



RFA CAPITAL HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT WHERE SPECIFIED)



RFA CAPITAL HOLDINGS INC.

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FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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Management's Responsibility for Financial Reporting

The consolidated financial statements of **RFA Capital Holdings Inc.** (the "Group") as at December 31, 2025, have been prepared by management. Management is responsible for the integrity and fairness of the financial information presented. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which are International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in effect at December 31, 2025, and pursuant to the requirements of the *Bank Act* (Canada), which is applicable to the Group. The consolidated financial statements reflect amounts that must, of necessity, be based on management's best judgments and estimates, with appropriate consideration regarding materiality.

As part of its responsibility for the fairness and integrity of the Group's consolidated financial information, management is responsible for the implementation of supporting accounting systems. Management therefore maintains and monitors a system of internal controls. These controls are designed to provide reasonable assurance that assets are safeguarded, that transactions are properly authorized, and that the financial records are accurate and complete. Management also administers a program of ethical business conduct, whose controls include, among other things, quality standards in hiring and training employees, written policies and procedures, compliance with authorization limits for managers, appropriate management information systems, and a corporate code of conduct and ethical behaviour.

Ernst & Young LLP has been appointed as the independent auditor by the Group's Board of Directors to perform an annual audit of the Group's consolidated financial statements. Their report follows.

The Group's Board of Directors is responsible for reviewing and approving the consolidated financial statements and oversight of management's preparation and presentation of the consolidated financial statements, management's maintenance of internal controls, and management's assessment of significant transactions and related party transactions.



Ben Rodney
Director, RFA Capital Holdings Inc.

Toronto, Canada
March 26, 2026

Independent auditor's report

To the Shareholders of
RFA Capital Holdings Inc. and its subsidiaries

Opinion

We have audited the consolidated financial statements of **RFA Capital Holdings Inc.** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 26, 2026



RFA CAPITAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025 AND 2024
(Expressed in thousands of Canadian dollars, except where specified)

	Note	2025 \$	2024 (Note 2) \$
Assets			
Cash and cash equivalents	5	136,065	147,641
Restricted cash	5	2,779	1,222
Marketable securities	5	54,195	59,224
Income tax recoverable	24(b)	6,150	2,607
Mortgages and loans, net	6(a)	2,309,430	2,121,538
Investments	8	76,849	98,359
Investment property	9	4,734	10,284
Retained interest receivable	10	116,218	100,656
Trade and other receivables	11	19,219	25,841
Due from related parties	19(d)	3,533	87
Property, plant and equipment, net	12	8,600	828
Right-of-use assets, net	13	11,498	794
Goodwill and intangible assets, net	14	27,976	26,399
Total Assets		2,777,246	2,595,480
Liabilities and Equity			
Liabilities			
Deposits	15	2,329,804	2,143,009
Trade and other payables	16	107,086	85,831
Current income tax liabilities		-	174
Lease liabilities	17	20,059	1,008
Secured financing	8	37,809	23,049
Debt obligation	9	7,521	7,759
Due to related parties	19(e)-(h)	3,404	35,272
Deferred income tax liabilities	24(c)	1,129	1,645
Total Liabilities		2,506,812	2,297,747
Equity			
Share capital	20	212,200	212,200
Accumulated other comprehensive income		2,577	537
Retained earnings		44,825	74,368
Equity Attributable to Shareholders of the Company		259,602	287,105
Non-controlling interests		10,832	10,628
Total Equity		270,434	297,733
Total Liabilities and Equity		2,777,246	2,595,480

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:



Ben Rodney
 Director
 RFA Capital Holdings Inc.



Richard Bradlow
 Director
 RFA Capital Holdings Inc.

RFA CAPITAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of Canadian dollars, except where specified)

	Note	2025 \$	2024 (Note 2) \$
Interest Income			
Single-family residential		136,322	117,898
Commercial real estate		14,439	33,545
Other		7,916	9,231
		158,677	160,674
Interest Expenses			
Deposits and other		99,123	99,711
Total Net Interest Income		59,554	60,963
Non-interest Income			
Gain on sale of mortgages		56,882	37,873
Gain on sale of renewals		11,250	12,500
Securitization income	10	8,770	7,744
Income from investments and fees		8,189	2,683
Other (losses) gains		(4,628)	760
		80,463	61,560
Provision for expected credit losses		21,085	10,248
Mortgage expenses	22	58,245	37,672
Total Net Income Before Non-interest Expenses		60,687	74,603
Non-interest Expenses			
Salaries and benefits		48,306	33,863
General and administrative	23	40,208	17,248
		88,514	51,111
(Loss) Income Before Income Tax Expense		(27,827)	23,492
Income tax expense:			
Current	24(a)	2,028	7,772
Deferred	24(c)	(516)	(1,047)
Income Tax Expense		1,512	6,725
Net (Loss) Income for the Year		(29,339)	16,767
Less: Net Income Attributable to Non-controlling Interests		759	53
Net (Loss) Income Attributable to Shareholders of the Company		(30,098)	16,714
(Loss) Earnings per Share (\$)			
Basic and diluted EPS	25	(0.14)	0.08

The accompanying notes are an integral part of these consolidated financial statements.

RFA CAPITAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of Canadian dollars, except where specified)

	2025	2024
	\$	\$
Net (Loss) Income Attributable to Shareholders of the Company	(30,098)	16,714
Other Comprehensive Income		
Items that will not be subsequently reclassified to net income:		
Equity Securities Designated at FVOCI		
Net unrealized gains	3,510	1,835
Provision for income tax	(916)	(479)
	2,594	1,356
Items that will be subsequently reclassified to net income:		
Debt Instruments at FVOCI		
Net unrealized gains	179	972
Reclassification of net realized losses (gains)	787	(100)
Provision for income tax	(259)	(228)
	707	644
Foreign Currency (Losses) Gains	(1,261)	84
Net Other Comprehensive Income	2,040	2,084
Other Comprehensive (Loss) Income for the Year	(28,058)	18,798

The accompanying notes are an integral part of these consolidated financial statements.

RFA CAPITAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of Canadian dollars, except where specified)

	Accumulated Other Comprehensive Income			Retained Earnings	Non-controlling Interests	Total Equity
	Share Capital	Equity and Debt Securities	Foreign Currency Gains (Losses)			
	\$	\$	\$	\$	\$	\$
Balance at January 1, 2025	212,200	453	84	74,368	10,628	297,733
Net (loss) income	–	–	–	(30,098)	759	(29,339)
Dividend declared	–	–	–	555	(555)	–
Other comprehensive gains (losses) ⁽¹⁾	–	3,301	(1,261)	–	–	2,040
Balance at December 31, 2025	212,200	3,754	(1,177)	44,825	10,832	270,434

	Accumulated Other Comprehensive Income			Retained Earnings	Non-controlling Interests	Total Equity
	Share Capital	Equity and Debt Securities	Foreign Currency Gains			
	\$	\$	\$	\$	\$	\$
Balance at January 1, 2025	212,200	(1,547)	–	57,654	–	268,307
Net income	–	–	–	16,714	53	16,767
Acquisition of Five Continents Holdings Limited	–	–	–	–	10,575	10,575
Other comprehensive gains ⁽¹⁾	–	2,000	84	–	–	2,084
Balance at December 31, 2025	212,200	453	84	74,368	10,628	297,733

(1) Net of income tax.

The accompanying notes are an integral part of these consolidated financial statements.

RFA CAPITAL HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of Canadian dollars, except where specified)

	2025	2024 (Note 2)
	\$	\$
Operating Activities		
Net (loss) income for the year	(29,339)	16,767
<i>Adjustments for non-cash items and others:</i>		
Fair value loss, net	5,679	1,153
Foreign exchange gain, net	(652)	–
Provision for expected credit losses	21,085	10,248
Amortization of goodwill and intangible assets, depreciation of property, plant and equipment and right-of-use assets, goodwill and intangible assets and property, plant and equipment written off, and interest accretion income, net	3,749	(617)
<i>Adjustments for net changes in operating assets and liabilities:</i>		
Mortgages and loans, net	(208,977)	(198,746)
Retained interest receivable	(15,562)	(26,907)
Trade and other receivables	3,048	(9,495)
Deferred servicing strip receivable	(2,455)	(1,719)
Deposits	186,795	251,963
Trade and other payables	21,398	23,256
Current income taxes	336	6,725
Cash (Used in) Provided by Operating Activities	(14,895)	72,628
Income tax paid	(5,744)	(11,387)
Net Cash (Used in) Provided by Operating Activities	(20,639)	61,241
Investing Activities		
Purchase of securities at FVOCI and amortized cost	(1,311)	–
Proceeds from maturity of securities at FVOCI	12,846	1,312
Acquisition of subsidiary, net of cash acquired	–	(3,514)
Additions to investments	(8,125)	(12,500)
Additions to investment property, property, plant and equipment, and goodwill and intangible assets	(9,449)	(100)
Cash Used in Investing Activities	(6,039)	(14,802)
Financing Activities		
Lease incentives	6,934	–
Payment of lease liabilities	(171)	(952)
Secured financing	14,000	22,500
Repayment of debt obligation	(238)	(230)
Due (to) from related parties, net	(3,866)	405
Cash Provided by Financing Activities	16,659	21,723
Net (Decrease) Increase in Cash and Cash Equivalents	(10,019)	68,162
Cash and cash equivalents, beginning of year ⁽¹⁾	148,863	80,701
Cash and Cash Equivalents, End of Year⁽¹⁾	138,844	148,863
Supplemental Information	2025	2024
	\$	\$
Interest received	158,369	157,942
Interest paid	93,327	81,561

(1) Cash and cash equivalents include restricted cash and form an integral part of the Group's cash management.

The accompanying notes are an integral part of these consolidated financial statements.

RFA CAPITAL HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of Canadian dollars, except where specified)

1. CORPORATE INFORMATION

RFA Capital Holdings Inc. (the “Company”) was formed under the laws of Ontario on June 10, 2019 for purposes of investing in RFA Bank of Canada (the “Bank”), formerly referred to as Street Capital Group Inc. and RFA Mortgage Corporation (“RFA MC”). The address of its registered office is 145 King Street West, Suite 400, Toronto, Ontario, Canada, M5H 1J8.

The table below lists the Company’s subsidiaries and partnerships (the “Group”) as at December 31, 2025 and 2024. The Group’s business activities are concentrated in single-family residential mortgages and commercial real estate loans.

