

2025

ANNUAL REPORT





Mutual funds and other securities are offered through Aviso Wealth, a division of Aviso Financial 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: Aviso Financial Inc. (including divisions Aviso Wealth, Qtrade Direct Investing, Qtrade Guided Portfolios, Aviso Correspondent Partners), Aviso Insurance Inc., Credential Insurance Services Inc., and Northwest & Ethical Investments L.P.

Awards & Recognition



Other awards and honorable mentions

2025 Winner

BCs Top 100 Employer Award

2025 Nominee

Untapped Workplace Inclusion Award in the Inclusive Culture Champion category

2024 Winner

Canadian Workplace Well-Being Award,
The Canadian Positive Psychology Association

2024

First West Credit Union Honored with Black Women Business Network Partnership Award for Leading Equity Initiatives in the Finance Sector

2023 Winner

5-Star Psychological Safety, Canadian Occupation Safety

Six-year recipient

Aviso Wealth Practice Standards Recognition Program

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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^wəy̓əməʔt̚ təməx^w (Musqueam), Stz'uminus, s̓q̓əciy̓aʔt̚ təməx^w (Katzie), Nl̓eʔkepmx Tmíx^w (Nlaka'pamux), Semiahmoo, s̓c̓əwaθenaʔt̚ təməx^w (Tsawwassen), Á,LEŃENEÇ ŁTE (ŪSÁNEĆ) and xà'isla w̓ áwís (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,LEŃENEÇ ŁTE ŪSÁNEĆ, Stz'uminus, and s̓c̓əwaθenaʔt̚ təməx^w (Tsawwassen) Peoples.

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

Management's Discussion and Analysis

1 BOARD CHAIR & CEO MESSAGE

The Next Chapter in Cooperative Banking

2025 marks an important moment for First West Credit Union. When Envision Financial and Valley First came together in 2010, we set out to build something unique in Canadian cooperative banking: a multi-brand credit union rooted in beloved local identities and strengthened by the scale of a larger organization. That bold decision shaped who we are today—a financial cooperative grounded in local care, backed by deep expertise, and focused on helping our members and communities flourish.

Over the past 15 years, our model has grown stronger. With the additions of Enderby & District Financial in 2013 and Island Savings in 2015, we've expanded to serve nearly 290,000 members and grown our assets under management to \$20 billion—double what they were when we began. We've also built a high-performance culture of 1,300 employees who continue to raise the bar, earning recognition as one of BC's Top Employers, a 5-Star Psychologically Safe Workplace and one of Canada's Most Admired Corporate Cultures.

Today, we're entering a new chapter of growth. Nearly five years after our members voted to pursue federal regulation, we're approaching that milestone. And in 2025, we began laying the foundation for a refreshed brand identity—one that will come to life through the experiences we create for members and how we show up consistently and confidently in the marketplace.

Creating More Value for Our Members

Many members faced significant financial pressures in 2025—especially those navigating mortgage renewals at much higher interest rates. More than 4,800 member households turned to us for guidance. In response, we

equipped our Member Advice Centre and branch teams with enhanced training and launched a dedicated mortgage retention team to ensure we supported members with timely expert advice.

Business members also experienced uncertainty due to unexpected international tariff hikes. To provide focused, practical help, we assembled a multi-disciplinary Tariff Task Force to support members through the changing environment, mitigating impacts where possible.

Advancing Our Digital Experience

We'll remember 2025 as a landmark year for technology, thanks to Microsoft Copilot. First West's Copilot deployment is built on Microsoft's trusted, secure cloud platform that features advanced data privacy, security and compliance capabilities. In only a few months, this new tool has become a daily sidekick: more than 90% of our team members actively used this powerful AI companion to work smarter, freeing up time to focus on what matters most, our members.

And we're preparing to take another major step forward. In 2026, we'll launch a new digital banking platform, including a redesigned public website, online banking and mobile app. Thanks to significant groundwork completed this year, the new platform will give us greater flexibility to evolve features and deliver improvements faster, so members can enjoy a seamless, modern digital banking and website experience.

We also strengthened our customer relationship management system with improved disclosures for product and service recommendations. This reflects our ongoing commitment to supporting members in making informed and truly valuable financial decisions.

Helping Our Communities Flourish

In 2025, we contributed \$2.2 million to charities across our local communities through the First West Foundation—a 12% disbursement rate, more than double the CRA requirement. Since 2010, our total community investment has reached \$42.1 million.

We also launched our inaugural Impact Report this year, which complements the Annual Report by highlighting the social impact and long-term value we generate beyond financial performance. It reflects our values in action, the lives we've touched and our commitment to building a better future through transparency, accountability and purpose-driven initiatives.



Shawn Neumann
Board Chair

An Ambitious Path Forward

Our strategy continues to move forward with purpose. Investments in next-generation digital tools, deeper relationship management and financial advisory practices, and a bold brand evolution are strengthening how we support members and communities—today and into the future.

As a values-driven cooperative, our vision remains clear: long-term prosperity and well-being for the people and communities we serve. On behalf of the First West executive team and the Board of Directors, thank you for your trust, your partnership and your continued loyalty.



Launi Skinner
Chief Executive Officer

2 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 Conduct Review Committee, and Risk, Investment and Loan Committee, 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 British Columbia Financial Services Authority 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 consolidated 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 & Strategy Officer

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, but not limited to, the words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "predict", "may increase", "may impact", "goal", "focus", "potential", "strive", "commit", "target", "proposed" and other similar expressions, or future or conditional verbs such as "will", "may", "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. There is inherently more uncertainty associated with our assumptions as compared to prior periods, given the continuing impact of inflation, changes in interest rates, uncertain political conditions in the U.S., and the impact of the war in Ukraine and the conflict in the Middle East on the global economy, financial markets, and our business, results of operations, reputation and financial condition.

A variety of factors, many of which are beyond First West's control, affect our operations, performance and results, and may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to: trade policies and tensions, including tariffs; inflationary pressures; global supply-chain disruptions;

geopolitical risk, including the war in Ukraine and conflict in the Middle East, the occurrence, continuance or intensification of public health emergencies, 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; credit, market, strategic, insurance, operational, reputation, conduct and legal, regulatory and environmental risk; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions, and interest rate and liquidity regulatory guidance; changes to our credit ratings; fluctuations in interest rates and currency values; the effectiveness and adequacy of our risk management and valuation models and processes; the volatility and level of various commodity prices; changes in monetary policy, economic and political conditions and developments, including changes relating to economic or trade matters; the possible effect on our business of international conflicts, such as the war in Ukraine and conflict in the Middle East, and terrorism; natural disasters, disruptions to public infrastructure and other catastrophic events; 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; changes in accounting standards and policies; reliance on third parties to provide components of our business infrastructure; increasing cybersecurity risks that may include theft or disclosure of assets, unauthorized access to sensitive information, or operational disruption; social media risk; losses incurred as a result of internal or external fraud; the accuracy and completeness of information First West receives about customers and counterparties; the failure of third parties to comply

with their obligations to First West and its affiliates or associates; intensifying competition from established competitors and new entrants in the financial services industry including through Internet and mobile banking; technological change including the use of data and artificial intelligence in First West's business; general business and economic conditions worldwide, as well as in Canada, the U.S. and other countries where we have operations, including increasing Canadian household debt levels and global credit risks; the ability to attract and retain key personnel; the ability to complete and integrate acquisitions; changes in tax laws; technological developments; unexpected changes in consumer spending and saving habits; timely development and introduction of new products and services, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels; our ability to attract and retain key employees and executives; 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. These and other factors should be considered carefully and readers should not place undue reliance on 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

First West is one of Canada's leading member-owned financial cooperatives with over \$20 billion in total assets and assets under administration. Our core business is traditional banking, the provision of personal daily banking and financial advice, and business banking services and business advice. We strive to create real value for our members through low-cost daily account products, competitive lending facilities, segment-tailored service and financial advice, and innovative online and digital experiences.

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 (through its partner, Aviso Wealth), as well as wealth and income protection.

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, merchant services and payment solutions.

Advice-Centred Member Experience

We anchor 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

First West takes an emergent approach to strategy to handle the rapid pace of change in our world. 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 2024 – 2028 strategy is fluid and flexible yet anchored by four critical themes (which we refer to as strategic pillars) aligned to our purpose and values. The pillars help direct and define the scope of all strategic activities we undertake to build First West's strength and sustainability.

In 2025, we advanced several strategic initiatives in preparation for the credit union's next chapter of growth. This foundational work included substantial investment in a new, next-generation digital banking platform, data enabled member relationship management, simplified member onboarding experiences and refreshed brand identity work. These initiatives position us to enhance advice delivery and make banking more intuitive and accessible. We also developed important benchmarks that will play a key role in guiding the organization in delivering on our audacious goal of improving our members' financial health.

PURPOSE

TOGETHER, WE CREATE A FUTURE WHERE EVERYONE CAN FLOURISH.

We're redefining what banking can do for people, our local communities and our world.

We connect people to education, advice and tools so they have the opportunity and confidence to build a life they love. Through partnerships and collaboration, we make sure their successes are shared and amplified within our communities.

STRATEGIC PILLARS

People & Culture

Advance an inclusive environment where everyone flourishes, contributes to the success of the organization, and makes a meaningful impact.

Member Value

Redefine what is possible when people and technology intersect to deliver advice that improves financial health and confidence.

Financial Strength

Deepen member relationships while building a resilient balance sheet to drive growth.

Empowered by Technology

Apply forward-looking solutions to deliver the best advice and experience to the most members.

AUDACIOUS GOAL

BY 2028, WE WILL BE KNOWN AS THE LEADING FINANCIAL COOPERATIVE IN CANADA WHERE:

- 1. Members'** financial health outperforms the rest of Canada when it comes to planning, practices and confidence.
- 2. Team Members** are equipped to face an increasingly complex world.
- 3. Communities** are more resilient and have experienced the greatest economic growth in Canada.
- 4. Partners** see us as leader of change who is committed to making a difference.

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 brands 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 brands 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 Leadership Team:

- **Launi Skinner**
Chief Executive Officer
- **Mark Moreland**
Chief Financial & Strategy Officer
- **Shelley Besse**
Chief Credit Officer
- **Paul Brodeur**
Chief Operating Officer
- **Leslie Castellani**
Chief Governance & Corporate Affairs Officer
- **Darrell Jagers**
Chief Transformation Officer
- **Carl Lamoureux**
Chief Risk Officer
- **Margo Lawrence**
Senior Vice-President, People & Culture

First West supports its branch and channel network through the provision of corporate shared services and programs that build solutions for members and improve operational efficiency. These include treasury and financial management, information technology and cybersecurity, credit and credit recovery, risk management, human resources, operations, and marketing and communications. 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.

Advancing Our Sustainability and Commitment to Meaningful Impact

The environment in which First West operates is diverse and increasingly complex, requiring better understanding and measurement of our business in terms of financial performance, risk and impact on local and regional communities. It is crucial that we are well-positioned for a stronger and more sustainable future—for our members, employees, and communities.

