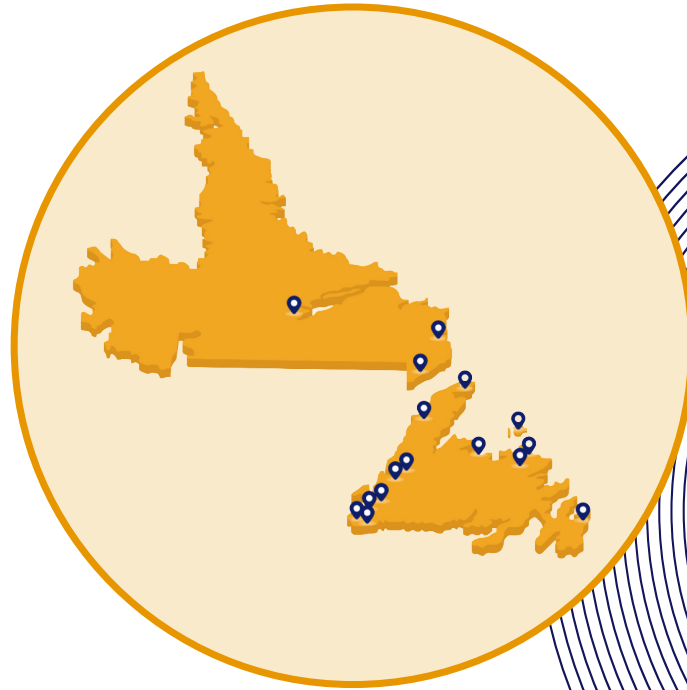




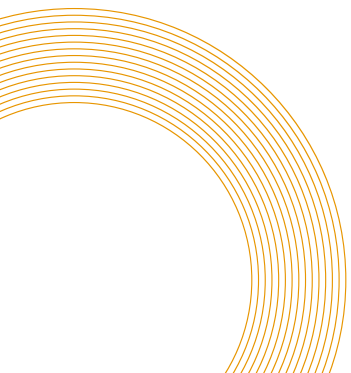
Atlantic Edge
CREDIT UNION



Annual **REPORT**



2025



Vision

Growing Stronger Together.

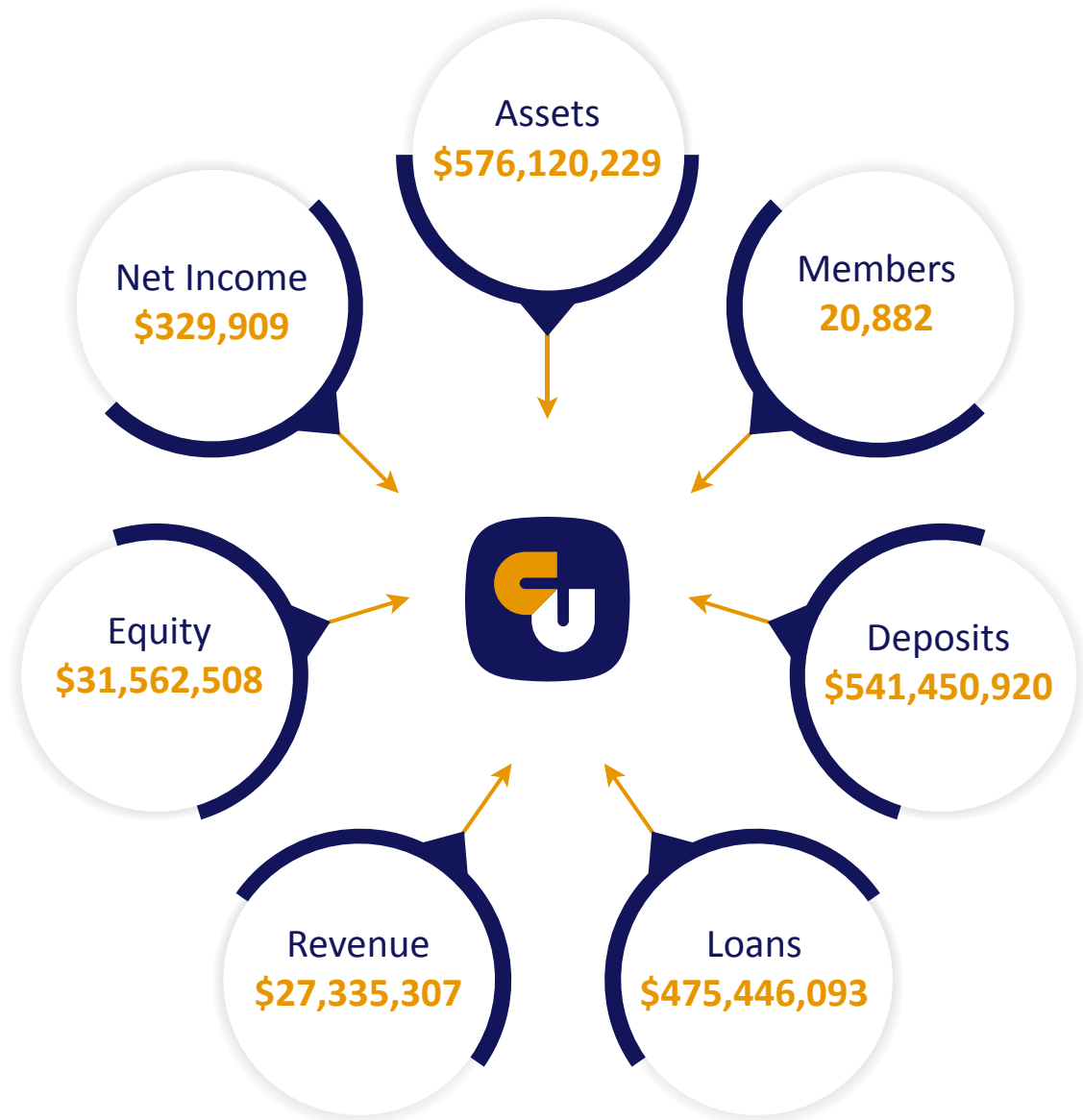
Mission

At Atlantic Edge Credit Union, we empower people and communities by providing financial services and advice built on honesty, fairness, and trust.

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2025 Credit Union Highlights



Message from the Chair

Dear Members,

As we gather for our Annual General Meeting in 2026, I am honored to address you as Chair and reflect on another year of achievements, growth, and collaboration. This occasion is not only a time to review our progress, but also a chance to reaffirm our commitment to the values that unite us and the vision that inspires our future.

Over the past year, our organization has continued to build on its strengths, thanks to the dedication of our members, volunteers, and staff. Together, we have navigated challenges, celebrated successes, and worked diligently to advance our shared goals. Your engagement and support have been the cornerstone of our progress.

I want to extend my sincere thanks to each of you for your patience and understanding during the banking system changeover. Despite the best preparations and tireless efforts of our staff leading up to the transition, we encountered a few bumps along the way, and I appreciate how you weathered these challenges with grace. It was undeniably a trying time, and your resilience helped us move through it together.

Looking ahead, we remain focused on fostering innovation, strengthening our community, and delivering meaningful results. I encourage all members to participate actively in the discussions and decisions that will shape our path forward. Your voice matters, and your contributions make a difference.



I would like to express my sincere gratitude to each member for your commitment and involvement. I am proud of what we have accomplished together and excited for what lies ahead. Let us continue to support each other and strive for excellence in the coming year.

Thank you for being part of this remarkable journey. Wishing you a productive and inspiring AGM.

Sincerely,

Dan Sheaves
Chair

“ Looking ahead, we remain focused on fostering innovation, strengthening our community, and delivering meaningful results. ”

Message from the CEO

Dear Valued Members,

As we reflect on the year ending 2025, I am proud to share how your Credit Union continued to strengthen its foundation, modernize its services, and deliver meaningful value to members and communities across our region. 2025 was a year of execution, resilience, and transformation—one that positioned Atlantic Edge Credit Union for long-term success in a rapidly changing financial landscape.

A Year of Transformation and Delivery

One of the most significant achievements of 2025 was the successful conversion of our core banking system, internally known as the Honeybee Project. This was a major undertaking that touched every part of our organization. The carefully planned conversion was completed with minimal member disruption, and early adoption of enhanced online and mobile banking has been strong.

The new system enables improved digital banking capabilities, more efficient branch operations, and stronger data and analytics, while establishing a foundation for continued enhancements in 2026, including expanded functionality, usability, and digital self-service options.

Alongside the banking conversion, we also advanced our approach to how members connect with their Credit Union. In 2025, we implemented a new enterprise phone system that significantly improved call routing, tracking, and consistency of service during a high-volume period. While we have not yet fully implemented a centralized call centre, we are actively working toward this model. Planning and design work is underway, with a focus on improving response times, service quality, and member experience across all channels. This project is expected to be delivered in 2026 and will represent another important step in modernizing how we support members while maintaining the personal service you value.



Growing Responsibly for Members

Despite the operational demands of a major system conversion, 2025 was also a year of strong business growth. Your Credit Union continued to see solid momentum across both lending and deposits, reflecting the trust members place in us for their financial needs:

- Loan growth remained strong across our retail, commercial, and mortgage portfolios, supporting home ownership, business development, and community investment throughout Newfoundland and Labrador.
- Deposit growth was equally encouraging, demonstrating member confidence in the stability, safety, and value of their Credit Union.

These results speak to disciplined growth, strong advice-driven service, and a continued focus on meeting members where they are—financially and geographically. This growth was achieved while maintaining sound risk management, strong liquidity, and appropriate capital levels, ensuring that Atlantic Edge Credit Union remains financially resilient and well-positioned for the future.

Message from the CEO (con't)

Serving Communities Where It Matters

In 2025, we continued to deliver on our commitment to accessible, community-based banking. Our expansion into Fogo Island ensured that residents once again had local access to essential financial services after years without a banking presence. This was a clear example of the cooperative difference—investing in communities not because it is easy, but because it matters. Beyond bricks and mortar, we advanced digital service delivery, including digital account opening and continued investment in digital lending solutions. These initiatives are especially important in rural and remote communities, allowing members to access services conveniently while ensuring the long-term sustainability of local banking.

Investing in Our People

None of our achievements in 2025 would have been possible without our dedicated and talented team. Over the year, we continued to invest in employee development, leadership training, and modern HR platforms to support performance, engagement, and succession planning. We strengthened onboarding and training programs, enhanced performance management practices, and transitioned to improved benefit and payroll solutions. These investments are about more than systems—they are about ensuring our people are supported, skilled, and empowered to deliver exceptional service to members every day.

Living Our Cooperative Values

Community impact remained a key area of focus in 2025, guided by a clearly defined community impact workplan and supported by dedicated staff leadership in this area. Grounded in our co-operative values, we continued to invest in initiatives that support the well-being of the communities we serve. Through programs such as Warm Coats for Kids, the Community Grant Program, and employee volunteer efforts—many shaped by branch-level insight and staff-led community involvement—AECU supported local priorities and strengthened community connections. These efforts reflect our ongoing commitment to supporting both our members and the communities in which we operate.

Looking Ahead

As we look forward, we are mindful that the investments made in 2025—particularly in technology—come with increased operating costs. However, these investments are necessary to ensure long-term sustainability, security, and service excellence. Your Board and management team remain focused on balancing innovation with financial discipline, always with members' best interests at the centre of our decisions.

On behalf of the Board of Directors and the entire Atlantic Edge Credit Union team, I thank you—our members—for your continued trust and loyalty. Your engagement and support are the foundation of our success.

Together, we have accomplished a great deal in 2025, and I am confident that the steps we have taken will serve our members and communities well for many years to come.

