

Cambrian Credit Union Limited

Financial Statements
December 31, 2025



Cambrian Credit Union Limited

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To the Members of Cambrian Credit Union Limited:

Opinion

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

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 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Winnipeg, Manitoba

March 18, 2026

MNP LLP

Chartered Professional Accountants

Cambrian Credit Union Limited

Statement of Financial Position

As at December 31

(in thousands of dollars)

	2025 \$	2024 \$
Assets		
Cash on hand	4,143	4,227
Investments and deposits (note 6)	956,013	1,123,838
Loans outstanding – net of allowance for loss (notes 7 and 8)	4,138,958	3,830,027
Other assets (note 9)	7,994	5,492
Deferred income tax asset (note 13)	3,177	2,491
Investment property	584	584
Property, equipment and intangible asset (note 10)	21,239	21,236
	<u>5,132,108</u>	<u>4,987,895</u>
Liabilities		
Savings and deposits (note 11)	4,683,746	4,558,672
Members' shares (note 14)	354	350
Accounts payable and accrued liabilities	16,985	14,023
Mortgage securitization liability (note 17)	25,988	29,080
Lease liability (note 12)	9,376	7,536
	<u>4,736,449</u>	<u>4,609,661</u>
Members' Equity		
Retained earnings	395,012	377,800
Accumulated other comprehensive income	647	434
	<u>395,659</u>	<u>378,234</u>
	<u>5,132,108</u>	<u>4,987,895</u>

Approved by the Board of Directors

"Judy Mathieson" Director

"Mike Emslie" Director

The accompanying notes are an integral part of these financial statements.

Cambrian Credit Union Limited
Statement of Income and Comprehensive Income
For the year ended December 31
(in thousands of dollars)

	2025 \$	2024 \$
Interest income		
Members' loans	162,753	158,534
Investments and deposits	44,208	60,022
Swap agreements	278	2,033
	<u>207,239</u>	<u>220,589</u>
Interest expense		
Savings and deposits	136,306	161,396
Secured borrowing	769	953
	<u>137,075</u>	<u>162,349</u>
Net interest income	70,164	58,240
Provision for loan loss (note 8)	2,245	1,512
Other income	32,702	24,584
Net interest and other income after provision for loan loss	<u>100,621</u>	<u>81,312</u>
Operating expenses		
Salaries and employee benefits	31,927	28,563
Administration	16,127	14,570
Premises	6,209	6,069
Member security	4,037	3,889
Organizational	10,693	2,682
	<u>68,993</u>	<u>55,773</u>
Income before refunded service fees and income taxes	31,628	25,539
Refunded service fees (note 15)	(8,213)	(7,373)
Net income before income taxes	23,415	18,166
Provision for income taxes (note 13)	(6,203)	(4,854)
Net income before other comprehensive income	<u>17,212</u>	<u>13,312</u>
Items that are or may be reclassified subsequently to net Income		
Cash Flow Hedges		
Net gain on cash flow hedges	759	496
Net losses (gain) on cash flow hedges transferred to earnings	(468)	99
Related income tax expense	(78)	(161)
	<u>213</u>	<u>434</u>
Total comprehensive income	<u>17,425</u>	<u>13,746</u>

The accompanying notes are an integral part of these financial statements.

Cambrian Credit Union Limited
Statement of Changes in Members' Equity
For the year ended December 31
(in thousands of dollars)

	Retained earnings \$	Accumulated other comprehensive income – cash flow hedging reserve \$	Total members' equity \$
Balance at January 1, 2025	377,800	434	378,234
Net income	17,212	-	17,212
Other comprehensive income	-	213	213
Balance at December 31, 2025	<u>395,012</u>	<u>647</u>	<u>395,659</u>
Balance at January 1, 2024	364,488	-	364,488
Net income	13,312	-	13,312
Other comprehensive income	-	434	434
Balance at December 31, 2024	<u>377,800</u>	<u>434</u>	<u>378,234</u>

The accompanying notes are an integral part of these financial statements.

Cambrian Credit Union Limited

Statement of Cash Flows

For the year ended December 31

(in thousands of dollars)

	2025 \$	2024 \$
Operating activities		
Net income for the year	17,212	13,312
Items not affecting cash		
Depreciation	4,182	4,453
Deferred income tax recovery	(686)	(1,144)
Provision for loan loss	2,245	1,512
Cash flow hedging reserve	213	434
Right of use remeasurement	516	(3)
	<u>23,682</u>	<u>18,564</u>
Net changes in non-cash working capital		
Loans outstanding – net of repayments	(311,176)	(34,546)
Savings and deposits – net of withdrawals	125,074	192,554
Net increase (decrease) in investments and deposits	167,825	(154,142)
Net increase in members' shares	4	4
Net increase (decrease) in accounts payable and accrued liabilities	2,962	(4,581)
Net increase (decrease) in other assets	(2,502)	2,012
	<u>(17,813)</u>	<u>1,301</u>
Cash provided by operating activities	<u>5,869</u>	<u>19,865</u>
Investing activities		
Property, equipment and intangible asset acquisitions	(1,347)	(1,744)
Net payments of lease liabilities	(1,514)	(922)
Cash used in investing activities	<u>(2,861)</u>	<u>(2,666)</u>
Financing activities		
Net change in mortgage securitization liability	(3,092)	(17,232)
Cash used in financing activities	<u>(3,092)</u>	<u>(17,232)</u>
Net decrease in cash during the year	(84)	(33)
Cash – beginning of year	<u>4,227</u>	<u>4,260</u>
Cash – end of year	<u>4,143</u>	<u>4,227</u>

The accompanying notes are an integral part of these financial statements.

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(in thousands of dollars, except per share amounts)

1 General information

Cambrian Credit Union Limited (the Credit Union) is incorporated under the Credit Union Incorporation Act of Manitoba and its operations are subject to the Credit Unions and Caisses Populaires Act (Manitoba) (the Act). The Credit Union serves members, providing retail banking, commercial banking, small business banking and investment services. The Credit Union's registered office is 225 Broadway, Winnipeg, Manitoba, Canada.

These financial statements were approved for issue by the Board of Directors on March 18, 2026.

2 Basis of presentation

The Credit Union prepares its financial statements in accordance with generally accepted accounting principles in Canada (GAAP) as set out in the Chartered Professional Accountants of Canada (CPA Canada) Handbook, Part 1, which consists of IFRS® Accounting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVOCI).

The financial statements' values are presented in Canadian dollars, which is the functional and presentation currency of the Credit Union.

The Credit Union presents its statement of financial position on a non-classified basis in order of liquidity, with a distinction based on expectations regarding recovery or settlement within 12 months after the year-end date (current) and more than 12 months after the year-end date (non-current), presented in the notes. The Credit Union classifies its expenses by the nature of expenses.

The following are current balances: cash on hand, investments and deposits, loans outstanding due within one year, other assets, savings and deposits due on demand or within one year, mortgage securitization liabilities due within one year, accounts payable and accrued liabilities due on demand or within one year, leases payable within one year, members' shares and current income taxes payable.

The following are non-current balances: long-term portion of loans outstanding, property, equipment and intangible asset, investment property, long-term portion of mortgage securitization liability, long-term portion of accounts payable and accrued liabilities, long-term portion of lease payable, deferred taxes and non-current savings and deposits.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are the measurement of the expected credit loss allowance disclosed in note 5. The Credit Union enters into

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hedging and securitization transactions which requires management's best estimates of key assumptions that market participants would use in determining fair value. For more information relating to these estimates, refer to note 17 for securitization and note 18 for hedges.

3 Material accounting policies

Classification and measurement of financial instruments

All financial assets are measured either at amortized cost, FVOCI or FVTPL based on their contractual cash flow characteristics and the business model for managing the financial assets. All financial instruments are initially measured at fair value. They are recognized at the trade date, when the Credit Union becomes a party to the contractual provisions of the instrument, and are initially measured at fair value.

Transaction costs on financial instruments classified as FVTPL are expensed as incurred. For all other classifications of financial instruments, initial transaction costs are capitalized.

