



2011 Annual Report



TIGNISH

Getting You There™



Largest network of financial institutions in Canada

Tignish Credit Union is part of a larger network of financial institutions that make up the Credit Union System. In Canada, the Credit Union System includes 419 Canadian Credit Unions, Concentra Financial Services Association, the Co-operators Group Limited, the CUMIS Group, Credit Union Insurance Services, Credential Financial, Credential Securities Inc., CUETS Financial, League Savings and Mortgage, and the Credit Union Deposit Insurance Corporation.

Table of Contents

| | |
|-----------------------------------|----|
| TCU Profile | 4 |
| Board of Directors | 5 |
| TCU Staff | 6 |
| President's Report | 8 |
| Manager's Comments on Performance | 12 |
| Community Involvement | 14 |
| Credential Report | 17 |
| Investing in Youth | 18 |
| Financial Statements | 20 |
| Auditor's Report | 20 |
| Balance Sheet | 21 |
| Statement of Undistributed Income | 22 |
| Statement of Earnings | 23 |
| Statement of Cash Flows | 24 |
| Notes to the Financial Statements | 25 |



The Canadian Credit Union System

- Over **1,700** locations
- Over **five million** members
- **\$121.9 billion** in assets
- **\$109 billion** in deposits
- **\$99 billion** in loans
- **25,000** employees

Credit Unions in Atlantic Canada

- Total amount of system assets:
\$3.9 Billion
- Total number of credit unions:
60
- Total points of service:
170
- Total number of members:
335,398
- Total number of employees:
1,600



Ranked 1st in *Customer Service Excellence* for the 7th consecutive year

For the seventh year in a row, an independent survey of Canadians ranked credit unions first in overall quality of customer service among all financial institutions.

Credit Unions ranked ahead of all other financial institutions in the following categories:

- **Customer Service Excellence**
- **Values My Business**
- **Branch Service Excellence**

Credit unions also tied for first in the following categories:

- **Financial Planning & Advice**
- **Telephone Banking Excellence**

The Synovate Customer Service Index (CSI) 2011 was conducted with a total of 40,353 demographically and regionally representative sample of Canadians. The Best Banking Awards for 2011 were based on the combined results of ongoing quarterly Customer Service Index surveys ended August 2011. The CSI survey has been in existence since 1987.

Tignish Credit Union Profile

After many months of study club meetings, Tignish Credit Union was incorporated on April 22, 1937 under the Credit Union Act of Prince Edward Island and began business in May of that year. Nineteen local people came together to offer an alternative to the conventional banks of the day. Many of these individuals had been involved in the establishment of Tignish Fishermen's Union (now Tignish Fisheries Co-op) and mutual organizations for farmers or the community. In the beginning it served only the residents of Tignish and area which basically corresponded to the region served by the Parish of St. Simon and St. Jude as credit unions were not allowed to infringe on other areas.

For its first few months, Tignish Credit Union operated for Saturday hours only from the home of Fidele J. Arsenault with Gerald Handrahan as its first treasurer. It later bought its first office building for \$45 and placed it on a lot rented from Mrs. Jean Gaudet. By the time of its 2nd annual meeting in January 1939, the credit union had 181 members and showed loans of \$1,800 offering a service line made up of personal loans and share-savings. There were also credit unions operating in the adjacent communities of St. Louis, Elmsdale and Alberton. In later days, these would close with their member-owners transferring their holdings to the credit union in Tignish, which was then allowed to service the areas in which they lived.

Today, as a full-service financial institution, Tignish Credit Union has over 9900 owners and approximately \$116 million in assets. It employs 37 people either full-time or in term positions and operates a main office in Tignish, a branch office in Alberton, which was opened in 2003 and a new business center opened this year. The Credit Union serves primarily the residents from North Cape to Miminegash to Alberton although many who move away to find employment temporarily or permanently, continue using the Credit Union as their main banking center. Tignish Credit Union offers a complete, attractive package of products and services that meet everyday banking requirements as well as assists in planning for future security. This includes loans, mortgages, chequing, MasterCard products, RRSPs, RESPs, Internet Banking, market-driven investments, retirement planning and much more.

During its 74-year history, Tignish Credit Union has matured in the way it offers services to its clients. The days when volunteers reviewed credit applications for decisions and assisted in offering daily services to the public have changed. Today a General manager with the assistance of a professional staff of employees makes those decisions within a set of policies determined by the Board of Directors. Throughout its 74-year history, one thing has not changed. Tignish Credit Union continues to be owned by the member-owners who use the services and is governed by a Board of Directors made up of nine owners who are chosen by the membership at the General Meeting that is held each year.

Board of Directors

From left to right:

Walter Callaghan
Janet Hackett
Michael Gaudet

Jackie Arsenault
Brenda McAlduff
Larry Drouin

Brenda Doyle
Ann Marie McInnis
Robert Carruthers



“The mission of Tignish Credit Union is to provide competitive financial services tailored to meet the needs of our owners and their communities.

We pride ourselves in directing the organization we control and in the equality of services provided.

Tignish Credit Union is a community-minded co-operative that helps build through its involvement, its leadership, and the retention of financial resources in the community.”

- Tignish Credit Union Mission Statement

Tignish Credit Union Staff

Alberton Office



John Chisholm
Branch Manager



Sherri Horne
MSR



Coralee Jones
Member Services Supervisor



Lorna Doyle-Desroches
MSR



Tina Skerry
MSR



Frances DesRoches
MSR



Bonnie MacIsaac
MSR



Denise Forsyth
MSR



Jarret O'Rourke
FSO

Not pictured: Jaime LeClair *MSR*, Nancy MacLeod *Receptionist*, Kelly Perry *MSR*

Business Services Office



Tracy Fennessey
Admin



Carolanne Arseneault
Credit Officer



Roger Gallant
Branch Manager



John McArthur
Account Manager

Tignish Office



Jody Pitre
Receptionist



Colleen Handrahan
FSO



Bonnie Arseneault
MSR



Arlene Hackett
Member Services Manager



Donna MacKay
FSO



Louie Shea
Manager



Irene Gallant
MSR



Sharon Boudreault
Admin



Yvette Gaudet
MSR



Susan Gaudet
FSO



Linda Richard
Financial Services Manager



Cindy Gaudet
MSR



Neil Davison
Branch Manager



Stacey Perry
Admin Loans Officer Assistant



Darlene Perry
MSR



Laura Perry
MSR



Natalie Skerry
MSR



Charlene Handrahan
Member Services Supervisor

Not pictured: Rena Matthews *Admin*, Julie DesRoches *MSR*, Nadine Gaudette *FSO*, Shauna Arseneault *Receptionist*



President's Report



Board Governance

Each year the Board of Directors reports on how the business of Tignish Credit Union has gone over the past year. It also highlights areas where changes might take place in the future. In general terms, Tignish Credit Union has had another successful year. What follows reviews some of the main changes that have taken place and points out items of interest.

