

Financial Statements of

**COMMUNITY SAVINGS CREDIT UNION**

And Independent Auditor's Report thereon

Year ended September 30, 2025



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Community Savings Credit Union

### ***Opinion***

We have audited the financial statements of Community Savings Credit Union (the "Entity"), which comprise:

- the statement of financial position as at September 30, 2025
- the statement of comprehensive income for the year then ended
- the statement of changes in members' equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at September 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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



Community Savings Credit Union  
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
December 3, 2025

# COMMUNITY SAVINGS CREDIT UNION

Financial Statements  
Year ended September 30, 2025

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# COMMUNITY SAVINGS CREDIT UNION

## Statement of Financial Position

September 30, 2025, with comparative information for 2024

	Notes	2025	2024
<b>Assets</b>			
Cash and cash equivalents	5	\$ 145,768,077	\$ 161,057,481
Investments	6	159,277,385	120,680,114
Loans	8	686,416,065	632,229,979
Premises and equipment	9	4,381,472	2,438,661
Intangible assets	9	135,412	32,732
Right-of-use assets	9	3,298,376	2,239,300
Income taxes receivable		300,470	-
Deferred income tax assets	10	429,727	438,994
Other assets		1,861,926	2,666,298
<b>Total assets</b>		<b>\$ 1,001,868,910</b>	<b>\$ 921,783,559</b>
<b>Liabilities and Members' Equity</b>			
<b>Liabilities</b>			
Deposits	11	\$ 942,523,436	\$ 869,959,250
Members' shares	13	1,097,927	1,150,097
Derivatives	7	2,381	-
Lease liabilities	14	3,508,850	2,417,484
Income taxes payable	10	-	501,435
Other liabilities	15	3,230,642	3,985,489
<b>Total liabilities</b>		<b>950,363,236</b>	<b>878,013,755</b>
<b>Members' equity</b>			
Investment shares	13	6,988,868	-
Contributed surplus		5,164,927	5,164,927
Retained earnings		38,341,025	37,676,569
Accumulated other comprehensive income		1,010,854	928,308
<b>Total members' equity</b>		<b>51,505,674</b>	<b>43,769,804</b>
<b>Total liabilities and members' equity</b>		<b>\$ 1,001,868,910</b>	<b>\$ 921,783,559</b>

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

Approved on behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# COMMUNITY SAVINGS CREDIT UNION

## Statement of Comprehensive Income

Year ended September 30, 2025, with comparative information for 2024

	Notes	2025	2024
<b>Interest income:</b>			
Loans		\$ 31,684,765	\$ 30,164,079
Cash and cash equivalents and investments	20	8,083,836	10,619,681
Total interest income		39,768,601	40,783,760
<b>Interest expense:</b>			
Deposits		20,267,287	22,551,685
Lease liabilities		131,977	132,174
Total interest expense		20,399,264	22,683,859
Net interest income		19,369,337	18,099,901
Provision for credit losses	8	192,877	2,737
Non-interest income	21	2,376,233	4,649,239
Total operating income		21,552,693	22,746,403
<b>Non-interest expense:</b>			
Salaries and benefits		13,001,859	12,113,292
Administrative	22	6,458,361	6,727,434
Depreciation and impairment loss	9	1,296,267	908,446
Total non-interest expense		20,756,487	19,749,172
Income before provision for income taxes		796,206	2,997,231
Provision for income tax expense/(recovery):	10		
Current		122,483	317,924
Deferred		9,267	(63,015)
Total provision for income tax expense		131,750	254,909
Net income		664,456	2,742,322
<b>Other comprehensive income, net of income taxes:</b>			
Item that will be reclassified to net income:			
Net movement in unrealized gain/loss on financial instruments, net of income taxes of \$16,907 (2024 - \$394,784)	23	82,546	1,927,476
Comprehensive income		\$ 747,002	\$ 4,669,798

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

# COMMUNITY SAVINGS CREDIT UNION

## Statement of Changes in Members' Equity

Year ended September 30, 2025, with comparative information for 2024

	Investment shares	Contributed surplus	Retained earnings	Accumulated other comprehensive income/(loss)	Total members' equity
Balance on September 30, 2023	\$ -	\$ 5,164,927	\$ 34,934,247	\$ (999,168)	\$ 39,100,006
Net income	-	-	2,742,322	-	2,742,322
Other comprehensive income:					
Net movement in unrealized gain on financial instruments at FVOCI	-	-	-	1,927,476	1,927,476
Balance on September 30, 2024	-	\$ 5,164,927	\$ 37,676,569	\$ 928,308	\$ 43,769,804
Issuance of new shares	6,988,868	-	-	-	6,988,868
Net income	-	-	664,456	-	664,456
Other comprehensive income:					
Hedging reserve - cash flow hedges:					
Net unrealized gain	-	-	-	20,396	20,396
Net movement in unrealized gain on financial instruments at FVOCI	-	-	-	62,150	62,150
Balance on September 30, 2025	\$ 6,988,868	\$ 5,164,927	\$ 38,341,025	\$ 1,010,854	\$ 51,505,674

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

# COMMUNITY SAVINGS CREDIT UNION

## Statement of Cash Flows

Year ended September 30, 2025, with comparative information for 2024

	Notes	2025	2024
Cash provided by/(used in):			
Operating activities:			
Net income		\$ 664,456	\$ 2,742,322
Adjustments to reconcile net income to cash generated by operating activities:			
Depreciation and impairment loss		1,296,267	908,446
Provision for credit losses		192,877	2,737
Net interest income		(19,369,337)	(18,099,901)
Impairment of FVOCI investments	21	-	9,120
Realized gain on sale of property	21	-	(2,632,345)
Provision for income taxes - current		122,483	317,924
Provision of income taxes - deferred		9,267	(63,015)
Changes in non-cash operating working capital		(676,411)	834,466
Interest received from:			
Loans		31,774,856	30,783,359
Cash and cash equivalents and investments		7,671,922	9,005,510
Interest paid on:			
Deposits		(22,506,083)	(19,792,382)
Net increase in loans		(53,737,933)	(11,556,278)
Net increase in deposits		74,831,082	64,254,973
Income taxes paid		(951,978)	(129,756)
Total cash flows from operating activities		19,321,468	56,585,180
Investing activities:			
Purchase of investments		(104,979,918)	(51,470,845)
Proceeds from sale/maturity of investments		66,869,439	40,952,048
Proceeds from sales of property		-	2,670,000
Net purchase of:			
Premises and equipment		(2,527,766)	(1,766,367)
Intangible assets		(128,976)	-
Total cash flows used in investing activities		(40,767,221)	(9,615,164)
Financing activities:			
Repayment of lease liabilities		(780,349)	(772,118)
Issuance of investment shares		6,988,868	-
Redemption of members' shares (net)		(52,170)	(50,809)
Total cash flow from/(used in) financing activities		6,156,349	(822,927)
(Decrease)/increase in cash and cash equivalents		(15,289,404)	46,147,089
Cash and cash equivalents, beginning of year	5	161,057,481	114,910,392
Cash and cash equivalents, end of year	5	\$ 145,768,077	\$ 161,057,481

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

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### **1. Reporting entity**

Community Savings Credit Union (the “Credit Union”) is incorporated under the British Columbia *Credit Union Incorporation Act* and is a member of Central 1 Credit Union (“Central 1”), which is the central credit union and trade services organization for British Columbia and Ontario Credit Unions. The operations of the Credit Union are subject to the *Financial Institutions Act* of British Columbia. The Credit Union serves members in Greater Vancouver, Victoria, and the surrounding areas. The Credit Union’s administration office is located at 900 - 7380 King George Highway, Surrey, British Columbia.

### **2. Basis of presentation**

#### (a) Statement of compliance:

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These financial statements were authorized for issue by the Board of Directors on December 3, 2025.

#### (b) Basis of measurement:

These financial statements were prepared under the historical cost basis, except for financial instruments measured at fair value.