Subsidiaries and Partnerships	Jurisdiction	Ownership %	Functional Currency	Accounting Method
Counsel GP Ltd	Canada	100%	Canadian dollar	Consolidation
Knightsbridge Capital Management LP	Canada	100%	Canadian dollar	Consolidation
RFA Bank of Canada	Canada	100%	Canadian dollar	Consolidation
RFA Diversified Investments GP Inc.	Canada	100%	Canadian dollar	Consolidation
RFA Diversified Investments LP	Canada	100%	Canadian dollar	Consolidation
RFA Mortgage Corporation	Canada	100%	Canadian dollar	Consolidation
TM Investments GP Inc.	Canada	100%	Canadian dollar	Consolidation
TM Investments Management Corp.	Canada	100%	Canadian dollar	Consolidation
2775378 Ontario Inc.	Canada	100%	Canadian dollar	Consolidation
RFA Cayman Holdings Inc.	Cayman Islands	100%	US dollar	Consolidation
RFA Capital Holdings International Ltd	Cayman Islands	50%	US dollar	Consolidation
Five Continents Holdings Limited	Cayman Islands	25%	US dollar	Consolidation

On November 30, 2024 the Company acquired the above subsidiaries located in the Cayman Islands.

On September 15, 2025, RFA and Artis Real Estate Investment Trust (“Artis”) announced that they had entered into an agreement pursuant to which the parties would combine, and the Company would acquire all of the outstanding units of Artis through a court-approved plan of arrangement (the “Transaction”). The Transaction was completed on February 1, 2026, Artis became a subsidiary of the combined company, which is currently operating as RFA Financial Inc., a publicly listed company on the Toronto Stock Exchange. Holders of Artis common units received one common share of RFA Financial Inc. for each Artis unit held immediately prior to the effective time of the Transaction, subject to customary adjustments set out in the Arrangement Agreement. As a result of the Transaction, current holders of Artis common units owned 68.0% of the common shares of RFA Financial Inc., while current holders of common shares of RFA owned the remaining 32.0% of the common shares of RFA Financial Inc and Artis became the acquirer in a reverse acquisition.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements for the year ended December 31, 2025 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and on a going concern basis. These consolidated financial statements were authorized for issue by the Company’s Board of Directors on March 26, 2026.

Basis of Consolidation

(i) Subsidiaries and Partnerships

Subsidiaries and partnerships are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries and partnership are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling Interests

Non-controlling interests are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

2. BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation (Continued)

(iii) Transactions Eliminated on Consolidation

Intragroup balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated in full. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars. For each entity in the Group, items included in the financial statements of each entity are measured using that functional currency. All amounts have been rounded to the nearest thousand, except where specified.

Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate on the reporting date. All foreign exchange differences are taken to other operating income or expense in the consolidated statements of (loss) income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Foreign Operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Canadian dollars are translated into Canadian dollars upon consolidation. Assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Income and expenses have been translated into Canadian dollars at the average rate over the reporting year. Exchange differences are booked through the consolidated statements of other comprehensive (loss) income.

Correction of Prior Year Errors

During the 2025 fiscal year, the Company identified errors relating to the derecognition of certain financial assets that affected the previously reported results for the year ended December 31, 2024. The errors resulted in an understatement of both investments and secured financing, and an understatement of related accrued interest receivable and accrued interest payable.

As a result of the correction, the comparative information for the year ended December 31, 2024 has been revised as follows:

- Investments were increased by \$22,500;
- Secured financing were increased by \$22,500; and
- Accrued interest receivable and accrued interest payable were each increased by \$549, with no impact on net income for the year.

The Company assessed the quantitative and qualitative impact of the errors on its previously issued consolidated financial statements and concluded that the errors were not material, individually or in the aggregate, to those financial statements.

In accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company has restated the comparative information presented in these consolidated financial statements without reissuance of the prior year consolidated financial statements.

Comparative Consolidated Financial Statements

Certain comparative figures for the previous year have been reclassified to conform to the current year's presentation. However, such reclassifications are not material and do not have an impact on the previously reported total in other comprehensive (loss) income or the total changes in equity for the comparative year.

3. MATERIAL ACCOUNTING POLICIES

Classification and Measurement of Financial Instruments

The Group accounts for its financial instruments according to the requirements of IFRS 9 – *Financial Instruments* (“IFRS 9”), and the Group’s disclosures relating to such areas as classification and measurement, impairment and hedge accounting are as required by IFRS 7 – *Financial Instruments: Disclosures*.

Under IFRS 9, all financial assets are initially recognized at fair value. Subsequent to acquisition, financial assets, except equity instruments and derivatives are classified and measured based on the combined assessment of: i) an entity’s business model for managing financial assets and ii) the contractual cash flow characteristics of those assets.

The IFRS 9 classifications of financial assets are:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive (loss) income (“FVOCI”), with gains or losses recycled to profit or loss on derecognition;
- Financial assets at fair value through profit and loss (“FVTPL”) including standalone derivatives that are held outside of a hedging relationship; and
- Equity instruments at FVOCI if an irrevocable election is made at initial recognition, with no recycling of gains or losses to profit or loss on derecognition.

Debt instruments are classified and measured at amortized cost when: i) they are held within a business model with an objective of collecting contractual cash flows (“held to collect”) and ii) the contractual cash flows consist solely of payments of principal and interest (“SPPI”). Sales may occur so long as they are incidental to the Group’s business model and are not frequent and significant.

Debt instruments are classified as FVOCI when they are: i) held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and ii) the contractual cash flows collected are SPPI. All other debt instruments are classified at FVTPL.

The accounting policies for the Group’s individual financial instruments are discussed in more detail below.

- *Cash and Cash Equivalents:* These include cash deposited with regulated financial institutions and other short-term highly liquid investments with original maturities of three months or less, such as treasury bills or bankers’ acceptances. Interest income earned on cash and cash equivalents is included in Interest income – Other in the consolidated statements of (loss) income.
- *Restricted Cash:* This includes cash that is contractually restricted, related to principal and interest payments collected on behalf of mortgage servicers or collected in connection with securitization activities.
- *Marketable Securities:* These consist of third-party issued Canada Mortgage Bonds (“CMBs”), provincial bonds, federal government bonds and equity securities. The CMBs, provincial bond and federal government bond purchases and maturities are accounted for on a trade date basis, and are either held to collect or held to sell, and are therefore classified as FVOCI. At each reporting date, the fair value is determined by reference to published market values at that date. The changes in fair value are reported as a component of other comprehensive income (loss), net of income tax. The coupon interest earned is reported as a component of Interest income – Other in the consolidated statements of (loss) income.

The equity securities are accounted for on a trade date basis, and an irrevocable election has been made to account for these as FVOCI. At each reporting date, the fair value is determined by reference to published market values at that date. The changes in fair value are reported as a component of other comprehensive income, net of income tax.

RFA CAPITAL HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of Canadian dollars, except where specified)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification and Measurement of Financial Instruments (Continued)

- *Single-family Residential – Originated and Purchased Uninsured Mortgages:* These consist of mortgages that are carried at amortized cost, net of acquisition costs, premium, discounts and deferred income, using the effective interest rate method. The associated interest revenue is reported as a component of Interest income – Single-family residential in the consolidated statements of (loss) income.
- *Single-family Residential – Stamped Insured Mortgages:* These consist of prime insured mortgages either previously originated or purchased that have been stamped but not sold. These are carried at amortized cost using the effective interest rate method. The associated interest revenue is reported as a component of Interest income – Single-family residential in the consolidated statements of (loss) income.
- *Single-family Residential – Other Mortgages:* i) These consist of prime single-family residential mortgages that are carried at amortized cost using the effective interest rate method. The associated interest revenue is reported as a component of Interest income – Single-family residential in the consolidated statements of (loss) income. ii) Originated bridge loans are recorded at amortized cost as they are held to collect, and cash flows consist solely of principal and interest.
- *Commercial Real Estate Loans:* These consist of investment in uninsured commercial real estate loans. They are carried at amortized cost using the effective interest rate method. The associated interest revenue is reported as a component of Interest income – Commercial real estate in the consolidated statements of (loss) income.
- *Investments – Investment Bonds:* These are accounted for on a trade date basis that are held for sale and are therefore classified as FVTPL. Any changes in fair value are recognized under Income from investments and fees in the consolidated statements of (loss) income.
- *Investments – Renewal Securitization Notes:* These consist of notes acquired from various series of Renewal Strip Limited Recourse Financing Notes. The notes are held to collect but are classified as FVTPL due to the characteristics of the cash flows.
- *Investments – Deferred Servicing Strip:* These consist of acquisition of investments from a third party. They represent the present value of the spread between the servicing fees received from investors and those paid to the servicer over the life of the portfolio. The deferred servicing strip is carried at amortized cost.
- *Investments – Investment in TM Investments LP (“TMI LP”):* This consists of investment in a limited partnership, which invests in private mortgages across diverse asset classes and alternative real estate investments. The Company uses equity accounting method for this investment and share of partnership’s income is recognized under Income from investments and fees in the consolidated statements of (loss) income.
- *Retained Interest Receivable:* As described below under *Derecognition*, this retained interest receivable is associated with the Group’s participation in the CMBs program, through which it securitizes and sells five-year and ten-year insured mortgage loans on multi-unit residential properties. The amounts are carried at amortized cost using the effective interest rate method. The associated gain on sales and accretion income is reported as Securitization income in the consolidated statements of (loss) income.
- *Trade and Other Receivables:* These include accrued interest income on cash and cash equivalents and mortgages, accounts receivable, prepayments and investment and other receivables. The amounts are carried at amortized cost.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification and Measurement of Financial Instruments (Continued)

- *Due from/to Related Parties:* These comprise of amounts owing from/to related parties for expenses receivable and payable as a result of related party transactions. It also includes obligations under repurchase agreements where the Company sells an asset and simultaneously agrees to repurchase it at a fixed price on a future date. The cash consideration received is recognized as a financial asset and the obligation to pay the repurchase price is recognized as a financial liability. These amounts are carried at amortized cost.
- *Deposits:* These Group's deposits are sourced through the Canadian Investment Regulatory Organization and Mutual Fund Dealers Association of Canada dealers who distribute Bank issued one- to five-year Guaranteed Investment Certificates ("GICs") and are carried at amortized cost, net of deferred broker agent commissions. The commissions are amortized and calculated on an effective yield basis as a component of interest expenses and reported in Interest expenses – Deposits and other in the consolidated statements of (loss) income. Interest expenses are allocated over the contractual deposit term by applying the effective interest rate to the deposit principal amount and is also included in Interest expenses – Deposits and other.
- *Trade and Other Payables:* These amounts comprise amounts owing to suppliers, interest payable on customer deposits and accrued salaries and commissions. The amounts are carried at amortized cost.

Impairment of Financial Instruments – Expected Credit Losses Model

Under IFRS 9, the accounting for mortgage and other loan loss impairments is based on a forward-looking Expected Credit Losses ("ECL") model. The ECL model requires an entity to record a provision for ECL for all loans and other debt instruments that are classified and measured at either amortized cost or FVOCI. The calculated ECL is designed to be an unbiased and probability-weighted amount that has been determined by evaluation of possible outcomes, the time value of money, reasonable and supportable information about past events, and current and forecasted economic conditions.

