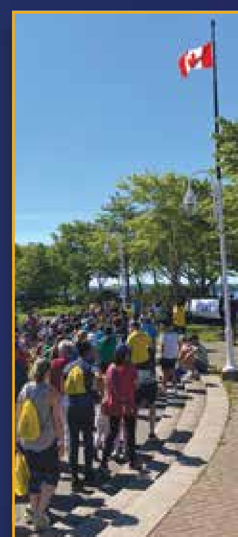


CREDIT UNION
PROVINCIAL

ANNUAL REPORT
2022

Table of Contents

CREDIT UNION PROVINCIAL

Annual Report 2022

2022 Credit Union Highlights

Assets
$1,332,960,808

Members
35,137

Deposits
$1,222,716,188

Loans
$1,087,958,998

Revenue
$50,484,105

Equity
$98,071,215

Net Income
$9,075,455

Board of Directors

Corey Tremere
President

Gail Shea
Vice President

Jacinta Doiron
Secretary

Imelda Arsenault

Joel Brennan

Jamie Colwill

Karen Gaudet-Gavin

Mona Jeffery

Alisha MacKay

Peter Pidgeon

Jack Spencer

President's Report

Over the last two years, there has been great change and many challenges here on Prince Edward Island, as well as across the country and throughout the world.

Through all of this, Islanders and credit union members have shown the ability to progress and succeed through these challenging times. Your board, management team, and staff continued the important work of serving our members, and the result is a larger, stronger financial institution, providing vital services in all of the communities we serve.

Provincial Credit Union continues to operate in a complex and very competitive environment and now, more than ever, we need to continue our investment in staff, specialized services, and technology, to best serve our members.

Our dedicated employees and system partners are working within the foundation of our new 3-year strategic plan. It's a plan that builds on our strengths and vitality, to help ensure great service and sustainability well into the future.

Provincial Credit Union continues to grow, and since the merger, we are the largest credit union in Atlantic Canada, serving more than 35,000 members, employing nearly 200 staff, and representing communities across the province from Montague to Tignish.

It has been my sincere honour and privilege to serve on the board and work alongside our retiring CEO Bernard Gillis. I want to express my gratitude for Bernard's leadership over the many years we have worked together. His vision and unwavering support have been instrumental in guiding Provincial to where it is today. His skills and leadership have been key factors in our collective success and continued growth.

I also want to thank each member of our Board of Directors for their dedicated governance and voice, and our amazing employees for their passion, dedication and resourcefulness, in meeting the needs of our members.

Looking ahead there is so much possibility, and it is through our staff working with a clear purpose, and your continued support as a member, that the full potential will be realized and continue to strengthen Provincial Credit Union into the future.

Sincerely,

Corey Tremere
President – Board of Directors

CEO's Report

It is with mixed feelings I write this report, with fiscal 2022 marking my last year as Chief Executive Officer, as I have made the very difficult decision to officially retire, effective June 1, 2023.

I have been truly honored and proud to work for Provincial Credit Union, and sincerely appreciate the support provided to me during my 41 plus years as part of the company. Working for the credit union has been a wonderful experience. I am proud of our accomplishments over the years and had the opportunity to witness significant change during that time.

Looking forward we are very well positioned for growth, both from a financial standpoint and our talent pool, ensuring that PCU will be even more successful in the years ahead. I could not be more confident in our strategy and growth prospects. I'm confident the executive leadership group and the PCU team will drive our success forward, with the ability and expertise to execute on our strategic priorities with a vision for the future. Their experience and capabilities will serve us very well on the road ahead.

This past year we completed a roadmap for the future as we finalized our **Strategic Plan** with the vision of becoming "The most impactful organization on the Island". We want to positively impact our Island communities by making meaningful contributions, celebrating employee connections, and fostering an inclusive and welcoming environment for all. Additionally, we will transform the member experience to focus more on personalized financial advice, as well as planning and education. The speed of change in the financial industry is astonishing, as are trends in people's behaviors, both of which are addressed in our strategic plan.

Financially our balance sheet is very strong and we are certainly pleased with our 2022 results. Financial highlights for fiscal 2022, include a net income $9,075,455. Our balance sheet remains strong, with total assets at the end of fiscal 2022 sitting at $1.33 billion, representing a 6.0% increase from fiscal 2021. The financial performance and early indications for the new PCU, point to an even stronger balance sheet. Moving forward, financial sustainability will continue as one of our main pillars.

I want to thank our members for all of your support over the past years. You are the reason we get out of bed each morning. I'd also like to take this opportunity to thank our Board of Directors for their guidance, support, and opportunities given to me over the years. Last and far from the least, I have been privileged to work with a terrific group of people who are instrumental in the success our credit union has achieved. Thank you.

While I will look forward to enjoying my retirement, I will certainly miss being part of this fantastic team and the organization. Rest assured, I will be on the sidelines watching and cheering the successes of Provincial Credit Union well into the future.

Sincerely,

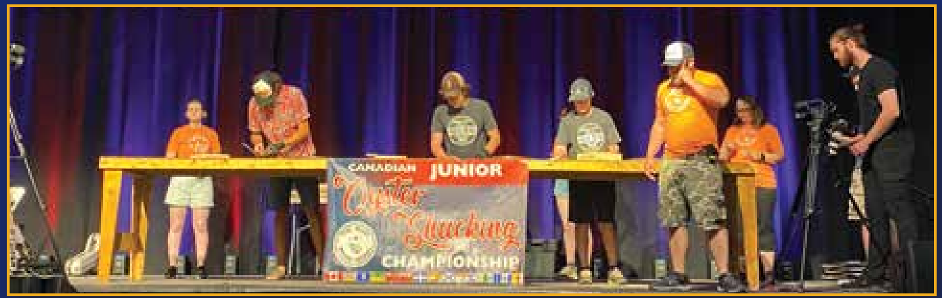
Bernard Gillis
Chief Executive Officer

Tyne Valley Oyster Festival

Rock the Boat MusicFest

Provincial Credit Union is a proud sponsor of Rock The Boat and the Tyne Valley Oyster Festival.