The Board of Directors remains ultimately responsible to the owners for the success of the Credit Union. Through the by-laws the Board is given the authority and responsibility to make decisions on behalf of owners. From the year-end reports presented, owners are able to judge whether or not the Board controlled the business successfully within its authority and responsibility. The Board hires a General Manager to manage the day-to-day operations of the Credit Union with the help of the staff that he hires. The General Manager is the only employee directly responsible to and evaluated by the Board of Directors. He is evaluated based on policies, guidelines, approved budgets and attainment of goals.

Each year the Deposit Insurance Corporation (CUDIC) conducts an inspection of the Credit Union. The inspector reports directly to the Board on any areas where the Manager might not be operating within policy and alerts the Board if there appears to be trends developing that might be cause for concern. Tignish Credit Union received an overall positive inspection report this past year with some recommendations for changes in our loans department.

PEI Credit Union Boards have accepted the Standards of Sound Business and Financial Practices as proposed by a committee of credit union managers and volunteers under the direction of CUDIC. The Board of Tignish Credit Union has reviewed all the Standards. Plans have been put in place to ensure that the operations of our credit union adhere to these standards. This is reviewed and updated, if necessary, on a quarterly basis by the Audit and Finance committee, which reports to the full Board.

Board Meetings and Activities

Your Board holds regular monthly meetings, as well as committee and other meetings. Committees are used to assist in getting the work done with each Board member sitting on at least one committee. Board members have completed or are taking training in conjunction with system requirements. At the regular meetings Board members review the financial statements and operational reports prepared by our Manager to keep us informed on the progress of the Credit Union.

In April 2011, the Board and Senior Management held a Strategic Planning Session. From this session, a tactical plan was developed with numerous action items. Responsibility for the various action items was assigned to members of the Senior Management Team. Some of the topics included: Financial Success, Customer Value, Internal Business Controls, Learning and Growth and Social Responsibility. While filling the vacant branch manager position in Alberton, the Board decided to add a position of Branch Manager

at the Tignish office. We are pleased to welcome John Chisholm who took over as manager of our Alberton branch in August and Neil Davison who joined our Tignish office in October.

As issues become more global, the strong network of credit unions in Canada becomes very important to help credit unions serve their owners. The formation of one Atlantic Central discussed at the annual meeting last year took place in January and serves Credit Unions in the four Atlantic Provinces. Atlantic Central's main office is in Halifax with an office presence in each of the other provinces. Our Manager, Louie is a member of the interim and inaugural Board of Atlantic Central.

Our Board was represented at the Atlantic Central AGM by Janet Hackett and at the semi-annual meeting by Jackie Arsenault. Walter Callaghan attended the Central meeting on Roles and Responsibilities in August. Our Manager, Louie was also present at these meetings.

The wind up of Credit Union Central of PEI will take place by December 31st, 2011. We want to thank John Handrahan for his service as our representative on the PEI Central Board not only this year but for the past number of years. One of the services that had been offered by PEI Central was lending to our fish processing Co-ops. This year your credit union along with four other credit unions have formed a corporation to continue to offer that service within the province.

Manager, Louis, keeps the board up to date on all products, services and other issues both on a provincial and national level. The Credit Union recognizes and thanks Louis for his leadership and for the excellent staff that serves our owners. He and they are a very big reason that our credit union is recognized for its success and why your credit union shows the results of 2010-2011. With income before provisions of \$1.4 million the Board is declaring a 2% dividend on share savings, a \$300,000 loan interest rebate and a \$200,000 deposit interest bonus. In total, \$1,089,227 is being returned directly to owners. This is done because you, as owners, should benefit from the extra income without the financial health of your credit union being put at risk. This is especially true in these tough economic times. The financial statements will be reviewed later in the agenda.

Central and System Relations

As described earlier, the PEI Credit Union system works together for the benefit of each local credit union. There is actually a full network of partners that the credit union continues to work with and that is talked about through promotions. It is through this network that makes up provincial, national and international system that the credit union can offer owners the strength and connectivity of a multinational organization. Tignish Credit Union says thank you to Credit Union Centrals, sister Credit Unions, League Savings & Mortgage, League Data, CUIS, Concentra Financial, CUETS, Credential Financial Strategies, CUDIC, government departments and others for the co-operation and support during this year.

Promotion and Community Activities

Tignish Credit Union continues to be active and supportive of organizations in the West Prince area. I would like to recognize and thank the staff for giving their time to support different organizations such as the walkathon for the Health Co-op, the annual IWK fundraiser and the Relay for Life of which the credit union is event sponsor. We donate to all our schools to support year-end closings and continue our \$1,000 bursaries for graduates from Grade 12 at Westisle. This year the bursaries went to Shawn Pitre, Jasmine McKenna, Michelle Richard, and Kelsey Kinch and we wish them well as they continue their studies.

The report in your booklet explains their involvement in more detail and hi-lights other assistance given. Please share that report with other owners so they too can take pride in their organization. I also want to mention that in an effort to offer support to have the remaining debt outstanding on the arena that bears our name, the Board has agreed to rebate 50% of the interest paid from day one on the arena loan. We have introduced a program where the Credit Union will match donations given to pay down the loan before September 30, 2012 dollar for dollar up to \$100,000. So let's eliminate the remaining loan and fundraise for programs for our youth.

Thank You

Once again, your Credit Union has experienced a successful year. This success can be attributed to a number of things or people. As noted earlier, the manager and staff including the Credential Financial Services (CFS) team has contributed greatly to the success and the Board thanks them for the fine service they offer. All members of the Board of Directors take their role very seriously and it has made the role of President a much easier one. The Credit Union exists because of its owners. It is successful when owners support it. Thank you for your support this year and please be proud of your business.