Sincerely,

Cory Munden
CEO

“
Beyond bricks and mortar, we advanced digital service delivery, including digital account opening and continued investment in digital lending solutions.
”

Board of Directors



Daniel Sheaves
Chair



Bert Belben
Vice-Chair



Paul Summers
Vice-Chair



Ginger Ryland,
Director



Paul Newman
Director



Dave Evans
Director



Gary O'Brien
Director



Rebecca Bell
Director



Stephen Blackwood
Director

Committees

Executive Committee

Dan Sheaves, Chair
Bert Belben, Vice-Chair
Paul Summers, Vice-Chair

Governance Committee

Paul Summers, Vice-Chair
Paul Newman
Ginger Ryland
Dave Evans

Audit, Risk, and Conduct Review Committee

Paul Newman
Dave Evans
Gary O'Brien
Stephen Blackwood

Community Impact Committee

Bert Belben, Vice-Chair
Ginger Ryland
Gary O'Brien
Rebecca Bell

Board of Directors Participation Q2 2025 to Q1 2026

NAME	BOARD MEETINGS	EXECUTIVE MEETINGS	AUDIT, RISK, AND CONDUCT REVIEW MEETINGS	GOVERNANCE MEETINGS	COMMUNITY IMPACT MEETINGS
Dan Sheaves (C)	14	3	-	-	-
Bert Belben (VC)	14	3	-	-	5
Paul Summers (VC)	12	3	-	6	-
Ginger Ryland	13	-	-	6	5
Paul Newman	13	-	6	5	-
Dave Evans	13	-	5	6	-
Gary O'Brien	13	-	5	-	4
Rebecca Bell	11	-	-	-	4
Stephen Blackwood	12	-	5	-	-

Special Recognition

5 YEARS
Leonard Hann

10 YEARS
Angela Dyke

10 YEARS
Cherie Mercer

10 YEARS
Cindy Perry

10 YEARS
**Jayasankar
Vattathoor**

15 YEARS
Cindy Collins

15 YEARS
**MaryJane
Hudson-Cabot**

15 YEARS
Tracy Keeping

15 YEARS
Dale Walker

20 YEARS
Sherry O'Brien

20 YEARS
Cheryl Patey

20 YEARS
Kelly Vincent

20 YEARS
Brenda Winsor

25 YEARS
**Carolyn
Chambers**

30 YEARS
Janine Little

Special Recognition

Claire Lessel (Human Resources Manager)

Completed *CPHR National Knowledge Exam* in December 2025

Geneva Taylor (Regional Branch Manager)

Received *Certificate in Applied Leadership (CAL)* in November 2025

Jamie LeBoubon (Regional Branch Manager)

Completed *eLeaderHUB* in September 2025

CUIC 185 Credit Union Products & Services Cohort

- Brooke Samms (FSR) completed in January 2025
- Gizelle Biggin (FSR) completed in July 2025
- Susan Pearce (FSR) completed in July 2025
- Trinda Bryan (Digital Lending Officer) completed in July 2025

CUIC 201 Credit Unions: Different by Design Cohort

- Marina O’Keefe (FSR) completed in January 2025
- Shana Ward (FSR) completed in July 2025

AECU Scholarship Program

\$8000 Awarded

- Julian Flynn
- Charlotte Parsons
- Sarah Ryan
- Amber Ernst
- Kaleb Cook

A. F. Walker Scholarship Program

\$1000 Awarded

- William Shea



Co-operative Principles and Values

Seven Co-operative Principles

These seven principles are founded in the philosophy of co-operation and its central values of equality, equity and mutual self-help. They express, around the world, the principles of human development through people working together to achieve a better life for themselves and their community.

1. Voluntary and Open Membership

Credit unions are voluntary, co-operative organizations, offering services to people willing to accept the responsibilities and benefits of membership, without gender, social, racial, political or religious discrimination.

Like credit unions, many co-operatives operate as profit-for-purpose institutions with volunteer Boards of Directors. In the case of credit unions, directors are elected from and by the membership.

2. Democratic Member Control

Co-operatives are democratic organizations; owned and controlled by their members, one member one vote, with equal opportunity for participation in setting policies and making decisions.

3. Member Economic Participation

Members are the owners. As such, they contribute to, and democratically control, the capital of the co-operative. This benefits members in proportion to their transactions with the co-operative rather than on the capital invested.

Credit unions typically offer better rates, fees and service than for-profit financial institutions, and their members recognize benefits in proportion to the extent of their financial transactions and general usage.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If the co-operative enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of the co-operatives.

Credit unions place particular importance on educational opportunities for their volunteer directors, and financial education for their members and the public, especially the nation's youth. Credit unions also recognize the importance of ensuring the general public and policy makers are informed about the nature, structure and benefits of co-operatives.

6. Co-operation Among Co-operatives

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

7. Concern for Community

While focusing on member needs, co-operatives work for the sustainable development of communities, including people of modest means, through policies developed and accepted by their members.

Co-operative Values

The International Co-operative Alliance (ICA) has a set of values that help govern all decisions in co-operatives. According to the ICA, co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Community Impact Committee Report

To the Member-Owners of Atlantic Edge Credit Union (AECU):

At AECU, our purpose extends beyond financial services. In 2025, we continued to strengthen our commitment to our members and the communities we serve by investing time, resources, and care where they matter most to create meaningful, lasting impact across our region.

Throughout the year, AECU proudly supported community well-being through a range of initiatives, partnerships, and programs, including:

- **Warm Coats for Kids:** This signature program continued to grow, supporting 16 branch communities and surrounding areas in 2025. Thanks to the generosity of our members, staff, and community partners, 345 children received warm winter coats, helping ensure comfort and dignity during the colder months.
- **Community Grant Program:** Interest in the program reached a new high in 2025. A total of \$40,000 was awarded to five outstanding community organizations, including two co-operatives, supporting projects that strengthen local capacity, inclusion, and resilience.
- **Employee Volunteerism:** Our employees remain deeply committed to giving back. In 2025, staff contributed 2,132 volunteer hours to community causes. Of those, 629 hours were paid worktime, reflecting AECU's continued support of employee-led volunteer efforts and community involvement.

The Committee and leadership team are already advancing work in 2026 aligned with our long-term goals, including:

- Continuing to place strong emphasis on co-operative education for staff, Board, members, and the broader community
- Exploring opportunities for co-operative growth and collaboration within the communities we serve
- Deepening our focus on environmental responsibility and strengthening AECU's commitment to sustainability

We look forward to sharing our progress with you and continuing to build a credit union that reflects the values, needs, and aspirations of its member-owners.

On behalf of the Community Impact Committee, I would like to extend sincere thanks to AECU's management and employees. Their dedication, professionalism, and commitment to both exceptional member service and community support continue to make a meaningful difference.

Co-operatively yours,

Bert Belben
Chair
Community Impact Committee

2025 Community Impact Highlights

WARM COATS FOR KIDS

345

Coats Purchased

\$18,192.64

Program Cost

\$6,965.53

Corporate Budget Contribution

\$11,227.11

Total Branch Fundraisers

2352

Coats Purchased and Donated Since 2018.



AECU COMMUNITY GRANT PROGRAM

\$40,000

(5x\$8,000 grants)



Winners:

- Rec House Community Youth Network
- “Grandfriends”
- Mary’s Harbour Recreation Committee
- “Community Hub Sustainability Project”
- Expertise Hub Co-operative
- “The Co-operative Inclusion Lab”
- Killick Ecovillage Co-operative
- “Regenerative Agriculture Community Farming”
- Dorset Collegiate
- “Next Chapter: Community Skill Share”

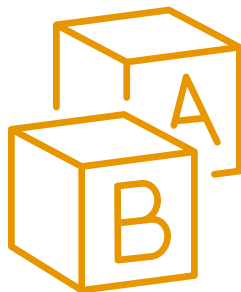
\$79,500

COMMUNITY ENHANCEMENT
50/50 FUNDRAISER as source
of funds raised

FALL FOOD DRIVE

\$8,000 and **293** bags

of groceries, combined donation
by all credit unions in NL



Supporting
Community Day Care Centres

\$12,234

Forfeited Revenue

2025 Community Impact Highlights



2132

Employee volunteer
hours made through
personal and work-
supported time.

\$51,162

MONETARY VALUE

83 Total
Organizations



\$127,662

Forfeited revenue 2025 from
the free account packages
offered to **815 community**
organizations.



Each One. Teach One.

19 Sessions Delivered
544 Attendees
20 Trainers



\$9,000

in scholarships for 2025



\$5,000

donated to Kids Eat Smart
Foundation

2025 Community Impact Highlights

AECU Community Grant Program

\$40,000
(5x\$8,000 grants)

\$3,300

Deer Lake
Food Bank

\$41,919

Miscellaneous
Donations and
Sponsorships

\$51,786

Total
Donations and
Sponsorships



GREEN ENERGY LOANS

\$4,721

Forfeited Revenue



Loyal 2 Local

\$6,750

Pay It Forward

\$6,650



\$1,597

**Big Brothers Big Sisters
of Eastern NL**

2025 Community Impact Highlights



2025 Community Impact Highlights





CU Financial Management

PLAN | INVEST | PROTECT

You're more than a number. Access personalized financial advice for every stage of life with CU Financial Management.



Financial Planning *



Investment Options



Insurance Protection



Randy Blackwood

CFP®, PFP, FCSI
Regional Financial Planner
CU Financial Management | Aviso Wealth

Servicing: Corner Brook | Deer Lake | Doyles | Mary's Harbour
Port aux Basques | Port Saunders | Happy Valley-Goose Bay
Jeffreys | L'anse au Loup | St. Anthony | St. George's



Jeff Silver

PFP®
Regional Financial Planner
CU Financial Management | Aviso Wealth

Servicing: St. John's | Carmanville | Fogo Island | Gander
Mount Pearl | Triton

In Partnership with:



Margo Noseworthy

Regional Support Associate
CU Financial Management | Aviso Wealth



cufm.ca



Atlantic Edge
CREDIT UNION

We are proud to partner with Atlantic Edge Credit Union and their members. Interested in learning more? Ask your credit union staff or visit cufm.ca today.

Mutual funds and other securities are offered through Aviso Wealth, a division of Aviso Financial Inc.

CU Financial Management Ltd. is wholly owned by Atlantic Edge Credit Union Ltd, Brunswick Credit Union Ltd, Community Credit Union Ltd, Consolidated Credit Union Ltd, Credit Union Atlantic Ltd, East Coast Credit Union Ltd, Mosaik Credit Union Ltd, Provincial Credit Union Ltd, Public Service Credit Union Ltd, Reddy Kilowatt Credit Union Ltd, Souris Credit Union Ltd, and Valley Credit Union. We also support Glace Bay Central Credit Union Ltd., and Venture Credit Union Ltd.



Stronger together: Atlantic Edge Credit Union and Co-operators



We're proud to partner with Co-operators, a trusted Canadian organization that shares Atlantic Edge's values. Our unique partnership provides the protection you need to keep what matters safe and gives you the peace of mind you deserve.

Discover the co-operative difference

Co-operators was founded in 1945 by a group of farmers, credit union leaders and social pioneers wanting to care for themselves and their communities, at a time when traditional insurers couldn't meet their needs.

Their business decisions are guided by global co-operative principles, so the need for profitability is balanced with the needs of members and their communities. Making people a priority and taking a long-term view of business decisions make Co-operators fundamentally different from most insurance companies.

The company's co-op values inspire a unique insurance experience that puts clients first and works to meet their needs.

Switch to Co-operators and save up to 40%* on home and auto insurance.

Protect what's important with comprehensive coverage

Through our partnership with Co-operators, members of Atlantic Edge Credit Union can take advantage of expanded coverage on home and auto insurance at exclusive rates. You'll enjoy reliable protection, exceptional service, great savings on features, such as:



Comprehensive Water Coverage, Canada's first and only overland flood and storm surge insurance product



A free legal assistance helpline with guidance from lawyers on many legal issues



Claims guarantee that allows you to review your options before you make a claim, with no impact to your premium if you don't proceed



Flexible recreational vehicle insurance, that allows you to insure a recreational vehicle as a stand-alone policy, or bundle with an existing home or auto policy

Learn how Co-operators coverage suits your needs and budget

For additional information and a no-obligation quote, visit coopgroup.ca/aecu or call 1-800-387-1963.



*Terms and conditions apply. Home and auto insurance are underwritten by Co-operators General Insurance Company. All bundled savings are based on filed discounts and rates. Savings vary based on an individual's insurance profile and are not guaranteed. Savings vary by province. The advertised bundled offer is based on group home and auto insurance rates and includes a welcome discount for new home insurance clients, a claims free discount if you have been claims free for the past 5 years and a conviction-free rating (in ON) or conviction-free discount (in NS, AB, NB and QC) for auto insurance clients. The welcome discount is available only for homeowners (excluding condominiums, mobile homes, seasonal and rented properties). The conviction-free rating or discount is available on private passenger vehicles and requires all drivers to have no minor/major and/or serious/criminal code convictions and no demerit suspensions in the preceding 3 years. Certain conditions, limitations and exclusions may apply. Not all products are available in all provinces. Automobile insurance is not available in British Columbia, Saskatchewan or Manitoba. Contact a licensed Co-operators representative for detailed information about your eligibility and how savings could apply to you. This material is provided for informational purposes only. Please refer to your policy for applicable coverage details, limitations, and exclusions. Co-operators® is a registered trademark of The Co-operators Group Limited and is used with permission. 101 Cooper Drive, Guelph, ON, N1C 0A4 | 1-800-265-2662 © 2026 Co-operators General Insurance Company

Agenda

Atlantic Edge Credit Union Limited

Annual General Meeting

April 22, 2026

Online

6:00 p.m.