#### (c) Standards adopted during the year ended September 30, 2025

The Credit Union has adopted a number of interpretations and amendments to standards which have had an insignificant effect on these financial statements.

#### (d) Future accounting developments

##### IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the financial statements. IFRS 18 will replace IAS 1 Presentation of Financial Statements and accompanies limited amendments to other standards. The standard introduces new defined subtotals to be presented in the Statement of Comprehensive Income, disclosure of management-defined performance measures and requirements for grouping of information. This standard will be effective for the Credit Union on September 30, 2027. The Credit Union is currently assessing the impact of adopting this standard on these financial statements.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 2. Basis of presentation (continued)

(d) Future accounting developments (continued)

### Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures ("the Amendments"). The Amendments clarify classification guidance for financial assets with environmental, social and governance-linked features and introduce additional related disclosure requirements. The Amendments will be effective for the Credit Union on September 30, 2026. The Credit Union is currently assessing the impact of adopting this standard on these financial statements.

(e) Functional and presentation currency:

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

(f) Use of estimates and judgments:

The preparation of financial statements in compliance with IFRS Accounting Standards 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 financial statements are disclosed in note 4.

(g) Comparative information:

Certain comparative information has been updated to conform with current year presentation.

## 3. Material accounting policies

(a) Cash and cash equivalents:

Cash and cash equivalents are comprised of balances with original maturity of three months or less and include cash on hand and short-term deposits with Central 1, amounts due to and from other banks, and cheques and other items in transit.

(b) Financial assets and liabilities:

(i) Recognition:

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

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

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued):

##### (ii) Classification:

On initial recognition, a financial asset is classified as:

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

A debt security is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

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

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

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

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

All other financial assets are classified as FVTPL.

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

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued)

##### (ii) Classification (continued):

###### Business model assessment:

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

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

###### Assessment of whether contractual cash flows are SPPI:

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

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

###### Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Credit Union changes its business model for managing financial assets. There were no changes to any of the Credit Union's business models for the year ended September 30, 2025 (2024 - no changes).

###### *Financial liabilities:*

The Credit Union classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or fair value through profit or loss.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued)

##### (iii) Derecognition:

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. If the Credit Union has neither transferred nor retained substantially all the risks and rewards of the transferred financial asset, it assesses whether it has retained control over the transferred asset. If control has been retained, the Credit Union recognizes the transferred asset to the extent of its continuing involvement. If control has not been retained, the Credit Union derecognizes the transferred asset.

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

##### (iv) Offsetting:

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

##### (v) Amortized cost measurement:

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

##### (vi) Fair value measurement:

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

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

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

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued)

##### (vi) Fair value measurement (continued):

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

For more complex instruments, the Credit Union uses proprietary valuation models, which are developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Instruments involving significant unobservable inputs include certain mortgage investments and shares for which there is no active market and retained interest in securitizations.

Management judgment and estimation are required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Financial instruments classified at FVTPL are measured at fair value, with fair value changes recognized immediately in profit or loss.

For financial assets classified as measured at FVOCI, or an irrevocable election has been made, changes in fair value is recognized in OCI. For equity instruments measured at FVOCI, the amounts recognized in OCI are never reclassified to profit and loss. For debt instruments measured at FVOCI, realized gains or losses and impairments are reclassified to profit or loss.

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

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

The ECL model requires the recognition of credit losses based on 12-months of expected losses for performing loans (Stage 1) and recognition of lifetime losses on performing loans that have experienced a significant increase in credit risk ("SICR") since origination but do not have objective evidence of impairment (Stage 2). Credit impaired loans require recognition of lifetime losses (Stage 3). The determination of a significant increase in credit risk takes into account many different factors and varies by product and risk segment, which requires experienced credit judgment.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued):

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

Loss allowances are measured on either of the following bases:

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

ECL is measured as 12-month ECL unless the credit risk on a financial instrument has increased significantly since initial recognition and is therefore placed into Stage 2 or Stage 3.

##### Assessment of significant increase in credit risk:

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

In determining the amount of loss allowance for ECLs to recognize, the Credit Union assesses at each reporting date whether there has been a SICR. In assessing whether a SICR has occurred, the Credit Union considers quantitative factors, qualitative factors and a rebuttable presumption. A SICR is considered to have occurred when any of three conditions are met. The conditions include a change in the probability of default in excess of predetermined thresholds, the backstop criterion for the portfolio has been met, or other portfolio specific considerations.

##### Assessment of significant increase in credit risk (continued):

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

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

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued):

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

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

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

##### Measurement of ECL:

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

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

##### Probability of default:

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

- *Residential mortgages, personal loans and lines of credit* - based on borrower credit scores, and the average historical default rate, for the relevant PD segment.
- *Commercial mortgages, loans and lines of credit* - based on the current internal risk ratings assigned to the assets and the historical default rates provided for the relevant PD segment.

##### Loss given default:

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

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued):

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

###### Forward looking information and macroeconomic factors:

The forward-looking information (“FLI”) component represents management’s estimate of the impacts on the ECLs of FLI and forecasts of macroeconomic conditions to the Credit Union’s ECLs. These macroeconomic factors are based on the credit risk management assessments and are consistent with industry guidelines on typical factors that are relevant to different types of lending products. Management makes forecasts of multiple forward looking and macroeconomic scenarios (base, upside and downside) and their estimated impacts to the ECLs. Multiple scenarios are forecasted to ensure that estimates of ECLs are unbiased. During the years ended September 30, 2025 and 2024, the Credit Union applied industry standard scenario weightings.

The forward looking and macroeconomic factors considered in determining the FLI inputs to the ECL calculation as at September 30, 2025 and 2024 were gross domestic product, interest rates, retail sales, housing starts, net operating surplus, consumer price index, debt ratio, house pricing index and unemployment rate.

###### Exposure at default:

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

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

###### Time value of money:

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

###### Credit-impaired financial assets:

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

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued):

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

When identifying loans to members that are credit-impaired for which the loss allowance for ECLs is calculated individually, as the difference between the gross carrying amount of the financial assets and the present value of estimated future cash flows.

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

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

##### Write-off policy:

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

#### (c) Investments:

##### (i) Term deposits:

Liquidity statutory deposits and other term deposits are initially recognized at fair value including direct and incremental transaction costs, and subsequently valued at amortized cost, using the effective interest method.

##### (ii) Shares:

These instruments are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition. Subsequently they are carried at fair value, unless they do not have a quoted market price in an active market and fair value is not reliably determinable in which case they are carried at cost. Changes in fair value and realized gains or losses are recognized through profit or loss.

When there is objective evidence of impairment, the full amount of the impairment, including any amount previously recognized in accumulated other comprehensive income, is recognized in net income.

#### (d) Derecognition of financial assets and liabilities:

Financial assets are derecognized only when the contractual rights to receive cash flows from the assets have expired or transferred and either all of the risks and rewards of ownership have been substantially transferred, or the risks and rewards of ownership have not been retained nor substantially transferred but control has not been retained. Financial liabilities are derecognized when they are extinguished, that is, when the obligation is discharged, is cancelled or expired.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (e) Derivatives and hedge accounting:

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

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

The Credit Union designates certain derivatives as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Credit Union formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship.

The Credit Union makes qualitative and quantitative assessments, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument is effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. The Credit Union makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect net income.

##### (i) Cash flow hedges:

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

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

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (f) Premises and equipment:

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

Asset	Rate
Buildings	25 years
Furniture and equipment	5 years
Leasehold improvements	Lease term
Computer equipment	5 years

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

The gain or loss on disposal of an item of premises and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of premises and equipment, and are recognized net within non-interest income.

#### (g) Impairment of non-financial assets:

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

#### (h) Income taxes:

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

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

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

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (h) Income taxes (continued):

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 income will be available to 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.

