VantageOne CREDIT UNION

THE 2025 ANNUAL REPORT

Message from the Chief Executive Officer

It's my honour to provide an update to the membership on what happened in 2025 and how we see the future unfolding for your credit union. I will review our business results, key activities from the past year, and our outlook for the year ahead.

Focus on Business Results

2025 was a year of transition in the global economy. Two main impacts were felt over the year: international trade and consumer prices were negatively affected by a tariff strategy introduced by the U.S., and businesses pivoted to more locally sourced supply chains to reduce disruption from global events. Overall, the Canadian economy was relatively flat, showing little growth in 2025. A more concerning trend is Gross Domestic Product (GDP) per capita—the amount of output produced nationally per person—which has been declining and falling behind other Western countries. Encouraging investment and improving productivity in Canada will be important as we move forward.

Despite slow economic growth, our region performed well, with continued investment and strong interest in our markets. This performance is reflected in our results as we maintained our focus on managed growth to support long-term strength and resilience. In 2025, asset growth was 3.4%, driven by both deposit growth and increases in consumer and commercial lending. Deposit growth was 3%, or more than $13 million. Our lending portfolio grew by more than $34 million, representing overall growth of 10%. This performance contributed to a strong 14% increase in our financial margin. Operating expenses increased during the year, which we continue to manage closely. Costs across many sectors—from insurance to vendor contracts—have risen. We are pleased to report that income before taxes increased by 36%, providing funding to return value to members through dividends and patronage rebates while also strengthening our capital base to help protect the credit union through challenging periods.

We operate two subsidiaries: VantageOne Financial and VantageOne Leasing. VantageOne Financial provides wealth management services, including financial planning, investments, and insurance. VantageOne Leasing provides business equipment leasing for organizations that prefer to finance equipment through a lease rather than a purchase. We are pleased to report that both subsidiaries had a strong year, exceeded our goals, and continued to contribute to the credit union's success.

Focus on the Past Year

This past year was focused on leadership alignment, responding to increasing regulatory expectations, and addressing changes to ATM services in our communities.

Over the past couple of years, we have experienced leadership changes as retirements impacted our organization. We are very pleased with the strength and depth of our leadership team across the credit union, and this is reflected in our financial results. Operating in a highly competitive market—with competitors that are both local and virtual—means we must continue to add value for you, our members. Our leadership team is committed to this focus, with our first core value being Member/Client Obsession. Thank you to our leaders for choosing VantageOne and for helping drive our continued success in an increasingly competitive environment.

Regulatory expectations continue to increase for our organization. New capital rules, governance guidelines, and anti–money laundering requirements all affect the operations of your credit union. Much of this work happens behind the scenes; however, some changes do affect members directly. Please know that we are working hard to minimize disruption and make these processes as straightforward as possible.

Message from the Chief Executive Officer Continued

Members will have noticed changes to our ATMs over the past year. Although digital payments are growing, ATM use remains strong for both deposits and withdrawals. In Armstrong, we changed the orientation of the ATM to reduce security risks in the ATM room after hours. In Vernon, we are upgrading ATMs to newer models that should be faster and easier to use. In Peachland, we experienced criminal activity at our drive-through ATM; fortunately, no loss was incurred, and the unit should be replaced by the end of April. In addition, we are working to provide more cash-withdrawal options at ATMs, including a $50 bill option alongside the existing $20 and $10 options.

Focus on the Future

Looking ahead, we see many members facing mortgage renewals at higher rates than they previously experienced. We are also working to improve our digital banking platform and will continue to focus on maintaining our strength and resilience.

Five years ago, interest rates were significantly lower than they are today. Many members are now experiencing the impact of renewing mortgages at much higher rates. While the environment five years ago was unusual, today's rates are more consistent with historical norms. To support our members, we are reaching out months ahead of renewals to review options and help members plan for this transition. Based on the current environment at the time of writing, we expect rates to remain relatively stable over the year.

Our credit union competes on the strength of our people and service. We have an outstanding team serving you locally, and that matters. To complement this personalized service, we provide digital banking so members can complete routine transactions conveniently. While our current system works well today, it is not positioned to take us into the future. As a result, in 2027 we will replace it with a new platform designed to support our long-term needs. We recognize this change will affect members and personal workflows, and we will support you through the transition to ensure you are well prepared. We will share more details later this fall and early next year.

Finally, our ongoing goal is to remain a strong, collaborative credit union that delivers value to our members. To support this, we are stepping back to review what we offer and how we can enhance that value. We recognize that members' needs will continue to evolve, and proactively responding—by finding new ways to meet those needs—remains a cornerstone of our resilience. As part of this work, you can expect to see more surveys and requests for input so we can better understand member priorities and continue to be your financial neighbour.

Thank You to Our Board, Team and Members

In closing, I would like to extend a sincere thank you to our members. You have many choices, and you are the reason we are here. We remain dedicated to helping you build your financial well-being—thank you for choosing VantageOne. Thank you as well to our Board for its dedication, diligence, and leadership through an increasingly complex operating environment. To our leaders, thank you for bringing our initiatives to life and enabling us to respond to change. Finally, thank you to our staff—both on the front lines and behind the scenes—whose expertise and commitment make the difference as they serve our members every day.

Respectfully submitted,

Glenn Benischek
Chief Executive Officer

Message from the Board Chair

Dear Fellow Members,

As we leave 2025 behind and look ahead to 2026, the strength of our member relationships remains the foundation of VantageOne Credit Union. Our continued success is made possible through strong leadership and the steadfast dedication of our employees, who consistently serve our members with care, expertise, and commitment.

Throughout the year, the Board worked closely with our executive and management teams to address the ongoing economic uncertainties affecting our members. Higher mortgage renewal rates and the rising cost of living have presented challenges along members' financial journeys. Through personalized guidance and support, VantageOne has continued to be a trusted financial partner, reinforcing our commitment to helping members achieve their goals.

In 2025, the Board established a new committee—the Future Forward Committee—to stay informed of significant changes within the financial sector, including the increasing number of credit union mergers across our province. It is imperative that we remain aware of emerging challenges and are well positioned to navigate an evolving financial landscape. Engagement with the broader credit union system through forums and conferences has allowed us to exchange insights and bring back fresh perspectives, all with the goal of ensuring VantageOne remains strong, resilient, and independent into the future.

Our continued independence and long-term success are closely tied to attracting new members and sustaining growth. As technology evolves at an increasingly rapid pace, we must remain relevant in today's digital environment. To that end, we are participating in collaborative initiatives with other credit unions that enhance our technical capabilities while ensuring we continue to deliver exceptional service and value to our members.

Financially, 2025 marked another year of strong profitability. As a result, we are pleased to once again share our success with our members through dividends on equity shares and patronage rebates. We are pleased to announce a 10% dividend as well as a 60% rebate to qualifying members on month-end service charges, for a total of $423,000 returned to our members.

Another highlight of 2025 was the launch of a new marketing initiative, focusing on sustainability and community impact, including expanding charitable partnerships. As a part of this, we have introduced a new community grant program, with the first recipients to be announced this spring.

As we look ahead to 2026, the Board remains focused on ensuring that VantageOne is prepared for both the opportunities and challenges to come. Together with our leadership team, we are committed to our cooperative values and to delivering long-term value for our members, employees and communities.

Thank you for your continued loyalty and your trust. I am excited about the strong and promising future we are building together. Here's to a year ahead filled with resilience and prosperity.

Respectfully submitted,

Michelle Sinclair

Michelle Sinclair
Board Chair

I respectfully acknowledge that this report was written and delivered on the unceded traditional territory of the Okanagan Syilx Nation, who have inhabited this land since time immemorial.

