NOVA SCOTIA CREDIT UNION DEPOSIT INSURANCE CORPORATION

Annual Report 2025

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CUDIC™

Mission

Mission Statement

To maintain member, stakeholder, and public confidence in the Nova Scotia Credit Union System

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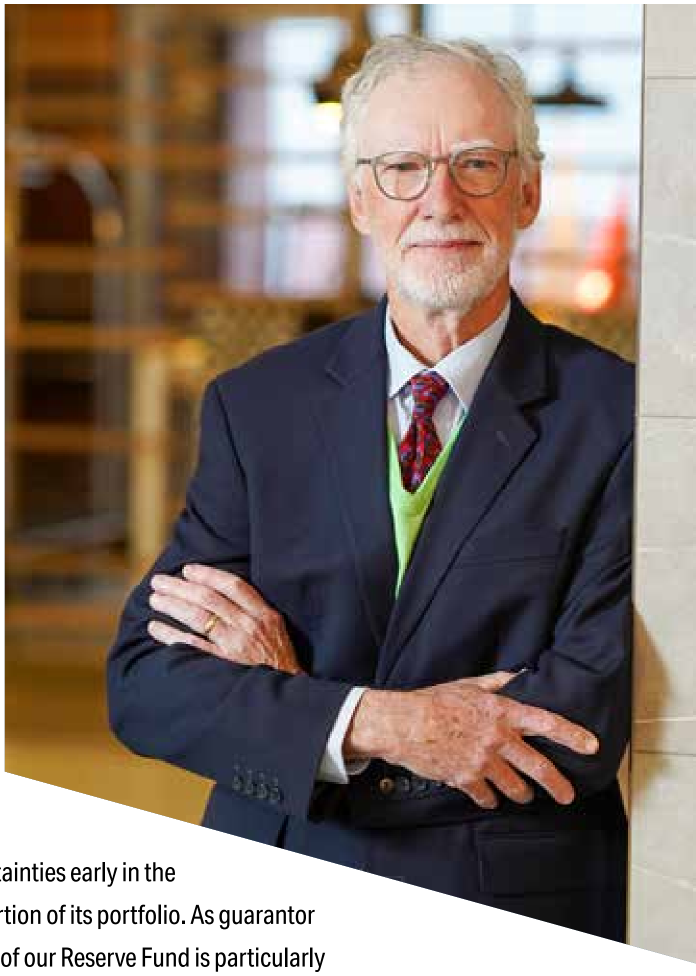
Board Chair

Report of the Chair of the Board



ON BEHALF OF THE BOARD OF DIRECTORS, I am pleased to present the 2025 Annual Report of the Nova Scotia Credit Union Deposit Insurance Corporation (CUDIC).

During the past year, the Nova Scotia economy grew at its 'softest pace' since 2015. This was due in large part to slower population and job growth as well as the continued uncertainties of trade tariffs and trade relationships, most notably with the US and China. Even as the overall annual inflation rate slowed to just over 2%, many Nova Scotians continued to struggle with the high costs of housing and groceries. Although the Province has projected a significant budget deficit, it is hoped that the federal government's commitment to defense and infrastructure spending will provide some relief going forward.

So, given these economic challenges, it is encouraging to report on the continued positive financial results in 2025 for CUDIC and the credit union system.

CUDIC's positive operating results enabled an increase of $3.9M to our Guarantee Fund Reserve of $56.9 Million. This represents 1.11 % of total system assets. Due to market uncertainties early in the year, the Board revised its Investment Policy and derisked a portion of its portfolio. As guarantor of credit union member deposits, the preservation and growth of our Reserve Fund is particularly important. Even with this derisking strategy, we achieved a very acceptable portfolio annual return of 8.3%. Over the past ten years, we have enjoyed solid annualized returns of 6.8%. Capable oversight by our management and an active portfolio engagement have been key to our strong financial position.

All eighteen credit unions and caisse populaires in the Province also achieved positive financial results in 2025. Total assets grew by 8.8% to $5.2 Billion. The two largest credit unions, East Coast Credit Union and Credit Union Atlantic, which together represent 57.4% of system assets, enjoyed particularly strong growth. Surplus earnings of $34.1 Million contributed to an increased system equity position of 8.59%. This compares favourably with asset growth of 9.80% and earnings of $40.0M in 2024. A more detailed analysis of these financial results is included in our CEO Mike Hurley's report that follows.

A priority focus over the past year has been a complete review of the Nova Scotia Credit Union Act and Regulations. With other system stakeholders, we will be recommending several revisions to the current legislation to ensure that credit unions and CUDIC can continue to succeed with modern governance, enhanced business opportunities and effective regulatory oversight. We are hopeful that legislative amendments will come forward in 2026/27 and we appreciate our government's support of this legislative review process.

We also appreciated the opportunity to meet directly with the Finance Minister, Honourable John Lohr, and senior department officials to discuss the challenges and opportunities facing CUDIC and credit unions. To further government relations, we were pleased to have Ryan Robicheau, MLA and Ministerial Assistant to the Finance Minister and Treasury Board, attend our Board meeting in March.

Our Board of Directors continued to meet on a quarterly basis while our four standing Committees met throughout the year as required. Our annual strategic planning session focused on our current priorities and emerging initiatives such as interprovincial and federal credit unions.

We completed our second year in providing regulatory oversight of Atlantic Central. In addition to our on-going monitoring of system liquidity, our oversight continued to evolve as we assessed areas such as corporate governance, risk management and internal audit. We can report that Atlantic Central complied with all legislative requirements and operated within acceptable levels of risk. This has also been a year of transition for the Central as they eliminated several consulting and support services to credit unions while continuing to focus on core mandated responsibilities. Our working relationship with Central's management continues to be positive, as we share mutual goals of supporting credit union success.

We also wish to acknowledge our effective working relationship with the Superintendent of Credit Unions, Dave McCarron, and have appreciated his regular attendance at our Board meetings. In consultation with the Superintendent of Credit Unions, we completed a detailed documentation for Legislative Authority and Responsibilities to guide our Board and management decision-making.

As we look back at last year's report and to the challenges ahead, many of the same uncertainties remain. The threat of further trade tariffs and even a changing world order are still a risk to us all. Credible market valuations and the real impacts of artificial intelligence are elusive. Federally, there remains much to do in repositioning our economy and in keeping our country united.