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

#### (i) Deposits:

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

#### (j) Employee benefits:

##### (i) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

##### (ii) Registered Savings Plan contributions:

The Credit Union contributes to employee Registered Savings Plans, recognizing contributions as an expense in the year during which services are rendered by employees. The Credit Union has no legal or constructive obligation to pay further amounts beyond these contributions.

#### (k) Accounts payable and other payables:

Liabilities for trade creditors and other payables are initially measured at fair value and subsequently carried at amortized cost. Their carrying value is a reasonable estimate of fair value due to their short-term nature.

#### (l) Provisions:

Provisions are recognized if, as a result of a past event, the Credit Union has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash outflows based on the risks specific to the liability.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (m) Members' shares:

Members' shares are classified as liabilities or as members' 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's Board of Directors, the shares are classified as equity. Investment shares provide an opportunity for members to invest in the capital structure of the Credit Union and are classified as equity.

#### (n) Foreign currency translation:

Transactions in foreign currencies are translated into the functional currency of the Credit Union at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at prevailing exchange rates at the reporting date. Non-monetary assets and liabilities are translated into Canadian dollars at historical rates. Realized and unrealized gains and losses arising from translation are included in net income.

#### (o) Interest income and expense:

Interest income and expense for interest-bearing financial instruments is recognized within interest income and interest expense using the effective interest method. The effective interest method calculates the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Credit Union estimates future cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation of the effective interest method includes all fees and costs paid or received between parties to the contract that are an integral part of the effective interest rate.

Interest income or expense on settlement of derivative contracts and the ineffectiveness portion of fair value changes in qualifying hedging derivatives designated as cash flow hedges of variability in interest cash flows are included in interest income and interest expense.

#### (p) Lease payments:

##### Lease definition:

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

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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### 3. Material accounting policies (continued)

#### (p) Lease payments (continued):

##### Recognition and measurement:

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

The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset of the lease term, using the straight-line method, to reflect the expected pattern of consumption of the future economic benefits.

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

### 4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The principal areas involving a higher degree of judgment or complexity and/or areas which require significant estimates are described below:

#### (a) Expected credit losses on loans to members:

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

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 5. Cash and cash equivalents

	2025	2024
Cash and current accounts	\$ 60,468,443	\$ 32,810,813
Term deposits, callable or term of three months or less	85,000,000	127,563,670
Accrued interest	299,634	682,998
	\$ 145,768,077	\$ 161,057,481

## 6. Investments

The below table provides information on the investments by type of security and issuer. The maximum exposure to credit risk is the carrying value as detailed below.

	2025	2024
Shares:		
Central 1 Credit Union	\$ 242,245	\$ 223,815
Other	1,299	1,299
Term deposits, callable or term of greater than three months	72,000,000	39,403,809
Accrued interest and dividends	181,889	614,990
Debt securities:		
Government bonds	41,681,707	35,542,327
Corporate bonds	-	3,929,786
Canada mortgage bonds	44,781,754	40,600,838
Accrued interest on debt securities	388,491	363,250
	\$ 159,277,385	\$ 120,680,114

The fair value of term deposits with Central 1 is \$157,379,368 at September 30, 2025 (2024 - \$167,740,684), which includes amounts recorded in cash and cash equivalents and investments.

The shares in Central 1 are required as a condition of membership and are redeemable upon withdrawal of membership or at the discretion of the Board of Directors of Central 1. In addition, the member credit unions are subject to additional capital calls at the discretion of the Board of Directors of Central 1.

The Credit Union holds Class A shares of Central 1, that are subject to an annual balancing mechanism and are issued and redeemable at par. The Credit Union holds Class E shares of Central 1, that are redeemable at the option of the Credit Union.

The Credit Union retains membership and Central 1 shares as Central 1 supplies services that are relevant to the Credit Union's day-to-day activities. Dividends on these shares are at the discretion of the Board of Directors of Central 1.

Credential Securities and Central 1 Credit Union act as the custodian and asset manager of the debt securities, respectively for the Credit Union.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

## 7. Derivatives

	Notional amount			Fair value		
	Maturity within 1 year	Maturity 1 - 5 years	Total 2025	Total 2024	2025	2024
Interest rate swap:						
Receive fixed swaps	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -	\$ 24,574	\$ -
Accrued interest	-	-	-	-	(26,955)	-
	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -	\$ (2,381)	\$ -

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

2025	Expected cash flows	Less than 1 year	1 to 5 years	Greater than 5 years
Assets	\$ 1,345,066	\$ 832,000	\$ 513,066	\$ -
Liabilities	-	-	-	-
Net cash inflow	\$ 1,345,066	\$ 832,000	\$ 513,066	\$ -

2024	Expected cash flows	Less than 1 year	1 to 5 years	Greater than 5 years
Assets	\$ -	\$ -	\$ -	\$ -
Liabilities	-	-	-	-
Net cash inflow	\$ -	\$ -	\$ -	\$ -

During the year, the Credit Union recognized a loss of nil (2024 - nil) for ineffectiveness in cash flow hedges, which is recognized in non-interest income in the statement of comprehensive income.

The Credit Union applies hedge accounting to manage interest rate risk on variable rate loans, using interest rate swaps as cash flow hedges.

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 8. Loans

The following table provides information on loans by type. The maximum exposure to credit risk would be the carrying values as detailed below:

	2025	2024
Residential mortgages	\$ 482,596,044	\$ 481,168,084
Commercial mortgages	198,523,044	145,587,397
Personal and other	5,476,381	5,492,080
	686,595,469	632,247,561
Accrued interest	1,456,467	1,433,123
Allowance for ECL	(1,635,871)	(1,450,705)
	\$ 686,416,065	\$ 632,229,979

At September 30, 2025, \$315,215,491 (2024 - \$400,043,605) fixed and \$11,745,687 (2024 - \$18,630,457) variable loans are expected to be settled more than 12-months after the reporting date.

A breakdown of loans by type of security held on a gross portfolio basis, excluding accrued interest, is as follows:

	2025	2024
Loans - insured	\$ 88,877,088	\$ 57,256,795
Loans - real estate secured	592,242,000	569,498,686
Loans - otherwise secured	1,391,414	1,261,462
Loans - unsecured	4,084,967	4,230,618
	\$ 686,595,469	\$ 632,247,561

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

## 8. Loans (continued)

(a) Reconciliation of allowance for ECL under IFRS 9 for the year ended September 30, 2025:

	Stage 1	Stage 2	Stage 3	Total
<b>Residential mortgages:</b>				
Balance at October 1, 2024	\$ 133,687	\$ 84,524	\$ 64,226	\$ 282,437
Net remeasurement	59,199	74,893	33,711	167,803
Originations	34,074	-	-	34,074
Derecognitions and maturities	(27,241)	(3,332)	(39,226)	(69,799)
Transfers to Stage 1	-	(46,101)	(5,711)	(51,812)
Transfers to Stage 2	46,101	-	(5,000)	41,101
Transfers to Stage 3	5,711	5,000	-	10,711
Balance at September 30, 2025	\$ 251,531	\$ 114,984	\$ 48,000	\$ 414,515
<b>Personal loans:</b>				
Balance at October 1, 2024	\$ 180,181	\$ 77,856	\$ 5,295	\$ 263,332
Net remeasurement	(3,933)	66,345	16,775	79,187
Originations	22,667	12,142	-	34,809
Derecognitions and maturities	(10,008)	(11,345)	(5,295)	(26,648)
Transfers to Stage 1	-	(15,424)	66	(15,358)
Transfers to Stage 2	15,424	-	-	15,424
Transfers to Stage 3	(66)	-	-	(66)
Net write-offs	-	-	(13,259)	(13,259)
Balance at September 30, 2025	\$ 204,265	\$ 129,574	\$ 3,582	\$ 337,421
<b>Commercial mortgages:</b>				
Balance at October 1, 2024	\$ 224,132	\$ 280,885	\$ 399,919	\$ 904,936
Net remeasurement	(32,320)	26,129	(18,451)	(24,642)
Originations	50,498	24,879	-	75,377
Derecognitions and maturities	(36,251)	(5,485)	(30,000)	(71,736)
Transfers to Stage 1	-	17,003	-	17,003
Transfers to Stage 2	(17,003)	-	-	(17,003)
Transfers to Stage 3	-	-	-	-
Balance at September 30, 2025	\$ 189,056	\$ 343,411	\$ 351,468	\$ 883,935
<b>Total loans to members:</b>				
Balance at October 1, 2024	\$ 538,000	\$ 443,265	\$ 469,440	\$ 1,450,705
Net remeasurement	22,946	167,367	32,035	222,348
Originations	107,239	37,021	-	144,260
Derecognitions and maturities	(73,500)	(20,162)	(74,521)	(168,183)
Transfers to Stage 1	-	(44,522)	(5,645)	(50,167)
Transfers to Stage 2	44,522	-	(5,000)	39,522
Transfers to Stage 3	5,645	5,000	-	10,645
Net write-offs	-	-	(13,259)	(13,259)
Balance at September 30, 2025	\$ 644,852	\$ 587,969	\$ 403,050	\$ 1,635,871