First West aims to grow, innovate, and lead in the financial sector while staying true to cooperative principles and positively impacting communities. Our approach to impact focuses on sustainable growth, fostering innovation and maintaining leadership in the industry, all while ensuring that our actions benefit our members and the broader community.

Details on our efforts to make meaningful change and progress toward a more sustainable future can be found in our Impact Report.

Keeping a Good Thing Growing

First West's federal continuance journey is progressing positively. The Office of the Superintendent of Financial Institutions (OSFI) is now in the final stages of reviewing our application, and we are pleased to report that we have addressed all their recommendations required for continuance. The delay in reviewing our file, which began in the latter half of 2024 and continued until the summer of 2025, was primarily

due to challenging economic headwinds, including an unstable interest rate environment that created uncertainty and volatility.

First West remains committed to becoming a federal credit union, and the work we've done to date has made First West stronger and even more rooted, for the good of our members and the cooperative movement.

An overview of the completed and remaining 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 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. (Completed)

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

If the application meets the requirements as per the *Bank Act* and all applicable regulations, guidelines, 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.

First West is well positioned to become federally regulated and has already realized important benefits during its federal continuance journey, including:

Funding growth

First West gained access to capital markets across Canada, which supports the credit union's growth goals and enables funding larger deals for business and commercial members.

Advancing a strong capital position

We adopted BASEL III Capital Measurements and implemented OSFI's Internal Capital Adequacy Assessment Process (ICAAP) early, bolstering a strong capital position that can help mitigate several challenges that may affect other financial institutions.

Reinforcing strong lending practices

OSFI B-20 residential mortgage practices were adopted in 2018, with full implementation in 2019. Since then, First West has funded \$7.2 billion in new and refinanced residential mortgages, all B-20 compliant. First West's strong underwriting practices resulted in low write-offs over time, in line with or below the industry average.

Enhancing member financial literacy

The credit union implemented robust FCAC consumer protection practices in 2023, including the new and rigorous complaints handling and management process, balance alerts and member discovery tool. Practices and tools such as these help ensure members can access, understand and use appropriate financial products.

Advancing cybersecurity

First West adopted OSFI's cybersecurity risk standards, further strengthening the credit union's security practices.

Adding top talent

Since starting work to become a federal credit union, we have attracted a broader range of skilled applicants from across Canada in critical areas such as cybersecurity, finance, risk management, commercial lending and digital services and technology, while providing compelling career paths for current employees. Many team members hired in member support roles specifically referenced First West becoming federally regulated as a reason they wanted to join the credit union.

For more information on First West's journey to become federally regulated, visit [**Becoming a federal credit union - First West Credit Union**](#).

5 FINANCIAL HIGHLIGHTS

\$14.8B

↑3.8%

Assets

\$13.0B

↑4.2%

Loans

\$11.9B

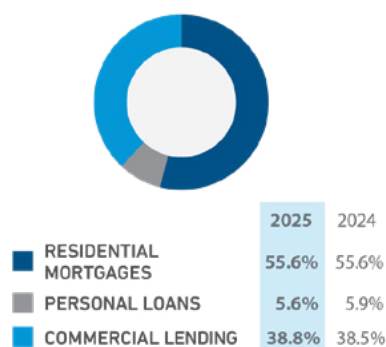
↑0.6%

Deposits

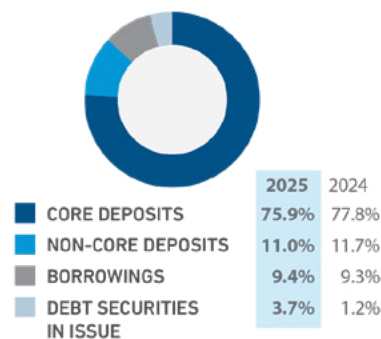
\$6.0B

↑12.5%

Wealth Assets Under Management



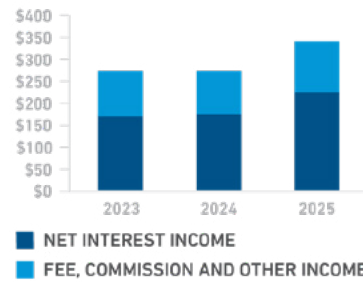
Loans by Lending Sector (%)



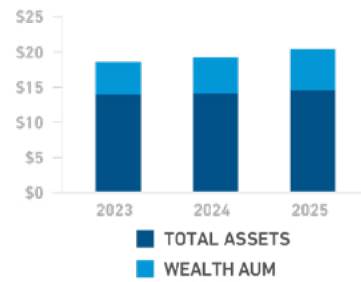
Total Funding Composition (%)



Profit/Loss (\$M)



Revenue Mix (\$M)



Total Assets and Wealth Under Management (\$B)

BBB (HIGH)

Trend: **NEGATIVE**

Credit Rating | Long-Term

R-1 (LOW)

Trend: **NEGATIVE**

Credit Rating | Short-Term

15.2%

Strong Regulatory Capital Ratio

TABLE 1 - FINANCIAL HIGHLIGHTS

(Expressed in thousands of dollars)	2025	2023	2022	2021	2020
Consolidated Statement of Financial Position					
Cash resources	276,115	297,124	476,910	278,119	449,807
Residential mortgages	7,235,225	6,947,761	6,629,387	6,134,272	5,492,331
Personal loans	739,467	739,865	740,474	770,645	742,317
Commercial loans	5,049,875	4,809,682	4,540,559	4,324,809	3,936,348
Accrued interest	27,770	26,900	26,230	22,546	14,782
Allowance for expected credit losses	(28,561)	(25,262)	(28,712)	(26,904)	(23,406)
Loans to members	13,023,776	12,498,946	11,907,938	11,225,368	10,162,372
Investments and other assets	1,333,423	1,290,201	1,676,795	1,612,107	1,865,994
Premises and equipment	168,627	176,569	172,176	188,629	194,533
Total assets	14,801,941	14,262,840	14,233,819	13,304,223	12,672,706
Demand deposits	5,203,465	4,929,985	4,738,562	4,876,501	5,297,094
Term deposits	4,962,619	5,159,355	5,618,949	5,121,219	4,383,518
Registered savings plans	1,593,930	1,568,211	1,465,849	1,314,767	1,279,707
Class A shares	5,469	5,392	5,383	5,416	5,538
Accrued interest and dividends	104,174	139,133	148,372	60,382	23,966
Deposits from members	11,869,657	11,802,076	11,977,115	11,378,285	10,989,823
Borrowings	1,290,275	1,226,564	922,402	691,818	586,227
Debt securities in issue	506,708	154,650	305,070	150,368	-
Other liabilities	219,067	198,521	147,474	193,528	200,485
Liabilities	13,885,707	13,381,811	13,352,061	12,413,999	11,776,535
Equity shares	19,613	20,762	22,443	24,020	26,137
Accumulated and other comprehensive income (loss)	(20,935)	(27,559)	(41,451)	(37,432)	2,487
Contributed surplus	-	163,651	163,651	163,651	163,651
Retained earnings	917,556	724,175	737,115	739,985	703,896
Total liabilities and members' equity	14,801,941	14,262,840	14,233,819	13,304,223	12,672,706
Allowance for Credit Losses					
Opening balance	25,262	28,712	26,904	23,406	43,592
Less: write-offs	(9,379)	(8,102)	(2,801)	(1,671)	(12,042)
Plus: provision (recovery)	12,678	4,652	4,609	5,169	(8,144)
Closing balance	28,561	25,262	28,712	26,904	23,406

TABLE 1 - FINANCIAL HIGHLIGHTS

(Expressed in thousands of dollars)	2025	2023	2022	2021	2020
Consolidated Statement of Profit or Loss					
Interest income	606,927	649,354	578,881	407,030	319,322
Interest expense	378,951	473,954	405,004	165,759	88,210
Net interest income	227,976	175,400	173,877	241,271	231,112
Recovery (provision) for credit losses	(12,678)	(4,652)	(4,609)	(5,169)	8,144
Fee, commission and other income	114,808	99,576	101,450	82,360	104,285
Operating margin	330,106	270,324	270,718	318,462	343,541
Operating expenses	291,750	285,880	274,905	274,543	259,841
Profit (loss) before income taxes	38,356	(15,556)	(4,187)	43,919	83,700
Income tax expense (recovery)	7,867	(3,587)	(2,368)	6,954	16,811
Profit (loss) for the year	30,489	(11,969)	(1,819)	36,965	66,889
Financial Statistics (expressed as %)					
Asset growth	3.8	0.2	7.0	5.0	4.0
Loan growth	4.2	5.0	6.1	10.5	11.2
Deposit growth	0.6	(1.5)	5.3	3.5	4.3
Operating efficiency	85.1	104.0	99.8	84.8	77.5
Dividends paid (\$000s)	914	1,169	1,301	1,055	611
Percentage of Average Assets					
Net interest income	1.56	1.23	1.27	1.85	1.87
Fee, commission and other income	0.79	0.70	0.74	0.63	0.84
Operating expenses	2.00	2.01	2.01	2.10	2.10
Operating margin	2.26	1.90	1.98	2.44	2.78
Profit (loss) for the year	0.21	(0.08)	(0.01)	0.28	0.54
Capital and Risk Weighted Assets					
Risk weighted assets (\$000s)	8,016,128	7,881,001	7,735,239	7,450,040	6,861,906
Total capital (\$000s)	1,216,533	1,187,786	1,191,103	1,027,527	999,207
Capital adequacy (%)	15.2	15.1	15.4	13.8	14.6
Return on capital (%)	2.5	(1.0)	(0.2)	3.6	6.7
Other Statistics					
Branches	45	45	45	45	45
Wealth assets under management (\$000s)	5,956,220	5,292,573	4,393,671	4,087,702	4,153,115
Average assets (\$000s)	14,621,105	14,224,275	13,700,290	13,059,723	12,352,123

PROFIT FOR THE YEAR **\$30.5 million**

Profit in 2025 was \$30.5 million, a \$42.5 million increase over the \$12.0 million loss in 2024. This increase was primarily due to the expected recovery in net interest income.

ASSETS **\$14.8 billion**

Asset growth was \$539.1 million or 3.8% in 2025, compared with 0.2% in 2024.

LOANS TO MEMBERS **\$13.0 billion**

Total loans to members increased by \$0.5 billion or 4.2% in 2025, compared with 5.0% in 2024. Residential mortgages and personal loans to members increased by \$287.1 million or 3.7%, while commercial lending grew by \$240.2 million or 5.0%.

DEPOSITS FROM MEMBERS **\$11.9 billion**

Deposits from members increased by \$67.6 million or 0.6% in 2025, compared with a decrease of 1.5% in 2024.

WEALTH ASSETS UNDER ADMINISTRATION **\$6.0 billion**

Wealth assets under administration increased by \$663.6 million or 12.5% in 2025, compared with a 20.5% increase in 2024.

