

ANNUAL REPORT

2023



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Who We Are

The Public Service Credit Union is a co-operative financial institution with membership open to all the residents of Newfoundland & Labrador.

Mission

Provide financial solutions to maximize the financial well-being of members.

Vision

Be the preferred choice of members for all their financial services.

Values

We Believe in:

Innovation and Excellence

Dignity and Respect

Diversity and Inclusion

Integrity and Trust

Social Responsibility

Community

Co-operative Principles





Co-operative Principles

Statement Of Our Co-operative Identity

Co-operatives worldwide are governed by seven co-operative principles of the International Co-operative Alliance. Our values are put into practice by using these seven principles as guidelines.

1st Principle

Voluntary and Open Membership:

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd Principle

Democratic Member Control:

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organized in a democratic manner.

3rd Principle

Member Economic Participation:

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their co-operative, possibly by setting reserves, part of which at least would be indivisible, benefiting members in proportion to their transactions with the co-operatives and supporting other activities approved by the membership.

4th Principle

Autonomy and Independence:

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including government, or raise capital from external sources, they do on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle

Education, Training and Information:

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6th Principle

Co-operation among Co-operatives:

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

7th Principle

Concern for Community:

Co-operatives work for the sustainable development of their communities through policies approved by their members.



History of Public Service Credit Union

In 1936 a seed was planted among a number of senior public servants to organize a co-operative to provide various financial services to their fellow workers. In 1937 an organizational meeting was convened by Judge Browne in Canon Wood Hall for the creation of the Civil Service Co-operative Credit Society and the first \$121 was invested in December 1937. Judge Browne provided a sum of money to get the Credit Society started and the DSA provided a loan of \$75 to produce a set of credit union books.

The first Annual Meeting was held in the Newfoundland Hotel on January 27 1938, attended by a large gathering of Civil Servants. Following the election of Officers, the Board officially admitted the first seventy-two members. Loan business commenced that February.

In 1942, the Civil Service Co-operative Credit Society Limited was incorporated under the Co-operative Societies Act on July 17, 1942 following five years of operation. The first office was opened in the Connors Building on the east corner of Queen and Water Street next door to the old Central Post Office and from there it was transferred to the basement of the Colonial Building.

The pace of change was slow and it was not until 1975 when the first full-time Manager was hired. The name changed from the Civil Service Co-operative Credit Society to Public Service Credit Union Limited February 1, 1978. In 1979, PSCU rented an office at 23 Cashin Avenue, providing 9-5 service. The first building was purchased on April 14, 1986 at 403 Empire Avenue. On completion of a new layout and installation of equipment, these new offices were officially opened by our founder, the Honorable W.J. Browne, P.C., Q.C., on October 16, 1986, International Credit Union Day.

In the late 80's and early 90s the pace of change accelerated as Member cards & Global Payment cards were introduced providing electronic access to members accounts 24/7 at the merchant and ATM level. In 1992, the Credit Union was the second Credit Union in the Province to provide member access at its' own ATM.

In 2003, the Credit Union commenced construction of modern new premises that was completed in July 2004. That same year, Centennial Credit Union ceased operations and its members transferred their accounts to Public Service Credit Union. August 2nd 2004 marked the first day of operation of the PSCU's new premises at 403 Empire Avenue, next to its previous location. The official grand opening was held on October 20th, 2004 during Co-op Week.

PSCU hired for the first time a General Manager Brian Quilty from the ranks of its own staff in 2006. That same year PSCU also changed its bond of association, opening its membership to all residents of Newfoundland and Labrador. In 2007 PSCU celebrated 70 years of providing financial services to its members.

In 2008 a much discussed and anticipated service, Financial Planning was offered to members. After ten years of discussing how this service could be offered under a feasible model, the Public Service Credit Union formed a partnership with four other Credit Unions, Horizon, Eastern Edge, Reddy Kilowatt and Community to offer Financial Planning to its' members through Credential Financial Strategies.

In most recent years the pace of change in the financial industry has been driven by new developments in technology. Members can access their accounts via the internet through Member Direct integrated (MDi), allowing members to review their account, to pay bills, to transfer money to other financial institutions anytime, anywhere internet service is available.

In 2009 two new products were added to the financial suite of products: Tax Free Savings Account (TFSA) and High Interest Savings Account (HISA).

In 2011 PSCU became a member of the newly formed Atlantic Central, which replaced the centrals in the Atlantic Provinces. In June 2011 PSCU offered Electronic Statements to its members to complement its internet banking service allowing members to store and view their statements online.



History of Public Service Credit Union

PSCU celebrated its' 75th anniversary in 2012. In January 2012 the electronic banking system was enhanced as the PSCU offered email money transfer service allowing members to email money to anyone with an email and a financial institution account. That same year cheque imaging was implemented replacing the hard copy.

In 2014 PSCU was the first CU in the province to launch the iPhone app providing 24/7 access to pay bills, transfer money and email money from the convenience of the iPhone. This was quickly followed in 2015 with the introduction of the Android app and Deposit Anywhere™ to compliment the electronic suite of products. In 2016 Interac® OnLine and Interac Flash® was provided to enhance the convenience and speed of card services.

In 2017 PSCU celebrated 80 years of its rich history and success since 1937, providing financial service and advice to its members.

In 2018 PSCU along with the national credit union system launched a more robust suite of credit card products provided by Collabria a credit card company owned by credit unions to replace TD/Cuets credit card and Global Payment Mastercard. Additionally in 2018 a new entity Aviso Wealth was formed to offer credit union members and other clients a strong alternative to the banks and other wealth management companies for investment planning and advice, lower management fees, and the products and services that best meet their needs.

PSCU paid an historic rebate of \$350,000 in 2019 to its members as a result of meeting its long-term goal of 10% capital. Throughout 2019 PSCU enhanced its online services providing E-transfer auto deposit, E-transfer withdrawal request and Apple Pay for Collabria Credit Cards.

PSCU paid \$200,000 member rebate in 2020 for the 2019 fiscal year while maintaining the Credit Union's policy on 10% capital. Additionally PSCU held its first ever virtual AGM on September 29, 2020 due to the concerns stemming from the Covid-19 pandemic.

PSCU is excited to continue its' digital transformation journey and in partnership with League Data, Central 1, Interac® and CUA new digital offerings were provided to members in 2021, Mobile Wallet for Apple, Samsung and Google devices. Digital Account Opening and Lending (DAOL) which is in its initial stages provides members with the convenience of 24/7 ability to apply for membership, deposit and loan services, online and in branch.

In 2022 PSCU celebrated 85 years of providing financial solutions to its members, recognizing the work of the current and previous Board of Directors, especially the founding fathers of PSCU in 1937, management, employees and members. PSCU successfully opened its first membership applications and deposit accounts through its Digital Account Opening and Lending (DOAL) program ASAPP.

PSCU provides innovative and responsive Financial Services that are focused on our members best interest: loans, mortgages, home equity lines of credit, registered saving products (RRSPs, RRIFFs, RESPs, TFSAs, FHSA), Investments, savings, chequing, loan insurance, deposit protection, on line banking, mobile banking, telephone banking, Financial Planning , Interac, ATM and Credit Cards.

We are backed and supported by credit unions nationally and over 40,000 worldwide.

Employees and Directors

Employees

Brian Quilty, CEO
 Kim Hickey, MCO
 Ian Barrett, MF
 Joanne Cooper
 Wanda Learning
 Michele Thomson
 Nichole Manning
 Colleen Knight
 Lisa Quirk
 Michelle Littlejohn
 Wanda Keats
 Cathy Clarke
 Kostadin Manolov
 Trudy Pike
 Karen Fry
 Brayden Scammell

Board of Directors

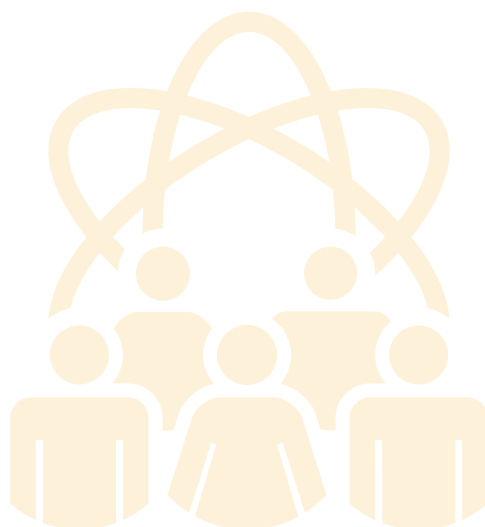
Doug Dewling (Chair)
 George Smith (Vice Chair)
 Bill Janes (Secretary)
 James Anstey (Member at Large)
 Dave Dewling
 Sean Brophy
 Michelle Power
 Shawn O'Reilly
 Catherine Chalker

AGM Elected	Name	Term
March 2021	Doug Dewling	March 2021 - March 2024
	William Janes	March 2021 - March 2024
March 2022	Shawn O'Reilly	March 2022 - March 2024
	James Anstey	March 2022 - March 2025
	George Smith	March 2022 - March 2025
March 2023	Dave Dewling	March 2022 - March 2025
	Michelle Power	March 2023 - March 2026
	Sean Brophy	March 2023 - March 2026
	Catherine Chalker	March 2023 - March 2026



2023 Board of Directors' Meeting Attendance

Director	Board	Executive	Audit	Governance	CSR	Nominations
Doug Dewling Chair	12	10	7	6	2	2
George Smith Vice-Chair Chair of Governance	12	9	-	6	2	-
Bill Janes Corporate Secretary	9	10	-	-	2	-
Jim Anstey Member at Large Chair of CSR Committee	12	10	-	3	2	1
Dave Dewling Chair of Audit	12	-	8	3	3	2
Michelle Power	9	-	-	3	4	-
Sean Brophy Chair of Nominations Committee	12	-	8	-	2	2
Catherine Chalker	12	-	-	6	-	-
Shawn O'Reilly	12	-	7	2	-	-





Committees of the Board

(The CEO, the Manager of Finance and the Manager of Credit & Operations serve as a resource on various Board Committees.)

Executive Committee – is elected by the Board of Directors. This Committee exercises all powers of the Board between meetings of the Board.

Committee members: Doug Dewling-Chair, George Smith-Vice Chair, Bill Janes-Secretary and James Anstey-Member at Large.

Audit Committee is appointed by the Board of Directors. This Committee co-ordinates and reviews the external and internal audit functions with the Auditors and reviews other reports as required.

Committee members: Dave Dewling-Chair, Sean Brophy, Shawn O'Reilly, Doug Dewling and Justin Crickard (Non Board member).

Governance Committee is appointed by the Board. This Committee reviews governance processes and proposes changes.

Committee members: George Smith-Chair, Doug Dewling, Dave Dewling, and Catherine Chalker.

Nomination Committee is appointed by the Board to oversee the election process and conduct the election at the AGM.

Committee members: Sean Brophy-Chair, James Anstey, Doug Dewling and Dave Dewling.

Cooperative Social Responsibility Committee is appointed by the Board to oversee the corporate social responsibility for the Credit Union.

Committee members: James Anstey-Chair, Doug Dewling, George Smith, Dave Dewling and Michelle Power.



Program and Agenda

87th Annual General Meeting March 26, 2024

Registration – 6:00 p.m.

Call to Order – 6:15 p.m.

Chair’s Welcome

Introductions

Report on Registration

Adoption of Rules of Order

AGENDA

1. Adoption of Agenda
2. Minute of silence for deceased Members
3. Minutes of the 86th Annual General Meeting
4. Unfinished Business arising from the Minutes
5. Report of the Board of Directors
6. Report of the Chief Executive Officer
7. Report of the Independent Auditor
8. Report of the Manager of Finance
9. Report of the Audit Committee
10. Appointment of the Independent Auditor
11. Report of the Nomination Committee and Election of Directors
12. New Business
13. Adjournment



Rules of Order and Voting

The meeting shall be called to order.

Voting shall be done electronically, using the unanimous consent method for voting on motions. This method differs slightly from our usual method of passing motions by a show of cards or hands. When a motion is requested, the Chair will still ask for movers. If you wish to move a motion, please type the phrase “I move”, as applicable, into the Chat panel. We will select the first two names as mover and seconder.

Once moved and seconded, the Chair will then ask if there are any questions to the motion. If no questions are asked, the motion will be passed. If there are questions, you are asked to click the hands icon to raise your hand and then type your question. If you are opposed to a motion, you may indicate so by typing the phrase “I am opposed” into the Chat panel.

If there is opposition to a motion, we shall proceed with a full count of those delegates in favour and opposed, as directed by the Chair.

When a provision is not made in the RULES OF ORDER and it is not in conflict with the Constitution, Roberts Rules of Order shall apply.



Minutes of the 86th Annual General Meeting

The meeting was officially called to order by Chair Dewling at 6:15PM.

CHAIR'S WELCOME/INTRODUCTIONS

The Chair introduced himself and welcomed all members attending the 86th PSCU AGM. The Chair spoke about how meeting virtually has provided additional opportunity for those unable to attend the AGM in person, making for a more inclusive meeting.

The Chair welcomed guests:

- Tom Fraize, QC (Fraize Law Office)
- Greg McPhee (Account Manager, CUMIS)
- Colin Lewis (Director Strategic Alliances, Concentra Bank)
- Celina Stoyles (Kids Eat Smart)
- Tammy Mercer (Manager Sales & Training, AC)
- Trevor McCormick (CEO, CUDGC)
- Allison Chaytor-Loveys (Director, CUDGC)

REPORT ON REGISTRATION

The Chair asked Moderator Ian Barrett for a report on registration and if there was a quorum present. Ian advised that a quorum was present.

ADOPTION OF THE RULES OF ORDER

Moderator Ian Barrett reviewed a series of housekeeping items including the parameters around voting in a virtual setting.

The Chair called for a motion to adopt the Rules of Order.

Moved George Smith; Seconded by Sean Brophy
MOTION CARRIED

AGENDA

1. ADOPTION OF AGENDA

The Chair called for a motion to adopt the agenda.

