are not reflected in the consolidated balance sheet.

b) Syndicated loans

Central provides a loan syndication program for credit unions. These loans, which are under Central's administration, are not the property of Central and are not reflected on the consolidated balance sheet. Although most of the loan syndications are purchased by credit unions, Central can be a participant if a loan is not fully subscribed to by credit unions.

When Central participates in the loan syndication, the amount is included in loans and mortgages on the consolidated balance sheet as non-residential. Where a fully subscribed loan syndication has not been distributed to credit unions, the undistributed amount is also included in loans and mortgages as non-residential.

As at December 31, the Company had assets under administration as follows:

	2024 $	2023 $
Mortgages under administration	50,540,182	57,046,524
Syndicated loans	259,887,257	392,721,642
Included in non-residential	1,207,144	1,236,959

21 Non-interest income (expense)

Non-interest income (expense) includes the following:

	2024 $	2023 $
Banking service fees	4,225,042	3,479,560
Securitization expenses	(484,907)	(583,870)
Lending service fees	1,145,261	1,602,746
Lending service expenses	(1,531,739)	(1,341,159)
Investment service fees	64,189	58,588
Investment service expenses	(512,198)	(203,244)
Member assessments	7,203,132	6,627,057
Management fees	105,000	86,000
Fees for service	2,722,270	2,541,844
Rentals	(3,749)	53,156
Other	816,080	757,407
	13,748,381	13,078,085

The expenses detailed above include direct expenses only. Salary and staff-related costs and other indirect costs required to provide these services are reported in operating expenses.

22 Other assets and accounts payable and accrued liabilities

Other assets include the following:

	2024 $	2023 $
Loan payments receivable	3,542,605	9,287,785
Prepaid Honeybee Mission expenses	2,599,873	2,599,873
Accounts receivable	2,871,999	2,607,749
Prepaid mortgage and deposit expenses	2,093,998	2,325,127
Prepaid MBS and CMB fees	554,466	603,121
Other	(412,729)	1,683,641
	11,250,212	19,107,296

Accounts payable and accrued liabilities include the following:

	2024 $	2023 $
Loan remittances payable	6,015,260	4,304,786
Swap valuation liability	4,487,533	1,250,852
Accrued expenses	3,380,734	9,452,678
Deferred commitment fees	1,831,620	895,175
Accounts payable	911,127	452,338
Other	1,543,106	1,004,428
	18,169,380	17,360,257

Included in accrued expenses is $nil (2023 – $6,100,000) related to the rebates paid in January 2024.

23 Initiatives and restructuring

Reported in initiatives are the costs of various initiatives relating to transformational change within the Company and the credit union system.

Spending on initiatives is as follows:

	2024 $	2023 $
System initiatives	2,472,163	1,288,876

24 Investment in CU-CUMIS Wealth Holdings Limited Partnership (CCWH)

The information below reflects the amounts presented in the financial statements of CCWH adjusted for difference in accounting policies between Central and CCWH, as applicable.

Aggregated financial information of CCWH, accounted for using the equity method, is as follows:

	2024 $	2023 $
Assets	166,103,973	161,548,668
Liabilities	9,278,405	21,591,356
Equity	156,825,568	139,957,312
Revenue	34,187,554	32,381,011
Expenses	3,290,483	4,964,900
Net income	30,897,071	27,416,111
Other comprehensive income	4,136,790	3,094,136
Comprehensive income	35,033,861	30,510,247
Interest held by Central	5.76%	5.76%
Net income	1,779,493	1,579,010
Other comprehensive income	238,255	178,204
Comprehensive income	2,017,748	1,757,214

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