



VantageOne
CREDIT UNION

**ANNUAL
REPORT
2024**



Message from the Chief Executive Officer

It's my honour to provide an update to the membership on what happened in 2024 and how we see the future unfolding for your credit union.

I will focus on our business results, highlight key activities over the past year and provide future insights.

Focus on Business Results

Last year was a transition from rates normalizing up to rates falling from those highs as the world economy faced headwinds going into 2025. For your credit union, asset growth over the year was 4%, driven by both deposit and loan growth. Deposits showed growth in 2024 of 3.7%. Our loan portfolio increased 3.1% over the year as we experienced a very active lending market in consumer loans; the commercial loan market was much slower. For our subsidiaries, our Wealth Management and Leasing divisions both had good years. Our net earnings went down year over last due to the increased cost of funds; deposit rates were still much higher than a few years ago, however, overall we are pleased with our results. We are also pleased that again this year we will be able to share some of our success with our members through patronage rebates (money back on services charges for example) and dividends. We are diligent to ensure we retain enough of our profits for our capital base, which solidifies our financial strength and sharing with our members. We will share more about our patronage over the next couple months.

Focus on the Past Year

The past year has been focused on organizing our departments better, continuing to advance our financial literacy work in our communities and leveraging the skills of new employees.

To best utilize our facilities, in late 2024 we moved our Commercial Banking team back to main branch and moved our Human Resources team to the North Vernon branch. This move improves the space and professionalism for our commercial team and allows our HR team to have a "training lab" where we can effectively train and prepare our staff for front line service to our members. There are so many procedures in banking these days, it's an advantage to have an environment where training can occur in an environment that simulates the real world.

Financial literacy has been a big push for our organization over the past many years. With our publishing of the children's book, *The Adventures of Cashman and Supersaver*, we have seen an increase in youth membership and our ability to extend our literacy sessions in the community. We are pleased to be partnering with the school districts in our communities along with the Okanagan Regional Library to offer financial literacy services to youth. In addition, we are now offering financial literacy services with the Okanagan Indian Band, a new partnership started in late 2024.

As we have shared previously, we have had a lot of retirements over the past few years. With the retirement of great people comes the challenge of finding new, great people. We are pleased to report that we have been able to do that, in leadership, advisory, and front and back-office roles. Being an organization that values the contribution of our people is critical to service and our ongoing success. We welcome our new team members and are excited about the contributions they will make as we move into the future.

Message from the Chief Executive Officer Continued

Focus on the Future

Looking at the future, we still see a lot of interest from members on where our economy is going and we face a need to improve the digital banking platform used by our members.

From an economic perspective, we face much uncertainty with escalating trade wars and a global system that is changing. These challenges will cause economic growth to be less than potential and provides us as a nation the opportunity to look inward to leverage our strengths. Removing inter-provincial trade barriers, reducing regulations, thoughtfully managing natural resources and forging trading relationships with other nations around the world will only help to strengthen our economy so we can improve our productivity and overall wealth. Time will tell if we are able to rise to these new challenges; however, we remain hopeful that our strong nation will be resilient.

From a banking perspective, more and more members are using technology to conduct their non-complex banking activities. Our current system is coming to the end of its life, and we are working to move to a newer system providing more functionality to members. The focus will be on ease of use and a robust set of functionalities now and into the future. Expect to see more over the next year as we navigate changing such an important part of your experience with us.

Rest assured, we have heard from you that we need to be in-front of any changes and provide ongoing communication so you are clear on what is changing and how to use any new systems.

Thank You to Our Board, Team and Members

As our world continues to see change at a fast pace, I would like to thank our Board for their dedication, diligence, and leadership. Our leaders make our initiatives come alive, allowing us to respond to change — thank you to an amazing leadership team for making it all happen! Our staff, both on the front lines and behind the scenes, are our difference — thank you to a dedicated team of financial professionals eager to serve our members! Finally, thank you to our members! You are our reason we are here, and we remain dedicated to ensuring we help you improve your financial ability — thank you for choosing VantageOne!

Respectfully submitted,



Glenn Benischek
Chief Executive Officer

Message from the Board Chair



Dear Fellow Members,

It is my pleasure to share a brief update on the activities, challenges and, importantly, the successes of VantageOne Credit Union over this past year.

While this update encompasses only one year, it is important to remember that VantageOne has been serving our members in our communities for 81 years — since 1944! Over that time, we have been confronted with a multitude of unique economic challenges and opportunities and we have responded to all of them.

We remain strong.

The Board's role is to ensure that the right questions get asked, and that the right strategies are put in place. This past year was another year requiring adjustments which we had to embrace. In our VO communities, our challenges included climate change notably in the form of wildfires, flooding, and sudden and prolonged changes in temperatures. They also included rising interest rates and increasing costs of living. In addition, our country now faces tariffs imposed by the President of the United States, negating the free trade agreements that were in place. These tariffs are having a direct impact on the economic environment throughout all of North America and in fact, the world. The Board remains vigilant about all potential financial impacts, ready to make any necessary changes to our strategic plan, whenever they may be required.

Despite the many uncertainties we currently face, we remain optimistic about the future of VantageOne. We strongly believe in our ability to grow in the near future, in a stable and healthy way while respecting our cooperative values and maintaining responsible management. We need to drive our competitiveness through continued cost reductions and business innovation initiatives.

This past year, emphasis was put on maintaining our financial strength for future business operations, training of personnel and implementation of technology. We also adjusted short-term and long-term policies and strategies to align with the vision, mission and values. As a result, financial income increased by 10.7% compared to the previous year and we will be sharing patronage rebates and dividends with our members. We are pleased to announce a 10% dividend along with a 70% rebate to members on month-end service charges for a total of close to \$400,000 in dividends and patronage rebates paid back to our members.

We are committed to making our communities better places to work and live. Our members are at the centre of everything that we do. We activate our purpose every day through our core values and vision to be the financial institution of choice in the communities that we serve — the financial institution people value and trust.

On behalf of the Board of Directors, I wish to thank all our management team and staff for their dedicated engagement and contributions to make VantageOne the best financial institution. I would especially like to thank all our members for their continued and valued support. Together, let's continue to build a strong and promising future for our Credit Union.

Respectfully submitted,

A handwritten signature in dark ink that reads "Michelle Sinclair". The signature is fluid and cursive.

Michelle Sinclair

Board Chair

I would like to acknowledge that this report was written and delivered on the unceded traditional territory of the Okanagan Syilx Nation who have inhabited this land since time immemorial.