Moved: Shawn O'Reilly; Seconded: George Smith
MOTION CARRIED

2. MOMENT OF SILENCE FOR DECEASED MEMBERS

The Chair asked for a moment of silence from those in attendance to recognize the PSCU's deceased members.

3. MINUTES OF THE 85th ANNUAL GENERAL MEETING

The Chair asked for a motion to adopt the minutes of the 85th Annual General Meeting. There were no errors or omissions noted by the membership.

Moved: Michelle Power; Seconded: Sean Brophy
MOTION CARRIED



Minutes of the 86th Annual General Meeting

4. UNFINISHED BUSINESS ARISING FROM THE MINUTES

The Chair briefly spoke to an item in the previous AGM Minutes that referred to an employee matter. The Chair advised that there will be no further comment on this matter. Under Section 12.7(m) of the By-Law, dealing with New Businesses, it states to deal with other matters that may properly come before this meeting. This matter is not something that is considered appropriate for this meeting. The Chair has instructed those assisting with this meeting to consider any questions posed on this matter to be out of order and to reply to the sender indicating that the question is out of order.

5. REPORT OF THE BOARD OF DIRECTORS

The Chair advised that the 2022 financial results were the best the Credit Union has seen. The Board of Directors, on reviewing the year end results, has approved a patronage refund of \$600,000 to the members, the largest patronage refund in the history of the Credit Union.

From the Regional/Provincial perspective, there were the following momentous events in 2022:

- George Smith is a Director of League Data and continued as a Director of League Savings and Mortgage.
- Doug Dewling continued as a Director of the Atlantic Central Board and as the Chair of the Atlantic Credit Unions Chairs' Association.
- Atlantic Credit Unions continued to fund bursaries and contribute to various community initiatives.
- Further consolidation among Credit Unions is expected in 2023. Members of Atlantic Edge, Eastern Edge, and Hamilton Sound Credit Unions will be voting on a merger proposal in April 2023.
- The PSCU Doug French Memorial and Cooperators' Insurance Scholarships were once again awarded in 2022.

Additional momentous events in 2022 include:

- The Board and its sub-committees continued to provide oversight of the Credit Union and carry out duties including monitoring financial performance and compliance.
- The Governance Committee completed a review of the By-laws to bring them into compliance with the Credit Union Act and Regulations.
- The Audit Committee met to review financial information, report on risk, as well as reports from auditors.
- The Nomination Committee was able to attract candidates to fill the Director positions.
- The Co-operative Social Responsibility (CSR) Committee continued to ensure our Charitable giving aligns with the United Nations Sustainable Development Goals (SDGS) and seven Co-op principles as aligns with existing Credit Union principles and goals.

The Chair acknowledged the completion of three-year terms for:

- Michelle Power
- Sean Brophy

The Chair acknowledged the completion of the one-year term for:

- Catherine Chalker

All three Directors have offered themselves for re-election.

In closing, the Chair advised that the Board would like to recognize and congratulate Directors who have completed courses required for the Credit Union Director Achievement (CUDA) designation. The Board thanks PSCU Management and staff for their continued support as well as members for their patronage throughout 2022.

Moved: Dave Dewling; Seconded: Shawn O'Reilly
MOTION CARRIED



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6. REPORT OF THE CHIEF EXECUTIVE OFFICER (CEO)

Since March of 2020 when the World Health organization declared Covid-19 a pandemic, our world has certainly proven to be very challenging, for both members and your credit union. Almost overnight, the pandemic changed member behaviors, with an enormous switch to online and digital platforms, and a huge decline in in-branch traffic. PSCU has had a digital presence for many years with offering products and services through our online banking product, Member Direct and through apps for mobile devices as well as offering members the ability to apply for membership and products through our website.

In 2022 we provided an additional digital offering through our ASAPP program, the ability to apply for membership and open deposit accounts both in branch and online. PSCU successfully opened its first membership applications and deposit accounts in 2022, through this Digital Account Opening and Lending (DAOL) program. DAOL provides the ability to apply for new membership and deposit accounts 24/7, at a place and time chosen by the individual, removing the barriers of 9-5 and bricks and mortar.

We believe members will continue to embrace digital banking and enjoy the convenience and security of banking from their home or office. Digital banking will form an important touch point as part of member relationships going forward, and we'll build on our leadership in this area as we don't expect a change back to previous behaviors.

The CEO spoke about how the PSCU continues to play a significant role in the communities they serve, providing donations and sponsorships to multiple groups. Since 2012, the PSCU has contributed over \$330,000 to various organizations in our communities. This remains a top priority for the PSCU.

Looking ahead in 2023 and beyond, one of our highest priorities for us, as well as all other Credit Unions in the Atlantic, is the conversion to a new banking system, Mambu to replace our legacy banking system Horizon.

In 2022 Concentra Bank and its subsidiary Concentra Trust which is PSCU's trustee for registered products, RRSPs, RRIFs, and TFSAs was sold to Equitable Bank. Concentra Bank and Concentra Trust will become part of the Equitable family and will operate as usual serving Credit Union Members. Members will continue to receive trust services and information directly from Concentra Trust.

In 2022 PSCU celebrated 85 years of providing financial solutions to its members, recognizing the work of current and previous Board of Directors, especially the founding fathers in 1937, its management, employees, and members.

As noted in the Chair's report, Public Service Credit Union Board has approved a \$600,000 rebate to its members for the 2022 fiscal year. The amount that each member will receive is based on the interest earned on deposits and interest paid on loans, therefore the more business those members have with their CU, higher the rebate.

For those members who have mortgages, loans, and deposits with other FIs, the CEO encouraged members to consider switching to PSCU. Also, the CEO encouraged members to refer friends and family members to PSCU.

Members can check their April statement for their rebate which will have a credit to their share and registered accounts such as RRSPs, RRIFs, and TFSAs.

The CEO congratulated the following employees who have reached the following milestones as of December 2022:

- Wanda Keats 25 years
- Michele Thomson 15 years
- Nichole Manning 15 years
- Cathy Clarke 5 years



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The CEO also recognized Sharon Tucker, PCSU Manager of Credit & Operations for her dedication and service to the Public Service Credit Union. Sharon has been a significant contributor to the success of our Credit Union and the CEO congratulated her on a well-deserved retirement, starting this July. The CEO also welcome Kim Hickey who will be replacing Sharon as Manager of Credit & Operations.

The CEO thanked PCSU employees for their continued support and the Board for their leadership, support, and guidance throughout the year. Additionally, the CEO thanked the members, for their continued business and confidence in the Credit Union and the CEO looked forward to building on our Credit Union's financial success. The CEO stated it is a privilege and honor to serve as CEO for the PCSU.

Moved: Michelle Power; Seconded: Jim Anste
MOTION CARRIED

7. REPORT OF THE INDEPENDENT AUDITOR

Ian Barrett, PCSU Manager of Finance, presented the Independent Auditor's Report. Ian advised that a clean audit opinion was issued; and that the financial statements present fairly, in all material respects, the financial position of the PCSU and comply with all International Financial Reporting Standards.

8. REPORT OF THE MANAGER OF FINANCE

Ian advised of the following financial metrics for 2022:

- Asset and Deposit Growth
 - Loan portfolio increased by \$1,148,000.
 - Assets decreased by \$2,267,000.
 - Cash and investments decreased by \$4,063,000.
 - Deposits decreased by \$3,553,000.
- Liquidity
 - \$23,032,000 in total liquidity
- Loan Loss Risk
 - There was a reversal of expense for impaired loans of (\$230,000).
 - Loans written-off for the year total \$59,000.
- Capital Adequacy
 - Total capital of \$7,340,000 for a shortfall of \$203,000.
- Income Statement:
 - After a rebate of \$600,000 and taxes of \$50,000 the profit for 2022 is \$363,000.
 - Other income decreased from \$475,000 to \$473,000.
 - Total operating expenses increased by \$418,000.

	2022	2021
Assets		
Cash & cash equivalents	\$ 18,777,790	\$ 23,427,279
Deposits - Interest bearing liquidity accounts (Note 4)	4,254,243	3,727,384
Investments (Note 4)	1,725,110	1,865,340
Loans & mortgages receivable (Note 6)	16,817,875	16,141,778
Current income taxes receivable	30,386	12,458
Other assets (Note 8)	423,662	28,259
Future income taxes receivable	23,812	28,580
Property, plant, & equipment (Note 7)	1,331,200	1,317,315
	\$ 37,568,132	\$ 39,615,443
Liabilities		
Accounts payable & accrued liabilities	\$ 758,313	\$ 408,796
Rebates payable	600,000	
Accrued severance pay	268,643	375,105
Members' deposits (Note 9)	16,056,646	19,197,538
Payable taxes payable	31,797	52,773
	16,984,160	19,934,212
Members' Equity		
Retained Earnings	6,984,953	6,642,933
	\$ 37,568,132	\$ 39,615,443

	2022	2021
Financial Revenue		
Interest income - loans & mortgages	\$ 2,169,935	\$ 2,115,441
Investment income	506,210	148,620
	2,676,145	2,264,063
Cost of Funds		
Interest on members' deposits	215,187	190,903
Financial margin	2,460,958	2,073,160
Other income		
Service charges	256,306	268,433
Other (Note 14)	53,905	58,737
Insurance commissions	1,71,147	117,893
Interac fees	42,141	34,958
	473,499	479,921
Income before operating expenses	2,934,457	2,548,181
Operating Expenses		
Member security (Note 15)	132,951	109,461
General business (Note 16)	1,920,191	1,739,531
Occupancy	69,934	63,429
Amortization	48,415	63,040
Provision for impaired loans (recovery)	(229,416)	123,239
	1,921,875	2,078,699
Net income before income taxes & patronage rebates	1,012,582	469,482
Patronage rebates	600,000	
Income taxes		
Income tax (recovery)	5,888	(273)
- Current (Note 10)	43,684	54,271
Total Comprehensive Income	\$ 363,000	\$ 395,380

In conclusion, Ian stated that the PCSU was strategically positioned to be positively impacted by the Bank of Canada's rate increases that permeated the financial landscape in 2022. Ian also stated that the PCSU is pleased, despite a turbulent economic environment, with the financial performance of the credit union and look forward to its continued success.

Moved: Shawn O'Reilly; Seconded: Richard Sparkes
MOTION CARRIED



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9. REPORT OF THE AUDIT COMMITTEE

At the 2021 AGM, the members confirmed the appointment of Byron Smith, CPA, LLP as auditor for the 2022 External Year End Audit.

During the year, the Audit Committee reviewed and recommended their approval to the Board the following:

- Financial Statements for the year ending December 31, 2021.
- 2021 Year-End Management Letter from our External Auditors and management response.
- 2021 Internal Audit Report and management response.
- 2022 Biennial Fintrac Review and management response.
- Quarterly financial statements and reports prepared by management and external parties such as Atlantic Central.
- Quarterly reports submitted by the CU to the Regulator and the Credit Union Deposit Guarantee Corporation (CUDGC).
- Reviewed regular reports on the key risk areas of the CU, its operations and monitoring any action as required.

During the year, the Audit Committee also:

- Met with the External Auditor Byron Smith to review the draft Audit Financial Statement and Management Letter.
- Met with Internal Auditor Brian Scammell to develop the internal audit plan and review the draft report.

Ian concluded by thanking, on behalf of the Committee, management, and staff of the Credit Union, both auditors and their teams, for their work during the past year.

Moved: Dave Dewling; Seconded: Richard Sparkes
MOTION CARRIED

10. APPOINTMENT OF THE INDEPENDENT AUDITOR

The Audit Committee moves that Byron Smith as Auditor for the External 2023 Year End Audit.

Moved: Shawn O'Reilly; Seconded: Dave Dewling
MOTION CARRIED

11. NOMINATION COMMITTEE & ELECTION OF DIRECTORS

The three incumbent Directors, who were up for re-election, reoffered:

- Sean Brophy
- Catherine Chalker
- Michelle Power

There were 3, 3-year term positions to be filled. Having received three nominations for three positions the nominees were acclaimed.

The Chair thanked the nominees, committee members, management support person, as well those who assisted the Committee.

Moved: Dave Dewling; Seconded: George Smith
MOTION CARRIED



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12. BY-LAW RESOLUTIONS/AMMENDMENTS

The Board of Directors of the Public Service Credit Union prepared a Resolution to its Share Requirement for new members going forward and series of mandatory amendments to its By-laws in 2022.

Proposed Amendments

The chair asked for a motion to approve the amendment of 6.01(4) which refers to minimum shareholding for new members. The proposed amendment indicates that new members shall be required to hold only the minimum number of shares required under the Act and Regulations.

Moved: George Smith; Seconded: Sean Brophy

MOTION CARRIED

Mandatory Changes

The Board of Directors of the Public Service Credit Union have prepared the following changes to its by-laws.

The Act and Regulations which are administered by the Provincial Government of Newfoundland & Labrador, have been revised within the past two years requiring changes to PSCU's By-laws. Many of these changes are necessary to ensure that the By-laws are compliant with the Credit Union Act and Regulations.

