

**Prosperity Credit Union**  
**Consolidated Financial Statements**  
*December 31, 2025*

**Prosperity Credit Union**  
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*For the year ended December 31, 2025*

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## **Management's Responsibility**

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To the Members of Prosperity Credit Union:

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<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board and ensuring that all information in the annual report is consistent with the consolidated statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors and Audit and Finance Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit and Finance Committee has the responsibility of meeting with management, internal auditors, 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 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.

March 23, 2026



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Chief Executive Officer, Blair Wingert



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Chief Financial Officer, Lesley Carlson

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To the Members of Prosperity Credit Union:

## Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Credit Union as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS<sup>®</sup> 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 the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards 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.

## Independent Auditor's Report *(Continued from previous page)*

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### 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.

Saskatoon, Saskatchewan

March 23, 2026

*MNP LLP*

Chartered Professional Accountants

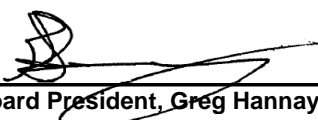
**MNP**

**Prosperity Credit Union**  
**Consolidated Statement of Financial Position**

*As at December 31, 2025*

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
Cash and cash equivalents <i>(Note 4)</i>	161,607,038	145,129,259
Investments <i>(Note 5)</i>	413,214,417	67,319,814
Member loans receivable <i>(Note 6)</i>	1,695,762,344	977,766,649
Other assets <i>(Note 7)</i>	5,896,669	3,966,835
Property, plant and equipment <i>(Note 8)</i>	21,722,763	12,015,790
Intangible assets <i>(Note 9)</i>	4,626,648	4,784,229
	<b>2,302,829,879</b>	<b>1,210,982,576</b>
<b>Liabilities</b>		
Member deposits <i>(Note 11)</i>	2,058,019,305	1,082,427,600
Other liabilities <i>(Note 13)</i>	12,127,798	5,151,128
Membership shares <i>(Note 14)</i>	162,585	85,935
	<b>2,070,309,688</b>	<b>1,087,664,663</b>
 <b>Commitments</b> <i>(Note 17), (Note 19)</i>		
<b>Event after the reporting period</b> <i>(Note 22)</i>		
<b>Members' equity</b>		
Retained earnings	135,503,519	123,317,913
Contributed surplus	97,016,672	-
	<b>232,520,191</b>	<b>123,317,913</b>
	<b>2,302,829,879</b>	<b>1,210,982,576</b>

Approved on behalf of the Board

  
 Board President, Greg Hannay

  
 Audit & Finance Committee Chair, Leslee Serack

*The accompanying notes are an integral part of these financial statements*

**Prosperity Credit Union**  
**Consolidated Statement of Comprehensive Income**  
*For the year ended December 31, 2025*

	<b>2025</b>	<b>2024</b>
<b>Interest income</b>		
Member loans	83,719,626	52,041,147
Investments	16,303,862	7,234,079
	<b>100,023,488</b>	<b>59,275,226</b>
<b>Interest expense</b>		
Member deposits	40,981,087	25,789,285
Borrowed money	20,440	11,414
	<b>41,001,527</b>	<b>25,800,699</b>
<b>Gross financial margin</b>	<b>59,021,961</b>	<b>33,474,527</b>
<b>Other income</b>	<b>13,706,543</b>	<b>7,948,221</b>
	<b>72,728,504</b>	<b>41,422,748</b>
<b>Operating expenses</b>		
Personnel	31,341,609	17,584,224
Security	1,854,262	1,005,445
Organizational	613,748	352,760
Occupancy	3,430,447	1,906,188
General business	18,723,593	10,533,360
	<b>55,963,659</b>	<b>31,381,977</b>
<b>Income before provision for impaired loans and provision for (recovery of) income taxes</b>	<b>16,764,845</b>	<b>10,040,771</b>
<b>Provision for impaired loans (Note 6)</b>	<b>123,579</b>	<b>391,030</b>
<b>Income before provision for (recovery of) income taxes</b>	<b>16,641,266</b>	<b>9,649,741</b>
<b>Provision for (recovery of) income taxes (Note 12)</b>		
Current	4,917,822	2,770,559
Deferred	(462,162)	(29,891)
	<b>4,455,660</b>	<b>2,740,668</b>
<b>Comprehensive income</b>	<b>12,185,606</b>	<b>6,909,073</b>

*The accompanying notes are an integral part of these financial statements*

**Prosperity Credit Union**  
**Consolidated Statement of Changes in Members' Equity**  
*For the year ended December 31, 2025*

	<i>Contributed surplus</i>	<i>Retained earnings</i>	<i>Total equity</i>
<b>Balance December 31, 2023</b>	<b>7,517,191</b>	<b>108,891,649</b>	<b>116,408,840</b>
Comprehensive income	-	<b>6,909,073</b>	<b>6,909,073</b>
Transfer from contributed surplus to retained earnings	<b>(7,517,191)</b>	<b>7,517,191</b>	-
<b>Balance December 31, 2024</b>	-	<b>123,317,913</b>	<b>123,317,913</b>
Comprehensive income	-	<b>12,185,606</b>	<b>12,185,606</b>
Contributed surplus resulting from business combination <i>(Note 21)</i>	<b>97,016,672</b>	-	<b>97,016,672</b>
<b>Balance December 31, 2025</b>	<b>97,016,672</b>	<b>135,503,519</b>	<b>232,520,191</b>

*The accompanying notes are an integral part of these financial statements*

**Prosperity Credit Union**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2025*

	<b>2025</b>	<b>2024</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from member loans	84,301,446	50,670,703
Interest received from investments	15,522,601	7,109,797
Other income	13,706,543	7,948,221
Cash paid to suppliers and employees	(56,896,509)	(31,904,444)
Interest paid on deposits	(42,161,085)	(23,379,978)
Interest paid on borrowings	(20,440)	(11,414)
Income taxes paid	(5,411,951)	(2,699,778)
	<b>9,040,605</b>	<b>7,733,107</b>
<b>Financing activities</b>		
Net change in member deposits	108,671,264	22,422,636
Net change in membership shares	(275)	(495)
	<b>108,670,989</b>	<b>22,422,141</b>
<b>Investing activities</b>		
Net change in member loans receivable	(22,473,654)	(17,899,636)
Net change in investments	(186,698,689)	(3,155,032)
Purchases of property, plant and equipment	(110,546)	(645,150)
Proceeds from disposal of property, plant and equipment	-	10,531
Purchases of intangible assets	(138,750)	(846,329)
Proceeds from disposal of intangible assets	56,274	-
Cash received from business combinations	108,131,550	401,126
	<b>(101,233,815)</b>	<b>(22,134,490)</b>
<b>Increase in cash and cash equivalents</b>	<b>16,477,779</b>	<b>8,020,758</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>145,129,259</b>	<b>137,108,501</b>
<b>Cash and cash equivalents, end of year</b>	<b>161,607,038</b>	<b>145,129,259</b>

*The accompanying notes are an integral part of these financial statements*

**1. Reporting entity**

Prosperity Credit Union (the "Credit Union") was formed pursuant to the *Credit Union Act 1998* of Saskatchewan ("the Act") and operates thirty Credit Union branches. The Credit Union was formed from the merger of Prairie Centre Credit Union (2006) Ltd., Diamond North Credit Union, and Cypress Credit Union Limited, which came into effect on January 1, 2025 (see Note 21).

The Credit Union serves members and non-members in Arborfield, Beechy, Big River, Burstall, Carrot River, Chociceland, Consul, Debden, Delisle, Dinsmore, Eatonia, Elbow, Elrose, Eston, Fox Valley, Harris, Herbert, Kyle, LeRoy, Loreburn, Maple Creek, Morse, Nipawin, Outlook, Prince Albert, Richmond, Rosetown, Spiritwood, Tompkins, White Fox and the surrounding communities. The address of the Credit Union's registered office is P.O. Box 940, Rosetown, Saskatchewan.

The consolidated financial statements of the Credit Union as at and for the year ended December 31, 2025 comprise the Credit Union and its wholly owned subsidiaries 102125001 Saskatchewan Ltd. and Prosperity Insurance Ltd., and Prosperity Real Estate Ltd., which is a wholly owned subsidiary of Prosperity Insurance Ltd. Together, these entities are referred to as the Credit Union.