Management's Responsibility

To the Members of VantageOne Credit Union:

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

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

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

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

February 25, 2026

e-Signed by Glenn Benischek 2026-02-25 16:37:40:40 PST	e-Signed by Denise Santos 2026-02-25 16:14:32:32 PST
President & CEO	Chief Financial Officer

Independent Auditor's Report

To the Members of VantageOne Credit Union:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Credit Union as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Kelowna, British Columbia

MNP LLP

February 25, 2026

Chartered Professional Accountants

VantageOne Credit Union
Consolidated Statement of Financial Position
As at December 31, 2025
($ in thousands)

	2025	2024
Assets		
Cash and cash equivalents *(Note 4)*	**25,172**	26,999
Other assets	**440**	758
Investments *(Note 5)*	**67,396**	83,792
Loans to members *(Note 15)*	**377,777**	342,949
Income taxes recoverable	**77**	-
Finance leases receivable *(Note 15)*	**18,732**	18,940
Property and equipment *(Note 6)*	**8,642**	9,083
Deferred tax asset *(Note 7)*	**242**	193
Accrued pension asset *(Note 8)*	**2,176**	1,588
	500,654	484,302
Liabilities		
Member deposits *(Note 9)*	**461,607**	448,140
Income taxes payable	**-**	37
Accounts payable and accrued liabilities	**951**	1,075
Finance lease payable	**124**	199
	462,682	449,451
Commitments *(Note 15)*		
Members' equity		
Member shares *(Note 10)*	**931**	892
Retained earnings	**35,063**	32,352
Accumulated other comprehensive income	**1,978**	1,607
	37,972	34,851
	500,654	484,302

Approved on behalf of the Board

e-Signed by Michelle Sinclair
2026-02-25 16:41:00:00 PST
Chairperson

e-Signed by Glenn Benischek
2026-02-25 16:37:45:45 PST
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

VantageOne Credit Union
Consolidated Statement of Income
For the year ended December 31, 2025
($ in thousands)

	2025	2024
Financial income		
Interest on member loans	**16,189**	15,523
Interest on investments	**3,463**	4,444
	19,652	19,967
Financial expense		
Interest on member deposits	**8,286**	10,003
Financial margin	**11,366**	9,964
Provision for impaired loans and leases *(Note 15)*	**131**	78
Net financial income after provision for impaired loans and leases	**11,235**	9,886
Other income *(Note 11)*	**4,788**	4,380
	16,023	14,266
Operating and other expenses *(Note 12)*	**12,597**	11,617
Income before dividends and income taxes	**3,426**	2,649
Provision for dividends		
Share dividends	**85**	79
Patronage dividends	**322**	356
	407	435
Income before income taxes	**3,019**	2,214
Provision for (recovery of) income taxes *(Note 7)*		
Current	**357**	497
Deferred	**(49)**	(129)
	308	368
Net income	**2,711**	1,846

The accompanying notes are an integral part of these financial statements

VantageOne Credit Union
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2025
($ in thousands)

	2025	2024
Net income	**2,711**	1,846
Other comprehensive income		
Items that will not be reclassified subsequently to net income		
Actuarial gains on defined benefit plans, net of income tax *(Note 8)*	**488**	376
Items that will be reclassified subsequently to net income		
Unrealized gain (loss) on investments, net of income tax	**(117)**	466
Other comprehensive income for the year, net of income tax	**371**	842
Total comprehensive income for the year	**3,082**	2,688

The accompanying notes are an integral part of these financial statements

VantageOne Credit Union

Consolidated Statement of Changes in Members' equity

For the year ended December 31, 2025
($ in thousands)

	Member shares	*Retained earnings*	*Accumulated other comprehensive income*	*Total equity*
Balance December 31, 2023	**880**	**30,506**	**765**	**32,151**
Net income	**-**	**1,846**	**-**	**1,846**
Other comprehensive income for the year	**-**	**-**	**842**	**842**
Net change in members' shares	**12**	**-**	**-**	**12**
Balance December 31, 2024	**892**	**32,352**	**1,607**	**34,851**
Net income	**-**	**2,711**	**-**	**2,711**
Other comprehensive income for the year	**-**	**-**	**371**	**371**
Net change in members' shares	**39**	**-**	**-**	**39**
Balance December 31, 2025	**931**	**35,063**	**1,978**	**37,972**

The accompanying notes are an integral part of these financial statements

VantageOne Credit Union
Consolidated Statement of Cash Flows
For the year ended December 31, 2025
($ in thousands)

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Net income	**2,711**	1,846
Depreciation	**673**	681
Deferred income taxes	**(49)**	(129)
Provision for impaired loans	**131**	78
Loss on disposal of property and equipment	**15**	3
Accrued pension asset	**(99)**	(96)
	3,382	2,383
Changes in working capital accounts		
Other assets	**319**	111
Income taxes payable	**(114)**	(82)
Accounts payable and accrued liabilities	**(127)**	(251)
Loans to members	**(34,749)**	(10,861)
Finance leases payable	**(75)**	(72)
Interest accrued on investments	**93**	265
Member deposits	**13,467**	16,105
	(17,804)	7,598
Financing activities		
Proceeds from issuance of member shares	**39**	12
Investing activities		
Purchases of property and equipment	**(247)**	(279)
Proceeds from sale of investments, net	**5,185**	1,644
	4,938	1,365
Increase (decrease) in cash and cash equivalents	**(12,827)**	8,975
Cash and cash equivalents, beginning of year	**37,999**	29,024
Cash and cash equivalents, end of year	**25,172**	37,999

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Reporting entity

VantageOne Credit Union (the "Credit Union") is incorporated under the Credit Union Incorporation Act of British Columbia and is a member of Central 1 Credit Union Limited ("Central 1"). The Credit Union's operations are subject to the Financial Institutions Act of British Columbia. The Credit Union is approved to operate throughout the Province of British Columbia and primarily serves members in the Okanagan region of the province. The Credit Union is an integrated financial institution that provides a wide range of financial products and services that comprise one business operating segment. The Credit Union’s head office is located at 3108 33 Avenue, Vernon, British Columbia.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board (“IASB”) as at December 31, 2025.

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

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.

Basis of measurement

The consolidated financial statements have been prepared using the historical basis except for the revaluation of certain financial instruments.

Functional and presentation currency

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

2. Significant accounting judgments, estimates and assumptions

As the precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates and approximations which have been made using careful judgment. These estimates are based on management's best knowledge of current events and actions that the Credit Union may undertake in the future.

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

Allowance for expected credit losses

At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the following factors which impact the borrowers’ ability to meet debt obligations:

- Expected significant increase in unemployment rates, interest rates
- Declining revenues, working capital deficiencies, increases in balance sheet leverage, and liquidity
- Expected or actual changes in internal credit ratings of the borrowers or external credit ratings of the instrument
- The correlation between credit risk on all lending facilities of the same borrower
- Changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

2. Significant accounting judgments, estimates and assumptions *(Continued from previous page)*

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

In estimating expected credit losses, the Credit Union develops a number of assumptions as follows:

- The period over which the Credit Union is exposed to credit risk, considering for example, prepayments, extension options, demand features
- The probability-weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date
- Expected cash short falls including, recoveries, costs to recover and the effects of any collateral or other credit enhancements
- Estimates of effective interest rates used in incorporating the time value of money

The above assumptions are based on historical information and adjusted for current conditions and forecasts of future economic conditions. The Credit Union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:

- Interest rates
- Unemployment rates
- Gross domestic product
- Loan to value ratios
- Vacancy rates
- Bankruptcy rates
- Inflation

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The Credit Union uses judgment to weight these scenarios.

Impact of the current economic environment:

Following a period of elevated interest rates and inflation, recent declines are influencing the Credit Union's assessment of credit risk associated with the fair values of its financial instruments. Although rates have decreased, they remain above recent historical averages, which may continue to pressure borrowers. Consquently, there remains a potential impact on credit risk that could necessitate an increase in Credit Union's estimate of its allowance for loan impairment.

The current environment is subject to rapid change and to the extend that certain effects of inflation and interest rates are not fully incorporated into the model calculations, increased temporary quantitative and qualitative adjustments have been considered and applied where necessary. The Credit Union has performed certain additional qualitative portfolio and loan assessment if significant changes in credit risk were identified.

Financial instruments not traded in active markets

For financial instruments not traded in active markets, fair values are determined using valuation techniques such as the discounted cash flow model that rely on assumptions that are based on observable active markets or rates. Certain assumptions take into consideration liquidity risk, credit risk and volatility.

2. Significant accounting judgments, estimates and assumptions *(Continued from previous page)*

Impairment of non-financial assets

At each reporting date, the Credit Union assesses whether there are any indicators of impairment for non-financial assets. Non-financial assets that have an indefinite useful life or are not subject to amortization, such as goodwill, are tested annually for impairment or more frequently if impairment indicators exist. Other non-financial assets are tested for impairment if there are indicators that their carrying amounts may not be recoverable.