By-Law (Current)	Proposed Change	Rationale
Section: 2.01 (g) "director" means an individual occupying the position of Director on the Board of the Credit Union;	Section: 2.01 (g) "director" means person occupying the position of Director on the Board of the Credit Union by whatever name that person is called, and "directors" and "board of directors" includes a single director.	Applying definition from the Act
Section: 2.01 (o) "special resolution" means a resolution passed by a 2/3 majority of the votes cast by the persons who voted in respect of that resolution or signed by all the persons entitled to vote on that resolution as per the Act. Section 5.02 (1): Membership may be extended to a person under 19 years of age as per Section 48 (3) of the Act.	Section: 2.01 (o) "special resolution" means a resolution passed by a majority of not less than 2/3 of the votes cast by the persons who voted in respect of that resolution or signed by all the persons entitled to vote on that resolution. 5.02 (1) Membership may be extended to a person under the age of majority as per Section 48 (3) of the Act.	Applying definition from the Act
Section 5.02 (1): Membership may be extended to a person under 19 years of age as per Section 48 (3) of the Act.	5.02 (1) Membership may be extended to a person under the age of majority as per Section 48 (3) of the Act.	Aligning terminology with the Act
Section: N/A	(New) Section: 5.07 A member who relocates outside the province may retain their membership.	Aligns with Regulation 33(5)(g)



Minutes of the 86th Annual General Meeting

By-Law (Current)	Proposed Change	Rationale
Section: 7.01 (2) Notwithstanding Section 7.01 (1) of these By-laws the Credit Union may at any time require the member to give up to 90 days' notice in writing of their intention to withdraw the whole or any part of their deposit with the same power of extending this notice as provided for notice of share withdrawals in Section 6.04 of these By-laws.	Section 7.01(2) to be deleted.	Not permitted in the new legislation.
Section: 7.01 (3) Section 35 (3) of the Act and Section 7.01 (1) of these By-laws do not apply in relation to deposits placed with the Credit Union for a stated term or an amount contained in a deposit account on which a bill of exchange payable on demand may be drawn.	Section 7.01 (3) to be deleted.	Redundant - covered in the Act
Section: 7.02 (1) If on the death of a member, there is an executor of a will or administrator of the estate, the Credit Union shall subject to Section 6.02 of these By-law transfer or pay an amount equal to the value of the shares and other interest to the person or persons as may appear to the Board to be the executor of a will or administrator of the estate.	Section: 7.02 (1) If on the death of a member, there is an executor of a will or administrator of the estate, the Credit Union shall subject to Section 6.02 of these By-law and Section 13 of the Regulations transfer or pay an amount equal to the value of the shares and other interest to the person or persons determined to be the rightful beneficiary of the estate.	Adding Regulation number as directed by Regulator. Changing on the advice of regulator to eliminate implication that the Board must review all estate transactions.
Section: 12.01 Pursuant to the Act, a general meeting of the members shall be held at least annually at a time and place to be decided by the Board.	Section: 12.01 Pursuant to the Act, a general meeting of the members shall be held at least annually at a time and in the manner to be decided by the Board.	Enables meetings to be held virtually pursuant to the new legislation. "In the manner" are the words used in the Act.
Section: 12.03 Notices of all meetings shall be given not less than 14 days and not more than 30 days before the meeting to each member entitled to vote at the meeting per Act Section 57 (1). Notices calling special meetings shall clearly state the nature of the business to be transacted and only the business specified in each notice shall be transacted at a special meeting.	Section: 12.03 Notice of the time and date of a meeting of the members and the manner in which it is to be held shall be given not less than 14 days and not more than 30 days before the meeting to each member entitled to vote at the meeting per Section 57(1) of the Act. Notices calling special meetings shall state clearly the nature of the business to be transacted and only the business specified in each notice shall be transacted at a special meeting.	Requires notice to include the format of the meeting (for example in-person, virtual or hybrid). Applying consistent style to the reference to the Act.



Minutes of the 86th Annual General Meeting

By-Law (Current)	Proposed Change	Rationale
<p>Section 12.04 No member, individual, or group shall have more than 1 vote at any meeting of the Credit Union. When shares are held by 2 or more members jointly the one designated by the group may vote. If more than one person is present at any meeting, and there is no designation, only the one whose name appears first on the records shall be entitled to vote. There shall be no voting by proxy and no person shall vote both as a designated representative and a member.</p>	<p>Section 12.04 No member or group shall have more than 1 vote at any meeting of the Credit Union. When shares are held by 2 or more members jointly the one designated by the group may vote. If more than one person is present at any meeting, and there is no designation, only the one whose name appears first on the records shall be entitled to vote. If the member is not a natural person, the member must designate a person to vote on their behalf not less than 7 business days prior to a meeting. This designation will remain in effect until changed or revoked by the member. There shall be no voting by proxy.</p>	<p>Provides for orderly designation of voter for members who are corporations or associations. Also implements direction from regulator that a person can vote both as an individual member as designated voter(s).</p>
<p>N/A</p>	<p>Insert new 12.05 The Board may determine a telecommunications system or service by which some or all of the persons participating in a meeting may do so remotely, provided that all persons participating in the meeting are able to hear each other, and all persons participating in the meeting in that manner shall be considered to be present at that meeting.</p>	<p>Enables the Board to determine if meeting can include virtual participants, pursuant to the new legislation.</p>
<p>Section: 12.05 Voting shall be by a show of hands, except where a ballot is demanded by a member entitled to vote at the meeting. All questions, including elections, shall be determined by a majority vote except where a larger than majority vote may be required by the Act, the Regulations, or the By-laws. In the case of a tie, the motion shall be deemed lost. Only members over the age of 19 are entitled to vote. Associate members are not entitled to vote at a meeting of the credit union.</p>	<p>Renumber 12.05 to be 12.06, to read as: Section: 12.06 Voting at meetings where all persons entitled to vote are physically present shall be by a show of hands, except where a ballot is demanded by a member entitled to vote at the meeting. If the meeting includes persons participating remotely pursuant to section 12.05 the Board shall determine the mechanism for voting, provided that the voting process maintains anonymity and the voting outcome is verifiable. Associate members are not entitled to vote at a meeting of the credit union.</p>	<p>Provides for the Board to determine voting mechanism where some or all members are attending virtually; Removes redundant material covered in the Act/Regulations</p>



Minutes of the 86th Annual General Meeting

By-Law (Current)	Proposed Change	Rationale
Sections: 12.06 12.07	Renumber Sections 12.06 to be 12.07 12.07 to be 12.08	
Section: 13.06 A Director may participate in a meeting of the Board of Directors through the medium of appropriate telecommunications, provided all persons participating are able to clearly hear and understand each other. A Director so participating shall, for all purposes, is deemed to have been present at that meeting.	Section 13.06 to be deleted.	Redundant – covered in the Act
Sections 13.07 – 13.11	Renumber Sections to be 13.06 – 13.10	
Section: 13.11 (c) in addition to Sections 70(d),(e),(f) and (h) of the Act, must not have been an individual in any of those described positions in the past two years;	The renumbered Section 13.11(c) to read as: Section: 13.10 (c) in addition to Sections 70(2)(d), (e), (f) and (h) of the Act, must not have been an individual in any of those described positions in the past two years.	Correct the reference to the section number of the Act
Section: 14.01 The Lending Committee shall be established pursuant to the Act. The Committee will consist of the Chief Executive Officer and two other Credit Union employees pursuant to the Lending Policy.	Section: 14.01 The Lending Committee shall be established pursuant to the Act and Section 18 of the Regulations. The Committee will consist of the Chief Executive Officer and two other Credit Union employees pursuant to the Lending Policy.	Adding reference to regulation number as directed by Regulator.
Section: 14.03 The Lending Committee shall review all requests for credit from Directors, employees and Committee Members and family members of Directors and Committee Members as defined by the Regulations. When reviewing a request for credit by a Lending Committee Member or by a family member of the Lending Committee, that Member shall be excluded and a replacement person shall be sought as per Sections 14.01 and 14.06.	Section: 14.03 The Lending Committee shall review all requests for credit from Directors, employees and Committee Members and family members of Directors and Committee Members as defined by the Regulations. When reviewing a request for credit by a Lending Committee Member or by a family member of the Lending Committee, that Member shall be excluded.	Redundant



Minutes of the 86th Annual General Meeting

By-Law (Current)	Proposed Change	Rationale
Section: 14.06 If the Lending Committee is unable to obtain a quorum, the following shall become temporary members of the Lending Committee in this order of precedence: Chair, Vice-Chair and Secretary of the Board, but only in sufficient numbers to form a quorum.	Section 14.06 to be deleted.	Directors are not permitted to be members of the Lending Committee under the Act. The issue of quorum is addressed in policy further to section 14.01
Section: 17.02 The Audit Committee shall carry out its duties as per the Regulations and shall:	Section: 17.02 The Audit Committee shall carry out its duties as per Section 103 of the Act, and the Regulations, and shall:	Adding Act section number as directed by Regulator
Section: 28.01 The Credit Union may be dissolved by the consent of 2/3 of its members, but only in the way and manner provided by the Act.	Section: 28.01 The Credit Union may be dissolved in the manner provided by the Act.	Aligns with the Act.
Section: 29.02 Notwithstanding 28.01 an amendment or repeal of the By-laws is not effective until it is approved by the Superintendent.	Section: 29.02 Notwithstanding 29.01 an amendment or repeal of the By-laws is not effective until it is approved by the Credit Union Deposit Guarantee Corporation.	Correcting typo; Updating terminology to comply with legislation.

The Chair asked for a motion to approve the following by law changes:

Moved: Richard Sparkes; Seconded: Jim Anstey

MOTION CARRIED

13. NEW BUSINESS

No New Business presented.

14. ADJOURNMENT

Meeting Adjourned by Chair Dewling at 7:05PM



Report of the Board of Directors



Doug Dewling, Chair

2023 financial results were strong. The strategic direction set by the Board of Directors, the work of management and employees, and the continued business of the members resulted in a successful year. The Board of Directors, on reviewing the year end result, has approved a patronage refund to the members of \$600,000. This is the second consecutive year that the patronage refund of \$600,000 has been approved by the Board. Patronage rebates since 2018 total \$1,750,000. Management will explain the financial results in more detail in their reports.

Regional

Our Credit Union continues to contribute significantly to the Atlantic Credit Union System. George Smith is a Director of League Data and was Chair of League Savings and Mortgage during 2023-2024. George is the first Director from this province to Chair League Savings and Mortgage. Doug Dewling continued as a Director of the Atlantic Central Board and served as the Chair of the Atlantic Credit Unions' Chairs Association.

Atlantic Credit Unions continue to fund bursaries at Memorial University and College of the North Atlantic, donate to the Kids Eat Smart Foundation, Community Food Sharing Association and provides support to the Newfoundland and Labrador Federation of Cooperatives.

Credit Unions in the Atlantic Region continue to seek new partnerships to enable them to thrive, bringing members enhanced services, and competitive pricing while managing increased costs.

Provincial

Three Credit Unions, Eastern Edge, Hamilton Sound and Atlantic Edge have agreed to merge as of January 1, 2024. The merged Credit Unions will be under the name of Atlantic Edge Credit Union and will have over \$500 million in assets. This leaves 6 Credit Unions in the Province. Your Board continues to monitor merger developments closely as they become known to PSCU.

The Credit Union congratulates the Newfoundland and Labrador Federation of Co-operatives on their upcoming 75th Anniversary of serving and growing Cooperatives in the Province.

PSCU

The Board and its Committees continued to provide oversight of the Credit Union, meeting quarterly and as needed to fulfill its responsibilities of monitoring financial performance and compliance to Legislation, By-laws, and Board Policies. The Governance Committee continued reviewing and updating of Board Policies as needed. The Audit Committee meets to review the financial information, reports on risk as well as reports from auditors. The Nomination Committee was able to attract candidates to fill the 3 Director positions up for election. The Co-operative Social Responsibility (CSR) Committee continued to ensure our Charitable Giving and Scholarships align with the United Nations Sustainability Development Goals (UNSDGs) and the seven Co-op principles. Members can check out the UNSDGs at <https://sdgs.un.org/goals>. The PSCU Memorial Scholarship at Memorial University – Indigenous, the PSCU Scholarship at the Marine Institute for Leadership and the PSCU Scholarship at the College of the North Atlantic were awarded during the year.

The 2023 Annual General Meeting marks the completion of three-year terms for Bill Janes and Doug Dewling and two-year term for Shawn O'Reilly. The Board thanks the outgoing Directors for their dedication and contribution during their term.



Report of the Board of Directors

The Board congratulates Directors who have completed courses for the Credit Union Director Achievement (CUDA) designation.

The Board congratulates the following for their service:

As of the 2022 AGM-Bill Janes 5 years;
George Smith 30 years;

As of the 2023 AGM-Dave Dewling 5 years;
Doug Dewling 40 years; and

As of 2023-Brian Quilty, CEO 35 years.

The Board thanks our Management team Brian Quilty, CEO; Ian Barrett, Manager of Finance; Kim Hickey, Manager of Credit and Operations, Sharon Tucker, Manager of Credit and Operations who retired in 2023, and our staff for their continued support.

Finally, a big thank you to our members for making Public Service Credit Union their financial institution of choice.

Respectfully submitted on behalf of the Board of Directors,

Doug Dewling, B.Comm. (Hons.)
Chair



Report of the Chief Executive Officer



Brian Quilty, CEO

The PSCU's mission is to provide financial solutions to maximize the financial well-being of members. Our strategic direction focuses on achieving that mission by concentrating on financial success, customer value, social responsibility, learning & development and operational efficiencies. Our strategic business plan uses a balanced approach in achieving those objectives as we provide financial solutions to assist our members in making **"Wise Financial Choices"**.

In 2023 interest rates stabilized as we saw rates rise at slower pace with prime peaking to 7.20% which is the current rate today, compared to 3.75% in January 2022. These higher rates did and continue to have an impact on consumer spending and as a result, on regular borrowing in 2023. Interest rates are expected to decline in 2024 providing relief to borrowers especially those with mortgages on fixed income.

In 2023, PSCU improved its online banking security procedures and introduced 2-step authentication and password self-reset. While that was somewhat of a challenging transition for some members, it was a significant step forward to protecting members accounts from online banking fraud.

Looking ahead to 2024 and beyond, one of our highest priorities for us, as well as all other Credit Unions in the Atlantic, is the conversion to a new banking system, Mambu, to replace our legacy banking system Horizon. This is the most ambitious initiative ever undertaken by Credit Unions in Atlantic Canada and we often relate to it as "replacing the engine in a plane while in midflight", a very ambitious and challenging undertaking. This initiative will require a lot of changes in processes and procedures which will also impact not only our employees but also members, both in branch and online.

