

2023 RESULTS

In 2023, BlueShore Financial showed resilience and areas of continued strength despite a challenging interest rate environment. We continued to provide clients with premium service and expert financial advice and welcomed more than 3,000 new clients. Total assets under administration increased by 6.2% to an all-time high of \$7.4 billion.

Other key 2023 financial results include:

- Residential mortgages and consumer loans increased by \$35.8 million or 1.2% to \$2.9 billion.
- Member deposits totalled \$5.1 billion as of Dec 31, 2023, an increase of \$408.8 million or 8.8% over 2022. Term deposit growth of \$475.7 million or 14.5% drove the overall growth in deposits.
- Wealth assets under administration experienced a robust growth, increasing by \$171.3 million or 11.3%, including net sales of \$23.0 million.

Like many financial institutions, BlueShore has been impacted by the current macroeconomic environment, including rapidly rising interest rates that have persisted longer than expected. In the challenging market environment, BlueShore posted a net loss of \$28.6 million in 2023, largely due to a reduction in net interest income caused by shorter term deposits repricing faster than longer term loans.

The well-being of our members, employees and communities remains our top priority. BlueShore is responding with prudent cost and risk management to address market volatility and restore profitability, with a focus on maintaining exceptional products, services and client experience. Our members continue to benefit from the 100% deposit guarantee by CUDIC. Additionally, BlueShore's consistently strong financial performance in past years has contributed to strong capital reserves that we continue to maintain beyond regulatory requirements.

MOVING FORWARD, TOGETHER

In March 2024, BlueShore Financial announced we have entered into merger discussions with Coastal Community Credit Union. Together, we would form one of the largest credit unions in British Columbia, with 118,000 members, 36 branches, more than 800 employees and close to \$12 billion in assets under administration. Importantly, it is anticipated that this merger will create a more advanced and innovative credit union that has scale to effectively compete in the evolving financial services landscape while continuing to provide exceptional opportunities to members, clients, employees and communities.

BlueShore is committed to keeping our members updated as events progress. The two credit unions are conducting due diligence to assess the merger opportunity. Should the boards of directors of both credit unions agree to pursue a merger, the transaction would be subject to regulatory consent by B.C.'s Superintendent of Financial Institutions and any applicable member vote as may be required under credit union legislation.

BlueShore Financial is a full service financial institution providing personal and business banking, wealth management, insurance and commercial lending solutions. BlueShore has proudly served a growing and vibrant community since 1941. BlueShore has branches across Greater Vancouver and the Sea-to-Sky Corridor and has \$7.4 billion in assets under administration.

Report of the independent auditors on the condensed financial statements

To the Members of BlueShore Financial Credit Union

Opinion

The condensed consolidated financial statements of BlueShore Financial Credit Union (the "Credit Union"), which comprise:

- the condensed consolidated statement of financial position as at December 31, 2023;
- the condensed consolidated statement of income (loss) and other comprehensive income (loss) for the year then ended; and
- related note

are derived from the audited consolidated financial statements of BlueShore Financial Credit Union as at and for the year ended December 31, 2023.

In our opinion, the accompanying condensed consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria disclosed in Note 1 in the condensed consolidated financial statements.

Condensed Consolidated Financial Statements

The condensed consolidated financial statements do not contain all the disclosures required by IFRS Accounting Standards. Reading condensed consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Credit Union's audited consolidated financial statements and the auditor's report thereon.

The condensed consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Management's Responsibility for the Condensed Consolidated Financial Statements

Management is responsible for the preparation of the condensed consolidated financial statements in

accordance with the criteria disclosed in Note 1 in the condensed consolidated financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the condensed consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.



Chartered Professional Accountants
Vancouver, Canada
March 13, 2024

Financial Results

BlueShore Financial Credit Union - Condensed Consolidated Statement of Financial Position

as at December 31, 2023 with comparative information for 2022 (in \$000's)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 352,395	\$ 260,964
Investments	698,094	480,769
Derivatives and other financial assets	6,813	5,775
Loans	4,539,375	4,556,825
Premises and equipment	59,554	65,503
Intangible assets	7,563	7,670
Other assets	20,939	23,307
Total assets	\$ 5,684,733	\$ 5,400,813
LIABILITIES		
Members deposits	5,058,816	4,649,978
Borrowings and debt liabilities	318,008	408,833
Accounts payable and accrued liabilities	17,565	22,508
Other liabilities	23,660	35,555
MEMBERS' EQUITY		
Equity shares	50,424	52,411
Retained earnings	237,853	268,798
Accumulated other comprehensive loss	(21,593)	(37,270)
Total liabilities and members' equity	\$ 5,684,733	\$ 5,400,813
Total assets under administration	\$ 7,412,929	\$ 6,977,965

Condensed Consolidated Statement of Income (Loss) and Other Comprehensive Income (Loss)

for the year ended December 31, 2023 with comparative information for 2022 (in \$000's)

	2023	2022
Interest income	\$ 229,952	\$ 166,867
Interest expense	199,439	83,484
Net interest income	30,513	83,383
Provision for credit losses	3,066	539
Fee, commission and other income	22,993	22,012
	50,440	104,856
Non-interest expenses:		
Salary and employee benefits	52,656	52,737
Building and occupancy	9,534	9,545
General and administrative	22,788	23,299
Net operating income (loss)	(34,538)	19,275
Community investment	120	192
Income tax expense (recovery)	(6,035)	482
Net income (loss)	(28,623)	18,601
Other comprehensive income (loss):		
Items that may be reclassified to net income (loss), net of tax	15,743	(37,188)
Items that will never be reclassified to net income (loss), net of tax	(66)	254
Comprehensive income (loss)	\$ (12,946)	\$ (18,333)

Diana Chan, Chair

Rod Dewar, Audit Committee Chair

Note 1 - Message to Members

The accompanying condensed consolidated financial statements have been prepared, in accordance with Section 128 (4) of the Financial Institutions Act, from the audited consolidated statement of financial position of BlueShore Financial Credit Union as at December 31, 2023, and the consolidated statements of income (loss) and other comprehensive income (loss) for the year then ended. Readers are cautioned that these condensed consolidated financial statements do not include all the disclosures necessary for a complete presentation. Complete audited consolidated financial statements for the year ended December 31, 2023, together with the auditors' report thereon, are available at all BlueShore Financial locations or online at BlueShoreFinancial.com.