Locally, credit unions have prided themselves in their community presence, and in fact are the only financial institutions with a branch location in several communities. As consumer habits evolve to ever more digital services with remote access, there are real challenges to retain the same branch network. Like most businesses, credit unions will be impacted with increased operating costs, especially for data processing and digital services. Further consolidation and even interprovincial credit unions will likely be considered as credit unions seek the most viable structure to serve members with competitive products and services. CUDIC will be closely monitoring these challenges and uncertainties to ensure that risks are appropriately addressed, and the integrity of the provincial credit union system is not compromised.

We wish to thank our CEO Mike Hurley for his continued fine leadership and effective management of our organization. Over the past eight years, Mike has built a positive relationship with the credit union system and with other deposit insurers both regionally and nationally. CUDIC is also fortunate to retain a most knowledgeable and dedicated staff.

We also wish to recognize two retiring directors, Jim Kavanaugh and Carol Barr. Both served on our Executive and Jim provided sound leadership as our Chair for three years. Thank you to all our directors for their contribution and informed decision-making throughout 2025.

Respectfully submitted,

Rick Parker,
Chair of the Board of Directors

The Board

The Board of Directors and Committees

Standing (l-r):
Darrell Evasuk, Eleanor Humphries,
Deogratias Dushimumukiza, Jason Rose
Seated (l-r): Beverley Cooke, Rick Parker, Mike MacIsaac

Committees

INVESTMENT COMMITTEE

This committee reviews the Corporation's investment performance, policies and procedures.

- Jason Rose, *Chair*
- Darrell Evasuk
- Bev Cooke
- Eleanor Humphries
- Rick Parker, *Ex-Officio*

AUDIT COMMITTEE

This committee reviews the audited annual financial statements of the Corporation. They also review recommendations made by the external auditor regarding internal controls and procedures and ensures that appropriate action is taken.

- Deogratias Dushimumukiza, *Chair*
- Mike MacIsaac
- Bev Cooke
- Eleanor Humphries
- Rick Parker, *Ex-Officio*

POLICY COMMITTEE

This committee develops and monitors policies for the Corporation. Furthermore it shall provide support, advice and recommendations to the Board on issues related to CUDIC policies and assist the Board in fulfilling its governance obligations.

- Darrell Evasuk, *Chair*
- Deogratias Dushimumukiza
- Mike MacIsaac
- Jason Rose
- Rick Parker, *Ex-Officio*

EXECUTIVE & HUMAN RESOURCES COMMITTEE

This committee reviews and makes recommendations to the Board on policies relating to the Corporation's human resources plans, compensation, employee benefits and related matters.

- Rick Parker, *Chair*
- Darrell Evasuk, *Vice-Chair*
- Mike MacIsaac, *Secretary*

Report of the Chief Executive Officer

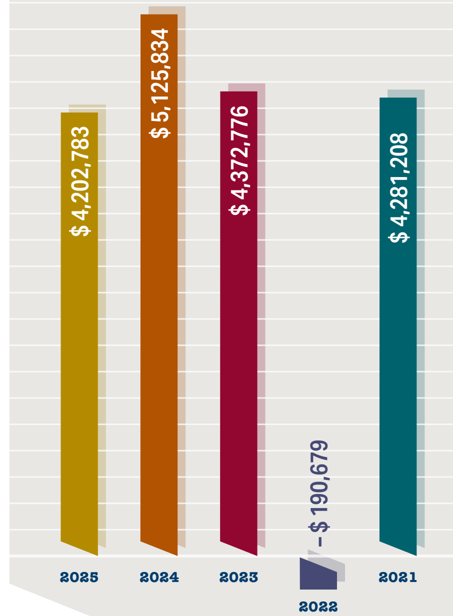
I AM PLEASED TO REPORT on the operational results for the Corporation and the state of the system for 2025.

THE YEAR IN REVIEW

Overall, the system had a successful year financially, highlighted by strong financial results that will be detailed in this report.

From the Corporation's perspective, CUDIC successfully completed the following major initiatives in 2025.

- Nova Scotia CUDIC completed its second year regulating Atlantic Central through risk management, monitoring, and oversight.
- Nova Scotia CUDIC, along with Atlantic Central, the Canadian Credit Union Association (CCUA) and Credit Unions initiated and completed the review portion of the Nova Scotia Credit Union Act and Regulations in 2025. All stakeholders will have an opportunity to provide recommendations and feedback on the Act and Regulations. Revisions will be finalized in 2026 and presented to the Minister of Finance for review and consideration.
- Nova Scotia CUDIC, along with the other Atlantic Canadian Regulators worked closely with Credit Unions and League Data to understand and manage risk related to transitioning to a new banking system in 2025. All Nova Scotia Credit Unions successfully transitioned to the new banking system by June 2025.
- The CUDIC Board of Directors held a Strategic Plan Review Session in September 2025. Discussion focused on progress and results compared to Objectives outlined in the 2024-2027 CUDIC Strategic Plan.
- Atlantic Central, the Atlantic Credit Union Regulators and the Office of the Superintendent of Credit Unions continued information sharing, collaboration and a multi-year exercise with a focus on Statutory Liquidity on enhancing Crisis Preparedness.
- CUDIC continued its work with the Bank of Canada to enable Nova Scotia access to Emergency Lending Assistance (ELA), including the Short-Term Lending Facility (STLF) offered by the Bank of Canada if there is a systemic liquidity event. There were additional changes to the Canada Payments Act/Regulations in 2025 that will allow Credit Unions to be a member of Payments Canada once entry criteria have been drafted by Finance Canada.
- CUDIC intervened as necessary with Credit Unions to ensure that risk levels remain within acceptable parameters.



INVESTMENT INCOME

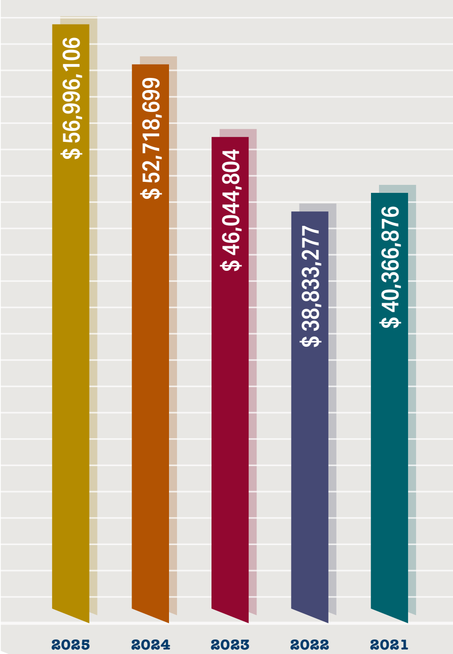
EXTERNAL AFFILIATIONS

The Corporation continues to have regular and ongoing involvement with several regulatory associations.