1. Establishment of Quorum
2. Adoption of Agenda
3. Adoption of AGM Minutes April 23, 2025
4. Business Arising from Minutes
5. Board Chair Report
6. Chief Executive Officer's Report
7. Audit, Risk and Conduct Review Committee Report
8. Community Impact Committee Report
9. Financial Performance
10. New Business
 1. Articles of Amalgamation Amendments
 2. By-law Amendments
11. Adjournment

AGM 2025 - Minutes

1.0 - Establishment of Quorum

At 7:01 p.m., Dan Sheaves, Chair of the Board of Directors, called the Annual General Meeting to order.

Dan welcomed all attendees to the AGM of Atlantic Edge Credit Union and presented a land acknowledgement statement. After the land acknowledgement statement, a minute of silence was held for departed members of the credit union, staff, and board members.

Charlotte Taylor provided housekeeping items, including muting participants on entry, using Q&A and chat functions for questions, and the process for voting on motions through polling functions.

Dan then invited Marketing Specialist Jessica Sellars to confirm the establishment of quorum. Jessica confirmed that of the 80 people in attendance, 28 were eligible shareholders. Pursuant to section 11.05 of our bylaws, the meeting is duly constituted.

Before the meeting, each attendee had the opportunity to review the minutes of the May 30, 2024, AGM, and the agenda for today's AGM.

2.0 - Adoption of the Agenda

25/04/23-01

The chair asked if anyone had any items to add to the agenda. There were none. No omissions or errors were noted.

MOTION: To adopt the agenda of April 23, 2025, as presented.

MOVED BY: Duane McCarthy

SECONDED BY: Tony Leamon

MOTION CARRIED

3.0 - Adoption of Minutes of May 30, 2024

25/04/23-02

No omissions or errors were noted.

MOTION: To adopt the May 30, 2024, AGM meeting minutes as presented.

MOVED BY: Orvin Roberts

SECONDED BY: Elle Prada

MOTION CARRIED

4.0 - Business Arising from Minutes

– NIL

5.0 - Chair's Report

25/04/23-03

Dan Sheaves presented the President's report. The complete report was included in the AGM Booklet which was sent to all registered participants in advance of the meeting.

The Chair emphasized the credit union's growth, strategic initiatives, and the strong community and team support:

- **Merger Activity:** Atlantic Edge Credit Union is a result of mergers between Hamilton Sound, Eastern Edge, and Atlantic Edge (which itself was a merger between Eagle River and Leading Edge Credit Union). This is the first full year of activity under the merged banner.
- **Financial Performance:** Total assets have surpassed \$522 million, making it the second-largest credit union in the province. Net income for the year was \$1.4 million.
- **Dividends and Patronage:** Approximately \$460,000 in dividends and patronage refunds will be approved for members.
- **Banking Conversion:** The credit union is transitioning from its legacy banking solution provided by CGI to a new provider, Mambu, which offers state-of-the-art functionality. The conversion is expected to occur in late May.
- **Fogo Island Branch:** Atlantic Edge Credit Union has opened a new branch on Fogo Island, following Scotiabank's departure. The community has been very supportive, and the branch is performing well.
- **Commercial Members:** The larger size of the credit union now allows it to offer more products and services to commercial members, which was not possible before due to risk limitations.
- **Acknowledgements:** Dan praised Corey and his team for their efforts and success in managing the mergers and building a strong culture within the credit union.

MOTION: To adopt the Chair's Report for 2024 as presented.

MOVED BY: Gary O'Brien

SECONDED BY: Paul Summers

MOTION CARRIED

AGM 2025 - Minutes (con't)

6.0 - Chief Executive Officer's Report

25/04/23-04

Cory Munden presented the CEO's Report. The complete report was included in the AGM Booklet.

The CEO's address focused on the merger's benefits, member and employee growth, community impact, financial performance, strategic initiatives, and future investments.

- **Member Growth:** Atlantic Edge Credit Union grew by 195 new members in 2024, totaling 23,666 retail members and 1,158 business members.
- **New Members:** In 2024, Atlantic Edge Credit Union grew by 195 new members.
- **Total Members:** The credit union now has a total of 23,666 members, comprising 19,158 retail members and 4,508 business members.
- **Service Expansion:** Wealth management and commercial services were introduced to branches that previously did not offer these services, enhancing member benefits.
- **Branch Network:** Banking services are now available at 16 branch locations across Newfoundland and Labrador, providing greater convenience and geographic reach for members.
- **Overall Impact:** The credit union's growth reflects its successful expansion and enhanced service offerings, contributing to a stronger, and more competitive, organization.
- **Employee Engagement:** The credit union has 110 full-time and 25 casual workers, with an employee engagement score of 70%. A new compensation model resulted in an average increase of 7.5% for staff.

Employee Engagement Details:

- ◇ **Engagement Score:** The employee engagement score is currently at 70%. This score reflects employees' understanding of the credit union's vision, their tools for advancement, and the impact of their day-to-day activities.
- ◇ **Survey Context:** The survey was conducted during a period of substantial change within the organization, which may have influenced the engagement score. Measures are being put in place to improve this score in the future.

- ◇ **New Positions:** Since the merger, 14 new positions have been created, offering opportunities for career growth and development.
- ◇ **Compensation Model:** A new compensation model was implemented, resulting in an average increase of 7.5% for the entire staff.
- ◇ **Training:** Employees completed 18,174 courses in 2024, demonstrating their commitment to professional development despite the challenges of the merger.
- ◇ **Overall Impact:** The credit union is focused on improving employee engagement through better compensation, career growth opportunities, and extensive training, ensuring a motivated and well-equipped workforce.
- **Financial Performance:** The credit union achieved \$1.49 million in net income after tax and dividends, with total assets reaching \$522 million, accounting for \$43 million in asset growth.
- **Net Income:** Atlantic Edge Credit Union achieved a net income of \$1.49 million after tax and dividends in 2024.
- **Total Assets:** The credit union's total assets reached \$522 million, marking an asset growth of \$43 million for the year.
- **Dividends and Patronage:** Approximately \$460,000 in dividends and patronage refunds were approved for distribution to members.
- **Payroll:** The payroll for the credit union is now \$9 million, highlighting its significant contribution to the provincial economy.
- **Community Grants:** Given the financial strength, \$50,000 was contributed back to the community through a grant program.
- **Overall Impact:** The credit union's strong financial performance in 2024 reflects successful growth, effective management, and a commitment to supporting both members and the community.
- **Community Impact:** The credit union contributed \$50,000 to a Community Grant Program and forfeited \$143,820 in revenue by offering free banking services to nonprofit accounts.
- **Warm Coats for Kids:** Ensured that more children in the communities have warmth and comfort during the cold winter months.

AGM 2025 - Minutes (con't)

- **Nonprofit Accounts:** Offered free banking services to nonprofit accounts, forfeiting \$143,820 in revenue to support organizations doing great work in the communities.
- **Community Grant Program:** Contributed \$50,000 to a Community Grant Program to support various organizations and their activities.
- **Active Volunteering:** Staff actively participated in volunteering, supporting local events, and fundraisers, positively affecting the communities.
- **Overall Impact:** The credit union's strong financial performance and member support enabled these initiatives, demonstrating a commitment to building strong, thriving communities.
- **Commercial Services:** Expanded Commercial Services to all branch locations, managing a lending portfolio of \$146 million and introducing CU Pay, a credit union-owned merchant services solution.
- **Merger Activities:** Redesigning organizational structure, enhancing communications and marketing, strengthening risk and compliance teams, and standardizing policies and procedures. The rebranding process has begun, including the creation of a new logo.
- **Purpose:** The conversion to Mambu is aimed at updating the core banking system to offer members enhanced features, flexibility, and convenience in today's banking world.
- **Timeline:** The conversion is scheduled for June 2025.
- **Initial Changes:** Members will soon be introduced to a brand new online and mobile banking experience as the first step in this conversion.
- **Benefits:** Mambu will provide state-of-the-art functionality that was not available with the previous legacy system, setting the credit union up for future advancements.
- **Overall Impact:** This conversion is a significant technological update that will enhance the member experience and position the credit union for long-term success.

The Future

The CEO discussed several initiatives and strategic investments aimed at ensuring Atlantic Edge Credit Union stays ahead of the curve in the evolving banking landscape:

- **Digital Solutions:** Emphasis on enhancing digital banking features, including a new modern phone system to adopt a member service call center concept, providing more ways to reach the credit union through phone, chat, and other communication channels.
- **Mobile Banking:** Significant investments in mobile banking solutions to offer more features, such as real-time product purchases, easier spending tracking, and new ways to manage finances seamlessly from devices.
- **Artificial Intelligence:** Exploration of AI to streamline processes, provide personalized financial advice, and create more responsive interactions through chatbots and AI-powered tools.
- **Digital Lending:** Investment in a digital lender to pilot a virtual service model, allowing convenient access to loan services anytime and anywhere.

The CEO emphasized the commitment to listening to members' needs and making thoughtful investments to enhance the banking experience today and prepare for the future.

Discussion

Charlotte Taylor voiced a question from member Georgann Collins via the Q&A chat feature regarding the possibility of AECU becoming a sign-in partner for My Service Canada and My CRA accounts.

The CEO didn't know the answer but said his team would find an answer and let them know.

Video

A video showed testimonials from employees, emphasizing the credit union's values, personal growth opportunities, community engagement, and future prospects.

Award Acknowledgement

These awards recognize the exceptional contributions and achievements of the credit union's staff in various areas.

AGM 2025 - Minutes (con't)

Years of Service:

- **5 Years:** Janet Elliot, Carla Rumbolt, Danielle Spencer, Shauna Warren
- **10 Years:** Haseeb Ahmad, Terryl MacArthur, Nicole Rumbolt, Muhammad Umair
- **15 Years:** Elaine Ingram, Ginger Ryland (director), Jamie LeBoubon
- **25 Years:** Cory Munden
- **35 Years:** Jacqueline Rumbolt

Training Achievements:

- **CCUA Campus Courses:** 13,180 completed
- **CUIC Courses:** 6 completed: Amanda Lee, Aneesa Singh, April Dawn Smith, Hillary Roberts, Shana Ward, and Thejo Vaidyanathan.
- **Skillsoft Courses:** 494 completed

Specific Awards:

- **Cybersecurity Award:** Lucinda Lee for best risk score
- **CUMIS Member Protection Award:** Thejo Vaidyanathan for exceptional performance in insurance
- **CCUA Campus Achievement Award:** Danielle Pye for completing 35 courses
- **Skillsoft Achievement Award:** Kayla Newhook for completing 61 courses

Staff Awards:

- **Branch Community Impact Award:** Deer Lake Branch for 310 hours of volunteer work
- **Individual Community Impact Award:** Jocelyn Butt for 205 hours of volunteer work
- **Co-op Superstar Award:** Elle Prada for exceptional community commitment

On behalf of the Board, the Chair offered congratulations to all award winners. He thanked them and acknowledged their level of dedication and commitment to their community.

MOTION: Motion to adopt the CEO's Report for 2024, as presented.

MOVED BY: Bert Belben

SECONDED BY: Gary O'Brien

MOTION CARRIED

7.0 - Audit Committee Report

25/04/23-05

The complete Audit Committee Report was included in the AGM Booklet. Paul Newman, Chair of the Audit, Risk and Conduct Review Committee, emphasized the importance of financial governance and the committee's role in ensuring the credit union's success in his report.

- **Meetings and Engagement:** The committee met five times in 2024, actively reviewing financials, enterprise risk management, and the audit program.
- **Financial Integration:** Finalized the financial integration of Eastern Edge and Hamilton Sound Credit Unions and approved the 2023 audited financial statements.
- **Internal Audit Plan:** Approved the internal audit plan and reviewed audit findings and recommendations regularly. No material items of concern were found.
- **External Auditor Selection:** Participated in an RFP process and selected BDO as the new external auditor based on price, skill, and scope.
- **Enterprise Risk Management (ERM):** Maintained a comprehensive ERM program to identify, manage, and recover from risks. Focused on cyber risk preparedness, working with Marsh, League Data, and other organizations.
- **Compliance:** No outstanding compliance issues at the end of 2024, including privacy and money laundering.
- **Director Remuneration:** Listed director remuneration as required by bylaws, with no proposed changes for 2025.

