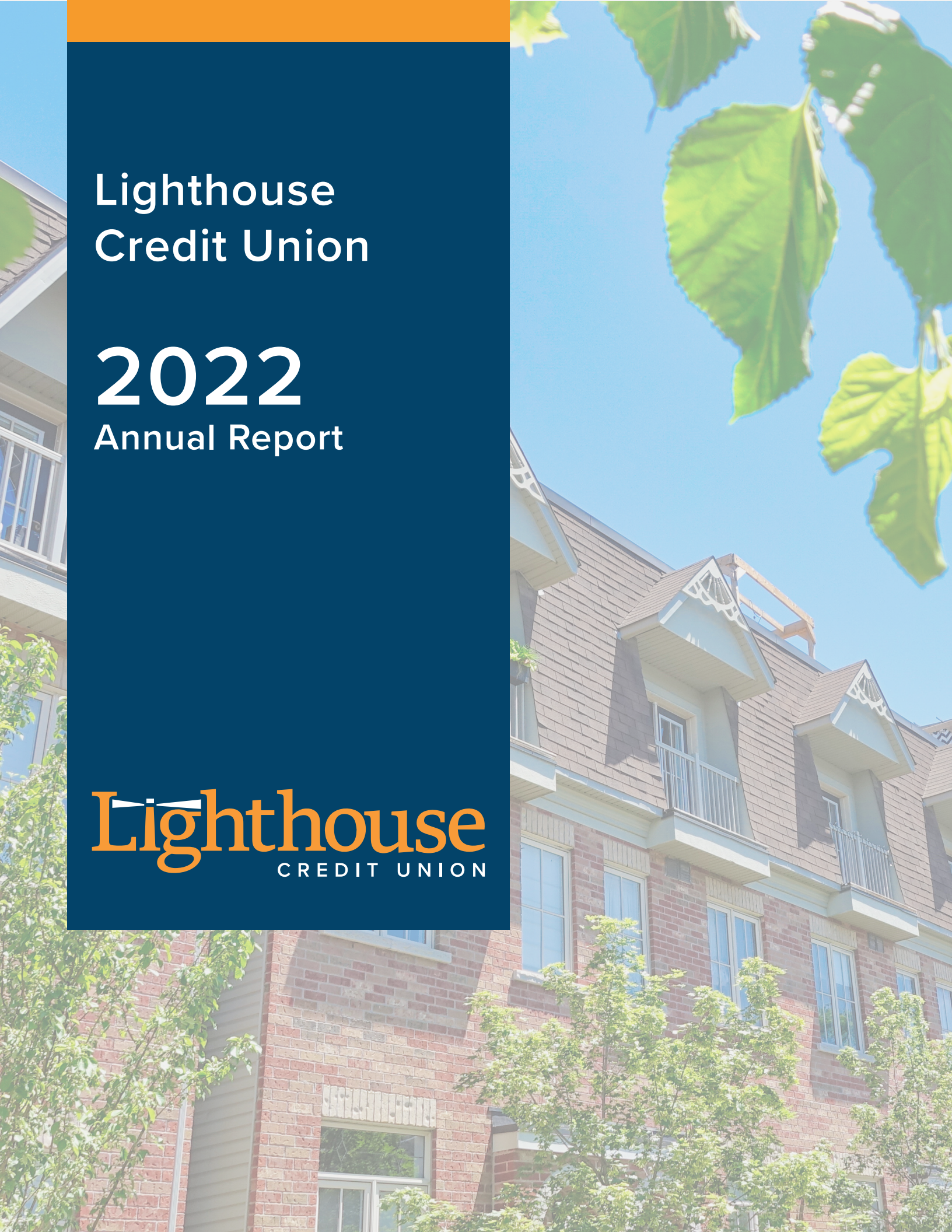


Lighthouse
Credit Union

2022
Annual Report

 **Lighthouse**
CREDIT UNION



Message from the Chief Executive Officer

Although I wish I could have greeted each other in person, I am very pleased to be able to connect with you like this today. I have now been with Lighthouse for over a year and what an eventful year it has been. A year in which we transformed Lighthouse from a start-up organization to a recognized Credit Union in the Credit Union space in Ontario. I was thrilled when I was asked to join Lighthouse as Chief Executive Officer and be part of a purpose-driven organization. As I reflect on the past year, our first year of operations, I am extremely proud of our accomplishments despite the ongoing turbulence in the markets we serve.