Income tax

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

Accrued pension asset

Under the Credit Union's defined benefit plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Credit Union, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

Management estimates the defined benefit asset (liability) annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The defined benefit asset (liability) is based on standard rates of inflation and mortality. It also takes into account the Credit Union's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension asset.

Classification of financial assets

Classification of financial assets requires management to make judgments regarding the business model under which the Credit Union's financial assets are held and whether contractual cash flows consist solely of payments of principal and interest. Management has determined that the penalty to exercise prepayment features embedded in certain loans made to members do not result in payments that are not solely payments of principal and interest because they represent reasonable additional compensation for early termination of the contract.

3. Summary of material accounting policies

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Credit Union and its wholly owned subsidiaries, VantageOne Leasing Inc. and VantageOne Financial Corp.

Subsidiaries are entities controlled by the Credit Union. Control is achieved where the Credit Union is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Credit Union the current ability to direct the relevant activities and that the Credit Union has the practical ability to exercise, is considered.

The results of subsidiaries acquired or disposed of during the year are included in these consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. Summary of material accounting policies *(Continued from previous page)*

Basis of consolidation *(Continued from previous page)*

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with those used by other members of the group.

Any balances, unrealized gains and losses or income and expenses arising from intra-Company transactions, are eliminated upon consolidation. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Credit Union's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

Cash and cash equivalents

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

Investments and accrued interests

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

Member loans

Loans are initially recognized at their fair value and subsequently measured at amortized cost. Amortized cost is calculated as the loans' principal amount, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the effective interest method. Loan administration fees are amortized over the term of the loan using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Leases

The Credit Union assesses at lease inception whether a lease should be classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset; otherwise it is classified as an operating lease.

At the commencement date of a finance lease, the Credit Union recognizes assets held under a finance lease as a receivable at an amount equal to the net investment in the lease, discounted using the interest rate implicit in the lease. The lease payments included in the measurement of the net investment in the lease comprise of payments for the right to use the underlying asset that are not received at the commencement date, including fixed payments less any lease incentives payable, variable lease payments that depend on an index or a rate, any residual value guarantees provided to the lessor, the exercise price of a purchase option if the lessee is reasonably certain to exercise and payments of penalties for termination of the lease if the lease term reflects the lessee exercising an option to terminate the lease. After the commencement date, the Credit Union recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Credit Union's net investment in the lease.

Lease payments from operating leases are recognized as rental income on either a straight-line basis or another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Property and equipment

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

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Assets are depreciated from the date of acquisition.

	Years
Buildings	15 to 40
Furniture and fixtures	15

3. Summary of material accounting policies *(Continued from previous page)*

Property and equipment *(Continued from previous page)*

Leasehold improvements	10
Office equipment	2 to 5
Buildings under lease	15 to 40

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

Income taxes

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

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

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

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

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

Member deposits

Member deposits are initially recognized at fair value, net of transaction costs directly attributable to the issuance of the instrument, and are subsequently measured at amortized cost using the effective interest rate method.

Member shares

Shares are classified as liabilities or member equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union board of directors are classified as equity. Shares redeemable subject to regulatory restrictions are accounted for using the criteria set out in IFRIC 2 *Members' Shares in Cooperative Entities and Similar Instruments*.

Financial instruments

Financial assets

Recognition and initial measurement

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

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Classification and subsequent measurement

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

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of Central 1 term deposits, loans to members, finance lease receivables, accrued interest and other receivables.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Financial assets measured at fair value through other comprehensive income are comprised of mandatory liquidity pool investments.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and derivative financial instruments.
- Designated at fair value through profit or loss – On initial recognition, the Credit Union may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets designated to be measured at fair value through profit or loss are comprised of equity investments.

Refer to Note 15 for more information about financial instruments held by the Credit Union, their measurement basis, and their carrying amount.

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives, how performance of the portfolio is evaluated, risks affecting the performance of the business model, how managers of the business are compensated, and the significance and frequency of sales in prior periods.

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*
Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

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

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For loans to members and finance leases receivable, the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union applies the simplified approach for other receivables that contain a significant financing component. Using the simplified approach, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants, requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets;
- For loan commitments and financial guarantee contracts, as a provision; and
- For facilities with both a drawn and undrawn component where the Credit Union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component. Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision.

Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 15 for additional information about the Credit Union's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Derecognition of financial assets

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

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

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

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

Modification of financial assets

The Credit Union assesses the modification of terms of a financial asset to evaluate whether its contractual rights to the cash flows from that asset have expired in accordance with the Credit Union's derecognition policy.

When the modifications do not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated with any difference between the previous carrying amount and the new carrying amount recognized in profit or loss. The new gross carrying amount is recalculated as the present value of the modified contractual cash flows discounted at the asset's original effective interest rate.

For the purpose of applying the impairment requirements, at each reporting date subsequent to the modification, the Credit Union continues to assess whether there has been a significant increase in credit risk on the modified financial assets from the date of initial recognition.

Financial liabilities

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

When the transfer of a financial asset does not qualify for derecognition because the Credit Union has retained substantially all of the risks and rewards of ownership, a liability is recognized for the consideration received. Subsequently, any expense incurred on the financial liability is recognized in profit or loss.

All other financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities measured at amortized cost include member deposits, trade and other payables, member shares, and other liabilities.

The classification of a financial instrument or component as a financial liability or equity instrument determines where gains or losses are recognized. Interest, dividends, gains and losses relating to financial liabilities are recognized in profit or loss while distributions to holders of instruments classified as equity are recognized in equity.

Financial liabilities are not reclassified subsequent to initial recognition.

3. Summary of material accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Derecognition of financial liabilities

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

Dividend income

Dividend income is recorded in profit or loss when the Credit Union's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Credit Union, and the amount of the dividend can be measured reliably.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Revenue recognition

The following describes the Credit Union's principal activities from which it generates revenue, other than dividend and interest revenue which is described above.

Other income

The Credit Union generates revenue from other revenue streams including service fees, insurance commissions, and loan administration fees. Revenue is recognized as services are rendered.

Refer to the Credit Union's accounting policy for leases, above, for accounting policies relating to lease revenue and rental income.

The member obtains the benefit of having the Credit Union perform a revenue generating service. This occurs immediately when the service is performed; therefore, revenue is recognized at that point in time.

Management has not made any judgments in determining the amount of costs incurred to obtain or fulfil a contract with a customer as it does not expect these costs to be recovered. Such costs are expensed in the period in which they are incurred.

Fair value measurements

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

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;

3. Summary of material accounting policies *(Continued from previous page)*

Fair value measurements *(Continued from previous page)*

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

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

Standards issued but not yet effective

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2026, and are to be applied retrospectively. The Credit Union is currently assessing the impact of these amendments on its consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, issued in April 2024, replaces IAS 1 *Presentation of Financial Statements* and establishes the overall requirements for presentation and disclosures in the financial statements, including a new defined structure for the Statement of Profit or Loss and specific disclosure requirements related to management-defined performance measures. IFRS 18 also enhances guidance on how to group information within the financial statements.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, including for interim financial statements, and is to be applied retrospectively. The Credit Union is currently assessing the impact of these amendments on its consolidated financial statements. The Credit Union expects to apply the standard for its consolidated financial statements dated December 31, 2027.

($ in thousands)

4. Cash and cash equivalents

The Credit Union's cash and cash equivalents are held with Central 1. The average yield on the cash and current accounts held with Central 1 as at December 31, 2025 is 4.07% (2024 - 3.28%).

	2025	*2024*
Cash and current accounts	**11,797**	24,727
Central 1 term deposits, redeemable	**13,375**	2,272
	25,172	26,999

5. Investments

The following table provides information on the investments by financial instrument classification, type, and issuer. The maximum exposure to credit risk would be the carrying value in Note 15.