Respectfully submitted,

Brenda McAlduff

President



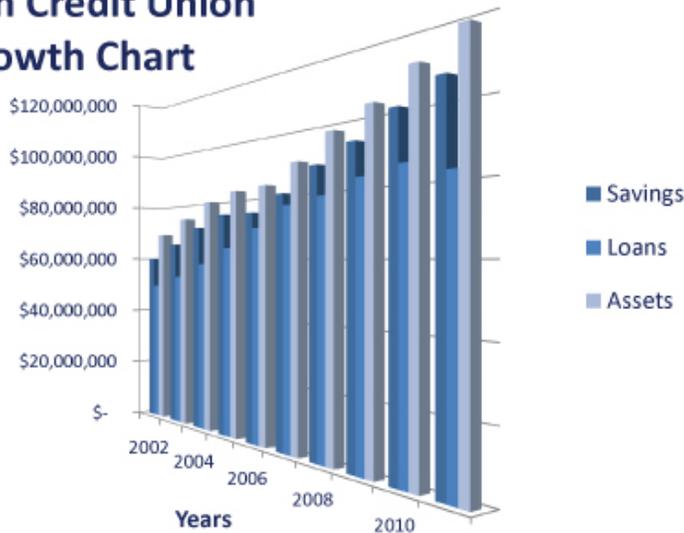


Manager's Comments of Performance

In past years, comments about financial statements in general plus standards that the Credit Union strives to reach have been included. These updated graphics show the most significant figures (or changes to them) that will hopefully make the statements more than just a bunch of figures

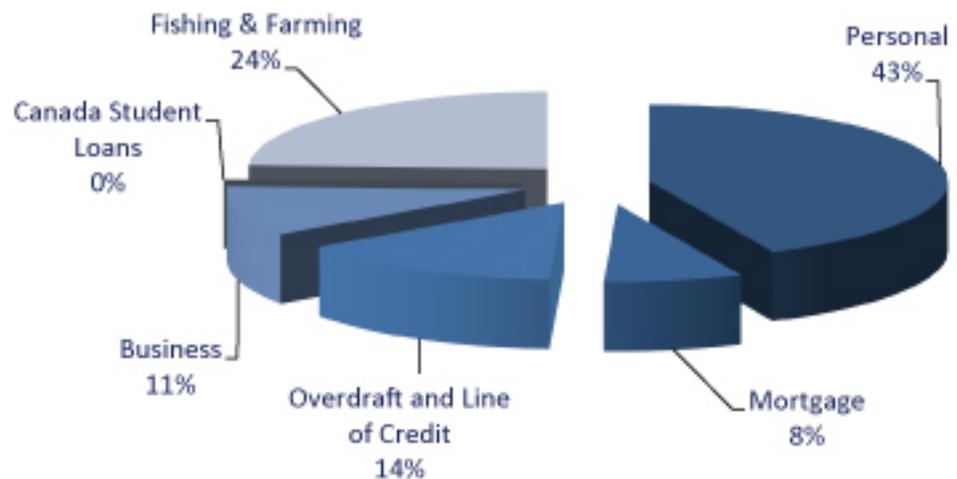
- Assets have reached \$116 million level at year-end, which is a growth of 6.2%.

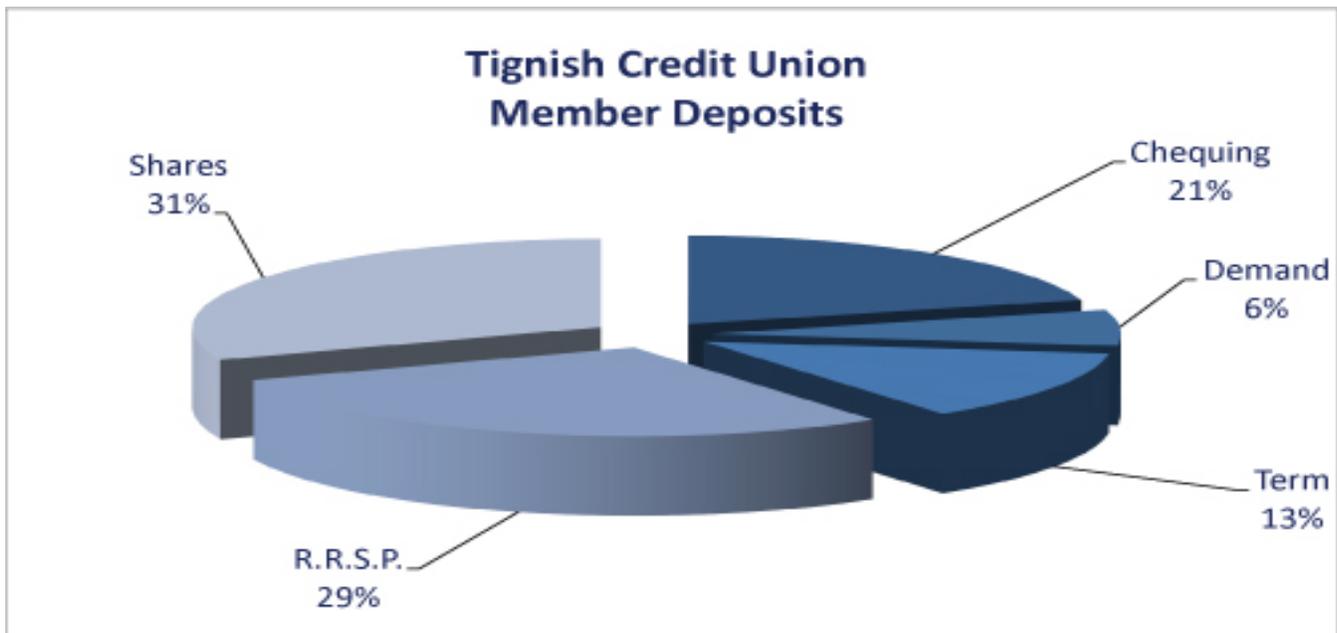
**Tignish Credit Union
Growth Chart**



- Loans decreased by \$2.4 million and are just over 70% of assets. The Credit Union continues to partner with League Savings & Mortgage to finance most of the homes in this area.

**Tignish Credit Union
Member Loans**





- Member Deposits grew by \$5.7 million or 5.7% this year: Deposits remain at 90% of assets. Between direct deposit products and what is offered through Sharon Gallant with Credential Financial Strategies, the credit union can provide any investment option needed.
- Undistributed Income increased by \$310,084 or 4%. This is the income remaining after dividends, interest rebates and taxes for the year.
- There are no really significant changes to income or expenses during the past year for a credit union of our size. Board and Management did feel that it was important to increase the reserve set aside for doubtful loans in order to ensure the financial strength of the credit union. This reserve allows us to spread the cost of such risk over a couple of years.

The Board of Directors review certain areas each month at its meeting to determine whether the credit union remains strong financially. The credit union has grown again in the areas of assets and deposits as shown above. Equity has also increased by \$310,084 and remains at 7% and enough money has been set-aside in loan loss reserve to cover all identified risk. This was possible because profitability was 2% of assets before rebates and reserves. All these numbers are signs of the credit union's strength.

This strength of your credit union allows its Board and Manager some flexibility in returning extra earnings to the owners. When reviewing the final results this year, it was agreed that owners could better use the monies rather than having it left in credit union equity. This is possible because the equity has built up over the past number of years so the business remains very strong. This extra \$500,000 represents just another benefit of doing business with your own company and is in addition to the \$589,227 paid in share dividends.