The Credit Union Prudential Supervisors Association of Canada (CUPSA). CUPSA is composed of Credit Union Deposit Insurers and Prudential Supervisors from across Canada. I was fortunate to be the Vice-Chair of CUPSA from 2023 to 2025 and took on the Chair role on January 1, 2026. CUPSA works toward maintaining a sound and sustainable Credit Union sector. Our work in the year focused on Crisis Preparedness and Financial Stability Structures, Payment Modernization, ELA/STLF Liquidity facilities offered by the Bank of Canada, Deposit insurance work with CDIC, Consumer Directed Banking and a review of the International Monetary Fund (IMF) – Financial Sector Assessment Program (FSAP) Report was completed in 2025.

The International Credit Union Regulators Network (ICURN). This organization has members from around the world who are engaged in the Credit Union prudential supervision and regulation of the Credit Union systems in their countries. The 2025 Annual meetings were held in Dublin, Ireland. CUDIC attended the Annual Meetings and were asked to participate on a panel focused on "Supervising Second-Tier Cooperatives/Credit Unions". Other topics included Integrating AI into Supervisory Processes, Regulatory Innovations in digital-based products and services, operational resilience frameworks, and detecting and preventing internal fraud, cyber-attacks and member-targeted fraud.

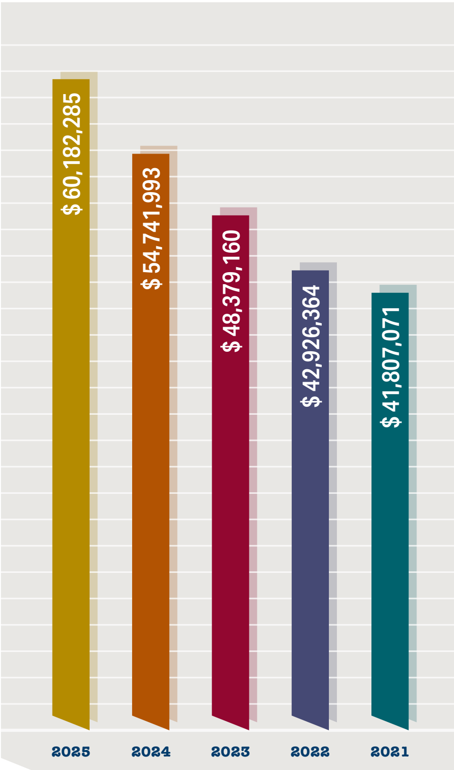
The Financial Protection Forum is an association of prudential regulators that span the Canadian financial services industry including insurance, investment dealers and federally regulated deposit taking institutions. The association meets annually to discuss current issues. This year's meeting took place in Quebec City.



TOTAL INVESTMENTS

LOCAL RELATIONSHIPS

There continues to be regular communication with leaders from other Atlantic Canadian Credit Union Regulators and Deposit Insurers to share information and best practices. The Superintendent's Office, Atlantic Central and CUDIC continue to maintain an excellent working relationship, with regular meetings held during the year providing a forum to discuss areas of mutual concern.



RETAINED EARNINGS

TEAMWORK

I wish to extend my sincere thanks to the Staff of the Corporation who continue to provide exceptional professional and knowledgeable service to the Nova Scotia Credit Union system. I want to welcome Jeff Dolan, Director, Regulation and Risk Management who joined the corporation in 2025. Our regulatory oversight team completed all scheduled Loan Reviews as well as Internal Controls and CUSAR Reviews.

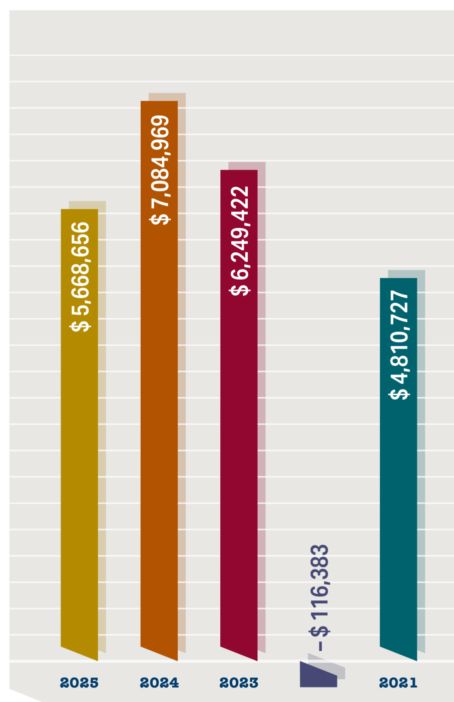
I want to extend my sincere gratitude and appreciation to the CUDIC Board of Directors for their contributions including wise counsel and strong support during 2025. I want to pass along a sincere thank you to Rick Parker, Chair of the CUDIC Board of Directors, who began his third year as Board Chair in March 2025 and has provided excellent guidance and support.

CUDIC RESULTS

CUDIC produced positive financial results in 2025 with Net earnings of $5,440,292 and Unrealized Gains of $228,364 for Total Comprehensive Income of $5,668,656 ($7,084,969 – 2024). This builds on a strong financial year in 2024, as a result of strong internal fiscal management combined with strong investment markets in 2025. Assessments charged to Credit Unions increased slightly to $3.54 Million. Weighted average differential premium for the system increased slightly to 7.28 basis points (7.16 bp '24) as a result of higher risk assessments in the Credit Union system.

Operating expenses overall increased by 17.0% or $340K from 2024. There was a material increase in Office and Staff Functions related to the addition of a new position to support the Corporations Regulation and Risk Management mandate. Salaries and Benefits increased by $194K, partially due to the new staff member noted above. There was a $34K increase for Legal and Consulting Fees as a result of services provided for the Credit Union Act and Regulations review. Other Professional Services increased $44K as the cost/rate of third-party professional services increased in 2025. Other expense categories were largely in line with historical figures.

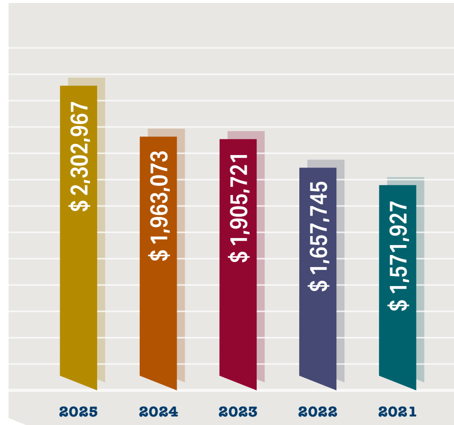
The Investment Committee and Board exercise thorough oversight of our investment portfolio. A third party manages approximately 95% of our funds. The portfolio is comprised of Fixed Income products in combination with Canadian and US Equities. The one-year return on our managed portfolio was 8.29% (12.47% '24). While returns were positive, the benchmark for our portfolio was 9.42%; 1.13% less than benchmark.