	2025	*2024*
Portfolio investments		
Measured at amortized cost		
Central 1 term deposits	**26,238**	43,726
Measured at fair value through other comprehensive income		
Central 1 Mandatory Liquidity Pool investments	**40,334**	39,054
	66,572	82,780
Equity investments		
Measured at fair value through profit or loss		
Central 1 Credit Union	**127**	123
Truvera Senior Limited Partnership	**150**	250
	277	373
Accrued interest	**547**	639
	67,396	83,792

($ in thousands)

6. Property and equipment

	Land	*Buildings*	*Furniture and fixtures*	*Leasehold improvements*	*Office equipment*	*Buildings under lease*	*Total*
Cost							
Balance at December 31, 2023	1,407	11,581	657	1,542	2,927	426	**18,540**
Additions	-	12	34	2	231	-	**279**
Disposals	-	-	-	-	(23)	-	**(23)**
Balance at December 31, 2024	1,407	11,593	691	1,544	3,135	426	**18,796**
Additions	-	6	2	-	239	-	**247**
Disposals	-	(311)	(40)	(53)	(1,565)	-	**(1,969)**
Balance at December 31, 2025	**1,407**	**11,288**	**653**	**1,491**	**1,809**	**426**	**17,074**
Depreciation							
Balance at December 31, 2023	-	5,132	396	875	2,488	162	**9,053**
Depreciation charge for the year	-	282	35	77	213	74	**681**
Disposals	-	-	-	-	(21)	-	**(21)**
Balance at December 31, 2024	-	5,414	431	952	2,680	236	**9,713**
Depreciation charge for the year	-	286	36	78	200	73	**673**
Disposals	-	(308)	(20)	(64)	(1,562)	-	**(1,954)**
Balance at December 31, 2025	**-**	**5,392**	**447**	**966**	**1,318**	**309**	**8,432**
Net book value							
At December 31, 2024	1,407	6,179	260	592	455	190	9,083
At December 31, 2025	**1,407**	**5,896**	**206**	**525**	**491**	**117**	**8,642**

($ in thousands)

7. Income taxes

The significant components of income tax expense included in net income are composed of:

	2025	*2024*
Current income tax expense		
Based on current year taxable income	**357**	497
Deferred income tax expense		
Origination and reversal of temporary differences	**(49)**	(129)
	308	368

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate of 27.00% (2024 - 27.00%) are as follows

	2025	*2024*
Income before income taxes	**3,019**	2,214
Income tax expense based on the statutory rate	**815**	598
Credit Union preferred rate deduction	**(130)**	(221)
Specified leasing tax treatment	**50**	62
Other	**(454)**	(37)
Other comprehensive income	**76**	95
	357	497

The movement in 2025 deferred income tax assets and liabilities are:

	Jan 1, 2025	Recognized in net income	**Dec 31, 2025**
Deferred income tax assets:			
Allowance for loan losses	44	5	**49**
Other temporary differences	2	1	**3**
Finance lease obligation	34	(13)	**21**
Property and equipment	113	56	**169**
	193	49	**242**

($ in thousands)

The movement in 2024 deferred income tax assets and liabilities are:

	Jan 1, 2024	Recognized in net income	Dec 31, 2024
Deferred income tax assets:			
Allowance for loan losses	40	4	44
Other temporary differences	3	(1)	2
Finance lease obligation	46	(12)	34
Property, equipment, investment properties and intangible assets	-	113	113
Deferred income tax liabilities:			
Property, equipment, investment properties and intangible assets	(25)	25	-
	64	129	193

8. Accrued pension asset

The Credit Union makes contributions to Co-operators on behalf of their employees which participate in the defined benefit pension plan. Co-operators administers the plan including the payment of the pension benefits on behalf of employers and employees. Contributions are paid into the plan in accordance with the recommendations of an independent actuary. The latest formal actuarial valuation for contribution purposes was carried out as at December 31, 2022 and updated to December 31, 2025.

	2025	*2024*
Consolidated statement of financial position		
Fair value of plan assets	**7,287**	6,755
Defined benefit obligation	**(5,111)**	(5,167)
Surplus	**2,176**	1,588
Consolidated statement of income		
Service cost	**80**	87
Interest on assets	**(316)**	(284)
Interest on liabilities	**243**	234
Expense	**7**	37
Amounts recognized in other comprehensive income		
Actuarial gain on plan assets	**278**	298
Actuarial gain on liabilities	**210**	78
Amount recognized in other comprehensive income	**488**	376

($ in thousands)

9. Member deposits

	2025	*2024*
Demand deposits	**224,822**	212,203
Term deposits	**138,079**	143,457
Registered plans	**95,208**	88,051
Accrued interest	**3,075**	4,047
Accrued dividends	**423**	382
	461,607	448,140

Included in registered plans are retirement savings plans, retirement income funds, registered educations savings plans, registered disability savings plans, tax free savings accounts and first home savings accounts.

10. Member shares

Membership shares are classified as liabilities or as member equity according to their terms. Where shares are redeemable at the option of the member, either on demand or on withdrawal from membership, the shares are classified as liabilities. Where shares are redeemable at the discretion of the Credit Union Board of Directors, the shares are classified as equity. The Credit Union may issue four classes of shares designated as membership equity of $1 par value.

Class A and Class C Equity Shares

As a condition of membership, which is required to use the services of the Credit Union, each standard member is required to hold $25 in membership shares. These membership shares are non-transferable and redeemable at par only when a membership is withdrawn. Dividends are at the discretion of the Board of Directors.

Class D Allocation Equity Shares

Allocation shares can be issued to members of the Credit Union through dividends and patronage rebates. They are non-voting and redeemable at par at the discretion of the Board of Directors.

Class B Non-Equity Shares

Non-equity shares can be issued to members of the Credit Union. They are non-voting and pay dividends at the discretion of the Board of Directors. Shares are available for redemption by the member and are classified as liabilities.

Equity shares are not insured by Credit Union Deposit Insurance Corporation of British Columbia (“CUDIC”). During the year, the Credit Union declared dividends on the membership shares, allocation equity shares and non-equity shares of $85 (2024 - $79).

During the year, the Credit Union also declared patronage dividends of $322 (2024 - $356).

VantageOne Credit Union
Notes to the Consolidated Financial Statements
For the year ended December 31, 2025
($ in thousands)

11. Other income

	2025	2024
Insurance commissions and fees	**1,483**	1,370
Lease revenue	**1,400**	1,379
Account service fees	**970**	771
Rental income	**494**	501
Loan administration fees	**260**	168
Foreign exchange	**172**	170
Safety deposit rentals	**24**	24
Loss on disposal of property and equipment	**(15)**	(3)
	4,788	4,380

12. Operating and other expenses

	2025	2024
Administration	**299**	291
Advertising	**237**	200
Data processing	**976**	791
Depreciation	**673**	681
Dues and assessments	**682**	638
Maintenance, supplies and security	**602**	518
Premises, occupancy and office	**1,079**	1,036
Professional fees and insurance	**967**	784
Salaries and benefits	**7,082**	6,678
	12,597	11,617

($ in thousands)

13. Related party transactions

Key management compensation of the Credit Union

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

	2025	*2024*
Salaries, and other short-term employee benefits	**904**	842
Pension and other post-employment benefits	**132**	144
Total remuneration	**1,036**	986

Included in the above is Board of Directors' remuneration of $88 (2024 - $100).

Loans and leases to related parties

The Credit Union's policy for lending to directors and KMP is that the loans are approved and accepted on the same terms and conditions which apply to members for each class of loan. KMP may receive concessional rates of interest on their loans and facilities. There are no additional benefits or concessional terms and conditions applicable to related parties. There are no loans that are impaired in relation to loan balances with directors and KMP.

There are no benefits or concessional terms and conditions applicable to the family members of Key Management Personnel.

	2025	*2024*
Aggregate value of loans and leases advanced	**4,524**	4,133
Aggregate value of unadvanced loans and leases	**546**	424
	5,070	4,557

Interest income and expense	***2025***	*2024*
Interest received on loans	**187**	194
Interest paid on deposits	**5**	24

Deposits	***2025***	*2024*
Aggregate value of term and savings deposits	**1,207**	2,376

The Credit Union's policy for receiving deposits from key management personnel is that all transactions are approved and deposits accepted in accordance with the same conditions which apply to Members for each type of deposit.

