



EQUITY

Credit Union

2024
ANNUAL
REPORT

Welcome to Equity. Where You Belong.

equitycu.com

What makes credit unions different?

Ownership

Any person can join Equity Credit Union and become a member. Membership in the credit union means you are a shareholder, and every member has one vote. As a shareholder in the financial institution, you have a right to a say in the overall direction of the credit union, run for election to the board, and elect directors to the board.

Service

Credit unions have long served their members' financial needs and pride themselves on providing friendly and responsive service.

Choice

Credit unions offer a wide range of financial products and services, including chequing accounts, credit cards to Interac, E-transfers, remote deposit service, and Internet banking.

Competitive prices

Interest rates and service charges are comparable and sometimes better than banks.

Commitment to the community

Profits are reinvested in the credit union and the communities we operate in keeping with our co-operative principles.

82nd Annual Meeting

Wednesday, April 16, 2025 - 7:15 pm

Ajax Convention Centre
550 Beck Crescent
Ajax, Ontario

Agenda

- Registration of members
- President's Welcome
- Minutes of 81st Annual Meeting
- Reports from:
 - Board of Directors
 - Chief Executive Officer
 - Senior Lending Officer
 - Audit Committee and Auditor
- Appointment of the Auditor
- Election of Directors
- Report of the Chairperson of Elections
- Unfinished Business
- New Business
- Adjournment
- Draw for prizes

Board of Directors

Name	Position	First Year Appointed	Current Term Year of Expiration
John Loreto	Chair	2009	2026
Art Jessop	Vice Chair	2007	2025
Vishal Pua	Corporate Secretary	2022	2025
Bonnie Downing		2011	2026
Bill Downing			2026*
Elizabeth Ramsay		2024	2027
Jeannine Wilson		2016	2025
Larry Biancolin		2015	2027
Michael Addante		2024	2027

*The Board appointed Bill Downing to replace Nisha Thayan, who resigned in May 2024 before the end of her term in 2026. Four Board positions will be up for election at this AGM.

Staff

Name	Position
Thomas Dimson	Chief Executive Officer
Louise Robichaud	Chief Financial Officer
Paula Goncalves	Administration/Office Manager
Nancy Smith	Manager, Lending Operations and Business Development
Gaetane Gilbert	Administration Officer
Joanne Key	Loan/Mortgage Officer
Mirella Rizzo	Mortgage Administrator
Debbie Saboe	Member Services Officer
Jannette Pantalleresco	Member Services Officer

Auditor

Baker Tilly KDN LLP – Licensed Public Accountants

EQUITY CREDIT UNION INC.

**Minutes of the Annual General Meeting
April 17, 2024**

The 81st annual general meeting of the members of Equity Credit Union Inc. was held on Wednesday, April 17, 2024 at the Ajax Convention Centre, 550 Beck Crescent, Ajax, Ontario. This meeting was held with all participants present in person. The registration of members had taken place prior to the meeting beginning at 6:00 p.m.

1. OPENING OF THE MEETING

In the absence of Larry Biancolin, the Chair of the Board of Directors, the Vice-Chair, Bonnie Downing, served as Chair of the meeting and welcomed the members at 7:10 p.m. She briefly explained the meeting procedures and advised with regard to voting, that the names of Board members had been arranged as the movers and seconders of motions.

Announcement of Quorum

The Corporate Secretary, John Loreto, reported that at this time over 98 members and 7 guests had registered which constituted a quorum. There being a quorum, Mr. Loreto declared the meeting legally constituted to conduct the business and called the meeting to order at 7:15 p.m. The final attendance was 120 members and 7 guests.

2. INTRODUCTIONS

Ms. Downing introduced the members of the Board noting again that the Chair, Larry Biancolin, was away and unable to attend.

Bonnie Downing	Vice-Chair
John Loreto	Corporate Secretary
Art Jessop	Director
Vishal Pua	Director
Nisha Thayan	Director
Jeanine Wilson	Director

Ms. Downing stated with regret that Craig Nichols, a long-time member of the credit union and a Director on the Board for 15 years had passed away suddenly in late December. She spoke of his hard work and

dedication to the credit union and stated that he will be missed. His term was scheduled to expire in April 2024.

The Chair then advised that Adil Qureshi, a member and Director for several years, had recently resigned and would not be standing for re-election. She then introduced the Credit Union's staff stating that Nancy Smith, Manager of Lending Operations and Business Development, was away and unable to attend.

Tom Dimson	Chief Executive Officer
Louise Robichaud	Chief Financial Officer
Paula Goncalves	Administration and Office Manager
Gaetane Gilbert	Administration Officer
Joanne Key	Loan and Mortgage Officer
Mirella Rizzo	Mortgage Administrator
Debbie Saboe	Member Services Officer
Jannette Pantalleresco	Member Services Officer

The Chair welcomed and introduced the following guests:

Sreejith Lal	FSRA Representative
Denise Jones	Partner and Auditor, Baker Tilly, Chartered Professional Accountants
Heidi Campbell	Auditor, Baker Tilly, Chartered Professional Accountants
Penny-Lynn Rintoul	Legal Counsel, RZCD Law Firm
Garry Jones	Internal Auditor, JS Consultants
Chris Durward	Durward Wealth Management, RBC Dominion Securities
Carol Lewis	Recording Secretary

3. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The minutes of the 80th annual general meeting held April 12, 2023 had been distributed to the members and posted on the website for review in advance of the meeting.

On a motion by Art Jessop, seconded by John Loreto, it was resolved to adopt the minutes of the annual general meeting held April 12, 2023 as written. **The motion was carried unanimously.**

4. REPORTS

The formal report of the Board for the fiscal year 2023 had been posted on the Credit Union's website for the members' review prior to the meeting. The Chair, on behalf of the Board of Directors, commended the results achieved in 2023 through the effective and dedicated work of the Board and the unwavering commitment of Tom Dimson and his team.

REPORT FROM THE BOARD OF DIRECTORS

Tall and Strong

Standing strong is the takeaway message from 2023. On reflection of the past year's challenges, we appreciate our results this year. Inflation had not yet eased and interest rates were still high. Housing affordability was and is a preoccupation for anyone under 35, maybe even 40. Labour strikes and tough salary negotiations all around.

As you are aware, our members saw in 2023 very attractive deposit rates, higher than in 2022. The Bank of Canada's message we heard in the headlines of "higher and longer" has impacted our results for this year and will impact our plan for next year.

Looking ahead

To see where we can go, we look at where we have been and where we are today. The credit union's performance of the past five years, both in absolute terms and relative to its peers, has been more than strong. We were quite proud of our achievements in 2022 but very proud of our resilience in 2023. The credit union, I can report, is standing and standing very solidly. That gives me comfort and should provide some to you as well as you continue to rely on us to provide you with your financial services. With the size, strength and stability of our credit union, we are well-positioned for sustainable growth and performance.

An effective Board and commitment to good governance

The Board welcomed one new Director, Nisha Thayan, who was elected at the last annual general meeting. Craig Nichols, a valued member of the Board for close to 15 years, passed suddenly late last year. We will miss him professionally and personally. The Board looks forward to working with the Directors that will be elected this year. We see value in a diverse Board to ensure that we have the full benefit of the varied talents, knowledge, and work and life experiences that only diversity can bring.