MOTION: To appoint BDO for the term December 31, 2024, to the fiscal year ending December 31, 2028, inclusive, as the auditor of Atlantic Edge Credit Union.

MOVED BY: Paul Summers

SECONDED BY: Tracy Keeping

MOTION CARRIED

25/04/23-06

MOTION: To adopt the Audit, Risk, and Conduct Review Committee report for 2024 as presented.

MOVED BY: Katherine Mitchell

SECONDED BY: Gary O'Brien

MOTION CARRIED

AGM 2025 - Minutes (con't)

8.0 - Financial Performance

25/04/23-07

CFO Shanti Samaroo provided a detailed overview of the financial performance and stability of Atlantic Edge Credit Union for the year ended December 31, 2024. A full Audit Report is included in the AGM booklet shared with all registered attendees and can be found on the AECU website. The following items were noted:

- **Total Loans Portfolio:** Closed at \$395.55 million, with significant growth in residential mortgages (\$93.83 million), term loans (\$44.88 million), and lines of credit (\$9.49 million).
- **Total Assets:** Closed at \$522.97 million.
- **Total Members Deposits:** Closed at \$488.11 million, with increases in checking and savings (\$72.43 million), term deposits (\$54.08 million), and registered products (\$40.06 million).
- **Members Equity:** Contributed surplus closed at \$16.06 million, with retained earnings at \$11.58 million.
- **Corporate Social Responsibility (CSR):** Allocated \$132,473 for CSR initiatives in 2024, compared to \$25,000 in 2023.
- **Income Statement:** Financial revenue increased to \$26.31 million, financial expense to \$9.98 million, and net income to \$4.21 million.
- **Operating Expenses:** Member security costs at \$842,184, general business costs at \$7.15 million, occupancy costs at \$1.52 million, and personnel costs at \$9.038 million.
- **Capital Stability:** Met capital adequacy requirements with a risk-weighted capital assets ratio of 13.34% and a capital as a percentage of total assets ratio of 5.91%.

MOTION: To adopt the audit financial statements as presented.

MOVED BY: Gary O'Brien

SECONDED BY: Paul Newman

MOTION CARRIED

9.0 - New Business

25/04/23-08

Dividend and Patronage Refund: The Chair made the official announcement that there is a recommended distribution of \$780,483 in the form of a dividend and/or patronage refund to the membership of AECU. This decision, however, requires the approval from members present.

MOTION: Pursuant to Section 29 of The Credit Union Act, that members approve a distribution to AECU members, as of December 31, 2024, in the form of a dividend and/or a patronage refund, an amount up to \$780,483.

MOVED BY: Tracy Keeping

SECONDED BY: Gary O'Brien

MOTION CARRIED

Election Results 2025: The Chair relayed the results of the recent election. Eight candidates offered themselves for election. The departing directors, Tony Leamon and Orvin Roberts, did not submit their names for re-election.

- **Voter Participation:** 3% voter participation, with 529 voters out of 20,000 eligible shareholders.
- **Successful Candidates:**
 - ◊ Gary O'Brien (returning board member)
 - ◊ Rebecca Bell (former board member)
 - ◊ Steve Blackwood (former member of EasternEdge)
- The election results reflect a strong interest in board participation and the successful integration of members from various credit unions.
- Another election will take place next year for those who want three-year terms.
- The Chair thanked Tony Leamon and Orvin Roberts for their service.

AGM 2025 - Minutes (con't)

Newfoundland Labrador Federation of Co-ops (NLFC):

Charlotte Taylor emphasized the importance of staying informed about cooperative activities and the benefits of engaging with the NLFC. Charlotte introduced the NLFC AGM engagement program and encouraged attendees to sign up for the NLFC newsletter.

- **QR Code and Link:** A QR code was provided for easy access to the newsletter sign-up, and Charlotte also shared the link in the chat.
- **Newsletter Benefits:** The newsletter includes information on activities and initiatives of cooperatives across Newfoundland and Labrador.
- **Cash Prize Draw:** Signing up for the newsletter makes attendees eligible for a cash prize draw at the NLFC AGM in the fall.
- **NLFC Information:** Attendees were encouraged to visit the NLFC website to learn more about the voice of cooperatives and credit unions in the province.

10.0 - Adjournment

25/04/23-09

With the stated business of the Annual General Meeting of Atlantic Edge Credit Union completed, the Chair requested a motion to adjourn the meeting at 8:27 p.m.

MOTION: To adjourn the meeting.

MOVED BY: Dave Gatehouse

MOTION CARRIED

Duly Signed:

Dan Sheaves, President

Paul Summers, Vice-President

Amended AECU By-laws

By-law Section 3.2

Current

Application for membership shall be made in writing in the form prescribed by the Credit Union. The Board may authorize those officers and employees, as it may designate, to admit Members. Subject to these By-laws and the laws of general application, the Credit Union may refuse to accept an application for membership if it is satisfied that it is not in the interest of the Credit Union to accept the application.

Proposed

Application for membership shall be made in writing in the form prescribed by the Credit Union. The Board shall authorize those officers and employees, as it shall designate, to admit Members. Subject to these By-laws and the laws of general application, the Credit Union may refuse to accept an application for membership if it is satisfied that it is not in the interest of the Credit Union to accept the application.

Changes Description

The Proposed amendment clarifies and strengthens the Board's duty to authorize and designate officers and employees for membership admissions, shifting from permissive language ("may") to obligatory language ("shall").

By-law Section 3.3

Current

A person who is under the age of majority may enjoy all rights of membership, execute all instruments, and give all acquittances necessary to be executed or given under the By-laws, but if they are under the age of majority, they do not:

- a) have the right to vote, or
- b) except under a joint and several promissory notes signed by them and by a person over the age of majority and supported by a legal opinion have the right to borrow any amount, or
- c) have the right to be a director or an officer of the Credit Union.

Proposed

A person who is under the age of majority may enjoy all rights of membership, execute all instruments, and give all acquittances necessary to be executed or given under the By-laws, but if they are under the age of majority:

- a) they do not have the right to vote,
- b) they do not except under a joint and several promissory note signed by them and by a person over the age of majority and supported by a legal opinion have the right to borrow any amount and,
- c) they do not have the right to be a director or an officer of the Credit Union.

Changes Description

The Proposed amendment reorganizes the wording of the restrictions for members under the age of majority to clarify the limitations.

Amended AECU By-laws (con't)

By-law Section 3.9

Current

The Board may terminate a Member, upon reasonable notice to that Member in the context, where the Board determines, acting reasonably, the individual's continued membership is no longer in the interest of the Credit Union.

Proposed

The Board shall authorize those officers and employees as it may designate, to terminate a member upon reasonable notice to that Member in the context where the Board designate determines, acting reasonably, the individual's continued membership is no longer in the interest of the Credit Union.

Changes Description

The amendment assigns member termination duties to Board-authorized officers and employees, replacing the Board's direct involvement. Decision-making authority is delegated, clarifying the process and structure for terminations.

By-law Section 4.3

Current

The Credit Union is not required to issue share certificates for membership or Surplus Shares. The Credit Union will record and disclose to Members the number of Member Shares and Surplus Shares recognized to their account upon request.

Proposed

The Credit Union is not required to issue share certificates for membership or Surplus Shares. The Credit Union will record and disclose to Members the number and list each type of share recorded on their file at the Credit Union, upon request.

Changes Description

The proposed version clarifies that, upon request, the Credit Union will provide members with a list of each type of share on their account, not just the number of Member and Surplus Shares. This change improves the detail and transparency of disclosures to members.

By-law Section 4.4

Current

A share shall not be issued until the consideration for the share is fully paid in money or in property or past services that is the fair equivalent of the money that the Credit Union would have received if the share had been issued for money.

Proposed

A share shall not be issued until the consideration for the share is fully paid in money.

Changes Description

The proposed version of Section 4.4 allows shares to be issued only for payment in money, removing property and past services as acceptable forms of consideration. This change limits issuance to monetary payment.

Amended AECU By-laws (con't)

By-law Section 4.5

Current

The Credit Union shall not issue a share if the proposed consideration for such share consists in whole or in part of a promissory note or a promise to pay.

Proposed

*This clause to be removed completely.

Changes Description

The amendment removes the clause prohibiting the Credit Union from issuing shares based on a promissory note or promise to pay, streamlining the by-laws.

By-law Section 4.20

Current

Surplus Shares may be redeemed by the Credit Union as specified in the Articles of Amalgamation, and per compliance with the Act and Board policy.

Proposed

Surplus Shares may be redeemed by the Credit Union as specified in the Articles of Amalgamation of the Credit Union and the By-Laws of the Credit Union.

Changes Description

The proposed version replaces references to compliance with the Act and Board policy with the Articles of Amalgamation and By-Laws, clarifying the rules for redeeming Surplus Shares.

By-law Section 4.22

Current

There will be a waiting period of 90 days on redemption of Surplus Shares, except in the case of death. Requests for redemption by a holder must be provided in writing to the Treasurer.

Proposed

Surplus Shares shall be redeemed by the Credit Union upon a Member ceasing to be a Member of the Credit Union. A member can request redemption subject to the redemption policy of the Credit Union stated in the Articles of the Credit Union.

Changes Description

The proposed amendment removes the 90-day waiting period and the requirement for written requests. Now, Surplus Shares are redeemed automatically when a member leaves the Credit Union, or upon request according to the Credit Union's policy.

Amended AECU By-laws (con't)

By-law Section 4.28

Current

Class 1 Shares may only be redeemed by a holder subject the Regulations and Articles, the approval of the President and/or Board of Directors of the Credit Union and subject to terms and conditions as approved by the President and/or Board of Directors of the Credit Union.

Proposed

Class 1 Shares may only be redeemed by a holder, subject to the Regulations and Articles of Amalgamation of the Credit Union, and approval of the Board of Directors of the Credit Union and subject to terms and conditions as outlined in the Board approved redemption policy of the Credit Union.

Changes Description

The revision updates the redemption process for Class 1 Shares, clarifying that only the Board of Directors approves redemptions, aligning requirements with the Articles of Amalgamation, and referencing the Board's redemption policy for terms and conditions.

By-law Section 4.29

Current

There will be a waiting period of 90 days on redemption of Class 1 Shares, except in the case of death or when a member ceases to be a resident of Newfoundland and Labrador as set out on the share certificate. Requests for redemption must be provided in writing to the Treasurer.

Proposed

*Remove 4.29

Changes Description

The proposed change removes Section 4.29, eliminating the 90-day waiting period and specific redemption requirements for Class 1 Shares. Members are no longer bound by these restrictions as they are no longer relevant due to the proposed By-law Section 4.28

By-law Section 4.30

Current

Subject to the Regulations and Articles, dividends may be declared and paid on the Class 1 shares at such rate and in such manner as set by the Board of Directors of the Credit Union from time to time.

Proposed

*Renumber to By-law Section 4.29

Changes Description

The change simply renumbers the section about Class 1 share dividends to By-law Section 4.29. The provision itself is unchanged; only its location within the bylaws is updated.

Amended AECU Articles of Incorporation

Schedule A

Current

ii. Redemption

The redemption amount for Surplus Shares shall be determined by multiplying the issue price of Surplus Shares by the total number of Surplus Shares held by the holder (“Redemption Value”).

Upon giving notice as hereinafter provided, the amalgamated credit union, may redeem or purchase the whole or any part of the then outstanding Surplus Shares, by paying to the holder of the Surplus Shares, the Redemption Value in respect of such Surplus Shares that are to be redeemed, together with all dividends declared on the Surplus Shares to be so redeemed but then remaining unpaid to the holder at that time.

If the amalgamated credit union wishes to redeem any Surplus Shares pursuant to this section, the amalgamated credit union shall deliver notice of its intention to redeem those shares in writing to each registered holder of the Surplus Shares to be redeemed.

On the dates specified by the Board of Directors for redemption, the amalgamated credit union shall pay, within ninety (90) days after the date of delivery of the aforesaid notice, to Members in accordance with their holdings of Surplus Shares on the accounts of the amalgamated credit union, an amount equal to the Redemption Value in respect of such Surplus Shares, together with all dividends declared on the Surplus Shares to be redeemed but then remaining unpaid.

Upon giving notice and otherwise complying with requirements as may be established by the Board and/or set out in the By-laws, the holder of Surplus Shares may require the amalgamated credit union to redeem such shares, an amount equal to the Redemption Value in respect of such Surplus Shares, together with all dividends declared on the Surplus Shares to be redeemed but then remaining unpaid.

