



Our Community. Your Credit Union.™

# 2024

## ANNUAL REPORT

LDCU

Strong



# BOARD



## **Ross Davis - President**

Ross was born and raised in Ladysmith, was appointed Director in 2012, and has been associated with the Credit Union since the early 60's.

Ross was Manager of Millstores/Purchasing for the Crofton Division of Paper Excellence and, since retirement, works as consultant in the procurement/inventory management field. He is also a member of Ladysmith's, Royal Canadian Marine Search and Rescue. Ross currently serves on the Audit & Risk and Donation Committees, and serves as Chair on the Management Committee.

Ross has a Business Administration Certificate from UVIC, is a Credit Union Director Achievement Program Graduate, and an Accredited Canadian Credit Union Director.



## **Elaine Layman - Secretary**

Elaine joined the Credit Union in 1992 when she and her family first moved to Ladysmith. She is a Chartered Professional Accountant and owns and operates The Layman Group, a full-service accounting and financial planning company in Ladysmith.

Elaine has been active in the Ladysmith community for many years; she is currently on the Boards of the Ladysmith Historical Society and the Vancouver Island Crisis Line Society. In addition, she has previously been on the Boards of the Ladysmith Resource Centre (serving some time as President) and the Ladysmith Chamber of Commerce.

Elaine was appointed to the Credit Union Board in the fall of 2009, she is Past President and currently serves as Secretary. In addition, she is the Chairperson of the Audit & Risk Committee and on the Conduct Review, Governance, Credit and Scholarship Committees. She is a graduate of the Credit Union Director Achievement Program, and has her Accredited Canadian Credit Union Director (ACCUD), Canadian Credit Union Director (CCD) and Global Competent Board designation for Environmental & Sustainable Governance (GCB.D) degrees. She has also attained the prestigious Institute of Corporate Directors designation (ICD.D).

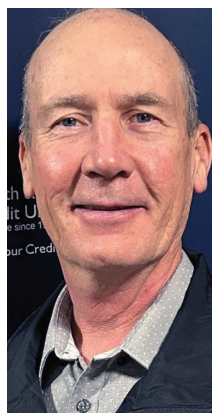


## **Rob Viala - Director**

Rob has been a member of the Credit Union since 1972; he joined the Board as a trainee in the fall of 1990 and was then elected to the Board in 1991. He worked at Western Forest Products in Chemainus as an accredited Red Seal millwright and crew lead hand. During his time at the Chemainus Sawmill, Rob served for many years as Chairperson of the Chemainus Mutual Benefit Association, a co-operative insurance society.

In years past, Rob helped many youth in our community learn about forestry and develop outdoor skills as a leader of the Junior Forest Wardens.

He currently serves as Chairperson for the Governance Committee and is also on the Conduct Review, Nominating and Scholarship Committee. Rob is a graduate of the Credit Union Director Achievement Program.



## **Gerry Clarke - Vice President**

Gerry moved to Ladysmith in 1988 and became a member of LDCU shortly thereafter, and has resided in Cedar by the Sea since May of 2021.

He has been active in the Ladysmith and area community for many years, having joined the Ladysmith Eagles in 1995 having served two terms as president. He has been a board member of the Eagles Home Society since 1996, and has also served on the Town of Ladysmith Advisory Planning Commission serving two years as Commission Chair.

Gerry started G.R. Clarke Contracting in 2001 and is a Red Seal Carpenter.

He married his wife Erica in 1989 and they have three children. His many hobbies include antique automobiles, Labrador Retrievers, gardening, and working on his farm.

He currently serves on the Investment & Lending, Governance, Audit & Risk, Conduct Review and Credit Committees. Gerry is also a graduate of the Credit Union Director Achievement Program.



## **David O'Connor - Director**

David has lived in Ladysmith since 1985 and raised his family here with his wife Terrena. He joined the Credit Union in 1995 and became a board member in 2010.

David practiced law in Ladysmith for 34 years as a self-employed lawyer, and is now retired from the practice of law. David has a strong commitment to community values which, together with his legal expertise, makes him well suited to serve on the Board.

David currently serves as Chairperson for the Conduct Review Committee and is also on the Nominating, Investment and Lending, Credit and Scholarship Committees. Dave is also a graduate of the Credit Union Director Achievement Program.



## **Carol Warkentin - Director**

Carol moved to Ladysmith in 1983, and has been here since, raising her three children and now enjoying her grandchildren in this great community. After moving here and purchasing her first home in 1985 she has continued to be a member of the Ladysmith District Credit Union, grateful to have chosen a financial institution that assisted her with the purchase of her first home, during a time when rates were very high and employment was scarce.

Believing that "giving back to community" is one of her core values, Carol has been, and continues to be, a member of different service groups and committees, such as the Fraternal Order of Eagles, Ladysmith

Rotary, and the Ladysmith Ambassadors throughout the years. Carol's passion and enthusiasm for real estate led her to becoming a licensed real estate agent in 2010. Prior to becoming a realtor, she worked for a local oil company for seventeen years, and during this time she also was, (and continues to be), heavily involved in the business of building and developing land, as a Licensed Builder and Developer.

# AGENDA

Carol currently serves on the Investment & Lending, Governance, Credit and Management Committees and is also a graduate of the Credit Union Director Achievement Program.



## Julie Fraser - Director

Julie and her family have lived in Ladysmith since 2008 and are active members of our Community. She joined the Board of Directors in January 2023, and brings extensive experience in financial services, including:

- project and strategic management;
- coordinating service, product, and systems training programs; and
- corporate and branch audit and compliance.

She has served as an Executive on two Ladysmith schools Parent Advisory Councils, and has helped local community organizations with volunteering and fundraising campaigns.

Julie and her family are avid animal lovers, and they have adopted rescue cats and chinchillas. Julie's hobbies include pickleball, rollerblading, and sea glass hunting at the beach.

Julie currently serves as Chairperson for the Credit and Nominating Committees and is also on the Audit & Risk, Governance, Investment & Lending, Conduct Review, and Scholarship Committees. Julie is also a graduate of the Credit Union Director Achievement Program.

1. Reading and Approval of the Minutes of the 79th AGM.
2. Business Arising out of the Minutes.
3. Director's Report.
4. Credit Committee Report.
5. CEO's Report.
6. Auditor's Report.
7. Election of Directors.
8. Appointment of Auditors.
9. New or Unfinished Business.
10. Good and Welfare.

## STAFF

Alexander, Carrie	Lending Services	Lowery, Megan	Member Services
Armishaw, Matthew	IT Services	Lu, Jessica	Finance
Armstrong, Hana	Wealth Management Services	MacDougall, Sheila	Member Services
Bakker, Jennifer	Member Services	Moore, Brenda	Lending Services
Boschman, Nicholas	IT Services	Olson, Brandy-Lin	Insurance Services
Bradbury, Carolyn	Insurance Services	Orr, Brooke	Insurance Services
Bryson, Ashley	Finance	Palmer, John	Wealth Management Services
Cole, Michelle	Insurance Services	Ponsford, Kailee	Insurance Services
Copiak, Sherri	Finance	Qualizza, Roberto	Lending Services
de Leeuw, John	Executive Services	Reilly, Melissa	IT Services
Dougan, Megan	Executive Services	Reilly, Michelle	Finance
Eustis, Sandy	Member Services	Robertson, Carolyn	Finance
Forrest, Connie	Finance	Robinson, Michael	Executive Services
Gresmak, Kanisha	Member Services	Schwartz, Shauna	Member Services
Gresmak, Chandler	Member Services	St Laurent, Anne	Member Services
Ham, June	Member Services	Stevens, Katie	Member Services
Harte, Valerie	Member Services	Stirling, Millie	Insurance Services
Haugen, Kendre	Mobile Mortgage Services	Tufts, Crystal	Member Services
Henn, Courtney	Member Services	Vadeboncoeur, Denine	Insurance Services
Jamieson, David	Lending Services	Vugteveen, Samantha	Insurance Services
Joseph, Oreste	IT Services	Wilson, Mitch	Insurance Services
King, Linda	Executive Services	Zoumanigui, Richard	Finance
Kong, Charlene	Insurance Services		



# Minutes of the 79<sup>th</sup> Annual General Meeting of Ladysmith & District Credit Union May 7, 2024

## 1. Welcome

President, Ross Davis welcomed members and guests to the 79th Annual General Meeting (AGM) of the Ladysmith & District Credit Union (LDCU) noting this was our first hybrid AGM (held virtually and in-person).

He acknowledged that we stand on the traditional territories of the Stz'uminus First Nation and thanked them, as original keepers of this land, for their work and dedication to this land we call home.

## 2. Introductions

Board President Ross introduced the following members of the Board of Directors: Gerry Clarke, Elaine Layman, Carol Warkentin, Julie Fraser, David O'Connor and Rob Viala.

He also introduced CEO John de Leeuw and advised that CPA Brad Derbyshire from the accounting firm of MNP is attending virtually.

## 3. Quorum

Board President Ross declared a quorum as there were 166 members and 8 guests in attendance.

## 4. Meeting Documents Review

CEO John de Leeuw advised that today's meeting documents were provided to members on LDCU's AGM registration web page and were handed out to everyone attending in person. They include the Agenda, Minutes of the 78th AGM and the 2023 Annual Report (which includes our audited summarized financial statements).

## 5. Viewing, Voting and Questions

CEO John de Leeuw outlined how to best view the AGM virtually along with the procedures for virtual and in-person voting and member questions.

