

2022 ANNUAL REPORT



FIRSTWEST
CREDIT UNION

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

Our Envision Financial division operates on the territory of Coast Salish peoples, specifically the S'ólh Téméxw (Stó:lō), Nuxwsa'7aq (Nooksack), Kwantlen, šx^wməθk^wə'yəmaʔt təməx^w (Musqueam), Stz'uminus, sqə'ciyaʔt təməx^w (Katzie), Nl̓eʔkepmx Tmíx^w (Nlaka'pamux), Semiahmoo, scəwaθenaʔt təməx^w (Tsawwassen), Á,LENENEÇ ŁTE (ŪSÁNEĆ) and xà'isla wáwís (Haisla).

Our Valley First division operates on the territory of Secwepemcúl'ecw (Secwépemc), Syilx tmix^w (Okanagan), and Nl̓eʔkepmx Tmíx^w (Nlaka'pamux) Peoples.

Our Island Savings division operates on the territory of Coast Salish peoples, specifically the Snuneymuxw, Semiahmoo, Quw'utsun (Cowichan), MÁLEXEŁ (Malahat), Xwsepsum (Esquimalt) and Lkwungen (Songhees), Pacheedaht, Scia'new, Á,LENENEÇ ŁTE ŪSÁNEĆ, Stz'uminus, and scəwaθenaʔt təməx^w (Tsawwassen) Peoples.

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

2022

ANNUAL REPORT



**MANAGEMENT'S
DISCUSSION
& ANALYSIS**



Mutual funds and other securities are offered through Credential Securities and Qtrade Advisor, a division of Credential Qtrade Securities Inc. Credential Securities is a registered mark owned by Aviso Wealth Inc. Mutual funds are offered through Credential Asset Management and Qtrade Asset Management (a tradename of Credential Asset Management Inc). Envision Financial Wealth Management, Valley First Wealth Management and Island Savings Wealth Management are divisions of FW Wealth Management Ltd. which is a wholly owned subsidiary of First West Credit Union. FW Wealth Management Ltd. is a licensed life insurance agency offering financial planning, life insurance and investments.

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

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



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Management's Discussion & Analysis

1 MESSAGE FROM THE BOARD CHAIR AND THE CEO

NAVIGATING CHALLENGING TIMES THROUGH PURPOSE

Periods of prolonged uncertainty, such as what we've encountered in recent years, have a way of pushing us to prioritize and focus on what's truly important under the circumstances. For the team at First West Credit Union, the things that matter are ultimately driven by our purpose, by the reason we exist: *to help members and communities thrive*. This is the beacon that always cuts through the fog of uncertain times, the North Star that enables us to know in which direction to head.

We're grateful that life in B.C. returned to mostly normal patterns in 2022, following a year of heightened unpredictability. Still, some economic impacts stemming from measures against COVID-19 lingered and were intensified by the outbreak of war in Ukraine, while inflation steadily gathered steam. The persistence of volatile conditions continued to affirm the Executive Team's and Board of Directors' focus on First West's sustainability.

So, with the impact of economic slowdown, inflation and related concerns being felt acutely by British Columbians throughout 2022, First West locked on to activities driven by our purpose. We not only dialed in to producing tangible value for members and communities, but also to the groundwork for generating future benefits.

See page 19 of
Management's Discussion
& Analysis for Member
Experience Highlights.

In looking to the future of First West in a dynamic, interconnected world, sustainability looms large. The continued relevance, growth and financial strength of the credit union is paramount—and fulfilling our purpose depends on them. To that end, 2022 was a year of prioritizing sustainability-centred work like environmental, social and governance (ESG) advancements and work related to becoming a federal credit union.

Since the member vote approving First West to apply to become a federal credit union in November 2021, we've been working intently to fulfill remaining requirements. A significant part of our focus in 2022 involved planning for alignment to Canada Deposit Insurance Corporation (CDIC) requirements and Financial Consumer Agency of Canada (FCAC) guidelines, with the work slated throughout 2023. Both are key aspects of becoming a federal credit union that will bring more value to members, particularly in terms of financial wellbeing.

Progress in sustainability included achieving our second ESG Risk Rating, which was assessed by leading independent ESG and corporate governance research, ratings and analytics firm Sustainalytics as 16.7 low risk. The rating marked a small but notable improvement over our 2021 rating. Members can be proud of our low rating, which indicates that we're equipped to anticipate

Read more about our ESG Rating
on page 9 of Management's
Discussion & Analysis and
on our website at
firstwestcu.ca/our-impact/esg/.

future risks and opportunities, inclined to longer-term strategic thinking and focused on prioritizing long-term value creation over short term gain. Further ESG advancement included signing the United Nations UN Principles for Responsible Banking (UN PRB), a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI). As a values-based financial cooperative that strives to make positive change for all our stakeholders, this commitment stoked tremendous pride at First West in 2022.

ON PURPOSE FOR HEALTHIER COMMUNITY

When it comes to these commitments and other social aspects of sustainability, First West's long history of community investment comes to the fore. We've been living our purpose to help build thriving communities for decades—and well before ESG was ever a thing. Perhaps nowhere is this more evident than with our signature cause,

The Full Cupboard and Feed the Valley, focused on the issue of food security. After more than 13 years, they continue to be a welcome resource for local food banks. In 2022, the programs contributed \$393,039 the equivalent of 786,078 meals for those in need. In total, we invested \$3,220,087 back in the communities we serve in 2022. But our approach goes beyond providing much needed funds. As a cooperative, it's in our nature to inspire and empower our employees to create various types of capacity for organizations that make a difference in people's lives and contributes to change in our communities. We're tremendously proud of the 6,268 hours our employees volunteered in 2022.

For more on our community investment in 2022, see pages 23 – 24 of Management's Discussion and Analysis.

Healthier communities are more diverse and inclusive communities. Working toward that vision, we rolled out the Indigenous Student Mentorship program to complement the Indigenous scholarship and bursary we launched in 2021. We also signed the *Charter for Innovation in Indigenous Employment and Workplace Inclusion Strategies in the Canadian Banking and Financial Sector*. The Charter, created by Indigenous Works and the Canadian Human Rights Commission (CHRC), aims to design a new generation of Indigenous employment and workplace strategies, practices, and systems based on a strong foundation of research and innovation. First West celebrates Pride Month annually and in 2022, we hosted Sexual Orientation and Gender Identity Terminology workshops for employees, helping further advance inclusion of the 2SLGBTQIA+ community. Also new in 2022, Indigenous Advocacy & Allyship workshops helped our employees to learn about Indigenous culture and history.

CELEBRATING PURPOSE-DRIVEN LEADERSHIP

In 2022 we celebrated the retirements of Director Ken Voth and Chief Financial Officer Tom Webster. Ken served an incredible 42 years as a director on First West's Board and Tom's career in senior leadership with First West was an equally impressive 30 years. These veteran leaders possess deep business and life experience, reflected in their prolific track records of contributions that have advanced First West and strengthened B.C.'s credit union system—not to mention their advocacy for the credit union system across Canada. Beyond business, borne out of a firmly rooted belief in being a good neighbour giving a hand up, both men have passionately supported charitable causes for many years.

More important is the impact these men have had on those they worked closely with over the years and the countless others they've encountered throughout their long careers. The continuity of forward-thinking, courageous and compassionate leadership at First West is a result of how Ken and Tom mentored and poured into others at First West over the years. We are grateful for their decades of dedication to helping members and communities thrive.

In closing, to our members—who make it possible for the Board of Directors, Leadership Team and employees to build a more sustainable First West Credit Union for today and for future generations—thank you. In every season and circumstance, we're dedicated to helping you thrive.



Shawn Neumann
Board Chair



Launi Skinner
Chief Executive Officer

2 Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the Annual Report provides an overview and a narrative explanation through the eyes of Management of First West Credit Union's financial performance through 2022 and its financial position as at December 31, 2022.

The MD&A also includes a discussion on risk management and an analysis of our capital position. The information provided demonstrates our commitment to balancing strong financial performance with prudent financial management within our established risk appetite, while living up to our commitment to help our members and communities thrive by creating real value for our members through tailored service, relevant day-to-day banking products and commitment to innovative technology solutions.

This MD&A, dated as of March 9, 2023, should be read in conjunction with the audited consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and set out in the CPA Canada Handbook.

3 Disclaimer on Forward-Looking Statements

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

Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact", "goal", "focus", "potential", "proposed" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that Management's predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that its assumptions may not be correct and that its strategic goals will not be achieved.

Given the continuing impact of high inflation, rising interest rates and the war in Ukraine on the global economy, financial markets, and our business, results of operations, reputation and financial condition, there is inherently more uncertainty associated with our assumptions as compared to prior periods.

A variety of factors, many of which are beyond First West's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to: inflationary pressures; global supply-chain disruptions; geopolitical risk, including from the war in Ukraine, the occurrence, continuance or intensification of public health emergencies, such as the COVID-19 pandemic, and any related government policies and actions; the possible impact on First West's business and operations of public health emergencies, outbreak of other diseases or illnesses and any related government policies that affect local, national or international economies, general business and economic conditions in Canada, including housing market conditions; the volatility and level of liquidity in financial

markets; changes to our credit ratings; fluctuations in interest rates and currency values; the volatility and level of various commodity prices; changes in monetary policy, economic and political conditions; legislative and regulatory developments; regulatory compliance (which could lead to us being subject to various legal and regulatory proceedings, the potential outcome of which could include regulatory restrictions, penalties and fines); legal developments; the level of competition; the occurrence of natural catastrophes; changes in accounting standards and policies; potential disruptions to our information technology systems and services; increasing cyber security risks which may include theft or disclosure of assets, unauthorized access to sensitive information, or operational disruption; social media risk; the accuracy and completeness of information First West receives about customers and counterparties; the ability to attract and retain key personnel; the ability to complete and integrate acquisitions; reliance on third parties to provide components of business infrastructure; changes in tax laws; technological developments; unexpected changes in consumer spending and saving habits; timely development and introduction of new products; climate change and other environmental and social risks and Management's ability to anticipate and manage the risks associated with these factors. This list is not exhaustive of the factors that may affect any of our forward-looking statements.

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

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

4 Business Profile and Organizational Overview

We exist to help our members and communities thrive.

First West is one of Canada's leading member-owned financial co-operatives. Our core business is traditional banking, the provision of personal daily banking and financial advice, and business banking services and business advice. Our 1,300 employees strive to create real value for our members by keeping banking simple, through low or no-cost daily account products, competitive lending facilities, segment-tailored service and financial advice, and innovative online and digital experiences.

With almost \$17.4 billion in total assets and assets under administration, and more than 253,000 members, we're British Columbia's third-largest credit union. Our 45 branches give us the largest geographic reach among credit unions in the province.

First West was formed in 2010 through the merger of Envision Credit Union and Valley First Credit Union, but our roots date back to 1946. We have experienced considerable growth since 2010, as likeminded credit unions like Enderby & District and Island Savings joined First West and we continued to bring new, innovative products and services to market through our locally known and trusted brand divisions. Our collective size, strength and local expertise enables us to create greater value for our members and communities.

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

RETAIL FINANCIAL SERVICES

First West offers a full suite of personal banking services and products, including chequing and savings accounts, term deposits, loans, lines of credit, letters of credit, mortgages, credit cards and registered savings accounts. As part of our core banking offering, our members also enjoy a simple yet intuitive online and mobile banking experience, and a member advice call centre outfitted with robust banking service and financial advice.

For our members' diverse wealth management needs, First West has access to comprehensive investment advice and products, as well as life, disability, critical illness and long-term care insurance to protect wealth assets.

COMMERCIAL AND BUSINESS FINANCIAL SERVICES

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

Our First West Capital subsidiary specializes in subordinated debt and mezzanine and equity financing solutions for mid-market businesses across Canada.

ADVICE-CENTRED MEMBER EXPERIENCE

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

OUR STRATEGY

As a maturing Agile enterprise, First West adopts an emergent approach to strategy, which is vital in a world where the pace of change is prevalingly rapid. The emergent mindset enables the credit union to adapt quickly to changes in its marketplace while more readily fostering spontaneous innovation that can be harnessed to create member-centred products, services and advice.

Our strategy is fluid and flexible yet anchored by six critical themes, which we refer to as strategic pillars. These pillars help direct and define the scope of all strategic activities we undertake to build First West's strength and sustainability.



To drive growth, we launched a new Enterprise Member Experience strategy that will guide continued investment in the development of data-driven outcomes that:

- > Provide a more diverse suite of advisory solutions for our members;
- > Are tailored to the unique financial needs of our members;
- > Support our members when and where they want to be served; and,
- > Demonstrate the impact we have on our members and communities in every interaction.

We expect this strategy to result in better member experiences and, over the long term, strengthened member loyalty.

In 2023, our focus is on the important steps necessary to achieve federal continuance—specifically, advancing our commitment to Financial Consumer Agency of Canada (FCAC) guidelines and Canada Deposit Insurance Corporation (CDIC) membership, which will reinforce our goal of putting our members' success at the centre of our business strategy.

EXECUTING OUR STRATEGY: FIRST WEST BUSINESS MODEL OVERVIEW

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

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

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

- > **Launi Skinner** | Chief Executive Officer
- > **Mark Moreland** | Chief Financial Officer
- > **Liz Bailey-Connor** | Chief People & Culture Officer
- > **Shelley Besse** | Chief Credit Officer
- > **Paul Brodeur** | Chief Strategy & Market Growth Officer
- > **Leslie Castellani** | Chief Governance & Corporate Affairs Officer
- > **Susan Ewanick** | Chief Member Officer
- > **Darrell Jagers** | Chief Transformation Officer
- > **Carl Lamoureux** | Chief Risk Officer

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

STRENGTHENING OUR COMMITMENT TO MAKE MEANINGFUL IMPACT THROUGH ESG

As First West continues to grow, our focus on our impact increases. The world in which we live is diverse and increasingly complex; one in which businesses must understand and measure their operations in terms of financial performance, risk and impact on our local, regional and global communities. These impacts are usually of an environmental, social or (corporate) governance nature, often referred to as ESG. The financial industry in which First West competes is witnessing increased intensity around ESG accountability. The emergence of ESG resonates with First West's purpose and who we are as an organization: a values-based financial cooperative striving to helping our members and communities thrive.

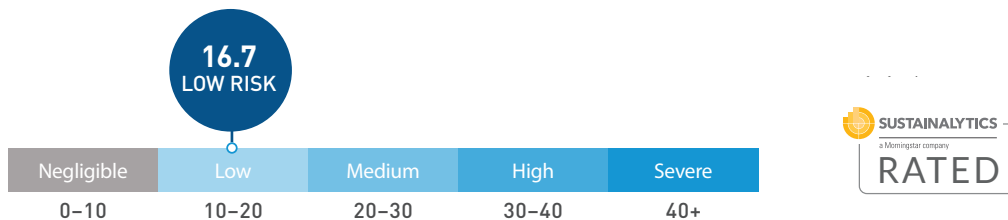
Through ESG, we see the opportunity to build on our strong corporate culture of integrity, accountability, ethical conduct and responsible business practices. Typically, ESG frameworks categorize, measure, and evaluate an organization's environmental, social and governance practices and impacts. These frameworks are often designed to provide insight into an organization's ability to manage risk related to numerous issues associated with each of these categories. ESG, then, can be taken overall as an indication of an organization's sustainability. First West approaches ESG by aligning our strategy and actions to our purpose and to ESG issues where we can make meaningful impact. This approach is designed to create long-term value for members, communities, partners and stakeholders.

IMPROVED ESG LOW RISK RATING

First West aims to establish even more accountability to our members, communities and ourselves as we move forward in evaluating our ESG impacts and opportunities.

To help guide and measure our efforts, in 2022 we again engaged Sustainalytics, a leading ESG research, ratings and data firm, to pursue our second annual ESG rating. A low ESG rating is preferred as it suggests that an organization is managing ESG-related risks effectively and is more inclined to longer-term strategic thinking and focused on prioritizing long-term value creation over short-term gain. Research shows companies that adhere to ESG principles are lower risk and more resilient over time.

For its second annual risk rating, First West received from Sustainalytics a 16.7 low risk of experiencing material impacts from ESG factors. This score marked a notable improvement over our 2021 rating of 18.9. The lower rating demonstrates First West's deepened understanding of material ESG issues and that key learnings have translated into improvements in corporate governance and human capital policies.



First West will continue to leverage knowledge gained from our second rating and our own research to understand persisting gaps and risks to our business, viewing them as potential opportunities for improvement.

Overall, our ESG risk rating provides an additional layer of thorough, honest assessment of our corporate environmental, social and governance responsibilities, complemented by guidance on how the credit union can continue to improve in these areas for members and communities.

COMMITMENT TO PRINCIPLES OF RESPONSIBLE BANKING

Progress starts with making measurable commitments. Ambition and action are urgently needed to address major planetary crises around climate change, risk mitigation and social issues. First West made a meaningful commitment along these lines in 2022 by becoming a voluntary signatory to the United Nations Principles of Responsible Banking (PRB). The PRB is a high-level structure that enables us to measure and demonstrate commitments that have always been so important to us: putting people before profits, giving back to the community and taking care of the planet. We believe the PRB to be in alignment with our purpose and cooperative values, helping amplify our impact for the good of others.

Being one of only six Canadian financial institution PRB signatories positions First West in a leadership role in sustainable banking. The credit union has a tremendous opportunity to demonstrate how banking products, services and relationships can support and accelerate the changes necessary to achieve shared prosperity for current and future generations, helping to build a positive future for our communities and members. We join a growing global banking community focused on social impact and sustainability, sharing best practices and working together on practical guidance and pioneering tools that benefit the entire financial industry.

ADOPTING SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are 17 interconnected global goals developed by the global community to provide a holistic and ambitious roadmap for private, public and non-profit organizations to work together to address a multitude of global challenges, including poverty, hunger, inequality, climate change, environmental degradation, and peace and justice.

We believe we can help make progress against certain Sustainable Development Goals. Based on our history, purpose and values, we have identified six SDGs that best align to First West's core values:



Aligning our practices to these six Sustainable Development Goals will help guide our actions and provide First West a consistent way to measure, manage and track our sustainability-focused impacts and progress.

INTEGRATION WITH STRATEGY

Our inaugural ESG rating in 2021 marked the first stage in our commitment to ESG. Our focus expanded in 2022 to produce a framework to help widely integrate ESG into our business practices. Inclusive of our purpose, values and ideals, impact statements and the Sustainable Development Goals, the framework is a lens that helps assess and inform strategic decisions.

FIRST WEST CREDIT UNION **HELPING MEMBERS & COMMUNITIES THRIVE**



We also produced frameworks that help describe how we are managing risk, creating value and ensuring that corporate strategies remain resilient over time. First West is committed to continuously improving our organization and address the needs of our members, neighbours, communities and world. Our ESG commitment will continue to evolve and mature as we work to understand our stakeholders’ perspectives on the environmental, social and governance challenges in today’s world and how those align with our strategic business goals in the area of sustainability. As a member-owned co-operative, we want to ensure our members are a significant part of this journey; we commit to continuing to be transparent as we move this initiative forward at First West.

KEEPING A GOOD THING GROWING

Buoyed by the favorable mandate received from Class A Membership Equity Shareholders and Class B Equity Shareholders in 2021 to apply to become a federal credit union and adopt new Bylaws upon continuance, First West focused on advancing federal readiness in 2022. This included completing gap analyses for requirements to meet the expectations set out by the Financial Consumer Agency of Canada (FCAC) and the Canada Deposit Insurance Corporation (CDIC), while also engaging with the Office of the Superintendent of Financial Institutions (OSFI) on in-depth reviews of First West's business.

Following the OSFI reviews completed in the first half of 2022, and the development of action plans to address FCAC and CDIC requirements, First West is striving to achieve federal continuance by fall 2023, subject to achieving the necessary regulatory approvals.

First West's current regulator, the BC Financial Services Authority (BCFSA) held a public consultation from Feb. 1 to March 2, 2022, as part of its consent process. BCFSA solicited comments through website, social media and online postings. This was an important aspect of the provincial regulatory approval process and First West appreciated the many submissions from members, partners and community stakeholders.

First West also welcomed the due diligence and extensive review of its application by BCFSA and the Credit Union Deposit Corporation (CUDIC). Following this review, in Jan. 2023, BCFSA and CUDIC jointly issued their consent for First West to formally apply to become a federal credit union. First West continues to operate under and be regulated by the laws of B.C. until the effective date of the Letters Patent issued by the federal minister of Finance under the *Bank Act*.

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

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

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

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

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

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

- ✓ Members vote on federal continuance. (Completed)

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

- ✓ BCFSA undertakes public consultation. (Completed)

- ✓ BCFSA and CUDIC considers First West's business case for continuance. First West requires BCFSA and CUDIC consent to proceed.

First West submits formal application to OSFI.

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

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

Through First West's application for federal continuance, the credit union seeks to create options for its long-term viability and sustainability. We wish to situate First West for future growth opportunities and choice. Gaining access to markets beyond B.C. means that when opportunity arises for the credit union or its members, First West will be well positioned for success.

Applying the credit union's local business model within a federally regulated environment, we intend to:

1. Improve efficiency and create capacity by welcoming other credit unions into our model.

For more than a decade, First West has demonstrated that our multi-brand business model can be successful at working local while also leveraging the strength of our collective size. Together, Island Savings, Envision Financial, Valley First and Enderby & District Financial have been able to provide more value for members than they could have on their own.

2. Meet and anticipate the digital needs of our members.

Members use and expect more digital solutions to manage their finances. Not surprisingly, the COVID-19 pandemic accelerated the demand and preference for more non-physical service options. These technologies and digital solutions, however, require significant financial and resource investments by the credit union. To achieve a reasonable return on investment for digital innovation, First West would benefit from access to the larger Canadian market.

3. Further protect members' interests through stringent regulatory oversight.

Federal credit unions receive some of the highest levels of prudential oversight afforded to financial institutions in Canada through bodies such as OSFI, FCAC and CDIC. Stringent regulatory requirements protect our members' interests and help the credit union continually strengthen and improve its practices.

