

2025

ANNUAL REPORT





Mutual funds and other securities are offered through Aviso Wealth, a division of Aviso Financial Inc. Envision Financial Wealth Management, Valley First Wealth Management and Island Savings Wealth Management are divisions of FW Wealth Management Ltd. which is a wholly owned subsidiary of First West Credit Union. FW Wealth Management Ltd. is a licensed life insurance agency offering financial planning, life insurance and investments.

Unless otherwise stated, mutual fund securities and cash balances are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer that insures deposits in credit unions.

Aviso Wealth Inc. ('Aviso') is a wholly owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. The following entities are subsidiaries of Aviso: Aviso Financial Inc. (including divisions Aviso Wealth, Qtrade Direct Investing, Qtrade Guided Portfolios, Aviso Correspondent Partners), Aviso Insurance Inc., Credential Insurance Services Inc., and Northwest & Ethical Investments L.P.

Awards & Recognition



Other awards and honorable mentions

2025 Winner

BCs Top 100 Employer Award

2025 Nominee

Untapped Workplace Inclusion Award in the Inclusive Culture Champion category

2024 Winner

Canadian Workplace Well-Being Award,
The Canadian Positive Psychology Association

2024

First West Credit Union Honored with Black Women Business Network Partnership Award for Leading Equity Initiatives in the Finance Sector

2023 Winner

5-Star Psychological Safety, Canadian Occupation Safety

Six-year recipient

Aviso Wealth Practice Standards Recognition Program

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First West is grateful every day for the privilege of serving its members on the traditional and ancestral homelands of First Nations.

Our Envision Financial division operates on the territory of Coast Salish peoples, specifically the S'ólh Téméxw (Stó:lō), Nuxwsa'7aq (Nooksack), Kwantlen, šxʷməθkʷəyəmaʔt təməxʷ (Musqueam), Stz'uminus, sǰəciyáʔt təməxʷ (Katzie), Nłeʔkepmx Tmíxʷ (Nlaka'pamux), Semiahmoo, sǰəwaθenaʔt təməxʷ (Tsawwassen), Á,LEŅENEŹ ŁTE (W̱SÁNEĆ) and ɣà'isla w̱ áwís (Haisla).

Our Valley First division operates on the territory of Secwepemcúl'ecw (Secwépemc), Syilx tmixʷ (Okanagan), and Nłeʔkepmx Tmíxʷ (Nlaka'pamux) Peoples.

Our Island Savings division operates on the territory of Coast Salish peoples, specifically the Snuneymuxw, Semiahmoo, Quw'utsun (Cowichan), MÁLEXEŁ (Malahat), Xwsepsum (Esquimalt) and Lkwungen (Songhees), Pacheedaht, Scia'new, Á,LEŅENEŹ ŁTE W̱SÁNEĆ, Stz'uminus, and sǰəwaθenaʔt təməxʷ (Tsawwassen) Peoples.

Our purpose of helping people in our communities flourish includes showing respect for and building relationships with Indigenous communities, in accord with the Truth and Reconciliation Commission of Canada's Calls to Action.

Management's Discussion and Analysis

1 BOARD CHAIR & CEO MESSAGE

The Next Chapter in Cooperative Banking

2025 marks an important moment for First West Credit Union. When Envision Financial and Valley First came together in 2010, we set out to build something unique in Canadian cooperative banking: a multi-brand credit union rooted in beloved local identities and strengthened by the scale of a larger organization. That bold decision shaped who we are today—a financial cooperative grounded in local care, backed by deep expertise, and focused on helping our members and communities flourish.

Over the past 15 years, our model has grown stronger. With the additions of Enderby & District Financial in 2013 and Island Savings in 2015, we've expanded to serve nearly 290,000 members and grown our assets under management to \$20 billion—double what they were when we began. We've also built a high-performance culture of 1,300 employees who continue to raise the bar, earning recognition as one of BC's Top Employers, a 5-Star Psychologically Safe Workplace and one of Canada's Most Admired Corporate Cultures.

Today, we're entering a new chapter of growth. Nearly five years after our members voted to pursue federal regulation, we're approaching that milestone. And in 2025, we began laying the foundation for a refreshed brand identity—one that will come to life through the experiences we create for members and how we show up consistently and confidently in the marketplace.

Creating More Value for Our Members

Many members faced significant financial pressures in 2025—especially those navigating mortgage renewals at much higher interest rates. More than 4,800 member households turned to us for guidance. In response, we

equipped our Member Advice Centre and branch teams with enhanced training and launched a dedicated mortgage retention team to ensure we supported members with timely expert advice.

Business members also experienced uncertainty due to unexpected international tariff hikes. To provide focused, practical help, we assembled a multi-disciplinary Tariff Task Force to support members through the changing environment, mitigating impacts where possible.

Advancing Our Digital Experience

We'll remember 2025 as a landmark year for technology, thanks to Microsoft Copilot. First West's Copilot deployment is built on Microsoft's trusted, secure cloud platform that features advanced data privacy, security and compliance capabilities. In only a few months, this new tool has become a daily sidekick: more than 90% of our team members actively used this powerful AI companion to work smarter, freeing up time to focus on what matters most, our members.

And we're preparing to take another major step forward. In 2026, we'll launch a new digital banking platform, including a redesigned public website, online banking and mobile app. Thanks to significant groundwork completed this year, the new platform will give us greater flexibility to evolve features and deliver improvements faster, so members can enjoy a seamless, modern digital banking and website experience.

We also strengthened our customer relationship management system with improved disclosures for product and service recommendations. This reflects our ongoing commitment to supporting members in making informed and truly valuable financial decisions.

Helping Our Communities Flourish

In 2025, we contributed \$2.2 million to charities across our local communities through the First West Foundation—a 12% disbursement rate, more than double the CRA requirement. Since 2010, our total community investment has reached \$42.1 million.

We also launched our inaugural Impact Report this year, which complements the Annual Report by highlighting the social impact and long-term value we generate beyond financial performance. It reflects our values in action, the lives we've touched and our commitment to building a better future through transparency, accountability and purpose-driven initiatives.



Shawn Neumann
Board Chair

An Ambitious Path Forward

Our strategy continues to move forward with purpose. Investments in next-generation digital tools, deeper relationship management and financial advisory practices, and a bold brand evolution are strengthening how we support members and communities—today and into the future.

As a values-driven cooperative, our vision remains clear: long-term prosperity and well-being for the people and communities we serve. On behalf of the First West executive team and the Board of Directors, thank you for your trust, your partnership and your continued loyalty.



Launi Skinner
Chief Executive Officer

2 MANAGEMENT'S RESPONSIBILITY

The accompanying statements of First West Credit Union have been prepared by management, which is responsible for their integrity, objectivity and reliability, as well as for selecting appropriate accounting policies that are consistent with generally accepted accounting principles in Canada. The financial statements necessarily include some amounts that are based on estimates and judgments of Management with appropriate consideration to materiality.

The financial information presented elsewhere in this annual report is consistent with the information in the financial statements, unless otherwise noted.

The credit union's accounting and internal control systems and supporting procedures are designed and maintained to provide reasonable assurance, that financial records are complete, reliable and accurate, and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well-defined division of responsibilities, and accountability for performance. In addition, the systems include policies and standards of business conducted that are communicated throughout the

organization to prevent conflicts of interest and unauthorized disclosure of information.

The credit union's Board of Directors, acting through its Audit and Conduct Review Committee, and Risk, Investment and Loan Committee, oversees Management's responsibilities for the financial reporting and internal control systems. Our internal auditors review our systems and periodically are asked to undertake in-depth system reviews of specific functional operations. The British Columbia Financial Services Authority may conduct an examination and make such inquiries into the affairs of the credit union as they may deem necessary to satisfy themselves that the provisions of the appropriate legislation are being duly observed and that the credit union is in sound financial condition.

KPMG LLP, the independent auditors appointed by the members, have examined our consolidated financial statements and issued their report, which follows. The auditors have full and complete access to, and meet periodically with, the Audit and Conduct Review Committee to discuss their audit and matters arising therefrom.



Launi Skinner
Chief Executive Officer



Mark Moreland
Chief Financial & Strategy Officer

3 DISCLAIMER ON FORWARD-LOOKING STATEMENTS

From time to time, First West Credit Union (First West) makes written and verbal forward-looking statements. Statements of this type are included in the annual report and reports to members and may be included in filings with regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about First West's objectives and strategies, targeted and expected financial results, and the outlook for First West's businesses or for the Canadian economy.

Forward-looking statements are typically identified by, but not limited to, the words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "predict", "may increase", "may impact", "goal", "focus", "potential", "strive", "commit", "target", "proposed" and other similar expressions, or future or conditional verbs such as "will", "may", "should", "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that Management's predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that its assumptions may not be correct and that its strategic goals will not be achieved. There is inherently more uncertainty associated with our assumptions as compared to prior periods, given the continuing impact of inflation, changes in interest rates, uncertain political conditions in the U.S., and the impact of the war in Ukraine and the conflict in the Middle East on the global economy, financial markets, and our business, results of operations, reputation and financial condition.

A variety of factors, many of which are beyond First West's control, affect our operations, performance and results, and may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to: trade policies and tensions, including tariffs; inflationary pressures; global supply-chain disruptions;

geopolitical risk, including the war in Ukraine and conflict in the Middle East, the occurrence, continuance or intensification of public health emergencies, and any related government policies and actions; the possible impact on First West's business and operations of public health emergencies, outbreak of other diseases or illnesses and any related government policies that affect local, national or international economies, general business and economic conditions in Canada, including housing market conditions; the volatility and level of liquidity in financial markets; credit, market, strategic, insurance, operational, reputation, conduct and legal, regulatory and environmental risk; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions, and interest rate and liquidity regulatory guidance; changes to our credit ratings; fluctuations in interest rates and currency values; the effectiveness and adequacy of our risk management and valuation models and processes; the volatility and level of various commodity prices; changes in monetary policy, economic and political conditions and developments, including changes relating to economic or trade matters; the possible effect on our business of international conflicts, such as the war in Ukraine and conflict in the Middle East, and terrorism; natural disasters, disruptions to public infrastructure and other catastrophic events; legislative and regulatory developments; regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines); legal developments; the level of competition; changes in accounting standards and policies; reliance on third parties to provide components of our business infrastructure; increasing cybersecurity risks that may include theft or disclosure of assets, unauthorized access to sensitive information, or operational disruption; social media risk; losses incurred as a result of internal or external fraud; the accuracy and completeness of information First West receives about customers and counterparties; the failure of third parties to comply

with their obligations to First West and its affiliates or associates; intensifying competition from established competitors and new entrants in the financial services industry including through Internet and mobile banking; technological change including the use of data and artificial intelligence in First West's business; general business and economic conditions worldwide, as well as in Canada, the U.S. and other countries where we have operations, including increasing Canadian household debt levels and global credit risks; the ability to attract and retain key personnel; the ability to complete and integrate acquisitions; changes in tax laws; technological developments; unexpected changes in consumer spending and saving habits; timely development and introduction of new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; our ability to attract and retain key employees and executives; climate change and other environmental and social risks and Management's ability to anticipate and manage the risks associated with these factors. This list is not exhaustive of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

Additional information about these factors can be found in the Risk Management section of this MD&A. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements, as a number of important factors could cause First West's actual results to differ materially from the expectations expressed in such forward-looking statements. Unless required by law, First West does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.

Assumptions about the performance of the Canadian economy over the forecast horizon and how it will affect First West's businesses are material factors considered when setting organizational objectives and targets. In determining expectations for economic growth, First West primarily considers economic data and forecasts provided by the Canadian government and its agencies, as well as certain private sector forecasts. These forecasts are subject to inherent risks and uncertainties that may be general or specific. Where relevant, material economic assumptions underlying forward-looking statements are disclosed within the outlook sections of this MD&A.

4 BUSINESS PROFILE AND ORGANIZATIONAL OVERVIEW

First West is one of Canada's leading member-owned financial cooperatives with over \$20 billion in total assets and assets under administration. Our core business is traditional banking, the provision of personal daily banking and financial advice, and business banking services and business advice. We strive to create real value for our members through low-cost daily account products, competitive lending facilities, segment-tailored service and financial advice, and innovative online and digital experiences.

Our collective size, strength and local expertise enables us to create greater value for our members and communities.

Find more information about First West and our multi-brand business model online at firstwestcu.ca.

Retail Financial Services

First West offers a full suite of personal banking services and products, including chequing and savings accounts, term deposits, loans, lines of credit, letters of credit, mortgages, credit cards and registered savings accounts.

As part of our core banking offering, our members also enjoy a simple yet intuitive online and mobile banking experience, and a member advice call centre outfitted with robust banking service and financial advice.

For our members' diverse wealth management needs, First West has access to comprehensive investment advice and products (through its partner, Aviso Wealth), as well as wealth and income protection.

Commercial and Business Financial Services

We offer a full suite of banking services and products for small- and medium-sized businesses, including chequing and savings accounts, term deposits, loans, lines of credit, letters of credit, mortgages, credit cards, merchant services and payment solutions.

Advice-Centred Member Experience

We anchor competitive financial products and services with expert advice. Members' financial goals—in any stage of life or business—are our goals. Our advisors use their accredited knowledge and skills to create a holistic, advice-centred experience.

Our Strategy

First West takes an emergent approach to strategy to handle the rapid pace of change in our world. The emergent mindset enables the credit union to adapt quickly to changes in its marketplace while more readily fostering spontaneous innovation that can be harnessed to create member-centred products, services and advice.

Our 2024 – 2028 strategy is fluid and flexible yet anchored by four critical themes (which we refer to as strategic pillars) aligned to our purpose and values. The pillars help direct and define the scope of all strategic activities we undertake to build First West's strength and sustainability.

In 2025, we advanced several strategic initiatives in preparation for the credit union's next chapter of growth. This foundational work included substantial investment in a new, next-generation digital banking platform, data enabled member relationship management, simplified member onboarding experiences and refreshed brand identity work. These initiatives position us to enhance advice delivery and make banking more intuitive and accessible. We also developed important benchmarks that will play a key role in guiding the organization in delivering on our audacious goal of improving our members' financial health.

PURPOSE

TOGETHER, WE CREATE A FUTURE WHERE EVERYONE CAN FLOURISH.

We're redefining what banking can do for people, our local communities and our world.

We connect people to education, advice and tools so they have the opportunity and confidence to build a life they love. Through partnerships and collaboration, we make sure their successes are shared and amplified within our communities.

STRATEGIC PILLARS

People & Culture

Advance an inclusive environment where everyone flourishes, contributes to the success of the organization, and makes a meaningful impact.

Member Value

Redefine what is possible when people and technology intersect to deliver advice that improves financial health and confidence.

Financial Strength

Deepen member relationships while building a resilient balance sheet to drive growth.

Empowered by Technology

Apply forward-looking solutions to deliver the best advice and experience to the most members.

AUDACIOUS GOAL

BY 2028, WE WILL BE KNOWN AS THE LEADING FINANCIAL COOPERATIVE IN CANADA WHERE:

- 1. Members'** financial health outperforms the rest of Canada when it comes to planning, practices and confidence.
- 2. Team Members** are equipped to face an increasingly complex world.
- 3. Communities** are more resilient and have experienced the greatest economic growth in Canada.
- 4. Partners** see us as leader of change who is committed to making a difference.

Executing Our Strategy: First West Business Model Overview

Our structure enables our divisions to apply customized operational initiatives to meet the unique conditions of their local markets. Our four locally known and trusted brands are:

- **Island Savings** (serving Vancouver Island and Gulf Island communities)
- **Envision Financial** (serving the Lower Mainland, Fraser Valley and North Coast communities)
- **Valley First** (serving Southern Interior communities)
- **Enderby & District Financial** (serving North Okanagan communities)

These brands operate under the direction of three regional presidents. With strategic direction from the First West Leadership Team, the regional presidents and their local management teams direct and grow divisional business segments: retail banking, business and commercial banking, and wealth management. The following leaders comprise the First West Leadership Team:

- **Launi Skinner**
Chief Executive Officer
- **Mark Moreland**
Chief Financial & Strategy Officer
- **Shelley Besse**
Chief Credit Officer
- **Paul Brodeur**
Chief Operating Officer
- **Leslie Castellani**
Chief Governance & Corporate Affairs Officer
- **Darrell Jagers**
Chief Transformation Officer
- **Carl Lamoureux**
Chief Risk Officer
- **Margo Lawrence**
Senior Vice-President, People & Culture

First West supports its branch and channel network through the provision of corporate shared services and programs that build solutions for members and improve operational efficiency. These include treasury and financial management, information technology and cybersecurity, credit and credit recovery, risk management, human resources, operations, and marketing and communications. By providing operational support and strategic oversight, First West enables its network to deliver tailored financial services and advice that helps simplify our members' lives.

Advancing Our Sustainability and Commitment to Meaningful Impact

The environment in which First West operates is diverse and increasingly complex, requiring better understanding and measurement of our business in terms of financial performance, risk and impact on local and regional communities. It is crucial that we are well-positioned for a stronger and more sustainable future—for our members, employees, and communities.

First West aims to grow, innovate, and lead in the financial sector while staying true to cooperative principles and positively impacting communities. Our approach to impact focuses on sustainable growth, fostering innovation and maintaining leadership in the industry, all while ensuring that our actions benefit our members and the broader community.

Details on our efforts to make meaningful change and progress toward a more sustainable future can be found in our Impact Report.

Keeping a Good Thing Growing

First West's federal continuance journey is progressing positively. The Office of the Superintendent of Financial Institutions (OSFI) is now in the final stages of reviewing our application, and we are pleased to report that we have addressed all their recommendations required for continuance. The delay in reviewing our file, which began in the latter half of 2024 and continued until the summer of 2025, was primarily

due to challenging economic headwinds, including an unstable interest rate environment that created uncertainty and volatility.

First West remains committed to becoming a federal credit union, and the work we've done to date has made First West stronger and even more rooted, for the good of our members and the cooperative movement.

An overview of the completed and remaining steps to federal continuance include:

- ✓ Board of Directors asks Management to analyze the risks and opportunities of becoming federally regulated. (Completed)

- ✓ First West submits pre-application to OSFI. (Completed)

- ✓ OSFI reviews pre-application and engages in initial round of meetings with First West. (Completed)

- ✓ OSFI holds business plan review session with First West and issues Expectations Letter to First West Board of Directors. (Completed)

- ✓ Board of Directors considers Expectations Letter and decides whether to present special resolutions to membership. (Completed)

- ✓ Members vote on federal continuance. (Completed)

- ✓ First West submits application to BCFSa and CUDIC. (Completed)

- ✓ BCFSa undertakes public consultation. (Completed)

- ✓ BCFSa and CUDIC considers First West's business case for continuance. First West requires BCFSa and CUDIC consent to proceed. (Completed)

- ✓ First West submits formal application to OSFI. (Completed)

If the application meets the requirements as per the *Bank Act* and all applicable regulations, guidelines, the federal Minister of Finance will review the application and render her or his decision on the issuance of the Order for Letters Patent of Continuance.

If the Minister approves the application, First West Credit Union will commence its operations as a federal credit union.

First West is well positioned to become federally regulated and has already realized important benefits during its federal continuance journey, including:

Funding growth

First West gained access to capital markets across Canada, which supports the credit union's growth goals and enables funding larger deals for business and commercial members.

Advancing a strong capital position

We adopted BASEL III Capital Measurements and implemented OSFI's Internal Capital Adequacy Assessment Process (ICAAP) early, bolstering a strong capital position that can help mitigate several challenges that may affect other financial institutions.

Reinforcing strong lending practices

OSFI B-20 residential mortgage practices were adopted in 2018, with full implementation in 2019. Since then, First West has funded \$7.2 billion in new and refinanced residential mortgages, all B-20 compliant. First West's strong underwriting practices resulted in low write-offs over time, in line with or below the industry average.

Enhancing member financial literacy

The credit union implemented robust FCAC consumer protection practices in 2023, including the new and rigorous complaints handling and management process, balance alerts and member discovery tool. Practices and tools such as these help ensure members can access, understand and use appropriate financial products.

Advancing cybersecurity

First West adopted OSFI's cybersecurity risk standards, further strengthening the credit union's security practices.

Adding top talent

Since starting work to become a federal credit union, we have attracted a broader range of skilled applicants from across Canada in critical areas such as cybersecurity, finance, risk management, commercial lending and digital services and technology, while providing compelling career paths for current employees. Many team members hired in member support roles specifically referenced First West becoming federally regulated as a reason they wanted to join the credit union.

For more information on First West's journey to become federally regulated, visit [**Becoming a federal credit union - First West Credit Union**](#).

5 FINANCIAL HIGHLIGHTS

\$14.8B

↑3.8%

Assets

\$13.0B

↑4.2%

Loans

\$11.9B

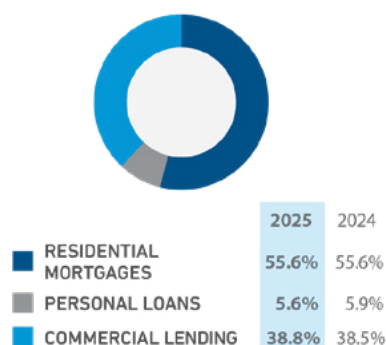
↑0.6%

Deposits

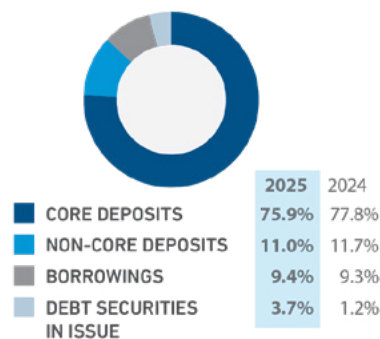
\$6.0B

↑12.5%

Wealth Assets Under Management



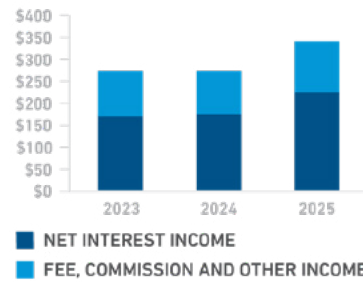
Loans by Lending Sector (%)



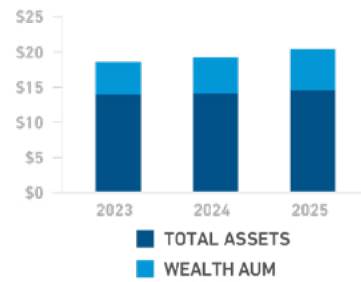
Total Funding Composition (%)



Profit/Loss (\$M)



Revenue Mix (\$M)



Total Assets and Wealth Under Management (\$B)

BBB (HIGH)

Trend: **NEGATIVE**

Credit Rating | Long-Term

R-1 (LOW)

Trend: **NEGATIVE**

Credit Rating | Short-Term

15.2%

Strong Regulatory Capital Ratio

TABLE 1 - FINANCIAL HIGHLIGHTS

(Expressed in thousands of dollars)	2025	2024	2023	2022	2021
Consolidated Statement of Financial Position					
Cash resources	276,115	297,124	476,910	278,119	449,807
Residential mortgages	7,235,225	6,947,761	6,629,387	6,134,272	5,492,331
Personal loans	739,467	739,865	740,474	770,645	742,317
Commercial loans	5,049,875	4,809,682	4,540,559	4,324,809	3,936,348
Accrued interest	27,770	26,900	26,230	22,546	14,782
Allowance for expected credit losses	(28,561)	(25,262)	(28,712)	(26,904)	(23,406)
Loans to members	13,023,776	12,498,946	11,907,938	11,225,368	10,162,372
Investments and other assets	1,333,423	1,290,201	1,676,795	1,612,107	1,865,994
Premises and equipment	168,627	176,569	172,176	188,629	194,533
Total assets	14,801,941	14,262,840	14,233,819	13,304,223	12,672,706
Demand deposits	5,203,465	4,929,985	4,738,562	4,876,501	5,297,094
Term deposits	4,962,619	5,159,355	5,618,949	5,121,219	4,383,518
Registered savings plans	1,593,930	1,568,211	1,465,849	1,314,767	1,279,707
Class A shares	5,469	5,392	5,383	5,416	5,538
Accrued interest and dividends	104,174	139,133	148,372	60,382	23,966
Deposits from members	11,869,657	11,802,076	11,977,115	11,378,285	10,989,823
Borrowings	1,290,275	1,226,564	922,402	691,818	586,227
Debt securities in issue	506,708	154,650	305,070	150,368	-
Other liabilities	219,067	198,521	147,474	193,528	200,485
Liabilities	13,885,707	13,381,811	13,352,061	12,413,999	11,776,535
Equity shares	19,613	20,762	22,443	24,020	26,137
Accumulated and other comprehensive income (loss)	(20,935)	(27,559)	(41,451)	(37,432)	2,487
Contributed surplus	-	163,651	163,651	163,651	163,651
Retained earnings	917,556	724,175	737,115	739,985	703,896
Total liabilities and members' equity	14,801,941	14,262,840	14,233,819	13,304,223	12,672,706
Allowance for Credit Losses					
Opening balance	25,262	28,712	26,904	23,406	43,592
Less: write-offs	(9,379)	(8,102)	(2,801)	(1,671)	(12,042)
Plus: provision (recovery)	12,678	4,652	4,609	5,169	(8,144)
Closing balance	28,561	25,262	28,712	26,904	23,406

TABLE 1 - FINANCIAL HIGHLIGHTS

(Expressed in thousands of dollars)	2025	2024	2023	2022	2021
Consolidated Statement of Profit or Loss					
Interest income	606,927	649,354	578,881	407,030	319,322
Interest expense	378,951	473,954	405,004	165,759	88,210
Net interest income	227,976	175,400	173,877	241,271	231,112
Recovery (provision) for credit losses	(12,678)	(4,652)	(4,609)	(5,169)	8,144
Fee, commission and other income	114,808	99,576	101,450	82,360	104,285
Operating margin	330,106	270,324	270,718	318,462	343,541
Operating expenses	291,750	285,880	274,905	274,543	259,841
Profit (loss) before income taxes	38,356	(15,556)	(4,187)	43,919	83,700
Income tax expense (recovery)	7,867	(3,587)	(2,368)	6,954	16,811
Profit (loss) for the year	30,489	(11,969)	(1,819)	36,965	66,889
Financial Statistics (expressed as %)					
Asset growth	3.8	0.2	7.0	5.0	4.0
Loan growth	4.2	5.0	6.1	10.5	11.2
Deposit growth	0.6	(1.5)	5.3	3.5	4.3
Operating efficiency	85.1	104.0	99.8	84.8	77.5
Dividends paid (\$000s)	914	1,169	1,301	1,055	611
Percentage of Average Assets					
Net interest income	1.56	1.23	1.27	1.85	1.87
Fee, commission and other income	0.79	0.70	0.74	0.63	0.84
Operating expenses	2.00	2.01	2.01	2.10	2.10
Operating margin	2.26	1.90	1.98	2.44	2.78
Profit (loss) for the year	0.21	(0.08)	(0.01)	0.28	0.54
Capital and Risk Weighted Assets					
Risk weighted assets (\$000s)	8,016,128	7,881,001	7,735,239	7,450,040	6,861,906
Total capital (\$000s)	1,216,533	1,187,786	1,191,103	1,027,527	999,207
Capital adequacy (%)	15.2	15.1	15.4	13.8	14.6
Return on capital (%)	2.5	(1.0)	(0.2)	3.6	6.7
Other Statistics					
Branches	45	45	45	45	45
Wealth assets under management (\$000s)	5,956,220	5,292,573	4,393,671	4,087,702	4,153,115
Average assets (\$000s)	14,621,105	14,224,275	13,700,290	13,059,723	12,352,123

PROFIT FOR THE YEAR**\$30.5 million**

Profit in 2025 was \$30.5 million, a \$42.5 million increase over the \$12.0 million loss in 2024. This increase was primarily due to the expected recovery in net interest income.

ASSETS**\$14.8 billion**

Asset growth was \$539.1 million or 3.8% in 2025, compared with 0.2% in 2024.

LOANS TO MEMBERS**\$13.0 billion**

Total loans to members increased by \$0.5 billion or 4.2% in 2025, compared with 5.0% in 2024. Residential mortgages and personal loans to members increased by \$287.1 million or 3.7%, while commercial lending grew by \$240.2 million or 5.0%.