In order to meet the cash flow characteristics criterion for purposes of classifying a financial asset at amortized cost, the cash flow for the asset must be solely payment of principal and interest (SPPI) on the principal amount outstanding. Principal is defined as the fair value of the asset at initial recognition. Interest payments can include the time value of money as well as credit and liquidity risks and certain profit margin.

The Credit Union's business models are determined in a manner that reflects how groups of financial assets are managed to achieve a particular business objective. The business models refer to how the Credit Union manages its financial assets in order to generate cash flows, that is, they reflect whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Determining business models requires the use of judgment and is based on all relevant evidence available at the date of the assessment.

The Credit Union's business models are defined as follows:

- held to collect contractual cash flows;
- held to collect contractual cash flows and sell; and
- other business models: the objective is not consistent with any of the above-mentioned business models and represents business objectives where assets are managed on a fair value basis.

Financial assets are not reclassified following their recognition, unless the business model for management of those financial assets changes.

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Financial assets measured at amortized cost

Financial assets are measured at amortized cost if they are held within the held to collect contractual cash flows business model and their contractual cash flows pass the SPPI test. The assets are initially recognized at fair value, which is the cash consideration to originate or purchase the asset, including any transaction costs, and is subsequently measured at amortized cost using the effective interest rate method. Financial assets measured at amortized cost are reported in the statement of financial position as cash on hand, shares in and term deposits held at Credit Union Central of Manitoba (Central), loans outstanding and other assets. Interest is included in the statement of income and comprehensive income as a part of interest income.

For loans outstanding, allowance for loss is presented as a deduction in the loan's carrying value and is recognized in the statement of income and comprehensive income as provision for loan loss.

Financial assets measured at fair value through other comprehensive income

Financial assets with the held to collect contractual cash flows and sell business model, where contractual cash flows meet the SPPI test, are measured at FVOCI. Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income (OCI).

Financial assets measured at fair value through profit or loss

The financial assets at FVTPL comprise two sub-categories: financial assets required to be measured at fair value as a result of the business model for managing those assets and financial assets designed by the Credit Union as FVTPL on initial recognition.

Equity instruments are measured at FVTPL. Fair value changes are recorded as part of other income in the statement of income and comprehensive income. Equity instruments include the Credit Union's investment in shares of Central.

Financial liabilities measured at amortized cost

Financial liabilities not classified as FVTPL fall into this category and include savings and deposits, mortgage securitization liability and accounts payable and accrued liabilities. These are measured at fair value on initial recognition and subsequently at amortized cost using the effective interest method.

Modifications and recognition

A modification occurs when a loan's original terms, payment schedule, interest rate and limit are renegotiated or modified, which results in a change to the loan's contractual cash flows. A modification is calculated by taking the net present value of the new contractual cash flows, discounted at the original effective interest rate, less the current carrying value, with the difference recognized as a gain or loss. The asset will continue to be subject to the same assessments for significant increase in credit risk and stage migration prior to being modified.

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Impairment of financial assets

The Credit Union records an allowance for loss for all financial assets that are measured at amortized cost or at FVOCI. Equity investments are not subject to impairment as they are measured at FVTPL. Impairment losses are measured based on the estimated amount and timing of future cash flows, and collateral values.

For loans carried at amortized cost, impairment losses are recognized as an allowance for loss on the statement of financial position, and as a provision for loan loss on the statement of income and comprehensive income. Losses are based on a three-stage impairment model outlined below.

For financial assets measured at FVOCI, the calculated allowance for loss does not reduce the carrying amount in the statement of financial position, which remains at fair value. Instead, the allowance is recognized in OCI as an accumulated impairment amount with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is reclassified to profit or loss when the asset is derecognized.

Measurement of allowance for loss

The Credit Union recognizes an allowance for loss based on an impairment model that comprises three different stages:

- Stage 1: for financial instruments that have not had a significant increase in credit risk since initial recognition and are not considered credit-impaired financial assets at initial recognition, an allowance for loss amounting to 12-months of expected credit losses is recognized.
- Stage 2: for financial instruments that have had a significant increase in credit risk since initial recognition but are not considered credit-impaired financial assets, an allowance for loss amounting to lifetime expected credit losses is recognized.
- Stage 3: for financial instruments considered credit impaired, an allowance for loss amounting to the lifetime expected credit losses continues to be recognized.

Stages 1 and 2 are considered to be performing loans and Stage 3 consists of impaired loans. Financial instruments may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and the level of expected credit losses. Instruments are categorized based on the change in credit risk from origination (initial recognition) to the current reporting date.

Significant increase in credit risk

Movement between the stages relies on judgment to assess whether a loan's credit risk has significantly increased since the date the loan was initially recognized. For this assessment, an increase in credit risk is considered at the instruments level.

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Assessing for significant increases in credit risk is performed quarterly based on the following factors. Should any of these factors indicate a significant increase in credit risk, the loan is moved to the appropriate stage:

- contractual cash flow obligations are more than 30 days past due; or
- an adverse change in the borrower's situation indicates that their ability to fulfill their contractual cash flow obligations has been reduced; or
- forward-looking information indicates that the ability of the borrower to fulfill its contractual cash flow obligations will be reduced.

Forward-looking information

Forward-looking information is incorporated into the measurement of allowance for loss. The Credit Union performs historical analysis and identifies the key economic variables impacting credit risk and expected credit losses for each loan type. Forecasts of these economic variables are based on data from economic experts and consideration of a variety of external, actual and forecast information that allows the Credit Union to formulate a base case view of the future direction of relevant economic variables as well as representative range of other possible forecast scenarios. This process involves developing two additional economic scenarios and considering the relevant probabilities of each outcome.

As with any economic forecasts, the projection and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Credit Union considers these forecasts to represent its best estimate of the possible outcomes and analyzes the non-linearities and asymmetries within the Credit Union's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Default

The Credit Union has defined credit instrument default as meeting at least one of the following criteria:

- 90 or more days past due, unless other factors rebut this presumption; and
- less than 90 days past due but the Credit Union has information indicating that the member is unlikely to pay their credit obligations in full. Examples include member bankruptcy and breach of covenant.

An instrument is considered to no longer be in default when it no longer meets any of the default criteria. The Credit Union's definition of credit impaired loans is aligned with the definition of default.

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Derecognition of financial instruments

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or substantially all the risks and rewards of the assets have been transferred. If the Credit Union has neither transferred nor retained substantially all the risks and rewards of the financial asset, it will assess whether it has retained control over the asset. If the Credit Union determines that control has not been retained, it will derecognize the transferred asset.

Financial liabilities are derecognized when the obligation has been discharged, cancelled or expired.

Writeoffs

The Credit Union writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include: ceasing enforcement activity and where the Credit Union's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovery in full. The Credit Union may write off financial assets that are still subject to enforcement activity. The Credit Union still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

Derivative financial instruments

The Credit Union uses derivative financial instruments such as swaps in its management of interest rate exposure. Derivative financial instruments are not used for trading or speculative purposes but rather as economic hedges, some of which qualify for hedge accounting. The Credit Union applies the hedge accounting requirements of International Accounting Standards (IAS) 39, Financial Instruments: Recognition and Measurement as permitted by IFRS 9, Financial Instruments (IFRS 9).

All derivatives are carried at fair value and are reported on the statement of financial position as other assets where they have a positive fair value and as liabilities where they have a negative fair value. Gains and losses arising from changes in the fair value of a derivative are recognized in the statement of income unless the derivative is a hedging instrument in a qualifying hedge.

The Credit Union's over-the-counter derivatives subject to International Swaps and Derivatives Association's (ISDA) master netting agreements do not meet the criteria for offsetting in the statement of financial position as they give a right to set off that is enforceable only in the event of difficulty, insolvency or bankruptcy.

Hedge accounting

In order for a derivative to qualify as an accounting hedge, the hedging relationship must be designated and formally documented at its inception, detailing the particular risk management objective and strategy for the hedge and the specific asset, liability or cash flow being hedged, the hedging instrument, as well as how its effectiveness is being assessed. Changes in the fair value of the derivative must be highly effective in offsetting changes in the fair value of the hedged asset or liability.