The Credit Union operates as one segment principally in personal and commercial banking in Saskatchewan. Operating branches are similar in terms of products and services provided, methods used to distribute products and services, types of members, and the nature of the regulatory environment.

The Credit Union conducts its principal operations through various branches, offering products and services including deposit business, insurance services, individual lending, and independent business and commercial lending. The deposit business provides a wide range of deposit and investment products and sundry financial services to all members. The lending business provides a variety of credit products and services designed specifically for each particular group of borrowers. Other business comprises business of a corporate nature such as insurance, accounting, investment, risk management, asset liability management, treasury operations, and revenue and expenses not expressly attributed to the business units.

***Statement of compliance***

The consolidated financial statements have been prepared in accordance with IFRS<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on March 23, 2026.

**2. Basis of preparation**

***Basis of measurement***

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

***Functional and presentation currency***

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

***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 reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

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

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

**Classification of financial assets**

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

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

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 and 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
- Effects of the economic changes, such as inflation and rising interest rates, on specific sectors to which the Credit Union has credit exposures

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 forward-looking economic variables:

- Interest rates
- Unemployment rates
- Gross domestic product
- Inflation
- Loan to value ratios
- Housing price indices

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.

**3. 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.

Regulations to the Act specify that certain items are required to be disclosed in the consolidated financial statements which are presented at annual meetings of members. It is management's opinion that the disclosures in these consolidated financial statements and notes comply, in all material respects, with the requirements of the Act. Where necessary, reasonable estimates and interpretations have been made in presenting this information.

***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Credit Union and its subsidiaries.

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, are 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. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Credit Union's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

***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 consolidated statement of financial position date. Exchange gains and losses on translation or settlement are recognized in comprehensive income for the current year.

***Revenue recognition***

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

**Service charge fees, commission and other revenue**

The Credit Union generates revenue from providing various financing and investing services to its members. Revenue is recognized as services are rendered.

The Credit Union does not have an enforceable right to payment until services are rendered and commission revenue earned when the products are sold.

The amount of revenue recognized on these transactions is based on the price specified in the contract.

The Credit Union does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Credit Union does not adjust any of the transaction prices for the time value of money.

Revenue recognition for items outside the scope of IFRS 15 is included in the financial instruments section of Note 3.

**3. 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 profit or loss when incurred.

**Classification and subsequent measurement**

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

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash equivalents, SaskCentral and Concentra Bank deposits, deposit instruments, member loans receivable and accrued interest thereon, and accounts receivable balances.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss include cash.

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. Equity investments measured at fair value through profit or loss are comprised of other equity instruments and SaskCentral shares.

***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 and how performance of the portfolio is evaluated.

***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.

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

**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, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. 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 member loans receivable the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union applies the simplified approach for accounts receivable that do not contain a significant financing component. Using the simplified approach, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

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

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

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

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

Refer to Note 17 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. 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 profit or loss. Such transactions include syndications of member loans.

**Modification of financial assets**

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

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

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

**Financial liabilities**

**Recognition and initial measurement**

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

**Classification and subsequent measurement**

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

**Derecognition of financial liabilities**

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

**Derivatives**

Derivatives are initially recognized at fair value on the date the Credit Union becomes party to the provisions of the contract, and are subsequently remeasured at fair value at the end of each reporting period. Changes in the fair value of derivative instruments are recognized in profit or loss.

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

**Dividend income**

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

**Interest**

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

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

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

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

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

**Collateral**

The Credit Union recognizes the proceeds from the sale of any non-cash collateral that has been pledged to it and a liability measured at fair value for its obligation to return the collateral.

If a debtor defaults under the terms of its contract and is no longer entitled to the return of any collateral, the Credit Union recognizes the collateral as an asset initially measured at fair value or, if it has already sold the collateral, derecognizes its obligation to return the collateral.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Credit Union's cash management system.

**Investments**

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

**SaskCentral and Concentra Bank deposits and shares**

SaskCentral and Concentra Bank deposits are measured at amortized cost. Shares are measured at fair value, with adjustments to fair value recognized in profit or loss.

**3. 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 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.

***Syndication***

The Credit Union syndicates individual assets with various other financial institutions primarily to manage credit risk, create liquidity, and manage regulatory capital for the Credit Union. Syndicated loans transfer substantially all the risks and rewards related to the transferred financial assets and are derecognized from the Credit Union's consolidated statement of financial position. All loans syndicated by the Credit Union are on a fully serviced basis. The Credit Union receives fee income for services provided in the servicing of the transferred financial assets.

***Property, plant and equipment***

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

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

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

	<b>Rate</b>
Buildings	10 - 50 years
Automobiles	4 - 7 years
Computer software, office equipment and computer hardware	2 - 10 years

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

Gains or losses on the disposal of property, plant, and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in comprehensive income as other operating income or other operating costs, respectively.

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

***Intangible assets***

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized as follows, based upon management's best estimate of the useful life of the asset.

The estimated useful life and amortization method are reviewed at the end of each annual reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

	<b>Method</b>	<b>Rate</b>
Customer lists	straight-line	25 years
Definite life licences	straight-line	25 years
Advisor book of business	straight-line	10 years

Licences with indefinite useful lives are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

***Goodwill***

Goodwill arising in a business combination is recognized as an asset at the date of control (acquisition date). Goodwill is measured as the excess of the cost of the acquisition over the Credit Union's interests in the net fair value of the identifiable net assets, liabilities and contingent liabilities of the acquiree recognized at the date of acquisition.

For the purposes of assessing impairment, goodwill is allocated to individual CGU's or groups of CGU's that are expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents, subject to an operating segment ceiling test, the lowest level within the Credit Union that goodwill is monitored for internal reporting purposes. The impairment of non-financial assets note describes how goodwill is tested for impairment.

***Income taxes***

The Credit Union accounts for income taxes using the asset and liability method. Current and deferred taxes are recognized in comprehensive 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. Under this method, the provision for income taxes is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

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.

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.

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

Recognition of deferred tax assets for unused tax losses, tax credits, and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allows 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.

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

***Membership 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*.

***Business combinations***

Acquisitions of subsidiaries are accounted for using the acquisition method.

The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets transferred, liabilities assumed, and equity instruments issued by the Credit Union in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value (the date in which the Credit Union acquired control of the acquiree). Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are recognized in profit or loss. Changes in the fair value of contingent consideration classified as equity are not recognized.

The Credit Union recognizes any non-controlling interests in its subsidiaries either at fair value or at the non-controlling interest's proportionate share of the subsidiaries assets.

The acquired identifiable assets, and liabilities are recognized at their acquisition date fair values if they meet the definitions of assets and liabilities in the Framework for the preparation of consolidated financial statements at acquisition date and they were exchanged as part of the business combination rather than as the result of separate transactions.

The following are exceptions to this recognition and measurement principle:

- Deferred tax assets or liabilities are recognized and measured in accordance with IAS 12 *Income taxes*;
- Liabilities or assets related to the acquiree's employee benefit arrangements are recognized and measured in accordance with IAS 19 *Employee benefits*;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with those of the Credit Union are measured in accordance with IFRS 2 *Share-based payments* at the acquisition date;
- Asset and disposal groups that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured at fair value less costs to sell;
- Contingent liabilities are recognized at the acquisition date even if it is not probable that an outflow of economic benefits will be required to settle the obligation;
- Indemnification assets are recognized at the same time and measured at the same basis as the indemnified item, subject to a valuation allowance for uncollectable amounts. This may lead to exceptions if the indemnified item is itself an exception; and
- The value of a reacquired right is measured as an intangible asset on the basis of the remaining contractual term regardless of whether market participants would consider potential contractual renewals in determining its fair value.

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

**Standards issued but not yet effective**

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

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

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

The amendments are effective for annual periods beginning on or after January 1, 2026, and are to be applied retrospectively. 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 introduces three primary changes:

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

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

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

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

**4. Cash and cash equivalents**

	<b>2025</b>	<b>2024</b>
Cash	<b>23,333,776</b>	10,578,027
Cash equivalents	<b>138,273,262</b>	134,551,232
	<b>161,607,038</b>	145,129,259

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2025*

**5. Investments**

	2025	2024
<b>Measured at fair value through profit or loss</b>		
SaskCentral shares	3,827,920	2,835,425
Other equity instruments	8,214,410	5,165,919
	12,042,330	8,001,344
<b>Measured at amortized cost</b>		
SaskCentral and Concentra Bank deposits	397,668,414	57,478,348
Deposit instruments	500,000	1,000,000
	398,168,414	58,478,348
Accrued interest	3,003,673	840,122
	413,214,417	67,319,814

The table below shows the credit risk exposure on investments. Ratings are as provided by Dominion Bond Rating Services ("DBRS") unless otherwise indicated.