Management's Responsibility

To the Members of VantageOne Credit Union:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with IFRS® Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, internal auditors, and external auditors. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

February 26, 2025

e-Signed by Glenn Benischek
2025-02-26 12:55:12:12 PST

President & CEO

e-Signed by Denise Santos
2025-02-26 12:59:45:45 PST

Vice President, Finance

Independent Auditor's Report

To the Members of VantageOne Credit Union:

Opinion

We have audited the consolidated financial statements of VantageOne Credit Union and its subsidiaries (the "Credit Union"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of income, comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Credit Union as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting 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 Consolidated Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statement for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on March 7, 2024.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Kelowna, British Columbia

February 26, 2025

MNP LLP

Chartered Professional Accountants

VantageOne Credit Union

Consolidated Statement of Financial Position

As at December 31, 2024
(\$ in thousands)

	2024	2023
Assets		
Cash and cash equivalents (Note 4)	37,999	29,024
Other assets	758	870
Investments (Note 5)	72,792	74,233
Loans to members (Note 15)	342,949	332,527
Finance leases receivable (Note 15)	18,940	18,578
Property and equipment (Note 6)	9,083	9,487
Deferred tax asset (Note 7)	193	64
Accrued pension asset (Note 8)	1,588	1,117
	484,302	465,900
Liabilities		
Member deposits (Note 9)	448,140	432,034
Income taxes payable (Note 7)	37	119
Accounts payable and accrued liabilities	1,075	1,325
Finance lease payable	199	271
	449,451	433,749
Commitments (Note 15)		
Members' equity		
Member shares (Note 10)	892	880
Retained earnings	32,352	30,506
Accumulated other comprehensive income	1,607	765
	34,851	32,151
	484,302	465,900

Approved on behalf of the Board

Michelle Sinclair

Chairperson

[Signature]

Chief Executive Officer



VantageOne Credit Union
Consolidated Statement of Income
For the year ended December 31, 2024
(\$ in thousands)

	2024	2023
Financial income		
Interest on member loans	15,523	13,785
Interest on investments	4,444	4,245
	19,967	18,030
Financial expense		
Interest on member deposits	10,003	7,435
Financial margin	9,964	10,595
Provision for impaired loans and leases (Note 15)	78	124
Net financial income after provision for impaired loans	9,886	10,471
Other income (Note 11)	4,380	4,320
	14,266	14,791
Operating and other expenses (Note 12)	11,617	11,587
Income before dividends and income tax	2,649	3,204
Provision for dividends		
Share dividends	79	59
Patronage dividends	356	390
	435	449
Income before income taxes	2,214	2,755
Provision for (recovery of) income taxes (Note 7)		
Current	497	454
Deferred	(129)	(19)
	368	435
Net income	1,846	2,320

The accompanying notes are an integral part of these financial statements

VantageOne Credit Union
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2024
(\$ in thousands)

	2024	2023
Net income	1,846	2,320
Other comprehensive income		
Items that will not be reclassified subsequently to net income		
Actuarial gains (losses) on defined benefit plans <i>(Note 8)</i>	376	(464)
Items that will be reclassified subsequently to net income		
Unrealized gain on investments, net of income tax	466	499
Other comprehensive income for the year, net of income tax	842	35
Total comprehensive income for the year	2,688	2,355



VantageOne Credit Union
Consolidated Statement of Changes in Members' equity
For the year ended December 31, 2024
(\$ in thousands)

	<i>Member shares</i>	<i>Retained earnings</i>	<i>Accumulated other comprehensive income</i>	<i>Total equity</i>
Balance January 1, 2023	869	28,186	730	29,785
Net income	-	2,320	-	2,320
Other comprehensive income for the year	-	-	35	35
Net change in members' shares	11	-	-	11
Balance January 1, 2024	880	30,506	765	32,151
Net income	-	1,846	-	1,846
Other comprehensive income for the year	-	-	842	842
Net change in members' shares	12	-	-	12
Balance December 31, 2024	892	32,352	1,607	34,851

The accompanying notes are an integral part of these financial statements

VantageOne Credit Union
Consolidated Statement of Cash Flows
For the year ended December 31, 2024
(\$ in thousands)

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Net income	1,846	2,320
Depreciation	681	728
Deferred income taxes	(129)	(19)
Provision for (recovery of) impaired loans	78	124
Loss on disposal of property and equipment	3	-
	2,479	3,153
Changes in working capital accounts		
Other assets	111	390
Income taxes payable	(82)	112
Accounts payable and accrued liabilities	(251)	208
Loans to members	(10,861)	(20,955)
Finance leases receivable	(72)	214
Interest accrued on investments	265	(754)
Member deposits	16,105	10,865
Accrued pension asset	(96)	(74)
	7,598	(6,841)
Financing activities		
Proceeds from issuance of member shares	12	11
Investing activities		
Purchases of property and equipment	(279)	(595)
Purchases of investments, net	1,644	(12,257)
	1,365	(12,852)
Increase (decrease) in cash and cash equivalents	8,975	(19,682)
Cash and cash equivalents, beginning of year	29,024	48,706
Cash and cash equivalents, end of year	37,999	29,024

VantageOne Credit Union

Notes to the Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

1. Nature of operations

Reporting entity

VantageOne Credit Union (the "Credit Union") is incorporated under the Credit Union Incorporation Act of British Columbia and is a member of Central 1 Credit Union Limited ("Central 1"). The Credit Union's operations are subject to the Financial Institutions Act of British Columbia. The Credit Union is approved to operate throughout the Province of British Columbia and primarily serves members in the Okanagan region of the province. The Credit Union is an integrated financial institution that provides a wide range of financial products and services that comprise one business operating segment. The Credit Union's head office is located at 3108 33 Avenue, Vernon, British Columbia.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB") as at December 31, 2024.

These consolidated financial statements have been approved and authorized for issue by the Board of Directors on February 26, 2025.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

Basis of measurement

The consolidated financial statements have been prepared using the historical basis except for the revaluation of certain financial instruments.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Credit Union's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

2. Summary of material accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Credit Union and its wholly owned subsidiaries, VantageOne Leasing Inc. and VantageOne Financial Corp.

Subsidiaries are entities controlled by the Credit Union. Control is achieved where the Credit Union is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Credit Union the current ability to direct the relevant activities and that the Credit Union has the practical ability to exercise, is considered.