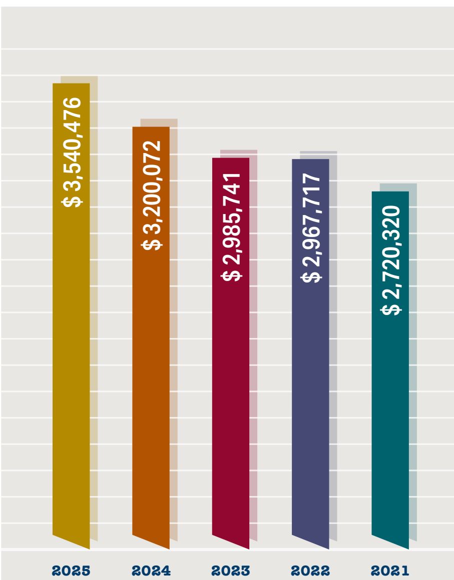
NET INCOME

The holdings in our portfolio are carefully selected for quality by our investment counsel and are well diversified. Since its inception in 1992, the portfolio has had an overall return of 6.33%. As noted in the Chairs Annual Report, the Corporation derisked in early 2025. As a result, on December 31, 2025, our investments were 11.55% in cash and equivalents, 63.14% in Fixed Income, 17.55% in Canadian Equity, 7.21% in US Equity and 0.55% in International Equity. All investments have a ready aftermarket and can be liquidated on short notice if necessary.

Fund balance at year-end was $56,996,106 (or 1.11% of system assets (2024 - $52,718,699 or 1.11%).



OPERATING EXPENSES



ASSESSMENTS

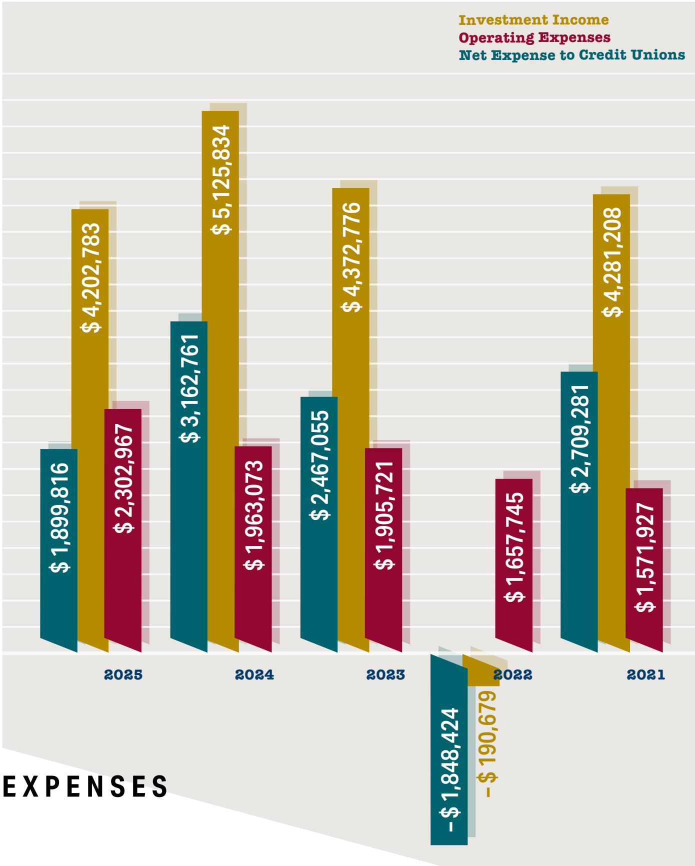
SYSTEM RESULTS

Audited results reflect net income after taxes of $34.1 Million or 69bps ($40.0M or 89bps '24).

Credit Union surplus declined due to increased technology operating costs and losses related to a Syndicated Loan deal where the Lender died unexpectedly and the portfolio was eventually liquidated. The loss impacted several credit unions and was the primary driver of year-over-year system decline. Total Financial Revenue increased by 5bps to 5.00% (4.95% in '24) while Total Operating Expenses increased to 2.91% (2.76% '24) as a result of increased banking system operating costs and personnel expenses however Gross Financial Margin increased by 25 bps to 3.15% (2.90% in '24).

There was strong Asset growth of 8.77% or $416 Million (9.80% '24). Equity position decreased slightly to 8.59% or $444M ($410M or 8.63% in '24) mainly due to increases in Assets relative to Retained Earnings. Deposits grew by 9.10% or $376M (8.85% '24), while loan growth was greater then 2024 at 9.80% or $333M (7.86% '24). Loan / Asset ratio was 72.22% at December 31st. (71.22% '24).

As noted above, the Total System Loan Portfolio grew $333 Million (9.80%) to $3.73 Billion in 2025, compared to growth of $248 Million or (7.86%) in 2024. Retail Mortgages increased $38.5M or 23.27% in 2025 compared to a decline of $6M in 2024 (0.04%). Personal Loans grew $14.7 Million (2.71%) in 2025, compared to $58.9M (12.2%) in 2024. Syndication Loans decreased $4 Million YoY from $178.3 Million in 2024 to $174.3 Million in 2025. Commercial Loans grew $86.1 Million YoY to $1.2 Billion in 2025.



EXPENSES

CONCLUSION

Overall, 2025 was a successful yet challenging year financially for the system. The development and implementation of the new banking system had an impact on the overall profitability for the year. Credit Unions have continued to find ways to adapt to and overcome the many challenges that financial institutions are confronted with. We appreciated the excellent cooperation we have received from all system participants in executing our mandate.

Respectfully submitted,

Mike Hurley
Chief Executive Officer

	2025	2024	2023	2022	2021
Return on Assets (% of average assets)	0.69	0.87	0.96	0.92	0.88
Total Equity	8.59	8.63	8.49	8.23	7.39
Asset Growth	8.77	9.69	8.67	6.57	10.99
Deposit Growth	9.10	9.77	7.01	3.89	10.38
Loan Growth	9.80	7.86	7.75	14.41	7.57

SYSTEM RESULTS

Financials

Financial Statements

Auditor's Report

Independant Auditor's Report

TO THE DIRECTORS OF NOVA SCOTIA CREDIT UNION DEPOSIT INSURANCE CORPORATION

Opinion

We have audited the financial statements of Nova Scotia Credit Union Deposit Insurance Corporation ("NSCUDIC"), which comprise the statement of financial position as at December 31, 2025, the statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NSCUDIC as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of NSCUDIC 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.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NSCUDIC'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 NSCUDIC'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 NSCUDIC 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.

