Financial statements of

BRUNSWICK CREDIT UNION LIMITED

Year ended December 31, 2024

BRUNSWICK CREDIT UNION LIMITED
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Year ended December 31, 2024

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Independent Auditor’s Report

To the Members of
Brunswick Credit Union Limited

Opinion

We have audited the financial statements of Brunswick Credit Union Limited (the “Credit Union”), which comprise the statement of financial position as at December 31, 2024, and the statements of income and comprehensive income, changes in members’ equity, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

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

Basis for Opinion

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

Other Matter

The financial statements of Brunswick Credit Union Limited for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those on May 29, 2024.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
April 24, 2025
Saint John, New Brunswick

BRUNSWICK CREDIT UNION LIMITED

Statement of financial position

December 31 2024

	2024	2023
Assets		
Cash and cash equivalents (note 5)	**$ 31,542,712**	$ 65,515,815
Investments (note 6)	**116,532,816**	108,877,130
Loans (note 7 and 8)	**820,923,643**	733,666,556
Income taxes receivable	**943,669**	-
Other assets (note 9)	**14,891,467**	13,403,687
Property and equipment (note 10)	**10,746,085**	11,345,326
	$ 995,580,392	$ 932,808,514
Liabilities and equity		
Liabilities to members		
Member deposits (note 12)	**$ 917,765,943**	$ 864,157,238
Other liabilities		
Payables and accruals (note 22)	**10,039,893**	9,050,942
Lease liabilities (note 11)	**578,932**	715,325
Income taxes payable	**-**	507,597
	10,618,825	10,273,864
Liabilities qualifying as regulatory equity		
Membership shares (note 14)	**2,674,655**	2,803,254
Class A membership shares (note 14)	**10,137,078**	8,193,376
Surplus shares (note 14)	**3,697,690**	4,003,808
	16,509,423	15,000,438
	944,894,191	889,431,540
Member's equity:		
Special reserve (note 6)	**1,210,000**	1,210,000
Contributed surplus	**45,688**	45,688
Retained earnings	**49,430,513**	42,121,286
	50,686,201	43,376,974
	$ 995,580,392	$ 932,808,514

See accompanying notes to the financial statements.

On behalf of the Board

____________________ Director   ____________________ Director

BRUNSWICK CREDIT UNION LIMITED

Statement of income and comprehensive income

Year ended December 31,2024

	2024	2023
Finance income		
Interest on loans	**$ 39,344,929**	$ 34,517,907
Discounts on acquired loans (note 7)	**3,408,471**	3,408,471
Interest on investments	**5,925,326**	6,200,243
	48,678,726	44,126,621
Finance expense		
Interest on member deposits	**18,766,299**	13,386,384
Discounts on acquired deposits (note 12)	**(1,443,587)**	(1,443,587)
Impairment losses on loans and foreclosures	**990,000**	946,030
	18,312,712	12,888,827
Financial margin	**30,366,014**	31,237,794
Other income (note 15)	**6,798,967**	6,815,678
	37,164,981	38,053,472
Non-interest expenses		
Personnel	**14,221,357**	12,871,744
General business (note 17)	**7,885,319**	7,343,859
Occupancy	**1,227,682**	1,217,146
Member security	**1,519,777**	1,413,423
Organization	**1,000,990**	878,400
Depreciation	**599,241**	722,411
Patronage rebate	**185,000**	-
Total non - interest expenses	**26,639,366**	24,446,983
Income before income taxes	**10,525,615**	13,606,489
Income taxes (note 13)		
Current tax expense	**1,574,219**	2,553,661
Deferred tax expense	**1,642,169**	1,063,137
	3,216,388	3,616,798
Net income before other comprehensive income	**7,309,227**	9,989,691
Other comprehensive income (loss) never to be reclassified to profit or loss:		
Actuarial gain (loss)	**-**	(8,700)
Deferred tax recovery (expense)	**-**	(2,523)
Total other comprehensive income (loss)	**-**	(11,223)
Comprehensive income	**$ 7,309,227**	$ 9,978,468

See accompanying notes to the financial statements.

BRUNSWICK CREDIT UNION LIMITED

Statement of changes in members' equity

Year ended December 31, 2024

	Special reserve	Contributed surplus	Retained earnings	Total
Balance on January 1, 2024	$ 1,210,000	$ 45,688	$ 42,121,286	$ 43,376,974
Net income	-	-	7,309,227	7,309,227
Other comprehensive income	-	-	-	-
Balance on December 31, 2024	**$ 1,210,000**	**$ 45,688**	**$ 49,430,513**	**$ 50,686,201**
Balance on January 1, 2023	$ 1,210,000	$ 45,688	$ 22,483,810	$ 23,739,498
Changes arising on business combination (note 24)	-	-	9,659,008	9,659,008
Net income	-	-	9,989,691	9,989,691
Other comprehensive income	-	-	(11,223)	(11,223)
Balance on December 31, 2023	**$ 1,210,000**	**$ 45,688**	**$ 42,121,286**	**$ 43,376,974**

See accompanying notes to the financial statements

BRUNSWICK CREDIT UNION LIMITED

Statement of cash flows

Year ended December 31, 2024

	2024	2023
Cash provided by (used for):		
Operating		
Net income	$ **7,309,227**	$ 9,989,691
Financial margin	**(30,366,014)**	(31,237,794)
Amortizaton of premiums and discounts on acquisistion of loans and deposits (note 24)	**4,852,058**	4,852,058
Depreciation	**599,241**	722,411
Income taxes		
Current	**1,574,219**	2,553,661
Deferred	**1,642,169**	1,063,137
	(14,389,100)	(12,056,836)
Changes in non-cash items		
Other assets	**(1,487,780)**	(6,326,852)
Payables and accruals	**988,951**	1,181,478
Interest received	**44,548,175**	40,641,087
Interest paid	**(16,860,957)**	(9,905,658)
Income taxes paid	**(4,667,654)**	(2,742,080)
	8,131,635	10,791,139
Financing		
Increase in member deposits	**51,703,363**	23,802,956
Increase (decrease) in Class A shares	**1,943,702**	(83,100)
Decrease in membership shares	**(128,599)**	(183,618)
Decrease in surplus shares	**(306,118)**	(368,639)
Principal payments on leases	**(136,393)**	(132,088)
	53,075,955	23,035,511
Investing		
Increase of loans receivable	**(87,525,007)**	(19,311,554)
Purchase of property and equipment	**-**	(353,918)
Change in investments	**(7,655,686)**	14,371,270
Cash and cash equivalents acquired through business combination (note 24)	**-**	19,028,229
	(95,180,693)	13,734,027
Net (decrease) increase in cash and cash equivalents	**(33,973,103)**	47,560,677
Cash and cash equivalents, beginning of year	**65,515,815**	17,955,138
Cash and cash equivalents, end of year	$ **31,542,712**	$ 65,515,815

See accompanying notes to the financial statements

1. Governing legislation and nature of operations

Brunswick Credit Union Limited ("Brunswick") is incorporated under the *Credit Unions Act of New Brunswick* and its principal activity is providing financial services to its members. Brunswick was formed on January 1, 2023 through a plan of amalgamation between Bayview Credit Union Limited, Advance Savings Credit Union Limited and Progressive Credit Union Limited. For financial reporting purposes Bayview Credit Union was designated to be the acquiring entity as described in Note 24.