	2025	2024
<b>Investment portfolio rating</b>		
AA	500,000	1,000,000
BBB	312,000,000	17,500,000
R1	89,496,334	42,813,773
Unrated	8,214,410	5,165,919
	410,210,744	66,479,692

**Statutory liquidity**

Pursuant to Regulations, the Standards of Sound Business Practices ("SSBP") requires that the Credit Union maintain 8.65% of its total liabilities in specified liquidity deposits. The provincial regulator for Credit Unions, Credit Union Deposit Guarantee Corporation ("CUDGC"), requires that the Credit Union adhere to these prescribed limits and restrictions. As of December 31, 2025 the Credit Union met the requirement.

**Liquidity coverage ratio**

The Credit Union has implemented a Liquidity Coverage Ratio ("LCR") which is a regulatory requirement of CUDGC. The objective of the LCR is to ensure that the Credit Union has an adequate stock of unencumbered high-quality liquid assets ("HQLA") that:

- consists of cash or assets that can be converted into cash at little or no loss of value; and
- meets its liquidity needs for a 30-calendar day stress scenario, by which time it is assumed corrective actions have been taken by the Credit Union and/or CUDGC.

This stress scenario noted above is viewed as a minimum requirement. The Credit Union conducts additional stress tests to assess the level of liquidity to hold beyond the regulatory minimum, and constructs scenarios that could cause difficulties for specific business activities. Internal stress tests have longer time horizons and results are reported to CUDGC upon request.

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2025*

**5. Investments** (Continued from previous page)

The LCR is calculated as the value of the stock in HQLA in stressed conditions divided by the total net cash outflows over the next 30 calendar days.

As at December 31, 2025, the Credit Union is in compliance with regulatory requirements.

**6. Member loans receivable**

Principal and allowance by loan type:

	<b>2025</b>				
	<b>Principal performing</b>	<b>Principal impaired</b>	<b>Allowance specific</b>	<b>Allowance for expected credit losses</b>	<b>Net carrying value</b>
Consumer loans and lines of credit	146,560,000	1,054,817	838,621	251,443	<b>146,524,753</b>
Residential mortgages	406,523,806	2,538,408	100,681	501,156	<b>408,460,377</b>
Commercial loans and lines of credit	463,540,030	16,840,951	4,190,326	2,023,155	<b>474,167,500</b>
Agricultural loans and lines of credit	644,810,735	3,275,919	-	923,249	<b>647,163,405</b>
Local government loans and lines of credit	7,203,691	-	-	642	<b>7,203,049</b>
	1,668,638,262	23,710,095	5,129,628	3,699,645	<b>1,683,519,084</b>
Foreclosed assets	2,371,695	-	-	-	<b>2,371,695</b>
Accrued interest	9,858,445	1,181,214	1,168,094	-	<b>9,871,565</b>
	<b>1,680,868,402</b>	<b>24,891,309</b>	<b>6,297,722</b>	<b>3,699,645</b>	<b>1,695,762,344</b>

	<b>2024</b>				
	<b>Principal performing</b>	<b>Principal impaired</b>	<b>Allowance specific</b>	<b>Allowance for expected credit losses</b>	<b>Net carrying value</b>
Agriculture loans	75,031,873	-	-	141,968	74,889,905
Agriculture mortgages	289,698,679	203,675	-	548,524	289,353,830
Commercial loans	75,072,215	7,249,274	2,062,700	340,589	79,918,200
Commercial mortgages	198,126,740	11,009,152	1,998,746	863,917	206,273,229
Consumer loans	106,509,373	1,007,252	701,551	248,094	106,566,980
Consumer mortgages	181,541,839	1,580,471	27,983	142,311	182,952,016
Lines of credit	32,293,433	-	-	188,364	32,105,069
	958,274,152	21,049,824	4,790,980	2,473,767	972,059,229
Foreclosed assets	76,330	-	-	-	76,330
Accrued interest	5,626,189	2,169,704	2,164,803	-	5,631,090
	<b>963,976,671</b>	<b>23,219,528</b>	<b>6,955,783</b>	<b>2,473,767</b>	<b>977,766,649</b>

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2025*

**6. Member loans receivable** *(Continued from previous page)*

The allowance for loan impairment changed as follows:

	<b>2025</b>	<b>2024</b>
Balance, beginning of year	9,429,550	8,808,064
Provision for impaired loans	123,579	391,030
<hr/>		
Deduct (Add): accounts written off, net of recoveries	9,553,129	9,199,094
Add: acquired through business combination	3,431,059	(230,456)
	<b>(3,875,297)</b>	-
<hr/>		
Balance, end of year	<b>9,997,367</b>	<b>9,429,550</b>
<hr/>		

**7. Other assets**

	<b>2025</b>	<b>2024</b>
Accounts receivable	1,297,189	859,888
Prepaid expenses and deposits	1,575,800	1,526,117
Deferred tax asset <i>(Note 12)</i>	2,430,958	988,108
Goodwill	592,722	592,722
<hr/>		
	<b>5,896,669</b>	<b>3,966,835</b>
<hr/>		

The purchases of various subsidiaries resulted in a goodwill balance equal to that of the purchase price less the net identifiable assets and liabilities at the time of purchase. There has been no impairment of goodwill.

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2025*

**8. Property, plant and equipment**

	<i>Land</i>	<i>Buildings</i>	<i>Computer software</i>	<i>Office equipment</i>	<i>Auto-mobiles</i>	<i>Computer hardware</i>	<i>Total</i>
<b>Cost</b>							
Balance at December 31, 2023	485,624	23,379,252	3,043,812	4,024,952	582,199	-	31,515,839
Additions	-	298,922	86,215	260,013	-	-	645,150
Disposals	-	(26,908)	(4,094)	(117,030)	(35,370)	-	(183,402)
Acquisitions through business combination	19,500	85,046	1,650	49,283	-	-	155,479
Balance at December 31, 2024	505,124	23,736,312	3,127,583	4,217,218	546,829	-	32,133,066
Additions	-	32,377	34,410	24,067	-	19,692	110,546
Disposals	-	-	-	(3,392)	-	-	(3,392)
Acquisitions through business combination	826,424	18,986,323	896,022	1,697,852	86,034	1,132,261	23,624,916
Balance at December 31, 2025	1,331,548	42,755,012	4,058,015	5,935,745	632,863	1,151,953	55,865,136
<b>Accumulated depreciation</b>							
Balance at December 31, 2023	-	12,927,974	2,272,031	3,285,506	297,514	-	18,783,025
Depreciation	-	737,597	264,670	338,989	66,460	-	1,407,716
Disposals	-	(16,416)	-	(110,513)	(33,370)	-	(160,299)
Acquisitions through business combination	-	42,979	1,650	42,205	-	-	86,834
Balance at December 31, 2024	-	13,692,134	2,538,351	3,556,187	330,604	-	20,117,276
Depreciation	-	1,281,136	418,476	329,363	63,393	111,848	2,204,216
Disposals	-	-	-	(3,392)	-	-	(3,392)
Acquisitions through business combination	-	8,951,074	584,068	1,312,460	43,032	933,639	11,824,273
Balance at December 31, 2025	-	23,924,344	3,540,895	5,194,618	437,029	1,045,487	34,142,373
<b>Net book value</b>							
At December 31, 2024	505,124	10,044,178	589,232	661,031	216,225	-	12,015,790
At December 31, 2025	1,331,548	18,830,668	517,120	741,127	195,834	106,466	21,722,763