Nitts I Sweeney Limited

Chartered Professional Accountants

Dartmouth, Nova Scotia – March 11, 2026

Statement of Financial Position

DECEMBER 31	**2025**	2024
ASSETS		
Cash and equivalents (restricted $2,207,923; 2024 - $1,974,221)	**$ 6,227,424**	$ 4,414,817
Accounts receivable *(Note 4)*	**66,571**	119,233
Investments *(Note 6)*	**56,996,106**	52,718,699
Prepaid expenses	**32,108**	59,404
Property, plant and equipment *(Note 8)*	**411,550**	226,965
Total assets	**$ 63,733,759**	$ 57,539,118
LIABILITIES		
Accounts payable and accrued liabilities *(Note 5)*	**$ 335,631**	$ 288,919
Unclaimed balances *(Note 7)*	**2,207,923**	1,974,221
Current portion of lease liabilities *(Note 10)*	**60,492**	48,731
	2,604,046	2,311,871
Lease liabilities *(Note 10)*	**250,271**	16,461
Total liabilities	**2,854,317**	2,328,332
EQUITY		
Accumulated other comprehensive income (loss), net of tax	**697,157**	468,793
Retained earnings	**60,182,285**	54,741,993
Total equity	**60,879,442**	55,210,786
Total liabilities and equity	**$ 63,733,759**	$ 57,539,118

Approved on behalf of the board:

Director

Director

(See accompanying notes to the financial statements)

Statement of Comprehensive Income

YEAR ENDED DECEMBER 31	2025	2024
REVENUE		
Assessments and recoveries	**$ 3,540,476**	$ 3,200,072
Investment and other income *(Note 9)*	**4,202,783**	5,125,834
	7,743,259	8,325,906
EXPENSES *(Note 11)*	**2,302,967**	1,963,073
NET INCOME	**5,440,292**	6,362,833
OTHER COMPREHENSIVE INCOME		
Unrealized gains on fixed income investments	**228,364**	722,136
TOTAL COMPREHENSIVE INCOME	**$ 5,668,656**	$ 7,084,969

(See accompanying notes to the financial statements)

Statement of Changes in Equity

	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL EQUITY
BALANCE AT DECEMBER 31, 2023	$ 48,379,160	$ (253,343)	$ 48,125,817
Net income for the year	6,362,833	—	6,362,833
Other comprehensive income	—	722,136	722,136
BALANCE AT DECEMBER 31, 2024	54,741,993	468,793	55,210,786
Net income for the year	5,440,292	—	5,440,292
Other comprehensive income	—	228,364	228,364
BALANCE AT DECEMBER 31, 2025	$ 60,182,285	$ 697,157	$ 60,879,442

(See accompanying notes to the financial statements)

Statement of Cash Flow

YEAR ENDED DECEMBER 31	2025	2024
Cash provided by (used for)		
OPERATING ACTIVITIES		
Investment and other income received	**$ 5,255,493**	$ 4,051,921
Assessments and recoveries received	**3,540,476**	3,200,072
Receipts from unclaimed balances, net of payouts	**233,702**	342,626
Payments to employees and suppliers	**(2,051,685)**	(2,053,048)
Cash flows provided by operating activities	**6,977,986**	5,541,571
FINANCING ACTIVITIES		
Cash payments on lease liabilities	**(58,524)**	(48,578)
INVESTING ACTIVITIES		
Purchase of investments, net of proceeds of sale	**(5,104,635)**	(4,888,727)
Proceeds on sale of vehicles and equipment	**22,113**	46,675
Additions to equipment	**(24,333)**	(89,449)
Cash flows used for investing activities	**(5,106,855)**	(4,931,501)
INCREASE (DECREASE) IN CASH	**1,812,607**	561,492
CASH, BEGINNING OF THE YEAR	**4,414,817**	3,853,325
CASH, END OF YEAR	**$ 6,227,424**	$ 4,414,817

(See accompanying notes to the financial statements)

Notes

Notes to the Financial Statement

1. GOVERNING LEGISLATION AND OPERATIONS

NSCUDIC was established in 1995 under the Credit Union Act (Chapter 4 of the Acts of 1994). NSCUDIC is a continuation of the Nova Scotia Credit Union Stabilization Fund. It is funded by premiums assessed against credit unions.

The purposes of NSCUDIC are to provide insurance against the loss of part or all of deposits in member credit unions, to provide financial assistance to credit unions for the purpose of stabilization and to protect deposits in credit unions by the development of sound business and financial policies and by implementation of loss prevention programs and other controls. These purposes are to be pursued for the benefit of depositors in credit unions and in such a manner as will minimize the exposure of NSCUDIC to loss.

Under the Credit Union Act, NSCUDIC has the power to do all things necessary or incidental to the furtherance of its purposes, including acquiring assets from credit unions, guaranteeing loans in credit unions and providing any form of assistance to credit unions. Among other things, it may make standards of sound business and financial practices, make or cause to be made examinations or inquiries in relation to credit unions, place limitations on the lending activities and loan policies of a credit union, issue directives (in consultation with Atlantic Central and the Superintendent of Credit Unions of Nova Scotia), and act as liquidator of a credit union.

As of January 1, 2024, NSCUDIC is also responsible for regulation and risk oversight of Atlantic Central, as per the Credit Union Act. The role of Atlantic Central is to represent and support the credit unions of Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island. Atlantic Central's key financial role is management of the system's liquidity reserve requirements and provision of central and investment banking services to Atlantic credit unions. NSCUDIC will be performing ongoing financial risk monitoring as well as annual onsite reviews to ensure risk is being effectively managed.

On March 6, 2026, NSCUDIC's Board of Directors approved and authorized for issue the financial statements for the year ended December 31, 2025.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

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

Basis of preparation

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets, which are measured at fair value in the Statement of Financial Position. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional currency

These statements are denominated in Canadian dollars which is NSCUDIC's functional currency.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about the area of estimation uncertainty in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is described in Note 3 – Credit union assistance.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Cash and equivalents

Cash and cash equivalents include cash on hand and on deposit.

Financial assets

All financial assets are initially recognized at fair value in NSCUDIC's Statement of Financial Position and are subsequently classified as measured at fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on NSCUDIC's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics. Financial assets can be only be reclassified when there is a change to the business model within which they are managed.

Such classifications are applied on a prospective basis.