($ in thousands)

14. Fair value measurements

Assets and liabilities measured at fair value

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

				2025
	Fair Value	***Level 1***	***Level 2***	***Level 3***
Assets				
Financial assets at fair value through profit or loss				
Cash and current accounts	11,797	11,797	-	-
Equity investments	277	-	-	277
Financial assets at fair value through other comprehensive income				
Mandatory liquidity pool investments	40,344	40,344	-	-
	52,418	**52,141**	**-**	**277**

				2024
	Fair Value	*Level 1*	*Level 2*	*Level 3*
Assets				
Financial assets at fair value through profit or loss				
Cash and current accounts	24,727	24,727	-	-
Equity investments	373	-	-	373
Financial assets at fair value through other comprehensive income				
Mandatory liquidity pool investments	39,054	39,054	-	-
	64,154	63,781	-	373

Financial instruments not measured at fair value

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

			2025
	Carrying amount	***Fair Value***	***Level 2***
Assets			
Amortized cost			
Term deposits and accrued interest	**40,160**	**40,160**	**40,160**
Loans to members	**377,777**	**378,182**	**378,182**
Finance leases receivable	**18,732**	**18,805**	**18,805**
	436,669	**437,147**	**437,147**

($ in thousands)

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

Liabilities			
Amortized cost			
Member deposits	**461,607**	**462,000**	**462,000**
Accounts payable and accrued liabilities	**933**	**933**	**933**
	462,540	**462,933**	**462,933**

			2024
	Carrying amount	*Fair Value*	*Level 2*
Assets			
Term deposits and accrued interest	46,637	46,637	46,637
Loans to members	342,949	339,792	339,792
Finance leases receivable	18,940	18,939	18,939
	408,526	405,368	405,368
Liabilities			
Member deposits	448,140	449,603	449,603
Accounts payable and accrued liabilities	1,075	1,075	1,075
	449,215	450,678	450,678

Level 2 and Level 3 fair value measurements for financial instruments not measured at fair value

Valuation techniques and inputs for Level 2 and Level 3 fair value measurements are as follows:

All Level 2 fair value measurements use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

As there is no observable market data for all fair values disclosed and categorized within Level 3 of the hiearchy, the Credit Union has assumed that the fair value of the amounts is comparable to the amortized cost.

15. Financial instruments

All significant financial assets, financial liabilities, and equity instruments of the credit union are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, and credit risk.

Credit risk

Credit risk is the risk of financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Credit Union. Credit risk primarily arises from members' loans receivable and accrued interest. Overall monitoring and processes will change as deemed necessary in response to the rapid changes in interest rates and high inflation environment. This has and will include changes to the current processes to ensure that the overall portfolio is secured and the Credit Union will continue to support members and find their optimal credit solutions. The stages of expected credit loss within the loan portfolio, if affected by these items, will be adjusted as necessary as the Credit Union progresses through current economic impacts.

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

Credit risk *(Continued from previous page)*

Risk management process

Credit risk management is integral to the Credit Union's activities. The Investment and Lending Committee which reports to the Board of Directors is responsible for developing and implementing the credit risk management practices of the Credit Union by establishing the relevant policies and procedures. Management carefully monitors and manages the Credit Union's exposure to credit risk by a combination of methods. The risk management process starts at the time of a member credit application and continues until the loan is fully repaid. The primary credit risk management policies and procedures include the following:

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

The Credit Union's credit risk policies, processes and methodologies are reviewed periodically to ensure they remain relevant and effective in managing credit risk.

To meet the needs of its members and to manage its own exposure to fluctuations in interest rates, the Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. These are subject to normal credit standards, financial controls, risk management and monitoring procedures.

The Credit Union makes the following instruments available to its members:

- Guarantees and standby letters of credit representing irrevocable assurances that the Credit Union will pay if a member cannot meet their obligations to a third party
- Commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans (including lines of credit and credit cards), guarantees or letters of credit.

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded. As at year-end, the Credit Union had the following outstanding financial instruments subject to credit risk:

	2025	2024
Unadvanced lines of credit	**74,495**	66,419
Commitments to extend credit	**2,096**	2,094
	76,591	68,513

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

Financial instruments are assessed at each reporting date for a significant increase in credit risk since initial recognition. This assessment considers changes in the risk of a default occurring at the reporting date as compared to the date of initial recognition.

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

Credit risk *(Continued from previous page)*

The Credit Union considers loans and advances to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists, such as notification from the borrower or breach of major covenants. This definition is consistent with the definitions used for the Credit Union's internal credit risk management practices and has been selected because it most closely aligns the definition of default to the Credit Union's past credit experience, and the covenants placed in standard borrowing contracts. Relatively few financial instruments subsequently return to performing status after a default has occurred under this definition without further intervention on the part of the Credit Union.

Changes in credit risk are assessed on the basis of the risk that a default will occur over the contractual lifetime of the financial instrument rather than based on changes in the amount of expected credit losses or other factors. In making this assessment the Credit Union takes into account all reasonable and supportable information, including forward-looking information, available without undue cost or effort. The Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings, such as requests for loan modifications.

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when:

- Contractual payments have exceeded 30 days past due;
- Facts or conditions are present indicating a borrower's inability to meet its debt obligations;
- The probability of default at the reporting date has increased significantly from the time of recognition.

When a financial instrument is considered to have low credit risk and does not fall within the risk management process, it is assumed that there has not been a significant increase in credit risk since initial recognition. Financial instruments considered to have low credit risk include investments.

When the contractual terms of a financial asset have been modified or renegotiated and the financial asset has not been derecognized, the Credit Union assesses for significant increases in credit risk by consideration of its ability to collect interest and principal payments on the modified financial asset, the reason for the modifications, the borrower's payment performance compared to the modified contractual terms and whether such modifications increase the borrower's ability to meet its contractual obligations.

Where the contractual cash flows of a financial asset have been modified while the loss allowance of that asset is measured at an amount equal to lifetime expected credit losses, the Credit Union determines whether the credit risk of that financial asset has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month expected credit losses. The Credit Union makes this determination by evaluating the credit risk of the modified financial asset and comparing with documentation of the borrower's initial credit assessment at the time of the initial borrowing. The Credit Union considers the credit risk to have decreased when there is evidence that the quantitative or qualitative indicator for a significant increase in credit risk no longer exists for a particular financial asset. Subsequently, management monitors these assets to determine the extent to which expected credit losses revert to being measured at an amount equal to lifetime expected credit losses.

The Credit Union identifies credit-impaired financial assets through regular reviews of past due balances and credit assessments of its customers. Credit-impaired financial assets are typically placed on the Credit Union's watch list based on its internal credit risk policies. In making this assessment, the Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings.

Measurement of expected credit losses

The Credit Union measures expected credit losses ("ECL") for member loans that have not been assessed as credit-impaired on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type and security held. The expected credit losses for credit-impaired member loans are measured on an individual basis.

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

Credit risk *(Continued from previous page)*

When measuring 12-month and lifetime expected credit losses, the Credit Union considers the probability of default, loss given default, forward looking information and macroeconomic factors, and exposure at default of the financial asset. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its members and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery. The Credit Union assesses that there is no reasonable expectation of recovery when the security relating to the loan has been sold and there are remaining amounts outstanding, or when the borrower has filed for bankruptcy and the trustee has indicated that no additional funds will be paid. Where an asset has been written off but is still subject to enforcement activity, the asset is written off but remains on a list of delinquent accounts. Where information becomes available indicating the Credit Union will receive funds, such amounts are recognized at their fair value.