For financial reporting and regulatory matters, Brunswick is under the authority of the Financial and Consumer Services Commission of New Brunswick. Brunswick head office is located at 57 King Street, Saint John, New Brunswick.

2. Basis of presentation and statement of compliance

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

These financial statements have been approved and authorized for issue by the Board of Directors on April 17, 2025.

Brunswick's functional and presentation currency is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying Brunswick's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. Summary of material accounting policies

These financial statements were prepared on a going concern basis under the historical cost basis except where noted below.

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented.

(a) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, deposits with banks, other short-term highly liquid investments with original maturities of three months or less. Liquidity deposits with the Atlantic Central are presented as investments.

3. Summary of material accounting policies (continued)

(b) Financial instruments

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

On initial recognition of an equity investment that is not held for trading, Brunswick may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, Brunswick may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets and financial liabilities are classified as follows:

Cash and cast equivalents	Amortized cost
Term deposits	Amortized cost
Liquidity reserve	Amortized cost
Investments – shares	FVTPL
Loans	Amortized cost
Member deposits and accrued interest	Amortized cost
Payables and accruals	Amortized cost
Post-employment benefit obligation	FVOCI
Member shares	Amortized cost
Class A shares	Amortized cost
Surplus shares	Amortized cost

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

Business model assessment

Brunswick makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and report to Brunswick's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how Brunswick's stated objective for managing the financial assets is achieved and how cash flows are realized.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, Brunswick considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, Brunswick considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit Brunswick's claim to cash flows from specified assets (e.g. non-recourse loans); and

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Brunswick holds a portfolio of long-term fixed rate loans for which Brunswick has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. Brunswick has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Derecognition

Financial assets

Brunswick derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which Brunswick neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by Brunswick is recognized as a separate asset or liability.

In certain transactions, Brunswick retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

Financial liabilities

Brunswick derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Modifications of financial assets and financial liabilities:

Financial assets

If the terms of a financial asset are modified, then Brunswick evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If Brunswick plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then Brunswick first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For “floating-rate” financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset are amortized over the remaining term of the modified financial asset.

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

Brunswick derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Impairment

Brunswick recognized loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments (loans and advances and certain investment securities);
- financial guarantee contracts issued; and
- loan commitments issued.

Brunswick measures loss allowances at an amount equal to lifetime ECL, except for the following for which they are measured as 12-month ECL:

- investments that are determined to have low credit risk at the reporting date; and
- loans and other financial assets on which credit risk has not increased significantly since their initial recognition.

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

Brunswick considers an investment to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. Brunswick does not apply the low credit risk exemption to any other financial instruments.

Twelve-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as “Stage 1 financial instruments”.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit impaired are referred to as “Stage 2 financial instruments”. A lifetime ECL is also recorded on credit impaired financial assets. Credit impaired financial assets are referred to as “Stage 3 financial instruments”.

Measurement of ECL

ECL is a probability weighted estimate of credit losses measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Brunswick expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to Brunswick if a portion of the commitment is drawn down and the cash flows that Brunswick expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that Brunswick expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; and
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial assets.

Credit impaired financial assets

At each reporting date, Brunswick assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI, and finance lease receivables are credit impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial assets is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by Brunswick on terms that Brunswick would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit impaired.

Presentation of allowance for ECL in the statement of financial position

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

- financial assets are measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and Brunswick cannot identify the ECL on the loan commitment component separately from those on the drawn component, Brunswick presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

3. Summary of material accounting policies (continued)

(b) Financial instruments (continued)

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when Brunswick determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in “impairment losses on loans” in the statement of operations and comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with Brunswick’s procedures for recovery of amounts due.

Non-integral financial guarantee contracts

Brunswick assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that Brunswick considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument; and
- the guarantee is entered into at the same time as and in contemplation of the debt instrument.

If Brunswick determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. Brunswick considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If Brunswick determines that the guarantee is not an integral element of the debt instrument, then it recognizes an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognized only if the guaranteed exposure neither is credit impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognized in “other assets”. Brunswick presents gains or losses on a compensation right in the statement of comprehensive income within “impairment losses on financial instruments”.

3. Summary of material accounting policies (continued)

(c) Property and equipment

Property and equipment is initially recorded at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment losses, with the exception of land which is not amortized. Amortization is recognized in net income and is provided on a declining balance basis over the estimated useful life of the assets as follows:

Buildings	2.5%, declining balance
Furniture and fixtures	5-10%, declining balance
Computer equipment	30%, declining balance
Parking lot	5%, declining balance
Leasehold improvements	20%, declining balance
Vehicles	20%, declining balance
Intangible assets	10%, declining balance

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

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within "Other income".

(d) Intangible assets

Intangible assets include acquired computer software used in administration that qualifies for recognition as an intangible asset and are presented as part of property and equipment. Software is initially accounted for using the cost model whereby capitalized costs are amortized on a diminishing balance basis of 10%. Residual values and useful lives are reviewed at each reporting date.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred.

3. Summary of material accounting policies (continued)

(e) Impairment of non-financial assets

Brunswick assesses at the reporting date whether there is evidence that an asset may be impaired. An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. Fair value is the best estimate of the amount that can be obtained from a sale during an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is calculated using the most appropriate method, generally by discounting recoverable future cash flows. Impairment losses on that asset may be subsequently reversed and are recognized in the statement of income in the period in which they occur.

Estimating the recoverable amount of a non-financial asset to determine if it is impaired also requires that management make estimates and assumptions, and any change in these estimates and assumptions could impact the determination of the recoverable amount of non-financial assets and, therefore, the outcome of the impairment test.

3. Summary of material accounting policies (continued)

(f) Income taxes

Brunswick follows the deferral method of accounting for income taxes, whereby Brunswick recognizes both current and future income tax consequences of all transactions that have been recognized in the financial statements.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income, based on Brunswick’s forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when Brunswick has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other income or directly in equity, in which case the related deferred tax is also recognized in other income or equity, respectively.

3. Summary of material accounting policies (continued)

(g) Post-employment benefits

Brunswick provides post-employment health and dental benefits.

The accrued benefit obligation for post-employment benefits and the amount of related benefits cost that is charged to income depends on actuarial and economic assumptions.

Brunswick accrues its obligations and related costs under employee benefit plans and has adopted the following policies:

- The cost of the post-employment benefits earned by employees is actuarially determined using the projected benefit method. The objective under this method is to expense each member's benefits under the plan as they accrue, taking into consideration projections of benefit cost to and during retirement.
- The non-pension post-employment benefits are funded on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-employment benefits.
- Actuarial gains and losses are recognized in other comprehensive income.

Actual results could differ materially from these estimates.

(h) Membership shares

Membership shares, including members' shares, Class A shares and surplus shares, are classified as liabilities or as member equity according to their terms. Where shares are redeemable at the option of the member, either on demand or on withdrawal from membership, the shares are classified as liabilities. Where shares are redeemable at the discretion of the Brunswick Board of Directors, the shares are classified as equity, as per *IFRIC 2 - Members' Shares in Cooperative Entities and Similar Instruments.*

Under the *Credit Unions Act of New Brunswick*, Brunswick is not permitted to make distributions on redemption by members if the distributions will cause Brunswick to fall below legislated capital requirements (note 20).