DEPOSITS FROM MEMBERS**\$11.9 billion**

Deposits from members increased by \$67.6 million or 0.6% in 2025, compared with a decrease of 1.5% in 2024.

WEALTH ASSETS UNDER ADMINISTRATION**\$6.0 billion**

Wealth assets under administration increased by \$663.6 million or 12.5% in 2025, compared with a 20.5% increase in 2024.

MEMBERSHIP IN 2025

Membership grew by 2.2%, compared with growth of 2.0% in 2024.

6 MEMBER, EMPLOYEE AND COMMUNITY HIGHLIGHTS

Member Experience

Our purpose is to create a future where our members and communities flourish. We live out our purpose by connecting our members and communities to financial education, advice and tools that build their financial confidence. In 2025 we continued to elevate the member experience at First West through several advancements in our advice and digital capabilities.

Supporting Members Through Financial Challenges

Supporting members through persistent financial pressure remained one of our most important priorities. With thousands of members approaching mortgage renewals following a dramatic normalization of central bank target interest rates, our teams mobilized early to help members navigate new rates with confidence. For these members and their families, we provided clear, actionable guidance, taking the time to understand their circumstances and concerns.

In the same way we also provided support for members who joined the credit union through our mortgage broker channel. This involved standing up a Broker Mortgage Retention team focused on helping these members navigate renewal, as well as advising on and finding help with other financial needs they might have.

Advancing the Digital Banking Experience

First West is undertaking one of the largest technology transformations in its recent history with the building of a new digital banking platform, mobile app and modernized public website. When these platforms launch in 2026, members will get a faster, more intuitive and more consistent experience across every channel, with modern digital banking features and a fully mobile-first design. The platform will also boast stronger security that is compliant with OSFI guidelines, smoother onboarding and easier self-service, giving members even more freedom and flexibility in banking when and where they want.

The new platforms will also reduce technology complexity behind the scenes, enabling First West to deliver experience improvements faster to all members, regardless of which of our local brands they bank with. This transformational project also strengthens operational resilience and scalability, both of which are key to future growth and building the credit union's financial strength.

To ensure members and our teams are ready for this exciting change, we began a comprehensive and ongoing awareness campaign early in 2025.

Knowing Our Members Better for Always Better Advice

Providing financial advice is not simply a matter of offering financial products and services. While that is a key aspect of good advice, a strong relationship with the customer is the core foundation. That is why First West routinely invests in technology that makes it easier for our advisors to know and understand our members and their unique life circumstances.

In 2025, we focused on a comprehensive set of improvements to our cornerstone relationship management platform, Dynamics CRM. Enhancements included the launch of CRM Hypercare (a team that provides rapid troubleshooting and operational help with the Dynamics platform), better reporting and views of member data, and upgrades to workflows for more efficiency and reduction of unnecessary administrative tasks. These updates help advisors work more efficiently, giving them more time to focus on the members in front of them.

To further improve our ability to stay in touch with members and let them know we are only a phone call or email away, we undertook a major effort to improve the quality of member contact information data. Accurate data powers our relationship management efforts, enabling more timely and personalized communication with our members.

Bringing More Value for Business Members

Our focus on business banking experiences continued to gain momentum in 2025. We expanded our digital offerings with the launch of self-serve wire transfers, allowing business members to use this fast and reliable payment method at their own convenience.

We developed a new commercial banking strategy over the course of 2025, with planned rollout in 2026. The strategy aims to support the businesses that drive the economic engine of our local communities. Grounded in thorough analysis of the needs of these businesses—and the deep and varied experience of our business advisors—the strategy will be the driving force behind the advancement of our specialized and responsive support for local business.

Branch Investments and Branch Advancements

Across our physical footprint, we continued investing in our branches. Major renovations designed to elevate and modernize the branch experience with elements reflecting our brand evolution got underway at our Mill Bay (Island Savings division), Armstrong (Valley First division) and Sunshine Hills (Envision Financial division) locations and are scheduled to finish in 2026. We also began upgrades to our regional office in Duncan, B.C., with completion slated for spring 2026.

Elevating Potential Through Talent Development

Our Talent Development teams continue to refine methods of training and upskill team members at First West, leveraging deep expertise in Adult Education theory and methodologies. In 2025 we enhanced our skills-based approach to learning, including peer-based learning and multiple touchpoints to support sustainment.

Our core business training programs, the Member Advisor and Financial Advisor Development Programs, continue to be successful, allowing new team members in these roles to rapidly acclimate and connect with experts throughout the organization to accelerate their

learning journeys. Eighty-seven advisors completed the program in 2025 and since 2022, 17 Member Advisor graduates of the program have been promoted to Financial Advisor. Eleven FADP graduates have been sent on our *Beyond* recognition program for the most successful advisors.

2025 also included a renewed focus on leadership development. Leveraging our leadership skills ontology, we refreshed our leadership curriculum, expanding content for key competencies such as strategic thinking and inclusive leadership. We further deepened our coaching skills development training for leaders by introducing one-on-one coaching, in-house by a certified coach.

The impact and upward momentum of our overall Talent Development approach is reflected in team member surveys. In 2022, 62% of team members agreed with the phrase “I receive the training and development I need to be effective in my job.” This increased to 82% in 2025, demonstrating a huge leap in training confidence over the course of three years.

Additionally, 95% of respondents agreed with the statement “I am confident in adapting to new technologies,” demonstrating our ongoing commitment to supporting our teams in adapting to and integrating new technologies successfully into their work. This 95% positive feedback reflects our success in collaborating with our business partners on initiatives such as our Copilot learning pathway to support new AI tools, and our partnership with the Cyber Security team to develop unique game-based training.

Our long-standing collaboration with University of Victoria (UVic) Co-operative Education continues to set the standard for employer engagement. With initiatives like event sponsorships, bursary programs and hands-on internship opportunities, we’ve created a partnership that truly supports student success. In 2025, we hired eight commerce students, expanded internships across all of our local brands, and contributed \$35,000 to the UVic Student Meal Share Program. These efforts have positioned us as a strong contender for UVic’s Employer of the Year— reflecting to the impact we’re making together.

This year marked a milestone for Talent Attraction with our largest cohort of 26 students joining First West. Beyond internships, we introduced new elements like community volunteering, Employee Network Group (ENG) learning sessions, and enhanced social media engagement to showcase student experiences. Our commitment goes beyond recruitment—we've built a program that fosters mentorship, financial literacy, and career readiness. With over 100 student interviews conducted and multiple rehiring successes, we're shaping the next generation of talent while strengthening our organizational culture.

In partnership with our Learning and Development team, Talent Attraction launched a new interview skills course. This e-Learning module equips leaders with practical tools for conducting effective, inclusive behavioral interviews. By continuing to invest in our hiring practices, we're ensuring every candidate's experience reflects our organizational purpose and values.

First West was again honoured to be recognized as one of BC's Top Employers in 2025. This award highlights organizations that excel in creating exceptional workplaces, focusing on innovation, employee well-being, and sustainability. As a 2023 winner, we were also recertified by Waterstone Human Capital for Canada's Most Admired™ Corporate Cultures award program in 2025. This national program annually recognizes best-in-class Canadian organizations for having cultures that have helped them enhance performance and sustain a competitive advantage. Winning a Canada's Most Admired™ Corporate Cultures award allows organizations to use the logo and trademarks for up to three years as a mark of excellence in culture and performance.

Elevating Our Live Well Program to Prioritize Team Member Well-Being

First West's Live Well program exemplifies our commitment to supporting team member well-being, with a continued focus on promoting physical and mental health, financial resilience, and social connectedness. The program has garnered notable recognition for its positive impact on workplace

culture, affirming our reputation as leaders in fostering a psychologically safe and healthy environment dedicated to supporting our team members.

Our approach to wellness is dynamic and collaborative. We regularly consult with team members, Live Well Champions, and ENGs to review and enhance our initiatives, ensuring they are responsive to the evolving needs of our workforce and reflect the voices within our organization.

Financial resilience remains a cornerstone of the Live Well program. We launched a new initiative providing access to two fully licensed Financial Wellness Advisors. Since its introduction in May, over 40% of our team members have engaged with these advisors, highlighting the program's value and the positive impact of accessible, confidential financial guidance tailored to individual needs.

Mental health support was further expanded in 2025 with the launch of an enhanced Employee and Family Assistance Program (EFAP), designed for relevance and accessibility. The new EFAP includes culturally sensitive Indigenous mental health support, gamified child counselling to engage young family members, and a counsellor matching program that helps reduce wait times and ensures a suitable professional and cultural fit for those seeking support.

Recognizing the shortage of family doctors in areas such as B.C., First West introduced a new Telemedicine benefit in 2025, providing team members and their dependents with free, around-the-clock virtual access to licensed physicians across Canada. When Lake Cowichan lost its only family doctors, the benefit proved invaluable, allowing affected team members to maintain access to essential health care, prompting direct expressions of gratitude from those impacted.

In 2025, The Working Mind training was offered to people leaders, equipping 149 leaders with education, practical tools, and resources to foster psychological safety and facilitate respectful conversations about mental health within their teams. These efforts actively reduce stigma and reinforce our commitment to cultivating an environment where everyone can flourish.

Advancing our Diversity, Equity, Inclusion and Belonging Journey

First West's commitment to Diversity, Equity, Inclusion and Belonging (DEIB) continues to be grounded in cultural transformation, education, and universal design. In 2025, we deepened this work with measurable outcomes, expanding accessible infrastructure, strengthening Indigenous engagement, and elevating employee-driven initiatives through our Employee Network Groups (ENGs). This progress reflects a thriving, psychologically safe environment where team members are heard, valued, and celebrated for their true selves.

Our annual DEIB survey sustained high engagement in 2025, with 91% participation, reinforcing trust in inclusive practices and providing actionable insights for hiring, engagement, and accessibility strategies. Survey-driven improvements focused on mentorship access, inclusive onboarding, and accessibility learning paths, building on our multi-year strategy.

Education remained central to our journey. The *4 Seasons of Reconciliation* course continued as a foundational learning, supported by organization-wide campaigns and engagement through the Indigenous Peoples Circle. To advance cultural understanding across teams, ENGs hosted cross-cultural lunch and learns and guest speakers spanning topics from film and media representation to financial trauma and leadership communication, advancing cultural understanding across teams.

ENGs remained a powerful engine of inclusion and professional growth. In 2025, ENG leaders showcased initiatives to the First West Leadership Team, further raising visibility and aligning activities with enterprise values. Formal terms of reference and executive sponsor resources continued to standardize governance, planning, and measurement across groups.

We sustained partnerships with university and college Indigenous student centres to support scholarships, and hiring pathways. Community relationships grew through local art showcases and engagement with

the Haisla First Nation in Kitimat, strengthening cultural presence in our Snow Valley branch. In 2025, we advanced reconciliation by participating in the Moose Hide Campaign and drafting our Reconciliation Statement, which commits to respecting Indigenous territories, embedding reconciliation into policies, and ensuring Indigenous voices guide decision-making. We also highlighted National Day for Truth and Reconciliation, sponsored powwows, and reinforced territorial acknowledgement guidance across First West. These actions reflect our ongoing journey to foster trust, equity, and cultural understanding.

Our accessibility work continued to set benchmarks for inclusive design across multiple locations, including the Duncan Collaboration Centre, Chilliwack City, and Woodgrove branches. In 2025, we advanced hearing loop installations, accessible wayfinding, and tactile and braille signage, guided by Rick Hansen Foundation Accessibility Certification criteria and accessibility best practices. We also introduced a venue accessibility scorecard, a tool designed to evaluate external event spaces for inclusivity. This scorecard ensures venues meet accessibility standards before booking and has become a key resource for planning inclusive events.

Leaders deepened their understanding through an Accessibility Simulation at our annual Leaders Summit, experiencing barriers related to vision, mobility, and hearing. This immersive training fostered empathy and equipped leaders with practical insights to create more inclusive environments.

Additionally, we conducted an Accessibility Review for Sunshine Hills, providing recommendations to improve physical access, signage, and sensory-friendly features. Understanding and addressing these elements is critical for both employees and members visiting the branch, ensuring everyone can navigate the space confidently and comfortably. These improvements foster a sense of dignity and belonging, reduce stress for individuals with accessibility needs, and create an environment where all people feel valued and included. These actions reflect our commitment to embedding accessibility into every space and experience, ensuring universal usability from design through operations.

Our approach continued to attract recognition and opportunities to share practices. In 2025, First West was nominated for the Untapped Workplace Inclusion Award in the Inclusive Culture Champion category, celebrating our leadership in accessibility and inclusion. We also signed the Pledge to Measure, a national initiative advancing disability inclusion through transparency and data-driven accountability. These milestones underscore our commitment to measurable progress and sector leadership.

Making Meaningful Impact

First West is a leading employer in British Columbia, and leveraging our organizational resources to help better our communities is an important way we make meaningful impact where we live and work. Our social vision, Lead Well, is a differentiating factor in our value proposition for team members and our community partners. Lead Well supports the development of individual leaders in our workplace, in our communities, and in our world. Increased employee attraction, job satisfaction, and employee retention are all key benefits of this strategy.

Boots on the ground and knowledge in the boardroom are resources essential to a strong social sector. In 2025, First West team members contributed 7,206 hours of community leadership to 221 non-profit and charitable organizations throughout British Columbia. First West team members supported their communities through a variety of roles, including:

- Board appointments
- Advisory councils
- Youth involvement
- Front line and operational support

Recognizing the efforts of our team members and the number of personal hours committed to serving in the community, our Lead Well Employee Recognition program funded 50 \$1,000 grants supporting non-profits selected by our team members. Despite a challenging economic year, First West remained

unwavering in our commitment to community giving. Even with financial headwinds, we continued to provide the exceptional level of community support that our members and communities have come to expect, and we not only maintained but increased our support, demonstrating our dedication to making a positive impact.

First West extended its commitment in 2025 with an additional \$100,000 investment, bringing our total commitment to the BC Cancer Foundation (BCCF) in 2025 to \$500,000. Our partnership involves employee engagement and activation for several of BCCF's initiatives throughout the year, as well as dedicated funds to help advance research and innovative care in the greatest areas of need across the province. This year, First West employees completed 16,139 hours of physical movement to support BCCF's "Workout to Conquer Cancer" campaign (an increase of 45% over 2024 results) while raising \$5,395 in donations.

Our signature cause, supporting 30% of registered food banks across B.C., raised \$476,454, driven by employee-led fundraising and community partnerships. First West team members, members and community partnerships raised \$144,421 during the 2025 Holiday Giving program. Since 2010, First West has raised over \$5,921,399 and collected 233,408 pounds of food for local food banks.

First West Foundation

Our grant-making charity has been working to help communities flourish since 1996. The foundation was established with a \$200,000 donation, and since First West was established in 2010, has grown from \$6 million to \$23 million, through the generosity of its donors. In partnership with local organizations, First West Foundation seeks to actively contribute to meaningful projects that make a positive and lasting impact upon community life. It enriches communities through effective grant-making, encourages philanthropy, and reinforces First West's commitment to its communities.

Highlights of the Foundation's Community Support in 2025 Included:

- First West Foundation records largest annual disbursement rate at 12%
- \$2,252,765 in grant funds disbursed through the foundation's annual grant cycle and giving programs
- Advancement of its grant making programs through the principles and values of trust-based philanthropy
- \$1,947,365 in grants released as unrestricted funds to charities across B.C.
- \$592,680 in grant funds to 31 local equity-deserving charities through the SOAR grant program. SOAR launched in 2023 to support and partner with organizations committed to serving racialized groups, including and not limited to people who identify as Black, Brown, Indigenous and/or as a person of colour in communities served by First West
- Supported 150 local charities to deliver programs and services to help communities flourish
- First West employee donations of \$89,833 to the Foundation's endowment funds which disperse money to causes in the community, our Feed the Valley and The Full Cupboard programs, and key community partners
- Valley First members establish family legacy endowment with \$2,013,232 donation
- \$76,490 was distributed to First Nations Health Foundation, Canadian Mental Health Foundation (Foundry North Okanagan), and Interior Community Services (Foundry Kamloops) through the Keeping a Good Thing Growing Endowment, which is focused on capacity-building programs and initiatives
- Executive Director, Susan Byrom, awarded The King Charles III's Coronation Medal in recognition of her significant contributions to B.C. communities and outstanding leadership in community development and philanthropy

7 ECONOMIC REVIEW AND OUTLOOK

The Canadian economy demonstrated resilience through global trade uncertainties in 2025. Economic growth was modest, supported by easing interest rates but pressured by U.S. tariffs. Inflation remained near Bank of Canada target levels. Barring new tariffs, the Canadian economy is expected to continue modest growth in 2026. This growth is expected to be supported by lower interest rates, with that benefit offset by lower population growth.

The Bank of Canada overnight rate reduced to 2.25% during 2025 in response to weaker economic performance and reduced inflation. The Bank of

Canada outlook emphasizes caution in this period of uncertainty and is expected to hold steady during 2026 with potential for modest rate hikes in the medium- to long-term.

British Columbia's economy showed similar resilience in 2025, with the benefit of diverse industries to achieve modest economic growth. However, U.S. tariffs drove headwinds for certain industry sectors. This global trade uncertainty is expected to continue into 2026 and, alongside slower population growth, contribute to continued modest economic growth in the province.

8

FINANCIAL PERFORMANCE 2025 OVERVIEW AND LINE OF BUSINESS REVIEW

Table 2 - Financial Performance

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Net interest income	227,976	175,400	52,576	30.0
Fee, commission and other income	114,808	99,576	15,232	15.3
Total revenue	342,784	274,976	67,808	24.7
Provision for credit losses	12,678	4,652	8,026	172.5
Total operating expenses	291,750	285,880	5,870	2.1
Operating income (loss)	38,356	(15,556)	53,912	(346.6)
Income tax expense (recovery)	7,867	(3,587)	11,454	(319.3)
Profit (loss) for the year	30,489	(11,969)	42,458	(354.7)
Assets				
Cash resources	276,115	297,124	(21,009)	(7.1)
Loans after allowance for credit losses	13,023,776	12,498,946	524,830	4.2
Investments, premises and equipment, and other assets	1,502,050	1,466,770	35,280	2.4
Total assets	14,801,941	14,262,840	539,101	3.8
Liabilities				
Deposits	11,869,657	11,802,076	67,581	0.6
Borrowings	1,290,275	1,226,564	63,711	5.2
Debt securities in issue	506,708	154,650	352,058	227.6
Other liabilities	219,067	198,521	20,546	10.3
Total liabilities	13,885,707	13,381,811	503,896	3.8
Members' equity	916,234	881,029	35,205	4.0
Total liabilities and members' equity	14,801,941	14,262,840	539,101	3.8
Ratios				
(Expressed in %)	2025	2024	2025 Change	
Operating efficiency	85.1	104.0	(18.9)	
Total liquid assets / total assets	9.9	10.1	(0.2)	
Regulatory capital	15.2	15.1	0.1	

The fundamentals of the business remained robust with sustained lending growth momentum in 2025 despite a weaker provincial economy. Earnings continued to recover as expected with improved net interest margin driven by repriced loans that were originated prior to the significant increase in interest rates in 2022.

Profit for the year increased to \$30.5 million in 2025, up from a \$12.0 million loss in 2024 (Table 2), primarily due to continued recovery in net interest combined with strong expense management. Overall operating expenses grew by 2.1% from the previous year with prudent management of expenses in response to pressures on revenue.

Asset growth was \$539.1 million in 2025, largely driven by a \$524.8 million increase in loans to members.

Our liquidity position remained stable in 2025, with the liquid assets as a percentage of total assets at 9.9% in 2025, compared to 10.1% in 2024.

Our capital position improved due to the recovery in earnings, with a regulatory capital ratio for 2025 of 15.2%, compared to 15.1% in 2024.

Line of Business Highlights

Retail Banking

In 2025, our retail lending portfolio increased by \$287.1 million or 3.7%, to \$8.0 billion, driven by strong growth in residential mortgages, while our core retail deposit portfolio increased by \$38.7 million or 0.6%, to \$6.6 billion.

From a lending perspective, we maintained differential pricing for insured/insurable and non-insurable mortgages in order to meet the needs of our credit union while providing pricing flexibility for members.

The retail banking division is a key part of our core business and we ended the year with a retail membership base of approximately 260,000 members. We provide service and advice to our retail members through a multi-channel offering, including our physical branch network, a Member Advice Centre and a market-leading digital banking platform.

Retail membership increased in 2025 by 2.2%, compared to 2.1% in 2024. We continue to hold a primary focus on fulfilling our new members' financial needs within the first 90 days of them becoming a member.

Our "core banking offer" (including banking products and digital engagement) is a key component of this early engagement and spans to members' other life stages and related financial needs.

In 2025, in addition to continuing to grow by attracting new members aligned with our strategy, we saw higher than anticipated new member acquisition among early-life stage groups. These groups now account for 10% of our annual net growth, and we attribute this success to our value proposition's strong alignment with their preference for purpose-driven brands. Investments in digital experience improvements are expected to retain these individuals and strengthen our relationship with members as their needs evolve, yielding significant lifetime value.

Our continued success in attracting new members has sustained a consistently younger incoming membership profile. While the average age of new members increased slightly from 42 to 43 in 2025, it remains well below the overall average member age of 51, reflecting strong appeal across both younger and mid-career segments.

We continued building and maintaining meaningful relationships with members, working to meet their financial needs through our core business (banking, borrowing and investing), deep financial expertise and digital banking experiences. Amidst persistent economic volatility, helping members feel empowered and confident remained a key focus for us in 2025.

Commercial and Business Banking

First West is dedicated to growing and diversifying its commercial banking business. Data indicates that nearly half of small to medium enterprises (SMEs) feel that banks do not understand their challenges, and only one in ten are satisfied that their current bank meets all their needs. This presents a significant growth opportunity for First West to better serve SMEs in B.C.

To address this, we have developed a new commercial banking strategy focused on diversifying our commercial portfolio. Our goal is to establish full banking relationships across various sectors that support economic growth in our province.

Continuing to build strategic partnerships within our communities, net membership growth in our commercial line of business was 1.8% in 2025, ending the year with more than 30,000 total commercial members.

Our commercial lending portfolio grew by \$240.2 million or 5.0%, to \$5.0 billion in 2025. The growth was driven by strong performance in commercial mortgages, which saw growth of \$272.3 million or 5.9%. Despite a tighter economic environment, the commercial segment maintained its momentum and demonstrated ongoing resilience throughout the year.

Total commercial core deposits grew by \$98.4 million or 2.8%, to \$3.6 billion during the year, driven by commercial term deposits. Non-core deposits, which include municipality, university, school and hospital demand accounts and terms, decreased in the amount of \$34.6 million.

Wealth Management

First West Wealth Management is a recognized leader among credit unions in wealth management delivery. First West Wealth Management offers members a full range of wealth advisory services and a comprehensive choice of investments. Our advisors are specialists who excel in delivering high-quality advice experiences, tailored to members' needs, financial goals and life journeys.

In 2025, our advisors navigated continued economic volatility by providing trusted, expert advice to protect and grow members' wealth and financial well-being. The team increased the number of financial plans provided to members, using Conquest, a powerful, industry-leading financial planning platform that First West launched in 2024. Our wealth partner, Aviso Wealth, also launched an enhanced wealth management platform interface, which provides both advisors and members a more streamlined and integrated online experience.

Wealth management revenues in 2025 were \$45.2 million, an increase of \$6.2 million. Through a combination of strong net sales and positive market movement, our assets under management increased by \$663.6 million or 12.5%, to reach a total of \$6.0 billion.

9 DISCUSSION ON FINANCIAL PERFORMANCE

Earnings Recovery

Table 3 - Quarterly Earnings

(Expressed in thousands of dollars)	For the three months ended			
	2025 Q4	2025 Q3	2025 Q2	2025 Q1
Net interest income	63,659	59,669	54,132	50,516
Fee, commission and other income	31,605	28,125	27,324	27,754
Total revenue	95,264	87,794	81,456	78,270
Provision for credit losses	2,404	2,547	3,949	3,778
Total operating expenses	76,550	73,842	71,240	70,118
Operating income	16,310	11,405	6,267	4,374
Income tax expense	3,428	2,420	1,132	887
Profit for the quarter	12,882	8,985	5,135	3,487

Earnings recovered during the year as expected, as the temporary margin compression began to ease, driven by loans that repriced into the higher interest rate environment. This recovery reflected a trend of

improvement in net interest income and profitability each quarter during 2025, concluding the year with a quarterly net profit of \$12.9 million in the fourth quarter of 2025 (Table 3).

Net Interest Income

Table 4 - Net Interest Income Volume and Rate Impacts

	2024		
	Increase (decrease) in net interest income due to changes in		
(Expressed in thousands of dollars)	Average balance	Average rate	Net change
Interest earnings assets	18,116	(60,543)	(42,427)
Interest bearing liabilities	(13,222)	108,225	95,003
Net Interest Income	4,894	47,682	52,576

Table 5 - Net Interest Analysis

	2025				2024			
(Expressed in thousands of dollars)	Average Balance	Mix %	Interest	Interest Rate %	Average Balance	Mix %	Interest	Interest Rate %
Cash resources and investments	1,489,034	10.2	44,109	2.96	1,791,136	12.6	66,792	3.73
Loans to members								
Residential mortgages	7,128,970	48.8	271,679	3.81	6,805,889	47.8	267,210	3.93
Personal loans	35,810	0.2	2,520	7.04	38,002	0.3	2,786	7.33
Retail LOC	705,808	4.8	45,231	6.41	700,497	4.9	59,304	8.47
Commercial mortgages	4,821,139	33.0	247,118	5.13	4,418,841	31.1	253,057	5.73
Commercial loans	54,473	0.4	4,805	8.82	71,458	0.5	8,077	11.30
Commercial lines of credit	111,238	0.8	2,750	2.47	116,314	0.8	3,745	3.22
Accrued interest	26,442	0.2	-	-	26,735	0.2	-	-
Allowance for credit losses	(27,356)	(0.2)	-	-	(27,639)	(0.2)	-	-
Loans to members	12,856,524	87.9	574,103	4.47	12,150,097	85.4	594,179	4.89
Derivatives	-	-	(11,285)	-	-	-	(11,617)	-
Securitized retained interest	59	0.0	-	-	-	-	-	-
Other assets	275,488	1.9	-	-	283,042	2.0	-	-
Total assets	14,621,105	100.0	606,927	4.15	14,224,275	100.0	649,354	4.57
Deposits from members								
Retail demand deposits	2,551,430	17.5	9,092	0.36	2,416,089	17.0	11,838	0.49
Retail non-registered term deposits	2,556,439	17.5	92,616	3.62	2,647,426	18.6	121,611	4.59
Registered deposits	1,599,640	10.9	53,675	3.36	1,531,217	10.8	65,986	4.31
Commercial demand deposits	2,516,838	17.2	35,634	1.42	2,425,307	17.1	57,542	2.37
Commercial term deposits	2,651,990	18.1	113,909	4.30	2,676,749	18.8	147,975	5.53
Class A membership shares	5,541	0.0	-	-	5,524	0.0	-	-
Accrued interest and dividends	125,680	0.9	-	-	156,461	1.1	-	-
Deposits from members	12,007,558	82.1	304,926	2.54	11,858,773	83.4	404,952	3.41
Borrowings	1,220,842	8.3	51,001	4.18	1,043,150	7.3	42,538	4.08
Debt securities in issue	300,010	2.1	20,088	6.70	281,757	2.0	23,564	8.36
Other liabilities	195,038	1.3	2,936	1.51	159,070	1.1	2,900	1.82
Members' equity	897,657	6.1	-	-	881,525	6.2	-	-
Total liabilities and equity	14,621,105	100.0	378,951	2.59	14,224,275	100.0	473,954	3.33
Total assets / net interest income	14,621,105		227,976	1.56	14,224,275		175,400	1.23

In 2025, net interest income, defined as interest and investment income earned on assets less interest expense on deposits and borrowings, increased \$52.6 million or 30.0%, to \$228.0 million from \$175.4 million (Table 5) in 2024. This was driven by lending growth and the repricing of loans throughout the year. Consequently, net interest income as a percentage of average assets increased to 1.6% in 2025, up from 1.2% in 2024.