The results of subsidiaries acquired or disposed of during the year are included in these consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with those used by other members of the group.

Any balances, unrealized gains and losses or income and expenses arising from intra-Company transactions, are eliminated upon consolidation. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Credit Union's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

2. Summary of material accounting policies (Continued from previous page)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments and accrued interests

Each investment is classified into one of the categories described under financial instruments. The classification dictates the accounting treatment for the carrying value and changes in that value.

Member loans

Loans are initially recognized at their fair value and subsequently measured at amortized cost. Amortized cost is calculated as the loans' principal amount, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the effective interest method. Loan administration fees are amortized over the term of the loan using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Leases

The Credit Union assesses at lease inception whether a lease should be classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset; otherwise it is classified as an operating lease.

At the commencement date of a finance lease, the Credit Union recognizes assets held under a finance lease as a receivable at an amount equal to the net investment in the lease, discounted using the interest rate implicit in the lease. The lease payments included in the measurement of the net investment in the lease comprise of payments for the right to use the underlying asset that are not received at the commencement date, including fixed payments less any lease incentives payable, variable lease payments that depend on an index or a rate, any residual value guarantees provided to the lessor, the exercise price of a purchase option if the lessee is reasonably certain to exercise and payments of penalties for termination of the lease if the lease term reflects the lessee exercising an option to terminate the lease. After the commencement date, the Credit Union recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Credit Union's net investment in the lease.

Lease payments from operating leases are recognized as rental income on either a straight-line basis or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Assets are depreciated from the date of acquisition.

	Years
Buildings	15 to 40
Furniture and fixtures	15
Leasehold improvements	10
Office equipment	2 to 5
Buildings under lease	15 to 40

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

2. Summary of material accounting policies (Continued from previous page)

Income taxes

Current tax and deferred tax are recognized in profit or loss except to the extent that the tax is recognized either in other comprehensive income or directly in equity, or the tax arises from a business combination.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled. The calculation of deferred tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable income.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allow the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Member deposits

Member deposits are initially recognized at fair value, net of transaction costs directly attributable to the issuance of the instrument, and are subsequently measured at amortized cost using the effective interest rate method.

Members' shares

Shares are classified as liabilities or member equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union board of directors are classified as equity. Shares redeemable subject to regulatory restrictions are accounted for using the criteria set out in IFRIC 2 *Members' Shares in Cooperative Entities and Similar Instruments*.

Financial instruments

Financial assets

Recognition and initial measurement

The Credit Union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Credit Union determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

2. Summary of material accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of Central 1 term deposits, loans to members, accrued interest and other receivables.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Financial assets measured at fair value through other comprehensive income are comprised of mandatory liquidity pool investments.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and derivative financial instruments.
- Designated at fair value through profit or loss – On initial recognition, the Credit Union may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets designated to be measured at fair value through profit or loss are comprised of equity investments.

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. Equity investments measured at fair value through profit or loss are comprised of shares of Central 1 and other equity investments.

Refer to Note 15 for more information about financial instruments held by the Credit Union, their measurement basis, and their carrying amount.

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, how performance of the portfolio is evaluated, risks affecting the performance of the business model, how managers of the business are compensated, and the significance and frequency of sales in prior periods.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union's claim to cash flows, and any features that modify consideration for the time value of money.



VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

2. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Reclassifications

The Credit Union reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For member loans receivable, the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union applies the simplified approach for other receivables that contain a significant financing component. Using the simplified approach, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets;
- For loan commitments and financial guarantee contracts, as a provision; and
- For facilities with both a drawn and undrawn component where the Credit Union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component. Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision.

Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 15 for additional information about the Credit Union's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Credit Union derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Credit Union either:

- Transfers the right to receive the contractual cash flows of the financial asset, or;
- Retains the right to receive the contractual cash flows of the financial asset, but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

2. Summary of material accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

Transferred financial assets are evaluated to determine the extent to which the Credit Union retains the risks and rewards of ownership. When the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Modification of financial assets

The Credit Union assesses the modification of terms of a financial asset to evaluate whether its contractual rights to the cash flows from that asset have expired in accordance with the Credit Union's derecognition policy.

When the modifications do not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated with any difference between the previous carrying amount and the new carrying amount recognized in profit or loss. The new gross carrying amount is recalculated as the present value of the modified contractual cash flows discounted at the asset's original effective interest rate.

For the purpose of applying the impairment requirements, at each reporting date subsequent to the modification, the Credit Union continues to assess whether there has been a significant increase in credit risk on the modified financial assets from the date of initial recognition.

Financial liabilities

Recognition and initial measurement

The Credit Union recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost or fair value through profit or loss.

When the transfer of a financial asset does not qualify for derecognition because the Credit Union has retained substantially all of the risks and rewards of ownership, a liability is recognized for the consideration received. Subsequently, any expense incurred on the financial liability is recognized in profit or loss.

All other financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities measured at amortized cost include member deposits, trade and other payables, member shares, and other liabilities.

The classification of a financial instrument or component as a financial liability or equity instrument determines where gains or losses are recognized. Interest, dividends, gains and losses relating to financial liabilities are recognized in profit or loss while distributions to holders of instruments classified as equity are recognized in equity.

Financial liabilities are not reclassified subsequent to initial recognition.

Derecognition of financial liabilities

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Dividend income

Dividend income is recorded in profit or loss when the Credit Union's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Credit Union, and the amount of the dividend can be measured reliably.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.



VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

2. Summary of material accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Revenue recognition

The following describes the Credit Union's principal activities from which it generates revenue, other than dividend and interest revenue which is described above.

Other income

The Credit Union generates revenue from other revenue streams including service fees, insurance commissions, and loan administration fees. Revenue is recognized as services are rendered.

Refer to the Credit Union's accounting policy for leases, above, for accounting policies relating to lease revenue and rental income.

The member obtains the benefit of having the Credit Union perform a revenue generating service. This occurs immediately when the service is performed; therefore, revenue is recognized at that point in time.

Management has not made any judgments in determining the amount of costs incurred to obtain or fulfil a contract with a customer as it does not expect these costs to be recovered. Such costs are expensed in the period in which they are incurred.