Proposed

ii. Redemption

The redemption amount for Surplus Shares shall be determined by multiplying the issue price of Surplus Shares by the total number of Surplus Shares held by the holder (“Redemption Value”). Upon giving notice as hereinafter provided, the amalgamated credit union, may redeem or purchase the whole or any part of the then outstanding Surplus Shares, by paying to the holder of the Surplus Shares, the Redemption Value in respect of such Surplus Shares that are to be redeemed, together with all dividends declared on the Surplus Shares to be so redeemed but then remaining unpaid to the holder at that time. If the amalgamated credit union wishes to redeem any Surplus Shares pursuant to this section, the amalgamated credit union, shall deliver notice of its intention to redeem those shares in writing to each registered holder of the Surplus Shares to be redeemed.

Changes Description

The proposed amendments clarify and streamline the process for redeeming Surplus Shares, maintaining the calculation of redemption value but emphasizing formal notice and payment of both the redemption value and any unpaid dividends. Redemption now aligns more closely with Board policies and the credit union’s by-laws for greater consistency and transparency.

Amended AECU Articles of Incorporation (con't)

5.b

Current

Maximum of 50,000 Class 1 Shares at an issue price of ten dollars (\$10.00) and a maximum aggregated value of \$500,000.

Proposed

Maximum of 1,200,000 Class 1 Shares at an issue price of ten dollars (\$10.00) and a maximum aggregated value of \$12,000,000.

Changes Description

The proposed amendment raises the cap on Class 1 Shares from 50,000 (\$500,000 total) to 1,200,000 (\$12,000,000 total), expanding investment and capital capacity.

Schedule "A"

Current

The amalgamated credit union is authorized to issue the following classes of shares:

- (i) An unlimited number of Member Shares
- (ii) An unlimited number of Surplus Shares;
- (iii) Class 1 Shares up to an aggregate value of \$500,000.

with the shares of each respective class having attached to them the following rights, privileges, restrictions and conditions:

Proposed

Schedule A

- (iii) Class 1 Shares up to an aggregate value of \$12,000,000.

Changes Description

The proposed amendment increases the maximum aggregate value of Class 1 Shares issued by the credit union from \$500,000 to \$12,000,000. While the number of Member Shares and Surplus Shares remains unlimited, this change significantly expands the capital capacity available through Class 1 Shares, allowing for greater investment and financial flexibility.

Audit, Risk, and Conduct Review Committee Report

For the Year Ended December 31, 2025

To the Owner-Members,

On behalf of the Board of Directors, I am pleased to present the report of the Audit Committee for the year ended December 31, 2025.

The Audit Committee met five (5) times during the year to carry out its responsibilities on behalf of the Board and the members. The Committee's primary role is to support strong governance by overseeing the integrity of the Credit Union's financial reporting, monitoring risk management practices, and acting as a key liaison between management, the external auditors, and the Board of Directors.

Financial Oversight and Audit

During 2025, the Committee reviewed the audited financial statements and met with both management and the external auditor, BDO, to discuss audit planning, audit results, and key accounting matters. These discussions included a review of significant judgments, internal controls, and compliance with applicable accounting standards and regulatory requirements.

I am pleased to report that the external audit was completed successfully, and no matters of material concern were brought to the attention of the Committee. Any recommendations identified through the audit process were addressed by management in a timely and professional manner.

Risk Management and Internal Controls

Risk oversight remained a core focus of the Audit Committee throughout the year. The Committee reviewed the Credit Union's enterprise risk management framework and received regular updates on key risks facing the organization, including financial, operational, regulatory, and information security risks.

The Committee also reviewed internal audit reports and monitored management's progress in addressing findings and recommendations. These activities help ensure that appropriate internal controls and risk mitigation strategies are in place to safeguard the Credit Union and its members.

Auditor Independence and Governance

The Audit Committee is responsible for maintaining the independence of the external auditor. In fulfilling this responsibility, the Committee reviewed BDO's independence confirmations and was satisfied that auditor independence was maintained throughout the audit process.

There were no unresolved issues or disagreements between the Audit Committee, management, BDO, or regulators during the year.

Appreciation and Closing

On behalf of the Audit Committee, I would like to thank management and staff for their diligence, cooperation, and professionalism throughout 2025. Their commitment to strong financial stewardship and sound risk management is essential to the continued success of the Credit Union.

I would also like to thank my fellow Committee members for their dedication and thoughtful contributions.

In closing, the Audit Committee remains confident that the Credit Union's financial reporting processes and internal controls are sound, and that the organization is well positioned to continue serving its members responsibly and sustainably.

Respectfully submitted,

Paul Newman
Committee Chair, Audit Committee

Financial Statements

Atlantic Edge Credit Union

December 31, 2025



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BDO Canada LLP
300 Kenmount Rd, Suite 100
St. John's, NL A1B 3R2

Independent Auditor's Report

To the Board of Directors of Atlantic Edge Credit Union Limited

Opinion

We have audited the financial statements of Atlantic Edge Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2025, and the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis of Opinion

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

Responsibility 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 IFRS Accounting 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants
St. John's, Newfoundland and Labrador
April 9, 2026

Atlantic Edge Credit Union Limited Statement of Financial Position

December 31 **2025** **2024**

Assets

Cash and cash equivalents (Note 5)	\$ 10,404,729	\$ 7,848,832
Liquidity deposits (Note 10)	32,386,604	29,574,182
Investments (Note 7)	43,372,331	76,466,871
Members' loans (Note 6)	475,446,093	395,551,462
Accounts receivable	284,348	561,343
Income taxes receivable	299,325	279,846
Prepaid expenses	5,797,520	4,766,842
Property and equipment (Note 11)	7,160,473	6,903,120
Intangible asset (Note 20)	840,691	945,778
Deferred tax assets (Note 12)	128,115	73,092
	\$ 576,120,229	\$ 522,971,368

Liabilities and Members' Equity

Liabilities

Accounts payable and accrued liabilities	\$ 2,964,685	\$ 3,129,163
Dividends payable	5,750	650,133
Members' deposits (Note 8)	541,450,920	488,112,791
Members' shares (Note 9)	3,723,382	3,433,698
	548,144,737	495,325,785

Members' Equity

Contributed surplus	16,064,841	16,064,841
Retained earnings	11,910,651	11,580,742
	27,975,492	27,645,583
	\$ 576,120,229	\$ 522,971,368

Commitments (Note 19)

Approved by the Board:

Paul Newman

Paul Newman (Apr 14, 2026 11:29:30 GMT-2.5)

Director

Daniel Sheaves

Daniel Sheaves (Apr 14, 2026 11:36:21 GMT-2.5)

Director

The accompanying notes are an integral part of these financial statements

Atlantic Edge Credit Union Limited Statement of Comprehensive Income

For the year ended December 31	2025	2024
Financial revenue		
Interest on members' loans	\$ 24,279,833	\$ 21,720,451
Investment income	3,055,474	4,589,625
	<u>27,335,307</u>	<u>26,310,076</u>
Financial expense		
Interest on members' deposits	8,561,613	9,274,614
Dividends and patronage	(40,552)	460,197
Loan loss provision (Note 6)	1,386,216	248,854
	<u>9,907,277</u>	<u>9,983,665</u>
Financial margin	17,428,030	16,326,411
Other income (Note 13)	4,436,471	4,210,918
Financial margin and other income	<u>21,864,501</u>	<u>20,537,329</u>
Operating expenses		
Members' security (Note 18)	902,799	842,184
General business (Note 18)	9,065,628	7,257,364
Occupancy (Note 18)	1,618,173	1,424,520
Personnel	9,893,334	9,031,872
	<u>21,479,934</u>	<u>18,555,940</u>
Net income before income taxes	384,567	1,981,389
Income taxes (Note 12)	54,658	484,162
Net and comprehensive income	<u>\$ 329,909</u>	<u>\$ 1,497,227</u>

The accompanying notes are an integral part of these financial statements

Atlantic Edge Credit Union Limited Statement of Changes in Members' Equity

For the year ended December 31, 2025

	Contributed Surplus	Retained Earnings (Note 15)	Total
Balance at January 1, 2024	\$ 8,573,364	\$ 10,083,515	\$ 18,656,879
Net and comprehensive income	-	1,497,227	1,497,227
Fair value of net assets from business combination	7,491,477	-	7,491,477
Balance on December 31, 2024	16,064,841	11,580,742	27,645,583
Net and comprehensive income	-	329,909	329,909
Balance on December 31, 2025	\$16,064,841	\$11,910,651	\$27,975,492

The accompanying notes are an integral part of these financial statements

Atlantic Edge Credit Union Limited Statement of Cash Flows

For the year ended December 31	2025	2024
Operating activities		
Net and comprehensive income	\$ 329,909	\$ 1,497,227
Adjustments for:		
Amortization expense	823,753	2,977,523
Deferred tax expense	(55,023)	60,334
	<u>1,098,639</u>	<u>4,535,084</u>
Changes in operating assets and liabilities:		
Prepaid expenses	(1,030,678)	(2,094,661)
Accounts receivable	276,995	2,135,862
Accounts payable, accrued liabilities and dividends payable	(808,865)	(517,557)
Income taxes recovered (payable)	(19,479)	(370,440)
Amortization of intangible assets	105,087	105,087
	<u>(378,301)</u>	<u>3,793,375</u>
Changes in member activities (net)		
Increase in members' deposits	53,338,129	43,211,899
Increase in members' loans	(79,894,631)	(39,128,055)
	<u>(26,556,502)</u>	<u>4,083,844</u>
Total cash inflows (outflows) from operating activities	<u>(26,934,803)</u>	<u>7,877,219</u>
Financing activities		
Proceeds of member shares	549,770	486,471
Redemption of member shares	(260,086)	(532,376)
Total cash outflows from financing activities	<u>289,684</u>	<u>(45,905)</u>
Investing activities		
Purchases of property and equipment	(1,081,106)	(2,852,057)
Sale (purchase) of investments not included in cash resources	30,282,122	(5,527,159)
Sale (purchase) of investments included in cash resources	4,991,868	(6,223,932)
Acquisition of Eastern Edge CU	-	1,116,559
Acquisition of Hamilton Sound CU	-	854,160
Total cash inflows (outflows) from investing activities	<u>34,192,884</u>	<u>(12,632,429)</u>
Net increase in cash and cash equivalents	<u>7,547,765</u>	<u>(4,801,115)</u>
Cash resources, beginning of year (Note 5)	<u>11,856,964</u>	<u>16,658,079</u>
Cash resources, end of year (Note 5)	<u>\$ 19,404,729</u>	<u>\$ 11,856,964</u>
Represented by:		
Cash and cash equivalents	\$ 10,404,729	\$ 7,848,832
Term deposits with original maturities of less than three months	9,000,000	4,008,132
	<u>\$ 19,404,729</u>	<u>\$ 11,856,964</u>

The accompanying notes are an integral part of these financial statements

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

1. Nature of Operations

Atlantic Edge Credit Union Limited ("the Credit Union") is incorporated provincially under The Credit Union Act, 2009 ("The Act"). The Credit Union provides financial services to members in 16 branches throughout Newfoundland and Labrador. Products and services offered to its members include mortgages, personal loans, chequing and savings accounts, term deposits, RRSPs, RRIFs, debit and credit cards and internet banking.

These financial statements were authorized for issue by the Board of Directors on April 8, 2026.

2. Material Accounting Policies

(a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The principal accounting policies applied in the preparation of these financial statements is set out below.

(b) Basis of Presentation

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

The preparation of financial statements in compliance with IFRS Accounting Standards 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 3.

(c) Revenue Recognition

Interest income is recognized monthly by reference to the principal outstanding using the effective interest rate method.

Dividend income is recognized when the right to receive payment is established. Dividends are included in investment income in the Statement of Comprehensive Income.

The Credit Union's revenue includes service charges and fees recognized as the related services are performed. The performance obligation for service charges and fees is typically completed at the point in time the transaction is completed as the service has been provided by the Credit Union.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and deposits with banks and Atlantic Central. Other highly liquid investments with maturities of three months or less from date of investment are presented within investments on the statement of financial position but included as cash resources for the purposes of the statement of cash flows (Note 5). Bank borrowings are considered to be financing activities.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

2. Material Accounting Policies (continued)

(e) Members' Loans

Members' loans are initially measured at fair value, net of loan origination fees and inclusive of transaction costs incurred. Members' loans are subsequently measured at amortized cost, using the effective interest rate method, because they meet the solely payments of principal and interest criterion and are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. Members' loans are subsequently reduced by any allowance for loan losses.

