Niverville Credit Union Limited
Consolidated Financial Statements
For the year ended September 30, 2025

Contents
For the year ended September 30, 2025

Management's Responsibility

To the Members of Niverville Credit Union Limited:

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors and Audit Committee are composed of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

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

Chief Executive Officer

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To the Members of Niverville Credit Union Limited:

Opinion

We have audited the consolidated financial statements of Niverville Credit Union Limited and its subsidiary (the "Credit Union"), which comprise the consolidated statement of financial position as at September 30, 2025, and the consolidated statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Credit Union as at September 30, 2025, and its consolidated financial performance and 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 Consolidated Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

When we read the annual report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Winnipeg, Manitoba

MNP LLP

January 21, 2026

Chartered Professional Accountants

Niverville Credit Union Limited
Consolidated Statement of Financial Position
As at September 30, 2025

	2025	*2024*
Assets		
Funds on hand and on deposit	**100,520,086**	73,642,799
Investments *(Note 4)*	**5,570,239**	4,601,031
Loans to members *(Note 5)*	**469,612,912**	455,414,027
Income taxes recoverable	**-**	129,505
Prepaid expenses and deposits	**321,456**	472,585
Derivative financial instrument *(Note 6)*	**-**	14,287
Property, equipment and intangible assets *(Note 7)*	**2,230,810**	2,411,946
Investment property *(Note 8)*	**320,266**	320,949
Deferred tax asset *(Note 15)*	**103,000**	146,500
	578,678,769	537,153,629
Liabilities		
Members' savings and deposits *(Note 10)*	**542,196,395**	505,356,861
Income taxes payable	**506,821**	-
Accounts payable	**3,367,204**	1,539,766
Derivative financial instrument *(Note 6)*	**43,837**	-
Lease liabilities *(Note 11)*	**53,892**	105,995
Insurance reserve	**131,617**	123,237
	546,299,766	507,125,859
Members' equity		
Member shares *(Note 12)*	**5,603,540**	5,633,045
Provision for issue of surplus shares	**263,900**	284,800
Retained surplus	**26,511,563**	24,109,925
	32,379,003	30,027,770
	578,678,769	537,153,629

Approved on behalf of the Board

"Curtis Sawatzky" ***"Chuck Edwards"***

Director **Director**

The accompanying notes are an integral part of these financial statements

Niverville Credit Union Limited
Consolidated Statement of Comprehensive Income
For the year ended September 30, 2025

	2025	2024
Financial income		
Interest on loans to members	**20,211,590**	20,149,062
Investment income	**3,879,156**	4,097,249
	24,090,746	24,246,311
Cost of funds	**15,759,172**	17,242,243
Financial margin	**8,331,574**	7,004,068
Operating expenses		
Administration	**2,733,464**	2,160,005
Members security	**488,073**	457,363
Occupancy	**877,490**	917,046
Organizational	**204,798**	241,211
Personnel	**3,290,853**	3,019,730
Gross operating expenses	**7,594,678**	6,795,355
Other income *(Note 14)*	**(2,485,592)**	(1,656,262)
Income from operations before provision for loan losses, gain on derivative financial instrument and income taxes	**3,222,488**	1,864,975
Recovery of (provision for) loan losses *(Note 5)*	**313,734**	(169,715)
Unrealized loss on derivative financial instrument	**(58,124)**	(268,686)
	255,610	(438,401)
Income before provision for income taxes	**3,478,098**	1,426,574
Provision for income taxes *(Note 15)*	**882,134**	343,119
Total comprehensive income for the year	**2,595,964**	1,083,455

The accompanying notes are an integral part of these financial statements

Niverville Credit Union Limited
Consolidated Statement of Changes in Members' Equity
For the year ended September 30, 2025

	Member shares	*Provision for Issue of Shares*	*Retained earnings*	*Total equity*
Balance October 1, 2023	**5,687,311**	**310,110**	**23,240,352**	**29,237,773**
Comprehensive income for the year	**-**	**-**	**1,083,455**	**1,083,455**
Distributions to members	**-**	**281,424**	**(213,882)**	**67,542**
Issuance of member shares	**309,113**	**(306,734)**	**-**	**2,379**
Redemption of member shares	**(363,379)**	**-**	**-**	**(363,379)**
Balance September 30, 2024	**5,633,045**	**284,800**	**24,109,925**	**30,027,770**
Comprehensive income for the year	**-**	**-**	**2,595,964**	**2,595,964**
Distributions to members	**-**	**261,577**	**(194,326)**	**67,251**
Issuance of member shares	**285,072**	**(282,477)**	**-**	**2,595**
Redemption of member shares	**(314,577)**	**-**	**-**	**(314,577)**
Balance September 30, 2025	**5,603,540**	**263,900**	**26,511,563**	**32,379,003**

Niverville Credit Union Limited
Consolidated Statement of Cash Flows
For the year ended September 30, 2025

	2025	*2024*
Cash provided by (used for) the following activities		
Operating activities		
Interest received from loans to members	**20,433,404**	19,693,853
Interest received from investments	**3,856,433**	4,185,042
Other income received	**2,464,697**	1,656,262
Operating expenses paid	**(5,209,703)**	(6,281,904)
Interest paid on deposits	**(16,072,182)**	(15,978,305)
Income taxes paid	**(135,057)**	(404,298)
	5,337,592	2,870,650
Financing activities		
Net change in members' savings and deposits	**37,152,544**	16,950,540
Insurance reserve payments	**8,381**	(5,283)
Lease liability payments	**(55,140)**	(55,140)
Issuance of member shares	**2,595**	2,380
Redemption of member shares	**(314,577)**	(363,379)
	36,793,803	16,529,118
Investing activities		
Net change in loans to members	**(14,106,965)**	(6,423,189)
Net change in investments	**(946,485)**	36,901,415
Purchases of property, equipment and intangible assets	**(172,126)**	(94,242)
Purchases of investment property	**(28,532)**	(53,101)
	(15,254,108)	30,330,883
Increase in cash resources	**26,877,287**	49,730,651
Cash resources, beginning of year	**73,642,799**	23,912,148
Cash resources, end of year	**100,520,086**	73,642,799

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Niverville Credit Union Limited (the “Credit Union”) was formed pursuant to the Credit Union Incorporations Act of Manitoba (the "Act”) and operates three Credit Union branches in Southeastern Manitoba in the towns of Niverville, Landmark, and Steinbach. The address of the head office of the Credit Union is 62 Main Street, Box 430, Niverville, Manitoba, R0A 1E0.