4. Extend banking services to existing members beyond B.C.

For many members, business and personal lives extend beyond B.C., whether through out-of-province job transfers, new business opportunities, children attending university or aging parents in other regions of the country. First West can continue to serve its members and meet their needs outside of the province more fully by becoming federally regulated.

5. Diversify markets and reduce the impact of regional economic downturns.

Since First West must operate in a single-province market, there is a risk to the credit union and its members if the province faces a significant economic downturn. By serving members and growing First West thoughtfully across Canada, the credit union has greater opportunity to withstand regional economic dips or recessions.

6. Attract and develop skilled employees to lead and safeguard our members' assets.

With growth comes the need to attract and retain employees who have the experience and specialized skill to steward members' business with the credit union. As a federally regulated credit union, First West believes it can attract a broader range of skilled applicants from across Canada in critical areas such as cybersecurity, risk management, digital services and technology, and provide compelling career paths for current employees.

Visit [keepgrowing.ca](https://www.Keepgrowing.ca) for more information on First West's intentions to become a federally regulated credit union.

5 Financial Highlights

\$13.3B

↑ 5.0%

Assets

\$11.2B

↑ 10.5%

Loans

\$11.4B

↑ 3.5%

Deposits

\$4.1B

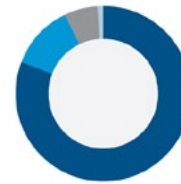
↓ (1.6%)

Wealth Assets Under Management



	2022	2021
RESIDENTIAL MORTGAGES	55%	54%
PERSONAL LOANS	6%	7%
COMMERCIAL LENDING	39%	39%

Loans by Lending Sector (%)

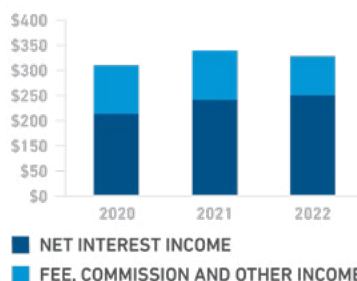


	2022	2021
CORE DEPOSITS	81%	83%
NON-CORE DEPOSITS	12%	12%
BORROWINGS	6%	5%
TERM DEBT	1%	0%

Total Funding Composition (%)



Profit (\$M)



Revenue Mix (\$M)



Total Assets and Wealth Under Management (\$B)

BBB (HIGH)

Trend: STABLE

Credit Rating | Long-Term

R-1 (LOW)

Trend: STABLE

Credit Rating | Short-Term

13.8%

Strong Regulatory Capital Ratio

Table 1 - Financial Highlights

(Expressed in thousands of dollars)	2022	2021	2020	2019	2018
Consolidated Statement of Financial Position					
Cash resources	278,119	449,807	1,386,162	260,852	222,414
Residential mortgages	6,134,272	5,492,331	4,909,328	4,925,583	4,689,051
Personal loans	770,645	742,317	789,581	904,661	966,639
Commercial loans	4,324,809	3,936,348	3,471,251	3,334,843	2,944,772
Accrued interest	22,546	14,782	16,181	17,101	13,600
Allowance for credit losses	(26,904)	(23,406)	(43,592)	(42,756)	(28,443)
Loans to members	11,225,368	10,162,372	9,142,749	9,139,432	8,585,619
Investments and other assets	1,612,107	1,865,994	1,532,472	1,522,891	1,411,846
Premises and equipment	188,629	194,533	127,506	111,659	63,205
Total assets	13,304,223	12,672,706	12,188,889	11,034,834	10,283,084
Demand deposits	4,876,501	5,297,094	4,380,913	3,384,991	3,259,348
Term deposits	5,121,219	4,383,518	4,713,083	4,868,948	4,499,854
Registered savings plans	1,314,767	1,279,707	1,386,317	1,328,718	1,198,144
Class A shares	5,416	5,538	5,659	5,706	5,932
Accrued interest and dividends	60,382	23,966	51,266	63,436	55,425
Deposits from members	11,378,285	10,989,823	10,537,238	9,651,799	9,018,703
Payables, accruals and others	193,528	200,485	208,652	203,305	121,669
Term Debt	150,368	–	–	–	–
Borrowings	691,818	586,227	600,670	412,766	471,412
Liabilities	12,413,999	11,776,535	11,346,560	10,267,870	9,611,784
Equity shares	24,020	26,137	28,083	29,870	31,325
Accumulated and other comprehensive income	(37,432)	2,487	13,090	(3,157)	(13,070)
Contributed surplus	163,651	163,651	163,651	163,651	163,651
Retained earnings	739,985	703,896	637,505	576,600	489,394
Total liabilities and members' equity	13,304,223	12,672,706	12,188,889	11,034,834	10,283,084
Allowance for Credit Losses					
Opening balance	23,406	43,592	42,756	28,443	24,371
Less: write-offs	(1,671)	(12,042)	(24,580)	(2,435)	(2,928)
Plus: provision	5,169	(8,144)	25,416	16,748	7,000
Closing balance	26,904	23,406	43,592	42,756	28,443

Table 1 - Financial Highlights (continued)

(Expressed in thousands of dollars)	2022	2021	2020	2019	2018 ¹
Consolidated Statement of Profit or Loss					
Interest income	407,030	319,322	341,917	363,940	330,754
Interest expense	165,759	88,210	145,428	167,120	134,468
Net interest income	241,271	231,112	196,489	196,820	196,286
Provision for credit losses	(5,169)	8,144	(25,416)	(16,748)	(7,000)
Fee, commission and other income	82,360	104,285	120,355	104,042	91,459
Operating margin	318,462	343,541	291,428	284,114	280,745
Operating expenses	274,543	259,841	234,169	232,876	217,236
Profit before income taxes	43,919	83,700	57,259	51,238	63,509
Income taxes	6,954	16,811	8,461	8,521	12,185
Profit for the year from continuing operations	36,965	66,889	48,798	42,717	51,324
Profit for the year from discontinued operations	–	–	12,799	45,435	6,579 ²
Profit for the year	36,965	66,889	61,597	88,152	57,903
Financial Statistics (expressed as %)					
Asset growth	5.0	4.0	10.5	7.3	4.2
Loan growth	10.5	11.2	0.0	6.5	4.3
Deposit growth	3.5	4.3	9.2	7.0	2.8
Operating efficiency	84.8	77.5	73.9	77.4	75.5
Dividends paid (\$000s)	1,055	611	858	1,151	1,217
Percent of Average Assets					
Net interest income	1.85	1.87	1.65	1.84	1.93
Fee, commission and other income	0.63	0.84	1.01	0.97	0.90
Operating expenses	2.10	2.10	1.97	2.18	2.14
Operating margin	2.44	2.78	2.45	2.65	2.77
Operating return on assets	0.34	0.68	0.48	0.48	0.63
Net (after-tax) return on average assets	0.28	0.54	0.52	0.82	0.57
Capital and Risk Weighted Assets					
Risk weighted assets (\$000s)	7,450,040	6,861,906	5,870,826	6,186,434	5,371,338
Total capital (\$000s)	1,027,527	999,207	930,568	876,097	760,091
Capital adequacy (%)	13.8	14.6	15.9	14.2	14.2
Return on capital (%)	3.6	6.7	6.6	10.1	7.6
Other Statistics					
Branches	45	45	45	50	52
Insurance offices	0	0	0	0 ³	38
Wealth assets under management (\$000s)	4,087,702	4,153,115	3,297,776	3,015,202	2,685,892
Loans under administration (\$000s)	8,521	42,082	69,054	95,571	99,569
Average assets (\$000s)	13,059,723	12,352,123	11,888,358	10,703,055	10,153,393

¹ Comparative information has been re-presented to reflect the presentation of discontinued operations

² The presentation of discontinued operations has not been audited and is included for comparative purposes only

³ Change due to sale of Insurance business in 2019

Profit for the year
\$37.0 million

Profit for the year of \$37.0 million was \$29.9 million or 44.7% lower in 2022, compared with \$66.9 million in 2021. The decrease in 2022 was primarily due to a return to normal level of credit provision and prepayment penalty fee income, combined with a reduction in investment revenue.

Assets
\$13.3 billion

Assets grew \$0.6 billion or 5.0% in 2022, compared with 4.0% in 2021. This growth was primarily the result of an increase in loans, up \$1.1 billion or 10.5%, due to higher lending activity.

Loans to members
\$11.2 billion

Total loans to members demonstrated strong growth with a net increase of \$1.1 billion or 10.5% in 2022, compared with 11.2% in 2021. Residential mortgages and personal loans to members increased \$670.3 million or 10.8%, while commercial lending grew \$388.5 million or 9.9%.

Deposits from members
\$11.4 billion

Deposits from members increased \$388.5 million or 3.5% in 2022, compared with 4.3% in 2021.

Wealth assets under administration
\$4.1 billion

Wealth assets under administration decreased \$65.4 million or 1.6% in 2022, compared with a 25.9% increase in 2021.

Membership in
2022

Membership grew by 0.9% in 2022, compared with a growth of 0.8% in 2021.

6 Member, Employee and Community Highlights

MEMBER EXPERIENCE

In 2022, we made several enhancements to help members simply and quickly manage their financial goals and everyday banking. Our advancements in digital services, the addition of in-demand products and timely, individualized advice created more opportunities for members to thrive.

IMPROVED SUPPORT FOR MEMBER FINANCIAL WELLBEING

- > Through our expedited financial hardship program, we supported members who were financially affected by devastating wildfires in 2022. First West is committed to being part of efforts to help members recover from wildfire events and our streamlined process assisted those who needed immediate solutions.
- > We enhanced member cyber security for online and mobile app banking by adding 2-step verification for high-risk tasks like adding a new bill payee and fulfilling an e-Transfer money request. We also added the option to receive 2-step verification codes by phone call instead of text message.

ACCESS TO GREATER FINANCIAL KNOW-HOW AND OPPORTUNITY

- > Members attended our virtual WealthBeing™ seminars to receive advice and perspectives on subjects important to them, such as navigating the homebuyers' market and estate planning. These discussions provided insights into financial choices and decision-making, as well as answers to questions about the markets, planning, investing and financing.
- > Our improved lending process and tools created a better borrowing experience for members. We introduced new document checklists and visual aids that help members and advisors easily complete lending requests.
- > Unveiled improvements to digital banking onboarding for members and helped more than 1,000 members learn new digital banking skills.
- > To help members build their all-important savings, we introduced a new registered High-Interest Savings Account with a bonus interest rate and flexibility to invest any amount. No minimum balance required and money grows tax-free.

ENHANCED BUSINESS AND COMMERCIAL BANKING SERVICES

- > We introduced Fiserv's market-leading Point of Sale (POS) solution, Clover, for merchant services to all First West business and commercial members. Over 30,000 business and commercial members now have access to Clover's full range of innovative and cutting-edge POS equipment and credit/debit card processing services, along with a streamlined and consistent member experience.
- > Our commercial members received an improved digital banking experience. Through member and employee feedback, the new experience gives the customary features and functionality through an enhanced user interface with improved navigation, enhanced display for ease of readability across various devices, greater accessibility, and a modern look and feel.
- > We launched Visa Infinite Business for business and commercial members, which provides cardholders with access to business spend management tool Visa Spend Clarity and the Visa SavingsEdge discount program for business expenses. Visa Spend Clarity allows our business and commercial members with higher spend and complexity needs to better manage their credit card spending.

LOOKING AHEAD

Over the coming year, members will continue to benefit from our journey to become a federally regulated credit union. To name a few changes, we expect to enhance complaint handling, delve into new digital banking money management functionality and enhance access to banking. For those members with a portfolio, we are striving to help optimize their financial picture by increasing collaboration with their expert advisor.

The Power Of You: Helping Employees Thrive

First West strives to be an amazing place to work where employees feel they can thrive, belong and be proud to spend their career with us. We foster collaborative innovation, an entrepreneurial mindset, employee involvement and consultative leadership.

Wherever our employees imagine their careers going, we aim to help them reach their goals, support them in doing things that matter and celebrate their accomplishments. *The Power of You*, our employee value proposition, commits us to ensuring every team member can:

- > Elevate their potential
- > Thrive in an inclusive environment
- > Make meaningful impact
- > Feel genuinely rewarded

We routinely gather team member feedback to help leadership understand how employees feel about working at First West and to guide efforts to advance the employee experience. As part of these efforts, in 2022 we conducted our second Organizational Health Index survey in October to assess employees' perception of how we function as an organization to help us evolve our roadmap for the future, including the behaviours and actions that will get us there. Research shows that the best organizations focus on both performance and organizational health. Organizational health refers to the ability of an organization to align behind goals, execute with excellence, and renew and adapt to change.

Our 2022 survey results put First West in the top decile against global benchmarks. Detailed analysis and determination of key focus areas will take place in early 2023.

ELEVATING POTENTIAL

Due to significant changes in the external environment over the past few years leading to an elevated competition in the marketplace for talent, we continue to prioritize talent attraction, development and retention.

Attracting and retaining top quality talent continued to be a key focus for First West in 2022. We advanced our use of social media channels to showcase real-life examples of employees highlighting their career and life at First West. Our student hiring program plays a key role in sourcing talent, and in 2022 we received an overwhelmingly positive response from the more than 21 students we employed to learn skills and gain work experience with us. With employee retention in view, First West continued to promote an individualized

approach to quality leader-led conversations, emphasizing our culture and benefits of working for First West, regular career conversations and professional development plans, schedule flexibility and employee well-being support.

As an organization, First West desires to be reflective of the communities and members we serve. In 2022, we continued to focus on attracting and retaining more diverse talent by engaging our equity, inclusion and diversity-focused employee network groups in deeper conversations and building strong referral partnerships with post-secondary institutions that promote equity, inclusion and diversity.

Developing the skills and abilities of our employees will always be a priority at First West. Our ongoing commitment to exceptional learning experiences empowers remarkable experiences for our members and builds bench strength for future workforce needs. In response to team member feedback and evolving leadership skill requirements, we prioritized learning for member advisory and leadership roles in 2022. This led to enhancements to training programs, including the launch of a new Member Advisor program taught in cohorts for our Envision Financial division, a new Financial Advisor Development Program across First West, and a newly designed Leadership In Practice workshop series for all leaders, covering multiple leadership topics.

As First West moved ahead in our journey to become a federally regulated credit union in 2023, we continued our federal-readiness training series for all employees, with new modules on risk management and the federal regulator Financial Consumer Agency of Canada.

First West employees continued to thrive in career growth, with over 50% of positions filled internally in 2022, well above the external benchmark (Gartner: 25%). Career growth support for employees included the launch of new and updated career planning tools and functionality, such as enabling search and exploration of all career profiles, ability to note careers of interest and a new career path mapping tool. Employees also took advantage of lunch-and-learn career education sessions. In 2023, our plans include additional development for leaders through Leadership in Practice sessions, with modules designed to help leaders guide their teams in career development and in creating strong development plans.

EMPLOYEE HEALTH & SAFETY

In 2022, we launched our Live Well program with an intentional focus on the physical and mental health of First West employees. We provided workplace mental health and wellness training for our 51 Live Well Champions, through St. John Ambulance. These champions promote the Live Well program and related activities and initiatives among their employees.

The psychological safety of all employees is foundational to health and safety at First West. Our Poss-Ability Employee Network Group initiates and supports activities that increase awareness, understanding and empathy around persons with disabilities. In 2022, the People Services team partnered with Poss-Ability to promote Mental Health Week, aiming to identify and break down silos and barriers those with mental and physical (visible and invisible) disabilities experience in the workplace.

We also invested a significant amount of time equipping our leaders and leadership teams in the matter of mental and physical health, covering themes such as resilience, mindfulness, and staying active, to name a few. Our engagement with leaders organization-wide included Leadership In Practice sessions, mental and physical health resources, encouraging them to participate in various health challenges and asking

them to conduct wellness huddles with their teams on a monthly basis. Into 2023 and beyond, First West will continue to explore innovative mental health offerings like improving access to counselling by bringing counsellors on site and virtual offerings.

We also developed an organization-wide, comprehensive Emergency Management program. The program details preparation and response activities for catastrophic events such as earthquakes, floods, fire, heat domes, and pandemics, including emergency procedures designed to help leaders respond and support their teams in emergency scenarios. In-depth training in the program is scheduled for 2023.

ADVANCING AN INCLUSIVE ENVIRONMENT & CULTURE

Our commitment to Equity, Inclusion and Diversity (EID) is one of cultural transformation that educates our employees, and addresses long-entrenched systemic barriers and inequalities, ultimately shaping who we are and creating an equitable and inclusive space, where individuals feel their voice and true sense of self is heard, valued and celebrated. We believe wholeheartedly in creating and maintaining a workplace where everyone feels they belong and has every opportunity to thrive at First West.

In 2022, EID deliverables supported First West's strategic goals, particularly those centred on the social and community aspects of corporate responsibility and sustainability (expressed through our environmental, social and governance rating). Our Employee Network Groups continue to be instrumental in driving positive acceptance of a diverse and inclusive workplace: First West has an annual calendar of diverse celebrations and observances, including Pride Month. In 2022, we hosted Sexual Orientation and Gender Identity Terminology workshops for employees, helping further advance inclusion of the 2SLGBTQIA+ community. Also new in 2022, Indigenous Advocacy & Allyship workshops helped our employees to learn about Indigenous culture and history. These celebrations, observances and learning opportunities will continue to be embedded in our culture to build a thriving, diverse, inclusive workplace.

We also continue to deepen our understanding of challenges facing Indigenous peoples, seeking to support the Indigenous community in meaningful ways. As part of those efforts, throughout 2022 we strengthened relationships with Indigenous student centres at various post-secondary institutions. First West also launched our Indigenous Student Mentorship program, complementing the Indigenous scholarship and bursary program we established in 2021. We also furthered our commitment to addressing these challenges by signing the *Charter for Innovation in Indigenous Employment and Workplace Inclusion Strategies in the Canadian Banking and Financial Sector*. The Charter, created by Indigenous Works and the Canadian Human Rights Commission (CHRC), aims to design a new generation of Indigenous employment and workplace strategies, practices, and systems based on a strong foundation of research and innovation.

We remain committed to creating environments in which everyone feels welcome and valued. In line with our Inclusive and Accessible Building Standards, we continued to make our physical workspaces and buildings more accessible in 2022: all our renovated branches were upgraded to include an accessible teller station as well as gender-neutral, accessible single-stall washrooms. We continued our partnership with Uniti, a group of societies supporting inclusive and diverse communities for people with disabilities. Through a tour of their inclusive housing and connecting with residents, we explored ways to deepen our support in addition to charitable funding.

As we advance equity, inclusion and diversity at First West in 2023, we will continue to engage our partners, employees and experts in the EID field.

ENHANCING EMPLOYEE REWARDS

With the competition for talent remaining strong in 2022, First West reviewed and enhanced our Employee Rewards offerings through a strategic lens to ensure choice and flexibility remained a guiding principle. Our focus in this area led to changes in our cash compensation and time-off programs, and an introduction of new perquisite programs. Looking to 2023 First West plans to officially introduce our Growing Family top-up program to support parents on maternity and parental leave.

MAKING MEANINGFUL IMPACT

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

Boots on the ground and knowledge in the boardroom are resources essential to a strong social sector. In 2022, First West employees contributed 6,268 hours of community leadership to more than 162 non-profit and charitable organizations throughout British Columbia. First West employees supported their communities through a variety of roles, including:

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

Recognizing the efforts of our employees and the number of personal hours committed to serving in the community, our *Lead Well* Employee Recognition program funded 75 \$500-\$1000 grants, totaling \$40,000 supporting non-profits selected by our employees.

In 2022, we proudly announced a three-year, \$300,000 partnership with the BC Cancer Foundation (BCCF). The partnership involves employee engagement and activation for several of BCCF's initiatives throughout the year, as well as dedicated funds to help advance research and innovative care in the greatest areas of need across the province.

First West employees completed 5,295 hours of physical movement to support BCCF's "Workout to Conquer Cancer" campaign and raised \$25,937 to support cancer research and patient care across British Columbia.

Our signature cause, supporting 33% of registered food banks across B.C. raised \$393,039, driven by employee-led fundraising and community partnerships. Since 2010, First West has raised nearly \$4,792,000 and collected 197,368 pounds of food for local food banks.

FIRST WEST FOUNDATION

Our grant-making charity has been working to help communities thrive since 1996. The Foundation was established with a \$200,000 donation and since 2010 has grown from \$6 million to \$17 million, through the generosity of its donors. In partnership with local organizations, First West Foundation seeks to actively contribute to meaningful projects that make a positive and lasting impact upon community life. It enriches communities through effective grant-making, encourages philanthropy and reinforces First West's commitment to its communities.

Highlights of the Foundation's community support in 2022 included:

- > A \$840,500 donation from First West Credit Union
- > \$1.7 million in grant funds through the Foundation's annual grant cycle and giving programs
- > Adoption of Trust Based Philanthropy values and principles for the Foundations grant-making programs
- > First West employee donations of \$94,052 to the Foundation's endowment funds which disperse money to causes in the community, our Feed the Valley and The Full Cupboard programs, and key community partners
- > Supported 165 local charities to deliver programs and services to help communities thrive

7 Economic Review and Outlook

Overheated inflation continued to be a challenge throughout 2022, consistent with the 30-year high inflation experienced in December 2021. The interest rate hikes by Bank of Canada made in response to this elevated inflation has begun to show signs of slowing economic growth. Despite stable economic growth in 2022, there remains uncertainty in the economic outlook for 2023.

The Bank of Canada overnight rate increased by 4.0% during 2022 in response to elevated inflation and is expected to maintain overnight rates around that level throughout 2023. With increased interest rates, housing affordability has declined and along with it, home sales volumes and prices.

Peak inflation occurred during 2022 and remained elevated to end the year. The Bank of Canada expects inflation to fall in 2023 and remains resolute to reduce inflation back to targeted levels. The outlook for the Canadian economy is for a mild recession in 2023 with increased unemployment through most provinces.

British Columbia continued to perform strongly compared to the rest of Canada in 2022. This momentum is expected to reduce in 2023 with downward pressure on household spending and residential investment as result of elevated interest rates.