(i) Patronage rebates

Patronage distributions are recognized in net income when circumstances indicate Brunswick has a constructive obligation and it can make a reasonable estimate of the amount required to settle the obligation. Patronage distributions are deductible for income tax purposes.

3. Summary of material accounting policies (continued)

(j) Revenue recognition

Revenue from the provision of services to members is recognized when earned, specifically when amounts are fixed or can be determined and the ability to collect is reasonably assured. Interest is recognized on an accrual basis using the effective interest rate which is the rate used to discount the estimate future cash flows over the expected life of the asset.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Other fees and commission income include account service fees, investment management fees, and insurance fees, which are recognized as services performed, amounts are fixed or can be determined and the ability to collect is reasonable assured.

(k) Foreign currency translation

Foreign currency transactions are translated into the functional currency of Brunswick using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

3. Summary of material accounting policies (continued)

(l) Leases

Brunswick elected to expense its short-term leases (term of 12 months or less) and leases of low-value assets, such as computer equipment, on a straight-line basis over the term of the lease.

For its other contracts, Brunswick assesses whether its new or amended contracts contain a lease.

A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, Brunswick assesses the following:

- Is the identified asset directly or indirectly specified in the contract, or does it represent substantially all of the capacity of an asset that is physically distinct?
- Does the right of use cover substantially all of the economic benefits from use of the identified asset for a period of time?
- Does Brunswick have the right to direct the use of the identified asset? In cases where the use is predetermined, does Brunswick operate the asset or did Brunswick design the asset in a way that predetermines how and for what purpose the asset will be used?

When a lease is identified, Brunswick allocates the consideration payable under the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price.

A right-of-use asset (a "lease asset") and a lease liability are recognized in the statement of financial position at the date on which the asset is made available to Brunswick.

Lease asset

A lease asset is initially recognized at cost, which comprises the amount of the initial measurement of the lease liability, minus any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by Brunswick and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.

The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term. The useful life of a lease asset is measured on the same basis as Brunswick's other property and equipment.

Brunswick presents its lease assets with its other property and equipment in Note 10.

3. Summary of material accounting policies (continued)

(l) Leases (continued)

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at that date using the interest rate implicit in the lease or, if that rate cannot be readily determined, Brunswick uses its incremental borrowing rate, which is generally used by Brunswick. The lease payments comprise the following: fixed payments; variable lease payments that depend on an index or a rate, using the index or rate as at the commencement date; an estimate of the amounts to be payable under residual value guarantees; as well as amounts Brunswick is reasonably certain to pay as the exercise price of a purchase or extension option, or as a penalty to exercise a termination option.

The lease liability is subsequently remeasured at amortized cost using the effective interest method. It is remeasured when there is a change in contractual lease payments resulting from a change, an index, a rate, or another factor that could have an impact. The amount of such an adjustment is offset in the unamortized cost of the lease asset or reported in the consolidated statement of income when the lease asset is fully impaired.

Brunswick presents its lease liabilities with its other borrowings (see Note 11) and the interest on its lease liabilities (calculated at the effective interest rate) with its other interest expenses in the statement of income.

3. Summary of material accounting policies (continued)

(m) Business combinations

Brunswick accounts for business combinations using the acquisition method. Goodwill arising on acquisitions is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Acquisition related costs that Brunswick incurs in connection with a business combination are expensed as incurred.

When a business combination is a result of two or more entities exchanging equity interests judgment may be required to determine which entity is the acquirer. Consideration is given to the relative voting rights, composition of the new board of directors, composition of senior management, relative size of the entities. The consideration transferred is determined based on the fair value of the member interests of the acquiree as is it considered more reliably measurable than the member interests issued as part of the exchange of equity interests.

Brunswick uses its best estimates and assumptions to reasonably value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, Brunswick may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Upon conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the statement of comprehensive loss.

3. Summary of material accounting policies (continued)

(n) Changes in accounting policies

Brunswick has adopted the following amendments, effective January 1, 2024. These changes were made in accordance with applicable transitional provisions.

IAS 1 – Disclosure of accounting policies

In February 2021, the IASB issued narrow-scope amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgements and IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors. Brunswick adopted these amendments, effective January 1, 2024. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management updated the accounting policy disclosures in Note 3 Summary of material accounting policies in certain instances in line with the amendments.

Amendments to IAS 1 – Presentation of financial statements - classification of liabilities as current or non-current

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

Amendments to IFRS 16

IFRS 16 includes additional requirements to explain how a company accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual periods beginning on or after January 1, 2024. The application of these amendments did not have a material impact on Brunswick’s financial statements.

3. Summary of material accounting policies (continued)

(n) Changes in accounting policies (continued)

New and amended standard and interpretations issued but not yet effective

Thee IASB has issued the following new and amended standards and interpretations that will become effective in a future year and could have an impact on the financial statements in future periods. Brunswick is currently assessing the impact of the following new and amended standards and interpretations and is not expecting any significant impacts on its financial statements.

- Amendments to IAS 21

  The effects of changes in foreign exchange rates, which clarify the impact of using an estimated exchange rate on financial statements when a currency is not exchangeable. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

- IFRS 18 - presentation and disclosure in financial statements

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

  IFRS 18 introduces new requirements to:

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

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

4. Significant management judgment in applying accounting policies and estimation uncertainty

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

The effect of a change in an accounting estimate is recognized prospectively by including it in income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in and arm’s length transaction at the reporting date.

Classification of financial assets

The classification of financial assets required an assessment of the business model within which assets are held and an assessment of whether the contractual terms of the financial assets have primarily cash flows that are solely payments of principal and interest on the principal outstanding. These assessments require judgment.

Expected credit losses

Impairment of financial instruments is assessed on whether credit risk on the financial asset has significantly increased since initial recognition and is measured considering forward looking information and the value that could be realized from collateral.

Judgment is required in determining if there has been a significant increase in credit risk considering historical payment trends. In determining the ECL management uses estimates based on historical loss experience for assets with similar credit risk characteristics, adjusted for risk, based on forward looking information that may indicate higher or lower losses than historically incurred. Also, historical realization from collateral is used to determine an appropriate loss given default.

Further details on the estimates used to determine the allowance for impaired loans are provided in note 8.

4. Significant management judgment in applying accounting policies and estimation uncertainty (continued)

Business combinations

Determining an acquirer when multiple entities exchange equity instruments requires judgment. The relative size of the entities is an indicator, however the composition of senior management and the board of directors are also considered.

Brunswick is required to make estimates when determining the fair value of assets acquired and liabilities assumed in a business combination. These are further discussed in note 24.

5. Cash and cash equivalents

Brunswick's cash and cash equivalents consist of cash and current accounts with Atlantic Central. The average yield for deposits with Atlantic Central for the year ended December 31, 2024 is 4.49% (2023 – 4.75%).