Fair value measurements

The Credit Union classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Credit Union to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

3. Significant accounting judgments, estimates and assumptions

As the precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates and approximations which have been made using careful judgment. These estimates are based on management's best knowledge of current events and actions that the Credit Union may undertake in the future.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

Allowance for expected credit losses

At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the following factors which impact the borrowers' ability to meet debt obligations:

- Expected significant increase in unemployment rates, interest rates
- Declining revenues, working capital deficiencies, increases in balance sheet leverage, and liquidity
- Expected or actual changes in internal credit ratings of the borrowers or external credit ratings of the instrument
- The correlation between credit risk on all lending facilities of the same borrower
- Changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

In estimating expected credit losses, the Credit Union develops a number of assumptions as follows:

- The period over which the Credit Union is exposed to credit risk, considering for example, prepayments, extension options, demand features
- The probability-weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date
- Expected cash short falls including, recoveries, costs to recover and the effects of any collateral or other credit enhancements
- Estimates of effective interest rates used in incorporating the time value of money

The above assumptions are based on historical information and adjusted for current conditions and forecasts of future economic conditions. The Credit Union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:

- Interest rates
- Unemployment rates
- Gross domestic product
- Loan to value ratios
- Vacancy rates
- Bankruptcy rates
- Inflation

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The Credit Union uses judgment to weight these scenarios.



VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

3. Significant accounting judgments, estimates and assumptions (Continued from previous page)

Impact of the current economic environment:

With the significant changing interest rates and inflation over the past two years, there is an elevated credit risk associated with the Company's fair values of various financial instruments. Additionally, there is a potential impact on credit risk that could necessitate an increase in the Credit Union's estimate of its allowance for loan impairment.

The current environment is subject to rapid change and to the extent that certain effects of inflation and increased interest rates are not fully incorporated into the model calculations, increased temporary quantitative and qualitative adjustments have been considered and applied where necessary. The Credit Union has performed certain additional qualitative portfolio and loan level assessment if significant changes in credit risk were identified.

Financial instruments not traded in active markets

For financial instruments not traded in active markets, fair values are determined using valuation techniques such as the discounted cash flow model that rely on assumptions that are based on observable active markets or rates. Certain assumptions take into consideration liquidity risk, credit risk and volatility.

Impairment of non-financial assets

At each reporting date, the Credit Union assesses whether there are any indicators of impairment for non-financial assets. Non-financial assets that have an indefinite useful life or are not subject to amortization, such as goodwill, are tested annually for impairment or more frequently if impairment indicators exist. Other non-financial assets are tested for impairment if there are indicators that their carrying amounts may not be recoverable.

Income tax

The Credit Union periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Credit Union records its best estimate of the tax asset or liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax assets or liabilities.

Accrued pension asset

Under the Credit Union's defined benefit plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Credit Union, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

Management estimates the defined benefit asset (liability) annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit asset (liability) is based on standard rates of inflation and mortality. It also takes into account the Credit Union's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension asset.

Classification of financial assets

Classification of financial assets requires management to make judgments regarding the business model under which the Credit Union's financial assets are held and whether contractual cash flows consist solely of payments of principal and interest. Management has determined that the penalty to exercise prepayment features embedded in certain loans made to members do not result in payments that are not solely payments of principal and interest because they represent reasonable additional compensation for early termination of the contract.

VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

4. Cash and cash equivalents

The Credit Union's cash and cash equivalents are held with Central 1. The average yield on the cash and current accounts held with Central 1 as at December 31, 2024 is 3.28% (2023 - 4.46%).

	2024	2023
Cash and current accounts	24,727	22,397
Central 1 term deposits, maturing in less than three months	13,272	6,627
	37,999	29,024

5. Investments

The following table provides information on the investments by financial instrument classification, type, and issuer. The maximum exposure to credit risk would be the carrying value in Note 15.

	2024	2023
Portfolio investments		
Measured at amortized cost		
Central 1 term deposits, maturing between three months and five years	32,726	35,794
Measured at fair value through other comprehensive income		
Central 1 Mandatory Liquidity Pool investments	39,054	37,161
	71,780	72,955
Equity investments		
Measured at fair value through profit or loss		
Central 1 Credit Union	123	124
Truvera Senior Limited Partnership	250	250
	373	374
Accrued interest	639	904
	72,792	74,233

VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

6. Property and equipment

	Land	Buildings	Furniture and fixtures	Leasehold improvements	Office equipment	Buildings under lease	Total
Cost							
Balance at December 31, 2022	1,407	11,538	639	1,499	2,868	412	18,363
Additions	-	44	19	43	182	307	595
Disposals	-	(1)	(1)	-	(123)	(293)	(418)
Balance at December 31, 2023	1,407	11,581	657	1,542	2,927	426	18,540
Additions	-	12	34	2	231	-	279
Disposals	-	-	-	-	(23)	-	(23)
Balance at December 31, 2024	1,407	11,593	691	1,544	3,135	426	18,796
Depreciation							
Balance at December 31, 2022	-	4,851	363	799	2,375	357	8,745
Depreciation charge for the year	-	281	34	76	238	99	728
Disposals	-	-	(1)	-	(125)	(294)	(420)
Balance at December 31, 2023	-	5,132	396	875	2,488	162	9,053
Depreciation charge for the year	-	282	35	77	213	74	681
Disposals	-	-	-	-	(21)	-	(21)
Balance at December 31, 2024	-	5,414	431	952	2,680	236	9,713
Net book value							
At December 31, 2023	1,407	6,449	261	667	439	264	9,487
At December 31, 2024	1,407	6,179	260	592	455	190	9,083

VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

7. Income taxes

The significant components of income tax expense included in net income are composed of:

	2024	2023
Current income tax expense		
Based on current year taxable income	497	454
Deferred income tax expense		
Origination and reversal of temporary differences	(129)	(19)
	368	435

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate of 27.00% (2023 - 27.00%) are as follows

	2024	2023
Income tax expense based on the statutory rate	598	744
Rate differentials	(221)	(325)
Specified leasing tax treatment	62	(7)
Other	(37)	(18)
Other comprehensive income	95	60
	497	454
Deferred tax recovery	(54)	(19)
	443	435

The movement in 2024 deferred income tax assets and liabilities are:

	Jan 1, 2024	Recognized in net income	Dec 31, 2024
Deferred income tax assets:			
Allowance for loan losses	40	4	44
Other temporary differences	3	(1)	2
Finance lease obligation	46	(12)	34
Property, equipment, investment properties and intangible assets	-	113	113
Deferred income tax liabilities:			
Property, equipment, investment properties and intangible assets	(25)	25	-
	64	129	193



VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

The movement in 2023 deferred income tax assets and liabilities are:

	Jan 1, 2023	Recognized in net income	Dec 31, 2023
Deferred income tax assets:			
Allowance for loan losses	37	3	40
Other temporary differences	4	(1)	3
Finance lease obligation	10	36	46
Deferred income tax liabilities:			
Property, equipment, investment properties and intangible assets	(6)	(19)	(25)
	45	19	64

8. Accrued pension asset

The Credit Union makes contributions to CUMIS on behalf of their employees which participate in the defined benefit pension plan. CUMIS administers the plan including the payment of the pension benefits on behalf of employers and employees. Contributions are paid into the plan in accordance with the recommendations of an independent actuary. The latest formal actuarial valuation for contribution purposes was carried out as at December 31, 2022 and updated to December 31, 2024.