8 Financial Performance 2022 Overview and Line of Business Review

Table 2 - Financial Performance

(Expressed in thousands of dollars)	2022	2021	2022 Change	
			\$	%
Net interest income	241,271	231,112	10,159	4.4%
Fee, commission and other income	82,360	104,285	(21,925)	(21.0%)
Total revenue	323,631	335,397	(11,766)	(3.5%)
Provision for credit losses	5,169	(8,144)	13,313	(163.5%)
Total operating expenses	274,543	259,841	14,702	5.7%
Operating income	43,919	83,700	(39,781)	(47.5%)
Income tax expense	6,954	16,811	(9,857)	(58.6%)
Profit for the year	36,965	66,889	(29,924)	(44.7%)
Assets				
Cash resources	278,119	449,807	(171,688)	(38.2%)
Loans after allowance for credit losses	11,225,368	10,162,372	1,062,996	10.5%
Investments, premises and equipment, and other assets	1,800,736	2,060,527	(259,791)	(12.6%)
Total assets	13,304,223	12,672,706	631,517	5.0%
Liabilities				
Deposits	11,378,285	10,989,823	388,462	3.5%
Borrowings	691,818	586,227	105,591	18.0%
Term debt	150,368	-	150,368	
Other liabilities	193,528	200,485	(6,957)	(3.5%)
Total liabilities	12,413,999	11,776,535	637,464	5.4%
Members' equity	890,224	896,171	(5,947)	(0.7%)
Total liabilities and members' equity	13,304,223	12,672,706	631,517	5.0%
Ratios				
Operating efficiency	84.8%	77.5%	7.4%	9.5%
Regulatory liquidity ratio	12.8%	16.0%	(3.3%)	(20.5%)
Regulatory capital ratio	13.8%	14.6%	(0.8%)	(5.3%)

The underlying business maintained strong lending growth momentum in 2022 consistent with the previous year. Significant increases in interest rates caused headwinds to profitability in the form of increased deposit costs and reduced investment revenue.

Profit for the year declined to \$37.0 million from \$66.9 million (Table 2), primarily due to a return to normal levels of credit losses and a decrease in investment revenue. Operating expenses increased from prior year due to continued strategic investments and inflationary pressures on salaries.

Asset growth was \$0.6 billion in 2022 with loan growth of \$1.1 billion funded primarily by deposit growth from members of \$388.5 million and issuance of term debt of \$150.4 million.

Our liquidity position decreased during the year but remains strong, with the regulatory liquidity ratio at 12.8% in 2022, compared to 16.0% in 2021.

Our capital position reduced to enable strong loan growth, with a regulatory capital ratio for 2022 at 13.8%, compared to 14.6% in 2021.

LINE OF BUSINESS HIGHLIGHTS AND OUTLOOK

RETAIL BANKING

In 2022, our retail lending portfolio increased by \$670.3 million or 10.8%, to \$6.9 billion, driven by growth in residential mortgages, while our core retail deposit portfolio increased by \$110.3 million or 1.9%, to \$5.8 billion.

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

The retail banking division remains a key part of our core business and we ended the year with a retail membership base of approximately 226,000 members. We provide service and advice to our retail members through a multi-channel offering, including our physical branch network, a Member Advice Centre and a market-leading digital banking platform.

Retail membership increased in 2022 by 0.9% compared to 0.6% in 2021 to ensure we are fulfilling our new members' financial needs within the first 90 days of becoming a member and, moreover, throughout their entire member journey with us spanning all life stages.

We continued building and maintaining meaningful relationships with members, meeting their financial needs through our core business (banking, borrowing and investing), deep financial expertise and digital banking experiences. Helping members feel more certain, secure and empowered during an unstable year was top of mind for us in 2022. Along that line, our virtual WealthBeing™ seminars presented advice and perspectives on subjects important to members, such as navigating the homebuyers' market and estate planning. These events provided insights into financial choices and decision-making, as well as answers to questions about the markets, planning, investing and financing. To help members build their all-important savings, we introduced a new registered, tax-free High-Interest Savings Account, with a bonus interest rate, flexibility to invest any amount, no minimum balance required. We also made critical cybersecurity enhancements such as new two-step verification for specific high-risk tasks in online and mobile app banking. These security efforts have driven an 80% year-over-year reduction in significant fraud incidents and losses involving our members. Fulfilling new members' current financial needs within the first 90 days of relationship with First West continues to be a key focal point in our drive to provide remarkable experiences and foster member satisfaction and loyalty. See page 19, "Member Experience," for more 2022 highlights.

COMMERCIAL AND BUSINESS BANKING

Our commercial division continued to build on the strategic partnerships and relationships we have developed within the communities in which we operate. Net membership growth in our commercial business was 1.1% in 2022, ending the year with just under 28,000 total commercial members.

Our commercial lending portfolio grew by \$388.5 million or 9.9%, to \$4.3 billion in 2022. The growth was driven by a strong performance in commercial mortgages which saw growth of \$400.7 million or 10.7%. Commercial lending remained strong throughout the year, as our members' real estate development projects maintained the momentum established in 2021.

Total commercial core deposits grew by \$217.8 million or 5.6%, to \$4.1 billion during the year, driven by commercial term deposits. Non-core deposits, which include MUSH (municipalities, universities, schools and hospitals) demand accounts and terms, increased in the amount of \$24.1 million.

A major banking experience highlight for commercial members in 2022 was an improved digital banking experience. Designed with input from members and employees, the new experience provides customary features and functionality through an enhanced user interface with improved navigation, an updated display for ease of readability across various devices, greater accessibility and a modern look and feel.

WEALTH MANAGEMENT

The continuing economic uncertainty served as a reminder of the importance of our wealth management services to help our members achieve their financial goals and prepare for an increasingly uncertain future. We offer our members a full range of wealth advisory services and a comprehensive choice of investments through our partnership with Aviso Wealth, a national integrated financial services company.

Our wealth management revenues were \$36.3 million in 2022, a strong increase of \$2.2 million over 2021 despite volatile markets. Through a combination of strong net sales more than offset by negative market movement, our assets under administration declined by \$65.4 million or 1.6% to reach a total of \$4.1 billion in assets under management.

In 2022, our specialized wealth roles continued to deliver high-quality advisory experiences, resulting in First West leading the credit union industry in wealth management results. Our industry-standard learning pathways for Wealth Planning Specialists and Wealth Advisors drove First West's capability to offer wealth management and advice services tailored to our members' needs, financial goals and life journeys.

For a third consecutive year, First West received Aviso Wealth's Practice Standards Award, an honour given to the top credit union in delivery of wealth management services.

FIRST WEST CAPITAL

The work in 2022 focused on continued stabilization of the portfolio for future years, with stable allowance for credit losses balanced with a modest reduction in portfolio size. The total portfolio balance was \$41.5 million at the end of 2022, down from \$56.8 million in 2021. First West Capital funded \$9.9 million in disbursements in 2022. First West Capital is well positioned to grow strategically in the upcoming years.

9 Discussion on Financial Performance

NET INTEREST INCOME

Table 3 - Net Interest Income Volume and Rate Impacts

2022

(Expressed in thousands of dollars)	Increase (decrease) in net interest income due to changes in		
	Average balance	Average rate	Net change
Interest earnings assets	18,293	69,415	87,708
Interest bearing liabilities	(5,053)	(72,496)	(77,549)
Net Interest Income	13,240	(3,081)	10,159

Table 4 - Net Interest Analysis

(Expressed in thousands of dollars)	2022				2021			
	Average Balance	Mix %	Interest	Interest Rate %	Average Balance	Mix %	Interest	Interest Rate %
Cash resources and investments	2,351,899	19.0	10,796	0.5	2,297,055	19.3	14,055	0.6
Loans to members								
Residential mortgages	5,820,534	44.6	161,959	2.8	5,201,704	42.1	134,887	2.6
Personal loans	45,644	0.3	2,573	5.6	51,479	0.4	2,635	5.1
Retail LOC	720,499	5.5	38,650	5.4	708,469	5.7	24,876	3.5
Commercial mortgages	3,961,240	30.3	163,748	4.1	3,466,323	28.1	123,198	3.6
Commercial loans	92,646	0.7	8,352	9.0	122,136	1.0	11,309	9.3
Commercial lines of credit	95,755	0.7	2,945	3.1	94,391	0.8	2,167	2.3
Accrued interest	17,575	0.1	-	-	14,704	0.1	-	-
Allowance for credit losses	(23,200)	(0.2)	-	-	(29,418)	(0.2)	-	-
Loans to members	10,730,693	82.2	378,227	3.5	9,629,788	78.0	299,072	3.1
Derivatives	-	-	3,635	-	-	-	9,454	-
Other assets	355,339	2.7	-	-	370,436	3.0	-	-
Total assets	13,059,723	100.0	407,030	3.1	12,352,123	100.0	319,322	2.6
Deposits from members								
Retail demand deposits	2,636,472	20.2	5,800	0.2	2,462,945	19.9	642	0.0
Retail non-registered term deposits	2,320,657	17.8	40,914	1.8	2,276,553	18.4	21,617	0.9
Registered deposits	1,283,985	9.8	21,725	1.7	1,291,725	10.5	15,680	1.2
Commercial demand deposits	2,642,414	20.2	24,365	0.9	2,604,811	21.1	7,038	0.3
Commercial term deposits	2,380,942	18.2	51,561	2.2	2,104,103	17.0	26,865	1.3
Class A membership shares	5,592	0.0	-	-	5,661	0.0	-	-
Accrued interest and dividends	33,060	0.3	-	-	31,840	0.3	-	-
Deposits from members	11,303,122	86.5	144,365	1.3	10,777,638	87.3	71,842	0.7
Borrowings	642,658	4.9	17,820	2.8	504,474	4.1	13,659	2.7
Term debt	23,080	0.2	948	4.1	-	0.0	-	-
Other liabilities	196,771	1.5	2,626	1.3	196,662	1.6	2,709	1.4
Members' equity	894,092	6.8	-	-	873,349	7.1	-	-
Total liabilities and equity	13,059,723	100.0	165,759	1.3	12,352,123	100.0	88,210	0.7
Total assets / net interest income	13,059,723		241,271	1.8	12,352,123		231,112	1.9

In 2022, net interest income, defined as interest and investment income earned on assets less interest expense on deposits and borrowings, increased \$10.2 million or 4.4%, to \$241.3 million from \$231.1 million (Table 3) in 2022 due to strong loan growth.

Net interest income as a percentage of average assets decreased year over year to 1.8% in 2022, from 1.9% in 2021.

Economic conditions resulted in a significant increase in interest rates. Yields on loans to members were increased due to a higher prime rate and higher mortgage rates experienced in the last half of 2022. Investment yields were also increased due to higher investment rates. Funding costs increased even more due to increased concentration of term deposits.

Strong asset growth, careful management of deposit costs and other treasury-related transactions helped maintain net interest spreads throughout 2022.

FEE, COMMISSION AND OTHER INCOME

Table 5 - Fee, Commission and Other Income

(Expressed in thousands of dollars)	2022	2021	2022 Change	
			\$	%
Fee and commission income:				
Insurance commissions and fees	2,006	2,197	(191)	(8.7%)
Account service fees	12,995	12,154	841	6.9%
Loan administration fees	21,752	32,028	(10,276)	(32.1%)
Fees from fiduciary activities and mutual funds	34,052	31,836	2,216	7.0%
Foreign exchange	5,518	3,971	1,547	39.0%
	76,323	82,186	(5,863)	(7.1%)
Other income:				
Leasing revenue	3,732	6,874	(3,142)	(45.7%)
Investment revenue	(11,271)	6,573	(17,844)	(271.5%)
Mastercard revenue	3,776	3,260	516	15.8%
Gain on disposal	887	227	660	290.7%
Property rental income	3,870	1,490	2,380	159.7%
Securitization	7	10	(3)	(30.0%)
Miscellaneous	5,036	3,665	1,371	37.4%
	6,037	22,099	(16,062)	(72.7%)
Total fee, commission and other income	82,360	104,285	(21,925)	(21.0%)

In 2022, fee, commission and other income decreased year-over-year in the amount of \$21.9 million or 21.0%, to \$82.4 million (Table 5). The decrease was partly due to decreased loan administration fees which includes prepayment penalty fees which were elevated in 2021 due to the low interest rate environment. Investment revenue also declined by \$17.8M due to net losses on certain investments driven by the increase in interest rates in 2022.

As the commercial lending portfolio grew, loan fees from the portfolio increased, while loan penalty fees returned to historical norms compared to the prior year where many members took advantage of refinancing their mortgages at a lower interest rate. Fees from fiduciary activities and mutual funds also saw healthy growth during the year, driven by growth in trailer commissions from both the MFDA and IROC portfolios.

Our strategy includes diversifying fee, commission and other income—which comprises all income other than net interest income—and to serve more of our members’ financial needs in becoming their primary financial services provider.

To support that strategy, we continue to invest in a new and improved suite of products, enhancing our ability to strategically offer non-traditional financing solutions through First West Capital, growing our sales force of wealth specialists and advisors, and leveraging our wealth management capabilities through our partnership with Aviso Wealth.

OPERATING EXPENSES

Table 6 — Operating Expenses

	2022	2021	2022 Change	
(Expressed in thousands of dollars)			\$	%
Personnel expenses				
Salaries	123,212	123,232	(20)	(0.0%)
Benefits	17,644	15,733	1,911	12.1%
Pension	9,368	8,546	822	9.6%
Other	7,543	6,426	1,117	17.4%
	157,767	153,937	3,830	2.5%
Depreciation and amortization	20,739	19,755	984	5.0%
Other expenses:				
Administration	50,059	49,927	132	0.3%
Data processing	30,791	26,628	4,163	15.6%
Occupancy	15,187	9,594	5,593	58.3%
	96,037	86,149	9,888	11.5%
Total operating expenses	274,543	259,841	14,702	5.7%
Efficiency ratio	84.8%	77.5%	7.4%	9.5%

Total operating expenses increased by \$14.7 million in 2022, to \$274.5 million (Table 6).

Key activities undertaken in 2022 included completion of the second phase of implementation of a new enterprise resources planning (ERP) system which went live in January 2021, ongoing work on the Forge banking platform and our products and pricing, and continued work toward becoming a federal credit union. Personnel expenses were prudently managed to support the initiatives with an increase of \$3.8 million or 2.5% in 2022. Administration expenses were stable in 2022 with a modest increase of \$0.1 million or 0.3%.

The depreciation and amortization expenses increased by \$1.0 million in 2022 as a result of the continued implementation of the ERP system. Occupancy expense increased by \$5.6 million in 2022, with the first full year of our new head office building in Langley.

Overall, the operating efficiency ratio increased to 84.8%, an increase from 77.5% in 2021. Management will continue to focus on managing expenses prudently and sustainably, while ensuring the business has the capacity to grow and take advantage of opportunities as they arise.

LOAN PORTFOLIO

Table 7 — Loan Portfolio

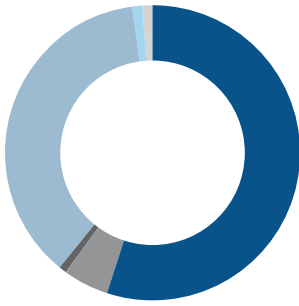
(Expressed in thousands of dollars)	2022	Portfolio%	2021	Portfolio%	2022 Change	
Residential mortgages	6,134,272	55%	5,492,331	54%	641,941	11.7%
Commercial lending	4,324,809	39%	3,936,348	39%	388,461	9.9%
Home equity lines of credit	611,083	5%	590,937	6%	20,146	3.4%
Personal loans and retail LOCs	159,562	1%	151,380	1%	8,182	5.4%
Total outstanding loans¹	11,229,726	100%	10,170,996	100%	1,058,730	10.4%

¹ Balances exclude accrued interest and allowance for credit losses

The loan portfolio ended 2022 at \$11.2 billion (excluding accrued interest and the allowance for credit losses), an increase of 10.4% or \$1.1 billion compared to 2021 (Table 7). Both commercial and residential lending had strong growth in 2022, with commercial lending growth of \$388.5 million in aggregate, or 9.9% in 2022, and retail and residential lending growth of \$670.3 million or 10.8%.

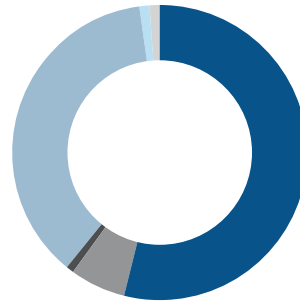
We expect to maintain momentum in lending growth in the overall portfolio in 2023, largely in residential and commercial mortgages. A laser focus on reimagining personal lending, with growth aligned to our strategic priorities and product and channel capabilities is intended to drive retail growth. Commercial growth is anticipated to be in line with our past trends.

CHART 1 — 2022 PORTFOLIO BREAKDOWN



■ Residential mortgages	55%
■ Personal loans	0%
■ Home equity lines of credit	5%
■ Retail LOC	1%
■ Commercial mortgages	37%
■ Commercial loans	1%
■ Commercial lines of credit	1%

CHART 2 — 2021 PORTFOLIO BREAKDOWN



■ Residential mortgages	54%
■ Personal loans	0%
■ Home equity lines of credit	6%
■ Retail LOC	1%
■ Commercial mortgages	37%
■ Commercial loans	1%
■ Commercial lines of credit	1%

The product mix in our loan portfolio remained relatively constant in 2022 (Charts 1 and 2).

Commercial lending remained consistent at 39% of the portfolio in 2022, and residential mortgages increased to 55% of the portfolio, compared to 54% in 2021.

CREDIT QUALITY / ALLOWANCE FOR CREDIT LOSSES

Table 8 — Credit Performance

(Expressed in thousands of dollars)	2022	2021	2020
Total loans ¹	11,252,272	10,185,778	9,186,341
Allowance for expected credit losses	26,904	23,406	43,592
Provision (recovery) for credit losses	5,169	(8,144)	25,416
Loan write-offs	1,671	12,042	24,580
Impaired loans (Stage 3 loans)	12,207	11,981	45,353
Members' equity	890,224	896,171	842,329

¹ Balances include accrued interest and exclude allowance for credit losses

	2022	2021	2020
Allowance for expected credit losses as % of total loans	0.24%	0.23%	0.47%
Provision (recovery) for credit losses as % of total loans	0.05%	(0.08%)	0.28%
Loan write offs as % of total loans	0.01%	0.12%	0.27%
Impaired loans (Stage 3 loans) as % of total loans	0.11%	0.12%	0.49%
Impaired loans (Stage 3 loans) as % of members' equity	1.37%	1.34%	5.38%

Our allowance for expected credit losses as of December 31, 2022, increased to \$26.9 million, compared to \$23.4 million in 2021, an increase of \$3.5 million or 14.9% (Table 8). The provision for credit losses expense increased by \$13.3 million in 2022, with a provision for credit losses of \$5.2 million in 2022 compared to a recovery of \$8.1 million in 2021.

CHART 3 — ALLOWANCE FOR CREDIT LOSSES

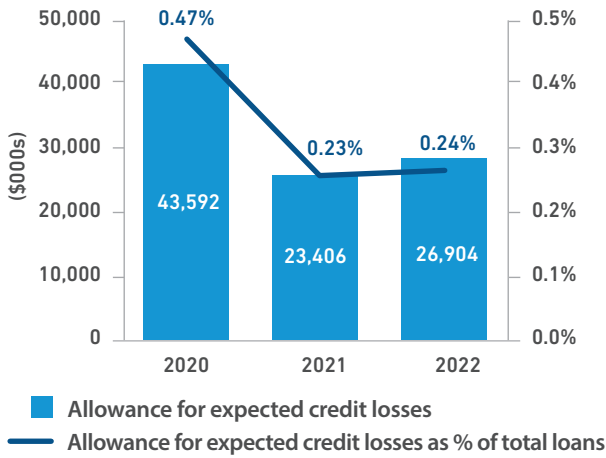


CHART 4 — LOAN WRITE-OFFS

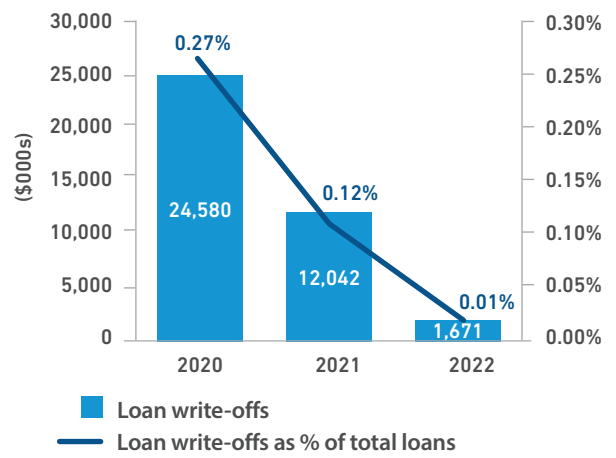


CHART 5 — PROVISION FOR CREDIT LOSSES

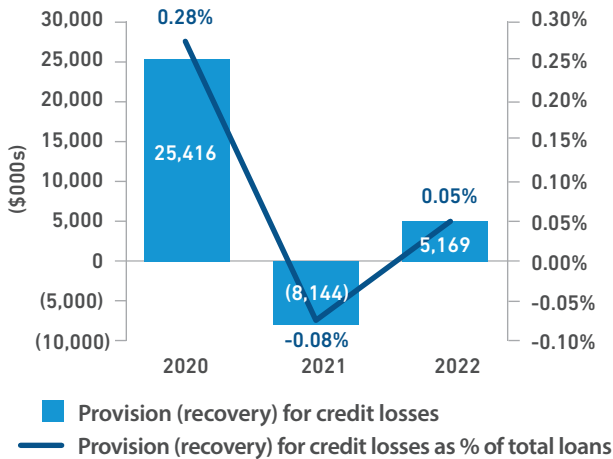
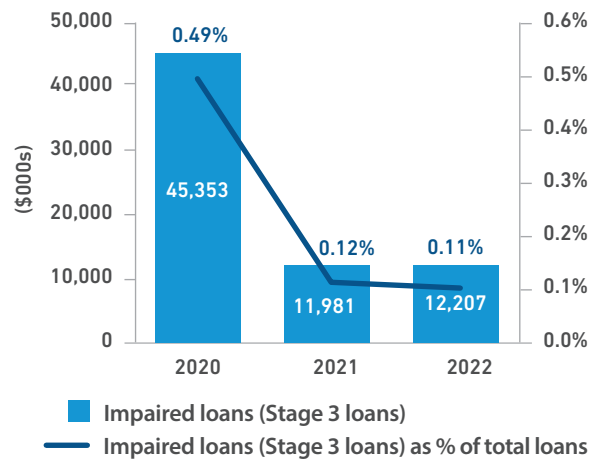


CHART 6 — IMPAIRED LOANS



The year-end allowance for credit losses represented 0.24% of total loans and accrued interest, an increase from the prior year's result of 0.23% (Chart 3).