The Group's credit provisions are primarily associated with its uninsured residential mortgages (consisting of both originated and purchased mortgages) and its commercial real estate loans. As noted below under *Use of judgments and estimates*, the determination of an ECL involves significant management judgment and estimation, including the explicit incorporation of forward-looking information. At each measurement date, the calculation of the ECL depends on the following key inputs that are used to determine the present value of the expected cash shortfalls (defined as the difference between contractual cash flows and expected cash flows, discounted at the effective interest rate over the life of the instrument):

- The probability of default ("PD") – an estimate of the likelihood of default over a specified time horizon;
- The loss given default ("LGD") – an estimate of the loss occurring at the time of default; and
- The exposure at default ("EAD") – an estimate of the exposure at the default date.

The determination of the PD, LGD and EAD parameters can be quite complex, particularly the determination of PD. They must incorporate both factors unique to the entity and macroeconomic variables that can be associated with increases or decreases in credit risk. However, the calculation of the ECL can be summarized as:

$$\text{ECL} = (\text{PD} \times \text{LGD} \times \text{EAD}) \text{ as discounted to the measurement date}$$

The Group's definition of default used to determine ECL corresponds to the definition used for credit risk management purposes. The Group defines default as delinquency of 90 days or more for all residential mortgages.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of Financial Instruments – Expected Credit Losses Model (Continued)

The general principle of the ECL model is to reflect the pattern of deterioration or improvement in the credit quality of the associated financial instruments. The calculated ECL amount at a given measurement date depends on the change in credit risk since initial recognition, as recorded by the movement of financial instruments among three stages.

- Stage 1 – Includes financial instruments that have not experienced a significant increase in credit risk (“SICR”) since initial recognition. A provision equals to ECL resulting from default events over the next 12 months (“12-month ECL”) is recognized, and interest revenue is calculated on the assets’ gross carrying amounts.
- Stage 2 – Includes financial instruments that have experienced a SICR since initial recognition, but for which there is no objective evidence of impairment at the reporting date. A provision equals to ECL resulting from default events over the assets’ lifetime (“Lifetime ECL”) is recognized, and interest revenue is calculated on the assets’ gross carrying amounts. In general, an asset’s lifetime is considered to be its remaining contractual maturity.
- Stage 3 – Includes financial instruments that are credit impaired or in default. The lifetime ECL is recognized, and interest revenue is calculated on the assets’ net carrying amounts, which are determined as the assets’ gross carrying amounts net of ECL.

The changes in the ECL at each measurement date are recognized as Provision for expected credit losses in the Group’s consolidated statements of (loss) income.

The identification and assessment of SICR is performed at least quarterly and involves significant management judgment when considering the following factors:

- Migration to a riskier credit score bin relative to initial recognition or renewal;
- Increased credit risk for borrowers vulnerable to payment shock at renewal, and those that have been granted amortization extensions; and
- Identification of all instruments that are 30 days past due, which are migrated to Stage 2 regardless of management’s assessment of other credit risk factors.

For financial instruments that migrate to Stage 2, a subsequent improvement in credit risk may result in a reverse migration back to Stage 1 and the reversion to a 12-month ECL rather than a lifetime ECL.

In addition to the assessment of SICR, financial assets are also assessed for impairment at least quarterly. Indicators of possible credit impairment include adverse changes in the payment status of a borrower (e.g., arrears greater than 90 days) deteriorating credit scores.

Financial instruments cease to be impaired when all past due amounts, including interest, have been recovered and the principal and interest are deemed fully collectible in accordance with original or revised contractual terms. This will result in a reverse migration back to Stage 2. Should credit risk improve to the point SICR no longer exists, the exposure will migrate back to Stage 1.

Loans are written off against the respective ECL when there is no realistic prospect of recovery. Any subsequent recoveries are recorded as recovery of ECL. All of the Group’s mortgages are secured by the underlying property, and its insured mortgages are further secured, thereby helping to mitigate the Group’s risk of loss.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment Property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized as a component of Other (losses) gains in the consolidated statements of (loss) income.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized as a component of Other (losses) gains in the consolidated statements of (loss) income.

Rental income from investment property is recognized as a component of Other (losses) gains in the consolidated statements of (loss) income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Property, Plant and Equipment

The Group's property, plant and equipment consist of leasehold improvements, computer hardware, and office furniture, fixtures and equipment. Property, plant and equipment are recorded at cost, which includes expenditures that are directly attributable to the asset acquisitions, and are depreciated using the straight-line method over their estimated useful lives on the following basis:

- *Leasehold Improvements* – 5 years or over the lease term;
- *Computer Hardware* – 5 years; and
- *Office Furniture, Fixtures and Equipment* – 5 years.

At each reporting date, the Group assesses whether there are any indications that an item of property, plant and equipment may be impaired. If indicators of impairment exist, the Group performs an impairment test to determine whether an impairment loss should be recognized.

Artwork is recorded at appraised value, which represents deemed cost.

Right-of-use Assets

These are associated with the Group's leases of premises and office equipment. The Group assesses at contract inception whether a lease exists, that is, if the Group has the right to control the use of the asset. The Group applies a single recognition and measurement approach for all leases, except short-term and low-value leases.

The Group recognizes a right-of-use asset at the lease commencement date. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for remeasurement of lease liabilities. The cost includes the lease liability, direct costs and lease payments made on or before the commencement date less incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group also recognizes a lease liability measured at the present value of lease payments over the lease term. The lease payments include fixed payments and variable payments that depend on an index or rate.

To determine the carrying amount of right-of-use assets and lease liabilities, the Group is required to estimate the incremental borrowing rate if the rate implicit in the lease is not readily determinable. The incremental borrowing rate is determined by considering the Group's creditworthiness, lease term, security for the arrangement and value of the right-of-use asset in a similar economic environment.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill is measured as the excess of the price paid over the fair value of the net identifiable tangible and intangible assets acquired. Goodwill is recorded at cost less accumulated impairment losses. The carrying value of goodwill is tested for impairment annually and more frequently if an event or circumstance indicates the asset may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units or "CGUs"). If the recoverable amount of the CGU is less than the assets' carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis. An impairment loss for goodwill is recognized directly in the consolidated statements of (loss) income and the consolidated statements of other comprehensive (loss) income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets

The Group's intangible assets include a deferred servicing strip receivable, software development costs and customer lists.

The deferred servicing strip receivable is internally generated and relates to RFA MC's originated loans. It represents the present value of the spread between the servicing fees received from investors and those paid to the servicer over the life of the portfolio. The deferred servicing strip is carried at amortized cost.

Software development costs include purchased and internally developed software. Internally developed software is recognized when the asset costs can be reliably measured and it is probable that associated future economic benefits will accrue to the Group. These internally generated intangible assets consist of systems and software, and include all directly attributable costs necessary to create an asset that is capable of operating as intended by management. Research and development costs are expensed as incurred. A customer list was recognized upon the acquisition of Five Continents. The intangible assets amortized on a straight-line basis over their estimated lives on the following basis are as follows:

- *Software Development Costs* – 5 years;
- *Internally Developed Software* – 5 years;
- *Computer Software* – 3 years; and
- *Customer Lists* – 20 years.

At each reporting date, the Group qualitatively assesses its intangible assets for indicators of impairment. If such indicators exist, an impairment test is conducted to determine whether the carrying amount of an intangible asset exceeds its recoverable amount. If so, an impairment loss is recognized in the consolidated statements of (loss) income for the difference between the carrying amount and recoverable amount.

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Any expense relating to a provision is presented in the consolidated statements of (loss) income, net of any reimbursement.

Hedging

The Group has entered into derivative instrument agreements in the form of interest rate swaps for both asset and liability management, and has designated them as fair value hedges. The derivatives allow the Group to manage financial risks, such as movements in interest rates.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Hedging (Continued)

In order for a derivative to qualify as an accounting hedge, the hedging relationship must be designated and formally documented at its inception, detailing the particular risk management objective and strategy for the hedge and the specific asset, liability or cash flow being hedged, the hedging instrument, as well as how its effectiveness is being assessed. Changes in the fair value of the derivative must be highly effective in offsetting changes in the fair value of the hedged asset or liability.

Hedge effectiveness is evaluated at the inception of the hedging relationship and on an ongoing basis, retrospectively and prospectively, primarily using quantitative statistical measures of correlation. Hedge ineffectiveness, if any, is a result of differences in maturities and prepayment frequency between hedging instruments and hedged items.

The fair values of these interest rate swap agreements are included in Trade and other payables with changes in fair value recorded as a component of Income from investments and fees in the consolidated statements of (loss) income. The change in fair values of the hedge ineffectiveness is recorded as a component of Income from investments and fees in the consolidated statements of (loss) income.

Revenue

Net Interest Income or Expense

The Group uses the effective interest rate method to record the following:

- All financial assets measured at amortized cost;
- Interest income on interest-bearing financial assets measured at FVOCI under IFRS 9; and
- Interest expense for all financial liabilities held at amortized cost.

Gain on Sale of Mortgages

Gains are earned by the Group on mortgages that have been sold to investors, upon the issuance and acceptance of a commitment by the borrower and are recognized when the mortgage ultimately funds. The mortgages are sold on a fully serviced basis, and the gain is calculated by taking proceeds from investors less buydowns.

Also included in Gain on sale of mortgages is deferred servicing revenue due from the investor. The Group charges the investor a deferred servicing fee that is received over the life of the underlying mortgage. The present value of the deferred servicing fee, less the Group's cost of servicing, is recognized as Gain on sale of mortgages in the consolidated statements of (loss) income, and a resulting deferred servicing receivable is recognized in the consolidated statements of financial position.

Gain on Sale of Renewals

Renewal gains are earned by the Group for the sale of future renewals on a portion of the Group's originated mortgages. The renewals are sold with no recourse to the Group and all performance obligations have been satisfied.

Securitization Income

This includes gains and accretion income earned on securitization of multi-unit residential properties.

Income from Investments and Fees

This includes dividend income, distribution income and unrealized and realized gains or losses on investments, one-time and ongoing fees as part of the mortgage lending operations and monthly rental property income as per lease agreements' terms and conditions.

Other (Losses) Gains

Other (losses) gains include fair value adjustments for various investments that the Group holds and are accounted for using FVTPL.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income Tax Expense

Income tax expense consists of both current income tax expense and deferred income tax expense. The Group uses the asset and liability method of accounting for income tax. Under this method, deferred income tax assets and liabilities are determined based on the difference between the carrying values of assets and liabilities, and their values for tax purposes. Any change in the net amount of deferred income tax assets and liabilities is included in income. Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws that are expected to apply to the Group's taxable income in the periods during which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is probable that they will be recovered.