	2024	2023
Consolidated statement of financial position		
Fair value of plan assets	6,755	6,178
Defined benefit obligation	(5,167)	(5,061)
Surplus	1,588	1,117
Consolidated statement of earnings		
Service cost	87	86
Interest on assets	(284)	(296)
Interest on liabilities	234	222
Expense	37	12
Amounts recognized in other comprehensive income		
Actuarial gain (loss) on plan assets	298	111
Actuarial (loss) gain on liabilities	78	(575)
Amount recognized in other comprehensive income	376	(464)

VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

9. Member deposits

	2024	2023
Demand deposits	212,203	210,926
Term deposits	143,457	137,244
Registered plans	88,051	80,021
Accrued interest	4,047	3,286
Accrued dividends	382	557
	448,140	432,034

Included in registered plans are retirement savings plans, retirement income funds, registered education savings plans, registered disability savings plans, tax free savings accounts and first home savings accounts.

10. Member shares

Membership shares are classified as liabilities or as member equity according to their terms. Where shares are redeemable at the option of the member, either on demand or on withdrawal from membership, the shares are classified as liabilities. Where shares are redeemable at the discretion of the Credit Union Board of Directors, the shares are classified as equity. The Credit Union may issue four classes of shares designated as membership equity of 1 par value.

Class A and Class C Equity Shares

As a condition of membership, which is required to use the services of the Credit Union, each standard member is required to hold \$25 in membership shares. These membership shares are non-transferable and redeemable at par only when a membership is withdrawn. Dividends are at the discretion of the Board of Directors.

Class D Allocation Equity Shares

Allocation shares can be issued to members of the Credit Union through dividends and patronage rebates. They are non-voting and redeemable at par at the discretion of the Board of Directors.

Class B Non-Equity Shares

Non-equity shares can be issued to members of the Credit Union. They are non-voting and pay dividends at the discretion of the Board of Directors. Shares are available for redemption by the member and are classified as liabilities.

Equity shares are not insured by Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC"). During the year, the Credit Union declared dividends on the membership shares, allocation equity shares and non-equity shares of \$79 (2023 - \$59).

During the year, the Credit Union also declared Patronage dividends of \$356 (2023 - \$390).



VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

11. Other income

	2024	2023
Lease revenue	1,379	1,273
Insurance commissions and fees	1,370	1,330
Account service fees	771	828
Rental income	501	495
Loan administration fees	168	210
Foreign exchange	170	159
Safety deposit rentals	24	25
Loss on disposal of property and equipment	(3)	-
	4,380	4,320

12. Operating expenses

	2024	2023
Administration	291	271
Advertising	200	181
Data processing	791	785
Depreciation	681	728
Dues and assessments	638	663
Maintenance, supplies and security	518	568
Premises, occupancy and office	1,036	1,034
Professional fees and insurance	784	695
Salaries and benefits	6,678	6,662
	11,617	11,587

VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

13. Related party transactions

Key management compensation of the Credit Union

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

	2024	2023
Salaries, and other short-term employee benefits	842	990
Pension and other post-employment benefits	144	149
Total remuneration	986	1,139

Included in the above is Board of Directors' remuneration of \$100 (2023 - \$82).

Loans and leases to related parties

The Credit Union's policy for lending to directors and KMP is that the loans are approved and accepted on the same terms and conditions which apply to members for each class of loan. KMP may receive concessional rates of interest on their loans and facilities. There are no additional benefits or concessional terms and conditions applicable to related parties. There are no loans that are impaired in relation to loan balances with directors and KMP.

There are no benefits or concessional terms and conditions applicable to the family members of Key Management Personnel.

	2024	2023
Aggregate value of loans and leases advanced	4,133	4,195
Aggregate value of un-advanced loans and leases	424	356
	4,557	4,551

Interest income and expense	2024	2023
Interest received on loans	194	214
Interest paid on deposits	24	34
Deposits	2024	2023
Aggregate value of term and savings deposits	2,376	3,010

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



VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

14. Fair value measurements

Assets and liabilities measured at fair value

The Credit Union's assets and liabilities measured at fair value in the statement of financial position on a recurring basis have been categorized into the fair value hierarchy as follows:

	2024			
	<i>Fair Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets				
Financial assets at fair value through profit or loss				
Cash and current accounts	24,727	24,727	-	-
Equity investments	373	-	-	373
Financial assets at fair value through other comprehensive income				
Mandatory liquidity pool investments and accrued interest	39,203	39,203	-	-
	64,303	63,930	-	373

	<i>Fair Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2023 Level 3</i>
Assets				
Financial assets at fair value through profit or loss				
Cash and current accounts	22,397	22,397	-	-
Equity Investments	374	-	-	374
Financial assets at fair value through other comprehensive income				
Mandatory liquidity pool investments and accrued interest	37,323	37,323	-	-
	60,094	59,720	-	374

Financial instruments not measured at fair value

The carrying amount, fair value, and categorization into the fair value hierarchy of all other financial assets and financial liabilities held by the Credit Union and not measured at fair value on the statement of financial position are as follows:

		2024	
	<i>Carrying amount</i>	<i>Fair Value</i>	<i>Level 2</i>
Assets			
Amortized cost			
Term deposits and accrued interest	46,488	46,488	46,488
Loans to members	342,949	339,792	339,792
Finance leases receivable	18,940	18,939	18,939
Total assets	408,377	405,219	405,219

VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

14. Fair value measurements (Continued from previous page)

Liabilities

Amortized cost

Member deposits	448,140	449,603	449,603
Accounts payable and accrued liabilities	1,075	1,075	1,075
Lease liabilities	199	199	199