Loan write-offs as a percentage of total loans also decreased to 0.01% in 2022, from 0.12% the previous year (Chart 4).

The provision for credit losses as a percentage of total loans increased to 0.05% in 2022, from a 0.08% recovery in the previous year (Chart 5). The total provision for credit losses for the year was \$5.2 million, an increase in provision of \$13.3 million versus 2021.

The impaired loans as a percentage of total loans decreased to 0.11% in 2022, from a 0.12% result in 2021 (Chart 6).

Liquidity And Funding

LIQUIDITY AND FUNDING RISK

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

GOVERNANCE

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

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

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

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

First West's liquidity risk management approach is informed by its risk appetite framework and strategic plan objectives and is designed to ensure access at all times to sufficient sources of liquidity, within a diversified and cost-effective funding strategy.

LIQUIDITY ADEQUACY REQUIREMENTS

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

As we continue to work towards federal continuance, we are making preparations to ensure that we meet the OSFI-mandated regulatory liquidity requirements.

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

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

LIQUID ASSETS

Table 9 — Liquid Assets

(Expressed in thousands of dollars)	2022	2021	2022 Change	
			\$	%
Cash and cash resources	278,119	449,807	(171,688)	(38.2%)
Investments:				
Debt investment securities at amortized cost	1,414,631	1,363,694	50,937	3.7%
Investments in pooled funds	-	215,619	(215,619)	(100.0%)
Other	4,127	4,476	(349)	(7.8%)
Total liquid assets	1,696,877	2,033,596	(336,719)	(16.6%)
Total assets	13,304,223	12,672,706	631,517	5.0%
Encumbered liquid assets	74,459	93,280	(18,821)	(20.2%)
Unencumbered liquid assets	1,622,418	1,940,316	(317,898)	(16.4%)
Total liquid assets / total assets	12.8%	16.0%	(3.3%)	(20.5%)

First West holds liquid assets in cash and marketable debt securities (Table 9).

Most assets held within this portfolio are deemed high-quality liquid assets, which are defined as assets that can be easily and immediately converted into cash at little or no loss of value. As of December 31, 2022, liquid assets held totalled \$1.7 billion and represented 12.8% of total assets. This compares to \$2.0 billion and 16.0% in 2021.

DEPOSITS AND FUNDING

Table 10 — Deposits and Funding

(Expressed in thousands of dollars)	2022	2021	2022 Change	
			\$	%
Core deposits				
Retail demand deposits	1,958,353	2,232,655	(274,302)	(12.3%)
Retail non-registered term deposits	2,538,058	2,188,485	349,573	16.0%
Registered deposits	1,314,767	1,279,707	35,060	2.7%
	5,811,178	5,700,847	110,331	1.9%
Commercial demand deposits	2,100,128	2,313,140	(213,012)	(9.2%)
Commercial term deposits	1,976,777	1,545,987	430,790	27.9%
	4,076,905	3,859,127	217,778	5.6%
Class A membership shares	5,416	5,538	(122)	(2.2%)
Accrued interest and dividends	60,382	23,966	36,416	151.9%
Core deposits	9,953,881	9,589,478	364,403	3.8%
Non-core deposits				
MUSH demand accounts	289,804	325,232	(35,428)	(10.9%)
Deposit agency	528,216	426,067	102,149	24.0%
MUSH terms	606,384	649,046	(42,662)	(6.6%)
Non-core deposits	1,424,404	1,400,345	24,059	1.7%
Deposits from members	11,378,285	10,989,823	388,462	3.5%

Our funding and liquidity profiles remain strong, with a balance sheet that is primarily deposit-funded (Table 10).

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

In 2022, deposits totalled \$11.4 billion, an increase of 3.5% compared with the prior year. First West also has other alternative sources of funding available and has participated in securitizations through the CMHC-sponsored Canada Mortgage Bond, NHA Mortgage-Backed Securities Program, and the new Insured Mortgage Purchase Program (IMPP) launched in 2020 as part of the Government of Canada's COVID-19 Economic Response Plan to provide lenders with funding. During 2022 we participated in securitization transactions as further described in Note 29 of the consolidated financial statements.

To expand and diversify our funding options, First West first obtained a DBRS Morningstar short-term issuer rating of R-1 (low) in January 2016 and subsequently a DBRS Morningstar long-term issuer rating of BBB (high) in October 2018. These ratings were confirmed by DBRS Morningstar, with stable outlooks, in September 2022. Based on our DBRS Morningstar rating, First West issued a fixed rate senior deposit note of \$150 million in November of 2022.

Our liquidity ratios remained healthy in 2022 and are comfortably above regulatory requirements. Total deposit growth in 2022 was \$388.5 million, of which \$364.4 million was from core retail and commercial sources, while non-core deposits from institutional and other sources increased by 24.1 million.

The maturity profile of our deposits is as follows (Table 11):

Table 11 — Deposit Maturities

(Expressed in thousands of dollars)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2022						
Demands	4,876,501	-	-	-	-	4,876,501
Terms ¹	245,624	398,247	3,753,848	720,567	63,315	5,181,601
Registered savings plans	253,616	92,432	632,037	312,520	24,162	1,314,767
Class A shares	5,416	-	-	-	-	5,416
Total deposits	5,381,157	490,679	4,385,885	1,033,087	87,477	11,378,285
2021						
Demands	5,297,094	-	-	-	-	5,297,094
Terms ¹	234,576	525,815	2,960,587	658,184	28,322	4,407,484
Registered savings plans	298,010	158,614	508,298	288,181	26,604	1,279,707
Class A shares	5,538	-	-	-	-	5,538
Total deposits	5,835,218	684,429	3,468,885	946,365	54,926	10,989,823
Change	(454,061)	(193,750)	917,000	86,722	32,551	388,462

¹ Terms include accrued interest and dividends

CAPITAL MANAGEMENT

First West's capital is maintained in accordance with regulations prescribed by the British Columbia Financial Services Authority (BCFSA) based on the ratio of total capital to risk-weighted assets. The required regulatory level for the capital ratio is 8%, while a 10% threshold is established before supervisory intervention will occur.

GOVERNANCE

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

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

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

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

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

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

First West has enacted an ICAAP Working Group to facilitate adequate and comprehensive assessment of organizational risks. The Working Group is comprised of representatives from: Risk, Treasury, Finance & Credit. The objective of the ICAAP is to assess capital requirements based upon First West's business and the prevailing and projected operating environment for the financial services sector.

The ICAAP:

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

The ICAAP supplements the annual Capital Plan to ensure:

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

The ICAAP evaluates capital adequacy relative to First West's risk profile in both a normal and a stressed business environment and establishes the appropriate internal capital target level and tolerance thresholds for the ensuing year. The ICAAP in 2022 confirms that based on internal assessment of material risks and relative to the size and complexity of operations, First West does have adequate capital reserves to withstand all severe but plausible stress conditions.

Table 12 — Regulatory Capital

(Expressed in thousands of dollars)	2022	2021	2022 Change	
			\$	%
Regulatory Capital				
Primary capital	927,477	895,095	32,382	3.6%
Secondary capital	123,702	127,006	(3,304)	(2.6%)
Deductions from capital	(23,652)	(22,894)	(758)	3.3%
Total capital	1,027,527	999,207	28,320	2.8%
Risk weighted assets	7,450,040	6,861,906	588,134	8.6%
Total capital ratio	13.8%	14.6%	(0.8%)	(5.3%)

As of December 31, 2022, First West had a capital ratio of 13.8% on a risk-weighted basis (Table 12). The capital position of First West remains strong and compares favourably with the regulatory prescribed minimum ratio of 8.0% of total risk-weighted assets, and the supervisory level of 10.0%.

Total regulatory capital consists of primary capital and secondary capital after taking into account specified deductions from capital. Primary capital includes First West's membership shares, contributed surplus and retained earnings, while secondary capital primarily consists of First West's allowable share of system retained earnings and other equity instruments. The capital ratio of 13.8% has decreased from the 14.6% reported for 2021.

The largest contributor to growth in total regulatory capital is the growth in retained earnings, helping to build our capital buffer with total regulatory capital reaching \$1.0 billion in 2022, compared to \$999.2 million in 2021. Of the \$0.6 billion increase in risk-weighted assets, the largest contributor is in risk-weighted loan balances, which increased by \$560.2 million.

As we work towards becoming federally regulated, we will be required to meet the regulatory capital adequacy requirements set by The Office of the Superintendent of Financial Institutions (OSFI). OSFI regulations provide some differences to BC Financial Services Authority regulations with respect to the regulatory capital measurements and risk-weighting assignments.

10 Internal Controls Over Financial Reporting and Disclosures

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

However, because of its inherent limitations, ICFR may not prevent or detect misstatements on a timely basis. We are always looking to adopt best practices in financial reporting and corporate governance. To this end, First West has a process in place to evaluate the design and operating effectiveness of its ICFR, striving to continually strengthen its system of internal controls over financial reporting.

11 Critical Accounting Estimates

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

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

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

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

12 Future Changes to Accounting Policies

The International Accounting Standards Board (IASB) has issued and amended accounting standards that are effective for First West after December 31, 2022. Refer to Note 5 in the Consolidated Financial Statements for further information on these changes.

13 Risk Management

First West further enhanced its risk management framework, analytics and reporting in 2022 to improve the risk management capabilities expected of a financial institution of its size and complexity.

2022 RISK HIGHLIGHTS

- > Strengthened quantitative risk and stress-testing capabilities in areas of liquidity, market & capital risk to better position the credit union to withstand stress events
- > Continuous development of environmental and climate risk framework
- > Enhanced risk analytics and reporting in areas of credit and market and liquidity risk
- > Enhanced risk governance and refined oversight by risk committees
- > Updated the Board Risk Appetite Statement and Risk Appetite Framework
- > Strengthened and advanced model risk management process
- > Strengthened the Anti-Money Laundering, Anti-Terrorist Financing and Sanctions Program to improve its effectiveness and align with recent regulatory changes
- > Implemented the commitments under the B.C. Market Code of Conduct and initiated development of Financial Consumer Agency of Canada provisions to strengthen consumer protection for our members
- > Enhanced controls and management oversight over regulatory compliance risks
- > Further developed First West's Fraud Management program
- > Enhanced risk management practices in line with OSFI expectations of a financial institution of First West's size and complexity
- > Provided training modules to strengthen employees' knowledge and understanding of the Three Lines of Defence model and their overall responsibilities in managing risk

APPROACH TO RISK MANAGEMENT

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

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

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

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

ENTERPRISE RISK MANAGEMENT

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

OBJECTIVES AND PRINCIPLES

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

GOVERNANCE OF RISK MANAGEMENT

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

- > Approves First West's enterprise risk governance framework
- > Defines First West's risk appetite
- > Understands the key risks to which First West is exposed
- > Establishes prudent risk management governance
- > Reviews and approves the Enterprise Risk Governing Framework and other related risk frameworks and policies on an annual basis
- > Gains assurance that First West has an effective risk management process and relevant policies in place

- > Validates that risk management policies and processes are adhered to
- > Monitors the level of risk and control over the risks through receipt of reports from management, the regulator and others (including internal and external auditors), and by making enquiries in order to determine if risk levels are appropriate
- > Gains assurance that First West has established appropriate risk tolerance and appetite thresholds

CORPORATE RISK MANAGEMENT

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

The Corporate Risk team provides the following services:

- > Independent oversight of risk-taking decisions
- > Supporting the Board and Executive Risk Committee in governance oversight of the internal control framework, Enterprise Risk Governance Framework, Risk Appetite Framework, and risk strategy setting
- > Identification of key enterprise risks, including emerging risks and assistance with the development of effective risk management strategies
- > Oversight of operational risk management activities, including methodology, models and tools, as well as challenging business strategy
- > Independent validation of risk measurement, risk assessments, design of controls and assessment of risk mitigation effectiveness
- > Monitoring and reporting risk exposures to the Executive Risk Committee and the Board

RISK MANAGEMENT GOVERNANCE STRUCTURE

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

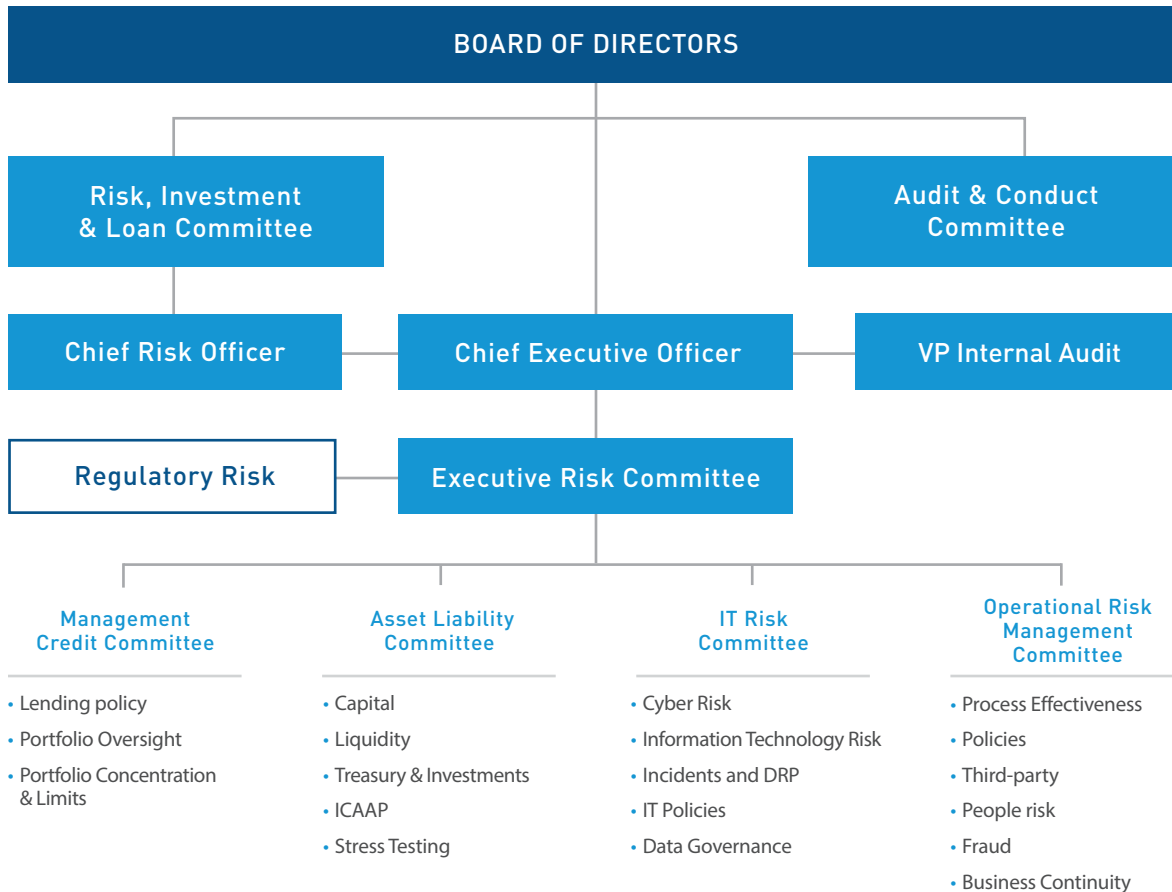


Figure 1: Risk Management Governance Structure

BOARD OF DIRECTORS

The Board is responsible for setting the strategies of First West and overseeing Management. Either directly or through its committees, the Board is responsible for oversight in the following areas: strategic planning, risk appetite, identification and management of risk, capital management, promotion of a culture of integrity, internal controls, evaluation of senior management and succession planning, public disclosure and corporate governance.

RISK, INVESTMENT AND LOAN COMMITTEE

The Board Risk Investment and Loan Committee assists the Board in fulfilling its oversight responsibilities in relation to First West's identification and management of risk, adherence to corporate risk management policies and procedures, and compliance with risk-related regulatory requirements, investments and credit risk oversight.

AUDIT AND CONDUCT REVIEW COMMITTEE

The Board Audit and Conduct Review Committee assists the Board in fulfilling its oversight responsibilities with respect to financial reporting, effectiveness of internal controls, the performance of its internal and external audit functions, as well as developing corporate governance policies and practices.

CHIEF RISK OFFICER (CRO)

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

EXECUTIVE RISK COMMITTEE

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

SUBCOMMITTEES OF THE EXECUTIVE RISK COMMITTEE

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

Credit Management Committee

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

Asset Liability Committee (ALCO)

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

IT Risk Committee

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

Operational Risk Management Committee

This committee reviews the operational risk management framework and oversees changes to operating policies and procedures, project governance, information security and business continuity plans. The Operational Risk Committee also reviews action plans for mitigating risk and improving the management of operational risk.

RISK CULTURE

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

RISK PHILOSOPHY

First West's risk philosophy is based on the premise that First West is in the business of accepting risks for appropriate return. In conducting its business activities, First West—driven by sustainable growth, member expectations and its marketplace positioning—will take on those risks that meet the strategic objectives of the organization.

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

RISK STRATEGY

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

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

STAKEHOLDER INTERESTS & RISK APPETITE

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

RISK MANAGEMENT FRAMEWORK

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

ENTERPRISE RISK MANAGEMENT FRAMEWORK

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

- > Strategic risk
- > Capital risk
- > Operational risk
- > Credit risk
- > Legal and regulatory risk
- > Market, liquidity and funding risk
- > IT and cyber risk

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

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

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

STRATEGIC RISK

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

CAPITAL RISK

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

OPERATIONAL RISK

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

Fraud is an additional operational risk faced by all financial institutions. Fraud is an ever-evolving issue in the financial services industry and although it is impossible to prevent all fraud, First West has rigorous controls, procedures and advanced security measures in place to safeguard the funds that our members entrust to us.

CREDIT RISK

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

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

MARKET, LIQUIDITY AND FUNDING RISK

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

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

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

The liquidity and funding policy of the credit union addresses liquidity and funding risks on both an operational and strategic level. The desired liquidity level above the statutory requirement is determined by considering the balance between the cost of liquidity and the yield achieved. Contingency liquidity is managed by having a plan in place that can be invoked quickly and provides access to a diverse range of funding sources when needed.

LEGAL AND REGULATORY RISK

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

IT AND CYBER RISK

Information technology risk includes infrastructure, IT project, disaster recovery plan, database, IT operational and cyber risks. It includes the risk that confidentiality, integrity and availability of information is not maintained and is inclusive of both internal and external threats.

RISK APPETITE STATEMENTS

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

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

THREE LINES OF DEFENCE

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

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



Figure 2: Three Lines of Defence

FIRST LINE RESPONSIBILITIES

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

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

SECOND LINE RESPONSIBILITIES

In general, some of the key Second Line of Defence risk-related responsibilities include independent challenge, independent assessment, coordination, risk monitoring, as well as providing risk management advice. These activities manifest themselves in the following ways:

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

THIRD LINE RESPONSIBILITIES

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

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

PRIVACY POLICY

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

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

ANTI-MONEY LAUNDERING, ANTI-TERRORIST FINANCING POLICY

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

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

- > The Proceeds of Crime Money Laundering and Terrorist Financing Act and associated regulations and guidance
- > First West's Anti-Money Laundering, Anti-Terrorist Financing and Sanctions policy

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

REGULATORY COMPLIANCE MANAGEMENT POLICY

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

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

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

WHISTLEBLOWER POLICY

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

14 Compensation Practice

EMPLOYEE REWARDS PRACTICES

At First West, we offer a comprehensive employee rewards package for our employees and executives, which includes a range of rewards from base salary, incentives, perquisites, recognition programs, career development opportunities, and a highly competitive flexible benefits package. We ensure that our programs, specifically base and variable pay, are up to date based on data from regional, national, and financial market data surveys (including Central 1, Korn Ferry, Mercer and Willis Towers Watson data) with a specific focus on the B.C. Lower Mainland, Island and Interior regions and the financial sector. In addition to market comparisons, we obtain salary trends and projection surveys to determine our annual merit award budget and to aid in our salary structure analysis, which typically takes place every two years.

Our Short-Term Incentive Plan is available to employees and executives and has payouts based on a combination of business results and individual performance including evaluating employees' behaviours related to our Big Ideals. The payouts are calculated against varying target bonus percentages determined by job grade. For our job evaluations, we utilize a point factor system that adheres to federal pay equity requirements, including skill, effort, responsibility, and working conditions.

EMPLOYEE REWARDS PHILOSOPHY

We recognize that attracting and retaining exceptional leadership and talent is essential to reaching our goals and achieving success. Our overarching compensation philosophy is based on the simple premise of "pay-for-performance." We strongly believe that rewards should be directly tied to achieving business strategy, and structured to drive desired behaviour and performance, as well as retention of top talent. We foster a culture that cultivates creativity and motivates employees to continuously strive for the best, while ensuring they're being rewarded accordingly.

The guiding principles of our Employee Rewards strategy are:

- > Attractive and competitive within the market and industry
- > Align with the First West business strategy
- > Attract, retain, and positively motivate employees
- > Support internal equity and fairness
- > Simple to communicate and understand
- > Flexible to administer and govern
- > Link to meaningful measures of performance

COMPETITIVE POSITIONING

To remain competitive within the industry, we target to compensate at the 50th percentile of the market for base salary, with the ability to earn more for sustained high performance and/or niche positions in market. First West attracts talent from a wide variety of industries, and we directly compare ourselves to other credit unions and financial institutions, as well as the general industry.