MEMBERSHIP IN 2025

Membership grew by 2.2%, compared with growth of 2.0% in 2024.

6 MEMBER, EMPLOYEE AND COMMUNITY HIGHLIGHTS

Member Experience

Our purpose is to create a future where our members and communities flourish. We live out our purpose by connecting our members and communities to financial education, advice and tools that build their financial confidence. In 2025 we continued to elevate the member experience at First West through several advancements in our advice and digital capabilities.

Supporting Members Through Financial Challenges

Supporting members through persistent financial pressure remained one of our most important priorities. With thousands of members approaching mortgage renewals following a dramatic normalization of central bank target interest rates, our teams mobilized early to help members navigate new rates with confidence. For these members and their families, we provided clear, actionable guidance, taking the time to understand their circumstances and concerns.

In the same way we also provided support for members who joined the credit union through our mortgage broker channel. This involved standing up a Broker Mortgage Retention team focused on helping these members navigate renewal, as well as advising on and finding help with other financial needs they might have.

Advancing the Digital Banking Experience

First West is undertaking one of the largest technology transformations in its recent history with the building of a new digital banking platform, mobile app and modernized public website. When these platforms launch in 2026, members will get a faster, more intuitive and more consistent experience across every channel, with modern digital banking features and a fully mobile-first design. The platform will also boast stronger security that is compliant with OSFI guidelines, smoother onboarding and easier self-service, giving members even more freedom and flexibility in banking when and where they want.

The new platforms will also reduce technology complexity behind the scenes, enabling First West to deliver experience improvements faster to all members, regardless of which of our local brands they bank with. This transformational project also strengthens operational resilience and scalability, both of which are key to future growth and building the credit union's financial strength.

To ensure members and our teams are ready for this exciting change, we began a comprehensive and ongoing awareness campaign early in 2025.

Knowing Our Members Better for Always Better Advice

Providing financial advice is not simply a matter of offering financial products and services. While that is a key aspect of good advice, a strong relationship with the customer is the core foundation. That is why First West routinely invests in technology that makes it easier for our advisors to know and understand our members and their unique life circumstances.

In 2025, we focused on a comprehensive set of improvements to our cornerstone relationship management platform, Dynamics CRM. Enhancements included the launch of CRM Hypercare (a team that provides rapid troubleshooting and operational help with the Dynamics platform), better reporting and views of member data, and upgrades to workflows for more efficiency and reduction of unnecessary administrative tasks. These updates help advisors work more efficiently, giving them more time to focus on the members in front of them.

To further improve our ability to stay in touch with members and let them know we are only a phone call or email away, we undertook a major effort to improve the quality of member contact information data. Accurate data powers our relationship management efforts, enabling more timely and personalized communication with our members.

Bringing More Value for Business Members

Our focus on business banking experiences continued to gain momentum in 2025. We expanded our digital offerings with the launch of self-serve wire transfers, allowing business members to use this fast and reliable payment method at their own convenience.

We developed a new commercial banking strategy over the course of 2025, with planned rollout in 2026. The strategy aims to support the businesses that drive the economic engine of our local communities. Grounded in thorough analysis of the needs of these businesses—and the deep and varied experience of our business advisors—the strategy will be the driving force behind the advancement of our specialized and responsive support for local business.

Branch Investments and Branch Advancements

Across our physical footprint, we continued investing in our branches. Major renovations designed to elevate and modernize the branch experience with elements reflecting our brand evolution got underway at our Mill Bay (Island Savings division), Armstrong (Valley First division) and Sunshine Hills (Envision Financial division) locations and are scheduled to finish in 2026. We also began upgrades to our regional office in Duncan, B.C., with completion slated for spring 2026.

Elevating Potential Through Talent Development

Our Talent Development teams continue to refine methods of training and upskill team members at First West, leveraging deep expertise in Adult Education theory and methodologies. In 2025 we enhanced our skills-based approach to learning, including peer-based learning and multiple touchpoints to support sustainment.

Our core business training programs, the Member Advisor and Financial Advisor Development Programs, continue to be successful, allowing new team members in these roles to rapidly acclimate and connect with experts throughout the organization to accelerate their

learning journeys. Eighty-seven advisors completed the program in 2025 and since 2022, 17 Member Advisor graduates of the program have been promoted to Financial Advisor. Eleven FADP graduates have been sent on our *Beyond* recognition program for the most successful advisors.

2025 also included a renewed focus on leadership development. Leveraging our leadership skills ontology, we refreshed our leadership curriculum, expanding content for key competencies such as strategic thinking and inclusive leadership. We further deepened our coaching skills development training for leaders by introducing one-on-one coaching, in-house by a certified coach.

The impact and upward momentum of our overall Talent Development approach is reflected in team member surveys. In 2022, 62% of team members agreed with the phrase “I receive the training and development I need to be effective in my job.” This increased to 82% in 2025, demonstrating a huge leap in training confidence over the course of three years.

Additionally, 95% of respondents agreed with the statement “I am confident in adapting to new technologies,” demonstrating our ongoing commitment to supporting our teams in adapting to and integrating new technologies successfully into their work. This 95% positive feedback reflects our success in collaborating with our business partners on initiatives such as our Copilot learning pathway to support new AI tools, and our partnership with the Cyber Security team to develop unique game-based training.

Our long-standing collaboration with University of Victoria (UVic) Co-operative Education continues to set the standard for employer engagement. With initiatives like event sponsorships, bursary programs and hands-on internship opportunities, we’ve created a partnership that truly supports student success. In 2025, we hired eight commerce students, expanded internships across all of our local brands, and contributed \$35,000 to the UVic Student Meal Share Program. These efforts have positioned us as a strong contender for UVic’s Employer of the Year— reflecting to the impact we’re making together.

This year marked a milestone for Talent Attraction with our largest cohort of 26 students joining First West. Beyond internships, we introduced new elements like community volunteering, Employee Network Group (ENG) learning sessions, and enhanced social media engagement to showcase student experiences. Our commitment goes beyond recruitment—we've built a program that fosters mentorship, financial literacy, and career readiness. With over 100 student interviews conducted and multiple rehiring successes, we're shaping the next generation of talent while strengthening our organizational culture.

In partnership with our Learning and Development team, Talent Attraction launched a new interview skills course. This e-Learning module equips leaders with practical tools for conducting effective, inclusive behavioral interviews. By continuing to invest in our hiring practices, we're ensuring every candidate's experience reflects our organizational purpose and values.

First West was again honoured to be recognized as one of BC's Top Employers in 2025. This award highlights organizations that excel in creating exceptional workplaces, focusing on innovation, employee well-being, and sustainability. As a 2023 winner, we were also recertified by Waterstone Human Capital for Canada's Most Admired™ Corporate Cultures award program in 2025. This national program annually recognizes best-in-class Canadian organizations for having cultures that have helped them enhance performance and sustain a competitive advantage. Winning a Canada's Most Admired™ Corporate Cultures award allows organizations to use the logo and trademarks for up to three years as a mark of excellence in culture and performance.

Elevating Our Live Well Program to Prioritize Team Member Well-Being

First West's Live Well program exemplifies our commitment to supporting team member well-being, with a continued focus on promoting physical and mental health, financial resilience, and social connectedness. The program has garnered notable recognition for its positive impact on workplace

culture, affirming our reputation as leaders in fostering a psychologically safe and healthy environment dedicated to supporting our team members.

Our approach to wellness is dynamic and collaborative. We regularly consult with team members, Live Well Champions, and ENGs to review and enhance our initiatives, ensuring they are responsive to the evolving needs of our workforce and reflect the voices within our organization.

Financial resilience remains a cornerstone of the Live Well program. We launched a new initiative providing access to two fully licensed Financial Wellness Advisors. Since its introduction in May, over 40% of our team members have engaged with these advisors, highlighting the program's value and the positive impact of accessible, confidential financial guidance tailored to individual needs.

Mental health support was further expanded in 2025 with the launch of an enhanced Employee and Family Assistance Program (EFAP), designed for relevance and accessibility. The new EFAP includes culturally sensitive Indigenous mental health support, gamified child counselling to engage young family members, and a counsellor matching program that helps reduce wait times and ensures a suitable professional and cultural fit for those seeking support.

Recognizing the shortage of family doctors in areas such as B.C., First West introduced a new Telemedicine benefit in 2025, providing team members and their dependents with free, around-the-clock virtual access to licensed physicians across Canada. When Lake Cowichan lost its only family doctors, the benefit proved invaluable, allowing affected team members to maintain access to essential health care, prompting direct expressions of gratitude from those impacted.

In 2025, The Working Mind training was offered to people leaders, equipping 149 leaders with education, practical tools, and resources to foster psychological safety and facilitate respectful conversations about mental health within their teams. These efforts actively reduce stigma and reinforce our commitment to cultivating an environment where everyone can flourish.

Advancing our Diversity, Equity, Inclusion and Belonging Journey

First West's commitment to Diversity, Equity, Inclusion and Belonging (DEIB) continues to be grounded in cultural transformation, education, and universal design. In 2025, we deepened this work with measurable outcomes, expanding accessible infrastructure, strengthening Indigenous engagement, and elevating employee-driven initiatives through our Employee Network Groups (ENGs). This progress reflects a thriving, psychologically safe environment where team members are heard, valued, and celebrated for their true selves.

Our annual DEIB survey sustained high engagement in 2025, with 91% participation, reinforcing trust in inclusive practices and providing actionable insights for hiring, engagement, and accessibility strategies. Survey-driven improvements focused on mentorship access, inclusive onboarding, and accessibility learning paths, building on our multi-year strategy.

Education remained central to our journey. The *4 Seasons of Reconciliation* course continued as a foundational learning, supported by organization-wide campaigns and engagement through the Indigenous Peoples Circle. To advance cultural understanding across teams, ENGs hosted cross-cultural lunch and learns and guest speakers spanning topics from film and media representation to financial trauma and leadership communication, advancing cultural understanding across teams.

ENGs remained a powerful engine of inclusion and professional growth. In 2025, ENG leaders showcased initiatives to the First West Leadership Team, further raising visibility and aligning activities with enterprise values. Formal terms of reference and executive sponsor resources continued to standardize governance, planning, and measurement across groups.

We sustained partnerships with university and college Indigenous student centres to support scholarships, and hiring pathways. Community relationships grew through local art showcases and engagement with

the Haisla First Nation in Kitimat, strengthening cultural presence in our Snow Valley branch. In 2025, we advanced reconciliation by participating in the Moose Hide Campaign and drafting our Reconciliation Statement, which commits to respecting Indigenous territories, embedding reconciliation into policies, and ensuring Indigenous voices guide decision-making. We also highlighted National Day for Truth and Reconciliation, sponsored powwows, and reinforced territorial acknowledgement guidance across First West. These actions reflect our ongoing journey to foster trust, equity, and cultural understanding.