Total liabilities	449,414	450,877	450,877
--------------------------	----------------	----------------	----------------

			2023
	Carrying amount	Fair Value	Level 2
Assets			
Term deposits and accrued interest	43,162	43,162	43,162
Loans to members	332,527	320,110	320,110
Finance leases receivable	18,578	17,885	17,885

Total assets	394,267	381,157	381,157
---------------------	----------------	----------------	----------------

Liabilities

Member deposits	432,034	430,198	430,198
Accounts payable and accrued liabilities	1,325	1,325	1,325
Lease liabilities	271	271	271

Total liabilities	433,630	431,794	431,794
--------------------------	----------------	----------------	----------------

Level 2 and Level 3 fair value measurements for financial instruments not measured at fair value

Valuation techniques and inputs for Level 2 and Level 3 fair value measurements are as follows:

All Level 2 fair value measurements use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

As there is no observable market data for all fair values disclosed and categorized within Level 3 of the hierarchy, the Credit Union has assumed that the fair value of the amounts is comparable to the amortized cost.

15. Financial instruments

All significant financial assets, financial liabilities, and equity instruments of the credit union are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, and credit risk.

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Credit Union. Credit risk primarily arises from members' loans receivable and accrued interest. Overall monitoring and processes will change as deemed necessary in response to the rapid changes in interest rates and high inflation environment. This has and will include changes to the current processes to ensure that the overall portfolio is secured and the Credit Union will continue to support members and find their optimal credit solutions. The stages of expected credit loss within the loan portfolio, if affected by these items, will be adjusted as necessary as the Credit Union progresses through current economic impacts.

VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

15. Financial instruments (Continued from previous page)

Credit Risk (Continued from previous page)

Risk management process

Credit risk management is integral to the Credit Union's activities. The Investment and Lending Committee which reports to the Board of Directors is responsible for developing and implementing the credit risk management practices of the Credit Union by establishing the relevant policies and procedures. Management carefully monitors and manages the Credit Union's exposure to credit risk by a combination of methods. The risk management process starts at the time of a member credit application and continues until the loan is fully repaid. The primary credit risk management policies and procedures include the following:

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

The Credit Union's credit risk policies, processes and methodologies are reviewed periodically to ensure they remain relevant and effective in managing credit risk.

To meet the needs of its members and to manage its own exposure to fluctuations in interest rates, the Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. These are subject to normal credit standards, financial controls, risk management and monitoring procedures.

The Credit Union makes the following instruments available to its members:

- Guarantees and standby letters of credit representing irrevocable assurances that the Credit Union will pay if a member cannot meet their obligations to a third party
- Commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans (including lines of credit and credit cards), guarantees or letters of credit.

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded. As at year-end, the Credit Union had the following outstanding financial instruments subject to credit risk:

	2024	2023
Unadvanced lines of credit	66,419	67,636
Commitments to extend credit	2,094	1,791
	68,513	69,427

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

Financial instruments are assessed at each reporting date for a significant increase in credit risk since initial recognition. This assessment considers changes in the risk of a default occurring at the reporting date as compared to the date of initial recognition.

VantageOne Credit Union

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024
(\$ in thousands)

15. Financial instruments (Continued from previous page)

Credit Risk (Continued from previous page)

The Credit Union considers loans and advances to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists, such as notification from the borrower or breach of major covenants. This definition is consistent with the definitions used for the Credit Union's internal credit risk management practices and has been selected because it most closely aligns the definition of default to the Credit Union's past credit experience, and the covenants placed in standard borrowing contracts. Relatively few financial instruments subsequently return to performing status after a default has occurred under this definition without further intervention on the part of the Credit Union.

Changes in credit risk are assessed on the basis of the risk that a default will occur over the contractual lifetime of the financial instrument rather than based on changes in the amount of expected credit losses or other factors. In making this assessment the Credit Union takes into account all reasonable and supportable information, including forward-looking information, available without undue cost or effort. The Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings, such as requests for loan modifications.

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when:

- Contractual payments have exceeded 30 days past due;
- Facts or conditions are present indicating a borrower's inability to meet its debt obligations;
- The probability of default at the reporting date has increased significantly from the time of recognition.

When a financial instrument is considered to have low credit risk and does not fall within the risk management process, it is assumed that there has not been a significant increase in credit risk since initial recognition. Financial instruments considered to have low credit risk include investments.

When the contractual terms of a financial asset have been modified or renegotiated and the financial asset has not been derecognized, the Credit Union assesses for significant increases in credit risk by consideration of its ability to collect interest and principal payments on the modified financial asset, the reason for the modifications, the borrower's payment performance compared to the modified contractual terms and whether such modifications increase the borrower's ability to meet its contractual obligations.

Where the contractual cash flows of a financial asset have been modified while the loss allowance of that asset is measured at an amount equal to lifetime expected credit losses, the Credit Union determines whether the credit risk of that financial asset has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month expected credit losses. The Credit Union makes this determination by evaluating the credit risk of the modified financial asset and comparing with documentation of the borrower's initial credit assessment at the time of the initial borrowing. The Credit Union considers the credit risk to have decreased when there is evidence that the quantitative or qualitative indicator for a significant increase in credit risk no longer exists for a particular financial asset. Subsequently, management monitors these assets to determine the extent to which expected credit losses revert to being measured at an amount equal to lifetime expected credit losses.

The Credit Union identifies credit-impaired financial assets through regular reviews of past due balances and credit assessments of its customers. Credit-impaired financial assets are typically placed on the Credit Union's watch list based on its internal credit risk policies. In making this assessment, the Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings.

Measurement of expected credit losses

The Credit Union measures expected credit losses ("ECL") for member loans that have not been assessed as credit-impaired on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type and security held. The expected credit losses for credit-impaired member loans are measured on an individual basis.



VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024
(\$ in thousands)

15. Financial instruments *(Continued from previous page)*

Credit Risk *(Continued from previous page)*

When measuring 12-month and lifetime expected credit losses, the Credit Union considers the probability of default, loss given default, forward looking information and macroeconomic factors, and exposure at default of the financial asset. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its members and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery. The Credit Union assesses that there is no reasonable expectation of recovery when the security relating to the loan has been sold and there are remaining amounts outstanding, or when the borrower has filed for bankruptcy and the trustee has indicated that no additional funds will be paid. Where an asset has been written off but is still subject to enforcement activity, the asset is written off but remains on a list of delinquent accounts. Where information becomes available indicating the Credit Union will receive funds, such amounts are recognized at their fair value.