($ in thousands)

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

Credit risk *(Continued from previous page)*
Exposure to credit risk

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

	2025			
	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Residential mortgages				
Low risk	**254,582**	**-**	**-**	**254,582**
Medium risk	**-**	**4,911**	**-**	**4,911**
Default	**-**	**-**	**252**	**252**
Gross carrying amount	**254,582**	**4,911**	**252**	**259,745**
Less: loss allowance	**151**	**23**	**22**	**196**
Carrying amount	**254,431**	**4,888**	**230**	**259,549**
Retail loans and lines of credit				
Low risk	**28,740**	**-**	**-**	**28,740**
Medium risk	**-**	**132**	**-**	**132**
Default	**-**	**-**	**300**	**300**
Gross carrying amount	**28,740**	**132**	**300**	**29,172**
Less: loss allowance	**62**	**7**	**28**	**97**
Carrying amount	**28,678**	**125**	**272**	**29,075**
Commercial loans and lines of credit				
Low risk	**87,434**	**-**	**-**	**87,434**
Medium risk	**-**	**1,758**	**-**	**1,758**
Default	**-**	**-**	**-**	**-**
Gross carrying amount	**87,434**	**1,758**	**-**	**89,192**
Less: loss allowance	**33**	**6**	**-**	**39**
Carrying amount	**87,401**	**1,752**	**-**	**89,153**
Total loans to members				
Total gross carrying amount per above	**370,756**	**6,801**	**552**	**378,109**
Less: loss allowance per above	**246**	**36**	**50**	**332**
Total carrying amount	**370,510**	**6,765**	**502**	**377,777**
Finance leases receivable				
Low risk	**18,752**	**-**	**-**	**18,752**
Medium risk	**-**	**-**	**-**	**-**
Default	**-**	**-**	**135**	**135**
Total gross carrying amount	**18,752**	**-**	**135**	**18,887**
Less: loss allowance	**20**	**-**	**135**	**155**
Total carrying amount	**18,732**	**-**	**-**	**18,732**

($ in thousands)

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

Credit risk *(Continued from previous page)*

	2024			
	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Residential mortgages				
Low risk	222,565	-	-	222,565
Medium risk	-	2,571	-	2,571
Default	-	-	-	-
Gross carrying amount	222,565	2,571	-	225,136
Less: loss allowance	118	24	-	142
Carrying amount	222,447	2,547	-	224,994
Retail loans and lines of credit				
Low risk	32,791	-	-	32,791
Medium risk	-	117	-	117
Default	-	-	21	21
Gross carrying amount	32,791	117	21	32,929
Less: loss allowance	49	5	21	75
Carrying amount	32,742	112	-	32,854
Commercial loans and lines of credit				
Low risk	82,464	-	-	82,464
Medium risk	-	2,698	-	2,698
Default	-	-	-	-
Gross carrying amount	82,464	2,698	-	85,162
Less: loss allowance	42	19	-	61
Carrying amount	82,422	2,679	-	85,101
Total loans to members				
Total gross carrying amount per above	337,820	5,386	21	343,227
Less: loss allowance per above	209	48	21	278
Total carrying amount	337,611	5,338	-	342,949

Finance leases receivable				
Low risk	18,971	-	-	18,971
Medium risk	-	-	-	-
Default	-	-	81	81
Total gross carrying amount	18,971	-	81	19,052
Less: loss allowance	31	-	81	112
Total carrying amount	18,940	-	-	18,940

($ in thousands)

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

Credit risk *(Continued from previous page)*
As at December 31, 2025, the maximum exposure to credit risk with respect to financial assets without taking into account collateral held or other credit enhancements is $489,563 (2024 – $473,070). The principal collateral and other credit enhancement held by the Credit Union as security for loans include i) insurance, ii) mortgages over residential lots and properties, iii) recourse to the business assets such as real estate, equipment, inventory and accounts receivable, iv) recourse to the commercial real estate properties being financed, and v) recourse to liquid assets, guarantees and securities.

Amounts arising from expected credit losses

Reconciliation of the loss allowance

The following tables show a reconciliation of the opening to the closing balance of the loss allowance by class of financial instrument.

	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Allowance for member loans and finance leases receivable				
Balance at December 31, 2023	**222**	**27**	**86**	**335**
Additional provision for loans and leases	**29**	**21**	**28**	**78**
Loans and leases written-off net of recoveries	**(11)**	**-**	**(12)**	**(23)**
Balance at December 31, 2024	**240**	**48**	**102**	**390**
Additional provision (recovery) for loans and leases	**39**	**(12)**	**104**	**131**
Loans and leases written-off net of recoveries	**(13)**	**-**	**(21)**	**(34)**
Balance at December 31, 2025	**266**	**36**	**185**	**487**

Foreign Currency Risk

Foreign exchange risk arises when there is a mismatch between assets and liabilities denominated in a foreign currency. In providing services to its members, the Credit Union maintains assets and liabilities denominated in foreign currency.

Risk measurement

The Credit Union's foreign exchange positions are measured and monitored regularly.

Objectives, policies and processes

The Credit Union's foreign exchange exposure is managed by a limit on the maximum allowable difference between assets and liabilities held which are denominated in foreign currency. Foreign exchange forward contracts may be used to hedge the Credit Union's exposure to foreign exchange risk. Policy with respect to foreign exchange exposure is reviewed and approved at least annually by the Board of Directors.

At December 31, 2025, the Credit Union's exposure to foreign exchange risk was not significant.

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

Interest rate risk

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

Risk Measurement

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

Objectives, Policies and Processes

The Asset Liability Committee ("ALCO"), made up of senior management, meets regularly to monitor the Credit Union's position as set by Board policy and operational guidelines, and decide future strategy. These policies and guidelines define the standards and limits within which the risks to net interest income and the value of equity are contained. An asset/liability risk report is prepared quarterly and reviewed by the ALCO. Interest rate risk policies are reviewed annually by the Board.

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

An analysis of the Credit Union's risk due to changes in interest rates determined that an increase in interest rates of 1% could result in a increase to net earnings of $325 (2024 - $470) while a decrease in interest rates of 1% could result in a decrease to net earnings of $480 (2024 - $539).

Interest rate sensitivity

Interest rate risk is the sensitivity of the Credit Union's financial condition to movements in interest rates. The carrying amounts of financial instruments are presented in the periods in which they next re-price to market rates or mature and are summed to show the net interest rate sensitivity gap.

($ in thousands)

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

Interest rate risk *(Continued from previous page)*

	Variable rate	Within one year	One to five years	Over 5 years	Non-Interest Sensitive	2025 Total	2024 Total
Assets							
Cash and cash equivalents	8,576	15,262	-	-	1,334	**25,172**	26,999
Average yield %	*2.40*	*2.18*	*-*	*-*	*-*	*2.12*	*3.08*
Investments	5,531	9,267	50,860	1,000	738	**67,396**	83,792
Average yield %	*2.50*	*3.33*	*3.13*	*3.43*	*0.35*	*3.12*	*3.69*
Loans to members	65,730	109,255	199,542	2,793	457	**377,777**	342,949
Average yield %	*5.27*	*4.54*	*4.59*	*4.14*	*-*	*4.69*	*5.05*
Leases receivable	-	16,011	2,703	18	-	**18,732**	18,940
Average yield %	*-*	*7.47*	*7.41*	*-*	*-*	*7.46*	*7.43*
Subtotal	**79,837**	**149,795**	**253,105**	**3,811**	**2,529**	**489,077**	472,680
Liabilities							
Member deposits	24,725	177,828	37,679	68	221,307	**461,607**	448,140
Average yield %	*0.74*	*2.89*	*3.21*	*3.09*	*-*	*1.48*	*2.00*
Other	-	-	-	-	951	**951**	1,075
Subtotal	**24,725**	**177,828**	**37,679**	**68**	**222,258**	**462,558**	449,414
Net sensitivity	**55,112**	**(28,033)**	**215,426**	**3,743**	**(219,729)**	**26,519**	23,266

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

Liquidity risk

Liquidity risk is the risk that the Credit Union cannot meet a demand for cash or fund its obligations as they come due. The Credit Union's management oversees the Credit Union's liquidity risk to ensure the Credit Union has access to enough readily available funds to cover its financial obligations as they come due.

Risk measurement

The Credit Union measures and manages risk from different perspectives. The Credit Union monitors cash resources daily in order to address normal day-to-day funding requirements and ensure regulatory compliance. It also measures overall maturity of assets and liabilities, longer-term cash and funding needs and contingency planning. The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective conditions of the Credit Union, the markets and the related behaviour of members and counterparties.

Objectives, policies and processes

The Credit Union's liquidity management framework is monitored by management and policies are approved by the Board. This framework is in place to ensure that the Credit Union has sufficient cash resources to meet its current and future financial obligations under both normal and unusual conditions. Maintenance of a prudent liquidity base also provides flexibility to fund loan growth and react to other market opportunities. This includes ensuring adequate funding is available from Central 1 and alternate third party sources. As at December 31, 2025, the Credit Union had an available borrowingfacility with Central 1 of $1,000 (2024 - $1,000), bearing interest at the Bank of Canada overnight lending rate plus 0.95%.As at December 31, 2025, the balance outstanding on this facility was $nil (2024 - $nil).