Our accessibility work continued to set benchmarks for inclusive design across multiple locations, including the Duncan Collaboration Centre, Chilliwack City, and Woodgrove branches. In 2025, we advanced hearing loop installations, accessible wayfinding, and tactile and braille signage, guided by Rick Hansen Foundation Accessibility Certification criteria and accessibility best practices. We also introduced a venue accessibility scorecard, a tool designed to evaluate external event spaces for inclusivity. This scorecard ensures venues meet accessibility standards before booking and has become a key resource for planning inclusive events.

Leaders deepened their understanding through an Accessibility Simulation at our annual Leaders Summit, experiencing barriers related to vision, mobility, and hearing. This immersive training fostered empathy and equipped leaders with practical insights to create more inclusive environments.

Additionally, we conducted an Accessibility Review for Sunshine Hills, providing recommendations to improve physical access, signage, and sensory-friendly features. Understanding and addressing these elements is critical for both employees and members visiting the branch, ensuring everyone can navigate the space confidently and comfortably. These improvements foster a sense of dignity and belonging, reduce stress for individuals with accessibility needs, and create an environment where all people feel valued and included. These actions reflect our commitment to embedding accessibility into every space and experience, ensuring universal usability from design through operations.

Our approach continued to attract recognition and opportunities to share practices. In 2025, First West was nominated for the Untapped Workplace Inclusion Award in the Inclusive Culture Champion category, celebrating our leadership in accessibility and inclusion. We also signed the Pledge to Measure, a national initiative advancing disability inclusion through transparency and data-driven accountability. These milestones underscore our commitment to measurable progress and sector leadership.

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 team members 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 2025, First West team members contributed 7,206 hours of community leadership to 221 non-profit and charitable organizations throughout British Columbia. First West team members 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 team members and the number of personal hours committed to serving in the community, our Lead Well Employee Recognition program funded 50 \$1,000 grants supporting non-profits selected by our team members. Despite a challenging economic year, First West remained

unwavering in our commitment to community giving. Even with financial headwinds, we continued to provide the exceptional level of community support that our members and communities have come to expect, and we not only maintained but increased our support, demonstrating our dedication to making a positive impact.

First West extended its commitment in 2025 with an additional \$100,000 investment, bringing our total commitment to the BC Cancer Foundation (BCCF) in 2025 to \$500,000. Our 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. This year, First West employees completed 16,139 hours of physical movement to support BCCF's "Workout to Conquer Cancer" campaign (an increase of 45% over 2024 results) while raising \$5,395 in donations.

Our signature cause, supporting 30% of registered food banks across B.C., raised \$476,454, driven by employee-led fundraising and community partnerships. First West team members, members and community partnerships raised \$144,421 during the 2025 Holiday Giving program. Since 2010, First West has raised over \$5,921,399 and collected 233,408 pounds of food for local food banks.

First West Foundation

Our grant-making charity has been working to help communities flourish since 1996. The foundation was established with a \$200,000 donation, and since First West was established in 2010, has grown from \$6 million to \$23 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 2025 Included:

- First West Foundation records largest annual disbursement rate at 12%
- \$2,252,765 in grant funds disbursed through the foundation's annual grant cycle and giving programs
- Advancement of its grant making programs through the principles and values of trust-based philanthropy
- \$1,947,365 in grants released as unrestricted funds to charities across B.C.
- \$592,680 in grant funds to 31 local equity-deserving charities through the SOAR grant program. SOAR launched in 2023 to support and partner with organizations committed to serving racialized groups, including and not limited to people who identify as Black, Brown, Indigenous and/or as a person of colour in communities served by First West
- Supported 150 local charities to deliver programs and services to help communities flourish
- First West employee donations of \$89,833 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
- Valley First members establish family legacy endowment with \$2,013,232 donation
- \$76,490 was distributed to First Nations Health Foundation, Canadian Mental Health Foundation (Foundry North Okanagan), and Interior Community Services (Foundry Kamloops) through the Keeping a Good Thing Growing Endowment, which is focused on capacity-building programs and initiatives
- Executive Director, Susan Byrom, awarded The King Charles III's Coronation Medal in recognition of her significant contributions to B.C. communities and outstanding leadership in community development and philanthropy

7 ECONOMIC REVIEW AND OUTLOOK

The Canadian economy demonstrated resilience through global trade uncertainties in 2025. Economic growth was modest, supported by easing interest rates but pressured by U.S. tariffs. Inflation remained near Bank of Canada target levels. Barring new tariffs, the Canadian economy is expected to continue modest growth in 2026. This growth is expected to be supported by lower interest rates, with that benefit offset by lower population growth.

The Bank of Canada overnight rate reduced to 2.25% during 2025 in response to weaker economic performance and reduced inflation. The Bank of

Canada outlook emphasizes caution in this period of uncertainty and is expected to hold steady during 2026 with potential for modest rate hikes in the medium- to long-term.

British Columbia's economy showed similar resilience in 2025, with the benefit of diverse industries to achieve modest economic growth. However, U.S. tariffs drove headwinds for certain industry sectors. This global trade uncertainty is expected to continue into 2026 and, alongside slower population growth, contribute to continued modest economic growth in the province.

8

FINANCIAL PERFORMANCE 2025 OVERVIEW AND LINE OF BUSINESS REVIEW

Table 2 - Financial Performance

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Net interest income	227,976	175,400	52,576	30.0
Fee, commission and other income	114,808	99,576	15,232	15.3
Total revenue	342,784	274,976	67,808	24.7
Provision for credit losses	12,678	4,652	8,026	172.5
Total operating expenses	291,750	285,880	5,870	2.1
Operating income (loss)	38,356	(15,556)	53,912	(346.6)
Income tax expense (recovery)	7,867	(3,587)	11,454	(319.3)
Profit (loss) for the year	30,489	(11,969)	42,458	(354.7)
Assets				
Cash resources	276,115	297,124	(21,009)	(7.1)
Loans after allowance for credit losses	13,023,776	12,498,946	524,830	4.2
Investments, premises and equipment, and other assets	1,502,050	1,466,770	35,280	2.4
Total assets	14,801,941	14,262,840	539,101	3.8
Liabilities				
Deposits	11,869,657	11,802,076	67,581	0.6
Borrowings	1,290,275	1,226,564	63,711	5.2
Debt securities in issue	506,708	154,650	352,058	227.6
Other liabilities	219,067	198,521	20,546	10.3
Total liabilities	13,885,707	13,381,811	503,896	3.8
Members' equity	916,234	881,029	35,205	4.0
Total liabilities and members' equity	14,801,941	14,262,840	539,101	3.8
Ratios				
(Expressed in %)	2025	2024	2025 Change	
Operating efficiency	85.1	104.0	(18.9)	
Total liquid assets / total assets	9.9	10.1	(0.2)	
Regulatory capital	15.2	15.1	0.1	

The fundamentals of the business remained robust with sustained lending growth momentum in 2025 despite a weaker provincial economy. Earnings continued to recover as expected with improved net interest margin driven by repriced loans that were originated prior to the significant increase in interest rates in 2022.

Profit for the year increased to \$30.5 million in 2025, up from a \$12.0 million loss in 2024 (Table 2), primarily due to continued recovery in net interest combined with strong expense management. Overall operating expenses grew by 2.1% from the previous year with prudent management of expenses in response to pressures on revenue.

Asset growth was \$539.1 million in 2025, largely driven by a \$524.8 million increase in loans to members.

Our liquidity position remained stable in 2025, with the liquid assets as a percentage of total assets at 9.9% in 2025, compared to 10.1% in 2024.

Our capital position improved due to the recovery in earnings, with a regulatory capital ratio for 2025 of 15.2%, compared to 15.1% in 2024.

Line of Business Highlights

Retail Banking

In 2025, our retail lending portfolio increased by \$287.1 million or 3.7%, to \$8.0 billion, driven by strong growth in residential mortgages, while our core retail deposit portfolio increased by \$38.7 million or 0.6%, to \$6.6 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 providing pricing flexibility for members.

The retail banking division is a key part of our core business and we ended the year with a retail membership base of approximately 260,000 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 2025 by 2.2%, compared to 2.1% in 2024. We continue to hold a primary focus on fulfilling our new members' financial needs within the first 90 days of them becoming a member.

Our "core banking offer" (including banking products and digital engagement) is a key component of this early engagement and spans to members' other life stages and related financial needs.

In 2025, in addition to continuing to grow by attracting new members aligned with our strategy, we saw higher than anticipated new member acquisition among early-life stage groups. These groups now account for 10% of our annual net growth, and we attribute this success to our value proposition's strong alignment with their preference for purpose-driven brands. Investments in digital experience improvements are expected to retain these individuals and strengthen our relationship with members as their needs evolve, yielding significant lifetime value.

Our continued success in attracting new members has sustained a consistently younger incoming membership profile. While the average age of new members increased slightly from 42 to 43 in 2025, it remains well below the overall average member age of 51, reflecting strong appeal across both younger and mid-career segments.

We continued building and maintaining meaningful relationships with members, working to meet their financial needs through our core business (banking, borrowing and investing), deep financial expertise and digital banking experiences. Amidst persistent economic volatility, helping members feel empowered and confident remained a key focus for us in 2025.

Commercial and Business Banking

First West is dedicated to growing and diversifying its commercial banking business. Data indicates that nearly half of small to medium enterprises (SMEs) feel that banks do not understand their challenges, and only one in ten are satisfied that their current bank meets all their needs. This presents a significant growth opportunity for First West to better serve SMEs in B.C.

To address this, we have developed a new commercial banking strategy focused on diversifying our commercial portfolio. Our goal is to establish full banking relationships across various sectors that support economic growth in our province.

Continuing to build strategic partnerships within our communities, net membership growth in our commercial line of business was 1.8% in 2025, ending the year with more than 30,000 total commercial members.

Our commercial lending portfolio grew by \$240.2 million or 5.0%, to \$5.0 billion in 2025. The growth was driven by strong performance in commercial mortgages, which saw growth of \$272.3 million or 5.9%. Despite a tighter economic environment, the commercial segment maintained its momentum and demonstrated ongoing resilience throughout the year.

Total commercial core deposits grew by \$98.4 million or 2.8%, to \$3.6 billion during the year, driven by commercial term deposits. Non-core deposits, which include municipality, university, school and hospital demand accounts and terms, decreased in the amount of \$34.6 million.

Wealth Management

First West Wealth Management is a recognized leader among credit unions in wealth management delivery. First West Wealth Management offers members a full range of wealth advisory services and a comprehensive choice of investments. Our advisors are specialists who excel in delivering high-quality advice experiences, tailored to members' needs, financial goals and life journeys.

In 2025, our advisors navigated continued economic volatility by providing trusted, expert advice to protect and grow members' wealth and financial well-being. The team increased the number of financial plans provided to members, using Conquest, a powerful, industry-leading financial planning platform that First West launched in 2024. Our wealth partner, Aviso Wealth, also launched an enhanced wealth management platform interface, which provides both advisors and members a more streamlined and integrated online experience.