The Credit Union operates as one operating segment in the loans and deposit taking industry in Manitoba.

The Credit Union conducts its principal operations through its branches, offering products and services including consumer, commercial and agricultural lending, deposit taking and related services to its members.

Statement of compliance

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

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

These consolidated financial statements for the year ended September 30, 2025 were approved by the Board of Directors on January 21, 2026.

2. Basis of preparation

Basis of measurement

The consolidated financial statements were prepared on the historic cost basis, except for the revaluation of certain financial instruments designated as FVTPL.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Credit Union’s functional currency. This is the currency of the primary economic environment in which the Credit Union operates.

Significant accounting judgments, estimates and assumptions

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

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

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

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

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. Basis of presentation *(Continued from previous page)*

Key assumptions in determining the allowance for expected credit losses

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

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

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

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

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

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

- Interest rates
- Unemployment rates
- Gross domestic product
- Inflation
- Loan to Value ratios

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

Financial instruments not traded on active markets

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

Impairment of non-financial assets

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

2. Basis of presentation *(Continued from previous page)*

Income taxes

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

Classification of financial assets

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

Impairment of financial assets

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets and determining whether there has been a significant increase in credit risk since initial recognition in accordance with IFRS 9 *Financial Instruments.* For more information, refer to Note 19.

3. Summary of material accounting policy information

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Credit Union and its wholly-owned subsidiary, Niverville Place Inc.

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

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

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

Any balances, unrealized gains and losses or income and expenses arising from intra-company transactions, are eliminated upon consolidation.

Funds on hand and on deposit

Funds on hand and on deposit comprise cash on hand and demand deposits.

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

Property, equipment, and intangible assets

All property, equipment, and intangible assets are stated at cost less accumulated depreciation and impairment losses, with the exception of land which is not depreciated. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, equipment and intangible assets have different useful lives, they are accounted for as separate items of property, equipment and intangible assets.

Intangible assets consist of computer software which are not integral to the computer hardware owned by the Credit Union. Software is initially recorded at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment.

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

	Method	***Years***
Buildings	straight-line	40 years
Furniture and equipment	straight-line	5-20 years
Computer equipment	straight-line	1-10 years
Parking lot	straight-line	20 years
Leasehold improvements	straight-line	20 years
Signage	straight-line	5-10 years
Computer software	straight-line	1-10 years
Right-of-use asset	straight-line	term of lease

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

Investment property

Investment property is investment interests in land and buildings held to earn rental income or for capital appreciation, or both. Investment property is comprised of land and office space leased out under operating lease agreements. Where distinguishing between investment property and owner-occupied property is difficult the following criteria are applied to classification:

- If the property is more than 80% held to earn rental income or capital appreciation, it is classified as an investment property. The Credit Union determines the percentage of the portions using the size of the property measured in square metres.

Investment property is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The Credit Union's investment property consists of land and building held to earn rental income. Investment property is initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. Land is not depreciated. Buildings are depreciated over their estimated useful life of 40 years.

The residual value, useful life, and depreciation method applied to each class of asset are reviewed at least annually.

Rent receivable is recognized in comprehensive income and is spread on a straight-line basis over the period of the lease. Where an incentive, such as a rent free period is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

Rental income and operating expenses from investment property are presented within other income and occupancy expenses respectively.

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

Impairment of non-financial assets

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating units (“CGU”) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU’s, or otherwise they are allocated to the smallest group of CGU’s for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

Derivative financial instrument

The Credit Union uses interest rate swap derivatives as a hedge to manage exporsure to interest rate risks. Interest rate swaps are classified as fair value through profit and loss (mandatory) category. The Credit Union continues to review and manage its interest rate risk and will enter into additional contracts as required.

Members’ savings and deposits

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

Accounts payable

Accounts payable are initially recorded at fair value and are subsequently carried at amortized cost, which approximates fair value due to the short term nature of these liabilities.

Members' shares

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

Distribution to members

Distribution to members are recognized in comprehensive income when the Credit Union has a constructive obligation that it has little or no discretion to avoid, and it can make a reasonable estimate of the amount required to settle the obligation.

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

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured.

Interest income is recognized on the statement of comprehensive income for all financial assets measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument back to the net carrying amount of the financial asset. The application of the method has the effect of recognizing revenue of the financial instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

Interest penalties received as a result of loan prepayments by members are recognized as income in the year in which the prepayment is made.

Fees and commissions are recognized on an accrual basis when the service has been provided.

Investment income is recognized as interest is earned on interest-bearing investments, and when dividends are declared on shares.

Other revenue is recognized as services are provided to members.

Income taxes

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

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

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

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

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

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Credit Union at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the statement of financial position date. Exchange gains and losses on translation or settlement are recognized in income for the current period.

Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rates at the date when the items’ fair value was determined. Translation gains and losses are included in comprehensive income.

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

Financial instruments

Financial assets

Recognition and initial measurement

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

Classification and subsequent measurement

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

Debt instruments are classified as follows:

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

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in comprehensive income. The entity does not hold any equity investments.

Business model assessment

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

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

Contractual cash flow assessment

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

Reclassifications

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

Impairment

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

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

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

For financial assets assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial assets.

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

Refer to Note 19 for additional information about the Credit Union's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Credit Union applies its accounting policies for the derecognition of a financial asset to a part of a financial asset only when:

- The part comprises only specifically identified cash flows from a financial asset;
- The part comprises only a pro-rata share of the cash flows from a financial asset; or
- The part comprises only a pro-rata share of specifically identified cash flows from a financial asset.

In all other situations the Credit Union applies its accounting policies for the derecognition of a financial asset to the entirety of a financial asset.

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

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

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

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

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

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Credit Union derecognizes the financial asset. At the same time, the Credit Union separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in comprehensive income.

Where a derecognized financial asset is a part of a larger financial asset, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognized and the part that is derecognized on the basis of their relative fair values.

Modification of financial assets

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

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

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

Financial liabilities

Recognition and initial measurement

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

Classification and subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities measured at amortized cost include members' savings and deposits and accounts payable.

Financial liabilities are not reclassified subsequent to initial recognition.

