Financial statements of

PATHWISE CREDIT UNION LIMITED

December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of
PATHWISE CREDIT UNION LIMITED

Opinion

We have audited the accompanying financial statements of Pathwise Credit Union Limited ("the Credit Union"), which comprise the statement of financial position as at December 31, 2025, and the statements of comprehensive income, members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

TORONTO, Ontario
March 30, 2026

Licensed Public Accountants

PATHWISE CREDIT UNION LIMITED
Statement of Financial Position

As at December 31		***2025***		2024
Assets				
Cash (note 6)	***$***	***49,371,079***	$	10,917,727
Investments (note 7)		***32,482,609***		34,130,888
Loans and advances to members (note 9)		***454,083,938***		369,435,422
Other assets (note 10)		***2,398,714***		1,777,946
Pension asset (note 13)		***5,233,900***		3,973,800
Property and equipment (note 11)		***3,027,745***		3,477,279
	$	***546,597,985***	$	423,713,062
Liabilities and Members' Equity				
Liabilities				
Accounts payable and other liabilities (note 12)	***$***	***3,026,918***	$	1,601,274
Obligation for post-employment benefits other than pensions (note 14)		***2,692,900***		2,715,700
Mortgage securitization liabilities (note 16)		***39,473,778***		34,414,588
Members' deposits (note 15)		***463,359,876***		349,300,397
Members' share capital (note 17)		***2,042,829***		2,151,489
Accrued member interest, dividends and patronage return		***7,124,110***		4,910,637
		517,720,411		395,094,085
Members' equity				
Members' share capital (note 17)		***5,322,151***		5,613,040
Retained earnings		***24,259,877***		24,637,479
Accumulated other comprehensive loss		***(704,454)***		(1,631,542)
		28,877,574		28,618,977
	$	***546,597,985***	$	423,713,062

Commitments (note 18)

See accompanying notes to financial statements.

On behalf of the Board:

Director

Shayn Ballagh Director

PATHWISE CREDIT UNION LIMITED
Statement of Comprehensive Income

Year ended December 31	2025	2024
Financial income		
Loan interest (note 9)	$ 20,017,791	$ 16,047,142
Investment income and dividends	1,669,421	2,071,393
	21,687,212	18,118,535
Financial expense		
Interest on members' deposits (note 15)	11,705,996	8,526,190
Interest on external borrowings and securitization liabilities	1,385,598	997,825
Provision for impairment losses on member loans (note 9)	100,000	-
	13,191,594	9,524,015
Financial margin	8,495,618	8,594,520
Other income (note 22)	1,499,062	1,315,303
	9,994,680	9,909,823
Expenses		
Salaries, employee benefits and personnel (note 23)	5,465,722	4,877,347
Operations and administrative	2,863,936	2,432,858
Information technology	1,220,319	1,208,016
Depreciation	514,474	513,410
	10,064,451	9,031,631
Net income (loss) before member distributions and income taxes	(69,771)	878,192
Deduct: Dividends and patronage return (note 17)	30,855	29,990
Net income (loss) before income taxes	(100,626)	848,202
Provision (recovery of) for income taxes (note 21)		
Current	(8,861)	138,862
Deferred	72,469	(30,115)
	63,608	108,747
Net income (loss) for the year	$ (164,234)	$ 739,455
Other comprehensive income, net of tax		
Actuarial gains on employee future benefits	$ 911,585	$ 1,159,186
Unrealized gains on investments measured at FVOCI	15,503	262,896
Total other comprehensive income	927,088	1,422,082
Net comprehensive income for the year	$ 762,854	$ 2,161,537

See accompanying notes to financial statements.

	FVOCI investments	Employee future benefits	Accumulated other comprehensive income (loss)	Members' shares	Retained earnings	Total
Balance on December 31, 2023	**$ (61,742)**	**$ (2,991,882)**	**$ (3,053,624)**	**$ 6,438,664**	**$ 24,081,027**	**$ 27,466,067**
Net income for the year	-	-	-	-	739,455	739,455
Distributions to members	-	-	-	-	(183,003)	(183,003)
Redemption of members' shares (net)	-	-	-	(825,624)	-	(825,624)
Change in unrealized gains on FVOCI investments	262,896	-	262,896	-	-	262,896
Net gain from employee future benefits		1,159,186	1,159,186	-	-	1,159,186
Balance on December 31, 2024	**$ 201,154**	**$ (1,832,696)**	**$ (1,631,542)**	**$ 5,613,040**	**$ 24,637,479**	**$ 28,618,977**
Net loss for the year	-	-	-	-	**(164,234)**	**(164,234)**
Distributions to members	-	-	-	-	**(213,368)**	**(213,368)**
Redemption of members' shares (net)	-	-	-	**(290,889)**	-	**(290,889)**
Change in unrealized gains on FVOCI investments	**15,503**	-	**15,503**	-	-	**15,503**
Net gain from employee future benefits		**911,585**	**911,585**	-	-	**911,585**
Balance on December 31, 2025	**$ 216,657**	**$ (921,111)**	**$ (704,454)**	**$ 5,322,151**	**$ 24,259,877**	**$ 28,877,574**

See accompanying notes to financial statements.

PATHWISE CREDIT UNION LIMITED
Statement of Cash Flows

Year ended December 31	**2025**	2024
Cash provided (used) by operating activities		
Interest received on loans	**$ 19,874,501**	$ 15,903,192
Interest received on investments	**1,729,827**	2,006,626
Other income received	**1,499,062**	1,315,303
Interest paid on member deposits	**(9,493,337)**	(7,549,762)
Interest paid on securitization liabilities	**(1,385,598)**	(997,825)
Payments to employees and suppliers	**(9,021,344)**	(9,294,745)
Income taxes received (paid) (net)	**(52,164)**	37,473
Adjustments for net changes in operating assets and liabilities:		
Change in members' loans and advances (net)	**(84,748,515)**	(37,669,399)
Change in member deposits (net)	**114,059,479**	8,145,473
Net cash provided (used) by operating activities	**32,461,911**	(28,103,664)
Cash provided (used) by investing activities		
Redemption (purchase) of investments (net)	**1,656,341**	(3,667,989)
Purchase of property and equipment	**(64,940)**	(200,974)
Net cash provided (used) by investing activities	**1,591,401**	(3,868,963)
Cash provided (used) by financing activities		
Proceeds from issuance of mortgage securitizations	**16,497,790**	31,144,893
Repayments of securitization liabilities	**(11,415,655)**	(2,872,441)
Members share capital redeemed (net)	**(399,548)**	(917,324)
Dividends and interest rebates paid on member deposits & capital accounts	**(282,547)**	(322,016)
Net cash provided by financing activities	**4,400,040**	27,033,112
Net increase (decrease) in cash	**38,453,352**	(4,939,515)
Cash, January 1	**10,917,727**	15,857,242
Cash, December 31	**$ 49,371,079**	$ 10,917,727

See accompanying notes to financial statements.

1 Nature of business

Pathwise Credit Union Limited (the "Credit Union") is a multi-branch financial institution incorporated under the Credit Unions and Caisses Populaires Act of Ontario (the "Act"). The Credit Union is regulated by the Financial Services Regulatory Authority of Ontario ("FSRA") and is a member of Central 1 Credit Union Limited ("Central 1"). The Credit Union operates as one operating segment in the loans and deposit taking industry in Ontario. Products and services offered to its members include mortgages, personal and commercial loans, chequing and savings accounts, term deposits, registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), tax free savings accounts ("TFSAs"), first home savings accounts ("FHSAs"), mutual funds, automated banking machines, debit cards, Internet banking and telephone banking. The Credit Union head office is located at 322 King Street West, Oshawa, Ontario.

2 Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and legislation for Ontario’s Credit Unions and Caisses Populaires.

The Credit Union's functional and presentation currency is the Canadian dollar.

Regulations to the Act specify that certain items are required to be disclosed in the financial statements which are presented at annual meetings of members. This information has been integrated into the basic financial statements and notes and it is management's opinion that the disclosures in the financial statements and notes comply, in all material respects, with the requirements of the legislation. Where necessary, reasonable estimates and interpretations have been made in presenting this information.

These financial statements have been approved and authorized for issue by the Board of Directors on February 25, 2026.

3 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments recorded at fair value through profit and loss ("FVTPL") and financial assets recorded at fair value through other comprehensive income ("FVOCI"), as disclosed in note 24.

4 Critical accounting estimates and judgments

The Credit Union makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes.

Classification of financial assets

The Credit Union assesses the business model within which the assets are held and whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding, as described in note 5.

Fair value of financial instruments

The Credit Union uses valuation techniques to determine the fair value of financial instruments that are not quoted in an active market. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

4 Critical accounting estimates and judgments (continued)

Fair value of financial instruments (continued)

The methods and assumptions applied, and the valuation techniques used, for financial instruments that are not quoted in an active market are disclosed in note 24.