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Hedge effectiveness is evaluated at the inception of the hedging relationship and on an ongoing basis, retrospectively and prospectively, primarily using quantitative statistical measures of correlation with the effectiveness range being defined at 0.80 to 1.25. Hedge ineffectiveness, if any, may be as a result of differences in maturities and prepayment frequency between hedging instruments and hedged items.

Fair value hedge

Fair value hedge accounting does not change the recording of gains and losses on derivatives and other hedging instruments, but it does result in recognizing changes in the fair value of the hedged assets or liabilities attributable to the hedged risk that would not otherwise be recognized in the statement of income. To the extent that the change in the fair value of the derivative does not offset changes in the fair value of the hedged item for the risk being hedged, the net amount (hedge ineffectiveness) is recorded in other income in the statement of income. Ineffectiveness results to the extent that the cumulative change in the fair value of the hedging derivative differs from the cumulative change in the fair value of expected future cash of the hedged item.

When a fair value hedging relationship is discontinued, hedge accounting is discontinued prospectively. The hedged item is no longer adjusted to reflect the fair value impact of the designated risk. Previously recorded adjustments to the hedged item are amortized using the effective interest method and are recognized in net interest income, in the statement of income, following the underlying instrument, over the remaining life of the hedged item. However, if the hedged item ceased to exist, the adjustment for the impact of the designated risk are immediately recognized in other income in the statement of income.

Cash flow hedge

In a cash flow hedge transaction, gains and losses resulting from changes in the fair value of the effective portion of the derivative financial statement are recognized in OCI, until the hedged item is recognized in the statement of income, at which time such changes are recognized in interest income in the statement of income, following the underlying instrument. The ineffective portion of cash flow hedge transactions is immediately recognized in other income in the statement of income.

When a cash flow hedging relationship no longer qualifies for hedge accounting, hedge accounting is discontinued prospectively. Gains or losses recognized in OCI are amortized to interest income, in the statement of income, following the underlying instrument over the expected remaining life of the hedging relationship that was discontinued. If a designated hedged item is sold or matures before the related derivative financial instrument ceases to exist, all gains or losses are immediately recognized in other income in the statement of income.

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Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided on a straight-line basis annually over the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and fixtures	5 to 10 years
Security equipment	5 to 10 years
Leasehold improvements	10 to 30 years

Right-of-use assets are accounted for under IAS 16, Property, Plant and Equipment. Right-of-use assets have the same accounting policies as directly owned assets, meaning the right-of-use assets are depreciated over the lease term, as applicable. Lease inducements are credited against the cost of the asset at recognition.

Land is not subject to depreciation and is carried at cost. The residual value, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Investment property

Properties that are held for capital appreciation are classified as investment properties. Investment property consists of land and is measured at cost, including transaction costs.

Intangible assets

Intangible assets consist of certain acquired and internally developed computer systems. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses, if any. Input costs directly attributable to the development or implementation of the asset are capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Credit Union and the cost can be measured reliably.

Intangible assets are amortized over their useful lives on a straight-line basis annually at a rate of 3 to 10 years. The method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

There are no indefinite life intangible assets.

Leases and right-of-use assets

The Credit Union mainly leases premises that are used in the normal course of its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognized as a right-of-use asset and corresponding lease liability at the date on which the leased asset is available for use by the Credit Union.

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Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase or extension option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Variable lease payments that are not based on an index or rate, such as those that are based on usage, have been excluded from measurement under IFRS 16, Leases (IFRS 16) and will continue to be recorded as an operating expense. Several of the Credit Union's agreements include extension options. The Credit Union reviewed each option and included the extension option in the calculation of the lease liability when appropriate. If the Credit Union exercises an extension option in the future that was not assumed to be exercised on lease inception, the Credit Union will record a right-of-use asset and a lease liability at that time. The lease agreements do not impose any covenants and leased assets may not be used as security for borrowing purposes. Each lease payment is allocated between the liability and interest expense. The interest cost is charged to the statement of income and comprehensive income over the lease period to produce a constant rate of interest on the remaining balance of the liability for each period.

Impairment of non-financial assets

Impairment reviews are performed annually and when there are indicators that the recoverable amount of an asset may be less than the carrying value. The recoverable amount is determined as the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the statement of income and comprehensive income when there is an indication that an asset may be impaired. In the event that the value of previously impaired assets recovers, the previously recognized impairment loss is recovered only to the extent that the original carrying value would have been at that time in the statement of income and comprehensive income.

An item of property and equipment is derecognized on disposal or when no further economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and comprehensive income in the period the asset is derecognized.

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Provisions

Provisions are recognized when the Credit Union has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense of any provision is recognized in the statement of income and comprehensive income. If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Mortgage securitization liability

The Credit Union has entered into asset transfer agreements with third parties, which include the securitization of residential mortgages. These transfers do not qualify for derecognition principally because the Credit Union retains significant exposure to prepayment and other risks associated with the transferred mortgages. As such, these transactions are accounted for as financing activities and result in the recognition of a securitization liability at an amount equivalent to the securitization proceeds, inclusive of any premiums or discounts and net of eligible transaction costs. The securitization liabilities are subsequently measured at amortized cost using the effective interest method.

Members' shares

Members' shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability.

Common shares are accounted for in accordance with IFRIC 2, Members' Shares in Co-operative Entities and Similar Instruments (IFRIC 2). Common shares that are available for redemption are classified as a liability. In accordance with IFRIC 2, dividends to holders of equity instruments are recognized directly in equity. Interest, dividends and other returns relating to financial instruments classified as financial liabilities are expenses, regardless of whether those amounts paid are legally characterized as dividends, interest or otherwise.

Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized using the effective interest rate method. Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income continues to be recognized using the original effective rate.

Other income

Fees and commissions are recognized when earned, the amounts are fixed or can be determined and the ability to collect is reasonably assured.

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Income taxes

Tax expense for the period comprises current and deferred income taxes.

Current income tax expense is calculated on the basis of the Canadian tax laws enacted or substantively enacted at the statement of financial position date.

Deferred income taxes are provided for using the liability method. Under this method, temporary differences are recorded using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the corresponding taxes will be paid or refunded. Temporary differences primarily comprise differences between the carrying amounts and the income tax bases of the Credit Union's loans outstanding, leases, property and equipment and investment property. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Translation of foreign currencies

Foreign exchange gains and losses are recorded in other income.

4 Accounting standard issued but not yet effective

Accounting standards that have been issued but are not yet effective are listed below. The Credit Union has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2025, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1 Presentation of Financial Statements, and for all entities will:

- Introduce a new defined structure for the statement of profit and loss and require the classification of income and expenses in that statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations. IFRS 18 introduces definitions of these categories for purposes of the statement of profit and loss. Specific categorization requirements will apply to entities whose 'main business activity' is to provide financing to customers or to invest in specified assets. Entities will also be required to present new subtotals for 'operating profit or loss' and 'profit or loss before financing and income taxes'.

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- Require disclosure of 'management-defined performance measures' (MPMs) in a single note to the financial statements. MPMs are subtotals of income and expenses that an entity uses in public communications outside of its financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. Entities must disclose a reconciliation between the measure and the most directly comparable total or subtotal specifically required to be disclosed by IFRS Accounting Standards or subtotal listed in IFRS 18.
- Enhance guidance about how to group information within the financial statements.
- For the statement of cash flows, require that 'operating profit or loss' be used as the starting point for determining cash flows from operating activities under the indirect method, and remove the optionality around classification of cash flows from interest and dividends.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Credit Union is currently assessing the impact of new standard.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2025 the IASB issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments have not yet been incorporated into Part 1 of the CPA Canada Handbook – Accounting.

The amendments:

- Provide clarification that a financial liability is derecognized on the 'settlement date', i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired.
- Provide accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option shall apply it to all settlements made through the same electronic payment system.
- Clarify how financial assets with environment, social and corporate governance (ESG) linked features and other contingent features should be classified, including how contractual cash flows on loans with these features should be assessed.
- Clarify that, for a financial asset to have 'non-recourse' features, the entity's ultimate right to receive cash flows factors that an entity should consider when assessing the cash flows underlying a financial asset with non-recourse features (the "look through test).
- Clarify the characteristics of the contractually linked instruments that distinguish them from other transactions.
- Add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features.