All of our members will be contacted several times before the conversion, to advise them of the changes that this conversion will have on member experience, such as new member numbers. For the past 12 months we have been contacting members to confirm that their contact and other personal information is correct. This information is crucial to the new banking system. Additionally, living in a digital age, cell numbers and email addresses are paramount as most new digital products require digital devices in order to avail of the digital products such as email money transfer, Deposit Anywhere, and digital wallet for your phone and tablets for Apple, Samsung and Android.

For over a year, the pilot credit union in New Brunswick has been working with a team of experts from Mambu, Atlantic Central, League Data our current provider and the credit union on this cloud-based platform, working through all the steps necessary to transition to this new banking system. Currently that credit union is schedule to transition to the new system in March 2024. PSCU is scheduled to transition sometime in the second half of 2024.

In aligning with our Corporate Social Responsibility goals, PSCU continued to promote its Green Energy Efficiency Loans in 2023, to help reduce the impacts of climate change on the environment, as well as help members save on energy costs. Your credit union continues to play an important role in the communities we serve, providing donations and sponsorships to multiple groups as detailed in our Community Engagement report. Since 2012 PSCU, its' members and employees have contributed over \$354,000 to various organizations in our communities.



Report of the Chief Executive Officer

Financial

As noted in the Board report, the Public Service Credit Union Board has approved a \$600,000 rebate to its members. This is the second consecutive year that PSCU has paid a \$600,000 rebate to its members. Since 2019 PSCU has paid \$1,750,000 to members in the form of member rebates. The amount that each member will receive is based on the interest earned on deposits and interest paid on loans, therefore the more business members have with their CU, the higher their rebate. We do expect to pay the rebate in April 2024.

Employees

Throughout the year, our providers such as League Data, Central 1, Atlantic Central, Concentra, CUSource, Sagen and CUMIS provided training to our employees in various areas such as Cyber Security, loan insurance products, money laundering, risk management, Market Code of Conduct, deposit and service-related products.

I take this opportunity to congratulate Joanne Cooper on reaching 25 years of service. I also take this opportunity to recognize Sharon Tucker, Manager of Credit & Operations for her dedication and service to the Public Service Credit Union since March of 2003. Sharon has been a significant contributor to the success of our Credit Union, and I congratulate her on a well-deserved retirement which was effective July 1, 2023.

I would like to thank all of our employees for their continued support as we build on PSCU's accomplishments, to provide financial solutions to meet our members' financial goals.

Conclusion

I would like to thank our Board for their leadership, support and guidance throughout the year. Additionally, I would like to thank you, our members, for your continued business and confidence in the Credit Union and I look forward to building on our Credit Union's financial success. It is a privilege and honor to serve as CEO for the PSCU.

Respectfully Submitted,

Brian Quilty, B. Comm; ACUIC (Hons.); FCUIC
CEO



Community Engagement

Banking that goes further.

Credit unions are more than a bank and you are more than a customer. You're a member—and we make a local impact by ensuring your money stays right here in your community.

pscu.ca



PSCU, its members, employees have contributed over \$354,000 to our community since 2012. Contributions directly from PSCU include the following:

Kids Eat Smart Foundation NL	\$67,150	Canadian Armed Forces Resource Center NL	\$5,000
Young Adult Cancer Canada NL (YACC) -Shave for the Brave	\$43,000	Community Food Bank	\$7,321
Children's Wish Foundation NL	\$34,500	Single Parents Association NL.....	\$4,000
Canadian Cancer Society NL-Daffodil Place	\$28,500	Church Lad's Brigade	\$4,000
Resource Center for the Arts/LSPU Hall	\$22,500	Staff Choice (Various Charities)	\$4,000
PSCU Scholarship-College of North Atlantic	\$14,500	Status of Women/Gender Equality.....	\$3,000
Special Olympics NL.....	\$12,600	PSCU Scholarship-Marine Institute	\$3,000
NLCU Charitable Foundation	\$9,338	PSCU Scholarship.....	\$3,000
Association of New Canadians	\$9,000	PSCU Scholarship- (Indigenous).....	\$3,000
Canadian Cooperative Development Fund.....	\$8,500	Gathering Place	\$2,500
		Skills Canada NL Together by Design	\$2,500
		Easter Seals NL	\$2,000



Community Engagement

St. John's Women's Centre	\$1,000
MUN Food Bank	\$1,000
Total: \$294,909	

Public Service Credit Union adopted a Cooperative Social Responsibility (CSR) mandate in 2012 to support community organizations in Newfoundland and Labrador. This CSR program formed partnerships with charitable organizations throughout our community and approximately \$25,000 annually has been directed toward helping these organizations achieve their goals. It has been a tremendous success on a number of levels including building a strong presence as a business that is truly invested in the betterment of its community and fostering a strong sense of pride among Members, Board and Employees, that the PSCU is actually creating a positive notable difference.

Kids Eat Smart Foundation

Kids Eat Smart Foundation is a registered charity that was created 30 years ago which supports education, health, and well-being of school children throughout the province through support of Kids Eat Smart Clubs, by providing access to food at no cost - nutrition programs run by volunteers at schools and community centers. The Foundation supports more than 276 Kids Eat Smart Clubs in the province, making nutritious food choices available to students with the assistance of volunteers who serve 46,000 meals every school day!

PSCU committed for the 12th consecutive year and in 2023 contributed \$5000 to the Kids Eat Smart Foundation. Throughout the year another \$710 was contributed by its employees through payroll deductions. Since 2012 the Credit Union has contributed \$67,150 with an additional \$8,914 contributed by its employees for a total of \$76,034.

\$76,034 = 76,034 meals

GOOD EATING = GOOD THINKING = BEING YOUR BEST!



Young Adult Cancer Canada



Young Adult Cancer Canada's mission is to build a community of young adults diagnosed with cancer that provides information, support, skills and opportunity. Young Adult Cancer Canada (YACC) was established in 2000 (originally as RealTime Cancer) by Geoff Eaton after his first cancer challenge. Geoff's vision focused on educating and supporting young adults. At the core of that vision was the belief that cancer, like all of life's challenges, brings with it valuable lessons and experiences.

In 2023 PSCU contributed \$3000 to YACC and since 2013 PSCU has contributed \$43,000 to Young Adult Cancer Canada.





Community Engagement

Resource Center for the Arts

The LSPU Hall affectionately known as the “Hall” is a home base for the Resource Centre for the Arts (RCA). The Hall is the heart of theatre and the cultural pulse of downtown St. John’s. Thousands of internationally acclaimed actors and musicians have passed through the Hall on their way to stardom, and in this city, you’re steps away from the action!

On any given night the LSPU Hall is teeming with activity, everything from theatre and sound symposiums to film festivals and rock shows-the Hall has it all!

PSCU contributed \$2500 to the arts community in 2023 for a cumulative total of \$22,500 since 2015.

PSCU Scholarship-Indigenous

In 2021 PSCU sponsored a new Scholarship for the Indigenous Community, in the amount of \$1000 through Memorial University. The 2023 scholarship recipient is expected to be awarded by the University this March.

PSCU Bursary-College of the North Atlantic

PSCU sponsored two \$500 bursaries to students at the College of the North Atlantic for the 2023 academic year and the recipient will be awarded this spring. This is the 11th consecutive year that PSCU has contributed to the CNA bursary since 2012 for a total of \$14,500.

Awarded to a full-time student enrolled in the second or third year of any diploma program. Students must demonstrate financial need, academic merit, commitment to completing their studies and determination to succeed. Special consideration may be given to students who are credit union members or can demonstrate an affiliation with the credit union system.

Atlantic Credit Unions Educational Award Program

The program includes three (3) endowed awards (The Western Regional School of Nursing, The Faculty of Business Administration, and The School of Social Work). The endowed awards are established with gifts from the Atlantic Credit Unions. The three gifts for \$10,000 directed toward the endowed funds will be invested in the University’s overall endowment and will pay out a portion of the interest to the selected students each year.

PSCU Marine Institute Award for Leadership

Effective 2016, for a ten (10) year period, one annually funded award for the Marine Institute has been established with an annual gift of \$500 from the Public Service Credit Union. The student recipient of this award is selected by each faculty from the pool of eligible students that are enrolled.

Food Banks

In 2023 PSCU recognizing the high cost of food due to inflation contributed \$1000 to the Community Food bank.

Staff Charity

In 2023 PSCU employees selected the Bells with Balls-Ovarian Cancer as their charity of choice to contribute \$1000 to each. Belles with Balls NL supports the Ovarian Cancer Research and Education (OCRE) fund at Memorial University, which in part funds Ovarian Cancer genetic research as well as educational symposiums with physicians and other health care providers to inform the public about the hidden signs of Ovarian Cancer, treatment options and advancements in genetic research.

Special Olympics NL

PSCU contributed \$3000 to the Special Olympics in 2023. The Special Olympics is dedicated to enriching the lives of Newfoundlanders and Labradoreans with intellectual disabilities through sport. Their vision is that sport will open the hearts and minds towards people with intellectual disabilities and create inclusive communities all across Canada.

Credit Union Week

Each October Credit Unions celebrate the great work that credit unions have achieved in their communities and throughout the world. This year we celebrated with refreshments, treats and chance to win a prize throughout the week and aligned celebrations of other local credit unions.





Community Engagement

Loyal 2 Local & Pay it Forward

Again in 2023, PSCU, its employees and Directors, along with the Credit Union system in Atlantic Canada participated in the “Loyal 2 Local Challenge” where Credit Unions in the Atlantic supported local businesses. Employees and Directors of CUs were provided with \$50 in July to purchase products and services to support local companies. This initiative was incredibly successful over the four-week period that it was running and while the challenge is over, the heightened awareness it created for supporting local is becoming part of our everyday living. The initiative received a high level of attention on social media as employees and directors posted on Instagram, Twitter, and Facebook as well as tagging the local company and their credit union.

Additionally, CUs in the Atlantic participated in a similar challenge during Christmas, “Pay it Forward” initiative where employees and Directors contributed \$50 to a charitable organization of their choice.

Other

Throughout 2023 PSCU provided sponsorship to various other organizations such as RNC Crime Prevention Guide, Citizen’s Crime Prevention Association Guide, NLCU Charitable Organization, Canadian Cancer Society NL-Daffodil Place.

Throughout the year we celebrated various holidays and milestones, St. Patricks Day, Canada Day, Halloween, Christmas and birthdays.





Report of the Manager of Finance



Ian Barrett, Manager Finance

It is my pleasure to report on the financial performance for 2023.

Asset and Deposit Growth

The loan portfolio increased by \$1,990,000 compared to an increase of \$1,148,000 in 2022. Loans increased from \$51,176,000 to \$53,166,000. The loans and mortgages make up 22% and 50% of the balance sheet respectively compared to 20% and 46% in 2022.

In 2023 assets decreased by \$3,472,000 compared to a \$2,267,000 decrease in 2022. The 2023 decrease was once again primarily related to the expected continued departure of a single large corporate account deposit which had already partially left throughout 2022. Total assets decreased from \$77,369,000 to \$73,897,000 for 4.49% decrease.

Cash and investments decreased by \$6,126,000 from \$24,757,000 to \$18,631,000. The cash and investments make up 25% of the balance sheet for 2023 compared to 32% in 2022. Even with this decrease liquidity continues to remain in a strong position.

Although we have a line of credit with Atlantic Central, we did not need to access it in 2023 and spent the year operating from demand liquidity with a December 31, 2023 balance of \$13,086,000 versus \$18,913,000 in 2022.

In 2023 the deposits decreased by \$3,867,000 compared to a \$3,553,000 decrease in 2022. Deposits decreased from \$68,645,000 to \$64,778,000.

Liquidity

All credit unions are required to maintain 6% of liabilities in the form of Statutory liquidity, which may be used if there is a draw down on deposits. Statutory liquidity, which is maintained at Atlantic Central is composed of investments such as term deposits and savings and excludes encumbered deposits. As of December 2023, our credit union had \$16,972,000 in total liquidity, resulting in a surplus of \$13,086,000 compared to \$18,913,000 in 2022.

Loan Loss Risk

In 2023 there was an expense for impaired loans of \$9,000 compared to a reversal of expense of (\$230,000) in 2022. The IFRS 9 allowance for impaired loans is \$351,000 compared to \$358,000 in 2022 representing 0.66% of the loan portfolio for 2023 and 0.70% for 2022. Loans written-off for the year total \$16,000 compared to \$59,000 for 2022.

Capital Adequacy

In 1992 legislation was enacted to require credit unions to maintain a minimum 5% of assets in equity, comprised of 2% share capital and 3% retained earnings. As of 2023 our credit union is required to have \$3,695,000 in equity to meet the absolute minimum Regulatory requirements. Additionally, the Board has currently approved a formal capital framework using sound financial principles and industry best practices which established a requirement for an additional 4.75% capital, \$3,510,000 to be maintained. As of December 31, 2023, the combined Regulatory and Board mandated capital requirement for the PSCU is 9.75% capital, representing \$7,205,000. On December 31, 2023, our credit union is reporting total capital of \$7,545,000 for a surplus of \$340,000.



Report of the Manager of Finance

In light of meeting both Board and Regulatory capital requirements as well as the exceptional financial performance of the Credit Union in 2023 the Board has chosen to recommend a rebate of \$600,000. A rebate of \$600,000 both rewards members for their continued patronage while continuing to position the Credit Union to maintain its policy requirements again in 2024.

Income Statement

Our credit union recorded a before rebate and tax profit of \$858,000 compared to \$1,013,000 for 2022. The profit represents 1.16% of assets compared to 1.31% for 2022. After a rebate of \$600,000 and taxes of \$31,000 the profit for 2023 is \$227,000. Our financial margin, the difference between interest income and interest cost increased from \$2,461,000 to \$2,813,000 representing a \$352,000 increase compared to a \$388,000 increase in 2022. As a result of the asset decrease and the interest revenue increase, the financial margin as a percentage of assets increased from 3.18% to 3.81%.

Other income consisting of rebates, user fees and insurance commission decreased from \$473,000 to \$425,000.

Total operating expenses increased by \$439,000 from \$2,571,000 to \$3,010,000 with the difference driven by the impact of the one-time 2022 (\$230,000) reversal of bad debt expense which brought down 2022 overall expense.