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

## 8. Loans (continued)

(b) Reconciliation of allowance for ECL under IFRS 9 for the year ended September 30, 2024:

	Stage 1	Stage 2	Stage 3	Total
<b>Residential mortgages:</b>				
Balance at October 1, 2023	\$ 211,722	\$ 114,846	\$ 92,121	\$ 418,689
Net remeasurement	(144,673)	58,546	48,310	(37,817)
Originations	12,087	-	-	12,087
Derecognitions and maturities	(11,486)	(6,915)	(92,121)	(110,522)
Transfers to Stage 1	-	(72,098)	6,061	(66,037)
Transfers to Stage 2	72,098	-	9,855	81,953
Transfers to Stage 3	(6,061)	(9,855)	-	(15,916)
Balance at September 30, 2024	\$ 133,687	\$ 84,524	\$ 64,226	\$ 282,437
<b>Personal loans:</b>				
Balance at October 1, 2023	\$ 308,261	\$ 76,435	\$ 5,799	\$ 390,495
Net remeasurement	(160,231)	35,424	5,169	(119,638)
Originations	16,002	14,116	-	30,118
Derecognitions and maturities	(25,427)	(12,216)	-	(37,643)
Transfers to Stage 1	-	(35,903)	(5,673)	(41,576)
Transfers to Stage 2	35,903	-	-	35,903
Transfers to Stage 3	5,673	-	-	5,673
Balance at September 30, 2024	\$ 180,181	\$ 77,856	\$ 5,295	\$ 263,332
<b>Commercial mortgages:</b>				
Balance at October 1, 2023	\$ 242,541	\$ (702)	\$ 401,468	\$ 643,307
Net remeasurement	(6,118)	215,790	295,074	504,746
Originations	65,929	-	-	65,929
Derecognitions and maturities	(59,046)	-	(250,000)	(309,046)
Transfers to Stage 1	-	15,797	3,377	19,174
Transfers to Stage 2	(15,797)	-	(50,000)	(65,797)
Transfers to Stage 3	(3,377)	50,000	-	46,623
Balance at September 30, 2024	\$ 224,132	\$ 280,885	\$ 399,919	\$ 904,936
<b>Total loans to members:</b>				
Balance at October 1, 2023	\$ 762,524	\$ 190,579	\$ 499,388	\$ 1,452,491
Net remeasurement	(311,022)	309,760	348,553	347,291
Originations	94,018	14,116	-	108,134
Derecognitions and maturities	(95,959)	(19,131)	(342,121)	(457,211)
Transfers to Stage 1	-	(92,204)	3,765	(88,439)
Transfers to Stage 2	92,204	-	(40,145)	52,059
Transfers to Stage 3	(3,765)	40,145	-	36,380
Balance at September 30, 2024	\$ 538,000	\$ 443,265	\$ 469,440	\$ 1,450,705

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 8. Loans (continued)

### (c) Credit quality of loans:

Summary of loans, including accrued interest, that are individually impaired or potentially impaired as a result of a repayment delinquency greater than one day:

	2025			2024		
	Carrying amount		Total	Carrying amount		Total
	Real estate secured	Otherwise secured or unsecured		Real estate secured	Otherwise secured or unsecured	
Period of delinquency:						
1 to 30 days	\$ 4,578,461	\$ 25,716	\$ 4,604,177	\$ 7,380,071	\$ 58,489	\$ 7,438,560
31 to 90 days	-	-	-	3,579,053	-	3,579,053
Over 90 days	7,055,829	6,929	7,062,758	6,103,828	571	6,104,399
Total loans in arrears	11,634,290	32,645	11,666,935	17,062,952	59,060	17,122,012
Total loans not in arrears			676,385,001			616,558,672
Total loans, including accrued interest	\$ 11,634,290	\$ 32,645	\$ 688,051,936	\$ 17,062,952	\$ 59,060	\$ 633,680,684

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

### 9. Premises and equipment, intangible assets and right-of-use assets

	Premises and equipment					Intangible assets		
	Building	Leasehold improvements	Furniture and equipment	Computer equipment	Total	Computer software	Banking system software	Total
<b>Cost:</b>								
Balance at September 30, 2023	\$ 879,001	\$ 2,486,163	\$ 2,086,749	\$ 585,159	\$ 6,037,072	\$ 45,564	\$ 1,018,864	\$ 1,064,428
Additions	-	1,518,084	164,366	83,917	1,766,367	-	-	-
Disposals	(879,001)	(692,349)	(714,612)	(84,665)	(2,370,627)	-	-	-
Balance at September 30, 2024	-	3,311,898	1,536,503	584,411	5,432,812	45,564	1,018,864	1,064,428
Additions	-	1,454,475	982,944	90,347	2,527,766	-	128,976	128,976
Disposals	-	-	(702,060)	(11,359)	(713,419)	-	-	-
Balance at September 30, 2025	\$ -	\$ 4,766,373	\$ 1,817,387	\$ 663,399	\$ 7,247,159	\$ 45,564	\$ 1,147,840	\$ 1,193,404
<b>Accumulated depreciation:</b>								
Balance at September 30, 2023	\$ 837,923	\$ 1,908,947	\$ 1,929,112	\$ 445,312	\$ 5,121,294	\$ 37,497	\$ 967,674	\$ 1,005,171
Depreciation expense	3,423	63,866	44,591	85,781	197,661	2,646	23,879	26,525
Disposals	(841,346)	(692,349)	(698,375)	(84,567)	(2,316,637)	-	-	-
Impairment	-	-	(8,118)	(49)	(8,167)	-	-	-
Balance at September 30, 2024	-	1,280,464	1,267,210	446,477	2,994,151	40,143	991,553	1,031,696
Depreciation expense	-	358,862	167,794	56,164	582,820	2,532	23,764	26,296
Disposals	-	-	(702,060)	(11,359)	(713,419)	-	-	-
Impairment	-	-	2,135	-	2,135	-	-	-
Balance at September 30, 2025	\$ -	\$ 1,639,326	\$ 735,079	\$ 491,282	\$ 2,865,687	\$ 42,675	\$ 1,015,317	\$ 1,057,992
<b>Net book value:</b>								
As at September 30, 2024	\$ -	\$ 2,031,434	\$ 269,293	\$ 137,934	\$ 2,438,661	\$ 5,421	\$ 27,311	\$ 32,732
As at September 30, 2025	\$ -	\$ 3,127,047	\$ 1,082,308	\$ 172,117	\$ 4,381,472	\$ 2,889	\$ 132,523	\$ 135,412

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 9. Premises and equipment, intangible assets and right-of-use assets (continued)

Right-of-use assets consists of head office and branch premises leased by the Credit Union.