(i) Classification

Cash	Amortized cost
Fixed income investments	FVTOCI (debt instruments)
Equity investments	FVTPL (equity instruments)
Accounts receivable	Amortized cost

(ii) Amortized cost

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. Amortized cost financial assets are accounted for at amortized cost using the effective interest method, less any impairment. Interest revenue is recognized through investment income by applying the effective interest rate.

(iii) Fair value through other comprehensive income

Debt instruments that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal.

Equity instruments that are held for trading are measured at FVTPL.

FVTOCI financial assets are carried at fair value with unrealized gains and losses recorded in the Statement of Comprehensive Income on a net of tax basis. Accumulated other comprehensive income (AOCI) forms part of NSCUDIC's equity.

Realized gains and losses on fixed income and equity investments are recorded in investment and other income.

Interest on interest-bearing fixed income investments is calculated using the effective interest method and recorded in investment income.

Dividends on equity investments are recorded in investment income upon declaration.

(iv) Fair value through profit or loss

All financial assets not measured at amortized cost or FVTOCI are measured by FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch. Unrealized and realized gains and losses, dividends declared, and interest income on these financial assets are recorded in investment and other income.

(v) Impairment of financial assets

NSCUDIC recognizes loss allowance for expected credit losses (ECL) for any FVTOCI debt instrument or amortized cost asset. Loss allowance is measured as 12-month ECL if debt investment securities held at reporting date are of low credit risk. NSCUDIC considers a debt security to have a low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The ECL is a probability weighted estimate of credit losses measured as the present value of all cash shortfalls that are possible within 12 months after the reporting date.

At each reporting date, NSCUDIC assesses whether FVTOCI debt instruments or amortized cost assets 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.

In making an assessment of whether an FVTOCI debt instrument or amortized cost asset is credit-impaired, NSCUDIC considers the following factors:

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessment of creditworthiness.
- The issuer's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

(vi) Derecognition of financial assets

NSCUDIC derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If NSCUDIC neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, NSCUDIC recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If NSCUDIC retains substantially all the risks and rewards of ownership of a transferred financial asset, NSCUDIC continues to recognize the financial asset and also recognizes a collateralized borrowing for proceeds received.

Financial liabilities

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

(i) Classification

- Accounts payable and accrued liabilities
- Amortized cost
- Derivative liabilities
- FVTPL

Financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Effective interest method

NSCUDIC uses the effective interest method to recognize investment income or expense which includes premiums or discounts earned on financial instruments.

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating investment income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (other than premiums or discounts) through the expected life of the financial instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Property, plant and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The residual values, useful lives and depreciation methods are reviewed each year-end and changed if necessary. Cost includes expenditures that are directly attributable to bring the asset into working condition for their intended use.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components of property and equipment).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Depreciation

Depreciation is recognized in income on a basis that reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation of property and equipment for the current and comparative periods is based on estimates of useful life using the following rates and terms:

Right to use assets	straight-line	term of lease
Furniture and equipment	straight-line	3 years
Vehicle	declining balance	30%

Leases

NSCUDIC classifies a contract, or component of a contract, as a lease if it conveys a right to control the use of an identifiable asset for a period of time in exchange for consideration. NSCUDIC recognizes a right of use asset and lease liability for all leases at the commencement date.

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

Lease liabilities are presented on the statement of financial position and the interest expenses are recognized under expenses on the statement of comprehensive income.

Right of use assets are initially measured at cost, which comprise the initial amount of the lease liability plus initial direct costs and estimated decommissioning costs, less any lease incentives received. Right of use assets are subsequently amortized on a straight line basis over the term of the lease or the estimated useful life of the asset, whichever is shorter.

Right of use assets are presented under property, plant and equipment on the statement of financial position and the depreciation of right of use assets are recognized under expenses on the statement of comprehensive income.

Income tax

Current and deferred taxes are provided for in the same periods as the revenues and expenses to which they relate, except when they relate to items that are recognized outside the Statement of Comprehensive Income, in which case the taxes are also recognized outside the Statement of Comprehensive Income. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which NSCUDIC expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets or liabilities, are included in the Statement of Financial Position as either a non-current asset or liability, with changes in the year recorded in the Statement of Comprehensive Income in tax expense.

Deferred tax assets and liabilities are offset when there is a legally enforced right to set off current tax assets against current tax liabilities and NSCUDIC intends to settle its current tax assets and liabilities on a net basis.

Deferred taxes are reviewed at each Statement of Financial Position date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. Trade payables are recognized at historical cost which is a reasonable estimate of fair value.

Cash flow statement

The cash flow statement is prepared using the direct method.

Income tax positions

NSCUDIC is subject to taxation in Canada. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. NSCUDIC maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

NSCUDIC reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Assessment income

Assessment rates are based on a risk classification system and are applied to average assets of member institutions for the period October 1 to September 30. Assessment income is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefit will flow to NSCUDIC.

(ii) Investment income

Interest and dividend income from a financial asset is recognized when it is probable that the economic benefits will flow to NSCUDIC and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Unrealized holding gains and losses related to fixed income investments are excluded from net income and are included in other comprehensive income until such gains or losses are realized or an other than temporary impairment is determined to have occurred.

Credit union assistance

A provision for assistance is only recognized if, as a result of a past event, NSCUDIC has a present legal or constructive obligation that can be estimated reliably, and it is probable that the outflow of economic benefits will be required to settle the obligation. The amount, timing and form of financial assistance that may be required for credit unions are dependent on future events and outcomes. Outcomes that may require financial assistance are stabilization, amalgamations, arrangements, liquidations or dissolutions. NSCUDIC provides for a provision for financial assistance based on three main components, as follows:

(i) Where the need for assistance becomes likely and the amount for specific credit unions can be reasonably estimated.

(ii) Where the amount can be reasonably estimated and arises from indemnity agreements entered into with credit unions due to outcomes described above.

(iii) Where NSCUDIC has determined there is the potential for financial assistance based on an analysis of the inherent risks in the credit union system.

A contingent liability for financial assistance arises from a liability of sufficient uncertainty with respect to the probability and the amount of the expected outflows such that it does not qualify for recognition as a provision. Depending on the probability of loss occurring, contingent liabilities may be disclosed in the notes to the financial statements. Contingent liabilities may be established based on potential individual credit union assistance payments and/or an assessment of the inherent risk in the credit union system.