Wealth management revenues in 2025 were \$45.2 million, an increase of \$6.2 million. Through a combination of strong net sales and positive market movement, our assets under management increased by \$663.6 million or 12.5%, to reach a total of \$6.0 billion.

9 DISCUSSION ON FINANCIAL PERFORMANCE

Earnings Recovery

Table 3 - Quarterly Earnings

(Expressed in thousands of dollars)	For the three months ended			
	2025 Q4	2025 Q3	2025 Q2	2025 Q1
Net interest income	63,659	59,669	54,132	50,516
Fee, commission and other income	31,605	28,125	27,324	27,754
Total revenue	95,264	87,794	81,456	78,270
Provision for credit losses	2,404	2,547	3,949	3,778
Total operating expenses	76,550	73,842	71,240	70,118
Operating income	16,310	11,405	6,267	4,374
Income tax expense	3,428	2,420	1,132	887
Profit for the quarter	12,882	8,985	5,135	3,487

Earnings recovered during the year as expected, as the temporary margin compression began to ease, driven by loans that repriced into the higher interest rate environment. This recovery reflected a trend of

improvement in net interest income and profitability each quarter during 2025, concluding the year with a quarterly net profit of \$12.9 million in the fourth quarter of 2025 (Table 3).

Net Interest Income

Table 4 - Net Interest Income Volume and Rate Impacts

	2024		
	Increase (decrease) in net interest income due to changes in		
(Expressed in thousands of dollars)	Average balance	Average rate	Net change
Interest earnings assets	18,116	(60,543)	(42,427)
Interest bearing liabilities	(13,222)	108,225	95,003
Net Interest Income	4,894	47,682	52,576

Table 5 - Net Interest Analysis

	2025				2024			
(Expressed in thousands of dollars)	Average Balance	Mix %	Interest	Interest Rate %	Average Balance	Mix %	Interest	Interest Rate %
Cash resources and investments	1,489,034	10.2	44,109	2.96	1,791,136	12.6	66,792	3.73
Loans to members								
Residential mortgages	7,128,970	48.8	271,679	3.81	6,805,889	47.8	267,210	3.93
Personal loans	35,810	0.2	2,520	7.04	38,002	0.3	2,786	7.33
Retail LOC	705,808	4.8	45,231	6.41	700,497	4.9	59,304	8.47
Commercial mortgages	4,821,139	33.0	247,118	5.13	4,418,841	31.1	253,057	5.73
Commercial loans	54,473	0.4	4,805	8.82	71,458	0.5	8,077	11.30
Commercial lines of credit	111,238	0.8	2,750	2.47	116,314	0.8	3,745	3.22
Accrued interest	26,442	0.2	-	-	26,735	0.2	-	-
Allowance for credit losses	(27,356)	(0.2)	-	-	(27,639)	(0.2)	-	-
Loans to members	12,856,524	87.9	574,103	4.47	12,150,097	85.4	594,179	4.89
Derivatives	-	-	(11,285)	-	-	-	(11,617)	-
Securitized retained interest	59	0.0	-	-	-	-	-	-
Other assets	275,488	1.9	-	-	283,042	2.0	-	-
Total assets	14,621,105	100.0	606,927	4.15	14,224,275	100.0	649,354	4.57
Deposits from members								
Retail demand deposits	2,551,430	17.5	9,092	0.36	2,416,089	17.0	11,838	0.49
Retail non-registered term deposits	2,556,439	17.5	92,616	3.62	2,647,426	18.6	121,611	4.59
Registered deposits	1,599,640	10.9	53,675	3.36	1,531,217	10.8	65,986	4.31
Commercial demand deposits	2,516,838	17.2	35,634	1.42	2,425,307	17.1	57,542	2.37
Commercial term deposits	2,651,990	18.1	113,909	4.30	2,676,749	18.8	147,975	5.53
Class A membership shares	5,541	0.0	-	-	5,524	0.0	-	-
Accrued interest and dividends	125,680	0.9	-	-	156,461	1.1	-	-
Deposits from members	12,007,558	82.1	304,926	2.54	11,858,773	83.4	404,952	3.41
Borrowings	1,220,842	8.3	51,001	4.18	1,043,150	7.3	42,538	4.08
Debt securities in issue	300,010	2.1	20,088	6.70	281,757	2.0	23,564	8.36
Other liabilities	195,038	1.3	2,936	1.51	159,070	1.1	2,900	1.82
Members' equity	897,657	6.1	-	-	881,525	6.2	-	-
Total liabilities and equity	14,621,105	100.0	378,951	2.59	14,224,275	100.0	473,954	3.33
Total assets / net interest income	14,621,105		227,976	1.56	14,224,275		175,400	1.23

In 2025, net interest income, defined as interest and investment income earned on assets less interest expense on deposits and borrowings, increased \$52.6 million or 30.0%, to \$228.0 million from \$175.4 million (Table 5) in 2024. This was driven by lending growth and the repricing of loans throughout the year. Consequently, net interest income as a percentage of average assets increased to 1.6% in 2025, up from 1.2% in 2024.

Economic conditions in 2025 resulted in a declining interest rate environment, with rate cuts throughout the year.

This declining rate environment drove reduced yields on investments, loans, and funding costs. Yields on the deposit portfolio declined by 0.9%, while yields on the loan portfolio showed a smaller decline of 0.4%. This difference contributed to the improvement in net interest income as a percentage of assets of 0.4% in 2025.

The margin compression experienced in 2024 was temporary as expected. Fixed rate loans which were originated during periods of exceptionally low rates continue to reprice into the current higher-rate environment. Annual net interest margin improved as expected from 2024 to 2025, following the low point experienced in the fourth quarter of 2023.

Non-Interest Income

Table 6 - Fee, Commission and Other Income

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Fee and commission income:				
Insurance commissions and fees	2,095	1,595	500	31.3
Account service fees	18,833	15,831	3,002	19.0
Loan administration fees	24,886	22,043	2,843	12.9
Fees from fiduciary activities and mutual funds	45,212	38,935	6,277	16.1
Foreign exchange	4,846	5,379	(533)	(9.9)
	95,872	83,783	12,089	14.4
Other income:				
Leasing revenue	10	370	(360)	(97.3)
Investment revenue	3,531	1,285	2,246	174.8
Mastercard revenue	5,722	5,357	365	6.8
Gain on disposal	10	33	(23)	(69.7)
Property rental income	5,158	4,840	318	6.6
Miscellaneous	4,505	3,908	597	15.3
	18,936	15,793	3,143	19.9
Total fee, commission and other income	114,808	99,576	15,232	15.3

In 2025, fee, commission and other income increased year-over-year by \$15.2 million or 15.3%, to \$114.8 million (Table 6). This growth was primarily supported by fees from fiduciary activities and mutual funds, driven by growth in trailer commissions. Loan fees also showed strong growth resulting from the expansion of the commercial lending portfolio.

Our strategy includes diversifying fee, commission and other income, which comprises all income other than

net interest income, and serving more of our members' financial needs by becoming their primary financial services provider. To support this, we continue to invest in an enhanced suite of products, growing our network of wealth specialists and advisors, and leveraging our wealth management capabilities through our partnership with Aviso Wealth.

Operating Expenses and Efficiency Ratio

Table 7 — Operating Expenses

	2025	2024	2025 Change	
(Expressed in thousands of dollars)			\$	%
Personnel expenses				
Salaries	137,136	131,219	5,917	4.5
Benefits	17,529	22,472	(4,943)	(22.0)
Pension	9,817	9,901	(84)	(0.8)
Other	7,374	7,463	(89)	(1.2)
	171,856	171,055	801	0.5
Depreciation and amortization	22,460	21,496	964	4.5
Other expenses:				
Administration	47,539	45,036	2,503	5.6
Data processing	34,350	33,222	1,128	3.4
Occupancy	15,545	15,071	474	3.1
	97,434	93,329	4,105	4.4
Total operating expenses	291,750	285,880	5,870	2.1
Efficiency ratio	85.1%	104.0%	(18.9%)	(18.1)

Total operating expenses increased by \$5.9 million or 2.1% to \$291.8 million (Table 7).

Key activities undertaken in 2025 included continued implementation of First West's new customer relationship management (CRM) system, and continued work toward becoming a federal credit union. Personnel expenses were prudently managed to support these initiatives with an increase of \$0.8 million or 0.5% in 2025. Other expenses were tightly managed, with an increase of \$4.1 million or 4.4%.

Depreciation and amortization expenses increased by \$1.0 million in 2025 primarily due to the continued implementation of the new CRM system.

Overall, the operating efficiency ratio improved to 85.1%, from 104.0% in 2024, driven by a recovery in margin which supported revenue growth. Management remains focused on managing expenses prudently and sustainably, while ensuring the business has the capacity to grow and capitalize on opportunities as they arise.

Loan Portfolio

Table 8 — Loan Portfolio						
(Expressed in thousands of dollars)	2025	Portfolio%	2024	Portfolio%	2025 Change	
Residential mortgages	7,235,225	55.6	6,947,761	55.6	287,464	4.1%
Commercial lending	5,049,875	38.8	4,809,682	38.5	240,193	5.0%
Home equity lines of credit	578,905	4.4	577,210	4.6	1,695	0.3%
Personal loans and retail LOCs	160,562	1.2	162,655	1.3	(2,093)	(1.3%)
Total outstanding loans¹	13,024,567	100.0	12,497,308	100.0	527,259	4.2%

¹ Balances exclude accrued interest and allowance for credit losses

The loan portfolio ended 2025 at \$13.0 billion (excluding accrued interest and the allowance for expected credit losses), an increase of 4.2% or \$0.5 billion compared to 2024 (Table 8). Both commercial and residential lending saw strong growth in 2025; commercial lending grew by \$240.2 million in aggregate or 5.0%, while retail and residential lending grew by \$287.1 million or 3.7%.

We expect to maintain momentum in lending growth across the overall portfolio in 2026, largely in residential and commercial mortgages. A disciplined approach is intended to drive retail and commercial lending growth aligned to our strategic priorities and product and channel capabilities.