## 6. Rules of Order

CEO John de Leeuw then displayed the Rules of Order and read them out. He asked if anyone had any questions. No one inquired.

## 7. Agenda Approval

Board President Ross outlined the Meeting Agenda to the membership and asked for questions. There were none. He then called for a motion to approve the Meeting Agenda. This was moved by Melanie Davis and seconded by Marion Rodall. Carried by the membership.

## 8. 78th AGM Minutes

Board President Ross asked if anyone had any questions on last year's minutes. Hearing none, he then called for a motion to approve the minutes of the 78th Annual General Meeting contained in the meeting documents. This was moved by Tracy Paterson and seconded by Greg Robinson. Carried by the membership.

## 9. Business Arising

Board President Ross then asked if there was any business arising from the 2023 AGM minutes. None were raised.

## 10. Board Report

Board President Ross advised that, after four years of virtual meetings, he was pleased to see so many members in person at this AGM and welcomed everyone attending both in-person and virtually.

He advised that he trusts everyone has read the Board Report contained in the meeting documents and presented its highlights as noted below:

- Last year's President's Report discussed the challenges in the financial services industry since 2020. The trials continued in 2023 with interest rates rising to combat high inflation. Despite this, 2023 was still shaping up to be a relatively strong year for LDCU, until the last quarter, when the impact of interest rate increases in June and July hit and drastically effected mortgage lending and also lowering Ladysmith housing pricing by 4.37%.

- He noted that, despite the challenges, LDCU had its largest asset growth in 2023 at almost \$33 million and its best year for deposit growth and outlined LDCU's growth metrics compared to the BC Credit Union System as noted below:

	LDCU	BC Credit Union System Average
Asset Growth	13.05%	4.38%
Loan Growth	6.19%	4.37%
Deposit Growth	14.18%	3.76%

- In addition, he noted:
  - Our asset and deposit growth were more than triple the system average and our capital ratio was almost double the regulatory requirement of 8%.
  - Over the past five years, our loans portfolio has increased by 60% and deposits have increased by 55%. The loan growth has resulted in higher revenues.
  - Our subsidiaries have shown resilience with LCU Insurance Agencies far exceeding budget and LDCU Financial on budget target despite volatility in the markets.
- He advised that the combined results made 2023 LDCU's second-best year for Net Operating Income and placing it near the top of BC Credit Union system.
- President Ross noted that LDCU is more than its financial success, and that it's about giving back to our community, being involved, showing immense pride and ongoing corporate social responsibility and noted:
  - We continue to sponsor events in our community like the Ladysmith Days, the Festival of Lights Fireworks, Show and Shine, the Art's Council Light-Up Night and provide the Ladysmith Secondary School with \$18,000 in scholarships.

He announced that, with the excellent 2023 results, the Board of Directors was proud to declare 2023 dividends on Member Equity Shares at 4.00%.

He noted tonight's theme is "The Path to Prosperity" with LDCU maintaining a steady path these last few years in tumultuous times and wanted members to know we walk the Path with them and are here to help. He outlined:

- LDCU's recent main branch renovations which were completed to serve our members better with more sit-down stations, a larger Contact Centre along with a newly designed mural that showcases all the momentous moments in our history noting that these renovations also brightened up the entire branch.
- That our members will be on a new on-line and mobile platform later this year as part of our continued ongoing evolution.

He thanked CEO John de Leeuw, his management team and all the staff for their dedication and hard work. He congratulated director Julie Fraser for graduation

from the Credit Union Director Achievement (CUDA) program noting that all of our directors are CUDA graduates.

He thanked his fellow directors for their continued service to LDCU noting that, without their efforts, long-range vision, decision-making, and unfailing commitment, we would not be the Credit Union we are today and stated that we will continue walking the Path to Prosperity for our members and our community.

Board President Ross then inquired if there were any questions about the Board Report. None were raised. He then called for a motion to approve the Board Report. This was moved by Robert Volkman and seconded by Madeline Smith. Carried by the membership.

### **11. Credit Committee Report:**

Board President Ross advised that he trusts everyone has read the Credit Committee Report contained in the meeting documents. He noted that, in order to remain consistent with previous years, we will not read the Credit Committee Report aloud unless someone specifically asks.

CEO John de Leeuw then summarized the Credit Committee Report as follows:

- As discussed earlier, lending was down in 2023 mostly due to Bank of Canada's interest rate increases but, prior to the increases, LDCU' lending was on track for another banner year. John then presented slides noting:
  - The total number of loans and mortgages approved in 2023 was down 27% from 2022 and the total dollar amount also dropped by 32%.
  - Personal mortgage approvals were responsible for the biggest decline in 2023, falling from \$51.8 million dollars in 2022, to only \$34.3 million in 2023 a 33% decrease.
  - Lines of Credit approvals also fell by 53% year over year.
- While this seems like a dramatic decline, our overall loans portfolio still grew by a respectable \$16 million (down from the last few years of exceptionally high loan growth).

Board President Ross called for a motion to approve the 2023 Credit Committee Report as outlined in the meeting documents. This was moved by Elizabeth de Leeuw, seconded by Terrena OConnor. Carried by the membership.

### **12. CEO Report:**

CEO John de Leeuw then presented the CEO Report noting:

#### **Financial Results**

- 2023 delivered another difficult year with high inflation, elevated interest rates and continued uncertainty. Early in the year, the financial services industry faced investor panic when two large US banks failed. Specifically:
  - Inflation remained stubbornly high, starting the year with a rate of 5.9% in January, and finishing the year at 3.4% forcing the Bank of Canada to raise its interest rate by 25 bps in January 2023. In addition, interest rates were increased in June and July which stunned the market.
  - The local housing market sales were impacted and house prices dropped by 4% and mortgage lending (which did well in the first three quarters) dropped to our lowest fourth quarter in ten years.
  - Variable rate borrowers were highly impacted, new mortgage borrowers disappeared and those renewing their existing mortgages faced monthly payments that increased by 40% to 50%.

- The longest inverted yield curve in history caused confusion among economists.
- Depositors flocked to shorter terms as interest rates were higher and many chose a twelve-month term but, with rates starting to fall, depositors may find themselves renewing into lower rates.
- LDCU's long-term strategy has been very successful and, despite having experienced a slower year for lending, we:
  - have kept a neutral balance sheet so sudden changes in interest rates do not significantly affect us;
  - hold two strong subsidiaries to diversify our revenue and make us less dependent on interest rate fluctuations;
  - have worked hard to keep our delinquency low and work to find opportunities to grow.
- Our 2023 financial performance outdistanced most of the Credit Union system in almost all productivity ratios (asset, loan, deposit and membership growth). In fact, our Return on Assets is among the best in the province, and our financial forecasts for the next three years are even stronger.
- Specifically, CEO John outlined LDCU's 2023 financial results in detail with a slide presentation.

#### **Questions:**

- CEO John de Leeuw then asked the membership if they had any questions. The following questions were asked
  - Ken Hiebert asked: How do the demographics of Ladysmith affect LDCU? CEO John advised that he had just completed research on our demographics for our regulators and it showed that the market share of LDCU exceeds 40% in every age category of the demographics in the Ladysmith community and in some cases significantly higher and noted:
    - o LDCU mirrors Ladysmith's demographic in having an older demographic that has contributed solidly to our deposit growth.
    - o Many new and young families have been moving to Ladysmith as Ladysmith is central and has more affordable housing compared to other areas of Vancouver Island.
    - o Keith Heibert also noted that LDCU is consistently a friendly place to come to.

#### **Staff Service Awards**

CEO John de Leeuw called staff up who were receiving their awards, he thanked them for their hard work and efforts and presented them with their annual service awards. He presented one, three, five and ten-year awards for 2024 and also awards to staff members who missed 2023 award's meeting.

In addition, CEO John de Leeuw thanked:

- HR Manager, Megan Dougan for finding such amazing staff and the managers who helped in the process.
- The IT Department and Kanisha Gresmak who have worked hard on this hybrid meeting.
- Executive Assistant, Linda King who works both for himself and the Board.
- Carrie Alexander for baking tonight's LDCU cookies.
- All the staff for their immense contribution noting that, without which we would not have achieved these amazing results.

Board President Ross asked for a motion to approve the CEO's Report as presented. This was moved by David Little and seconded by Mitch Wilson. Carried by the membership.

# Minutes of the 79<sup>th</sup> Annual General Meeting

## of Ladysmith & District Credit Union

### May 7, 2024 continued

#### 13. Auditor's Report:

The Auditor's Report was then presented by Brad Derbyshire, CPA of MNP. Brad advised that he was pleased to report that MNP has issued a clean unmodified audit opinion and the full set of LDCU's 2023 consolidated statements fairly represent the financial position of LDCU. Brad asked if there were any questions on the Auditor's Report. There were no questions.

Board President Ross thanked Brad Derbyshire along with Debbie Bass and their MNP team. He asked for a motion to approve LDCU's 2023 Auditor's Report as presented. This was moved by Jeff Cote and seconded by Elizabeth de Leeuw. Carried by the membership.

#### 14. Nominating Committee Report:

Nominating Committee Chairperson Dave O'Connor, presented the Nominating Committee report. Dave outlined the guidelines followed when directors reach the end of their term and outlined the newsletter sent to the LDCU's membership stating the expiration of the terms of two of our directors. Dave advised that the directors whose terms are expiring are Rob Viala and Gerry Clarke noting each have completed an incumbent nomination package and no other nominations were received. Dave advised that pursuant to Article 4.14 of the Credit Union Rules, Rob Viala and Gerry Clarke are elected via acclamation. They will each serve three years with their terms will expire at the 2027 AGM and thanked them for letting their names stand for another term.