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The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendments are to be applied retrospectively. In applying the amendments, an entity is not required to restate comparative periods. The Credit Union is currently assessing the impact of the amendments.

5 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. The effect of change in an accounting estimate is recognized prospectively by including it in the statement of income and comprehensive income in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of allowance for loss.

The Credit Union reviews its loan portfolio to assess the expected credit loss at least on a quarterly basis. The measurement of the expected credit loss for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of expected credit loss;
- establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated expected credit loss; and
- establishing groups of similar financial assets for the purposes of measuring expected credit loss.

The judgments, inputs, methodology and assumptions used for estimating the expected credit loss allowance are reviewed regularly to reduce any differences between loss estimates and actual loss experience. In the current year general uncertainty and the inflationary environment affect the economic environment in which the Credit Union operates and could impact the Credit Union's financial results. The current environment requires significant judgment and estimates in certain areas. The Credit Union is closely monitoring the changing conditions and their potential impacts.

Cambrian Credit Union Limited

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6 Investments and deposits

	2025		
	FVOCI \$	Amortized cost \$	Total \$
Central			
Shares	69,901	-	69,901
Current account			
Canadian – 3.25%	-	862,422	862,422
U.S. – 4.25%	-	18,566	18,566
	69,901	880,988	950,889
Accrued interest receivable	-	5,124	5,124
	<u>69,901</u>	<u>886,112</u>	<u>956,013</u>
			2024
	FVOCI \$	Amortized cost \$	Total \$
Central			
Shares	78,055	-	78,055
Current account			
Canadian – 5.00%	-	1,021,911	1,021,911
U.S. – 5.25%	-	18,315	18,315
	78,055	1,040,226	1,118,281
Accrued interest receivable	-	5,557	5,557
	<u>78,055</u>	<u>1,045,783</u>	<u>1,123,838</u>

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7 Loans outstanding

	2025 \$	2024 \$
Consumer		
Loans	116,417	121,009
Mortgages	2,373,906	2,196,499
Lines of credit	100,130	99,120
Commercial		
Loans	14,738	15,955
Mortgages	1,512,282	1,354,775
Lines of credit	28,164	48,510
Accrued interest receivable	6,961	6,159
	<u>4,152,598</u>	<u>3,842,027</u>
Allowance for loss (note 8)	(13,640)	(12,000)
	<u>4,138,958</u>	<u>3,830,027</u>

8 Allowance for loss

The following table contains an analysis of the credit risk exposure of financial instruments for which an expected credit loss allowance is recognized. The gross carrying amount of financial assets below also represents the Credit Union's maximum exposure to credit risk on these assets.

	2025			
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Consumer				
Loans	113,749	2,599	245	116,593
Mortgages	2,351,886	24,068	750	2,376,704
Lines of credit	98,584	1,238	313	100,135
Commercial				
Loans	14,684	26	65	14,775
Mortgages	1,513,056	3,171	-	1,516,227
Lines of credit	28,164	-	-	28,164
Gross carrying amount	<u>4,120,123</u>	<u>31,102</u>	<u>1,373</u>	<u>4,152,598</u>
Allowance for loss	(10,541)	(2,739)	(360)	(13,640)
Carrying amount	<u>4,109,582</u>	<u>28,363</u>	<u>1,013</u>	<u>4,138,958</u>
Current				1,958,126
Non-current				2,180,832

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	2024			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Consumer				
Loans	118,496	2,250	470	121,216
Mortgages	2,174,221	22,870	1,893	2,198,984
Lines of credit	96,009	2,912	209	99,130
Commercial				
Loans	13,478	2,303	230	16,011
Mortgages	1,357,551	625	-	1,358,176
Lines of credit	48,510	-	-	48,510
Gross carrying amount	3,808,265	30,960	2,802	3,842,027
Allowance for loss	(9,356)	(2,083)	(561)	(12,000)
Carrying amount	3,798,909	28,877	2,241	3,830,027
Current				1,230,329
Non-current				2,599,698

The following tables explain the changes in the loss allowance between the beginning and the end of the year:

Consumer	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Allowance for loss at December 31, 2024	2,971	2,048	561	5,580
Transfers	(1,653)	1,413	240	-
Financial assets originated	1,989	82	75	2,146
Financial assets derecognized	-	(380)	(518)	(898)
Writeoffs	-	-	(605)	(605)
Net remeasurement	834	(822)	538	550
Allowance for loss at December 31, 2025	4,141	2,341	291	6,773
Allowance for loss at December 31, 2023	3,123	2,103	260	5,486
Transfers	(723)	782	(59)	-
Financial assets originated	571	84	455	1,110
Financial assets derecognized	-	(624)	(164)	(788)
Writeoffs	-	-	(422)	(422)
Net remeasurement	-	(297)	491	194
Allowance for loss at December 31, 2024	2,971	2,048	561	5,580

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Commercial	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Allowance for loss at December 31, 2024	6,386	34	-	6,420
Transfers	(186)	186	-	-
Financial assets originated	889	-	-	889
Net remeasurement	(689)	177	70	(442)
Allowance for loss at December 31, 2025	6,400	397	70	6,867
Allowance for loss at December 31, 2023	3,414	2,010	-	5,424
Transfers	25	-	-	25
Financial assets originated	-	(1,052)	-	(1,052)
Net remeasurement	2,947	(924)	-	2,023
Allowance for loss at December 31, 2024	6,386	34	-	6,420

All loans were originated in stage 1 and have moved from one impairment model stage to another based on the improvement or deterioration in the credit risk and the level of expected credit losses.

During the years ended December 31, 2025 and December 31, 2024, the Credit Union did not acquire any assets in respect of delinquent loans.

The Credit Union did not hold title to any foreclosed assets at December 31, 2025 (2024 – none).

The fair value of the collateral held by the Credit Union as security for impaired loans as at December 31, 2025 was \$1,012 (2024 – \$2,238). The Credit Union estimated the fair value of collateral based on an updated assessment of the security appraisal undertaken at the original funding assessment.

The Credit Union has performed a sensitivity analysis against several macroeconomic factors including housing prices, unemployment rates and interest rates and determined that there is no material correlation between these factors and an increase or decrease on the provision for expected credit losses.

9 Other assets

	2025 \$	2024 \$
Accounts receivable	4,031	3,356
Prepaid expenses	3,098	1,054
Derivative asset	865	1,082
	7,994	5,492

All balances are current. The carrying value reasonably approximates fair value at the statement of financial position date due to the relative short-term to maturity.

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10 Property, equipment and intangible asset

	Property and equipment						Intangible asset	Total
	Land	Buildings	Furniture and fixtures	Security equipment	Leasehold improvements	Total	Computer system	
	\$	\$	\$	\$	\$	\$	\$	\$
2025								
Opening net book value	1,574	13,026	945	736	1,828	18,109	3,127	21,236
Additions	-	2,837	52	-	843	3,732	559	4,291
Depreciation	-	(1,759)	(319)	(182)	(335)	(2,595)	(1,587)	(4,182)
Remeasurements	-	(106)	-	-	-	(106)	-	(106)
Closing net book value	1,574	13,998	678	554	2,336	19,140	2,099	21,239
Cost	1,574	26,685	6,818	1,743	7,304	44,124	26,853	70,977
Accumulated depreciation	-	(12,687)	(6,140)	(1,189)	(4,968)	(24,984)	(24,754)	(49,738)
Net book value	1,574	13,998	678	554	2,336	19,140	2,099	21,239
2024								
Opening net book value	1,574	13,041	1,028	117	2,026	17,786	4,695	22,481
Additions	-	1,438	235	754	122	2,549	483	3,032
Depreciation	-	(1,629)	(318)	(135)	(320)	(2,402)	(2,051)	(4,453)
Remeasurements	-	176	-	-	-	176	-	176
Closing net book value	1,574	13,026	945	736	1,828	18,109	3,127	21,236
Cost	1,574	26,168	7,655	1,848	7,192	44,437	30,887	75,324
Accumulated depreciation	-	(13,142)	(6,710)	(1,112)	(5,364)	(26,328)	(27,760)	(54,088)
Net book value	1,574	13,026	945	736	1,828	18,109	3,127	21,236

The Credit Union had property and equipment under leases with a cost of \$15,273 (2024 – \$13,030) and accumulated depreciation of \$7,830 (2024 – \$6,829) as at December 31 (note 12).