Louis Shea
General Manager

Investing In Our Community

For those of you who regularly attend our annual meetings, this report changes very little from year to year. As impressive as it is, we thought it was time for a change so this year we decided to change it around a little. That's not to say that we have not been involved in the same activities and supported the same organizations as we always have. We have supported them and we will continue to do so. The credit union donated over \$50,000.00 for the year using the same considerations when making the decisions on where those dollars go as we have in the past. This money comes from the earnings of your business and would be what is considered corporate donations.

What we want to elaborate more on this year is how our staff members contribute to their communities. We have 2 major events that our staff agreed to be part of and we would like to explain what each one entails. The first one is the IWK - as a staff, we were asked years ago to be part of the community's fundraising efforts for the IWK. This is the Fun Day in the Park that is held each May. The staff voted to be a part of this and meetings were held to discuss ways to fundraise. It was decided to have a 50-50 draw. Every April, you will notice that the signs go up in our offices and the race is on to try and surpass what was raised the year before. Shauna Arsenault represents our staff on the committee and attends meetings throughout the year to help with the planning and she keeps the staff informed on what is being planned. In addition to selling the tickets at the office, on the day of the Festival our entire staff gets involved. We do everything from BBQing, selling tickets, counting money, setting up & cleaning up; basically anything that needs to be done. According to Lynn Ann Hogan, Development Officer for the IWK Foundation, Tignish had the largest 1-day IWK fundraiser this year with a total of \$9100 raised. This is very impressive and something to be proud of.

The 2nd event that we are involved in is the Relay for Life. 5 years ago the credit unions of P.E.I. were approached and asked if they would be the Provincial Event Sponsor for this event. This might have only involved a monetary donation from each credit union but the staffs wanted it to be more. The decision by our staff was overwhelming support for participating in other ways. We felt that cancer was something that has affected us all in some way and we wanted to help make a difference and hopefully see cancer eliminated in our lifetime.

We are very fortunate that the Relay we get to be involved in is hosted by Westisle Composite High. For anyone who has never been to the Relay at Westisle, we would strongly encourage you to make a point of dropping in next year. If you ever question our youth and what they are all about, it will make you so proud to see them in action on Relay Night. One can only imagine the work that is done that day to transform the soccer fields into a "mini campground" along with the countless hours put in all year planning this large event. And what a success story it is! Westisle started their Relay in 2007 and for the past 3 years they have been the top School Relay Fundraiser in Canada and that is for actual dollars and not based on per capita. This past year the Relay raised just over \$100,000.00. What an accomplishment for our youth.

One part of how we help out with this event is attending "Bank Nights" held at Westisle in the weeks leading up to the relay. This is where the teams bring in their registration money along with their fundraising dollars and luminary sales. Our staff takes care of the money portion by counting; sorting, rolling coin, doing up the deposits and bringing the money back to the credit union. We are responsible for 2 bank nights and

we split them up, with our Alberton office doing one and our Tignish office doing the other.

The Relay is always held overnight on a Friday and for those of you who do business at either of our offices on a Friday in June will know how busy those days are for us. Still any employee who is off work at 5:00 p.m. heads out to Westisle to attend the opening at 6:00 p.m. Those who need to work in the evening head out after we close. We encourage all staff to attend for as long as they can, realizing that it may not always be possible for any one with small children to stay all night. Because of our large number of staff (and most of them are there for at least part of the evening), we need a large tent to house us all – which is great as long as the weather co-operates but it has been known to get quite chilly around 2 or 3 in the morning. We usually have approximately 10 staff stay all night and we sometimes question our sanity in the early hours of the morning. Keep in mind that all have worked at least 8 hours prior to the relay and some are fortunate enough to have worked 11 hours.

As event sponsors, Central Credit Union and Tignish Credit Union are asked to speak at the opening and closing ceremonies. Central takes care of the opening remarks and Louie very eloquently gives the closing remarks at six in the morning. At that time, the total amount raised is announced and everyone gets so filled with pride for being even a small part of it's success, that no matter how tired or cold we are, you just know that you'll be back again next year.

Our community involvement report would certainly not be complete without mentioning the tremendous success of our weekly 50-50 draws, which is in addition to the corporate donations. In the past 5 years we have donated over \$250,000.00 to our communities. In keeping with the Credit Union philosophy, this money is given back to our communities in areas that benefit a large number of people. In the past year, the following donations



were made: \$5,000 to Tignish & Alberton Minor Hockey Associations, \$1500 to Tignish and Alberton Figure Skating Clubs, \$5,000 to each Fire Department – Alberton, Tignish and Miminegash; \$5,000 to both Tignish & Alberton rinks; \$5,000 to the Tignish Health Co-op, \$2500.00 to the West Prince Caring Cupboard, \$500 to each elementary school to help with their lunch programs, \$3,000 to Westisle's breakfast program, \$1,500 to Callaghan's breakfast program, \$4,000 to Relay for Life, \$1,000 for the IWK, \$2,000 to the Assn. for Community Living to name a few. The total amount donated this past year was \$61,648.00. None of this would be possible without the great support of our members and we would like to take this opportunity to thank everyone who participates each week and you can be very proud in the fact that so many well deserving organizations are benefiting from it.

I hope this report gives you some idea of how our staff contributes and the pride that we take in bettering our communities by volunteering and giving back. It would be easier to sit back and let the Credit Union write a cheque once in a while and consider that our part in helping out; however, that wouldn't be considered supporting our communities in the way that our founders meant. Just like it is important that support for Relay be more than a cheque from the Credit Union so is it important that we, your employees, volunteer in the communities where we live. I am so proud to tell you that we roughly calculated all the hours that my co-workers and I contributed in volunteer efforts this year and that number is in excess of 1,800 hours. Depending on our stage in life and our family commitments, which can vary with the ages of our children, we all try to do our part. Some times our individual contribution may seem small by itself until we see our combined efforts and recognize the value that comes when we work together. Is that not exactly why our first president, Hubert Gaudet and his band of co-operators felt they needed to form our credit union in 1937? Does that not show us that the slogan for International Credit Union Day, "Credit Unions Build a Better World," is being fulfilled in Tignish? I'm so very proud of my co-workers and so very proud of our owners who support our efforts.



Credential Financial Strategies Report



November is a wonderful month that we observe things such as Remembrance Day, we devote November to Movember (in support of prostate cancer) and it's a time that we are all thinking of preparations for the Christmas Season. It is also a time that we need to be thinking about our Financial Health!!