The Board members have worked diligently to perform their duties. We monitor and manage conflicts of interest with the utmost care to ensure that proper governance remains a priority.

Recognizing our management team

On behalf of you, our members, we extend our thanks to Tom Dimson, Chief Executive Officer, and his team for their unwavering commitment to upholding our cooperative values. We pause to recognize Tom's efforts in keeping us on a solid path over these last 30 years. His leadership and motto of "One member at a time and One day at a time" has steered us from our humble beginnings to what we are today. We recognize Nancy Smith, Manager of Lending Operations, for her 35 years of service. She is our longest serving employee helping us grow our lending portfolio to what it is today. And, on behalf of the Board, we extend our thanks to you, our members, for the trust you continue to place in us to represent your interests.

The year ahead promises to be one full of opportunities. We are invigorated to face the new year. We are confident that your credit union delivers value to you.

Board Gender Diversity Report

As required under the new CUCPA, the Board's gender diversity report advised that of the nine-member Board, four members are male and three members are female. Three of the Credit Union's committees are chaired by women.

On a motion by Jeannine Wilson, seconded by Art Jessop, it was resolved to accept the report of the Board of Directors for 2023. **The motion was carried unanimously.**

Recognition for Years of Service

The Chair congratulated three employees for their years of service – Tom Dimson celebrating 30 years of service, Nancy Smith celebrating 35 years of service and Jannette Pantalleresco celebrating 5 years of service service – and invited them to receive their recognition awards.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Mr. Dimson's formal report contained in the Annual Report for 2023 had been posted on the website for the members' review.

Service, Trust and Integrity

Equity Credit Union has a long history beginning in 1943 as an employee-based credit union focussed on assisting the employees of Lever Brothers. It was housed in the plant located at the base of the Don Valley Parkway and Lakeshore Boulevard in Toronto. It began with a part-time Lever Brothers employee collecting deposits from the staff. Over the years, there have been a few name changes as well as location changes. The credit union opened membership to all community residents and made a new home in the Durham Region in 2010.

Reflecting on my 30 years, when I joined in 1993 the credit union had \$18 million in assets. At the end of 2023, 20 years later, it had \$345 million in assets. I am very proud of this and of our team. We are a credit union rooted in traditional values of service and the foundation of the relationships we build with current and new members who come through our doors. For over 80 years, we have kept the lights on and provided our members with dependable service, a secure home for their finances, and a means of opportunity. We remain grounded and determined in our mission to grow and prosper together.

The year 2023 saw record-breaking interest rates to the delight of some and the horror of others. I am sure I said this last year that the Durham Region continues to grow and this continues to be true. New construction is in every neighbourhood. We have confidence that our community continues to retain and attract newcomers. We look forward to working with families acquiring their first or a larger home in our community. We are mindful that each of you is an individual with unique financial needs and goals. Assisting you in achieving and maintaining your "financial freedom" is what motivates us year after year to strive for excellence in the service we provide and the products we deliver. While we operate as a business by providing products and services to individuals and collect revenue in the process, it is what we do with this revenue that makes the difference. The concept is simple. We return the profit we earn back to you in the form of great rates, enhanced products and services, no-fee banking and by doing right by the community we serve.

Our Year-End Review

The credit union ended the year with a solid capital and liquidity position. Profits were not as rich as in 2022 but we do understand why and know what we need to do. To network among the local business community we are members of the Pickering/Ajax Board of Trade. We highlighted our initiatives through our regular marketing channels including our website, emails, in-branch marketing and increased coverage through social

media vehicles such as Facebook and Instagram. We encourage our members to actively engage with us through these social media platforms.

Community Support

We were pleased this year to financially support and participate in the CU Succeed Youth Bursary Program through the Ontario Credit Union Foundation. One of our members earned a bursary under the program. Congratulations and great news!

Financial Focus

We focussed on managing our current asset base to ensure a brighter future. \$1 million in profit after taxes was recognized in the year. Our assets increased by \$2.5 million with a closing balance sheet size of \$345 million. This represents a 1 percent increase over 2022 assets. Our deposit base, which reflects total member deposits, held steady at \$319 million. Total membership increased by a net of 82 members. The credit portfolio increased by \$7 million or 2 percent. All of the growth came from residential mortgages. These loans are secured by mortgage registrations. Growth in loans was lower than expected this year with higher interest rates. We note that house prices had adjusted and that the size of a new mortgage continues to remain high. Total regulatory capital increased at year-end to \$19 million, or by 6 percent, and our leverage capital ratio increased to 5.63 percent. Our total risk-weighted assets capital ratio was strong at 20.50 percent. The minimum regulatory capital requirement is 3 percent and 10.5 percent for the risk-weighted assets capital ratio. Our policies set a minimum target for the capital ratio at 5.25 percent and 16 percent for the risk-weighted assets capital ratio. Our position exceeds both our policies and regulatory minimum requirements.

Performance Indicators	Minimum Regulatory Requirements	ECU Policy Requirements	2023	2022
Regulatory Capital \$			\$19.4 million	\$18.3 million
Leverage Capital Ratio	3.00 %	5.25 %	5.63 %	5.35 %
Risk-weighted Assets Capital Ratio	10.50 %	16.0 %	20.5 %	19.5 %

Interest income of \$16 million (2022 - \$13 million) was earned from loans which grew by 17 percent in the year as a result of the growth earned in 2022. Rates for loans have risen through each quarter as the Bank of Canada raised rates throughout the year. Investment income increased by 191 percent. This was a result of the increase in market rates paid on our investments and cash held as liquidity. Liquidity investments must be maintained as a regulatory requirement. These investments are subject to interest rate risk.

Generally, the credit union has a no-fee mandate, thus it does not earn significant other income from members' fees as compared to many other financial institutions. Other income includes that earned from collaborative arrangements with partners. Members were allocated \$13.3 million (2022 - \$7.5 million) as interest on their deposits which represents a growth of 78 percent compared to 2022. This net increase is a combination of interest expense paid tied to our increase in deposit balances in 2022 and the impact of higher rates paid on renewals and new term deposits. Rates on term deposits rose through each quarter of the year in alignment with the Bank of Canada's rate increases.

A provision for credit losses of \$59,000 was recognized this year compared to a provision of \$1,000 in 2022. The credit union maintained a strong provision for credit losses with an ending balance of \$527,000. Our Board and auditors support this amount as it is set aside against future loan loss contingencies. Though the pandemic affected operations and many members, loan write-offs in 2023 amounted to \$12,053. Our operating efficiency ratio sits at 64 percent (2022 - 55 percent). This means that for every dollar of expenses, \$1.60 is earned in income (2022 - \$3.00).

Rising interest rates are impacting our net interest margins. The credit union did, even under these conditions, retain its financial strength and prospered during the year. We are pleased to report our results to the membership this year.

Plans For Tomorrow

The credit union will stay on course and will be mindful of its pricing decisions. Our focus will be to balance capital and growth to ensure our adherence to key regulatory requirements. Throughout the year, the credit union will continue to review products and services which may be beneficial to the membership. The credit union is staffed with seasoned employees who are solid ambassadors and deliver superior member service.