4. ACCOUNTS RECEIVABLE

	2025	2024
Atlantic Cental receivable	**$ 56,957**	$ 90,810
Harmonized sales tax	**9,614**	28,423
	$ 66,571	$ 119,233

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trade payables and accruals	**$ 108,137**	$ 86,102
Accrual for retirement *(Note 15)*	**227,494**	202,817
	$ 335,631	$ 288,919

6. INVESTMENTS

	2025	2024
Fixed income investments		
Government	**$ 27,888,234**	$ 23,007,574
Corporate – Canadian	**10,437,526**	5,910,810
	38,325,760	28,918,384
Equity investments		
Canadian equities	**10,649,581**	15,483,515
US equities	**4,892,807**	6,971,244
	15,542,388	22,454,759
Short term investments	**2,264,290**	707,081
Cash on hand	**694,263**	508,761
Accrued income and other items	**169,405**	129,714
	3,127,958	1,345,556
Total managed investments	**$ 56,996,106**	$ 52,718,699

Cost of investments:

December 31, 2024:	$ 48,671,597
December 31, 2025:	$ 53,776,382

7. UNCLAIMED BALANCES

In accordance with the provisions of Regulation 13 of the Credit Union Act, NSCUDIC has received deposits from credit unions representing unclaimed balances. These deposits must be held indefinitely by NSCUDIC until claimed by a depositor or creditor entitled to such funds.

Continuity of unclaimed balances:

	2025	2024
Balance beginning of year	**$ 1,974,221**	$ 1,631,595
Add receipts from Credit Unions	**175,659**	271,213
Less payouts to members	**(593)**	(4,808)
Add accrued interest	**58,636**	76,221
Balance end of year	**$ 2,207,923**	$ 1,974,221

8. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset: building	Right-of-use asset: vehicles	Furniture and office equipment	Vehicles	Total
Cost					
Balance at January 1, 2024	$203,425	$ —	$ 158,215	$ 236,551	**$ 598,191**
Additions	—	27,551	89,450	—	**117,001**
Disposals	—	—	(38,380)	(91,076)	**(129,456)**
Balance at December 31, 2024	203,425	27,551	209,285	145,475	**585,736**
Additions	257,950	41,035	24,333	—	**323,318**
Disposals	—	—	(12,949)	(56,301)	**(69,250)**
Balance at December 31, 2025	**$ 461,375**	**$ 68,586**	**$ 220,669**	**$ 89,174**	**$ 839,804**
Accumulated depreciation					
Balance at January 1, 2024	$ 122,055	—	131,641	90,904	**344,600**
Depreciation expense	40,685	5,166	27,667	34,317	**107,835**
Disposals	—	—	(38,380)	(55,284)	(93,664)
Balance at December 31, 2024	162,740	$ 5,166	$ 120,928	$ 69,937	$ 358,771
Depreciation expense	46,382	8,940	43,495	20,954	**119,771**
Disposals	—	—	(11,626)	(38,662)	(50,288)
Balance at December 31, 2025	**$ 209,122**	**$ 14,106**	**$ 152,797**	**$ 52,229**	**$ 428,254**
Net book value					
December 31, 2024	$ 40,685	$ 22,385	$ 88,357	$ 75,538	**$ 226,965**
December 31, 2025	**$ 252,253**	**$ 54,480**	**$67,872**	**$ 36,945**	**$ 411,550**

Fully depreciated assets are retained in asset and accumulated depreciation accounts until such assets are removed from service. Proceeds from disposals are netted against the related assets and the accumulated depreciation and included in earnings.

9. INVESTMENT AND OTHER INCOME

	2025	2024
Realized gains (losses) on fixed income investments	**$ 191,236**	$ (36,649)
Realized gains on equity investments	**3,704,190**	2,780,031
Unrealized gains on commitments	**—**	3,928
Unrealized gains (losses) on equity investments	**(1,055,741)**	1,059,102
Interest and dividends on managed investments	**1,294,407**	1,222,088
Other investment income	**65,808**	86,451
Gain on sale of vehicles *(Note 15)*	**2,883**	10,883
	$ 4,202,783	$ 5,125,834

10. LEASE LIABILITIES

	2025	2024
Lease payable to Toyota Financial Services, repayable in equal monthly instalments of $651 including an implicit interest rate (6.59% per annum), until the end of the lease term on April 17, 2028.	**$ 16,699**	$ 22,953
Lease payable to O'Regan's Lexus, repayable in equal monthly instalments of $899 including an interest rate of 2.00% per annum, until the end of the lease term on February 2, 2029. The interest rate represents the estimated rate NSCUDIC would pay to borrow funds over a similar term, and with similar security.	**33,153**	—
Lease payable to The Waterfront South Bedford Incorporated.	**260,911**	42,239
	310,763	65,192
Less: current portion of lease liabilities	**(60,492)**	(48,731)
	$ 250,271	$ 16,461

The Waterfront South Bedford Incorporated lease

On June 2, 2025, NSCUDIC extended its premises lease with The Waterfront South Bedford Incorporated for a further five-year term commencing January 1, 2026 and expiring December 31, 2030. Minimum future principal payments under this lease are as follows:

2026	43,318
2027	48,917
2028	53,279
2029	57,054
2030	58,205

The lease liability was measured using an interest rate of 2.00% per annum, representing management's estimate of the rate NSCUDIC would pay to borrow funds over a similar term and with similar security. Under the lease agreement with The Waterfront South Bedford Incorporated, NSCUDIC also pays $3,525 per month for common area and cleaning charges. Common area and cleaning charges are recorded in occupancy expenses.

During the year, NSCUDIC's lease payments totaled $58,524.

11. EXPENSES

	2025	2024
Board and committees	**$ 141,009**	$ 130,710
Contracted services and expenses	**86,257**	63,655
Depreciation	**119,503**	107,835
Insurance	**26,016**	23,455
Interest on capital leases	**5,111**	2,557
Legal and consulting	**43,024**	8,329
Occupancy	**42,298**	40,856
Office and staff functions	**115,583**	121,000
Professional fees	**265,143**	221,430
Risk management programs	**—**	5,000
Salaries and employee benefits	**1,333,702**	1,139,459
Telephone	**24,014**	23,514
Travel	**101,307**	75,273
	$ 2,302,967	$ 1,963,073

12. INCOME TAXES

NSCUDIC is a deposit insurance corporation for income tax purposes and is subject to income taxes on its taxable income at the statutory rate prescribed for deposit insurance corporations. Income for tax purposes excludes assessments made against credit unions. Also, no deduction may be made against income for tax purposes for financial assistance given to or paid on behalf of credit unions.

NSCUDIC has accumulated non-capital losses for tax purposes which are available to reduce taxable income in future periods. The potential tax savings from claiming the losses have not been recorded.