Economic conditions in 2025 resulted in a declining interest rate environment, with rate cuts throughout the year.

This declining rate environment drove reduced yields on investments, loans, and funding costs. Yields on the deposit portfolio declined by 0.9%, while yields on the loan portfolio showed a smaller decline of 0.4%. This difference contributed to the improvement in net interest income as a percentage of assets of 0.4% in 2025.

The margin compression experienced in 2024 was temporary as expected. Fixed rate loans which were originated during periods of exceptionally low rates continue to reprice into the current higher-rate environment. Annual net interest margin improved as expected from 2024 to 2025, following the low point experienced in the fourth quarter of 2023.

Non-Interest Income

Table 6 - Fee, Commission and Other Income

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Fee and commission income:				
Insurance commissions and fees	2,095	1,595	500	31.3
Account service fees	18,833	15,831	3,002	19.0
Loan administration fees	24,886	22,043	2,843	12.9
Fees from fiduciary activities and mutual funds	45,212	38,935	6,277	16.1
Foreign exchange	4,846	5,379	(533)	(9.9)
	95,872	83,783	12,089	14.4
Other income:				
Leasing revenue	10	370	(360)	(97.3)
Investment revenue	3,531	1,285	2,246	174.8
Mastercard revenue	5,722	5,357	365	6.8
Gain on disposal	10	33	(23)	(69.7)
Property rental income	5,158	4,840	318	6.6
Miscellaneous	4,505	3,908	597	15.3
	18,936	15,793	3,143	19.9
Total fee, commission and other income	114,808	99,576	15,232	15.3

In 2025, fee, commission and other income increased year-over-year by \$15.2 million or 15.3%, to \$114.8 million (Table 6). This growth was primarily supported by fees from fiduciary activities and mutual funds, driven by growth in trailer commissions. Loan fees also showed strong growth resulting from the expansion of the commercial lending portfolio.

Our strategy includes diversifying fee, commission and other income, which comprises all income other than

net interest income, and serving more of our members' financial needs by becoming their primary financial services provider. To support this, we continue to invest in an enhanced suite of products, growing our network of wealth specialists and advisors, and leveraging our wealth management capabilities through our partnership with Aviso Wealth.

Operating Expenses and Efficiency Ratio

Table 7 — Operating Expenses

	2025	2024	2025 Change	
(Expressed in thousands of dollars)			\$	%
Personnel expenses				
Salaries	137,136	131,219	5,917	4.5
Benefits	17,529	22,472	(4,943)	(22.0)
Pension	9,817	9,901	(84)	(0.8)
Other	7,374	7,463	(89)	(1.2)
	171,856	171,055	801	0.5
Depreciation and amortization	22,460	21,496	964	4.5
Other expenses:				
Administration	47,539	45,036	2,503	5.6
Data processing	34,350	33,222	1,128	3.4
Occupancy	15,545	15,071	474	3.1
	97,434	93,329	4,105	4.4
Total operating expenses	291,750	285,880	5,870	2.1
Efficiency ratio	85.1%	104.0%	(18.9%)	(18.1)

Total operating expenses increased by \$5.9 million or 2.1% to \$291.8 million (Table 7).

Key activities undertaken in 2025 included continued implementation of First West's new customer relationship management (CRM) system, and continued work toward becoming a federal credit union. Personnel expenses were prudently managed to support these initiatives with an increase of \$0.8 million or 0.5% in 2025. Other expenses were tightly managed, with an increase of \$4.1 million or 4.4%.

Depreciation and amortization expenses increased by \$1.0 million in 2025 primarily due to the continued implementation of the new CRM system.

Overall, the operating efficiency ratio improved to 85.1%, from 104.0% in 2024, driven by a recovery in margin which supported revenue growth. Management remains focused on managing expenses prudently and sustainably, while ensuring the business has the capacity to grow and capitalize on opportunities as they arise.

Loan Portfolio

Table 8 — Loan Portfolio						
(Expressed in thousands of dollars)	2025	Portfolio%	2024	Portfolio%	2025 Change	
Residential mortgages	7,235,225	55.6	6,947,761	55.6	287,464	4.1%
Commercial lending	5,049,875	38.8	4,809,682	38.5	240,193	5.0%
Home equity lines of credit	578,905	4.4	577,210	4.6	1,695	0.3%
Personal loans and retail LOCs	160,562	1.2	162,655	1.3	(2,093)	(1.3%)
Total outstanding loans¹	13,024,567	100.0	12,497,308	100.0	527,259	4.2%

¹ Balances exclude accrued interest and allowance for credit losses

The loan portfolio ended 2025 at \$13.0 billion (excluding accrued interest and the allowance for expected credit losses), an increase of 4.2% or \$0.5 billion compared to 2024 (Table 8). Both commercial and residential lending saw strong growth in 2025; commercial lending grew by \$240.2 million in aggregate or 5.0%, while retail and residential lending grew by \$287.1 million or 3.7%.

We expect to maintain momentum in lending growth across the overall portfolio in 2026, largely in residential and commercial mortgages. A disciplined approach is intended to drive retail and commercial lending growth aligned to our strategic priorities and product and channel capabilities.

Chart 1 — 2025 Portfolio Breakdown

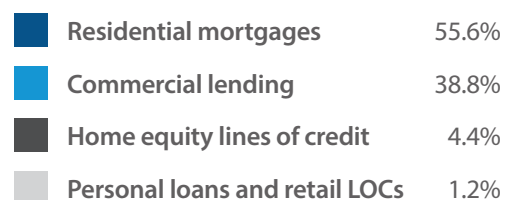
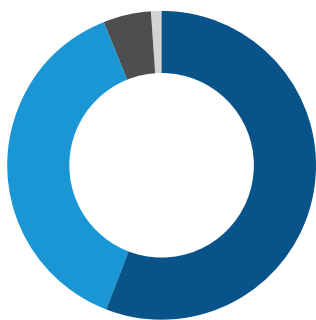
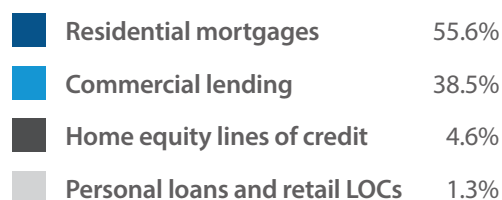
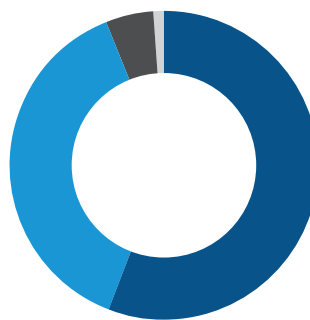


Chart 2 — 2024 Portfolio Breakdown



Credit Quality / Allowance for Credit Losses

Table 9 — Credit Performance

(Expressed in thousands of dollars)	2025	2024	2023
Total loans ¹	13,052,337	12,524,208	11,936,650
Allowance for expected credit losses	28,561	25,262	28,712
Provision for credit losses	12,678	4,652	4,609
Loan write-offs	9,379	8,102	2,801
Impaired loans (Stage 3 loans)	73,720	28,182	29,725
Members' equity	916,236	881,029	881,758

¹ Balances include accrued interest and exclude allowance for credit losses

	2025	2024	2023
Allowance for expected credit losses as % of total loans	0.22%	0.20%	0.24%
Provision for credit losses as % of total loans	0.10%	0.04%	0.04%
Loan write-offs as % of total loans	0.07%	0.06%	0.02%
Impaired loans (Stage 3 loans) as % of total loans	0.56%	0.23%	0.25%
Impaired loans (Stage 3 loans) as % of members' equity	8.05%	3.20%	3.37%

Our allowance for expected credit losses as of December 31, 2025, increased to \$28.6 million, compared to \$25.3 million in 2024, an increase of \$3.3 million or 13.1% (Table 9). The provision for credit losses expense of \$12.7 million in 2025 represented

an increase of \$8.0 million or 172.5% as compared with 2024. This increase in provision for credit loss was driven by the increase in impaired loans and increased economic uncertainty.

Chart 3 — Allowance for Credit Losses

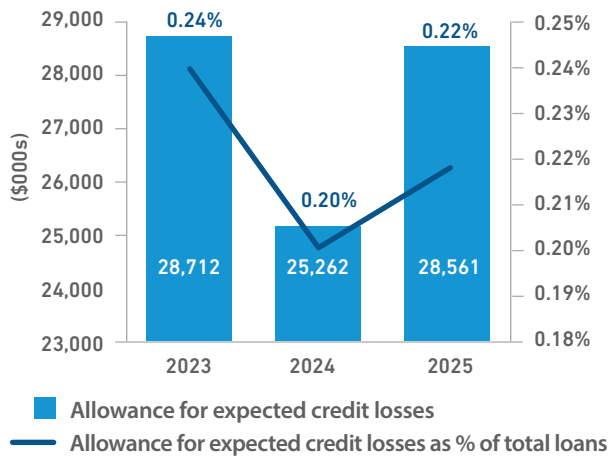


Chart 4 — Loan Write-Offs

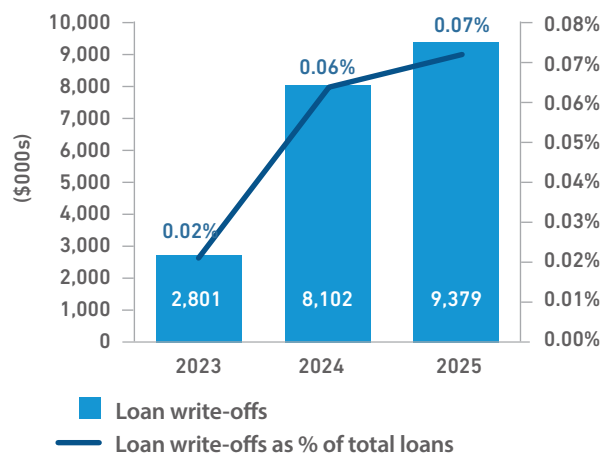


Chart 5 — Provision for Credit Losses

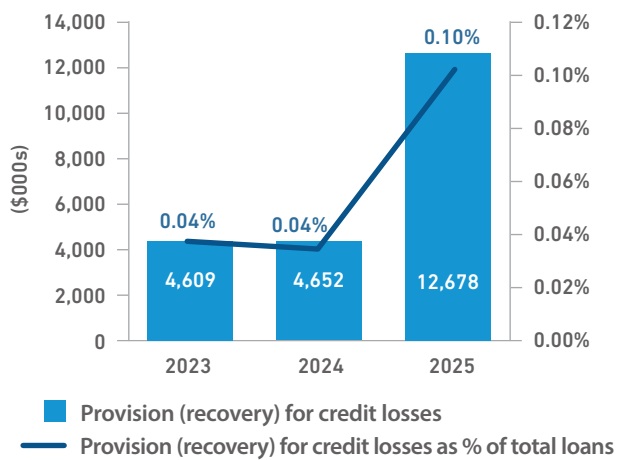
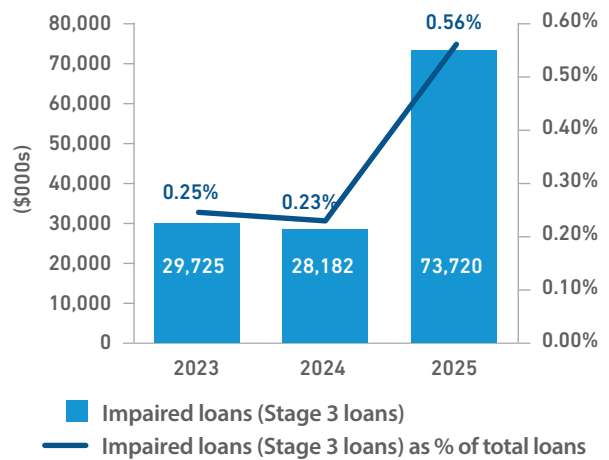


Chart 6 — Impaired Loans



The year-end allowance for expected credit losses as a percentage of loans was 0.22% compared with 0.20% in 2024 (Chart 3).

Loan write-offs as a percentage of total loans increased to 0.07% in 2025, from 0.06% the previous year (Chart 4).

The provision for credit losses as a percentage of total loans increased to 0.10% in 2025, from 0.04% in 2024 (Chart 5). The total provision for credit losses for the year was \$12.7 million, an increase from \$4.7 million in 2024.

The impaired loans as a percentage of total loans increased to 0.56% in 2025, from a 0.23% result in 2024 (Chart 6).

Liquidity and Funding

Liquidity and Funding Risk

Liquidity and funding risk is the risk of having insufficient funding resources to meet cash flow commitments and obligations as they fall due in a timely and cost-effective manner, leading to the potential for losses and the inability to survive specific or market-wide contingent stress events, impacting our ability to meet business objectives.

Governance

The Board of Directors is responsible for overseeing the management of liquidity and funding risk and has delegated responsibility for monitoring adherence to policy to the Risk, Investment and Loan Committee (RILC).

The Board approves the Risk Appetite Framework, which emphasizes liquidity as a strategic resource enabling it to provide the necessary funding for operation of the credit union and sets out the minimum acceptable levels for liquidity ratios, including the Regulatory Liquidity Ratio and the Liquidity Coverage Ratio (LCR).

The Board approves the Liquidity and Funding Policy and the Liquidity Contingency Plan (LCP) on an annual basis and, in conjunction with First West's strategic and financial plans, also reviews and approves the annual Liquidity and Funding Plan.

The RILC is responsible for reviewing the Liquidity and Funding Policy annually, considering changes in the industry, the First West operating model and risk management practices, identifying necessary amendments and making recommendations for such changes to the Board for its consideration.

First West's liquidity risk management approach is informed by its Risk Appetite Framework and strategic plan objectives and is designed to always ensure access to sufficient sources of liquidity, within a diversified and cost-effective funding strategy.

Liquidity Adequacy Requirements

Currently, First West adheres to the regulations set by the *Financial Institutions Act* (FIA) to manage its liquidity and is monitored and regulated by the British Columbia Financial Services Authority (BCFSA).

As we continue to work towards federal continuance, we are preparing to ensure that we meet the mandated regulatory liquidity requirements of The Office of the Superintendent of Financial Institutions (OSFI).

Under both regimes, the liquidity metrics are based on the Basel III Liquidity Framework, which includes key metrics such as the LCR and Net Cumulative Cash Flow (NCCF).

Further details of First West's approach to managing liquidity risk, including First West's LCP, can be found in the Risk Management section of this report.

Table 10 — Liquid Assets

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Cash and cash resources	276,115	297,124	(21,009)	(7.1)
Investments:				
Debt investment securities at amortized cost	1,182,810	1,133,444	49,366	4.4
Other	2,969	3,607	(638)	(17.7)
Total liquid assets	1,461,894	1,434,175	27,719	1.9
Total assets	14,801,941	14,262,840	539,101	3.8
Encumbered liquid assets	31,938	42,732	(10,794)	(25.3)
Unencumbered liquid assets	1,429,956	1,391,443	38,513	2.8
Total liquid assets / total assets	9.9%	10.1%	(0.2%)	(1.8)

First West's liquid assets consist of cash and marketable debt securities (Table 10).

Most assets held within this portfolio are deemed high-quality liquid assets, which are defined as assets

that can be easily and immediately converted into cash at little or no loss of value. As of December 31, 2025, liquid assets totalled \$1.5 billion and represented 9.9% of total assets. This compares to \$1.4 billion and 10.1% as of December 31, 2024.

Deposits and Funding

Table 11 — Deposits and Funding

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Core deposits				
Retail demand deposits	2,678,061	2,496,202	181,859	7.3
Retail non-registered term deposits	2,363,090	2,536,012	(172,922)	(6.8)
Registered deposits	1,589,869	1,560,110	29,759	1.9
	6,631,020	6,592,324	38,696	0.6
Commercial demand deposits	2,124,143	2,053,500	70,643	3.4
Commercial term deposits	1,502,826	1,475,098	27,728	1.9
	3,626,969	3,528,598	98,371	2.8
Class A membership shares	5,469	5,392	77	1.4
Accrued interest and dividends	104,174	139,133	(34,959)	(25.1)
Core deposits	10,367,632	10,265,447	102,185	1.0
Non-core deposits				
MUSH demand accounts	401,186	380,231	20,955	5.5
Deposit agency	759,592	707,209	52,383	7.4
MUSH terms	341,247	449,189	(107,942)	(24.0)
Non-core deposits	1,502,025	1,536,629	(34,604)	(2.3)
Deposits from members	11,869,657	11,802,076	67,581	0.6

Our funding and liquidity profiles remain strong, supported by a balance sheet that is primarily deposit-funded (Table 11).

Leveraging our strong franchise position and close relationship with our members, we generate most of our deposits through our branch network.

In 2025, deposits totalled \$11.9 billion, an increase of 0.6% compared with the prior year. First West also has other alternative sources of funding available and has participated in securitizations through the CMHC-sponsored Canada Mortgage Bond and the NHA Mortgage-Backed Securities Programs. During 2025, we participated in securitization transactions, as further described in Note 29 of the consolidated financial statements, and term debt transactions, as described in Note 17 of the consolidated financial statements.

To expand and diversify our funding options, First West first obtained a Morningstar DBRS short-term issuer rating of R-1 (low) in January 2016 and subsequently a Morningstar DBRS long-term issuer rating of BBB (high) in October 2018. These ratings were confirmed by Morningstar DBRS, with a change in the trend to a negative outlook in September 2024, which was also confirmed in September 2025. This change in trend was made by DBRS due to increased pressure on earnings amid prevailing challenging economic conditions, which continue to affect all credit unions and banks in some way.

Despite those challenging conditions, our liquidity ratios remained strong in 2025 and are comfortably above regulatory requirements. Total deposits increased in 2025 by \$67.6 million, which was driven by a combination of \$102.2 million of core retail and commercial deposit growth and a decline in non-core deposits from institutional and other sources of \$34.6 million.

The maturity profile of our deposits is as follows (Table 12):

Table 12 — Deposit Maturities						
(Expressed in thousands of dollars)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2025						
Demands	5,203,465	-	-	-	-	5,203,465
Terms ¹	375,977	778,201	2,841,861	998,744	72,010	5,066,793
Registered savings plans	322,959	191,489	649,572	406,110	23,800	1,593,930
Class A shares	5,469	-	-	-	-	5,469
Total deposits	5,907,870	969,690	3,491,433	1,404,854	95,810	11,869,657
2024						
Demands	4,929,985	-	-	-	-	4,929,985
Terms ¹	387,502	657,452	3,125,101	977,229	151,204	5,298,488
Registered savings plans	286,352	158,449	688,695	394,182	40,533	1,568,211
Class A shares	5,392	-	-	-	-	5,392
Total deposits	5,609,231	815,901	3,813,796	1,371,411	191,737	11,802,076
Change	298,639	153,789	(322,363)	33,443	(95,927)	67,581

¹ Terms include accrued interest and dividends

Capital Management

First West's capital is maintained in accordance with regulations prescribed by BCFSa based on the ratio of total capital to risk-weighted assets. The required regulatory level for the capital ratio is 8%, while supervisory intervention will occur at a 10% threshold.

Governance

The Board of Directors is responsible for overseeing the management of capital and has delegated responsibility for monitoring adherence to this policy to the RILC. The Board approves the Risk Appetite Framework, which sets out the minimum buffer to regulatory minimum capital levels that should be maintained as First West pursues its strategic plan.

The Board approves the Capital Governance Policy and the Capital Management Contingency Plan (CMCP) on an annual basis and, in conjunction with First West's strategic and financial plans, also reviews and approves the annual Capital Plan, and any subsequent changes to the plan and the Internal Capital Adequacy Assessment Process (ICAAP).

The RILC is charged with reviewing the Capital Governance Policy annually, considering changes in the industry, the First West operating model and risk management practices, identifying necessary amendments and making recommendations for such changes to the Board for its consideration.

Additionally, the RILC is also charged with reviewing the CMCP and the ICAAP annually and seeks assurances from Management that the current capital levels are adequate.

The RILC's role is to provide effective challenge to management assumptions that underlie the capital management, planning and adequacy assessment, to seek assurances that the Capital Governance Policy is being adhered to, and on a quarterly basis review reporting of capital levels relative to the approved Risk Appetite and the Capital Plan.

First West's ICAAP is led by Risk Management and is supported by the ICAAP Working Group.

First West has enacted an ICAAP Working Group to facilitate adequate and comprehensive assessment of organizational risks. The working group is comprised

of representatives from Risk, Finance & Treasury and Credit. The objective of the ICAAP is to assess capital requirements based upon First West's business and the prevailing and projected operating environment for the financial services sector.

The ICAAP:

- identifies the material risks to which First West is exposed
- provides the governance and risk management framework deployed to effectively manage material risks
- provides an assessment of the projected capital position relative to our internal capital target

The ICAAP supplements the annual Capital Plan to ensure:

- consideration is given to all aspects of risk that could potentially impact First West's capital base
- stress-testing of various risks under severe but plausible stress events is undertaken in order to identify and address potential related impacts

The ICAAP evaluates capital adequacy relative to First West's risk profile in both a normal and a stressed business environment and establishes the appropriate internal capital target level and tolerance thresholds for the ensuing year. The ICAAP in 2025 confirms that based on internal assessment of material risks and relative to the size and complexity of operations, First West has adequate capital reserves to withstand all severe but plausible stress conditions.

Table 13 — Regulatory Capital

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Regulatory Capital				
Primary capital	951,190	920,877	30,313	3.3
Secondary capital	298,972	293,708	5,264	1.8
Deductions from capital	(33,629)	(26,799)	(6,830)	25.5
Total capital	1,216,533	1,187,786	28,747	2.4
Risk weighted assets	8,016,128	7,881,001	135,126	1.7
Total capital ratio	15.2%	15.1%	0.1%	0.7

As of December 31, 2025, First West had a total capital ratio of 15.2% on a risk-weighted basis (Table 13).

The capital position of First West remains strong and compares favourably with the regulatory prescribed minimum ratio of 8.0% of total risk-weighted assets and the supervisory level of 10.0%.

Total regulatory capital consists of primary capital and secondary capital after taking into account specified deductions from capital. Primary capital includes First West's membership shares, contributed surplus and retained earnings, while secondary capital primarily consists of First West's allowable share of system retained earnings and other equity instruments.

The capital ratio of 15.2% has increased from the 15.1% reported for 2024.

Total capital remained stable in 2025 at \$1.2 billion, consistent with \$1.2 billion in 2024. Of the \$135.0 million increase risk-weighted assets, the greatest contributor was in risk-weighted loan balances, which increased by \$309.8 million.

As we work towards becoming federally regulated, we will be required to meet the regulatory capital adequacy requirements set by OSFI. OSFI regulations differ to BCBSA's regulations with respect to the regulatory capital measurements and risk-weighting assignments.

10 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURES

Internal Controls over Financial Reporting (ICFR) are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

However, because of its inherent limitations, ICFR may not prevent or detect misstatements on a timely basis.

We are always looking to adopt best practices in financial reporting and corporate governance. To this end, First West has a process in place to evaluate the design and operating effectiveness of its ICFR, striving to continually strengthen its system of internal controls over financial reporting.

11 CRITICAL ACCOUNTING ESTIMATES

First West's material accounting policies are outlined in Note 4 to the consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying First West Credit Union's accounting policies.

Changes in assumptions may have a significant impact on the consolidated financial statements in the period in which the assumptions are changed. The principal areas involving a higher degree of judgment or complexity and/ or areas which require significant estimates are listed below and described further in Note 3 to the consolidated financial statements.

Further relevant information

Item	Consolidated financial statements	MD&A
Expected credit losses on loans to members	Note 6(b),10	Loan Portfolio
Income taxes	Note 26	
Fair value of financial instruments	Note 31	

12 FUTURE CHANGES TO ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) has issued and amended accounting standards that are effective for First West after December 31, 2025. Refer

to Note 5 in the Consolidated Financial Statements for further information on these changes.

13 RISK MANAGEMENT

2025 Risk Highlights

- Strengthened quantitative risk and stress-testing capabilities in areas of liquidity, market and capital risk to better position the credit union to withstand stress events
- Significantly strengthened and advanced model risk management processes and governance
- Enhanced enterprise-wide Behavioral Modeling
- Strengthened member protection by overseeing the implementation of consumer provisions administered by the Financial Consumer Agency of Canada (FCAC), including new guidance to support Canadians experiencing financial difficulty with paying their mortgage
- Enhanced Anti-Money Laundering and Terrorist Financing program incorporating regulatory changes
- Strengthened existing privacy governance and controls to meet federal privacy obligations
- Updated the Credit Risk Framework and enhanced controls and management oversight over credit risk
- Further developed the environmental and climate risk framework
- Made additional enhancements to digital security features

Approach to Risk Management

First West has established an integrated and balanced approach to risk management. This will enable the credit union to achieve long-term sustainable growth, provide security and stewardship of our members' deposits, and deliver innovative products and services. Our risk management framework guides us in prudent, balanced and measured risk-taking that is aligned with our strategic growth objectives.

The risk management function develops and maintains our risk management framework. This

framework encompasses risk culture, risk governance, risk appetite, risk policies and frameworks, and risk management processes. The framework also provides independent review and oversight across the enterprise on risk-related issues. First West's core strategic objectives include an effective balance of risk and reward.

First West consciously accepts risks to create long-term, sustainable value for its members and to support the responsible and efficient delivery of products and services, provided those risks:

- Align with First West's strategic objectives
- Are thoroughly understood, measured and managed within the confines of well-communicated risk tolerances
- Serve to benefit our members, their communities, our employees, our creditors and our regulators

Enterprise Risk Management

First West operates a distributed operation, with risk management processes designed to complement its overall size, level of complexity, risk profile, risk philosophy and appetite. Management recognizes that taking risks is required in operating a successful financial organization. First West's business activities expose the credit union to a variety of risks throughout the organization. The ability to manage these risks is a key pillar in maintaining a strong credit union. In addition to First West's unique model with its locally known brands, we operate specialized subsidiary operations that require specific risk management. Furthermore, regulatory requirements continue to increase, which helps strengthen both First West and the industry.

Objectives and Principles

RISK MANAGEMENT OBJECTIVES	RISK MANAGEMENT PRINCIPLES
<ul style="list-style-type: none">• Ensure all risk-taking activities and risk exposures are within the Board-approved risk appetite, risk limits and corresponding capital and liquidity needs• Maintain and ensure continued enhancement of the enterprise risk management framework and practices• Provide independent and objective oversight of the management of risks arising from our operations and, when necessary, challenge decisions that give rise to material risks	<ul style="list-style-type: none">• Create value• Be an integral part of organizational processes• Clearly and directly address uncertainty and assumptions• Be a systematic and structured process• Provide recommendations that are data driven and empirical• Take human factors into account• Be agile• Balance costs and benefits of risk management activities

Governance of Risk Management

At the highest level, oversight and awareness of significant risks is a key accountability of the Board of Directors. The Board undertakes the following:

- Defines First West's risk appetite
- Understands the key risks to which First West is exposed, including emerging risks
- Establishes prudent risk management governance
- Reviews and approves the Enterprise Risk Governance Framework and other related risk governance frameworks and policies
- Gains assurance that First West has an effective risk management process and relevant policies in place
- Validates that risk management policies and processes are adhered to
- Monitors the level of risk and control over the risks through receipt of reports from management, the regulator and others (including internal and external auditors), and by making enquiries in order to determine if risk levels are appropriate
- Gains assurance that First West has established appropriate risk tolerance and appetite thresholds

Risk Management

First West maintains a risk management department that is led by the Chief Risk Officer (CRO). The CRO reports to the CEO and to the Risk, Investment and Loan Committee of the Board. The department is independent from other business units and is responsible for reporting and aggregating risks and keeping Management and the Board informed. The Risk Management team supports Management in the areas of enterprise risk, operational risk, financial risk and regulatory compliance. It is also used as a resource for the Board and senior management team in the development of policies, frameworks and risk monitoring.