We appreciate that our industry is highly competitive and high performers are invaluable. Therefore, our employee rewards approach is designed to reflect this and integrates the following elements:

- > Base pay considers the responsibilities of the role, and the individual's expertise, experience, and performance.
- > Our variable incentive programs provide opportunities for individuals to earn more than their base salary by exhibiting behaviours consistent with our organizational values and by achieving or exceeding their goals. By implementing variable incentives, the risk of higher fixed costs is mitigated with no payout if the corporate and/or individual performance achievements are not met at a minimum level.
- > Our flexible benefits program is fully customizable to fit employees' individual and family needs, and provides assistance in regard to physical and mental health, wellbeing, and retirement savings.

BASE PAY DESIGN

Our base pay structure is divided into grades, with each grade comprised of jobs with similar levels of work. Each grade has a salary range designed to include a progressive, market and premium range.

Employees who are compensated within the market range are those who are fully knowledgeable and competent in their roles. The premium range is reserved for those with specialized skills and/or those consistently exceeding expectations with respect to corporate values and performance in their role. Base pay growth is dependent upon the change in market rates, individual performance and affordability within the annual budget.

INCENTIVE PLANS

First West's Short-Term Incentive Plan (STIP) program is available to employees and executives. Executives that report directly to the CEO may also be eligible for a Long-Term Incentive Program (LTIP).

Payouts for the STIP program are on an annual basis if targets are met, based on these typical categories:

- > Net operating income
- > Operating efficiency
- > Member needs served
- > Net membership growth

Individual performance translates to a multiplier, which can be up to 150%. With the exception of the CEO, the maximum STIP payout for employees and executives is 2x their target percentage.¹ There are no payouts if First West does not achieve at least 80% of its annual net operating income target.

OTHER VARIABLE INCENTIVE PLANS

In order to stay competitive in the market, some roles have custom designed incentive plans. These also serve to attract, motivate and retain these employees with specialized skill sets. These incentives may be calculated and paid out on a more frequent basis compared to the annual STIP program.

¹ Beginning in 2023, the CEO's maximum STIP payout aligns to the 2x target percentage.

ADDITIONAL EMPLOYEE REWARDS

As stated previously, First West provides a comprehensive employee rewards package for our employees and executives, including a group registered retirement savings plan (RRSP). First West contributes a percentage of the employee's base salary to this group RRSP and offers a matching program, with contributions up to a maximum of 10% every year. Certain long-tenured employees continue to participate in a legacy defined benefit (DB) pension plan.

First West also provides a comprehensive flexible benefits program, including but not limited to extended health and dental coverage including mental health support, life insurance, accidental death and dismemberment insurance, short- and long-term disability, access to chronic illness, elder case management programs, and an employee and family assistance program. The flexible benefits program also offers a health care spending account, the option to purchase additional vacation days and the ability to make charitable donations. Our flexible benefits program is designed based on the following principles:

- > Provide a minimum level of core coverage for each employee and their family
- > Give employees the flexibility to elect coverage that meets their and their family's health and wellbeing needs

Other aspects of our employee rewards package include an unassigned number of personal days, which employees can use in the event of an illness or an unplanned situation, and perquisites which include preferred pricing on various financial products. We ensure that we remain market competitive by using a similar comparator group to determine our elements of total compensation.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE TEAM COMPENSATION STRUCTURE

We believe our CEO and executive compensation should be:

- > Aligned with First West business strategy
- > Structured to attract, retain and motivate
- > Effective in driving business results and managing risks
- > Formulaic regarding incentives and tied to meaningful performance measures
- > Reasonable in the eyes of members and other stakeholders

The Board of Directors has approved the compensation philosophy and competitive market positioning for the CEO and executive team, outlined below:

- > Competitive market for CEO and executive roles is a blended market of financial services peer group and general industry (financial services peer group includes some of the largest Canadian credit unions, based on asset size and business complexity, and other financial services) organizations of a comparable size and scope relative to First West
- > Target base salary at the 50th percentile of organizations that are similar in size, scope and complexity, and reflect the market for executive talent
- > Total cash and total direct compensation between the 50th and 75th percentiles with flexibility to earn actual compensation in the range of the 75th percentile for exceptional performance and contributions; employee rewards package is comprised of base salary, variable incentives, executive perquisites, and benefits programs

CEO COMPENSATION PACKAGE

Base Salary

The base salary is reviewed annually. Any increases applied are based on the CEO's performance rating and the approved annual merit and/or salary adjustment budget. The most recent merit award was 4.25%, effective January 1, 2023.

Short-Term Incentive Plan (STIP)

The CEO participates in the corporate Short-Term Incentive Plan (STIP), available to eligible employees at First West. The STIP is designed to provide annual rewards if defined targets are achieved. These targets are performance-based and use both company and individual objectives.

Company performance measures are established by Executive Management and the Board of Directors. In fiscal 2022, the core performance areas and weightings were financial (50%), process improvement (25%) and member experience (25%).

The 2022 achievement of pre-defined metrics produces a target payout of 60% of base salary, with no maximum potential payout, for significant overachievement of pre-defined metrics for corporate performance.² The STIP specifies that payouts under the plan are contingent on corporate performance and sufficient financial stability in a given year, with Board oversight and approval of any payments under the plan.

Long-Term Incentive Plan (LTIP)

The CEO participates in a Long-Term Incentive Plan (LTIP) intended to align performance to the long-term goals or objectives of the credit union. A new plan starts a rolling three-year cycle each year and performance is tracked over the three-year period, with any payments under the LTIP contingent on achievement of the established three-year goals. No payment is committed or made until the end of the three-year cycle. Future payments depend on continued organizational and individual performance, and continued employment in the CEO role.

Performance measures and metrics for the LTIP are approved by the Human Resources Committee (HRC) on behalf of the Board of Directors and may change from time to time. The Board of Directors or the HRC have the discretion to amend the term, vesting, final payout or any provision of a payment under the plan. The plan is reviewed each year or as deemed necessary by the Board of Directors.

Payouts under the plan are calculated on the CEO's base salary in place at year 1 of each plan and on both company and individual performance achievement. Payout for company achievement at target and an individual performance level of "proficient and demonstrates full competence with all goals being met at a level of professionalism and service that is expected for the role" is set at 80% of base salary, as prescribed by the LTIP plan for 2021-2023. The maximum potential is set at 144% for "significant overachievement of pre-defined metrics."

RRSP and SERP

The CEO participates in the First West Employee Group RRSP program with a matching contribution made by the employee. The employer's contribution is vested immediately. In addition, the CEO participates in a supplemental executive retirement plan (SERP) that restores pension benefits capped by the income tax maximum limits.

Group Benefits & Perquisite Plan

The CEO participates in the First West Flexible Benefits Program with the same terms offered to all employees. Additional benefits and a flexible perquisite account are also provided.

Severance

The CEO employment contract provides a severance package of 12 months' salary in the event of termination of employment.

² Commencing January 1, 2023, the target payout increases to 70%, with a maximum payout of 2x target.

For fiscal 2022, First West's Chief Executive Officer had a target cash compensation of \$1,459,596, which reflects the annual base salary as at January 1, 2022 (\$639,060), target STIP percentage (60%) and LTIP 11 eligibility (70%) and is based on both First West and the individual achieving 100% of short-term and/or long-term goals.³ In addition, the CEO receives an executive perquisites payment of \$50,000.

Actual total cash compensation for First West's Chief Executive Officer in 2022 was \$1,959,805 which reflects salary earnings (\$639,060), STIP (\$523,965) and LTIP (\$696,780) amounts paid based on annual achievements for fiscal 2022 (paid in the first quarter of 2023).⁴ The actual total cash compensation also includes \$50,000 from the executive perquisites plan (inclusive of car allowance) plus a special bonus payment of \$50,000.

³ LTIP target is 80% for plan years 2021-2023; target increased effective January 1, 2021.

⁴ LTIP company achievement ending fiscal 2022 was 120% of the three-year goals (related to fiscal 2020-2022) and an individual three-year average performance rating set at "significant overachievement of pre-defined metrics." LTIP target was 70% for 2020-2022 performance.

DESCRIPTION OF COMPENSATION ELEMENTS

Target	The target amount for any compensation element is the goal or objective amount (in contrast with the “actual” amount as discussed below). For example, target STIP or target bonus typically describes the amount that would be payable should payout criteria (which might, for example, include individual and organizational performance measures) be fully met. Where base salary is concerned, the term policy or market rate is often used as an alternative to target.
Actual	The actual amount for any compensation element is the specific amount paid in practice. It may be higher or lower than the target amount.
Base Salary	Base salary is the guaranteed portion of an employee’s compensation, the fixed amount paid on a regular basis by the employer in return for work performed.
Short-Term Incentive Plan (STIP)	Short-term incentives may be called by other names, such as bonuses, profit sharing or annual incentives. These are non-guaranteed cash payments that are linked to specified measures. “Short-term” typically indicates that they are earned over a year or less, in contrast with long-term incentives.
Long-Term Incentive Plan (LTIP)	Long-term incentives are non-guaranteed payments (cash or, in some sectors, equity instruments) that are linked to specified measures, just as short-term incentives are, but are earned over multi-year periods.
Pension Contribution	This is the amount that a given party contributed to a pension for an employee. Typically, in disclosure, the focus would be on the employer’s contribution. For defined contribution (DC) plans, this is the primary focus.
Pension	This is the value of the pension as determined by actuarial methods.
Supplemental Executive Retirement Plan (SERP)	A SERP is a retirement or pension plan that provides for retirement income payments in excess of those provided under “registered pension plans” (which are qualified or tax-assisted plans). Registered pension plans are subject to “defined benefit” or “defined contribution” limits designed to limit the benefits that may be funded through such plans on a tax-assisted basis. Because of those limits, registered pension plans often do not provide adequate income replacement for higher income employees and SERPs are commonly used to supplement or “top up” the benefits provided under registered pension plans.
Benefits	<p>Benefits are types of non-wage compensation provided to employees. Typically, this includes group insurance plans (health, dental, life, etc.), disability income protection, leaves and vacation, statutory benefits and other similar elements. The definition may be broadened to include perquisites, allowances, pension and other components, depending on usage.</p> <p>Benefits may also be measured using methodologies that assess their value as opposed to what they cost the employer to provide.</p>
Perquisites	Typically, the term perquisite is used to refer to a benefit that is difficult to quantify or may be more discretionary.
Severance	A severance package consists of the compensation (pay, benefits and other key terms) that an employee receives when their employment ends.

2022

ANNUAL REPORT

**CONSOLIDATED
FINANCIAL
STATEMENTS**

MANAGEMENT'S RESPONSIBILITY

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

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

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

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

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



Launi Skinner
Chief Executive Officer



Mark Moreland
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of First West Credit Union

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of comprehensive income (loss) for the year then ended
- the consolidated statement of changes in members' equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

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

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

Other Information

Management is responsible for the other information. Other information comprises:

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the financial statements.

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

The image shows a handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature, there is a horizontal line that starts under the "K" and extends to the right, ending under the "P".

Vancouver, Canada

March 9, 2023

FIRST WEST CREDIT UNION


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


December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Assets			
Cash resources	8	\$ 278,119	\$ 449,807
Derivative assets	9	11,274	24,314
Loans to members	10	11,225,368	10,162,372
Investments	11	1,476,544	1,679,920
Assets held-for-sale	33	-	899
Premises and equipment	12	188,629	194,533
Intangible assets	13	23,825	23,068
Deferred tax assets	26	24,299	23,630
Other assets	14	76,165	114,163
		\$ 13,304,223	\$ 12,672,706
Liabilities and Members' Equity			
Deposits from members	15	\$ 11,378,285	\$ 10,989,823
Borrowings	16	691,818	586,227
Term debt	17	150,368	-
Derivative liabilities	9	45,536	4,907
Deferred tax liabilities	26	24,875	26,605
Other liabilities	18	123,117	168,973
		12,413,999	11,776,535
Members' equity:		890,224	896,171
		\$ 13,304,223	\$ 12,672,706

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

 Director

 Director

FIRST WEST CREDIT UNION

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

Year ended December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Interest income:			
Loans		\$ 378,227	\$ 299,072
Cash resources and investments		28,803	20,250
		407,030	319,322
Interest expense:			
Deposits		144,365	71,842
Borrowings		17,820	13,659
Term debt		948	-
Lease liabilities		2,626	2,709
		165,759	88,210
Net interest income	21	241,271	231,112
Provision for (recovery of) credit losses	10	5,169	(8,144)
		236,102	239,256
Fee and commission income	22	76,323	82,186
Other income	23	6,037	22,099
		318,462	343,541
Personnel expenses	24	157,767	153,937
Depreciation and amortization		20,739	19,755
Other expenses	25	96,037	86,149
		274,543	259,841
Profit before income tax expense from operations		43,919	83,700
Income tax expense	26	6,954	16,811
Profit for the year		\$ 36,965	\$ 66,889

See accompanying notes to consolidated financial statements.

FIRST WEST CREDIT UNION

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

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Profit for the year	\$ 36,965	\$ 66,889
Other comprehensive income, net of income taxes:		
Items that may be reclassified to consolidated profit or loss:		
Hedging reserve (cash flow hedges):		
Net unrealized loss, (net of income taxes of \$8,156 (2021 - \$2,334))	(39,820)	(10,300)
Fair value reserve:		
Net change in fair value (net of income taxes of \$20 (2021 - \$68))	(99)	(303)
Total other comprehensive loss, net of income taxes	(39,919)	(10,603)
Comprehensive income (loss)	\$ (2,954)	\$ 56,286

See accompanying notes to consolidated financial statements.

FIRST WEST CREDIT UNION

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

Year ended December 31, 2022, with comparative information for 2021

	Equity shares	AOCI		Contributed surplus	Retained earnings	2022 Total
		Hedging reserve	Fair value reserve			
Balance at December 31, 2021	\$ 26,137	\$ 2,795	\$ (308)	\$ 163,651	\$ 703,896	\$ 896,171
Profit for the year	-	-	-	-	36,965	36,965
Other comprehensive income, net of income taxes:						
Hedging reserve (cash flow hedges):						
Effective portion of changes in fair value	-	(39,820)	-	-	-	(39,820)
Total other comprehensive income (loss)	-	(39,820)	(99)	-	-	(39,919)
Comprehensive income (loss)	-	(39,820)	(99)	-	740,861	(2,954)
Contributions by and distribution to members:						
Dividends, net of related tax savings	-	-	-	-	(876)	(876)
Redemptions of equity shares	(2,117)	-	-	-	-	(2,117)
Total distribution to members	(2,117)	-	-	-	(876)	(2,993)
Balance at December 31, 2022	\$ 24,020	\$ (37,025)	\$ (407)	\$ 163,651	\$ 739,985	\$ 890,224
	Equity shares	AOCI		Contributed surplus	Retained earnings	2021 Total
		Hedging reserve	Fair value reserve			
Balance at December 31, 2020	\$ 28,083	\$ 13,095	\$ (5)	\$ 163,651	\$ 637,505	\$ 842,329
Profit for the year	-	-	-	-	66,889	66,889
Other comprehensive income, net of income taxes:						
Hedging reserve (cash flow hedges):						
Effective portion of changes in fair value	-	(10,300)	-	-	-	(10,300)
Total other comprehensive income	-	(10,300)	(303)	-	-	(10,603)
Comprehensive income	-	(10,300)	(303)	-	66,889	56,286
Contributions by and distribution to members:						
Dividends, net of related tax savings	-	-	-	-	(498)	(498)
Redemptions of equity shares	(1,946)	-	-	-	-	(1,946)
Total distribution to members	(1,946)	-	-	-	(498)	(2,444)
Balance at December 31, 2021	\$ 26,137	\$ 2,795	\$ (308)	\$ 163,651	\$ 703,896	\$ 896,171

See accompanying notes to consolidated financial statements.

FIRST WEST CREDIT UNION

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

Year ended December 31, 2022, with comparative information for 2021

	Notes	2022	2021
Cash provided by (used in):			
Cash flows from operating activities:			
Profit for the year		\$ 36,965	\$ 66,889
Adjustments for:			
Provision for credit losses		5,169	(8,144)
Depreciation and amortization		20,739	19,755
Net interest income		(241,271)	(231,112)
Income tax expense		6,954	16,811
Gain on sale of asset held-for-sale		(887)	(217)
Changes in:			
Derivative assets and liabilities		2,031	(7,659)
Loans to members		(1,060,401)	(1,012,879)
Other assets		37,547	83,913
Deposits from members		352,046	479,885
Other liabilities		(44,275)	(1,144)
Interest received		402,809	320,494
Interest paid		(125,736)	(112,826)
Dividends paid		(1,055)	(611)
Income tax paid		(547)	(14,125)
Net cash flows used in operating activities		(609,912)	(400,971)
Cash flows from investing activities:			
Disposal (acquisition) of investments		203,017	(424,545)
Proceeds from sale of investments		250	474
Proceeds from sale of asset held-for-sale		1,785	251
Acquisition of:			
Premises and equipment, net		(7,355)	(81,063)
Intangible assets, net		(4,821)	(6,438)
Net cash flows provided by (used in) investing activities		192,876	(511,321)
Cash flows from financing activities:			
Proceeds from borrowings		724,405	372,938
Repayment of borrowings		(618,873)	(387,356)
Proceeds from term debt		149,446	-
Repayment of lease liabilities		(7,513)	(7,699)
Redemption of equity shares		(2,117)	(1,946)
Net cash flows provided by (used in) financing activities		245,348	(24,063)
Net decrease in cash resources		(171,688)	(936,355)
Cash resources, beginning of year		449,807	1,386,162
Cash resources, end of year	8	\$ 278,119	\$ 449,807

See accompanying notes to consolidated financial statements.

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

1. Reporting entity:

First West Credit Union (the "Credit Union") is domiciled in Canada and its head office is located at 19933 - 88th Avenue, Langley, British Columbia. The Credit Union is governed by the Credit Union Incorporation Act (British Columbia) and is also subject to the provisions of the Financial Institutions Act (British Columbia) (the "Act"). The consolidated financial statements of the Credit Union, as at and for the year ended December 31, 2022, comprise the Credit Union and its subsidiaries (hereinafter together referred to as the "Credit Union" and individually as "Credit Union entities"). The Credit Union primarily is involved in retail and commercial banking, insurance brokerage, leasing services, asset management services, and other integrated financial products and services.

2. Basis of preparation:

(a) Statement of compliance:

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 9, 2023.

(b) Basis of measurement:

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

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

(c) Functional currency:

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

3. Use of estimates and judgments:

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed.

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

3. Use of estimates and judgments (continued):

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

(a) Expected credit losses on loans to members:

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

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

(b) Income taxes:

The Credit Union computes an effective tax rate which includes an evaluation of the small business rate applicable to credit unions under the Canadian Income Tax Act. An estimate of deposit, share and income growth based on the modeling of the Credit Union's business plan inclusive of economic indicators provides the basis in determining the applicability of the small business rate.

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

3. Use of estimates and judgments (continued):

(c) Fair value of financial instruments:

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

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

4. Significant accounting policies:

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

(a) Basis of consolidation:

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

(i) Business combinations:

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(i) Business combinations (continued):

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

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

(ii) Subsidiaries:

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

(b) Foreign currency:

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

(c) Interest:

Interest income and expense are recognized in the Consolidated Statement of Profit or Loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the amortised cost of the financial liability. When calculating the effective interest rate, the Credit Union estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and basis points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

(c) Interest (continued):

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

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

(d) Fees and commissions:

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

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

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

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

(e) Dividends:

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

(f) Leases:

(i) Lease definition:

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

(f) Leases (continued):

(ii) Recognition and measurement as a lessee:

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

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

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

(iii) Recognition and measurement as a lessor:

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

(g) Income taxes:

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

(g) Income taxes (continued):

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Financial assets and financial liabilities:

(i) Recognition:

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

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

(ii) Classification:

Financial assets:

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

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

(i) Classification (continued):

Financial assets (continued):

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

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Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

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

(i) Classification (continued):

Financial assets (continued):

Business model assessment:

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

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

Assessment of whether contractual cash flows are SPPI:

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

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

Reclassifications:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Credit Union changes its business model for managing financial assets. There were no changes to any of the Credit Union's business models during 2022 or 2021.

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

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

(ii) Classification (continued):

Financial liabilities:

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

(iii) Derecognition:

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

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

The Credit Union periodically transfers loans to Special Purpose Entities ("SPE's") through securitizations or through transfers to independent third parties. In instances where the Credit Union's securitizations and other transfers of receivables do not result in a transfer of contractual cash flows of the receivables or an assumption of an obligation to pay the cash flows of the receivables to a transferee, the Credit Union fails de-recognition of the transferred receivables and records a secured borrowing with respect to any consideration received.

(iv) Offsetting:

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

(v) Amortized cost measurement:

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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Year ended December 31, 2022

4. Significant accounting policies (continued):

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

(vi) Fair value measurement:

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

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

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

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

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

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

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

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

(vii) Identification and measurement of impairment:

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

Loss allowances are measured on either of the following bases:

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

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

Assessment of significant increase in credit risk:

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

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

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

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

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

Assessment of significant increase in credit risk (continued)

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

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

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

Measurement of ECL:

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

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

Probability of default:

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

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

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Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

4. Significant accounting policies (continued):

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

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

Probability of default (continued):

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

Loss given default:

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

Forward looking information and macroeconomic factors:

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

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

Exposure at default:

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

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

FIRST WEST CREDIT UNION

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4. Significant accounting policies (continued):

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

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

Time value of money:

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

Credit-impaired financial assets:

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

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

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

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

Write-off policy:

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

(i) Cash resources:

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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Year ended December 31, 2022

4. Significant accounting policies (continued):

(j) Derivatives and hedge accounting:

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

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

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

(i) Cash flow hedges:

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

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

FIRST WEST CREDIT UNION

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Year ended December 31, 2022

4. Significant accounting policies (continued):

(k) Loans to members:

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

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

(l) Investments:

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

(m) Assets held-for-sale:

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets or deferred tax assets, which continue to be measured in accordance with the Credit Union's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognized in consolidated profit or loss.

Once classified as held-for-sale, intangible assets and premises and equipment are no longer amortized or depreciated.