The festival is heading into its 8th year at beautiful Green Park in Tyne Valley.



Rock the Boat and the Tyne Valley Oyster Festival, are the biggest fundraising events for the area, with profits staying in the community.

The community parade is also a highlight each year.

The Tyne Valley Oyster Festival is held in conjunction with Rock The Boat, and **Julie Millar**, from our Tyne Valley branch, is a long time supporter and volunteer of both.

Loyal 2 Local Challenge

Provincial Credit Union once again participated in the Loyal 2 Local Challenge. In fact, Atlantic Credit Unions incentivize employees to buy local, as part of a national initiative across the country in support of local small businesses. The challenge injects thousands of dollars into the regional economy.

Louise Gallant, Stella Maris branch

The Old Village Bakery in North Rustico is always a popular stop.

Provincial Credit Union President **Corey Tremere** and his wife **Autumn** took the opportunity to do a little exploring with their children.

Corey Tremere
@PEICorey

Lunch date at The Fin @blackbushpei Small businesses are the backbone of our communities and to show our support, participating in the #Loyal2Local challenge. Join @ProvincialCU through August 15th in supporting and building communities throughout #PEI

Provincial Credit Union and 2 others

Provincial Credit Union staff were quick to embrace the challenge, including **Roxanne Campbell** from our Malpeque Bay branch, who stopped into Bloom House Flowers in Kensington.

Random Acts of Kindness

Nothing gives our staff more pleasure that participating in Random Acts of Kindness.

Whether it's a $20 bill to cover your breakfast, picking up the tab for groceries, or dropping off a gift card ...we love to Pay it Forward, with Random Acts of Kindness!

A token of appreciation for the crew from Maritime Electric for their tremendous efforts after Hurricane Fiona.

Lynn Howatt from our Stella Maris branch drops off a gift basket to **Carol-Ann Blanchard** and **Mark Reid**, from A.P. Gallant's Country Market located in Rustico.

In Our Community

Stella Maris staff collected donations for the food bank during Credit Union Day.

Malpeque Bay staff collected donations for their annual Tree of Hope to assist families in need.

Irene Gallant, left, from the Tignish branch makes a donation to **Wendy Arsenault**, manager of Tignish Health Centre. Funds are raised through the branch's community 50/50 draws.

Tara Hencher and **Twyla McInnis** from the Charlottetown branch shopping for the Toy Drive in support of Santas Angels.

Dhane Morrison and **Lynn Smith** from the Stratford branch prep for the Toy Drive.

Alberton Branch Manager **Coralee Stewart** presents a cheque to **Alan Rennie**, Rink Manager of Jacques Cartier Arena, with funds raised from the 50/50 draw.

DID YOU KNOW?
8 staff have moved from part-time to full-time

DID YOU KNOW?
Our staff compliment has now surpassed 190

DID YOU KNOW?
38% of our staff have over 10 years of service with us

DID YOU KNOW?
8 out of 10 of our branch managers are female

Our staff

2022 marked the first full year of operation for the new Provincial Credit Union, and also the first time our staff from all 10 branches had the opportunity to mix and mingle. We held a summer event for staff, and a get together in November for both staff and spouses.

DID YOU KNOW?
Since the merger Provincial Credit Union has hired 57 new employees

DID YOU KNOW?
42 employees have received promotions

Scholarships

At Provincial Credit Union, we continue our commitment to students, in their pursuit of post secondary education.

In 2022, **$40,000 in scholarships** were awarded to deserving students from across Prince Edward Island.

Calista Bulger
Charli Arsenault
Daniel Rice
Donovan Burt
Drew Boulter
Ellen Fraser
Emma Palmer
Francis-Olivier Morin
Gracie Gaudet
Gus MacEwen
Hannah Doucette
Hilary Shea
Jesse Sweet
Jill Harper
Kristopher LaFrance
Morgan McLean
Olivia Callaghan
Patrick Lauwerijssen
Rory Francis
Taylor Cahill

Charging stations

Provincial Credit Union is proud to announce the installation of Level 2 EV charging stations at all 10 of our branches across Prince Edward Island in 2023.

We are excited to bring these charging stations to communities across the province, many of which do not yet have access to this technology.

The credit union is partnering with Hypercharge to install the stations. Upon completion, Provincial Credit Union will be the only financial institution on PEI to have Level 2 EV charging stations at all of its branches.

Super elves from the O'Leary branch provided cookies and hot chocolate during the Santa Claus Meet & Greet.

In Our Community

Our Tyne Valley branch was active with the food drive as part of Credit Union Week. Tyne Valley Branch Manager **Melissa Hackett-Gallant.**

Liette McInnis from the Évangéline branch with the annual Christmas Hamper Program, supporting families in need over the holidays.

Maureen Panting (left) and **Wendy Brewster** from our Montague branch, supporting the Cardigan Fire Department.

Management's Report

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

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

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

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

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

On behalf of Provincial Credit Union Limited

Bernard Gillis
Chief Executive Officer

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS
Member of The AC Group of Independent Accounting Firms

Chartered Professional Accountants &
Business Advisors
8 MacLeod Crescent
Charlottetown, Prince Edward Island
Canada C1E 3K2
Telephone (902) 368-3100
Fax (902) 566-5074
www.acgca.ca

March 20, 2023

Independent Auditor's Report

To the Members of Provincial Credit Union Limited

Opinion
We have audited the accompanying consolidated financial statements of Provincial Credit Union Limited, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of comprehensive income, changes in members' equity and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Provincial Credit Union Limited as at December 31, 2022, and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

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

Other Information
Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

AUDITOR'S REPORT

ArsenaultBestCameronEllis
CHARTERED PROFESSIONAL ACCOUNTANTS
Member of The AC Group of Independent Accounting Firms

Chartered Professional Accountants &
Business Advisors
8 MacLeod Crescent
Charlottetown, Prince Edward Island
Canada C1E 3K2
Telephone (902) 368-3100
Fax (902) 566-5074
www.acgca.ca