All of these special times are times that we feel gratitude, appreciation, hope and family strength. This year these are the same areas that we, at Credential Financial Strategies Inc., are feeling and want to help you with for your financial well-being.

Two areas that we can help you and your family grow in financial strength are utilizing the Registered Education Savings Plan and Registered Disability Savings Plan.

Registered Education Savings Plan is a savings plan that can help you and your family start saving for your child's or grandchild's education after high school. RESP's are registered by the Government of Canada for savings to grow tax free until the person named in the RESP enrolls in studies after high school.

Also, another major advantage in the RESP is that the Government may contribute a grant of 20% of what you deposit, up to a maximum grant of \$500 per year. These plans give hope to families and children who want to attend a post-secondary institution.

Registered Disability Savings Plan is another plan registered by the Government of Canada which helps individuals and families save to provide long-term financial security for a person with a disability. This plan as well grows on a tax free basis and has the added benefits of government grants and bonds. This is a very powerful investment tool for families with someone who has a disability and who wants to save for their long-term well-being. There are eligibility requirements to open a RDSP, so if you want more information please call or drop in to see us at Credential Financial Strategies Inc.

November is a great time for you to look at your Financial Health!! These areas above are just two ways in which we offer financial strength to you and your families. We (Raeanne Gallant, CFS Co-ordinator and myself, Sharon Gallant) are here to help each Credit Union Member with their Financial Health. We are dedicated to serve you!!!

Sharon Gallant

Credential Financial Strategies

Credential Financial Strategies Inc. is a member company under Credential Financial Inc., offering financial planning, life insurance and investments to members of credit unions and their communities. ®Credential is a registered mark owned by Credential Financial Inc. and is used under licence.



Investing in

Your Credit Union and Holland College share a strong passion for continued community development. Together, we are proud to feature the Credit Union Café, a central area in the Prince of Wales Campus for students to congregate, learn, socialize and of course, eat.

"From our earliest beginnings, credit unions have been intrinsically tied to the idea of community education. In fact, many credit unions began as 'study groups', learning community economic concepts and cooperative principles, often over kitchen tables. Of course, the kitchen table image is particularly relevant in this case, and we hope as students gather over the tables in the Credit Union Café, the results of their conversations will

be as far-reaching and important as those of our forebears. In fact, we have every confidence they will be." - Sarah Millar, Credit Union Manager's Association

Our commitment to our youth's future extends beyond donations and includes scholarships, special rates, services, advice, and products.



n the future of our youth

Tignish Credit Union is pleased to announce
our 2011 scholarship and bursary recipients;

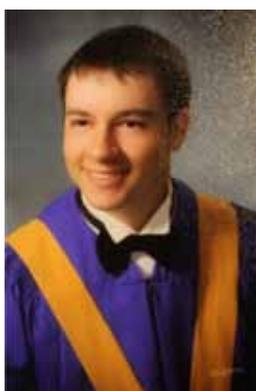
*all the best in
your future endeavors!*



Michelle Richard
Recipient of \$1,000



Jasmine McKenna
Recipient of \$1,000



Shawn Pitre
Recipient of \$1,000



Kelsey Kinch
Recipient of \$1,000





Chartered Accountants &
Business Advisors
Prince Edward Place
80 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074
www.acgca.ca

November 2, 2011

Auditor's Report

**To the Members of
Tignish Credit Union Ltd.**

We have audited the accompanying financial statements of **Tignish Credit Union Ltd.**, which comprise the balance sheet as at September 30, 2011, and the statements of earnings, undistributed income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Tignish Credit Union Ltd.** as at September 30, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

Tignish Credit Union Ltd.

Balance Sheet

As at September 30, 2011

| | 2011 | 2010 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and equivalents | 1,219,642 | 1,687,470 |
| Current accounts | 22,130,620 | 14,353,309 |
| Loans and mortgages (note 3) | 81,931,663 | 83,970,234 |
| Accrued loan interest receivable | 974,917 | 1,313,801 |
| Prepaid expenses and other | 182,973 | 140,670 |
| Income taxes receivable | - | 1,409 |
| | <u>106,439,815</u> | <u>101,466,893</u> |
| Property and equipment (note 4) | 1,158,541 | 1,184,859 |
| Investments (note 5) | <u>9,161,149</u> | <u>7,307,167</u> |
| | <u>116,759,505</u> | <u>109,958,919</u> |
| Liabilities | | |
| Current liabilities | | |
| Member deposits (note 6) | 105,453,771 | 99,758,710 |
| Accrued interest payable | 1,640,775 | 1,883,248 |
| Other liabilities | 1,504,596 | 550,993 |
| Income taxes payable | 84,311 | - |
| | <u>108,683,453</u> | <u>102,192,951</u> |
| Contingent liability (note 7) | | |
| Members' Equity | | |
| Undistributed income | <u>8,076,052</u> | <u>7,765,968</u> |
| | <u>116,759,505</u> | <u>109,958,919</u> |

Approved by the Board of Directors

Brenda McAlduff Director
Brenda McAlduff

Brenda Doyle Director
Brenda Doyle

Tignish Credit Union Ltd.Statement of Undistributed Income
For the year ended September 30, 2011

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| Undistributed income - Beginning of year | 7,765,968 | 7,215,741 |
| Net earnings for the year | 310,084 | 550,227 |
| Undistributed income - End of year | <u>8,076,052</u> | <u>7,765,968</u> |

Tignish Credit Union Ltd.

Statement of Earnings

For the year ended September 30, 2011

| | 2011 \$ | 2010 \$ |
|---|-----------------|-----------------|
| Revenue | | |
| Loan interest | 5,498,931 | 5,644,579 |
| Investment | 236,010 | 225,579 |
| Service fees | 391,039 | 385,764 |
| Commissions | 1,004,855 | 918,445 |
| Other income | 43,249 | 43,184 |
| | <hr/> 7,174,084 | <hr/> 7,217,551 |
| Expenses | | |
| Staff | 1,658,600 | 1,625,175 |
| Premises | 238,553 | 178,058 |
| Insurance | 248,631 | 247,420 |
| Office | 200,453 | 156,293 |
| Service fees | 773,096 | 763,945 |
| General | 323,757 | 342,584 |
| Cost of capital | 1,371,696 | 1,474,869 |
| | <hr/> 4,814,786 | <hr/> 4,788,344 |
| Operating earnings | <hr/> 2,359,298 | <hr/> 2,429,207 |
| Other expense | | |
| Share dividends | 589,227 | 520,178 |
| Provision for loan losses (note 3) | 816,717 | 416,864 |
| Loan interest rebate | 300,000 | 500,000 |
| Interest bonus on savings | 200,000 | 300,000 |
| Loss on write-off of property and equipment | - | 12,576 |
| | <hr/> 1,905,944 | <hr/> 1,749,618 |
| | 453,354 | 679,589 |
| Provision for current income taxes | <hr/> 143,270 | <hr/> 129,362 |
| Net earnings for the year | <hr/> 310,084 | <hr/> 550,227 |

Tignish Credit Union Ltd.