Board President Ross asked for a motion to accept the Nominating Report as presented. This was moved by Kelsey Dentoom and seconded by Kendre Haugen. Carried by the membership.

#### 15. Remuneration for Directors:

Director Elaine Layman presented to the members the Board recommended changes to Director Remuneration noting they are proposing a step increase model for honorariums based on years of service.

She noted the increasing regulatory obligations which, in turn, increases the number of Board and Committee meetings and their preparation as well as

noting they want to retain qualified directors and attract new directors to adequately plan the strategic direction of the Credit Union. She outlined slides that showed:

- The number and hours spent by directors for 2023 Board and Committee meetings along with preparation time (noting that preparation time is not considered under remuneration).
- The estimated 2023 director time spent on all LDCU work (prep work, courses and meetings).
- Policies which were created or significantly updated in the last 12 to 18 months (total of eleven).
- The proposed honorarium step model compared to the current model (shown below) noting that the Board motioned to recommend these changes to the Membership on December 5, 2023. In addition, she noted they recommend grandfathering one existing director in at \$2,750 during their first term.

Service	Term 1	Term 2	Term 3	Term 4	Term 5	Term 6
	(1-3 Years)	(4-6 Years)	(7-9 Years)	(10-12 Years)	(13-15 Years)	(16-18 Years)
Current Annual Allocation	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750
Proposed Annual Allocation	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$4,500

- Director Elaine stated the impact to the Credit Union for 2024 was \$6,750 and no other increases to director compensation are being requested.

She outlined the Board and Committee structure and noted that:

- All seven directors are graduates of the Credit Union Director Achievement (CUDA) program, two directors are Accredited Canadian Credit Union (ACCU) directors, and one director holds an Institute of Corporate Directors designation (ICD.D).
- She outlined the Board responsibilities and the remarkable performance by the Credit Union over the past several years noting, we are one of the last remaining independent Credit Unions in the Province and it is important for us to be able to attract dedicated, well-informed people to our Board.

“The Board of Directors have demonstrated their commitment to our membership by announcing a **4.00% Dividend** on Membership Equity Shares.



Our total Members' Equity has surpassed \$18.5 million for the first time. Having powerful Members' Equity is a very important component of the Credit Union's capital base. Legislation requires all Credit Unions in BC to have a minimum capital ratio of 8%. At the end of 2024, LDCU's capital ratio was 17.33%, demonstrating our commitment to financial growth, and protection for our membership.

- She asked if there were any questions or comments.
- Tim Richards, past LDCU director, advised the following:
  - o I served on the Board for 18 years and this minor adjustment to compensation is long overdue. If any member would like to see what goes on, please ask to sit in on an LDCU Board meeting. We need Board members, but it is a lot of work.
- Elaine noted that Tim is correct in that we need Board members if you are interested, please let us know.

Board President Ross asked for a motion to approve the recommended changes to Director Remuneration (changing Director Honorarium to the tiered model as presented tonight). It was moved by Erica Clarke and seconded by Faith Maslen. Carried by the membership.

#### **16. Appointment of Auditors for 2024:**

Board President Ross asked for a motion that MNP be appointed auditors for 2024 with the Board given the authority to set their remuneration. It was moved by Roberto Qualizza and seconded by Connie Forrest. Carried by the membership.

#### **17. LDCU's New Instructional Videos:**

CEO John presented LDCU's original Sunny video (a cartoon character that pops out of the sun in LDCU's logo and provides instructions to our members in an entertaining way). In addition, two new Sunny videos were shown. These videos outlined how to use e-transfer and Deposit Anywhere. John noted that more videos are in the works.

#### **18. New or Unfinished Business:**

Board President Ross called for any New or Unfinished Business. There was none.

#### **19. Announcement of Gift Certificates:**

Board President Ross advised that every member attending this meeting (virtually or in-person) is able to choose a \$75 gift certificate to one of the

following local businesses which will be available for pick up in our main branch mid-next week.

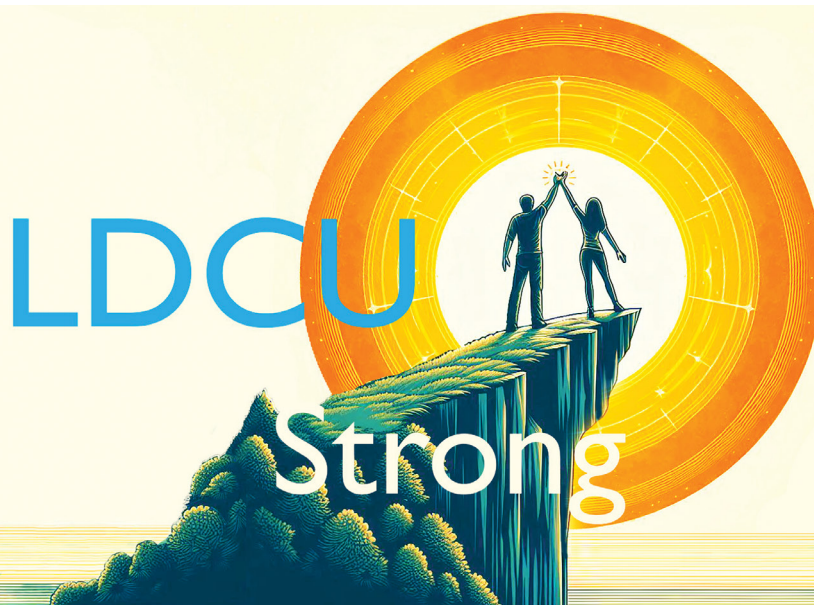
- Cottonwood Golf Course
- Wild Poppy
- Plantitude
- White Space Living
- Old Town Bakery, Bouma Meats
- Wordly Gourmet
- High Street Hair
- Chopstix
- Bayview Brewing
- Fox & Hounds
- Jas Café

#### **20. Thank you and Adjournment:**

Board President Ross thanked all members for attending our 79th AGM. He advised that we are commissioning a Strategic Research firm to conduct a Member Satisfaction Survey and encouraged all members to participate. He noted that we look forward to sharing the results at next year's 80th AGM.

In addition, he thanked staff for another excellent year and their dedicated service and, in particular, he thanked LDCU's IT Department for putting on a successful hybrid AGM. He also thanked the Ladysmith Secondary School for allowing the use of their facility and, in particular, Bill Taylor and Principal Steven Epp. President Ross noted that, as we look forward to the remainder of 2024, let's continue to walk the Path to Prosperity together as a Credit Union community. We will continue to look ahead and remain steadfast in our commitment to a strong, resilient, independent Credit Union in service to Ladysmith and the surrounding area.

The meeting was adjourned at 8:46 pm through a motion by David Little



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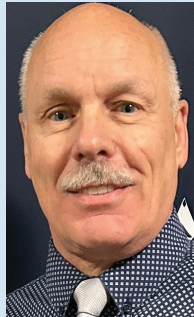


# LDCU Strong

## Message from the Board and CEO



Ross Davis  
President



John de Leeuw  
CEO

Our focus has always been on long-term, stable growth and conservative decision-making... Many Credit Unions in BC have experienced challenges over the past few years, but our commitment to our fundamental values has stood us in good stead.

*“Over the past 5 years we have had some of the most significant growth in our history...”*

The last few years continued to test our Credit Union. First there was Covid, coupled with interest rates falling to all-time lows; then inflation rose to its highest level in 40 years; then interest rates rose at a historic rate, staying stubbornly high while consumer confidence faltered; and then in 2024 the Bank of Canada (BoC) lowered rates precipitously in an effort to kick-start the economy. To say the last 5 years have been a roller coaster is an understatement. As we entered 2024, there was a feeling of pessimism. Inflation was lowering, but the Bank of Canada remained on the sidelines with rates stubbornly high. Consumer confidence remained below 50, despite rising in the 4th quarter of 2023.<sup>(Fig 1)</sup> An index figure below 50 typically indicates a cautious or pessimistic outlook. During 2024, the index only briefly rose about

50 for one quarter, before dropping once again during the remainder of the year.

In 2024, the Bank of Canada's overnight rate had a significant impact on consumer confidence. The Bank's decision to maintain elevated interest rates to combat inflation resulted in higher borrowing costs, which dampened consumer spending and reduced confidence. The ongoing

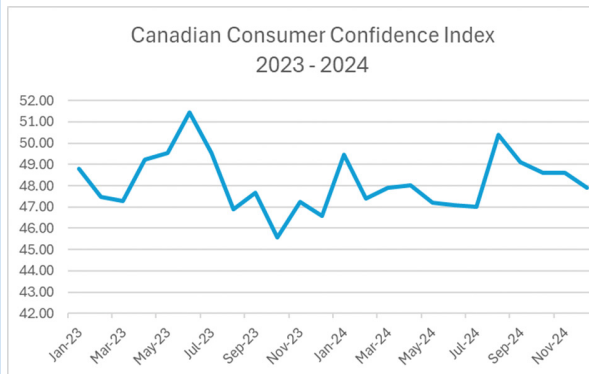


Figure 1

financial strain, especially for households with high debt loads, created a cautious consumer mood throughout much of the year. Overall, consumer confidence experienced fluctuation with no clear path as consumers waited for direction from the BoC. As expected, the BoC's high interest rates significantly impacted the housing market. As mortgage rates remained high for the first half of the year, homebuyers renewing their mortgages faced higher monthly payments, making it difficult to move or refinance their mortgages. These elevated interest rates also made it more difficult for first-time buyers to enter the market. Higher rates also negatively impacted home sales and price growth throughout many cities. The slowdown in housing activity contributed to broader economic uncertainty, as many Canadians view homeownership as a key financial goal. This deceleration added to consumer pessimism and the fall of the Consumer Confidence Index. Finally, in the second half of 2024, the BoC started to act. And once the dam had broken, rates started to fall quickly, with the Overnight rate plummeting 1.75% during the second half of the year.<sup>(Fig 2)</sup>

The impact of the Overnight Rate on consumers and the housing market cannot be overstated. There is ample evidence in our own growth and lending numbers. During the first half of 2024, lending was significantly down from previous years, and competition for renewals was highly elevated. We had anticipated lower loan growth for the year based on higher rates, but the results at the beginning of the year did not even meet our suppressed predictions. Lending in the first half of the year was subdued at best. However, once the BoC started to lower rates, our lending numbers rose in tandem. Despite the slow start, the second half of 2024 resulted in loan approvals of almost \$25 million. Unfortunately, the damage had already been done during the first half of the year with higher competition eroding our overall growth. We finished the year with growth of just over \$3.6 million in our loans portfolio. Our lowest growth over the past 5 years.