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

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

We also:

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

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

ArsenaultBestCameronEllis

Provincial Credit Union Limited

Consolidated Statement of Financial Position
As at December 31, 2022

	2022 $	2021 $
Assets		
Cash and cash equivalents (note 15)	29,086,921	20,096,391
Investments (note 9)	199,598,971	278,603,426
Income taxes receivable	-	127,858
Loans and mortgages (note 6)	1,087,958,998	945,894,379
Other assets (note 7)	3,908,891	1,314,343
Property and equipment (note 8)	11,339,027	9,315,714
Deferred income taxes (note 14)	1,068,000	1,217,000
	1,332,960,808	1,256,569,111
Liabilities		
Member deposits (note 10)	1,021,406,872	949,454,712
Share deposits (note 11)	201,309,316	211,124,754
Accrued interest and dividends payable	5,251,322	3,035,970
Other liabilities (note 13)	6,332,956	3,781,170
Income taxes payable	412,712	-
	1,234,713,178	1,167,396,606
Members' Equity		
Members' share capital	176,415	176,745
Undistributed income	98,071,215	88,995,760
	1,332,960,808	1,256,569,111

Approved by the Board of Directors

_______________ Director

_______________ Director

Provincial Credit Union Limited

Consolidated Statement of Changes in Members' Equity
For the period ended December 31, 2022

	(12 months) December 31, 2022 $	(3 months) December 31, 2021 $
Members' shares - Beginning of period	176,745	176,470
Issuance of members' shares, net	(330)	275
Members' shares - End of period	176,415	176,745
Undistributed income - Beginning of period	88,995,760	86,788,578
Net earnings for the period	9,075,455	2,207,182
Undistributed income - End of period	98,071,215	88,995,760

Provincial Credit Union Limited
Consolidated Statement of Comprehensive Income
For the period ended December 31, 2022

	(12 months) December 31, 2022 $	(3 months) December 31, 2021 $
Revenue		
Loan interest	40,201,022	8,196,828
Investment	3,929,103	527,432
	44,130,125	8,724,260
Cost of capital and borrowings	8,619,047	1,519,672
Provision for loan losses (note 6)	783,691	57,463
Financial margin	34,727,387	7,147,125
Non-interest revenue		
Commissions and account fees	4,074,695	1,227,447
Loan fees	1,977,181	375,517
Fixed assets	302,104	83,198
Contract	-	8,415
	6,353,980	1,694,577
	41,081,367	8,841,702
Expenses		
Personnel (notes 16 and 17)	14,326,189	2,720,059
General	8,511,076	2,006,719
Member security	1,517,738	461,769
Occupancy	1,258,525	201,810
Organization	203,100	137,887
Amortization (note 8)	992,479	463,695
	26,809,107	5,991,939
Operating earnings	14,272,260	2,849,763
Other expenses		
Member rebate	1,100,000	-
	13,172,260	2,849,763
Provision for (recovery of) income taxes		
Current (note 14)	3,947,805	891,034
Deferred (note 14)	149,000	(248,453)
	4,096,805	642,581
Comprehensive income for the period	9,075,455	2,207,182

Provincial Credit Union Limited
Consolidated Statement of Cash Flows
For the period ended December 31, 2022

	(12 months) December 31, 2022 $	(3 months) December 31, 2021 $
Cash provided by (used in)		
Operating activities		
Net earnings for the period	9,075,455	2,207,182
Items not affecting cash		
Amortization	992,479	463,695
Deferred income taxes (recovery)	149,000	(248,453)
Provision for loan losses	783,691	57,463
	11,000,625	2,479,887
Net change in non-cash working capital items		
Accounts receivable	(471,607)	1,751,492
Prepaid expenses and other	(2,122,941)	(147,713)
Accrued interest and dividends payable	2,215,352	(327,020)
Income taxes receivable	127,858	300,111
Other liabilities	2,551,786	(783,048)
Increase in income taxes payable	412,712	-
	13,713,785	3,273,709
Financing activities		
Increase (decrease) in member deposits	71,952,160	(22,332,340)
Increase (decrease) in share deposits	(9,815,768)	11,340,111
	62,136,392	(10,992,229)
Investing activities		
Increase in loans and mortgages	(142,848,310)	(18,455,360)
Decrease in real estate held for sale	-	5,547
Purchase of property and equipment (note 8)	(3,255,791)	(885,005)
Proceeds on disposal of property and equipment	240,000	-
Decrease (increase) in investments	79,004,454	(84,424,934)
	(66,859,647)	(103,759,752)
Increase (decrease) in cash and cash equivalents	8,990,530	(111,478,272)
Cash and cash equivalents - Beginning of period	20,096,391	131,574,663
Cash and cash equivalents - End of period	29,086,921	20,096,391
Supplementary disclosure		
Interest received	41,997,097	8,024,655
Interest paid	7,789,185	2,083,183
Dividends received	125,316	41,462
Dividends paid	235,839	236,346
Income taxes paid - net	4,002,443	412,445

1 General

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

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

2 Basis of presentation

(a) Statement of compliance

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

These consolidated financial statements have been approved for issue by the Board of Directors on March 20, 2023.

(b) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Credit Union and its wholly-owned subsidiary, CU PEI Investment Corp.

Subsidiaries are entities controlled by the Credit Union. Control is achieved when the Credit Union is exposed, or has rights, to returns with its involvement and it has the ability to affect those returns through its power over the subsidiary.

(c) Basis of measurement

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

(d) Functional and presentation currency

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

NOTES TO FINANCIAL STATEMENTS
PROVINCIAL CREDIT UNION | December 31, 2022

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

(e) Use of estimates and judgments

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

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

3 Summary of significant accounting policies

(a) Financial instruments

i) *Classification and measurement of financial assets*

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

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

Financial assets include both debt and equity instruments.