Members' loans 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.

(f) 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.

(g) Members' Shares

The Credit Union's membership shares are presented in the Statement of Financial Position as financial liabilities in accordance with the substance of the contractual terms of the instruments, which state that members are entitled to redeem their shares at par value if they end their membership. These shares qualify as capital for regulatory purposes. Payments of dividends on membership shares, and patronage refunds paid on interest expense and interest income are presented as a financial liability and recognized in the statement of comprehensive income in the year to which they are declared. Dividends and patronage distributions are recorded when declared by the Board of Directors.

(h) Impairment of Financial Assets

The Credit Union assesses impairment of its financial assets on a forward-looking basis, using the expected credit loss (ECL) model. The Credit Union recognizes an impairment loss allowance for such losses at each reporting period regardless of an actual loss being occurred. The Credit Union considers reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of local unemployment rates that affect the expected collectability of the future cash flows of the instruments when assessing credit risk and measuring expected credit losses.

The calculation of ECL allowances is based on the expected value of three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that the Credit Union expects to receive. The key inputs in the measurement of ECL allowances are as follows:

- The probability of default ("PD") is an estimate of the likelihood of default over a given time horizon;
- The loss given default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time; and
- The exposure at default ("EAD") is an estimate of the exposure at a future default date.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

2. Material Accounting Policies (continued)

(h) Impairment of Financial Assets (continued)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments. In applying this forward-looking approach, a distinction is made between:

- Stage 1 – financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk
- Stage 2 – financial instruments that have deteriorated significantly in credit quality since initial recognition or whose credit risk is not low; and
- Stage 3 – financial assets that have objective evidence of impairment at the reporting date.

Stage 1

On initial recognition of the financial instrument, a loss allowance is recognized and maintained equal to 12 months of ECL, being the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on the financial instrument that are possible within the 12 months after the reporting date.

Stage 2

If credit risk increases significantly relative to the credit risk at initial recognition of the financial instrument, the loss allowance is increased to cover full lifetime ECL. In assessing whether credit risk has significantly increased, the Credit Union compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument as at the date of its initial recognition. Evidence of increased credit risk is observed when the financial instrument has had an unfavorable movement in internal risk assessment or is 30 days past due and delinquency status. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Credit Union places the financial instrument in the Stage 1 category and reverts to recognizing 12 months of ECL.

Stage 1 and Stage 2 members' loans are collectively assessed and are grouped on the basis of similar risk characteristics based on loan type, type of loan security, the length of time the loans are past due and the historical loss experience. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogenous.

The expected credit loss on a group of members' loans is measured on the basis of a loss rate approach. The Credit Union develops loss rates for members' loans in Stage 1 and loss rates for members' loans in Stage 2 based on historical default and loss experiences for those types of members' loans, adjusted for current economic conditions and forecasts of future economic conditions. The loss rates are also applied to the estimate of drawdown for undrawn loan commitments (unadvanced loans, unused lines of credit, letters of credit).

For members' loans in Stage 1 and 2 with undrawn loan commitments, the estimate of drawdown within 12 months of the reporting date is based on historical information.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

2. Material Accounting Policies (continued)

(h) Impairment of Financial Assets (continued)

Stage 3

When a financial instrument is considered credit-impaired, the loss allowance continues to reflect lifetime expected credit losses. The Credit Union considers a financial instrument as impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. All financial instruments on which repayment of principal or payment of interest is contractually 90 days in arrears are considered impaired. All financial instruments where the borrower has filed for bankruptcy or consumer proposal will also be re-staged to Stage 3. Each credit-impaired members' loan is individually assessed.

The probability of default on credit-impaired loans is 100%, therefore, the key estimation relates to the amount of the default. Expected credit loss on a credit-impaired member loan is measured based on the Credit Union's best estimate of the difference between the loan's carrying value and the present value of expected cash flows discounted at the loan's original effective interest rate.

Changes in the loss allowance, including the movement between 12 months and lifetime expected credit losses, is recorded in the Statement of Comprehensive Income.

Write-Offs

Financial instruments are written off in full against the related allowance for credit losses when there is evidence that there is no realistic prospect of future recovery. When financial instruments are secured, a write-off is recognized after all collateral has been realized or transferred to the Credit Union, or in certain circumstances, when the net realizable value of any collateral and other available information suggests that there is no reasonable expectation of further recovery. In events where a bankruptcy or consumer proposal occurs, management will file all required documentation with the Trustee and realize on any available security with the unrecoverable balance being immediately written off. In subsequent periods, any recoveries of amounts previously written off are credited to provision for impaired loans as a recovery.

(i) Derivative Financial Instruments

The Credit Union classifies certain financial assets upon initial recognition at fair value through profit or loss. Financial instruments included in this category are the derivatives related to index-linked term deposits and classified as a non-hedge derivative. 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. The Credit Union held \$572,788 (2024 - \$959,635) in index-linked deposits. The Credit Union's policy is not to utilize derivative financial instruments for trading or speculative purposes.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

2. Material Accounting Policies (continued)

(j) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred 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.

(k) Property and Equipment

Property and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognized using the declining-balance (“DB”) and straight-line (“SL”) methods at the following rates:

Parking area	Straight line over 6.67 years
Buildings	Straight line over 20 years
Furniture and equipment	Straight line over 5 years
Computers	Straight line over 3 years
Leasehold improvements	Straight line over 15 years

Depreciation methods and useful lives are reviewed annually and adjusted if necessary.

(l) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Credit Union becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset, and substantially all the risks and rewards, are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets and financial liabilities

The Credit Union classifies its financial assets and financial liabilities according to their characteristics and management’s intentions related thereto for the purpose of ongoing measurements. Financial assets and financial liabilities are initially measured at fair value, and are adjusted for transaction costs if subsequently measured at amortized cost. Financial assets and liabilities are subsequently accounted for based on classifications described below.

Financial assets, other than those designated as effective hedging instruments, are classified as either amortized cost or fair value through profit or loss (“FVTPL”). The Credit Union does not have any financial assets designated as fair value through other comprehensive income (“FVOCI”).

The classification of financial assets is determined by both:

- The Credit Union’s business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income, or other financial items.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

2. Material Accounting Policies (continued)

(l) Financial Instruments (continued)

Subsequent measurement of financial assets

Financial assets are measured at amortized cost if the assets are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. After initial recognition, the financial assets are measured at amortized cost using the effective interest method, less provision for loss impairment.

The following financial assets are classified as amortized cost:

- Cash and cash equivalents
- Liquidity deposits
- Accounts receivable
- Investments - Term deposit, liquidity and mortgage pools
- Members' loans

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The following financial assets are classified as FVTPL:

- Investments in shares

The Credit Union assesses all relevant and available information when determining the measurement of the unquoted equity instruments, including evidence provided by recent similar transactions. Relevant fair value measurements of investments in shares are described in Note 7.

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit to loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The following financial liabilities are classified as other financial liabilities and subsequently measured at amortized cost:

- Accounts payable and accrued liabilities
- Dividends and patronage rebates payable
- Members' deposits
- Members' shares

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

3. Significant Management Judgment in Applying Accounting Policies and Estimation Uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

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. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed as follows:

Allowance for credit losses

The expected credit loss model requires the recognition of credit losses based on up to 12 months of expected losses for performing loans and the recognition of lifetime losses on performing loans that have experienced a significant increase in credit risk since origination. The determination of a significant increase in credit risk takes into account many different factors and varies by loan type and risk segment. The main factors considered in making this determination are relative changes in probability of default since origination, and certain other criteria, such as 30-day past due and delinquency status. The assessment of a significant increase in credit risk requires experienced credit judgment.

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

For members' loans in Stage 1 and Stage 2, in determining whether an impairment loss should be recorded in the Statement of Comprehensive Income the Credit Union makes judgment on whether objective evidence of impairment exists individually for financial assets that are individually significant.

Where objective evidence does not exist, the Credit Union uses its judgment to group member loans with similar credit risk characteristics to allow a collective assessment of the group to determine any impairment loss.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utility of the assets to the Credit Union.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

3. Significant Management Judgment in Applying Accounting Policies and Estimation Uncertainty (continued)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available, as well as when determining the fair values of certain assets and liabilities acquired in a business combination. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instruments. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make.

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.

4. Adoption of New Accounting Standards

Accounting standards, interpretations and amendments effective for accounting years beginning on or after January 1, 2025 did not materially affect the Credit Union's financial statements.

The following new standards, amendments, and interpretations issued by the IASB and the IFRS Interpretations Committee are mandatory for accounting periods beginning on or after January 1, 2026. The Credit Union has elected not to adopt early.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” (“IFRS 7”)) were issued in May 2024. The amendments clarify the classification of certain financial assets as well as the derecognition of a financial liability and introduce an accounting policy option for the derecognition of financial liabilities settled through electronic transfer if certain conditions are met. The amendments also add disclosure requirements for certain financial instruments. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted, and will apply retrospectively.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

4. Adoption of New Accounting Standards (continued)

IFRS 18 Presentation and Disclosure in the Financial Statements

In April 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") to improve reporting of financial performance. IFRS 18 replaces IAS 1, however, it carries forward many requirements from IAS 1 unchanged. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 introduces three sets of new requirements for presentation of financial statements and disclosures within financial statements:

- Introduction of five defined categories of income and expenses: operating, investing, financing, income taxes and discontinued operations, with defined subtotals and totals.
- Disclosure within a note to financial statements of Management-Defined Performance Measures ("MPM") with a reconciliation between MPMs and IFRS performance measures.
- Enhanced guidance and additional requirements for aggregation and disaggregation of information.

The Credit Union is currently assessing the impact of these new standards on the presentation and disclosure of its financial statements.

5. Cash Resources

The Credit Union maintains its current accounts with Atlantic Central.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 10,404,729	\$ 7,848,832
Term deposits, presented within investments	<u>9,000,000</u>	<u>4,008,132</u>
Cash resources	<u>\$ 19,404,729</u>	<u>\$ 11,856,964</u>

Term deposits are Atlantic Central - term deposits (Note 7) and have original maturities of less than three months.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

6. Members' Loans

Member loans include the following:

	2025	2024
Commercial and residential mortgages	\$ 337,949,061	\$ 268,727,542
Term loans	101,323,897	90,330,347
Lines of credit	35,865,172	35,925,885
Government guaranteed loans	1,394,507	590,115
	<u>476,532,637</u>	<u>395,573,889</u>
Accrued interest receivable	\$ 991,904	\$ 926,401
	<u>477,524,541</u>	<u>396,500,290</u>
Allowance for impaired loans	<u>(2,078,448)</u>	<u>(948,828)</u>
Net members' loans	<u>\$ 475,446,093</u>	<u>\$ 395,551,462</u>

Continuity of allowance for loan losses

Allowance, beginning of year	\$ 948,828	\$ 412,882
Increase from business combination	-	587,871
Write-offs	(256,596)	(300,779)
Provision for loan losses	<u>1,386,216</u>	<u>248,854</u>
Allowance, end of year	<u>\$ 2,078,448</u>	<u>\$ 948,828</u>

The following table reconciles the opening and closing allowance for loan losses. Reconciling items include the following:

- Transfers between stages, which are presumed to occur before any corresponding re-measurement of the allowance.
- Purchases and originations, which reflect the allowance related to assets newly recognized during the period, including those assets that were derecognized following a modification of terms.
- Derecognitions and maturities, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred, including those assets that were derecognized following a modification of terms.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward looking macroeconomic conditions; partial repayments and additional draws on existing facilities; changes in the measurement following a transfer between stages; and unwinding of the time value discount due to the passage of time.

There were no significant changes during the year to the models used to estimate expected credit losses.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

6. Members' Loans (continued)

	2025			
	Stage 1	Stage 2	Stage 3	Ending balance
Balance, beginning of year	\$ 50,717	\$ 56,876	\$ 841,235	\$ 948,828
Remeasurements	10,394	73,487	1,302,335	1,386,216
Write-offs, net of recoveries	-	-	(256,596)	(256,596)
Balance, end of year	<u>\$ 61,111</u>	<u>\$ 130,363</u>	<u>\$ 1,886,974</u>	<u>\$ 2,078,448</u>
	2024			
	Stage 1	Stage 2	Stage 3	Ending balance
Balance, beginning of year	\$ 53,592	\$ 10,424	\$ 348,866	\$ 412,882
Increase from business combination	280,021	82,714	225,136	587,871
Remeasurements	(282,896)	(36,262)	(33,546)	(352,704)
Write-offs, net of recoveries	-	-	300,779	300,779
Balance, end of year	<u>\$ 50,717</u>	<u>\$ 56,876</u>	<u>\$ 841,235</u>	<u>\$ 948,828</u>

Key assumptions in determining the allowance for impaired loans

The Credit Union determines 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 forward-looking element is based on management's expectation for future delinquencies. Management derives these expectations based on their own experience and knowledge of the industry. 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 estimated and actual loss experience.

