

Lake View Credit Union
Financial Statements
December 31, 2025

Lake View Credit Union
Contents

For the year ended December 31, 2025

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Management's Responsibility

To the Members of Lake View Credit Union:

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

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

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

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

February 25, 2026

e-Signed by Marlana Blouin
2026-02-25 18:38:04:04 PST

Co-Chief Executive Officer

e-Signed by Justin Lajeunesse
2026-02-25 18:38:51:51 PST

Co-Chief Executive Officer

To the Members of Lake View Credit Union:

Opinion

We have audited the financial statements of Lake View Credit Union (the "Credit Union"), which comprise the statement of financial position as at December 31, 2025, and the statements of 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 as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.

Kelowna, British Columbia

February 25, 2026

MNP **LLP**

Chartered Professional Accountants

Lake View Credit Union

Statement of Financial Position

As at December 31, 2025

	2025	2024
Assets		
Cash and cash equivalents <i>(Note 5)</i>	25,626,249	12,896,909
Investments <i>(Note 6)</i>	127,293,917	124,667,950
Loans to members <i>(Note 14)</i>	219,976,188	231,678,412
Income taxes recoverable	180,136	4,811
Property and equipment <i>(Note 7)</i>	3,882,799	3,940,615
Intangible assets	442,528	340,750
Other assets	423,015	428,573
Deferred income tax assets <i>(Note 8)</i>	542,729	569,497
	378,367,561	374,527,517
Liabilities		
Deposits from members <i>(Note 9)</i>	339,445,161	338,401,205
Other liabilities	1,086,369	1,229,612
Membership shares <i>(Note 10)</i>	111,778	113,541
	340,643,308	339,744,358
 Commitments <i>(Note 14)</i>		
 Members' equity		
Membership shares <i>(Note 10)</i>	1,005,998	1,021,873
Retained earnings	36,503,049	33,550,242
Accumulated other comprehensive income	215,206	211,044
	37,724,253	34,783,159
	378,367,561	374,527,517

Approved on behalf of the Board:

e-Signed by John Kurjata
2026-02-25 18:52:36:36 PST

Director

e-Signed by Jaron Neufeld
2026-02-25 20:09:23:23 PST

Director

The accompanying notes are an integral part of these financial statements

Lake View Credit Union
Statement of Comprehensive Income
For the year ended December 31, 2025

	2025	2024
Financial income		
Interest income on loans to members	9,563,649	9,459,808
Investment income	4,703,847	5,046,435
	14,267,496	14,506,243
Financial expense		
Interest expense on deposits from members	3,606,049	4,184,810
Other interest expense	37,253	37,707
	3,643,302	4,222,517
Financial margin	10,624,194	10,283,726
Provision for allowance for impaired loans (Note 14)	36,535	97,986
Financial margin, after provision for allowance for impaired loans	10,587,659	10,185,740
Other operating income		
Administration charges	895,024	927,462
Commission and fees	550,432	602,110
Foreign exchange gains, net	88,695	76,624
Loss on disposal of property and equipment	(1,785)	-
	1,532,366	1,606,196
	12,120,025	11,791,936
Operating expenses		
Depreciation and amortization	402,645	400,219
General and administrative	680,935	661,547
Marketing	169,645	107,681
Occupancy	513,868	473,540
Operations	2,183,818	2,284,005
Personnel	4,132,613	3,764,892
	8,083,524	7,691,884
Income before provision for (recovery of) income taxes	4,036,501	4,100,052
Provision for (recovery of) income taxes (Note 8)		
Current	980,478	1,025,572
Deferred	26,768	(392,029)
	1,007,246	633,543
Net income	3,029,255	3,466,509
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Unrealized gain on portfolio investments, net of income tax	4,162	312,773
Comprehensive income	3,033,417	3,779,282

The accompanying notes are an integral part of these financial statements

Lake View Credit Union
Statement of Changes in Members' Equity
For the year ended December 31, 2025

	<i>Membership shares</i>	<i>Retained earnings</i>	<i>Accumulated other comprehensive income (loss)</i>	<i>Total equity</i>
Balance December 31, 2023	1,068,792	30,134,083	(101,729)	31,101,146
Net income for the year	-	3,466,509	-	3,466,509
Other comprehensive income for the year	-	-	312,773	312,773
Dividends on membership shares	-	(50,350)	-	(50,350)
Redemption of membership shares - net	(46,919)	-	-	(46,919)
Balance December 31, 2024	1,021,873	33,550,242	211,044	34,783,159
Net income for the year	-	3,029,255	-	3,029,255
Other comprehensive income for the year	-	-	4,162	4,162
Dividends on membership shares	-	(76,448)	-	(76,448)
Redemption of membership shares - net	(15,875)	-	-	(15,875)
Balance December 31, 2025	1,005,998	36,503,049	215,206	37,724,253