<u>Debt instruments</u>

Classification and subsequent measurement of debt instruments depend on:

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

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

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

The Credit Union assesses the business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective.

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

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

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

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

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

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

Amortized cost

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

Fair value through profit or loss (FVTPL)

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

NOTES TO FINANCIAL STATEMENTS
PROVINCIAL CREDIT UNION | December 31, 2022

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

<u>Equity instruments</u>

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

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

ii) *Classification and measurement of financial liabilities*

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

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

Financial liabilities measured at amortized cost

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

Financial liabilities measured at FVTPL

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

Financial liabilities designated at FVTPL

Financial liabilities classified in this category are those that have been designated by the Credit Union upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is only available for those financial liabilities for which a reliable estimate of fair value can be obtained.

Financial liabilities are designated at FVTPL when one of the following criteria is met:

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- A group of financial liabilities are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or

- The financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required.

Financial liabilities designated at FVTPL are recorded in the Statement of Financial Position at fair value and any changes in fair value are recognized in the Statement of Comprehensive Income. As of December 31, 2022, there are no financial liabilities designated at FVTPL.

iii) *Determination of fair value*

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

The Credit Union values instruments carried at fair value using quoted market prices, where available. The fair value hierarchy is as follows:

- Level 1 - unadjusted quoted market prices for identical instruments.
- Level 2 - use of observable inputs within valuation models.
- Level 3 - significant use of unobservable inputs within valuation models.

iv) *Derecognition of financial assets and liabilities*

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
PROVINCIAL CREDIT UNION | December 31, 2022

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

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

v) *Impairment*

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

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

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

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

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

Details of these statistical inputs are as follows:

- PD – the probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life.
- EAD – the exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.

- LGD – the loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

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

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

This includes events that indicate:

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

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

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

(b) Foreign currency translation

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

(c) Cash and cash equivalents

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

(d) Foreclosed properties

In certain circumstances, the Credit Union may take possession of property held as collateral as a result of foreclosure of loans that are in default. Foreclosed properties are measured at the lower of the carrying amount and the fair value less the costs to sell.

(e) Property and equipment

Property and equipment are stated at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost can be measured reliably. Repairs and maintenance costs are charged to expenses during the financial period in which they are incurred.

Land is not depreciated. Right-of-use assets depreciation are calculated on a straight-line basis over 16 years and 6 years, respectively. All other property and equipment is depreciated using the straight-line method over their estimated useful lives, as follows:

Buildings	20 to 25 years
Furniture, equipment and computers	2 to 5 years
Pavement	10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property and equipment were identified as impaired as at December 31, 2022.

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

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

(f) Leased assets

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

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

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

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

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

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

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

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

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

(g) Impairment of non-financial assets

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

(h) Employee benefits

The Credit Union records annually the estimated liabilities for retirement benefit obligations which are payable to its employees in subsequent years under the Credit Union's policy.

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

The liabilities are included in other liabilities in the statement of financial position.

(i) Revenue recognition

i) Loan interest

Interest on loans and mortgages is recognized on an amortized cost basis using the effective interest rate method. The effective rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan and mortgage to the net carrying amount of the loan and mortgage. When estimating the future cash flows the credit union considers all contractual terms of the loan and mortgage excluding any future credit losses. The calculation includes all fees and costs paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts. Mortgage prepayment fees are recognized in income when received, unless they relate to a minor modification to the terms of the mortgage, in which case the fees are recognized over the expected remaining term of the original mortgage using the effective interest rate method. All interest is recognized on an accrual basis.

ii) Investment and other income

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

iii) Service fees

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

iv) Commissions

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

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

(j) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly to equity.

i) Current income tax

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

ii) Deferred income tax

Deferred tax is recognized in respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Related parties

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

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

i) Has control or joint control over the Credit Union, with the power to govern the Credit Union's financial and operating policies;

ii) Has significant influence over the Credit Union, participating in financial and operating policy decisions, but not control over these policies; or

iii) Is a member of the key management personnel of the Credit Union. Key management personnel, consistent with the definition under IAS 24, Related Party Disclosures, are persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly, including any director of the Credit Union.

(l) Capital disclosures

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

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

(m) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but are not effective for the fiscal year ended December 31, 2022 and have not been early adopted by the Credit Union. These standards are not expected to have a material effect on the Credit Union in the current or future reporting periods.

4 Critical accounting estimates and judgments

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

(a) Provision for loan losses

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

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

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

(b) Estimated useful lives of property and equipment

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

(c) Fair value of financial instruments

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

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

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

The fair value for the credit union's investments as detailed in Note 5 is determined as follows:

- Membership shares in Atlantic Central, Concentra, League Data, Central 1, Co-operative memberships and CU Financial Management Limited do not trade in a public market. Fair market value approximates par value as the shares are subject to regular rebalancing across the membership; and
- Liquidity reserve deposits are fair valued by discounting the contractual future cash flows at current market rates of similar financial instruments with similar terms.

(d) Income taxes

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

(e) Extension options for leases

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

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

5 Fair value of financial instruments

Fair values versus carrying amounts

Estimated fair values of financial instruments assets and liabilities are described in the following table:

		2022		2021	
	Fair level hierarchy	**Carrying amount $**	**Fair value $**	**Carrying amount $**	**Fair value $**
Financial assets					
Loans and mortgages	Level 2	1,087,958,998	1,087,958,998	945,894,379	945,894,379
Liquidity reserve deposit	Level 2	81,222,210	81,222,210	76,409,531	76,409,531
Atlantic Central shares	Level 2	16,994,104	16,994,104	16,476,507	16,476,507
Concentra shares	Level 2	1,654,703	1,654,703	1,651,030	1,651,030
League Data shares	Level 2	230,340	230,340	230,340	230,340
Co-operative membership	Level 3	4,340	4,340	4,040	4,040
Central 1 shares	Level 2	400	400	400	400
CU Financial Management Limited	Level 3	19	19	19	19
Term deposits	Level 2	99,492,855	99,492,855	183,831,559	183,831,559
		1,287,557,969	1,287,557,969	1,224,497,786	1,224,497,786
Financial liabilities					
Member deposits	Level 2	1,021,406,872	1,021,406,872	949,454,712	949,454,712
Share deposits	Level 2	201,309,316	201,309,316	211,124,754	211,124,754
		1,222,716,188	1,222,716,188	1,160,579,466	1,160,579,466