Impairment of financial instruments

The Credit Union assesses whether credit risk on the financial asset has increased significantly since initial recognition and incorporates forward-looking information in the measurement of expected credit loss ("ECL"), as described in note 25.

Pension plan and post-employment future benefits

The accrued pension obligation and obligation for post-employment future benefit plan costs, assets and obligations depend on factors that are determined using an actuarial estimate based on numerous assumptions, including the discount rate, the rate of return on plan assets, wage escalation, inflation rates, health care costs and demographic factors such as retirement age, mortality and employee turnover. Any change in these assumptions will have an impact on the costs, assets and/or obligations relating to these plans, but the discount rate and the return on assets have the greatest impact and are subject to greater volatility. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further information regarding employee future benefits is presented in notes 13 and 14.

The Credit Union establishes the discount rate as at each reporting date. This rate is used to determine the present value of future cash flows related to the defined benefit obligation. To determine this rate, the Credit Union uses the interest rate of corporate bonds with a maturity similar to that of the benefit obligation and market conditions.

A decrease of 1% in the discount rate as at the end of the period would have an impact of a $826,100 (2024 - $894,800) increase on the present value of the defined benefit obligation and a $273,500 (2024 - $288,900) increase in the present value of the obligation for post-employment benefits (other than pensions).

An increase of 1% in the discount rate as at the end of the period would have an impact of a $754,300 (2024 - $814,900) decrease on the present value of the defined benefit obligation and a $229,800 (2024 - $241,800) decrease in the present value of the obligation for post-employment benefits (other than pensions).

Income taxes

The Credit Union periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Credit Union records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters. Any differences will be accounted for in the year of settlement.

Deferred income tax assets are recognized in respect of unused tax losses or deductible temporary differences to the extent that it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred income tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

5 Material accounting policies

The Credit Union has consistently applied the following accounting policies to all periods presented in these financial statements.

Revenue recognition

(i) Interest

Effective interest rate

Interest income and expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Credit Union estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized cost and gross carrying amount

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Presentation

Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

(ii) Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Loan fees that are recognized using the effective interest method are included with loan balances on the balance sheet.

Other fee and commission income – including account servicing fees, loan discharge and administration fees, and syndication fees – is recognized as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognized on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

5 Material accounting policies (continued)

Financial assets and financial liabilities

(i) Recognition and initial measurement

The Credit Union initially recognizes loans and advances, deposits and mortgage securitization liabilities on the date on which they are originated. All other financial instruments are recognized on the trade date, which is the date on which the Credit Union becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL or FVOCI, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL or FVOCI:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Credit Union classifies its loans to members as amortized cost.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

The Credit Union classifies its debt securities and equity securities as FVOCI.

On initial recognition of an equity investment that is not held for trading, the Credit Union may irrevocably elect to present subsequent changes in FVTPL. This election is made on an investment-by-investment basis.

The Credit Union classifies its cash as FVTPL.

5 Material accounting policies (continued)

Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)

Business model assessment

The Credit Union makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Credit Union's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Credit Union considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Credit Union considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Credit Union's claim to cash flows from specified assets (e.g. non- recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

5 Material accounting policies (continued)

Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)

Reclassifications

Financial assets are not reclassified subsequent to initial recognition, except in the period after the Credit Union changes its business model for managing financial assets. There were no changes to the Credit Union's business model during the current or prior year.

Financial liabilities

The Credit Union classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost.

(iii) Derecognition

Financial assets

The Credit Union derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Credit Union neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investments designated as FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Credit Union is recognized as a separate asset or liability.

In transactions in which the Credit Union neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Credit Union continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Credit Union retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Credit Union periodically enters into asset transfer agreements with third parties including securitization of residential mortgages into special purpose entities, such as programs sponsored by Canada Mortgage Housing Corporation that issue bonds to third party investors. This includes securitization of insured residential mortgages by participating in the National Housing Act (NHA) mortgage-backed securities (MBS) program. Through the program, the Credit Union issues securities backed by residential mortgages that are insured against borrower’s default. All securitization transactions are reviewed and assessed based on the above-noted derecognition criteria. In instances where the Credit Union’s securitizations do not qualify for derecognition based on the above criteria, the Credit Union does not derecognize the transferred financial assets but records a secured borrowing with respect to any consideration received.

Financial liabilities

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

5 Material accounting policies (continued)

Financial assets and financial liabilities (continued)

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Credit Union evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Credit Union recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, the gain or loss is presented as interest income.

Financial liabilities

The Credit Union derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in net income for the year.

(v) Impairment

The Credit Union recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognized on equity investments.

The Credit Union measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investments that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since initial recognition.

The Credit Union considers a debt security to have low credit risk when the credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

5 Material accounting policies (continued)

Financial assets and financial liabilities (continued)

(v) Impairment (continued)

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Credit Union in accordance with the contract and the cash flows that the Credit Union expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Credit Union if the commitment is drawn down and the cash flows that the Credit Union expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Credit Union expects to recover.

Credit-impaired financial assets

At each reporting date, the Credit Union assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Credit Union on terms that the Credit Union would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlated in defaults in the group.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in debt securities is credit-impaired, the Credit Union considers the following factors:

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

5 Material accounting policies (continued)

Financial assets and financial liabilities (continued)

(v) Impairment (continued)

Presentation of allowance for ECL on the balance sheet

Loss allowances for ECL are presented on the balance sheet as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Credit Union cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Credit Union presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

Derivatives held for risk management purposes and hedge accounting

The Credit Union has not designated any derivatives held for risk management as hedging instruments.

Non-trading derivatives

If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognized immediately in profit or loss as a component of net income from other financial instruments at FVTPL.

Cash

Cash includes cash on hand and deposits with financial institutions.

Cash is classified as FVTPL and is carried at fair value.

Investments

Investments include:

- Central 1 liquidity and deposit notes initially measured at fair value plus incremental direct transaction costs, and subsequently at amortized cost using the effective interest method;
- debt securities at FVOCI; and
- equity securities designated as at FVOCI.

The Credit Union elects to present in OCI changes in the fair value of certain investments in equity securities that are not held for trading. The election is made on an instrument- by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity securities are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment.

5 Material accounting policies (continued)

Loans and advances to members

Loans and advances to members are recognized when the cash is advanced to the borrower and are initially measured at fair value, net of loan origination fees and inclusion of transaction costs incurred. Loans and advances are subsequently measured at amortized cost, using the effective interest rate method.

Pension plan

The Credit Union is the sponsor of a contributory, registered pension plan that covers substantially all of its employees and provides benefits on a defined benefit basis based on length of service and rates of pay. The Credit Union makes contributions to the fund, based on periodic valuation reports prepared by an independent actuary, in accordance with regulatory requirements.

The defined benefit pension plan has been frozen as of August 28, 2015 and a defined contribution plan was established as of August 29, 2015.

Property and equipment

Property and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, with the exception of land which is not depreciated.

Depreciation is provided over the estimated useful life of assets as follows:

Building	5 to 30 years
Equipment	2 to 10 years
Parking area	20 years
Enterprise software	10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Post-employment future benefits

The Credit Union sponsors a defined benefit pension plan and other post-employment benefits to retired employees and their spouses. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The benefits include medical services, life insurance and extended health care benefits. The benefit plans are further described in notes 13 and 14. This non-pension post-employment benefit plan is not funded.

The Credit Union accrues its obligations under a defined benefit employee pension plan and the related costs, net of plan assets. The cost of the defined benefit pension and the other post-employment benefits that relate to employees' current service is charged to income annually. The cost is computed at each reporting date by an independent actuary using the projected unit credit cost method prorated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. For the purpose of calculating the expected return on plan assets, the assets are valued at fair market value.

The discount rate used to measure the interest cost on the accrued future employee benefit obligation is set with reference to market interest rates on high-quality debt instruments. The discount rate is actuarially determined and reviewed for reasonability by management.

Recognition of securitization arrangements

The Credit Union enters into mortgage securitization arrangements as part of its program of liquidity, capital, and interest rate risk management. As a result of these transactions and depending on the nature of the arrangement, the Credit Union may be subject to the recognition of the funds received as secured borrowings and the continued recognition of the secured assets. The determination of the requirements for continued recognition requires significant judgment based on the underlying contractual arrangements of the transaction.

Securitization liabilities are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost.

Further details of securitization arrangements are disclosed in note 16.

5 Material accounting policies (continued)

Deposits and members' share capital

The Credit Union classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments, as described in note 17. The Credit Union’s Class A patronage shares and membership shares are classified as liabilities and the Class C investment shares are classified as equity. Where shares are redeemable at the option of the member, either on demand or on withdrawal from membership, the shares are classified as liabilities. Where shares are redeemable at the discretion of the Credit Union board of directors, the shares are classified as equity, as per IFRIC 2 *Members' Shares in Cooperative Entities and Similar Instruments*.