Statement of Cash Flows

For the year ended September 30, 2011

| | 2011 \$ | 2010 \$ |
|---|-------------|-------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Net earnings for the year | 310,084 | 550,227 |
| Items not affecting cash | | |
| Amortization | 91,806 | 91,798 |
| Loss on write-off of property and equipment | - | 12,576 |
| Provision for loan losses | 816,717 | 416,864 |
| | 1,218,607 | 1,071,465 |
| Net change in non-cash working capital items | | |
| Decrease (increase) in accrued loan interest receivable | 338,884 | (11,981) |
| Increase in prepaid expenses and other | (42,303) | (29,757) |
| Decrease in income taxes receivable | 1,409 | 90,283 |
| Increase (decrease) in accrued interest payable | (242,473) | 163,135 |
| Increase in other liabilities | 953,603 | 17,742 |
| Increase in income taxes payable | 84,311 | - |
| | 2,312,038 | 1,300,887 |
| Financing activities | | |
| Increase in member deposits | 5,695,061 | 7,028,546 |
| Decrease in loan payable | - | (150,000) |
| | 5,695,061 | 6,878,546 |
| Investing activities | | |
| Purchase of property and equipment | (65,489) | (47,349) |
| Increase in investments | (1,853,981) | (362,340) |
| Decrease (increase) in loans and mortgages | 1,221,854 | (2,679,571) |
| | (697,616) | (3,089,260) |
| Increase in net cash | 7,309,483 | 5,090,173 |
| Net cash - Beginning of year | 16,040,779 | 10,950,606 |
| Net cash - End of year | 23,350,262 | 16,040,779 |
| Net cash consists of | | |
| Cash and equivalents | 1,219,642 | 1,687,470 |
| Current accounts | 22,130,620 | 14,353,309 |
| | 23,350,262 | 16,040,779 |
| Supplementary disclosure | | |
| Interest received | 6,068,607 | 5,852,959 |
| Interest paid | 1,614,169 | 2,111,684 |
| Dividends received | 5,218 | 5,218 |
| Dividends paid | 520,178 | 426,425 |
| Income taxes received | 71,822 | 133,513 |
| Income taxes paid | 129,372 | 174,828 |

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

1 General

The Tignish Credit Union Ltd. is incorporated under the Prince Edward Island Credit Unions Act. Its principal business activities include financial and banking services for credit union members.

2 Summary of significant accounting policies

Loans and mortgages

Loans and mortgages are stated at the principal amount less allowances established to recognize estimated credit exposure and impairment.

Provision for impaired loans

A loan is classified as impaired when, in management's opinion, it is prudent to establish a provision against certain loans for which the timely and full collection of the loan may be questionable. This provision is determined in two manners, specific provisions and general provisions.

Specific provision

Specific provisions are established on an individual facility basis to recognize expected credit losses. The specific provision is the amount that is allocated to reduce the carrying value of an impaired loan to its estimated realizable amount. Generally, the estimated realizable amount is either the lessor of the fair value of any security underlying the loan, net of expected costs of realization and any amount legally required to be paid by the borrower.

General provision

A general provision is established when required to absorb credit losses attributable to the deterioration of credit quality within major portfolios for which specific provisions have not been established.

The provision for credit losses is maintained at an amount considered adequate to absorb estimated credit-related losses. The provision for credit losses reflects management's best estimate of the impairment existing in the portfolio and their judgments about economic conditions. If the circumstances under which these estimates and judgments were made change, there could be a significant change to the provision for credit losses currently recognized. The provision is increased by a charge to "provision for loan losses" which is a charge to income and reduced by write-offs net of recoveries.

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

Property and equipment

Land is carried at cost. All other property and equipment are carried at cost less accumulated amortization. Amortization is calculated using the declining balance method as follows:

| | |
|------------------------------------|--------------------|
| Buildings | 4%, 5%, 10% |
| Furniture, equipment and computers | 20%, 30%, 45%, 55% |
| Pavement | 8% |

Leasehold improvements are amortized using the straight-line method over 16 years.

Investments

Investments in securities that are classified as held-to-maturity are valued at cost or amortized cost, adjusted to recognize impairment other than a temporary impairment in the underlying value.

Investments in securities that are classified as available for sale are initially recognized at acquisition cost and subsequently re-measured at fair value at each reporting date. The fair value of publicly traded securities is based on their quoted market prices. All other securities' fair value is determined by discounting the expected future cash flows at current market rates. When the fair value of the security cannot be reliably measured, it will be recorded at cost.

Revenue recognition

Loan interest

Interest accrued on loans is recognized in income except where a loan is classified as impaired. A loan is classified as impaired when a specific provision has been established, a write-off taken or when, in the opinion of management, there is a reasonable doubt as to the ultimate collectibility of principal or interest. Interest received on an impaired loan is recognized in income only if there is no longer doubt as to the collectibility of the carrying value of the loan, otherwise, the interest is credited to the principal. Loans are generally returned to accrual status when all delinquent principal and interest payments are brought current and the timely collection of both principal and interest is reasonably assured.

Investment and other income

Investment and other income is recognized as revenue on an accrual basis.

Service fees

Service fees income is recognized on an accrual basis in accordance with the service agreement.

Commissions

Commissions income is recognized when the event creating the commissions takes place.

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions mainly considering values that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. It is reasonably possible that changes in future conditions could require a material change in the recognized amounts.

Market value

Quoted market prices are not available for a portion of Tignish Credit Union Ltd.'s financial instruments. Consequently, fair values presented for these financial instruments are estimates derived using redemption values, present values or other valuation techniques which may not be indicative of the net realizable value.

Risk management policies

Management's risk management policies are informal and are typically performed as a part of the overall management of the entity's operations. Management's close involvement in operations identifies risks and variations from expectations leading to changes in risk management activities and requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management informally considers avoidance of undue concentrations of risk, and may require collateral to mitigate credit risk. These policies and procedures are unchanged from the prior year.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date. Revenues and expenses denominated in foreign currencies are translated at the average monthly exchange rate.

Credit risk

Credit risk is the risk that a borrower will fail to meet principal and interest obligations. Tignish Credit Union Ltd. is exposed to credit risk through its loans and mortgages, and mitigates its exposure to this risk through strict adherence to credit granting and monitoring policies and procedures. These policies include requiring collateral be pledged proportionate to the size and term of the loan and mortgage.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Tignish Credit Union Ltd. is exposed to currency risk through its cash accounts and member deposits. Tignish Credit Union Ltd. maintains deposits in foreign currencies to service its member accounts.