(n) Premises and equipment:

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

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

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

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Year ended December 31, 2022

4. Significant accounting policies (continued):

(o) Intangible assets:

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

Asset	Rate
Goodwill	Indefinite
Computer software	3 to 10 years

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

(p) Impairment of non-financial assets:

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

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

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

(q) Deposits from members and borrowings:

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

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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Year ended December 31, 2022

4. Significant accounting policies (continued):

(r) Term debt:

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

(s) Provisions:

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

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

(t) Employee benefits:

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

(i) Defined benefit pension plans:

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation. The liability is recognized in the Credit Union's Consolidated Statement of Financial Position. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

(ii) Post-employment health care benefits:

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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Year ended December 31, 2022

4. Significant accounting policies (continued):

(t) Employee benefits (continued):

(iii) Defined contribution pension plans:

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

(iv) Participation in multi-employer pension plans:

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

5. New accounting standards and interpretations:

Accounting standards adopted - Interest rate benchmark reform:

In December 2021, the Canadian Alternative Reference Rate working group ("CARR") recommended to CDOR's administrator that the Canadian Dollar Offered Rate (CDOR) should also cease calculation and publication. On May 16, 2022, the CDOR administrator, Refinitiv Benchmark Services (UK) Limited (Refinitiv), announced the cessation of CDOR by June 28, 2024, consistent with CARR's recommendations. CARR has proposed a two-stage plan for the adoption of Canadian Overnight Repo Rate Average ("CORRA") as the replacement benchmark rate and has announced it will develop a one- and three-month Term CORRA benchmark which is expected to be published late in the third calendar quarter of 2023. The Office of the Superintendent of Financial Institutions Canada ("OSFI") also announced that it expects all new derivative contracts and securities to transition to alternative rates by June 30, 2023, with no new CDOR exposure being booked after that date, with limited permitted exceptions. OSFI also expects loans referencing CDOR to transition by June 28, 2024, and financial institutions to prioritize system and model updates to accommodate the use of CORRA prior to June 28, 2024.

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5. New accounting standards and interpretations (continued):

Accounting standards adopted - Interest rate benchmark reform (continued):

The IASB issued amendments to accounting standards in response to interest rate benchmark reform, which will apply to CDOR-based instruments as they transition to the CORRA benchmark. The Credit Union has applied the IASB's Phase 1 and 2 amendments to IFRS 9, *Financial instruments: recognition and measurement*; IAS 39, *Financial instruments: recognition and measurement*; and IFRS 7, *Financial instruments: Disclosures*.

Phase 1 of the adoption modified certain hedge accounting requirements to provide relief from the changes arising from replacement of benchmarks. The Credit Union expects the selection of an economically equivalent benchmark rate from the industry, applicable to the interest rate swaps.

Phase 2 of the adoption addresses issues arising from implementation of benchmark replacements. The amendment provides practical expedient for modification of a financial contract and allows for relief from hedge discontinuation, with additional disclosures on the nature and extent of risk arising from the replacement benchmarks and the management of interest rate risk.

The Credit Union commenced to plan for the CDOR transition, which include incorporating appropriate contract fallback language, supporting the introduction of new products referencing CORRA or other alternative rates post-transition, preparing to cease the issuance of CDOR-based financial instruments, transitioning legacy CDOR-based contracts, and preparing for overall operational readiness.

The following table presents the carrying amounts of the non-derivative financial assets, and notional amounts of the derivatives that are indexed to CDOR as at December 31, 2022, which were due to mature after the announced CDOR cessation dates. In the normal course of business, our exposures may continue to fluctuate.

	December 31, 2022 maturing after June 2024
Non-derivative financial assets:	
Debt investments	\$ 241,927
Derivative financial instruments	\$ 950,000

Other standards:

There are a number of standards which are issued but not yet effective as of December 31, 2022, which are not expected to materially impact the Credit Union's consolidated financial statements.

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6. Financial risk management:

(a) Introduction and overview:

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

(b) Credit risk:

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

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

Management of credit risk:

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

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

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

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

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

6. Financial risk management (continued):

(b) Credit risk (continued):

Credit quality and credit risk exposure:

The following tables set out information about the credit quality of the Credit Union's loans to members measured at amortized cost, by category of loss allowance at December 31, 2022 and 2021. The amounts in the table represent the carrying amounts of loans to members.

At December 31, 2022	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Credit score > 800 (excellent)	\$ 2,655,218	\$ -	\$ 113	\$ 2,655,331
Credit score 710 - 799 (good - very good)	2,358,976	1,102	927	2,361,005
Credit score 650 - 709 (fair - good)	689,356	21,364	222	710,942
Credit score 600 - 649 (poor)	145,558	89,178	565	235,301
Credit score < 600 (less than satisfactory)	27,574	124,766	1,886	154,226
Deferred fees	16,781	675	11	17,467
Loss allowance	(2,009)	(4,437)	(301)	(6,747)
	\$ 5,891,454	\$ 232,648	\$ 3,423	\$ 6,127,525
Personal:				
Credit score > 800 (excellent)	\$ 368,585	\$ 207	\$ 526	\$ 369,318
Credit score 710 - 799 (good - very good)	276,494	45	295	276,834
Credit score 650 - 709 (fair - good)	78,421	1,924	-	80,345
Credit score 600 - 649 (poor)	16,787	12,750	-	29,537
Credit score < 600 (less than satisfactory)	2,127	12,362	121	14,610
Deferred fees	-	-	-	-
Loss allowance	(2,917)	(7,691)	(186)	(10,794)
	\$ 739,497	\$ 19,597	\$ 756	\$ 759,850
Commercial:				
R1 - R2 (excellent - good)	\$ 225,292	\$ 386	\$ -	\$ 225,678
R3 (satisfactory)	3,359,042	265	16	3,359,323
R4 - R6 (less than satisfactory)	606,203	100,544	-	706,747
R7 - R8 (Unsatisfactory)	-	28,502	29	28,531
R9 - R10 (credit-impaired)	-	-	7,501	7,501
Deferred fees	(2,876)	(89)	(5)	(2,970)
Loss allowance	(2,369)	(3,630)	(3,364)	(9,363)
	\$ 4,185,292	\$ 125,978	\$ 4,177	\$ 4,315,447

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Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

6. Financial risk management (continued):

(b) Credit risk (continued):

Credit quality and credit risk exposure (continued):

At December 31, 2021	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Credit score > 800 (excellent)	\$ 2,265,910	\$ -	\$ -	\$ 2,265,910
Credit score 710 - 799 (good - very good)	2,064,192	257	56	2,064,505
Credit score 650 - 709 (fair - good)	665,743	16,786	436	682,965
Credit score 600 - 649 (poor)	140,600	85,244	367	226,211
Credit score < 600 (less than satisfactory)	30,216	208,472	875	239,563
Deferred fees	12,426	747	4	13,177
Loss allowance	(1,574)	(3,407)	(103)	(5,084)
	\$ 5,177,513	\$ 308,099	\$ 1,635	\$ 5,487,247
Personal:				
Credit score > 800 (excellent)	\$ 359,591	\$ 5	\$ -	\$ 359,596
Credit score 710 - 799 (good - very good)	253,505	73	22	253,600
Credit score 650 - 709 (fair - good)	77,758	2,775	-	80,533
Credit score 600 - 649 (poor)	12,611	10,886	4	23,501
Credit score < 600 (less than satisfactory)	3,545	21,398	146	25,089
Deferred fees	-	-	-	-
Loss allowance	(2,356)	(6,198)	(134)	(8,688)
	\$ 704,654	\$ 28,939	\$ 38	\$ 733,631
Commercial:				
R1 - R2 (excellent - good)	\$ 283,374	\$ -	\$ -	\$ 283,374
R3 (satisfactory)	3,035,214	1,044	-	3,036,258
R4 - R6 (less than satisfactory)	452,985	97,831	53	550,869
R7 - R8 (Unsatisfactory)	-	58,867	-	58,867
R9 - R10 (credit-impaired)	-	-	10,026	10,026
Deferred fees	(2,917)	(122)	(8)	(3,047)
Loss allowance	(1,975)	(3,207)	(4,452)	(9,634)
	\$ 3,766,681	\$ 154,413	\$ 5,619	\$ 3,926,713

The following table presents the maximum exposure to credit risk on the Consolidated Statement of Financial Position and off-balance sheet financial instruments. For financial assets recognized on the Consolidated Statement of Financial Position, the maximum exposure to credit risk without taking account of any collateral held, equals their carrying amount. For loan commitments and other credit-related commitments that are irrevocable, the maximum exposure to credit risk without taking account of any collateral held, is the full amount of the committed facilities.

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

Year ended December 31, 2022

6. Financial risk management (continued):

(b) Credit risk (continued):

Credit quality and credit risk exposure (continued):

	2022	2021
Exposure recognized on the consolidated statement of financial position:		
Loans and accrued interest	\$ 11,252,272	\$ 10,185,778
Derivatives (net)	11,274	24,314
Term deposits and other securities	1,635,846	1,998,756
Accounts receivable	46,224	88,682
	12,945,616	12,297,530
Exposure not recognized on the consolidated statement of financial position:		
Letters of credit	82,634	95,713
Unadvanced loans and lines of credit	2,569,821	2,230,694
	2,652,455	2,326,407
Maximum exposure	\$ 15,598,071	\$ 14,623,937

Collateral and other credit enhancements:

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

Concentrations of credit risk:

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

Geographic credit risk is mitigated through the Credit Union's diversified geographic service area including the Lower Mainland, Fraser Valley, Thompson-Okanagan, Okanagan-Similkameen, Southern Vancouver Island and North Western British Columbia areas of British Columbia. To reduce any impact of the geographic credit risk the Credit Union has 26% (2021 - 21%) of its residential mortgages insured against credit loss.

(c) Liquidity risk:

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

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Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

6. Financial risk management (continued):

(c) Liquidity risk (continued):

Liquidity risk is managed in accordance with our liquidity policy approved by the Board of Directors. The liquidity policy of the Credit Union is that liquidity is managed on both an operational and strategic level on a total basis. The desired liquidity level above the statutory requirement is determined by taking into account the balance between the cost of liquidity and the yield achieved. Contingency liquidity is managed by having a plan in place that can be invoked very quickly, as well as having a diversity of funding sources arranged that can be accessed when needed. The Credit Union will at all times maintain statutory liquidity levels as required by regulations. Immediate corrective action will be taken if the ratio approaches the regulatory minimum. The statutory liquidity ratio is 8.0% of deposits from members and borrowings as at the reporting date. Based on total deposits and borrowings as at December 31, 2022 the Credit Union's liquidity exceeds minimum statutory requirements by \$598.3 million (2021 - \$1,084.7 million).

(d) Market risk:

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

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

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

Risk measurement:

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

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Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

6. Financial risk management (continued):

(d) Market risk (continued):

Risk measurement (continued):

Responsibilities include:

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

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

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

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

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

Earnings at risk:

Earnings at risk is defined as the percentage of the reduction in the financial margin given a 1% increase and decrease in interest rates. A reduction in financial margin is not to exceed 10% of the next 12-months' financial margin resulting from this test.

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

6. Financial risk management (continued):

(d) Market risk (continued):

Duration of equity:

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

The following table shows the results of these forecast simulations as at December 31, 2022 and 2021:

	Policy limit	2022	Impact	2021	Impact
Earnings at risk	10%	2.97%	\$ 5,516	0.83%	\$ 2,046
Duration of equity	+/-10%	4.03%	-	4.1%	-

As at December 31, 2022 and 2021, the Credit Union was within policy limits.

(e) Capital management:

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

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

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

Total capital above is reduced by:

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

As at December 31, 2022 and 2021, the Credit Union has met its minimum regulatory requirements.

FIRST WEST CREDIT UNION

Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

6. Financial risk management (continued):

(e) Capital management (continued):

Capital Adequacy calculation as defined by the Act:

	2022	2021
Primary capital	\$ 927,477	\$ 895,095
Secondary capital	123,702	127,006
Deductions from capital	(23,652)	(22,894)
	\$ 1,027,527	\$ 999,207

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

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

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

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

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

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Year ended December 31, 2022

6. Financial risk management (continued):

(e) Capital management (continued):

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

7. Financial assets and liabilities:

The tables below set out the classifications and carrying amounts of the Credit Union's financial assets and liabilities as at December 31, 2022 and 2021:

2022	FVTPL	Amortized cost	FVOCI-debt instruments	FVOCI-equity instruments	Total
Cash resources	\$ -	\$ 278,119	\$ -	\$ -	\$ 278,119
Derivative assets	11,274	-	-	-	11,274
Loans to members	-	11,255,368	-	-	11,255,368
Other assets	-	46,224	-	-	46,224
Debt investment securities and other	57,434	1,415,131	3,572	55	1,476,192
Derivative liabilities	45,536	-	-	-	45,536
Deposits from members	-	11,378,285	-	-	11,378,285
Borrowings	-	691,818	-	-	691,818
Term debt	-	150,368	-	-	150,368
Other liabilities	-	120,119	-	-	120,119

2021	FVTPL	Amortized cost	FVOCI-debt instruments	FVOCI-equity instruments	Total
Cash resources	\$ -	\$ 449,807	\$ -	\$ -	\$ 449,807
Derivative assets	24,314	-	-	-	24,314
Loans to members	-	10,162,372	-	-	10,162,372
Other assets	-	88,682	-	-	88,682
Debt investment securities and other	95,432	1,364,194	3,572	404	1,463,602
Investment in pooled funds	215,619	-	-	-	215,619
Derivative liabilities	4,907	-	-	-	4,907
Deposits from members	-	10,989,823	-	-	10,989,823
Borrowings	-	586,227	-	-	586,227
Term debt	-	-	-	-	-
Other liabilities	-	162,099	-	-	162,099

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Year ended December 31, 2022

8. Cash resources:

	2022	2021
Cash and current accounts	\$ 118,465	\$ 130,272
Term deposits and accrued interest	159,654	319,535
	\$ 278,119	\$ 449,807

The Credit Union is required to maintain collateral balances with certain counterparties and these amounted to \$20,730 as at December 31, 2022 in cash and current accounts above (2021 - \$1,600).

9. Derivatives:

	Fair value			
	2022		2021	
	Asset	Liability	Asset	Liability
Interest rate swaps used to manage interest rate risk:				
Receive fixed swaps	\$ -	\$ 45,536	\$ 4,777	\$ 4,378
Pay fixed swaps	-	-	-	529
Other derivatives:				
Equity linked options	11,274	-	19,537	-
Total fair value	\$ 11,274	\$ 45,536	\$ 24,314	\$ 4,907

The fair value of derivatives includes net accrued interest payable of \$2,393 in 2022 (2021 - receivable of \$1,150).

	Notional amount			
	Within 1-year	Over 1-year	2022	2021
	Interest rate swaps used to manage interest rate risk:			
Receive fixed swaps	\$ 150,000	\$ 1,100,000	\$ 1,250,000	\$ 600,000
Pay fixed swaps	-	-	-	100,000
	150,000	1,100,000	1,250,000	700,000
Other derivatives:				
Equity linked options	50,895	116,646	167,541	213,475
Total notional amount	\$ 200,895	\$ 1,216,646	\$ 1,417,541	\$ 913,475

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Year ended December 31, 2022

9. Derivatives (continued):

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

	Expected cash flows	Less than 1-year	1 to 5 years	Greater than 5-years
2022				
Assets	\$ 185,179	\$ 73,647	\$ 11,532	\$ -
Liabilities	-	-	-	-
Total cash inflow	\$ 185,179	\$ 73,647	\$ 11,532	\$ -
2021				
Assets	\$ 70,886	\$ 13,542	\$ 57,344	\$ -
Liabilities	-	-	-	-
Total cash inflow	\$ 70,886	\$ 13,542	\$ 57,344	\$ -

During the year, the Credit Union recognized a gain of \$525 (2021 - loss of \$209) for ineffectiveness in cash flow hedges, which is recognized in net interest income.

10. Loans to members:

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

	2022	2021
Residential mortgages	\$ 6,134,272	\$ 5,492,331
Personal:		
Personal loans	42,869	47,743
Personal lines of credit	727,776	694,574
Commercial:		
Commercial mortgages	4,134,179	3,733,449
Commercial loans	90,353	107,912
Commercial lines of credit	100,277	94,987
Accrued interest	22,546	14,782
	11,252,272	10,185,778
Allowance for expected credit losses	(26,904)	(23,406)
	\$ 11,225,368	\$ 10,162,372

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Notes to Consolidated Financial Statements

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

Year ended December 31, 2022

10. Loans to members (continued):

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

2022	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Balance, December 31, 2021	\$ 1,574	\$ 3,407	\$ 103	\$ 5,084
Net remeasurement	1,593	(248)	(11)	1,334
Originations	611	504	-	1,115
Derecognitions and maturities	(209)	(545)	(17)	(771)
Transfers to (from):				
Stage 1	(1,556)	-	-	(1,556)
Stage 2	-	1,319	-	1,319
Stage 3	-	-	238	238
Gross write-offs	(4)	-	(12)	(16)
Balance, December 31, 2022	\$ 2,009	\$ 4,437	\$ 301	\$ 6,747
Personal:				
Balance, December 31, 2021	\$ 2,356	\$ 6,198	\$ 134	\$ 8,688
Net remeasurement	2,482	88	167	2,737
Originations	467	437	30	934
Derecognitions and maturities	(172)	(466)	(54)	(692)
Transfers to (from):				
Stage 1	(1,973)	-	-	(1,973)
Stage 2	-	1,824	-	1,824
Stage 3	-	-	148	148
Gross write-offs	(243)	(390)	(239)	(872)
Balance, December 31, 2022	\$ 2,917	\$ 7,691	\$ 186	\$ 10,794
Commercial:				
Balance, December 31, 2021	1,975	3,207	4,452	9,634
Net remeasurement	2,262	28	(622)	1,668
Originations	612	5	-	617
Derecognitions and maturities	(461)	(1,287)	(25)	(1,773)
Transfers to (from):				
Stage 1	(1,998)	-	-	(1,998)
Stage 2	-	1,705	-	1,705
Stage 3	-	-	293	293
Gross write-offs	(21)	(28)	(734)	(783)
Balance, December 31, 2022	\$ 2,369	\$ 3,630	\$ 3,364	\$ 9,363
Total loans to members:				
Balance, December 31, 2021	5,905	12,812	4,689	23,406
Net remeasurement	6,337	(132)	(466)	5,739
Originations	1,690	946	30	2,666
Derecognitions and maturities	(842)	(2,298)	(96)	(3,236)
Transfers to (from):				
Stage 1	(5,527)	-	-	(5,527)
Stage 2	-	4,848	-	4,848
Stage 3	-	-	679	679
Gross write-offs	(268)	(418)	(985)	(1,671)
Balance, December 31, 2022	\$ 7,295	\$ 15,758	\$ 3,851	\$ 26,904

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

Year ended December 31, 2022

10. Loans to members (continued):

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

2021	Stage 1	Stage 2	Stage 3	Total
Residential mortgages:				
Balance, December 31, 2020	\$ 1,996	\$ 2,283	\$ 520	\$ 4,799
Net remeasurement	1,243	(745)	(224)	274
Originations	662	814	-	1,476
Derecognitions and maturities	(481)	(688)	(109)	(1,278)
Transfers to (from):				
Stage 1	(1,846)	-	-	(1,846)
Stage 2	-	1,753	-	1,753
Stage 3	-	-	93	93
Gross write-offs	-	(10)	(177)	(187)
Balance, December 31, 2021	\$ 1,574	\$ 3,407	\$ 103	\$ 5,084
Personal:				
Balance, December 31, 2020	\$ 3,555	\$ 3,738	\$ 103	\$ 7,396
Net remeasurement	3,014	(1,147)	71	1,938
Originations	484	456	31	971
Derecognitions and maturities	(380)	(536)	(20)	(936)
Transfers to (from):				
Stage 1	(4,113)	-	-	(4,113)
Stage 2	-	4,019	-	4,019
Stage 3	-	-	94	94
Gross write-offs	(204)	(332)	(145)	(681)
Balance, December 31, 2021	\$ 2,356	\$ 6,198	\$ 134	\$ 8,688
Commercial:				
Balance, December 31, 2020	\$ 4,110	\$ 3,834	\$ 23,453	\$ 31,397
Net remeasurement	97	(1,702)	(259)	(1,864)
Originations	764	761	80	1,605
Derecognitions and maturities	(1,255)	(1,319)	(7,756)	(10,330)
Transfers to (from):				
Stage 1	(1,716)	-	-	(1,716)
Stage 2	-	1,639	-	1,639
Stage 3	-	-	77	77
Gross write-offs	(25)	(6)	(11,143)	(11,174)
Balance, December 31, 2021	\$ 1,975	\$ 3,207	\$ 4,452	\$ 9,634
Total loans to members:				
Balance, December 31, 2020	\$ 9,661	\$ 9,855	\$ 24,076	\$ 43,592
Net remeasurement	4,354	(3,594)	(412)	348
Originations	1,910	2,031	111	4,052
Derecognitions and maturities	(2,116)	(2,543)	(7,885)	(12,544)
Transfers to (from):				
Stage 1	(7,675)	-	-	(7,675)
Stage 2	-	7,411	-	7,411
Stage 3	-	-	264	264
Gross write-offs	(229)	(348)	(11,465)	(12,042)
Balance, December 31, 2021	\$ 5,905	\$ 12,812	\$ 4,689	\$ 23,406

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Year ended December 31, 2022

10. Loans to members (continued):

(c) Forecasting forward-looking information:

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

The forward-looking macroeconomic scenario described below reflects our best estimate as at December 31, 2022. The rapidly evolving nature of this pandemic and its impacts on the economy, along with government relief and stimulus, has led to continuously changing macroeconomic assumptions. Hindsight cannot be used, so while these evolving assumptions may result in future forecasts that differ from those used in the ECL estimation as at December 31, 2022, those changes will be reflected in future years.