The past year was a test of our resilience. Working within this cooperative model, our members remained central to every decision we make as an organization. The greatest testament to our legacy is that over all these years, we have held to our founding principle of serving our members above all else. Creating a stable financial environment while delivering superior member service and upholding our cooperative banking principles is paramount to our continued success.

I emphasize that deposit insurance provided by our regulator, Financial Services Regulatory Authority of Ontario (FSRAO) covers registered deposits at 100 percent. This is not available at a bank. Non-registered deposits are covered up to \$250,000 per member. Note that the credit union contributed as part of its annual assessment under FSRA, \$239,000 to the Deposit Insurance Reserve Fund in the year.

The credit union continued to offer no-fee banking and "keeps more money in our members' pockets". Our members can access our services and our team through various channels. We have launched a First Home Savings Account and look forward to partnering with our members in achieving their home ownership dreams. We ask that our members who experience financial difficulties in meeting their mortgage and loan payments reach out to us and access our tools to assist you. We promise that we will continue to live our cooperative values while protecting the capital that our depositors have entrusted to us.

Acknowledgments

I take this opportunity to recognize the efforts of our team. Their commitment to providing superior member service rewarded the credit union with growth above expectations. Their dedication to supporting our depositors virtually ensures that our members can access our services and financial product offerings.

I express my thanks on behalf of the team for the ongoing support and mentorship provided by our Chair, Larry Biancolin, and the members of the Board throughout this year. They have provided a solid foundation for our strong core governance framework adding value to the credit union. Our members' confidence in our credit union is not misplaced. Keeping the trust of our members is critical to the credit union's ongoing success. We recognize that trust is not something that is given easily or flows from a single interaction. Nowhere is trust more important than in the financial services business where we make promises to our members every day--

promises you trust us to keep for years to come. The opportunity to serve our members in their financial transactions that support their economic freedom and financial well-being is a privilege for me and our team. I along with my team, thank you, our members, for your trust and continued patronage.

OVERVIEW OF 2023

Year End Management Review

\$1 million profit 5.63% leverage capital ratio 9.50% liquidity 0.17% loan delinquency over total assets 19.50% risk weighted ratio

Further to his formal report, Mr. Dimson stated that he is proud of the credit union's results in 2023 which were due to a total team effort by the Board and staff.

- Assets increased by \$2.5 million.
- Mix of assets indicated residential mortgages 90.9%, cash 8.8%.
- Loans to members were mortgages 70.6%, insured mortgages 25.3%, Merit Lines 4.1%. The credit portfolio had a net increase of \$6.1 million.
- Mix of liabilities was term deposits 59.6%, RRSP 10.1%, TFSA 9.7%, RRIF 8.0%, Equity 5.5%, saving 4.9%, other 2.1%.
- Member deposits were slightly lower, \$318.9 million in 2023, \$319.4 million in 2022.
- Profit - net comprehensive income - was \$1,045,176.
- Interest income on loans was \$15,610 in 2023 compared to \$12,928 in 2022 with steady growth over five years.
- Interest expense on deposits was \$13,264 in 2023 compared to \$7,465 in 2022.
- Income mix was mortgages 93.1%, investment 6.3%, other 0.3% loans 0.2%.
- Expense mix was 58.4% term deposits 13.7%, operating, 8.6%, RRSP, 8.6%, TFSA, 6.4% RRIF, 3.3% other, 1.1% savings.
- Margins narrowed in a rising rate environment.
- Bad debt expense: the credit union wrote off only \$12,053 on a credit portfolio of \$313,515,564. Mr. Dimson stated that the members had been resilient in the face of rising interest rates and advised that the credit union has set aside a general allowance in the event there is deterioration.
- Capital continued to increase and grow stronger at \$19.4 million up by \$1 million from 2022. The capital ratio of 5.63% was above the policy of 5.25% and well above the minimum regulatory amount of 3%.
- Net membership increased by 82 members.

Mr. Dimson stated that, overall, he is very satisfied with the 2023 results adding that the growth in assets is a key driver for the credit union's long term strength while growth in member deposits is critical for its ability to finance the members' requirements. Noting that the credit union is provincially regulated, he reminded the members that their registered deposits carry unlimited insurance. Non-registered deposits are insured to a maximum of \$250,000 per member.

Outlook for 2024

Mr. Dimson stated that in 2024 the credit union will continue to move its business forward specifically with regard to the following being mindful of the word "recession" and its potential to impact business:

- the housing market with sales activity being up and down,
- inflation which, hopefully, is on a downward trajectory,
- the Bank of Canada holding its overnight lending rate steady at 5.0 percent although there was some speculation that it might drop off in June or July depending on the data,
- liquidity, which has been increased to meet any unforeseen circumstances,
- the 2024 business plan to increase the balance sheet by 10 percent by year end through a combination of mortgage and deposit growth,
- growth in membership by a net 100, and
- very competitive rates and continued no-fee banking.

Mr. Dimson summarized that the credit union will continue to assist members by phone, in person and by the internet with the Board being fully committed to ensure that the credit union remains strong. He referred to having relocated to Ajax in 2010 stating that it has been fantastic and an excellent move. He reminded the members of online banking including remote deposits, the ability to set up linked accounts to other financial institutions, 24/7 banking and The Exchange Network where members can withdraw and deposit with no fees charged. In addition, the credit union had recently established a special saving plan, the First Home Saving Account, which carries a tax deduction and on its internet banking platform has added a "2FA" security access system for further protection against fraud and theft. He asked the members not to hesitate to contact him at any time with any questions, concerns or comments.

In closing, Mr. Dimson stated that at the end of 2023 the credit union was in excellent financial shape adding that the Board, Management and Staff will continue to cultivate confidence to develop and maintain members' loyalty through trust and security. Noting the challenge of having to deal with more players in the financial marketplace (banks and other alternatives) he stated that Equity Credit Union wants to be #1 with its members. He invited questions from the members and reminded them to fill out the questionnaire that had been handed out at registration which would be picked up at the end of the meeting. There were no questions or comments.

The Chair called for a motion to accept the report of the Chief Executive Officer.

On a motion by Nisha Thayan, seconded by Jeannine Wilson, it was resolved to accept the report of the Chief Executive Officer for 2023.

The motion was carried unanimously.

REPORT OF THE MANAGER OF LENDING OPERATIONS

On behalf of Nancy Smith, Manager of Lending Operations, the Chief Executive Officer presented her written report also displayed on the overhead screen.

During the year 2023, the credit union reviewed a total of 204 loan applications compared to 374 for the prior year. Of these, \$3 million new loans were granted totalling \$41 million compared to \$136 million for the prior year; 121 were denied compared to 148 in the prior year. The loan categories were:

	2023	2022
Category	# loans	# loans
residential mortgages/merit lines	75	206
commercial mortgages	0	0
personal loans and lines of credit	8	20
	\$ amounts granted	\$ amounts granted
	\$ 41 million	\$ 133 million
	nil	nil
	\$ 115 thousand	\$ 2.8 million

At year end, total loans outstanding were \$314 million compared to \$307 million in 2022. This resulted in an overall increase of \$7 million or 2 percent. As of December 31, 2023, there were 3 impaired loans totalling \$1.2 million (2022 - nil). All three impaired loans were fully secured by residential real estate.