6. Investments

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

	2024	2023
Amortized cost		
Concentra - CAD term deposit	$ 8,000,000	$ 5,000,000
Atlantic Central - CAD term deposit	20,066,595	21,000,000
League Savings and Mortgage - CAD term deposit	2,000,000	2,000,000
Liquidity reserve	73,391,558	69,250,087
	103,458,153	97,250,087
Fair value through profit or loss		
Atlantic Central common shares	$ 7,266,050	$ 8,383,440
Atlantic Central Class NB shares	1,651,000	1,651,000
Atlantic Central Class LSM shares	1,218,751	1,218,751
League Data shares	373,230	373,230
League Data preferred shares	2,565,010	-
Other	622	622
	13,074,663	11,627,043
	$ 116,532,816	$ 108,877,130

Atlantic Central, Concentra and League Savings and Mortgage term deposits range from 30 day to 1-year terms and bear interest at rates ranging from 3.14% to 5.50%.

Brunswick must maintain a minimum liquidity reserve with Atlantic Central at 8% of total liabilities at December 31 each year. The deposits can be withdrawn only if there is a sufficient reduction in Brunswick's total liabilities or upon withdrawal of membership from Atlantic Central. The liquidity reserves are due within one year. At maturity, these deposits are reinvested at market rates for various terms. The market rate at year end is 3.50% (2023 – 3.50%). Fair value was approximated as amortized cost due to the relatively short term to maturity.

Atlantic Central shares (common, class NB and class LSM) are subject to an annual rebalancing mechanism and are issued and redeemable at par value. Fair value is equal to redemption value as all available earnings are distributed to the shareholders annually.

6. Investments (continued)

Dividends on these shares are at the discretion of the Board of Directors of Atlantic Central. Brunswick recognized investment income of $nil (2023 - $nil) from dividends from Atlantic Central.

League Data shares and other equity investments have no active market as they represent Brunswick's investment in support organizations that were created to support their delivery of service to its members. Brunswick is entitled to par value of the interest on redemption, which is at Brunswick's option, and therefore these instruments are considered due on demand. As a result, par value approximates fair value.

7. Loans

		2024		2023
Personal mortgages and loans:				
Residential mortgages	**$**	**451,107,949**	$	436,429,875
Personal loans		**79,219,080**		73,536,875
Commercial mortgages and loans:				
Commercial mortgages		**236,800,711**		194,622,007
Other commercial loans		**58,536,450**		37,433,389
	$	**825,664,190**	$	742,022,146
Discount on loans acquired (note 24)		**(1,704,236)**		(5,112,707)
	$	**823,959,954**	$	736,909,439
Accrued interest receivable		**2,385,678**		1,663,598
Allowance for impaired loans (note 8)		**(5,421,989)**		(4,906,481)
Net loans to members	**$**	**820,923,643**	$	733,666,556

During the 2023, Brunswick acquired loans as part of a business combination (note 24). The fair value of the loans acquired resulted in a discount from the book value of $8,521,178. The discount is being recognized in finance income over the remaining life of the acquired loans.

Terms and conditions

Member loans can have either a variable or fixed rate of interest with a maturity date of up to eight years. Included in net loans to members are transaction costs of $69,247 (2023 - $99,358).

Variable rate loans representing 4.53% (2023 – 6.16%) of the total outstanding balance earn interest based on a prime rate formula ranging from prime minus 1.45% to prime plus 13.00%. Brunswick's prime rate at December 31, 2024 was 5.45% (2023 – 7.20%). The overall effective yield of the variable rate loan portfolio is 6.83% (2023 – 9.05%).

The interest rate offered on fixed rate loans being advanced at December 31, 2024 is 1.93% to 16.79%. The overall effective yield of the fixed rate loan portfolio is 5.19% (2023 – 5.58%).

7. Loans (continued)

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

Personal loans consist of term loans and lines of credit that are non-real estate secured and have various repayment terms. Some of the personal loans are secured by personal property or investments.

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

See note 20 for additional information related to maturity and interest rate risk.

Fair value

The level 2 fair value of member loans at December 31, 2024 was $913,281,834 (2023 - $701,496,452).

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

Concentration of risk

Brunswick has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

- At December 31, 2024 Brunswick had seven related groups of member loans whose balances individually are 10% or more of Brunswick’s equity. In total these loans are 302.9% (2023 – 143.9%) as a percentage of Brunswick’s equity.
- Substantially all member loans are with members located in and around New Brunswick, Canada.

7. Loans (continued)

Syndicated loans

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

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

The participants' portions of the commercial loans that have been derecognized are those that meet the qualifications required to be derecognized under IFRS.

The following table summarizes Brunswick's loan syndication activity for the year ended December 31, 2024.

	2024	2023
Gross loans under syndication	**$ 95,743,215**	$ 125,106,212
Other participants' portion	**58,437,770**	71,864,817
	$ 37,305,445	$ 53,241,395

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

8. Allowance for impaired loans

			2024			2023
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
Retail Loans:						
Residential mortgages	$ 426,153,446	$ (535,813)	$ 425,617,633	$ 412,792,317	$ (468,552)	$ 412,323,765
Personal loans	95,116,669	(829,215)	94,287,454	97,559,159	(1,131,775)	96,427,384
Commercial loans:						
Commercial loans & mortgages	304,394,075	(4,056,961)	300,337,114	231,670,680	(3,306,164)	228,364,516
	$ 825,664,190	$ (5,421,989)	$ 820,242,201	$ 742,022,156	$ (4,906,491)	$ 737,115,665

The carrying amount presented excludes accrued interest of $2,385,678 ((2023 - $1,663,598) and a reduction related to the unamortized discount on loans acquired from a merger (note 24) of $1,704,236 (2023 - $5,112,707).

8. Allowance for impaired loans (continued)

Change in provision for impairment is as follows:

	12-month ECL (Stage 1)	Lifetime ECL non-credit impaired (Stage 2)	Lifetime credit impaired (Stage 3)	2024 Total
Balance, beginning of year	$ 3,019,857	$ 277,807	$ 1,608,827	$ 4,906,491
Transfer to (from):				
Stage 1	1,038,670	(384,925)	(653,745)	-
Stage 2	(19,263)	19,263	-	-
Stage 3	(2,426,105)	-	2,426,105	-
Remeasurement	(141,618)	106,700	(604,519)	(639,437)
Originations	1,505,080	418	-	1,505,498
Realized losses	-	-	(474,492)	(474,492)
Recoveries	-	-	123,929	123,929
	$ 2,976,621	$ 19,263	$ 2,426,105	$ 5,421,989

	12-month ECL (Stage 1)	Lifetime ECL non-credit impaired (Stage 2)	Lifetime credit impaired (Stage 3)	2023 Total
Balance, beginning of year	$ 2,617,393	$ 569,914	$ 1,037,587	$ 4,224,894
Transfer to (from):				
Stage 1	(367,989)	218,913	149,076	-
Stage 2	108,977	(108,977)	-	-
Stage 3	(28)	908	(880)	-
Remeasurement	118,723	(511,469)	584,971	192,225
Originations	542,781	108,518	-	651,299
Realized losses	-	-	(264,433)	(264,433)
Recoveries	-	-	102,506	102,506
	$ 3,019,857	$ 277,807	$ 1,608,827	$ 4,906,491