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

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

6 Loans and mortgages

(a) Loans at amortized cost

			2022			2021
	Gross loans $	Allowance for credit losses $	Net carrying amount $	Gross loans $	Allowance for credit losses $	Net carrying amount $
Personal loans	567,096,390	627,357	566,469,033	494,001,279	393,519	493,607,760
Commercial loans	482,951,089	1,790,989	481,160,100	422,933,213	1,927,730	421,005,483
Personal lines of credit and overdrafts	10,764,628	424,495	10,340,133	23,023,196	347,300	22,675,896
Commercial lines of credit and overdrafts	30,800,662	810,930	29,989,732	8,784,620	179,380	8,605,240
	1,091,612,769	3,653,771	1,087,958,998	948,742,308	2,847,929	945,894,379

Mortgages and loans

Mortgage loans (including mortgage pools) are secured by realty mortgages with interest rates of 1.0% - 8.75% (2021 - 1.0% - 7.45%). The remaining loans are priced at market rates unless circumstances warrant special considerations. The interest rates range from 0% - 21.45% (2021 - 1.0% - 19.5%) on personal, business, farming and fishing loans and 0% - 24.0% (2021 - 1.0% - 21.0%) on lines of credit and overdrafts. These loans are secured by an assignment of specific call deposits and share capital of the borrower and other specific assigned securities.

The Credit Union's prime lending rate

The Credit Union's prime lending rate is set by the Board based on the prime interest rate of chartered banks in Canada. The rate as at December 31, 2022 was 6.45% (2021 - 2.45%).

(b) Impaired loans

			2022			2021
	Gross impaired loans $	Allowance for credit losses $	Net carrying amount $	Gross impaired loans $	Allowance for credit losses $	Net carrying amount $
Personal loans	15,659,254	379,211	15,280,043	20,209,155	180,311	20,028,844
Commercial loans	40,780,331	464,752	40,315,579	32,925,073	754,204	32,170,869
Personal lines of credit and overdrafts	2,880,469	325,944	2,554,525	2,094,654	111,857	1,982,797
Commercial lines of credit and overdrafts	4,781,030	485,684	4,295,346	3,154,349	109,000	3,045,349
	64,101,084	1,655,591	62,445,493	58,383,231	1,155,372	57,227,859

NOTES TO FINANCIAL STATEMENTS
PROVINCIAL CREDIT UNION | December 31, 2022

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

(c) Allowance for credit losses

	Balance as at January 1, 2022 $	Provision for credit losses $	Net write-offs $	Balance as at December 31, 2022 $
Personal loans	393,517	210,709	23,131	627,357
Commercial loans	1,927,730	(136,741)	-	1,790,989
Personal lines of credit and overdraft	347,301	78,174	(980)	424,495
Commercial lines of credit and overdraft	179,380	631,550	-	810,930
	2,847,928	783,692	22,151	3,653,771

As at December 31, 2022	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Personal loans	248,146	20,895	358,316	627,357
Commercial loans	1,326,237	345,012	119,740	1,790,989
Personal lines of credit and overdraft	98,551	52,147	273,797	424,495
Commercial lines of credit and overdraft	325,246	68,002	417,682	810,930
	1,998,180	486,056	1,169,535	3,653,771

As at December 2021	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Personal loans	213,207	26,043	154,267	393,517
Commercial loans	1,173,527	281,635	472,569	1,927,731
Personal lines of credit and overdraft	235,444	75,316	36,541	347,301
Commercial lines of credit and overdraft	70,380	70,479	38,521	179,380
	1,692,558	453,473	701,898	2,847,929

Provincial Credit Union Limited

Notes to Financial Statements
December 31, 2022

(d) Loans past due but not impaired

	31 - 90 days $	90+ days $	2022 Total $	31 - 90 day $	90+ days $	2021 Total $
Personal loans	396,258	-	396,258	84,220	-	84,220
Personal lines of credit and overdrafts	80,360	86,715	167,075	47,265	-	47,265
	476,618	86,715	563,333	131,485	-	131,485

(e) Provision for loan losses

	(12 months) 2022 $	(3 months) 2021 $
Increase in allowance	805,842	79,888
Loans directly written off	47,470	13,862
Recoveries of loans previously written off	(69,621)	(36,287)
	783,691	57,463

7 Other assets

	2022 $	2021 $
Accrued interest on investments	913,158	590,284
Accounts receivable	148,733	-
Prepaid expenses and other	2,586,900	463,959
Real estate held for resale	260,100	260,100
	3,908,891	1,314,343

Provincial Credit Union Limited

Notes to Financial Statements
December 31, 2022

8 Property and equipment

	Land $	Buildings $	Furniture, equipment and computers $	Pavement $	Total $
Cost					
Balance - Beginning of period	1,662,968	13,642,917	7,227,455	519,940	23,053,280
Additions	-	2,875,948	365,367	14,477	3,255,792
Disposals	(240,000)	-	-	-	(240,000)
Balance - End of period	1,422,968	16,518,865	7,592,822	534,417	26,069,072
Accumulated amortization					
Balance - Beginning of period	-	6,523,569	6,890,496	323,501	13,737,566
Current period amortization	-	640,313	309,895	42,271	992,479
Balance - End of period	-	7,163,882	7,200,391	365,772	14,730,045
Carrying value					
December 31, 2021	1,662,968	7,119,348	336,959	196,439	9,315,714
December 31, 2022	1,422,968	9,354,983	392,431	168,645	11,339,027

As at December 31, 2022, furniture, equipment and computers includes a non-cash transaction for a right-of-use assets with a cost of $9,378, accumulated amortization of 5,890, and carrying amount of $3,487 (2021 - $5,168). For the period ended December 31, 2022, amortization expense includes $1,680 (2021 - $420) related to the right-of-use assets .