The accompanying notes are an integral part of these financial statements

Lake View Credit Union
Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Net income	3,029,255	3,466,509
Depreciation and amortization	402,645	400,219
Provision for income taxes	1,007,246	633,543
	4,439,146	4,500,271
Changes in working capital accounts		
Other assets	5,558	99,989
Income taxes paid	(1,155,803)	(1,726,733)
Other liabilities	(143,244)	163,850
Net decrease in member loans	11,702,224	1,645,641
Net increase in member deposits	1,043,956	1,549,444
	15,891,837	6,232,462
Financing activities		
Proceeds from issuance of membership shares	165,388	20,082
Redemption of membership shares	(183,026)	(72,215)
Total dividends	23,100	-
	5,462	(52,133)
Investing activities		
Change in investments, net	(2,663,531)	(1,969,981)
Purchases of property, equipment and intangibles	(504,428)	(472,761)
	(3,167,959)	(2,442,742)
Increase in cash and cash equivalents	12,729,340	3,737,587
Cash and cash equivalents, beginning of year	12,896,909	9,159,322
Cash and cash equivalents, end of year	25,626,249	12,896,909

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Lake View Credit Union (the "Credit Union") is incorporated under the Credit Union Incorporations Act of British Columbia and is a member of the Central 1 Credit Union Limited ("Central 1"). The Credit Union was incorporated in August 1943 and was organized for the benefit of the residents of the province of British Columbia. The Credit Union provides financial services including personal and commercial mortgages and loans and deposit taking to its members.

The Credit Union serves members in Dawson Creek, British Columbia and the surrounding communities and operates three Credit Union branches. The address of the Credit Union's registered office is 800 - 102nd Ave, Dawson Creek, British Columbia.

2. Statement of compliance

The financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements for the year ended December 31, 2025 were authorized for issue by the Board of Directors on February 25, 2026.

3. Basis of preparation

Basis of measurement

The financial statements have been prepared using the historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), and fair value through other comprehensive income ("FVTOCI"), which are stated at their fair values. The methods used to measure fair value are presented in Note 13.

Functional and presentation currency

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

Significant accounting judgments, estimates and assumptions

The preparation of the Credit Union's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are prepared based on management's best knowledge of current events and actions that the Credit Union may undertake in the future. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively in comprehensive income in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the current year, inflation and fiscal tightening, which places pressure on interest rates, have resulted in a heightened measurement uncertainty, primarily related to the estimates, assumptions and judgments used in the measurement of the allowance for expected credit losses. For the year ended December 31, 2025, the Credit Union has included all information available to the date of these financial statements in these estimates. The economic response and impacts continue to remain unknown and may reasonably require adjustment within the next twelve months.

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

By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements from changes in such estimates in future years could be material.

3. **Basis of preparation** *(Continued from previous page)*

Classification of financial assets

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated;
- the stated objective for managing the financial asset, frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Assessment of contractual cash flows

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

In making the assessment, the Credit Union considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Credit Union's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Allowance for expected credit losses

The Credit Union measures loss allowances at an amount equal to lifetime expected credit loss ("ECL"), except for debt investment securities that are determined to have low credit risk at the reporting date and other financial instruments on which credit risk has not increased significantly since their initial recognition. In particular, management judgement is required in the estimate of whether credit risk of an instrument has increased significantly and in the use of forward-looking information.

The Credit Union incorporates forward-looking economic information in its measurement of ECL.

The Credit Union assesses whether credit risk on a financial asset has increased significantly considering reasonable and supportable information since initial recognition in order to determine whether a 12 month ECL or lifetime ECL should be recognized. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Credit Union's historical experience and expert credit assessment.

See the impairment of loans and advances under the significant accounting policies in Note 14 for further discussion of allowance for expected credit losses.

3. Basis of preparation *(Continued from previous page)*

Income tax

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

Fair value of unquoted equity instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from observable markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates. The valuation of financial instruments is described in more detail in Note 13.

4. Material accounting policy information

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

Cash and cash equivalents

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

Investments

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

Loans to members

Loans to members including personal loans, mortgages and commercial loans, are recognized when the cash is advanced to the borrower. Loans to members are initially measured at fair value, net of loan origination fees and inclusive of transaction costs incurred. All loans to members are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been classified as amortized cost using the effective interest rate method.

Property and equipment

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

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition.

The methods of depreciation and depreciation rates applicable for each class of asset during the current and comparative period are as follows:

	Rate
Buildings	10-40 years
Computer equipment	10-25 years
Furniture and equipment	10-20 years
Paving	10 years

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

4. Material accounting policy information *(Continued from previous page)*

Deposits from members

Deposits from members include chequing and savings accounts, term deposits, registered plans, and tax free savings accounts and are the Credit Union's main source of funding. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Membership shares

Membership 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.

The Credit Union's membership shares are presented in the statement of financial position as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. These shares qualify as capital for regulatory purposes. Payments of dividends on membership shares presented as a financial liability are recognized as a distribution of profit or loss. Payments of dividends on membership shares presented as equity are recognized as a distribution directly in equity.

Dividends are recorded when declared by the Board of Directors.

Revenue recognition

The following describes the Credit Union's principal activities from which it generates revenue:

Interest income

The Credit Union generates revenue from interest earned on loans advanced to members and investments. Revenue is recognized on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income is recognized when the right to receive payment is established. Dividends are included in investment income on the statement of comprehensive income.