I am encouraged by our great progress on a short period of time and how we are increasing our focus on quality business and growing membership from the community we serve. I am particularly inspired by the strong support received from our Board as we work together towards our common purpose and mission. With thanks to the great team we have put in place, we were able to establish systems and processes to get our operations up and running in a very short period of time. This was crucial for us in order to be able to conduct transactions within a few months and issue our first residential mortgage.



Our organization is purposely flat, which means the senior management team is deeply involved in all aspect of operations. This allows for quick decision-making, transparency, and the ability to seize opportunities. Finally, thank you to our members, business partners, shareholders and the entire team for the sizable contributions they make to the company's success.

Michel Cubric

Michel Cubric
Chief Executive Officer

Message from the Chairman of the Board

Thank G-d, we are appreciative that we have been able to be approved by the province and open a credit union focused on the needs of our community. Toronto has one of the best Jewish communities in the world and Canada has some of the best banks and credit unions in the world, so we look forward to marrying the two to be a Light among the Nations. We are blessed to have an experienced board, strong management team and employees that are passionate about the Jewish community and sensitive to its needs. We all know housing affordability is a major issue in our community (and all of Canada) and we have focused directly on that in our first year.

We have been able to launch a successful residential mortgage program aimed at the new home buyer, new entrant to Canada and those that need some more creativity to qualify. We have been able to have a perfect payment record of over 70 loans and happy customers all through word of mouth with little marketing efforts. Raising deposits has been expanding for Lighthouse and we look to be profitable in 2023. Getting to profitability is a goal that will enable retention of equity to enable taking on more deposits for our members and thereby more products. We will be working with the community to survey the next step of products for Lighthouse, be it wealth management, credit cards, personal loans, insurance etc.



We believe we will be able to build financial products that add value to our members and the community. The financial landscape is rapidly changing and we are at the forefront, given we are a new financial institution that can be flexible and also use resources within an established credit union community across Canada. I am proud to be on the board, and to be a member of Lighthouse, and contribute to our community to make an impactful difference. We welcome additional help for members on committees or ideas of new products as it's our community credit union.

A handwritten signature in black ink, appearing to read 'Harley Gold'.

Harley Gold
Chairman of the Board

Board of Directors



Jeff Birman
Cando Asset Management



Chaya Cooperberg
AmTrust Financial



Harley Gold
Peakhill Capital



Stephen Gross
H&R REIT



Bernard Heitner
The Heitner Group



Anthony Heller
Plazacorp



Mark Mandelbaum
Lanterra Developments



Edward Perlmutter
Edward Perlmutter LLP



Robert Reichmann
Reichmann Rothschild



Rita Simkin
INKAS Group



Robert Trager
Vault Mortgage



Haya Zilberboim
Emma Capital

BOARD COMMITTEES

Audit and Finance

Bernard Heitner, *chair*
Haya Zilberboim
Harley Gold
Stephanie Greenwald
Brian Suta

Community Engagement

Robert Reichmann, *chair*
Harley Gold
Aaron Gold
Bernie Moskoff
Yossi Braun
Robert Walker
Daniel Held
Scott Woodrow
Dana Saunders
Jeremy Pertman
Mordy Weinberg

Risk

Robert Trager, *chair*
Jeff Birman
Harley Gold
Anthony Heller
Stephen Gross
Mark Mandelbaum
Michael Feldman
Shaya Klein

Governance, Compensation, and Nominating

Chaya Cooperberg, *chair*
Edward Perlmutter
Rita Simkin
Simeon Katscher

Servicing the Greater Toronto Area

**72% of Lighthouse's Mortgages
are located in the Greater Toronto Area**



WELCOME TO THE NEIGHBOURHOOD



Year in Review

Lighthouse's performance in 2022 reflected rapidly changing market conditions, the result of abrupt increases in Bank of Canada (BoC) policy interest rate increases.