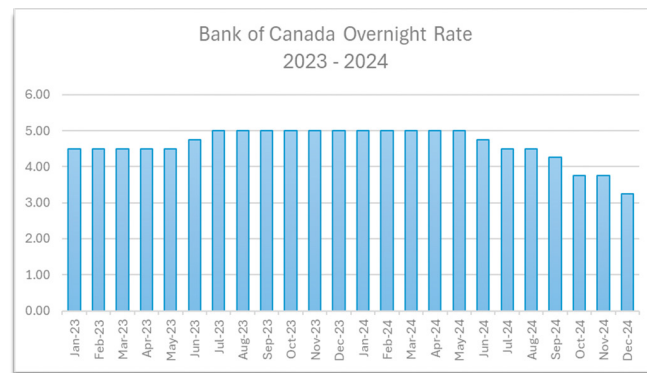


Figure 2



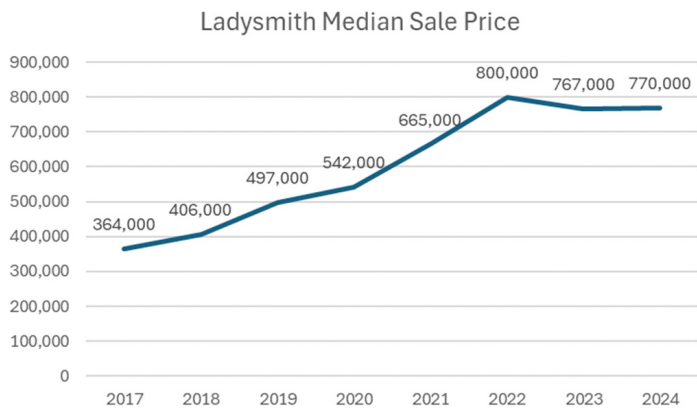
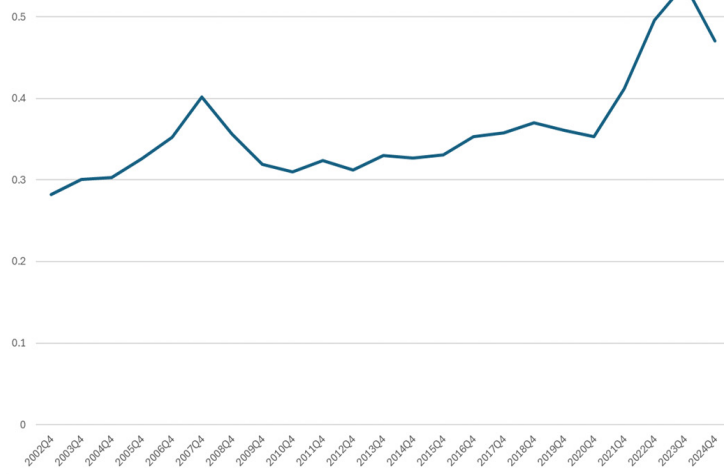


Figure 3

As with mortgage lending, the continued higher rates had an impact on sales, if not pricing in the Ladysmith market. Overall sales of residential housing in Ladysmith fell by almost 5%, led by single detached house sales falling by 4.76%. However, the decline in interest rates had a positive impact on house prices in the Ladysmith area. After the decline of 4.37% in 2023, prices rebounded slightly in 2024, rising to a median price of \$767,000 by the end of the year.<sup>(Fig 3)</sup> This represented a minimal increase of only 0.39%, but demonstrated the resilience of our local housing market.

In the past two years we have highlighted an important ratio: the Housing Affordability Index. This figure is the ratio of housing-related costs (mortgage payments and utilities) to household disposable income. The higher the ratio, the more difficult it is to afford a home. This ratio rose precipitously starting at the end of 2020 and continued to rise throughout 2021 – 2023. At the end of 2023, the Index had risen to 54%, the second highest Index in Canadian history. It seemed like home affordability was becoming anything but. Many first-time home buyers felt priced out of the market and despaired of ever having the ability to purchase a home. However, with the advent of lower rates during the second half of 2024, the Index fell substantially to 47%.<sup>(Fig 4)</sup> Before we begin celebrating, we need to be aware the



Source: Bank of Canada

Figure 4

Index remains well above 36%, the average over the past 22 years. It remains to be seen what will happen in 2025, although we are predicting rates will continue to fall with economic uncertainty continuing to haunt the Canadian market.

As we reported a year ago in 2023, consumers continue to wrestle with an inverted yield curve. An inverted yield curve occurs when short-term rates

exceed those of long-term, often signaling potential economic downturns. Here in Canada, these inversions have varied in duration and intensity over the years. Last year we reported the inverted curve had already lasted for 548 days. Throughout all of 2024, we remained in an inverted yield curve, which has now lasted an unprecedented 914 consecutive days. While ongoing higher rates were good news for depositors, the continuing inverted yield curve continued to present our Credit Union and members with difficult questions. The main issue for members remained the same as last year: how long to invest their money for. Why would this be a problem? As detailed, the inverted yield curve allows for higher short-term rates, and lower long-term rates. Depositors always want to maximize their return, but that would require investing into one year term deposits. However, as rates continued to fall, upon maturity a depositor's rate would be lower. This is the challenge with an inverted yield curve coupled with a falling rate environment. While the inverted yield curve had flattened by the end of 2024, it had still not returned to a normal yield curve.<sup>(Fig 5)</sup>

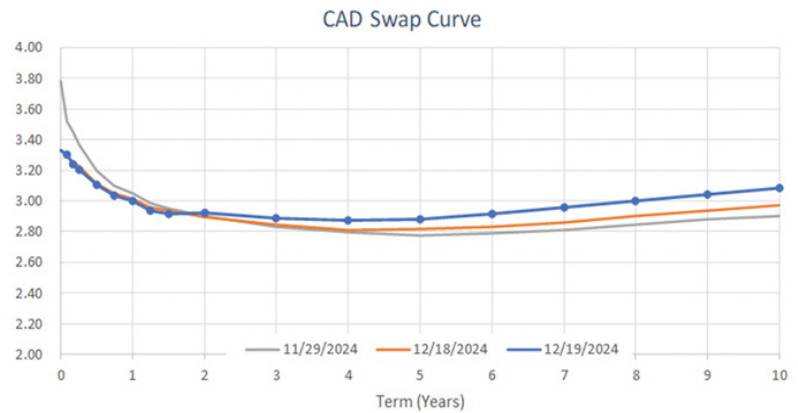


Figure 5

Despite the continued challenges facing LDCU, we are excited to present our members with our 2024 results. As we have reported over the past few years, our focus has always been on long-term, stable growth and conservative decision-making. The past few years have presented a wealth of opportunities for financial institutions to encounter difficulties or make decisions that don't go according to plan. Many Credit Unions in BC have experienced challenges over the past few years, but our commitment to our fundamental values has stood us in good stead during the past few years, and we are proud to present our results for this past year.

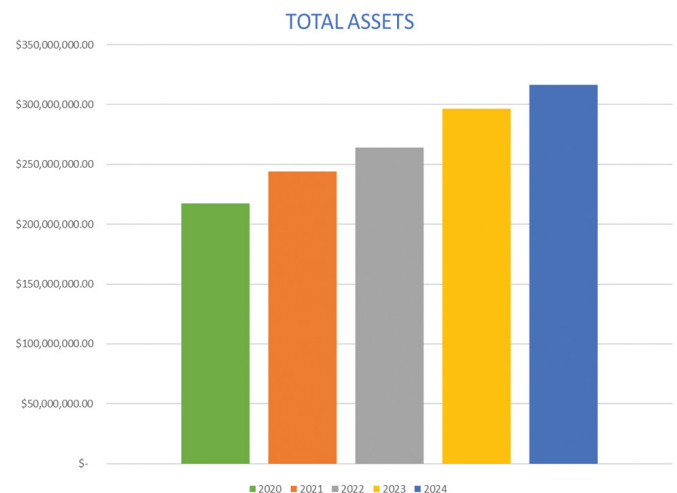


Figure 6

Over the past 5 years we have had some of the most significant growth in our history. This growth has allowed us to reach previously unanticipated levels. With the growth experienced in 2024, we are proud to report we have exceeded \$300 million in on-balance sheet assets, finishing the year at \$316.7 million! (Fig 6)

While our growth during the year allowed us to increase our assets to over \$316 million, we couldn't maintain the growth we experienced in 2023. In fact, 2023 represented the highest single year of growth in our history. Despite falling behind in actual growth, we still had a solid year of progress. Overall asset growth in 2024 reached almost \$20 million (Fig 7), just below our average of \$25 million over the past 5 years. Even though it seems less than in previous years, LDCU assets grew by almost 7% during the year. In comparison to the rest of the Credit Union system, we are proud to report our growth



Figure 7

exceeded the system average growth by over 80%! If you include the off-balance sheet assets of our subsidiaries, our total assets under administration exceeded \$400 million for the first time in our history. This continued strong growth is a testament to the trust our members place in us, and our ongoing commitment to safe and steady stewardship of that trust.