Other income

Other fees and commission income include account service fees, investment management fees, and insurance fees which are recognized over the period the services are performed.

Income taxes

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

4. Material accounting policy information *(Continued from previous page)*

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

Financial instruments

Financial assets

Recognition and initial measurement

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

Classification and subsequent measurement

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

Financial assets are classified as follows:

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

4. Material accounting policy information *(Continued from previous page)*

Reclassifications

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

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses on investments in debt instruments that are measured at amortized cost or at FVOCI:

- financial assets that are debt instruments (member loans, other receivables and certain investment securities)
- undrawn lines of credit, and
- loan commitments to extend credit.

No impairment loss is recognized for investments in equity instruments.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Credit Union recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Credit Union measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Credit Union compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Credit Union considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Credit Union's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Credit Union's core operations, namely the oil and gas, mining, commercial construction industry, and residential construction industries.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- a) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- b) significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- c) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- d) an actual or expected significant deterioration in the operating results of the debtor;
- e) significant increases in credit risk on other financial instruments of the same debtor;

4. Material accounting policy information *(Continued from previous page)*

- f) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Credit Union presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Credit Union has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Credit Union assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For undrawn lines of credit, and loan commitments to extend credit, the date that the Credit Union becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Credit Union considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Credit Union considers the changes in the risk that the specified debtor will default on the contract.

The Credit Union regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Credit Union considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- a) when there is a breach of financial covenants by the counterparty; or
- b) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Credit Union, in full (without taking into account any collaterals held by the Credit Union).

Irrespective of the above analysis, the Credit Union considers that default has occurred when a financial asset is more than 90 days past due unless the Credit Union has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

4. Material accounting policy information *(Continued from previous page)*

Write-off policy

The Credit Union writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery; e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Credit Union's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Credit Union's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Credit Union in accordance with the contract and all the cash flows that the Credit Union expects to receive, discounted at the original effective interest rate.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the Credit Union if the holder of the loan commitment draws down the loan, and the cash flows that the Credit Union expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- a) nature of financial instruments (i.e. the Credit Union's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate Credit Union. Loans to related parties are assessed for expected credit losses on an individual basis);
- b) past-due status;
- c) nature, size and industry of debtors;
- d) nature of collaterals for finance lease receivables; and
- e) external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Credit Union has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Credit Union measures the loss allowance at an amount equal to 12 month ECL at the current reporting date.

The Credit Union recognizes an impairment gain or loss in profit or loss for all financial instruments, with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The allowance for impaired loans is maintained in an amount considered adequate to absorb incurred losses in the loan portfolio. The loss allowance for impaired loans reflects management's best estimate of the losses existing in the loan portfolio and their judgements about economic conditions. If the circumstances under which these estimates and judgements were made change, there could be a significant change to the allowance for impaired loans currently recognized.

4. Material accounting policy information *(Continued from previous page)*

Derecognition of financial assets

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

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

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

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

The following financial liabilities are measured at fair value through profit or loss:

- Financial liabilities held for trading
- Derivative liabilities

Changes in the carrying amount of these financial liabilities are recognized in profit or loss. Where the Credit Union has designated a financial liability at fair value through profit or loss, the change in fair value of the financial liability attributable to the Credit Union's own credit risk is presented in other comprehensive income, except where doing so creates or enlarges an accounting mismatch. Those amounts recorded in other comprehensive income are not subsequently reclassified to profit or loss.

All other financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are not reclassified subsequent to initial recognition.

Derecognition of financial liabilities

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

4. Material accounting policy information *(Continued from previous page)*

Standards issued but not yet effective

The Credit Union has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2025 but are not yet effective. Unless otherwise stated, the Credit Union does not plan to early adopt any of these new or amended standards and interpretations.

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

Amendments to IFRS 9 and IFRS 7, issued in May 2024, clarify the date of recognition and derecognition of financial assets and financial liabilities, including that a financial liability is derecognized on the settlement date. The amendments introduce a voluntary election permitting the derecognition of some financial liabilities settled through an electronic cash transfer system before the settlement date, provided specific conditions are met. They also provide further guidance for assessing whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement including those that contain contingent features, non-recourse features or are investments in contractually linked instruments. The amendments also add new disclosure requirements for certain instruments with contractual terms that include a contingent feature and for investments in equity instruments designated at fair value through other comprehensive income.

The amendments are effective for annual periods beginning on or after January 1, 2026, and are to be applied retrospectively; restatement of prior periods is not required. The Credit Union is currently assessing the impact of these amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, issued in April 2024, replaces IAS 1 *Presentation of Financial Statements*, and introduces three primary changes:

- Income and expenses must be classified into five defined categories in the Statement of Profit or Loss and specified totals and subtotals must be presented;
- Management-defined performance measures must be disclosed in a single note to the financial statements, along with accompanying explanations and reconciliations; and
- Enhanced requirements for grouping information in the financial statements.

IFRS 18 will not impact the recognition or measurement of items in the financial statements.