The Risk Management team provides the following services:

- Independent oversight of risk-taking activities
- Supporting the Board and Executive Risk Committee in governance oversight of the Enterprise Risk Governance Framework, Risk Appetite Governance Framework and risk management practices
- Identification of key enterprise risks, including emerging risks and assistance with the development of effective risk management strategies

- Oversight of operational risk management activities, including methodology, models and tools, as well as challenging business strategy
- Independent validation of risk measurement, risk assessments, design of controls and assessment of risk mitigation effectiveness
- Monitoring and reporting risk exposures to the Executive Risk Committee and the Board

Risk Management Governance Structure

First West’s approach to risk governance serves as the foundation of First West’s enterprise risk management framework (ERM), which is consistent with regulatory guidelines. This framework requires a robust committee structure, a comprehensive set of governance policies and limits approved by the Board and supporting management policies and operating procedures. The risk management framework is governed through a hierarchy of committees and individual responsibilities, as outlined in Figure 1

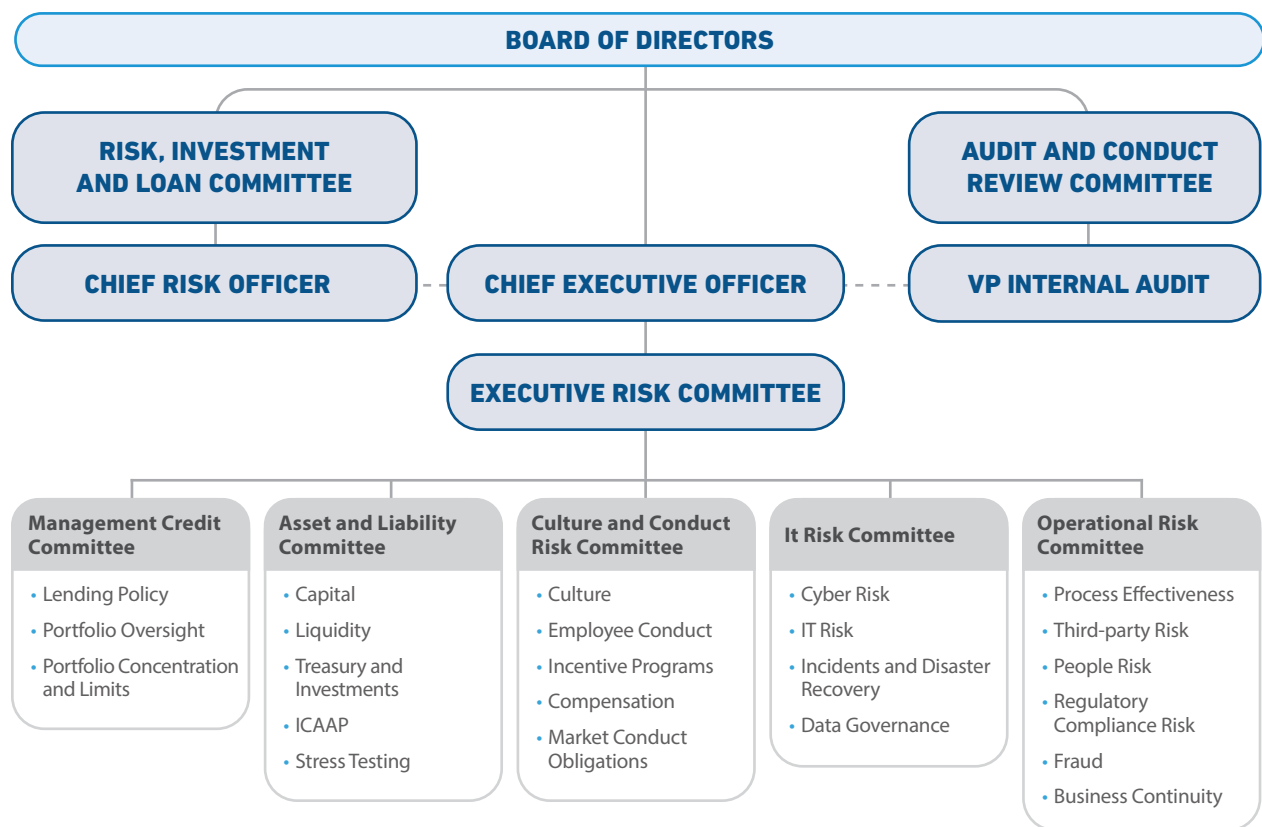


Figure 1: Risk Management Governance Structure

Board of Directors

The Board is responsible for the stewardship of the credit union and overseeing the management of the credit union's business and affairs. The Board may discharge its responsibilities by delegating certain duties to committees of the Board (each a "committee") and to Management. The specific duties delegated to each committee are outlined in the charters for those committees.

Risk, Investment and Loan Committee

The Risk, Investment and Loan Committee is responsible for overseeing the identification, measurement, monitoring and control of the credit union's principal risks; defining, recommending Board approval of, and overseeing the credit union's risk appetite and enterprise risk governance framework; and fulfilling the legislated duties related to investments and lending of financial institutions detailed in the *Financial Institutions Act*. The committee is also responsible for reviewing and recommending to the Board, for its approval, written investment policies and any other documents for the credit union and its subsidiaries, which the committee considers consistent with the *Financial Institutions Act*, other applicable legislation and regulation, prudent standards and within the credit union's investment and loan strategy.

Audit and Conduct Review Committee

The Audit and Conduct Review Committee is responsible for fulfilling the credit union's statutory duty to maintain an Audit Committee and Conduct Review Committee as per provincial legislation. The committee assists the Board in fulfilling its obligations and oversight responsibilities related to the audit process and financial reporting, ensures the requirements for dealing with related-party transactions set out in the *Financial Institutions Act* are met and appropriate procedures are in place, oversees the process for reviewing directors' conduct, and oversees procedures for resolving conflicts of interest, restricting the use of confidential information and handling member complaints.

Chief Risk Officer

The Chief Risk Officer (CRO) is the head of risk management and is responsible for providing leadership on risk issues, providing independent review and oversight of enterprise-wide risks, and developing and maintaining a risk management framework (which includes key risk metrics and risk policies), as well as fostering a strong risk culture across the enterprise. The CRO reports functionally to the Board's Risk Investment and Loan Committee.

Executive Risk Committee

The Executive Risk Committee provides risk oversight and governance at the highest levels of management. This senior leadership committee reviews and discusses significant risk issues and action plans that arise in executing the enterprise-wide strategy, including regulatory risk and reputational risk. The committee is chaired by the CRO and its membership includes the First West Leadership Team.

Sub-Committees of the Executive Risk Committee

The various sub-committees oversee the processes whereby the risks assumed across the credit union are identified, measured, monitored, held within delegated limits and reported in accordance with policy guidelines. The four sub-committees are as follows:

Management Credit Committee

The committee is responsible for ensuring that appropriate credit policies are in place, approving loans within delegated limits and monitoring credit portfolio limits, concentration limits and credit stress testing. An additional sub-committee, the Executive Credit Committee, focuses on adjudication only.

Asset Liability Committee (ALCO)

ALCO reviews and approves operational guidelines and programs for liquidity management and control, funding sources, investments, foreign exchange risk, structural interest rate risk and derivatives risk. The committee also oversees capital adequacy, First West's regulatory capital plan, ICAAP and stress testing.

IT Risk Committee

The IT (Information Technology) Risk Committee reviews and approves the IT and cyber risk management framework, and oversees incident management, disaster recovery plan, and technology and cybersecurity policies. The committee also reviews action plans for improving management of IT and cyber risk.

Culture and Conduct Risk Committee

This committee provides oversight on culture and employee conduct risks. It also provides oversight on compliance to First West's market conduct obligations.

Operational Risk Committee

This committee oversees third-party risk, fraud, disruption risk, people and process risks. The Operational Risk Committee also reviews action plans for mitigating risk and improving the management of operational risk.

Risk Culture

First West's risk culture is embedded within the organization. Employees at all levels of the organization share a common philosophy on risk. Every employee is accountable for achieving the best results for their business unit and for First West as a whole. Business decisions are made at all levels of the organization and each team member has a role in managing risk, including identification, assessment, mitigation and escalation of risk concerns.

Risk management is aligned with the organization's vision and strategy, and embedded within the credit union's management practices.

Risk Philosophy

First West's risk philosophy is based on the premise that First West is in the business of accepting risks for appropriate return. In conducting its business activities, First West—driven by sustainable growth, member

expectations and its marketplace positioning—will take on those risks that meet the strategic objectives of the organization.

First West's enterprise risk management framework and risk appetite statement are the primary mechanisms for operationalizing the risk philosophy.

Risk Strategy

First West's ERM is linked to the credit union's overall vision and business objectives. Internal (strengths/weaknesses) and external (opportunities/risks) factors are considered in the formation of the credit union's risk appetite. The use of these factors reflects the belief that risk appetite and business strategy need to be fully aligned and mutually reinforcing.

First West seeks to allocate its risk-taking capacity in a manner that generates sufficient return on capital to provide member benefits and profitable growth. This implies that higher levels of risk appetite can be allotted to those risks most closely aligned with the credit union's vision, risk management capabilities, member value creation and other risk preferences.

Stakeholder Interests and Risk Appetite

First West's risk appetite needs to consider the respective interests of several key stakeholder groups, including members, employees, communities and regulators. It should appropriately balance the various needs, expectations, risk and reward perspectives, and investment horizons of these stakeholders.

Risk Management Framework

An effective risk management framework seeks to protect an organization's capital base and earnings without hindering growth. To that end, a risk management framework ensures that the outcomes of risk-taking are consistent with our overall risk appetite and our balanced growth and strategic objectives.

Enterprise Risk Management Framework

The enterprise risk management framework is comprised of the Board governance structure, the risk appetite statement, principal risk categories, management frameworks and oversight committees, and management level policies, processes, procedures and internal controls. The principal risk categories within our risk universe include:

- Strategic risk
- Capital risk
- Operational risk
- Credit risk
- Regulatory compliance risk
- Market, liquidity and funding risk
- IT and cyber risk

Reputational risk arises as a consequence of not managing other risks effectively and is thus evaluated as a potential impact from the above-specified risks.

Each risk category has an established risk profile to assess risk levels and their related trends and is reported to the Board on a quarterly basis. This framework includes appropriate tolerances, risk reporting, and Board and Management risk policies to effectively manage and monitor risk.

Significant risks affecting First West are monitored, assessed and managed by the Management team, with oversight provided by the Executive Risk Committee and risk positions, and reported to the Board on a quarterly basis. Areas of significant risk are subject to internal, external and regulatory audits.

Strategic Risk

Strategic risk includes risks related to business strategy execution, the credit union system, and the external environment in which the credit union operates. Strategic risk arises from inability to implement appropriate business strategies or the inability to adapt to changes in the business or economic environment, or both.

Capital Risk

Capital risk is the potential misalignment between the risk taken by the credit union and capital that required to protect against that risk. If the capital available exceeds what is actually required to protect against the risk, the credit union may reduce its return on equity, whereas, if the capital available is short of what is actually required to protect against the risk taken, the credit union would not have a sufficient buffer against the unexpected losses.

Operational Risk

Operational risk is inherent in all business activities. It is the risk of loss or missed opportunity resulting from inadequate or failed activities with regard to internal processes, people, systems, third-party, disruptions or external events. This risk may impact our earnings, reputation, competitive position or result in regulatory penalties.

Operational resilience is built on a strong foundation of effective operational risk management. An organization that is operationally resilient can withstand, adapt to and recover from disruptive events while continuing to deliver its critical operations.

Credit Risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a party or counterparty to discharge its contractual commitment or obligation to the credit union. Credit risk arises principally from lending activities as well as derivative contracts.

Please refer to Note 6(b) of the consolidated financial statements for more information on credit risk.

Market, Liquidity and Funding Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rate risk arises when the values of assets and liabilities do not change by the same amount when interest rates change. Where portfolios are matched in terms of maturities, interest rate risk is reduced. This category also includes yield curve risk, basis risk and optionality risk. Market risk also incorporates price risk and foreign exchange risk.

Please refer to Note 6(d) of the consolidated financial statements for more information on market risk.

Liquidity and funding risk is the risk that insufficient access to or inappropriate management of funds and capital threatens the credit union's capacity to grow. The exposure to loss as a result of a poor investment or the inability to satisfy cash flow obligations in a timely and cost-effective manner impacts our ability to achieve our business objectives.

The liquidity and funding policy of the credit union addresses liquidity and funding risks on both an operational and strategic level. The desired liquidity level above the statutory requirement is determined by considering the balance between the cost of liquidity and the yield achieved.

Contingency liquidity is managed by having a plan in place that can be invoked quickly and provides access to a diverse range of funding sources when needed.

Regulatory Compliance Risk

Regulatory compliance risk is the risk of failing to comply with laws, rules, regulations and prescribed practices of the jurisdictions within which First West operates. First West manages this risk through the Regulatory Compliance Management (RCM) Governance Framework.

IT and Cyber Risk

IT Risk refers to unavailable, inefficient, or ineffective technology systems, infrastructure, or support impacting business operations.

Cyber Risk refers to compromised technology, systems, information, and infrastructure resulting in potential unauthorized use, loss, damage, disclosure, or modification of electronic information.

Risk Appetite Statements

The Risk Appetite Statement (RAS) defines the type and maximum level of risk within our risk capacity that First West is willing to assume in pursuit of its objectives.

The RAS provides a description of risks First West has a general preference to accept and the ones it generally avoids. We use the RAS as a foundation that provides the aggregate level of risk First West may assume across multiple risk areas.

Three Lines of Defence

First West has adopted the Three Lines of Defence model to help provide a consistent, transparent and clearly documented allocation of accountabilities and segregation of functional responsibilities.

This segregation of responsibility helps to establish a robust internal control framework that improves the understanding and adoption of risk management within the credit union.

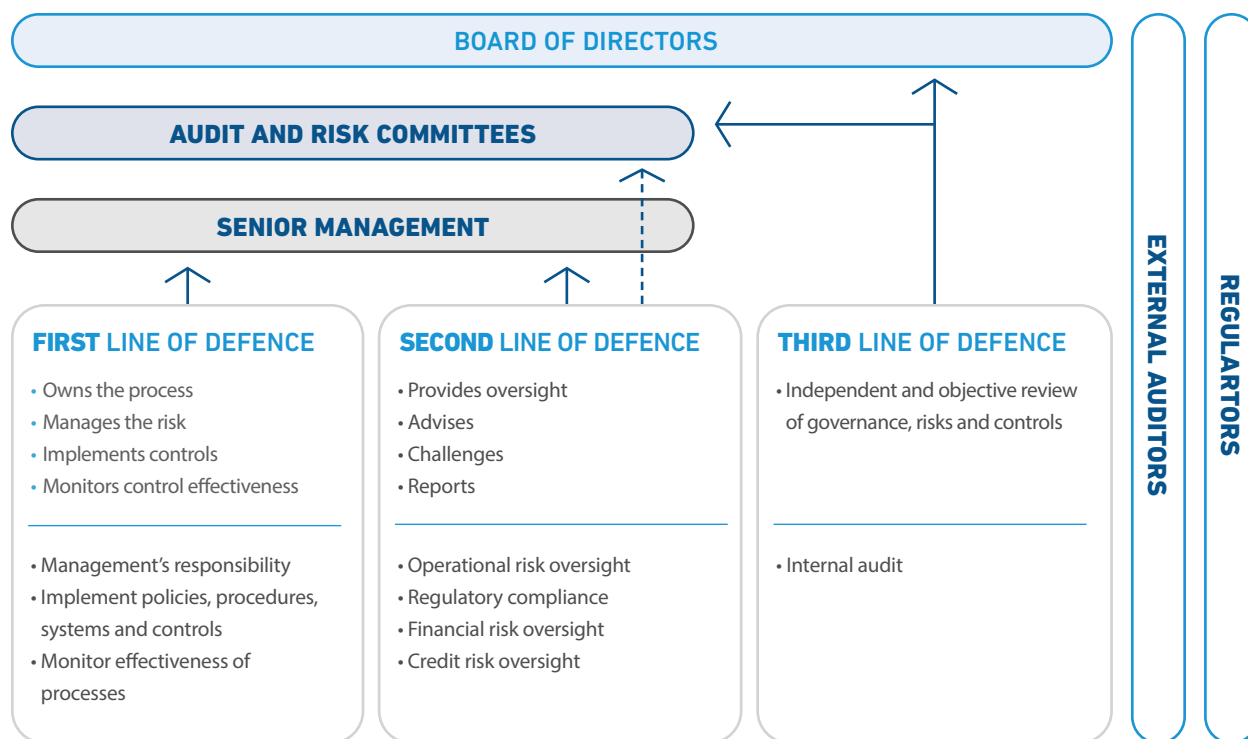


Figure 2: Three Lines of Defence

First Line Responsibilities

In general, some of the key First Line of Defence risk-related responsibilities include:

- Conducting business and taking various risks to meet strategic objectives and performance goals within the risk appetite
- Identifying, managing and optimizing risks in day-to-day business operations
- Designing and implementing controls and ensuring the ongoing effectiveness of controls
- Operating within risk tolerance limits, rules, laws, regulations and policies

Second Line Responsibilities

In general, some of the key Second Line of Defence risk-related responsibilities include independent challenge, independent assessment, and risk

monitoring, as well as providing risk management advice. These activities manifest themselves in the following ways:

- Supporting the Board and Executive Risk Committee in developing the Enterprise Risk Framework, Risk Appetite Framework and various risk management policies
- Providing continuous oversight of First Line of Defence, defining risk measurement methodology, developing risk models and tools, and challenging business strategy, emerging risk trends and risk identification
- Independently validating risk measurement and risk assessments
- Monitoring and reporting risk exposures to the Risk, Investment and Loan Committee and the Board
- Providing advice on mitigation, framework, appetite and assessment/quantification risk approaches

Third Line Responsibilities

The internal audit function is the Third Line of Defence. Third Line of Defence responsibilities are distinct from First and Second Line of Defence responsibilities:

- Providing independent assurance to the Audit and Conduct Review Committee as to the effectiveness and appropriateness of, and the adherence to, company policies by means of independent auditing of both First and Second Lines of Defence
- Providing updates to the Executive Risk Committee on its risk-related interactions with regulators as the Third Line of Defence
- Reviewing adherence to controls, policies, rules and regulations
- Identifying operational weaknesses and recommending improvements, as well as tracking remediation actions

Privacy Policy

First West is committed to ensuring the confidentiality, privacy and protection of the personal information of all members and other individuals whose personal information is held or controlled by the credit union.

The credit union has a designated Chief Privacy Officer to oversee the protection of personal information in compliance with the BC Financial Institutions Act, the BC Personal Information Act and the credit union's privacy policies and practices.

Anti-Money Laundering Anti-Terrorist Financing Policy

First West is committed to preventing criminals from using the credit union to launder the proceeds of crime or for the purposes of financing terrorist activities.

First West has a designated Chief Anti-Money Laundering Officer (CAMLO) who oversees the organization's anti-money laundering, anti-terrorist financing and sanctions program. In addition, the CAMLO ensures compliance with:

- The Proceeds of Crime (Money Laundering) and Terrorist Financing Act and associated regulations and guidance

- First West's Anti-Money Laundering, Anti-Terrorist Financing and Sanctions policy

First West is committed to its obligations to report suspicious transactions to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), in line with legislated requirements for all financial institutions in Canada.

Regulatory Compliance Management Policy

First West is committed to ensuring compliance with all laws, rules, regulations and prescribed practices in any jurisdiction it operates in. Regulatory requirements are in place to ensure the stability, integrity and security of financial institutions, to protect consumers and to inhibit criminal organizations from gaining access to financial systems. Understanding applicable regulatory requirements and ensuring there is a process in place to meet them and protect First West's members, employees and the credit union as a whole.

To manage and oversee compliance with all applicable laws and regulatory requirements, First West has established a governance framework and policy for managing regulatory compliance risk, which establishes the foundation and infrastructure for regulatory compliance management at First West.

First West has a designated Chief Compliance Officer who oversees the organization's regulatory compliance risk and ensures compliance with the framework and the associated Regulatory Compliance Management Policy.

Whistleblower Policy

The Board of Directors and Management are committed to maintaining a healthy work environment that is free of workplace harassment and empowers employees to report any suspected wrongdoing or employee misconduct without fear of retaliation. Our Whistleblower Policy encourages and enables employees to raise concerns. First West is proud of its reputation and our Whistleblower Policy ensures that all reported incidents or suspected wrongdoings are investigated.

14 REWARDS AND RECOGNITION AT FIRST WEST

Rewards Philosophy

At First West, we recognize that a strong rewards strategy is essential to attracting, engaging and retaining top talent. Our philosophy is rooted in a “pay-for-performance” approach, aligning rewards with business outcomes and desired behaviours while keeping team members motivated and inspired. First West fosters a culture of innovation that empowers our people to strive for excellence.

Rewards Guiding Principles

- Align with First West’s enterprise strategy and values
- Attract, motivate and retain team members who share the same values
- Support internal equity, fairness and transparency
- Keep things simple to communicate and understand
- Connect pay to performance on organizational and individual objectives
- Be attractive, competitive and aligned with practices in comparable organizations and across the industry

Rewards and Recognition Practices

Rewards are a key component of First West’s employee value proposition. We offer a comprehensive package that includes base salary, incentives, perquisites, recognition programs, career development opportunities and a highly competitive flexible benefits program. Our programs are regularly reviewed and benchmarked against regional and national financial market comparisons, salary trends and projection surveys to ensure relevance and competitiveness. Our rewards and recognition policies and practices are aligned with the Financial Stability Board Principles for Sound Compensation Practices and comply with the Financial Consumer Agency of Canada regulations.

Competitive Positioning

To remain competitive, First West targets base salary at the 50th percentile of the market, with potential for

higher earnings through sustained high performance or for niche, specialized roles. While we attract talent from various industries, our compensation is primarily benchmarked against large credit unions and financial institutions and general industry where relevant.

Our rewards strategy reflects the competitive nature of the financial services industry and the value of high performing talent. It integrates the following key elements:

- **Base Pay:** Reflects the responsibilities of the role and the individual’s expertise, experience, and performance
- **Variable Incentive Programs:** Provides opportunities to earn beyond base salary by achieving and/or exceeding individual and organizational goals, while demonstrating behaviours consistent with our values
- **Flexible Benefits Program:** Customizable to meet individual and family needs, supporting physical and mental health, well-being, additional time off and retirement savings

Compensation Policy

First West’s Compensation Policy ensures our programs are aligned with applicable legislation including BC’s Pay Transparency Act. This policy ensures our programs, and any associated compensation, is achieved within our approved risk appetite.

Pay Equality

We are committed to the UN Sustainable Development Goal of Reduced Inequality and strive to ensure equitable pay for all team members, regardless of their gender, race, ethnicity or other factors unrelated to an individual’s role or performance. Beyond regulatory compliance, we proactively implement processes, programs and practices that advance pay equity in alignment with our core values.

In 2024 and 2025, we conducted a pay gap analysis and published our gender pay gap data in accordance with B.C.'s Pay Transparency Act. We continue to monitor and address disparities where possible, reviewing our employment systems with a focus on pay equity for gender and designated groups.

Managing Risk in Compensation

Compensation programs at First West are reviewed through a risk management lens to ensure alignment with our risk appetite. Our Board of Directors actively oversees and monitors our compensation programs to ensure they function as intended.

Risk management expectations are embedded in our performance management processes and incentive programs. All team members are responsible for mitigating risk and are evaluated on how they achieve their goals, emphasizing that the process is as important as what is achieved.

Compensation Elements

Base pay

First West's base pay structure is organized into job grades, grouping roles with similar responsibilities and accountability. Grades are determined using a federally compliant job evaluation point factor system that assesses skill, effort, responsibility and working conditions. Each grade includes a salary range with three segments:

- **Progressive range:** Entry point for new team members, with progression based on experience, skills, performance and tenure in role
- **Market range:** The typical salary spans where most team members progress through their careers, representing full proficiency and proven experience
- **Premium range:** Reserved for high performers who consistently exceed expectations or for those with specialized skills

We review our salary structure every 2-3 years using market salary survey data. Base pay growth is influenced by market trends, individual performance and budget affordability.

Variable incentive plans

First West offers an annual short-term incentive plan (STIP) to eligible team members and executives, with payouts based on individual performance and behaviours aligned with our values. Bonus targets vary by job grade and are outlined in employment contracts. The maximum STIP payout, including for the CEO, is twice their target payout percentage.

Incentive payouts are not guaranteed and final approval is at the discretion of the Board of Directors.

For the 2025 performance year, the Board approved a 129.0% multiplier, reflecting a strong focus and execution on mortgage retention, deposit and member growth, improved balance sheet growth, disciplined pricing and strong expense management. Executives reporting directly to the CEO may also be eligible for a long-term incentive program (LTIP).

To remain competitive and ensure appropriate compensation, some roles have custom-designed incentive plans. These plans are designed to attract, motivate and retain team members with specialized skill sets and may be calculated and paid more frequently than annually.

Additional rewards

As part of our comprehensive rewards package, First West offers a group registered retirement savings plan (RRSP) with an optional matching program. Contributions are based on a percentage of base salary and increase with tenure, to a maximum of 10%. Additionally, some long-tenured team members continue to participate in a legacy defined benefit (DB) pension plan.

We provide an extensive, flexible benefits program that allows team members to tailor coverage to their individual and family needs using allocated credits. The program includes:

- Extended health and dental coverage
- Mental health support
- Insurance options
- Access to chronic illness and elder care management programs
- Employee and family assistance program, including Telemedicine
- Health care spending account, option to purchase additional vacation days and ability to make charitable donations

Our flexible benefits are designed to ensure a minimum level of core coverage for team members and their families, while offering flexibility to support overall health and well-being needs.

Additional rewards include:

- Paid time-off options (vacation annual entitlement, a “bonus vacation day,” volunteer days and personal days that can be used in the event of an illness or an unplanned personal situation)
- Banking advantages on several financial products
- Internal and external educational assistance
- Parental leave income top-up support
- Recognition programs
- Everyday savings and discounts through our group discount partnership.

CEO and Executive Team Compensation Structure

Aligned with our broader rewards and recognition philosophy, First West’s CEO and executive compensation are designed to attract, retain and motivate top talent. It supports our business strategy by linking pay to meaningful performance measures, while driving business results, managing risks and ensuring reasonableness and transparency for our members and other stakeholders. As such, base salary is targeted at the 50th percentile of the market, with total direct compensation positioned between the 50th and 75th percentile, and flexibility to earn more for exceptional performance and contributions to the credit union.

The competitive market for our CEO and executive roles is blended between our financial services peer group, including some of the largest Canadian credit unions and other comparable financial services organizations, as well as general industry.

The Board of Directors approved the above philosophy and competitive positioning for our CEO and executives.

CEO Compensation Package

Base Salary

The base salary for First West's CEO is reviewed annually, as it is for all team members. Any adjustment is determined by the CEO's performance rating and is subject to the approval of the annual merit and/or salary adjustment budget. Effective January 1, 2026, the CEO's base salary was increased to \$720,000.

Short-Term Incentive Plan (STIP)

The CEO participates in the same short-term incentive plan (STIP) available to eligible team members. The annual plan is designed to reward achievement against clearly defined performance targets, which include both organizational and individual objectives.

Organizational performance measures are established by executive management and the Board of Directors. In fiscal 2025, the core performance areas for the STIP plan were related to financial outcomes and growth.

For 2025, the achievement of pre-defined metrics resulted in a target payout of 80% of base salary, with the potential to earn a maximum of 2x target. All payments under this plan are contingent on overall corporate performance and financial stability each year and are subject to oversight and approval by the Board of Directors.

Long-Term Incentive Plan (LTIP)

The CEO also participates in First West's long-term incentive plan (LTIP), which is designed to align executive performance with First West's long-term strategic goals and objectives.

Each year, a new plan begins with a rolling three-year performance cycle, during which progress is tracked against pre-established objectives. Payments under this plan are only made at the end of the three-year period and are contingent on the achievement of those goals. Future payments depend on sustained organizational and individual performance.

Performance measures for LTIP are approved by the Human Resources Committee (HRC) on behalf of the Board of Directors and may change. The Board of Directors or the HRC retains the authority to amend the plan's term, vesting, final payout or any other provision under the plan. The plan is reviewed annually or as deemed necessary by the HRC.