As written previously, deposit rates remained high for most of 2024. This led to significant competition for deposits. While 2023 represented the largest growth of deposits in our history, we couldn't maintain that level of growth this past year. While our deposit growth slowed in 2024, we can state with pride we still experienced growth of well over \$18 million. Once again almost double the average shown by the Credit Union system in BC. (Fig 8) While not a record, we are proud to inform our members that our deposit portfolio has grown by over \$117 million over the past 5 years, and finished the year at \$296.4 million.

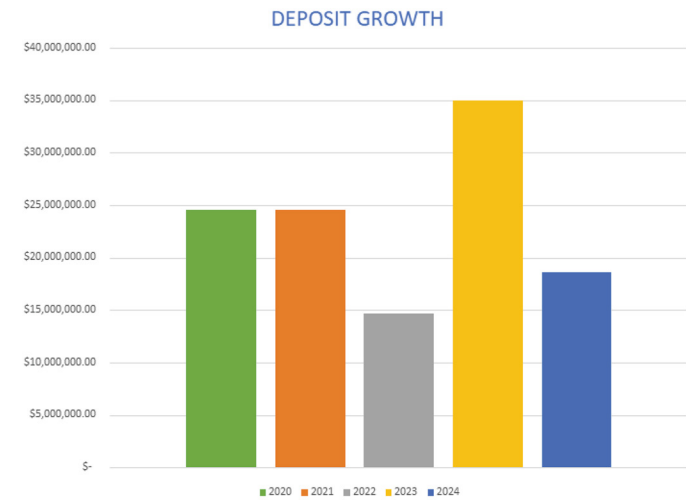


Figure 8

Up to this past year, our loans portfolio was growing at an unprecedented pace. While this has allowed for continued growth in revenues, it has come at the cost of higher liquidity. With the advent of higher borrowing rates in 2023, we budgeted for a severe downturn in lending in 2024. While the growth was even less than anticipated, this decline in lending has allowed the Credit Union to rebuild our liquidity reserves, a welcome development after so many years of unprecedented loan growth. Despite the lower totals we managed to maintain positive growth, finishing the year with just over \$241.8 in total loans. (Fig 9)



Figure 9

While we cannot control the direction or severity of interest rate changes, we can control the structure of our balance sheet. Rapid increases or decreases can play havoc with asset liability management and financial margin. In order to guard against the potential negative impact of rapid rate changes, (up or down), we have worked incredibly hard to maintain as neutral a balance sheet as possible. This allows us to avoid any meaningfully negative impact of adverse fluctuations in interest rates and their potential effect on financial margin. Maintaining a strong financial margin contributes to overall Credit Union operations and a healthy bottom line. This past year we continued our tradition of maintaining and growing our financial margin. In 2024 we managed to increase our margin by 12.28%, finishing the year with a margin of just over \$5.71 million. Once again the best in our history! (Fig 10)

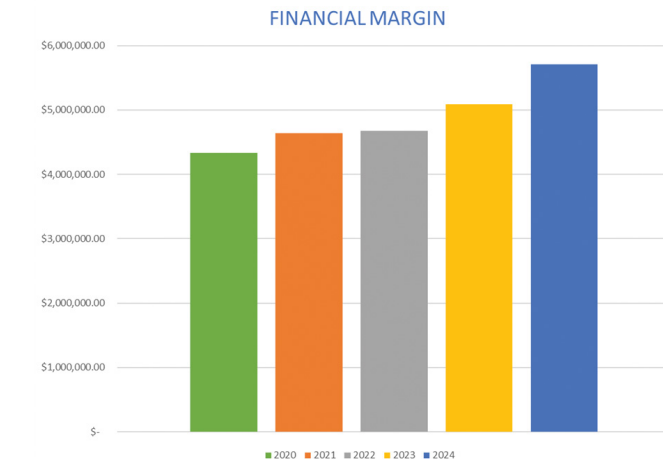


Figure 10

This past year also saw strong contributions from our two subsidiaries: LCU Insurance Agencies Ltd and LDCU Financial Management Ltd. In fact, LCU Insurance had their most profitable year ever, playing a strong role in the second-best year for Net Operating Income (NOI) in our history. The benefit of having our two subsidiaries is the role they play in making us an all-inclusive financial services provider to our members and community. Between them and the Credit Union itself, we are extremely pleased to announce a NOI

LDCU is a financial institution I can trust 2020

2024



Figure 12

of \$1.89 million, an increase of almost 27% compared to one year ago.<sup>(Fig 11)</sup> Another excellent result during challenging economic times!

With another year of strong financial results, our total Members' Equity has surpassed \$18.5 million for the first time. Having powerful Members' Equity is a very important component of the Credit Union's capital base. Legislation requires all Credit Unions in BC to have a minimum capital ratio of 8%. At the end of 2024, LDCU's capital ratio was 17.33%, demonstrating our commitment to financial growth, and protection for our membership.

With this year of excellent results, your Board of Directors have demonstrated their commitment to our membership by announcing a 4.00% dividend on Membership Equity Shares. As an annual return, this dividend compares very favourably with other Credit Union or bank dividends. For example, the current rate for a one-year term deposit or GIC is now 3.25% or lower. This demonstrates we offer a very competitive return on investment in our Membership Equity Shares. Membership at LDCU pays dividends!

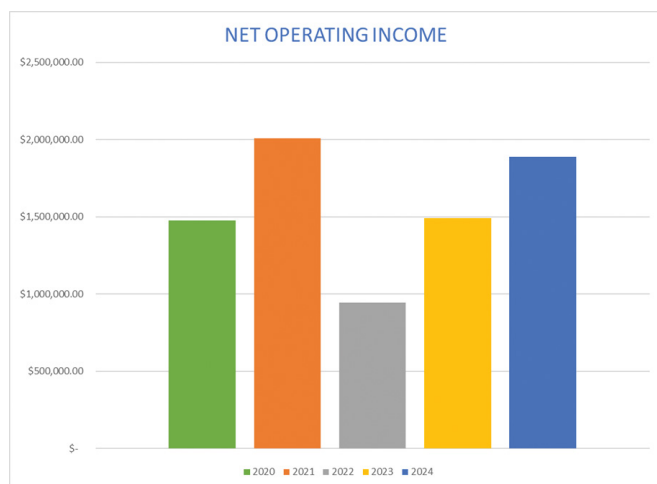


Figure 11

As outlined at the beginning of this report, the challenges faced by the financial services industry have been multi-faceted and ongoing since even before Covid in 2020. We can look back to the Great Recession from 2008 – 2010 to see the beginnings of upheaval in our industry. However simply looking back to 2020, we can see the obstacles we have had to overcome:

- Covid-19
- Technological Advancement and Digital Transformation
- Regulatory Pressures and Compliance costs
- Financial Sustainability and Interest Rate fluctuations
- Competition from larger Financial Institutions and Fintechs

This is nowhere near a fully comprehensive list, but it showcases what your Credit Union has faced in just the last 5 years. Sometimes it feels like we are continually swimming upstream, trying to make headway only to face even stronger currents threatening to send us backward. Yet through all the barriers, both named here and unnamed, we can say proudly we continue to grow, prosper and serve our community. Our success is not solely measured by profitability, but by the impact we continue to have on the well-being and financial empowerment of our members and the surrounding area. We continue to exemplify our own core values of Professional and Knowledgeable staff; Innovation; Profitability; and Social Responsibility. One need not look any further than our 2024 Member Satisfaction survey to see what our members think of us. In that survey, our members clearly state we are a financial institution they can trust.<sup>(Fig 12)</sup>

Moving forward, we must continue to innovate, to find ways to maintain our financial sustainability, adapt to the increasing demand for digital services, and navigate the ever-evolving regulatory environment. At the same time, we will continue to uphold our mission to serve the unique needs of our members and contribute to the financial well-being of our community. Our ability to overcome these challenges will determine our long-term relevance in the rapidly changing financial sector. If we can navigate these currents, what will success look like? For LDCU, success will be a Credit Union that fosters trust, encourages education, and builds long-term relationships, all while creating a positive impact that extends far beyond banking.

Our ability to accomplish all these things is inherent in our very nature, and why our theme this year is LDCU Strong. Our strength is showcased by our solid financial health, our focus on community impact, our effective governance, and our ongoing commitment to staff training & development. LDCU Strong means we not only survive but thrive.

As we approach our 80th Annual General Meeting, we can confidently say we remain:

LDCU Strong

As we do every year, we would like to thank our staff and directors for their ongoing commitment and dedication. Their devotion to both development and governance is a hallmark of our strength. As the Credit Union system continues its path towards amalgamation, this small, community-based Credit Union continues to grow with strength and resilience. As we surpass \$400 million in assets under administration, we can also be proud of the fact that LDCU has been recognized by our regulators as the dominant financial institution in our market. Once again showcasing LDCU strength.