In addition, entities must use the operating profit or loss subtotal as the starting point for reporting cash flows from operating activities under the indirect method in the statement of cash flows, and the accounting policy choice about how to classify cash inflows and outflows related to interest and dividends paid and received has been eliminated.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, including for interim financial statements, and is required to be applied retrospectively. The Credit Union is currently assessing the impact of these amendments on its financial statements.

5. Cash and cash equivalents

The Credit Union's cash and cash equivalents are held with Central 1. Term deposits and accrued interest includes callable deposits or deposits with original maturities of three months or less.

	2025	2024
Cash on hand	1,689,670	1,683,524
Cash held with Central 1	11,236,579	3,692,068
Term deposits and accrued interest	12,700,000	7,521,317
	25,626,249	12,896,909

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

6. Investments

The following table provides information on investments held by the Credit Union as at December 31, 2025:

	2025	2024
Term deposits		
Measured at amortized cost		
Term deposits	90,500,000	88,000,000
<hr/>		
Portfolio investments		
Measured at fair value through other comprehensive income		
Mandatory liquidity pool	31,886,757	30,845,112
<hr/>		
Equity investments		
Measured at fair value through profit or loss		
Truvera Partnership units	1,801,800	3,000,000
Central 1 Credit Union - Class A shares	98,372	97,391
Central 1 Credit Union - Class E shares	73	73
Other investments	9,719	9,718
<hr/>		
	1,909,964	3,107,182
<hr/>		
Accrued interest	2,997,196	2,715,656
<hr/>		
	127,293,917	124,667,950

Portfolio investments

Central 1 Credit Union - liquidity reserve deposits and mandatory liquidity pool

As a condition of maintaining membership in Central 1 in good standing, the Credit Union is required to maintain on deposit or a Mandatory Liquidity Pool, held in trust with Central 1 equal to 8% of the total deposits as at each month end. At maturity, these deposits are reinvested at market rates for various terms as determined by management.

The deposit can be withdrawn only if there is a sufficient reduction in the Credit Union's assets, a liquidity contingency event, or upon withdrawal of membership from Central 1.

As at December 31, 2025, the Credit Union was in compliance with this requirement.

Shares in Central 1 Credit Union

As a condition of maintaining membership in Central 1, the Credit Union is required to maintain an investment in shares of Central 1. Dividends on these shares are at the discretion of the Board of Directors of Central 1. No market exists for shares of Central 1 except that they may be surrendered on withdrawal from membership for proceeds equal to the paid-in value, to be received in accordance with Central 1 by-law providing for the redemption of its share capital. In addition, the member credit unions are subject to additional capital calls at the discretion of the Board of Directors of Central 1.

In addition to the above, Central 1 Class A shares are subject to an annual rebalancing mechanism and are issued and redeemable at par value.

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

7. **Property and equipment**

	<i>Land</i>	<i>Paving</i>	<i>Buildings</i>	<i>Computer equipment</i>	<i>Furniture and equipment</i>	<i>Total</i>
Cost						
Balance December 31, 2023	482,040	497,311	8,328,910	527,582	2,009,939	11,845,782
Additions	-	-	141,725	21,098	244,674	407,497
Disposals	-	-	-	-	(273,163)	(273,163)
Balance at December 31, 2024	482,040	497,311	8,470,635	548,680	1,981,450	11,980,116
Additions	-	-	-	178,760	154,654	333,414
Disposals	-	-	-	(88,317)	(224,877)	(313,194)
Balance at December 31, 2025	482,040	497,311	8,470,635	639,123	1,911,227	12,000,336
Accumulated depreciation						
Balance December 31, 2023	-	446,999	5,390,116	470,209	1,704,378	8,011,702
Depreciation	-	13,125	184,540	43,000	59,834	300,499
Disposals	-	-	-	-	(272,700)	(272,700)
Balance at December 31, 2024	-	460,124	5,574,656	513,209	1,491,512	8,039,501
Depreciation	-	13,124	187,689	20,639	94,141	315,593
Disposals	-	-	-	(18,443)	(219,114)	(237,557)
Balance at December 31, 2025	-	473,248	5,762,345	515,405	1,366,539	8,117,537
Net book value						
At December 31, 2024	482,040	37,187	2,895,979	35,471	489,938	3,940,615
At December 31, 2025	482,040	24,063	2,708,290	123,718	544,688	3,882,799

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

8. Income taxes

The applicable tax rate is the aggregate of the federal income tax rate of 15% (2024 - 15%) and the provincial tax rate of 12% (2024 - 12%).