Total origination of residential mortgages was \$70MM. Performance of the mortgage portfolio was very strong with no arrears by the end of the year. This reflects the quality business underwritten with average credit scores for primary and secondary borrowers exceeding 730.

Term-Deposits reached \$85MM by year's end. All Term Deposits are non-redeemable and our strong production reflects the market interest in safer investments during a persistent challenging economic environment.

Mortgages

Total Funded - \$70,000,000

Average LTV - 69%

Average GDS - 31.63%

Average TDS - 44.5%

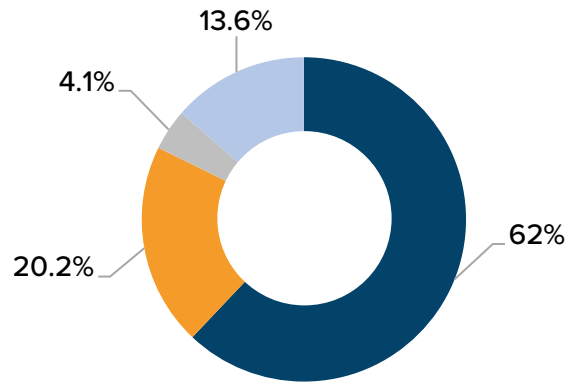
Average Mortgage Amount - \$795,500

Average Credit Score Primary Borrower - 737

Average Credit Score Secondary Borrower - 746

GIC's

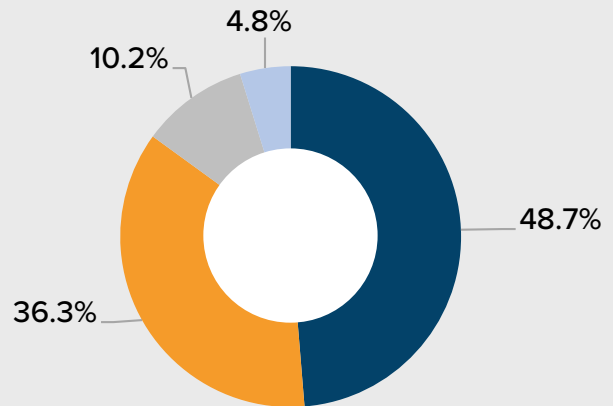
- 1 Year Term - 62% (avg. amount \$54,300)
- 2 Year Term - 20.2% (avg. amount \$55,500)
- 3 Year Term - 4.1% (avg. amount \$48,800)
- 5 Year Term - 13.6% (avg. amount \$55,300)



■ 1 year term ■ 2 year term ■ 3 year term ■ 5 year term

Term Breakdown

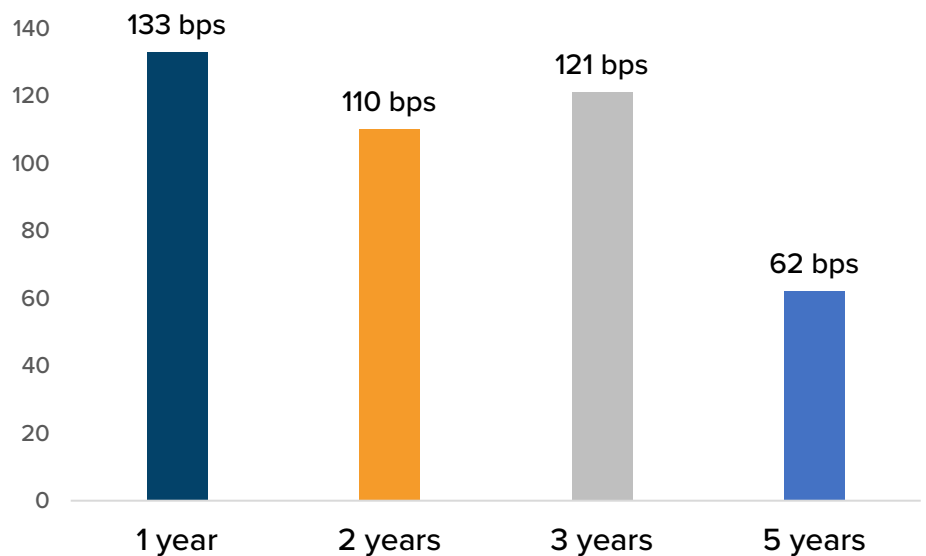
- 1 Year Term - 48.7%
- 2 Year Term - 36.3%
- 3 Year Term - 10.2%
- 5 Year Term - 4.8%