Corporate Governance

Board of Directors

The Board of Directors of VantageOne Credit Union is comprised of 7 elected representatives. All have a professional or business background including financial, accounting, engineering, technology, governance and Enterprise-Wide Risk Management that contributes significant expertise at the board table.

All of VantageOne’s directors participate in the national system’s Credit Union Director Achievement (CUDA) program. In addition, all directors have opportunities to attend conferences, workshops and take courses to enhance their knowledge and expertise in areas of governance.

Terms of Office



Michelle Sinclair
Chair
Current Term 2022 – 2025
Director Since 2019



Jordan Bowness
Vice-Chair
Current Term 2025 – 2027
Director Since 2018



Cheryl Turcotte
Director
Current Term 2025 – 2027
Director Since 2012



Juliette Cunningham
Director
Current Term 2023 – 2026
Director Since 2020



Mike Champigny
Director
Current Term 2022 – 2025
Director Since 2022



Akbal Mund
Director
Current Term 2022 – 2025
Director Since 2022



Rodney Goodchild
Director
Current Term 2023 – 2026
Director Since 2023

Committees

Each of VantageOne's committees has its own terms of reference and workplan. Audit, Conduct Review, Investment & Lending and Board Development committees are run as Committee of the Whole.

Audit

7 Meetings

Cheryl Turcotte, Chair
Juliette Cunningham
Rodney Goodchild
Michelle Sinclair

The Audit Committee's responsibilities include oversight of the activities of the external auditor, assessment of accounting policies and the adequacy of internal controls. In addition, the oversight of ERM which includes ensuring the organization has effective risk management processes in place.

Conduct Review

4 Meetings

Rodney Goodchild, Chair

The Conduct Review Committee is responsible for establishing policies and procedures to address conflict of interest, standards of conduct and to maintain sensitive information confidential.

Governance & HR

9 Meetings

Michelle Sinclair, Chair
Jordan Bowness, Vice-Chair
Cheryl Turcotte
Mike Champigny

The role of the Governance & HR Committee is to ensure effectiveness of VantageOne's overall governance framework and oversee VantageOne's Human Resources governing policies and programs.

Investment & Lending

5 Meetings

Akbal Mund, Chair
Juliette Cunningham
Cheryl Turcotte
Glenn Benischek, (Management)*

The Investment & Lending Committee is responsible for ensuring there is an appropriate, prudent policy to govern the employment of funds entrusted to the organization and to oversee the employment of those funds.

Nominating

4 Meetings

Jordan Bowness, Chair
Juliette Cunningham
Rodney Goodchild
Cheryl Turcotte

The Nominating Committee oversees the director election process, including ensuring that qualified candidates are nominated for director positions.

Technology Strategy

5 Meetings

Mike Champigny, Chair
Jordan Bowness
Rodney Goodchild
Cheryl Turcotte

The role of the Technology Strategy Committee (TSC) is to have the depth of knowledge and understanding about technology that is needed to provide the leadership and oversight necessary to advance the technology strategy work, ensuring continued growth, with impact, consistent with VantageOne's vision and values.

ESG

5 Meetings

Juliette Cunningham, Chair
Mike Champigny
Rodney Goodchild

The ESG Committee is responsible to represent the Board in defining VantageOne's corporate strategy relating to ESG matters and to review the practices and initiatives of VantageOne relating to ESG matters ensuring that they remain effective and up to date.

Future Forward

5 Meetings

Michelle Sinclair, Chair

The Future Forward Committee is responsible for exploring and developing opportunities and plans which enable us to maintain or enhance the viability of the credit union now and into the future.

*The CEO is a Voting Officer Member of the Investment & Lending Committee.

Remuneration

VantageOne Credit Union provides directors with the following compensation:

- Board Meetings - \$350/Director
- Basic Remuneration – \$3,000/Director
- Additional Annual Fees Paid: Board Chair \$2,500, Vice-Chair \$1,500, Audit Committee Chair \$700, Investment & Lending Committee Chair \$700, Governance & HR Policy Committee Chair \$700, Technology Strategy Committee Chair \$700, ESG Committee Chair \$700, Conduct Review Committee Chair \$250, Future Forward Committee Chair \$250, Nominating Committee Chair \$250
- Reimbursement of expenses including travel, accommodation, parking, meals for meetings, training and for expenses related to approved representation of the credit union.
- In 2024 there was a total of 10 board meetings, 43 committee meetings held, as well as the AGM.

Section 11.26 of the Credit Union Rules state that the remuneration, if any, of the Directors in relation to their service as Directors may be established, from time to time, by the Board of Directors.

For the fiscal year 2024, the total expense for VantageOne Credit Union Directors was \$109,092. The expense for each director is summarized alongside.

Cheryl Turcotte **Director**

Director Remuneration
\$13,900

Training, Travel & Expenses
\$7,327

Juliette Cunningham **Director**

Director Remuneration
\$11,550

Training, Travel & Expenses
\$2,587

Akbal Mund **Director**

Director Remuneration
\$8,213

Training, Travel & Expenses
\$282

Jordan Bowness **Vice-Chair**

Director Remuneration
\$13,038

Training, Travel & Expenses
\$1,807

Rodney Goodchild **Director**

Director Remuneration
\$10,150

Training, Travel & Expenses
\$7,869

Michelle Sinclair **Chair**

Director Remuneration
\$14,200

Training, Travel & Expenses
\$3,649

Mike Champigny **Director**

Director Remuneration
\$12,400

Training, Travel & Expenses
\$2,120

Director Attendance (Attended/Meetings Held*)

	Board Meeting	Committee Meetings							
		Audit	Conduct Review	ESG	Governance & HR	Investment & Lending	Nominating	Technology	Future Forward
Jordan Bowness	9/10	2/2	3/4	n/a	9/9	2/2	1/2	5/5	5/5
Mike Champigny	10/10	2/2	4/4	5/5	5/5	2/2	2/2	5/5	3/5
Juliette Cunningham	10/10	6/7	4/4	5/5	n/a	4/4	4/4	n/a	4/5
Rodney Goodchild	10/10	3/4	4/4	5/5	n/a	n/a	4/4	3/3	5/5
Akbal Mund	8/10	4/5	3/4	n/a	n/a	2/2	2/2	n/a	3/5
Michelle Sinclair	10/10	7/7	4/4	n/a	9/9	n/a	2/2	n/a	4/5
Cheryl Turcotte	10/10	7/7	4/4	n/a	9/9	4/4	2/2	5/5	5/5

*Meetings Held number may differ depending on when a director came on board or sat on a specific committee. New Terms began May 2024.