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(in thousands of dollars, except per share amounts)

11 Savings and deposits

	2025 \$	2024 \$
Savings accounts	1,564,188	1,493,158
Chequing accounts	425,621	385,012
Term deposits	1,819,126	1,800,727
Registered deposits	820,592	818,988
Unclaimed accounts	279	276
	<hr/>	<hr/>
	4,629,806	4,498,161
Accrued interest	53,940	60,511
	<hr/>	<hr/>
	4,683,746	4,558,672
	<hr/>	<hr/>
Current	3,396,428	3,154,863
Non-current	1,287,318	1,403,809

Savings and deposits amounting to \$2,496,000 (2024 – \$2,488,000) are at fixed interest rates and all other savings and deposits amounting to \$2,134,000 (2024 – \$2,010,000) are at variable rates.

12 Lease

Right-of-use asset

	2025 \$	2024 \$
Balance as at January 1	6,201	6,092
Additions	2,830	1,288
Depreciation	(1,534)	(1,354)
Remeasurements	(54)	175
	<hr/>	<hr/>
Balance as at December 31	7,443	6,201

Lease liabilities

	2025 \$	2024 \$
Balance as at January 1	7,536	6,997
Additions	2,944	1,288
Payments of lease liabilities	(1,881)	(1,206)
Interest expense	367	284
Remeasurements	410	173
	<hr/>	<hr/>
Balance as at December 31	9,376	7,536

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Contractual maturities of lease liabilities the Credit Union is committed to future aggregate lease payments are as follows:

	2025 \$	2024 \$
Less than 1 year	1,996	1,581
Between 1 year and 5 years	6,153	5,168
More than 5 years	2,392	1,490
Total lease commitments	10,541	8,239
Total lease liability	10,541	8,239
Impact of discounting at the weighted average incremental borrowing rate	(1,165)	(703)
Discounted lease liabilities	9,376	7,536

The Credit Union recognized \$1,534 (2024 – \$1,354) of depreciation expense on right-of-use assets and \$367 (2024 – \$284) of interest on lease liabilities during the year.

13 Income taxes

The significant components of the provision for income taxes included in the statement of income and comprehensive income comprise:

	2025 \$	2024 \$
Current income taxes		
Based on current year taxable income	6,889	5,998
Deferred income taxes		
Origination and reversal of temporary differences	(686)	(1,144)
Provision for income taxes	6,203	4,854

The Credit Union provides for income taxes at statutory rates as determined below:

	2025 %	2024 %
Federal base rate	38.0	38.0
Federal abatement	(10.0)	(10.0)
General rate reduction	(13.0)	(13.0)
Blended net federal tax rate	15.0	15.0
General Manitoba rate	12.0	12.0
Statutory rate	27.0	27.0

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Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory rate are as follows:

	2025 \$	2024 \$
Net income before income taxes	23,415	18,166
Expected provision for income taxes at statutory rates	6,322	4,905
Non-deductible portion of expenses	(119)	44
Adjustment recognized for tax of prior periods	-	(95)
Total provision for income taxes	6,203	4,854

Current income taxes payable of \$714 (2024 – \$375) has been included in accounts payable and accrued liabilities on the statement of financial position.

Components of the deferred tax assets and liabilities are as follows:

	2025 \$	2024 \$
Deferred tax assets		
Allowance for loss	2,930	2,596
Lease liability	522	361
Accounts payable and accrued liabilities	656	754
	4,108	3,711
Deferred tax liabilities		
Capital cost allowance in excess of depreciation	(931)	(1,220)
Total deferred taxes	3,177	2,491
	2025 \$	2024 \$
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	4,108	3,711
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	(931)	(1,220)
Net deferred tax asset	3,177	2,491

The movement in the deferred tax assets and liabilities is recognized in the statement of income and comprehensive income for the year.

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14 Members' shares

Authorized common share capital consists of an unlimited number of common shares with an issue price of \$5 and an unlimited number of common shares issued under the refunded service program with an issue price of \$0.01.

Each member must purchase one or more common share. As at December 31, 2025, the number of common shares was 70,718 (2024 – 70,223). Each member of the Credit Union has one vote, regardless of the number of shares that member holds.

Common shares are redeemable at the request of the member on closing their account. Common shares issued under the refunded service program can also be redeemed when the member reaches the age of 59. All common shares are therefore classified as liabilities.

	2025	2024
	\$	\$
Common shares		
Beginning of year	350	346
Issued on application for membership	4	4
Issued based on Refunded Service Fee Program (note 15)	8,213	7,373
Redemption of common shares	(8,213)	(7,373)
	<hr/>	<hr/>
Total members' shares – liability	354	350

15 Refunded service fees

In 2025, refunded service fees of \$8,213 (2024 – \$7,373) were paid under the refunded service fees program on qualifying service fees in the year to members meeting the requirement of the program. The refunded service fees will result in income tax recoveries in the current year of \$2,217 (2024 – \$1,991).

16 Capital disclosures

Capital Requirements

Pursuant to Standards of Sound Business Practice (SSBP) issued by the Deposit Guarantee Corporation of Manitoba (DGCM), the Credit Union must establish and maintain a level of capital that meets or exceeds the following:

- regulatory capital ratio: 5% of the book value of statement of financial position assets;
- retained earnings ratio: 3% of the book value of statement of financial position assets; and
- risk weighted capital ratio: 10.5% of the risk weighted value of assets as defined and calculated in the SSBP.

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As at December 31 the Credit Union met all capital requirements as follows:

	2025 As a % of assets	2024 As a % of assets
Regulatory capital ratio	7.71%	7.60%
Retained earnings ratio	7.70%	7.58%
Risk weighted capital ratio	16.18%	16.78%

Liquidity reserve

Pursuant to the SSBP issued by DGCM, the Credit Union must establish and maintain liquidity reserves of at least 8% of total deposits in the Credit Union (including interest accrued on those deposits).

Liquidity reserves consist of cash on hand, amounts deposited by the Credit Union into Central and any other deposit or investment that DGCM or the Registrar of Credit Unions consider eligible to satisfy the Credit Union's liquidity requirements.

As at December 31, the Credit Union met the liquidity reserve requirement as follows:

	2025	2024
Liquidity Reserve	19%	23%

Capital is managed in accordance with policies established by the Board of Directors and in relation to the capital requirements above. Management regards a strong capital base as an integral part of the Credit Union's strategy. All of the capital requirements are monitored throughout the year, and modifications of capital management strategies are made as appropriate.

17 Mortgage securitization

The Credit Union has determined that an amount of \$25,988 (2024 – \$29,080) raised from securitization transactions should be accounted for as a secured borrowing as the Credit Union did not transfer substantially all of the risks and rewards of ownership, including principal prepayment, interest rate and credit risk of the mortgages in the securitization transaction. The carrying amount, as at December 31, 2025, of the associated residential mortgages held as security, is \$26,487 (2024 – \$29,969). As a result of the transactions, the Credit Union receives the net differential between the monthly interest receipts of the mortgages and the interest expense on the borrowings. The Credit Union did not enter into any securitization transactions during the year where all of the risks and rewards of ownership were transferred.

	2025 \$	2024 \$
Current	24,550	825
Non-current	1,438	28,255
	<hr/> 25,988	<hr/> 29,080

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18 Risk management

The Credit Union's risk management policies are designed to identify and analyze risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Credit Union follows an enterprise risk management framework, which involves identifying particular events or circumstances relevant to its objectives, assessing them in terms of probability and magnitude, determining a response strategy and monitoring progress. The Credit Union regularly reviews its risk management policies and systems to take account of changes in markets, products and emerging best practice.

Risk management is carried out by management who reports to the Board of Directors. The Board of Directors provides written principles for risk tolerance and overall risk management. Management reports to the Board of Directors on the Credit Union's compliance with the risk management policies. In addition, the Credit Union maintains a Risk Management department, which is responsible for independent review of risk management and the Credit Union's control environment.