Right-of-use assets	2025	2024
Balance, opening	\$ 2,239,300	\$ 2,915,393
Additions	1,744,092	-
Disposals	-	-
Depreciation	(685,016)	(676,093)
Balance, ending	\$ 3,298,376	\$ 2,239,300

## 10. Provision for income taxes

The total provision for income taxes of \$122,483 (2024 - \$317,924) in the Statement of Comprehensive Income is at a rate less than the combined federal and provincial statutory income tax rate of the applicable year for the following reasons:

	2025	2024
Combined federal and provincial statutory rate	27.0%	27.0%
Rate reduction available to credit unions	(10.0)%	(10.0)%
Change in estimate of future tax rates for deferred tax assets	-%	-%
Origination and reversal of temporary differences	-%	(11.2)%
Non-deductible and other items	-%	3.0%
Effective income tax rate	17.0%	8.8%

The components of deferred income tax balances are as follows:

	2025	2024
Allowance for ECL	\$ 216,431	\$ 174,795
Deferred items	601,050	400,816
Accruals	73,100	119,101
Premises, equipment and leases	(460,854)	(255,718)
Deferred income tax balances	\$ 429,727	\$ 438,994

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

### 11. Deposits

	2025	2024
Demand	\$ 454,687,849	\$ 374,602,602
Term	380,169,033	384,830,631
Registered savings plans	99,873,002	100,465,570
Accrued interest	7,793,552	10,060,447
	<hr/>	<hr/>
	\$ 942,523,436	\$ 869,959,250

At September 30, 2025, \$110,733,304 (2024 - \$89,561,541) of deposits are expected to be settled more than 12 months after the reporting date.

### 12. Borrowings

The Credit Union maintains credit facility arrangements with Central 1 for up to the maximum amounts as approved by the Board of Directors in the amount of \$44,000,000 (2024 - \$48,000,000). The credit facility arrangements are secured by all present and future property of the Credit Union in excess of property maintained to meet regulated liquidity requirements under the *Financial Institutions Act* of British Columbia. At September 30, 2025, the credit facility was unutilized (2024- unutilized).

### 13. Shares

The Credit Union has authorized an unlimited number of shares, each with a par value of \$1. Outstanding shares consist of Class A investment shares and membership shares. Membership shares are classified as financial liabilities, initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument, and subsequently carried at amortized cost using the effective interest rate method. Class A investment shares are redeemable at the discretion of the Credit Union's Board of Directors and are classified as equity. Dividends on all shares are at the discretion of the Board of Directors. For further details regarding rights, preferences and restrictions on shares, reference can be made to the Credit Union's Rules. During 2025, 7,000,000 Class A investment shares were issued, net of \$11,132 in issuance costs. Refer also to note 27.

	Membership shares	Non-equity shares	Class A investment shares	Total
Balance, September 30, 2023	\$ 1,200,906	\$ 49,519	\$ -	\$ 1,250,425
Issued during the year	16,371	-	-	16,371
Redeemed during the year	(67,180)	(49,519)	-	(116,699)
 Balance, September 30, 2024	1,150,097	-	-	1,150,097
Issued during the year, net of issuance costs	11,818	-	6,988,868	7,000,686
Redeemed during the year	(63,988)	-	-	(63,988)
 Balance, September 30, 2025	\$ 1,097,927	\$ -	\$ 6,988,868	\$ 8,086,795

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 14. Lease liabilities

The following table presents the contractual undiscounted cash flows for lease obligations:

Maturity analysis	2025	2024
Less than one year	\$ 787,409	\$ 578,463
Between one and five years	2,890,323	1,654,410
More than five years	285,894	630,890
<b>Total undiscounted lease liabilities</b>	<b>\$ 3,963,626</b>	<b>\$ 2,863,763</b>
Lease liabilities included in Statement of Financial Position:		
Current	\$ 773,614	\$ 566,636
Non-current	2,735,236	1,850,848
<b>Total</b>	<b>\$ 3,508,850</b>	<b>\$ 2,417,484</b>

The Credit Union has used an incremental borrowing rate ranging between 3.0% - 5.6% to discount its lease liabilities (2024 - 4.0% - 5.6%). During the year ended September 30, 2025, the total cash outflow for leases were \$780,349 (2024 - \$772,118).

## 15. Other liabilities

	2025	2024
Accounts payable and accrued liabilities	\$ 2,801,736	\$ 3,493,713
Deferred fee income	428,906	491,776
	<b>\$ 3,230,642</b>	<b>\$ 3,985,489</b>

## 16. Related party transactions

Related parties of the Credit Union include key management personnel and close family members of key management personnel and entities which are controlled or jointly controlled, by key management personnel or their close family members. Key management personnel are persons having authority and responsibility for planning, directing, and controlling the activities of the Credit Union, directly or indirectly, including the Credit Union's Executive Management Team and Board of Directors.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 16. Related party transactions (continued)

Transactions and balances with related parties in the normal course of business were as follows:

	2025	2024
<b>Compensation:</b>		
Salaries and short-term employee benefits	\$ 2,914,717	\$ 2,522,091
<b>Banking services:</b>		
Loans and lines of credit outstanding	\$ 13,853,052	\$ 14,523,507
Undisbursed loans and lines of credit	1,150,514	1,639,788
Terms and savings deposits	1,378,339	1,370,837
Members' shares	1,620	1,656
	\$ 16,383,525	\$ 17,535,788

The Credit Union's policy for lending to, and for receiving deposits from, key management personnel is that the loans are approved and deposits accepted on the same terms and conditions which apply to members for each class of loan or deposit. The employees of the Credit Union are eligible for reduced interest rates on personal loans, lines of credit and mortgages. At the reporting date, the Credit Union recorded a fair value adjustment of \$65,719 (2024 - \$277,307) to recognize related party loans, lines of credit, and mortgages at the market interest rate.

During the year, the Credit Union's Board of Directors received aggregate remuneration of \$91,524 (2024 - \$92,723), which is included in compensation to key management personnel in the table above.

A Director who was appointed to the Board of Directors during fiscal 2015 is the owner and operator of a business that has supplied appraisal services to the Credit Union for a number of years. Services purchased during the year from the Director's business totaled \$21,578 (2024 - \$27,767). Key management personnel who are the partial owners of businesses that have supplied marketing related services to the Credit Union total \$22,313 (2024 - \$30,043).

## 17. Risk management framework

The Credit Union's business activities involve the measurement, evaluation, acceptance and management of some degree of risk. The Credit Union has in place a risk management approach that involves the identification, analysis, evaluation and management of a number of factors. These factors, if not prudently managed, could adversely affect the resources, operations, reputation, and financial results of the Credit Union. A primary risk facing the Credit Union is exposure from the use of financial instruments to assist in the management of credit, liquidity, and market risks.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 17. Risk management framework (continued)

In the normal course of business, the Credit Union is exposed to credit risk, liquidity risk, and market risk. For all of the risks noted below, there has been no change in how the Credit Union manages those risks from the previous year.

### (a) Risk management framework:

Senior management is responsible for establishing the framework for identifying risks and developing appropriate policies and procedures. The Board of Directors, either directly or through its committees, reviews or approves the key policies and receives regular reporting in order to monitor ongoing compliance in areas of significant risk.

The Credit Union's risk management policies are established to identify and analyze the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor results and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, member needs and the products and services offered.

The Investment and Loan Committee ("ILC") of the Board of Directors is charged with reviewing and recommending the Credit Union's Investment and Lending Policy ("ILP"). The ILP contains policies and limits with respect to credit, liquidity and market risks. All revisions to the ILP are required to be approved by the Board of Directors and the policy is subject to annual review. In addition, the ILC ensures that senior management implements the policies and procedures to manage credit, liquidity, and market risks, and oversees the compliance to the ILP by reviewing reports prepared by senior management.

The Audit Committee of the Board of Directors is responsible for monitoring compliance with the Credit Union's financial reporting policies and procedures, and for reviewing the adequacy of the risk management activities for risks faced by the Credit Union. The Audit Committee is assisted in these functions by the Internal Audit function. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### (b) Credit risk:

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk primarily is centered in the Credit Union's lending activities, but is also present in other activities, including the Credit Union's investment and derivative portfolio.