Our net delinquency ratio remained low at essentially zero. We wrote off \$12,053 (2022 - \$2,000) in loan bad debts and charged a provision of \$60,000 to operations compared to \$1,000 for the prior year. We have set aside a provision for credit losses of \$527,000 (2022 - \$480,000) which represents 0.17 percent (2022 - 0.16 percent) of the total loans outstanding. We believe this provision is reasonable for our loan portfolio. Mr. Dimson asked if there were any questions; none were received.

On a **motion** by John Loreto, **seconded** by Jeannine Wilson, **it was resolved** to accept the report of the Manager of Lending Operations for 2023.

The motion was carried unanimously.

REPORT OF THE AUDIT COMMITTEE

Jeannine Wilson, Chair of the Audit Committee, advised that the Committee, comprised of four Directors, herself, John Loreto, Art Jessop and Nisha Thayan, held four meetings during 2023. The committee arranges its agenda so that on an annual basis, the following duties are performed and appropriate action is taken as a result thereof:

- Review the policies, procedures and controls relating to legislative compliance with a particular focus on capital adequacy, risk weighting of assets and liquidity;
- Review quarterly reports prepared by the Internal Auditor regarding internal controls and policy compliance;
- Recommend the appointment of the External Auditor to the Board of Directors and the members at the annual general meeting;
- Review the qualifications, independence and performance of the auditors;
- Serve as the principle communication link between the External Auditor and the Board of Directors and, in particular, review and agree to the External Auditor's Terms of Engagement and Scope of Audit;
- Review the requirements for adherence to the new accounting policies as they relate to International Financial Reporting Standards (IFRS).

The Audit Committee conducted its affairs in accordance with the Credit Unions and Caisses Populaires Act (the "Act") and regulations as well as the credit union's By-laws. The Committee issued reports and made

recommendations to the Board of Directors or Senior Management as appropriate concerning the matters outlined above and followed up to ensure that the recommendations were considered and implemented.

The Audit Committee was pleased to report to the members that it received full co-operation and support from Management to enable it to play an effective role in improving the quality of financial reporting to the members and enhancing the overall control structure of the credit union. There were no significant recommendations made by the Audit Committee that had not been either implemented or were in the process of being implemented. In addition, there were no matters which the Audit Committee believed should be reported to members, nor were there any further matters which were required to be disclosed pursuant to the Act or the regulations thereto.

There were no questions or comments.

On a **motion** by Art Jessop, **seconded** by Nisha Thayan, **it was resolved** to accept the report of the Audit Committee for 2023.

The motion was carried unanimously.

At this time, Jeannine Wilson, as Chair of the Audit Committee, introduced the Auditor, Denise Jones of Baker Tilly, Chartered Professional Accountants, to present the External Auditor's report. Baker Tilly had been nominated and approved by the membership in the previous year to fulfill the statutory requirement to provide an audit opinion on the credit union's financial statements as prepared by Management and according to the requirements of the Credit Unions and Caisses Populaires Act.

Ms. Jones stated that the credit union plays a vital role in its service to members and is accountable to them. The external auditor provides a systematic, objective and independent audit to assure the accuracy and integrity of the financial reporting systems according to generally accepted audit procedures. The audit undertaken ensured that the credit union's audited financial statements for the fiscal year ended December 31, 2023 were free of material misstatement and did not identify any financial risks including fraud and theft. The audit was thorough and confirmed member loans.

Ms. Jones stated that the audited financial statements present fairly in all material respects the financial position of the credit union on December 31, 2023 and its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRS). The credit union complied with all regulatory requirements; a summary of the audited statements had been included in the package.

At this time, Ms. Jones presented highlights of the audited statements noting that the credit union is member-based. The balance sheet was healthy with an increase in retained earnings of \$18,808,597 and total assets of \$344,921,639 of which 91% represented member loans. Member deposits totalled \$325,625,720 being 99% of total liabilities of \$326,113,042. On the statement of income, member loan interest income at \$15,609,865 represented 93% of interest and investment income which totalled \$16,668,931. Under deposit income interest expense, member deposits were \$13,264,157 of the total of \$13,338,220. Operating expenses of \$2,139,952 represented a 10% increase over 2022. The provision for credit losses was \$59,063.

Ms. Jones expressed confidence in the audited financial statements and thanked the Board, Management and members for their cooperation and for the privilege for Baker Tilly to serve as auditors of Equity Credit Union. She invited questions from the members, none were received.

On a **motion** by Art Jessop, **seconded** by Nisha Thayan, **it was resolved** that the audited financial statements for the fiscal year ended December 31, 2023, be approved as presented.

The **motion was carried unanimously**.

5. APPOINTMENT OF AUDITORS

Jeanine Wilson, Chair of the Audit Committee, stated that the committee wished to recommend the reappointment of Baker Tilly, Chartered Professional Accountants, for the fiscal year ending December 31, 2024.

On a **motion** by Jeanine Wilson, **seconded** by Vishal Pua, **it was resolved** that Baker Tilly, Chartered Professional Accountants, be appointed as Auditor of Equity Credit Union Inc. for the fiscal year ending December 31, 2024.

The **motion was carried unanimously**.

6. ELECTION OF DIRECTORS

The Chair advised that four Directors were to be elected at this annual general meeting for four places on the Board of Directors. There being four openings on the Board and four candidates for election, Larry Biancolin, John Loreto, Betty Ramsey and Michael Addante were elected by acclamation. They were invited to introduce themselves.

In his absence, the Chair spoke on behalf of Larry Biancolin stating that he has had three terms as a Director serving twice as Chair and been active on the Finance, HR, Marketing, Policy, Audit and ERM Committees. He has had 15 years of experience at the Director level and Vice-President position with small and large corporations and has a wealth of financial acumen and a service-oriented mind-set. He is particularly proud of the continuous support extended to members during times of financial uncertainty, aligning with the credit union's core principle of serving members and positively impacting the communities it serves. In addition to recognizing the team's contributions, it is crucial to acknowledge the dedication and tenure of the Board which sets the strategic direction and ensures effective management oversight. He was enthusiastic about continuing to contribute to the Equity Credit Union's success and advancing its mission.

John Loreto advised that he has been a member of the Board since 2009 that being just prior to the credit union relocating to Ajax following which it grew significantly with a staff second to none. He commented on the credit union's legal, audit and cyber security functions stating that they provide a level of confidence and security to members. He noted briefly the challenging economy in 2023 stating that it had been handled well and was kept on track by Louise Robichaud, the Chief Financial Officer.

Betty Ramsey introduced herself as a real estate broker for 20 years in the GTA and also as a fundraiser for an abused children's help organization. She stated that she was excited to serve on the Board of the credit union which is community based and stated that, being community-based herself, she looked forward to giving to the Board from her years' of experience.

Michael Addante stated that he has been a resident of Pickering / Ajax for 30 years and is the owner and operator of a small home improvement business. He stated that Equity Credit Union is a very important part

of the community and, with his experience in small business, he looked forward to the opportunity to work with his Board colleagues.