8. Allowance for impaired loans (continued)

2024

	Gross amount	Allowance for credit losses Stage 1	Stage 2	Stage 3	Total	Net Amount
Personal	$ 95,116,669	$ 792,642	$ 13,651	$ 22,922	$ 829,215	$ 94,287,454
Mortgages	426,153,446	368,968	1,020	165,825	535,813	425,617,633
Commercial	304,394,075	1,815,011	4,592	2,237,358	4,056,961	300,337,114
Balance, end of year	$ 825,664,190	$ 2,976,621	$ 19,263	$ 2,426,105	$ 5,421,989	$ 820,242,201

2023

	Gross amount	Allowance for credit losses Stage 1	Stage 2	Stage 3	Total	Net Amount
Personal	$ 97,559,159	$ 849,369	$ 156,079	$ 126,327	$ 1,131,775	$ 96,427,384
Mortgages	412,792,317	404,565	63,987	-	468,552	412,323,765
Commercial	231,670,680	1,765,923	57,741	1,482,500	3,306,164	228,364,516
Balance, end of year	$ 742,022,156	$ 3,019,857	$ 277,807	$ 1,608,827	$ 4,906,491	$ 737,115,665

8. Allowance for impaired loans (continued)

Loan balances by stage as at December 31 are as follows:

	Stage 1	Stage 2	Stage 3	2024 Total
Personal loans	$ 94,650,213	$ 435,081	$ 31,375	$ 95,116,669
Residential mortgages	425,296,918	361,526	495,002	426,153,446
Commercial loans and mortgages	297,652,256	192,967	6,548,852	304,394,075
	$ 817,599,387	$ 989,574	$ 7,075,229	$ 825,664,190

	Stage 1	Stage 2	Stage 3	2023 Total
Personal loans	$ 92,926,936	$ 4,536,436	$ 95,787	$ 97,559,159
Residential mortgages	400,116,188	12,676,129	-	412,792,317
Commercial loans and mortgages	226,022,574	2,991,086	2,657,020	231,670,680
	$ 719,065,698	$ 20,203,651	$ 2,752,807	$ 742,022,156

Loans past due but not impaired as at December 31, are as follows:

8. Allowance for impaired loans (continued)

Loans past due but not impaired as at December 31, are as follows:

	<30 days	31-60 days	61-90 days	90+ days	2024 Total
Personal loans	$ -	$ -	$ 12,517	$ 15,310	$ 27,827
Residential mortgages	-	125,474	307,578	-	433,052
Commercial loans and mortgages	-	-	-	-	-
	$ -	$ 125,474	$ 320,095	$ 15,310	$ 460,879

	<30 days	31-60 days	61-90 days	90+ days	2023 Total
Personal loans	$ -	$ 103,435	$ -	$ 525	$ 103,960
Residential mortgages	-	166,192	-	52,422	218,614
Commercial loans and mortgages	-	50,853	-	-	50,853
	$ -	$ 320,480	$ -	$ 52,947	$ 373,427

8. Allowance for impaired loans (continued)

Collateral

For all mortgages (personal and commercial) valuations are obtained of the properties and the loan to value ("LTV") cannot exceed 80% unless insured. Other loans may require collateral in the form of real property or personal guarantees to protect Brunswick's risk of loss. Brunswick does not routinely update the valuation of collateral held. Collateral is included in the ECL calculation through the loss given default adjustment. This is based on historical experience of Brunswick and updated based on changes in market indices (i.e. regional house price indices) when they indicate a difference from historical experience. The following table represents the impact of collateral on the determination of ECL:

2024	Value of collateral in ECL model				Percentage
	Personal	Residential mortgages	Commercial	Total	of ECL before collateral
Stage 1	$ 493,072	$ 1,495,219	$ 4,177,694	$ 6,165,985	1.08%
Stage 2	10,787	8,002	12,774	31,563	5.14%
Stage 3 - Credit impaired	8,453	329,176	4,311,495	4,649,124	100.00%
Total	$ 512,312	$ 1,832,397	$ 8,501,963	$ 10,846,672	1.91%

2023	Value of collateral in ECL model				Percentage
	Personal	Residential mortgages	Commercial	Total	of ECL before collateral
Stage 1	$ 616,980	$ 1,831,566	$ 4,137,982	$ 6,586,528	1.21%
Stage 2	119,108	259,310	260,490	638,908	4.54%
Stage 3 - Credit impaired	-	-	960,669	960,669	100.00%
Total	$ 736,088	$ 2,090,876	$ 5,359,141	$ 8,186,105	1.76%

Measurement of ECL

The ECL impairment model measures the credit losses using the following three-stage approach based on the extent of credit deterioration of the financial assets since initial recognition:

- Stage 1 – Where there has not been a significant increase in credit risk ("SICR") since initial recognition of a financial instrument, an amount equal to 12 months ECL is recorded. The ECL is computed using a probability of default ("PD") occurring over the next twelve months.
- Stage 2 – When a financial instrument experiences a SICR subsequent to initial recognition but is not considered to be in default, it is included in Stage 2. This requires the computation of ECL based on the PD over the remaining estimated life of the financial instrument.

8. Allowance for impaired loans (continued)

Measurement of ECL (continued)

- Stage 3 – Financial instruments that are considered to be in default are included in this stage.

A risk adjustment ("RA") factor, which reflects forward looking information ("FLI"), is applied to the PD to determine if market conditions, either general conditions or conditions specific to Brunswick's portfolio, indicate that the PD has increased or decreased since the previous reporting date.

The PD, exposure at default ("EAD"), and loss given default ("LGD") are inputs used to estimate the ECL, and are modelled based on macroeconomic factors that are closely related with credit losses in the relevant portfolios.

Details of these statistical parameters/inputs are as follows:

- PD is an estimate of the likelihood of default over a given time horizon, and is expressed as a percentage. PD is adjusted based on historical experience and changes in FLI to considered indicators of changes in the PD.
- EAD is the expected exposure in the event of default at a future default date, and is expressed as an amount. This includes the expected amount, if any, of future advances of unused LOC, overdraft limits or other loan commitments that may not be advanced as at the reporting date.
- LGD is an estimate of the loss arising in cases where a default occurs at a given time and is based on the difference between the contractual cash flows due and those that Brunswick would expect to receive, including from the realization of any collateral. It is expressed as a percentage of the EAD.