Chart 1 — 2025 Portfolio Breakdown

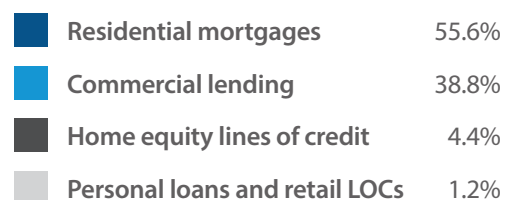
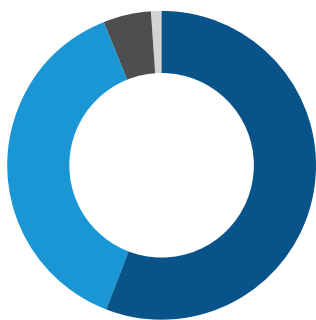
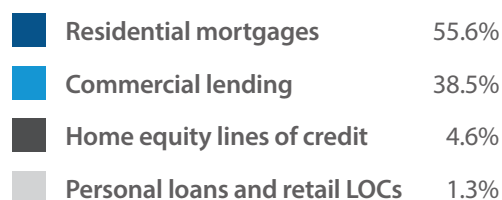
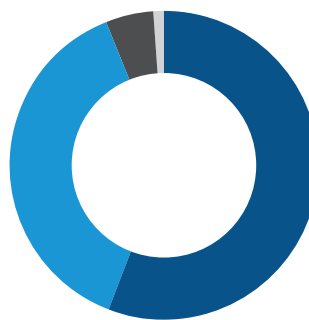


Chart 2 — 2024 Portfolio Breakdown



Credit Quality / Allowance for Credit Losses

Table 9 — Credit Performance

(Expressed in thousands of dollars)	2025	2024	2023
Total loans ¹	13,052,337	12,524,208	11,936,650
Allowance for expected credit losses	28,561	25,262	28,712
Provision for credit losses	12,678	4,652	4,609
Loan write-offs	9,379	8,102	2,801
Impaired loans (Stage 3 loans)	73,720	28,182	29,725
Members' equity	916,236	881,029	881,758

¹ Balances include accrued interest and exclude allowance for credit losses

	2025	2024	2023
Allowance for expected credit losses as % of total loans	0.22%	0.20%	0.24%
Provision for credit losses as % of total loans	0.10%	0.04%	0.04%
Loan write-offs as % of total loans	0.07%	0.06%	0.02%
Impaired loans (Stage 3 loans) as % of total loans	0.56%	0.23%	0.25%
Impaired loans (Stage 3 loans) as % of members' equity	8.05%	3.20%	3.37%

Our allowance for expected credit losses as of December 31, 2025, increased to \$28.6 million, compared to \$25.3 million in 2024, an increase of \$3.3 million or 13.1% (Table 9). The provision for credit losses expense of \$12.7 million in 2025 represented

an increase of \$8.0 million or 172.5% as compared with 2024. This increase in provision for credit loss was driven by the increase in impaired loans and increased economic uncertainty.

Chart 3 — Allowance for Credit Losses

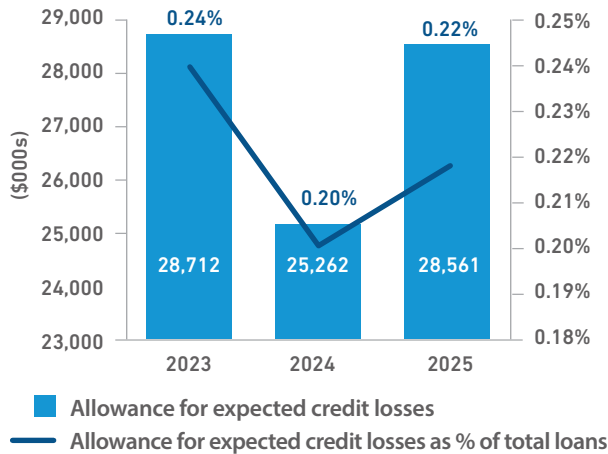


Chart 4 — Loan Write-Offs

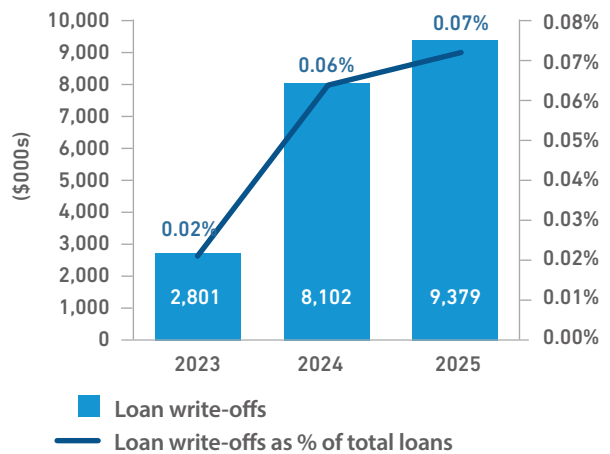


Chart 5 — Provision for Credit Losses

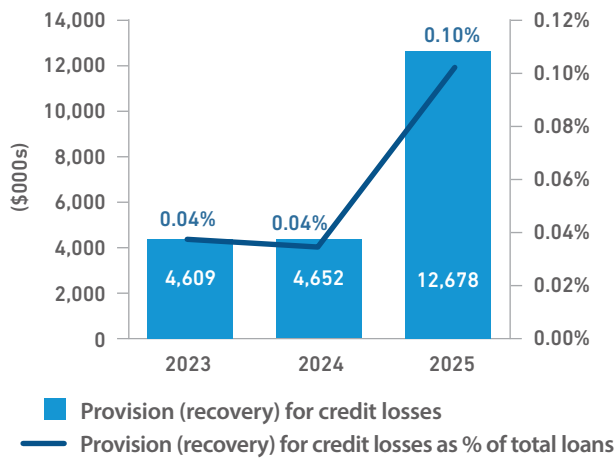
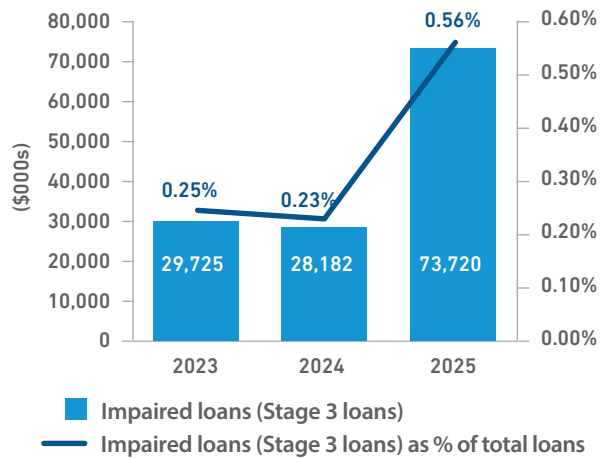


Chart 6 — Impaired Loans



The year-end allowance for expected credit losses as a percentage of loans was 0.22% compared with 0.20% in 2024 (Chart 3).

Loan write-offs as a percentage of total loans increased to 0.07% in 2025, from 0.06% the previous year (Chart 4).

The provision for credit losses as a percentage of total loans increased to 0.10% in 2025, from 0.04% in 2024 (Chart 5). The total provision for credit losses for the year was \$12.7 million, an increase from \$4.7 million in 2024.

The impaired loans as a percentage of total loans increased to 0.56% in 2025, from a 0.23% result in 2024 (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 the Regulatory Liquidity Ratio and the 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 and Funding Plan.

The RILC is responsible for 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 always ensure access 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 preparing to ensure that we meet the mandated regulatory liquidity requirements of The Office of the Superintendent of Financial Institutions (OSFI).

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

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

Table 10 — Liquid Assets

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Cash and cash resources	276,115	297,124	(21,009)	(7.1)
Investments:				
Debt investment securities at amortized cost	1,182,810	1,133,444	49,366	4.4
Other	2,969	3,607	(638)	(17.7)
Total liquid assets	1,461,894	1,434,175	27,719	1.9
Total assets	14,801,941	14,262,840	539,101	3.8
Encumbered liquid assets	31,938	42,732	(10,794)	(25.3)
Unencumbered liquid assets	1,429,956	1,391,443	38,513	2.8
Total liquid assets / total assets	9.9%	10.1%	(0.2%)	(1.8)

First West's liquid assets consist of cash and marketable debt securities (Table 10).

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, 2025, liquid assets totalled \$1.5 billion and represented 9.9% of total assets. This compares to \$1.4 billion and 10.1% as of December 31, 2024.

Deposits and Funding

Table 11 — Deposits and Funding

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Core deposits				
Retail demand deposits	2,678,061	2,496,202	181,859	7.3
Retail non-registered term deposits	2,363,090	2,536,012	(172,922)	(6.8)
Registered deposits	1,589,869	1,560,110	29,759	1.9
	6,631,020	6,592,324	38,696	0.6
Commercial demand deposits	2,124,143	2,053,500	70,643	3.4
Commercial term deposits	1,502,826	1,475,098	27,728	1.9
	3,626,969	3,528,598	98,371	2.8
Class A membership shares	5,469	5,392	77	1.4
Accrued interest and dividends	104,174	139,133	(34,959)	(25.1)
Core deposits	10,367,632	10,265,447	102,185	1.0
Non-core deposits				
MUSH demand accounts	401,186	380,231	20,955	5.5
Deposit agency	759,592	707,209	52,383	7.4
MUSH terms	341,247	449,189	(107,942)	(24.0)
Non-core deposits	1,502,025	1,536,629	(34,604)	(2.3)
Deposits from members	11,869,657	11,802,076	67,581	0.6

Our funding and liquidity profiles remain strong, supported by a balance sheet that is primarily deposit-funded (Table 11).

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

In 2025, deposits totalled \$11.9 billion, an increase of 0.6% 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 and the NHA Mortgage-Backed Securities Programs. During 2025, we participated in securitization transactions, as further described in Note 29 of the consolidated financial statements, and term debt transactions, as described in Note 17 of the consolidated financial statements.

To expand and diversify our funding options, First West first obtained a Morningstar DBRS short-term issuer rating of R-1 (low) in January 2016 and subsequently a Morningstar DBRS long-term issuer rating of BBB (high) in October 2018. These ratings were confirmed by Morningstar DBRS, with a change in the trend to a negative outlook in September 2024, which was also confirmed in September 2025. This change in trend was made by DBRS due to increased pressure on earnings amid prevailing challenging economic conditions, which continue to affect all credit unions and banks in some way.

Despite those challenging conditions, our liquidity ratios remained strong in 2025 and are comfortably above regulatory requirements. Total deposits increased in 2025 by \$67.6 million, which was driven by a combination of \$102.2 million of core retail and commercial deposit growth and a decline in non-core deposits from institutional and other sources of \$34.6 million.

The maturity profile of our deposits is as follows (Table 12):

Table 12 — 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
2025						
Demands	5,203,465	-	-	-	-	5,203,465
Terms ¹	375,977	778,201	2,841,861	998,744	72,010	5,066,793
Registered savings plans	322,959	191,489	649,572	406,110	23,800	1,593,930
Class A shares	5,469	-	-	-	-	5,469
Total deposits	5,907,870	969,690	3,491,433	1,404,854	95,810	11,869,657
2024						
Demands	4,929,985	-	-	-	-	4,929,985
Terms ¹	387,502	657,452	3,125,101	977,229	151,204	5,298,488
Registered savings plans	286,352	158,449	688,695	394,182	40,533	1,568,211
Class A shares	5,392	-	-	-	-	5,392
Total deposits	5,609,231	815,901	3,813,796	1,371,411	191,737	11,802,076
Change	298,639	153,789	(322,363)	33,443	(95,927)	67,581

¹ Terms include accrued interest and dividends

Capital Management

First West's capital is maintained in accordance with regulations prescribed by BCFSa based on the ratio of total capital to risk-weighted assets. The required regulatory level for the capital ratio is 8%, while supervisory intervention will occur at a 10% threshold.