The Credit Union’s membership shares are classified as liabilities as the shares are redeemable at the option of the member. The Credit Union's investment shares are classified as equity as redemption is subject to the sole and absolute discretion of the Credit Union's Board of Directors. All share redemptions are subject to the Credit Union meeting capital adequacy requirements.

Members' deposits and members' share capital that are classified as liabilities are initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument, and subsequently measured at amortized cost using the effective interest method.

Financial guarantees and loan commitments

Financial guarantees are contracts that require the Credit Union to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

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

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allow the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not longer probable that the related tax benefit will be realized.

The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the assets / liabilities are settled.

Members' dividends

Dividends to members are recognized in net income when circumstances indicate the Credit Union has a constructive obligation it has little discretion to avoid, and it can make a reasonable estimate of the amount required to settle the obligation.

5 Material accounting policies (continued)

Foreign currency translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the re-translation of monetary FVTPL and FVOCI financial assets are treated as a separate component of the change in fair value and recognized in net comprehensive income.

Standards, amendments and interpretations not yet effective

New standards, amendments and interpretations, which have not been applied in these financial statements, that will or may have an effect on the Credit Unions future financial statements are as follows. The Credit Union intends to adopt these standards when they become effective.

IFRS 18, *Presentation and Disclosure in Financial Statements*

The International Accounting Standards Board (IASB) issued IFRS 18, Presentation and Disclosure in Financial Statements in April 2024 and the Canadian Accounting Standards Board (AcSB) approved the standard in September 2024. This standard replaces IAS 1, Presentation of Financial Statements and was developed in response to a demand from stakeholders for improvements to financial performance reporting.

The key requirements in IFRS 18 *Presentation and Disclosure in Financial Statements* include:

- presentation of new defined subtotals in the statement of profit or loss;
- required disclosures in the notes to the financial statements of management-defined performance measures; and
- enhanced principles on the aggregation and disaggregation of information which apply to the financial statements and notes to the financial statements.

The new standard is effective for the Credit Union’s financial statements for annual periods beginning on or after January 1, 2027, with earlier application permitted.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Credit Union's future financial statements.

6 Cash

Cash consists of cash on hand and amounts on deposit in Central 1 in Canadian current and high interest savings accounts totaling $47,491,438, yielding 2.24% (2024 - $9,119,769, yielding 3.40%) and USD current accounts totaling $939,506, yielding 3.25% (2024 - $919,451, yielding 4.15%).

7 Investments

The following tables provide information on the investments by type of security and issuer. The maximum exposure to credit risk would be the fair value as detailed below:

As at December 31,	2025	2024
Investments measured at FVOCI - debt securities	**$ 30,625,757**	$ 29,631,019
Investments measured at amortized cost - deposit instruments	**753,445**	3,292,715
Investments measured at FVOCI - equity securities	**1,103,407**	1,207,154
	$ 32,482,609	$ 34,130,888

The following tables summarizes the composition of investments by classification category:

As at December 31,	2025	2024
Investments measured at FVOCI - debt securities		
Bonds, maturing within one year	**$ 7,806,101**	$ 7,695,909
Bonds, maturing later than one year	**22,801,232**	20,838,084
Treasury bills, maturing within one year	**-**	1,043,615
Cash	**18,424**	53,411
	$ 30,625,757	$ 29,631,019

Included in bonds maturing within one year is $2,035,623 (2024 - $779,332) in floating rate bonds and included in bonds maturing later than one year is $2,256,736 (2024 - $3,853,068) in floating rate bonds.

As at December 31,	2025	2024
Investments measured at amortized cost - deposit instruments		
Central 1 fixed rate deposit note, maturing within one year	**$ -**	$ 2,500,000
Central 1 fixed rate USD deposit note, maturing within one year	**753,445**	792,715
	$ 753,445	$ 3,292,715

As at December 31,	2025	2024
Investments measured at FVOCI - equity securities		
Central 1 Credit Union shares - Class A	**$ 111,291**	$ 104,494
Central 1 Credit Union shares - Class E	**985,400**	985,400
Other equity securities	**6,716**	117,260
	$ 1,103,407	$ 1,207,154

7 Investments (continued)

Significant terms and average annual yields on debt securities and deposit instruments:

As at December 31		2025	2024
Investments measured at FVOCI - debt securities			
Bonds, maturing within one year			
Yield		**2.87%**	3.97%
Interest		**1.25% to 2.44%**	1.75% to 8.50%
Maturity dates	from	**Mar 15, 2026**	Feb 5, 2025
	to	**Dec 15, 2026**	Dec 22, 2025
Bonds, maturing later than one year			
Yield		**3.37%**	3.26%
Interest		**1.85% to 5.38%**	1.25% to 4.16%
Maturity dates	from	**Feb 1, 2027**	Mar 15, 2026
	to	**Jul 22, 2030**	Dec 18, 2028
Treasury bills, maturing within one year			
Yield		**NA**	3.16%
Interest		**NA**	NA
Maturity date		**NA**	Jan 15, 2025
Investments measured at amortized cost - deposit instruments			
Central 1 fixed rate deposit note, maturing within one year			
Yield		**NA**	4.73%
Interest		**NA**	4.73%
Maturity date		**NA**	Jul 04, 2025
Central 1 fixed rate USD deposit notes, maturing within one year			
Yield		**4.28%**	5.14%
Interest		**4.28%**	5.14%
Maturity date		**Jul 9, 2026**	Jul 07, 2025

7 Investments (continued)

Investments measured at FVOCI - debt securities

The portfolio of HQLA's is held in the following types of securities:

As at December 31	2025	2024
Provincial government issued securities	**$ 14,012,426**	$ 13,166,963
Federal government issued securities	**13,361,316**	12,047,372
Corporate bonds	**3,233,591**	3,398,936
Mortgage backed securities, not guaranteed	**-**	964,337
Cash	**18,424**	53,411
	$ 30,625,757	$ 29,631,019

Central 1 Credit Union shares

The Credit Union has designated its investment in Central 1 equity securities as at FVOCI. There is no active market for these shares as they are issued only by virtue of membership in Central 1. The shares are redeemable upon withdrawal of membership or at the discretion of the Board of directors of Central 1. In addition, the member credit unions are subject to additional capital calls as determined by the Central 1 Board of Directors.

The Central 1 Class A shares are subject to periodic rebalancing and the redemption value is equal to par value. Accordingly, the fair value is considered to be equivalent to par value or redemption value.

The Central 1 Class E shares are not subject to rebalancing and the redemption value is not equal to par value.

The Credit Union is not intending to dispose of any Central 1 shares as the services supplied by Central 1 are relevant to the day to day activities of the Credit Union.

8 Derivatives

The following table shows an analysis of counterparty credit exposures arising from derivative transactions. Derivative transactions of the Credit Union are generally not collateralized. The Credit Union has credit risk, which arises from the possibility that its counterparty to a derivative contract could default on their obligation to the Credit Union.

For information on the Credit Union's financial risk management framework, see note 26.

Notional amounts are used as a basis for calculating cash flows to be exchanged under derivative contracts and are generally not actually exchanged between the Credit Union and its counterparties. They are a common measure of volume of outstanding transactions but do not represent credit or market risk exposure. The credit risk associated with derivative contracts is normally a small fraction of the notional principal amount of the contract. Derivative contracts expose the Credit Union to credit loss where there is a favourable change in market rates from the Credit Union's perspective and the counterparty fails to perform. The Credit Union only enters into derivative contracts with a counterparty that the Credit Union has determined to have high creditworthiness.

As at December 31		**2025**		2024
	Notional amount	**Fair value**	Notional amount	Fair value
Equity index-linked deposits				
Derivative assets	**$ 101,290**	**$ 25,470**	$ 140,290	$ 36,605
Derivative liabilities	**$ 101,222**	**$ 25,470**	$ 140,222	$ 36,605

The Credit Union has outstanding $101,222 (2024 - $140,222) in index-linked products to its members. The index-linked products are five year deposits that pay interest at the end of the term, based on the performance of a variety of indices. The Credit Union has purchased index-linked options agreements with Central 1 to offset the exposure to the indices associated with these products. These contracts expire on May 12, 2026 (2024 - May 12, 2025 and May 12, 2026). The Credit Union pays a fixed amount based on the notional amount at the inception of the index-linked option contract. At the end of the term the Credit Union receives from Central 1 payments equal to the amount that will be paid to depositors based on the performance of the underlying indices. The fair value of these index-linked option contracts is $25,470 (2024 - $36,605).