Included in buildings is $1,187,895 (2021 - $1,132,777) in work in progress construction which has not been completed and, therefore, amortization has not been taken on that amount.

9 Investments

	2022 $	2021 $
Measured at fair value through profit or loss		
Liquidity reserve	81,222,210	76,409,531
Atlantic Central shares	16,994,104	16,476,507
Concentra shares	1,654,703	1,651,030
League Data shares	230,340	230,340
Co-operative membership shares	4,340	4,040
Central 1 shares	400	400
CU Financial Management Limited shares	19	19
Total fair value measured through profit or loss	100,106,116	94,771,867
Measured at amortized cost		
Term deposits	99,492,855	183,831,559
	199,598,971	278,603,426

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

Liquidity reserve deposit

In order to meet Credit Union national standards, the Credit Union is required to maintain on deposit at Atlantic Central an amount equal to 6% of the prior quarter's assets (see note 18b). The deposit bears interest at a variable rate that averaged 1.255% (2021 - 0.55%) during the period.

Term deposits

Term deposits are carried at cost which approximates fair value. These term deposits have the following maturity dates and rates of return:

	Amount $	Rate of Return	Maturity
Atlantic Central	50,000,000	1.21 - 4.36%	January 2023 - October 2023
Concentra	18,000,000	1.09 - 4.30%	March 2023 - September 2023
League Savings & Mortgage	29,992,855	1.20 - 4.95%	January 2023 - December 2023
Central 1	1,500,000	0.53 - 1.85%	March 24 - 31, 2023
Total	99,492,855		

10 Member deposits

	2022 $	2021 $
Savings	169,081,308	174,244,355
Chequing accounts	452,558,737	436,913,637
Term deposits	248,142,131	190,970,110
RRSP and RRIF	151,624,696	147,326,610
	1,021,406,872	949,454,712

Savings are deposits on a call basis that pay the account holders a variable rate of interest ranging from 0% - 1.80% (2021 - 0% - 1.45%).

Chequing accounts are held on a call basis and pay the account holders interest at the Credit Union's stated rates.

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

Fixed *term deposits* bear interest at various rates and ranging from 0% - 5.94% (2021 - 0% - 5.00%).

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

RRSP and RRIF

Concentra Financial is the trustee for the registered savings plans offered to members. Under an agreement with the trust company, member's contributions to the plans, as well as income earned on them, are deposited in the credit union. On withdrawal, payment of the plan proceeds is made to members, or the parties designed by them, by the credit union, on behalf of the trust company. RRSP and RRIF term deposits bear interest at various rates.

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

11 Share deposits

Unlimited membership shares are available for issuance with a par value of $5 per share. These shares are non-transferable, redeemable by the Credit Union, retractable by shareholders subject to the Credit Union's right to suspend redemption, if the redemption would impair the financial stability of the Credit Union, for a period of up to twelve months by Board resolution and indefinitely by Board resolution with the approval of the Credit Union Deposit Insurance Corporation. Dividends on membership shares are payable at the discretion of the Board.

	2022 $	2021 $
Ownership shares and share deposits	201,485,731	211,301,499
Ownership shares presented as equity	(176,415)	(176,745)
Share deposits	201,309,316	211,124,754

Share deposits pay members a dividend at the discretion of the Board. Privileges of the shares are under the authority of the Board. The dividend rate declared on December 31, 2022 was 0.8% based on the average minimum monthly share account balance throughout the period.

12 Contingent liability

	2022 $	2021 $
Outstanding guarantees on behalf of members	2,104,002	3,619,621

The Credit Union holds outstanding guarantees on behalf of 12 members. The value of these guarantees range from $5,000 to $450,000.

13 Other liabilities

	2022 $	2021 $
Trade liabilities	2,878,859	1,338,072
Accrued liabilities	1,830,205	1,247,988
Retirement accrual	509,656	1,188,830
HST	14,236	6,280
Member rebate	1,100,000	-
	6,332,956	3,781,170

14 Income taxes

(a) Tax rate reconciliation

	2022 $	2021 $
Income before income taxes	13,172,260	2,849,763
Taxes at statutory rates - 31%	4,083,401	883,427
Timing differences regarding foreign exchange	(90,913)	(178,130)
Temporary difference regarding provision for loan losses	(110,250)	384,739
Timing differences regarding capital assets	(93,498)	113,956
Permanent differences and other	25,711	10,556
Timing differences regarding retirement	210,544	(262,995)
Loss carryforwards used by CU PEI Investment Corp.	(77,190)	(60,519)
	3,947,805	891,034

(b) Deferred income taxes

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

	2022 $	2021 $
Balance - Beginning of period	1,217,000	264,464
Impact of consolidation	-	152,000
Impact of business combinations	-	552,083
Comprehensive income statement recovery (expense)	(149,000)	248,453
Balance - End of period	1,068,000	1,217,000

NOTES TO FINANCIAL STATEMENTS
PROVINCIAL CREDIT UNION | December 31, 2022

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

Deferred income tax assets are attributable to the following items:

	2022 $	2021 $
Deferred income tax assets (liabilities)		
Property and equipment	336,000	225,000
Allowance for impaired loans	671,000	559,000
Foreign exchange	(160,000)	(251,000)
Retirement allowance	158,000	367,000
Income tax loss carryforwards	63,000	317,000
	1,068,000	1,217,000

15 Line of credit availability

In 2022, the Credit Union had approved lines of credit with Atlantic Central of $31,445,000 with an interest rate of 6.70%. As of December 31, 2022, the lines of credit had outstanding balances of $991,334.

16 Pension plan

The Credit Union provides employees with a voluntary defined contribution pension plan in which the Credit Union matches employee contributions to the plan, within specified limits. During the period, the Credit Union expensed $706,595 (3 months ended December 31, 2021 - $161,534) in contributions to the plan. This expense is included with personnel expenses on the statement of comprehensive income.