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

Fair value of financial instruments

The fair value of Tignish Credit Union Ltd.'s financial instruments are derived using the valuation methods and assumptions described below. The estimated fair values disclosed do not reflect the value of items that are not considered financial instruments, such as property and equipment. Since many of Tignish Credit Union Ltd.'s financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in market rates that have occurred since their origination. Due to the estimation process and the need to use judgment, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

The following methods and assumptions were used to estimate the fair value of financial instruments:

- (a) the fair values of cash and equivalents, current accounts, accrued loan interest receivable, accrued interest payable and other liabilities are assumed to approximate book values due to their short-term nature.
- (b) The amortized cost of floating rate loans and mortgages and members deposits are assumed to equal book value as the interest rates automatically reprice to market.
- (c) The amortized cost of fixed rate loans and mortgages and fixed rate deposits is determined by discounting the expected future cash flows of these loans and deposits at the current market rates for products with similar terms and credit risks.
- (d) The fair value of available for sale investments cannot be reliably measured, therefore, they will be recorded at cost.

The entity classifies financial instruments using the following criteria:

Loans, mortgages and receivables

Tignish Credit Union Ltd. classifies non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, usually with interest, as loans, mortgages and receivables.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the intention and ability to hold to maturity.

Available for sale

Available for sale financial assets are those non-derivative financial assets that have been so designated or have not been classified as loans, mortgages, receivables or held to maturity investments.

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

Future accounting changes

The CICA has announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS), effective for Tignish Credit Union Ltd.'s 2012 fiscal year.

Tignish Credit Union Ltd. will present its IFRS opening balance sheet as at October 1, 2010 which represents the first day of the earliest comparative period to be included in its 2012 financial statements. As at that date, Tignish Credit Union Ltd. will record adjustments to amounts reported on its Canadian GAAP balance sheet to reflect the balance which would have been presented had IFRS always been used. Differences between Canadian GAAP and IFRS will be debited or credited to undistributed income as appropriate. The 2011 comparatives will be presented under IFRS standards as well.

The impact of transitioning to IFRS is undetermined at this time but the areas expected to have the most significant impact are financial instruments and note disclosure to the financial statements.

3 Loans and mortgages

| | | | | | 2011 | 2010 |
|--------------------------------|-------------------|---|----------------------------|-----------------------------|-------------------|-------------------|
| | Total \$ | Impaired Loans \$ (included in total) | General Provision \$ | Specific Provision \$ | Net \$ | Net \$ |
| Personal | 35,817,540 | 242,334 | 139,516 | 157,172 | 35,520,852 | 36,764,702 |
| Business | 8,723,218 | 776,748 | 33,978 | 100,839 | 8,588,401 | 6,578,665 |
| Mortgage | 6,219,402 | 876,720 | 24,226 | 94,141 | 6,101,035 | 6,156,858 |
| Farming and fishing | 20,081,413 | 1,195,727 | 78,220 | 184,299 | 19,818,894 | 19,485,793 |
| Lines of credit and overdrafts | 11,987,870 | 367,019 | 46,695 | 38,694 | 11,902,481 | 13,440,394 |
| Student loans | - | - | - | - | - | 1,543,822 |
| | <u>82,829,443</u> | <u>3,458,548</u> | <u>322,635</u> | <u>575,145</u> | <u>81,931,663</u> | <u>83,970,234</u> |

| | 2011 \$ | 2010 \$ |
|---|------------------|------------------|
| <i>Continuity of provision for impaired loans</i> | | |
| Provision for impaired loans - Beginning of year | 913,844 | 847,229 |
| Add: Recoveries during the year | 45,328 | 64,911 |
| Provision for loan losses | 816,717 | 416,864 |
| Less: Amounts written off during the year | <u>(878,109)</u> | <u>(415,160)</u> |
| Provision for impaired loans - End of year | <u>897,780</u> | <u>913,844</u> |

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

Mortgages and other loans

Mortgages are secured by realty mortgages with interest rates of 4.75% - 8.25%. Other loans are priced at market rates unless circumstances warrant special considerations. The loans are secured by an assignment of specific call deposits and share capital of the borrower and other specific assigned securities.

Tignish Credit Union Ltd.'s prime lending rate

Tignish Credit Union Ltd.'s prime lending rate is based on the prime interest rate as posted by Credit Union Central of Prince Edward Island.

4 Property and equipment

| | | | 2011 | 2010 |
|------------------------------------|------------------|-----------------------------|------------------|------------------|
| | Cost | Accumulated amortization | Net | Net |
| | \$ | \$ | \$ | \$ |
| Land | 96,500 | - | 96,500 | 96,500 |
| Buildings | 1,342,846 | 557,647 | 785,199 | 822,426 |
| Furniture, equipment and computers | 704,632 | 499,772 | 204,860 | 187,694 |
| Pavement | 106,129 | 42,395 | 63,734 | 69,266 |
| Leasehold improvements | 40,388 | 32,140 | 8,248 | 8,973 |
| | <u>2,290,495</u> | <u>1,131,954</u> | <u>1,158,541</u> | <u>1,184,859</u> |

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

5 Investments

| | | 2011 Amortized Cost \$ | | 2010 Amortized Cost \$ |
|-------------------------------------|------------------------------|---|-----------------------------|---|
| <i>Held to maturity:</i> | | | | |
| Liquidity reserve deposit | | <u>6,993,000</u> | | <u>6,141,000</u> |
| | | 2011 Cost \$ | 2010 Cost \$ | |
| | Fair Value \$ | | | Fair Value \$ |
| <i>Available for sale:</i> | | | | |
| Credit Union Central shares | 351,176 | 351,176 | 870,025 | 870,025 |
| Atlantic Central shares | 1,520,770 | 1,520,770 | - | - |
| League Savings & Mortgage shares | 255,930 | 255,930 | 255,930 | 255,930 |
| League Data shares | 38,010 | 38,010 | 38,010 | 38,010 |
| Co-operative membership | 2,263 | 2,263 | 2,202 | 2,202 |
| | <u>2,168,149</u> | <u>2,168,149</u> | <u>1,166,167</u> | <u>1,166,167</u> |
| Total investments | | <u>9,161,149</u> | | <u>7,307,167</u> |

In order to comply with Credit Union national standards, Tignish Credit Union Ltd. is required to maintain on deposit in Atlantic Central an amount equal to 6% of the prior quarter's assets. The deposit bears interest at a variable rate.