The losses expire as follows:

2029	$ 25,417
2030	663,694
2031	503,872
2032	539,388
2033	323,956
2034	390,113
2035	309,384
2036	788,447
2037	453,686
2038	312,404
2039	583,267
2040	212,187
2041	268,078
2042	193,252
2043	58,658
	$ 5,625,803

13. CAPITAL MANAGEMENT

NSCUDIC's objectives with respect to capital management are to safeguard the entity's ability to continue as a going concern so that it can continue to operate as a deposit insurance provider for the Nova Scotia Credit Unions, including the provision of stabilization funds as needed.

14. FINANCIAL INSTRUMENTS

Class disclosure

The following is the disclosure of financial assets by class:

	2025	2024
Amortized cost		
Cash	**$ 6,227,424**	$ 4,414,817
Accounts receivable	**66,571**	119,233
Prepaid expenses	**32,108**	59,404
	$ 6,326,103	$ 4,593,454
FVTOCI		
Fixed income investments	**$ 38,325,760**	$ 28,918,384
FVTPL		
Equity investments	**$ 15,542,388**	$ 22,454,759
Other investments	**3,127,958**	1,345,556
	$ 18,670,346	$ 23,800,315

The following is the disclosure of financial liabilities by class:

Amortized cost	2025	2024
Accounts payable and accrued liabilities	**$ 335,631**	$ 288,919
Unclaimed balances	**2,207,923**	1,974,221
Lease liabilities	**310,763**	65,192
	$ 2,854,317	$ 2,328,332

Financial risk management

NSCUDIC is exposed to risks of varying degrees of significance including credit risk, liquidity risk and market risk which could affect its ability to meet its obligations. The main objectives of NSCUDIC's risk management processes are to properly identify risks and maintain adequate capital in relation to these risks.

Credit risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to comply with the terms of the contract. Credit risk may arise from principal and interest amounts in NSCUDIC's investment portfolio.

NSCUDIC manages credit risk through adherence to board-approved policy and practice for the acquisition of investments. Safety of principal is accomplished by ensuring that all investments purchased are reasonable and prudent. Investment decisions are made with due diligence to avoid undue risk of loss while obtaining a reasonable return. The credit risk within the pooled funds is managed by the investment manager in accordance with NSCUDIC's investment policies.

NSCUDIC monitors investments on a monthly basis. The status of the investment portfolio in relation to performance targets and limits is reported to the board at each regular board meeting. An exception to policy will be reported immediately to the chief executive officer and to the audit committee.

The table below shows the credit risk exposure of investments, by issuer, at the end of the reporting period:

	2025	2024
Government	**$ 27,888,234**	$ 23,007,574
Corporate	**10,437,526**	5,910,810
	$ 38,325,760	$ 28,918,384

Liquidity risk

Liquidity risk relates to the possibility that NSCUDIC does not have sufficient cash or cash equivalents to fulfil its financial obligations as they come due. In order to mitigate this risk, a significant portion of NSCUDIC's investments are classified as "available-for-sale" and are readily redeemable or saleable and can be sold if the need arises.

Market risk

Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices. Investments are carried on the balance sheet at fair value and are exposed to fluctuations in fair value. Changes in unrealized gains (losses) of fixed income investments are recorded as other comprehensive income, changes in unrealized gains (losses) of equity investments are recorded as investment and other income. Impairments, other than temporary impairments are recognized immediately in net income, net of tax. Market risk comprises the following two types of risk:

Currency risk

Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign rates. NSCUDIC manages currency risk through its investment policies by restricting foreign investments to US securities and placing limitations on securities denominated in US dollars. Gains and losses on US securities are recognized in income during the current period in Canadian dollars.

Interest rate risk

Interest rate risk relates to the possibility that fixed income investments will change in value due to future fluctuations in market interest rates. As fixed income investments are carried at their fair value, the carrying value of investments has exposure to interest rate risk. NSCUDIC is also exposed to interest rate risk on investment returns on reinvestment following maturity or sale. Fluctuations in interest rates may adversely impact NSCUDIC's fair value of investments. NSCUDIC's investment manager monitors duration and re-pricing risk of fixed income investments.

The investment portfolio is monitored by management on a monthly basis to ensure compliance with the policies, and reported to the board at each regular board meeting.

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	2025	2024
Short-term benefits	**$ 360,744**	$ 352,325
Post-employment benefits	**22,050**	21,000
Total salaries and benefits	**$ 382,794**	$ 373,325

The remuneration of directors and key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends.

Retirement savings plan contributions

NSCUDIC contributes to retirement savings plans on behalf of all employees. Each employee contributes 6% of earnings and NSCUDIC contributes 8%. The cost to NSCUDIC is included in salaries and employee benefits expense (2025 - $91,377; 2024 - $81,963).

Employee future benefits

NSCUDIC has a defined benefit plan that provides a retirement benefit to employees. Retiring employees shall receive a retiring allowance of one week's pay for each year of service to a maximum of twenty-eight weeks. The weekly rate of pay for this calculation is based on an average of the employee's best five years of earnings.

Vehicle sales

During the year, NSCUDIC sold a vehicle to an employee in accordance with its Corporate Automobile Policy. The vehicle had a carrying value of $17,638 at the time of sale. The total proceeds from the sales amounted to $20,521, resulting in a gain of $2,883, which is recognized in investment and other income.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, NSCUDIC takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for disclosure purposes of these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of their inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

NSCUDIC considers the carrying amount of financial assets and liabilities, other than investments, recognized in the financial statements to approximate their fair values.

Fair Value Hierarchy Investments

	2025	2024
Level 1	**$ —**	$ —
Level 2	**56,996,106**	52,718,699
Level 3	**—**	—
	$ 56,996,106	$ 52,718,699

The fair values of the financial assets included in the Level 2 category above have been determined in accordance with generally accepted pricing models based on either quoted prices obtained from RBC or a discounted cash flow analysis, with the most significant inputs being the appropriate discount rate for the instrument, which is obtained from observable data for similar instruments.

There have been no transfers between levels in the hierarchy and no changes to the valuation methods during the period.

Serving NS

Serving the Credit Unions of Nova Scotia

Acadian Credit Union
Bay St. Lawrence
Caisse populaire de Clare
Cape Breton Credit Union
Coastal Financial Credit Union
Credit Union Atlantic
Dominion Credit Union
East Coast Credit Union
Glace Bay Central Credit Union
iNova Credit Union
Mosaik Credit Union
New Waterford Credit Union
Princess Credit Union
Public Service Commission Employees
St. Joseph's Credit Union
Sydney Credit Union
Teachers Plus Credit Union
Valley Credit Union

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