Deferred income tax expense recognized in profit

The deferred income tax expense recognized in profit for the current year is a result of the following changes:

	2025	2024
Deferred tax asset (liability)		
Property and equipment	175,651	187,133
Allowance for impaired loans	426,266	419,152
Software	(59,188)	(36,788)
	542,729	569,497
Deferred tax expense (recovery)		
Property and equipment	11,482	34,051
Book of accounts	-	(10,426)
Allowance for impaired loans	(7,114)	(420,867)
Software	22,400	5,213
	26,768	(392,029)

Reconciliation between income tax expense and pre-tax net profit

	2025	2024
Income before income taxes	4,036,501	4,100,052
Income tax expense calculated at 27%	1,089,855	1,107,014
Effect of non-deductible items	22,647	4,223
Effect of the difference between amortization for accounting and tax	(60,454)	(3,562)
Effect of the difference between reserves for accounting and tax	(17,957)	(37,637)
Preferred rate deduction for credit unions	(12,419)	(22,601)
Small business deduction	(23,597)	(42,942)
Other	(17,597)	21,077
Income tax expense	980,478	1,025,572

9. Deposits from members

	2025	2024
Savings	138,088,866	136,097,290
Chequing	119,698,692	115,268,807
Term deposits	33,837,090	39,720,577
Registered plans	25,608,365	26,316,903
Tax free savings	20,979,978	19,552,306
Accrued interest	1,232,170	1,445,322
	339,445,161	338,401,205

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

10. Membership shares

	Liability	Equity
As at December 31, 2023	118,755	1,068,792
Shares redeemed, net	-	(52,133)
Transfers	(5,214)	5,214
<hr/>		
As at December 31, 2024	113,541	1,021,873
Shares redeemed, net	-	(17,638)
Transfers	(1,763)	1,763
<hr/>		
As at December 31, 2025	111,778	1,005,998

As a condition of membership, which is required to use the services of the Credit Union, each member is required to hold a minimum number of Class A equity shares. The Credit Union may issue an unlimited number of Class A equity shares, which have a par value of \$1 each.

These shares are redeemable at par when a membership is withdrawn or from time to time, subject to certain restrictions. These restrictions limit the maximum amount of membership shares that can be redeemed in a financial year to 10% of the membership shares issued and outstanding on the last day of the immediately preceding financial year. Dividends are at the discretion of the Board of Directors.

The Credit Union Deposit Insurance Corporation of British Columbia (CUDIC) does not insure funds invested by the members in membership shares.

11. Capital management

The Board approves annually the capital management policy and the annual business plan. This policy outlines the Credit Union's overall objectives and guidelines to ensure that the Credit Union has the required quantity, quality and appropriate composition of capital needed to address the inherent risks of the Credit Union and to support the current and future operating plans.

The Financial Institutions Act requires the Credit Union to maintain, at all times, a capital base which is adequate in relation to the business carried on. The level of capital required is based on a prescribed percentage of the total value of risk-weighted assets, each asset of the Credit Union being assigned a risk factor based on the probability that a loss may be incurred on the ultimate realization of that asset. Management considers capital to be comprised of the net assets of the Credit Union and all components of member equity on the same risk weighted basis as is prescribed by the Financial Institutions Act and which amounts to \$104,929,333 as at December 31, 2025 (December 31, 2024 - \$118,275,374).

The Financial Institutions Act regulations prescribe that the minimum required capital base ratio is 8%. As at December 31, 2025, the Credit Union has a capital base ratio of 38.46% (December 31, 2024 - 31.78%).

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

12. Related party transactions

Key management personnel, directors and their related parties have transacted with the Credit Union during the year as follows:

	2025 Maximum balance	2025 Closing balance	2024 Maximum balance	2024 Closing balance
Loans to members	4,705,972	3,758,427	4,465,912	3,649,553
Deposits from members	-	487,354	-	953,438
Membership shares	-	2,245	-	2,306
	4,705,972	4,248,026	4,465,912	4,605,297

All staff (not directors) are eligible for a "staff rate" on loans and mortgages based on the Canada Revenue Agency prescribed rate. The interest rates charged on balances outstanding from directors and their related parties are the same as those charged in an arm's length transaction. Loan and mortgage balances are secured as per the Credit Union lending policies. There was no allowance for impaired loans required in respect of these loans as at December 31, 2025.

Key management personnel and their related parties (comprised of the CEO, and two (2024 - three) other individuals) received compensation in the year, which is comprised of:

	<i>Chief</i> <i>Executive</i> <i>Officer</i>	<i>Other key</i> <i>management</i> <i>personnel</i>	2025	2024
Salaries and other short-term employee benefits	567,662	184,825	752,487	763,694
Post-employment benefits	2,600	552	3,152	2,957
	570,262	185,377	755,639	766,651

In addition to key management personnel's salaries, these employees participate in the defined contribution plan of the Credit Union, which provides certain benefits to employees upon retirement.

The Credit Union's employee compensation programs are aligned with its Compensation Philosophy, which applies to the CEO and all other employees. The Credit Union's vision, values and strategy provide guidance for designing employee reward programs and they consider five dimensions of organization success: community, member, financial, employee and operational. The purpose of total rewards at Lake View Credit Union is to attract and retain the level of employee experience and performance needed to be sustainably successful.

The Credit Union's rewards offer includes:

- Financial: cash compensation and other programs that support financial security;
- Benefits and Insurance: programs to manage ongoing health expenses and provide insurance;
- Community / Health and Well-Being: programs to encourage healthy living and community building; and
- Development: programs to support personal and career-oriented learning and development.