Derecognition of financial liabilities

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

Interest

Interest income and expense are recognized in comprehensive income using the effective interest rate method.

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

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

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

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

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

Leases

The Credit Union assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Credit Union assesses whether the customer has the following through the period of use:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

At the lease commencement date, the Credit Union recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Credit Union, and an estimate of the costs to be incurred by the Credit Union in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Credit Union's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability comprise of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Credit Union under a residual value guarantee, the exercise price of a purchase option that the Credit Union is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Credit Union exercising an option to terminate the lease. After the commencement date, the Credit Union measures the lease liability at amortized cost using the effective interest rate method.

The Credit Union remeasures the lease liability when there is a change in the lease term, a change in the Credit Union's assessment of an option to purchase the underlying asset, a change in the Credit Union's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Credit Union has elected to not recognize right-of-use assets and lease liabilities for short-term leases and low value leases. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5,000 or less. The Credit Union recognizes the lease payments associated with these leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee’s benefit.

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

Standards issued but not yet effective

The Credit Union has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at September 30, 2025 but are not yet effective. Unless otherwise stated, the Credit Union does not plan to early adopt any of these new or amended standards and interpretations.

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

Amendments to IFRS 9 and IFRS 7, issued in May 2024, clarify the date of recognition and derecognition of some financial assets and liabilities, and add further guidance for assessing whether a financial asset meets the solely payment of principal and interest criterion. The amendments also add new disclosures for certain instruments with contractual terms that can change cash flows (on occurrence or non-occurrence of a contingent event) and update the disclosures for investments in equity instruments designated at fair value through other comprehensive income.

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

4. Investments

	2025	2024
Shares		
Credit Union Central of Manitoba - Class 1 shares	**2,607,525**	2,453,760
Credit Union Central of Manitoba - Class 2 shares	**2,556,795**	1,764,175
Central 1 Class B Shares	**100**	100
Accrued interest	**405,819**	382,996
Total	**5,570,239**	4,601,031

The shares in Credit Union Central of Manitoba ("CUCM") are required as a condition of membership and are redeemable upon withdrawal of membership or at the discretion of the Board of Directors of CUCM. In addition, the member credit unions are subject to additional capital calls at the discretion of the Board of Directors of CUCM. Class 1 and 2 CUCM shares are subject to a rebalancing mechanism at least annually and are issued and redeemable at par value. There is no separately quoted market value for these shares. However, fair value is determined to be equivalent to the par value due to the fact that transactions occur at par value on a regular and recurring basis.

The Credit Union is not intending to dispose of any CUCM shares as the services supplied by CUCM are relevant to the day to day activities of the Credit Union.

Dividends on these shares are at the discretion of the Board of Directors of CUCM.

The membership shares of Concentra Bank (the "Bank") are required as a condition of membership and are redeemable upon withdrawal of membership subject to approval of the Board of Directors of the Bank.

Pursuant to Regulations, Credit Union Central of Manitoba requires that the Credit Union maintain 8% of its total liabilities in specified liquidity deposits. The provincial regulator for Credit Unions, Deposit Guarantee Corporation of Manitoba, requires that the Credit Union adhere to these prescribed limits and restrictions. As of September 30, 2025 the Credit Union has a liquidity ratio of 20.15% (2024 - 15.47%) and therefore has met the liquidity requirement.

5. Loans to members

Loans to members can have either a variable or fixed rate of interest, and they mature within five years.

The interest rate on variable rate loans and lines of credit outstanding as at September 30, 2025 range from 2.45% to 19.00% (2024 - 2.45% to 19.00%) per annum. The rate is determined by the type of security offered and the members' credit worthiness.

The interest rates on fixed rate loans outstanding as at September 30, 2025 range from 1.80% to 8.50% (2024 - 1.80% to 8.45%) per annum. The rate offered to a member varies with the type of security offered and the members' credit worthiness.

Agricultural loans consist of term loans, operating lines of credit and mortgages to individuals, partnerships, and corporations for agricultural purposes and have various repayment terms. They are secured by various types of collateral, including mortgages on real property, general security agreements, charges on specific equipment, assignments of crops and livestock, investments, and personal guarantees.

Commercial loans consist of term loans, operating lines of credit and mortgages to individuals, partnerships and corporations, and have various repayment terms. They are secured by various types of collateral, including mortgages on real property, general security agreements, charges on specific equipment, investments, and personal guarantees.

Consumer real estate loans are loans secured by residential property and are generally repayable monthly with either blended payments of principal and interest or interest only.

Consumer non-real estate loans consist of term loans and lines of credit that are non-real estate secured and, as such, have various repayment terms. They are secured by various types of collateral, including charges on specific equipment or personal property, investments, and personal guarantees.

Principal and allowance by loan type:

2025

	Principal performing	**Principal impaired**	**Allowance specific**	**Allowance collective**	**Net carrying value**
Agricultural loans	45,103,627	-	-	86,536	**45,017,091**
Commercial loans	130,319,448	-	-	340,126	**129,979,322**
Consumer loans	292,658,185	236,631	53,203	227,713	**292,613,900**
Accrued interest	2,002,599	-	-	-	**2,002,599**
Total	470,083,859	236,631	53,203	654,375	**469,612,912**

2024

	Principal performing	Principal impaired	Allowance specific	Allowance collective	Net carrying value
Agricultural loans	48,549,773	-	-	400	48,549,373
Commercial loans	122,372,115	-	-	381,289	121,990,826
Consumer loans	283,100,514	266,101	164,539	552,661	282,649,415
Accrued interest	2,224,413	-	-	-	2,224,413
Total	456,246,815	266,101	164,539	934,350	455,414,027

5. Loans to members *(Continued from previous page)*

The allowance for loan impairment changed as follows:

	2025	*2024*
Balance, beginning of year	**1,098,889**	959,489
Provision for (recovery of) loan losses	**(313,734)**	169,715
	785,155	1,129,204
Less: accounts written off, net of recoveries	**77,577**	30,315
Balance, end of year	**707,578**	1,098,889

A loan is considered past due when a counterparty has not made a payment by the contractual due date. The table that follows presents the carrying value of loans at year-end that are past due but not classified as impaired because they are either i) less than 90 days past due, or ii) fully secured and collection efforts are reasonably expected to result in repayment.