#### (i) Management of credit risk:

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Credit Union takes into consideration the member's character, ability to pay, and value of collateral available to secure the loan. The Credit Union's credit risk management principles are guided by its overall risk management principles.

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 17. Risk management framework (continued)

#### (b) Credit risk (continued):

##### (i) Management of credit risk (continued):

Under senior management direction, the Credit Department is responsible for oversight, review and revision of key credit policies and procedures, and credit granting and portfolio limits. The Credit Department reviews reports related to portfolio credit quality, geographic, product and industry concentrations, and adequacy of loan allowances.

Upon identification of changing risk conditions, the Credit Department takes action to maintain acceptable levels of risk. On a regularly basis, management provides reports on these matters to the ILC. Specifically, the Credit Department is responsible for:

- recommending to the ILC the authorization structure for the approval and renewal of credit facilities;
- assessing all credit exposures within designated limits, prior to facilities being committed to members and recommending credit exposures in excess of designated limits to the ILC prior to facilities being committed to members;
- maintaining concentrations of exposure to counterparties, geographies and industries within limits established by the ILP and recommending appropriate changes in limits for consideration by the ILC;
- reviewing compliance of business units with agreed exposure limits, including those for selected industries and product types; and
- providing advice, guidance and specialist skills to business units to promote best practices throughout the Credit Union in the management of credit risk.

Credit risk is managed in accordance with the Credit Union's ILP, which has been approved by the Board of Directors. Risk limits and credit authorities are delegated to senior credit management staffs, who in turn, delegate appropriate limits to line management. Within its credit approval structure, the Credit Union has a Management Credit Committee which, under authority granted by the Board of Directors, holds the senior level credit granting authority below the credit granting authority of the ILC.

This Committee is comprised of senior officers of the Credit Union; it reviews all significant credit requests and reports its activities to the ILC and recommends credit applications that exceed its limits for approval by the ILC.

##### (ii) Maximum exposure to credit risk:

Management and the Board of Directors reviews and updates the credit risk policy annually. The maximum exposure of the Credit Union to credit risk before taking into account any collateral held is the carrying amount of the financial assets as disclosed on the Statement of Financial Position.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 17. Risk management framework (continued)

### (b) Credit risk (continued):

#### (ii) Maximum exposure to credit risk (continued):

For loan commitments and other credit-related commitments that are irrevocable, the maximum exposure to credit risk without taking account of any collateral held is the full amount of the committed facilities.

The following tables set out information about the credit quality of the Credit Union's loans to members measured at amortized cost, by category of loss allowance at September 30, 2025.

The amounts in the table represent the exposure at default ("EAD").

Residential mortgages and personal loans	12-month EAD	Lifetime EAD not credit-impaired	Lifetime EAD credit-impaired	Total 2025	Total 2024
Level 1 - Low	\$ 490,980,520	\$ -	\$ -	\$ 490,980,520	\$ 494,110,338
Level 2 - Moderate	-	21,359,416	-	21,359,416	14,297,288
Level 3 - High	-	-	2,577,212	2,577,212	4,615,589
	490,980,520	21,359,416	2,577,212	514,917,148	513,023,215
Allowance for ECL	(455,796)	(244,558)	(51,582)	(751,936)	(545,768)
Carrying amount	\$ 490,524,724	\$ 21,114,858	\$ 2,525,630	\$ 514,165,212	\$ 512,477,447

Commercial loans and mortgages	12-month EAD	Lifetime EAD not credit-impaired	Lifetime EAD credit-impaired	Total 2025	Total 2024
Level 1 - Low	\$ 107,694,226	\$ -	\$ -	\$ 107,694,226	\$ 128,919,427
Level 2 - Moderate	-	88,617,621	-	88,617,621	14,286,706
Level 3 - High	-	-	5,651,422	5,651,422	8,398,521
	107,694,226	88,617,621	5,651,422	201,963,269	151,604,654
Allowance for ECL	(189,056)	(343,411)	(351,468)	(883,935)	(904,936)
Carrying amount	\$ 107,505,170	\$ 88,274,210	\$ 5,299,954	\$ 201,079,334	\$ 150,699,718
Balance, September 30	\$ 598,029,894	\$ 109,389,068	\$ 7,825,584	\$ 715,244,546	\$ 663,177,165

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

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 17. Risk management framework (continued)

### (b) Credit risk (continued):

#### (ii) Maximum exposure to credit risk (continued):

For loan commitments and other credit-related commitments that are irrevocable, the maximum exposure to credit risk without taking account of any collateral held, is the full amount of the committed facilities.

	2025	2024
Exposure - recognized assets:		
Loans and accrued interest	\$ 688,051,936	\$ 633,680,684
Term deposits and other securities	244,033,841	248,018,670
	932,085,777	881,699,354
Exposure - non-recognized assets:		
Letters of credit	2,247,502	1,239,942
Guarantees to credit card companies	430,000	271,000
Unadvanced loans and lines of credit	124,317,688	100,789,889
	126,995,190	102,300,831
Maximum exposure	\$ 1,059,080,967	\$ 984,000,185

#### (iii) Collateral and other credit enhancements:

The Credit Union's lending policy requires the assessment of the member's capacity to repay, rather than relying excessively on the underlying collateral security. Nevertheless, collateral can be an important mitigant of credit risk. Depending on the member's standing and the type of product, facilities may be unsecured.

The principal collateral types include mortgages over residential properties or charges over other personal assets being financed and charges over business assets such as land, buildings, and equipment.

#### (iv) Credit risk profile of debt securities:

The following table discloses the breakdown of debt securities held (including accrued interest), by credit rating:

	2025	2024
R-1H	\$ 3,872,106	\$ 3,818,375
AAA	44,999,006	40,773,420
AA (high)	10,004,700	4,172,461
AA (low)	27,976,140	28,812,501
A (low)	-	1,891,007
BBB (high)	-	968,437
	\$ 86,851,952	\$ 80,436,201

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 17. Risk management framework (continued)

#### (c) 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 or will have to obtain resources to mitigate a risk position at an excessive cost. 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. The Credit Union's business requires such liquidity to satisfy legislative requirements, regulatory guidelines, and business operations.

##### (i) Management of liquidity risk:

The Board of Directors have adopted a Liquidity Plan to manage the Credit Union's liquidity risk. The Executive Management provides management oversight related to compliance with the Liquidity Plan and is responsible for ensuring that liquidity risks are identified and assessed, and that appropriate policies are in place and effective.

Under senior management's direction, the Finance Department is responsible for oversight and review of key liquidity policies, limits, and funding management. The Finance Department manages liquidity by monitoring and managing cash flows and the availability of credit facilities and wholesale funding in accordance with approved policies.

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

Day-to-day liquidity is managed within these policies and is reported to the Executive Management. Senior management provides reports on these matters to the Board of Directors. Specifically, the Finance Department is responsible for:

- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- monitoring liquidity ratios against regulatory and internal policy limits;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debt maturities;
- monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix; and
- maintaining liquidity and funding contingency plans.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 17. Risk management framework (continued)

### (c) Liquidity risk (continued):

#### (i) Management of liquidity risk (continued):

Liquidity risk is managed in accordance with the Credit Union's Investment and Lending Policy; Liquidity and Funding Risk Management Policy, Liquidity Contingent Plan; Liquidity Stress Testing Plan; and Risk Appetite Statement which have been approved by the Board of Directors. Risk limits and transactional approval authorities are delegated to senior management. The Credit Union has liquidity risk management frameworks in place to provide oversight of its investment portfolio to comply with the relevant regulatory guidelines.

Credit Union maintained an amount of statutory liquidity deposits at a level significantly in excess of related legislative and regulatory requirements. See notes 19 and 25 for information on cash flows payable under financial liabilities and contractual obligations by remaining contractual maturities.

### (d) Market risk:

Market risk is the risk of loss from adverse movements in market prices of financial instruments.