7. REPORT OF THE CHAIRPERSON OF ELECTIONS

The election of Directors was by acclamation.

8. UNFINISHED BUSINESS

There were no items of unfinished or other business.

9. NEW BUSINESS

By-law Amendment

The Chair introduced Penny-Lynn Rintoul, the credit union's legal counsel representing RZCD Law Firm LLP, to present FSRA's required amendment to the By-laws concerning the expulsion of a credit union member. The following amendment was then presented and approved:

On a **motion** by John Loreto, **seconded** by Art Jessop, **it was resolved** to amend By-law No. 1 by adding the following as printed:

Whereas the Financial Services Regulatory Authority of Ontario has suggested further amendments to the By-laws recently confirmed by the membership of the Credit Union;

Now therefore be it adopted, and it is so adopted as a By-law of the Credit Union as follows:

1. By-law No. 1 of the Credit Union, as confirmed by the membership on April 17, 2024 (the "General By-law"), be hereby amended by adding the following as new sections 2.08 and 2.09 thereof, and renumbering the subsequent sections of Article 2 thereof accordingly:

Expulsion

2.08 Subject to the conditions and Requirements prescribed in an applicable Authority rule, a member may be expelled from membership, in accordance with these By-laws, by a resolution of the Board, on one or more of the following grounds:

- a) misconduct in the conduct of the member's business with the Credit Union, including without limiting the generality of the foregoing, the operation of any of the member's accounts with the Credit Union;
- b) a failure to continue, for any reason, to hold the required number of Membership Shares in the Credit Union;
- c) a failure to comply with these By-laws; and
- d) a failure to repay indebtedness to the Credit Union.

Subject to the limitations in subsection 54(3) of the Act in respect of the purchase or redemption of shares, the Credit Union shall forthwith pay to anyone so removed from membership any balance standing to the member's credit on the books of the Credit Union.

Expulsion Procedure and Member Rights

2.09

- a) The Board may give ten days' advance notice to a member of intent to remove the member from membership, personally or by prepaid mail addressed to such member at such member's Recorded Address, and, after giving the member an opportunity to be heard and to be represented at the Board meeting by a person authorized under the *Law Society Act* to represent the member, by resolution at a Board meeting, such member may be expelled from membership. The Corporate Secretary shall, within five(5) days after the resolution expelling a member was passed, notify the member of the decision of the Board by registered mail to the member's Recorded Address.
- b) An expelled member may appeal the decision of the Board at the next annual or general meeting of the Credit Union by giving the Board notice of that expelled member's intention to appeal the expulsion within twenty-one (21) days after receiving the notice of expulsion. If written representations of not longer than two thousand (2,000) words from an expelled member appealing that member's expulsion are received by the Credit Union at least seven (7) days before the mailing or publication of the notice of the general meeting, the Board shall, at the expense of the Credit Union, include with the notice of meeting a notice that those representations are available for inspection by members at the head office and branches of the Credit Union. The members of the Credit Union, at that general meeting, by resolution passed by a majority of the votes cast at the meeting, may confirm, vary, or set aside the Board's decision to expel the member.

2. The General By-law be further amended by adding the words, "or until the director's successor is elected", to the end of section 4.01 (b) thereof.

3. In all other respects the General By-law is hereby ratified and confirmed.
The motion was carried unanimously.

Chair
Larry Biancolin

Corporate Secretary
John Loreto

PASSED by the Board of Directors of the Credit Union this 17th day of April 2024.

WITNESS the corporate seal of the Credit Union.

CONFIRMED by two-thirds of the votes cast at an annual general meeting of the members of the Credit Union duly held at Ajax, Ontario, this 17th day of April 2024.

FILED with the CEO this 18th day of April 2024.

10. TERMINATION OF THE MEETING

Ms. Downing thanked the members for attending and contributing to make Equity Credit Union a stronger credit union for all members.

There being no questions or comments, and the business of the meeting having been completed, the Chair called for a motion to terminate the meeting.

On a motion by John Loreto, seconded by Jeanine Wilson, it was resolved at 8:06 p.m. to terminate the 81st annual general meeting of Equity Credit Union Inc.
The motion was carried unanimously.

Chair
CL/cl

Corporate Secretary

EQUITY CREDIT UNION INC.

LIST OF MOTIONS
Annual General Meeting, April 17, 2024

1. **Approval of Minutes**
On a motion by Art Jessop, seconded by John Loreto, it was resolved to adopt the minutes of the Annual General Meeting held April 12, 2023.
The motion was carried unanimously.
2. **Approval of Report of Board of Directors**
On a motion by Jeannine Wilson, seconded by Art Jessop, it was resolved to accept the Report of the Board of Directors for 2023.
The motion was carried unanimously.
3. **Approval of the Report of the Chief Executive Officer**
On a motion by Nisha Thayyan, seconded by Jeannine Wilson, it was resolved to accept the report of the Chief Executive Officer for 2023.
The motion was carried unanimously.
4. **Approval of the Report of the Manager of Lending Operations**
On a motion by John Loreto, seconded by Jeannine Wilson, it was resolved to accept the report of the Manager of Lending Operations for 2023.
The motion was carried unanimously.
5. **Approval of the Report of the Audit Committee**
On a motion by Art Jessop, seconded by Nisha Thayyan, it was resolved to accept the report of the Audit Committee for 2023.
The motion was carried unanimously.
6. **Approval of the Auditor's Report**
On a motion by Art Jessop, seconded by Nisha Thayyan, it was resolved that the audited financial statements for the fiscal year ended December 31, 2023 be approved as presented.
The motion was carried unanimously.
7. **Appointment of Auditor**
On a motion by Jeannine Wilson, seconded by Vishal Pua, it was resolved that Baker Tilly Chartered Professional Accountants, be appointed as Auditor of the Credit Union for the fiscal year ending December 31, 2024.
The motion was carried unanimously.

8.

Approval of Amendment of By-law 1

On a motion by John Loreto, seconded by Art Jessop, it was resolved to amend By-law No. 1 by adding the following as printed:

Whereas the Financial Services Regulatory Authority of Ontario has suggested further amendments to the By-laws recently confirmed by the membership of the Credit Union;

Now therefore be it adopted, and it is so adopted as a By-law of the Credit Union as follows:

1. By-law No. 1 of the Credit Union, as confirmed by the membership on April 17, 2024 (the "General By-law"), be hereby amended by adding the following as new sections 2.08 and 2.09 thereof, and renumbering the subsequent sections of Article 2 thereof accordingly:

Expulsion

2.08 Subject to the conditions and Requirements prescribed in an applicable Authority rule, a member may be expelled from membership, in accordance with these By-laws, by a resolution of the Board, on one or more of the following grounds:

- a) misconduct in the conduct of the member's business with the Credit Union, including without limiting the generality of the foregoing, the operation of any of the member's accounts with the Credit Union;
- b) a failure to continue, for any reason, to hold the required number of Membership Shares in the Credit Union;
- c) a failure to comply with these By-laws; and
- d) a failure to repay indebtedness to the Credit Union.

Subject to the limitations in subsection 54(3) of the Act in respect of the purchase or redemption of shares, the Credit Union shall forthwith pay to anyone so removed from membership any balance standing to the member's credit on the books of the Credit Union.