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2025*

**9. Intangible assets**

	<i>Customer lists</i>	<i>Indefinite life licenses</i>	<i>Definite life licenses</i>	<i>Advisor book of business</i>	<i>Total</i>
<b>Cost</b>					
Balance at December 31, 2023	3,946,381	862,506	428,400	-	5,237,287
Acquisition through business combination	399,063	99,766	-	-	498,829
Other acquisition - book of business	-	-	-	347,500	347,500
Derecognition - Dissolution of PCCU Accounting Ltd.	(389,260)	-	-	-	(389,260)
<b>Balance at December 31, 2024</b>	<b>3,956,184</b>	<b>962,272</b>	<b>428,400</b>	<b>347,500</b>	<b>5,694,356</b>
Other acquisition - book of business	-	-	-	<b>138,750</b>	<b>138,750</b>
Disposals	<b>(2,924)</b>	<b>(731)</b>	-	<b>(56,274)</b>	<b>(59,929)</b>
<b>Balance at December 31, 2025</b>	<b>3,953,260</b>	<b>961,541</b>	<b>428,400</b>	<b>429,976</b>	<b>5,773,177</b>
<b>Amortization</b>					
Balance at December 31, 2023	724,079	-	68,544	-	792,623
Amortization	163,213	-	17,136	17,500	197,849
Derecognition - Dissolution of PCCU Accounting Ltd.	(80,345)	-	-	-	(80,345)
<b>Balance at December 31, 2024</b>	<b>806,947</b>	<b>-</b>	<b>85,680</b>	<b>17,500</b>	<b>910,127</b>
Amortization	<b>162,393</b>	<b>-</b>	<b>17,136</b>	<b>56,873</b>	<b>236,402</b>
<b>Balance at December 31, 2025</b>	<b>969,340</b>	<b>-</b>	<b>102,816</b>	<b>74,373</b>	<b>1,146,529</b>
<b>Carrying amounts</b>					
At December 31, 2024	3,149,237	962,272	342,720	330,000	4,784,229
<b>At December 31, 2025</b>	<b>2,983,920</b>	<b>961,541</b>	<b>325,584</b>	<b>355,603</b>	<b>4,626,648</b>

***Intangible assets with indefinite useful lives***

The indefinite life asset consists of insurance licenses which are required to operate in Saskatchewan. The licenses do not expire, therefore, the licences have an indefinite useful life.

**10. Line of credit**

***SaskCentral***

The Credit Union has an authorized line of credit due on demand, with no fixed repayment date, bearing interest at prime minus 0.5% (3.95% at December 31, 2025) in the amount of \$41,300,000 (2024 - \$23,600,000) from SaskCentral. As at December 31, 2025, \$nil was advanced (2024 - \$nil).

Borrowings are secured by an assignment of book debts, financial services agreement, and on an operating account agreement.

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2025*

**10. Line of credit** *(Continued from previous page)*

**Concentra Bank**

The Credit Union has an authorized line of credit due on demand, with no fixed repayment date, bearing interest at prime minus 1.25% (3.20% at December 31, 2025), in the amount of \$20,000,000 (2024 - \$20,000,000) from Concentra Bank. As at December 31, 2025 the balance was \$nil (2024 - \$nil). Unadvanced balances carry a standby fee of 15 basis points annually, assessed monthly back to the approval date on unused average balances. This line of credit is secured by a first and specific security interest over \$20,000,000 of Concentra Term deposits and a General and Specific Security agreement granting a second charge security interest, mortgage, pledge and charge over all of the Credit Union's present and after-acquired property, both real and personal.

**11. Member deposits**

	<b>2025</b>	<b>2024</b>
Chequing and non-registered savings	<b>1,156,541,838</b>	665,608,548
Registered plans	<b>337,237,087</b>	154,257,591
Term deposits	<b>545,789,978</b>	252,422,525
Accrued interest	<b>18,450,402</b>	10,138,936
	<b>2,058,019,305</b>	1,082,427,600

Total deposits include \$6,599,409 (2024 - \$2,592,831) denominated in foreign currencies.

Member deposits are subject to the following terms:

- Chequing and non-registered savings products are due on demand and bear interest at rates up to 3.20% (2024 - 4.70%).
- Registered plans are subject to fixed and variable rates of interest up to 6.50% (2024 - 5.59%), with interest payments due monthly, annually, or on maturity.
- Term deposits are subject to fixed and variable rates of interest up to 6.50% (2024 - 5.75%), with interest payments due monthly, annually, or on maturity.

**12. Income tax**

***Income tax expense recognized in comprehensive income***

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

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
*For the year ended December 31, 2025*

12. **Income tax** (Continued from previous page)

**Deferred tax asset (liability)**

The movement in deferred tax assets and liabilities are:

	2025	2024
<b>Deferred tax asset (liability)</b>		
Property, plant, and equipment	707,328	386,313
Intangible assets	(122,281)	(125,811)
Liabilities that are deducted for tax purposes only when paid	501,502	27,623
Losses available for offset against future earnings	99,836	107,048
Allowance for impaired loans	1,462,110	815,691
Unrealized gains on fair value through profit or loss investment funds	(217,537)	(222,946)
Charitable contribution carryover	-	190
Deferred tax asset	2,430,958	988,108

**Reconciliation between average effective tax rate and the applicable tax rate**

	2025	2024
Applicable tax rate	27.00 %	27.00 %
Future income tax rate differences	(0.41)%	- %
Non-taxable portion of dividends	(0.83)%	- %
Difference in expected income tax rates	0.01 %	(0.02)%
Non-deductible intangible asset amortization	0.29 %	0.50 %
Non-deductible impairment loss	- %	0.86 %
Non-deductible portion of capital loss	0.46 %	- %
Non-deductible and other items	0.25 %	0.06 %
Average effective tax rate (tax expense divided by profit before tax)	26.77 %	28.40 %

13. **Other liabilities**

	2025	2024
Accounts payable	12,061,087	4,881,698
Corporate income tax payable	66,711	269,430
Total	12,127,798	5,151,128

**Prosperity Credit Union**  
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**14. Membership shares**

Authorized:

Unlimited number of Common shares, at an issue price of \$5-\$10

Issued:

	<b>2025</b>	<b>2024</b>
32,450 Membership shares (2024 - 17,184)	<b>162,585</b>	<b>85,935</b>

All common shares are classified as liabilities.

When an individual becomes a member of the Credit Union, they are issued a common share at \$5 per share. Each member of the Credit Union has one vote, regardless of the number of common shares held.

During the year, the Credit Union issued 1,658 (2024 - 1,033), acquired 15,385 through business combination (2024 - nil), and redeemed 1,777 (2024 - 981) common shares.

**15. Related party transactions**

***Key management compensation of the Credit Union***

Key management personnel ("KMP") of the Credit Union are the Chief Executive Officer, Co-CEO's, Chief Financial Officer, Chief Project Officer, Chief Information Officer, Chief Retail Officer, Chief Wealth Officer, Chief Credit Officer, Chief Risk Officer, and members of the Board of Directors (2024 included - the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Project Officer, Chief Information Officer, Chief Business Officer, Vice Presidents of all service lines, and members of the Board of Directors).

KMP remuneration includes the following expenses:

	<b>2025</b>	<b>2024</b>
Salaries and short-term benefits	<b>2,820,484</b>	2,694,498
Post-employment benefits	<b>134,139</b>	131,621
	<b>2,954,623</b>	<b>2,826,119</b>

***Transactions with key management personnel***

The Credit Union, in accordance with its policy, grants credit to its directors, management, and staff. The management and staff rates may be slightly below member rates. Directors pay regular member rates on loans.

Loans made to KMP are approved under the same lending criteria applicable to members and are included in member loans on the consolidated statement of financial position. There are no loans to KMP that are impaired.

Directors, management, and staff of the Credit Union hold deposit accounts. These accounts are maintained under the same terms and conditions as accounts of other members, and are included in deposit accounts on the consolidated statement of financial position. Management and staff may be eligible for bonus rates on deposit accounts.

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

In the ordinary course of business, the Credit Union provided normal financial services to its wholly-owned subsidiaries 102125001 Saskatchewan Ltd. and Prosperity Insurance Ltd. on terms similar to those offered to non-related parties and to Prosperity Real Estate Ltd., the wholly owned subsidiary of Prosperity Insurance Ltd.