9 Loans and advances to members

As at December 31, 2025	**Gross carrying amount**	**ECL allowance**	**Transaction costs**	**Carrying amount**
Residential mortgages	**$385,143,782**	**$ (1,417,020)**	**$ 849,074**	**$384,575,836**
Commercial and syndicated	**66,887,354**	**(441,767)**	**-**	**66,445,587**
Personal	**3,191,720**	**(129,205)**	**-**	**3,062,515**
	$455,222,856	**$ (1,987,992)**	**$ 849,074**	**$454,083,938**

As at December 31, 2024	Gross carrying amount	ECL allowance	Transaction costs	Carrying amount
Residential mortgages	$323,597,322	$ (1,230,084)	$ 422,540	$322,789,778
Commercial and syndicated	44,854,094	(441,317)	-	44,412,777
Personal	2,449,458	(216,591)	-	2,232,867
	$370,900,874	$ (1,887,992)	$ 422,540	$369,435,422

Transaction costs represent the unamortized portion of fees paid to mortgage brokers. These costs are amortized to income over the term of the residential mortgage loans through reducing the effective yield.

Interest income on member loans receivable are summarized as follows:

For the year ended December 31	**2025**	2024
Residential mortgage	**$ 16,410,808**	$ 13,628,380
Commercial and syndicated	**3,426,442**	2,198,856
Personal loan	**180,541**	219,906
	$ 20,017,791	$ 16,047,142

Terms and conditions

Personal loans bear interest at fixed and variable annual rates and are repayable in monthly blended principal and interest installments over a maximum period of five years. Residential and commercial mortgage loans bear interest at fixed (not in advance) and variable annual rates and are repayable in monthly blended principal and interest installments over a maximum period of five years based on a maximum amortization of thirty years. Line of credit loans bear interest at variable rates and are repayable at a minimum of interest only, not in advance, subject to annual review.

9 Loans and advances to members (continued)

Terms and conditions (continued)

Commercial and personal loans, including line of credit loans, are repayable to the Credit Union in monthly blended principal and interest installments over a maximum of five years, except for line of credit loans which are repayable on a revolving credit basis and require minimum monthly payments.

All loans are open and, at the option of the borrower, may be repaid at any time without notice or penalty, with the exception of commercial and residential loans and mortgages with a term exceeding one year.

Average yields to maturity

Member loans bear interest at both variable and fixed rates with the following average yields, before transaction costs, at December 31:

2025	**Principal**	**Yield**
Variable rate	**$ 67,415,915**	**5.19%**
Fixed rate due less than one year	**88,974,491**	**3.82%**
Fixed rate due between one and five years	**298,832,449**	**4.77%**
	$ 455,222,856	

2024		
Variable rate	$ 41,856,174	6.42%
Fixed rate due less than one year	74,035,776	4.71%
Fixed rate due between one and five years	255,008,924	4.41%
	$ 370,900,874	

Expected credit loss

The following table reconciles the opening to the closing balance of the allowance for impairment by class of financial instrument. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in note 5.

				2025
	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Balance at January 1	**$ 1,568,568**	**$ 53,720**	**$ 265,704**	**$ 1,887,992**
Transfer to lifetime ECL credit-impaired	**(182,531)**	**-**	**182,531**	**-**
Transfer from lifetime ECL not credit-impaired	**(105,237)**	**105,237**	**-**	**-**
Provision for impairment losses on member loans	**100,000**	**-**	**-**	**100,000**
Balance at December 31	**$ 1,380,800**	**$ 158,957**	**$ 448,235**	**$ 1,987,992**

9 Loans and advances to members (continued)

Expected credit loss (continued)

	2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Balance at January 1	$ 1,656,756	$ 57,086	$ 174,150	$ 1,887,992
Transfer to lifetime ECL credit-impaired	(91,554)	-	91,554	-
Transfer from lifetime ECL not credit-impaired	3,366	(3,366)	-	-
Balance at December 31	$ 1,568,568	$ 53,720	$ 265,704	$ 1,887,992

Credit quality of loans

It is not practical to value all collateral as at the balance sheet date due to the variety of assets and conditions. A breakdown of the security held on a portfolio basis is as follows:

As at December 31	**2025**	2024
Unsecured loans	**$ 3,120,732**	$ 2,328,460
Residential mortgages insured - other	**57,260,994**	37,253,514
Residential mortgages insured by government	**18,067,224**	19,515,690

Fair value

The fair value of member loans at December 31, 2025 was $385,317,567 (2024 - $364,855,602).

The estimated fair value of the variable rate loans is assumed to be equal to book value as the interest rates on these loans re-price to market on a periodic basis.

The estimated fair value of fixed rate loans is determined by discounting the expected future cash flows at current market rates for products with similar terms and credit risks.

10 Other assets

As at December 31	**2025**	2024
Prepaid expenses	**$ 1,391,941**	$ 760,771
Accrued interest receivable on loans	**842,650**	699,360
Accrued interest receivable on investments	**13,193**	73,599
Deferred income tax (note 21)	**-**	193,450
Income taxes receivable	**150,930**	50,766
	$ 2,398,714	$ 1,777,946

11 Property and equipment

	Land	Building	Enterprise software	Equipment and leaseholds	Parking area	Total
Cost						
Balance at January 1, 2023	**$ 266,132**	**$ 8,150,657**	**$ 1,533,011**	**$ 1,407,064**	**$ 197,157**	**$ 11,554,021**
Additions	-	145,250	-	55,724	-	200,974
Balance on December 31, 2024	**266,132**	**8,295,907**	**1,533,011**	**1,462,788**	**197,157**	**11,754,995**
Additions	-	-	56,047	8,893	-	64,940
Balance on December 31, 2025	**$ 266,132**	**$ 8,295,907**	**$ 1,589,058**	**$ 1,471,681**	**$ 197,157**	**$ 11,819,935**
Accumulated depreciation						
Balance at January 1, 2023	**$ -**	**$ 6,054,464**	**$ 418,319**	**$ 1,145,478**	**$ 146,045**	**$ 7,764,306**
Depreciation expense	-	219,475	167,366	107,403	19,166	513,410
Balance on December 31, 2024	**-**	**6,273,939**	**585,685**	**1,252,881**	**165,211**	**8,277,716**
Depreciation expense	-	248,255	193,097	53,956	19,166	514,474
Balance on December 31, 2025	**$ -**	**$ 6,522,194**	**$ 778,782**	**$ 1,306,837**	**$ 184,377**	**$ 8,792,190**
Net book value						
December 31, 2024	$ 266,132	$ 2,021,968	$ 947,326	$ 209,907	$ 31,946	$ 3,477,279
December 31, 2025	**$ 266,132**	**$ 1,773,713**	**$ 810,276**	**$ 164,844**	**$ 12,780**	**$ 3,027,745**

12 Accounts payable and other liabilities

As at December 31	2025	2024
Accounts payable and other liabilities	**$ 3,000,527**	$ 1,601,274
Deferred income taxes (note 21)	**26,392**	-
	$ 3,026,919	$ 1,601,274

13 Employee pension plan

The Credit Union is the sponsor of a contributory, registered pension plan that covers substantially all of its employees and provides benefits on a defined benefit basis based on length of service and rates of pay. The Credit Union is the legal administrator of the Plan and has retained the services of CUMIS Life Insurance Company ("CUMIS") as a third party administrator.

Assets of the pension fund are held by CUMIS and invested in a Deposit Administration Fund, operated by CUMIS, and in a balanced fund, operated by McLean Budden and Philips Hagar North.

The Credit Union makes contributions to the fund, based on periodic valuation reports prepared by an independent actuary, in accordance with regulatory requirements.

As outlined in note 5, the defined benefit plan was frozen as of August 28, 2015 and a defined contribution plan was established as of August 29, 2015. Contributions by the Credit Union to the defined contribution plan during the year were $184,308 (2024 - $200,610).

An actuarial valuation for funding purposes was performed as at December 31, 2023 and the results have been extrapolated to December 31, 2025 for accounting purposes.