And as always, we thank you, our members. We will remain LDCU Strong to provide financial choices for our members, our staff, and our community. We will never take your trust and support for granted.

Respectfully submitted,

*Ross Davis*

Ross Davis, President  
President, Board of Directors

*John de Leeuw*

John de Leeuw,  
CEO



# LDCU Strong

## Credit Committee Report 2024

*“In Ladysmith, total residential sales fell in 2024 from 201 to 191, a decrease of 4.98%. Despite the decrease in sales, the median sale price for a detached residential home in Ladysmith rose from \$767,000 to \$770,000... This represented a minimal increase of only 0.39%, but demonstrated the resilience of our local housing market.*

*...total dollar amount of loans granted in 2024 rose by over \$4.8 million representing an increase of 9.31% compared to 2023.”*

Rising rates during the late spring and summer of 2023 caused significant uncertainty within the housing market. Mortgage lending fell precipitously in the 4th quarter of that year. With this lack of confidence over rising rates, we anticipated a slow year for lending in 2024. Our prediction proved accurate for the first half of the year, as lending was considerably lower than the previous year. The Bank of Canada (BoC) stood on the sidelines as the housing market continued to decline, and lower consumer confidence lingered. Finally in June 2024, the BoC decided to act, lowering their Overnight Rate by 0.25%. This had minimal impact on the lethargy in the market, and the BoC got more aggressive. They lowered their benchmark rate 4 more times in 2024, including 0.50% drops in both October and December. In total, the BoC lowered the Overnight Rate by 1.75% in 2024. With these decreases, the housing market started to shake off its fatigue. Even with 2024's slow start, overall sales in the Cowichan Valley rose for the first time in the past three years, although only marginally. Total sales of single-family homes in the Cowichan Valley rose to 689 this past year compared to 671 in 2023. This represented a small increase of 2.68%.<sup>1</sup> With confidence starting to climb, more homeowners listed their properties, ending the year with 829 listings of single detached homes as opposed to 796 in December of 2023. This represents an increase of 4.15%.<sup>2</sup> Compare that to a decline of over 11% in 2023. Finally, sale prices in the Cowichan Valley fell, but only by a miniscule 0.50%. The median sale price of a single-detached home dropped to \$762,800 from \$766,700 in 2023.<sup>3</sup> Meanwhile in Ladysmith, total residential sales fell in 2024 from 201 to 191, a decrease of 4.98%.<sup>4</sup> Despite the decrease in sales, the median sale price for a detached residential home in Ladysmith rose from \$767,000 to \$770,000 in 2024, a tiny increase of 0.39%.<sup>4</sup> This increase marks a shift from the decline of 4.58% experienced in 2023.

At LDCU, the lethargy in the housing market was felt for the first half of the year. Lending remained muted with our overall portfolio falling during that time. However, things started to change in the second half of the year when the BoC started lowering their Overnight Rate. In fact, we granted 56 personal mortgages for almost \$25 million during the second half of 2024, culminating in over \$6 million approved in December alone. Overall, the total number of loans granted in 2024 fell by 6.15%, while the total dollar amount rose by over \$4.8 million representing an increase of 9.31%. This increase was led by residential mortgage lending which increased by \$4.28 million. However, as a slower year would attest, our overall loans portfolio only grew by \$3.64 million, our lowest increase since 2019. Compare this to 2023 when our loans portfolio still managed an increase of over \$16 million.

The following is a complete summary of the loans and mortgages granted in 2024 & 2023:

	#	2024	#	2023
Personal Mortgages	86	38,585,238	85	34,302,183
Business/Commercial	22	12,424,687	27	10,023,387
Miscellaneous	3	27,993	5	67,808
Automobile	6	163,161	10	200,828
RV's, Boats, etc.	0	-	2	68,090
Mobile Homes	3	508,260	4	455,280
Taxes, RSP's, etc.	0	-	0	-
Consolidation	3	86,256	3	35,630
Lines of Credit	45	5,512,550	43	7,273,500
Totals	168	57,308,145	179	52,426,706

Respectfully submitted: Julie Fraser, Chair; Elaine Layman; Gerry Clarke, Carol Warkentin, Dave O'Connor, & John de Leeuw & Dave Jamieson

Credit Committee, Ladysmith & District Credit Union

- <https://vireb.com/wp-content/uploads/2025/01/12-Dec-24-VIREB-Stats-Package.pdf>
- <https://vireb.com/wp-content/uploads/2025/01/12-Dec-24-VIREB-Stats-Package.pdf>
- <https://vireb.com/wp-content/uploads/2025/01/12-Dec-24-VIREB-Stats-Package.pdf>
- Landcor Data Corp

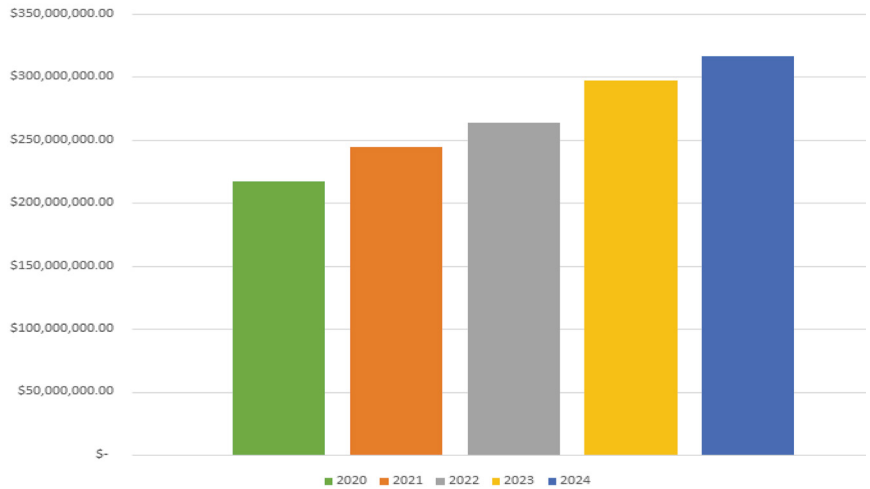
# LDCU Strong

LDCU ASSETS GREW BY ALMOST 7% DURING THE YEAR. IN COMPARISON TO THE REST OF THE CREDIT UNION SYSTEM, WE ARE PROUD TO REPORT OUR GROWTH EXCEEDED THE SYSTEM AVERAGE GROWTH BY OVER 80%!

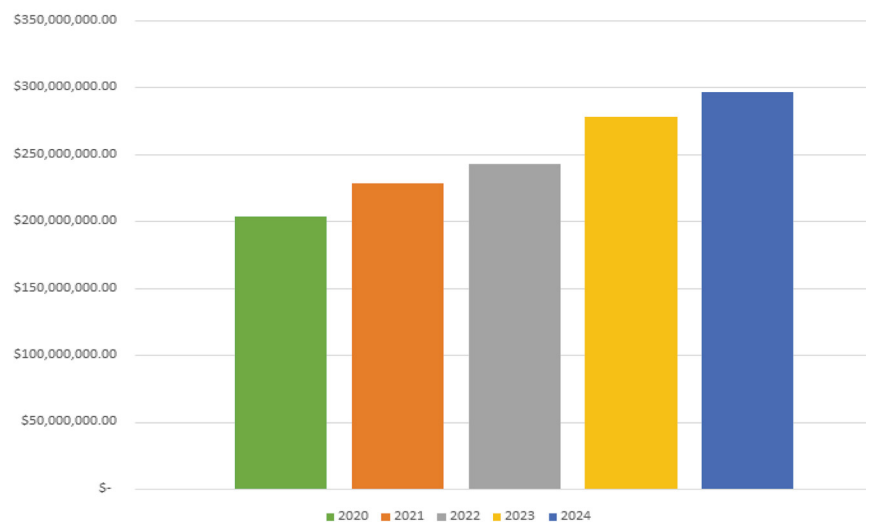
*“If you include the off-balance sheet assets of our subsidiaries, our total assets under administration exceeded \$400 million for the first time in our history.”*

THE TOTAL NUMBER OF LOANS GRANTED IN 2024 FELL BY 6.15%, WHILE THE TOTAL DOLLAR AMOUNT ROSE BY OVER \$4.8 MILLION REPRESENTING AN INCREASE OF 9.31%.”