Governance

The Board of Directors is responsible for overseeing the management of capital and has delegated responsibility for monitoring adherence to this policy to the 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.

Additionally, 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, Finance & Treasury and 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 2025 confirms that based on internal assessment of material risks and relative to the size and complexity of operations, First West has adequate capital reserves to withstand all severe but plausible stress conditions.

Table 13 — Regulatory Capital

(Expressed in thousands of dollars)	2025	2024	2025 Change	
			\$	%
Regulatory Capital				
Primary capital	951,190	920,877	30,313	3.3
Secondary capital	298,972	293,708	5,264	1.8
Deductions from capital	(33,629)	(26,799)	(6,830)	25.5
Total capital	1,216,533	1,187,786	28,747	2.4
Risk weighted assets	8,016,128	7,881,001	135,126	1.7
Total capital ratio	15.2%	15.1%	0.1%	0.7

As of December 31, 2025, First West had a total capital ratio of 15.2% on a risk-weighted basis (Table 13).

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 15.2% has increased from the 15.1% reported for 2024.

Total capital remained stable in 2025 at \$1.2 billion, consistent with \$1.2 billion in 2024. Of the \$135.0 million increase risk-weighted assets, the greatest contributor was in risk-weighted loan balances, which increased by \$309.8 million.

As we work towards becoming federally regulated, we will be required to meet the regulatory capital adequacy requirements set by OSFI. OSFI regulations differ to BCBSA's 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 Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 material accounting policies are outlined in Note 4 to the consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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.

Further relevant information

Item	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, 2025. Refer

to Note 5 in the Consolidated Financial Statements for further information on these changes.

13 RISK MANAGEMENT

2025 Risk Highlights

- Strengthened quantitative risk and stress-testing capabilities in areas of liquidity, market and capital risk to better position the credit union to withstand stress events
- Significantly strengthened and advanced model risk management processes and governance
- Enhanced enterprise-wide Behavioral Modeling
- Strengthened member protection by overseeing the implementation of consumer provisions administered by the Financial Consumer Agency of Canada (FCAC), including new guidance to support Canadians experiencing financial difficulty with paying their mortgage
- Enhanced Anti-Money Laundering and Terrorist Financing program incorporating regulatory changes
- Strengthened existing privacy governance and controls to meet federal privacy obligations
- Updated the Credit Risk Framework and enhanced controls and management oversight over credit risk
- Further developed the environmental and climate risk framework
- Made additional enhancements to digital security features

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 strategic growth objectives.

The risk management function 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 risks 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. 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 brands, we operate specialized subsidiary operations that require specific risk management. Furthermore, regulatory 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	<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:

- Defines First West's risk appetite
- Understands the key risks to which First West is exposed, including emerging risks
- Establishes prudent risk management governance
- Reviews and approves the Enterprise Risk Governance Framework and other related risk governance frameworks and policies
- 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

Risk Management

First West maintains a risk management 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 Risk Management team supports Management in the areas of enterprise risk, operational risk, financial risk and regulatory compliance. It is also used as a resource for the Board and senior management team in the development of policies, frameworks and risk monitoring.

The Risk Management team provides the following services:

- Independent oversight of risk-taking activities
- Supporting the Board and Executive Risk Committee in governance oversight of the Enterprise Risk Governance Framework, Risk Appetite Governance Framework and risk management practices
- 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 regulatory guidelines. This framework requires a robust committee structure, a comprehensive set of governance 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

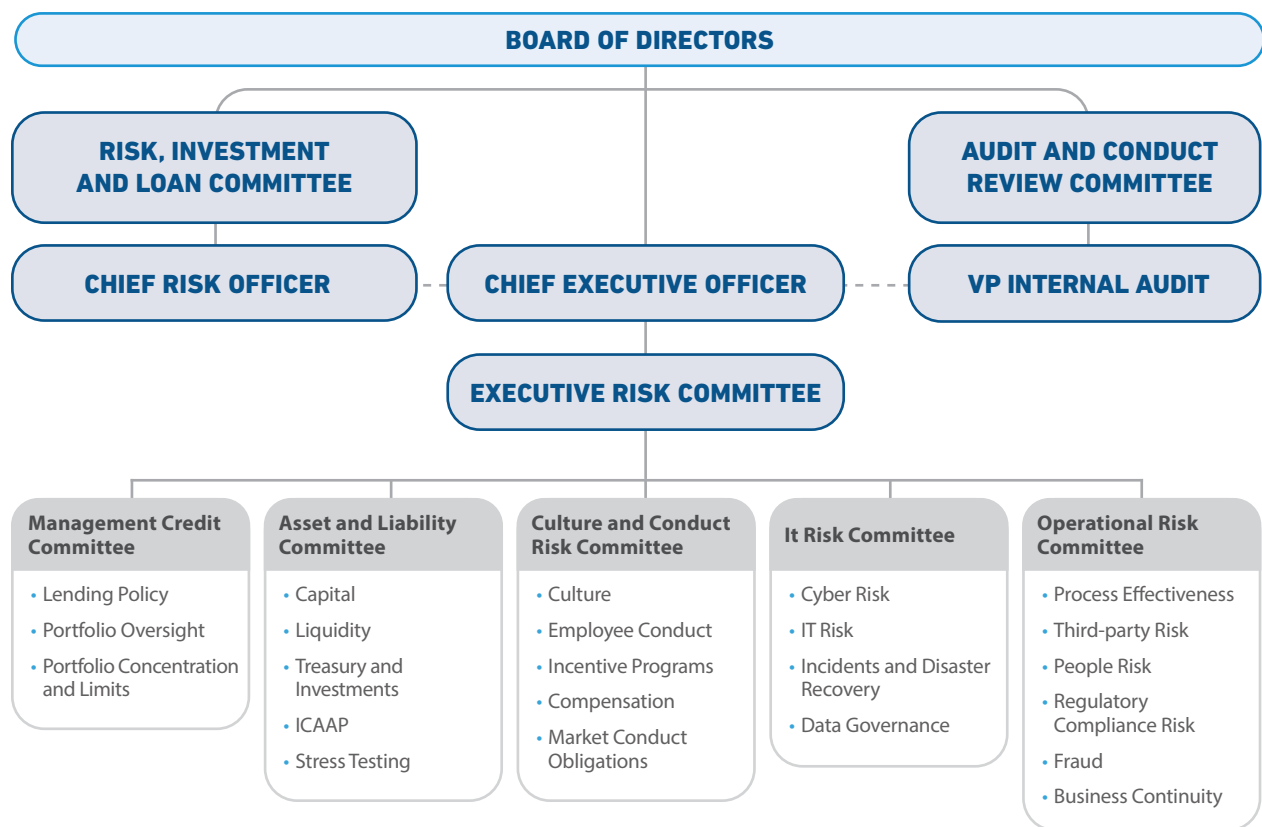


Figure 1: Risk Management Governance Structure

Board of Directors

The Board is responsible for the stewardship of the credit union and overseeing the management of the credit union's business and affairs. The Board may discharge its responsibilities by delegating certain duties to committees of the Board (each a "committee") and to Management. The specific duties delegated to each committee are outlined in the charters for those committees.

Risk, Investment and Loan Committee

The Risk, Investment and Loan Committee is responsible for overseeing the identification, measurement, monitoring and control of the credit union's principal risks; defining, recommending Board approval of, and overseeing the credit union's risk appetite and enterprise risk governance framework; and fulfilling the legislated duties related to investments and lending of financial institutions detailed in the *Financial Institutions Act*. The committee is also responsible for reviewing and recommending to the Board, for its approval, written investment policies and any other documents for the credit union and its subsidiaries, which the committee considers consistent with the *Financial Institutions Act*, other applicable legislation and regulation, prudent standards and within the credit union's investment and loan strategy.

Audit and Conduct Review Committee

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 provincial legislation. 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, 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.

Chief Risk Officer

The Chief Risk Officer (CRO) is the head of risk management 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's 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 Leadership Team.

Sub-Committees of the Executive Risk Committee

The various sub-committees 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 sub-committees are as follows:

Management Credit 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 sub-committee, 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, and oversees incident management, disaster recovery plan, and technology and cybersecurity policies. The committee also reviews action plans for improving management of IT and cyber risk.

Culture and Conduct Risk Committee

This committee provides oversight on culture and employee conduct risks. It also provides oversight on compliance to First West's market conduct obligations.

Operational Risk Committee

This committee oversees third-party risk, fraud, disruption risk, people and process risks. 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, assessment, mitigation 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 are 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 and 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 and 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
- Regulatory compliance 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, 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 required 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, third-party, disruptions or external events. This risk may impact our earnings, reputation, competitive position or result in regulatory penalties.

Operational resilience is built on a strong foundation of effective operational risk management. An organization that is operationally resilient can withstand, adapt to and recover from disruptive events while continuing to deliver its critical operations.

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.

Regulatory Compliance Risk

Regulatory compliance 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

IT Risk refers to unavailable, inefficient, or ineffective technology systems, infrastructure, or support impacting business operations.

Cyber Risk refers to compromised technology, systems, information, and infrastructure resulting in potential unauthorized use, loss, damage, disclosure, or modification of electronic information.

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.

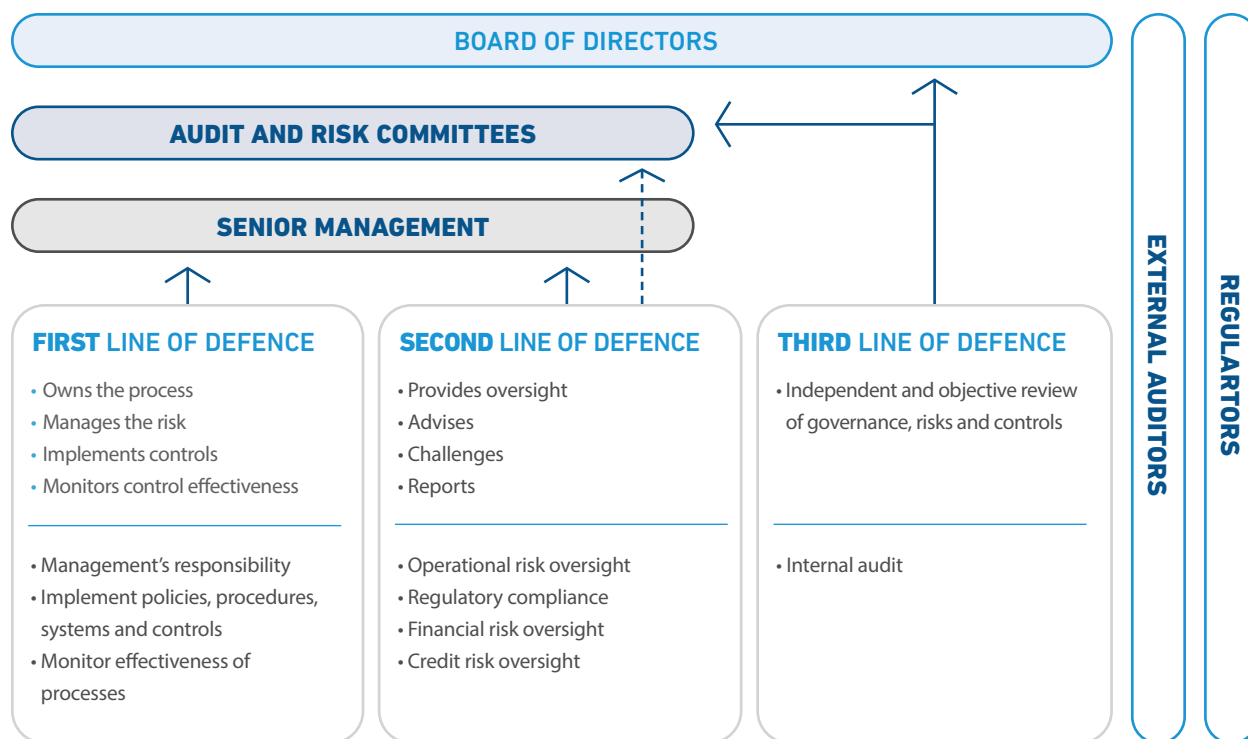


Figure 2: Three Lines of Defence

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, and 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 and 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 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 and protect 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 of Directors 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 misconduct without fear of retaliation. 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 REWARDS AND RECOGNITION AT FIRST WEST