	1-30 days	**31-90 days**	**61-90 days**	**91 days and greater**	**2025**
Commercial loans	257,240	17,323	11,113	-	**285,676**
Consumer loans	2,101,451	327,948	228,241	-	**2,657,640**
	2,358,691	345,271	239,354	-	**2,943,316**

	1-30 days	31-90 days	61-90 days	91 days and greater	2024
Commercial loans	162,272	-	-	-	162,272
Consumer loans	2,574,279	6,207	21,552	-	2,602,038
	2,736,551	6,207	21,552	-	2,764,310

The principal collateral and other credit enhancements the Credit Union holds as security for loans include (i) insurance, mortgages over residential lots and properties, (ii) recourse to business assets such as real estate, equipment, inventory and accounts receivable, (iii) recourse to commercial real estate properties being financed, and (iv) recourse to liquid assets, guarantees and securities. Valuations of collateral are updated periodically depending on the nature of the collateral. The Credit Union has policies in place to monitor the existence of undesirable concentration in the collateral supporting its credit exposure. In management's estimation, the fair value of the collateral is sufficient to offset the risk of loss on the loans past due but not impaired.

6. Derivative financial instrument

The Credit Union has entered into an interest rate swap contract for a total of $5,000,000 of notional principal whereby it has agreed to pay at fixed interest rates and receive at variable interest rates. The derivative financial instrument is not designated for hedge accounting. Accordingly, this derivative financial instrument has been measured at fair value, with the related gain or loss recognized in comprehensive income. The total fair value of the derivative financial instrument is a liability of $43,837 (2024 - asset of $14,287)

7. Property, equipment and intangible assets

	Land	*Buildings*	*Furniture and equipment*	*Computer equipment*	*Parking lot*	*Leasehold improvements*	*Signage*	*Computer software*	*Right-of-use asset*	*Total*
Cost										
Balance at September 30, 2023	101,294	3,295,296	1,104,322	403,024	95,465	485,983	117,849	901,674	339,761	**6,844,668**
Additions	-	-	2,594	22,057	-	-	-	69,591	-	**94,242**
Balance at September 30, 2024	101,294	3,295,296	1,106,916	425,081	95,465	485,983	117,849	971,265	339,761	**6,938,910**
Additions	-	97,243	9,760	32,418	2,205	-	-	30,500	-	**172,126**
Balance at September 30, 2025	101,294	3,392,539	1,116,676	457,499	97,670	485,983	117,849	1,001,765	339,761	**7,111,036**
Depreciation and impairment losses										
Balance at September 30, 2023	-	1,895,301	706,212	218,141	78,585	161,994	102,683	777,859	194,147	**4,134,922**
Additions	-	69,400	104,767	42,028	3,135	24,922	5,972	93,282	48,536	**392,042**
Balance at September 30, 2024	-	1,964,701	810,979	260,169	81,720	186,916	108,655	871,141	242,683	**4,526,964**
Additions	-	69,401	82,324	37,466	3,209	24,922	5,894	81,511	48,536	**353,262**
Balance at September 30, 2025	-	2,034,102	893,302	297,635	84,929	211,838	114,549	952,652	291,219	**4,880,226**
Net book value										
At September 30, 2024	101,294	1,330,595	295,937	164,912	13,745	299,067	9,194	100,124	97,078	**2,411,946**
At September 30, 2025	**101,294**	**1,358,437**	**223,374**	**159,864**	**12,741**	**274,145**	**3,300**	**49,113**	**48,542**	**2,230,810**

Amortization of $353,262 (2024 - $392,042) is included in occupancy on the statement of comprehensive income.

8. Investment property

			2025	*2024*
	Cost	**Accumulated Depreciation**	**Net book value**	Net book value
Land	76,554	-	**76,554**	76,554
Buildings	725,203	(487,785)	**237,418**	237,273
Furniture and equipment	83,877	(77,583)	**6,294**	7,122
	885,634	(565,368)	**320,266**	320,949

The fair value of the investment property is approximately $1,360,300. Investment property was subject to external valuation in October 2022, performed by Red River Group, qualified professional valuers adhering to the generally accepted Standards of Professional Practice (CUSPAP) and the Code of Ethics of the Appraisal Institute of Canada. The fair value of investment property is determined by discounting the expected cash flows of the property based upon internal plans and assumptions and comparable market transactions. There are no indicators that would create a difference in fair value of the investment property from the date of its valuation.

During the year, the Credit Union earned revenue of $114,948 (2024 - $90,156) through the lease of the investment property with operating expenses of $136,726 (2024 - $158,276). Amortization of $29,216 (2024 - $28,631) is included in occupancy on the statement of comprehensive income.

Investment property held by the Credit Union is leased under operating leases. The lease contracts are on a month-to-month basis.

9. Loan payable

The Credit Union has an approved borrowing limit of 2.50% of members' savings and deposits. Borrowings are payable to Credit Union Central of Manitoba at an interest rate tied to the banker's acceptance rates and are secured by an assignment of term and contract deposits, with no fixed terms of repayment. At September 30, 2025 the balance was $nil (2024 - $nil).

10. Members' savings and deposits

	2025	*2024*
Chequing	**100,914,803**	79,696,609
Savings	**105,556,536**	104,035,990
Term deposits	**215,515,446**	207,899,761
Registered plans	**113,942,514**	107,144,867
Unclaimed accounts	**44,540**	44,068
Accrued interest	**6,222,556**	6,535,566
	542,196,395	505,356,861

	2025	*2024*
Balance, beginning of year	**505,356,861**	487,142,383
Net cash increase in members' savings and deposits	**37,152,544**	16,950,540
Non-cash change in accrued interest	**(313,010)**	1,263,938
Balance, end of year	**542,196,395**	505,356,861

10. Member savings and deposits *(Continued from previous page)*

Included in chequing and savings deposits is an amount of $4,206,740 (2024 - $1,942,788) to be settled in US dollars. Members' savings and deposits are subject to the following terms:

- Chequing accounts are due on demand and bear no interest at September 30, 2025 (2024 - no interest).
- Savings and term deposits are due on demand and bear interest at variable rates ranging from 1.35% to 4.85% per annum at September 30, 2025 (2024 - 2.60% to 4.45%) per annum.
- Registered plans bear interest at rates up to 6.00% per annum at September 30, 2025 (2024 - up to 5.45%) per annum. Members may make withdrawals from a registered account on a monthly, semiannual, or annual basis. The regular withdrawal amounts vary according to individual needs and statutory requirements.