The primary macroeconomic variables impacting ECL for the residential mortgage, personal and commercial portfolios are the unemployment rate in B.C., change in house pricing index in B.C., change in real GDP, the 3-month Bankers' Acceptance Rate, the 3-month Government of Canada bond rate, and change in debt ratio. These primary macroeconomic variables for the next 12-months and for the remaining forecast period thereafter, used to estimate ECL, are as follows:

	Base-case scenario	
	Net 12-months (%)	Remaining forecast period (%)
Unemployment Rate - B.C. (average %)	5.7	5.3
Change in house pricing Index - B.C.	(8.5)	7.3
Change in real GDP	0.7	7.6
3-month Bankers' Acceptance Rate (average %)	4.5	3.0
3-month Government of Canada Bond Rate (average %)	4.1	2.6
Change in debt ratio	(0.6)	2.0

The Credit Union forecasts multiple forward looking and macroeconomic scenarios (base, upside and downside) to evaluate their estimated impacts to the ECLs. During 2022 and 2021, the base case scenario was assigned an 80% probability of occurring and the two less likely scenarios, upside and downside, were assigned a 10% probability of occurring. Multiple scenarios are forecasted to ensure that estimates of ECLs are unbiased.

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10. Loans to members (continued):

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

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

	2022	2021
ECL - Three probability-weighted (actual)	\$ 26,904	\$ 23,406
ECL - Base-case scenario only	26,735	23,350
ECL - Downside scenario only	31,966	25,206
Difference - Actual versus base-case scenario	\$ 169	\$ 56
Difference - Actual versus downside scenario	(5,062)	(1,800)

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

The fair value of the collateral held by the Credit Union as security for credit-impaired loans as at December 31, 2022 was \$8,940 (2021 - \$5,763). The Credit Union has estimated the fair value of the collateral based on an updated assessment of the respective security appraisal undertaken at the original funding assessment and management's knowledge of current local economic conditions.

As at December 31, 2022, accrued interest of \$1,316 (2021 - \$2,247) has been accrued on the credit-impaired loans but an allowance for ECL of \$1,316 (2021 - \$2,247) has been established to reduce the carrying value of this accrual to its estimated net realizable value.

11. Investments:

	2022	2021
Central 1 Credit Union shares	\$ 3,705	\$ 3,752
Debt investment securities at amortized cost	1,414,631	1,363,694
Leased vehicles net of accumulated amortization of \$297 (2021 - \$599)	352	699
Principal and interest reinvestment accounts	53,729	91,680
Investment in pooled funds	-	215,619
Other	4,127	4,476
	\$ 1,476,544	\$ 1,679,920

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

Amortization, for the year, in respect to leased vehicles amounted to \$108 (2021 - \$218).

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Year ended December 31, 2022

11. Investments (continued):

(a) Debt investment securities at amortized cost:

As at December 31, 2022 and 2021, the balances of debt investment securities at amortized cost are net of allowance, which is insignificant. The credit ratings of these securities fall mainly in AA+ and AAA categories as designated by well-known rating agencies (DBRS Morningstar, Standard & Poor's, and Moody's).

	2022	2021
Securities issued or guaranteed by:		
Federal governments ⁽¹⁾	\$ 678,317	\$ 875,956
Provinces	351,653	221,209
Municipalities	117,130	71,068
Other debt securities	267,531	195,461
	<u>\$ 1,414,631</u>	<u>\$ 1,363,694</u>

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

During the year ended 2022, the Credit Union sold certain debt investment securities measured at amortized cost for liquidity portfolio management purpose within the applicable regulatory framework. The carrying value of these securities, consisting of treasury bills and securities issued or guaranteed by government, was \$98,571 upon disposal in 2022 (2021 - \$690,144). The Credit Union recognized a net gain of \$54 in 2022 (2021 - \$127) from these disposals.

12. Premises and equipment:

Premises and equipment comprise owned and leased assets:

	2022	2021
Premises and equipment owned	\$ 140,765	\$ 144,079
Right-of-use assets	47,864	50,454
	<u>\$ 188,629</u>	<u>\$ 194,533</u>

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Year ended December 31, 2022

12. Premises and equipment (continued):

Premises and equipment owned					
2022	Land	Buildings	Leasehold improvements	Other equipment	Total
Cost:					
Balance, December 31, 2021	\$ 20,603	\$ 110,218	\$ 32,404	\$ 22,453	\$ 185,678
Acquisitions	-	2,466	4,054	778	7,298
Disposals	-	-	-	(67)	(67)
Balance, December 31, 2022	\$ 20,603	\$ 112,684	\$ 36,458	\$ 23,164	\$ 192,909
Accumulated depreciation and impairment losses:					
Balance, December 31, 2021	\$ -	\$ 11,154	\$ 19,460	\$ 10,985	\$ 41,599
Disposals	-	-	-	(25)	(25)
Depreciation	-	4,424	2,937	3,209	10,570
Balance, December 31, 2022	\$ -	\$ 15,578	\$ 22,397	\$ 14,169	\$ 52,144
Carrying amounts:					
Balance, December 31, 2022	\$ 20,603	\$ 97,106	\$ 14,061	\$ 8,995	\$ 140,765
Premises and equipment owned					
2021	Land	Buildings	Leasehold improvements	Other equipment	Total
Cost:					
Balance, December 31, 2020	\$ 8,279	\$ 48,228	\$ 32,575	\$ 19,096	\$ 108,178
Acquisitions	12,446	79,895	700	5,816	98,857
Disposals	-	(17,905)	(871)	(2,459)	(21,235)
Transferred to held-for-sale	(122)	-	-	-	(122)
Balance, December 31, 2021	\$ 20,603	\$ 110,218	\$ 32,404	\$ 22,453	\$ 185,678
Accumulated depreciation and impairment losses:					
Balance, December 31, 2020	\$ -	\$ 8,450	\$ 17,192	\$ 9,855	\$ 35,497
Disposals	-	(52)	(871)	(2,457)	(3,380)
Depreciation	-	2,756	3,139	3,587	9,482
Balance, December 31, 2021	\$ -	\$ 11,154	\$ 19,460	\$ 10,985	\$ 41,599
Carrying amounts:					
Balance, December 31, 2021	\$ 20,603	\$ 99,064	\$ 12,944	\$ 11,468	\$ 144,079
Right-of-use assets					
2022		Buildings		Other equipment	Total
Balance, December 31, 2021		\$ 49,978		\$ 476	\$ 50,454
Additions/lease modifications		4,360		-	4,360
Disposals		(953)		-	(953)
Depreciation		(5,786)		(211)	(5,997)
Balance, December 31, 2022		\$ 47,599		\$ 265	\$ 47,864
Right-of-use assets					
2021		Buildings		Other equipment	Total
Balance, December 31, 2020		\$ 54,106		\$ 720	\$ 54,826
Additions/lease modifications		5,617		(28)	5,589
Disposals		(3,911)		-	(3,911)
Depreciation		(5,834)		(216)	(6,050)
Balance, December 31, 2021		\$ 49,978		\$ 476	\$ 50,454

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Year ended December 31, 2022

13. Intangible assets:

2022	Goodwill	Software	Total
Cost:			
Balance, December 31, 2021	\$ 173	\$ 33,450	\$ 33,623
Acquisitions	-	4,821	4,821
Disposals	-	-	-
Balance, December 31, 2022	\$ 173	\$ 38,271	\$ 38,444
Accumulated amortization and impairment losses:			
Balance, December 31, 2021	\$ -	\$ 10,555	\$ 10,555
Disposals	-	-	-
Amortization	-	4,064	4,064
Balance, December 31, 2022	\$ -	\$ 14,619	\$ 14,619
Carrying amounts:			
Balance, December 31, 2022	\$ 173	\$ 23,652	\$ 23,825
2021			
Cost:			
Balance, December 31, 2020	\$ 173	\$ 34,295	\$ 34,468
Acquisitions	-	7,120	7,120
Disposals	-	(7,965)	(7,965)
Balance, December 31, 2021	\$ 173	\$ 33,450	\$ 33,623
Accumulated amortization and impairment losses:			
Balance, December 31, 2020	\$ -	\$ 13,832	\$ 13,832
Disposals	-	(7,282)	(7,282)
Amortization	-	4,005	4,005
Balance, December 31, 2021	\$ -	\$ 10,555	\$ 10,555
Carrying amounts:			
Balance, December 31, 2021	\$ 173	\$ 22,895	\$ 23,068

14. Other assets:

	2022	2021
Accounts receivable	\$ 10,700	\$ 12,564
Financing lease receivables	35,524	76,118
Prepaid expenses	29,941	25,481
	\$ 76,165	\$ 114,163

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Year ended December 31, 2022

15. Deposits from members:

	2022	2021
Demand	\$ 4,876,501	\$ 5,297,094
Term	5,121,219	4,383,518
Registered savings plans	1,314,767	1,279,707
Class A membership shares	5,416	5,538
Accrued interest and dividends	60,382	23,966
	<u>\$ 11,378,285</u>	<u>\$ 10,989,823</u>

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

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

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

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

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

	Up to 1-month	1 to 3 months	3 to 12 months	1 to 3 years	Greater than 3-years	Total
2022	\$ 5,381,157	\$ 490,679	\$ 4,385,885	\$ 1,033,087	\$ 87,477	\$ 11,378,285
2021	5,835,218	684,429	3,468,885	946,365	54,926	10,989,823

16. Borrowings:

	2022	2021
Revolving facilities	\$ 150,000	\$ 100,000
Obligation under CMB program (note 29)	541,550	486,018
Accrued interest	268	209
	<u>\$ 691,818</u>	<u>\$ 586,227</u>

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

Year ended December 31, 2022

16. Borrowings (continued):

The Credit Union has three approved lines of credit totaling \$787 million as at December 31, 2022 and 2021. Security for the first line of credit is an assignment of loans to members, accounts receivable and a demand debenture to the lender. For the second line of credit, security is provided by a first charge against specific CMHC or Genworth insured realty mortgages to a minimum of 105% of the approved credit facility. For the third line of credit, security is provided by a first charge against specific CMHC or Genworth insured realty mortgages to a minimum of 110% of the approved credit facility.

Changes in borrowings arising from financing activities:

The following table summarizes the changes in borrowings arising from financing activities for the year ended December 31, 2022:

	December 31, 2021	Cash flow changes	Non-cash changes Accrued interest	December 31, 2022
Revolving facilities	\$ 100,209	\$ 50,000	\$ 59	\$ 150,268
Obligations under the CMB Program	486,018	55,532	-	541,550
	\$ 586,227	\$ 105,532	\$ 59	\$ 691,818

17. Term debt:

The Credit Union issued a two-year fixed rate senior deposit note of \$150 million in November 2022. The coupon rate of the note is 6.797% and the interest is payable semi-annually. The debt is measured at amortized cost and the carrying amounts at year ends are set out below:

	2022	2021
Term debt, fixed-rate	\$ 150,368	\$ -

The Credit Union is fully compliant of all covenants with respect to its debt securities during the year ended December 31, 2022.

18. Other liabilities:

	2022	2021
Accounts payable and accrued liabilities	\$ 67,460	\$ 107,862
Lease liabilities (note 19)	52,659	54,237
Deferred revenue	2,998	6,874
	\$ 123,117	\$ 168,973

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Year ended December 31, 2022

19. Lease liabilities:

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

	2022	2021
Maturity analysis:		
Less than one year	\$ 7,564	\$ 7,362
Between one and five years	31,551	26,597
More than five years	31,110	39,479
Total undiscounted lease liabilities	\$ 70,225	\$ 73,438
Lease liabilities included in other liabilities:		
Less than one year	\$ 5,108	\$ 4,819
More than one year	47,551	49,418
Total	\$ 52,659	\$ 54,237

The Credit Union use incremental borrowing rates ranging from 4.21% to 6.16% (2021 - 4.12% to 5.11%) to discount its lease liabilities.

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

	2022	2021
Income from sub-leasing right-of-use assets	\$ 907	\$ 1,169
Expenses relating to short-term leases	2,482	3,117

During the year ended December 31, 2022, the total cash outflow for leases was \$7,513 (2021 - \$7,699).

20. Equity shares:

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

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

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

Class B equity shares are not guaranteed by CUDIC.

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Year ended December 31, 2022

20. Equity shares (continued):

	Issued and outstanding	
	2022	2021
Class B non-voting investment equity shares	\$ 24,020	\$ 26,137

21. Net interest income:

	2022	2021
Interest income:		
Cash resources and investments	\$ 25,166	\$ 10,796
Financial assets:		
Derivatives, net	3,637	9,454
Loans to members	365,283	282,957
Assets pledged as collateral	12,944	16,115
	407,030	319,322
Interest expense:		
Deposits from members	144,365	71,842
Secured borrowings	12,394	12,155
Wholesale borrowings	5,426	1,504
Term debt	948	-
Lease liabilities	2,626	2,709
	165,759	88,210
Net interest income	\$ 241,271	\$ 231,112

22. Fee and commission income:

	2022	2021
Insurance commissions and fees	\$ 2,006	\$ 2,197
Account service fees	12,995	12,154
Loan administration fees	21,752	32,028
Fees from fiduciary activities and mutual funds	34,052	31,836
Foreign exchange	5,518	3,971
	\$ 76,323	\$ 82,186

23. Other income:

	2022	2021
Leasing revenue	\$ 3,732	\$ 6,874
Investment revenue (losses)	(11,271)	6,573
Other	13,576	8,652
	\$ 6,037	\$ 22,099

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Year ended December 31, 2022

23. Other income (continued):

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

	2022
Receivable within 1 year	\$ 3,033
Receivable within 1 to 5 years	12,853
Receivable over 5 years	31,465
	\$ 47,351

24. Personnel expenses:

	2022	2021
Salaries	\$ 123,212	\$ 123,232
Benefits	17,644	15,733
Pension	9,368	8,546
Other	7,543	6,426
	\$ 157,767	\$ 153,937

25. Other expenses:

	2022	2021
Administration	\$ 50,059	\$ 49,927
Data processing	30,791	26,628
Occupancy	15,187	9,594
	\$ 96,037	\$ 86,149

26. Income taxes:

	2022	2021
Current income tax	\$ 9,353	\$ 10,457
Deferred income tax	(2,399)	6,354
	\$ 6,954	\$ 16,811

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Year ended December 31, 2022

26. Income taxes (continued):

Reconciliation of effective tax rate:

	2022	2021
	%	%
Combined federal and provincial statutory tax rate	27.0	27.0
Credit Union preferred rate reduction	(9.3)	(6.8)
Over provided in prior years	(1.5)	(0.3)
Other	(0.4)	0.1
	15.8	20.0

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

	2022	2021
Deferred tax assets:		
Allowance for impairment of loans	\$ 5,211	\$ 3,627
Other accrued expenses	13,329	11,446
Deferred revenue	882	812
Other	4,877	7,745
	\$ 24,299	\$ 23,630
Deferred tax liabilities:		
Investments and other	\$ 4,329	\$ 2,912
Premises, equipment, and leases	20,546	23,693
	\$ 24,875	\$ 26,605

Deferred tax that is expected to reverse to the year 2032 has been measured using the effective rate that will apply for the period. The weighted average applicable tax rate was 21.71% (2021 - 18.24%).

As at December 31, 2022, deferred tax liabilities for temporary differences of \$11,134 (2021 - \$39,567) were not recognized as the Credit Union controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

27. Pension and post-retirement benefits:

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

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Year ended December 31, 2022

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

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

Supplemental retirement plans:

The accrued benefit obligation and plan assets were actuarially measured for accounting purposes as of December 31, 2022 (prior period was measured at December 31, 2021). The effective date of the last actuarial valuation report for funding purposes was December 31, 2022 and the effective date of the next required actuarial valuation report will be December 31, 2023.

Statement of profit or loss charge for (note 24):

	2022	2021
Pension benefits:		
Defined contribution and multi-employer plan expense	\$ 9,260	\$ 8,438
Defined benefit plan expense	108	108
	\$ 9,368	\$ 8,546

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

The Credit Union is one of several employers that participates in the BC Credit Union Employees' Pension Plan. The Credit Union is one of several employers participating in the 1.75% Defined Benefit Division of the BC Credit Union Employees' Pension Plan ("Plan Division"). The BC Credit Union Employees' Pension Plan is a contributory, multi-employer, multidivisional registered pension plan governed by a Board of Trustees which is responsible for overseeing the management of the Plan, including the investment of the assets and administration of the benefits. Based on the fourth quarter's information for 2022, this Plan Division covers about 3,400 active members, 2,200 inactive members, and approximately 1,500 retired plan members, with reported assets estimated at \$1.05 billion as of November 2022. The assets under this multi-employer plan are pooled amongst the participating employers. The Plan does not track assets separately for each employer. All cash flows (including investment income, expenses and outgoing benefit payments) are applied and tracked at the aggregate Plan level rather than at the individual employer level. Each employer under the Plan shares the actuarial risks associated with the current and former employees of other participating employers.

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

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

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

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

At least once every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of the funding levels. The most recent actuarial valuation of the Plan Division was conducted as at December 31, 2021. This latest actuarial valuation indicated a going concern surplus of \$112.5M and a solvency deficiency of \$10.4M. The next formally scheduled actuarial valuation date will be performed no later than December 31, 2024. Employer contributions to the Plan are established by the Trustees upon advice from the Plan's actuary. Any employer contribution changes from the December 31, 2021 valuation will be effective January 1, 2023.

The Credit Union paid \$1,950 for employer contributions to the plan in fiscal year 2022 (2021 - \$2,159).

28. Commitments and contingencies:

(a) Computer service contracts:

The Credit Union has computer service contracts through to 2026 and thereafter.

The following table summarizes the approximate computer service contract payments over the next 5-years:

2023	\$	19,464
2024		11,679
2025		6,765
2026		4,146
2027		2,247
Thereafter		-

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28. Commitments and contingencies (continued):

(b) Legal proceedings:

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

(c) Contingent liability:

As at December 31, 2022 and 2021, the Credit Union has considered contingent liabilities arising from its operations, as well as potential penalties, and determined that no amount needs be accrued in respect of such amounts.

29. Securitizations:

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

The Credit Union reviews transfer agreements in order to determine whether the transfers of financial assets should result in all or a portion of the transferred mortgages being derecognized from its Consolidated Statement of Financial Position. The derecognition requirements include an assessment of whether the Credit Union's rights to contractual cash flows have expired or have been transferred or whether an obligation has been undertaken by the Credit Union to pay the cash flows collected on the underlying transferred assets over to a third party. The derecognition standards also include an assessment of whether substantially all the risks and rewards of ownership have been transferred.

The amount of residential mortgages, including accrued interest, that were transferred but which were not derecognized for the period was \$259,405 (2021 - \$272,937). The credit union also has recognized \$259,405 (2021 - \$272,937) of secured borrowing relating to securitization transactions as the Credit Union did not transfer substantially all of the risks and rewards of ownership, principally because it did not transfer prepayment, interest and credit risk of the mortgages in the securitization. The residential mortgages are categorized as loans to members and they are pledged as security for this secured borrowing. The weighted average interest rate on the secured borrowing is 1.73% (2021 - 1.19%) and the borrowing matures at the same rate as the underlying mortgages or at maturity of the underlying mortgages. CMB pools are at maturity with bullet payment.

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29. Securitizations (continued):

As a result of the transactions, the credit union receives the net differential between the monthly interest receipts of the mortgages and the interest expense on the borrowings.

Type of loan	Total principal	Principal amount over 60-days past due
Residential mortgages	\$ 541,593	\$ -

The secured borrowings mature as follows:

Maturity	% Rate	Secured borrowings
February 1 2023	1.39	\$ 320
March 1 2023	1.39	1,384
March 1 2023	2.55	54
April 1 2023	0.20	380
June 1 2023	0.21	1,443
June 1 2023	0.26	1,080
August 1 2023	0.92	9,356
September 1 2023	0.94	7,361
October 1 2023	2.55	929
October 1 2023	0.96	6,985
October 1 2023	0.86	4,442
November 1 2023	0.37	3,479
December 1 2023	0.43	4,004
December 1 2023	0.40	541
January 1 2024	0.45	1,379
March 1 2024	0.95	3,059
June 1 2024	0.49	5,880
July 1 2024	0.95	1,818
September 1 2024	1.07	2,753
September 1 2024	1.25	5,074
September 1 2024	1.05	7,777
October 1 2024	1.07	7,103
November 1 2024	0.95	8,427
December 1 2024	1.10	11,532
December 1 2024	0.60	2,852
January 1 2025	0.95	4,914
January 1 2025	0.95	11,380
February 1 2025	1.06	7,216
March 1 2025	1.38	10,885
March 1 2025	1.25	12,295
March 1 2025	1.16	12,105
April 1 2025	0.72	3,922
April 1 2025	1.13	12,709
June 1 2025	1.28	7,226
September 1 2025	1.25	20,536
July 1 2026	1.55	85,873
September 1 2026	3.80	103,821
February 1 2027	1.09	34,672
March 1 2027	0.84	56,363
September 1 2027	1.74	43,818
November 1 2027	2.56	14,403
		\$ 541,550

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30. Interest rate sensitivity:

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

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Year ended December 31, 2022

30. Interest rate sensitivity (continued):

	Within 3-months		4 - 12-months		Over 1-year		Not-interest sensitive	Total
	Principal	%Rate	Principal	%Rate	Principal	%Rate		
2022								
Assets:								
Cash resources	\$ 231,390	4.27	\$ -	-	\$ -	-	\$ 46,729	\$ 278,119
Loans	3,741,759	6.89	940,100	3.50	6,547,867	3.40	(4,358)	11,225,368
Other	586,195	3.50	292,690	2.17	586,743	2.15	335,108	1,800,736
	4,559,344	6.32	1,232,790	3.18	7,134,610	3.30	377,479	13,304,223
Liabilities:								
Member deposits	2,897,850	3.83	4,149,544	3.87	579,899	3.70	3,750,992	11,378,285
Borrowings and other	191,363	3.10	120,065	0.98	529,955	2.63	194,331	1,035,714
	3,089,213	3.78	4,269,609	3.79	1,109,854	3.19	3,945,323	12,413,999
Balance sheet mismatch	1,470,131		(3,036,819)		6,024,756		(3,567,844)	890,224
Derivatives, notional value:								
Asset	-	-	150,000	2.72	600,000	2.53	-	750,000
Liability	(750,000)	4.68	-	-	-	-	-	(750,000)
	(750,000)		150,000		600,000		-	-
Net mismatch	\$ 720,131		\$ (2,886,819)		\$ 6,624,756		\$ (3,567,844)	\$ 890,224
	Within 3-months		4 - 12-months		Over 1-year		Not-interest sensitive	Total
	Principal	%Rate	Principal	%Rate	Principal	%Rate		
2021								
Assets:								
Cash resources	\$ 399,440	0.26	\$ -	-	\$ -	-	\$ 50,367	\$ 449,807
Loans	3,117,193	3.34	1,106,114	2.87	5,947,688	2.55	(8,623)	10,162,372
Other	810,683	0.82	310,053	1.58	601,455	1.93	338,337	2,060,528
	4,327,316	2.58	1,416,167	2.58	6,549,143	2.49	380,081	12,672,707
Liabilities:								
Member deposits	2,974,515	0.73	3,203,171	0.87	655,988	1.13	4,156,149	10,989,823
Borrowings and other	146,511	1.17	157,270	1.16	281,633	1.16	201,299	786,713
	3,121,026	0.75	3,360,441	0.88	937,621	1.14	4,357,448	11,776,536
Balance sheet mismatch	1,206,290		(1,944,274)		5,611,522		(3,977,367)	896,171
Derivatives, notional value:								
Asset	100,000	0.51	-	-	500,000	1.89	-	600,000
Liability	(500,000)	0.49	-	-	(100,000)	1.87	-	(600,000)
	(400,000)		-		400,000		-	-
Net mismatch	\$ 806,290		\$ (1,944,274)		\$ 6,011,522		\$ (3,977,367)	\$ 896,171

FIRST WEST CREDIT UNION

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

Year ended December 31, 2022

31. Fair values of financial instruments:

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

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

	2022			2021		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets:						
Cash resources	\$ 278,119	\$ 278,076	\$ (43)	\$ 449,807	\$ 449,751	\$ (56)
Derivatives	11,274	11,274	-	24,314	24,314	-
Loans	11,225,368	10,698,950	(526,418)	10,162,372	10,121,037	(41,335)
Investments	1,476,544	1,433,767	(42,777)	1,679,221	1,672,921	(6,300)
Other	46,225	45,679	(546)	88,682	89,836	1,154
			(569,784)			(46,537)
Liabilities:						
Deposits	11,378,285	11,363,983	14,302	10,989,823	10,997,464	(7,641)
Borrowing	691,818	655,191	36,627	586,227	578,986	7,241
Term debt	150,368	155,097	(4,729)	-	-	-
Derivatives	45,536	45,536	-	4,907	4,907	-
Other	120,119	120,119	-	162,099	162,099	-
			46,200			(400)
Fair value difference			\$ (523,582)			\$ (46,937)

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

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

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

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

As at December 31, 2022, the Credit Union held cash and current accounts of \$118,465 (2021 - \$130,272) which is classified within Level 1 of the fair value hierarchy. All other financial instruments are classified within Level 2.