Current income tax expense is the expected income tax liabilities on the taxable income for the reporting year, using tax rates enacted, or substantively enacted, at the end of the reporting year, and any adjustments to income tax liabilities in respect of previous years. Income tax expense is recognized in the consolidated statements of (loss) income and the consolidated statements of other comprehensive (loss) income except to the extent that they relate to items recognized directly in equity, in which case the income tax expense is also recognized directly in equity.

Accounting Standards, Amendments and Interpretations Issued but not yet Effective

The new and amended standards that are issued, but not yet effective, up to the issuance date of the Group's consolidated financial statements as disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group is currently working to identify the impacts of these new amendments on its consolidated financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which replaces IAS 1 – *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income tax and discontinued operations, whereof the first three categories are the amendments introduced by IFRS 18.

In addition, narrow-scope amendments have been made to IAS 7 – *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The amendments to IFRS 18 are effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

IFRS 9 – Amendments to Classification and Measurement Requirements for Financial Instruments

In May 2024 the IASB issued amendments to the classification and measurement requirements for financial instruments in IFRS 9 – *Amendments to Classification and Measurement Requirements for Financial Instruments* ("IFRS 9"). The amendments clarify that a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished. Similarly, a financial asset is derecognized on the date on which the contractual rights to the cash flows expire or the asset is transferred.

The IASB also developed a new requirement whereby the Group using an electronic payment system is permitted to deem the financial liability to be discharged before the settlement date. However, this option is only available when: (a) the Group has no practical ability to withdraw, stop or cancel the payment instruction; (b) the Group has no practical ability to access the cash to be used for settlement as a result of the payment instruction; and (c) the settlement risk associated with the electronic payment system is insignificant.

The above option is not available for the derecognition of a financial asset; meaning that the Group receiving cash from a counterparty derecognizes the corresponding receivable when the cash has been delivered to the Group. The amendments are effective for annual reporting periods beginning on or after January 1, 2026 and earlier application is permitted.

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4. USE OF JUDGMENTS AND ESTIMATES

In preparing the consolidated financial statements, management has made judgments and estimates about the future that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Management has made judgments in the application of its accounting policies with respect to derecognition of financial assets under current securitization programs, as well as in its determination of fair value of financial instruments. Management reviews its estimates, assumptions and judgments on an ongoing basis and at least quarterly.

Derecognition

Management applies its judgment with respect to derecognition of mortgages under securitization transactions in determining whether the risk and rewards of ownership of the assets have been substantially transferred, substantially retained or neither substantially transferred nor retained. In cases where the Group securitizes and sells multi-unit residential properties through the CMBs program, the associated mortgages are recognized on the Group's consolidated statements of financial position only to the extent of the Group's continuing involvement in the mortgages. This is limited to a retained interest associated with the future cash flows, and the obligations and rights associated with servicing the mortgages. The valuation of the retained interest requires judgment with respect to the assumptions such as discount factors applied to measure the fair value of cash flows. Management's judgment is that the risks and rewards of the loans are fully transferred to third parties, because a) the loans are either closed to prepayment or the Group has passed on the prepayment risk to a third party, and there is no prepayment risk associated with either the retained interest or loan servicing and b) the Group enters into arrangements with third parties to manage interest rate risk associated with the CMBs seller swap. The loans are therefore effectively derecognized when securitized and sold. At times, the Group may securitize multi-unit residential properties that are in excess of the Group's allotment under the CMBs program. These surplus mortgages are then sold to a third party. In the case of whole loan sales of prime mortgages, management determined that it transferred substantially all of the risks and rewards of ownership of the mortgage loans to the purchaser, and it therefore derecognized the mortgage loans. The Group derecognizes a renewal securitization note, in whole or in part, only when the underlying contractual obligation is discharged, cancelled or has been substantially modified.

Fair Value of Financial Instruments

A key area where management makes estimates is in the determination of the fair values of financial instruments, including the determination of discount rates, mortgage prepayment rates, residual cash flow entitlements and impairment of intangible assets. Refer to *Note 18 – Financial Instruments and Risk Management* for more details on the Group's financial instruments.

Impairment of Financial Assets

Under IFRS 9, the ECL model requires management to make judgments and estimates in a number of areas. Management must exercise significant judgment in determining:

- Changes in the credit quality of an individual borrower and/or mortgage loan;
- Changes in the forward-looking macroeconomic variables used in the Group's ECL model, and particularly in the variables that the Group deems to be most correlated with changes in credit quality;
- Changes in the design of the models that the Group uses to determine ECL; and
- Migrations of mortgage loans between stages.

These variables are discussed in more details above under *Impairment of Financial Instruments – Expected Credit Losses Model*.

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5. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND MARKETABLE SECURITIES

The Group has the following cash and cash equivalents, restricted cash and marketable securities as at December 31, 2025 and 2024.

As at December 31,	2025	2024
	\$	\$
Cash on deposit with regulated financial institutions	136,065	147,641
Total Cash and Cash Equivalents	136,065	147,641
Restricted cash – Servicing	78	348
Restricted cash – Securitization	2,701	874
Total Restricted Cash	2,779	1,222
Provincial bonds	20,217	30,007
Federal government bonds	9,860	9,948
CMBs	5,022	4,993
Equity securities	19,096	14,276
Total Marketable Securities	54,195	59,224

6. MORTGAGES AND LOANS

a) *Mortgages and Loans*

As at December 31,	2025	2024
	\$	\$
Single-family residential mortgages	2,242,589	1,908,613
Commercial real estate loans	100,742	227,799
Total Mortgages and Loans, Gross	2,343,331	2,136,412
Less: Provision for ECL	33,901	14,874
Total Mortgages and Loans, Net	2,309,430	2,121,538

A continuity schedule of the Group's mortgages and loans excluding ECL is shown below:

As at	January 1, 2025	Originations	Purchases/ Fundings	Sales/ Derecognition	Net Repayment and Other⁽¹⁾	December 31, 2025
	\$	\$	\$	\$	\$	\$
Total single-family uninsured residential mortgages	1,866,202	914,510	–	–	(579,592)	2,201,120
Total single-family insured residential mortgages	42,411	–	164,745	(653)	(165,034)	41,469
Commercial real estate loans	227,799	–	15,307	–	(142,364)	100,742
Total Mortgages and Loans	2,136,412	914,510	180,052	(653)	(886,990)	2,343,331

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6. MORTGAGES AND LOANS (CONTINUED)

a) *Mortgages and Loans (Continued)*

As at	January 1, 2024	Originations	Purchases/ Fundings	Sales/ Derecognition	Net Repayment and Other ⁽¹⁾	December 31, 2024
	\$	\$	\$	\$	\$	\$
Total single-family uninsured residential mortgages	1,468,037	871,064	901	–	(473,800)	1,866,202
Total single-family insured residential mortgages	54,247	–	39,346	(24,717)	(26,465)	42,411
Commercial real estate loans	415,382	–	49,221	–	(236,804)	227,799
Total Mortgages and Loans	1,937,666	871,064	89,468	(24,717)	(737,069)	2,136,412

(1) *Net repayment and other consist of all regular and partial loan payments, full payouts, as well as movements in the balances of unamortized origination costs, administrative fees and premiums/discount balances.*

b) *Geographic Distribution*

The geographic distribution of the Group's mortgages and loans excluding ECL is shown below:

As at December 31, 2025	Alberta	British Columbia	Ontario	All Other Provinces	Total
	\$	\$	\$	\$	\$
Held to collect					
Single-family uninsured residential mortgages	317,740	295,062	1,520,378	67,940	2,201,120
Single-family insured residential mortgages	10,254	8,843	18,631	3,741	41,469
Commercial real estate loans	15,650	27,413	57,679	–	100,742
Total Gross Mortgages and Loans	343,644	331,318	1,596,688	71,681	2,343,331
As a % of portfolio	14.7%	14.1%	68.1%	3.1%	100.0%

As at December 31, 2024	Alberta	British Columbia	Ontario	All Other Provinces	Total
	\$	\$	\$	\$	\$
Held to collect					
Single-family uninsured residential mortgages	235,665	258,422	1,309,941	62,174	1,866,202
Single-family insured residential mortgages	9,878	9,797	18,023	4,713	42,411
Commercial real estate loans	24,704	53,893	129,269	19,933	227,799
Total Gross Mortgages and Loans	270,247	322,112	1,457,233	86,820	2,136,412
As a % of portfolio	12.6%	15.1%	68.2%	4.1%	100.0%

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6. MORTGAGES AND LOANS (CONTINUED)

c) *Loans by Stage*

The tables below show the allocation by stage of the balances of the Group's mortgages and loans excluding ECL as at December 31, 2025 and December 31, 2024.

As at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Originated uninsured mortgages	1,706,951	329,394	33,530	2,069,875
Purchased uninsured mortgages	113,573	10,045	6,440	130,058
Stamped insured mortgages	30,251	–	215	30,466
Other mortgages	11,284	702	204	12,190
Total Single-family Residential Mortgages	1,862,059	340,141	40,389	2,242,589
Commercial real estate loans	24,834	16,278	59,630	100,742
Total Loans	1,886,893	356,419	100,019	2,343,331

As at December 31, 2024	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Originated uninsured mortgages	1,353,032	273,326	25,717	1,652,075
Purchased uninsured mortgages	148,768	58,652	4,309	211,729
Stamped insured mortgages	34,391	–	200	34,591
Other mortgages	10,218	–	–	10,218
Total Single-family Residential Mortgages	1,546,409	331,978	30,226	1,908,613
Commercial real estate loans	118,316	52,924	56,559	227,799
Total Loans	1,664,725	384,902	86,785	2,136,412

d) *Provision for ECL*

The following tables provide a reconciliation of the opening balance to the closing balance of the total ECL for the Group's single-family insured and uninsured residential mortgages and commercial real estate loans over the years ended December 31, 2025 and 2024.