11. Lease liabilities

Leases as lessee

The Credit Union leases one building. The lease term expires September 30, 2026 and includes an option to renew.

Right-of-use assets

Right-of-use assets of the Credit Union have been presented within property, equipment and intangible assets in the statement of financial position. Refer to Note 7 for information pertaining to right-of-use assets arising from lease arrangements in which the Credit Union is a lessee.

Lease liabilities

The following table sets out a maturity analysis of lease liabilities:

	2025	*2024*
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**54,051**	55,140
One to five years	**-**	55,140
Total undiscounted lease liabilities at September 30, 2025	**54,051**	110,280
Lease liabilities included in the statement of financial position at September 30, 2025	**53,892**	105,995
Current	**53,892**	54,051
Non-current	**-**	51,944

Amounts recognized in comprehensive income

The Credit Union has recognized the following amounts in the statement of comprehensive income:

	2025	*2024*
Interest expense on lease liabilities	**3,037**	4,769

Amounts recognized in the statement of cash flows

The Credit Union has recognized the following amounts in the statement of cash flows:

	2025	*2024*
Total cash outflow for leases	**55,140**	55,140

12. Member shares

Authorized:

Unlimited number of Common shares, at an issue price of $5
Unlimited number of Surplus shares, at an issue price of $1

Issued:

	2025	*2024*
Share capital		
581,125 Common shares (2024 - 614,596)	**2,905,625**	3,072,980
2,697,915 Surplus shares (2024 - 2,560,065)	**2,697,915**	2,560,065
Total	**5,603,540**	5,633,045

During the year, the Credit Union issued 519 (2024 - 476) and redeemed 33,990 (2024 - 39,364) common shares, and issued 282,477 (2024 - 306,733) and redeemed 144,627 (2024 - 166,559) surplus shares.

Common Shares
The total amount of common shares purchased or redeemed by the Credit Union in a fiscal year shall not exceed the total amount of common shares issued in that year if the Credit Union's equity is, or would by such purchase or redemption be, less than the level of capital as prescribed by the Act.

In order to accelerate the equity building plan undertaken by the Credit Union, a member share subscription program was commenced October 1994 and ended January 2011. This share program allowed members to increase their investment in Credit Union by purchasing additional shares at $5 each to a maximum of $15,000 per member.

Surplus Shares
The total amount of surplus shares purchased or redeemed by the Credit Union in a year shall not exceed 5% of the amount of surplus shares outstanding at the last year-end of the Credit Union if the Credit Union's equity is, or would by such purchase or redemption be, less than the level of capital as prescribed by the Act.

Distribution to Members

The Board of Directors have declared dividends on common and surplus shares of $261,577 (2024 - $281,424) that have been presented as a reduction of equity on the consolidated statement of changes in members' equity. Tax savings of $67,251 (2024 - $67,542) have been applied to reduce current income tax expense on the consolidated statement of comprehensive income.

13. Pension plan

The Credit Union has a multi-employer defined contribution pension plan for full-time and part-time employees. The contributions are held in trust by the Cooperative Superannuation Society Limited and are not recorded in these consolidated financial statements. The Credit Union matches employee contributions at a rate of 6% of the employees' salary. The expense and payments for the year ended September 30, 2025 were $160,021 (2024 - $150,882). As a defined contribution pension plan, the Credit Union has no further liability or obligation for future contributions to fund future benefits to plan members.

14. Other income

	2025	2024
Service fees and charges	**1,916,162**	1,636,762
Rental	**19,500**	19,500
CUCM special assessment	**549,930**	-
	2,485,592	1,656,262

15. Income taxes

	2025	2024
Current tax expense		
Current year	**838,634**	403,119
Deferred tax expense (recovery)		
Relating to the origination and reversal of temporary differences	**43,500**	(60,000)
Total income tax expense	**882,134**	343,119

The tax effect of temporary differences which give rise to the deferred taxes is from differences between accounts deducted for accounting and income tax purposes including property, equipment and intangible assets, allowance for impaired loans and insurance reserve.

The components of deferred income tax liabilities and assets are as follows:

	2025	2024
Deferred tax liability		
Property, equipment and intangible assets	**(86,900)**	(111,000)
Deferred tax asset		
Insurance reserve	**31,600**	29,500
Allowance for impaired loans	**158,300**	228,000
	189,900	257,500
Net deferred tax asset	**103,000**	146,500

All movements in deferred tax assets and liabilities during the year ended September 30, 2025 and 2024 were recognized in comprehensive income.

Reconciliation between average effective tax rate and the actual tax rate

	2025	2024
Applicable tax rate	**38.00 %**	38.00 %
Federal abatement	**(10.00)%**	(10.00)%
General rate reduction	**(11.00)%**	(11.00)%
Small business deduction	**(1.63)%**	(4.00)%
Provincial tax rate	**11.00 %**	9.40 %
Other	**(1.01)%**	1.65 %
Income tax rate as reported	**25.36 %**	24.05 %

16. Transaction with Central, Deposit Guarantee of Manitoba and related parties

Key Management Personnel ("KMP") of the Credit Union

Key management of the Credit Union are those persons having authority and responsibility for planning, directing, and controlling the activities of the Credit Union, directly or indirectly, including any Director.

	2025	*2024*
Salaries, and other short-term employee benefits	**750,842**	698,087
Total pension and other post-employment benefits	**44,560**	60,487
	795,402	758,574

Transactions with Key Management Personnel

Loans made to KMP are approved under the same lending criteria applicable to members. Employees of the Credit Union may receive concessional rates of interest on their loans and facilities. Directors and their spouses are not eligible for concessional rates of interest on their loans and facilities.

There are no loans that are impaired in relation to loan balances with KMP.

There are no benefits or concessional terms and conditions applicable to the family members of KMP. There are no loans that are impaired in relation to the loan balances with family or relatives of KMP.