Conclusion

The Bank of Canada's increase to prime in an attempt to rein in inflation caused dramatic changes in the interest rate environment in 2023, the PSCU was strategically positioned to be positively impacted by these rate increases. Although we continue to find ourselves in a volatile economic environment, we are very pleased with the overall financial performance of the Credit Union and look forward to its continued success as we navigate 2024.

Ian Barrett
Manager of Finance





Report of the Audit Committee

Reviewed and recommended to the Board the following reports:

- External Audit Management Letter with management responses for December 31, 2022.
- Internal Audit Report with management responses for 2022.
- Financial Statements for the year ended December 31, 2022.
- Quarterly financial reports prepared by management and external parties.

Reviewed quarterly reports submitted by the CU to the Credit Union Deposit Guarantee Corporation (CUDGC).

Reviewed regular reports on key risk areas of the CU and monitored any action as required.

The committee recommended to the membership, appointment of Byron Smith CPA LLP as auditors for the External Year End Audit; this was approved at the members at the 2022 AGM.

The Committee met with the External Auditor Byron Smith, CPA to review the draft Audit Financial Statement and management letter. The Committee recommended the acceptance of the report to the membership.

The Committee met with Internal Auditor Brian Scammell, CPA to develop an internal audit plan and to review the draft report.

On behalf of the Committee, I wish to thank both auditors and the teams for their work during the past year.

Sincere thanks to Audit Committee members, Justin Crickard our non-board member also Sean Brophy and Shawn O’Rielly our Board member reps and Ian Barrett, Manager of Finance. Board Chair Doug Dewling for his guidance.

Respectfully Submitted,

Dave Dewling
Chair of Audit Committee





Report of the Nomination Committee and Election of Directors

The call for submission of nomination papers opened December 14, 2023 and closed January 11, 2024.

The three incumbent Directors, whose positions are up for election, reoffered.

Three nominees submitted nomination papers for the Director positions. All three nominees were validated and were acclaimed.

- Doug Dewling
- William Janes
- Shawn O'Reilly

The Committee would like to thank each nominee for their interest in being members of the Board of Directors of the PSCU.

I would also like to thank the Committee members Jim Anstey, Dave Dewling, our management support person Kimberley Hickey as well as John Paynter who assisted the Committee.

Respectfully Submitted,

Sean Brophy
Chair of Nomination Committee





Public Service Credit Union Financial Statements

December 31, 2023



INDEPENDENT AUDITOR'S REPORT

**BYRON
SMITH**

CHARTERED
PROFESSIONAL
ACCOUNTANTS

BYRON D. SMITH
B. Comm., C.F.E., FCPA, FCA

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To the Members of:
Public Service Credit Union Limited

Opinion

I have audited the financial statements of Public Service Credit Union Limited, which comprise the statement of financial position as at December 31, 2023, the statement of comprehensive income, the statement of changes in members' equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Public Service Credit Union Limited as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

I 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 I identify during my audit.

Spaniard's Bay, NL
March 13, 2024

CHARTERED PROFESSIONAL ACCOUNTANT



PUBLIC SERVICE CREDIT UNION LIMITED
Statement of Financial Position

As at December 31,	2023	2022
Assets		
Cash and cash equivalents	\$ 13,012,642	\$ 18,777,790
Deposits - interest bearing liquidity account (Note 4)	3,959,681	4,254,243
Investments (Note 4)	1,659,018	1,725,116
Loans and mortgages receivable (Note 6)	52,814,789	50,817,873
Current income taxes receivable	24,788	10,586
Other assets (Note 8)	1,058,291	423,682
Future income taxes receivable	18,359	23,632
Property, plant and equipment (Note 7)	<u>1,349,752</u>	<u>1,336,200</u>
	<u>\$ 73,897,321</u>	<u>\$ 77,369,122</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 889,213	\$ 759,323
Rebates payable	600,251	600,000
Accrued severance pay	405,187	368,443
Members' deposits (Note 9)	64,777,527	68,644,646
Payroll taxes payable	<u>13,311</u>	<u>11,757</u>
	<u>66,685,489</u>	<u>70,384,169</u>
Members' Equity		
Retained Earnings	<u>7,211,832</u>	<u>6,984,953</u>
	<u>\$ 73,897,321</u>	<u>\$ 77,369,122</u>

Approved by the Board:

Chair of Board

Chair of Audit Committee

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


PUBLIC SERVICE CREDIT UNION LIMITED
Statement of Comprehensive Income

For the Year Ended December 31,	2023	2022
Financial Revenue		
Interest income - loans and mortgages	\$ 2,684,402	\$ 2,169,935
Investment income	<u>844,687</u>	<u>506,210</u>
	<u>3,529,089</u>	<u>2,676,145</u>
Cost of Funds		
Interest on members' deposits	706,304	215,187
Commissions and fees	<u>10,200</u>	<u></u>
	<u>716,504</u>	<u>215,187</u>
Financial Margin	2,812,585	2,460,958
Other Income		
Service charges	230,373	256,306
Other (Note 14)	65,647	53,905
Insurance commissions	91,641	121,147
Interac fees	<u>37,105</u>	<u>42,141</u>
	<u>424,766</u>	<u>473,499</u>
Income before operating expenses	<u>3,237,351</u>	<u>2,934,457</u>
Operating Expenses		
Members' security (Note 15)	114,765	112,951
General business (Note 16)	2,098,466	1,903,286
Occupancy	97,485	86,839
Amortization	54,381	48,415
Provision for impaired loans (recovery)	<u>9,486</u>	<u>(229,616)</u>
	<u>2,374,583</u>	<u>1,921,875</u>
Loss on disposal of capital assets	<u>(4,596)</u>	<u></u>
Net income before income taxes and patronage rebates	858,172	1,012,582
Patronage rebates	600,000	600,000
Income taxes		
- future (recovery) (Note 10)	5,273	5,898
- current (Note 10)	<u>26,020</u>	<u>43,684</u>
Total Comprehensive Income	<u>\$ 226,879</u>	<u>\$ 363,000</u>

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



PUBLIC SERVICE CREDIT UNION LIMITED
Statement of Changes in Members' Equity

For the Year Ended December 31,	2023	2022
Retained earnings, beginning of year	\$ 6,984,953	\$ 6,621,953
Total comprehensive income	<u>226,879</u>	<u>363,000</u>
Retained earnings, end of year	<u>\$ 7,211,832</u>	<u>\$ 6,984,953</u>

Retained earnings is comprised of the following:

Retained earnings from operations	\$ 7,150,832	\$ 6,923,953
Stock dividend	<u>61,000</u>	<u>61,000</u>
	<u>\$ 7,211,832</u>	<u>\$ 6,984,953</u>

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



PUBLIC SERVICE CREDIT UNION LIMITED
Statement of Cash Flows

For the Year Ended December 31,
2023**2022****CASH FLOWS FROM OPERATING ACTIVITIES****Operating Activities**

Net income	\$ 226,879	\$ 363,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	54,381	48,415
Future income taxes	5,273	5,898
Loss on disposal of assets	4,596	
	<u>291,129</u>	<u>417,313</u>
Change in assets and liabilities:		
Accounts payable and accrued liabilities	131,446	290,010
Accrued severance pay	36,743	33,338
Rebate payable	251	600,000
Corporate taxes payable	(14,202)	1,872
Prepaid and other assets	<u>(634,609)</u>	<u>(403,423)</u>
Net cash (used in) provided by operating activities	<u>(189,242)</u>	<u>939,110</u>
Cash Flows from Financing Activities		
Members' demand and term deposits	(3,654,545)	(2,702,982)
Members' RRSP and RRIF deposits	<u>(212,575)</u>	<u>(849,887)</u>
	<u>(3,867,120)</u>	<u>(3,552,869)</u>
Cash Flows from Investing Activities		
Investments and liquidity deposits	360,660	(586,236)
Loans and mortgages receivable	(1,996,916)	(1,436,095)
Purchase of capital assets	<u>(72,530)</u>	<u>(13,399)</u>
Net cash used in investing activities	<u>(1,708,786)</u>	<u>(2,035,730)</u>
Decrease in cash	(5,765,148)	(4,649,489)
Cash, beginning of year	<u>18,777,790</u>	<u>23,427,279</u>
Cash, end of year	<u>\$ 13,012,642</u>	<u>\$ 18,777,790</u>

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



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements**December 31, 2023**

1. Nature of Operations and Basis of Presentation**Reporting Entity**

The Credit Union is incorporated under the laws of the province of Newfoundland and Labrador and is subject to the provisions of the Credit Union Act/Regulations of the Province. The Credit Union is a member of Atlantic Central. The Credit Union operates as one operating segment in the loans and deposit taking industry in Newfoundland and Labrador. Products and services offered to its members include mortgages, personal and commercial loans, chequing and savings accounts, term deposits, RRSP's, RRIF's, RESP's, mutual funds, automated banking machines, debit and credit cards, internet and mobile banking. The Credit Union's office is located at 403 Empire Avenue, St. John's, Newfoundland and Labrador.

Basis of Presentation

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

The financial statements for the year ended December 31, 2023 were authorized for issue by the Credit Union's Board of Directors on March 13, 2024.

The Credit Union's functional and presentation currency is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

2. Material Accounting Policy Information

The IASB continues to make changes to IFRS to improve the overall quality of financial reporting. The Credit Union monitors IASB developments that are relevant to the Credit Union's financial reporting and accounting policies.

Prepaid Asset, Service Contract Costs

The Credit Union is participating in a cost sharing arrangement to fund the costs for platform development related to a cloud computing service contract. In accordance with IFRS Interpretations Committee release, March 2019, these costs are related to the service contract and will be recorded as an expense over the contract term. The contract period is expected to be for a ten year period beginning in 2024.

Financial Instruments

Effective January 1, 2018 the Credit Union adopted IFRS 9 - Financial Instruments ("IFRS 9"), which replaces IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 addresses classification and measurement, impairment, and hedge accounting.

The impact to Members' equity at January 1, 2018 was a decrease of \$354,705 reported in retained earnings, related to the impairment requirements of the standard. As permitted by IFRS 9, prior periods had not been restated.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

2. Material Accounting Policy Information (Continued)

a) Classification and Measurement:

IFRS 9 provides a single model for financial asset classification and measurement that is based on both the business model for managing financial assets and the contractual cash flow characteristics of the financial assets. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The following summarizes the key aspects resulting from IFRS 9:

- “Amortized cost” financial asset category was introduced replacing the loans and receivables (“L&R”) classification. It applies to debt instruments whose contractual cash flow characteristics are solely payments of principal and interest (“SPPI”) and that are held in a business model whose objective is to hold the assets to collect contractual cash flows.
- “Fair value through other comprehensive income” (“FVOCI”) financial asset category was introduced. It applies to debt instruments that meet the SPPI test where the business model’s objective is achieved by collecting contractual cash flows and by selling the assets. These assets may be sold in response to or in anticipation of changes in interest rates, changes in credit risk, changes in funding sources or terms, or to meet liquidity needs.
- Debt instruments that are managed on a “held for trading” or “fair value” basis are classified as fair value through profit or loss (“FVTPL”).
- Equity instruments are measured at FVTPL, unless the asset is not held for trading purposes and I make an irrevocable election to designate the asset as FVOCI. This election is made on an instrument-by-instrument basis and must be made upon initial recognition (or on the transition to IFRS 9 on January 1, 2018).

I consider the following in my 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 classification and measurement of financial liabilities remain essentially unchanged under IFRS 9, except for financial liabilities designated as measured at fair value through profit or loss.

b) Impairment:

IFRS 9 provides a single impairment model for financial assets that requires the recognition of expected credit losses (ECL). The new ECL model results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual impairment.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

2. Material Accounting Policy Information (Continued)

Under IFRS 9, the ECL model, which is forward-looking, also requires that forecasts of future events and economic conditions be used when determining significant increases in credit risk and when measuring expected losses. Forward-looking macroeconomic factors such as unemployment rates, housing price indexes, interest rates, and household disposable income are considered in the assessment of ECL.

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the following components:

- Exposure at Default (EAD) – an estimate of the loan exposure amount at a future default date (this amount does not consider the underlying collateral, or mortgage insurance).
- Probability of Default (PD) – an estimate of the likelihood of default over a given time horizon.
- Loss Given Default (LGD) – an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due on the loan, and those that the lender would expect to receive, including cash flows from any collateral or, in the case of insured mortgages, the proceeds from the insurance claim.

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

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. In assessing whether credit risk has increased significantly, I compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of its initial recognition.
- Stage 2 – When a financial instrument experiences a SICR after origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that I have classified as impaired are included in this stage. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. As with Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Significant judgment is required in making assumptions and estimations when calculating ECL, including determination of significant increases in credit risk, and the application of forward-looking information. The underlying assumptions and estimates may result in changes to the provisions from period to period.

IFRS 9 requires consideration of past events, current market conditions and reasonable supportable information about future economic conditions, in determining whether there has been a significant increase in credit risk and in calculating the amount of expected losses.

Changes in the required ECL allowance, including the impact of financial instruments migrating between stage 1 and stage 2, are recorded in the provision for credit losses in the statement of comprehensive income.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

2. Material Accounting Policy Information (Continued)

c) Hedge Accounting:

IFRS 9 introduces a new hedge accounting model that aligns the accounting for hedge relationships more closely with a Credit Union's risk management activities.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits with Atlantic Central, other short-term highly liquid investments with original maturities of three months or less; and for the purpose of the statement of cash flows, bank overdrafts that are repayable on demand.

Cash and cash equivalents are classified as loans and receivables and are carried at amortized cost, which is equivalent to fair value.

Investments

Central Deposits

These deposit instruments are classified as loans and receivables and are initially measured at fair value plus transaction costs that are directly attributable to their acquisition. Subsequently they are carried at amortized cost, which approximates fair value.

Equity Instruments

These instruments are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition. Subsequently they are carried at fair value, unless they do not have a quoted market price in an active market and fair value is not reliably determinable in which case they are carried at amortized cost.