Total rewards program spending will be market competitive: cash compensation spending will rise to the 75th percentile when stretch performance targets are achieved. It is management's opinion that the market for assessing competitiveness is comparable credit unions in Western Canada and other employers that compete for talent with Lake View Credit Union.

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

12. Related party transactions *(Continued from previous page)*

Directors received the following amounts for serving the Credit Union:

	2025	2024
Directors' expenses	18,814	22,673
Directors' remuneration	39,949	39,517
	58,763	62,190

13. Fair value measurements

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

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

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

The Credit Union considers a fair value measurement to have transferred between the levels in the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2, as well as no transfers into or out of Level 3 during the period.

In determining fair value measurements, the Credit Union uses the following valuation techniques:

- i. the fair values of cash and cash equivalents, other assets and other liabilities are assumed to approximate their carrying values, due to their short-term nature.
- ii. the fair value of investments is based on quoted market values where available (see the fair value hierarchy above). Where no quoted market price is available, the following assumptions were used to determine the fair value: the market price for instruments with the same terms and conditions is used. Where the Credit Union has concluded that the fair value cannot be reliably measured, including Truvera, Central 1, Stabilization Central Credit Union and CUPP Services Ltd. shares which total \$1,909,964 (2024 - \$3,107,182) the cost approximates fair value as these shares do not have a quoted market price in an active market.
- iii. the estimated fair value of floating rate loans and floating rate deposits is assumed to be equal to carrying value as the interest rates on these loans and deposits reprice to market on a periodic basis.
- iv. the estimated fair value of fixed rate loans, and fixed rate deposits is determined by discounting the expected future cash flows of these loans, deposits and capital accounts at current market rates for products with similar terms and credit risks.
- v. the fair value of derivative financial instruments is calculated based on valuation techniques using inputs reflecting market conditions at a specific point in time and may not be reflective of future fair values.

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

13. **Fair value measurements** (Continued from previous page)

Assets and liabilities measured at fair value

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

<i>In \$ thousands</i>	<i>Fair Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2024 Level 3</i>
Financial assets at fair value through profit or loss				
Cash	5,376	5,376	-	-
Equity investments	3,107	-	-	3,107
	8,483	5,376	-	3,107
Financial assets at fair value through other comprehensive income				
Portfolio investments	30,845	-	30,845	-

<i>In \$ thousands</i>	<i>Fair Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2025 Level 3</i>
Financial assets at fair value through profit or loss				
Cash	12,926	12,926	-	-
Equity investments	1,910	-	-	1,910
	14,836	12,926	-	1,910
Financial assets at fair value through other comprehensive income				
Portfolio investments	31,887	-	31,887	-

Financial instruments not measured at fair value

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

<i>In \$ thousands</i>	<i>Carrying amount</i>	<i>Fair Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>2024 Level 3</i>
Financial assets at amortized cost					
Term deposits	98,237	98,237	-	98,237	-
Loans to members	231,678	227,179	-	227,179	-
	329,915	325,416	-	325,416	-
Financial liabilities at amortized cost					
Deposits from members	338,401	337,637	-	337,637	-
Other liabilities	1,343	1,343	-	1,343	-
	339,744	338,980	-	338,980	-

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

13. **Fair value measurements** (Continued from previous page)

<i>In \$ thousands</i>	Carrying amount	Fair Value	Level 1	Level 2	Level 3
2025					
Financial assets at amortized cost					
Term deposits	106,197	106,197	-	106,197	-
Loans to members	219,976	217,886	-	217,886	-
	326,173	324,083	-	324,083	-
Financial liabilities at amortized cost					
Deposits from members	339,445	340,001	-	340,001	-
Other liabilities	1,198	1,198	-	1,198	-
	340,643	341,199	-	341,199	-

14. **Financial instruments**

The Credit Union, as part of its operations, carries a number of financial instruments which result in exposure to the following risks: credit risk, market risk, liquidity risk and interest rate risk.

Accordingly, the Credit Union has established avoidance of undue concentrations of risk, hedging of risk exposures, and requirements for collateral to mitigate credit risk as risk management objectives. In seeking to meet these objectives, the Credit Union follows risk management policies approved by its Board of Directors.

The Credit Union's risk management policies and procedures include the following:

- Ensure all activities are consistent with the mission, vision and values of the Credit Union
- Balance risk and return
- Manage credit, market and liquidity risk through preventative and detective controls
- Ensure credit quality is maintained
- Ensure credit, market, and liquidity risk is maintained at acceptable levels
- Diversify risk in transactions, member relationships and loan portfolios
- Price according to risk taken, and
- Using consistent credit risk exposure tools.

Various Board of Directors committees are involved in financial instrument risk management oversight, including the Audit & Risk Committee and Investment & Lending Committee.

There have been no significant changes from the previous year in the Credit Union's risks to which it is exposed or its general policies and procedures for managing risk.