Senior Management Compensation

As a part of improved governance reporting and communication to members this section outlines the compensation philosophy for Senior Managers of VantageOne Credit Union and the aggregate direct salaries paid to our senior managers.

Organization Structure

The Board of Directors is responsible for governing the direction of VantageOne Credit Union. A key part of this is the hiring of a CEO who in turn is responsible for hiring the Senior Management Team for the organization. Given the complexity of our organization, our senior management team consists of our Chief Executive Officer (CEO), Chief Credit, Risk & Operations Office (CCROO), VP Finance, VP Commercial Banking Services, VP Human Resources, VP Marketing, VP Wealth Management. Under the direction of the CEO this team is responsible for executing strategy approved by the board of directors and managing the day-to-day activities of the credit union.

Compensation Philosophy

Our compensation and benefit strategy is to provide competitive, cost-effective benefits that will help to attract and retain employees.

VantageOne intends to maintain our employee compensation program in a way that will help us attract the necessary talent we need to grow and further the strategic interests of our business. We will provide a compensation program that will be attractive and provide talented employees with good reason for remaining with VantageOne and continuing in their efforts to improve the value to the organization and the community we serve.

In practical application, our philosophy is to provide direct compensation for senior managers in the mid-range of the market for these positions in the Canadian Credit Union System while also reflecting our local market conditions.

Direct Compensation Disclosure

The total direct compensation (salary and incentives, if any) provided to our seven senior managers is \$1,018,405. We report that all Senior Managers are at or below the mid-range of the Canadian Credit Union market for their positions.

Our Purpose

We are Neighbours helping Neighbours.
We provide our communities with access to member-focused advice and high-quality financial services & help our communities grow.

Our Values

Member/Client Obsession

Member needs are at the centre of everything we do.

Ownership and Accountability

We act with integrity, taking ownership of our work, decisions, and actions.

Action Driven/ Innovate and Simplify

We act on opportunities to improve how our work is done by fostering a culture that values learning and innovation.

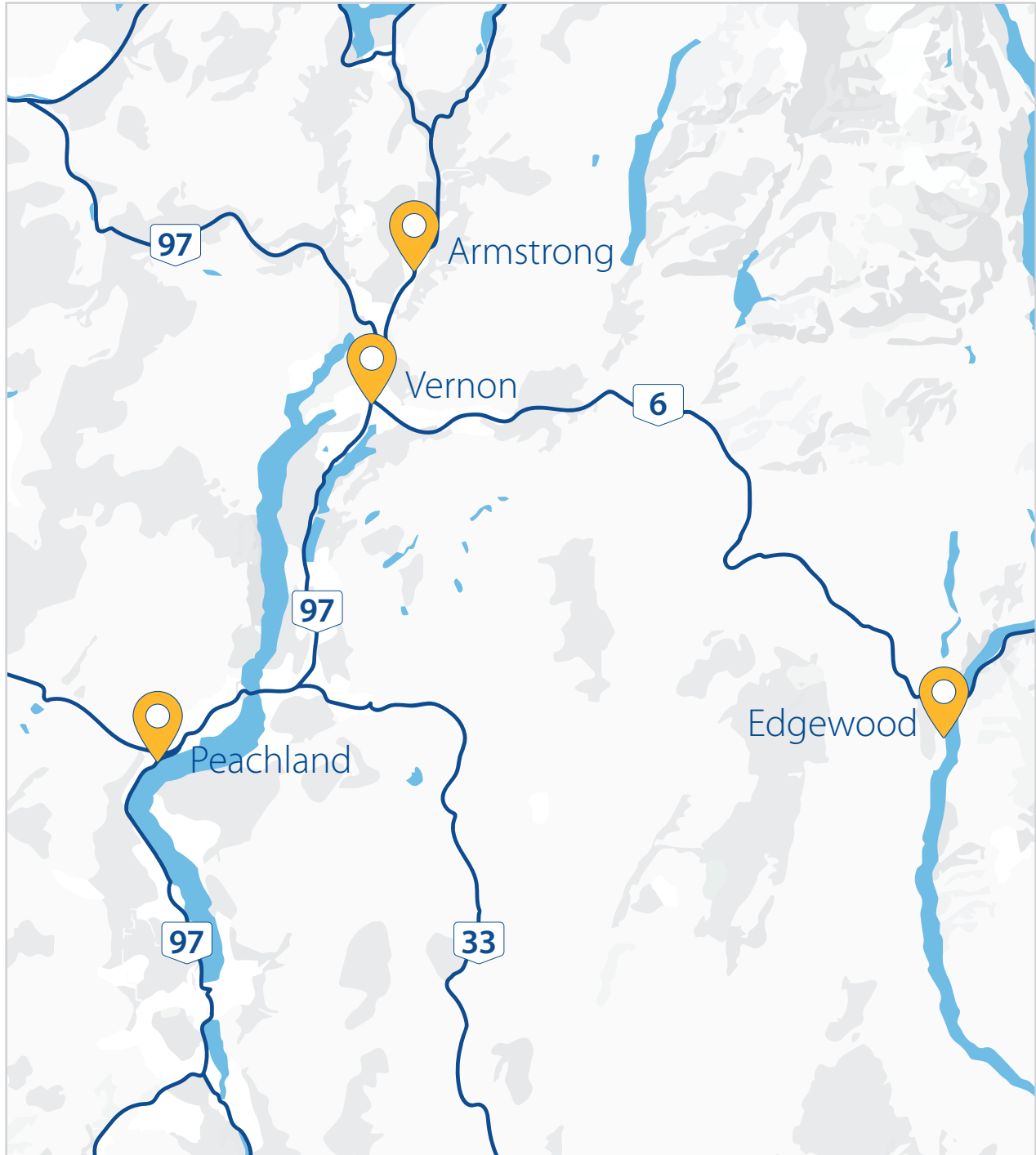
Be the Best

We are committed to delivering the best experience to our members.



Our VantageOne Communities

est. 1944



Any Branch is Your Branch



Armstrong | Arrow Lake | Peachland | Vernon Main

1-888-339-8328 | vantageone.net    