The changes in the defined benefit plan during the year are as follows:

(a) Elements of the defined benefit pension expense recognized in the year:

	2025	2024
Expected return on assets	**$ (536,300)**	$ (536,300)
Interest cost on accrued pension obligations	**402,000**	404,100
	$ (134,300)	$ (132,200)

(b) Plan assets:

	2025	2024
Fair value, beginning of the year	**$ 13,095,400**	$ 12,013,900
Benefits paid	**(764,000)**	(710,300)
Expected return on assets	**584,800**	536,300
Actuarial gain	**1,000,500**	1,255,500
Fair value, end of the year	**$ 13,916,700**	$ 13,095,400

The fair value of plan assets as at December 31 is categorized by type of asset as follows:

	2025	2024
Equities	**60%**	60%
Fixed term	**37%**	36%
Short term	**3%**	4%

13 Employee pension plan (continued)

(c) Accrued pension obligations:

		2025		2024
Obligation, beginning of year	$	**9,121,600**	$	9,138,900
Interest cost on plan obligation		**402,000**		404,100
Benefits paid		**(764,000)**		(710,300)
Actuarial (gain) loss		**(76,800)**		288,900
Obligation, end of year	$	**8,682,800**	$	9,121,600

(d) Reconciliation of funded status to the amount recorded in the statement of financial position:

		2025		2024
Fair value of plan assets	$	**13,916,700**	$	13,095,400
Accrued pension obligation		**(8,682,800)**		(9,121,600)
Plan surplus	$	**5,233,900**	$	3,973,800

(e) Actuarial assumptions:

Significant actuarial adjustments adopted in measuring the Credit Union's accrued benefit obligation are as follows:

	2025	2024
Discount rate	**4.60%**	4.60%
Expected return on plan assets	**4.70%**	4.60%

14 Post-employment benefits - non-pension

The changes in the defined benefit plan during the year are as follows:

(a) Elements of the post-retirement non-pension expense recognized in the year:

		2025		2024
Current service cost	$	**16,800**	$	25,300
Interest cost on accrued obligations		**121,700**		145,200
	$	**138,500**	$	170,500

14 Post-employment benefits - non-pension (continued)

(b) Accrued benefit obligations:

	2025	2024
Obligation, beginning of year	$ 2,715,700	$ 3,220,000
Current service cost	16,800	25,300
Interest cost on plan obligation	121,700	145,200
Benefits paid	(172,200)	(175,900)
Actuarial (gain) loss	10,900	(498,900)
Obligation, end of year	$ 2,692,900	$ 2,715,700

(c) Actuarial assumptions:

Significant actuarial adjustments adopted in measuring the Credit Union's accrued benefit obligation are as follows:

	2025	2024
Discount rate	4.70%	4.60%

15 Members' deposits

As at December 31	2025	2024
Demand deposits	$ 143,948,107	$ 137,900,632
Term deposits	198,138,475	91,360,212
Registered savings plans	27,359,061	29,622,755
Registered income funds	28,054,041	26,684,434
Tax free savings accounts and first home savings accounts	66,077,601	63,750,550
	463,577,285	349,318,583
Less: Transaction costs	(217,409)	(18,186)
	$ 463,359,876	$ 349,300,397

Transaction costs represent the unamortized portion of fees paid to deposit brokers. These costs are amortized to expense over the term of the deposit through increasing the effective rate paid on the deposit.

Interest expense on members' deposits are summarized as follows:

For the year ending December 31	2025	2024
Demand deposits	$ 196,376	$ 193,760
Term deposits	7,170,036	3,905,654
Registered savings plans	1,089,480	1,228,506
Registered income funds	1,125,291	1,094,451
Tax free savings accounts and first home savings accounts	2,124,813	2,103,819
	$ 11,705,996	$ 8,526,190

15 Members' deposits (continued)

Terms and conditions

Chequing accounts and demand savings accounts are due on demand and bear interest at variable rates which depend upon the type of account and the balance maintained.

Term deposits bear fixed rates of interest for terms up to five years. Interest can be paid monthly, annually or at maturity.

Registered plans, tax free savings accounts and first home savings accounts consist of fixed rated deposits and variable rate deposits.

Average yields to maturity

Members' deposits bear interest at both variable and fixed rates with the following average yields, before transaction costs, at December 31:

2025	**Principal**	**Yield**
Variable rate	**$ 172,919,346**	**0.30%**
Fixed rate due less than one year	**225,630,908**	**3.92%**
Fixed rate due between one and five years	**65,027,031**	**3.79%**
	$ 463,577,285	

2024		
Variable rate	$ 167,662,538	0.32%
Fixed rate due less than one year	136,625,857	4.79%
Fixed rate due between one and five years	45,030,188	4.60%
	$ 349,318,583	

Fair value

The fair value of member deposits at December 31, 2025 was $466,354,309 (2024 - $350,717,858).

The estimated fair value of the demand deposits and variable rate deposits are assumed to be equal to book value as the interest rates on these deposits re-price to market on a periodic basis. The estimated fair value of fixed rate deposits is determined by discounting the expected future cash flows of these deposits at current market rates for products with similar terms and credit risks.

16 Mortgage securitizations

As part of its program of liquidity, capital and interest rate risk management, the Credit Union enters into arrangements to fund growth by entering into mortgage securitization arrangements.

As all mortgages securities by the Credit Union are required to be fully insured prior to sale, they pose minimal to no credit risk to the Credit Union immediately before or any time after the securitization transaction. As the Credit Union remains exposed to interest rate risk, timely payment and prepayment risks associated with the underlying assets, the assets, liabilities, revenues and expenses have not been derecognized and the transactions are accounted for as secured financing transactions in the Credit Union's statement of financial position and statement of comprehensive income. The Credit Union does not have the ability to use the transferred assets during the term of the arrangement.

Costs incurred in the establishment of a securitization issue are amortized over the life of the issue as part of mortgage securitization cost of funds included within interest expense on securitization liabilities.

The securitization liabilities, by maturity date, are summarized below:

Maturity date	Coupon rate	**2025**	2024
February 2025	1.58%	**$ -**	$ 804,346
June 2025	5.57%	**-**	1,833,275
October 2025	0.76%	**-**	787,084
January 2026	3.75%	**-**	2,802,524
February 2026	1.11%	**382,116**	632,347
August 2026	1.16%	**966,967**	1,958,546
August 2026	5.77%	**1,342,129**	1,844,392
December 2026	1.57%	**2,618,766**	3,459,965
January 2027	1.37%	**2,777,565**	2,901,697
May 2027	4.83%	**2,537,041**	3,272,715
September 2027	2.37%	**1,937,017**	2,712,628
November 2027	4.99%	**1,214,889**	1,246,385
March 2028	4.50%	**4,648,272**	5,071,841
September 2028	3.25%	**1,743,747**	1,788,268
October 2028	4.93%	**1,384,101**	1,429,122
June 2029	4.44%	**1,580,637**	2,089,106
April 2030	3.00%	**11,833,979**	-
July 2030	2.60%	**4,961,987**	-
		$ 39,929,213	$ 34,634,241
Less: transaction costs		**(455,435)**	(219,653)
		$ 39,473,778	$ 34,414,588

Transferred financial assets that are not derecognized in their entirety

The table below sets out the carrying amounts and fair values related to transferred loans to members that are not derecognized in their entirety and any associated liabilities. All loans to members are classified as financial assets recorded at amortized cost.

Year ended December 31,	**2025**	2024
Carrying amount of assets	**$ 39,929,213**	$ 34,634,241
Carrying amount of associated liabilities	**39,473,778**	34,414,588
For liabilities with recourse only to the transferred assets		
Fair value of assets	**39,647,285**	34,529,166
Fair value of associated liabilities	**39,701,761**	34,372,724
Fair value net position	**$ (54,476)**	$ 156,442

17 Members' share capital

The authorized share capital of the Credit Union consists of the following:

(i) an unlimited number of Class A Patronage Shares;
(ii) an unlimited number of Class B special shares, issuable in series ("Class B Life Shares");
(iii) an unlimited number of Class C special shares, issuable in series ("Class C Investment Shares");
(iv) an unlimited number of Class D special shares, issuable in series ("Class D Foundation Shares"); and
(v) an unlimited number of Membership Shares.

For payment of dividend or in the event of the liquidation, dissolution or winding up of the Credit Union the shares rank in terms of priority as follows:

Class D Foundation Shares
Class C Investment Shares
Class B Life Shares
Class A Patronage Shares
Membership Shares

The issued share capital consists of the following:

As at December 31		**2025**		2024
	Equity	**Liability**	Equity	Liability
Class A Patronage shares	**$ -**	**$ 1,936,657**	$ -	$ 2,056,986
Class C Investment shares	**5,322,151**	**-**	5,613,040	-
Membership shares	**-**	**106,172**	-	94,503
	$ 5,322,151	**$ 2,042,829**	$ 5,613,040	$ 2,151,489

Terms and conditions

(a) Class A Patronage Shares

Class A Patronage Shares result from patronage rebates or dividends. The holders of Class A Patronage Shares are entitled to non-cumulative dividends, to be declared by the Board at a rate determined by the Credit Union's dividend policy from time to time.

Class A Patronage Shares are redeemable upon termination of membership in the Credit Union, or at any time after the death of a shareholder.

The Act permits the redemption of patronage shares of the Credit Union if the Credit Union is in compliance with capital adequacy and liquidity standards after the redemption. Redemptions in any fiscal year may not exceed 10% of the total Class A Patronage Shares outstanding at the beginning of that fiscal year.

(b) Class C Special Shares

The holders of Class C Special Shares are entitled to receive dividends, when declared by the Board, subject to availability of sufficient earnings to meet the regulatory capital requirements of the Act, which are described in note 19.

The Series 96 Class C Special Shares are redeemable at the sole and absolute discretion of the Board of Directors after five years from the date of issuance or at any time after the death of the shareholder. Redemptions in any fiscal year may not exceed 10% of the total Series 96 Class C Special Shares outstanding at the beginning of that fiscal year.