Payouts are determined based on the CEO's base salary at the start of each three-year cycle and reflect both organizational and individual performance achievement. A target payout equal to 80% of base salary is awarded when organizational goals are achieved and the CEO's performance is rated as at least proficient—demonstrating full competence, meeting all role expectations, delivering valued contributions, and positively impacting team results.

RRSP and SERP

The CEO is eligible for the same group RRSP matching program available to all other team members, with immediate vesting of employer contributions. In addition, the CEO participates in a supplemental executive retirement plan (SERP) that offsets retirement benefit limits imposed by income tax regulations.

Group Benefits & Perquisite Plan

The CEO participates in the First West Flexible Benefits Program with the same benefits available to team members. Additional benefits and a flexible perquisite account are also provided.

Severance

The CEO employment contract provides a severance package of 12 months' salary if employment is terminated.

2025 Performance Year

For fiscal 2025, the target total compensation for First West's CEO was \$1,820,000, which reflects the annual base salary (\$700,000) as of January 1, 2025, and target STIP and LTIP eligibility. In addition, the CEO receives an executive perquisites payment of \$50,000.

Actual total cash compensation for First West's CEO in 2025 was \$2,792,957, which included salary earnings (\$700,000), STIP (\$1,083,600) and LTIP (\$959,357) paid based on achievements for fiscal 2025 (note amounts were paid in the first quarter of 2026). The actual total cash compensation also includes \$50,000 from the executive perquisites plan.

Independent Auditor's Report

To the Members of First West Credit Union

Opinion

We have audited the consolidated financial statements of First West Credit Union (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in members' equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, its consolidated financial performance and its consolidated 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 auditor's report.

We are independent of the Entity 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. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants
Vancouver, Canada

March 5, 2026

First West Credit Union

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Assets			
Cash resources	8	\$ 276,115	\$ 297,124
Derivative assets	9	16,338	19,198
Loans to members	10	13,023,776	12,498,946
Investments	11	1,221,465	1,183,534
Securitization retained interests	29	764	-
Premises and equipment	12	168,627	176,569
Intangible assets	13	33,802	26,972
Deferred tax assets	26	24,966	24,924
Other assets	14	36,088	35,573
		\$ 14,801,941	\$ 14,262,840

Liabilities and Members' Equity

Deposits from members	15	\$ 11,869,657	\$ 11,802,076
Borrowings	16	1,290,275	1,226,564
Debt securities in issue	17	506,708	154,650
Derivative liabilities	9	7,843	23,512
Deferred tax liabilities	26	17,624	16,583
Other liabilities	18	193,600	158,426
		13,885,707	13,381,811
Members' equity		916,234	881,029
		\$ 14,801,941	\$ 14,262,840

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

First West Credit Union

Consolidated Statement of Profit or Loss
(Expressed in thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Interest income:			
Loans		\$ 574,103	\$ 594,179
Cash resources and investments		32,824	55,175
		<u>606,927</u>	<u>649,354</u>
Interest expense:			
Deposits		304,926	404,952
Borrowings		51,001	42,538
Debt securities in issue		20,088	23,564
Lease liabilities		2,936	2,900
		<u>378,951</u>	<u>473,954</u>
Net interest income	21	227,976	175,400
Provision for credit losses	10	12,678	4,652
		<u>215,298</u>	<u>170,748</u>
Fee and commission income	22	95,872	83,783
Other income	23	18,936	15,793
		<u>330,106</u>	<u>270,324</u>
Personnel expenses	24	171,856	171,055
Depreciation and amortization		22,460	21,496
Other expenses	25	97,434	93,329
		<u>291,750</u>	<u>285,880</u>
Profit (loss) before income tax expense from operations		38,356	(15,556)
Income tax expense (recovery)	26	7,867	(3,587)
Profit (loss) for the year		<u>\$ 30,489</u>	<u>\$ (11,969)</u>

See accompanying notes to consolidated financial statements.

First West Credit Union

Consolidated Statement of Comprehensive Income
(Expressed in thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Profit (loss) for the year	\$ 30,489	\$ (11,969)
Other comprehensive income (loss), net of income taxes:		
Items that may be reclassified to consolidated profit or loss:		
Hedging reserve (cash flow hedges):		
Net unrealized gain		
(net of income taxes of (\$1,478) (2024 - (\$2,850)))	8,296	13,914
Fair value reserve:		
Net change in fair value		
(net of income taxes of \$298 (2024 - \$5))	(1,672)	(22)
Total other comprehensive income, net of income taxes	6,624	13,892
Comprehensive income	\$ 37,113	\$ 1,923

See accompanying notes to consolidated financial statements.

First West Credit Union

Consolidated Statement of Changes in Members' Equity
(Expressed in thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	AOCI						2025 Total
	Equity shares	Hedging reserve	Fair value reserve	Contributed surplus	Retained earnings		
Balance at December 31, 2024	\$ 20,762	\$ (27,084)	\$ (475)	\$ 163,651	\$ 724,175	\$ 881,029	
Profit for the year	-	-	-	-	30,489	30,489	
Other comprehensive income, net of income taxes:							
Changes in fair value	-	8,296	(1,672)	-	-	6,624	
Total other comprehensive income (loss)	-	8,296	(1,672)	-	-	6,624	
Comprehensive income (loss)	-	8,296	(1,672)	-	-	6,624	
Reclassification of contributed Surplus to retained earnings	-	-	-	(163,651)	163,651	-	
Contributions by and distribution to members:							
Dividends, net of related tax savings	-	-	-	-	(759)	(759)	
Redemptions of equity shares	(1,149)	-	-	-	-	(1,149)	
Total distribution to members	(1,149)	-	-	-	(759)	(1,908)	
Balance at December 31, 2025	\$ 19,613	\$ (18,788)	\$ (2,147)	\$ -	\$ 917,556	\$ 916,234	

	AOCI						2024 Total
	Equity shares	Hedging reserve	Fair value reserve	Contributed surplus	Retained earnings		
Balance at December 31, 2023	\$ 22,443	\$ (40,998)	\$ (453)	\$ 163,651	\$ 737,115	\$ 881,758	
Loss for the year	-	-	-	-	(11,969)	(11,969)	
Other comprehensive income, net of income taxes:							
Changes in fair value	-	13,914	(22)	-	-	13,892	
Total other comprehensive income (loss)	-	13,914	(22)	-	-	13,892	
Comprehensive income (loss)	-	13,914	(22)	-	-	13,892	
Reclassification of contributed Surplus to retained earnings	-	-	-	-	-	-	
Contributions by and distribution to members:							
Dividends, net of related tax savings	-	-	-	-	(971)	(971)	
Redemptions of equity shares	(1,681)	-	-	-	-	(1,681)	
Total distribution to members	(1,681)	-	-	-	(971)	(2,652)	
Balance at December 31, 2024	\$ 20,762	\$ (27,084)	\$ (475)	\$ 163,651	\$ 724,175	\$ 881,029	

See accompanying notes to consolidated financial statements.

First West Credit Union

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	Notes	2025	2024
Cash provided by (used in):			
Cash flows from operating activities:			
Profit (loss) for the year		\$ 30,489	\$ (11,969)
Adjustments for:			
Provision for credit losses		12,678	4,652
Depreciation and amortization		22,460	21,496
Net interest income		(227,976)	(175,400)
Gain on securitization		(157)	-
Income tax expense (recovery)		7,867	(3,587)
Changes in:			
Derivative assets and liabilities		(12,886)	(2,016)
Loans to members		(536,638)	(594,989)
Securitization retained interest		(607)	-
Other assets		1,981	29,249
Deposits from members		102,540	(165,800)
Other liabilities		37,372	37,121
Interest received		606,134	648,266
Interest paid		(408,344)	(481,372)
Dividends paid		(914)	(1,169)
Income tax received (paid)		(2,586)	180
Net cash flows used in operating activities		(368,587)	(695,338)
Cash flows from investing activities:			
Acquisition of investments		(781,624)	(741,090)
Disposal of investments		743,695	1,122,393
Acquisition of:			
Premises and equipment, net		(6,005)	(6,405)
Intangible assets, net		(12,545)	(4,723)
Net cash flows provided by (used in) investing activities		(56,479)	370,175
Cash flows from financing activities:			
Proceeds from borrowings		528,816	814,209
Repayment of borrowings		(465,053)	(509,874)
Proceeds from debt securities in issue		349,376	210
Repayment of debt securities in issue		-	(149,724)
Repayment of lease liabilities		(7,933)	(7,763)
Redemption of equity shares		(1,149)	(1,681)
Net cash flows provided by financing activities		404,057	145,377
Net decrease in cash resources		(21,009)	(179,786)
Cash resources, beginning of year		297,124	476,910
Cash resources, end of year	8	\$ 276,115	\$ 297,124

See accompanying notes to consolidated financial statements.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

1. Reporting entity:

First West Credit Union (the "Credit Union") is domiciled in Canada and its head office is located at 19933 - 88th Avenue, Langley, British Columbia. The Credit Union is governed by the Credit Union Incorporation Act (British Columbia) and is also subject to the provisions of the *Financial Institutions Act* (British Columbia) (the "Act"). The consolidated financial statements of the Credit Union, as at and for the year ended December 31, 2025, comprise the Credit Union and its subsidiaries (hereinafter together referred to as the "Credit Union" and individually as "Credit Union entities"). The Credit Union primarily is involved in retail and commercial banking, asset management services, and other integrated financial products and services.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The consolidated financial statements were authorized for issue by the Board of Directors on March 5, 2026.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except for the following:

- (i) financial instruments measured at fair value; and
- (ii) the liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses.

(c) Functional currency:

The consolidated financial statements are presented in Canadian dollars, which is the Credit Union's functional currency.

3. Use of estimates and judgments:

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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 consolidated financial statements in the period the assumptions changed.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

3. Use of estimates and judgments (continued):

The principal areas involving a higher degree of judgment or complexity and/or areas which require significant estimates are described below:

(a) Expected credit losses on loans to members:

The Credit Union regularly reviews its loan portfolio to assess for impairment using the “expected credit loss” (“ECL”) model under IFRS 9. The ECL model requires the recognition of credit losses based on 12-months of expected losses for performing loans (Stage 1) and recognition of lifetime losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2). Credit impaired loans require recognition of lifetime losses (Stage 3). The determination of a significant increase in credit risk takes into account many different factors and varies by product and risk segment, which requires experienced credit judgment.

The calculation of 12-month expected losses for Stage 1 loans and lifetime expected losses for Stage 2 loans and credit-impaired loans for Stage 3 loans requires management to make estimates of the probabilities of default, current collateral values and resulting loss given default, exposure at default, impacts of forward-looking information and forecasts of macroeconomic conditions to the Credit Union’s ECLs and expected remaining lives of the loans. Changes in any one of the inputs to the ECL calculation can significantly affect the amount of loss allowance recognized in the consolidated financial statements.

(b) Income taxes:

The Credit Union computes an effective tax rate which includes an evaluation of the small business tax rate available to eligible credit unions under the relevant provincial tax statutes. In general, the amount of taxable income eligible for the provincial small business rate is limited by the credit union’s cumulative taxable income that was taxed at the provincial small business rate as a proportion of amounts owing to members, including deposits and shares. An estimate of deposit, share and income growth based on the modeling of the Credit Union’s business plan inclusive of economic indicators provides the basis in determining the provincial small business tax rate for the Credit Union.

This rate forms the effective tax rate used in computing the income tax provision. However, the actual amounts of income tax expense do not become final until the filing and acceptance of the income tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements. To the extent that estimates differ from the final tax returns, profit or loss would be affected in the subsequent year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

3. *Use of estimates and judgments (continued):*

(c) Fair value of financial instruments:

The fair value of financial instruments, where no active market exists or where quoted prices are not otherwise available, is determined by using specific valuation techniques with observable data of similar financial instruments. Where market observable data is not available, in areas such as credit risk and correlations, the Credit Union uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4. *Material accounting policies:*

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except as otherwise noted. Certain prior year amounts in the note disclosures have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income (Loss) and Consolidated Statement of Financial Position.

(a) Basis of consolidation:

The consolidated financial statements include the assets, liabilities, results of operations and cash flows of the Credit Union and its subsidiaries: First West Insurance Services Ltd.; FW Wealth Management Ltd.; First West Leasing Ltd.; FWCU Capital Corp.; and 619547 BC Ltd. All inter-corporate transactions and balances have been eliminated in preparing the consolidated financial statements.

(i) Business combinations:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Credit Union. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Credit Union takes into consideration potential voting rights that currently are exercisable.

The Credit Union measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the Consolidated Statement of Profit or Loss.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(a) Basis of consolidation (continued):

(i) Business combinations (continued):

The Credit Union elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Credit Union incurs in connection with a business combination are expensed as incurred.

On January 1, 2010, Envision Financial Credit Union and Valley First Credit Union combined their respective operations by way of an amalgamation to form the Credit Union. On the acquisition date, the net assets of Valley First Credit Union acquired of \$163,651 were recognized by the Credit Union as contributed surplus on the consolidated statement of changes in members' equity. During the year ended December 31, 2025, the Credit Union transferred the full amount of the contributed surplus into retained earnings. This transfer did not have an impact on net income, comprehensive income, or total equity.

(ii) Subsidiaries:

Subsidiaries are entities controlled by the Credit Union. These consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(b) Foreign currency:

Transactions in foreign currencies are translated to the functional currency of the Credit Union at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Interest:

Interest income and expense are recognized in the Consolidated Statement of Profit or Loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(c) Interest (continued):

When calculating the effective interest rate, the Credit Union estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and basis points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the Consolidated Statement of Profit or Loss include:

- (i) interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
- (ii) interest on investment securities measured at FVOCI calculated on an effective interest basis;
- (iii) the ineffective portion of fair value changes in qualifying hedging derivatives designated as cash flow hedges of variability in interest cash flows; and
- (iv) interest and expense on settlement of derivative contracts.

(d) Fees and commissions:

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognized in the period the related performance obligations are satisfied.

For performance obligations that are satisfied over time, revenue is recognized over the period that the services are performed. For performance obligations that are satisfied at a point in time, revenue is recognized when the member obtains control of the promised good or service.

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

(e) Dividends:

Dividend income is recognized when the right to receive income is established. Dividends are reflected as other income based on the classification of the underlying equity investment.

(f) Leases:

(i) Lease definition:

At the inception of a contract, the Credit Union assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. Material accounting policies (continued):

(f) Leases (continued):

(ii) Recognition and measurement as a lessee:

The Credit Union recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets are initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations.

The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease, or, if that rate cannot be readily determined, the Credit Union's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there are changes in the following: (i) in the lease term; (ii) the Credit Union's assessment of whether it will exercise a purchase option; (iii) a change in an index or a change in the rate used to determine the payments; and (iv) amounts expected to be payable under residual value guarantees.

(iii) Recognition and measurement as a lessor:

Leases in which the Credit Union does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The leased assets are classified in premises and equipment and are carried at cost less accumulated depreciation, which takes into account their estimated residual value. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term based on contracts and is included in other income.

(g) Income taxes:

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in the Consolidated Statement of Profit or Loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(g) Income taxes (continued):

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can 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.

(h) Financial assets and financial liabilities:

(i) Recognition:

The Credit Union initially recognizes loans, deposits, and borrowings on the date at which they are originated. Regular way purchases and sales of financial assets are recognized on the trade date at which the Credit Union commits to purchase or sell the asset. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the Credit Union becomes a party to the contractual provisions of the instrument.

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

(ii) Classification:

Financial assets:

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income ("FVOCI"); or
- fair value through profit or loss ("FVTPL").

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(ii) Classification (continued):

Financial assets (continued):

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

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

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

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

On initial recognition of an equity instrument that is not held for trading, the Credit Union may irrevocably elect to present subsequent changes in fair value in Consolidated Statement of Comprehensive Income (Loss) ("OCI"). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Credit Union may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(ii) Classification (continued):

Financial assets (continued):

Business model assessment:

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the strategy of how the risks that affect the performance model are managed; and
- frequency, volume and timing of sales in prior periods and the expectations about future sales activities are considered as part of the overall assessment of how the Credit Union's stated objective for managing the financial assets is achieved.

Assessment of whether contractual cash flows are SPPI:

In assessing whether the contractual cash flows are SPPI, 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 this assessment, the Credit Union considers:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms; and
- terms that may adjust the contractual coupon rate.

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Credit Union changes its business model for managing financial assets. There were no changes to any of the Credit Union's business models during 2025 or 2024.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(ii) Classification (continued):

Financial liabilities:

The Credit Union classifies its financial liabilities, other than financial guarantees and loan commitments, measured at amortized cost or fair value through profit or loss. See notes 4(k) and 4(r).

(iii) Derecognition:

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. If the Credit Union has neither transferred nor retained substantially all the risks and rewards of the transferred financial asset, it assesses whether it has retained control over the transferred asset. If control has been retained, the Credit Union recognizes the transferred asset to the extent of its continuing involvement. If control has not been retained, the Credit Union derecognizes the transferred asset. On derecognition of a financial asset, the transferred asset is removed from the Consolidated Statement of Financial Position. The difference between the carrying amount of the transferred asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognized in the Consolidated Statement of Profit or Loss.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

(iv) Offsetting:

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Credit Union has a legal right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(v) Amortized cost measurement:

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(vi) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants on the measurement date.

Valuation techniques include net present value and discounted cash flow models, and comparison with similar instruments for which market observable prices exist. Assumptions used in valuation techniques include risk free and benchmark interest rates, credit spreads and discount rates.

The Credit Union uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, such as interest rate swaps and equity linked options that use only observable market data and require little management judgment and estimation. Availability of observable market prices and model inputs reduces the uncertainty associated with determining fair values.

For more complex instruments, the Credit Union uses proprietary valuation models, which are developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Instruments involving significant unobservable inputs include certain mortgage investments and shares for which there is no active market and retained interest in securitizations. Management judgment and estimation are required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Financial instruments classified at FVTPL are measured at fair value, with fair value changes recognized immediately in the Consolidated Statement of Profit or Loss.

For financial assets classified as measured at FVOCI, or an irrevocable election has been made, changes in fair value is recognized in OCI. For equity investments measured at FVOCI, the amounts recognized in OCI are never reclassified to the Consolidated Statement of Profit and Loss.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(vii) Identification and measurement of impairment:

The Credit Union recognizes a loss allowance for ECL at each reporting date for all financial assets that are measured at amortized cost and debt instruments measured at FVOCI.

Loss allowances are measured on either of the following bases:

- 12-month ECL: these are losses that result from possible default events within the 12-months after the reporting date; and
- lifetime ECL: these are losses that result from all possible default events over the expected life of a financial instrument.

ECL is measured as 12-month ECL unless the credit risk on a financial instrument has increased significantly since initial recognition.

Assessment of significant increase in credit risk:

The assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. Factors considered in the assessment include macroeconomic outlook, delinquency and borrower credit conditions. The importance and relevance of each specific macroeconomic factor depends on the portfolio, characteristics of the financial instruments, and the borrower. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap.

In determining the amount of loss allowance for ECLs to recognize, the Credit Union assesses at each reporting date whether there has been a significant increase in credit risk ("SICR"). In assessing whether a SICR has occurred, the Credit Union considers quantitative factors, qualitative factors and a rebuttable presumption.

A SICR is considered to have occurred when any of three conditions are met. The conditions include a change in the probability of default in excess of predetermined thresholds, the backstop criterion based on delinquency has been met, or other portfolio specific considerations.

The predetermined thresholds are specific to each portfolio and the initial credit quality of the account. Generally, accounts with higher credit quality would require relatively larger changes in the probability of default to trigger a SICR, while lower credit quality accounts would require relatively smaller changes to trigger a SICR.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(vii) Identification and measurement of impairment (continued):

Assessment of significant increase in credit risk (continued):

For all loans to members, the backstop criterion is met when an account is 30 days past due and will be transferred to Stage 2.

Loans to members are assessed and measured on a collective basis in groups of financial assets that share credit risk characteristics. For this purpose, the Credit Union has grouped its financial assets into segments on the basis of shared credit risk characteristics for each component of the ECL calculation.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default and the borrower has the ability to fulfill their contractual obligations both in the short and long term, including periods of adverse changes in the economic or business environment.

Measurement of ECL:

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows due in accordance with the contract and the cash flows expected to be received. The measurement of ECL is based primarily on the product of the following variables: probability of default ("PD"); loss given default ("LGD"); and exposure at default ("EAD").

The PD is an estimate of the likelihood that a loan will not be repaid and will go into default in either a 12-month or lifetime horizon. The LGD is an estimate of the amount that may not be recovered in the event of default. The EAD is an estimate of the outstanding amount of credit exposure at the time a default may occur. These estimates are modelled based on historic data, current market conditions, and reasonable and supportable information about future economic conditions, where appropriate.

Probability of default:

ECLs for Stage 1 assets and lifetime ECLs for Stage 2 and Stage 3 assets are calculated using the 12-month PDs and lifetime PDs, respectively and are determined as follows:

- Residential mortgages, personal loans and lines of credit - based on credit scores, and the average historical annual default rate for the relevant PD segment.
- Commercial mortgages, loans and lines of credit - based on the current internal risk ratings assigned to the assets and the historical bond default rates provided by Moody's Investors Service, Inc., mapped to the relevant PD segment.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(vii) Identification and measurement of impairment (continued):

Probability of default (continued):

The lifetime PDs for all loans to members are calculated based on the 12-month PDs for the assets and the expected remaining life of the assets, assuming a constant default rate during the lifetime of the assets.

Loss given default:

The LGD reflects the Credit Union's estimate of cash shortfalls in the event of default. The LGD input, expressed as a percentage of EAD, is primarily estimated based on the shortfall in the current collateral values of the financial assets compared to the current book value of the financial asset discounted for the time to obtain and collect on the collateral upon default and the estimated costs to obtain and collect on the collateral.

Forward looking information and macroeconomic factors:

The forward-looking information ("FLI") component represents management's estimate of the impacts on the ECLs of FLI and forecasts of macroeconomic conditions to the Credit Union's ECLs. These macroeconomic factors are based on the credit risk management assessments and are consistent with industry guidelines on typical factors that are relevant to different types of lending products. Management makes forecasts of multiple forward looking and macroeconomic scenarios (base, upside and downside) and their estimated impacts to the ECLs.

The forward looking and macroeconomic factors considered in determining the FLI inputs to the ECL calculation are GDP, interest rates, debt ratio, house pricing index and unemployment rate.

Exposure at default:

The EAD is an estimate of a loan exposure amount at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and payments of interest, prepayments, expected drawdowns on committed facilities or any other terms that may alter the cash flow characteristics of the loan.

The starting point for determining EAD is the amortization schedule (principal and interest payments) of each loan within the portfolio as set out in the contractual terms of the financial asset. The EAD is adjusted by the expected prepayments (partial or full) prior to maturity on a portfolio basis. For lines of credit, the EAD is determined based on the Credit Union's expectations of drawdowns and repayments on the outstanding loan commitments on a portfolio basis.

First West Credit Union

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(h) Financial assets and financial liabilities (continued):

(vii) Identification and measurement of impairment (continued):

Time value of money:

The 12-month and lifetime ECLs at the reporting date represent the present value of the expected cash shortfalls resulting from the probability of defaults occurring over the relevant period after the reporting date. The cash shortfalls have been discounted to the reporting date using the effective interest rate of the underlying loans.

Credit-impaired financial assets:

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

When identifying loans to members that are credit-impaired for which the loss allowance for ECLs is calculated individually, as the difference between the gross carrying amount of the financial assets and the present value of estimated future cash flows, the Credit Union determines whether indicators of a borrower's unlikeliness to pay exist.

In addition to qualitative considerations, the Credit Union applies the following quantitative thresholds for identifying loans to members that are credit-impaired:

- commercial mortgages, loans and lines of credit with an internal risk rating of R9 - R10 (risk rated poor); or
- the borrower is more than 90-days past due on any credit obligation.

Write-off policy:

When a financial asset is credit-impaired and the Credit Union has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof, the carrying amount of the unrecoverable portion is written off, constituting a derecognition event.

(i) Cash resources:

Cash resources comprise balances held with Central 1 Credit Union ("Central 1") and highly liquid financial assets with original maturities of less than three months from the acquisition date, which are subject to an insignificant risk of changes in their fair value, and are used by the Credit Union in the management of its short-term commitments. The Credit Union is required to maintain balances with certain counterparties and such balances are considered as restricted.

Cash resources are carried at amortized cost in the Consolidated Statement of Financial Position.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(j) Derivatives and hedge accounting:

Derivative instruments are financial contracts whose value changes in response to a change in a specified interest rate, exchange rate or other indices. In the ordinary course of business, the Credit Union enters into various derivative contracts, including interest rate swaps, caps and options. Derivative contracts are either exchange-traded contracts or negotiated over-the-counter contracts. The Credit Union enters into such contracts principally to manage its exposures to interest rate fluctuations as part of its asset and liability management program.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into. They are subsequently re-measured at their fair value and reported as assets where they have a positive fair value or as liabilities where they have a negative fair value.

The Credit Union designates certain derivatives as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Credit Union formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Credit Union makes qualitative and quantitative assessments, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument is effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. The Credit Union makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect consolidated profit or loss.

(i) Cash flow hedges:

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect consolidated profit or loss, the effective portion of changes in the fair value of the derivative is recognized in OCI in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in consolidated profit or loss.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction, the amount recognized in accumulated other comprehensive income is reclassified through OCI to consolidated profit or loss as a reclassification adjustment in the same period the previously hedged cash flows affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in OCI is reclassified immediately to consolidated profit or loss as a reclassification adjustment.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. Material accounting policies (continued):

(k) Loans to members:

Loans to members are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are classified as loans to members.

Loans are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, less any impairment.

(l) Investments:

Investments are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs, and subsequently accounted for depending on their classification.

(m) Premises and equipment:

Premises and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land which is not depreciated. Depreciation is recognized in consolidated profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Rate
Buildings	25 to 40 years
Other equipment	3 to 10 years
Leasehold improvements	Lease term

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

(n) Intangible assets:

Intangible assets consist of computer software and goodwill. Goodwill arose from the acquisition of the Credit Union's subsidiaries. Intangible assets are initially recorded at cost. Intangible assets with finite lives are subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in consolidated profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Rate
Goodwill	Indefinite
Computer software	3 to 10 years

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(n) Intangible assets (continued):

Indefinite life intangible assets, including goodwill, are assessed for impairment at least annually. All other intangible assets are assessed for impairment when impairment indicators are identified. When an impairment-triggering event has occurred, any excess of carrying value over fair value is charged to consolidated profit or loss in the period in which impairment is determined.

(o) Impairment of non-financial assets:

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating-unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income.

(p) Deposits from members, debt and borrowings:

Deposits from members and borrowings are the Credit Union's sources of primary funding.

The Credit Union classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits from members and borrowings are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

Term and subordinated debt in issue is the Credit Union's source of debt funding. Debt is initially measured at fair value less incremental direct transaction costs. Subsequently, it is measured at their amortized cost using the effective interest method.

(q) Provisions:

A provision is recognized if, as a result of a past event, the Credit Union has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

4. *Material accounting policies (continued):*

(q) Provisions (continued):

A provision for onerous contracts is recognized when the expected benefits to be derived by the Credit Union from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Credit Union recognizes any impairment loss on the assets associated with that contract.

(r) Employee benefits:

The Credit Union operates various benefit and pension plans. The plans are generally funded through contributions to trustee-administered funds determined by periodic actuarial calculations.

(i) Post-employment health care benefits:

The Credit Union operates a number of post-employment health care benefit plans. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension plans.

(ii) Defined contribution pension plans:

For defined contribution plans, the Credit Union pays a specified flat rate for employer contributions. The Credit Union has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the periods during which services are rendered by employees.

(iii) Participation in multi-employer pension plans:

The Credit Union provides defined retirement benefits to certain employees through a multi-employer plan administered by Central 1. Each member Credit Union is exposed to the actuarial risks of the other employers with the result that, in the Credit Union's opinion, there is no reasonable way to allocate any defined benefit obligations. The Plan has informed the Credit Union that they are not able to provide defined benefit information on a discrete employer basis as the investment records are not tracked by individual employer and each employer is exposed to the actuarial risks of the Plan as a whole. Accordingly, the Credit Union's participation in the Plan is accounted for as a defined contribution plan with contributions recorded on an accrual basis. The Credit Union has provided additional disclosure on the overall funding status of the multi-employer plan and future contribution levels in note 27.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

5. ***New accounting standards and interpretations:***

IFRS 18 Presentation and Disclosure in Financial Statements:

IFRS 18 will replace IAS 1, *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after January 1, 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Credit Union is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Credit Union's statement of profit or loss, the statement of cash flows and additional disclosures required for MPMs.