Financial instruments comprise the majority of the Credit Union's assets and liabilities. The Credit Union accepts deposits from members at both fixed and variable rates for various periods. The Credit Union seeks to earn an interest rate margin by investing these funds in high quality financial instruments – principally loans and mortgages. The primary types of financial risk, which arise from this activity, are interest rate, credit, liquidity, foreign exchange and price risks.

The following table describes the significant financial instrument activity undertaken by the Credit Union, the risks associated with such activities and the types of methods used in managing those risks.

Activity	Risks	Method of managing risks
Investments and deposits	Sensitivity to changes in interest rates, liquidity and credit risk	Monitoring of investment restrictions and counterparty risk
Loans outstanding	Sensitivity to changes in interest rates, liquidity and credit risk	Asset-liability matching, periodic use of derivatives and monitoring of counterparty risk
Savings and deposits	Sensitivity to changes in interest rates and liquidity	Asset-liability matching and periodic use of derivatives

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of the Credit Union's financial instruments will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in prevailing market interest rates. The financial margin reported in the statement of income and comprehensive income may increase or decrease in response to changes in market interest rates. Accordingly, the Credit Union sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by management and reported to the Board of Directors, which is responsible for managing interest rate risk.

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In managing interest rate risk, the Credit Union relies primarily on the use of asset-liability and interest rate sensitivity models. Periodically, the Credit Union may enter into interest rate swaps to adjust the exposure to interest rate risk by modifying the repricing of the Credit Union's financial instruments. Interest rate swaps are transactions in which two parties exchange interest flows on a specified notional amount for a predetermined period based on agreed-upon fixed and floating rates. Principal amounts are not exchanged.

The Credit Union was party to the following interest rate swap agreements as of December 31, 2025:

	Effective date	Maturity	Notional amount \$	Settlement	Fixed interest rate paid	Floating interest rate paid
Fair value hedges						
	November 23, 2021	November 23, 2026	38,762	Quarterly	1.98%	
	May 13, 2022	May 13, 2026	22,645	Quarterly	3.16%	
	September 20, 2022	September 20, 2026	22,173	Quarterly	3.78%	
Cash flow hedges						
	December 2, 2025	December 2, 2026	75,000	Semi-annually		CORRA
	December 2, 2025	December 2, 2027	75,000	Semi-annually		CORRA

The interest rate paid on the floating interest rate swap agreements was the Canadian Overnight Repo Rate Average (CORRA).

Sensitivity analysis is used to assess the change in value or cash flows of the Credit Union's financial instruments against a range of incremental basis point changes in interest rates over a 12-month period. Sensitivity analysis is calculated on a periodic basis and is reported to the Board of Directors. Based on current differences between financial assets and financial liabilities as at December 31, 2025, the Credit Union estimates that an immediate and sustained 100 basis point increase in interest rates would increase net interest income by \$4,022 over the next 12 months while an immediate and sustained 100 basis point decrease in interest rates would decrease net interest income by \$4,010 over the next 12 months.

Other types of interest rate risk may involve basis risk, the risk of loss from changes in the relationship of interest rates that may not have identical characteristics (for example the difference between prime rate and variable rate loans and variable rate deposits) and prepayment risk (the risk of loss of interest income arising from early repayment of fixed rate mortgages and loans). These risks are also monitored on a regular basis and reported to the Board of Directors.

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The following schedules show the Credit Union's sensitivity to interest rate changes:

								2025
Expected repricing or maturity dates	Financial statement amounts				Interest rate swap agreements			
	Assets \$	Interest rate %	Liabilities (including members' equity) \$	Interest rate %	Assets \$	Liabilities \$	Net asset liability gap \$	
Variable to 6 months	2,225,957	3.96	2,808,481	1.86	83,544	172,645	(671,625)	
6 months to 1 year	693,879	3.22	546,584	3.68	75,000	60,899	161,396	
1 to 2 years	980,357	4.00	619,400	4.16	75,000	-	435,957	
2 to 3 years	379,892	4.84	404,105	4.46	-	-	(24,213)	
3 to 4 years	416,567	4.44	154,802	4.37	-	-	261,765	
4 to 5 years	403,403	4.31	120,622	3.55	-	-	282,781	
Over 5 years	28,526	0.02	80,480	0.05	-	-	(51,954)	
	<u>5,128,581</u>		<u>4,734,474</u>					
					<u>233,544</u>	<u>233,544</u>	394,107	
Non-interest rate sensitive	<u>3,527</u>		<u>397,634</u>				(394,107)	
	<u>5,132,108</u>		<u>5,132,108</u>				-	
								2024
Expected repricing or maturity dates	Financial statement amounts				Interest rate swap agreements			
	Assets \$	Interest rate %	Liabilities (including members' equity) \$	Interest rate %	Assets \$	Liabilities \$	Net asset liability gap \$	
Variable to 6 months	2,155,754	5.01	2,624,484	2.52	88,189	225,000	(605,541)	
6 months to 1 year	626,987	3.47	576,339	4.49	75,000	-	125,648	
1 to 2 years	1,106,943	2.99	481,144	4.24	75,000	88,189	612,610	
2 to 3 years	621,094	3.99	423,548	4.44	75,000	-	272,546	
3 to 4 years	261,767	4.92	280,406	4.80	-	-	(18,639)	
4 to 5 years	183,690	4.86	139,886	4.45	-	-	43,804	
Over 5 years	29,250	0.00	82,756	0.03	-	-	(53,506)	
	<u>4,985,485</u>		<u>4,608,563</u>					
					<u>313,189</u>	<u>313,189</u>	376,922	
Non-interest rate sensitive	<u>2,410</u>		<u>379,332</u>				(376,922)	
	<u>4,987,895</u>		<u>4,987,895</u>				-	

The Credit Union's major source of income is its financial margin, which is the difference between income earned on investments and loans to members and interest paid to members on their deposits. The objective of asset liability management is to match interest-sensitive assets with interest-sensitive liabilities, thus controlling wide fluctuations of income during periods of changing interest rates. Certain items on the statement of financial position, such as non-interest bearing member deposits and equity, do not create interest rate exposure to the Credit Union. These items are reported as non-interest rate sensitive on the schedule. The Credit Union uses interest rate swap agreements to mitigate risks associated with interest rate fluctuations.

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Fair value hedges

Fair value hedges modify exposure to changes in a fixed-rate instrument's fair value caused by changes in interest rates. These hedges economically convert fixed-rate assets and liabilities to floating rates; interest rate swaps are used to hedge interest rate risk.

The following table presents the effects of fair value hedges on the statement of financial position and the statement of income:

	2025					
	Change in fair value of hedged items \$	Change in fair value of hedging instruments \$	Hedge ineffectiveness gain (loss) \$	Carrying amount of hedged items \$	Accumulated amount of fair value hedge adjustments on hedged items \$	Accumulated amount of fair value hedge adjustments on hedging instrument \$
Interest rate swaps	509	(506)	3	83,544	(17)	(21)

	2024					
	Change in fair value of hedged items \$	Change in fair value of hedging instruments \$	Hedge ineffectiveness gain (loss) \$	Carrying amount of hedged items \$	Accumulated amount of fair value hedge adjustments on hedged items \$	Accumulated amount of fair value hedge adjustments on hedging instrument \$
Interest rate swaps	2,135	(2,135)	-	89,189	492	485

Cash flow hedges

Cash flow hedge transactions involve the use of interest rate swaps to hedge the changes in future cash flows from a floating rate financial instrument. Hedging derivative financial instruments reduce the variability of future cash flows from the hedged item.