17 Composition of key management

Key management includes the board of directors, Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer, Chief Operating Officer, Chief Human Resources Officer and Chief Innovation Officer. Compensation awarded to key management includes:

(a) Key management, excluding directors

	(12 months) 2022 $	(3 months) 2021 $
Salaries and short-term employee benefits	1,263,014	315,643

(b) Directors' remuneration

	(12 months) 2022 $	(3 months) 2021 $
Honorariums	83,879	26,700
Payment for expenses while on credit union business	10,728	561

(c) Loans to directors and key management personnel

	(12 months) December 31, 2022 $	(3 months) December 31, 2021 $
Loans outstanding - Beginning of period	2,843,267	2,894,372
Add: loans issued during the period	1,510,402	75,000
Less: loan repayments during the period	(668,547)	(126,105)
Loans outstanding - End of period	3,685,122	2,843,267
Interest income earned	96,007	80,357

No provisions have been recognized in respect of loans to directors and key management. The loans issued to directors and existing loans to new directors and key management personnel during the year of $1,510,402 (2021 - $75,000) are repayable over 1-25 years (2021 - 1-25 years) and have interest rates ranging from 1.4% to 8.95% (2021 - 1.00% to 4.95%).

The Credit Union has approved lines of credit for key management and directors as at December 31, 2022 amounting to $1,309,600 (2021 - $577,500). The balance of the lines of credit included above is $61,653 (2021 - $322,649).

18 Risk management

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

(a) Credit risk

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

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

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

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

	2022 $	2021 $
Cash and cash equivalents	29,086,921	20,096,391
Accrued interest on investments	913,158	590,284
Accounts receivable	148,733	-
Loans and mortgages	1,087,958,998	945,894,379
Investments	199,598,971	278,603,426
	1,317,706,781	1,245,184,480

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

(b) Liquidity risk

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

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

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

Exposure to liquidity risk:

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

	2022 $	2021 $
Cash and cash equivalents	29,086,921	20,096,391
Liquidity reserve	81,222,210	76,409,531
	110,309,131	96,505,922

Credit Union bylaws require Provincial Credit Union Limited to maintain sufficient liquid assets and a line of credit to meet its normal cash flow requirements. Consistent with other Prince Edward Island Credit Unions, Provincial Credit Union Limited is required by the Credit Union Deposit Insurance Corporation to maintain a minimum liquid asset level of 10% of total deposits to ensure ongoing cash flow requirements are met. The Credit Union was in compliance with this requirement at December 31, 2022.

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

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	2022 Total $
Member deposits	853,561,964	167,844,908	-	1,021,406,872
Share accounts	201,309,316	-	-	201,309,316
Accrued interest and dividends payable	5,251,322	-	-	5,251,322
Other liabilities	6,332,956	-	-	6,332,956
	1,066,455,558	167,844,908	-	1,234,300,466

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	2021 Total $
Member deposits	830,197,712	119,257,000	-	949,454,712
Share accounts	211,124,754	-	-	211,124,754
Accrued interest payable	3,035,970	-	-	3,035,970
Other liabilities	3,781,170	-	-	3,781,170
	1,048,139,606	119,257,000	-	1,167,396,606

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

NOTES TO FINANCIAL STATEMENTS
PROVINCIAL CREDIT UNION | December 31, 2022

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

(c) Market risk

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

(d) Interest rate risk

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

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

	Net interest income change 2022 $	Net interest income change 2021 $
Before tax impact of		
1% increase in interest rates	3,201,693	2,732,300
1% decrease in interest rates	(3,201,772)	(2,767,900)

(e) Operational risk

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

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

(f) Capital management

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

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

In accordance with the recommendations of the Canadian Chartered Professional Accountants Handbook related to the financial statement presentation of financial instruments, the ownership shares are presented in the balance sheet as financial liabilities. At December 31, 2022, the equity level for regulatory purposes is as follows:

	2022 $	2021 $
Ownership shares (note 11)	176,415	176,745
Members' equity	98,071,215	88,995,760
Total regulatory equity	98,247,630	89,172,505
Total assets	1,332,960,808	1,256,569,111
Equity level	7.37%	7.10%

	#	2022 $
Opening, January 1, 2022	35,349	176,745
Net increase	(66)	(330)
Closing, December 31, 2022	35,283	176,415

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

19 Interest rate sensitivity

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

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	Not interest rate sensitive $	December 31, 2022 Total $
Assets					
Cash and cash equivalents	29,086,921	-	-	-	29,086,921
Effective interest rate					
Investments	197,709,169	1,889,802	-	-	199,598,971
Effective interest rate	2.73%	3.23%			
Loans and mortgages	402,751,165	677,277,770	6,755,116	1,174,947	1,087,958,998
Effective interest rate	5.46%	3.61%	3.59%		
Other assets	-	-	-	3,908,891	3,908,891
Property and equipment	-	-	-	11,339,027	11,339,027
Deferred income tax	-	-	-	1,068,000	1,068,000
Total assets	629,547,255	679,167,572	6,755,116	17,490,865	1,332,960,808
Liabilities and surplus					
Member deposits	397,123,561	167,844,908	-	456,438,403	1,021,406,872
Effective interest rate	1.47%	2.84%			
Share deposits	201,309,316	-	-	-	201,309,316
Effective interest rate	0.50%				
Accrued interest and dividends payable	-	-	-	5,251,322	5,251,322
Other liabilities	-	-	-	6,332,956	6,332,956
Income taxes payable	-	-	-	412,712	412,712
Members share capital	-	-	-	176,415	176,415
Undistributed income	-	-	-	98,071,215	98,071,215
Total liabilities and surplus	598,432,877	167,844,908	-	566,683,023	1,332,960,808
Interest rate sensitivity gap	31,114,378	511,322,664	6,755,116	(549,192,158)	-