Legislation requires that the Credit Union maintain liquid assets in a segregated trust of at least 8% of deposit and debt liabilities. Regulatory liquidity is reported to the Board quarterly, along with reporting of available cash resources and utilization rates. The Credit Union strives to maintain a stable volume of base deposits originating from its members, as well as diversified funding sources. The Credit Union was in compliance with the regulatory liquidity requirements throughout theyear. At December 31, 2025, the Credit Union's regulatory liquidity ratio was 9.02% (2024 - 9.06%).

Market risk

Market risk is the risk of a loss that may arise from financial market factors such as interest rates, foreign exchange rates, and equity or commodity prices. The Credit Union is exposed to market risk when making loans, taking deposits and making investments, which are all part of its asset/liability management activities. The level of market risk to which the Credit Union is exposed varies depending on market conditions and expectation of future price and yield movements. The Credit Union's material market risks are confined to interest rates and, to a limited extent, foreign exchange, as discussed above.

16. Capital management

As a provincially chartered Credit Union, the Credit Union is required to measure its capital adequacy based on regulations monitored by British Columbia Financial Services Authority ("BCFSA"). Regulatory capital must have the following fundamental characteristics: i) permanency; ii) be free of fixed charges against earnings; and iii) be subordinate in its priority on liquidation to the rights of deposits and other creditors of the Credit Union. Primary or secondary capital allocations are based on whether items meet all or only some of the fundamental characteristics. Also, other items may be deducted from capital to arrive at the total capital base.

Based primarily on the credit risk of each type of asset, the book value of each asset is multiplied by a risk weight factor ranging from 0% to 150%. The regulatory ratio is then computed by dividing the total capital base by the Credit Union's risk weighted assets, including off-balance sheet commitments. Regulation currently requires that each Credit Union must maintain a minimum capital to risk-weighted assets ratio of 8%. BCFSA's supervisory target capital ratio is established above the regulatory minimum at 10%.

The Credit Union's capital adequacy ratio as of December 31, 2025 was 19.76% (2024 - 20.13%).

The Credit Union manages capital and its composition based on statutory requirements. The ratio is reviewed monthly and is addressed in annual and three year planning cycles to review the impact of strategic decisions, growth rates and other trends. The Board of Directors maintains overall responsibility for an effective capital management process, including policy review, and regulatory adherence. It has delegated certain of its specific responsibilities to the Asset Liability Committee.

17. Comparative figures

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

Corporate Governance

Board of Directors

The Board of Directors of VantageOne Credit Union is comprised of eight elected representatives. Collectively, directors bring a broad range of professional and business experience including finance, accounting, engineering, technology, governance and enterprise-wide risk management, contributing significant expertise at the board table.

All VantageOne directors participate in the national credit union system's Credit Union Director Achievement (CUDA) program. In addition, directors regularly attend conferences and workshops and complete relevant courses to continuously enhance their governance knowledge and expertise.

Michelle Sinclair
Chair
Current Term 2025 – 2028
Director Since 2019

Rodney Goodchild
Vice-Chair
Current Term 2026 – 2029
Director Since 2023

Jordan Bowness
Director
Current Term 2024 – 2027
Director Since 2018

Robin Bristow
Director
Current Term 2025 – 2028
Director Since 2025

Mike Champigny
Director
Current Term 2025 – 2028
Director Since 2022

Juliette Cunningham
Director
Current Term 2026 – 2029
Director Since 2020

Akbal Mund
Director
Current Term 2025 – 2028
Director Since 2022

Cheryl Turcotte
Director
Current Term 2024 – 2027
Director Since 2012

Committees

Each of VantageOne's committees has its own terms of reference and workplan.

Audit & Risk

Members:
Cheryl Turcotte, Chair
Jordan Bowness
Robin Bristow
Juliette Cunningham

Mandate:
The Audit & Risk Committee is responsible for overseeing the activities of the external auditor, reviewing accounting policies, and assessing the adequacy and effectiveness of internal controls. The Committee also provides oversight of the enterprise risk management (ERM) framework, including ensuring that effective risk management processes are in place across the organization.

Conduct Review *(Committee of the Whole)*

Members:
Robin Bristow, Chair

Mandate:
The Conduct Review Committee oversees policies and procedures addressing conflicts of interest, standards of conduct, and the protection of confidential information, supporting ethical behaviour and strong governance practices.

ESG

Members:
Juliette Cunningham, Chair
Mike Champigny
Akbal Mund
Beki Held *(Mgt)*
Miles Ramsden *(Mgt)*
Kirsten Regel *(Mgt)*

Mandate:
The Environmental, Social and Governance (ESG) Committee represents the Board in defining VantageOne's corporate strategy related to environmental, social, and governance (ESG) matters.

The Committee also reviews VantageOne's ESG practices and initiatives to ensure they remain effective, relevant, and aligned with the organization's values and strategic objectives.

Future Forward *(Committee of the Whole)*

Members:
Mike Champigny, Chair

Mandate:
The Future Forward Committee is responsible for exploring and developing opportunities and plans that support the long term viability and sustainability of VantageOne Credit Union, ensuring the organization is well positioned to adapt, evolve, and remain relevant now and into the future.

Governance & HR

Members:
Michelle Sinclair, Chair
Rodney Goodchild
Jordan Bowness
Juliette Cunningham

Mandate:
The Governance & Human Resources Policy Committee is responsible for overseeing the effectiveness of VantageOne's overall governance framework and for providing oversight of human resources–related governing policies and programs, supporting effective Board operations and organizational performance.

Investment & Lending

Members:
Rodney Goodchild, Chair
Juliette Cunningham
Akbal Mund
Michelle Sinclair
Glenn Benischek, *(Mgt)**

**The Chief Executive Officer is a voting member of the Investment & Lending Committee.*

Mandate:
The Investment & Lending Committee is responsible for ensuring there is an appropriate, prudent policy to govern the employment of funds entrusted to the organization and to oversee the employment of those funds.

Nominating & Recruitment

(Committee of the Whole)

Members:
Akbal Mund, Chair

Mandate:
The Nominating Committee oversees the director election process, including ensuring that qualified candidates are identified and nominated for election to the Board.

Technology Strategy

Members:
Jordan Bowness, Chair
Mike Champigny
Rodney Goodchild
Michelle Sinclair

Mandate:
The Technology Strategy Committee (TSC) provides leadership and oversight to advance VantageOne's technology strategy.

The Committee brings the depth of knowledge and understanding required to support continued growth and ensure technology initiatives align with the organization's vision and values.

Remuneration

VantageOne Credit Union provides directors with the following compensation:

- Board Meetings - $390/Director
- Basic Remuneration – $3,360/Director
- Additional annual fees paid: Board Chair $2,800, Vice-Chair $1,680, Audit & Risk Committee Chair $785, Investment & Lending Committee Chair $785, Governance & HR Policy Committee Chair $785, Technology Strategy Committee Chair $785, ESG Committee Chair $785, Conduct Review Committee Chair $280, Future Forward Chair $280, Nominating Committee Chair $280
- Reimbursement of expenses including travel, accommodation, parking, meals for meetings, training and for expenses related to approved representation of the credit union.
- In 2025 there was a total of six board meetings, 38 committee meetings held, as well as the AGM.

Section 11.26 of the Credit Union Rules states that the remuneration, if any, of the Directors in relation to their service as Directors may be established, from time to time, by the Board of Directors.

For the fiscal year 2025, the total expense for VantageOne Credit Union Directors was $115,158. The expense for each director is summarized alongside.