Other accounting standards:

There are a number of standards which are issued but not yet effective as of December 31, 2025, which are not expected to materially impact the Credit Union's consolidated financial statements.

6. ***Financial risk management:***

(a) Introduction and overview:

The Credit Union is exposed to the following risks from holding financial instruments: credit risk, liquidity risk, market risk, operational risk and capital adequacy risk. The following is a description of those risks and how the Credit Union manages them.

(b) Credit risk:

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Credit Union. Credit risk arises principally in lending activities that result in loans to members as described in note 10; but also from derivatives as described in note 9.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(b) Credit risk (continued):

Management of credit risk:

Concentration of credit risk may arise when the ability of a number of borrowers or counterparties to meet their contractual obligations are similarly affected by external factors. Examples of concentration risk would include related entities risk, geographic and industry factors.

Credit risk is managed in accordance with the Credit and Counterparty Risk Governing policy approved by the Board of Directors. Risk limits and credit authorities are delegated to the Management Credit Risk Committee, comprised of executive and senior credit management staff, which in turn delegates appropriate limits to lending staff. Credit exposures in excess of certain levels require approval from the Management Credit Risk Committee.

The Risk, Investment and Loan Committee ("RIL") of the Board meets quarterly to review portfolio credit quality, industry and member concentrations, and adequacy of loan allowances. Policies relating to single member limits and industry and geographic concentration are approved by the Board.

The Credit Union's Credit Department reviews and adjudicates credit risk outside of branch managers' delegated lending limits and reviews branch credit decisions to ensure compliance to policy. The Credit Department may approve credits not meeting our lending guidelines on an exception basis with appropriate risk mitigation and reward considerations.

Loan exposures are managed and monitored through facility limits for individual borrowers, credit type, industry exposure and a credit review process. These reviews ensure the borrower complies with internal policy and underwriting standards. The Credit Union relies on collateral security typically in the form of a fixed and floating charge over the assets of its borrowers. Credit risk is also managed through regular analysis of the ability of members to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Credit risk for counterparties in other financial instruments, such as investments and derivatives, is assessed through published credit ratings.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(b) Credit risk (continued):

Credit quality and credit risk exposure:

The following tables set out information about the credit quality of the Credit Union's loans to members measured at amortized cost, by category of loss allowance at December 31, 2025 and 2024. The amounts in the table represent the carrying amounts of loans to members.

At December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Credit score > 800 (excellent)	\$ 3,450,475	\$ 799	\$ -	\$ 3,451,274
Credit score 710 - 799 (good - very good)	2,496,417	339	4,136	2,500,892
Credit score 650 - 709 (fair - good)	752,669	25,615	585	778,869
Credit score 600 - 649 (poor)	152,351	107,243	1,738	261,332
Credit score < 600 (less than satisfactory)	23,249	195,163	4,480	222,892
Deferred fees	19,025	911	30	19,966
Loss allowance	(1,441)	(1,475)	(1,158)	(4,074)
	\$ 6,892,745	\$ 328,595	\$ 9,811	\$ 7,231,151
Personal:				
Credit score > 800 (excellent)	\$ 347,452	\$ 37	\$ -	\$ 347,489
Credit score 710 - 799 (good - very good)	267,029	69	453	267,551
Credit score 650 - 709 (fair - good)	69,658	4,678	2	74,338
Credit score 600 - 649 (poor)	11,159	16,417	-	27,576
Credit score < 600 (less than satisfactory)	1,766	19,843	904	22,513
Deferred fees	-	-	-	-
Loss allowance	(3,363)	(4,618)	(325)	(8,306)
	\$ 693,701	\$ 36,426	\$ 1,034	\$ 731,161
Commercial:				
R1 - R2 (excellent - good)	\$ 70,026	\$ -	\$ -	\$ 70,026
R3 (satisfactory)	1,693,575	464	360	1,694,399
R4 - R6 (less than satisfactory)	3,176,185	17,700	294	3,194,179
R7 - R8 (Unsatisfactory)	-	33,379	3,226	36,605
R9 - R10 (credit-impaired)	-	-	57,547	57,547
Deferred fees	(2,817)	(29)	(35)	(2,881)
Loss allowance	(7,830)	(1,273)	(7,078)	(16,181)
	\$ 4,929,139	\$ 50,241	\$ 54,314	\$ 5,033,694

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(b) Credit risk (continued):

Credit quality and credit risk exposure (continued):

At December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Credit score > 800 (excellent)	\$ 3,238,826	\$ -	\$ -	\$ 3,238,826
Credit score 710 - 799 (good - very good)	2,447,445	338	269	2,448,052
Credit score 650 - 709 (fair - good)	741,197	24,592	817	766,606
Credit score 600 - 649 (poor)	156,970	119,197	-	276,167
Credit score < 600 (less than satisfactory)	22,845	167,992	7,977	198,814
Deferred fees	18,402	869	25	19,296
Loss allowance	(838)	(1,786)	(690)	(3,314)
	\$ 6,624,847	\$ 311,202	\$ 8,398	\$ 6,944,447
Personal:				
Credit score > 800 (excellent)	\$ 352,079	\$ 60	\$ -	\$ 352,139
Credit score 710 - 799 (good - very good)	258,476	311	-	258,787
Credit score 650 - 709 (fair - good)	77,654	4,339	2	81,995
Credit score 600 - 649 (poor)	15,608	13,613	19	29,240
Credit score < 600 (less than satisfactory)	2,207	15,111	386	17,704
Deferred fees	-	-	-	-
Loss allowance	(2,156)	(4,246)	(317)	(6,719)
	\$ 703,868	\$ 29,188	\$ 90	\$ 733,146
Commercial:				
R1 - R2 (excellent - good)	\$ 151,402	\$ -	\$ -	\$ 151,402
R3 (satisfactory)	3,872,621	14	4	3,872,639
R4 - R6 (less than satisfactory)	670,227	83,639	186	754,052
R7 - R8 (Unsatisfactory)	-	15,464	1,789	17,253
R9 - R10 (credit-impaired)	-	-	16,717	16,717
Deferred fees	(2,323)	(49)	(9)	(2,381)
Loss allowance	(2,764)	(4,150)	(8,315)	(15,229)
	\$ 4,689,163	\$ 94,918	\$ 10,372	\$ 4,794,453

The Credit Union also enters into various off-balance sheet commitments such as letters of credit, unadvanced loans, and lines of credit. For loan commitments and other credit-related commitments that are irrevocable, the maximum exposure to credit risk without taking account of any collateral held, is the full amount of the committed facilities. Many of these arrangements will expire or terminate without being drawn upon in the normal course of business.

The actual credit risk is expected to be less than the amounts set forth. Letters of credit are issued in the normal course of business backed by collateral securities held by the members, including deposits with the Credit Union. The actual credit risk is expected to be not material under these obligations.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(b) Credit risk (continued):

The following table presents the maximum exposure to credit risk on the Consolidated Statement of Financial Position and off-balance sheet financial instruments. For financial assets recognized on the Consolidated Statement of Financial Position, the maximum exposure to credit risk without taking account of any collateral held, equals their carrying amount.

Credit quality and credit risk exposure (continued):

	2025	2024
Exposure recognized on the consolidated statement of financial position:		
Loans and accrued interest	\$ 13,052,337	\$ 12,524,208
Derivatives (net)	16,338	19,198
Term deposits and other securities	1,395,382	1,334,426
Accounts receivable	6,664	8,166
	<u>14,470,721</u>	<u>13,885,998</u>
Exposure not recognized on the consolidated statement of financial position:		
Letters of credit	98,250	97,987
Unadvanced loans and lines of credit	2,569,362	2,700,857
	<u>2,667,612</u>	<u>2,798,844</u>
Maximum exposure	<u>\$ 17,138,333</u>	<u>\$ 16,684,842</u>

Collateral and other credit enhancements:

It is our lending policy to assess the member's capacity to repay, rather than rely primarily on the underlying collateral security. Depending on the member's standing and the type of product, facilities may be unsecured. Nevertheless, collateral can be an important mitigant of credit risk.

Concentrations of credit risk:

Concentrations of credit risk exist if a number of borrowers are engaged in similar economic activities or are located in the same geographic region, or otherwise related. This risk may indicate the relative sensitivity of the Credit Union's performance to developments affecting a particular segment of borrowers or geographic region.

Geographic credit risk is mitigated through the Credit Union's diversified geographic service area including the Lower Mainland, Fraser Valley, Thompson-Okanagan, Okanagan-Similkameen, Southern Vancouver Island and North Western British Columbia areas of British Columbia. To reduce any impact of the geographic credit risk the Credit Union has 27% (2024 - 25%) of its residential mortgages insured against credit loss.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. *Financial risk management (continued):*

(c) Liquidity risk:

Liquidity risk is the risk of the Credit Union being unable to meet its obligations associated with its financial liabilities that are settled by cash or other financial assets with the appropriate duration and cost, as well as the risk of not being able to meet unexpected cash needs.

Liquidity risk is managed in accordance with our liquidity policy approved by the Board of Directors. The liquidity policy of the Credit Union is that liquidity is managed on both an operational and strategic level on a total basis. The desired liquidity level above the statutory requirement is determined by taking into account the balance between the cost of liquidity and the yield achieved. Contingency liquidity is managed by having a plan in place that can be invoked very quickly, as well as having a diversity of funding sources arranged that can be accessed when needed. The Credit Union will at all times maintain statutory liquidity levels as required by regulations. Immediate corrective action will be taken if the ratio approaches the regulatory minimum. The statutory liquidity ratio is 8.0% of deposits from members and borrowings as at the reporting date. Based on total deposits and borrowings as at December 31, 2025 the Credit Union's liquidity exceeds minimum statutory requirements by \$791 million (2024 - \$608 million).

(d) Market risk:

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices and foreign exchange rates), the correlations between them and their levels of volatility. The principal market risk to which the Credit Union is exposed to is the risk of loss from fluctuations in the future cash flows of a financial instrument because of changes in interest rates.

Interest rate risk arises when the market values of assets and liabilities do not change by the same amount when interest rates change. Where portfolios are matched in terms of maturities, interest rate risk is reduced. This interest rate risk includes yield curve risk, basis risk, optionality risk and interest rate path risk.

The primary objectives of the Credit Union's market risk management process include: maximize earnings and return on capital within acceptable and controllable levels of the above risks; provide for growth that is sound, profitable and balanced without sacrificing the quality of service; and manage and maintain policies and procedures that are consistent with the short and long-term strategic goals of the Board of Directors.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(d) Market risk (continued):

Risk measurement:

The Credit Union's risk position is measured based upon the potential impact of changes in market conditions. The ALCO is a committee comprised of senior management that meets at least quarterly and ad-hoc as required.

Responsibilities include:

- approval and review of pricing, investment, liquidity, derivative, foreign exchange and asset-liability policies;
- review of deviations between actual performance and projected plans;
- review of the management of interest rate sensitivity and financial margin including investing, liquidity management, hedging and securitization activities;
- approval of Asset-Liability and hedging strategies to manage interest rate risk in order to achieve policies;
- evaluation of the current interest rate risk position and the potential effect on its Asset Liability Management ("ALM") strategy; and
- review and monitoring of key risk modeling assumptions.

The Credit Union utilizes earnings tests to produce monthly forecasts of net interest income for the upcoming 12-months based on:

- the current asset and liability structure;
- scheduled maturity and re-pricing of the assets and liabilities;
- several hundred randomly generated interest rate paths composed around a base rate forecast;
- a volatility % of randomly generated key rates; and
- assumptions regarding member behaviour and changes in composition of assets and liabilities.

Growth assumptions are based on business plans. Member behaviour assumptions to assess embedded options in deposit and loan portfolios are based on analysis of trend information and management judgment.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(d) Market risk (continued):

Risk measurement (continued):

The Credit Union will assess the results of the monthly forecast simulations. The maximum allowable risk exposure will be as follows:

Earnings at risk:

Earnings at risk is defined as the percentage of the reduction in the financial margin as measured through our earnings tests. A reduction in financial margin is not to exceed 10% of the next 12-months' financial margin resulting from this test.

Duration of equity:

The effective duration of equity is defined as the percentage change in the market value of equity (retained earnings, equity shares and derivatives) given a 1% range change in interest rates. The 1% change will consist of a 50-bp shock up and a 50-bp shock down. Given this 1% change, the effective duration of equity will not exceed a maximum of 10%.

The following table shows the results of these forecast simulations as at December 31, 2025 and 2024:

	Policy limit	2025	Impact	2024	Impact
Earnings at risk	10%	1.05%	\$ 3,014	2.12%	\$ 4,619
Duration of equity	+/-10%	4.80%	-	5.48%	-

As at December 31, 2025 and 2024, the Credit Union was within policy limits.

(e) Capital management:

The Credit Union is regulated under the Act and is required to maintain a capital level at a minimum of 8% of risk-weighted assets.

When determining the sufficiency of capital, the Credit Union includes in its calculation amounts permitted by the Act including:

- retained earnings and contributed surplus;
- equity shares;
- system capital; and
- other forms of capital as determined from time to time by the Board of Directors and approved as capital by the regulatory authority.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(e) Capital management (continued):

Total capital above is reduced by:

- goodwill and other intangible assets;
- investments with banks/trusts and other;
- securitization deferred payment accounts; and
- investment in Venture Capital Corporations.

As at December 31, 2025 and 2024, the Credit Union has met its minimum regulatory requirements.

Capital Adequacy calculation as defined by the Act:

	2025	2024
Primary capital	\$ 951,190	\$ 920,877
Secondary capital	298,972	293,708
Deductions from capital	(33,629)	(26,799)
	<u>\$ 1,216,533</u>	<u>\$ 1,187,786</u>

The Credit Union management ensures compliance with capital adequacy through the following:

- identifying the capital needed to support the current and planned operations of the Credit Union, including operations conducted or to be conducted through subsidiaries;
- developing and submitting to the Board of Directors for its consideration and approval appropriate and prudent capital management policies, including policies on the quantity and quality of capital needed to support the current and planned operations that reflect both the risks to which the Credit Union is exposed and its regulatory capital requirements;
- regularly measuring and monitoring capital requirements and capital position, and ensuring the Credit Union meets and will continue to meet its capital requirements;
- managing the capital in accordance with the capital management policies;
- establishing appropriate and effective procedures and controls for managing the capital, monitoring adherence to those procedures and controls, and reviewing them on a regular basis to ensure that they remain effective;
- providing the Board of Directors with appropriate reports on the capital position and on the procedures and controls for managing the capital; and
- providing the Board of Directors with appropriate reports that will enable it to assess whether the institution has an ongoing effective capital management process.

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

6. Financial risk management (continued):

(e) Capital management (continued):

Stress testing of the capital level is performed at minimum on an annual basis. The tests include a variety of scenarios that vary the growth and income assumptions. They include a test for the current year as well as for the plan period. A sufficient number of scenarios are performed to ensure that sensitivity levels can be reasonably assessed and planned for.

A three-year capital plan is reviewed and approved by the Board of Directors annually.

Distributions of capital, such as share dividends, are only made after targets in the capital plan have been met. Each distribution must be approved by the Board of Directors.

The RIL is responsible for developing and conducting an annual review of capital management procedures relative to the policy requirements established. The RIL reports its findings and recommends any corrective actions to the Board of Directors. The Board of Directors, which may be assisted by the RIL, reviews any written correspondence from the British Columbia Financial Services Authority ("BCFSA") regarding capital management matters, and investigates and responds as appropriate.

7. Financial assets and liabilities:

The tables below set out the classifications and carrying amounts of the Credit Union's financial assets and liabilities as at December 31, 2025 and 2024:

2025	FVTPL	Amortized cost	FVOCI- equity instruments	Total
Cash resources	\$ -	\$ 276,115	\$ -	\$ 276,115
Derivative assets	16,338	-	-	16,338
Loans to members	-	13,023,776	-	13,023,776
Securitization retained interests	-	764	-	764
Other assets	-	6,664	-	6,664
Debt investment securities and other	3,748	1,214,748	2,969	1,221,465
Derivative liabilities	7,843	-	-	7,843
Deposits from members	-	11,869,657	-	11,869,657
Borrowings	-	1,290,275	-	1,290,275
Debt securities in issue	-	506,708	-	506,708
Other liabilities	-	191,702	-	191,702

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

7. Financial assets and liabilities (continued):

2024	FVTPL	Amortized cost	FVOCI-equity instruments	Total
Cash resources	\$ -	\$ 297,124	\$ -	\$ 297,124
Derivative assets	19,198	-	-	19,198
Loans to members	-	12,498,946	-	12,498,946
Securitization retained interests	-	-	-	-
Other assets	-	8,165	-	8,165
Debt investment securities and other	3,751	1,176,176	3,607	1,183,534
Derivative liabilities	23,512	-	-	23,512
Deposits from members	-	11,802,076	-	11,802,076
Borrowings	-	1,226,564	-	1,226,564
Debt securities in issue	-	154,650	-	154,650
Other liabilities	-	156,400	-	156,400

8. Cash resources:

	2025	2024
Cash and current accounts	\$ 102,198	\$ 146,231
Term deposits and accrued interest	173,917	150,893
	\$ 276,115	\$ 297,124

The Credit Union is required to maintain collateral balances with certain counterparties and these amounted to \$4,351 as at December 31, 2025 in cash and current accounts above (2024 - \$13,097).

9. Derivatives:

	Fair value			
	2025		2024	
	Asset	Liability	Asset	Liability
Interest rate swaps used to manage interest rate risk:				
Receive fixed swaps	\$ 1,281	\$ 4,151	\$ 5,210	\$ 1,660
Pay fixed swaps	1,426	3,692	36	21,852
Other derivatives:				
Equity linked options	13,631	-	13,952	-
Total fair value	\$ 16,338	\$ 7,843	\$ 19,198	\$ 23,512

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

9. Derivatives (continued):

The fair value of derivatives includes net accrued interest payable of \$783 in 2025 (2024 - receivable of \$77).

	Notional amount			
	Within 1-year	Over 1-year	2025	2024
Interest rate swaps used to manage interest rate risk:				
Receive fixed swaps	\$ 950,000	\$ 840,000	\$ 1,790,000	\$ 1,350,000
Pay fixed swaps	-	600,000	600,000	700,000
	950,000	1,440,000	2,390,000	2,050,000
Other derivatives:				
Equity linked options	27,578	62,900	90,478	104,795
Total notional amount	\$ 977,578	\$ 1,502,900	\$ 2,480,478	\$ 2,154,795

The following table summarizes the time periods in which the hedged cash flows are expected to occur and affect profit or loss:

	Expected cash flows	Less than 1-year	1 to 5 years	Greater than 5-years
2025				
Assets	\$ 157,200	\$ 53,908	\$ 82,561	\$ 20,731
Liabilities	(20,841)	(5,135)	(15,706)	-
Total cash inflow	\$ 136,359	\$ 48,773	\$ 66,855	\$ 20,731
2024				
Assets	\$ 124,244	\$ 25,028	\$ 78,178	\$ 21,038
Liabilities	(32,249)	(10,020)	(22,229)	-
Total cash inflow	\$ 91,995	\$ 15,008	\$ 55,949	\$ 21,038

During the year, the Credit Union recognized a loss of \$310 (2024 - loss of \$300) for ineffectiveness in cash flow hedges, which is recognized in net interest income.

First West Credit Union

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

10. Loans to members:

(a) Loans to members measured at amortized cost as at December 31:

	2025	2024
Residential mortgages	\$ 7,235,225	\$ 6,947,761
Personal:		
Personal loans	35,744	35,317
Personal lines of credit	703,723	704,548
Commercial:		
Commercial mortgages	4,904,054	4,628,859
Commercial loans	40,746	58,777
Commercial lines of credit	105,075	122,046
Accrued interest	27,770	26,900
	13,052,337	12,524,208
Allowance for expected credit losses	(28,561)	(25,262)
	\$ 13,023,776	\$ 12,498,946

(b) Reconciliation of allowance for ECL for the year ended December 31:

2025	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Balance, December 31, 2024	\$ 838	\$ 1,786	\$ 690	\$ 3,314
Net remeasurement	1,550	(729)	380	1,201
Originations	375	93	-	468
Derecognitions and maturities	(97)	(261)	(157)	(515)
Transfers to (from):				
Stage 1	(1,218)	-	-	(1,218)
Stage 2	-	589	-	589
Stage 3	-	-	629	629
Gross write-offs	(7)	(3)	(384)	(394)
Balance, December 31, 2025	\$ 1,441	\$ 1,475	\$ 1,158	\$ 4,074
Personal:				
Balance, December 31, 2024	\$ 2,156	\$ 4,246	\$ 317	\$ 6,719
Net remeasurement	3,759	78	316	4,153
Originations	286	205	-	491
Derecognitions and maturities	(134)	(335)	(51)	(520)
Transfers to (from):				
Stage 1	(2,003)	-	-	(2,003)
Stage 2	-	1,749	-	1,749
Stage 3	-	-	254	254
Gross write-offs	(701)	(1,325)	(511)	(2,537)
Balance, December 31, 2025	\$ 3,363	\$ 4,618	\$ 325	\$ 8,306

First West Credit Union

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

10. Loans to members (continued):

(b) Reconciliation of allowance for ECL for the year ended December 31 (continued):

2025	Stage 1	Stage 2	Stage 3	Total
Commercial:				
Balance, December 31, 2024	\$ 2,764	\$ 4,150	\$ 8,315	\$ 15,229
Net remeasurement	8,366	2,338	(46)	10,658
Originations	2,224	28	-	2,252
Derecognitions and maturities	(560)	(3,403)	(1,547)	(5,510)
Transfers to (from):				
Stage 1	(4,920)	-	-	(4,920)
Stage 2	-	(1,817)	-	(1,817)
Stage 3	-	-	6,737	6,737
Gross write-offs	(44)	(23)	(6,381)	(6,448)
Balance, December 31, 2025	\$ 7,830	\$ 1,273	\$ 7,078	\$ 16,181
Total loans to members:				
Balance, December 31, 2024	\$ 5,758	\$ 10,182	\$ 9,322	\$ 25,262
Net remeasurement	13,675	1,687	650	16,012
Originations	2,885	326	-	3,211
Derecognitions and maturities	(791)	(3,999)	(1,755)	(6,545)
Transfers to (from):				
Stage 1	(8,141)	-	-	(8,141)
Stage 2	-	521	-	521
Stage 3	-	-	7,620	7,620
Gross write-offs	(752)	(1,351)	(7,276)	(9,379)
Balance, December 31, 2025	\$ 12,634	\$ 7,366	\$ 8,561	\$ 28,561
2024				
	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Balance, December 31, 2023	\$ 1,727	\$ 3,044	\$ 574	\$ 5,345
Net remeasurement	89	(1,391)	(323)	(1,625)
Originations	152	166	-	318
Derecognitions and maturities	(159)	(321)	(149)	(629)
Transfers to (from):				
Stage 1	(961)	-	-	(961)
Stage 2	-	314	-	314
Stage 3	-	-	647	647
Gross write-offs	(10)	(26)	(59)	(95)
Balance, December 31, 2024	\$ 838	\$ 1,786	\$ 690	\$ 3,314
Personal:				
Balance, December 31, 2023	\$ 4,390	\$ 5,918	\$ 268	\$ 10,576
Net remeasurement	434	(2,526)	434	(1,658)
Originations	202	220	-	422
Derecognitions and maturities	(281)	(357)	(48)	(686)
Transfers to (from):				
Stage 1	(2,062)	-	-	(2,062)
Stage 2	-	1,794	-	1,794
Stage 3	-	-	268	268
Gross write-offs	(527)	(803)	(605)	(1,935)
Balance, December 31, 2024	\$ 2,156	\$ 4,246	\$ 317	\$ 6,719

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

10. Loans to members (continued):

(b) Reconciliation of allowance for ECL for the year ended December 31 (continued):

2024	Stage 1	Stage 2	Stage 3	Total
Commercial:				
Balance, December 31, 2023	\$ 2,824	\$ 5,055	\$ 4,912	\$ 12,791
Net remeasurement	1,566	1,740	7,489	10,795
Originations	524	23	135	682
Derecognitions and maturities	(541)	(483)	(1,943)	(2,967)
Transfers to (from):				
Stage 1	(1,493)	-	-	(1,493)
Stage 2	-	(2,173)	-	(2,173)
Stage 3	-	-	3,666	3,666
Gross write-offs	(116)	(12)	(5,944)	(6,072)
Balance, December 31, 2024	\$ 2,764	\$ 4,150	\$ 8,315	\$ 15,229
Total loans to members:				
Balance, December 31, 2023	\$ 8,941	\$ 14,017	\$ 5,754	\$ 28,712
Net remeasurement	2,089	(2,177)	7,600	7,512
Originations	878	409	135	1,422
Derecognitions and maturities	(981)	(1,161)	(2,140)	(4,282)
Transfers to (from):				
Stage 1	(4,516)	-	-	(4,516)
Stage 2	-	(65)	-	(65)
Stage 3	-	-	4,581	4,581
Gross write-offs	(653)	(841)	(6,608)	(8,102)
Balance, December 31, 2024	\$ 5,758	\$ 10,182	\$ 9,322	\$ 25,262

(c) Forecasting forward-looking information:

Forward-looking information is incorporated into both the assessment of whether a loan has experienced a SICR since its initial recognition and the estimation of ECL. The models used to estimate ECL consider macroeconomic factors that are most closely correlated with credit risk in the relevant portfolios.

The forward-looking macroeconomic scenario described below reflects our best estimate as at December 31, 2025. U.S. trade policies and related uncertainty have led to continuously changing macroeconomic assumptions. Hindsight cannot be used, so while these evolving assumptions may result in future forecasts that differ from those used in the ECL estimation as at December 31, 2025, those changes will be reflected in future years.

During December 2025, the primary macroeconomic variables impacting ECL for the residential mortgage, personal and commercial portfolios were updated to reflect evolving economic conditions in the measurement of ECL. The update included key inputs such as unemployment rate, interest rates, house pricing index, debt service ratio and Canadian dollar to U.S. dollar exchange rate.

First West Credit Union

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

10. Loans to members (continued):

(c) Forecasting forward-looking information (continued):

These primary macroeconomic variables for the next 12-months and for the remaining forecast period thereafter, used to estimate ECL, are specifically listed as follows:

	Base-case scenario	
	Next 12-months (%)	Remaining forecast period (%)
Benchmark Bond Yields - 2 year (average %)	2.7	3.0
Benchmark Bond Yields - 5 year (average %)	3.1	3.4
Change in CAD/USD Exchange Rate	3.8	0.0
Change in Debt Service Ratio	0.1	1.4
Change in house pricing Index - B.C.	5.0	9.1
Change in house pricing Index - National	4.9	8.1
Government of Canada Target Rate (average %)	2.4	2.8
3-month Government of Canada Bond Rate (average %)	2.5	2.9
Unemployment Rate - B.C. (average %)	6.4	5.7
Unemployment Rate - National. (average %)	6.6	6.2

The Credit Union forecasts multiple forward looking and macroeconomic scenarios (base, upside and downside) to evaluate their estimated impacts to the ECLs. Multiple scenarios are forecasted to ensure that estimates of ECLs are unbiased.

The following table presents a comparison of the Credit Union's ECL using only the base-case scenario, downside scenario, and upside scenario instead of the probability-weighted scenarios for performing loans:

	2025		2024	
ECL - Three probability-weighted (actual)	\$	28,561	\$	25,262
ECL - Base-case scenario only		28,433		24,849
ECL - Downside scenario only		31,867		26,225
ECL - Upside scenario only		26,283		24,027
Difference - Actual versus base-case scenario	\$	128	\$	413
Difference - Actual versus downside scenario		(3,306)		(963)
Difference - Actual versus upside scenario		2,278		1,235

First West Credit Union

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

10. Loans to members (continued):

(d) Collateral held as security for credit-impaired loans:

The fair value of the collateral held by the Credit Union as security for credit-impaired loans as at December 31, 2025 was \$109,873 (2024 - \$22,346). The Credit Union has estimated the fair value of the collateral based on an updated assessment of the respective security appraisal undertaken at the original funding assessment and management's knowledge of current local economic conditions.