Changes in fair value, except for those arising from interest calculated using the effective interest rate, are recognized as a separate component of other comprehensive income.

Where there is a significant or prolonged decline in the fair value of an equity instrument (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive income, is recognized in net income.

Purchases and sales of equity instruments are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in accumulated other comprehensive income.

On sale, the amount held in accumulated other comprehensive income associated with that instrument is removed from equity and recognized in net income.

Derivative Financial Instruments

Hedges

The Credit Union did not engage in any material derivative financial instruments.

The Credit Union, in accordance with its risk management strategies, may enter into various derivative financial instruments to protect itself against the risk of fluctuations in interest rates.

The Credit Union manages interest rate risk through interest rate swaps. These derivatives are carried at fair value and are reported as assets where they have a positive fair value and as liabilities where they have a negative fair value, in both cases shown on the Statement of Financial Position.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements**December 31, 2023**

2. Material Accounting Policy Information (Continued)

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Credit Union's risk management objective and strategy for undertaking the hedge;
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss;
- The effectiveness of the hedge can be reliably measured; and
- The hedge is expected to be highly effective at inception and remains highly effective on each date it is tested. The Credit Union has chosen to test the effectiveness of its hedges on a quarterly basis.

The swap contracts can be designated as fair value hedge instruments or cash flow hedge instruments. The Credit Union has not entered into any fair value hedges at this time.

Cash flow hedges modify exposure to variability in cash flows for variable rate interest bearing instruments or the forecasted assurance of fixed rate liabilities. The Credit Union's cash flow hedges are primarily hedges of floating rate deposits as well as commercial and personal loans.

For cash flow hedges that meet the hedging documentation criteria, gains and losses resulting from changes in the fair value of the effective portion of the derivative instrument are recorded in other comprehensive income until the hedged item is recognized in income, at which time such change is recognized as interest income. The ineffective portion is recognized immediately in income as other income.

If the Credit Union closes out its hedge position early, the cumulative gains and losses recognized in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognized in net income within interest expense or interest revenue.

Other Non-Hedge Derivatives

The Credit Union may designate certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). Financial instruments included in this category are the embedded derivatives and derivatives related to index linked term deposits and interest rate swaps not designated as hedging instruments.

These instruments are measured at fair value, both initially and subsequently. The related transaction costs are expensed. Gains and losses arising from changes in fair value of these instruments are recorded in net income.

Member Loans

All member loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been classified as loans and receivables.

Member loans are initially measured at fair value, net of loan origination fees and inclusive of transaction costs incurred.

Member loans are subsequently measured at amortized cost, using the effective interest rate method, less any impairment losses.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

2. Material Accounting Policy Information (Continued)

Loans to members are reported at their recoverable amount representing the aggregate amount of principal, less any allowance or provision for impaired loans plus accrued interest. Interest is accounted for on the accrual basis for all loans.

If there is objective evidence that an impairment loss on member loans carried at amortized cost has incurred, the amount of the loss is measured as the difference between the loans carrying amount and the present value of expected cash flows discounted at the loans original effective interest rate, short-term balances are not discounted.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The expected future cash outflows for a group of financial assets with similar credit risk characteristics are estimated based on historical loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in net income.

Bad Debts Written Off

Bad debts are written off from time to time as determined by management, reviewed and recommended by the audit committee and approved by the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provisions for impairment, if a provision for impairment had previously been recognized. If no provision had been recognized, the write offs are recognized as expenses in net income.

Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost. Amortization is calculated on either the straight line basis or the declining balance basis as set out below, based on the estimated useful lives of the assets. No amortization is taken on assets purchased that have not been put into use during the year.

Building - main structure	- 40 years, straight-line method
Paved area	- 8%, declining balance method
HVAC system	- 20 years, straight-line method
Building - roof structure	- 25 years, straight-line method
Furniture and equipment	- 20%, declining balance method
Data processing equipment	- 33%, declining balance method

Amortization methods, useful lives and residual values are reviewed annually and adjusted if necessary.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements**December 31, 2023**

2. Material Accounting Policy Information (Continued)**Severance Payable**

Severance is accounted for as a post employment benefit and accrued annually. It is calculated based upon years of service and current salary levels. The right to receive severance vests with employees having five or more years of continuous service. No provision has been made in the accounts for employees with less than five years of service. The amount is payable when an employee ceases employment with the Credit Union.

Impairment of Non-Financial Assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows.

Impairment charges are included in net income, except to the extent they reverse gains previously recognized in other comprehensive income.

Income Taxes

Income tax expense comprises current and future tax. Current tax and future tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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.

Future 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 which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

Recognition of future 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 would allow the future tax asset to be utilized. Future 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 future 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).



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements**December 31, 2023**

2. Material Accounting Policy Information (Continued)**Members' Deposits**

All members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument.

Members' deposits are subsequently measured at amortized cost, using the effective interest rate method.

Accounts Payable and Other Payables

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Members' Shares

Members' shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Shares that contain redemption features subject to the Credit Union maintaining adequate regulatory capital are accounted for using the partial treatment requirements of IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments*.

Revenue Recognition

Interest is accrued on a daily basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income is recognized when the right to receive payment is established. Revenue from the provision of services to members is recognized when earned, specifically when amounts are fixed or can be determined and the ability to collect is reasonably assured.

Revenue from Contracts with Customers

The IFRS 15 standard is a control-based model that focuses on risk and rewards. Under this standard, revenue is recognized when a customer obtains control of a good or service.

Transfer of control occurs when the customer can direct the use of and obtain the benefits of the good or service. The standard introduces a new five step model governing revenue recognition to be applied to contracts with customers. The Credit Union must also determine whether its performance obligation is to provide the service itself (i.e. the Credit Union acts as a principal) or to arrange another party to provide the service (i.e. the Credit Union acts as an agent).

This guidance includes a five-step, principles-based recognition and measurement approach, as well as requirements for accounting for contract costs, and additional disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from transactions with customers.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements**December 31, 2023**

2. Material Accounting Policy Information (Continued)**Patronage Distributions**

Patronage distributions are recognized in net income when circumstances indicate the Credit Union has a constructive obligation it has little or no discretion to avoid, and it can make a reasonable estimate of the amount required to settle the obligation.

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that day. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary financial assets form part of the overall gain or loss recognized in respect of the financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive income consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Leases

IFRS 16, Leases, was released by IASB in January 2016 to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize: assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 was effective January 1, 2019.

Standards, Amendments and Interpretations Not Yet Effective

The following new standards, amendments and interpretations, which have not been applied in these financial statements, that will or may have an effect on the Credit Union's future financial statements are:

- Amendments to IAS 1 were issued on January 23, 2020 with an effective date of January 1, 2024. The amendment in Classification of Liabilities as Current or Non-Current affect only the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Credit Union's future financial statements.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

2. Material Accounting Policy Information (Continued)

Accounting Estimates and Judgements

Use of Estimates

The Credit Union makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair Value of Financial Instruments

The Credit Union determines the fair value of financial instruments that are not quoted in an active market, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

The methods and assumptions applied, and the valuation techniques used, for financial instruments that are not quoted in an active market are disclosed in Note 5.

Member Loan Loss Provision

In determining whether an impairment loss should be recorded in the statement of comprehensive income the Credit Union makes judgement on whether objective evidence of impairment exists individually for financial assets that are individually significant. Where this does not exist the Credit Union uses its judgement to group member loans with similar credit risk characteristics to allow a collective assessment of the group to determine any impairment loss.

The Credit Union business model is to hold financial assets in the form of loans for the objective of collection of contractual cash flows of solely payments of principal and interest. The Credit Union assesses on a forward-looking basis the expected credit losses (ECL) associated with its Member loans and commitments. The Credit Union recognized a loss allowance for such losses at each reporting date. The measurement of ECL reflects, an unbiased and probability-weighted amount, the time value of money and reasonable and supportable information that is available without undue cost at the reporting date about past events, current conditions and future economic indicators.

Note 6 provides more detail of how the expected credit loss allowance is measured.

In determining the collective loan loss provision Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment. Further details on the estimates used to determine the allowance for impaired loans collective provision are provided further along in Note 6 and Note 2.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

2. Material Accounting Policy Information (Continued)

Income Taxes

The Credit Union periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Credit Union records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

Financial Instruments

Financial assets and liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as detailed below. The following table presents the classifications of financial assets and financial liabilities in accordance with IFRS 9:

Classification under:	IFRS 9
Cash and cash equivalents	Amortized cost
Investments – debt instruments	FVOCI
Investments – equity instruments	FVOCI elected
Other assets	Amortized cost
Loans and mortgages	Amortized cost
Member deposits	Amortized cost

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or the Credit Union 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 Credit Union 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 or cancelled or expires.

Changes in fair values of financial assets and financial liabilities classified as FVTPL are reported in earnings, while the changes in value of FVOCI financial assets are reported within other comprehensive income (OCI) until the financial asset is disposed of or becomes impaired.

Accumulated OCI is reported on the statement of financial position as a separate component of Members' Equity. It includes, on a net of taxes basis, the net unrealized gains and losses on FVOCI financial assets.

3. Cash and Cash Equivalents

The Credit Union's cash and current accounts are held with Atlantic Central. This amount also includes redeemable interest bearing term investments with Concentra Financial. The average yield on the accounts at December 31, 2023 is 4.50% (2022 - 3.37%).



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

4. Investments

The following tables provide information on investments by type of security and issuer. The maximum exposure to credit risk would be the fair value as detailed below.

Deposits - interest bearing liquidity accounts

	<u>2023</u>	<u>2022</u>
Atlantic Central Liquidity reserve deposit	\$ 3,959,681	\$ 4,254,243

The Credit Union must maintain liquidity reserves with Atlantic Central of not less than 6% of total deposits in, and borrowings of, the Credit Union in accordance with legislation. The Note 13 provides the Credit Union's position in this regard. The deposits can be withdrawn only if there is a sufficient reduction in the Credit Union's total deposit and borrowings or upon withdrawal of membership from Atlantic Central. The liquidity reserves are due within one year. At maturity, these deposits are reinvested at market rates for various terms.

Discount deposits at Atlantic Central are due within one year. The carrying amounts for deposits at Atlantic Central approximates fair value due to having similar characteristics as cash and cash equivalents.

Equity Instruments

	<u>2023</u>	<u>2022</u>
Atlantic Central Common Shares	\$ 721,550	\$ 786,500
Atlantic Central Class B	61,000	61,000
Atlantic Central NL Shares	37,000	37,000
Atlantic Central NS Shares	31,000	31,000
Atlantic Central LSM Shares	449,525	449,526
League Data Shares	65,130	65,130
Concentra Class A Shares		1,147
Concentra Class D Shares	250,000	250,000
Central 1 Share	100	100
CU Financial Management Limited Common Shares	43,713	43,713
Total Equity Instruments	\$ 1,659,018	\$ 1,725,116

During 2020 the Credit Union transferred the financial management services of certain member investment accounts over to CU Financial Management Limited (CUFM). In exchange for this intangible the Credit Union received 5 common shares in CUFM with a fair value of \$43,713.

The shares in Atlantic Central are required as a condition of membership and are redeemable upon withdrawal of membership or at the discretion of the Board of Directors of Atlantic Central. In addition, the member Credit Unions are subject to additional capital calls at the discretion of the Board of Directors of Atlantic Central.

Atlantic Central and League Savings and Mortgage Company common shares are subject to an annual rebalancing mechanism and are issued and redeemable at par value. There is no separately quoted market value for these shares however, fair value is determined to be equivalent to the par value due to the fact transactions occur at par value on a regular and recurring basis.

League Data owned by the Credit Unions in Atlantic Canada and is part of the Credit Union System and League Savings and Mortgage Company (LSM) is a Atlantic Central subsidiary. There is no separately quoted market value for these shares and the fair value could not be measured reliably. Therefore, they are recorded at cost.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

4. Investments (Continued)

The Credit Union is not intending to dispose of any Atlantic Central, League Data or LSM shares as the services supplied by these entities are relevant to the day to day activities of the Credit Union.

Dividends on these shares are at the discretion of the Board of Directors of Atlantic Central, League Data and LSM respectively.

Concentra Class D shares consist of 10,000 non-cumulative 5-year rate reset shares at a subscription price of \$25 per share. Payment of Class D dividends in the initial fixed rate period, commencing from the issue date of December 1, 2015 and ending on and including January 31, 2021, shall be 4.6% per annum. At December 31, 2023, the rate was 3.978%.

5. Derivative Financial Instruments

The Credit Union has not entered into any derivative financial instruments.

6. Loans and Mortgages Receivable

	<u>2023</u>	<u>2022</u>
Current loans	\$ 15,566,290	\$ 13,815,875
Current mortgages	36,042,248	35,695,681
Impaired loans and mortgages	<u>1,557,693</u>	<u>1,664,444</u>
	53,166,231	51,176,000
Less: allowance for impaired loans	<u>(351,442)</u>	<u>(358,127)</u>
Net loans and mortgages receivable	<u>\$ 52,814,789</u>	<u>\$ 50,817,873</u>

Total allowance for impaired loan provision is comprised solely of individual specific provisions:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 358,127	\$ 646,369
Loans written off as uncollectible	<u>(16,171)</u>	<u>(58,533)</u>
	341,956	587,836
Additional provision (recovery)	<u>9,486</u>	<u>(229,709)</u>
Balance, end of year	<u>\$ 351,442</u>	<u>\$ 358,127</u>



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

6. Loans and Mortgages Receivable (Continued)

The number of loans outstanding at December 31 has been summarized as follows:

	<u>2023</u>	<u>2022</u>
Current loans	795	755
Current mortgages	234	226
Impaired loans and mortgages	<u>29</u>	<u>35</u>
	<u>1,058</u>	<u>1,016</u>

Analysis of individual loans that are impaired or potentially impaired based on age of repayments outstanding.