The following table presents the effects of cash flow hedges on the statement of financial position and the statement of income and comprehensive income:

	2025			
	Gains (losses) on hedging instrument used as the basis of calculating hedge ineffectiveness \$	Hedge ineffectiveness recognized in other income \$	Hedging gains (losses) recognized in OCI \$	Gains (losses) reclassified from the cash flow hedge reserve into profit or loss \$
Interest rate swaps	288	(3)	759	(468)

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	2024			
	Gains (losses) on hedging instrument used as the basis of calculating hedge ineffectiveness \$	Hedge ineffectiveness recognized in other income \$	Hedging gains (losses) recognized in OCI \$	Gains (losses) reclassified from the cash flow hedge reserve into profit or loss \$
Interest rate swaps	597	2	496	99

Credit risk

Credit risk is the risk that a Credit Union member or counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the statement of financial position date. Significant changes in the economy or deterioration in lending sectors, which represent a concentration within the Credit Union's loan portfolio, may result in losses that are different from those provided for at the statement of financial position date. Management of credit risk is an integral part of the Credit Union's activities. Management carefully monitors and manages the Credit Union's exposure to credit risk by a combination of methods. Credit risk arises principally from lending activities that result in loans outstanding and investing activities that result in investments in cash resources. There is also credit risk in unfunded loan commitments. The overall management of credit risk is reported to the Board of Directors.

Concentration of loans is managed by the implementation of sectoral and member specific limits as well as the periodic use of syndications with other financial institutions to limit the potential exposure to any one member. The Board of Directors is responsible for approving and monitoring the Credit Union's tolerance for credit exposures, which it does through review and approval of the Credit Union's lending policies and credit scoring system, and through setting limits on credit exposures to individual members and across sectors. The Credit Union maintains levels of borrowing approval limits and prior to advancing funds to a member; an assessment of the credit quality of the member is made. The Credit Union emphasizes responsible lending in its relationships with members and to establish that loans are within the member's ability to repay, rather than relying exclusively on collateral.

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

In measuring credit risk of loans and advances at a counterparty level, the Credit Union considers three components: (i) the probability of default by the member or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Credit Union derives the exposure at default; and (iii) the likely recovery ratio on the defaulted obligations loss given default.

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The maximum exposure to credit risk from financial assets, without taking into account any collateral held or other credit enhancements, is as follows:

	2025		
Credit risk exposure	Outstanding \$	Undrawn commitments \$	Total exposure \$
Investments and deposits	956,013	-	956,013
Consumer			
Loans	116,417	-	116,417
Mortgages	2,373,906	31,082	2,404,988
Lines of credit	100,130	404,052	504,182
Commercial			
Loans	14,738	-	14,738
Mortgages	1,512,282	242,250	1,754,532
Lines of credit	28,164	69,254	97,418
Letters of credit	-	6,047	6,047
Accrued interest receivable	6,961	-	6,961
Accounts receivable	4,031	-	4,031
Derivative asset	865	-	865
Total exposure	5,113,507	752,685	5,866,192

	2024		
Credit risk exposure	Outstanding \$	Undrawn commitments \$	Total exposure \$
Investments and deposits	1,123,838	-	1,123,838
Consumer			
Loans	121,009	-	121,009
Mortgages	2,196,499	30,607	2,227,106
Lines of credit	99,120	392,548	491,668
Commercial			
Loans	15,955	-	15,955
Mortgages	1,354,775	232,357	1,587,132
Lines of credit	48,510	52,891	101,401
Letters of credit	-	5,094	5,094
Accrued interest receivable	6,159	-	6,159
Accounts receivable	3,356	-	3,356
Derivative asset	1,082	-	1,082
Total exposure	4,970,303	713,497	5,683,800

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Investments and deposits

Credit risk arises from the investments and deposits in cash resources held by the Credit Union to meet regulatory and internal liquidity requirements and for general business purposes. All of the Credit Union's liquidity investments are held with Central. Central invests on behalf of the Credit Union as per the investment policies approved by the Investment Committee of the Board of Directors of Central. Central's investment policy requires that all investments are highly rated (A or higher) and that all of the assets are readily convertible to cash.

Consumer loans, mortgages and lines of credit

Loans outstanding consist of personal loans and lines of credit, which are secured by various types of collateral required in the loans policy approved by the Board of Directors. Unsecured personal loans are only granted on the basis of a properly qualified and documented covenant value.

Residential mortgages to members consist of \$406,097 (2024 – \$411,087) in mortgages with an advance ratio of 80% to 95% of the appraised value, which are fully insured by either the Canadian Mortgage Housing Corporation, Canada Guaranty Mortgage Insurance or Sagen MI Canada (formerly Genworth Capital); \$1,965,441 (2024 – \$1,783,686) in conventional residential mortgages with an original maximum advance ratio to 80% of the appraised value; and \$2,368 (2024 – \$1,726) in residential mortgages with an original advance ratio to 85% of the appraised value.

Commercial loans, mortgages and lines of credit

The Credit Union often takes security as collateral in a manner similar to other lending institutions. The Credit Union maintains guidelines on the acceptability of specific types of collateral and prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. Collateral may include mortgages over commercial properties and charges over business assets such as premises, inventory and accounts receivable. Where significant impairment indicators are identified, the Credit Union will take additional measures to manage the risk of default, which may include seeking additional collateral. The Credit Union's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Credit Union since the prior period.

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The Credit Union manages credit concentration by establishing lending limits for each industry based on risk ratings for the respective industries. As at December 31, 2025, the Credit Union has not exceeded its lending limit for any industry type. The commercial lending by industry is as follows:

	2025 \$	2024 \$
Commercial real estate retail	174,273	148,094
Commercial real estate office	132,834	97,934
Commercial real estate industrial	118,350	114,030
Residential real estate	512,346	533,115
Real estate other	57,339	26,039
Health care	98,608	98,574
Accommodation and food services	32,122	24,666
Retail	3,714	8,676
Transportation/warehousing	374	1,423
Construction	309,340	260,415
Entertainment and recreation	15,341	15,777
Other	100,543	90,497
	<u>1,555,184</u>	<u>1,419,240</u>

The credit quality of the commercial loan portfolio for those loans, which are neither past due or impaired, can be assessed by reference to the Credit Union's internal rating system. The Credit Union assesses the probability of a default using internal rating tools and taking into account statistical analysis as well as the experience and judgment of the credit department. Commercial loans to members are divided into eight segments and are regularly reviewed and updated as appropriate. Loans with ratings of five or six are not considered to be impaired taking into account the repayment status of the loans and the estimated fair value of the collateral.

	2025 \$	2024 \$
Rating 1 – Excellent risk	1,647	2,157
Rating 2 – Very good risk	8,753	14,274
Rating 3 – Good risk	302,758	266,022
Rating 4 – Acceptable risk	1,017,294	1,046,684
Rating 5 – Caution risk	223,772	88,098
Rating 6 – At risk	-	991
Rating 7 – Impaired with no loan loss allowance	960	1,014
Rating 8 – Impaired with loan loss allowance	-	-
	<u>1,555,184</u>	<u>1,419,240</u>

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Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet its obligations to members and other liabilities. As disclosed in note 16, the Credit Union is required to maintain liquidity reserves of at least 8%. The Credit Union's own risk management policies require it to maintain sufficient liquid resources to cover cash flow imbalances, to retain member confidence in the Credit Union and to enable the Credit Union to meet all financial obligations. This is achieved through maintaining a prudent level of liquid assets, through management control of the growth of the loan portfolio, and asset-liability maturity management. Management monitors forecasts of the Credit Union's liquidity requirements on the basis of expected cash flows as part of its liquidity management. The Credit Union also maintains a borrowing facility with Central in the amount of 10% of member deposits as part of its liquidity management strategy.

The following table summarizes the undiscounted cash flows of financial liabilities by contractual maturity.

	Payable on a fixed date					
	On demand	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	\$	\$	\$	\$	\$	\$
Financial liabilities						
Savings and deposits	2,133,854	1,308,587	631,949	708,787	1,081	4,784,258
Accounts payable and accrued liabilities	-	16,985	-	-	-	16,985
Mortgage securitization payable	-	25,180	51	760	-	25,991
Lease payable	-	1,996	1,911	4,242	2,392	10,541
	<u>2,133,854</u>	<u>1,352,748</u>	<u>633,911</u>	<u>713,789</u>	<u>3,473</u>	<u>4,837,775</u>

Foreign exchange risk

Foreign exchange risk for the Credit Union is foreign currency risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Credit Union is exposed to foreign currency risk as a result of its members' activities in US Dollar currency denominated deposits and cash transactions, as well as US dollar investments. Activities that expose the Credit Union to currency risk are measured, monitored and controlled to minimize risk. As at December 31, 2025, the Credit Union does not have significant exposure to changes in foreign currency exchange rates.