#### (i) Management of market risk:

Market risk is managed in accordance with the Credit Union's Investment and Lending Policy and Risk Appetite Statement which have been approved by the Board of Directors.

The Credit Union is exposed to low levels of foreign exchange risk arising from its United States dollar denominated cash and member deposits. Management actively monitors the net foreign exchange risk to ensure it is within the Credit Union's Risk Appetite Statement.

The Credit Union manages pricing risk on its debt securities portfolio through the use of current market values from recognized independent market data providers. The Credit Union incurs pricing risk on its loans, term deposits and investments held. See note 19 for further information on fair value of financial instruments.

### (e) Interest rate risk:

Interest rate risk is defined as the risk of loss from adverse fluctuations in interest rates. The Credit Union incurs interest rate risk on its loans and other interest-bearing financial instruments. See note 18 for further information. The Credit Union recognizes the need to balance sustainable earnings; appropriate liquidity; and adequate capital. The Credit Union's objective for effective management of liquidity risk is to maintain a balance sheet profile that will result in a reasonably stable level of earnings, regardless of the direction of interest rates. The level of interest risk to which the Credit Union is exposed varies depending the composition of the Credit Union's investment, lending, and deposit portfolios.

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 17. Risk management framework (continued)

#### (e) Interest rate risk (continued):

##### (i) Management of interest rate risk:

Interest rate risk is managed in accordance with the Credit Union's Investment and Lending Policy; Liquidity Management Policy; Contingent Funding Plan; and Risk Appetite Statement which have been approved by the Board of Directors.

Management is responsible for the identification, measurement, assessment and monitoring of interest rate risks; and for adopting appropriate, effective oversight processes.

The Credit Union oversees interest rate risk through the activities of its Asset and Liability Committee; Investment and Lending Committee; and Risk and IT Committees.

### 18. Interest rates sensitivity

The Credit Union is exposed to interest rate risk as a consequence of the mismatch, or gap between financial assets and liabilities scheduled to reprice on particular dates. Maturity dates substantially coincide with interest adjustment dates. Amounts with floating interest rates, or due on demand, are classified as maturing within three months, regardless of maturity. Amounts that are not interest sensitive are grouped together, regardless of maturity.

The table below does not incorporate management's expectation of future events where repricing or maturity dates of certain loans and deposits differ significantly from the contractual dates:

September 30, 2025	Assets	Yield (%)	Liabilities and equity	Cost (%)	Asset / liability gap
Maturity dates:					
Fixed rate:					
0 - 3 months	\$ 199,426,203	3.11	\$ 112,050,484	2.80	\$ 87,375,719
4 - 12 months	222,056,335	3.55	240,685,445	2.58	(18,629,110)
1 - 2 years	166,924,078	4.44	68,153,092	2.85	98,770,986
2 - 3 years	88,980,999	4.47	40,062,916	3.10	48,918,083
3 - 4 years	50,826,021	4.03	1,848,155	3.08	48,977,866
Over 4 years	39,610,846	4.20	669,140	2.73	38,941,706
	767,824,482		463,469,232		304,355,250
Non-interest rate sensitive	13,515,183	-	354,920,364	-	(341,405,181)
Variable rate	220,529,245	5.06	183,479,314	1.72	37,049,931
Total	\$1,001,868,910		\$1,001,868,910	\$	-

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

## 18. Interest rates sensitivity (continued)

September 30, 2024	Assets	Yield (%)	Liabilities and equity	Cost (%)	Asset / liability gap
<b>Maturity dates</b>					
<b>Fixed rate:</b>					
0 - 3 months	\$ 187,283,283	3.65	\$ 95,548,713	3.85	\$ 91,734,570
4 - 12 months	115,092,455	4.41	283,882,696	3.79	(168,790,241)
1 - 2 years	212,041,400	3.50	63,980,652	4.18	148,060,748
2 - 3 years	139,314,921	4.51	14,528,549	2.71	124,786,372
3 - 4 years	53,681,056	4.66	9,370,849	4.00	44,310,207
Over 4 years	33,160,567	5.04	1,681,491	3.46	31,479,076
	740,573,682		468,992,950		271,580,732
Non-interest rate sensitive	11,209,928	-	269,586,902	-	(258,376,974)
Variable rate	170,006,687	7.02	183,210,445	2.47	(13,203,758)
<b>Total</b>	<b>\$ 921,790,297</b>		<b>\$ 921,790,297</b>		<b>\$ -</b>

## 19. Financial instrument classification and fair value

The following table discloses the carrying values by classification of the Credit Union's financial instruments. The table does not include assets and liabilities that do not meet the definition of a financial instrument.

2025	FVTPL	FVOCI	Amortized cost	Total carrying value
Cash and cash equivalents	\$ -	\$ -	\$ 145,768,077	\$ 145,768,077
Investments	243,544	-	72,181,889	72,425,433
Investment securities	-	86,463,461	388,491	86,851,952
Loans	-	-	686,416,065	686,416,065
Income taxes receivable	-	-	300,470	300,470
Other assets	-	-	152,608	152,608
Deposits	-	-	(942,523,436)	(942,523,436)
Members' shares	-	-	(1,097,927)	(1,097,927)
Derivatives	(2,381)	-	-	(2,381)
Other liabilities	-	-	(3,230,642)	(3,230,642)
<b>Net financial instruments</b>	<b>\$ 241,163</b>	<b>\$ 86,463,461</b>	<b>\$ (41,644,405)</b>	<b>\$ 45,060,219</b>
2024	FVTPL	FVOCI	Amortized cost	Total carrying value
Cash and cash equivalents	\$ -	\$ -	\$ 161,057,481	\$ 161,057,481
Investments	225,114	-	40,018,799	40,243,913
Investment securities	-	80,072,951	363,250	80,436,201
Loans	-	-	632,229,979	632,229,979
Other assets	-	-	30	30
Deposits	-	-	(869,959,250)	(869,959,250)
Members' shares	-	-	(1,150,097)	(1,150,097)
Income taxes payable	-	-	(581,513)	(581,513)
Other liabilities	-	-	(3,985,489)	(3,985,489)
<b>Net financial instruments</b>	<b>\$ 225,114</b>	<b>\$ 80,072,951</b>	<b>\$ (42,006,810)</b>	<b>\$ 38,291,255</b>

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

### 19. Financial instrument classification and fair value (continued)

The following table presents the fair values of the Credit Union's financial instruments. The fair values of financial assets and liabilities with fixed interest rates have been determined using discounted cash flow techniques based on interest rates being offered for similar types of assets and liabilities with similar terms and risks as at the reporting date. The fair values of financial assets and liabilities with floating interest rates are assumed to equal their book values, as the interest rates on these instruments automatically re-price to market rates. The fair value of investment securities is determined using current market values from independent market data providers. Fair values of other financial assets and liabilities are assumed to approximate their book values, primarily due to their short-term nature. Fair values have not been determined for any asset or liability that is not a financial instrument. Due to the judgment used in calculating fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based on market conditions at the reporting date and may not be reflective of future fair values. Changes in interest rates are the main cause of changes in the fair value of the Credit Union's financial instruments. All values in the following table have been rounded to the nearest thousand dollars:

			2025	2024
	Book value	Estimated fair value	Fair value over/(under) book value	Fair value over/(under) book value
<b>Assets:</b>				
Cash resources	\$ 60,468	\$ 60,468	\$ -	\$ -
Term deposits	157,482	157,379	(103)	(621)
Investment securities	87,095	87,095	-	-
Loans	686,416	695,951	9,535	(13,623)
Current income tax receivable	300	300	-	-
Other assets	153	153	-	-
	991,914	1,001,346	9,432	(14,244)
<b>Liabilities:</b>				
Members' shares	1,098	1,098	-	-
Deposits	942,523	949,186	6,663	1,374
Derivatives	2,381	2,381	-	-
Current income tax payable	-	-	-	-
Payables and accruals	3,231	3,231	-	-
	949,233	955,896	6,663	1,374
<b>Net difference</b>	<b>\$ 42,681</b>	<b>\$ 45,450</b>	<b>\$ 2,769</b>	<b>\$ (15,618)</b>

For the assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed in the table above, the fair value measurements are determined using Level 2 inputs, with the exception of cash resources, for which fair value measurements are determined using Level 1 inputs.