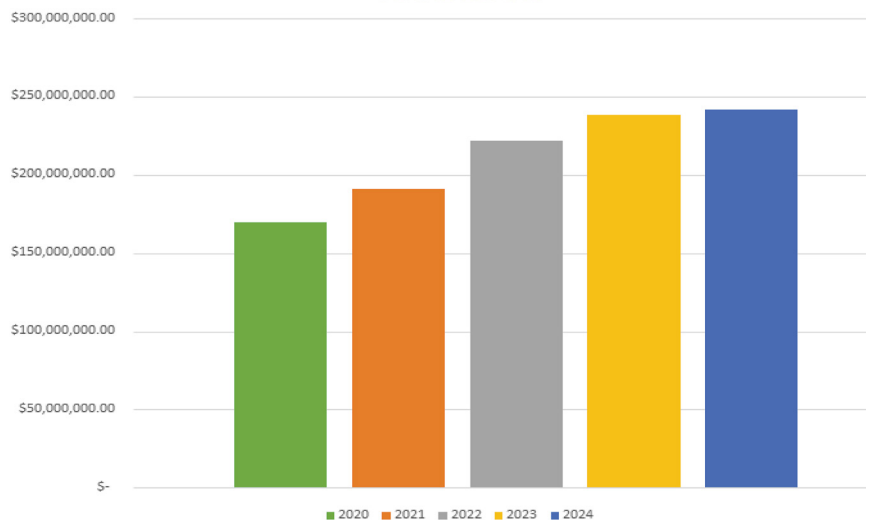
TOTAL ASSETS



TOTAL DEPOSITS



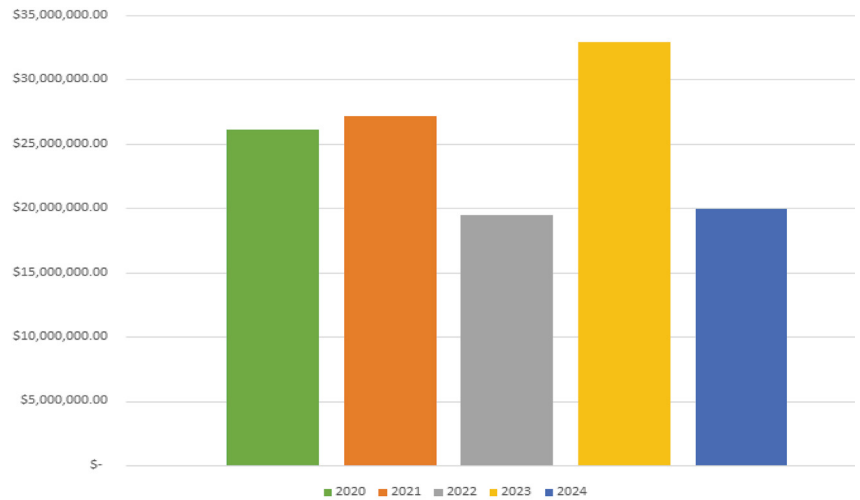
TOTAL LOANS



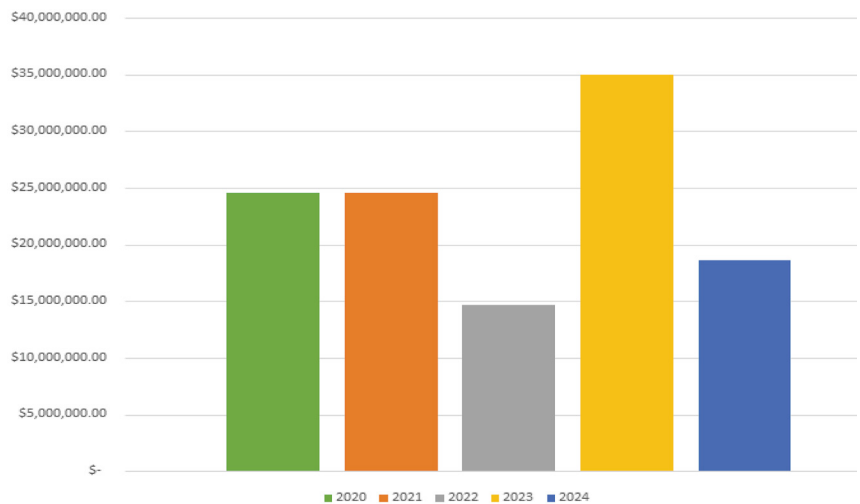
# LDCU Strong

WITH THE GROWTH EXPERIENCED IN 2024, WE ARE PROUD TO REPORT WE HAVE EXCEEDED \$300 MILLION IN ON-BALANCE SHEET ASSETS, (\$400 MILLION OFF-BALANCE)  
*“This continued strong growth is a testament to the trust our members place in us.”*

## ASSET GROWTH

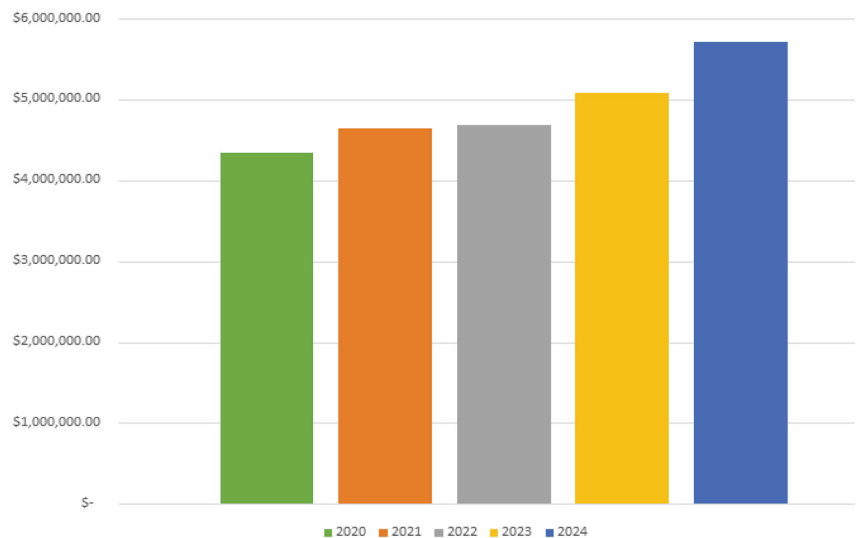


## DEPOSIT GROWTH



WHILE OUR DEPOSIT GROWTH SLOWED IN 2024, WE CAN STATE WITH PRIDE WE STILL EXPERIENCED GROWTH OF WELL OVER \$18 MILLION. ONCE AGAIN ALMOST DOUBLE THE AVERAGE SHOWN BY THE CREDIT UNION SYSTEM IN BC.

## FINANCIAL MARGIN



IN 2024 WE MANAGED TO INCREASE OUR MARGIN BY 12.28%, FINISHING THE YEAR WITH A MARGIN OF JUST OVER \$5.71 MILLION. ONCE AGAIN THE BEST IN OUR HISTORY!



# LDCU Strong

ELEVATED INTEREST RATES IN EARLY 2024 LED TO A RECORD-BREAKING YEAR, WITH INTEREST INCOME SURPASSING \$15 MILLION FOR THE FIRST TIME IN OUR HISTORY.

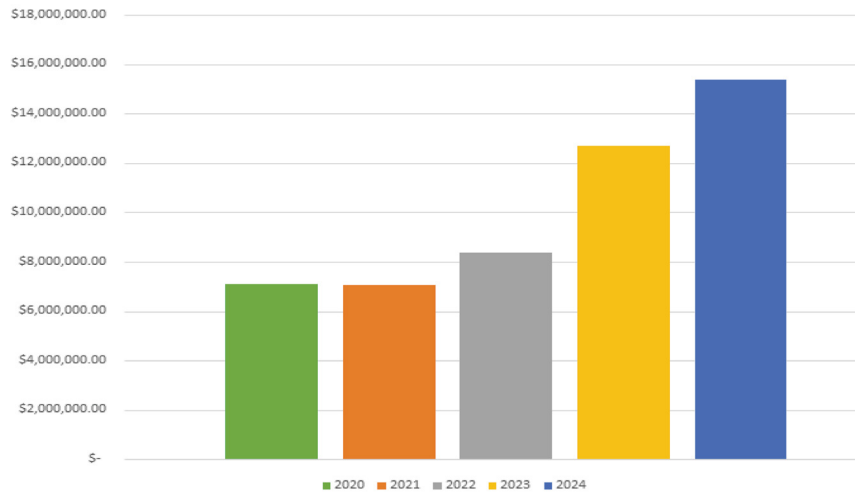
*“LCU Insurance had their most profitable year ever; playing a strong role in the second-best year for Net Operating Income (NOI) in our history...”*

WE ARE PLEASED TO ANNOUNCE A NOI OF \$1.89 MILLION, AN INCREASE OF ALMOST 27% COMPARED TO ONE YEAR AGO

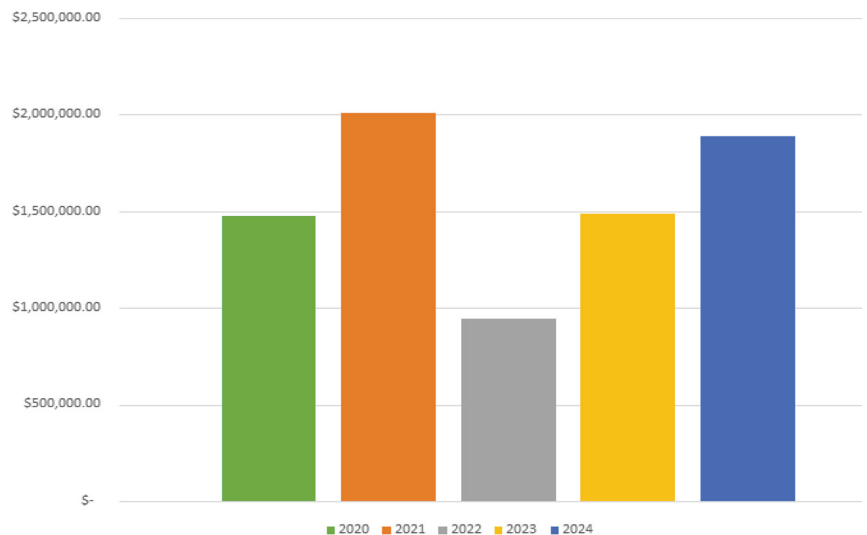
SUPPORTING OUR COMMUNITY.