Expulsion Procedure and Member Rights

2.09

- a) The Board may give ten days' advance notice to a member of intent to remove the member from membership, personally or by prepaid mail addressed to such member at such member's Recorded Address, and, after giving the member an opportunity to be heard and to be represented at the Board meeting by a person authorized under the *Law Society Act* to represent the member, by resolution at a Board meeting, such member may be expelled from membership. The Corporate Secretary shall, within five (5) days after the resolution expelling a member was passed, notify the member of the decision of the Board by registered mail to the member's Recorded Address.

- b) An expelled member may appeal the decision of the Board at the next annual or general meeting of the Credit Union by giving the Board notice of that expelled member's intention

to appeal the expulsion within twenty-one (21) days after receiving the notice of expulsion. If written representations of not longer than two thousand (2,000) words from an expelled member appealing that member's expulsion are received by the Credit Union at least seven (7) days before the mailing or publication of the notice of the general meeting, the Board shall, at the expense of the Credit Union, include with the notice of meeting a notice that those representations are available for inspection by members at the head office and branches of the Credit Union. The members of the Credit Union, at that general meeting, by resolution passed by a majority of the votes cast at the meeting, may confirm, vary, or set aside the Board's decision to expel the member.

2. The General By-law be further amended by adding the words, "or until the director's successor is elected", to the end of section 4.01 (b) thereof.

3. In all other respects the General By-law is hereby ratified and confirmed.

The motion was carried unanimously

9. **Termination of Meeting**

On a **motion** by John Loreto, **seconded** by Jeannine Wilson, **it was resolved** at 8:06 p.m. to terminate the 81st annual general meeting of Equity Credit Union Inc.

The motion was carried unanimously.

* * *

REPORT FROM THE BOARD OF DIRECTORS

Looking back on 2024, Equity Credit Union delivered a resilient operating performance in a year, not without its challenges. Management achieved a positive net interest margin, improved efficiency and revenue growth.

We started the new year confident that our strategic plan was on track. Interest rates in Canada began to moderate over the last year, which was a welcome sign for our borrowing members. The Board understands that potential challenges may arise. The Board and management will continue down its path of focused and effective management if and when faced with those challenges.

An effective board and commitment to good governance

The board welcomed two new directors, Elizabeth Ramsay and Michael Addante, who have both been positive additions to the Board. Art Jessop has served as a Director for over 20 years and will step down this year. Art has been a valued member of the Board and has provided strong and effective leadership over his tenure. The Board looks forward to working with the directors elected this year. We have been able to attract board members with a wide range of experience, which is essential to effective governance, and hopefully, we can continue attracting qualified candidates.

The Board of Directors understand the responsibility we have been given, and we continue to work with integrity and diligence to ensure that the governance model is second to none.

Recognizing our management team

Finally, I would like to take this opportunity to acknowledge the hard work and dedication of Tom Dimson and his team. Their efforts have made Equity the shining example of how an entity can and should be run, and for that, we are truly grateful. As for our membership, your loyalty to Equity Credit Union is greatly appreciated, and we could not have achieved the success we have had over the years without you. It has been a privilege and an honour to serve as Board Chair. My job has been made easier by the hard work and dedication of many people. I will continue to work closely with those people as we strive to make Equity Credit Union one of the most successful credit unions in the Province.

Respectfully,

John Loreto
Board Chair



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

For 82 years, Equity Credit Union has provided our members with products and services to help them prosper and thrive. With total assets of \$370 million, Team Equity is focused on delivering another strong year to our members. Throughout the last 15 years in Ajax, Ontario, I am proud of the credit union's strategy, which has provided opportunities for families to achieve their home ownership dreams and for members investing in deposits to receive competitive rates of return so that they can save for various reasons. Finding ways to create value for our 4,400-plus members is a driving force behind everything we do.

Navigating the economic landscape

In 2024, the global economy continued to endure challenges, with restrictive interest rates, higher costs of living, persistent and growing geopolitical tensions and extreme weather once again impacting markets, communities, businesses and families. Through it all, the credit union was there for our members.

As we entered the latter half of the year, reasons for more optimism emerged. With borrowing costs continuing to weigh on individuals, families, and businesses in Canada and weak growth, the Bank of Canada took aggressive action, cutting rates early and consistently.

The strength of the credit union

The credit union's resilient operating performance through 2024 underscored the strength of our balance sheet and team. Growth was achieved in the balance sheet, mortgage and deposit portfolios, which were all higher than the previous year. However, due to several economic factors, specific client outcomes led to elevated loan delinquencies this year. As we are here to help our members, we continue to work with these members to achieve satisfactory outcomes for all. While we have a long track record of strong mortgage performance, our 2024 results were challenged due to economic uncertainty and higher interest rates. In addition, we anticipate higher delinquencies in 2025 due to higher mortgage payments, as interest rates will rise on mortgage renewals.

Our solid capital base creates the capacity to support members and allows for moderate growth. Our liquidity is also comfortable as we saw growth in our members' deposits for the year.

I emphasize that our regulator, the FSRA¹, provides deposit insurance. Registered deposits are covered at 100%, which is not available at a bank. Unregistered deposits are covered up to \$250,000 per member. As part of its annual assessment under FSRA, the credit union contributed \$232 thousand to the Deposit Insurance Reserve Fund.

Financial Position

We focused on moderate growth and managing our asset base to ensure a brighter future. In the year, we recognized \$1.4 million in profit after taxes. At \$370 million, our assets increased by \$25 million, representing a 7% increase for the year. Our deposit base of \$341 million, which reflects total member

¹ FSRA – Financial Services Regulatory Authority of Ontario – www.fsrao.ca

deposits, increased by 7%, or \$22.3 million, for the year. Our credit union is attracting new members and deepening relationships with existing ones. Total membership increased by a net of sixty-four members.

The credit portfolio increased by \$18 million, or 6%. All of the growth came from residential mortgages secured by mortgage registrations. This year, loan growth was moderate due to higher interest rates and a weak economy.

Total regulatory capital increased at year-end to \$20.9 million, or by 7.7%, and our leverage capital ratio increased to 5.65%. Our total risk-weighted assets capital ratio was strong at 20.40%. The minimum regulatory leverage capital ratio requirement is 3% and 10.5% for the risk-weighted assets capital ratio. Our policies set a minimum target for the leverage capital ratio at 5.25% and 16% for the risk-weighted assets capital ratio. Our position exceeds both our policies and regulatory minimum requirements.

Performance indicators	Minimum Regulatory Requirements	ECU Policy Requirements	2024	2023
Regulatory Capital \$			\$20.9 million	\$19.4 million
Leverage Capital Ratio	3.00%	5.25%	5.65%	5.63%
Risk-Weighted Assets Capital Ratio	10.50%	16.0%	20.4%	20.5%

Interest income of \$18 million (2023 - \$16 million) was earned from loans, which grew by 16% in the year due to higher interest rates and the growth gained in 2024. Rates for loans have risen as new mortgages and renewals were repriced at higher current rates than during the COVID period.

Investment income increased by 21%. This was due to increased market rates paid on our investments and cash held as liquidity. Liquidity investments must be maintained as a regulatory requirement and are subject to interest rate risk.