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying Value</u>	<u>Individual Specific Provision</u>	<u>Carrying Value</u>	<u>Individual Specific Provision</u>
Period of delinquency				
Less than 90 days	\$ 1,514,245	\$ 217,758	\$ 1,551,669	\$ 203,468
Over 90 days	<u>43,448</u>	<u>16,986</u>	<u>112,775</u>	<u>15,155</u>
Total loans in default	1,557,693	234,744	1,664,444	218,623
Total loans not in arrears	<u>51,608,538</u>	<u>116,698</u>	<u>49,511,556</u>	<u>139,504</u>
Total loans	<u>\$ 53,166,231</u>	<u>\$ 351,442</u>	<u>\$ 51,176,000</u>	<u>\$ 358,127</u>

Terms and Conditions

Member loans can have either a variable or fixed rate of interest and they mature within seven years.

Some variable rate loans are based on a "prime rate" formula. The rate is determined by the type of security offered and the member's credit worthiness.

The interest rate, on fixed rate loans being advanced at December 31, varies with the type of security offered and the member's credit worthiness.

Current mortgages are loans that are secured by residential property and are generally repayable monthly with either blended payments of principal and interest or interest only.

Current loans consist of personal term loans, commercial loans, member overdrafts and lines of credit that are non real estate secured and, as such, have various repayment terms. Some of the current loans are secured by personal property and equipment or investments, and a general security agreement or conditional sales contracts.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

6. Loans and Mortgages Receivable (Continued)

Average Yields to Maturity

Loans bear interest at both variable and fixed rates with the following average yields at:

	<u>Principal</u>	<u>2023 Yield</u>	<u>Principal</u>	<u>2022 Yield</u>
Variable rate	\$ 8,279,591	7.92%	\$ 9,346,105	7.59%
Fixed rate	<u>44,886,640</u>	4.87%	<u>41,829,895</u>	4.19%
	<u>\$ 53,166,231</u>		<u>\$ 51,176,000</u>	

Credit Quality of Loans

The following table sets out information about the credit quality of loans and mortgages measured at amortized cost.

	<u>Normal risk Stage 1</u>	<u>Watch list Stage 2</u>	<u>Credit- impaired Stage 3</u>	<u>2023 Total</u>	<u>2022 Total</u>
Insured Mortgages	\$ 5,949,361		\$ 133,413	\$ 6,082,774	\$ 5,195,004
Uninsured Mortgages	29,765,374		947,060	30,712,434	30,158,544
Secured Personal Loans	6,399,810		265,845	6,665,655	4,440,545
Unsecured Personal Loans	1,383,469		9,888	1,393,357	2,059,550
Commercial Loans	268,940			268,940	307,185
Lines of Credit and Overdraft	<u>7,841,584</u>	<u>\$ 4,532</u>	<u>196,955</u>	<u>8,043,071</u>	<u>9,015,172</u>
Subtotal loans advanced	51,608,538	4,532	1,553,161	53,166,231	51,176,000
Unused Lines of Credit	<u>5,853,657</u>			<u>5,853,657</u>	<u>6,229,697</u>
Total	57,462,195	4,532	1,553,161	59,019,888	57,405,697
Allowance for Doubtful Accounts	<u>116,698</u>	<u>2,063</u>	<u>232,681</u>	<u>351,442</u>	<u>358,127</u>
Total loans and commitments	<u>\$ 57,345,497</u>	<u>\$ 2,469</u>	<u>\$ 1,320,480</u>	<u>\$ 58,668,446</u>	<u>\$ 57,047,570</u>

It is not practical to value all collateral as at the statement of financial position date due to the variety of assets and conditions. A breakdown of the loans by security type on a portfolio basis is as follows:

	<u>2023</u>	<u>2022</u>
Unsecured term loans	\$ 1,393,357	\$ 2,059,550
Loans secured by cash, members' deposits	\$ 92,472	\$ 95,452
Unsecured lines of credit	\$ 1,475,626	\$ 1,688,338



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements**December 31, 2023**

6. Loans and Mortgages Receivable (Continued)**Fair Value**

The estimated fair value of the variable rate loans is assumed to be equal to book value as the interest rates on these loans re-price to market on a periodic basis. The estimated fair value of fixed rate loans is determined by discounting the expected future cash flows at current market rates for products with similar terms and credit risks.

Key Assumptions in Determining the Allowance for Impaired Loans Collective Provision

The Credit Union would determine the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or economic circumstances. In identifying the impairment likely from these events the Credit Union estimates the potential impairment using the loan type, industry, geographical location, type of loan security, the length of time the loans are past due and the historical loss experience. The circumstances may vary for each loan over time, resulting in higher or lower impairment losses. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Credit Union to reduce any difference between loss estimates and actual loss experience.

An estimate of the collective provision is based on the period of repayments that are past due.

For purposes of the collective provision loans are classified into separate groups with similar risk characteristics, based on the type of product and type of security.

Definition of Default and Credit Impaired

The Credit Union defines a member loan in default and credit impaired when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments.
- The borrower meets unlikeliness to pay criteria such as the borrower is deceased, insolvent, is in breach of financial covenants, other concessions have been made by the lender or it is becoming probable that the borrower will enter bankruptcy.

Following the general IFRS 9 impairment approach, credit loss allowance is measured using a three-stage approach as defined in Note 2.

Loss Allowance

The loss allowance recognized in the period is impacted by factors, such as: transfers between stage 1 and stages 2 or 3 due to member loans experiencing significant risk or becoming credit-impaired in the period and consequently step up (or step down) between 12 month and lifetime expected credit losses. Also, the impact on the measurement of ECL due to changes in the risk adjusted probability of default, exposure at default and the loss given default in the period, arising from regular refreshing of the inputs to models.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

6. Loans and Mortgages Receivable (Continued)

The table below explains the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at December 31, 2022	\$ <u>139,504</u>	\$ <u>890</u>	\$ <u>217,733</u>	\$ <u>358,127</u>
Transfers from stage 1 to stage 2		NIL		
Transfers from stage 2 to stage 3			NIL	
Remeasurement of loss allowance	<u>(22,806)</u>	<u>1,173</u>	<u>31,119</u>	<u>9,486</u>
Net change during the period	<u>(22,806)</u>	<u>1,173</u>	<u>31,119</u>	<u>9,486</u>
Write-offs in the year			<u>(16,171)</u>	<u>(16,171)</u>
Loss allowance as at December 31, 2023	\$ <u>116,698</u>	\$ <u>2,063</u>	\$ <u>232,681</u>	\$ <u>351,442</u>



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

7. Property, Plant and Equipment

Cost	Land	Buildings	Paved Areas	Furniture and Equipment	Data Processing Equipment	Total
Balance on December 31, 2022	\$ 264,150	\$ 1,609,543	\$ 50,462	\$ 164,655	\$ 339,752	\$ 2,428,562
Additions				5,962	66,568	72,530
Disposals					(48,963)	(48,963)
Balance on December 31, 2023	264,150	1,609,543	50,462	170,617	357,357	2,452,129
Accumulated Amortization						
Balance on December 31, 2022		628,725	5,894	158,018	299,725	1,092,362
Amortization expense		25,987	3,565	1,924	22,905	54,381
Disposals					(44,367)	(44,367)
Balance on December 31, 2023		654,712	9,459	159,942	278,263	1,102,376
Net Book Value						
December 31, 2022	\$ 264,150	\$ 980,818	\$ 44,568	\$ 6,637	\$ 40,027	\$ 1,336,200
December 31, 2023	\$ 264,150	\$ 954,831	\$ 41,003	\$ 10,675	\$ 79,094	\$ 1,349,752



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

8. Other Assets

	<u>2023</u>	<u>2022</u>
Prepaid expenses	\$ 41,898	\$ 4,884
Prepaid service contract costs (Honeybee Mission)	963,730	409,206
Other accounts receivable	<u>52,663</u>	<u>9,592</u>
	<u>\$ 1,058,291</u>	<u>\$ 423,682</u>

9. Members' Deposits

	<u>2023</u>	<u>2022</u>
Chequing accounts	\$ 12,235,723	\$ 11,185,756
Savings accounts	25,211,576	28,381,208
Term deposits and accrued interest	11,743,878	13,399,173
RRSP funds plus accrued interest	10,650,295	11,047,713
RRIF funds plus accrued interest	3,908,563	3,723,719
Non-equity share accounts	633,661	490,811
Equity share accounts	<u>393,831</u>	<u>416,266</u>
	<u>\$ 64,777,527</u>	<u>\$ 68,644,646</u>

Terms and Conditions

Chequing deposits are due on demand.

Demand deposits (savings accounts) are due on demand and bear interest at various rates. Interest is calculated daily.

Term deposits bear fixed rates of interest for terms of up to five years. Interest can be paid annually, semiannually, monthly or upon maturity.

The registered retirement savings plan (RRSP) accounts can be fixed or variable rates. The fixed rate RRSP's have terms and rates similar to the term deposit accounts described above.

Registered retirement income funds (RRIF) consist of both fixed and variable interest rate products with terms and conditions similar to those of the RRSP's described above. Members may make withdrawals from a RRIF account on a monthly, quarterly, semiannually or annual basis. The regular withdrawal amounts vary according to individual needs and statutory requirements.

Fair Value

The estimated fair value of the demand deposits and variable rate deposits are assumed to be equal to book value as the interest rates on these deposits re-price to market on a periodic basis. The estimated fair value of fixed rate deposits is determined by discounting the expected future cash flows of these deposits at current market rates for products with similar terms and credit risks.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
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10. Income Taxes

The components of income tax expense are:

	<u>2023</u>	<u>2022</u>
Income taxes - current	\$ 26,020	\$ 43,684
Future income taxes	<u>5,273</u>	<u>5,898</u>
	<u>\$ 31,293</u>	<u>\$ 49,582</u>

11. Related Party Transactions

Director fees and salary replacement paid to directors and salary to key management personnel having authority and responsibility for planning, directing and controlling the activities of the Credit Union were \$477,941 (2022 - \$420,074).

At December 31, 2023, the aggregate value of interest bearing personal and mortgage loans outstanding to directors, key management and employees totaled \$1,866,582; (2022 - \$2,269,826). The aggregate value of interest bearing deposits outstanding to directors, key management and employees totaled \$733,560; (2022 - \$922,029). These loans and deposits are on the same terms and conditions as have been accorded to all members of the Credit Union.

12. Financial Instrument Classification and Fair Value

The following table represents the carrying amount by classification.

	<u>Fair Value through OCI</u>	<u>Amortized Cost Assets</u>	<u>Amortized Cost Liabilities</u>
December 31, 2023			
Cash and deposits		\$ 16,972,323	
Investments	\$ 1,659,018		
Loans to members		52,814,789	
Other assets		1,101,438	
Members' deposits			\$ 64,777,527
Other liabilities			<u>1,907,962</u>
	<u>\$ 1,659,018</u>	<u>\$ 70,888,550</u>	<u>\$ 66,685,489</u>
December 31, 2022			
Cash and deposits		\$ 23,032,033	
Investments	\$ 1,725,116		
Loans to members		50,817,873	
Other assets		457,900	
Members' deposits			\$ 68,644,646
Other Liabilities			<u>1,739,523</u>
	<u>\$ 1,725,116</u>	<u>\$ 74,307,806</u>	<u>\$ 70,384,169</u>



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

12. Financial Instrument Classification and Fair Value (Continued)
Capital Adequacy/Capital Management

Pursuant to S.22 of the regulations related to the Credit Union Act, a Credit Union shall maintain a capital adequacy reserve of 5% of total assets consisting of share capital and retained earnings. The minimum retained earnings amount is 3% of total assets. The maximum share capital to be used in the determination of capital adequacy is 2% of total assets. As outlined below, the Credit Union was in compliance with the requirement as at December 31, 2023. During 2011 the Credit Union received a stock dividend in the amount of \$61,000 on the formation of Atlantic Central. This amount is included in retained earnings.

	<u>2023</u>	<u>2022</u>
Required capital per regulations:		
5% of total assets (regulatory)	\$ 3,694,866	\$ 3,868,456
Actual capital		
Retained Earnings	7,211,832	6,984,953
Adjustment for stock dividend	(61,000)	(61,000)
Equity shares	<u>393,831</u>	<u>416,266</u>
	<u>7,544,663</u>	<u>7,340,219</u>
Excess of capital per regulatory requirement	3,849,797	3,471,763
Additional 4.75 % of total assets (per Board policy)	<u>3,510,123</u>	<u>3,675,033</u>
Excess (Shortage) of capital per Board policy	\$ <u>339,674</u>	\$ <u>(203,270)</u>

13. Financial Instrument Risk Management
General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's key management personnel. The Board of Directors receives quarterly reports from the Credit Union's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Credit Risk

Credit risk is the risk of financial loss to the Credit Union if a counterparty to a financial instrument fails to make payments of interest and principal when due. The Credit Union is exposed to credit risk from claims against a debtor or indirectly from claims against a guarantor of credit obligations.

Risk Management

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Credit Union takes into consideration the member's character, ability to pay, and value of collateral available to secure the loan.

The Credit Union's credit risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with, at the business and transaction level.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

13. Financial Instrument Risk Management (Continued)
Liquidity Risk

Liquidity risk is the risk that the Credit Union will not be able to meet all cash outflow obligations as they come due. The Credit Union mitigates this risk by monitoring cash activities and expected outflows so as to meet all cash outflow obligations as they fall due.

Risk Measurement

The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective firm specific and market conditions and the related behaviour of its members and counterparts.

Objectives, Policies and Procedures

The Credit Union's liquidity management framework is designed to ensure that adequate sources of reliable and cost effective cash or its equivalents are continually available to satisfy its current and prospective financial commitments under normal and contemplated stress conditions.

Provisions of the Credit Union Act require the Credit Union to maintain a prudent amount of liquid assets in order to meet member withdrawals. The Credit Union has set a minimum liquidity ratio of 6%.

The Credit Union manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the liquidity ratios monthly.