These loans and deposits were made in the normal course of operations and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

**Prosperity Credit Union**  
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**15. Related party transactions** *(Continued from previous page)*

	2025	2024
Aggregate loans to KMP	7,813,805	7,171,293
Aggregate revolving credit facilities to KMP	2,123,200	1,862,722
Less: approved and undrawn lines of credit	(1,305,038)	(1,261,073)
	8,631,967	7,772,942

	2025	2024
During the year the aggregate value of loans disbursed to KMP amounted to:		
Revolving credit	205,965	286,685
Mortgages	40,000	379,879
Loans	208,693	3,948,955
	454,658	4,615,519

	2025	2024
Income and expense transactions with KMP consisted of:		
Interest earned on loans and revolving credit facilities to KMP	507,494	324,492
Interest paid on deposits to KMP	132,734	105,722

	2025	2024
The total value of member deposits from KMP as at the year-end:		
Chequing and demand deposits	1,690,281	2,797,606
Term deposits	1,709,323	2,592,830
Registered plans	1,618,881	405,769
	5,018,485	5,796,205

***Directors' fees and expenses***

	2025	2024
Directors' expenses	48,252	24,829
Meeting, training, and conference costs	22,497	8,412

**16. Capital management**

A capital management framework is included in policies and procedures established by the Board of Directors. The Credit Union's objectives when managing capital are to:

- Adhere to regulatory capital requirements as minimum benchmarks;
- Co-ordinate strategic risk management and capital management;
- Develop financial performance targets/budgets/goals;
- Administer a patronage program that is consistent with capital requirements;
- Administer an employee incentive program that is consistent with capital requirements; and
- Develop a growth strategy that is coordinated with capital management requirements.

CUDGC prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC have been based on the Basel III framework, consistent with the financial industry in general.

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**16. Capital management** *(Continued from previous page)*

The Credit Union follows a risk-weighted asset calculation for credit and operational risk. Under this approach, credit unions are required to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets, including off-balance sheet commitments. Based on the prescribed risk of each type of asset, a weighting of 0% to 1,250% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum tier 1 capital to risk-weighted assets of 6%, and a minimum common equity tier 1 capital to risk-weighted assets of 4.5%. In addition to the minimum capital ratios, the Credit Union is required to hold a capital conservation buffer of 2.5%. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement. Eligible capital consists of total tier 1 and tier 2 capital.

Tier 1 capital is defined as a credit union's primary capital and comprises the highest quality of capital elements while tier 2 is secondary capital and falls short of meeting tier 1 requirements for permanence or freedom from mandatory charges. Tier 1 capital consists of two components: common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital includes retained earnings, contributed surplus, and accumulated other comprehensive income ("AOCI"). Deductions from common equity tier 1 capital include goodwill, intangible assets, deferred tax assets (except those arising from temporary differences), increases in equity capital resulting from securitization transactions, unconsolidated substantial investments, and fair value gains/losses on own-use property. Additional tier 1 capital consists of qualifying membership shares and other investment shares issued by the Credit Union that meet the criteria for inclusion in additional tier 1 capital.

Tier 2 capital includes a collective allowance for credit losses to a maximum of 1.25% of risk-weighted assets, subordinated indebtedness, and qualifying membership shares or other investment shares issued by the Credit Union that meet the criteria for inclusion in tier 2 capital and are not included in tier 1 capital.

Regulatory standards also require the Credit Union to maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Based on the type of off-balance sheet exposure, a conversion factor is applied to the leverage ratio.

The Credit Union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors. The following table compares CUDGC regulatory standards to the Credit Union's board policy for 2025:

	<b>Regulatory standards</b>	<b>Board limits</b>
Total eligible capital to risk-weighted assets	10.50 %	11.50 %
Total tier 1 capital to risk-weighted assets	8.50 %	8.50 %
Common equity tier 1 capital to risk-weighted assets	7.00 %	7.00 %
Leverage ratio	5.00 %	7.00 %

During the year, the Credit Union complied with all internal and external capital requirements.

The following table summarizes key capital information:

	<b>2025</b>	<b>2024</b>
<b><i>Eligible capital</i></b>		
Common equity tier 1 capital	226,783,701	117,351,730
Additional tier 1 capital	-	-
Total tier 1 capital	226,783,701	117,351,730
Total tier 2 capital	3,862,230	2,559,702
Total eligible capital	230,645,931	119,911,432

**16. Capital management** *(Continued from previous page)*

Risk-weighted assets		
Total eligible capital to risk-weighted assets	<b>15.65 %</b>	15.41 %
Total tier 1 capital to risk-weighted assets	<b>15.39 %</b>	15.08 %
Common equity tier 1 capital to risk-weighted assets	<b>15.39 %</b>	15.08 %
Leverage ratio	<b>9.80 %</b>	9.66 %

**17. 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, and liquidity risk.

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

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

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

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

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

**Credit risk**

Credit risk is the risk of financial loss 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 member loans receivable.

**Risk management process**

Credit risk management is integral to the Credit Union's activities. Management and the Board of Directors are responsible for developing and implementing the credit risk management practices of the Credit Union by establishing the relevant policies and procedures. Management carefully monitors and manages the Credit Union's exposure to credit risk by reviewing member credit extension policies and guidelines and reviewing the performance of loan portfolios, including default events and past due status. 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

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

- 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, assess and manage delinquent and impaired loans
- Collection processes that include action plans for deteriorating loans
- Overdraft control and administration processes
- Loan syndication processes

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

To meet the needs of its members and to manage its own exposure to fluctuations in interest rates, the Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of members. These are subject to normal credit standards, financial controls, risk management and monitoring procedures. The contractual amounts of these credit instruments represents the maximum credit risk exposure without taking into account the fair value of any collateral, in the event other parties fail to perform their obligations under these instruments.

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

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

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded.

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

	2025	2024
Unadvanced lines of credit	<b>302,048,429</b>	217,470,835
Guarantees and standby letters of credit	<b>256,500</b>	153,000
Commitments to extend credit	<b>41,270,343</b>	32,152,251
	<b>343,575,272</b>	249,776,086

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

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

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

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when contractual payments have exceeded 30 days past due, or other information becomes available to management (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). The Credit Union considers there not to have been a significant increase in credit risk despite contractual payments being more than 30 days past due when they have interviewed the borrower and determined that payment is forthcoming.

The Credit Union identifies credit-impaired financial assets through regular reviews of past due balances and credit assessments of its members. 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, or ECLs, for member loans receivable on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type (residential mortgages, commercial loans/mortgages, agricultural loans/mortgages, personal loans and lines of credit). Otherwise, expected credit losses are measured on an individual basis.

When measuring 12-month and lifetime expected credit losses, the Credit Union utilizes complex modelling, which uses current banking system loan data to assess probability of default, exposure at default, loss given default, and present value calculations. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its members and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

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

The Credit Union has run a number of simulations on its collective allowance, incorporating assumptions about the resulting macroeconomic impacts of inflation and interest rate changes, based on information and facts available at December 31, 2025. The macroeconomic factors that affect the Credit Union's expected credit loss calculations are: Saskatchewan unemployment rates, provincial housing starts, national interest rates, national GDP growth, and national oil prices. Each factor is forecast in a base case, a best case and a worst case scenario. These scenarios are weighted, and the weighted average is used to build the estimate for expected credit losses. Key assumptions of the simulations are economic uncertainties tied to interest rate changes, continued inflationary pressures, the quality of credit, and the borrower's ability to service debt. The information for these assumptions is based off 2025 economic forecasts. These assumptions were shocked up and down 10-30% in the best and worst case scenario.

The typical weighting used in the model is 80% base, 10% best and 10% worst case, as the base case is historically the most likely scenario. The December 31, 2025 modelling is based on these weightings.

Management had to use judgment in several areas to assess if the estimate the model calculated was reasonable or if an overlay was needed to increase or decrease the allowance. The negative effects of inflationary pressures and sustained interest rates were weighed against the model. This approach resulted in an increase of approximately \$201,465 (2024 - \$1,161,689) to the allowance for expected credit losses at December 31, 2025.