■ 1 year ■ 2 years ■ 3 years ■ 5 years

Average Spreads*

- 1 Year - 133bps
- 2 Year - 110bps
- 3 Year - 121bps
- 5 Year - 62bps



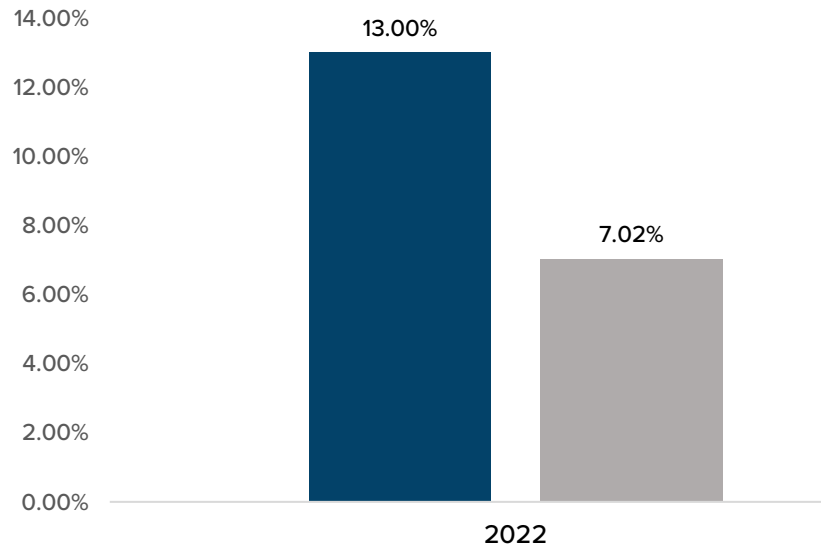
* Rough estimate as rates and market conditions changed daily

Capital Ratios

The capital ratios are key financial metrics that illustrate our ability to support operations, growth, and risks. The following measurements illustrate our performance in the context of the wider credit union sector in Ontario.

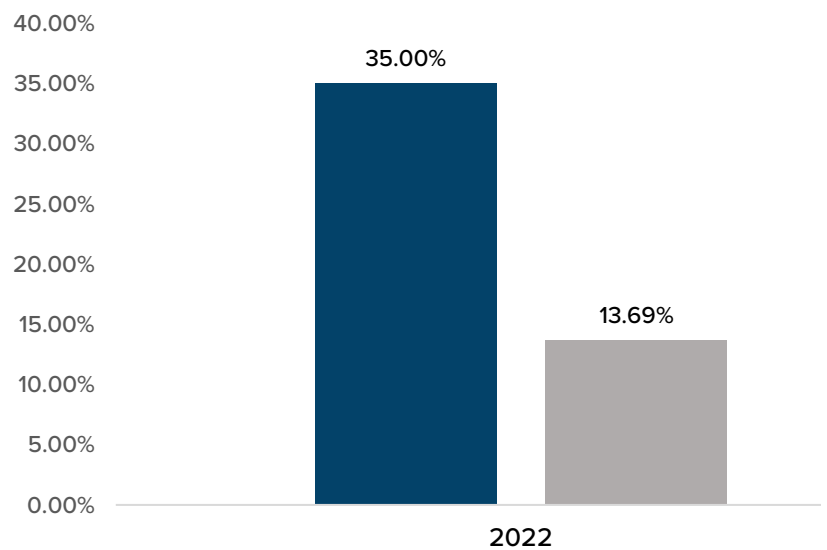
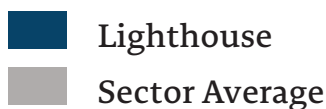
Leverage Ratio

FSRA requires a minimum leverage ratio of 4.0%, while the Lighthouse Credit Union requires a minimum of 13.0%.