No market exists for shares of Credit Union Central of Prince Edward Island and Atlantic Central except that they may be surrendered on withdrawal from membership for proceeds equal to the paid-in value, to be received in accordance with a Tignish Credit Union Ltd. by-law providing for the redemption of its share capital.

All other equities with no specified maturity date are classified as available for sale. As there is no market value for the shares in Co-operatives, the fair value of the shares is estimated at amortized cost.

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

6 Member deposits

| | 2011 | 2010 |
|---------------------------------|--------------------|-------------------|
| | \$ | \$ |
| Share accounts (notes 8 and 12) | 32,685,361 | 30,883,675 |
| Savings and Plan 24 | 6,907,584 | 7,386,263 |
| Chequing accounts | 21,733,170 | 17,886,569 |
| Term deposits | 13,646,072 | 13,868,812 |
| RRSP and RRIF | 30,481,584 | 29,733,391 |
| | <u>105,453,771</u> | <u>99,758,710</u> |

Share accounts include the \$5 membership share plus individual member deposits.

Share accounts pay a dividend return at the discretion of the Board of Directors. Privileges of the shares are under the authority of the Board of Directors. The dividend rate declared and accrued for 2011 was 2% (2010 - 2%) based on the minimum monthly balance throughout the year.

Chequing, savings and Plan 24 are on a call basis and earn interest at various rates.

Outstanding *term deposits* for periods of one to five years generally may not be withdrawn prior to maturity, without penalty. Term deposits for periods less than one year may be withdrawn after 30 days, subject to an interest reduction.

Fixed *term deposits* bear interest at various rates and extend for a term of up to five years.

RRSP and RRIF

Concentra Financial is the trustee for the registered savings plans offered to owners. Under an agreement with the trust company, owner's contributions to the plans, as well as income earned on them, are deposited in the credit union. On withdrawal, payment of the plan proceeds is made to owners, or the parties designed by them, by the credit union, on behalf of the trust company. RRSP and RRIF term deposits bear interest at various rates.

Withdrawal privileges on all deposit accounts are subject to the overriding right of the Board of Directors to impose a waiting period.

7 Contingent liability

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$ | \$ |
| Outstanding guarantees on behalf of members | <u>693,000</u> | <u>305,000</u> |

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

8 Share accounts

Unlimited membership shares, with a par value of \$5 each, non-transferable, redeemable by Tignish Credit Union Ltd., retractable by shareholders subject to Tignish Credit Union Ltd.'s right to suspend redemption, if the redemption would impair the financial stability of Tignish Credit Union Ltd., for a period of up to twelve months by Board resolution and indefinitely by Board resolution with the approval of the Credit Union Deposit Corporation. Dividends are payable at the discretion of the Board of Directors.

9 Income taxes

Tignish Credit Union Ltd. has an unrecognized future income tax benefit of \$92,706 (2010 - \$56,283). The unrecognized future income tax benefit is as a result of \$772,548 (2010 - \$469,022) of timing differences available to reduce taxable income in future years.

10 Line of credit availability

Tignish Credit Union Ltd. has an approved line of credit with Atlantic Central of \$10,000,000. As of September 30, 2011, the line of credit was not being utilized.

11 Related party transactions

Tignish Credit Union Ltd. provides financial services to members. These members hold the loans and mortgages and member deposits and therefore the interest income and interest expense are transacted in the ordinary course of business with these members.

12 Regulatory equity

Tignish Credit Union Ltd. has agreed to maintain an equity level equal to 5% of the total assets.

In accordance with the recommendations of the Canadian Institute of Chartered Accountants related to the financial statement presentation of financial instruments, the ownership shares are presented in the balance sheet as financial liabilities. At September 30, 2011, the equity level for regulatory purposes is as follows:

| | 2011 \$ | 2010 \$ |
|-------------------------|--------------------|--------------------|
| Ownership shares | 50,370 | 49,710 |
| Members' equity | 8,076,052 | 7,765,968 |
| Total regulatory equity | <u>8,126,422</u> | <u>7,815,678</u> |
| Total assets | <u>116,759,505</u> | <u>109,958,919</u> |
| Equity level | <u>7.0%</u> | <u>7.1%</u> |

Tignish Credit Union Ltd.

Notes to Financial Statements

September 30, 2011

13 Interest rate sensitivity

The following table sets out assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the company's interest rate risk position is limited by the fact that certain borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing dates. For example, notes receivable are shown at contractual maturity but certain notes could prepay earlier.

| | Under 1 year \$ | Over 1 to 5 years \$ | Over 5 years \$ | Not interest rate sensitive \$ | Total \$ |
|--------------------------------------|-----------------------|----------------------------|-----------------------|--------------------------------------|--------------------|
| Assets | | | | | |
| Cash | - | - | - | 1,219,642 | 1,219,642 |
| Short-term deposits | 22,130,620 | - | - | - | 22,130,620 |
| Effective interest rate | 0.88% | | | | |
| Investments | 9,161,149 | - | - | - | 9,161,149 |
| Effective interest rate | 1.38% | | | | |
| Loans and mortgages | 81,245,311 | 686,352 | - | - | 81,931,663 |
| Effective interest rate | 6.66% | 5.71% | | | |
| Accrued interest receivable | - | - | - | 974,917 | 974,917 |
| Prepaid expenses and other | - | - | - | 182,973 | 182,973 |
| Property and equipment | - | - | - | 1,158,541 | 1,158,541 |
| Total assets | 112,537,080 | 686,352 | - | 3,536,073 | 116,759,505 |
| Liabilities and surplus | | | | | |
| Member deposits | 77,239,497 | 28,214,274 | - | - | 105,453,771 |
| Effective interest rate | 1.12% | 2.80% | | | |
| Effective interest rate | | | | | |
| Accrued interest payable | - | - | - | 1,640,775 | 1,640,775 |
| Other liabilities | - | - | - | 1,504,596 | 1,504,596 |
| Income taxes payable | - | - | - | 84,311 | 84,311 |
| Undistributed earnings | - | - | - | 8,076,052 | 8,076,052 |
| | - | - | - | - | - |
| Total liabilities and surplus | 77,239,497 | 28,214,274 | - | 11,305,734 | 116,759,505 |
| Interest rate sensitivity gap | 35,297,583 | (27,527,922) | - | (7,769,661) | - |

As at September 30, 2011, Tignish Credit Union Ltd.'s net interest spread was 3.84% (2010 - 4.14%). The net interest spread is calculated by expressing the difference between (a) the percentage of income earned on the average year-end interest bearing assets and (b) the percentage of costs of capital and borrowings on the average year-end interest bearing liabilities.







**CREDIT
UNION**

TIGNISH

Getting You There™

www.tignishcreditunion.com