As at December 31, 2025, accrued interest of \$2,519 (2024 - \$1,497) has been accrued on the credit-impaired loans but an allowance for ECL of \$2,519 (2024 - \$1,497) has been established to reduce the carrying value of this accrual to its estimated net realizable value.

11. Investments:

	2025	2024
Central 1 Credit Union shares	\$ 3,748	\$ 3,751
Debt investment securities at amortized cost	1,182,810	1,133,444
Principal and interest reinvestment accounts	31,938	42,732
Other	2,969	3,607
	<u>\$ 1,221,465</u>	<u>\$ 1,183,534</u>

Investments in shares of Central 1 Credit Union are required by governing legislation and are a condition of membership in Central 1 Credit Union.

(a) Debt investment securities at amortized cost:

As at December 31, 2025 and 2024, the balances of debt investment securities at amortized cost are net of allowance, which is insignificant. The credit ratings of these securities fall mainly in AA+ and AAA categories as designated by well-known rating agencies (DBRS Morningstar, Standard & Poor's, and Moody's).

	2025	2024
Securities issued or guaranteed by:		
Federal governments ⁽¹⁾	\$ 583,077	\$ 514,913
Provinces	409,346	302,951
Municipalities	49,215	49,596
Other debt securities	141,172	265,984
	<u>\$ 1,182,810</u>	<u>\$ 1,133,444</u>

⁽¹⁾ Including mortgage-backed securities that are fully guaranteed by the Canada Mortgage and Housing Corporation pursuant to the *National Housing Act*.

First West Credit Union

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

11. Investments (continued):

(a) Debt investment securities at amortized cost (continued):

During the year ended 2025, the Credit Union sold certain debt investment securities measured at amortized cost for liquidity portfolio management purpose within the applicable regulatory framework. The carrying value of these securities, consisting of treasury bills and securities issued or guaranteed by government, was \$258,562 upon disposal in 2025 (2024 - \$367,797). The Credit Union recognized a net gain of \$5,056 within interest income in 2025 (2024 - \$4,116) from these disposals.

12. Premises and equipment:

Premises and equipment comprise owned and leased assets:

	2025		2024	
Premises and equipment owned	\$	124,259	\$	128,829
Right-of-use assets		44,368		47,740
	\$	168,627	\$	176,569

Premises and equipment owned	Land	Buildings	Leasehold improvements	Other equipment	Total
2025					
Cost:					
Balance, December 31, 2024	\$ 20,603	\$ 113,775	\$ 36,311	\$ 29,268	\$ 199,957
Acquisitions	-	3,590	479	1,917	5,986
Disposals	-	-	-	(130)	(130)
Balance, December 31, 2025	\$ 20,603	\$ 117,365	\$ 36,790	\$ 31,055	\$ 205,813
Accumulated depreciation and impairment losses:					
Balance, December 31, 2024	\$ -	\$ 24,459	\$ 27,959	\$ 18,710	\$ 71,128
Disposals	-	-	-	(117)	(117)
Depreciation	-	4,501	2,449	3,593	10,543
Balance, December 31, 2025	\$ -	\$ 28,960	\$ 30,408	\$ 22,186	\$ 81,554
Carrying amounts:					
Balance, December 31, 2025	\$ 20,603	\$ 88,405	\$ 6,382	\$ 8,869	\$ 124,259
2024					
Cost:					
Balance, December 31, 2023	\$ 20,603	\$ 113,425	\$ 36,190	\$ 25,287	\$ 195,505
Acquisitions	-	350	121	6,084	6,555
Disposals	-	-	-	(2,103)	(2,103)
Balance, December 31, 2024	\$ 20,603	\$ 113,775	\$ 36,311	\$ 29,268	\$ 199,957
Accumulated depreciation and impairment losses:					
Balance, December 31, 2023	\$ -	\$ 19,988	\$ 25,359	\$ 17,249	\$ 62,596
Disposals	-	4,471	2,600	3,421	10,492
Depreciation	-	-	-	(1,960)	(1,960)
Balance, December 31, 2024	\$ -	\$ 24,459	\$ 27,959	\$ 18,710	\$ 71,128
Carrying amounts:					
Balance, December 31, 2024	\$ 20,603	\$ 89,316	\$ 8,352	\$ 10,558	\$ 128,829

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Year ended December 31, 2025

12. Premises and equipment:

Right-of-use assets				
2025	Buildings	Other equipment		Total
Balance, December 31, 2024	\$ 47,740	\$ -	\$	47,740
Additions/lease modifications	3,320	-		3,320
Disposals	(489)	-		(489)
Depreciation	(6,203)	-		(6,203)
Balance, December 31, 2025	\$ 44,368	\$ -	\$	44,368

Right-of-use assets				
2024	Buildings	Other equipment		Total
Balance, December 31, 2023	\$ 39,213	\$ 54	\$	39,267
Additions/lease modifications	14,361	-		14,361
Disposals	(7)	-		(7)
Depreciation	(5,827)	(54)		(5,881)
Balance, December 31, 2024	\$ 47,740	\$ -	\$	47,740

13. Intangible assets:

2025	Goodwill	Software		Total
Cost:				
Balance, December 31, 2024	\$ 173	\$ 51,051	\$	51,224
Acquisitions	-	12,545		12,545
Balance, December 31, 2025	\$ 173	\$ 63,596	\$	63,769
Accumulated amortization and impairment losses:				
Balance, December 31, 2024	\$ -	\$ 24,252	\$	24,252
Amortization	-	5,715		5,715
Balance, December 31, 2025	\$ -	\$ 29,967	\$	29,967
Carrying amounts:				
Balance, December 31, 2025	\$ 173	\$ 33,629	\$	33,802

2024	Goodwill	Software		Total
Cost:				
Balance, December 31, 2023	\$ 173	\$ 46,328	\$	46,501
Acquisitions	-	4,723		4,723
Balance, December 31, 2024	\$ 173	\$ 51,051	\$	51,224
Accumulated amortization and impairment losses:				
Balance, December 31, 2023	\$ -	\$ 19,137	\$	19,137
Amortization	-	5,115		5,115
Balance, December 31, 2024	\$ -	\$ 24,252	\$	24,252
Carrying amounts:				
Balance, December 31, 2024	\$ 173	\$ 26,799	\$	26,972

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Year ended December 31, 2025

14. Other assets:

	2025	2024
Accounts receivable	\$ 6,664	\$ 6,224
Financing lease receivables	-	1,942
Prepaid expenses	29,424	27,407
	<u>\$ 36,088</u>	<u>\$ 35,573</u>

15. Deposits from members:

	2025	2024
Demand	\$ 5,203,465	\$ 4,929,985
Term	4,962,619	5,159,355
Registered savings plans	1,593,930	1,568,211
Class A membership shares	5,469	5,392
Accrued interest and dividends	104,174	139,133
	<u>\$ 11,869,657</u>	<u>\$ 11,802,076</u>

Credit Union Deposit Insurance Corporation ("CUDIC") guarantees all credit union deposits, with the exception of Class A shares which are not guaranteed.

Under agreements with trustees of the registered savings plans, members' contributions to the plans are deposited with the Credit Union at rates of interest determined by the Credit Union.

Class A membership shares are preferred and redeemable, and accordingly are classified as deposits. An unlimited number of Class A voting shares are authorized with a par value of \$1.

Class A shares shall be entitled to dividends at such rate, payable at such time or times, and either cumulative or non-cumulative, as the Board of Directors, in their discretion may determine.

The following table summarizes the time periods in which deposits from members are contractually payable by the Credit Union:

	Up to 1-month	1 to 3 months	3 to 12 months	1 to 3 years	Greater than 3-years	Total
2025	\$ 5,907,870	\$ 969,690	\$ 3,491,433	\$ 1,404,854	\$ 95,810	\$ 11,869,657
2024	5,609,231	815,901	3,813,796	1,371,411	191,737	11,802,076

First West Credit Union

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Year ended December 31, 2025

16. Borrowings:

	2025		2024	
Revolving facilities	\$	-	\$	-
Obligation under CMB program (note 29)		1,290,088		1,226,325
Accrued interest		187		239
	\$	1,290,275	\$	1,226,564

The Credit Union has approved lines of credit with three lenders totaling \$687 million as at December 31, 2025 and December 31, 2024, bearing interest that varies with the bankers' acceptance rate. Security for the first line of credit is an assignment of loans to members, accounts receivable and a demand debenture to the lender. For the second line of credit, security is provided by a first charge against specific CMHC or Genworth insured realty mortgages to a minimum of 105% of the approved credit facility. For the third line of credit, security is provided by a first charge against specific CMHC or Genworth insured realty mortgages to a minimum of 110% of the approved credit facility. As at December 31, 2025, no amounts (2024 - nil) were drawn against these credit facilities.

Changes in borrowings arising from financing activities:

The following table summarizes the changes in borrowings arising from financing activities for the year ended December 31, 2025:

	December 31, 2024	Non-cash changes		December 31, 2025
		Cash flow changes	Accrued interest	
Revolving facilities	\$ -	\$ -	\$ -	\$ -
Obligations under the CMB Program	1,226,325	63,763	-	1,290,088
Accrued interest	239	-	(52)	187
	\$ 1,226,564	\$ 63,763	\$ (52)	\$ 1,290,275

17. Debt securities in issue:

(a) Term Debt:

In March 2025, the Credit Union issued a two-year fixed rate senior deposit note with a principal amount of \$150 million and a coupon rate of 4.252%, interest payable semi-annually. In November 2025, the Credit Union issued an additional two-year fixed rate senior deposit note with a principal amount of \$200 million and a coupon rate of 3.691%, interest payable semi-annually. These notes were measured at amortized cost and the carrying amounts are set out below:

	2025		2024	
Term debt, fixed-rate	\$	349,158	\$	-
Accrued interest		2,682		-
	\$	351,840	\$	-

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

17. Debt securities in issue (continued):

(b) Subordinated debt:

The Credit Union issued subordinated debt which has a 10-year term maturing on August 9, 2033, at a par value of \$150 million. The Credit Union has the option to redeem the subordinated debt from August 9, 2028, until maturity at par plus accrued interest, subject to regulatory approval. The subordinated debt bears interest at 9.186% per annum, payable semi-annually in arrears up to August 9, 2028. From August 10, 2028, the subordinated debentures bear interest at a daily compounded CORRA plus 5.12% payable quarterly in arrears. The debt is measured at amortized cost and the carrying amounts at period ends are set out below:

	2025	2024
Series 1	\$ 149,433	\$ 149,215
Accrued interest	5,435	5,435
	\$ 154,868	\$ 154,650

The Credit Union is fully compliant of all covenants with respect to its debt securities during the year ended December 31, 2025 and the year ended December 31, 2024.

18. Other liabilities:

	2025	2024
Accounts payable and accrued liabilities	\$ 139,489	\$ 101,989
Lease liabilities (note 19)	52,213	54,411
Deferred revenue	1,898	2,026
	\$ 193,600	\$ 158,426

19. Lease liabilities:

The following table presents the contractual undiscounted cash flows for lease obligations as at year end:

	2025	2024
Maturity analysis:		
Less than one year	\$ 8,058	\$ 7,876
Between one and five years	32,649	33,220
More than five years	29,627	32,860
Total undiscounted lease liabilities	\$ 70,334	\$ 73,956

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Year ended December 31, 2025

19. Lease liabilities (continued):

	2025	2024
Lease liabilities included in other liabilities:		
Less than one year	\$ 5,303	\$ 5,027
More than one year	46,910	49,384
Total	\$ 52,213	\$ 54,411

The Credit Union use incremental borrowing rates ranging from 5.49 % to 5.65 % (2024 - 5.49% to 6.62%) to discount its lease liabilities.

The following table presents amounts recognized in the Consolidated Statement of Profit or Loss not already disclosed elsewhere in the consolidated financial statements:

	2025	2024
Income from sub-leasing right-of-use assets	\$ 874	\$ 1,029
Expenses relating to short-term leases	3,146	3,077

During the year ended December 31, 2025, the total cash outflow for leases was \$7,933__ (2024 - \$7,763).

20. Equity shares:

The Credit Union has authorized unlimited number of non-voting Class B equity shares, which have a par value and redemption value of \$1 each.

The rules of the Credit Union state that the annual redemption of Class B shares may, at the discretion of the Board of Directors, be limited to 10% of the total issued and outstanding shares.

Class B shares shall be entitled to dividends at such rate, payable at such time or times and either cumulative or non-cumulative, as the Board of Directors, in their discretion may determine before the first issue of the class of shares.

Class B equity shares are not guaranteed by CUDIC.

	Issued and outstanding	
	2025	2024
Class B non-voting investment equity shares	\$ 19,613	\$ 20,762

First West Credit Union

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

21. Net interest income:

	2025	2024
Interest income:		
Cash resources and investments	\$ 44,109	\$ 66,792
Financial assets:		
Derivatives, net	(11,285)	(11,617)
Loans to members	511,012	553,713
Assets pledged as collateral	63,091	40,466
	606,927	649,354
Interest expense:		
Deposits from members	304,926	404,952
Secured borrowings	49,084	40,069
Wholesale borrowings	1,917	2,469
Debt securities in issue	20,088	23,564
Lease liabilities	2,936	2,900
	378,951	473,954
Net interest income	\$ 227,976	\$ 175,400

22. Fee and commission income:

	2025	2024
Insurance commissions and fees	\$ 2,095	\$ 1,595
Account service fees	18,833	15,831
Loan administration fees	24,886	22,043
Fees from fiduciary activities and mutual funds	45,212	38,935
Foreign exchange	4,846	5,379
	\$ 95,872	\$ 83,783

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Year ended December 31, 2025

23. Other income:

	2025	2024
Leasing revenue	\$ 10	\$ 370
Investment revenue	3,531	1,285
Net gain on securitization activities	157	-
Other	15,238	14,138
	\$ 18,936	\$ 15,793

The Credit Union leases out portions of the head office locations to tenants. The following table shows minimum lease payments receivable from lessees under these non-cancellable operating leases.

	2025
Receivable within 1 year	\$ 4,054
Receivable within 1 to 5 years	16,055
Receivable over 5 years	23,500
	\$ 43,609

24. Personnel expenses:

	2025	2024
Salaries	\$ 137,136	\$ 131,219
Benefits	17,529	22,472
Pension	9,817	9,901
Other	7,374	7,463
	\$ 171,856	\$ 171,055

25. Other expenses:

	2025	2024
Administration	\$ 47,539	\$ 45,036
Data processing	34,350	33,222
Occupancy	15,545	15,071
	\$ 97,434	\$ 93,329

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Year ended December 31, 2025

26. Income taxes:

	2025	2024
Current income tax	\$ 6,868	\$ 956
Deferred income tax	999	(4,543)
	\$ 7,867	\$ (3,587)

Reconciliation of effective tax rate:

The effective tax rate is based on the amount of expense or recovery over the amount of income or loss. The reconciliation of effective tax (recovery) rate is as follows.

	2025	2024
	%	%
Combined federal and provincial statutory tax rate	27.0	(27.0)
Credit Union preferred rate reduction	(7.8)	5.4
Under (over) provided in prior years	0.0	(2.3)
Other	1.2	0.8
	20.4	(23.1)

The tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

	2025	2024
Deferred tax assets:		
Allowance for impairment of loans	\$ 3,608	\$ 3,207
Other accrued expenses	17,791	18,346
Deferred revenue	859	727
Other	2,708	2,644
	\$ 24,966	\$ 24,924
Deferred tax liabilities:		
Investments and other	\$ 3,957	\$ 3,787
Premises, equipment, and leases	13,667	12,796
	\$ 17,624	\$ 16,583

Deferred tax that is expected to reverse to the year 2035 has been measured using the effective rate that will apply for the period. The blended applicable net tax rate was 31.27% (2024 - 22.57%).

First West Credit Union

Notes to Consolidated Financial Statements

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Year ended December 31, 2025

27. Pension and post-retirement benefits:

The Credit Union provides pension benefits to employees through defined contribution, and supplemental retirement and multi-employer defined benefit plans. Other post-retirement benefits including life insurance, health care, dental benefits or cash alternatives are provided to eligible Credit Union employees upon or after retirement.

The Credit Union funds pension plans based on actuarially prescribed amounts. The unfunded supplemental retirement and non-pension benefit plans are paid directly by the Credit Union at the time of entitlement. Contributions for the defined contribution plan are paid by the Credit Union on an annual basis.

Supplemental retirement plans:

The accrued benefit obligation and plan assets were actuarially measured for accounting purposes as of December 31, 2025 (prior period was measured at December 31, 2024). The effective date of the last actuarial valuation report for funding purposes was December 31, 2025 and the effective date of the next required actuarial valuation report will be December 31, 2026.

Participation in multi-employer plan (the "Plan"):

The Credit Union is one of several employers that participates in the BC Credit Union Employees' Pension Plan. The Credit Union is one of several employers participating in the 1.75% Defined Benefit Division of the BC Credit Union Employees' Pension Plan ("Plan"). The Plan is a contributory, multi-employer, multidivisional registered pension plan governed by a Board of Trustees which is responsible for overseeing the management of the Plan, including the investment of the assets and administration of the benefits. The assets under this multi-employer plan are pooled amongst the participating employers. The Plan does not track assets separately for each employer. All cash flows (including investment income, expenses and outgoing benefit payments) are applied and tracked at the aggregate Plan level rather than at the individual employer level. Each employer under the Plan shares the actuarial risks associated with the current and former employees of other participating employers.

Under IFRS Accounting Standards, an employer is required to account for its participation in a multi-employer plan in respect of the proportionate share of assets, liabilities, and costs, in the same fashion as for any other defined benefit plan except in the circumstances where the information is not available to the employer, as follows:

- The entity does not have sufficient information to enable the employer to use defined benefit accounting.
- The Plan exposes the participating employers to actuarial risks associated with the current and former employees of the entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to the individual entities participating in the Plan.

First West Credit Union

Notes to Consolidated Financial Statements

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Year ended December 31, 2025

27. Pension and post-retirement benefits (continued):

Participation in multi-employer plan (the "Plan") (continued):

At least once every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of the funding levels. The most recent actuarial valuation of the Plan was conducted as at December 31, 2024. This latest actuarial valuation indicated a going concern surplus of \$87.5 million and a solvency surplus of \$258.0 million.

As at the date of the most recent actuarial valuation, the Plan covered about 3,200 active members, 1,700 inactive members, and approximately 1,700 retired plan members for a total membership count of 6,600, with a market value of assets of \$1.2 billion.

The next formally scheduled actuarial valuation date will be performed as at December 31, 2027. The results of the 2027 valuation are expected to be finalized by the end of September 2028.

Employer contributions to the Plan are established by the Trustees upon advice from the Plan's actuary. The employer contributions rate schedule as determined under the 2021 valuation will continue to remain the same in 2026 as it was in 2025.

The Credit Union paid \$ 1,538 for employer contributions to the plan in fiscal year 2025 (2024 - \$1,518).

28. Commitments and contingencies:

(a) Legal proceedings:

The Credit Union has claims and legal proceedings brought against it that arise from usual business activities. The Credit Union contests the validity of these claims and proceedings. While the outcome of outstanding actions cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material effect on the Credit Union's financial position.

(b) Contingent liability:

As at December 31, 2025 and 2024, the Credit Union has considered contingent liabilities arising from its operations, as well as potential penalties, and determined that no amount needs be accrued in respect of such amounts.

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(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

29. Transfers of financial assets:

(a) Securitization of residential mortgage loans:

The Credit Union periodically enters into agreements with Central 1 and other third parties which may include securitization of residential mortgages into SPE's which issue bonds to third party investors at specified interest rates.

The Credit Union reviews transfer agreements in order to determine whether the transfers of financial assets should result in all or a portion of the transferred mortgages being derecognized from its Consolidated Statement of Financial Position.

The derecognition requirements include an assessment of whether the Credit Union's rights to contractual cash flows have expired or have been transferred or whether an obligation has been undertaken by the Credit Union to pay the cash flows collected on the underlying transferred assets over to a third party. The derecognition standards also include an assessment of whether substantially all the risks and rewards of ownership have been transferred.

The amount of residential mortgages, including accrued interest, that were transferred but which were not derecognized for the period was \$328,816 (2024 - \$569,209). The credit union also has recognized \$328,816 (2024 - \$569,209) of secured borrowing relating to securitization transactions as the Credit Union did not transfer substantially all of the risks and rewards of ownership, principally because it did not transfer prepayment, interest and credit risk of the mortgages in the securitization. Therefore, the Credit Union fails the derecognition of the transferred assets and records a secured borrowing with respect to any consideration received. The residential mortgages are categorized as loans to members and they are pledged as security for this secured borrowing. The weighted average interest rate on the secured borrowing is 2.70% (2024 - 2.52%) and the borrowing matures at the same rate as the underlying mortgages or at maturity of the underlying mortgages. CMB pools are at maturity with bullet payment.

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.

Type of loan	Total principal	Principal amount over 60-days past due
Residential mortgages	\$ 1,769,396	\$ -

First West Credit Union

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

29. Transfers of financial assets (continued):

(a) Securitization of residential mortgage loans (continued):

The secured borrowings mature as follows:

Maturity	% Rate	Secured borrowings
March 1 2026	0.64	18,915
March 1 2026	3.64	848
July 1 2026	1.55	57,210
September 1 2026	3.80	74,638
February 1 2027	1.09	26,874
March 1 2027	0.84	43,983
March 1 2027	0.94	12,863
March 1 2027	2.50	13,545
July 1 2027	1.34	14,345
September 1 2027	1.74	33,276
September 1 2027	1.69	67,947
September 1 2027	2.25	29,964
November 1 2027	2.56	9,612
November 1 2027	2.61	7,901
November 1 2027	2.95	18,242
December 1 2027	3.51	4,987
February 1 2028	2.94	10,389
June 1 2028	2.94	10,147
October 1 2028	3.23	185,956
February 1 2029	3.70	88,624
May 1 2029	3.46	100,711
July 1 2029	2.88	7,805
August 1 2029	2.81	117,289
December 1 2029	2.93	53,506
July 1 2030	2.49	52,452
September 1 2030	2.71	122,881
November 1 2030	2.82	105,178
		\$ 1,290,088

(b) Transfers that are derecognized:

The Credit Union enters into securitization transactions whereby certain financial assets are transferred to third parties. In cases where the Credit Union has securitized and sold pools of multi-unit residential loans without prepayment options, the transferred assets are derecognized in their entirety. The Credit Union does not retain substantially all the risks and rewards of ownership and transfers control over the assets.

The Credit Union retains servicing rights in respect of the transferred assets, which are represented by securitization retained interests. These retained interests are measured at amortized cost. During the term of the off-balance sheet securitization, cash receipts and serving fees result in the amortization of the retained interest, which is recognized in other income. There is no credit risk associated with the securitization retained interest as the derecognized loans are insured.

First West Credit Union

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Year ended December 31, 2025

29. Transfers of financial assets (continued):

(b) Transfers that are derecognized (continued):

The following table provides quantitative information of the securitization activities and the transfers that are derecognized in their entirety during the year:

	2025	2024
Carrying value of the loans securitized and sold	\$ 35,282	\$ -
Carrying value of securitization retained interests	764	-
Gains on loans securitized and sold	157	-
Income from securitization activities and retained interests	-	-

The expected undiscounted cash flows payable to the investors on the Credit Union's securitization activities and transfers are derecognized in their entirety are as follows:

2026	\$ 1,435
2027	1,437
2028	1,439
2029	1,442
2030	34,397
	\$ 40,150

30. Interest rate sensitivity:

Interest rate risk is the sensitivity of the Credit Union's financial position to movements in interest rates. The carrying amounts of interest sensitive assets and liabilities and the notional amount of swaps and other derivative financial instruments used to manage interest rate risk are presented below in the periods in which they next reprice to market rates and are summed to show the interest rate sensitivity gap (mismatch).

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Year ended December 31, 2025

30. Interest rate sensitivity (continued):

	Within 3-months		4 - 12-months		Over 1-year		Not-interest sensitive	Total
	Principal	% Rate	Principal	% Rate	Principal	% Rate		
2025								
Assets:								
Cash resources	\$ 231,662	2.01	\$ -	-	\$ -	-	\$ 44,453	\$ 276,115
Loans	5,201,933	4.94	2,586,646	4.42	5,225,103	4.61	10,094	13,023,776
Other	313,410	2.50	326,453	2.72	1,017,927	2.98	(155,740)	1,502,050
	5,747,005	4.69	2,913,099	4.23	6,243,030	4.35	(101,193)	14,801,941
Liabilities:								
Member deposits	4,120,631	2.69	2,918,074	2.87	944,968	3.31	3,885,984	11,869,657
Borrowings and other	178,190	3.58	216,408	3.61	1,395,724	4.25	225,728	2,016,050
	4,298,821	2.73	3,134,482	2.92	2,340,692	3.87	4,111,712	13,885,707
Balance sheet mismatch	1,448,184		(221,383)		3,902,338		(4,212,905)	916,234
Derivatives, notional value:								
Asset	600,000	2.35	950,000	2.26	450,000	2.69	-	2,000,000
Liability	(1,400,000)	2.30	-	-	(600,000)	2.92	-	(2,000,000)
	(800,000)		950,000		(150,000)		-	-
Net mismatch	\$ 648,184		\$ 728,617		\$ 3,752,338		\$ (4,212,905)	\$ 916,234
2024								
Assets:								
Cash resources	\$ 254,827	2.41	\$ -	-	\$ -	-	\$ 42,297	\$ 297,124
Loans	4,229,130	6.06	2,132,530	4.2	6,124,471	4.63	12,814	12,498,946
Other	399,725	4.13	245,993	3.07	756,087	3.22	64,965	1,466,770
	4,883,682	5.71	2,378,523	4.08	6,880,558	4.47	120,076	14,262,840
Liabilities:								
Member deposits	4,038,469	3.62	3,386,852	3.95	949,349	4.1	3,427,406	11,802,076
Borrowings and other	55,272	2.95	159,954	2.95	1,161,214	3.75	203,296	1,579,735
	4,093,741	3.61	3,546,806	3.91	2,110,563	3.91	3,630,702	13,381,811
Balance sheet mismatch	789,942		(1,168,283)		4,769,995		(3,510,626)	881,029
Derivatives, notional value:								
Asset	600,000	3.32	600,000	3.19	-	-	-	1,200,000
Liability	(600,000)	3.32	-	-	(600,000)	3.77	-	(1,200,000)
	-		600,000		(600,000)		-	-
Net mismatch	\$ 789,942		\$ (568,283)		\$ 4,169,995		\$ (3,510,626)	\$ 881,029

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31. Fair values of financial instruments:

The following table presents approximate fair values of the Credit Union's financial instruments, including derivatives. The fair values of financial assets and liabilities with fixed interest rates have been determined using discounted cash flow techniques based on interest rates being offered for similar types of assets and liabilities with similar terms and risks as at the Consolidated Statement of Financial Position date. Fair values of other financial assets and liabilities are assumed to approximate their carrying value, principally due to their short-term nature. Fair values of derivative financial instruments have been determined based on market price quotations.

These fair values, presented for information only, reflect conditions that existed at the date of the Consolidated Statement of Financial Position.

	2025			2024		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets:						
Cash resources	\$ 276,115	\$ 276,115	\$ -	\$ 297,124	\$ 297,124	\$ -
Derivatives	16,338	16,338	-	19,198	19,198	-
Loans	13,023,776	12,986,467	(37,309)	12,498,946	12,340,119	(158,827)
Investments	1,221,465	1,220,298	(1,167)	1,183,534	1,181,978	(1,556)
Securitization						
retained interest	764	764	-	-	-	-
Other	6,664	6,664	-	8,166	8,166	-
	14,545,122	14,506,646	(38,476)	14,006,968	13,846,585	(160,383)
Liabilities:						
Deposits	11,869,657	11,892,086	(22,429)	11,802,076	11,850,909	(48,833)
Borrowing	1,290,275	1,326,235	(35,960)	1,226,564	1,239,688	(13,124)
Debt securities in issue	506,708	524,073	(17,365)	154,650	170,450	(15,800)
Derivatives	7,843	7,843	-	23,512	23,512	-
Other	191,702	191,702	-	156,400	156,400	-
	13,866,185	13,941,939	(75,754)	13,363,202	13,440,959	(77,757)
Fair value difference			\$ (114,230)			\$ (238,140)

The fair value measurements are analyzed according to a fair value hierarchy with three levels as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

No transfer has been made into or out of Level 1, Level 2 or Level 3 during the year.