Provincial Credit Union Limited

Notes to Financial Statements

December 31, 2022

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	Not interest rate sensitive $	December 31, 2021 Total $
Assets					
Cash and equivalents	20,096,391	-	-	-	20,096,391
Accounts receivable	-	-	-	-	-
Investments	276,717,597	1,885,829	-	-	278,603,426
Effective interest rate	0.82%	3.23%			
Loans and mortgages	359,469,531	578,383,375	5,036,000	3,005,473	945,894,379
Effective interest rate	3.94%	3.31%	3.07%		
Effective interest rate		-	-		
Income taxes receivable	-	-	-	127,858	127,858
Prepaid expenses and other	-	-	-	1,314,343	1,314,343
Property and equipment	-	-	-	9,315,714	9,315,714
Deferred income tax	-	-	-	1,217,000	1,217,000
Total assets	656,283,519	580,269,204	5,036,000	14,980,388	1,256,569,111
Liabilities and surplus					
Member deposits	397,267,513	119,257,000	-	432,930,199	949,454,712
Effective interest rate	0.63%	1.61%			
Share deposits	211,124,754	-	-	-	211,124,754
Effective interest rate	0.50%				
Accrued liabilities	-	-	-	3,035,970	3,035,970
Other liabilities	-	-	-	3,781,170	3,781,170
Members share capital	-	-	-	176,745	176,745
Undistributed income	-	-	-	88,995,760	88,995,760
	-	-	-	-	-
Total liabilities and surplus	608,392,267	119,257,000	-	528,919,844	1,256,569,111
Interest rate sensitivity gap	47,891,252	461,012,204	5,036,000	(513,939,456)	-

As at December 31, 2022, the Credit Union's net interest spread was 2.73% (2021 - 0.57%). The net interest spread is calculated by expressing the difference between (a) the percentage of income earned on the average year-end interest bearing assets and (b) the percentage of costs of capital and borrowings on the average year-end interest bearing liabilities.

Provincial Credit Union Limited
Notes to Financial Statements
December 31, 2022

20 Commitment

a) The Credit Union has approved capital construction contracts of $1,377,750 for a renovation to its Charlottetown branch. Costs approved but not disbursed at December 31, 2022 total $324,000. The project is expected to be completed in March 2023.

b) On May 24, 2022 the Credit Union entered into a ten year agreement with League Data Limited to transition it's core banking platform to a new platform. The total cost of the transition is estimated to be $5,289,324, including merger costs. As at December 31, 2022, the Credit Union has incurred costs of $2,380,196 of which $282,296 is included general expenses in the statement of operations for the seven months incurred to December 31, 2022, and the remaining $2,097,902 is included in the statement of financial position in prepaid expenses.

21 Subsequent event

Effective January 11, 2023, the Credit Union has been identified as a Provincial Systemically Important Financial Institution (P-SIFI) by the Credit Union Deposit Insurance Corporation (CUDIC), the provincial regulator of Credit Unions.

The P-SIFI regulartory measures are as follows:

1. The Capital/Equity Buffer Requirement (Provincial Stability Buffer) is established at 1%. The 1% Provincial Stability Buffer is in addition to the existing 5% Capital/Equity Requirement. The combined Capital/Equity Requirement is currently at 6%. CUDIC anticipates the range of the Provincial Stability Buffer will be between 0% to 2.5%. Future changes, if any, may be made of less than a full percentage point change and future changes, if any, will be based on identified or potential risks.
2. CUDIC requires quarterly reporting on large exposure loans and loan syndications.
3. CUDIC reserves that if any other requirements are to be imposed upon the P-SIFI Credit Union, they will be formally communicated.

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

CU Financial Management
PLAN | INVEST | PROTECT

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

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

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

Don't live near one of our offices?
Our team of expert advisors serve members across Prince Edward Island virtually and plan travel throughout the province for those who prefer to meet in person.

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

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

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

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

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

Life | Health | Critical Illness | Disability

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

Learn more and book an appointment at cufm.ca

Mutual funds, other securities, and securities related financial planning services are offered through Credential Securities, a division of Credential Qtrade Securities Inc. Credential Securities is a registered mark owned by Aviso Wealth Inc. Financial planning services are available only from advisors who hold financial planning accreditation from applicable regulatory authorities. Mutual funds and related financial planning services are offered through Credential Asset Management Inc.

CU Financial Management Ltd. is wholly owned by Brunswick Credit Union Ltd, Community Credit Union of Cumberland Colchester Ltd, East Coast Credit Union Ltd, Valley Credit Union, Consolidated Credit Union Ltd, Provincial Credit Union Ltd, Souris Credit Union Ltd, EasternEdge Credit Union Ltd, Atlantic Edge Credit Union Ltd, Community Credit Union Ltd, Public Service Credit Union Ltd, Reddy Kilowatt Credit Union Ltd and Credit Union Atlantic Ltd.

NOTES

NOTES

Alberton
566 Main Street
PO Box 570
Alberton, PE C0B 1B0
902-853-4112

Charlottetown
281 University Avenue
PO Box 681
Charlottetown, PE C1A 7L3
902-892-4107

Évangéline
37 Mill Road
PO Box 130
Wellington, PE C0B 2E0
902-854-2595

Malpeque Bay
1 Commercial Street
PO Box 428
Kensington, PE C0B 1M0
902-836-3030

Montague
524 Main Street
PO Box 760
Montague, PE C0A
1R0 902-838-3636

O'Leary
512 Main Street
PO Box 279
O'Leary, PE C0B 1V0
902-859-2266

Stella Maris
7201 Main Street
PO Box 130
North Rustico, PE C0A 1X0
902-963-2543

Stratford
10 Kinlock Road
Stratford, PE C1B 1R1
902-569-6900

Tignish
284 Business Street
PO Box 40
Tignish, PE C0B 2B0
902-882-2303

Tyne Valley
873 Canada Road
PO Box 8
Tyne Valley, PE C0B 2C0
902-831-2900

www.provincialcu.com

CREDIT UNION
PROVINCIAL