Credit Risk

Credit risk is the risk of financial loss to the Credit Union if a counterparty to a financial instrument fails to make payments of interest and principal when due. The Credit Union is exposed to credit risk from claims against a debtor or indirectly from claims against a guarantor of credit obligations. Overall monitoring and processes will change as deemed necessary in response to the rising interest rates.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Credit Union. As at December 31, 2025, the Credit Union's maximum exposure to credit risk without taking into account any collateral held or any other credit enhancements, which will cause financial loss to the Credit Union due to failure to discharge an obligation by the counterparties and financial guarantees provided by the credit union arise from:

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

Credit Risk *(Continued from previous page)*

- the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called up, irrespective of the likelihood of the guarantee being exercised.

In order to minimize credit risk, the Credit Union has tasked its management credit committee to develop and maintain the Credit Union's credit risk ratings to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Credit Union's own trading records to rate its major customers and other debtors. The Credit Union's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Credit Union's current credit risk grading framework comprises the following categories:

<i>Category</i>	<i>Description</i>	<i>Basis for recognizing</i>
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL- not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL- not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Credit Union has no realistic prospect of recovery	Amount is written off

As at year-end, the Credit Union had the following outstanding financial instruments subject to credit risk:

	2025	2024
Unadvanced lines of credit	20,636,035	19,570,644
Off-balance sheet loans granted through Canada Emergency Business Account	275,000	335,000
	20,911,035	19,905,644

Lake View Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

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

Credit Risk *(Continued from previous page)*

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9 *Financial instruments*. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount.

Except as noted below, the gross carrying amount represents the maximum exposure to credit risk for that class of financial asset.

	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	2024 Total
Personal				
Credit score > 660: Low risk	155,610,455	-	-	155,610,455
Credit score 660 - 430: Moderate risk	-	4,577,584	-	4,577,584
Credit score < 430: High risk	-	-	238,967	238,967
Total gross carrying amount	155,610,455	4,577,584	238,967	160,427,006
Less: loss allowance	192,656	26,068	56,322	275,046
	155,417,799	4,551,516	182,645	160,151,960
Commercial				
Internal risk rating 1-4: Low risk	70,539,516	-	-	70,539,516
Internal risk rating 5-7: Moderate risk	-	2,817,247	-	2,817,247
Internal risk rating 8-10: High risk	-	-	-	-
Total gross carrying amount	70,539,516	2,817,247	-	73,356,763
Less: loss allowance	1,367,240	463,071	-	1,830,311
	69,172,276	2,354,176	-	71,526,452
Total loans to members				
Total gross carrying amount per above	226,149,971	7,394,831	238,967	233,783,769
Less: loss allowance	1,559,896	489,139	56,322	2,105,357
	224,590,075	6,905,692	182,645	231,678,412
Investment securities				
Rating AAA-BBB: Low risk	121,560,768	-	-	121,560,768
Unrated	3,107,182	-	-	3,107,182
Total gross carrying amount	124,667,950	-	-	124,667,950

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For the year ended December 31, 2025

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

Credit Risk (Continued from previous page)

	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	2025 Total
Personal				
Credit score > 660: Low risk	156,968,375	-	-	156,968,375
Credit score 660 - 430: Moderate risk	-	4,902,666	-	4,902,666
Credit score < 430: High risk	-	-	116,449	116,449
Total gross carrying amount	156,968,375	4,902,666	116,449	161,987,490
Less: loss allowance	444,303	16,094	30,738	491,135
	156,524,072	4,886,572	85,711	161,496,355
Commercial				
Internal risk rating 1-4: Low risk	56,603,100	-	-	56,603,100
Internal risk rating 5-7: Moderate risk	-	3,502,801	-	3,502,801
Internal risk rating 8-10: High risk	-	-	-	-
Total gross carrying amount	56,603,100	3,502,801	-	60,105,901
Less: loss allowance	1,390,557	235,511	-	1,626,068
	55,212,543	3,267,290	-	58,479,833
Total loans to members				
Total gross carrying	213,571,475	8,405,467	116,449	222,093,391
Less: loss allowance	1,834,860	251,605	30,738	2,117,203
	211,736,615	8,153,862	85,711	219,976,188
Investment securities				
Rating AAA-BBB: Low risk	125,383,953	-	-	125,383,953
Unrated	1,909,964	-	-	1,909,964
Total gross carrying amount	127,293,917	-	-	127,293,917

As at December 31, 2025, the maximum exposure to credit risk with respect to loans to members without taking into account collateral held or other credit enhancements is \$242,729,426 (2024 - \$253,354,413). The Credit Union holds senior-ranking general security claims and property backed personal financial guarantees with respect to members' loan receivable.

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Notes to the Financial Statements
For the year ended December 31, 2025

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

Credit Risk *(Continued from previous page)*

Reconciliation of the allowance for impaired loans

The following tables show a reconciliation of the opening to the closing balance of the loss allowance.