Risk-Weighted Assets Ratio

FSRA requires a minimum ratio of 8.0%, Lighthouse achieved a 35% ratio, well above the sector average of 13.69%



Audit Committee Report

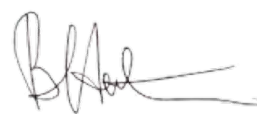
The Credit Union's Audit Committee is a committee of the Board of Directors and operates pursuant to section 125 of the Credit Unions and Caisses Populaires Act, 1994. The Audit Committee meets quarterly and arranges its agenda so that, on an annual basis, the following duties will be performed and appropriate action taken as a result thereof:

- Serve as the principal communication link between the external auditors and the Board of Directors and, review the terms of engagement and scope of the audit and review Lighthouse Credit Union's annual financial statements prior to recommending Board approval.
- Obtain a reasonable understanding of the elements of internal controls that are important to safeguard the credit union, ensure the accuracy of financial reports and ensure compliance with policies and procedures.
- Serve as the Board's liaison with the internal auditor and review the internal audit mandate, work plan and reports.
- Review the policies, procedures and controls which relate to legislative compliance, with a focus on requirements for liquidity, capital adequacy and interest rate risk management.

Based on its findings, the Audit Committee makes recommendations to the Board of Directors, as appropriate, with respect to the matters above and follows up to ensure that the recommendations are considered and appropriate action is taken.

The committee receives full support from management to enable it to effectively fulfill its role in maintaining the quality of financial reporting to the Members.

There are no significant recommendations made by the Audit Committee that have not either been implemented or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to the Members, nor any further matters which are required to be disclosed pursuant to the Act or the Regulations thereto.



Bernard Heitner
Chair, Audit Committee

Lighthouse Financial Credit Union Limited

Statement of Financial Position

(in thousands)
December 31, 2022

Assets

Cash and cash equivalents	\$	18,576
Investments		12,693
Loans to members		69,686
Prepaid expenses		825
		<u>825</u>
	\$	<u>101,780</u>

Liabilities

Payables and accruals		615
Deposits of members		86,551
Deferred revenue		447
Shares		4
		<u>4</u>
		<u>87,617</u>

Members' equity

Shares		15,364
Accumulated deficit		(1,201)
		<u>(1,201)</u>
		<u>14,163</u>
	\$	<u>101,780</u>

Lighthouse Financial Credit Union Limited

Statement of Comprehensive Loss

(in thousands)
December 31, 2022

Financial income	\$ 894
Interest on member loans	208
Other interest revenue	1,102
Financial expense	
Interest on member deposits	961
Financial margin	141
Provision for impaired loans	140
Operating margin	1
Operating expenses	
Salaries and benefits	545
Professional fees	314
Computer, office and other equipment	174
Administration	143
Advertising and communications	12
Other	14
	1,202
Net less before taxes	(1,201)
Income taxes	—
Net loss and comprehensive loss for the year	\$ (1,201)

Lighthouse Financial Credit Union Limited Report from Lending Services

Category	Total Personal loans & Lines of Credit
Number of loan applications received	204
Number of loan applications granted	88
Number of loan applications declined	116
Number of delinquent loans over 90 days	0
Funding ratio	43%



Events and Sponsorships

As we reflect on the past year, we are proud to have played an active role in supporting our local community through various events, gatherings, and sponsorships. We remain committed to investing in our community's growth and success. We were honored to sponsor local events that brought together friends and families to celebrate the rich culture and diversity of our community. It is our privilege to serve and support the community, and we look forward to continuing to build meaningful relationships and make a positive impact in the years ahead.

COMMUNITY PARTNERS





LIGHTHOUSECU.CA

416.477.5285