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; or
- The borrower meets unlikeliness to pay criteria such as the borrower is deceased, insolvent, in breach of financial covenants, other concessions have been made by the lender, or it is becoming probable that the borrower will enter bankruptcy.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

6. Members' Loans (continued)

Analysis of individual loans that are impaired, or potentially impaired, based on age of repayments outstanding are as follows:

	2025		2024	
	Carrying Value	Allowance	Carrying Value	Allowance
Period of delinquency				
Less than 90 day	\$ 3,395,066	\$ 130,363	\$ 3,532,025	\$ 56,876
Over 90 days	8,720,164	1,886,974	7,703,358	841,235
Total loans in arrears	12,115,230	2,017,337	11,235,383	898,111
Total loans not in arrears	465,409,311	61,111	385,264,907	50,717
Total loans	\$ 477,524,541	\$ 2,078,448	\$ 396,500,290	\$ 948,828

Terms and conditions

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

Variable rate loans are based on a "prime rate" formula, ranging from prime plus 0.50% to prime plus 5.00%. The rate is determined by the type of security offered and the members' credit worthiness. The Credit Union's prime rate at December 31, 2025 was 4.45% (2024- 5.45%).

The interest rate offered on fixed rate loans ranges from 4.08% to 13.45%. The rate offered to a particular member varies with the type of security offered and the member's credit worthiness.

Residential 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.

Term loans and lines of credit 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, equipment, investments, with a general security agreement or conditional sales contracts.

Business loans consist of terms loans, operating lines of credit, and mortgages to individuals, partnership, and corporations, and have various repayment terms. They are secured by various types of collateral, including mortgages on real property, general security agreements, charges on specific equipment, investments and personal property.

The Credit Union has invested in a specific group of syndication mortgages under administration with League Savings and Mortgage Company, consisting of principal and interest on loans less any administration fees and charges. The syndicate mortgages are presented in members' loans and grouped as commercial and residential mortgages.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

6. Members' Loans (continued)

Average Yields to Maturity

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

	2025		2024	
	Principal	Yield (%)	Principal	Yield (%)
Variable rate	\$ 55,798,485	6.94	\$ 63,395,500	6.78
Fixed rate	<u>420,734,152</u>	5.32	<u>333,104,790</u>	5.37
Total	<u>\$ 476,532,637</u>		<u>\$ 396,500,290</u>	

Credit Quality Analysis

The following table set out information above the credit quality of loans and mortgages measure at amortized cost:

	2025			2024	
	Normal risk Stage 1	Watch list Stage 2	Credit impaired Stage 3	Total	Total
Conventional					
Mortgages	\$ 204,725,516	\$ 2,053,251	\$ 4,626,790	\$ 211,405,557	\$ 168,475,624
Insured Mortgages	80,756,672	196,958	1,176,197	82,129,827	75,204,746
Business Mortgages	30,303,862	238,682	52,041	30,594,585	21,912,802
Syndicated mortgages	16,059,772	-	926,006	16,985,778	3,626,895
Personal (secured)	91,916,792	737,033	1,030,259	93,684,084	112,814,580
Personal (unsecured)	32,684,431	142,798	824,995	33,652,224	1,107,099
Business (secured)	6,743,515	-	-	6,743,515	13,358,724
Business (unsecured)	2,218,751	26,344	83,876	2,328,971	-
Subtotal loans advanced	465,409,311	3,395,066	8,720,164	477,524,541	396,500,290
Unused lines of credit	50,394,636	-	-	50,394,636	39,930,655
Total	515,803,947	3,395,066	8,720,164	527,919,177	436,430,945
Allowance for impaired loans	(61,111)	(130,363)	(1,886,974)	(2,078,448)	(948,828)
Total loans and commitments	<u>\$ 515,742,836</u>	<u>\$ 3,264,703</u>	<u>\$ 6,833,190</u>	<u>\$ 525,840,729</u>	<u>\$ 435,482,117</u>

Foreclosed properties are sold as soon as is practical and when in management's opinion it is the most advantageous time to mitigate the risk of additional losses. There are \$379,264 (2024 - \$736,837) foreclosed properties held for resale. Loans on foreclosed properties are included in members' loans on the balance sheet.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

7. Investments

	2025	2024
Term deposits, liquidity and mortgage pools		
Atlantic Central – term deposits (3.20 - 4.48%)	\$ 11,000,000	\$ 33,103,392
Concentra Financial – term deposits (1.65 - 5.70%)	14,000,000	21,000,000
League Savings and Mortgage – term deposits (3.89 - 5.60%)	10,740,403	14,259,710
Souris Credit Union – Mortgage pool managed by LSM (2.97%)	195,766	208,967
Security deposits	108,798	67,263
Accrued interest	372,985	873,160
	36,417,952	69,512,492
 Investments in shares		
Atlantic Central - Common shares	3,814,179	3,814,179
Atlantic Central - Class B shares	514,000	514,000
Atlantic Central - Class NL Prov shares	263,000	263,000
Atlantic Central - Class NS Prov shares	18,000	18,000
League Data - Class B preferred shares	1,321,540	1,321,540
League Savings and Mortgage - Shares	1,023,503	1,023,503
CU Financial Management – Common shares	37	37
Concentra Financial Membership Shares	20	20
Canadian Credit Union Association - Membership Shares	100	100
	6,954,379	6,954,379
	\$ 43,372,331	\$ 76,466,871

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 Union are subject to additional capital calls at the discretion of the Board of Directors of Atlantic Central.

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

The Credit Union is not intending to dispose of any Atlantic Central, LSM or League Data 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, LSM and League Data.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

8. Members' Deposits

Members' deposits include the following:

	<u>2025</u>	<u>2024</u>
Chequing accounts	\$ 169,092,631	\$ 151,964,808
Saving accounts	128,687,908	133,094,773
Term deposits	73,903,077	123,469,877
Tax free savings accounts	79,326,025	-
Registered retirement savings plans	57,209,065	56,007,382
Registered retirement income funds	24,884,239	21,636,195
Other deposit accounts	4,189,395	-
Accrued interest on deposits	4,158,580	-
Non-equity share accounts	-	1,939,756
	<u>\$ 541,450,920</u>	<u>\$ 488,112,791</u>

Terms and Conditions

Chequing deposits are due on demand.

Saving accounts are due on demand and bear interest at various rates up to 3.50%. Interest is calculated daily.

Term deposits bear fixed rates of interest from 1.50% to 3.10% for terms of up to five years. Interest is paid annually, semi-annually, monthly or upon maturity.

The registered retirement savings plans ("RRSP") and tax-free savings ("TFSA") accounts have fixed or variable interest rates from 0.01% to 3.10%. Fixed rate RRSP's have terms and rates similar to the term deposit accounts described above. Registered retirement income funds (RRIF) have fixed or variable interest rate products with terms and conditions similar to those of the RRSP's described above. Member may make withdrawals from a RRIF account on a monthly, quarterly, semi-annually or annual basis. The regular withdrawal amounts vary according to individual needs and statutory requirements.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

9. Members' Shares

	<u>2025</u>	<u>2024</u>
Members' equity shares	\$ 3,515,211	\$ 3,225,425
Class I shares	<u>208,171</u>	<u>208,273</u>
	<u>\$ 3,723,382</u>	<u>\$ 3,433,698</u>

Members' shares consist of 1 share per adult member. The holders of members' shares have all of the rights and privileges and are subject to the restrictions of a member as provided for in the Credit Union Act and Regulations, 2009 and in the By-Laws of the Credit Union. At December 31, 2025 there are 20,882 (2024 - 20,658) fully paid member share accounts. Since membership shares are redeemable on demand, they are presented as a liability on the Credit Union's Statement of Financial Position. Share accounts are not insured by the Credit Union Deposit Guarantee Corporation; however, they do qualify as capital for regulatory purposes, notwithstanding their financial statement classification as liabilities. Dividends and patronage of nil (2024 - \$780,483) were declared and recorded in the Statement of Comprehensive Income. The Credit Union has a policy of classifying patronage dividends as surplus shares and these surplus shares may be redeemed by the Credit Union as per compliance with the Act and Board policy.

Class I shares are issued only with the approval of the Board of Directors and are redeemable by written request from a holder of Class I shares.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

10. Capital/Liquidity Requirements

Capital Management

The Credit Union is subject to capital requirements set out in the Credit Union Act, 2009, of Newfoundland and Labrador (the Act). Management and regulators consider capital to comprise of all components of members' equity plus members' shares classified as liabilities which amount to \$31,562,508 (2024 - \$30,911,300).

The Credit Union is required to hold a capital reserve equal to 5% of total assets consisting of equity shares and retained earnings with the minimum retained earnings requirement being 3% of total assets ("total capital approach"). Alternatively, a risk weighted assets approach may be used. The Credit Union follows the risk weighted approach. The risk weighted capital asset ratio is calculated as the tier 1 base divided by the risk weighted assets. This ratio must be in excess of the 10.50% regulated threshold. The tier 1 base includes total equity and members shares (as described above) plus the current year net income and the future income tax assets. Risk weighted assets are the asset holdings of the Credit Union grouped by class and multiplied by the prescribed risk factor and weight (respective of the total asset holdings) of each class, then summated. The Credit Union's risk weighted assets are \$232,788,427 (2024 - \$201,121,309).

As at December 31, 2025, the Credit Union's risk weighted capital ratio was 11.82% (2024 - 13.24%), which exceeded the board approved minimum required of 11.50%. The Credit Union's total capital as a percentage of assets was 5.48% (2024 - 5.91%). Therefore, the Credit Union has exceeded its minimum capital requirement as at December 31, 2025.

The Credit Union's objectives when managing capital are to ensure the long term viability of the Credit Union and the security of member deposits by holding a level of capital deemed sufficient to protect against unanticipated losses, and to comply at all times with the capital requirements set out in the Act.

The Credit Union management ensures compliance with capital adequacy through the following: setting policies for capital management, monitoring and reporting; setting policies for related areas such as asset liability management; reporting to the Board of Directors or its committees regarding financial results and capital adequacy; reporting to the Credit Union Deposit Guarantee Corporation ("CUDGC") on its capital adequacy; and setting budgets and reporting variances to those budgets.

Liquidity Management

The Act requires credit unions to maintain statutory liquidity of not less than 6% of the total amount of deposits in, and borrowings of, the Credit Union. Assets held by the Credit Union for such purposes are investments held with Atlantic Central in the amount of \$32,386,604 (2024 - \$29,574,182). 6% of deposits in, and borrowings of, the Credit Union is \$32,237,540 (2024 - \$29,015,553), representing an excess in liquidity of \$149,064 (2024 - \$558,629). A detailed breakdown of the Credit Union's maturity dates for all liabilities held at year end is available in Note 17. Statutory liquidity held by the Credit Union is liquid and available to the Credit Union on demand, therefore it has no associated maturity date.

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;
- monitoring liquidity ratios monthly.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

11. Property and Equipment

Property and equipment is initially recorded at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment losses, with the exception of land which is not amortized. Amortization is recognized in comprehensive income and is provided on a straight-line basis over the estimated useful life of the assets as noted in the following table.

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

	Land	Right of use asset	Parking area	Buildings	Computers	Furniture and equipment	Leasehold improvements	Total
Cost								
Balance, opening	\$ 691,690	\$ 800,260	\$ 439,505	\$ 9,008,120	\$ 907,159	\$ 4,756,198	\$ 1,050,840	\$ 17,653,772
Additions net of disposals	-	-	120,105	(31,414)	103,680	888,735	-	1,081,106
Balance, ending	\$ 691,690	\$ 800,260	\$ 559,610	\$ 8,976,706	\$ 1,010,839	\$ 5,644,933	\$ 1,050,840	\$ 18,734,878
Accumulated depreciation								
Balance, opening	-	459,340	313,082	4,542,031	825,340	4,013,400	597,459	10,750,652
Depreciation expense	-	84,410	139,779	179,425	51,786	318,893	49,460	823,753
Balance, closing	-	543,750	452,861	4,721,456	877,126	4,332,293	646,919	11,574,405
Net book value								
December 31, 2024	\$ 691,690	\$ 340,920	\$ 126,423	\$ 4,466,089	\$ 81,819	\$ 742,798	\$ 453,381	\$ 6,903,120
December 31, 2025	\$ 691,690	\$ 256,510	\$ 106,749	\$ 4,255,250	\$ 133,713	\$ 1,312,640	\$ 403,921	\$ 7,160,473

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

12. Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination.