	2025	*2024*
Aggregate value of loans advanced	**790,253**	619,248

	2025	*2024*
During the year the Credit Union had the following transactions with KMP:		
Interest and other revenue earned on loans to KMP	**19,914**	23,558
Interest paid on deposits to KMP	**26,138**	44,325
Dividends paid to KMP	**318**	1,615

	2025	*2024*
The total value of members' savings and deposits from KMP as at the year-end:		
Aggregate value of term and savings accounts	**1,757,772**	2,365,806

16. Transactions with Central, Deposit Guarantee of Manitoba and related parties *(Continued from previous page)*

Directors, committee members, management and staff

Transactions with Directors, committee members, management and staff are at terms and conditions as set out in the loan policies of the Credit Union.

Loans to Directors and staff as at year end amount to 0.14% (2024 - 0.12%) of total assets of the Credit Union.

Payments made for honoraria and per diems amount to $44,632 (2024 - $42,656) and meeting, training and conference costs amounts to $7,675 (2024 - $4,074).

Credit Union Central of Manitoba

The Credit Union is a member of the Credit Union Central of Manitoba, which acts as a depository for surplus funds received from and loans made to credit unions. The Credit Union Central of Manitoba also provides other services for a fee to the Credit Union and acts in an advisory capacity.

Interest and dividends earned on investments during the year ended September 30, 2025 amounted to $nil (2024 - $2,060,278).

Interest earned on the current account during the year amounted to $3,646,907 (2024 - $2,003,452).

Interest and charges paid on borrowings during the year ended September 30, 2025 amounted to $nil (2024 - $nil).

Payments made for affiliation dues, liquidity assessment, research and development assessment, cheque clearing and data processing for the year ended September 30, 2025 amounted to $283,050 (2024 - $274,173).

Payments made for special assessments due to investment losses for the year ended September 30, 2025 amounted to $181,113 and are included in administration expenses. Payments received related to special assessments due to gain on sale of investment for the year ended September 30, 2025 amounted to $549,930 and are included in other income.

Deposit Guarantee Corporation of Manitoba

The Deposit Guarantee Corporation of Manitoba (the "Corporation") was created under the Credit Unions and Caisses Populaires Act for the purposes of guaranteeing deposits in Manitoba credit unions, and promoting sound business practices in credit unions. All transactions with the Corporation are recorded at the exchange amount, which is the amount agreed upon by the two parties.

The payments made to the Corporation during the year ended September 30, 2025 represent the net statutory annual assessment in the amount of $418,925 (2024 - $394,744).

17. Capital management

The Credit Union provides financial services to its members and is subject to the capital requirements set out in the Credit Unions and Caisses Populaires Act of Manitoba (the "Act").

The Credit Union’s objectives when managing capital are to ensure the long term viability of the Credit Union and the security of member deposits by holding a level of capital deemed sufficient to protect against unanticipated losses and to comply at all times with the capital requirements set out in the Act.

The Credit Union measures the adequacy of capital using two methods:

- Total capital as a percent of assets; and
- Total capital as a percent of risk-weighted assets. Under this method, the Credit Union reviews its loan portfolio and other assets and assigns a risk weighting using definitions and formulas set out in the Act. The more risk associated with an asset, a higher weighting is assigned. This method allows the Credit Union to measure capital relative to the possibility of loss with more capital required to support assets that are seen as being higher risk.

The Credit Union's risk weighted value of its assets as at September 30, 2025 is $251,327,311 (2024 - $237,544,400).

The Regulations to the Credit Unions and Caisses Populaires Act require that the Credit Union establish and maintain a level of capital as follows:

	2025	*2024*
Member's equity not less than 5% of assets	**5.60 %**	5.59 %
Retained surplus not less than 3% of assets	**4.58 %**	4.49 %
Capital not less than 8% of the risk weighted value of assets	**13.07 %**	12.92 %

The Credit Union management ensures compliance with capital adequacy through the following:
- Establishing policies for capital management, monitoring and reporting;
- Establishing policies for related areas such as asset liability management;
- Reporting to the Board of Directors regarding financial results and capital adequacy;
- Reporting to the Deposit Guarantee Corporation of Manitoba on its capital adequacy; and
- Establishing budgets and reporting variances to those budgets.

During the year ended September 30, 2025, the Credit Union complied with the capital requirements. There have been no changes to what the Credit Union considers capital since the previous period.

18. Fair value measurements

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

- Level 1: Unadjusted quoted prices are available in active markets for identical assets or liabilities.
- Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e., as prices) or indirectly (i.e derived from prices). Level 2 inputs include quoted prices for assets in markets that are considered less active. Loans to members, accounts payable and members' savings and deposits are disclosed at fair value based on a level 2 classification.
- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities. Level 3 assets and liabilities would include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation.

There were no transfers between fair value hierarchy levels for the year ended September 30, 2025.

Assets and liabilities measured at fair value

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

	2025 Fair Value (in 000's)	***Level 1***	***Level 2***	***Level 3***
Financial assets				
Funds on hand and on deposit	**100,520**	**100,250**	**-**	**-**
Shares	**5,164**	**-**	**5,164**	**-**
Total financial assets	**105,684**	**100,250**	**5,164**	**-**

	2024 Fair Value (in 000's)	*Level 1*	*Level 2*	*Level 3*
Financial assets				
Funds on hand and on deposit	73,643	73,643	-	-
Shares	4,218	-	4,218	-
Interest rate swap	14	14	-	-
Total financial assets	78,258	73,657	4,601	-

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

Assets and liabilities for which fair value is only disclosed

The Credit Union's assets and liabilities not measured at fair value but for which fair value is disclosed, have been categorized into the fair value hierarchy as follows:

	2025 Fair Value (in 000's)	***Level 1***	***Level 2***	***Level 3***
Financial assets				
Loans to members	**468,752**	**-**	**468,752**	**-**
Financial liabilities				
Members' savings and deposits	**546,173**	**-**	**546,173**	**-**
Accounts payable	**3,367**	**-**	**3,367**	**-**
Total financial liabilities	**549,540**	**-**	**549,540**	**-**

	2024 Fair Value (in 000's)	*Level 1*	*Level 2*	*Level 3*
Financial assets				
Loans to members	447,045	-	447,045	-
Financial liabilities				
Members' savings and deposits	505,357	-	505,357	-
Accounts payable	1,540	-	1,540	-
Total financial liabilities	506,897	-	506,897	-

19. Financial instruments

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

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

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

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

Various Board of Directors committees are involved in financial instrument risk management oversight, including the Audit Committee.

19. Financial Instruments *(Continued from previous page)*

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

Credit risk

Credit risk is the risk of financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Credit Union. Credit risk primarily arises from loans to members.