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

## 19. Financial instrument classification and fair value (continued)

The levels of the fair value hierarchy are defined as follows. Fair value measurements are analyzed according to a fair value hierarchy with the following three levels:

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

The fair value of financial assets and financial liabilities are classified in their entirety into one of the three levels:

2025	Level 1	Level 2	Level 3	Total
Central 1 Credit Union -				
Class A shares	\$ -	\$ -	\$ 242,245	\$ 242,245
Other equity investments	-	-	1,299	1,299
Government bonds	-	41,681,707	-	41,681,707
Canada mortgage bonds	-	44,781,754	-	44,781,754
Derivatives	-	(2,381)	-	(2,381)
	\$ -	\$ 86,461,080	\$ 243,544	\$ 86,704,624

  

2024	Level 1	Level 2	Level 3	Total
Central 1 Credit Union -				
Class A shares	\$ -	\$ -	\$ 223,815	\$ 223,815
Other equity investments	-	-	1,299	1,299
Government bonds	-	35,542,327	-	35,542,327
Corporate bonds	-	3,929,786	-	3,929,786
Canada mortgage bonds	-	40,600,838	-	40,600,838
	\$ -	\$ 80,072,951	\$ 225,114	\$ 80,298,065

No transfers have been made into or out of Level 3 during the year.

The following table reconciles the Credit Union's Level 3 fair value measurements:

	Central 1 shares	Other investments	Total Level 3 instruments
Balance, September 30, 2023	\$ 205,102	\$ 1,299	\$ 206,401
Issuance of shares at par value	18,713	-	18,713
Redemption of shares at par value	-	-	-
Balance, September 30, 2024	223,815	1,299	225,114
Issuance of shares at par value	18,430	-	18,430
Redemption of shares at par value	-	-	-
Balance, September 30, 2025	\$ 242,245	\$ 1,299	\$ 243,544

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

## 20. Interest income

Cash and cash equivalents and investments:

	2025	2024
Interest income from financial assets held at amortized cost	\$ 6,633,212	\$ 7,828,231
Interest income from financial assets held at FVOCI	1,450,624	2,791,450
<b>Total interest income</b>	<b>\$ 8,083,836</b>	<b>\$ 10,619,681</b>

## 21. Non-interest income

	2025	2024
Account service fees	\$ 817,443	\$ 833,357
Credit card fees	155,815	115,355
Foreign exchange revenues	169,204	152,755
Impairment losses on FVOCI investments	-	(9,120)
Insurance commissions	69,556	65,537
Loan administrative fees	515,483	427,388
Miscellaneous	278,391	238,373
Mortgage penalty income	284,443	158,743
Realized gain on sale of property <sup>1</sup>	-	2,632,345
Safety and night depository fees	36,094	34,506
Dividend income	49,804	-
<b>Total non-interest income</b>	<b>\$ 2,376,233</b>	<b>\$ 4,649,239</b>

1 The Credit Union sold its Vancouver branch location resulting in the recognition of a gain in 2024.

## 22. Administrative expenses

	2025	2024
Central 1 Credit Union service charges	\$ 368,976	\$ 339,878
Data processing	1,548,387	1,515,656
Dues and assessments	532,684	489,877
Electronic transaction processing	59,243	62,040
Loan expenses	84,605	96,522
Marketing and strategic planning	506,182	458,751
Member account transactions costs	208,044	239,332
Office	737,902	711,575
Other expense	111,100	118,624
Premises and equipment	736,184	839,513
Professional services	1,038,978	1,187,645
Staff training and human resources expenses	526,076	668,021
<b>Total administrative expenses</b>	<b>\$ 6,458,361</b>	<b>\$ 6,727,434</b>

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## 23. Other comprehensive income, net of taxes

	2025	2024
Net unrealized gain on cash flow hedges	\$ 20,396	\$ -
Net movement in unrealized gain on debt instruments at FVOCI	62,150	1,927,476
Net movement in unrealized gain/loss on equity investments at FVOCI	-	-
<b>Total other comprehensive income, net of income taxes</b>	<b>\$ 82,546</b>	<b>\$ 1,927,476</b>

## 24. Capital management

The Credit Union manages capital with the objective to fund existing and future operations and to meet regulatory capital requirements.

Capital is managed in accordance with a policy approved by the Board of Directors. It is the Credit Union's policy to maintain a prudent relationship between the capital base and the underlying risks of the business, in order to support business growth and expansion of services to members. The Credit Union has a capital plan to ensure that long-term capital requirements are met. The capital plan is monitored throughout the year and updated on an annual basis.

In the management of capital, the Credit Union includes investment shares, contributed surplus, retained earnings, and member shares totaling \$51,592,747 (2024 - \$43,918,253).

Provincial legislation requires the Credit Union to maintain a capital base equal to at least 8% of the total risk-weighted value of assets; each asset being assigned a risk factor based on the probability that a loss may be incurred on ultimate realization of that asset. These assigned risk factors have been determined by the provincial authority that regulates all credit unions in the province. As at September 30, 2025 and 2024, the Credit Union has met its minimum regulatory requirements.

There has been no change in the overall capital requirements strategy employed during the year ended September 30, 2025.

## 25. Commitments and contingencies

### (a) Letters of credit:

In the normal course of business, the Credit Union issues letters of credit on behalf of its members. At September 30, 2025, the Credit Union has issued letters of credit on behalf of members in the amount of \$2,247,502 (2024 - \$1,239,942). These letters of credit are fully secured.

# COMMUNITY SAVINGS CREDIT UNION

## Notes to Financial Statements

Year ended September 30, 2025

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### 25. Commitments and contingencies (continued)

#### (b) Guarantees:

At September 30, 2025, the Credit Union has guaranteed Visa credit card repayments on behalf of members in the amount of \$430,000 (2024 - \$271,000). These guarantees are unsecured.

#### (c) Contractual obligations:

The Credit Union has contractual payments for banking system software maintenance and IT managed services.

The future minimum banking system software maintenance payments for each of the next four fiscal years and thereafter are as follows:

	Software	Managed Services
2026	\$ 123,000	\$ 581,000
2027	64,000	32,000
2028	-	13,000
2029 and thereafter	-	-

#### (d) Contingencies and provisions:

In the ordinary course of business, the Credit Union has legal proceedings brought against it and provisions have been recognized in accounts payable and accrued liabilities where appropriate. Provisions recognized are based on management's best estimate of the future obligations. Based on current knowledge, the Credit Union expects the final determination of these claims will not have a material adverse effect on the Statement of Financial Position or operating results.

### 26. Funds under administration

Funds under administration by the Credit Union comprise loans that have been syndicated and administered in the capacity as an agent. It also includes investment portfolios and mutual fund accounts that are managed on behalf of members. The Credit Union also administers loans under the federal government's Canada Emergency Business Account ("CEBA") loan program.

Funds under administration are kept separate from Credit Union assets and therefore are not reflected in the Statement of Financial Position.

	2025	2024
Syndicated loans	\$ 8,744,803	\$ 6,447,854
Investment portfolios and mutual funds	53,628,724	47,484,415
CEBA loans	1,003,088	1,150,627
<b>Total funds under administration</b>	<b>\$ 63,376,615</b>	<b>\$ 55,082,896</b>

# COMMUNITY SAVINGS CREDIT UNION

Notes to Financial Statements

Year ended September 30, 2025

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## **27. Subsequent events**

Subsequent to September 30, 2025, \$300,000 in Class A investment shares were issued.

On November 27, 2025, the Board of Directors declared \$66,318 in dividends to holders of Class A investment shares.