Income taxes expense is comprised of the following:

	2025	2024
Current tax		
Combined basic federal and provincial income taxes at statutory rate of 30% (2024 - 30%) applied to earnings from continuing operations	\$ 115,370	\$ 589,125
Small business deduction and other rate deduction credits	(92,500)	(92,500)
Permanent differences	4,167	8,678
Other	27,621	(21,141)
	\$ 54,658	\$ 484,162

Income tax expense comprises:

Current tax expense	\$ 109,681	\$ 495,114
Deferred tax expense	(55,023)	(10,952)
	\$ 54,658	\$ 484,162

The change in the components of the deferred taxes asset (liability) are as follows:

	2024	Recognized in comprehensive income	2025
Allowance for impaired loans	\$ 57,514	\$ 56,537	\$ 114,051
Property and equipment	(86,698)	23,809	(62,889)
Lease obligations	102,276	(25,323)	76,953
	\$ 73,092	\$ 55,023	\$ 128,115

13. Other Income

	2025	2024
Service charges and fees	\$ 3,044,908	\$ 2,924,190
Commissions	514,850	561,233
Other	876,713	725,495
	\$ 4,436,471	\$ 4,210,918

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

14. Related Party Transactions

The Credit Union entered into the following transactions with key management personnel, which are defined by IAS 24, "Related Party Disclosures", as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including directors and management.

Meeting allowance fees paid to directors of the Credit Union amounted to \$61,182 (2024 - \$58,537). At December 31, 2025, loans and deposits of directors amounted to \$781,294 (2024 - \$762,729) and \$711,180 (2024 - \$650,545), respectively. Interest income earned on deposits was \$13,021, with interest rates ranging from 0% to 5.50%.

Key management personnel include the Chief Executive Officer and two other senior officers of the entity. Total compensation paid to key personnel of the entity was \$742,928 (2024 - \$634,982). At December 31, 2025 loans and deposits of key management personnel amounted to \$1,237,517 (2024 - \$605,169) and \$1,027,990 (2024 - \$882,303), respectively. Interest income earned on deposits was \$35,942, with interest rates ranging from 0% to 6.50%.

15. Corporate Social Responsibility (CSR) Reserve

The Credit Union is committed to the implementation of a Cooperative Social Responsibility Policy that supports the way in which it integrates social, environmental and economic concerns into its values, culture, decision making, strategy and operations, establishing better practices within the credit union, and improving the communities in which it operates. Allocations from retained earnings to the CSR reserve are made to fund activities in the next year. The activities and projects are planned, purposeful and targeted.

Member equity is comprised of the following:

	2025	2024
Retained earnings from operations	\$ 11,832,723	\$ 11,412,304
Corporate Social Responsibility Reserve	77,928	168,438
Contributed surplus	16,064,841	16,064,841
	<u>\$ 27,975,492</u>	<u>\$ 27,645,583</u>

The activity in the CSR reserve is summarized as follows:

Opening balance	\$ 168,438	\$ 60,665
Allocation from retained earnings reserve	-	132,473
Funds utilized	(90,510)	(24,700)
	<u>\$ 77,928</u>	<u>\$ 168,438</u>

The Credit Union utilized funds of \$90,510 which were expensed under other general business expenses in the Statement of Comprehensive Income. The Credit Union has allocated \$nil (2024 - \$132,473) from its retained earnings to this reserve to fund activities in the future.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

16. Fair Market Value of the Financial Instruments

Fair value represents the amount at which a financial instrument could be exchanged in an arm's length transaction between willing parties under no compulsion to act and is best evidenced by a quoted market price, if one exists.

Quoted market prices are not available for a significant portion of the Credit Union's financial instruments. Consequently, the fair values presented are estimates derived using present value or other valuation techniques and may not be indicative of the net realizable value.

The fair values disclosed exclude the values of assets and liabilities that are not considered financial instruments such as land, buildings and equipment.

The Credit Union categorizes financial instruments carried at fair value under a hierarchy of valuation techniques based on whether inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Credit Union's market assumptions. These two inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for active markets for identical financial instruments.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar financial instruments in markets that are not active; and model-derived valuation in which all significant inputs are observable in active markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The carrying value of cash and cash equivalents, receivables, payables and dividends and patronage refunds approximate their fair value as they are short term in nature or are receivable on demand.

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. Atlantic Central 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 that transactions occur at par value on a regular and recurring basis.

Securities held in Concentra (Wyth) Financial, League Savings and Mortgage Company, League Data Limited and other various co-operatives are member shares that are redeemable at the discretion of the issuer. There is no separately quoted market value for these shares however, fair value is determined based on a discounted cash flow model using the expected timing of redemption and a market rate of interest. There has been no significant changes in the performance of the investees, no changes to the investees shareholdings or its structures and no changes in the valuations implied by the overall market. Therefore, the cost of the shares approximates their fair value.

Fair value of these investments use Level 2 valuations as there are no separately quoted market values for the securities. There were no transfers between any levels of the fair value hierarchy for the years ended December 31, 2025 and 2024. The maximum exposure to credit risk would be the fair value as detailed above.

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

16. Fair Market Value of the Financial Instruments (continued)

For variable rate loans and deposits the carrying value is also considered to be a reasonable estimate of fair value. For fixed-rate loans and mortgages, and deposits, the fair value is calculated using a discounted cash flow model, based on weighted average interest rates and the term to maturity of the instrument. The discount rates applied were based on the current market rate offered by the average remaining term to maturity. Fair value of member loans and deposits use Level 2 valuations as there are no separately quoted market values.

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

The following table presents the fair value of financial instruments of the Credit Union based on the valuation methods and assumptions as set out below.

	2025		2024	
	Carrying Value	Estimated Fair Market Value	Carrying Value	Estimated Fair Market Value
Assets				
Cash and cash equivalents	\$ 10,404,729	\$ 10,404,729	\$ 7,848,832	\$ 7,848,832
Liquidity deposits	32,386,604	32,386,604	29,574,182	29,574,182
Members' loans	475,446,093	484,634,249	395,551,462	393,861,308
Investments	43,372,331	43,372,331	72,458,739	72,458,739
Accounts receivable	284,348	284,348	561,343	561,343
Liabilities				
Payables and accruals	2,964,685	2,964,685	3,129,163	3,129,163
Dividends payable	5,750	5,750	650,133	650,133
Members' deposits	\$541,450,920	\$538,234,965	\$ 491,546,489	\$ 483,049,114

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

17. Interest Rate Sensitivity

The Credit Union is exposed to interest rate risk because of the mismatch, or gap between the assets, liabilities and off-balance sheet instruments scheduled to re-price on particular dates. Maturity dates substantially coincide with interest adjustment dates. Amounts with floating interest rates, or due on demand, are classified as maturing within one year, regardless of maturity. Amounts that are not interest sensitive are grouped together, regardless of maturity. The table below does not incorporate management's expectation of future events where re-pricing or maturity dates of certain loans and deposits differ significantly from the contractual dates.

Maturity dates	Assets	Yield (%)	Liabilities and Equity	Cost (%)	Asset / Liability Gap
Interest sensitive					
Variable	\$ 49,319,030	7.02	\$ 279,457,685	0.15	\$ (230,138,655)
3 months	29,703,961	3.91	14,851,452	3.67	14,852,509
6 months	20,002,989	4.96	45,408,667	3.35	(25,405,678)
9 months	50,435,349	4.33	29,351,949	3.04	21,083,400
1 year	91,148,808	3.89	56,833,194	3.11	34,315,614
2 years	86,718,593	4.91	33,177,681	3.38	53,540,912
3 years	60,796,840	5.91	13,846,252	4.04	46,950,588
4 years	60,811,635	5.53	6,904,995	4.00	53,906,640
5 years	104,983,912	4.89	10,239,448	3.40	94,744,464
> 5 years	1,266,596	5.20	1,335,313	0.67	(68,717)
	<u>\$ 555,187,713</u>		<u>\$ 491,406,636</u>		<u>\$ 63,781,077</u>
Interest sensitive					
Non-interest sensitive	<u>\$ 20,932,516</u>		<u>\$ 84,713,593</u>		<u>\$ (63,781,077)</u>
Total	<u>\$ 576,120,229</u>		<u>\$ 576,120,229</u>		<u>\$ -</u>

The Credit Union uses income simulation modelling to measure exposure to changes in interest rates over short-term periods. Earnings at risk are calculated by forecasting the net interest margin for the next 12-month period using most likely assumptions. The impact of rate shock scenarios are measured against the most likely forecast. The resulting change in the forecast as a result of interest rate shocks is then compared to the most likely forecast to determine the earnings at risk amount. The table below shows the projected change to earnings based on most likely changes in interest rates:

<u>Asset/Liability Management Limits</u>	<u>Projected Change to Earnings</u>
Most Likely Shocked + 100 basis points	432,835
Most Likely Shocked - 100 basis points	(598,105)

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

18. Expenses

	<u>2025</u>	<u>2024</u>
Members' security		
CUDGC assessment insurance	\$ 734,734	\$ 684,577
Insurance	<u>168,065</u>	<u>157,607</u>
	<u>\$ 902,799</u>	<u>\$ 842,184</u>
General business		
Advertising and promotion	248,309	218,971
Amortization	453,637	244,839
Assessment dues – Atlantic Central	467,688	447,300
Business taxes	459,136	427,260
Courier fees	477	4,586
Data processing fees	4,154,395	2,791,170
Office expenses and postage	240,550	235,260
Other	854,356	636,073
Professional fees	279,764	300,188
Repairs and maintenance	123,729	105,930
Service charges	1,076,046	991,982
Shared services and governance	249,451	270,007
Telephone	154,700	157,857
Training	134,845	180,584
Travel	<u>168,545</u>	<u>245,357</u>
	<u>\$ 9,065,628</u>	<u>\$ 7,257,364</u>
Occupancy		
Land lease	137,363	136,850
Amortization – building	279,974	266,545
Other	133,935	94,118
Repairs and maintenance	445,994	382,795
Property insurance and taxes	234,085	200,438
Utilities	<u>386,822</u>	<u>343,774</u>
	<u>\$ 1,618,173</u>	<u>\$ 1,424,520</u>

Atlantic Edge Credit Union Limited Notes to Financial Statements

At December 31, 2025

19. Commitments

Leases

The Credit Union has entered into lease agreements for office space and has recorded an associated lease liability. Future principal lease commitments under the Credit Union's lease agreements for the next three years are as follows:

2026	\$	131,592
2027	\$	62,440
2028	\$	62,478

Member loans

The Credit Union has the following commitment to its members at the year end on account of unused lines of credit:

	<u>2025</u>	<u>2024</u>
Unused lines of credit	<u>\$ 50,394,636</u>	<u>\$ 39,930,655</u>

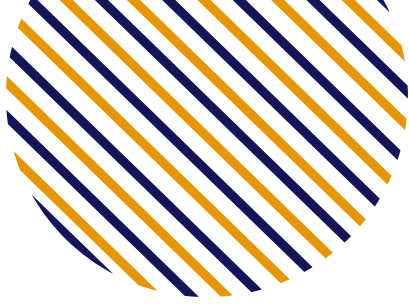
Credit Facilities

The Credit Union has an authorized line of credit with Atlantic Central totalling \$13,080,000 bearing interest at 4.45%, with a \$nil balance used at December 31, 2025 (2024 - \$nil). These borrowings are secured by a general assignment of book debt.

20. Intangible Asset

Intangible assets consisting of the value of the core deposits acquired in a business combinations, which represent a low-cost source of financing as compared to obtaining funds from the market, are carried at cost, net of accumulated amortization and accumulated impairment losses. Amortization is provided for over its estimated useful life of 10 years, on a straight-line basis.

	<u>2025</u>	<u>2023</u>
Cost	\$ 945,778	\$ 1,050,865
Accumulated amortization	<u>(105,087)</u>	<u>(105,087)</u>
Net book value	<u>\$ 840,691</u>	<u>\$ 945,778</u>



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