The Credit Union has the option to purchase for cancellation all or any part of the outstanding Series 96 Class C Special Shares at any time after the expiry of five years from the issue date.

17 Members' share capital (continued)

(c) Membership Shares

Each member is required as a condition of membership to hold 2 (2024 - 2) Membership Shares, which are issued at $5 per share.

The Act permits the redemption of Membership Shares if the Credit Union is in compliance with capital adequacy and liquidity standards after the redemption.

Distributions to members for each class of shares is as follows:

	2025		2024	
	Net income	**Equity**	Net income	Equity
Class A Patronage Shares	**$ 30,855**	**$ -**	$ 29,990	$ -
Class C Investment Shares	**-**	**252,507**	-	223,175
Less: related income taxes	**-**	**(39,139)**	-	(40,172)
	$ 30,855	**$ 213,368**	$ 29,990	$ 183,003

18 Commitments

(a) Credit facilities

The Credit Union maintains clearing facilities totaling $1,000,000 CAD and $200,000 USD. The Credit Union also has available a demand loan facility for $9,500,000 CAD, a core notice facility for $5,500,000 CAD and a capital markets line for $800,000 CAD for total facilities of $17,000,000 at Central 1.

The CAD clearing facility bears interest at the Bank of Canada's Overnight Rate plus 95 basis points. The overnight bank rate as at December 31, 2025 was 2.25%.

The USD clearing facility bears interest at the U.S. Base Rate, currently 7.25%.

The line of credit facility bears interest at the Central 1 Prime Rate minus 1.30%. The Central 1 Prime rate as at December 31, 2025 was 4.45%.

The core notice facility bears interest at rates which vary by term.

The facilities are renewable annually and are secured by an assignment of book debts and a General Security Agreement and is renewable annually.

As at December 31, 2025 the Credit Union has not drawn on these facilities.

(b) Loans and advances to members

The Credit Union has the following commitments to its members as at December 31, 2025 on account of unadvanced loans, unused lines of credit, and unadvanced letters of credit:

	2025	2024
Unused home equity lines of credit	**$ 56,455,870**	$ 57,029,368
Unadvanced commercial mortgages	**-**	13,464,326
Unused commercial lines of credit	**6,087,208**	4,902,819
Unadvanced residential mortgages and home equity lines of credit	**-**	2,700,000
Letters of credit	**127,284**	101,893
	$ 62,670,362	$ 78,198,406

When the loans are advanced, they are subject to the same terms and conditions as described in note 9.

19 Capital and liquidity management

The Credit Union's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirements and to best utilize capital allocations.

The processes for managing capital include setting policies for capital management, monitoring and reporting, setting policies for related areas such as asset liability management, reporting to the Board regarding financial results and capital adequacy, and setting budgets and reporting variances to those budgets.

The Credit Union may not pay dividends on members' shares if there are reasonable grounds for believing that the Credit Union is, or would by that payment become, insolvent, or that regulatory liquidity or capital levels would not be met after payment.

The Credit Union considers its capital to include membership shares (member shares, patronage shares, investment shares), and undivided earnings. There have been no changes in what the Credit Union considers to be capital since the previous year.

Risk weighted assets are calculated by applying risk weighted percentages, as prescribed by the Act, to each asset class, operational and interest rate risk criteria. The prescribed risk weightings are dependant on the degree of inherent risk in the asset.

As at December 31, 2025, the Credit Union met the capital requirements of the Act.

Regulatory capital is comprised of Tier 1 and Tier 2 capital as follows:

As at December 31	**2025**	2024
Tier 1 capital		
Class A Patronage shares	**$ 1,936,657**	$ 2,056,986
Class C Investment shares	**5,322,151**	5,613,040
Less: Redeemable Class C Investment shares	**(532,215)**	(561,304)
Membership shares	**106,172**	94,503
Retained earnings	**24,259,877**	24,637,479
Less: Pension asset	**(5,233,900)**	(3,973,800)
Accumulated other comprehensive loss on FVOCI investments	**216,657**	201,154
Software exceeding 1% of tier 1 capital	**(506,395)**	(645,234)
	25,569,004	27,422,824
Tier 2 capital		
Redeemable portion of Class C Investment shares	**532,215**	561,304
Expected credit loss - stage 1 and stage 2	**1,539,757**	1,622,288
Accumulated other comprehensive income - employee future benefits	**(921,111)**	(1,832,696)
	1,150,861	350,896
Total regulatory capital	**$ 26,719,865**	$ 27,773,720

As at December 31	**2025**	2024
Tier 1 capital ratio	**11.83%**	14.89%
Retained earnings to risk weighted assets	**11.23%**	14.27%
Capital conservation buffer ratio	**4.36%**	8.09%
Risk weighted capital ratio	**12.36%**	16.09%
Total supervisory capital ratio	**12.36%**	16.09%
Leverage ratio	**4.91%**	6.57%

19 Capital and liquidity management (continued)

The Act also requires that the Credit Union maintain prudent levels and forms of liquidity that are sufficient to meet its cash flow needs.

Assets qualifying for liquidity comprise:

	2025	2024
Cash	$ 49,371,079	$ 10,917,727
Investments measured at FVOCI - debt securities	30,625,757	29,631,019
Investments measured at amortized cost - deposit instruments	753,445	3,292,715
	$ 80,750,281	$ 43,841,461

20 Related party transactions

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

(a) Compensation

Year ended December 31	2025	2024
Salaries and other short-term employee benefits	$ 739,910	$ 325,882
Director remuneration	104,500	55,421
	$ 844,410	$ 381,303

The Act requires credit unions to disclose remuneration paid during the year to the officers and employees of the Credit Union whose total remuneration for the year exceeds $175,000. The summary below provides this information for the current year:

	Salary	Bonus	Benefits	Total
John Guido (Chief Executive Officer)	$ 285,323	$ 79,438	$ 375,149	$ 739,910

Included in benefits is $350,000 of termination benefits.

(b) Loans and deposits

Under the Credit Union's policy for lending, mortgages and home equity lines of credit to staff and directors are eligible for a lending discount of 1.25%, and personal lans and unsecured lines of credit to staff and directors are elgible for a lending discount of 1.00% from the posted rates of the Credit Union.

20 Related party transactions (continued)

(b) Loans and deposits (continued)

All loans conform to the Credit Union's policies with respect to term, interest rates and limits and have been approved by the Board of Directors. None of the loans to restricted parties were impaired as at December 31, 2025 and accordingly, there is no lifetime expected credit loss required.

The Credit Union's policy for receiving deposits from key management personnel is that all transactions are approved and deposits accepted on the same terms and conditions which apply to members for each type of deposit. There are no benefits or concessional terms and conditions applicable to key management personnel or close family members.

		2025		2024
Loans to key management personnel:				
Aggregate value of loans advanced	**$**	**1,241,769**	$	772,583
Interest received on loans advanced		**22,409**		17,695
Total value of lines of credit advanced		**260,551**		130,000
Interest received on lines of credit advanced		**8,402**		3,598
Deposits from key management personnel:				
Aggregate value of term and savings deposits	**$**	**301,213**	$	437,792
Total interest paid on term and savings deposits		**10,932**		9,610

21 Income taxes

The reconciliation of the income tax computed at the statutory rates to income tax expense is as follows:

		2025		2024
Net income before income taxes	**$**	**(100,626)**	$	848,202
Statutory income tax rate		**26.50%**		26.50%
Expected income tax provision		**(26,666)**		224,774
Increase (decrease) in taxes resulting from:				
Small business and credit union deduction		**-**		(71,500)
Loss carry back		**(48,000)**		-
Other		**138,274**		(44,527)
Provision for income taxes	**$**	**63,608**	$	108,747
Comprised of:				
Current provision (recovery)	**$**	**(8,861)**	$	138,862
Deferred provision (recovery)		**72,469**		(30,115)
	$	**63,608**	$	108,747

21 Income taxes (continued)

The movement in 2025 deferred tax assets are:

	Opening Balance at January 1, 2025	Recognize in net income	Recognize in OCI	Closing Balance at December 31, 2025
2025				
Deferred tax assets				
Property and equipment	**$ 161,673**	**$ (3,179)**	**$ -**	**$ 158,494**
Expected credit losses	**313,283**	**(67,673)**	**-**	**245,610**
Unrealized loss (gain) on investments measured at FVOCI	**(47,185)**	**-**	**7,442**	**(39,743)**
Employee future benefits	**(234,321)**	**(1,617)**	**(154,815)**	**(390,753)**
Deferred tax asset (liability)	**$ 193,450**	**$ (72,469)**	**$ (147,373)**	**$ (26,392)**

The movement in 2024 deferred tax assets are:

	Opening Balance at January 1, 2024	Recognize in Net Income	Recognize in OCI	Closing Balance at December 31, 2024
2024				
Deferred tax assets				
Property and equipment	$ 107,122	$ 54,551	$ -	$ 161,673
Expected credit losses	337,595	(24,312)	-	313,283
Unrealized loss on investments measured at FVOCI	14,956	-	(62,141)	(47,185)
Employee future benefits	72,117	(124)	(306,314)	(234,321)
Deferred tax asset	$ 531,790	$ 30,115	$ (368,455)	$ 193,450

22 Other income

Year ended December 31	**2025**	2024
Commissions and fees	**$ 1,198,767**	$ 1,155,404
Mortgage discharge penalties	**260,030**	201,396
Foreign exchange gain (loss)	**40,265**	(41,497)
	$ 1,499,062	$ 1,315,303

23 Termination benefits

Included in salaries, employee benefits and personnel expense is $390,000 (2024 - $39,485) of termination benefits.