Forward-looking information ("FLI")

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

	2024	2023
Unemployment rates:		
Base	**7.10%**	8.10%
Interest rates:		
Base	**2.88%**	4.50%

8. Allowance for impaired loans (continued)

Assessment of significant increase in credit risk ("SICR")

The determination of whether the ECL on a financial instrument is calculated on a twelve month period or lifetime basis is dependent on the stage the financial asset falls into at the reporting date. A financial instrument moves across stages based on an increase or decrease in its risk of default at the reporting date compared to its risk of default at initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, Brunswick considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Brunswick's historical experience and expert credit assessment, delinquency and monitoring. With regards to delinquency and monitoring, there is a rebuttable presumption that the risk of default of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue. The monitoring typically involves use of the following data:

Commercial loans

- Information obtained during periodic review of customer files
- Actual and expected significant changes to business activities and/or environment

Personal loans and residential mortgages

- Payment history
- External data related to change in financial liabilities

All loans

- Payment history including overdue status
- Utilization of the granted limit
- Requests for and granting of forbearances
- Existing and forecasted changes in business, financial and economic conditions

9. Other assets

		2024		2023
Other receivables	**$**	**7,277,953**	$	4,117,305
Prepaid expenses		**6,657,909**		6,984,878
Deferred tax (note 13)		**955,605**		2,301,504
	$	**14,891,467**	$	13,403,687

10. Property and equipment

	Land	Buildings	Leasehold & Parking lot	Right-of-use asset	Vehicles	Computers	Furniture, fixtures & equipment	Intangible assets	Total
Cost									
Balance as at January 1, 2024	$ 2,644,452	9,364,919	536,592	861,028	124,260	4,841,840	5,424,835	1,221,165	25,019,091
Additions	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2024	**2,644,452**	**9,364,919**	**536,592**	**861,028**	**124,260**	**4,841,840**	**5,424,835**	**1,221,165**	**25,019,091**
Accumulated depreciation									
Balance as at January 1, 2024	$ -	3,224,798	363,859	203,603	38,754	4,425,653	4,373,123	1,043,975	13,673,765
Depreciation expense	-	153,993	18,374	131,484	17,101	124,857	135,713	17,719	599,241
Disposals	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2024	**-**	**3,378,791**	**382,233**	**335,087**	**55,855**	**4,550,510**	**4,508,836**	**1,061,694**	**14,273,006**
Net book value									
December 31, 2024	**$ 2,644,452**	**$ 5,986,128**	**$ 154,359**	**$ 525,941**	**$ 68,405**	**$ 291,330**	**$ 915,999**	**$ 159,471**	**$ 10,746,085**
December 31, 2023	$ 2,644,452	$ 6,140,121	$ 172,733	$ 657,425	$ 85,506	$ 416,187	$ 1,051,712	$ 177,190	$ 11,345,326

11. Leases

Brunswick leases office spaces, branches and office equipment with contract terms of 5 to 10 years.

Information about leases for which Brunswick is a lessee is presented below.

(a) Right-of-use assets

Right-of-use assets relate to leased office equipment that is presented within property and equipment (note 10).

	2024	2023
Balance as at January 1	**$ 657,425**	$ 91,579
Right-of-use assets acquired on business combination (note 24)	**-**	730,201
Depreciation	**(131,484)**	(164,355)
Balance at December 31	**$ 525,941**	$ 657,425

(b) Lease liabilities

	2024	2023
Balance at January 1	**$ 715,325**	$ 92,234
Leases acquired on business combination (note 24)	**-**	755,179
Payments	**(158,181)**	(158,181)
Interest	**21,788**	26,093
Balance at December 31	**$ 578,932**	$ 715,325

	1-5 Years
Maturity of lease liabilities	$ 578,932

12. Member deposits

During 2023, Brunswick acquired deposits as part of a business combination (note 24). The fair value of the deposits acquired resulted in a discount from the book value of $3,608,966. The discount is being recognized in finance expense over the remaining life of the acquired loans.

	2024	2023
Chequing	**$ 286,010,829**	$ 279,403,047
Demand	**203,706,512**	199,662,672
Term and GIC	**173,993,862**	156,915,927
Index link - registered retirement savings plan	**1,183,974**	1,233,410
Index link/TFSA - term deposits	**146,245,927**	128,481,140
Registered retirement income funds	**58,783,988**	55,576,133
Registered retirement savings plans	**39,204,651**	34,710,465
	$ 909,129,743	**$** 855,982,794
Unamortized premium arising on business combination	**721,793**	2,165,379
	$909,851,536	$858,148,173
Accrued interest on deposits	**7,914,407**	6,009,065
	$ 917,765,943	$ 864,157,238

Terms and conditions

Chequing deposits are due on demand and bear interest at a variable rate up to 1.50% at December 31, 2024 (2023 – up to 0.50%) depending on the balance in the account.

Demand deposits are due on demand and bear interest at a variable rate up to 1.50% at December 31, 2024 (2023 – up to 0.50%) depending on the balance in the account. Interest is calculated daily and paid on the accounts monthly.

Term deposits bear fixed rates of interest for terms of up to five years. Interest can be paid annually, semi-annually, monthly or upon maturity. The interest rates offered on term deposits issued on December 31, 2024 range from 0.25% to 5.75%. The weighted average yield paid on deposits was 4.22% (2023 – 4.35%).

The registered retirement savings plans ("RRSPs") accounts can be fixed or variable rate. The fixed rate RRSPs have terms and rates similar to the term deposit accounts described above. The variable rate RRSPs bear interest at rates up to 0.25% at December 31, 2024.

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

The tax-free savings accounts can be fixed or variable rate with terms and conditions similar to those of the RRSPs described above.

12. Member deposits (continued)

Included in chequing deposits are amounts of $3,296,302 (2023 - $3,938,517) denominated in US dollars.

Concentration of risk

Brunswick has an exposure to groupings of individual deposits which concentrate risk and create exposure to particular segments.

No individual or related groups of member deposits exceed 10% of member deposits.

Substantially all member deposits are with members located in and around Southern New Brunswick.

Fair value

The fair value of member deposits at December 31, 2024 was $925,040,556 (2023 - $860,241,660).

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

13. Income taxes

Income taxes based on the statutory rate for 2024 was 29.00% (2023 – 29.00%). The provision for income taxes reported for the year ended December 31, 2024 differs from the amount computed by applying the Canadian statutory rate to income before income taxes for the following reasons:

	2024	2023
Income before income taxes	$ **10,525,615**	$ 13,606,489
Other comprehensive income	**-**	(8,700)
	10,525,615	13,597,789
Income based on statutory tax rate of 29% (2022 - 29%) in Canada	$ **3,052,428**	$ 3,943,359
Adjustments to income taxes resulting from:		
Tax effect on permanent differences	**12,535**	(13,785)
Tax effect on deferred tax rate differential	**-**	(306,733)
Other differences	**151,425**	(3,520)
	$ **3,216,388**	$ 3,619,321

	2024	2023
Income taxes included in net income	$ 3,216,388	$ 3,616,798
Income taxes included in OCI	-	2,523
	$ **3,216,388**	$ 3,619,321

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

	Balance at Dec. 31, 2023	Recognized in net income	Recognized in OCI	Other	Balance at Dec. 31, 2024
Accounts receivable and prepaid expenses	$ 2,467,815	$ (1,049,323)	$ -	$ -	$ 1,418,492
Investments	(224,154)	-	-	-	(224,154)
Deposits	627,960	(418,640)	-	-	209,320
Other	22,115	(296,269)	-	296,270	22,116
Property and equipment	(729,692)	128,783	-	-	(600,909)
Post-employment benefit obligation	137,460	(6,720)	-	-	130,740
	$ 2,301,504	**$ (1,642,169)**	**$ -**	**$ 296,270**	**$ 955,605**

14. Member shares

Equity shares are not guaranteed by the Credit Union Deposit Insurance Corporation of New Brunswick.