**Prosperity Credit Union**  
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**17. Financial instruments** *(Continued from previous page)*

*Write-offs*

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

**Exposure to credit risk**

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

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

	<i>12-month ECL</i>	<i>2025 Lifetime ECL (not credit impaired)</i>	<i>Lifetime ECL (credit impaired)</i>	<i>Total</i>
<b>Consumer loans and lines of credit</b>				
Low risk	145,309,885	-	-	145,309,885
Medium risk	-	675,252	-	675,252
Default	-	-	1,629,680	1,629,680
Total gross carrying amount	145,309,885	675,252	1,629,680	147,614,817
Less: loss allowance	162,883	4,910	976,727	1,144,520
Total carrying amount	145,147,002	670,342	652,953	146,470,297
<b>Residential mortgages</b>				
Low risk	402,140,021	-	-	402,140,021
Medium risk	-	2,496,357	-	2,496,357
Default	-	-	4,425,836	4,425,836
Total gross carrying amount	402,140,021	2,496,357	4,425,836	409,062,214
Less: loss allowance	210,774	15,734	470,814	697,322
Total carrying amount	401,929,247	2,480,623	3,955,022	408,364,892
<b>Commercial loans and lines of credit</b>				
Low risk	456,273,745	-	-	456,273,745
Medium risk	-	494,006	-	494,006
Default	-	-	23,613,230	23,613,230
Total gross carrying amount	456,273,745	494,006	23,613,230	480,380,981
Less: loss allowance	1,028,297	9,393	5,962,595	7,000,285
Total carrying amount	455,245,448	484,613	17,650,635	473,380,696
<b>Agricultural loans and lines of credit</b>				
Low risk	641,240,286	-	-	641,240,286
Medium risk	-	1,920,997	-	1,920,997
Default	-	-	4,925,371	4,925,371
Total gross carrying amount	641,240,286	1,920,997	4,925,371	648,086,654
Less: loss allowance	668,239	14,991	471,368	1,154,598
Total carrying amount	640,572,047	1,906,006	4,454,003	646,932,056

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

	12-month ECL	2025 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<b>Local government loans and lines of credit</b>				
Low risk	7,203,691	-	-	7,203,691
Medium risk	-	-	-	-
Default	-	-	-	-
Total gross carrying amount	7,203,691	-	-	7,203,691
Less: loss allowance	642	-	-	642
Total carrying amount	7,203,049	-	-	7,203,049
<b>Total</b>				
Low risk	1,652,167,628	-	-	1,652,167,628
Medium risk	-	5,586,612	-	5,586,612
Default	-	-	34,594,117	34,594,117
Total gross carrying amount	1,652,167,628	5,586,612	34,594,117	1,692,348,357
Less: loss allowance	2,070,835	45,028	7,881,504	9,997,367
Total carrying amount	1,650,096,793	5,541,584	26,712,613	1,682,350,990
	12-month ECL	2024 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<b>Consumer loans and lines of credit</b>				
Low risk	107,124,047	-	-	107,124,047
Medium risk	-	716,977	-	716,977
Default	-	-	1,148,796	1,148,796
Total gross carrying amount	107,124,047	716,977	1,148,796	108,989,820
Less: loss allowance	227,731	5,658	753,252	986,641
Total carrying amount	106,896,316	711,319	395,544	108,003,179
<b>Residential mortgages</b>				
Low risk	181,340,386	-	-	181,340,386
Medium risk	-	126,657	-	126,657
Default	-	-	1,655,267	1,655,267
Total gross carrying amount	181,340,386	126,657	1,655,267	183,122,310
Less: loss allowance	134,243	596	87,672	222,511
Total carrying amount	181,206,143	126,061	1,567,595	182,899,799
<b>Commercial loans and lines of credit</b>				
Low risk	277,841,544	-	-	277,841,544
Medium risk	-	-	-	-
Default	-	-	18,258,409	18,258,409
Total gross carrying amount	277,841,544	-	18,258,409	296,099,953
Less: loss allowance	1,333,931	-	6,142,421	7,476,352
Total carrying amount	276,507,613	-	12,115,988	288,623,601

**Prosperity Credit Union**  
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17. **Financial instruments** *(Continued from previous page)*

	12-month ECL	2024 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
<b>Agricultural loans and lines of credit</b>				
Low risk	385,473,161	-	-	385,473,161
Medium risk	-	835,048	-	835,048
Default	-	-	798,061	798,061
Total gross carrying amount	385,473,161	835,048	798,061	387,106,270
Less: loss allowance	663,149	4,615	75,723	743,487
Total carrying amount	384,810,012	830,433	722,338	386,362,783
<b>Local government loans and lines of credit</b>				
Low risk	4,005,623	-	-	4,005,623
Medium risk	-	-	-	-
Default	-	-	-	-
Total gross carrying amount	4,005,623	-	-	4,005,623
Less: loss allowance	559	-	-	559
Total carrying amount	4,005,064	-	-	4,005,064
<b>Total</b>				
Low risk	955,784,761	-	-	955,784,761
Medium risk	-	1,678,682	-	1,678,682
Default	-	-	21,860,533	21,860,533
Total gross carrying amount	955,784,761	1,678,682	21,860,533	979,323,976
Less: loss allowance	2,359,613	10,869	7,059,068	9,429,550
Total carrying amount	953,425,148	1,667,813	14,801,465	969,894,426

*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 throughout Saskatchewan.

**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
<b>Consumer loans and lines of credit</b>				
Balance at January 1, 2024	201,135	12,157	667,099	880,391
Net remeasurement of loss allowance	26,596	(6,499)	86,153	106,250
Balance at December 31, 2024	227,731	5,658	753,252	986,641
Net remeasurement of loss allowance	(64,848)	(748)	223,475	157,879
Balance at December 31, 2025	162,883	4,910	976,727	1,144,520

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
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17. **Financial instruments** *(Continued from previous page)*

	<i>12-month ECL</i>	<i>Lifetime ECL (not credit impaired)</i>	<i>Lifetime ECL (credit impaired)</i>	<i>Total</i>
<b>Residential mortgages</b>				
Balance at January 1, 2024	116,968	4,864	119,923	241,755
Net remeasurement of loss allowance	17,275	(4,268)	(32,251)	(19,244)
Balance at December 31, 2024	134,243	596	87,672	222,511
Net remeasurement of loss allowance	76,531	15,138	383,142	474,811
Balance at December 31, 2025	210,774	15,734	470,814	697,322
<b>Commercial loans and lines of credit</b>				
Balance at January 1, 2024	1,310,162	2,248	5,836,909	7,149,319
Net remeasurement of loss allowance	23,769	(2,248)	305,512	327,033
Balance at December 31, 2024	1,333,931	-	6,142,421	7,476,352
Net remeasurement of loss allowance	(305,634)	9,393	(179,826)	(476,067)
Balance at December 31, 2025	1,028,297	9,393	5,962,595	7,000,285
<b>Agriculture loans and lines of credit</b>				
Balance at January 1, 2024	449,117	2,727	83,933	535,777
Net remeasurement of loss allowance	214,032	1,888	(8,210)	207,710
Balance at December 31, 2024	663,149	4,615	75,723	743,487
Net remeasurement of loss allowance	5,090	10,376	395,645	411,111
Balance at December 31, 2025	668,239	14,991	471,368	1,154,598
<b>Local government loans and lines of credit</b>				
Balance at January 1, 2024	822	-	-	822
Net remeasurement of loss allowance	(263)	-	-	(263)
Balance at December 31, 2024	559	-	-	559
Net remeasurement of loss allowance	83	-	-	83
Balance at December 31, 2025	642	-	-	642
<b>Total</b>				
Balance at January 1, 2024	2,078,204	21,996	6,707,864	8,808,064
Net remeasurement of loss allowance	281,409	(11,127)	351,204	621,486
Balance at December 31, 2024	2,359,613	10,869	7,059,068	9,429,550
Net remeasurement of loss allowance	(288,778)	34,159	822,436	567,817
Balance at December 31, 2025	2,070,835	45,028	7,881,504	9,997,367

*Financial instruments for which the impairment requirements of IFRS 9 do not apply*

The carrying amount of SaskCentral shares, as disclosed in Note 5, best represents the Credit Union's maximum exposure to credit risk for those items. The Credit Union holds no collateral or other credit enhancements for these balances.

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

**Market risk**

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices, and credit spreads. The Credit Union's exposure changes depending on market conditions. Market risks that have a significant impact on the Credit Union include fair value risk and interest rate 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 and deposit portfolios. The Credit Union's objective is to earn an acceptable net return on these portfolios, without taking unreasonable risk, while meeting member needs.

**Risk measurement**

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

**Objectives, 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 of Directors.

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.