	<i>12-month ECL</i>	<i>Lifetime ECL (not credit impaired)</i>	<i>Lifetime ECL (credit impaired)</i>	<i>Total</i>
Balance at December 31, 2023	1,543,895	467,852	12,249	2,023,996
Provision for allowance for impaired loans	16,001	21,287	60,698	97,986
Amounts recovered	-	-	68,912	68,912
Amounts written off	-	-	(85,537)	(85,537)
Balance at December 31, 2024	1,559,896	489,139	56,322	2,105,357
Provision for allowance for impaired loans	274,964	(237,534)	(895)	36,535
Amounts recovered	-	-	867	867
Amounts written off	-	-	(25,556)	(25,556)
Balance at December 31, 2025	1,834,860	251,605	30,738	2,117,203

Credit quality of loans

A breakdown of the loan portfolio by security held is as follows:

	<i>2025</i>	<i>2024</i>
Unsecured loans	5,755,649	3,794,001
Loans secured by cash, marketable securities, and otherwise	14,311,612	12,368,256
Mortgages insured by government - CMHC	57,108,409	59,618,272
Loans and mortgages secured by real estate	144,917,721	158,003,240
	222,093,391	233,783,769

Liquidity risk

The business of the Credit Union necessitates the management of liquidity risk. Liquidity risk is the risk that the Credit Union will be unable to pay obligations when they fall due, including the withdrawal of members' deposits or the funding of loans to members.

The Credit Union's liquidity management practices are governed by the Credit Union's Liquidity Risk Management Policy which defines requirements for: the type and minimum levels of assets held to manage liquidity risk; the use of liquidity projections; the monitoring of significant deposits and loan commitments; lines of credit with Central 1 and regular reporting of actual liquidity levels against policy minimums to the Board of Directors. The Credit Union has available lines of credit with Central 1 in the amounts of \$3,000,000 CDN and \$100,000 USD, and a demand loan with Central 1 in the amount of \$8,100,000 CDN to cover shortfalls in cash resources. These lines of credit and demand loan bear interest at the overnight bank rate plus 0.75% when drawn and at prime plus 2% on funds advanced in excess of the above limits.

These lines of credit, term loan and letter of credit are secured by an assignment of book debts and a general security agreement covering all assets of the Credit Union.

Contractual maturities of financial liabilities are shown under interest rate risk. The Credit Union has no material commitments for capital expenditures.

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

Market risk

Market risk is the risk of loss that may arise from change in market factors such as interest rates and foreign exchange rates. The Credit Union is exposed to this market risk in its investing and asset/liability management activities.

Senior management is responsible for managing market risk in accordance with the Credit Union's internal policy. Senior management reports monthly to the Board its compliance with the policy and regulatory requirements; dollar volume and yields of all investments by investment category; and the particulars of all investment transactions entered into by the Credit Union. All exceptions noted are to be reported to the Board.

The Board is responsible for monitoring significant variances and ensuring that corrective measures are implemented.

Interest rate risk

Interest rate risk arises mainly from the different re-pricing dates of cash flows associated with interest sensitive assets and liabilities. Certain products have embedded options, such as, loan prepayment and deposit redemption, which also impact interest rate risk.

Risk measurement

The Credit Union measures its interest rate risk on a quarterly basis. Measures include the sensitivity of financial margin and equity value to changes in rates, duration parameters, as well as simulation modelling.

Objectives, policies and procedures

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

Schedules of matching and interest rate vulnerability are regularly prepared and monitored by Credit Union management and reported to the Board on a quarterly basis. Board reports are then submitted to BCFSA on a monthly basis.

The Credit Union's potential risk due to changes in interest rates is provided below. All interest rate risk measures are based upon interest rate exposure at a specific time and continuously change as a result of business activities and the Credit Union's risk management initiatives.

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Notes to the Financial Statements
For the year ended December 31, 2025

14. Financial instruments (Continued from previous page)

Interest rate risk (Continued from previous page)

In \$ thousands	Less than three months	Three months to one year	One to five years	Non-Interest Sensitive	2025	2024
Assets						
Cash and cash equivalents	25,626	-	-	-	25,626	12,897
Average yield	2.37 %	-	-	-	2.37 %	3.40 %
Investments	12,251	32,533	80,600	1,910	127,294	124,668
Average yield	2.94 %	3.27 %	3.21 %	-	3.14 %	3.38 %
Loans to members	40,370	44,440	135,166	-	219,976	231,678
Average yield	4.90 %	4.22 %	4.42 %	-	4.50 %	4.78 %
	78,247	76,973	215,766	1,910	372,896	369,248
Liabilities						
Deposits from members and shares	73,188	24,725	22,030	219,614	339,557	338,515
Average yield	1.32 %	3.30 %	3.92 %	-	0.95 %	1.17 %
Other liabilities	-	-	-	1,086	1,086	1,230
	73,188	24,725	22,030	220,700	340,643	339,631
Net sensitivity	5,059	52,248	193,736	(218,790)	32,253	29,617

An analysis of the Credit Union's risk due to changes in interest rates determined that a 1% increase in interest rates, with all other variables held constant, would result in an increase in net income before income taxes of \$218,000 a 1% decrease in interest rates, with all other variables held constant, would result in a decrease in net income of \$334,000.

Foreign currency risk

Foreign currency exchange risk refers to the potential impact of changes in foreign exchange rates on the Credit Union's earnings when balances or currencies of its foreign currency liabilities are not matched with the balances of its foreign currency assets. The Credit Union's foreign exchange risk is related to USD deposits.

As at December 31, 2025, the Credit Union's foreign currency exchange risk was not significant.