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31. Fair values of financial instruments (continued):

2025	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash resources	\$ 102,198	\$ 173,917	\$ -	\$ 276,115
Derivative assets	-	16,338	-	16,338
Loans to members	-	-	12,986,467	12,986,467
Investments	-	1,220,298	-	1,220,298
Securitization retained interest	-	-	764	764
Other assets	-	6,664	-	6,664
	\$ 102,198	\$ 1,417,217	\$ 12,987,231	\$ 14,506,646
Financial liabilities:				
Deposits from members	\$ -	\$ 11,892,086	\$ -	\$ 11,892,086
Borrowings	-	1,326,235	-	1,326,235
Debt securities in issue	-	524,073	-	524,073
Derivative liabilities	-	7,843	-	7,843
Other liabilities	-	191,702	-	191,702
	\$ -	\$ 13,941,939	\$ -	\$ 13,941,939
2024				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash resources	\$ 146,231	\$ 150,893	\$ -	\$ 297,124
Derivative assets	-	19,198	-	19,198
Loans to members	-	-	12,340,119	12,340,119
Investments	-	1,181,978	-	1,181,978
Securitization retained interest	-	-	-	-
Other assets	-	8,166	-	8,166
	\$ 146,231	\$ 1,360,235	\$ 12,340,119	\$ 13,846,585
Financial liabilities:				
Deposits from members	\$ -	\$ 11,850,909	\$ -	\$ 11,850,909
Borrowings	-	1,239,688	-	1,239,688
Debt securities in issue	-	170,450	-	170,450
Derivative liabilities	-	23,512	-	23,512
Other liabilities	-	156,400	-	156,400
	\$ -	\$ 13,440,959	\$ -	\$ 13,440,959

First West Credit Union

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Year ended December 31, 2025

32. Related party information:

Related parties of the Credit Union include subsidiaries, associates, joint ventures, post-employment benefit plans, key management personnel, close family members of key management personnel and entities which are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close family members.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union including the Chief Executive Officer, Chief Financial and Strategy Officer, Chief Credit Officer, Chief Governance and Corporate Affairs Officer, Chief Operating Officer, Chief Risk Officer, Chief Transformation and Information Officer, President Envision Financial, President Valley First and the President Island Savings.

A number of transactions were entered into with key management personnel in the normal course of business:

(a) Loans and deposits:

The Credit Union provides banking services to key management personnel and persons connected to them. Balances outstanding at December 31, 2025 were loans of \$6,669 (2024 - \$6,452) and deposits of \$6,143 (2024 - \$5,521). No Stage 2 or Stage 3 allowances for credit losses have been recognized with respect to these loans (2024 - nil).

At December 31, 2025, outstanding loans to directors, officers and employees of the Credit Union amounted to \$324,860 (2024 - \$323,647). All such loans were granted in accordance with normal lending terms. Employee loans are recorded at their fair value in the Consolidated Statement of Financial Position with the difference between market values and carrying values being recognized as personnel expenses in the Consolidated Statement of Profit or Loss.

(b) Key management compensation:

	2025	2024
Salaries and short-term employee benefits	\$ 4,445	\$ 4,513
Variable pay - short-term	2,092	1,918
Variable pay - long-term	2,312	2,311
Post-retirement and termination benefits	715	553
	\$ 9,564	\$ 9,295

The aggregate remuneration earned by directors of the Credit Union during 2025 was \$684 (2024 - \$667).

The Credit Union recorded no donations in accounts payable and other expenses to the Credit Union's charitable foundation, First West Foundation ("Foundation") (2024 - \$180). Certain directors of the Credit Union are directors of the Foundation.

First West Credit Union

Notes to Consolidated Financial Statements
(Expressed in thousands of dollars, unless otherwise noted)

Year ended December 31, 2025

32. Related party information (continued):

(c) Subsidiaries and joint operations:

	<u>% ownership of common shares outstanding</u>	
	2025	2024
First West Insurance Services Ltd.	100	100
FW Wealth Management Ltd.	100	100
First West Leasing Ltd.	100	100
FWCU Capital Corp.	100	100
619547 BC Ltd.	100	100

Governance Report

As a member-owned, democratic cooperative financial institution, First West Credit Union (“First West”) is governed by a Board of Directors (“Board”) elected by the Credit Union’s members.

The Board bears fiduciary responsibility for the credit union, protecting members’ interests and financial assets. It shapes the organization’s strategic direction, establishes the Credit Union’s overall risk appetite, and ensures appropriate processes and controls are in place to identify, manage and monitor applicable risks.

The Board appoints the Chief Executive Officer (“CEO”), establishes the CEO’s accountabilities, and evaluates the CEO’s performance. The Board also communicates with members, clients, and other external audiences by reporting its activities through the annual report, the Annual General Meeting (“AGM”) and other channels, and by being accessible by email and in person at Credit Union or community events.

Significant Activities in 2025

In January 2025, First West implemented updates to its leadership structure. Paul Brodeur, formerly Chief Strategy and Market Growth Officer, was appointed Chief Operating Officer, a new role that brings together our member-facing and related support teams to strengthen integration and elevate the member experience. In addition, Chief Financial Officer Mark Moreland’s mandate was expanded to include Strategy, Marketing, Product and Enterprise Intelligence, resulting in a new title of Chief Financial & Strategy Officer, aligning these functions alongside Finance, Treasury and Facilities & Procurement to enhance coordination and support strategic execution.

First West hosted its 2025 AGM in an online format. Members participated through a virtual meeting platform, and overall member feedback was positive. The terms of four directors expired at the conclusion

of the 2025 AGM. Following the nomination period and the Nominations Task Force’s endorsement meeting, four candidates were endorsed; incumbents Paul Challinor, Meryle Corbett, Waheed Hirji, and new director Renee Merrifield were declared elected by acclamation to serve three-year terms.

After 19 years of dedicated service, director Richard Hill retired from the First West Board, with his tenure ending at the conclusion of the AGM.

In April 2025, members approved a special resolution to amend First West’s federal Bylaws to create a new class of shares – Class D Equity Shares. The Class D Equity Shares are non-voting shares issued without par value and help to provide First West with additional flexibility to create, structure and issue capital instruments as needed.

Originally reported in 2024, and deferred at that time given the economic climate, the Board accepted a 2% increase to director remuneration effective July 1, 2025, based on recommendations from an independent member advisory committee.

In July 2025, First West released its inaugural Impact Report highlighting social outcomes and long-term value beyond financial performance. The Report details progress on our sustainability commitments and shares real world stories, underscoring our commitment to transparency, ethical governance, and responsible banking. For more information on the Impact Report visit firstwestcu.ca/our-impact.

In September 2025, directors and management participated in Closer to the Member Day, spending time in branches to observe member-facing operations and engage directly with both members and employees. The experience strengthened shared understanding of member experiences, service delivery practices, and operational realities across First West.

After 17 years of service, Liz Bailey-Connor, Chief People & Culture Officer, retired effective July 31, 2025. Effective January 1, 2026, Margo Lawrence was promoted to Senior Vice President, People & Culture.

In December 2025, the Board completed its third annual Board diversity survey ("Survey"). The Survey provides the Board and its Governance and Nominations Committee with information needed to report annually on the diversity of the Board and its committees. Survey information is used by the Board to better understand Board dynamics, identify barriers, and develop strategies to enhance Board diversity. Survey information with respect to optimal Board composition is provided in the table below under the Current Composition section.

Board Diversity

The Board is committed to equity, diversity and inclusion as foundational elements of strong, effective governance. The Board believes that inclusive governance supports balanced decision making, enhances oversight, and strengthens the organization's ability to serve members across its diverse communities. Through its policies, governance practices, and director recruitment and renewal processes, the Board seeks to foster an environment in which different perspectives, backgrounds and lived experiences are valued and respected. The Board recognizes that equity, diversity and inclusion are enduring commitments that require continued attention and thoughtful integration into its governance framework, and it remains committed to maintaining a Board culture that supports inclusive, principled and member-focused leadership.

The following table outlines the optimal composition of the Board with respect to the diversity dimensions the Board has identified as being material to its success, measurable objectives for achieving the optimal composition, and the Board's composition as of December 31, 2025.

DIMENSION	WHY IT MATTERS	OPTIMAL COMPOSITION	CURRENT COMPOSITION
Representation of Women	Historically, women have been underrepresented on boards. Studies show that boards which are composed of at least one-third women make better decisions, consider issues differently and operate more effectively.	At least 50% female directors.	Currently five of the Board's 12 directors are female. One director preferred not to answer the gender identity question. The representation of women continues to be an important focus in director recruitment.
Equity Deserving & Inequity Experiencing Groups	Historically, equity deserving and inequity experiencing groups have been underrepresented on boards. Studies show that equitable, diverse, and inclusive boards make better decisions, consider issues differently, and operate more effectively. The Board further recognizes that the people who call the Credit Union's communities home come from varied backgrounds and have varied experiences. It is important to ensure that our Board reflects the make-up of the Credit Union's communities.	The ideal composition of the Board is one in which equity deserving groups and inequity experiencing groups are treated equitably in order to ensure inherent diversity, experiential diversity, and diversity of thought. Therefore, the Board is committed to ensuring at least 30% of the Board's composition represents equity deserving and/or inequity experiencing groups.	Currently, three of the Board's 12 directors identify as being from equity deserving and/or inequity experiencing groups, based on self identification. One director preferred not to answer one or more equity related survey questions. The representation of equity deserving and inequity experiencing groups continues to be an important focus in recruitment.
Age	Each generation approaches problems and issues differently; as the credit union serves members in all life stages, it is important to include a balanced mix of ages on the Board.	Ideal composition of no more than one-third of directors in each age bracket: <ul style="list-style-type: none"> • Under 50 • 50 – 60 • 60 and over. 	Currently, six directors are over the age of 60, five directors are between the ages of 50 and 60, and one director is under the age of 50. One director preferred not to answer the age question.
Geography	Local economies, local member needs, local politics, and needs in the Credit Union's services areas differ broadly. These points of view should be represented at the Board table.	Representation from each of the credit union's regions.	Each of the credit union's regions is represented in the composition of the Board.

For information on the Board's Equity, Diversity and Inclusion Policy and the Board's commitment to ensuring equity, diversity and inclusion with respect to its composition, please visit firstwestcu.ca/governance/leading.

Board Structure and Directors

First West's Rules allow for a Board of 12 directors, rising to as many as 15 to accommodate a merger. Directors are normally elected to three-year terms, with four directors' terms ending each year.

Directors are responsible for stewarding the organization in the best interests of the credit union as a whole and for all First West's members, regardless of region. Directors protect and uphold the credit union's values, exercising judgment with honesty and integrity. They offer a broad range of knowledge and depth of experience, as well as an understanding of the principles and values of the credit union and its communities. Additionally, directors demonstrate business, financial and social acumen, and provide diverse views.

Directors must be independent from the credit union and the financial services industry in general and must not have an interest or relationship with First West that could be seen to interfere with their ability to act in the best interest of the credit union and its members. The Board's Audit and Conduct Review Committee reviews compliance with this requirement.

For a listing of each director's Board service history, tenure, roles, education and remuneration, go to Appendix 1. More information about directors, including their background and experience, can be found at firstwestcu.ca/our-leadership/board-of-directors/.

Board Effectiveness and Renewal

To ensure they continue to provide an appropriate level of oversight and stewardship, directors conduct regular Board and peer performance evaluations. These evaluations assess the Board's ability to work as a whole, as well as each director's skills, experience and contributions in a number of key areas, including digital leadership, corporate governance, environmental, social and governance, real estate lending and development, law and more. The evaluations help the Board identify gaps it may address by recruiting new directors or through its ongoing director education program.

Director Education

Directors are encouraged to pursue educational opportunities and professional development to improve their contributions to governing the credit union. New directors are required to complete Level A of the Credit Union Director Achievement program within 12 months of their appointment and all directors are required to apply for and complete their ICD.D or C.Dir designation. Per the Board's Director Orientation, Education and Development Policy, 50% of the cost of the ICD.D program is borne by each director, respectively.

Recognizing that director education is directly linked to improvements in governance and oversight, the credit union provides each director with an education allowance that can be used towards paying for registration, travel and accommodation related to courses and/or educational conferences. The education allowance totals \$15,000 for a director's first three-year term and \$12,000 for each subsequent three-year term.

A listing of the educational opportunities pursued by each director in 2025 is included in Appendix 1.

Governance Standards

First West's governance practices guide how the Board functions, makes decisions and holds itself accountable. The Board is guided, in part, by the BCFSA Governance Guideline for B.C. Credit Unions¹, which specifies standards related to:

- Risk governance, including the implementation of a risk governance framework
- Board competence with respect to strategy and oversight of operations
- An expectation that boards will be proactive in identifying best practices related to corporate governance and in adopting evolving best practices as they apply to their institutions
- Greater accountability and transparency, including detailing CEO and individual director pay in the credit union's annual report

As part of the federal continuance process and the submission to BCFSA of its application to continue as a federal credit union, First West has also evaluated its governance practices against the OSFI Corporate Governance Guideline.² First West will continue to enhance its governance practices as a provincial credit union and as it works to become federally regulated.

Member Involvement

By participating in the democratic process, members shape and direct First West's future. The Board encourages members to attend First West's AGM and vote in director elections and on special resolutions. Unless they are First West employees, family of First West employees, employees of other financial institutions, or disqualified under First West's Rules, First West members in good standing may also stand for election to the First West Board.

Board Compensation

First West's directors are expected to devote considerable time and energy to fulfilling their obligation to oversee the credit union on behalf of members. Each year, directors attend approximately 15 days of meetings, including quarterly Board meetings, a budget meeting, a planning session and a number of other planned and unplanned special meetings; participation is mandatory for the AGM and annual planning session. In addition, each director is required to travel as necessary to and from meetings, and to prepare fully for Board and committee meetings. Thorough preparation and regular attendance at Board and committee meetings is required for acceptable director performance, and directors have shared that they spend approximately three hours of preparation time for every one hour of meeting time.

To attract and retain the best directors possible and pay them at a level that reflects the level of risk they accept, the professional expertise they offer, and the level of contribution expected of them, compensation is set at a rate comparable with other large credit unions, regional financial institutions and publicly traded companies of similar size.

First West's policies require the Board to regularly seek the input and advice of an independent panel of members to determine its compensation. Recommendations were made by an independent panel in early 2024. The Board considered the recommendations, and the current economic environment and unanimously agreed not to accept the recommended 2% increase in compensation in 2024, with plans to revisit the panel's recommendations in 2025. An independent panel of members will again be put together in 2027 to provide input and advice on the Board's compensation.

¹ <https://www.bcfesa.ca/media/91/download>

² <https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/corporate-governance-guideline-2018>

In 2025 director compensation included annual retainers of \$42,994 for directors and \$88,517 for the Board Chair; the Chairs of the Audit and Conduct Review Committee and the Risk, Investment and Loan Committee receive an additional retainer of \$11,695, the Board Vice Chair receives an additional retainer of \$5,849, and the Chairs of other committees receive additional retainers of \$5,849.

Total Board compensation for 2025 was \$640,299.81, which includes \$32,300 for travel fees and \$144,247.51 for expenses. The amounts paid to each individual director are included with each director profile in Appendix 1.

Director Expenses

Beyond the honoraria and travel fees they receive, directors are reimbursed at the same level as the Credit Union's Management for reasonable expenses incurred in connection with authorized work performed on behalf of the credit union. Like Management, directors are required to supply receipts for all expenses they incur which are reviewed for accuracy and approved by the Corporate Secretary.

Expenses directors may be reimbursed for include mileage, flights, accommodations and meals.

The total expenses paid to each director in 2025 is included with each director profile in Appendix 1.

Committees of the Board as of December 31, 2025

Audit and Conduct Review

The Audit and Conduct Review Committee is responsible for fulfilling the Credit Union's statutory duty to maintain an audit committee and conduct review committee as per Section 39.56 of the *Credit Union Incorporation Act* and Section 112 of the *Financial Institutions Act* respectively. The committee assists the Board in fulfilling its obligations and oversight

responsibilities related to the audit process and financial reporting, ensures the requirements for dealing with related-party transactions set out in the *Financial Institutions Act* are met and appropriate procedures are in place, and oversees the process for reviewing directors' conduct and procedures for resolving conflicts of interest, restricting the use of confidential information and handling member complaints. The committee consists of a minimum of three members elected by the Board on the recommendation of the Board Chair.

Risk, Investment and Loan

The Risk, Investment and Loan Committee is responsible for fulfilling the statutory duties related to investments and lending of financial institutions detailed in Section 135 of the *Financial Institutions Act*. The committee recommends Board approval of and oversees the credit union's risk appetite and enterprise risk management framework. It reviews and recommends to the Board for approval, and filing with BCFSA, written investment and loan policies for the credit union and its subsidiaries. In making its recommendations, the Committee considers whether the policies are consistent with the prudent standards set out in the *Financial Institutions Act* and with the credit union's investment and loan strategy. The committee consists of a minimum of three members elected by the Board on the recommendation of the Board Chair. At least one member of the committee shall be an officer of the credit union.

Governance and Nominations

The Governance and Nominations Committee oversees key elements of the First West Board of Directors' operations, including corporate governance principles, practices and oversight, Board assessment, evaluation and renewal, director recruitment, nominations and elections and director orientation, and education and development. The committee consists of a minimum of five members elected by the Board on the recommendation of the Board Chair. Ideally each committee member will also be a member of at least one other committee to ensure informed governance discussions.

The Nominations Task Force (“Task Force”), a sub-committee of the Governance and Nominations Committee, is constituted annually following the Board reorganization meeting and consists of not less than three members of the credit union who may but need not be directors. No director whose term of office is expiring at the AGM following the appointment of the “Task Force” may serve as a member of the Task Force, except where that director is not seeking re-election. The “Task Force”’s main responsibilities include leading a search for eligible director candidates, reviewing the Call for Nominations package, participating in director candidate interviews and endorsing candidates who would bring the most overall value to the Board if elected.

Government Relations and Partnership

The Government Relations and Partnership Committee guides management in advancing First West’s multi-brand operating model. The committee reviews and counsels management on First West’s successful business model, monitors government relations activities and advocates for favourable legislative and regulatory environments that will allow First West to achieve its strategic goals. The committee also represents the Board in discussions with credit unions interested in First West’s model. The committee consists of the Board Chair, Board Vice-Chair and two other directors appointed annually on the recommendation of the Board Chair.

Human Resources

The Human Resources Committee is responsible for assisting the Board with respect to all matters relating to human resources, ensuring sound human resources policies and practices are in place and are consistent with First West’s values, vision, risk appetite and strategic plan. The committee consists of not less than three and not more than five members. Committee members and the committee chair are appointed by the Board on the recommendation of the Board Chair.

Board and Committee Attendance

Reporting attendance is widely defined as a governance best practice and required by the BCFSAs Governance Guideline for B.C. Credit Unions. Meeting attendance and profiles for each First West director is listed in Appendix 1.

In addition to director attendance, First West believes effective directorship should be measured by directors being thoroughly prepared to be engaged in meetings and to make sustained, positive contributions to the credit union’s success.

2025 DIRECTORS

Shawn Neumann (Chair)	Deborah Buszard	Paul Challinor	Meryle Corbett	Jeff Dyck	Richard Hill	Waheed Hirji	Darryl Kropp	David Letkemann (Vice-Chair)	Balraj Mann	Cathy McIntyre	Renee Merrifield	Karley Scott
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SERVING AS A DIRECTOR SINCE	1998	2021	2019	2019	2017	2006	2022	2018	2006	2021	2017	2025	2024
TERM EXPIRES	2026	2027	2028	2028	2026	2025	2028	2026	2027	2027	2026	2028	2027
TOTAL NUMBER OF YEARS SERVED (AS OF DEC. 31, 2025)	28	5	7	7	7	19	4	8	20	5	7	1	1

MEETING ATTENDANCE

Board (6)	6	6	6	5	6	2	6	6	6	5	6	3	6
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COMMITTEES JAN. 1 – MAY 6, 2025 (UP TO AGM)

Audit and Conduct Review (2)	-	2	2	2	2	2	2	-	-	-	-	-	2
Governance and Nominations (1)	-	-	1	-	1	1	-	1	1	-	1	-	-
Government Relations and Partnership (1)	1	1	-	1	-	-	-	-	-	-	-	-	-
Human Resources (2)	2	2	-	-	-	-	-	-	-	1	1	-	2
Nominations Task Force (3)	-	-	-	-	3	-	-	3	-	-	3	-	-
Risk, Investment and Loan (1)	-	-	1	1	-	-	1	1	1	-	1	-	-

COMMITTEES MAY 6 (POST AGM) – DEC 31, 2025

Audit and Conduct Review (3)	-	-	3	3	-	-	3	-	-	-	-	-	3
Governance and Nominations (3)	-	3	-	-	3	-	-	3	2	-	3	-	-
Government Relations and Partnership (3)	3	-	-	3	-	-	-	-	3	-	-	2	-
Human Resources (3)	3	3	-	-	-	-	3	-	-	-	3	2	-
Nominations Task Force (2)	-	2	-	-	-	-	2	-	-	-	-	2	-
Risk, Investment and Loan (3)	-	-	3	3	-	-	3	3	-	1	-	-	3

REMUNERATION AND EXPENSES

Total Honoraria	86,761	42,643	54,242	54,242	42,643	14,050	42,643	52,744	54,245	42,643	48,444	30,057	42,643
Total Travel fees	3,000	5,000	1,000	4,500	1,000	2,000	-	1,000	-	-	3,500	2,500	4,000
Total Expenses	35,460	13,098	1,760	29,499	5,981	2,428	-	3,367	860	-	26,834	5,134	19,824

2025 Remuneration and expenses paid to Nominations Task Force members at-large:
Meeting + travel fees: \$4,800 | Expenses: \$0

EDUCATION

SHAWN NEUMANN

CCUA National Conference for Credit Unions

Completed my Advanced Team Coach Certification through Coachworks Academy

FWCU: Anti-Money Laundering Training in person

ICD: Board Chairs Connect

ICD: Chairing the Board in a Changing World

ICD: Effective Board Oversight of AI

ICD: Mediation Skills for Board Chairs

ICD: Securing Strong Board Leadership

ICD: Trends & Key Issues in Governance

Macro-Economic Presentation/Q&A with Royce Mendes (Desjardins Head of Macro Strategy)

DEBORAH BUSZARD

Addressing Canada's Economic Sovereignty Crisis, Leadership Roundtable, Caldwell Partners International

CCUA Governance, Cyber risk and Compliance for Credit Union and CCUA Governing Operational Risk (Level CE)

French Language – Continuing Study

FWCU: Anti-Money Laundering Training in person

ICD National Director Conference

ICD workshops: The Evolving Role of Board Chairs and Trends & Key Topics in Governance

International workshop on the North American continental agri-food business system: Stress testing the North American Food System, Guelph, Ontario

PAUL CHALLINOR

FWCU: Anti-Money Laundering Training in person

Macro-Economic Presentation/Q&A with Royce Mendes (Desjardins Head of Macro Strategy)

Veripark - The Future of Digital Banking

NEI Investments - Economic Impact of Tariffs

McGlashan Consulting - Models of Governance

ADP - Powering Productivity for Success

KPMG - Artificial Intelligence - Board Considerations

BCFSA - The Future of the Credit Union System

PwC - Director Connect - Sustainability

PwC - Financial Reporting Update

Global Risk Institute - Crisis Management

Central 1 - Momentum Conference

CPABC - Leadership Update

MERYLE CORBETT

FWCU: Anti-Money Laundering Training in person

CPA: Canadian Business Ethics

CCUA National Conference for Credit Unions

CPA: ABCs of Microsoft Power Platform

CPA: IA Intelligence

CPA: Info Technology Insights. pkg 1, Technology Update

CPA: Microsoft Power Query and BI

CPA: Everything you need to know about Government, Bank and Personal Debt

CPA: Governance: from Founder to CEO (Rick Hansen Foundation)

CPA: IFRS - Essentials

Macro-Economic Presentation/Q&A with Royce Mendes (Desjardins Head of Macro Strategy)

US Tariffs: Navigating complexities of coming US tariffs

WOCCU Conference

JEFF DYCK

FWCU: Anti-Money Laundering Training in person

ICD National Director Conference

CanITCon - premier technology conference designed specifically for Managed Service Providers (MSPs) in Canada

WAHEED HIRJI

CCUA: Understanding the Impact of U.S. Tariffs on Credit Unions & the Canadian Economy

CPA: Canada's Economic Outlook, chief economist, David-Alexandre Brassard

FEI Canada: Tariff Turbulence: Financial Impact and Mitigation Strategies

FEI: The New World Disorder' presented by Corpay

FWCU: Anti-Money Laundering Training in person

KPMG AI Agents in Action - practical insights to enhance work performance

KPMG: Federal Budget

KPMG: The tariff impact: Navigating trade disruption as a Canadian business with Bill Morneau

Macro-Economic Presentation/Q&A with Royce Mendes (Desjardins Head of Macro Strategy)

McCarthy Tetrault: Tariffs, Trade Wars and Friendly Fire - Implications for Businesses of the Increase Use of Economic Weapons - Ethical and Legal Issues

Roper Greyell LLP: The Latest and Greatest: Key recent decisions and must-know in employment labour and workplace human rights law

DARRYL KROPP

Directors Education Program (DEP) Governance Refresher

Directors' Forum Conference

FWCU: Anti-Money Laundering Training in person

Influence: Leveraging the 6 Principles of Persuasion

Leadership Development training session - Resolving Conflict

Oxford Scenarios Programme (Said Business School, Oxford)

Project Management PMP Preparation Course

RedMane Wellness - Stress Proofing Your Brain

DAVID LETKEMANN

FWCU: Anti-Money Laundering Training in person

GPC Co-op and Credit Union Governance Summit

ICD Effective Board Oversight of AI: Perspectives from Directors, CIO, and Founder of AI Solution Builder

ICD Enterprise Risk Oversight for Directors

ICD Trends & Key Topics in Governance: A Keynote Conversation with Dr. Richard Leblanc

Macro-Economic Presentation/Q&A with Royce Mendes (Desjardins Head of Macro Strategy)

BALRAJ MANN

CCUA Flag the money CCUA

CCUA Foundations of Governance in Theory and Action

Macro-Economic Presentation/Q&A with Royce Mendes (Desjardins Head of Macro Strategy)

CATHY MCINTYRE

Chartered Professionals in Human Resources – Future-Ready HR

FWCU: Anti-Money Laundering Training in person

Governance Professionals of Canada – Annual Conference

Governance Professionals of Canada Co-op and Credit Union Governance Summit

Greater Vancouver Board of Trade – Domestic Trade and Interprovincial Expansion

Harvard Business School – Leadership Summit

ICD – Board Oversight of AI

ICD – Executive Compensation: Insights and Best Practices

ICD – Insights for Canadian Boards and Leaders

ICD – Navigating US Policy Shifts: Implications for Canadian Boards

ICD – Strategies for Effective Stakeholder Engagement on Climate

ICD – The Savvy Nonprofit Board

Korn Ferry – Workforce 2025

Macro-Economic Presentation/Q&A with Royce Mendes (Desjardins Head of Macro Strategy)

NASDAQ – Integrity, Business and the Economy Going Forward

Simon Fraser University – Employee and Labour Relations in Canada

University of Cambridge - ESG Leadership program

University of Victoria – Using AI for your Life and Work

RENEE MERRIFIELD

BCFSA Conference

Central 1 Momentum Conference

FWCU: Anti-Money Laundering Training in person

ICD Chairing Boards

ICD Course: Trends & Key Issues in Governance: A Conversation with Dr. Richard Leblanc

KARLEY SCOTT

FWCU: Anti-Money Laundering Training in person