**Interest rate risk**

Interest rate risk is the sensitivity of the Credit Union's financial condition to movements in interest rates. Cash flow interest rate risk is the risk that the future cash flows of the Credit Union's financial instruments will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in prevailing market interest rates. Interest margins reported in comprehensive income may increase or decrease in response to changes in market interest rates. The Credit Union incurs interest rate risk on its loans and other interest bearing financial instruments.

In managing interest rate risk, the Credit Union relies primarily upon use of asset - liability and interest rate sensitivity simulation models, which is monitored by the Credit Union. Periodically, the Credit Union may enter into interest rate swaps to adjust the exposure to interest rate risk by modifying the repricing of the Credit Union's financial instruments.

Sensitivity analysis is used to assess the change in value of the Credit Union's financial instruments against a range of incremental basis point changes in interest rates over a twelve month period. Interest rate shock analysis is calculated in a similar manner to sensitivity analysis but involves a more significant change of 100 basis points or greater in interest rates. Sensitivity analysis and interest rate shock analysis are calculated on a quarterly basis and are reported to the Board of Directors. Based on current differences between financial assets and financial liabilities as at year-end, the Credit Union estimates that an immediate and sustained 100 basis point increase in interest rates would increase net interest margin by \$1,235,653 (2024 - increase of \$59,978) over the next 12 months while an immediate and sustained 100 basis point decrease in interest rates would decrease net interest margin by \$1,235,653 (2024 - decrease of \$59,978) over the next 12 months.

Other types of interest rate risk are basis risk (the risk of loss arising from changes in the relationship of interest rates which have similar but not identical characteristics; for example, the difference between prime rates and the Canadian Deposit Offering Rate) and prepayment risk (the risk of loss of interest income arising from the early repayment of fixed rate mortgages and loans), both of which are monitored on a regular basis and are reported to the Board of Directors.

**Prosperity Credit Union**  
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17. **Financial instruments** *(Continued from previous page)*

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 repricing or maturity dates of loans and investments and member deposits within policy limits. These limits 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 and investments and member 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 in the table below.

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

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

**Interest rate sensitivity**

In the table below, the carrying amounts of financial instruments are presented in the periods in which they next reprice to market rates or mature and are summed to show the net interest rate sensitivity gap.

**Contractual repricing and maturity**

All financial instruments are reported in the schedule below based on the earlier of their contractual repricing date or maturity date. The schedule below does not identify management's expectations of future events where repricing and maturity dates differ from contractual dates.

	<i>(In thousands)</i>					2025	2024
	<i>On demand</i>	<i>Within 3 months</i>	<i>Over 3 months to 1 year</i>	<i>Over 1 year</i>	<i>Non-interest sensitive</i>	<i>Total</i>	<i>Total</i>
<b>Assets</b>							
Cash and cash equivalents	128,273	10,000	-	-	23,334	<b>161,607</b>	145,129
<i>Average yield %</i>	2.43	2.75	-	-	-	2.10	3.36
Investments	-	85,500	253,168	59,500	15,046	<b>413,214</b>	67,320
<i>Average yield %</i>	-	2.75	2.89	2.91	-	2.76	2.55
Member loans receivable	247,212	86,130	264,569	1,070,717	27,134	<b>1,695,762</b>	977,767
<i>Average yield %</i>	6.70	4.03	4.22	5.14	-	5.09	5.03
Accounts receivable	-	-	-	-	1,297	<b>1,297</b>	860
	<b>375,485</b>	<b>181,630</b>	<b>517,737</b>	<b>1,130,217</b>	<b>66,811</b>	<b>2,271,880</b>	1,191,076
<b>Liabilities</b>							
Member deposits	345,116	194,294	302,176	344,443	871,990	<b>2,058,019</b>	1,082,428
<i>Average yield %</i>	2.06	3.64	2.96	3.84	-	1.77	2.17
Accounts payable	-	-	-	-	12,061	<b>12,061</b>	4,882
Membership shares	-	-	-	-	163	<b>163</b>	86
	<b>345,116</b>	<b>194,294</b>	<b>302,176</b>	<b>344,443</b>	<b>884,214</b>	<b>2,070,243</b>	1,087,396
<b>Net sensitivity</b>	<b>30,369</b>	<b>(12,664)</b>	<b>215,561</b>	<b>785,774</b>	<b>(817,403)</b>	<b>201,637</b>	103,680

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

**Liquidity risk**

Liquidity risk is the risk that the Credit Union cannot meet a demand for cash or fund its obligations as they come due. The Credit Union's management oversees the Credit Union's liquidity risk to ensure the Credit Union has access to enough readily available funds to cover its financial obligations as they come due. The Credit Union's business requires such liquidity for operating and regulatory purposes. Refer to Note 5 for further information about the Credit Union's regulatory requirements.

Liquidity risk is managed through a three tiered structure consisting of the local Credit Union level, the provincial Credit Union level, and the national Credit Union level.

Locally, the Credit Union manages its liquidity position from three perspectives:

- Structural liquidity risk, which addresses the risk due to mismatches in effective maturities between assets and liabilities, more specifically the risk of over reliance on short-term liabilities to fund long-term illiquid assets;
- Tactical liquidity risk, which addresses the day-to-day funding requirements that are managed by imposing prudential limits on net fund outflows; and
- Contingent liquidity risk, which assesses the impact of sudden stressful events and the Credit Union's responses thereto.

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 SaskCentral and others;
- Maintenance of a pool of high quality liquid assets;
- Monitoring of single deposits and sources of deposits;
- Monitoring of term deposits; and
- Contingency planning.

Provincially, SaskCentral manages a statutory liquidity pool of marketable investment securities on behalf of Saskatchewan Credit Unions to facilitate clearing and settlement, daily cash flow management and emergency liquidity support. Nationally, credit union centrals are represented by one central which acts as the Group Clearer, Central 1 Credit Union. The Group Clearer is a member of the Canadian Payments Association and pools provincial cash flows to settle with the Bank of Canada.

The following table details contractual maturities of financial liabilities:

**As at December 31, 2025:**

	<i>(In thousands)</i>			
	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>&gt; 2 years</b>	<b>Total</b>
Member deposits	1,713,576	143,905	200,538	2,058,019
Accounts payable	12,061	-	-	12,061
Membership shares	-	-	163	163
	<b>1,725,637</b>	<b>143,905</b>	<b>200,701</b>	<b>2,070,243</b>

**Prosperity Credit Union**  
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*For the year ended December 31, 2025*

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

As at December 31, 2024:

	<i>(In thousands)</i>			
	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>&gt; 2 years</b>	<b>Total</b>
Member deposits	934,781	51,261	96,386	1,082,428
Accounts payable	4,882	-	-	4,882
Membership shares	-	-	86	86
	939,663	51,261	96,472	1,087,396

The Credit Union manages liquidity risk on a net asset and liability basis. The following tables explain the contractual maturities of financial assets held for the purpose of managing liquidity risk.

**As at December 31, 2025:**

	<i>(In thousands)</i>			
	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>&gt; 2 years</b>	<b>Total</b>
Cash and cash equivalents	<b>161,607</b>	-	-	<b>161,607</b>
Investments	<b>353,714</b>	<b>16,500</b>	<b>43,000</b>	<b>413,214</b>
Member loans receivable	<b>625,045</b>	<b>268,207</b>	<b>802,510</b>	<b>1,695,762</b>
Accounts receivable	<b>1,297</b>	-	-	<b>1,297</b>
	<b>1,141,663</b>	<b>284,707</b>	<b>845,510</b>	<b>2,271,880</b>

As at December 31, 2024:

	<i>(In thousands)</i>			
	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>&gt; 2 years</b>	<b>Total</b>
Cash and cash equivalents	145,129	-	-	145,129
Investments	46,820	10,000	10,500	67,320
Member loans receivable	323,247	185,334	469,186	977,767
Accounts receivable	860	-	-	860
	516,056	195,334	479,686	1,191,076

**18. Fair value measurements**

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

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

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

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

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

In determining fair value measurements, the Credit Union uses net present value valuation techniques and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

**Financial assets and financial liabilities measured at fair value**

The Credit Union's financial assets and financial 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:

<i>(In thousands)</i>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>2025 Level 3</b>
<b>Financial assets</b>				
Cash	23,334	23,334	-	-
SaskCentral shares	3,828	-	-	3,828
Other equity instruments	8,214	-	8,214	-
	<b>35,376</b>	<b>23,334</b>	<b>8,214</b>	<b>3,828</b>

<i>(In thousands)</i>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>2024 Level 3</b>
<b>Financial assets</b>				
Cash	10,578	10,578	-	-
SaskCentral bank shares	2,835	-	-	2,835
Other equity instruments	5,166	-	5,166	-
	<b>18,579</b>	<b>10,578</b>	<b>5,166</b>	<b>2,835</b>

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

For fair value measurements of Level 3 SaskCentral and Concentra Bank shares, the Credit Union has assumed that the fair value of the amounts is comparable to their amortized cost, which equals the par value of the shares. The shares are not quoted or traded, however when new shares are offered the price remains the same as the par value of all currently available shares. There was no impact of the measurement on profit or loss for the year.