	Membership shares	Class A shares	Surplus shares	Total
Balance as at January 1, 2024	$ 2,803,254	$ 8,193,376	$ 4,003,808	$ 15,000,438
Sale (redemption) of shares	(128,599)	1,943,702	(306,118)	1,508,985
Balance on December 31, 2024	**$ 2,674,655**	**$ 10,137,078**	**$ 3,697,690**	**$ 16,509,423**
Balance as at January 1, 2023	$ 2,224,078	$ 2,437,600	$ 3,899,742	$ 8,561,420
Changes arising on business combination (note 24)	762,794	5,838,876	472,705	7,074,375
Sale (redemption) of shares	(183,618)	(83,100)	(368,639)	(635,357)
Balance on December 31, 2023	**$ 2,803,254**	**$ 8,193,376**	**$ 4,003,808**	**$ 15,000,438**

Brunswick is authorized to issue an unlimited number of membership shares and surplus shares and 200,000 class A shares.

Terms and conditions

a) Membership shares

Section 30-1 of the *Credit Unions Act of New Brunswick* describes shares as the capital of Brunswick. Membership shares are a requirement for membership in Brunswick and are redeemable on withdrawal from membership. Pursuant to Brunswick by-laws, the value of each membership share is $5 and as a condition of membership each member must hold at least one share and is limited to a maximum of 400 shares. Members hold $254,375 (2023 - $286,432) of these shares in their RRSP and RRIF portfolios. The authorized share capital is not covered by Credit Union deposit insurance.

The number of membership shares issued and outstanding at December 31, 2024 is 534,931 (2023 – 560,650).

b) Class A membership shares

Class A shares are offered for sale, from time to time, pursuant to Brunswick by-laws. Only members of Brunswick are eligible to purchase Class A shares. Class A shares have an issue price of $100 per share with a minimum purchase of ten 10 shares and a maximum purchase of five hundred (500) shares. The shares are interest-bearing, non-voting, non-redeemable for 24 months and non-transferrable. At the expiration of 24 months from initial issue, Class A shares may be callable by Brunswick with 60 days written notice to the member. The authorized share capital is not covered by Credit Union deposit insurance.

14. Member shares (continued)

The number of Class A member shares issued and outstanding at December 31, 2024 is 101,371 (2023 – 81,934).

c) Surplus shares

Dividends and patronage rebates are distributed as surplus shares. The surplus shares have a par value of $1, do not receive any dividends, are non-voting, and are subject to restrictions on withdrawal. As at December 31, 2024 Members hold $3,697,690 (2023 - $4,003,808).

Surplus shares not subject to withdrawal restrictions, may be redeemed provided Brunswick has sufficient capital as required under the Credit Union Act of New Brunswick and the amount of the redemption is greater than $25. Shares may be retracted by Brunswick upon application by the member or through a general repurchase upon approval by the members. The surplus shares are not covered by Credit Union deposit insurance.

15. Other income

	2024	2023
Service charges	**$ 4,284,375**	$ 4,668,389
Foreign exchange	**982,298**	406,736
Commissions	**776,719**	843,477
Other	**565,704**	712,067
Rental income	**189,871**	185,009
	$ 6,798,967	$ 6,815,678

16. Organization expenses

		2024		2023
Membership and system dues	**$**	**819,205**	$	795,645
Board expenses (including annual meeting)		**181,785**		82,755
	$	**1,000,990**	$	878,400

17. General business expenses

		2024		2023
Data and communication services	**$**	**4,343,274**	$	3,912,069
Service charges and banking fees		**1,355,915**		1,340,781
Administrative expenses		**728,726**		673,817
Miscellaneous		**447,009**		413,208
Advertising		**422,718**		370,120
Professional fees		**324,997**		289,897
Maintenance contracts		**250,155**		298,157
Amalgamation costs		**12,525**		45,810
	$	**7,885,319**	$	7,343,859

18. Related party transactions

Brunswick's related parties include key management, as those persons having authority and responsibility for planning, directing and controlling the activities of Brunswick, including directors and management. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Brunswick entered into the following transactions with key management personnel, which are defined by *IAS 24 - Related Party Disclosures.*

	2024	2023
Board expenses (including annual meeting)	**$ 181,785**	$ 82,755
Management compensation	**1,696,375**	1,568,909
Aggregate value of loans advanced	**7,834,367**	7,412,537
Aggregate value of lines of credit advanced	**2,867,024**	2,275,712
Interest received on loans and lines of credit	**283,761**	354,667
Unused value of lines of credit	**2,138,833**	911,286

	2024	2023
Aggregate value of term and savings deposits	**$ 2,080,769**	$ 4,148,531
Total interest paid on term and savings deposits	**38,761**	84,346

Brunswick's policy for lending to key management personnel is that all such loans and leases were granted in accordance with normal lending terms.

Brunswick's policy for receiving deposits from key management personnel is that all transactions are approved, and deposits accepted in accordance with the same conditions which apply to members for each type of deposit.

19. Financial instruments fair value

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy:

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level, within which the financial asset or liability is classified, is determined based on the lowest level of significant input to the fair value measurement. Brunswick Level 2 fair value is approximated by cost due to the fact that the amounts bear interest which are reset to market rates annually.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Investments	$ -	$ 13,074,663	$ -	$ 13,074,663
December 31, 2023				
Investments	-	11,627,043	-	11,627,043

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2024 and 2023.

20. Financial instrument risk management

General objectives, policies and processes

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

Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counter party to honour its financial or contractual obligation to Brunswick. Credit risk primarily arises from loans receivable. Management and the Board of Directors reviews and updates the credit risk policy annually. The maximum exposure of Brunswick to credit risk before taking into account any collateral held is the carrying amount of the loans as disclosed on the statement of financial position.

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

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

Brunswick's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. Its credit risk policies are comprised of the following:

- General loan policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity, and loan administration.
- Loan lending limits including Board of Director limits, schedule of assigned limits and exemptions from aggregate indebtedness.
- Loan collateral security classifications which set loan classifications, advance ratios and amortization periods.
- Procedures outlining loan overdrafts, release or substitution of collateral, temporary suspension of payments and loan renegotiations.
- Loan delinquency controls regarding procedures followed for loans in arrears.
- Audit procedures and processes are in existence for Brunswick's lending activities.

20. Financial instrument risk management (continued)

Credit risk (continued)

With respect to credit risk, the Board of Directors receives monthly reports summarizing new loans, delinquent loans and overdraft utilization. The Board of Directors also receives an analysis of bad debts and allowance for doubtful loans quarterly.

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

Liquidity risk

Liquidity risk is the risk that Brunswick cannot meet a demand for cash or fund its obligations as they come due. Brunswick’s management oversees Brunswick’s liquidity risk to ensure Brunswick has access to enough readily available funds to cover its financial obligations as they come due. Brunswick’s business requires such capital for operating and regulatory purposes.

The assessment of Brunswick's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective firm specific and market conditions and the related behavior of its members and counterparties.

Provisions of the *Credit Union Act* require Brunswick to maintain a prudent amount of liquid assets in order to meet member withdrawals. Brunswick is required to have a minimum liquidity ratio of 10% of total liabilities.