24 Financial assets and financial liabilities

Classification of financial assets and financial liabilities

The following table provides a reconciliation between the line items on the statement of financial position and categories of the carrying amount by classification.

December 31, 2025	**Mandatory at FVTPL**	**Designated as at FVTPL**	**FVOCI - debt securities**	**FVOCI - equity instruments**	**Amortized cost**	**Total carrying amount**
Cash	$ -	$ 49,371,079	$ -	$ -	$ -	$ 49,371,079
Investments	-	-	30,625,757	1,103,407	753,445	32,482,609
Loans and advances to members	-	-	-	-	454,083,938	454,083,938
Other assets	17,903	-	-	-	-	17,903
Total financial assets	$ 17,903	$ 49,371,079	$ 30,625,757	$ 1,103,407	$ 454,837,383	$ 535,955,529
Accounts payable and other liabilities	$ -	$ -	$ -	$ -	$ 3,026,918	$ 3,026,918
Accrued member interest, dividends and patronage return	-	-	-	-	7,124,110	7,124,110
Mortgage securitization liabilities	-	-	-	-	39,473,778	39,473,778
Members' deposits	-	-	-	-	463,359,876	463,359,876
Member's share capital	-	-	-	-	7,364,980	7,364,980
Total financial liabilities	$ -	$ -	$ -	$ -	$ 520,349,662	$ 520,349,662

December 31, 2024	Mandatory at FVTPL	Designated as at FVTPL	FVOCI - debt securities	FVOCI - equity instruments	Amortized cost	Total carrying amount
Cash	$ -	$ 10,917,727	$ -	$ -	$ -	$ 10,917,727
Investments	-	-	29,631,019	1,207,154	3,292,715	34,130,888
Loans and advances to members	-	-	-	-	369,435,422	369,435,422
Other assets	24,592	-	-	-	772,958	797,550
Total financial assets	$ 24,592	$ 10,917,727	$ 29,631,019	$ 1,207,154	$ 373,501,095	$ 415,281,587
Accounts payable and other liabilities	$ -	$ -	$ -	$ -	$ 1,601,274	$ 1,601,274
Accrued member interest, dividends and patronage return	-	-	-	-	4,910,637	4,910,637
Mortgage securitization liabilities	-	-	-	-	34,414,588	34,414,588
Members' deposits	-	-	-	-	349,300,397	349,300,397
Member's share capital	-	-	-	-	7,764,529	7,764,529
Total financial liabilities	$ -	$ -	$ -	$ -	$ 397,991,425	$ 397,991,425

24 Financial assets and financial liabilities (continued)

Fair value hierarchy

The following table represents the fair values of the Credit Union's financial assets and financial liabilities for each classification of financial instruments. The fair values for short-term financial assets and liabilities approximate carrying value. These include cash, accrued interest receivable, derivatives, accounts payable and other liabilities and accrued interest, dividends and patronage return payable. The fair values disclosed do not include the value of assets that are not considered financial instruments.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

	Level 1	Level 2	Level 3
December 31, 2025			
Investments measured at FVOCI - debt securities	**$ 30,625,757**	**$ -**	**$ -**
Investments measured at FVOCI - equity securities	**6,716**	**1,096,691**	**-**
	$ 30,632,473	**$ 1,096,691**	**$ -**
Financial assets for which fair value is disclosed			
Loans and advances to members	**$ -**	**$ -**	**$ 385,317,567**
Financial liabilities for which fair value is disclosed			
Members' deposits	**$ -**	**$ -**	**$ 466,354,309**

	Level 1	Level 2	Level 3
December 31, 2024			
Investments measured at FVOCI - debt securities	$ 29,631,019	$ -	$ -
Investments measured at FVOCI - equity securities	117,260	1,089,894	-
	$ 29,748,279	$ 1,089,894	$ 364,855,602
Financial assets for which fair value is disclosed			
Loans and advances to members	$ -	$ -	$ 364,855,602
Financial liabilities for which fair value is disclosed			
Members' deposits	$ -	$ -	$ 350,717,858

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2024 and December 31, 2025.

25 Financial risk review

This note presents information about the Credit Union's exposure to financial risks and the Credit Union's management of capital.

For information on the Credit Union's financial risk management framework, see note 26.

Credit risk

i. Credit quality analysis

The following table sets out information about the credit quality of loans and advances to members measured at amortized cost. Unless specifically indicated for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in note 26.

	12-month ECL	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**2025 Total**	2024 Total
Low - fair risk	**$ 436,721,439**	**$ -**	**$ -**	**$ 436,721,439**	$ 361,034,511
Doubtful	**-**	**12,731,778**	**-**	**12,731,778**	6,349,991
Loss	**-**	**-**	**5,969,639**	**5,969,639**	3,516,372
	436,721,439	**12,731,778**	**5,969,639**	**455,422,856**	370,900,874
Expected credit loss	**(1,380,800)**	**(158,957)**	**(448,235)**	**(1,987,992)**	(1,887,992)
Carrying amount	**$ 435,340,639**	**$ 12,572,821**	**$ 5,521,404**	**$ 453,434,864**	$ 369,012,882

ii. Collateral held and other credit enhancements

Residential mortgage lending

The following tables stratify credit exposures from mortgage loans and advances to retail members by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on collateral appraisals.

As at December 31,	**2025**	2024
LTV ratio:		
Less than 40%	**$ 81,558,500**	$ 79,203,451
40 - 60%	**77,730,854**	74,554,630
60 - 80%	**165,772,487**	128,502,243
80 - 95%	**51,323,390**	38,256,502
More than 95%	**8,758,551**	3,080,496
Total	**$ 385,143,782**	$ 323,597,322

25 Financial risk review (continued)

ii. Collateral held and other credit enhancements (continued)

Loans and advances to commercial members

As at December 31,	2025	2024
LTV ratio:		
Less than 40%	**$ 10,305,897**	$ 15,048,024
40 - 60%	**26,633,233**	15,664,959
60 - 80%	**29,142,040**	13,480,759
80 - 95%	**703,895**	160,352
More than 95%	**102,289**	500,000
Total	**$ 66,887,354**	$ 44,854,094

The general creditworthiness of a commercial member tends to be the most relevant indicator of credit quality of a loan (see note 26). However, collateral provides additional security and the Credit Union generally requests that corporate borrowers provide it. The Credit Union may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Because of the Credit Union's focus on commercial members' creditworthiness, the Credit Union does not routinely update the valuation of collateral held against all loans to commercial members. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. For credit-impaired loans, the Credit Union obtains appraisals of collateral because it provides input into determining the management credit risk actions.

25 Financial risk review (continued)

iii. Amounts arising from ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Credit Union's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Generating the term structure of PD

The Credit Union collects performance and default information about its credit risk exposures analyzed by region and by type of product and borrower.

The Credit Union employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and unemployment.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The Credit Union considers the following factors when determining if there is an increase in credit risk:

- non-sufficient funds activity, loss of employment, gambling activity, late payments, unsustainable lifestyle, potential victimization, escalating unsecured debt, minimal estate value, uninsurable, marital breakdown, illness, declining credit score, title issues and covenant breaches

Using its expert credit judgment and, where possible, relevant historical experience, the Credit Union may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise by fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Credit Union considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

25 Financial risk review (continued)

iii. Amounts arising from ECL (continued)

Determining whether credit risk has increased significantly (continued)

The Credit Union monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, member retention and other factors not related to a current or potential credit deterioration of the member. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value in accordance with the accounting policy set out in note 5.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

Definition of default

The Credit Union considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Credit Union in full, without recourse by the Credit Union to actions such as realizing security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Credit Union. Overdrafts are considered as being past due once the member has breached an advanced limit or been advised of a limit smaller than the current amount outstanding;
- the Credit Union agrees to a distressed restructuring resulting in a material credit related diminished asset stemming from such actions as material forgiveness or postponement of payments or repayments of amount owing;
- the Credit Union has filed for the borrower's bankruptcy in connection with the credit obligation; or
- the borrower has sought or been placed in bankruptcy resulting in the delay or avoidance of repayment of the amount owing.