Risk management process

Credit risk management is integral to the Credit Union's activities. Management carefully monitors and manages the Credit Union's exposure to credit risk by reviewing member credit extension policies and guidelines and reviewing the performance of loan portfolios, including default events and past due state. The risk management process starts at the time of a member credit application and continues until the loan is fully repaid. The primary credit risk management policies and procedures include the following:

- Loan security (collateral) requirements
- Security valuation processes, including method used to determine the value of real property and personal property when that property is subject to a mortgage or other charge
- Maximum loan to value ratios where a mortgage or other charge on real or personal property is taken as security
- Borrowing member capacity (repayment ability) requirements
- Borrowing member character requirements
- Limits on aggregate credit exposure per individual and related parties
- Limits on concentration of credit risk by loan type, industry and economic sector
- Limits on the types of credit facilities and services offered
- Internal loan approval processes and loan documentation standards
- Loan re-negotiation, extension and renewal processes
- Processes that identify adverse situations and trends, including risks associated with economic, geographic and industry sectors
- Control and monitoring processes including portfolio risk identification and delinquency tolerances
- Timely loan analysis processes to identify, access and manage delinquent and impaired loans
- Collection processes that include action plans for deteriorating loans
- Overdraft control and administration processes
- Loan syndication processes.

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

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

The Credit Union considers loans to members to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists, such as notification from the borrower or breach of major covenants. This definition is consistent with the definitions used for the Credit Union's internal credit risk management practices and has been selected because it most closely aligns the definition of default to the Credit Union's past credit experience, and the covenants placed in standard borrowing contracts.

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

19. Financial Instruments *(Continued from previous page)*

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when contractual payments have exceeded 30 days past due, or other information becomes available to management (e.g., through the course of regular credit reviews, communication with the borrower or forecasting processes which consider macroeconomic conditions expected to have a future impact on borrowers). When a financial instrument is considered to have low credit risk, it is assumed that there has not been a significant increase in credit risk since initial recognition.

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

Measurement of expected credit losses

The Credit Union measures expected credit losses for loans to members on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type (residential mortgages, commercial mortgages, other secured loans or non-secured loans). Otherwise, expected credit losses are measured on an individual basis.

When measuring 12-month and lifetime expected credit losses, the Credit Union consider items such as the contractual period of the financial asset or the period for which the entity is exposed to credit risk, determination of appropriate discount rates used in incorporating the time value of money, assumptions about prepayments, timing and extent of missed payments or default events, how probabilities of default and other assumptions and inputs used in calculating the amount of cash short falls depending on the type or class of financial instrument. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its customers and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

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

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery. The Credit Union assesses that there is no reasonable expectation of recovery when the security relating to the loan has been sold and there are remaining amounts outstanding, the borrower has filed for bankruptcy and the trustee has indicated that no additional funds will be paid.

19. Financial Instruments *(Continued from previous page)*

Exposure to credit risk

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9 *Financial instruments*. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

The gross carrying amount of loans to members and exposure amount of loan commitments and financial guarantee contracts represents the maximum exposure to credit risk for that class of financial asset.

		2025		
	12-month ECL	***Lifetime ECL (not credit impaired)***	***Lifetime ECL (credit impaired)***	***Total***
Loans to members	**451,746,190**	**18,337,669**	**236,631**	**470,320,490**
Loan commitments	**67,880,377**	**-**	**-**	**67,880,377**
Total gross carrying amount	**519,626,567**	**18,337,669**	**236,631**	**538,200,867**
Less: loss allowance	**431,598**	**222,777**	**53,203**	**707,578**
Total carrying amount	**519,194,969**	**18,114,892**	**183,428**	**537,493,289**

			2024	
	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Loans to members	428,544,603	26,885,405	1,082,908	456,512,916
Loan commitments	40,611,885	-	-	40,611,885
Total gross carrying amount	469,156,488	26,885,405	1,082,908	497,124,801
Less: loss allowance	266,101	668,249	164,539	1,098,889
Total carrying amount	468,890,387	26,217,156	918,369	496,025,912

Financial assets designated as measured at fair value through profit or loss

The Credit Union has designated investments as measured at fair value through profit or loss. As at September 30, 2025, the Credit Union's maximum exposure to credit risk arising from these financial assets is $5,570,239 (2024 – $4,601,301).

Concentrations of credit risk

Concentration of credit risk exists if a number of borrowers are exposed to similar economic risks by being engaged in similar economic activities or being located in the same geographical region, and indicate the relative sensitivity of the Credit Union's performance to developments affecting a particular segment of borrowers or geographical region. Geographical risk exists for the Credit Union due to its primary service area being Niverville, Manitoba and surrounding areas.

19. Financial Instruments *(Continued from previous page)*

Amounts arising from expected credit losses

Reconciliation of the loss allowance

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

	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Loans to members				
Balance at October 1, 2024	**266,101**	**668,249**	**164,539**	**1,098,889**
Net remeasurement of allowance for loan losses	**165,497**	**(445,472)**	**(111,336)**	**(391,311)**
Balance at September 30, 2025	**431,598**	**222,777**	**53,203**	**707,578**

Market risk

Market risk arises from changes in interest rates that affect the Credit Union's net interest income. Exposure to this risk directly impacts the Credit Union's income from its loan deposits portfolios. The Credit Union's objective is to earn an acceptable net return on these portfolios, without taking unreasonable risk, while meeting member owner needs.

Risk measurement

The Credit Union's risk position is measured and monitored each month to ensure compliance with policy. Management provides monthly reports on these matters to the Credit Union's Board of Directors.

Objective, policies and processes

Management is responsible for managing the Credit Union's interest rate risk, monitoring approved limits and compliance with policies. The Credit Union manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by the Board.

The Credit Union's goal is to achieve adequate levels of profitability, liquidity and safety. The Board of Directors reviews the Credit Union's investment and asset liability management policies periodically to ensure they remain relevant and effective in managing and controlling risk. See Note 20 to additional information on the asset liability matching policy.