Michelle Sinclair
Chair

Director Remuneration
$15,555

Training, Travel & Expenses
$4,041

Rodney Goodchild
Vice-Chair (May-Dec 2025)

Director Remuneration
$14,102

Training, Travel & Expenses
$1,715

Jordan Bowness
Director

Director Remuneration
$13,237

Training, Travel & Expenses
$4,539

Robin Bristow
Director (May-Dec 2025)

Director Remuneration
$4,973

Training, Travel & Expenses
$652

Mike Champigny
Director

Director Remuneration
$11,760

Training, Travel & Expenses
$3,142

Juliette Cunningham
Director

Director Remuneration
$12,160

Training, Travel & Expenses
$4,771

Akbal Mund
Director

Director Remuneration
$8,885

Training, Travel & Expenses
$1,644

Cheryl Turcotte
Director

Director Remuneration
$11,870

Training, Travel & Expenses
$2,115

Director Attendance (Attended/Meetings Held*)

	Board Meeting	Committee Meetings							
		Audit	Conduct Review	ESG	Governance & HR	Investment & Lending	Nominating	Technology	Future Forward
Jordan Bowness	6/6	3/3	4/4	n/a	9/9	n/a	4/4	4/4	7/7
Robin Bristow	2/3	3/3	1/2	n/a	n/a	n/a	1/2	n/a	4/4
Mike Champigny	6/6	1/1	4/4	4/4	3/4	n/a	2/2	4/4	7/7
Juliette Cunningham	6/6	5/6	4/4	4/4	5/5	2/2	2/2	n/a	7/7
Rodney Goodchild	6/6	4/4	4/4	4/4	5/5	2/2	2/2	4/4	7/7
Akbal Mund	5/6	1/1	2/4	2/3	n/a	3/4	0/2	n/a	4/7
Michelle Sinclair	6/6	4/4	4/4	n/a	9/9	2/2	2/2	3/3	7/7
Cheryl Turcotte	6/6	6/6	4/4	n/a	4/4	4/4	4/4	1/1	7/7

*Meetings held may differ depending on when a director joined the board or a specific committee. New terms began May 2025.

Senior Management Compensation

As part of VantageOne Credit Union's commitment to enhanced governance reporting and transparent communication with members, this section outlines the compensation philosophy for senior management and discloses the aggregate direct salaries paid to senior managers.

Organization Structure

The Board of Directors is responsible for governing the strategic direction of VantageOne Credit Union. A key responsibility of the Board is the appointment of the Chief Executive Officer (CEO), who is in turn responsible for appointing the senior management team.

Given the complexity of the organization, VantageOne's senior management team is comprised of the Chief Executive Officer (CEO), Chief Credit, Risk & Operations Officer (CCROO), Chief Financial Officer (CFO), Vice President Consumer Banking, Vice President Human Resources, Vice President Marketing, and Vice President Wealth Management.

Under the direction of the CEO, the senior management team is responsible for executing the strategy approved by the Board of Directors and for managing the day to day operations of the credit union.

Compensation Philosophy

VantageOne Credit Union's compensation and benefits philosophy is designed to provide competitive and cost effective total compensation that supports the attraction, retention, and engagement of talented employees.

The organization seeks to maintain an employee compensation program that reflects its strategic objectives while remaining competitive within the Canadian credit union system and responsive to local market conditions. Our compensation approach is intended to encourage long term commitment, professional growth, and continued contributions that enhance value for the organization and the communities we serve.

In practice, VantageOne strives to position direct compensation for senior management within the mid range of comparable roles in the Canadian credit union sector, while taking into account organizational performance and regional market considerations.

Direct Compensation Disclosure

The total direct compensation, including salary and applicable incentives, paid to VantageOne Credit Union's seven senior managers during the reporting year was $1,062,513.

VantageOne confirms that all senior management compensation levels were at or below the mid range of the Canadian credit union market for comparable positions.

Our Purpose

We are Neighbours helping Neighbours.

We provide our communities with access to member-focused advice and high-quality financial services & help our communities grow.

Our Values

Member/Client Obsession

Member needs are at the centre of everything we do.

Ownership and Accountability

We act with integrity, taking ownership of our work, decisions, and actions.

Action Driven/ Innovate and Simplify

We act on opportunities to improve how our work is done by fostering a culture that values learning and innovation.

Be the Best

We are committed to delivering the best experience to our members.

VantageOne CREDIT UNION
250-545-9251 / 1-888-339-8328

Commercial Banking
Consumer Banking

VantageOne LEASING INC.
250-260-4527

Equipment Leasing

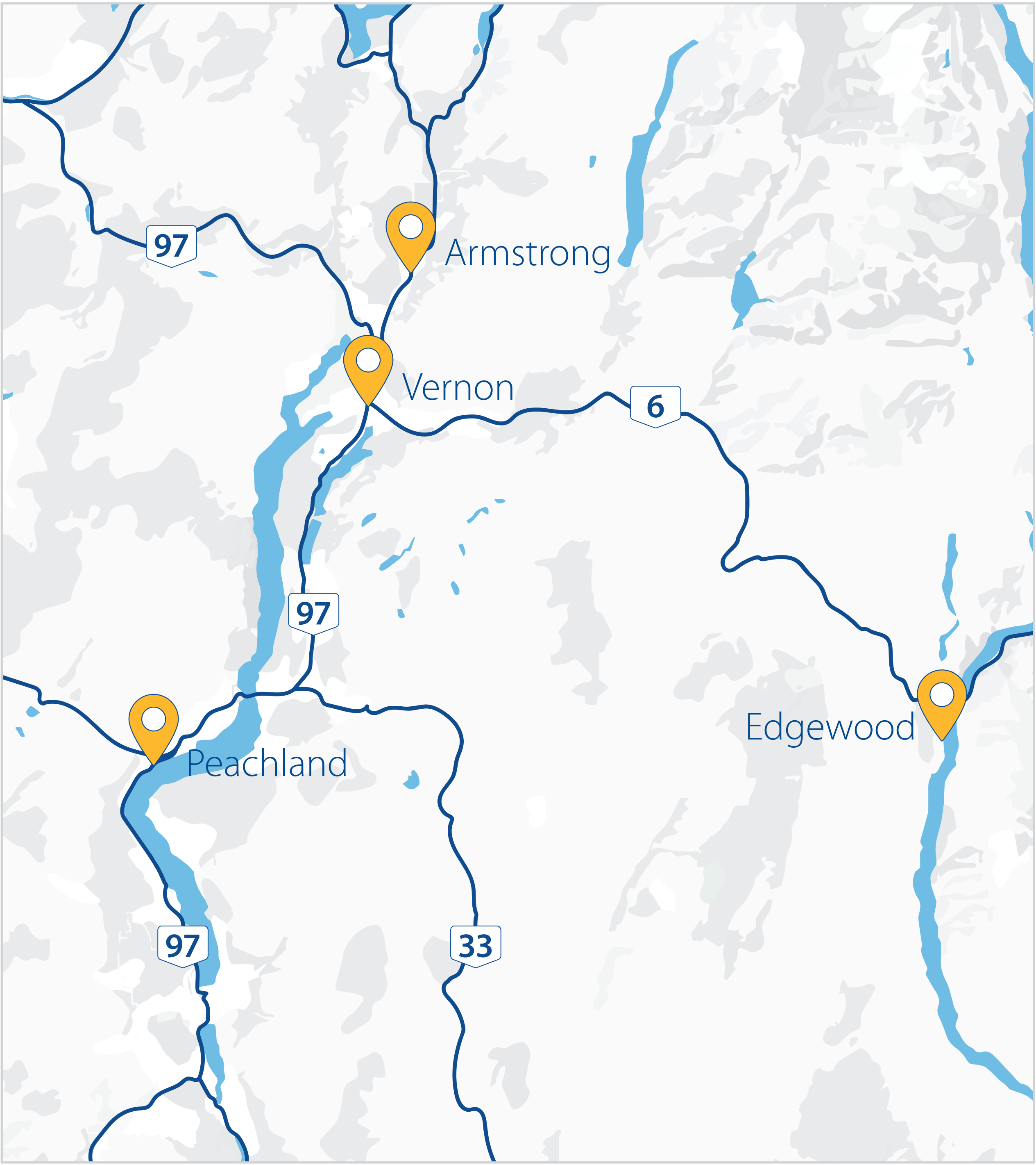
VantageOne FINANCIAL CORP.
250-260-4513

Wealth Management

Your Financial Neighbour

Our VantageOne Communities

est. 1944



Any Branch is Your Branch

VantageOne
CREDIT UNION®
Your Financial Neighbour