Brunswick manages liquidity risk by:

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

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

20. Financial instrument risk management (continued)

Liquidity risk (continued)

As at December 31, 2024, the position of Brunswick is as follows

		Maximum exposure
Qualifying liquid assets on hand		
Cash	$	35,837,712
Term deposits with Atlantic Central		20,066,595
Liquidity reserve deposit		73,391,558
Total liquidity		129,295,865
Total liquidity requirement		93,019,367
Liquidity above minimum	$	36,276,499

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

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

Brunswick maintains an authorized line of credit of $21,425,000 (2023 - $21,425,000) with Atlantic Central to assist with regular fluctuations in cash flow. The line of credit, which was not utilized at year end, bears an interest rate of prime. The line of credit is secured by investments with Atlantic Central and a general assignment of book debts.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, Brunswick segregates market risk into three categories: interest rate risk, currency risk and equity price risk.

Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Brunswick incurs interest rate risk on its loans and other interest bearing financial instruments. Brunswick does not hedge its interest rate risk.

Brunswick is exposed to interest rate risk as a consequence of the mismatch, or gap between the assets, liabilities and off balance sheet instruments scheduled to re-price on particular dates. The following table details Brunswick’s exposure to interest rate risk.

20. Financial instrument risk management (continued)

Interest rate risk (continued)

Maturity dates substantially coincide with interest adjustment dates. Amounts with floating interest rates, or due on demand, are classified as maturing within three months, regardless of maturity. Amounts that are not interest sensitive are grouped together, regardless of maturity.

The table below does not incorporate management’s expectation of future events where re-pricing or maturity dates of certain loans and deposits differ significantly from the contractual date.

Expected pricing or maturity dates	Assets	Liabilities and members’ equity	Net asset / liability mismatch
0-6 months	$ 150,124,131	127,333,372	$ 22,790,759
6-12 months	159,792,504	170,086,271	(10,293,767)
1-2 years	191,849,008	36,895,253	154,953,755
2-3 years	165,282,629	24,505,823	140,776,806
3-4 years	87,672,541	15,227,415	72,445,126
4-5 years	108,682,052	7,004,601	101,677,451
Over 5 years	861,661	12,779,440	(11,917,779)
Not interest sensitive	133,769,052	604,201,403	(470,432,351)
	$ 998,033,578	$ 998,033,578	

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. One of the roles of a credit union is to intermediate between the expectations of borrowers and depositors.

An analysis of Brunswick's risk due to changes in interest rates determined that an increase in interest rates of 1% could result in an increase to net income of $571,580 while a decrease in interest rates of 1% could result in a decrease to net income of $609,620.

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

Currency risk

Currency risk relates to Brunswick operating in different currencies and converting non- Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

Foreign currency risk exposure results if financial assets or financial liabilities are denominated in a currency other than Canadian dollars. Brunswick holds US deposits, US currency and US denominated investments. The buy and sell rates are monitored and recorded monthly and US cash holdings are adjusted to reduce foreign currency exposure. For the year ended December 31, 2024, Brunswick's exposure to foreign exchange risk is within policy.

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

21. Capital management

Brunswick requires capital to fund existing and future operations and to meet regulatory capital requirements.

Decisions relating to strategic objectives that impact the risk weighting of Brunswick's assets are analyzed by management to determine their effect on Brunswick's capital adequacy ratio.

New Brunswick Credit Union Legislation

Regulatory capital

The *New Brunswick Credit Union Legislation* requires that each credit union maintain a minimum level of equity in Brunswick to provide protection against potential financial losses. The requirement calls for equity to meet or exceed 5% of total assets. The following represents the equity level for Brunswick at December 31.

	2024	2023
Membership shares	**0.27%**	0.30%
Class A membership shares	**1.02%**	0.88%
Surplus shares	**0.37%**	0.43%
Retained earnings / special reserve	**5.07%**	4.65%
	6.73%	6.26%

Includes amounts classified as liabilities qualifying as regulatory equity.

Special Reserve

The statement of financial position presents a special reserve of $1,210,000 (2023 – $1,210,000) which resulted from the dissolution of Credit Union Central of New Brunswick (CUCNB) in 2011. As a member credit union of CUCNB, Bayview was entitled to a proportional return of CUCNB'S equity at the time of dissolution. Due to regulatory restrictions this component of equity is required to be classified as a Special Reserve for an indefinite period of time.

22. Accrued post-employment benefits obligation

Included in accounts payable are $450,828 (2023 - $474,000) related to its post-employment health and dental plan obligations. The plan consists primarily of retired members and is not open to new members. During 2024, $30,000 (2023 - $24,300) was recognized as a charge to the statement of income.

23. Commitments

Member loans

Brunswick has the following commitments to its members at the year-end date on account of loans, unused lines of credit and letters of credit:

Unused lines of credit	$ 31,550,597
Letters of credit	$ 527,794

24. Business Combination

As of January 1, 2023 Bayview Credit Union Limited, Advance Savings Credit Union Limited and Progressive Credit Union Limited (the "Legacy Credit Unions") entered into an amalgamation agreement (the "Agreement") to become Brunswick Credit Union Limited. Under the Agreement the members of the Legacy Credit Unions exchanged their member interests for member interests in Brunswick. Brunswick determined that this represented a business combination effective January 1, 2023. Bayview Credit Union Limited was determined to be the acquiror and effective January 1, 2023 the results of the Legacy Credit Unions were combined.

The purchase price was based on the fair value of the net assets of the Advance Savings Credit Union Limited and Progressive Credit Union Limited received in exchange for equity in Brunswick. Member shares have been recognized based on their redemption value. The difference between the purchase price and the member shares was recognized as an increase in retained earnings.

The purchase price was allocated to the assets and liabilities of Brunswick as follows:

24. Business Combination (continued)

	Advance Credit Union	Progressive Credit Union	Total
Cash	$ 11,475,375	$ 7,552,854	$ 19,028,229
Investments	28,861,013	34,644,572	63,505,585
Loans receivable	196,309,900	96,646,258	292,956,158
Accrued interest on loans receivable	275,280	489,968	765,248
Other assets	2,287,140	3,032,026	5,319,166
Property and equipment	2,632,567	2,276,060	4,908,627
	241,841,275	144,641,738	386,483,013
Member deposits	$ 226,290,000	$ 137,929,388	$ 364,219,388
Accrued interest on deposits	828,486	75,578	904,064
Accounts payable	2,048,427	1,533,312	3,581,739
Income taxes payable	65,121	224,138	289,259
Lease liabilities	352,578	402,602	755,180
	229,584,612	140,165,018	369,749,630
Fair value of net assets	$ 12,256,663	4,476,720	$ 16,733,383
Consideration:			
Membership shares	$ 4,756,573	$ 494,107	$ 5,250,680
Surplus shares	389,970	82,735	472,705
Class A shares	-	1,350,990	1,350,990
Retained earnings	7,110,120	2,548,888	9,659,008
	$ 12,256,663	$ 4,476,720	$ 16,733,383

The fair value of the material assets and liabilities were determined as follows:

Cash and investments in non-equities are liquid with relatively short terms to maturity and therefore costs approximate fair values.

Investment in equities have a stated redemption price and are required as part of the involvement in the Atlantic credit union system. The face values approximate fair value as they are redeemable on demand.

Member loans receivable with fixed interest rates were determined using a discounted cash flow model of the principal and interest payments based on the loan agreements using current interest rates of 6.45% to 9.21% depending on the type of loan.

Property and buildings were determined based on estimated appraisal values of the properties.

Accrued interest receivable and payable are approximated by their book value given the relatively short term to maturity.