Generally, the credit union has a no-fee mandate; thus, it does not earn significant other income from member fees compared to other financial institutions. Other income includes that earned from collaborative arrangements with partners.

Members were allocated \$15.4 million (2023 - \$13.3 million) as interest on their deposits, which represents a growth of 17% compared to 2023. This net increase is a combination of interest expense paid tied to our increase in deposit balances in the year and the impact of higher rates paid on renewals and new term deposits. Rates on term deposits are beginning to ease in alignment with the Bank of Canada's rate decreases.

A provision for credit losses of \$63 thousand was recognized this year compared to \$60 thousand in 2023. The credit union maintained a strong provision for credit losses with an ending balance of \$590 thousand. Our board supports the level of this provision as it is set aside against future loan loss contingencies. Loan write-offs this year amounted to \$Nil (2023 - \$13 thousand).

Our operating efficiency ratio sits at 56%² (2023 - 64%). This means that for every dollar of expenses, \$1.8 (2023 - \$1.6) is earned in income. This ratio is one of the lowest in the Ontario Credit Union System.

The credit union retained its financial strength and prospered during the year, and we are pleased to report our results to the membership this year.

Operational update

In March the credit union further enhanced its internet banking by implementing Two-Factor Authentication (2FA). This additional layer of security is designed to protect our members from unauthorized access and enhance their overall banking experience.

In November we decommissioned our ATM. It was 15 years old. The repair costs on the machine were very expensive, and parts replacement were difficult to source. After conducting an in-depth analysis on the value of an ATM, the credit union decided not to replace the existing ATM with a newer model.

During the year we celebrated two very important employee milestones. Nancy Smith, Manager Lending Operations and Business Development, celebrated her 35th year at the credit union and I, celebrated 30 years with the credit union. Nancy and I have witnessed the growth and development of the credit union since it was \$15 million, up to the present, \$370 million.

Purpose, strategy and performance

The credit union enters fiscal 2025 with a clear agenda. We are set to deliver sustained performance, and the team has a strong sense of purpose daily. We look forward to helping new and current members buy their homes and strengthening our member-investors with good returns. We will grow our business through disciplined credit management and elevating our focus on rebuilding our net interest margin (NIM).

Strong performance is integral to our purpose. The stronger we perform as a team, the greater the value we deliver to our members.

Looking ahead

As we look ahead, and in the face of continued economic uncertainty and ongoing geopolitical conflict, I am confident in our team's ability to deliver. At the credit union, we believe that the prosperity of our members is integral to who we are and what we do. With the credit union's strength and stability, we're well-positioned to execute with purpose, pace and discipline in the year ahead.

² Operating efficiency = Expenses / Total Income x 100, a lower number indicates a higher efficiency

The credit union continues to offer no-fee banking and “keeps more money in our members’ pockets.” Our members can access our services through various channels. We ask that our members who experience financial difficulties in meeting their mortgage and loan payments contact us and access our tools to assist them. We promise to continue living our cooperative values while protecting the capital that our depositors have entrusted to us.

Acknowledgements and THANK YOU

I take this opportunity to recognize the efforts of our team. What we deliver is only possible because of them. I thank the team for the ongoing support and mentorship provided by our chair, John Loreto, and the board members throughout this year. They have provided a solid foundation for our strong core governance framework, adding value to the credit union. Our members' confidence in our credit union is not misplaced.

My team and I thank our members for your trust and continued patronage. Let your family members and neighbours know about us and the great service that we provide. We would love to meet them to become members of your credit union. It remains my privilege to lead this storied institution, and I am excited about the journey ahead.

Respectfully,

Thomas Dimson
Chief Executive Officer



REPORT OF THE SENIOR LENDING OFFICER

The credit union received 306 loan applications during the year, compared to 204 for the prior year. Of these, 126 new loans were granted for \$68 million, compared to 83 for \$41 million for the prior year, and 180 were denied, compared to 121 for the prior year.

Loan categories were:

Category	2024 # Loans	\$ amounts granted	2023 # Loans	\$ amounts granted
Residential Mortgages/Merit lines	116	\$67.6 million	75	\$41.3 million
Commercial Mortgages	0	Nil	0	Nil
Personal loans and lines of credit	10	\$679 thousand	8	\$115 thousand

At year-end, the total loans outstanding were \$332 million compared to \$314 million in 2023. This resulted in an overall increase of \$18 million or 6%.

As of December 31, 2024, there were 12 impaired loans for \$5.5 million (2023 - \$1.2 million). All impaired loans are fully secured by residential real estate.

Our net delinquency ratio of 1.66% of total loans (2023 – 0.19%) has increased from the prior year. We wrote off \$Nil (2023 - \$13 thousand) in loan bad debts and charged a provision of \$63 thousand to operations compared to \$60 thousand for the prior year. We have set aside a provision for credit losses of \$590 thousand (2023 - \$527 thousand), representing 0.18% (2023 - 0.17%) of the outstanding total loans. We believe this provision is reasonable for our loan portfolio.

Respectfully,

Nancy Smith
 Manager, Lending Operations and Business Development



REPORT OF THE AUDIT COMMITTEE

The Audit Committee, comprised of 4 directors, held four meetings this year. It arranges its agenda so that, on an annual basis, the following duties are performed, and appropriate action taken as a result thereof:

- Review the policies, procedures and controls relating to legislative compliance with a particular focus on capital adequacy, risk weighting of assets and liquidity;
- Review quarterly reports prepared by the Internal Auditor regarding internal controls and policy compliance;
- Recommend the appointment of the External Auditor to the Board of Directors and members at the Annual General Meeting
- Review the qualifications, independence, and performance of the auditors;
- Serve as the principal communication link between the External Auditor and the Board of Directors, and in particular, review and agree to the External Auditor’s “Terms of Engagement” and “Scope of Audit”;
- Review the requirements for adherence to the new accounting policies as they relate to the International Financial Reporting Standards

The Audit Committee conducted its affairs per the Credit Unions and Caisses Populaires Act (the “Act”) and Regulations as well as the credit union’s by-laws.

The Audit Committee issues its reports and makes recommendations to the Board of Directors or Senior Management, as appropriate, concerning the matters outlined above. It then follows up to ensure that the recommendations are considered and implemented.

The Audit Committee is pleased to report to the members that it receives full cooperation and support from Management. This enables it to play an effective role in improving the quality of financial reporting to the members and enhancing the overall control structure of the credit union.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to members, nor are there any further matters which are required to be disclosed according to the Act or the regulations thereto.