As at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Single-family Residential Mortgages				
Gross carrying amount, beginning of year	2,379	1,758	1,410	5,547
Mortgages originated	1,881	654	134	2,669
Transfers from Stage 1	(453)	375	78	–
Transfers from Stage 2	485	(934)	449	–
Transfers from Stage 3	22	15	(37)	–
Mortgages paid or derecognized ⁽¹⁾	(440)	(287)	(293)	(1,020)
Loan write-offs	–	–	(2,059)	(2,059)
Remeasurement ⁽²⁾	(245)	1,164	3,404	4,323
Gross Carrying Amount, End of Year	3,629	2,745	3,086	9,460
Commercial Real Estate Loans				
Gross carrying amount, beginning of year	384	425	8,480	9,289
Transfers from Stage 2	–	(95)	95	–
Loans paid or derecognized ⁽¹⁾	(205)	(212)	–	(417)
Remeasurement ⁽²⁾	(26)	(102)	15,686	15,558
Gross Carrying Amount, End of Year	153	16	24,261	24,430
Unfunded Commercial Real Estate Loans Commitments				
	11	–	–	11
Total Provision for ECL	3,793	2,761	27,347	33,901

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6. MORTGAGES AND LOANS (CONTINUED)

d) Provision for ECL (Continued)

As at December 31, 2024	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Single-family Residential Mortgages				
Gross carrying amount, beginning of year	1,792	1,178	266	3,236
Mortgages originated	1,657	702	77	2,436
Transfers from Stage 1	(318)	271	47	–
Transfers from Stage 2	262	(346)	84	–
Transfers from Stage 3	–	8	(8)	–
Mortgages paid or derecognized ⁽¹⁾	(342)	(304)	(209)	(855)
Loan write-offs	–	–	(187)	(187)
Remeasurement ⁽²⁾	(672)	249	1,340	917
Gross Carrying Amount, End of Year	2,379	1,758	1,410	5,547
Commercial Real Estate Loans				
Gross carrying amount, beginning of year	1,108	–	281	1,389
Loans funded	99	61	24	184
Transfers from Stage 1	(202)	158	44	–
Loans paid or derecognized ⁽¹⁾	(650)	(89)	(52)	(791)
Remeasurement ⁽²⁾	29	295	8,183	8,507
Gross Carrying Amount, End of Year	384	425	8,480	9,289
Unfunded Commercial Real Estate Loans				
Commitments	38	–	–	38
Total Provision for ECL	2,801	2,183	9,890	14,874

(1) Includes maturing mortgages that have been renewed

(2) Remeasurement represents the current year change in ECL for transfers, net write-offs, changes in forecasts of forward-looking information, and parameter updates.

e) Credit Risk Exposure by Risk Rating

The Group through the Bank has an internal risk rating system that involves judgment and combines multiple factors to arrive at a borrower-specific score to assess the borrower's PD and ultimately classify the mortgage into one of the categories listed below. The internal risk ratings presented in the tables below are defined as follows:

- Lower risk – Loans that have below-average PD with credit risk that is lower than the Bank's risk appetite and risk tolerance levels.
- Medium risk – Loans that have an average PD with credit risk that is within the Bank's risk appetite and risk tolerance levels.
- Higher risk – Loans that were originated within the Bank's risk appetite but have subsequently experienced an increase in credit risk such that their current risk profile is outside of the Bank's typical risk appetite and tolerance levels. These loans require enhanced monitoring and management actions to mitigate potential losses.

Single-family Residential Mortgages

Risk Level	Risk Rating	Beacon Score	Days Past Due	12-month Baseline PD
Lower risk	B1	>705	–	0.8%
Medium risk	B2	Within [642,705]	–	2.1%
Medium risk	B3	Within [591,642]	–	3.5%
Higher risk	B4	<591	–	5.4%
Higher risk	B5	–	30–59 days	44.2%
Higher risk	B6	–	60–89 days	62.6%

7. MORTGAGES UNDER ADMINISTRATION

The Bank's mortgages under administration ("MUA") include the mortgages that the Bank has derecognized where the Bank has been listed as a servicer or a sub-servicer. The Bank's MUA does not include mortgages that the Bank holds on the consolidated statements of financial position (including any on-balance sheet securitized loans). As at December 31, 2025, total MUA amounted to \$15,579,881 (2024 – \$14,712,542).

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8. INVESTMENTS

As at December 31,	Note	2025	2024
		\$	\$
Investment bonds	19(e)	–	34,833
Investment in renewal securitization notes		70,821	55,995
Deferred servicing strip		4,461	6,231
Investment in TM Investments LP		1,000	1,000
Other investments		567	300
Total Investments		76,849	98,359

The investment in renewal securitization notes represents the Group's investment in the non-amortizing notes issued as Series 2021–1, 2022–1, 2023–1, 2024–1, 2025–1 and 2025–2 Renewal Strip Secured Notes issued by RFA MC Issuer Corporation. The investment principal, annual interest rate and final distribution dates of the notes are as follows:

As at December 31,	Note	Annual Interest Rate	Final Distribution Date	2025	2024
				\$	\$
Renewal Securitization Notes					
Balance, beginning of year:					
Series 2021–1		8.0%	December 31, 2031	15,690	15,690
Series 2022–1		6.0%	December 31, 2032	12,000	12,000
Series 2023–1		6.0%	December 31, 2033	10,000	10,000
Series 2024–1		8.0%	December 31, 2034	12,500	–
Additions during the year:					
Series 2024–1		8.0%	December 31, 2034	–	12,500
Series 2025–1, 2 and 3		8.0%	December 31, 2035	11,250	–
Balance End of Year				61,440	50,190
Accrued Interest Receivable					
Balance, beginning of year					
				5,805	3,231
Movement during the year					
				3,576	2,574
Balance, End of Year				9,381	5,805
Total Investment in Renewal Securitization Notes					
				70,821	55,995
Secured Financing					
Balance, beginning of year:					
Series 2021–1		10.0%		7,500	–
Series 2022–1		9.0%		7,500	–
Series 2023–1		9.0%		7,500	–
Additions during the year:					
Series 2021–1				–	7,500
Series 2022–1				–	7,500
Series 2023–1				–	7,500
Series 2024–1		8.0%		10,000	–
Series 2025–1, 2 and 3	19(f)	8.0%		4,000	–
Balance End of Year				36,500	22,500
Accrued Interest Payable					
Balance, beginning of year					
				549	–
Movement during the year					
				760	549
Balance, End of Year				1,309	549
Total Secured Financing					
				37,809	23,049

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8. INVESTMENTS (CONTINUED)

Investment Bonds

The investment bonds are investments in Canadian institutional mortgage securities maturing between 2031 to 2035.

Repurchase of Notes under Secured Financing

The Group is to repurchase from TMI LP the notes outstanding under Series 2025–1, Series 2025–2, and Series 2025–3 for total consideration of \$4,000, together with all accrued and unpaid interest owing on those notes up to March 31, 2026 with the option to extend those notes, if mutually agreed upon, by both parties.

Deferred Servicing Strip

The Group purchased a deferred servicing strip from a third party in 2021. This servicing strip represents the present value of the fixed spread between the servicing fees received from investors that purchased the loans and the rate paid to service the portfolio. The value of the deferred servicing strip as at December 31, 2025 is \$4,461 (2024 – \$6,231). During the year ended December 31, 2025, the net adjustment was \$19 (2024 – \$255).

9. INVESTMENT PROPERTY

As at	Cost	Market Value Adjustment	Total
	\$	\$	\$
Balance at January 1, 2025	10,425	(141)	10,284
Additions during the year	130	–	130
Change in market value	–	(5,680)	(5,680)
Balance at December 31, 2025	10,555	(5,821)	4,734
Balance at January 1, 2024	10,425	775	11,200
Change in market value	–	(916)	(916)
Balance at December 31, 2024	10,425	(141)	10,284

The investment property is a suburban office building located in Calgary, Alberta, which has a cost basis of \$10,555 (2024 – \$10,425) and is carried at a fair market value of \$4,734 as at December 31, 2025 (2024 – \$10,284). During the year ended December 31, 2025 unrealized loss of \$5,680 (2024 – \$916) on the office building in Calgary was recognized in Other (losses) gains.

Debt Obligation

Debt obligation consists of a mortgage, net of financing costs, related to the investment property in Calgary, Alberta. The debt obligation has a net principal amount of \$7,597 with an annual interest rate of 3.8% and is repayable through monthly instalments and matures in May 2028.

As at December 31,	Effective Interest Rate	Year of Maturity	2025	2024
			\$	\$
Balance, beginning of year	3.8%	2028	7,759	7,989
Repayment during the year			(238)	(230)
Balance, End of Year			7,521	7,759

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10. RETAINED INTEREST RECEIVABLE

Retained interest receivable is associated with the Group through the Bank's participation in the CMBs program, through which it securitizes and sells five-year and ten-year insured mortgage loans on multi-unit residential properties. A majority of the underlying mortgage loans are closed to prepayment risk; however, some mortgage loans are open to prepayment. For these mortgages, swaps are entered into to mitigate the prepayment risk. In addition, for all securitizations, arrangements are entered into to manage its seller swaps, thereby mitigating its interest rate risk. As a result, no significant risks and rewards associated with ownership are retained and mortgage loans are derecognized.

As at December 31,	2025	2024
	\$	\$
CMBs retained interest receivable	116,218	100,656
Total Retained Interest Receivable	116,218	100,656
Year Ended December 31,	2025	2024
	\$	\$
Gain on sales of multi-unit residential mortgages	5,670	5,475
Interest accretion income	3,100	2,269
Total Securitization Income	8,770	7,744
Multi-unit residential mortgages securitized and sold	854,158	1,012,814
Gain on sales as a % of mortgages securitized	0.7%	0.5%
Retained interest recognized during the year	33,979	42,448

11. TRADE AND OTHER RECEIVABLES

As at December 31,	2025	2024
	\$	\$
Accrued interest receivable	11,549	11,344
Accounts receivable	4,838	5,238
Prepays	1,895	7,701
Deferred placement fees receivable	550	678
Sales tax receivable	358	264
Investment receivable and other receivables	29	616
Total Trade and Other Receivables	19,219	25,841

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12. PROPERTY, PLANT AND EQUIPMENT

As at	Leasehold Improvements	Computer Hardware	Office Furniture, Fixtures and Equipment	Total
Cost	\$	\$	\$	\$
Balance at January 1, 2025	2,495	721	783	3,999
Additions	6,899	9	2,278	9,186
Write-off	(2,495)	(37)	(89)	(2,621)
Balance at December 31, 2025	6,899	693	2,972	10,564
Accumulated Depreciation				
Balance at January 1, 2025	2,245	500	426	3,171
Depreciation for the year	883	44	450	1,377
Write-off	(2,495)	–	(89)	(2,584)
Balance at December 31, 2025	633	544	787	1,964
Carrying Amounts				
At January 1, 2025	250	221	357	828
At December 31, 2025	6,266	149	2,185	8,600

13. RIGHT-OF-USE ASSETS

As at	Premises	Office Equipment	Total
Cost	\$	\$	\$
Balance at January 1, 2025	5,552	68	5,620
Additions	12,155	–	12,155
Derecognition ⁽¹⁾	(5,121)	–	(5,121)
Balance at December 31, 2025	12,586	68	12,654
Accumulated Depreciation			
Balance at January 1, 2025	4,802	24	4,826
Depreciation for the year	1,437	14	1,451
Derecognition ⁽¹⁾	(5,121)	–	(5,121)
Balance at December 31, 2025	1,118	38	1,156
Carrying Amounts			
At January 1, 2025	750	44	794
At December 31, 2025	11,468	30	11,498

(1) Derecognition relates to the office space lease at 1 Yonge Street in Toronto, Ontario, which expired on September 30, 2025.