*“We have donated almost \$505,000 within our community over the last seven years.”*

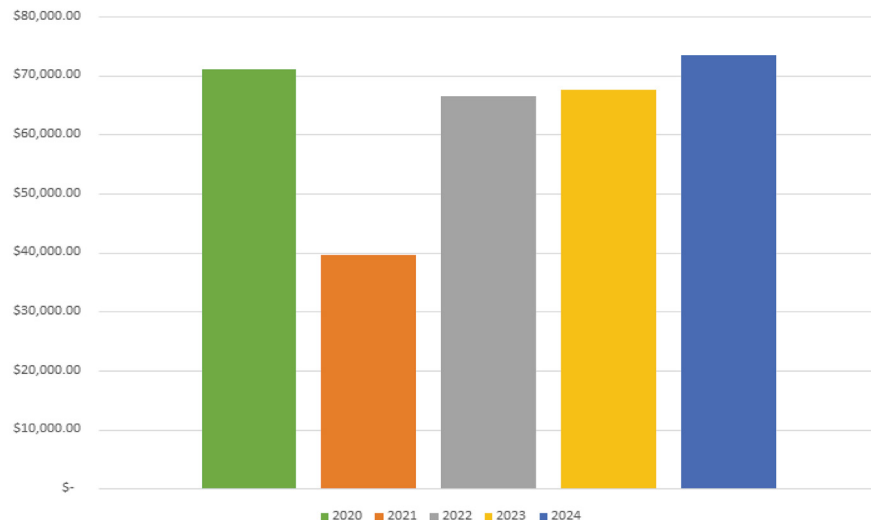
TOTAL INTEREST INCOME



NET OPERATING INCOME



TOTAL DONATIONS



Our Community. Your Credit Union.™

**Ladysmith & District Credit Union**  
**Summary Consolidated Financial Statements**  
*December 31, 2024*



## Independent Auditor's Report on the Summary Consolidated Financial Statements

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To the Members of Ladysmith & District Credit Union:

### Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2024, and the summary consolidated statements of profit, other comprehensive income, changes in members' equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Ladysmith & District Credit Union (the "Credit Union") for the year ended December 31, 2024.

In our opinion, the accompanying summary financial statements are a fair summary of the audited consolidated financial statements, in accordance with Article 128 of the Financial Institutions Act of British Columbia.

### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

### The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report.

### Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with Article 128 of the Financial Institutions Act of British Columbia.

### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Abbotsford, British Columbia

March 20, 2025

Chartered Professional Accountants



**Ladysmith & District Credit Union**  
**Summary Consolidated Statement of Financial Position**  
*As at December 31, 2024*

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	18,025,984	15,887,021
Financial investments	47,205,394	33,072,764
Trade and other receivables	1,207,787	1,201,515
Loans to members	241,829,166	238,185,030
Premises and equipment	6,569,016	6,370,072
Intangible assets	1,908,523	2,055,812
	<b>316,745,870</b>	<b>296,772,214</b>
<b>Liabilities</b>		
Member deposits	296,407,440	277,772,915
Other liabilities	628,988	681,248
Lease liability	63,589	89,137
Income taxes payable	66,551	88,518
Deferred tax liabilities	1,020,000	1,047,000
	<b>298,186,568</b>	<b>279,678,818</b>
<b>Members' equity</b>		
Retained earnings	15,515,236	14,049,330
Accumulated other comprehensive income (AOCI) - Revaluation surplus	3,044,066	3,044,066
	<b>18,559,302</b>	<b>17,093,396</b>
	<b>316,745,870</b>	<b>296,772,214</b>

**Approved on behalf of the Board**

e-Signed by Elaine Layman  
2025-03-21 08:24:50:50 PDT

**Director**

e-Signed by Ross Davis  
2025-03-20 20:08:33:33 PDT

**Director**

**Ladysmith & District Credit Union**  
**Summary Consolidated Statement of Profit**  
*For the year ended December 31, 2024*

	2024	2023
<b>Financial income</b>		
Interest on member loans	13,055,796	11,277,031
Interest on investments	2,303,335	1,408,176
	15,359,131	12,685,207
<b>Financial expense</b>		
Interest on member deposits	9,628,508	7,572,556
Interest on borrowed funds	19,730	26,201
	9,648,238	7,598,757
<b>Financial margin</b>	5,710,893	5,086,450
<b>Impairment on loans to members</b>	37,143	117,016
	5,673,750	4,969,434
<b>Other income</b>	3,022,338	2,614,463
<b>Operating margin</b>	8,696,088	7,583,897
<b>Operating expenses</b>	6,806,211	6,094,240
<b>Income from operations</b>	1,889,877	1,489,657
<b>Distribution to members</b>	57,171	55,463
<b>Income before income taxes</b>	1,832,706	1,434,194
<b>Provision for (recovery of) income taxes</b>		
Current	393,800	314,600
Deferred	(27,000)	(5,100)
	366,800	309,500
<b>Profit for the year</b>	1,465,906	1,124,694

**Ladysmith & District Credit Union**  
**Summary Consolidated Statement of Other Comprehensive Income**  
*For the year ended December 31, 2024*

	2024	2023
<b>Profit for the year</b>	<b>1,465,906</b>	<b>1,124,694</b>
<b>Other comprehensive income:</b>		
Unrealized losses on derivatives designated as cash flow hedges, net of income tax recovery of \$nil (2023 - \$11,230)	-	54,828
Unrealized gains on revaluation of land and buildings, net of deferred income tax of \$nil (2023 - \$254,000)	-	730,838
<b>Other comprehensive income for the year, net of income tax</b>	<b>-</b>	<b>785,666</b>
<b>Total comprehensive income for the year</b>	<b>1,465,906</b>	<b>1,910,360</b>



**Ladysmith & District Credit Union**  
**Summarized Consolidated Statement of Changes in Members' Equity**  
*For the year ended December 31, 2024*

	<i>AOCI - Revaluation surplus</i>	<i>Retained earnings</i>	<i>AOCI - Other</i>	<i>Total equity</i>
<b>Balance December 31, 2022</b>	<b>2,313,228</b>	<b>12,924,636</b>	<b>(40,089)</b>	<b>15,197,775</b>
Profit for the year	-	1,124,694	-	1,124,694
Realized losses on derivatives designated as cash flow hedges	-	-	40,089	40,089
Unrealized gains on revaluation of land and buildings	730,838	-	-	730,838
<b>Balance December 31, 2023</b>	<b>3,044,066</b>	<b>14,049,330</b>	<b>-</b>	<b>17,093,396</b>
Profit for the year	-	1,465,906	-	1,465,906
<b>Balance December 31, 2024</b>	<b>3,044,066</b>	<b>15,515,236</b>	<b>-</b>	<b>18,559,302</b>

**Ladysmith & District Credit Union**  
**Summary Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2024*

	2024	2023
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Profit for the year	1,465,906	1,124,694
Depreciation of premises and equipment	174,292	158,041
Depreciation of intangible assets	229,752	220,544
Depreciation of right-of-use buildings	30,336	30,143
Interest expense on lease liability	1,072	1,408
Deferred income taxes	(27,000)	(5,100)
Gain on disposal of premises and equipment	-	(2,952)
Impairment on loans to members	37,143	117,016
Change in fair value of derivative financial instruments	-	(27,283)
	<b>1,911,501</b>	<b>1,616,511</b>
Changes in working capital accounts		
Trade and other receivables	(6,272)	23,022
Income taxes payable	(21,969)	183,323
Other liabilities	(52,259)	(128,150)
Accrued interest on loans to members	44,327	(233,689)
Accrued interest on member deposits	520,438	1,015,022
Accrued interest on derivative financial instruments	-	(30,796)
Accrued interest on borrowings	-	(2,382)
	<b>2,395,766</b>	<b>2,442,861</b>
<b>Financing activities</b>		
Repayments of borrowings	-	(4,000,000)
Net change in member deposits	18,114,087	33,962,484
Repayments of lease liability	(31,251)	(31,178)
	<b>18,082,836</b>	<b>29,931,306</b>
<b>Investing activities</b>		
Net change in loans to members	(3,725,606)	(15,952,379)
Net change in financial investments	(14,132,630)	(7,241,531)
Purchases of premises and equipment	(398,940)	(223,023)
Purchases of intangible assets	(82,463)	(6,400)
Proceeds from disposal of premises and equipment	-	5,619
	<b>(18,339,639)</b>	<b>(23,417,714)</b>
<b>Increase in cash and cash equivalents</b>	<b>2,138,963</b>	<b>8,956,453</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>15,887,021</b>	<b>6,930,568</b>
<b>Cash and cash equivalents, end of year</b>	<b>18,025,984</b>	<b>15,887,021</b>

# Ladysmith & District Credit Union

## Notes to the Summary Consolidated Financial Statements

*For the year ended December 31, 2024*

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### 1. Reporting entity

Ladysmith & District Credit Union ("the Credit Union") is incorporated under the Credit Union Incorporation Act of British Columbia and its operations are subject to the Financial Institutions Act of British Columbia. The summary consolidated financial statements of the Credit Union as at and for the year ended December 31, 2024 comprise the Credit Union and its subsidiaries L.C.U. Insurance Agencies Ltd., LDCU Financial Management Ltd. and True Mortgage Specialists Ltd. (together referred to as the "Credit Union").

### 2. Basis of the Summary Financial Statements

Management has prepared the summary consolidated financial statements from the December 31, 2024 audited consolidated financial statements, which are prepared in conformity with International Financial Reporting Standards. A full set of audited consolidated financial statements is available from the Credit Union. The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information included in the summary consolidated financial statements is in agreement with the related information in the full set of consolidated financial statements, and that the summary consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related full set of consolidated financial statements, including the notes thereto, in all material respects.



Our Community. Your Credit Union.™

# 2024

## ANNUAL REPORT

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