FIRST WEST CREDIT UNION

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

Year ended December 31, 2022

32. Related party information:

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union including the Chief Executive Officer, Chief Financial Officer, Chief Treasury and Investments Officer, Chief Member Officer, Chief Transformation Officer, Chief People and Culture Officer, Chief Credit Officer, Chief Risk Officer, Chief Governance and Corporate Affairs Officer, Senior Vice President Strategy and Market Growth, President Envision Financial, President Valley First and the President Island Savings

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

(a) Loans and deposits:

The Credit Union provides banking services to key management personnel and persons connected to them. Balances outstanding at December 31, 2022 were loans of \$8,225 (2021 - \$10,284) and deposits of \$3,733 (2021 - \$3,390). No Stage 2 or Stage 3 allowances for credit losses have been recognized with respect to these loans (2021 - nil).

At December 31, 2022, outstanding loans to directors, officers and employees of the Credit Union amounted to \$347,016 (2021 - \$326,214). All such loans were granted in accordance with normal lending terms. Employee loans are recorded at their fair value in the Consolidated Statement of Financial Position with the difference between market values and carrying values being recognized as personnel expenses in the Consolidated Statement of Profit or Loss.

(b) Key management compensation:

	2022	2021
Salaries and short-term employee benefits	\$ 9,685	\$ 8,325
Post-retirement and termination benefits	619	463
	\$ 10,304	\$ 8,788

The aggregate remuneration earned by directors of the Credit Union during 2022 was \$622 (2021 - \$601).

The Credit Union has included in accounts payable and other expenses a donation of \$1,500 (2021 - \$1,000) to the Credit Union's charitable foundation, First West Foundation ("Foundation"). Certain directors of the Credit Union are directors of the Foundation.

FIRST WEST CREDIT UNION

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

Year ended December 31, 2022

32. Related party information (continued):

(c) Subsidiaries and joint operations:

	% ownership of common shares outstanding	
	2022	2021
First West Insurance Services Ltd.	100	100
FW Wealth Management Ltd.	100	100
First West Leasing Ltd.	100	100
FWCU Capital Corp.	100	100
619547 BC Ltd.	100	100

33. Assets held-for-sale:

	2022	2021
Premises and equipment	\$ -	\$ 899
Assets held-for-sale	\$ -	\$ 899

On September 14, 2020, the Credit Union announced its intention to close five branches and consolidate their operations to other existing branches in the similar geographic locations across British Columbia. The Credit Union owns the buildings and lands of two of these five branches, with carrying value of \$933 as at December 31, 2020. The Credit Union sold these buildings and land in 2021. During 2021, the Credit closed one branch and is committed to sell this building and land. As a result, the building and land were presented as asset held-for-sale with a carrying value of \$899 as at December 31, 2021. The building and land were sold in 2022 and a gain on sale of \$887 was recognized in other income in 2022.

34. Off balance sheet arrangements:

During the year the Government of Canada (the "Government") has launched the Canada Emergency Business Account ("CEBA") Program, where the Credit Union issued loans that were funded by the Government. The Credit Union determined these loans meets the pass-through criteria, the risks and rewards were transferred to the Government, therefore these loans are derecognized from the Consolidated Statement of Financial Position. In addition to CEBA, the Credit Union also participate in a co-lending program launched by Business Development Bank of Canada ("BDC") where the Credit Union issued loans that are 80% funded by the government. Since the risks and rewards for this 80% were transferred to BDC, the Credit Union does not recognize this portion of the loans on the Consolidated Statement of Financial Position.

2022

ANNUAL REPORT

**GOVERNANCE
REPORT**

Governance Report

As a member-owned, democratic co-operative financial institution, First West is governed by a Board of Directors elected by the credit union's members.

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

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

Significant Activities in 2022

- > Mark Moreland was appointed to serve as First West's Chief Financial Officer on a permanent basis
- > Paul Brodeur was appointed to serve as First West's Chief Strategy & Market Growth Officer
- > First West's Chief Treasury & Investment Officer retired
- > An independent member advisory committee recommended changes to Board compensation
- > The AGM was held at the Langley Collaboration Centre, with members and guests having the option to attend in person or via an online platform
- > Three incumbent directors and one new director were elected by acclamation to the First West Board
- > Director Archie Campbell resigned from the First West Board
- > One new Director, Tom Knoepfel, was appointed to the First West Board
- > Director Ken Voth retired from the First West Board
- > First West appointed a new Assistant Corporate Secretary
- > First West received its second Environmental, Social and Governance (ESG) rating
- > First West was selected as the Engagement Award winner by the Governance Professionals of Canada
- > The Board approved revisions to its Equity, Diversity and Inclusion Policy

In January 2022, Mark Moreland assumed the role of Chief Financial Officer (CFO) on a permanent basis. Mr. Moreland previously served as Interim CFO, where he demonstrated leadership and prudent oversight of First West's Finance teams. Mr. Moreland's appointment to CFO on a permanent basis serves to solidify the financial strength and stability of First West, which is essential as the credit union progresses in its journey to become federally regulated.

Recognizing the need for an executive-level leader to help shape, define, energize and better align the ways in which First West translates its vision into reality, Paul Brodeur was appointed in February 2022 to serve as First West's Chief Strategy & Market Growth Officer. In this role, Mr. Brodeur oversees First West's strategy and market growth, while leading teams across First West to integrate the credit union's priorities and better unite the credit union's efforts to innovate and deliver for members and teams. Mr. Brodeur previously served as Senior Vice-President, Strategy and Market Growth.

After a 30-year career with First West and its predecessor credit unions, First West's Chief Treasury & Investment Officer, Tom Webster, retired in June 2022. Mr. Webster served in various leadership roles during his time at First West, including serving as the Chief Financial Officer and as the Chief Treasury & Investment Officer. Mr. Webster leaves a long legacy of accomplishments within First West and the overall credit union system.

In April 2022, the Board approved changes to its compensation considering recommendations made by an independent member compensation panel. The panel reviewed the Board's current compensation, industry trends and compensation paid to directors of other like-sized organizations in developing a recommended 2% increase in director compensation. The Board considered the recommendation, and the increased workload related to federal continuance and general regulatory oversight, and agreed to approve a 5% increase to director compensation for the following year, effective April 27, 2022, and to consider an additional increase in director compensation in 2023.

As COVID-19 restrictions eased, but with respect for health and safety protocols, First West decided to host a hybrid AGM in 2022; in person at First West's Langley Collaboration Centre, and via an online platform. Members provided positive feedback on the in-person event, while members online shared their appreciation for the option to attend virtually.

The terms of four directors expired at the conclusion of the 2022 AGM. In addition, there was a vacancy owing to past Director Archie Campbell resigning from his seat on First West's Board of Directors effective as of the conclusion of the 2022 AGM. Given First West's federal continuance journey and the Board's oversight and stewardship obligations, the Board elected to appoint a new director to fulfil the one-year term (this being the period remaining on Archie Campbell's term). Following the nomination period and the Nominations Task Force's endorsement meeting, four candidates were endorsed—incumbents Meryle Corbett, Paul Challinor and Richard Hill and new director Waheed Hirji—and were declared elected by acclamation. Director Tom Knoepfel was appointed by the Board for the one-year term (the period remaining with respect to Archie Campbell's seat).

After 42 years of service, Director Ken Voth retired from the First West Board at the conclusion of the AGM. In consideration of Mr. Voth's tenure and exemplary service, the Board granted Mr. Voth the title of Director Emeritus.

Effective April 28, the Board appointed James Grange as Assistant Corporate Secretary.

In June 2022, First West received its second comprehensive Environmental, Social and Governance (ESG) rating from Morningstar Sustainalytics, a leading independent ESG and corporate governance firm. Research shows that companies that adhere to ESG principles are lower risk and more resilient over time. Months of reporting and interviewing took place across First West in order for Morningstar Sustainalytics to produce an accurate rating. Ultimately, First West received a rating of 16.7 — *low risk* of experiencing material financial impacts caused by ESG factors. This rating reaffirms First West's standing as a leader in the financial services industry. For additional information and details on ESG and First West's ESG rating, see "Strengthening Our Commitment to Make Meaningful Impact" in the Business Profile and Organizational Overview section of the annual report.

In November 2022, First West was selected as the recipient of the Engagement Award as part of the Excellence in Governance Awards (EGAs). The Governance Professionals of Canada established the EGAs program in 2013 to recognize the important contributions that governance professionals and their

organizations make in terms of leading governance practices and the critical role that good governance plays in enhancing the value of Canadian organizations and in sustaining stakeholder value. In receiving the Engagement Award, First West and the Board were commended for strong stakeholder engagement and innovation with respect to First West’s federal continuance member vote—of the members who voted, 84.2 percent voted YES to First West applying to become federally regulated—and its formal application to the Office of the Superintendent of Financial Institutions.

In December 2022, the Board approved revisions to the Board Equity, Diversity and Inclusion Policy (Policy). The Board recognizes that equity, diversity and inclusion are of great significance with respect to ensuring its directors possess the qualities, attributes, experience and skills required to effectively oversee First West’s strategic direction. Further, the Board recognizes the benefits of having a diverse composition and has identified equity, diversity and inclusion as essential elements in attracting high-calibre directors and maintaining a high functioning Board and business. To the extent possible through the democratic process, the Board is committed to taking the necessary steps to ensure its composition is balanced appropriately and representative of First West’s members, employees, stakeholders, and communities served.

The following table outlines the optimal composition of the Board with respect to the diversity dimensions the Board has identified as material to its success, measurable objectives for achieving the optimal composition, and the Board’s composition as of December 31, 2022.

DIMENSION	WHY IT MATTERS	OPTIMAL COMPOSITION	CURRENT COMPOSITION
Representation of Women	Historically, women have been unfairly underrepresented on boards. Studies show that boards which are composed of at least one-third women make better decisions, consider issues differently and operate more effectively	At least one-third female directors	The Board’s composition with respect to the representation of women does not meet the optimal composition. Currently, three of the Board’s 12 directors are women.
Equity Deserving Groups	Studies show that equitable, diverse and inclusive boards make better decisions, consider issues differently and operate more effectively. The Board recognizes that the people who call the credit union’s communities home come from varied backgrounds and have varied experiences. It is important to ensure that the Board reflects the make-up of the credit union’s communities	The optimal composition of the Board is one in which equity deserving groups are treated fairly in order to ensure inherent diversity, experiential diversity and diversity of thought.	New for 2023. An evaluation and benchmark is to be completed with respect to the Board’s composition and equity deserving groups
Age	Each generation approaches problems and issues differently; as the credit union serves members in all life stages, it is important to include a good mix of ages on the Board	No more than one-third of directors in each age bracket: <ul style="list-style-type: none"> • Under 50 • 50 – 60 • 60 and over 	The Board’s composition with respect to age does not meet the optimal composition. Currently, six of the Board’s directors are over the age of 60 and six of the Board’s directors are in the 50 – 60 age bracket
Geography	Local economies, local Indigenous Peoples, politics and needs in the Credit Union’s service areas differ broadly; these points of view should be represented at the Board table	Representation from each of the credit union’s regions	Each of the credit union’s regions are represented in the composition of the Board

Appreciating that cultivating a Board that is equitable, diverse and inclusive requires commitment and continuous education, and in working towards fulfilling its commitments with respect to optimal Board composition, the Board participated in several workshops and education sessions in 2022, including:

- > An Unconscious Bias education session with a leading Diversity & Inclusion Strategist;
- > A Sexual Orientation and Gender Identity workshop with a leading Diversity & Inclusion Strategist; and
- > An educational session, lead by an Indigenous speaker and two members from First West's Indigenous Employee Network Group, in which the Board explored Indigenous world views and perspectives to gain a better understanding of the complex experiences faced by Indigenous People.

The Board recognizes further work and learning is required in order to achieve the optimal composition sought by the Board and is committed to continuous learning and removing barriers for all individuals.

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

Board Structure and Directors

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

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

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

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

Board Effectiveness and Renewal

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

Director Education

Directors are encouraged to pursue educational opportunities and professional development to improve their contributions to governing the credit union. New directors are required to complete Level A of the Credit Union Director Achievement program within 12 months of their appointment and all directors are required to apply for and complete their ICD.D or C.Dir designation. Per the Board's Director Orientation, Education and Development Policy, 50% of the cost of the ICD.D program is borne by each director, respectively. Vice-Chair David Letkemann completed the ICD.D program and received his ICD.D designation in 2022.

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

A listing of the educational opportunities pursued by each director in 2022 is included in Appendix 1.

Governance Standards

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

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

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

Member Involvement

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

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

Board Compensation

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

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

First West's policies require the Board to regularly seek the input and advice of an independent panel of members to determine its compensation. Recommendations were made by an independent panel in early 2022. The Board considered the recommendations, and the increased workload related to federal continuance and regulatory oversight, and agreed to an increase of 5% in April 2022. An independent panel of members will again be put together in 2024 to provide input and advice on the Board's compensation.

In 2022, director compensation included annual retainers of \$40,530 for directors and \$81,060 for the Board Chair; the Chairs of the Audit and Conduct Review Committee and the Risk, Investment and Loan Committee receive an additional retainer of \$11,025 and the Chairs of other committees receive additional retainers of \$5,513.

Total Board compensation for 2022 was \$668,535.24, which includes \$24,100.00 for travel fees and \$92,546.51 for expenses. The amounts paid to each individual director are included with each director profile in Appendix 1.

Director Expenses

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

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

Total expenses paid to each director is included with each director profile in Appendix 1.

Committees Of The Board As At December 31, 2022

> **AUDIT AND CONDUCT REVIEW**

The Audit and Conduct Review Committee is responsible for fulfilling the credit union's statutory duty to maintain an audit committee and conduct review committee as per Section 39.56 of the *Credit Union Incorporation Act* and Section 112 of the *Financial Institutions Act* respectively. The Committee assists the Board in fulfilling its obligations and oversight responsibilities related to the audit process and financial reporting, ensures the requirements for dealing with related-party transactions set out in the *Financial Institutions Act* are met and appropriate procedures are in place, and oversees the process for reviewing directors' conduct and oversees procedures for resolving conflicts of interest, restricting the use of confidential information and handling member complaints. The Committee consists of a minimum of three members elected by the Board on the recommendation of the Board Chair.

> **RISK, INVESTMENT AND LOAN**

The Risk, Investment and Loan Committee is responsible for fulfilling the statutory duties related to investments and lending of financial institutions detailed in Section 135 of the *Financial Institutions Act*. The Committee recommends Board approval of and oversees the credit union's risk appetite and enterprise risk management framework. It reviews and recommends to the Board for approval and filing with BCFSa written investment and loan policies for the credit union and its subsidiaries, which the Committee considers consistent with the *Financial Institutions Act* prudent standards and within the credit union's investment and loan strategy. The Committee consists of a minimum of three members elected by the Board on the recommendation of the Board Chair.

> **GOVERNANCE AND NOMINATIONS**

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

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

> **GOVERNMENT RELATIONS AND PARTNERSHIP**

The Government Relations and Partnership Committee guides Management in advancing First West's multi-brand operating model. The Committee reviews and counsels Management on First West's successful business model, monitors government relations activities and advocates for favourable legislative and regulatory environments that will allow First West to achieve its strategic goals. The Committee also represents the Board in discussions with credit unions interested in First West's model. The Committee consists of the Board Chair, Board Vice-Chair and two other directors appointed annually on the recommendation of the Board Chair.

> **HUMAN RESOURCES**

The Human Resources Committee is responsible for assisting the Board with respect to all matters relating to human resources, ensuring sound human resources policies and practices are in place and are consistent with First West's values, vision, risk appetite and strategic plan. The Committee consists of not less than three and not more than five members. Committee members and the Committee Chair are appointed by the Board on the recommendation of the Board Chair.

Board And Committee Attendance

Reporting attendance is widely defined as a governance best practice and required by the BCFA Governance Guideline for B.C. Credit Unions. Meeting attendance and profiles for each First West director is listed in Appendix 1.

In addition to director attendance, First West believes effective directorship should be measured by directors being thoroughly prepared to be engaged in meetings and to make sustained, positive contributions to the credit union's success.

APPENDIX 1

2022 DIRECTORS

Shawn Neumann (Chair)	Deborah Buszard	Archie Campbell	Paul Challinor	Meryle Corbett	Jeff Dyck	Richard Hill	Waheed Hirji	Tom Knoepfel	Darryl Kropp	David Letkemann (Vice-Chair)	Balraj Mann	Cathy McIntyre	Ken Voth
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Current Term Expires	2023	2024	2022	2025	2025	2023	2025	2025	2023	2023	2024	2024	2023	2022
Director Since	1998	2021	2021	2019	2019	2017	2006	2022	2022	2018	2006	2021	2017	1980

MEETING ATTENDANCE

Board (9)	8	7	0	9	8	8	6	5	5	9	8	8	9	3
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Committees Jan. 1 – April 28, 2022 (up to AGM)

Audit and Conduct Review (3)	-	3	2	3	3	3	-	-	-	-	3	-	3	-
Governance and Nominations (3)	3	3	-	-	-	3	-	-	-	3	3	-	-	3
Government Relations and Partnership (2)	1	-	-	-	2	-	1	-	-	-	2	-	-	2
Human Resources (2)	2	2	-	-	-	1	-	-	-	2	-	2	2	-
Nominations Task Force (2)	-	2	-	-	-	-	-	-	-	2	-	-	-	2
Risk, Investment and Loan (2)	-	-	1	2	2	-	2	-	-	2	-	2	-	2

Committees April 28 (post AGM) – Dec 31, 2022

Audit and Conduct Review (2)	-	1	-	2	2	2	-	2	2	-	-	-	2	-
Governance and Nominations (2)	2	1	-	-	-	2	-	-	-	1	2	-	-	-
Government Relations and Partnership (2)	1	-	-	-	2	-	2	2	-	-	2	-	-	-
Human Resources (3)	3	2	-	-	-	3	1	-	-	3	-	2	3	-
Nominations Task Force (2)	-	1	-	-	2	-	-	-	-	-	2	-	-	-
Risk, Investment and Loan (2)	-	-	-	2	2	-	-	2	2	1	2	2	-	-

REMUNERATION AND EXPENSES

Total Honorarium	79,130	41,280	12,611	50,328	52,165	39,565	39,565	27,016	27,016	41,315	43,061	39,565	44,947	14,326
Total Travel fees	2,500	2,500	0	500	3,500	500	1,500	500	500	1,500	500	500	4,000	0
Total Expenses	14,867	13,836	0	0	8,218	6,885	1,580	593	195	20,228	16,178	0	9,966	0

2022 Remuneration and Expenses paid to Nominations Task Force members at-large:

Meeting + travel fees: \$5,600 | **Expenses:** \$0

EDUCATION

Shawn Neumann (Chair) Deborah Buszard Archie Campbell Paul Challinor Meryle Corbett Jeff Dyck Richard Hill Waheed Hirji Tom Knoepfel Darryl Kropp David Letkemann (Vice-Chair) Balraj Mann Cathy McIntyre Ken Voth

ICD.D										✓	✓			
Governance Professionals of Canada - Becoming Fluent in ESG													✓	
Competent Boards Climate Governance Certificate Program													✓	
ICD – Digital Transformation					✓									
ICD – Chairing Boards					✓									