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14. GOODWILL AND INTANGIBLE ASSETS

As at	Goodwill	Software Development Costs	Computer Software	Customer Lists	Deferred Servicing Strip Receivable	Total
Cost	\$	\$	\$	\$	\$	\$
Balance at January 1, 2025	11,841	277	2,870	7,245	4,918	27,151
Additions	–	–	134	–	4,621	4,755
Cash received	–	–	–	–	(2,168)	(2,168)
Accretion income	–	–	–	–	210	210
Foreign exchange loss	(265)	–	–	(344)	–	(609)
Write off	–	–	(15)	–	–	(15)
Balance at December 31, 2025	11,576	277	2,989	6,901	7,581	29,324
Accumulated Amortization						
Balance at January 1, 2025	–	49	703	–	–	752
Amortization for the year	–	55	158	383	–	596
Balance at December 31, 2025	–	104	861	383	–	1,348
Carrying Amounts						
At January 1, 2025	11,841	228	2,167	7,245	4,918	26,399
At December 31, 2025	11,576	173	2,128	6,518	7,581	27,976

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15. DEPOSITS

The Group through the Bank offers deposits, in the form of GICs, through deposit broker agents. These deposits are eligible to be insured by the Canada Deposit Insurance Corporation (“CDIC”) up to \$100 per depositor. Deposit terms range from one to five years.

Total deposits include deferred deposit agent commissions, as shown below as at December 31, 2025 and 2024.

As at December 31,	2025	2024
	\$	\$
Deposit principal	2,335,725	2,147,798
Deferred deposit agent commissions	(5,921)	(4,789)
Total Deposits	2,329,804	2,143,009

Shown below is a maturity table of the remaining term to maturity for these deposits as at December 31, 2025 and 2024.

As at December 31, 2025	Cashable	Within 1 Year	1 – 3 Years	3 – 5 Years	Total
	\$	\$	\$	\$	\$
Deposit maturities	536	1,327,700	861,018	140,550	2,329,804
Average contractual rate	2.0%	3.7%	3.7%	3.6%	3.7%

As at December 31, 2024	Cashable	Within 1 Year	1 – 3 Years	3 – 5 Years	Total
	\$	\$	\$	\$	\$
Deposit maturities	15,310	1,338,243	740,851	48,605	2,143,009
Average contractual rate	4.5%	4.6%	4.3%	4.1%	4.5%

16. TRADE AND OTHER PAYABLES

As at December 31,	2025	2024
	\$	\$
Accrued interest payable	63,350	64,183
Accrued liabilities	23,699	5,130
Accrued compensation	14,554	10,266
Accrued commissions payable	4,819	2,577
Payment due to mortgage servicers	341	659
Sales tax payable	281	285
Trade payable	42	2,731
Total Trade and Other Payables	107,086	85,831

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17. LEASE LIABILITIES

The Group has the following leases during the year ended December 31, 2025:

- Office space lease at 1 Yonge Street in Toronto, Ontario started on January 1, 2019 with a lease expiry date of September 30, 2025;
- Office space at 145 King Street West in Toronto, Ontario, signed on June 11, 2024, starting on July 1, 2026 for a lease term of 11 years and expiring on June 30, 2037;
- Office space at 1933 18th Avenue in Calgary, Alberta started on July 1, 2023 with a lease expiry date of June 1, 2028; and
- Equipment leases started on April 1, 2023 with a lease expiry date of March 1, 2028.

Set out below are the carrying amounts of lease liabilities and the movements during the years ended December 31, 2025 and 2024.

As at December 31,	Incremental Borrowing Rate	Year of Maturity	2025	2024
			\$	\$
Balance, Beginning of Year:				
Premises	8.0%	2025–2028	947	1,774
Office equipment	8.0%	2028	61	68
Addition during the year:				
Premises	4.0%	2037	19,089	–
Interest accretion expense:				
Premises			747	114
Office equipment			6	4
Payment during the year:				
Premises			(763)	(941)
Office equipment			(28)	(11)
Balance, End of Year			20,059	1,008

Amounts are recognized in the consolidated statements of (loss) income

Year Ended December 31,	2025	2024
	\$	\$
Depreciation	1,451	701
Interest accretion	753	118
Total Depreciation and Interest Accretion	2,204	819

The Group has classified the cash payment for the principal portion of lease payments as financing activities, and cash payments for the interest expense portion as operating activities consistent with the presentation of interest payments chosen by the Group.

Contractual Lease Liabilities	Payments Due by Periods 2028 and thereafter			Total
	2026	2027	thereafter	
	\$	\$	\$	\$
Lease liabilities – Premises	877	1,885	22,830	25,592
Lease liabilities – Office equipment	19	19	5	43
Total Contractual Lease Liabilities	896	1,904	22,835	25,635

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group, through its risk management strategy, mitigates its exposure to financial risks arising from its operations as well as its use of financial instruments including fair value, credit risk, liquidity and funding risk, and market risk. The objective of the strategy is to support the delivery of the Group's financial target while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

A summary of the Group's risk exposures as it relates to financial instruments is reflected below.

Fair Value

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs are other than quoted prices included within Level 1, and may include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active; and
- Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 – One or more significant inputs to the valuation methodology are unobservable.

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair Value (Continued)

(a) Accounting Classifications and Fair Values

As at December 31,	2025					2024	
	FVTPL	FVOCI	Amortized Cost	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$	\$	\$	\$
Financial Assets							
Marketable securities	-	54,195	-	54,195	54,195	59,224	59,224
Originated unsecured mortgages	-	-	2,069,875	2,069,875	2,073,957	1,652,075	1,668,731
Purchased unsecured mortgages	-	-	130,058	130,058	130,050	211,729	212,803
Stamped insured mortgages	-	-	30,466	30,466	30,241	34,591	33,922
Other mortgages	-	-	12,190	12,190	12,180	10,218	10,284
Commercial real estate loans	-	-	100,742	100,742	77,333	227,799	228,186
Investment bonds	-	-	-	-	-	34,833	34,833
Investment in renewal securitization notes	70,820	-	-	70,820	70,820	55,995	55,995
Deferred servicing strip	-	-	4,461	4,461	4,461	6,231	6,231
Other investments	-	-	567	567	567	300	300
Retained interest receivable	-	-	116,218	116,218	116,218	100,656	100,656
Derivative asset	35	-	-	35	35	36	36
Total Financial Assets	70,855	54,195	2,464,577	2,589,627	2,570,057	2,393,687	2,411,201
Financial Liabilities							
Deposits	-	-	2,329,839	2,329,839	2,341,190	2,143,045	2,161,943
Secured financing	37,809	-	-	37,809	37,809	23,049	23,049
Total Financial Liabilities	37,809	-	2,329,839	2,367,648	2,378,999	2,166,094	2,184,992

The following tables present the financial instruments measured at fair value as at December 31, 2025 and 2024 as classified by the fair value hierarchy described above:

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Marketable securities	54,195	-	-	54,195
Investment bonds	-	-	-	-
Investment in renewal securitization notes	-	-	70,820	70,820
Derivative asset	-	35	-	35
Total Financial Assets	54,195	35	70,820	125,050

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Accounting Classifications and Fair Values (Continued)

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Marketable securities	59,224	–	–	59,224
Investment bonds	34,833	–	–	34,833
Investment in renewal securitization notes	–	–	55,995	55,995
Derivative asset	–	36	–	36
Total Financial Assets	94,057	36	55,995	150,088

(b) Measurement of Fair Values

Valuations Techniques and Significant Unobservable Inputs

The following table shows the valuation techniques used in measuring level 2 and level 3 fair values as at December 31, 2025 and 2024 for financial instruments in the consolidated statements of financial position, as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value
Financial Assets Measured at Fair Value			
Investment in renewal securitization note	Discounted cash flows	<ul style="list-style-type: none"> Expected cash flows Risk-adjusted discount rate 	The estimated fair value would increase (decrease) if the expected cash flows were higher (lower) or the risk-adjusted discount rate was lower (higher).
Derivative asset (Interest rate swap)	Discounted cash flows using a benchmark yield curve	Not applicable	Not applicable

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk of financial loss associated with a counterparty's inability or unwillingness to fulfill its payment obligations. The Group's credit risk is mainly associated with its single-family residential mortgages and commercial real estate loan activities, recognized in the consolidated statements of financial position, and underlying risk of default on the part of the borrower.

Credit risk is primarily applicable to the Bank and is managed through prudent risk management policies and procedures in the Bank that emphasize quality and diversification of investment and lending activities. Credit policies include credit risk limits in alignment with the Bank's Risk Appetite Framework.

The Bank manages credit risk through its Credit Committee ("CC"). The CC meets at minimum monthly to review risk factors, credit performance and credit quality of the Bank's lending portfolios, and to manage new commercial real estate credit submissions and the overall portfolio quality trends. Adjustments to the Bank's lending policies are recommended for approval at these meetings and presented to the Board and Enterprise Risk Management Committee for final approval if required.

The Bank mitigates its credit risk on the mortgages that it underwrites by operating within detailed Board-approved underwriting policies and management underwriting guidelines, and procedures in compliance with the Office of the Superintendent of Financial Institutions' ("OSFI") B-20 Guideline. These policies and procedures take into consideration such key factors as credit quality, loan-to-value ratio, down payment, debt service ratio, income sustainability, and property value assessment and location. Underwriting includes application of a due diligence process to each mortgage underwritten with oversight from an experienced management team. All mortgage applications are evaluated and assessed against risk criteria, and additional independent quality assurance procedures are performed on a significant percentage of mortgage files prior to funding. Post-funding reviews are also conducted by the second line of defence to provide continuous feedback and monitoring of mortgage credit quality and compliance with underwriting policies and guidelines.

The Bank's mortgage origination, underwriting and asset quality processes and controls are designed to provide a high level of assurance that the mortgages it originates comply with the Bank's policies, underwriting requirements and mitigates misrepresentations or errors that would increase credit risk beyond the Bank's tolerance.

The maximum credit exposure of the Group's financial assets is equal to the carrying values as reflected in the consolidated statements of financial position plus undrawn commitments primarily related to commercial real estate loans.

Liquidity and Funding Risk

Liquidity and funding risk is the inability to generate or obtain sufficient cash or cash equivalents in a timely manner and at a reasonable cost to meet the Group's obligations (both on- and off-balance sheet) as they fall due.

This risk, applicable primarily to the Bank, arises from the fluctuations in the Bank's cash flows that are associated with its lending, deposit-taking and investing, recognized in the consolidated statements of financial position, loan sales, securitizations, other business activities and unexpected national and global economic disruptions. Effective management of liquidity risk requires that the Bank has sufficient liquid assets available, as needed, to fund new mortgages and to pay cash obligations such as deposit maturities and interest, trade and other payables and other commitments and obligations.