19. Financial Instruments *(Continued from previous page)*

The following table illustrates the contractual repricing and maturity of all financial instruments and liabilities:

in thousands	**Within one year**	**One to five years**	**Greater than 5 years**	**Total 2025**	Total 2024
Assets					
Funds on hand and on deposit	100,520	-	-	**100,520**	73,643
Investments	5,570	-	-	**5,570**	4,601
Loans to members	187,158	278,247	4,208	**469,613**	455,414
	293,248	278,247	4,208	**575,703**	533,658
Liabilities					
Members' savings and deposits	270,828	271,368	-	**542,196**	505,357
Accounts payable	3,367	-	-	**3,367**	1,540
	274,195	271,368	-	**545,563**	506,897

The following provides the potential before tax impact on an immediate and sustained 1% increase or decrease in interest rates on the Credit Union's net interest income for a one year period. All interest rate risk measures are based upon interest rate exposures at a specific time and continuously change as a result of business activities and our risk measurement initiative.

Before tax impact of:

1% increase in rates: $283,000 increase in financial margin

1% decrease in rates: $283,000 decrease in financial margin

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. The Credit Union may utilize interest rate swaps to assist in managing this rate gap.

Foreign currency risk

Currency risk relates to the Credit Union operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange rates when adverse changes in foreign currency exchange rates occur.

The Credit Union’s foreign exchange risk is related to deposits and loans denominated in United States dollars. Foreign currency holdings are monitored by management and holdings are adjusted when offside of the investment policy.

Risk measurement

The Credit Union's position is measured weekly. Measurement of risk is based on the mismatch of assets and liabilities denominated in United States dollars.

Objectives, policies and procedures

The Credit Union's exposure to changes in currency exchange rates shall be controlled by limiting the unhedged foreign currency exposure to $150,000 in US funds.

For the years-ended 2025 and 2024, the Credit Union's exposure to foreign exchange risk complies with the policy.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

19. Financial Instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk arises from the inability to generate or obtain the necessary cash or cash equivalents in a timely manner, at a reasonable price, to meet commitments as they come due. In particular, the risk arises from failure to meet the Credit Union's day-to-day obligations, including claims on the Credit Union and operational demands.

The Credit Union uses different risk management processes to manage liquidity risk. The acceptable amount of risk is defined by policies approved by the Board of Directors and monitored by management, with regular reporting to the Board of Directors.

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

The Credit Union manages its liquidity position by monitoring, forecasting and managing cash flows and the concentration of loans and deposits within approved policies. Management provides monthly reports on these matters to the Board of Directors.

The primary liquidity risk policies and procedures include the following:

- Liquidity risk management framework to measure and control liquidity risk exposure;
- Measurement of cashflows;
- Maintain a line of credit and borrowing facility with Credit Union Central of Manitoba;
- Maintenance of a pool of high quality liquid assets;
- Monitoring of single deposits and sources of deposits; and
- Monitoring of term deposits.

20. Asset liability matching

The Credit Union's major source of income is financial margin which is the difference between interest earned on investments and loans to members and interest paid to members on their deposits. The objective of managing the financial margin is to match re-pricing or maturity dates of loans and investments and members' savings and deposits within policy limits that are intended to limit the Credit Union's exposure to changing interest rates and to wide fluctuations of income during periods of changing interest rates. The differential represents the net mismatch between loans to members and investments and members' savings and deposits for those particular maturity dates. Certain items on the consolidated statement of financial position, such as non interest bearing member deposits and equity do not provide interest rate exposure to the Credit Union. These items are reported as non-interest rate sensitive on the schedule.

Amounts with variable interest rates, or due on demand, are classified as variable.

A significant amount of loans to members and members' savings and deposits can be settled before maturity on payment of a penalty. No adjustment has been made for repayments that may occur prior to maturity.

	Assets	(%)	Liabilities and Members' Equity	(%)	2025 Differential
Interest sensitive					
Variable	$ 226,992,217	4.9%	$ 150,769,932	1.3%	$ 76,222,285
<12 months	114,537,569	3.3%	167,832,483	3.7%	(53,294,914)
1 - 2 years	110,166,417	3.6%	40,928,489	4.0%	69,237,929
2 - 3 years	40,092,896	4.9%	69,194,301	4.9%	(29,101,405)
3 - 4 years	32,779,8691	5.1%	17,923,493	4.4%	14,856,376
4 - 5 years	43,023,462	4.5%	7,071,159	3.6%	35,952,303
Greater than 5 years	55,072	4.1%	-	5.0%	55.072
Non-interest sensitive	11,031,266		124,958,913		(113,927,646)
Total	578,678,769	4.3%	578,678,769	2.5%	-

21. Commitments and guarantees

Loans

The Credit Union has authorized line of credit loans to numerous members, of which $67,880,377 (2024 - $40,611,885) has not been advanced as of year end. In addition, $1,575,000 (2024 - $9,207,900) in loans to members have been authorized but have not been advanced as of the year end. Letters of credit issued and outstanding at September 30, 2025 amount to $330,000 (2024 - $451,200).

Director and officer indemnification

The Credit Union indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Credit Union to the extent permitted by law. The Credit Union has acquired and maintains liability insurance for its directors and officers.

Credit Union Central of Manitoba

The Credit Union is a member of CUCM, which provides banking and other services to credit unions in Manitoba. By nature of membership in CUCM, the Credit Union is obligated to pay affiliation dues which are based on membership and assets.

Deposit Guarantee Corporation of Manitoba

The Deposit Guarantee Corporation of Manitoba (DGCM) is a deposit insurance corporation. By legal obligation under the Act, DGCM guarantees the deposits of all members of Manitoba credit unions. By legislation, the Credit Union pays a quarterly levy to DGCM based on a percentage of members' savings and deposits.

Celero Solutions

The Credit Union has entered into an agreement with Celero Solutions to provide the delivery of some banking system and related services and the maintenance of the infrastructure needed to ensure uninterrupted delivery of such services. Celero Solutions is a company formed as a joint venture by the Credit Union Centrals of Alberta, Saskatchewan and Manitoba along with Concentra Financial and Credit Union Electronic Transaction Services. The agreement expires December 31, 2025.

22. Canada Emergency Business Account loans

The Credit Union participated in the Canada Emergency Business Account (CEBA) program by facilitating loans with eligible small businesses during the year. These loans qualify for derecognition as the risk and rewards were transferred to the Government of Canada, therefore these loans are not recognized in the consolidated statement of financial position. As at September 30, 2025 loans issued under the CEBA program was approximately $405,000 (2024 - $660,000).