The Board of Directors receives quarterly liquidity reports as well as information regarding cash balances in order for it to monitor the Credit Union's liquidity framework. The Credit Union was in compliance with the liquidity requirements throughout the fiscal year.

Liquidity Requirement

As at December 31, 2023, the position of the Credit Union is as follows:

	Maximum Exposure
Qualifying liquid assets on hand	
Cash and cash equivalents	\$13,012,642
Liquidity reserve deposit	<u>3,959,681</u>
	16,972,323
Total liquidity requirement (6% Member Deposits)	<u>3,886,652</u>
Excess liquidity	<u>\$13,085,671</u>

The maturities of liabilities are shown below under market risk. The Credit Union has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements

December 31, 2023

13. Financial Instrument Risk Management (Continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk, and equity risk.

Senior management is responsible for managing market risk in accordance with the Credit Union's Asset and Liability Management and Investment Policy as set by the Board.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Credit Union is exposed to this risk through traditional banking activities, such as deposit taking and lending.

The Credit Union's goal is to manage the interest rate risk of the statement of financial position to a target level. The Credit Union continually monitors the effectiveness of its interest rate mitigation activities.

The following schedule shows the Credit Union's sensitivity to interest rate changes. A significant amount of loans and deposits can be settled before maturity on payment of a penalty, but no adjustment has been made for payments that may occur prior to maturity. Amounts that are not interest sensitive have been grouped together regardless of maturity.

Risk Measurement

The Credit Union's position is measured quarterly. Measurement of risk is based on rates charged to members as well as funds transfer pricing rates.

Objectives, Policies and Procedures

The Credit Union's major source of income is financial margin, the difference between interest earned on investments and member loans and interest paid on members' deposits. The objective of asset/liability management is to match interest sensitive assets with interest sensitive liabilities as to amount and as to term to their interest rate repricing dates, thus minimizing fluctuations of income during periods of changing interest rates.

Schedules of matching and interest rate vulnerability are regularly prepared and monitored by Credit Union's management.

	<u>Assets</u>	<u>Yield (%)</u>	<u>Liabilities</u>	<u>Cost (%)</u>	<u>Asset / Liability Gap</u>
Maturity dates, interest sensitive					
Variable	\$ 11,516,786	7.09	\$ 36,492,307	0.40	\$(24,975,521)
0-3 months	6,899,232	4.89	8,989,272	2.50	(2,090,040)
4-9 months	6,848,928	4.50	1,629,596	2.97	5,219,332
1 year	13,464,353	4.52	9,376,522	3.49	4,087,831
2 years	12,012,828	4.83	3,183,129	2.61	8,829,699
3 years	9,375,684	4.28	827,392	2.27	8,548,292
4 years	6,283,566	4.87	206,802	2.21	6,076,764
5 years	4,320,748	5.95	767,849	3.22	3,552,899
> 5 years	<u>2,179</u>	5.97			<u>2,179</u>
	70,724,304		61,472,869		9,251,435
Non interest sensitive	<u>3,173,017</u>		<u>5,212,620</u>		<u>(2,039,603)</u>
Total	<u>\$ 73,897,321</u>		<u>\$ 66,685,489</u>		<u>\$ 7,211,832</u>



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

13. Financial Instrument Risk Management (Continued)

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. The Credit Union can utilize interest rate swaps in managing this rate gap. One of the roles of a Credit Union is to intermediate between the expectations of borrowers and depositors.

If applying a simple interest calculation to the above schedule, with the exclusion of any assumptions regarding shock reduction adjustments, the effect of the Credit Union's risk resulting from an increase in interest rates of 1% on variable interest sensitive instruments could result in an increase to net income of approximately \$25,762 while a decrease of interest rates of 1% could result in a decrease to net income of approximately \$26,962.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

14. Other Income	2023	2022
Dividends and rebates	\$ 16,546	\$ 3,377
Referral fees		5,153
Other income	<u>49,101</u>	<u>45,375</u>
	<u>\$ 65,647</u>	<u>\$ 53,905</u>
15. Members' Security	2023	2022
Insurance	\$ 22,105	\$ 20,817
Credit Union Deposit Guarantee Corporation assessment	<u>92,660</u>	<u>92,134</u>
	<u>\$ 114,765</u>	<u>\$ 112,951</u>
16. General Business Expenses	2023	2022
Employee salaries and benefits	\$ 1,314,305	\$ 1,189,748
Data processing	205,895	194,780
Interac service charges	72,312	68,407
Professional fees	69,302	56,433
Postage and courier	17,416	16,123
Atlantic Central assessments	94,464	88,613
Business tax	36,465	36,465
Service charges	58,239	43,388
Advertising and promotion	9,813	9,272
Corporate social responsibility	25,000	25,000
Office and stationary	26,750	29,242
Travel	11,248	2,200
Meetings and training	43,850	40,416
Computer consulting	43,200	30,868
Miscellaneous foreign exchange, subscriptions etc.)	971	5,202
Telephone	15,855	14,540
Equipment maintenance	33,773	34,028
Trustee fees for registered plans	12,082	11,640
Credit bureau and collections	7,526	4,468
Covid-19 pandemic	<u>2,453</u>	<u>2,453</u>
	<u>\$ 2,098,466</u>	<u>\$ 1,903,286</u>



PUBLIC SERVICE CREDIT UNION LIMITED
Notes to the Financial Statements
December 31, 2023

17. Commitments
Credit Facilities

The Credit Union has an authorized line of credit with Atlantic Central totalling \$1,935,000 bearing interest at the rate of 7.2%, all of which remained unused at year end. These borrowings are secured by a general assignment of book debts.

Member Loans

The Credit Union has the following commitments to its members at the year-end date on account of loans and unused lines of credit:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unadvanced loans	\$ _____ NIL	\$ _____ NIL
Unused lines of credit	\$ 5,853,657	\$ 6,229,697

Service contract

The Credit Union is participating in a cost sharing arrangement to fund the costs for platform development related to a cloud computing service contract. In accordance with IFRS Interpretations Committee release, March 2019, these costs are related to the service contract and will be recorded as an expense over the contract term. The cloud computing platform development project is known as the Honeybee Mission. The Credit Union has agreed to provide funding in the amount of \$963,730. The committed cash outlays to fund the prepaid service contract costs are as follows; 2022 - \$181,869; 2023 - \$454,674 and 2024 - \$327,187.

18. Comparative amounts

Certain comparative amounts have been reclassified to conform with the financial statement presentation adopted for the current year.



Products and Services

YOUR MONEY

Electronic Services

- *MemberDirect*[®] Integrated - Online Banking
- Mobile Web Banking
- Mobile Wallet for Apple[®], Google and Samsung
- iPhone and Android™ Apps
- Lock'N'Block™
- Deposit Anywhere™
- *Interac*[®] Direct Payment
- *Interac* e-Transfer[®]
- *Interac* Flash[®]
- *Interac*[®] Online
- *Interac*[®] Autodeposit
- *Interac*[®] Request Money
- Cross-border Debit
- E-Statements
- ATM Networks (*Interac*[®], *AccuLink*[®], *Cirrus*[®], *Exchange*[®], *Plus*[®])
- Ding-free[®] (Surcharge-Free ATMs)
- ICU (Integrated Credit Union Services CUs in the Atlantic)
- Payroll Deposits
- Direct Deposits
- Bill Payment
- *TeleService*[®]
- *Mastercard*[®] Credit Card
- Apple Pay on Credit Cards

Chequing Services

- Personal Chequing
- Youth Chequing and Savings
- Business Chequing
- Non Profit Chequing

Saving Services

- Savings
- High Interest Savings Account (HISA)
- Special Payroll Deposits
- Fat Cat Accounts[®]

YOUR FINANCING

- Loans and Mortgages
- Personal Loans
- Conventional Mortgages
- Collateral Mortgages
- RRSP Loans
- Investment Loans
- Dealer Plan Financing
- Home Equity Lines of Credit
- Line of Credit-Loans
- Overdraft Protection

YOUR FUTURE

Investment Products and Services

- Term Deposits
- RRSP/RRIF/RESP
- Tax-Free Savings Accounts (TFSA)
- First Home Savings Account (FHSA)
- Retirement Planning

Insurance

- Credit Life & Disability Insurance
- Critical Illness Insurance
- Mortgage Insurance
- Home/Auto Group Insurance (Available through Cooperators Insurance)
- Travel Insurance
- Term Life Insurance

Financial Management

- Through CUFM: Wealth Management, Financial Planning and Insurance Services
- Financial Counselling
- Trust Services

Additional Services

- Foreign Exchange
- Canadian/Foreign Money Orders
- Bill Payments
- Safety Deposit Box Rentals
- Legal Witnessing
- Certified Cheques

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Deposit Protection

The Credit Union Deposit Guarantee Corporation (CUDGC) is a Provincial Crown Corporation established to protect eligible deposits of Credit Union Members in Newfoundland and Labrador. Coverage is automatic and free – there is no need to apply for coverage.

Providing Superior Deposit Insurance Protection, Credit Union Members' Eligible Deposits are insured to a maximum of \$250,000 (principal plus interest) per account type.

Insurable Deposits

Basic Deposits:

The total of Chequing and Savings Accounts, Term Deposits/Guaranteed Investment Certificates (GICs), Foreign Currency Deposits, Money Orders, Mortgage Tax Account Balances, Bank Drafts and Certified Cheques are insured to a maximum of \$250,000 per individual member.

Joint Deposits:

Deposits held by a member and another individual are insured collectively to a maximum of \$250,000.

Registered Deposits:

Savings Accounts and Term Deposits/GICs held in Registered Retirement Savings Plans (RRSPs), Register Retirement Income Funds (RRIFs), Registered Education Savings Plans (RESPs), Registered Disability Savings Plans (RDSPs) and Tax Free Savings Accounts (TFSA) are insured to a maximum of \$250,000 per plan type.

Trust Accounts:

The total of deposits having the same trustee and the same beneficiary are combined and insured to a maximum of \$250,000. If the trust deposit has more than one beneficiary, then each beneficiary's portion is insured to a maximum of \$250,000.

Uninsured Deposits

The following deposits are not insured:

- Mutual Funds
- Stocks and Bonds
- Exchange Traded Funds (ETF)
- T-bills
- Cryptocurrencies
- Travellers' Cheques
- Membership Shares and Certain Classes of Credit Union Shares

Disclosure

Deposits held with a credit union partner may be covered under another Deposit Insurance provider.





Examples of Coverage

The following illustrates an example of Deposit Insurance Coverage provided by CUDGC for credit union members, Mary and Bob, including the trust for their children, Krista and Jacob.

Depositor	Balance	Insured
Mary		
Chequing Accounts, Savings Accounts, Term Deposits/GICs, Foreign Currency, Certified Cheques, & Bank Drafts	\$75,000.00	\$75,000.00
RRSP**	\$140,000.00	\$140,000.00
TFSA	\$270,000.00	\$250,000.00
RESP	\$75,000.00	\$75,000.00
RDSP	\$50,000.00	\$50,000.00
Mutual Funds, T-bills, Exchange Traded Funds	\$50,000.00	\$0.00
Bob		
Chequing, Savings, Term Deposits/GICs, Foreign Currency	\$53,000.00	\$53,000.00
RRSP**	\$40,000.00	\$40,000.00
RRIF**	\$400,000.00	\$250,000.00
TFSA	\$25,000.00	\$25,000.00
Stocks and Bonds	\$30,000.00	\$0.00
Cryptocurrency	\$1,000.00	\$0.00
Bob and Mary		
Chequing, Savings, Term Deposits/GICs, Mortgage Tax Account, Foreign Currency	\$255,000.00	\$250,000.00
Bob in Trust for Krista & Jacob (equal beneficiary)*		
Term Deposits/GICs (7 years)	\$270,000.00	\$270,000.00 (\$135,000 for each beneficiary)
Total Coverage for Bob and Mary		\$1,478,000.00

***Note:** Each Beneficiary is insured up to \$250,000 provided the required information about the trustee and the beneficiaries is disclosed on the records of the credit union.

**For the most up to date information on eligible deposits and examples of coverage limits, please refer to the CUDGC website or contact your credit union.



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



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

We partner with 12 Atlantic Credit Unions, who constantly seek to add quality products, services, and convenience to members' lives. Your Credit Union is pleased to provide access to CU Financial Management Ltd, Credential Securities services, and Credential Asset Management Inc.

At CU Financial Management, our experienced advisors are here to help members achieve the goals that matter most – wherever they may be in their financial journey. We are a homegrown, Atlantic Canadian financial planning firm where the community comes first. We ensure all investments go further – benefitting the member while providing social and environmental good.

Don't live near one of our offices?

Our team of expert advisors serve members across Newfoundland and Labrador virtually and plan travel throughout the province for those who prefer to meet in person.

Our dedicated team has provided investment counsel and wealth planning services to individuals and institutions in our community for many years. Our advisors through Credential Securities will work with you to fully understand your goals, investment objectives, risk tolerance, investment time horizon, significant life changes and tax considerations, among several other factors.

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



Financial Planning

A good financial plan serves as a guide for your income, expenses and investments so you can manage your money and achieve your goals.



Investment & Retirement Planning

It's important to plan for your future today, this includes implementing a solid savings plan and managing your assets.



Insurance Planning

Insurance is a form of risk management and is a vital piece in your financial plan.

Life | Health | Critical Illness | Disability



Estate & Legacy Planning

Our advisors work with you to develop a comprehensive plan that reflects your wishes, protecting your assets and your loved ones.

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- Guaranteed claims counselling with no impact to your premium if you choose not to make a claim*
- A home deductible that shrinks by \$100 each claim-free year
- Complementary legal assistance on demand, as part of your home policy
- Optional protection against depreciation of your vehicle if it's a write-off within five years
- Rewards for new drivers who maintain a clean driving record

For more than 40 years, the Co-operators Group Home and Auto insurance program has been protecting Canadians. Today, more than 900 organizations across the country trust us to provide their members with the quality coverage and service they deserve, at rates that fit their budget. Ready to find out how a group program can protect you? Visit Us

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