Liquidity risk is managed through both daily monitoring and measurement of the Bank's liquidity position and regular liquidity forecasting. Monitoring includes liquidity metrics such as maturity gap analysis and survival horizons. Even with the Bank's underlying policies and monitoring, there is a risk of economic disruption beyond the Bank's control. In cases where the disruption is severe or prolonged, the Bank could be required to take further contingency actions, which could include curtailing lending activity and selling of assets to generate cash flow.

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity and Funding Risk (Continued)

The table below shows the Group's liquid assets as at December 31, 2025 and 2024

As at December 31,	2025	2024
	\$	\$
Deposits with regulated financial institutions	136,065	147,641
Marketable securities	35,099	44,948
Stamped insured mortgages	30,466	34,591
Total Liquid Assets	201,630	227,180

The Group, through the Bank, has access to cash and cash equivalents through the ability to issue term deposits eligible for CDIC insurance. Deposits are currently sourced through the deposit broker network, and availability depends upon several factors including access to third-party deposit platforms, interest rates offered by competing lenders, general economic conditions, regulatory requirements and the securities markets in general. The Bank is, however, exposed from time to time to deposit dealer-imposed concentration limit restrictions. The risk has been proactively mitigated through a more diverse dealer network.

The Bank also has an agreement with a Canadian Schedule I Chartered bank that enables it to execute repurchase agreements for liquidity purposes. The facility provides liquidity and allows the Bank to encumber certain eligible securities for financing purposes. As part of the agreement, the Bank may sell assets to the counterparty at a specified price with an agreement to repurchase at a specified future date. The interest rate on the borrowings is driven by market spot rates at the time of borrowing. The Bank will execute these repurchase agreements to provide alternative sources of liquidity when it is efficient and effective to do so. There are no assets outstanding with this facility as at December 31, 2025 and 2024.

As an approved *National Housing Act* mortgage-backed securities ("NHA MBS") issuer, the Group through the Bank, can access the NHA MBS market to securitize insured mortgages. The NHA MBS securitization market depends on several factors, including general economic conditions, spreads on mortgages relative to other investments, and conditions in both the securities markets in general and the MBS market specifically. A decline in investor demand or securitization markets could adversely affect the Bank's ability to sell MBSs, which could negatively impact future financial results.

The Group through the Bank manages duration mismatches between loans and deposits, recognized in the consolidated statements of financial position, within its risk limits. The maturity gap table below compares the principal amounts of its mortgages and commercial real estate loans to deposits, recognized net of mortgages and loans fees.

Remaining Contractual Terms	As at December 31, 2025				
	0 – 3 Months	3 – 12 Months	1 – 3 Years	Over 3 Years	Total
	\$	\$	\$	\$	\$
Single-family residential mortgages	245,315	866,566	1,129,983	725	2,242,589
Commercial real estate loans	75,855	24,887	–	–	100,742
Deposits (GICs)	(199,323)	(1,128,907)	(861,024)	(140,550)	(2,329,804)
Net Maturity	121,847	(237,454)	268,959	(139,825)	13,527

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity and Funding Risk (Continued)

Remaining Contractual Terms	As at December 31, 2024				Total
	0 – 3 Months	3 – 12 Months	1 – 3 Years	Over 3 Years	
	\$	\$	\$	\$	\$
Single-family residential mortgages	204,081	791,233	910,923	2,376	1,908,613
Commercial real estate loans	132,233	51,878	43,688	–	227,799
Deposits (GICs)	(237,225)	(1,117,948)	(743,617)	(49,008)	(2,147,798)
Net Maturity	99,089	(274,837)	210,994	(46,632)	(11,386)

Market Risk

Market risk is the adverse impact on the value of assets, liabilities and capital from changes in market prices and rates, the correlations among them, and their levels of volatility.

As at December 31, 2025, the Group's market risk is largely limited to provincial bonds, federal government bonds, third-party CMBs and equity securities. The provincial bonds, federal government bonds and CMBs are readily convertible to cash and the Group considers them to be part of its liquid assets. The table below details the par values or cost and fair values of the Group's investments.

As at December 31,	2025		2024	
	Amount	Fair Value	Amount	Fair Value
	\$	\$	\$	\$
Provincial bonds – Par value	20,182	20,217	30,182	30,007
Federal government bonds – Par value	9,781	9,860	9,936	9,948
CMBs – Par value	5,084	5,022	5,000	4,993
	35,047	35,099	45,118	44,948
Equity securities – Cost	14,432	19,096	13,121	14,276
Total Investments	49,479	54,195	58,239	59,224

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that changes in foreign exchange rates may have an effect on future cash flows from an investment in a foreign subsidiary located in the Cayman Islands and the Group is subject to foreign currency fluctuations that may impact its financial position and results.

A \$0.10 weakening in the US dollar against the calculated average Canadian dollar exchange rate of 1.4061 for the year ended December 31, 2025 and the year end exchange rate of 1.3706 at December 31, 2025, would have increased net income by \$54 (2024 – \$Nil). A \$0.10 weakening in the US dollar against the Canadian dollar would have increased other comprehensive (loss) income by approximately \$90 for the year ended December 31, 2025 (2024 – \$Nil). Conversely, a \$0.10 strengthening in the US dollar against the Canadian dollar would have had an equal but opposite effect. This analysis assumes that all variables, in particular interest rates, remain constant.

Interest Rate Risk

Interest rate risk is adverse movements in interest rates in the banking book leading to lost earnings or capital. The Group is exposed to interest rate risk due to i) differences between the maturity dates of interest-rate sensitive assets and liabilities and ii) floating rate assets that are funded by fixed rate liabilities. The objective of interest rate risk management is to ensure that the Group can realize stable and predictable net interest margin, over specific time periods, despite fluctuations in interest rates. In addition, the Group performs stress-testing and sensitivity analysis with respect to interest rates and related factors.

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market Risk (Continued)

Interest Rate Risk (Continued)

The Group is exposed to interest rate risk due to differences between the maturity dates of interest-rate sensitive assets and liabilities. Shown below are the December 31, 2025 and 2024 positions of the Group's assets, liabilities and equity by maturity and weighted average contractual rate.

As at December 31, 2025	Floating Rate	0 – 3 Months	4 Months – 1 Year	1 Year – 5 Years	Non-rate Sensitive	Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash and restricted cash	138,844	–	–	–	–	138,844
<i>Weighted avg. contractual rate</i>	2.5%	–	–	–	–	2.5%
Debt securities	–	–	20,034	15,065	–	35,099
<i>Weighted avg. contractual rate</i>	–	–	2.4%	2.9%	–	2.6%
Equity securities	–	–	–	–	19,096	19,096
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Originated uninsured	–	207,270	757,803	1,106,499	(1,697)	2,069,875
<i>Weighted avg. contractual rate</i>	–	6.3%	6.4%	5.7%	–	6.0%
Purchased uninsured	–	33,406	78,703	17,949	–	130,058
<i>Weighted avg. contractual rate</i>	–	6.7%	6.7%	6.1%	–	6.6%
Stamped mortgages	9,869	–	20,475	–	122	30,466
<i>Weighted avg. contractual rate</i>	3.3%	–	2.0%	–	–	2.4%
Other mortgages	4,389	1,323	4,237	2,241	–	12,190
<i>Weighted avg. contractual rate</i>	7.5%	9.5%	9.5%	4.2%	–	7.7%
Commercial real estate loans	100,807	–	–	–	(65)	100,742
<i>Weighted avg. contractual rate</i>	10.5%	–	–	–	–	10.5%
Other assets	–	–	–	–	240,876	240,876
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Total Assets	253,909	241,999	881,252	1,141,754	258,332	2,777,246
Liabilities						
Cashable GICs ⁽¹⁾	–	140	400	–	(1)	539
<i>Weighted avg. contractual rate</i>	–	2.6%	1.9%	–	–	2.0%
Non-cashable GICs	–	199,183	1,130,023	1,005,979	(5,920)	2,329,265
<i>Weighted avg. contractual rate</i>	–	3.7%	3.7%	3.7%	–	3.7%
Other liabilities	–	–	–	–	177,008	177,008
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Equity	–	–	–	–	270,434	270,434
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Total Liabilities and Equity	–	199,323	1,130,423	1,005,979	441,521	2,777,246
Excess (Deficiency) of Assets over Liabilities and Equity	253,909	42,676	(249,171)	135,775	(183,189)	–

(1) Cashable GICs are redeemable by the depositor after 90 days from the issue date.

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18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Market Risk (Continued)

Interest Rate Risk (Continued)

As at December 31, 2024	Floating Rate	0 – 3 Months	4 Months – 1 Year	1 Year – 5 Years	Non-rate Sensitive	Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash and restricted cash	148,863	–	–	–	–	148,863
<i>Weighted avg. contractual rate</i>	3.6%	–	–	–	–	3.6%
Debt securities	–	–	4,993	39,955	–	44,948
<i>Weighted avg. contractual rate</i>	–	–	2.4%	2.6%	–	2.6%
Equity securities	–	–	–	–	14,276	14,276
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Originated uninsured	–	151,105	649,024	853,649	(1,703)	1,652,075
<i>Weighted avg. contractual rate</i>	–	6.9%	6.9%	6.7%	–	6.8%
Purchased uninsured	–	50,069	139,552	22,108	–	211,729
<i>Weighted avg. contractual rate</i>	–	7.6%	7.5%	7.2%	–	7.5%
Stamped mortgages	11,554	–	–	22,761	276	34,591
<i>Weighted avg. contractual rate</i>	4.4%	–	–	2.0%	–	2.8%
Other mortgages	1,727	2,051	2,863	3,577	–	10,218
<i>Weighted avg. contractual rate</i>	5.5%	8.3%	9.3%	4.3%	–	6.7%
Commercial real estate loans	210,081	–	8,000	10,000	(282)	227,799
<i>Weighted avg. contractual rate</i>	18.6%	–	3.6%	9.0%	–	18.6%
Other assets	–	–	–	–	250,981	250,981
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Total Assets	372,225	203,225	804,432	952,050	263,548	2,595,480
Liabilities						
Cashable GICs ⁽¹⁾	–	5,707	9,615	–	(12)	15,310
<i>Weighted avg. contractual rate</i>	–	4.5%	4.5%	–	–	4.5%
Non-cashable GICs	–	231,518	1,108,333	792,625	(4,777)	2,127,699
<i>Weighted avg. contractual rate</i>	–	4.7%	4.6%	4.3%	–	4.5%
Other liabilities	–	–	–	–	154,738	154,738
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Equity	–	–	–	–	297,733	297,733
<i>Weighted avg. contractual rate</i>	–	–	–	–	–	–
Total Liabilities and Equity	–	237,225	1,117,948	792,625	447,682	2,595,480
Excess (Deficiency) of Assets over Liabilities and Equity	372,225	(34,000)	(313,516)	159,425	(184,134)	–

(1) Cashable GICs are redeemable by the depositor after 90 days from the issue date.

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19. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the parties.