Respectfully,

Jeannine Wilson
Chair of the Audit Committee



Equity Credit Union Inc.
Summary Financial Statements
For the year ended December 31, 2024

EQUITY CREDIT UNION INC.
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December 31, 2024

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EQUITY CREDIT UNION INC.
SUMMARY STATEMENT OF FINANCIAL POSITION
As at December 31, 2024

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 14,639,985	\$ 8,801,528
Investments	22,760,937	21,699,934
Member loans	331,873,928	313,735,906
Other assets	324,775	229,964
Income taxes recoverable	-	35,000
Deferred income tax asset	109,000	94,000
Property and equipment	84,428	177,641
Right-of-use asset	371,188	87,906
Intangible asset	48,140	59,760
	<u>\$370,212,381</u>	<u>\$344,921,639</u>
LIABILITIES		
Member deposits	\$349,182,965	\$325,625,720
Other liabilities	337,259	308,791
Lease liabilities	375,227	97,631
Member shares	89,260	80,900
	<u>349,984,711</u>	<u>326,113,042</u>
MEMBERS' EQUITY		
Retained earnings	<u>20,227,670</u>	<u>18,808,597</u>
	<u>\$370,212,381</u>	<u>\$344,921,639</u>

EQUITY CREDIT UNION INC.
SUMMARY STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the year ended December 31, 2024

	2024	2023
Interest and investment income		
Member loans	\$ 18,112,385	\$ 15,609,865
Investments	1,282,232	1,059,066
	<u>19,394,617</u>	<u>16,668,931</u>
Interest expense		
Member deposits	15,454,178	13,264,157
Dividend to members	-	68,568
External borrowings	3,413	5,495
	<u>15,457,591</u>	<u>13,338,220</u>
Net interest income	<u>3,937,026</u>	<u>3,330,711</u>
Provision for credit losses	61,760	59,063
Net interest income after provision for credit losses	<u>3,875,266</u>	<u>3,271,648</u>
Non-interest income		
Other income	40,854	53,785
Net interest and non-interest income	<u>3,916,120</u>	<u>3,325,433</u>
Operating expenses		
Salaries and benefits	824,509	754,725
Administrative expenses	1,121,628	1,141,913
Occupancy costs	74,060	71,631
Depreciation	178,850	171,683
	<u>2,199,047</u>	<u>2,139,952</u>
Income before income taxes	<u>1,717,073</u>	<u>1,185,481</u>
Income taxes		
Current	313,000	98,305
Deferred	(15,000)	42,000
	<u>298,000</u>	<u>140,305</u>
Net income and comprehensive income for the year	<u>\$ 1,419,073</u>	<u>\$ 1,045,176</u>

EQUITY CREDIT UNION INC.
SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended December 31, 2024

	2024	2023
Balance, beginning of year	\$ 18,808,597	\$ 17,763,421
Net income	1,419,073	1,045,176
Balance, end of year	<u>\$ 20,227,670</u>	<u>\$ 18,808,597</u>

EQUITY CREDIT UNION INC.
SUMMARY STATEMENT OF CASH FLOWS
For the year ended December 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Net Income	\$ 1,419,073	\$ 1,045,176
Adjustments for		
Depreciation	178,850	171,683
Deferred income taxes	(15,000)	42,000
	<u>163,850</u>	<u>213,683</u>
	<u>1,582,923</u>	<u>1,258,859</u>
Change in non-cash working capital items		
Other assets and income taxes recoverable	(59,811)	41,081
Other liabilities	28,468	(204,131)
Loan loss provision	62,595	47,056
	<u>31,252</u>	<u>(115,994)</u>
	<u>1,614,175</u>	<u>1,142,865</u>
Investing activities		
Purchase of property and equipment	(8,117)	(76,905)
Net change in right-of-use assets	(349,182)	-
Net increase in investments	(1,061,003)	(277,070)
	<u>(1,418,302)</u>	<u>(353,975)</u>
Financing activities		
Increase in member loans	(18,200,617)	(6,362,224)
Increase in member deposits	23,557,245	1,746,354
Net change in lease liabilities	277,596	(69,888)
Net change in member shares	8,360	1,640
	<u>5,642,584</u>	<u>(4,684,118)</u>
Increase (decrease) in cash and cash equivalents	5,838,457	(3,895,228)
Cash and cash equivalents, beginning of year	8,801,528	12,696,756
Cash and cash equivalents, end of year	<u>\$ 14,639,985</u>	<u>\$ 8,801,528</u>
Supplementary information		
Interest received	18,819,339	16,133,818
Interest paid	13,854,496	10,739,324
Dividend paid to members	-	273,450
Income taxes paid	292,000	135,305

EQUITY CREDIT UNION INC.
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
December 31, 2024

Basis of presentation (Note 1)

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as at December 31, 2024 and December 31, 2023 and for the years then ended.

The preparation of these summary financial statement requires management to determine the information that needs to be included so that they are consistent in all material respects with, or represent a fair summary of the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- a) The summary financial statements include a statement for each statement in the audited financial statements.
- b) Information in the summary financial statements agrees with the related information in the audited financial statements.
- c) Major subtotals, totals and comparative information from the audited financial statements are included; and
- d) The summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summary financial statements.

In addition, a copy of the audited financial statements is available to any member, upon request, at the branch of the credit union.

PRODUCTS AND SERVICES

EVERYDAY BANKING <ul style="list-style-type: none"> • Personal chequing account • Fat Cat account (12 years old and under) • Head Start account (13 – 17 years old) • Daily interest savings account (interest paid quarterly) • Regular savings account (interest paid semi-annually) • High-Interest Savings Account (interest paid monthly) • Commercial banking accounts • US dollar savings account 	ELECTRONIC SERVICES <ul style="list-style-type: none"> • Website https://equitycu.com • Online (internet) banking • Telephone banking line 1-800-378-4899 • Toll-free credit union number 1-800-263-9793 • THE EXCHANGE Network of ATMs - Canada-wide – no surcharge fees • Interact Flash debit card (tap payments) • Online bill payments • E-money transfers • Mobile banking • Pre-authorized payments • Remote deposit service
BORROWING – PERSONAL LENDING <ul style="list-style-type: none"> • Personal loans • Personal lines of credit • New and used car loans • Overdraft protection • RRSP and Investment loans 	INSURANCE <ul style="list-style-type: none"> • Credit life and disability insurance • Mortgage life insurance • Critical illness insurance • Mortgage title insurance
MORTGAGES <ul style="list-style-type: none"> • First mortgages • Second mortgages and Bridge financing • High ratio mortgages (CMHC/Sagen) • Merit line – home equity line of credit • Closed and open mortgages • Rental property mortgages • Fixed and variable rate mortgages • Cashback mortgages • Collateral mortgages 	INVESTING WITH CONFIDENCE <ul style="list-style-type: none"> • Deposits insured by the Financial Services Regulatory Authority of Ontario (FSRA) • See https://fsrao.ca
INVESTING <ul style="list-style-type: none"> • Term deposits (30-364 days) • Guaranteed investment certificates (GIC) 	REGISTERED PLANS <ul style="list-style-type: none"> • Registered retirement savings products (RRSP) • Registered retirement income products (RRIF) • Tax-Free Savings Products (TFSA) • First Home Savings Account (FHSA)
OTHER SERVICES <ul style="list-style-type: none"> • In branch teller operations • Semi-annual statements • Regular e-mail news communications • Wire transfers 	<ul style="list-style-type: none"> • Safety deposit boxes • Corporate drafts • Visa credit card

HOURS

Monday – Friday	Normal hours 9:30 am – 5:00 pm
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CONTACT INFORMATION

Telephone	(905) 426-1389 1-800-263-9793
Fax	(905) 428-1590
Telephone Banking	1-844-378-4899
Website	https://equitycu.com
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