Price risk

Price risk arises from changes in market risks, other than interest rate, credit, liquidity or foreign exchange risks causing fluctuations in the fair value or future cash flows of a financial instrument. Price risk is not considered significant at this time.

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19 Fair value of financial instruments

Differences between book value and fair value of investments and deposits, loans outstanding, savings and deposits and other financial assets and liabilities are caused by differences between the interest rate obtained at the time of the original investment, loan or deposit and the current rate for the same product. Loans outstanding and savings and deposits that are priced with variable rates have a fair value equal to book value, as they are priced at current interest rates.

While fair value amounts are designed to represent estimates of the amounts at which assets and liabilities could be exchanged in a current transaction between arm's length willing parties, the Credit Union normally holds all of its fixed term investments, loans and deposits to their maturity date. Consequently, the fair values presented are estimates derived by taking into account changes in the market interest rates and may not be indicative of the ultimate realizable value. Furthermore, as many of the Credit Union's financial instruments lack an available trading market, the fair value of loans and member deposits with fixed rates are estimated using discounted cash flow models with discount rates based on current market interest rates for similar types of instruments. The inputs to the valuation model for fixed rate loans include scheduled loan amortization rates and estimated rates of repayment with the future cash flows discounted using current market rates for equivalent groups of mortgages or loans. The future cash flows on fixed rate deposits and fixed rate borrowings are discounted to their estimated present value using a discount rate based on current market rates for equivalent groups of fixed rate deposits.

The most significant assumption relates to the discount rates utilized. If the forward yield curve of such instruments would increase by 100 basis points then the fair value of loans outstanding and investments and deposits would decrease by approximately \$56,533 (2024 – \$49,828) and the fair value of savings and deposits would decrease by approximately \$41,727 (2024 – \$43,516). A corresponding decrease of 100 basis points would result in the fair value of loans outstanding and investments and deposits increasing by approximately \$58,437 (2024 – \$51,265) and the fair value of savings and deposits would increase by approximately \$43,092 (2024 – \$44,999).

The financial assets and liabilities are recognized on the statement of financial position at fair value, cost or amortized cost according to the categories determined by the accounting framework for financial instruments. The carrying values and fair values for each category of financial asset and liability are presented in the table below. The fair values disclosed exclude the values of assets and liabilities that are not considered financial instruments such as land, buildings and equipment.

Fair value hierarchy

Assets and liabilities recorded at fair value in the statement of financial position are measured and classified in a hierarchy consisting of three levels for disclosure purposes; the three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

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- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities. There are no assets measured at fair value classified as Level 1.
- Level 2: quoted prices in markets that are not active or inputs that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 2 inputs include quoted prices for assets in markets that are considered less active.
- Level 3: unobservable inputs that are supported by little or no market. Level 3 assets and liabilities would include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation. There are no assets measured at fair value classified as Level 3.

					2025
	Level	FVTPL \$	FVOCI \$	Amortized cost \$	Estimated fair value \$
Assets					
Cash on hand		-	-	4,143	4,143
Investments and deposits	2	-	69,901	886,112	956,013
Loans outstanding – net of allowance for loss	2	-	-	4,138,958	4,116,096
Accounts receivable	2	-	-	4,031	4,031
Derivative asset	2	865	-	-	865
		<u>865</u>	<u>69,901</u>	<u>5,033,244</u>	<u>5,081,148</u>
Liabilities					
Savings and deposits	2	-	-	4,683,746	4,677,443
Members' shares	2	-	-	354	354
Accounts payable and accrued liabilities	2	-	-	16,985	16,985
Mortgage securitization liability	2	-	-	25,988	26,063
Lease liability	2	-	-	9,376	9,376
		<u>-</u>	<u>-</u>	<u>4,736,449</u>	<u>4,730,221</u>

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		2024			
	Level	FVTPL \$	FVOCI \$	Amortized cost \$	Estimated fair value \$
Assets					
Cash on hand		-	-	4,227	4,227
Investments and deposits	2	-	78,055	1,045,783	1,123,838
Loans outstanding – net of allowance for loss	2	-	-	3,830,027	3,773,006
Accounts receivable	2	-	-	3,356	3,356
Derivative asset	2	1,082	-	-	1,082
		<u>1,082</u>	<u>78,055</u>	<u>4,883,393</u>	<u>4,905,509</u>
Liabilities					
Savings and deposits	2	-	-	4,558,672	4,554,035
Members' shares	2	-	-	350	350
Accounts payable and accrued liabilities	2	-	-	14,023	14,023
Mortgage securitization liability	2	-	-	29,080	28,723
Lease liability	2	-	-	7,536	7,536
		<u>-</u>	<u>-</u>	<u>4,609,661</u>	<u>4,604,667</u>

20 Transactions with DGCM, Central, and related parties

DGCM

DGCM was incorporated for the purpose of protecting the members of credit unions from financial loss in respect of their deposits with credit unions/caisses and to ensure credit unions/caisses operate under sound business practices. DGCM provides a safeguard for all savings and deposits of the members of Manitoba credit unions.

Transactions with DGCM included assessments of \$3,694 (2024 – \$3,578) and are recorded as member security expenses.

Central

The Credit Union is a member of Central, which acts as a depository for surplus funds, and makes loans to credit unions. Central also acts as a trade association for credit unions.

The Credit Union has in place a line of credit with Central in the amount of 10% of member deposits. The line of credit was not utilized at December 31, 2025 nor December 31, 2024. The line of credit with Central is payable on demand with interest payable on a variable rate basis, which at year-end was 4.25% (2024 –

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5.25%). As collateral for the line of credit, the Credit Union has pledged its loans outstanding. Interest paid on borrowings from Central during the year amounted to \$nil (2024 – \$nil).

Transactions with Central included income earned on investments and deposits referred to in note 6 in the amount of \$44,207 (2024 – \$60,022) and fees assessed by Central, which include annual affiliation dues in the amount of \$1,434 (2024 – \$1,396) recorded as organizational expenses. During the year, a special assessment of \$6,378 was received from Central and is included in other income on the statement of income and comprehensive income. During the year, there was a special assessment of \$9,299 paid to Central and is included in organizational expense in the statement of income and comprehensive income.

Related party transactions

Remuneration and reimbursement of expenses to Directors

The aggregate amount of remuneration paid to all Directors for the year ended December 31, 2025 was \$361 (2024 – \$349). The aggregate amount paid to all Directors as reimbursement of expenses on credit union business for the year ended December 31, 2025 was \$6 (2024 – \$6).

The outstanding balances at December 31 for Board of Directors and related expenses and income for the year are as follows:

	2025 \$	2024 \$
Loans outstanding	1,088	1,516
Savings and deposits outstanding	744	1,533

No allowances have been recognized in respect of loans issued to Directors in the current year.

Compensation of key management personnel

Key management personnel of the Credit Union include all senior management. The summary of compensation for key management personnel consisted of salaries of \$4,311 (2024 – \$4,184) and employee benefits of \$407 (2024 – \$406) for the year ended December 31, 2025.

The outstanding balances at December 31 for key management personnel and related expense and income for the year are as follows:

	2025 \$	2024 \$
Loans outstanding	3,536	2,057
Savings and deposits outstanding	2,348	2,306

No allowances have been recognized in respect of loans issued to senior management in the current year.

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Loans to directors, management and employees

All transactions with the Credit Union's Directors, management and employees were in accordance with the statutes, by-laws and policies of the Credit Union.

As at December 31, 2025, outstanding loans to Directors, management and employees totalled 0.1% (2024 – 0.1%), in aggregate, of the assets of the Credit Union.

21 Pension plan

The Credit Union has a defined contribution pension plan for qualifying employees. The assets are held in trust by the Co-operative Superannuation Society Limited and are not recorded in these financial statements. The Credit Union matches employee contributions at a rate of 6% of the employee's salary. The expense and payments for the year ended December 31, 2025 were \$1,519 (2024 – \$1,366). The Credit Union has no further liability or obligation for future contributions to fund future benefits to plan members with respect to the defined contribution plan.

22 Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.