Related parties and related party transactions impacting the consolidated financial statements are summarized below, and the Group has determined the following individuals and entities to be related parties:

- Other entities under common control;
- Key management personnel, consisting of the Group's directors and officers, and other employees having authority and responsibility for planning, directing and controlling the Group's activities; and
- Entities controlled by key management personnel.

All related party transactions in the normal course of operations are measured at the agreed-upon exchange amount, have no fixed terms of repayment and are non-interest bearing. The Group's related parties include entities under common control.

Related Party Transactions and Balances

Year Ended December 31,	2025	2024
	\$	\$
Remuneration and other benefits	37,416	31,817
Short-term benefits	4,411	4,261
Registered retirement savings plan	808	494
Termination	-	152
Total Key Management Personnel and Employees Compensation	42,635	36,724

In the ordinary course of business, the Group may underwrite mortgages for its senior management, other related parties and Group employees. The mortgage terms are similar to those offered to unrelated parties.

As at December 31, 2025, there are no outstanding mortgages made to key management personnel (2024 – \$Nil).

(a) Sales of Renewals

During the year ended December 31, 2025, a gain of \$11,250 (2024 – \$12,500) was recognized from the sale of future renewals to RFA MC Issuer Corporation, an entity under common control.

(b) Acquisition of Series Notes

During the year ended December 31, 2025, the Group invested \$11,250 (2024 – \$12,500) in series notes issued by RFA MC Issuer Corporation, an entity under common control.

(c) Sales of Series Notes

On April 15, 2025, the Group sold a senior interest with a principal amount of \$10,000 from Series 2024–1 notes at an annual interest rate of 8.0% (2024 – \$7,500 from each of the Series 2021–1, Series 2022–1 and Series 2023–1 notes).

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19. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Due from Related Parties

As at December 31,	2025	2024
	\$	\$
Due from:		
RFA MC Issuer Corporation	3,385	–
RFA Capital Partners	74	32
Halcyon International	69	53
TMI LP	4	1
RFA Developments	1	1
Total Due from Related Parties	3,533	87

(e) Due to RFA Capital Inc.

As at December 31, 2025 an amount of \$Nil (2024 – \$34,833) was due to RFA Capital Inc., a related entity, in relation to the acquisitions of investment bonds. During the year ended December 31, 2025, the Group paid administration fees in the amount of \$1,622 (2024 – \$1,516).

(f) Due to TMI LP

As at December 31, 2025 and 2024, there were no amounts outstanding to TMI LP in respect of the loan to the Group, and interest payable totalled to \$19 (2024 – \$Nil). The loan agreement signed on June 24, 2024, provides for a maximum revolving loan amount of \$3,000. The loan is secured, bears interest at prime plus 4% annually, and due on demand. During the year ended December 31, 2025 interest expense of \$183 (2024 – \$92) was paid to the related party.

As at December 31, 2025 a balance of \$4,000 (2024 – \$Nil) was due to TMI LP in relation to an obligation under repurchase agreements.

(g) Special Dividend Declared and Payable to Previous Shareholders of Five Continents

As at December 31, 2025 a balance of \$Nil (2024 – \$439) was due to previous shareholders of Five Continents regarding a special dividend declared and payable, before the acquisition, during the year ended December 31, 2024.

(h) Due to RFA MC Issuer Corporation

As at December 31, 2025 a balance of \$3,385 (2024 – \$Nil) was payable to RFA MC Issuer Corporation in respect of the investment in renewal securitization notes.

20. SHARE CAPITAL

As at December 31,	Number of Shares	2025	2024
		\$	\$
Issued:			
Common Class A shares	6,250,000	6,250	6,250
Common Class B shares	191,350,010	191,350	191,350
Common Class C1 shares	14,600,000	14,600	14,600
Total Share Capital		212,200	212,200

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21. CAPITAL MANAGEMENT

The Group includes the Bank, which is a regulated financial institution that is subject to the capital requirements of its regulator, OSFI the Bank must continually monitor and assess its capital adequacy under both expected and stressed conditions. An adequate capital reserve provides the Bank with a buffer for reasonably foreseeable losses, ensures that the Bank may absorb such losses and maintains the stability of the business. Capital adequacy can be affected by changes in the Bank's financial performance, its business plans or regulatory requirements.

Capital adequacy risk is the risk that the Bank holds insufficient capital to meet regulatory requirements and any other requirements necessary to manage the organization as a going concern, including during periods of severe but plausible stress (such as rising interest rates or housing downturn).

22. MORTGAGE EXPENSES

Year Ended December 31,	2025	2024
	\$	\$
Commissions	42,616	25,000
Servicing	7,744	6,961
Broker network fees	3,135	1,970
Property operating	1,637	982
Bank charges and other interest	1,215	684
Renewals	1,095	1,679
Appraisal and title fees	803	396
Total Mortgage Expenses	58,245	37,672

23. GENERAL AND ADMINISTRATIVE

Year Ended December 31,	2025	2024
	\$	\$
Professional services	21,526	3,430
Information technology and telecommunications	4,013	3,326
Amortization and depreciation	3,541	1,533
Insurance and regulatory costs	3,316	3,293
Sales and marketing	2,834	2,399
Facilities and office	2,020	1,633
Administrative fees	1,622	1,516
Interest accretion expense	753	118
Bad debts	583	-
Total General and Administrative	40,208	17,248

24. INCOME TAX EXPENSE

(a) *Income Tax Expense*

The Group recognized the following income tax expense in its consolidated statements of (loss) income for the years ended December 31, 2025 and 2024:

Year Ended December 31,	2025	2024
	\$	\$
Current income tax expense	2,028	7,772
Deferred income tax recovery	(194)	(1,108)
Deferred tax attributable changes in tax rates and laws	(322)	61
Total Income Tax Expense	1,512	6,725

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24. INCOME TAX EXPENSE (CONTINUED)

During the years ended December 31, 2025 and 2024 the Group's current income tax expense differs from the provision computed at statutory rates as follows:

Year Ended December 31,	2025	2024
	\$	\$
(Loss) income before income tax expense	(27,827)	23,492
Income tax expense based on the statutory income tax rate	(7,319)	6,131
Increase in income tax resulting from:		
Non-deductible items	87	78
Others	8,744	516
Total Income Tax Expense	1,512	6,725

For the year ended December 31, 2025 the combined Canadian federal and provincial statutory income tax rate is 26.3% (2024 – 26.1%) and the effective tax rate is (5.4%) (2024 – 28.6%).

(b) Income Tax Recoverable

As at December 31, 2025 income tax recoverable of \$6,150 (2024 – \$2,607) represents income tax instalments made in excess of the tax provision.

(c) Deferred Income Tax Liabilities

Deferred income tax assets and deferred income tax liabilities are presented net in the consolidated statements of financial position where there is a legal right of offset. As at December 31, 2025, the Bank has \$1,129 (2024 – \$1,645) in deferred income tax liabilities. The composition of the Group's deferred income tax liabilities, net for the years ended December 31, 2025 and 2024, is presented below:

As at	January 1, 2025	Movement during the Year	December 31, 2025
	\$	\$	\$
Non-performing loans	1,549	936	2,485
Property, plant and equipment	(1,167)	118	(1,049)
Right-of-use assets	(208)	180	(28)
Lease liabilities	221	(226)	(5)
Specified debt obligations	(20,043)	(6,208)	(26,251)
Others	691	508	1,199
	(18,957)	(4,692)	(23,649)
Tax losses – Non-capital	17,138	5,204	22,342
Corporate minimum tax credit	174	4	178
Deferred Income Tax Liabilities, Net	(1,645)	516	(1,129)

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24. INCOME TAX EXPENSE (CONTINUED)

As at	January 1, 2024	Movement during the Year	December 31, 2024
	\$	\$	\$
Non-performing loans	1,020	529	1,549
Property, plant and equipment	(708)	(459)	(1,167)
Right-of-use assets	(414)	206	(208)
Lease liabilities	435	(214)	221
Specified debt obligations	(20,141)	98	(20,043)
Others	394	297	691
	(19,414)	457	(18,957)
Tax losses – Non-capital	16,722	416	17,138
Corporate minimum tax credit	–	174	174
Deferred Income Tax Liabilities, Net	(2,692)	1,047	(1,645)

As at December 31, 2025, the Group has approximately \$32,728 (2024 – \$24,665) of income tax losses carried forward available and will expire between 2028–2043. Deferred income tax assets have not been recognized for these income tax losses carried forward as at December 31, 2025 and 2024.

25. (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share are calculated based on net (loss) income attributable to shareholders of the Company divided by the weighted average number of common shares outstanding during the years.

26. COMMITMENTS AND CONTINGENCIES

(a) Mortgage Commitments

As at December 31, 2025 and 2024, the Group has outstanding commitments related to its single-family, commercial real estate loans originations. Such offers to extend credit are in the normal course of business and the amount represents the maximum amount that the Group would be obligated to fund. In the course of its operations, the Group does not expect to fund 100% of its outstanding loan commitments.

Undrawn commitments related to commercial real estate loans are \$2,400 as at December 31, 2025 (2024 – \$11,146) for which \$11 is set aside as a provision for ECL (2024 – \$38). Single-family commitments are \$Nil as at December 31, 2025 (2024 – \$Nil).

(b) Contingencies

The Group, from time to time, is involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Group is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Group.

(c) Letter of Credit Facility

The Group has a \$10,000 (2024 – \$10,000) standby letter of credit facility with a Schedule I Canadian financial institution. The standby letter of credit facility is effective until September 30, 2026 at a rate of up to 180 basis points per annum. As at December 31, 2025, \$Nil (2024 – \$Nil) is used from this standby letter of credit facility.

(d) Credit Facility

The Group has a \$40,000 (2024 – \$40,000) credit facility with a Schedule I Canadian financial institution. The credit facility allows the Group to draw based on prime plus 30 basis points or the Canadian Overnight Repo Rate Average plus 130 basis points. As at December 31, 2025, \$Nil (2024 – \$Nil) is drawn on the credit facility.

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27. SUBSEQUENT EVENTS

On February 1, 2026 the transaction was completed, Artis became a subsidiary of the combined entity now operating as RFA Financial Inc., a publicly listed company on the Toronto Stock Exchange. In accordance with the Arrangement Agreement, each holder of Artis common units received one common share of RFA Financial Inc. for each Artis unit held immediately prior to the effective time of the transaction, subject to customary adjustments to the exchange ratio.

Upon completion of the transaction, former Artis Unitholders collectively held approximately 68.0% of the outstanding common shares of RFA Financial Inc., while former holders of RFA common shares held approximately 32.0%. Based on the relative ownership interests and other relevant factors, the transaction has been accounted for as a reverse acquisition under IFRS 3 – *Business Combinations*, with Artis identified as the accounting acquirer and RFA identified as the accounting acquiree. RFA Financial Inc. is the continuing legal parent and reporting issuer.