**Financial instruments not measured at fair value**

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

<i>(In thousands)</i>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>2025 Level 3</b>
<b>Financial assets measured at amortized cost</b>					
Cash equivalents	138,273	138,273	138,273	-	-
Investments	401,172	400,647	-	400,647	-
Member loans receivable	1,695,762	1,696,705	-	1,696,705	-
Accounts receivable	1,297	1,297	-	1,297	-
	<b>2,236,504</b>	<b>2,236,922</b>	<b>138,273</b>	<b>2,098,649</b>	<b>-</b>

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*For the year ended December 31, 2025*

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

			<b>2025</b>		
<i>(In thousands)</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>Financial liabilities measured at amortized cost</b>					
Member deposits	2,058,019	2,065,341	-	2,065,341	-
Accounts payable	12,061	12,061	-	12,061	-
Membership shares	163	163	-	-	163
	<b>2,070,243</b>	<b>2,077,565</b>	-	<b>2,077,402</b>	<b>163</b>
					<i>2024</i>
<i>(In thousands)</i>	<i>Carrying amount</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>Financial assets measured at amortized cost</b>					
Cash equivalents	134,551	134,551	134,551	-	-
Investments	59,319	58,915	-	58,915	-
Member loans receivable	977,767	972,156	-	972,156	-
Accounts receivable	860	860	-	860	-
	1,172,497	1,166,482	134,551	1,031,931	-
<b>Financial liabilities measured at amortized cost</b>					
Member deposits	1,082,428	1,087,690	-	1,087,690	-
Accounts payable	4,882	4,882	-	4,882	-
Membership shares	86	86	-	-	86
	1,087,396	1,092,658	-	1,092,572	86

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

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

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

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

**Prosperity Credit Union**  
**Notes to the Consolidated Financial Statements**  
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**19. Commitments**

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded. As at December 31, 2025, the Credit Union had the following commitments:

	2025	2024
<b>Venture Capital cash calls</b>		
APEX IV Investment Fund	685,181	1,090,663
Conexus Venture Capital Fund	14,030	23,530
Emmertech Fund	37,500	87,500
MDL Real Estate Income Fund	-	27,667
Westcap MBO III Investment Fund	381,000	204,000
Conexus Venture Capital Fund 2	848,660	-
	<b>1,966,371</b>	<b>1,433,360</b>

***Other commitments***

In 2016, the Credit Union entered into a seven year commitment with CGI (previously Celero) for the provision of retail banking services. In 2021, the agreement was extended another three years. In 2024, the agreement was extended to July 3, 2029. The annual operating fee is calculated based on the average number of outstanding accounts throughout the year. The annual operating fees for the year ended December 31, 2025 were \$1,101,096 (2024 - \$515,574) and recorded as an expense. The annual estimated fee for the year ended December 31, 2026 is \$1,011,278 (2025 - \$535,942).

In 2024, the Credit Union entered into a five year commitment with CGI for the provision of accounting software services. The estimated remaining commitment at December 31, 2025 is \$225,952 (2024 - \$284,896).

**20. Contingent liabilities**

The Credit Union has been named in certain legal actions. These actions are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Accordingly, no provision has been made in these consolidated financial statements for any liability that may result. The Credit Union's share of settlement, if any, will be charged to expenses in the year in which the amount is determinable.

**Prosperity Credit Union**  
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**21. Business combination**

On January 1, 2025 pursuant to the terms of an amalgamation agreement, all members of Diamond North Credit Union and Cypress Credit Union Limited exchanged their common shares of the Credit Union on a one for one basis. The business combination took place to achieve economies of scale for the combined Credit Union.

Business acquisitions are accounted for using the acquisition method, with the Credit Union acquiring 100% of the net assets of Diamond North Credit Union and Cypress Credit Union Limited. The results of the acquired businesses are included in the consolidated financial statements as from the date of acquisition. No cash was transferred and no contingent consideration was provided for Diamond North Credit Union and Cypress Credit Union Limited. The following table summarizes the fair value of the identifiable assets acquired and the liabilities assumed at the date of acquisition:

	<b>Diamond North Credit Union (in thousands)</b>	<b>Cypress Credit Union Limited (in thousands)</b>	<b>Total fair value at the acquisition date (in thousands)</b>
<b>Acquired assets and assumed liabilities</b>			
Cash and cash equivalents	86,099	22,032	108,131
Investments	80,824	77,591	158,415
Member loans receivable	525,182	171,045	696,227
Other assets	1,181	440	1,621
Property, plant and equipment	9,000	2,801	11,801
Member deposits	(618,696)	(249,405)	(868,101)
Other liabilities	(9,367)	(1,634)	(11,001)
<b>Net identifiable asset and liabilities</b>	<b>74,223</b>	<b>22,870</b>	<b>97,093</b>

The par value of equity shares issued to former members of Diamond North Credit Union and Cypress Credit Union Limited was \$57,000 and \$20,235 respectively. The Credit Union recognized the excess of fair value of the net assets acquired over the par value of the equity shares issued by the Credit Union as contributed surplus in the amount of \$74,167,391 and \$22,849,281 respectively, which is recorded directly in members' equity.

Fair values used in determining the financial assets acquired and liabilities assumed were determined based on the same criteria as outlined in *Note 18, Fair Value Measurements*. The fair value of property, plant and equipment was estimated to be equal to its net book value.

No goodwill was recognized on the above amalgamation with Diamond North Credit Union and Cypress Credit Union Limited.

Incremental acquisition-related legal, professional, and accounting costs of the above noted business combination have been recognized as an expense in the consolidated statement of comprehensive income.

**22. Event after the reporting period**

On October 3, 2025, the membership of Foam Lake Savings and Credit Union Limited voted in favour of the amalgamation proposed by the Board of Directors of Prosperity Credit Union and Foam Lake Savings and Credit Union Limited. The amalgamation was approved by CUDGC pursuant to subsection 307(2)(d) of the Act on November 26, 2025, with the newly amalgamated Credit Union operating as Prosperity Credit Union, effective January 1, 2026.

The assets and liabilities of Foam Lake Savings and Credit Union Limited constitutes a separate business and will be accounted for using the acquisition method of accounting. The Credit Union has been identified as the acquirer, acquiring 100% of the voting equity interest of Foam Lake Savings and Credit Union Limited (the "acquiree").

The amalgamation is anticipated to increase the Credit Union trade area by providing increased access to the retail network. The merger provides an opportunity for increased efficiencies through the combination of front and back office functionality, as well as, an opportunity for the members of the amalgamated credit unions to have access to a more diverse product base.

**22. Event after the reporting period** *(Continued from previous page)*

There will be no consideration transferred in order to amalgamate the acquiree. In the absence of consideration transferred, the fair value of the interest in the acquired entity will be calculated using the amalgamation date fair value of the equity interest of the acquired entity. In addition, the fair value of the acquiree's net assets will be recognized as a direct addition to capital or equity on the consolidated statement of financial position.

Due to the timing of the issuance of these consolidated financial statements, the Credit Union has not completed their assessment of the acquisition date fair value of the total consideration transferred and the acquisition date fair value of each major class of consideration such as cash and cash equivalents, investments, member loans receivable, other assets, property, plant and equipment, intangible assets, member deposits, other liabilities acquired and equity interests of the acquiree. The number of instruments or interest issued or issuable and the method of measuring the fair value of those instruments or interest have also not been assessed. As a result, no disclosure relating to these items has been provided in these consolidated financial statements.