Rewards Philosophy

At First West, we recognize that a strong rewards strategy is essential to attracting, engaging and retaining top talent. Our philosophy is rooted in a “pay-for-performance” approach, aligning rewards with business outcomes and desired behaviours while keeping team members motivated and inspired. First West fosters a culture of innovation that empowers our people to strive for excellence.

Rewards Guiding Principles

- Align with First West’s enterprise strategy and values
- Attract, motivate and retain team members who share the same values
- Support internal equity, fairness and transparency
- Keep things simple to communicate and understand
- Connect pay to performance on organizational and individual objectives
- Be attractive, competitive and aligned with practices in comparable organizations and across the industry

Rewards and Recognition Practices

Rewards are a key component of First West’s employee value proposition. We offer a comprehensive package that includes base salary, incentives, perquisites, recognition programs, career development opportunities and a highly competitive flexible benefits program. Our programs are regularly reviewed and benchmarked against regional and national financial market comparisons, salary trends and projection surveys to ensure relevance and competitiveness. Our rewards and recognition policies and practices are aligned with the Financial Stability Board Principles for Sound Compensation Practices and comply with the Financial Consumer Agency of Canada regulations.

Competitive Positioning

To remain competitive, First West targets base salary at the 50th percentile of the market, with potential for

higher earnings through sustained high performance or for niche, specialized roles. While we attract talent from various industries, our compensation is primarily benchmarked against large credit unions and financial institutions and general industry where relevant.

Our rewards strategy reflects the competitive nature of the financial services industry and the value of high performing talent. It integrates the following key elements:

- **Base Pay:** Reflects the responsibilities of the role and the individual’s expertise, experience, and performance
- **Variable Incentive Programs:** Provides opportunities to earn beyond base salary by achieving and/or exceeding individual and organizational goals, while demonstrating behaviours consistent with our values
- **Flexible Benefits Program:** Customizable to meet individual and family needs, supporting physical and mental health, well-being, additional time off and retirement savings

Compensation Policy

First West’s Compensation Policy ensures our programs are aligned with applicable legislation including BC’s Pay Transparency Act. This policy ensures our programs, and any associated compensation, is achieved within our approved risk appetite.

Pay Equality

We are committed to the UN Sustainable Development Goal of Reduced Inequality and strive to ensure equitable pay for all team members, regardless of their gender, race, ethnicity or other factors unrelated to an individual’s role or performance. Beyond regulatory compliance, we proactively implement processes, programs and practices that advance pay equity in alignment with our core values.

In 2024 and 2025, we conducted a pay gap analysis and published our gender pay gap data in accordance with B.C.'s Pay Transparency Act. We continue to monitor and address disparities where possible, reviewing our employment systems with a focus on pay equity for gender and designated groups.

Managing Risk in Compensation

Compensation programs at First West are reviewed through a risk management lens to ensure alignment with our risk appetite. Our Board of Directors actively oversees and monitors our compensation programs to ensure they function as intended.

Risk management expectations are embedded in our performance management processes and incentive programs. All team members are responsible for mitigating risk and are evaluated on how they achieve their goals, emphasizing that the process is as important as what is achieved.

Compensation Elements

Base pay

First West's base pay structure is organized into job grades, grouping roles with similar responsibilities and accountability. Grades are determined using a federally compliant job evaluation point factor system that assesses skill, effort, responsibility and working conditions. Each grade includes a salary range with three segments:

- **Progressive range:** Entry point for new team members, with progression based on experience, skills, performance and tenure in role
- **Market range:** The typical salary spans where most team members progress through their careers, representing full proficiency and proven experience
- **Premium range:** Reserved for high performers who consistently exceed expectations or for those with specialized skills

We review our salary structure every 2-3 years using market salary survey data. Base pay growth is influenced by market trends, individual performance and budget affordability.

Variable incentive plans

First West offers an annual short-term incentive plan (STIP) to eligible team members and executives, with payouts based on individual performance and behaviours aligned with our values. Bonus targets vary by job grade and are outlined in employment contracts. The maximum STIP payout, including for the CEO, is twice their target payout percentage.

Incentive payouts are not guaranteed and final approval is at the discretion of the Board of Directors.

For the 2025 performance year, the Board approved a 129.0% multiplier, reflecting a strong focus and execution on mortgage retention, deposit and member growth, improved balance sheet growth, disciplined pricing and strong expense management. Executives reporting directly to the CEO may also be eligible for a long-term incentive program (LTIP).

To remain competitive and ensure appropriate compensation, some roles have custom-designed incentive plans. These plans are designed to attract, motivate and retain team members with specialized skill sets and may be calculated and paid more frequently than annually.

Additional rewards

As part of our comprehensive rewards package, First West offers a group registered retirement savings plan (RRSP) with an optional matching program. Contributions are based on a percentage of base salary and increase with tenure, to a maximum of 10%. Additionally, some long-tenured team members continue to participate in a legacy defined benefit (DB) pension plan.

We provide an extensive, flexible benefits program that allows team members to tailor coverage to their individual and family needs using allocated credits. The program includes:

- Extended health and dental coverage
- Mental health support
- Insurance options
- Access to chronic illness and elder care management programs
- Employee and family assistance program, including Telemedicine
- Health care spending account, option to purchase additional vacation days and ability to make charitable donations

Our flexible benefits are designed to ensure a minimum level of core coverage for team members and their families, while offering flexibility to support overall health and well-being needs.

Additional rewards include:

- Paid time-off options (vacation annual entitlement, a “bonus vacation day,” volunteer days and personal days that can be used in the event of an illness or an unplanned personal situation)
- Banking advantages on several financial products
- Internal and external educational assistance
- Parental leave income top-up support
- Recognition programs
- Everyday savings and discounts through our group discount partnership.

CEO and Executive Team Compensation Structure

Aligned with our broader rewards and recognition philosophy, First West’s CEO and executive compensation are designed to attract, retain and motivate top talent. It supports our business strategy by linking pay to meaningful performance measures, while driving business results, managing risks and ensuring reasonableness and transparency for our members and other stakeholders. As such, base salary is targeted at the 50th percentile of the market, with total direct compensation positioned between the 50th and 75th percentile, and flexibility to earn more for exceptional performance and contributions to the credit union.

The competitive market for our CEO and executive roles is blended between our financial services peer group, including some of the largest Canadian credit unions and other comparable financial services organizations, as well as general industry.

The Board of Directors approved the above philosophy and competitive positioning for our CEO and executives.

CEO Compensation Package

Base Salary

The base salary for First West's CEO is reviewed annually, as it is for all team members. Any adjustment is determined by the CEO's performance rating and is subject to the approval of the annual merit and/or salary adjustment budget. Effective January 1, 2026, the CEO's base salary was increased to \$720,000.

Short-Term Incentive Plan (STIP)

The CEO participates in the same short-term incentive plan (STIP) available to eligible team members. The annual plan is designed to reward achievement against clearly defined performance targets, which include both organizational and individual objectives.

Organizational performance measures are established by executive management and the Board of Directors. In fiscal 2025, the core performance areas for the STIP plan were related to financial outcomes and growth.

For 2025, the achievement of pre-defined metrics resulted in a target payout of 80% of base salary, with the potential to earn a maximum of 2x target. All payments under this plan are contingent on overall corporate performance and financial stability each year and are subject to oversight and approval by the Board of Directors.

Long-Term Incentive Plan (LTIP)

The CEO also participates in First West's long-term incentive plan (LTIP), which is designed to align executive performance with First West's long-term strategic goals and objectives. Each year, a new plan begins with a rolling three-year performance cycle, during which progress is tracked against pre-established objectives. Payments under this plan are only made at the end of the three-year period and are contingent on the achievement of those goals. Future payments depend on sustained organizational and individual performance.

Performance measures for LTIP are approved by the Human Resources Committee (HRC) on behalf of the Board of Directors and may change. The Board of Directors or the HRC retains the authority to amend the plan's term, vesting, final payout or any other provision under the plan. The plan is reviewed annually or as deemed necessary by the HRC.

Payouts are determined based on the CEO's base salary at the start of each three-year cycle and reflect both organizational and individual performance achievement. A target payout equal to 80% of base salary is awarded when organizational goals are achieved and the CEO's performance is rated as at least proficient—demonstrating full competence, meeting all role expectations, delivering valued contributions, and positively impacting team results.

RRSP and SERP

The CEO is eligible for the same group RRSP matching program available to all other team members, with immediate vesting of employer contributions. In addition, the CEO participates in a supplemental executive retirement plan (SERP) that offsets retirement benefit limits imposed by income tax regulations.

Group Benefits & Perquisite Plan

The CEO participates in the First West Flexible Benefits Program with the same benefits available to team members. Additional benefits and a flexible perquisite account are also provided.

Severance

The CEO employment contract provides a severance package of 12 months' salary if employment is terminated.

2025 Performance Year

For fiscal 2025, the target total compensation for First West's CEO was \$1,820,000, which reflects the annual base salary (\$700,000) as of January 1, 2025, and target STIP and LTIP eligibility. In addition, the CEO receives an executive perquisites payment of \$50,000.

Actual total cash compensation for First West's CEO in 2025 was \$2,792,957, which included salary earnings (\$700,000), STIP (\$1,083,600) and LTIP (\$959,357) paid based on achievements for fiscal 2025 (note amounts were paid in the first quarter of 2026). The actual total cash compensation also includes \$50,000 from the executive perquisites plan.