In assessing whether a borrower is in default, the Credit Union considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Credit Union; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and the significance of the inputs may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Credit Union for regulatory capital purposes.

25 Financial risk review (continued)

iii. Amounts arising from ECL (continued)

Incorporation of forward-looking information

The Credit Union incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Credit Union formulates a base case of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios based on a variety of external actual and forecast information. This process involves developing two more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and Bank of Canada, forecasts by large Canadian banks and financial institutions and other selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Credit Union for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Credit Union carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Credit Union has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The economic scenarios used included the following ranges of Canadian key indicators.

	2025	2024
Unemployment rates	Base 6.83% Range between 6.19% and 8.10%	Base 5.63% Range between 5.08% and 6.91%
Interest rates	Base 2.67% Range between 1.46% and 3.82%	Base 3.12% Range between 1.78% and 4.23%
GDP growth	Base 4.91% Range between a reduction of 1.47% and increase of 7.13%	Base 5.24% Range between a reduction of 1.70% and increase of 8.70%
House prices	Base 8.10% increase Range between increase of 1.04% and increase of 13.06%	Base 6.82% increase Range between increase of 6.82% and increase of 11.37%

The Credit Union's policy is to use the average of the range when assessing the ECL.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large commercial counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

25 Financial risk review (continued)

iii. Amounts arising from ECL (continued)

Measurement of ECL (continued)

LGD is the magnitude of the likely loss if there is a default. The Credit Union estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Credit Union derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Credit Union measures ECL considering the risk of default over the maximum collateral period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Credit Union considers a longer period. The maximum contractual period extends to the date at which the Credit Union has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for retail overdrafts that include both a loan an an undrawn commitment component, the Credit Union measures ECL over a period longer than the maximum contractual period when the Credit Union's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Credit Union's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Credit Union can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Credit Union becomes aware of an increase in credit risk management actions that the Credit Union expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Loans that are past due but not impaired

Loans that are "past due but not impaired" are those for which contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Credit Union. The amounts disclosed exclude assets measured at FVTPL.

25 Financial risk review (continued)

iv. Concentrations of credit risk

The Credit Union monitors concentration of credit risk by sector. An analysis of concentration of credit risk from loans is shown below.

As at December 31	2025	2024
Concentration by sector		
Commercial:		
Real estate	**$ 33,836,646**	$ 18,066,365
Construction	**10,146,743**	11,214,201
Accommodation and food services	**8,655,425**	4,490,226
Management companies	**3,355,880**	5,517,531
Transportation / warehousing	**3,100,357**	-
Other	**7,792,303**	5,565,771
	$ 66,887,354	$ 44,854,094
Retail:		
Mortgages and home equity lines of credit	**$ 385,143,782**	$ 323,597,322
Personal loans	**3,191,720**	2,449,458
	$ 388,335,502	$ 326,046,780

26 Financial instrument risk management

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's finance function. The Board of Directors receives quarterly reports from the Credit Union's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. Additionally, the Board of Directors receives quarterly reports summarizing the Credit Union's exposure and response to credit, liquidity, interest, currency and equity risk.

Credit risk

Credit risk is the risk of financial loss to the Credit Union if a counterparty to a financial instrument fails to make payments of interest and principal when due. The Credit Union is exposed to credit risk from claims against a debtor or indirectly from claims against a guarantor of credit obligations.

Risk measurement

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Credit Union takes into consideration the members' character, ability to pay, and value of collateral available to secure the loan.

26 Financial instrument risk management (continued)

Credit risk (continued)

Objectives, policies and procedures

The Credit Union's risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, and policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with at the business and transaction level.

The Credit Union's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. Its credit risk policies comprise the following:

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

A sizeable portfolio of the loan book is secured by residential property. Therefore, the Credit Union is exposed to the risks in reduction of the loan to valuation ratio should the property market be subject to a decline. The risk of losses from loans undertaken is primarily reduced by the nature and quality of the security taken. Additional security is taken in the form of mortgage insurance from the government and Genworth as disclosed in note 9.

There have been no significant changes from the previous year in the exposure to risk relating to policies, procedures and methods used to measure the risk.

Liquidity risk

Liquidity risk is the risk that the Credit Union will not be able to meet all cash outflow obligations as they come due. The Credit Union mitigates this risk by monitoring cash activities and expected outflows so as to meet all cash outflow obligations as they fall due.

Risk measurement

The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective firm specific and market conditions and the related behaviour of its members and counterparties.

Objectives, policies and procedures

The Credit Union's liquidity management framework is designed to ensure that adequate sources of reliable and cost effective cash or its equivalents are continually available to satisfy its current and prospective financial commitments under normal and contemplated stress conditions.

Provisions of the Act require the Credit Union to maintain a prudent amount of liquid assets in order to meet member withdrawals. The Credit Union has set minimum liquidity policy guidelines.

26 Financial instrument risk management (continued)

Liquidity risk (continued)

Objectives, policies and procedures (continued)

The Credit Union manages liquidity risk by:

- Continuously monitoring 30-day net cash inflows and outflows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities; and
- Monitoring the liquidity coverage ratio monthly.

The Board of Directors receives monthly liquidity reports as well as information regarding cash balances in order for it to monitor the Credit Union's liquidity framework. The Credit Union was in compliance with the liquidity requirements throughout the fiscal year.

The Credit Union has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk, and equity risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Credit Union is exposed to this risk through traditional banking activities, such as deposit taking and lending.

The Credit Union's goal is to manage the interest rate risk of the statement of financial position to a target level. The Credit Union continually monitors the effectiveness of its interest rate mitigation activities.

Risk measurement

The Credit Union's position is measured monthly. Measurement of risk is based on rates charged to clients as well as funds transfer pricing rates.

Objectives, policies and procedures

The Credit Union's major source of income is financial margin, the difference between interest earned on investments and members loans and interest paid on member deposits. The objective of asset / liability management is to match interest sensitive assets with interest sensitive liabilities as to amount and as to term to their interest rate repricing dates, thus minimizing fluctuations of income during periods of changing interest rates.

Schedules of matching and interest rate vulnerability are regularly prepared and monitored by Credit Union management and reported to the FSRA in accordance with the Credit Union's policy. This policy has been approved by the Board of Directors and filed with the FSRA as required by Credit Union Regulations. For the year-ended December 31, 2025, the Credit Union was in compliance with this policy.

The following schedule shows the Credit Union's sensitivity to interest rate changes. Amounts with floating rates or due or payable on demand are classified as maturing within three months, regardless of maturity. A significant amount of loans and deposits can be settled before maturity on payment of a penalty, but no adjustment has been made for repayments that may occur prior to maturity. Amounts that are not interest sensitive have been grouped together, regardless of maturity.

26 Financial instrument risk management (continued)

Market risk (continued)

Interest rate risk (continued)

(Thousands)		Assets	Yield (%)		Liabilities	Cost (%)		Asset / Liability Gap
Interest sensitive								
0 - 3 months	$	133,284	3.94	$	273,615	1.70	$	(140,331)
4 - 12 months		81,053	3.68		130,239	3.70		(49,186)
1 - 2 years		94,632	4.76		51,476	3.69		43,156
2 - 5 years		227,001	4.63		47,722	3.58		179,279
Interest sensitive	$	535,970		$	503,052		$	32,918
Non-interest sensitive								
0 - 3 months	$	1,103	-	$	17,232	-	$	(16,129)

An analysis of the Credit Union's risk due to changes in interest rates determined that an increase in interest rates of 0.50% could result in an increase to net income of $49,000 while a decrease in interest rates of 0.50% could result in a decrease in net income of $207,000.

Currency risk

Currency risk relates to the Credit Union operating in different currencies and converting non Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

Risk measurement

The Credit Union's position is measured weekly. Measurement of risk is based on rates charged to clients as well as currency purchase costs.

Objectives, policies and procedures

The Credit Union's exposure to changes in currency exchange rates shall be controlled by limiting the unhedged foreign currency exposure to $500,000 in U.S. funds.

The Credit Union has the following balances denominated in U.S. dollars:

As at December 31		**2025**		2024
Cash on hand and on deposit	**$**	**898,508**	$	766,222
Term deposit - USD		**550,000**		550,000
Member accounts and deposits		**(888,759)**		(1,167,207)
Net exposure	**$**	**559,749**	$	149,015

As at December 31, 2025 the Credit Union's exposure to foreign exchange risk is not within policy.

26 Financial instrument risk management (continued)

Market risk (continued)

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Credit Union is exposed to this risk through its equity holdings.

The Credit Union's portfolio does not include significant equity holdings and is therefore not subject to significant equity risk.

Changes in risk

Credit and liquidity risk have increased during the year as a result of the increase in the balance of loans and advances to members and members' deposits, respectively.

There have been no other significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.