

WESTERN PACIFIC TRUST COMPANY

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

NINE MONTHS ENDED SEPTEMBER 30, 2024
(Unaudited)

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WESTERN PACIFIC TRUST COMPANY

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

NINE MONTHS ENDED SEPTEMBER 30, 2024

(Unaudited)

Notice of disclosure of non-auditor review of condensed interim consolidated financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed interim consolidated financial statements of Western Pacific Trust Company for the period ended September 30, 2024 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and are the responsibility of the Company's management and approved by the Audit Committee of the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

WESTERN PACIFIC TRUST COMPANY**Condensed Interim Consolidated Statements of Financial Position**

(Expressed in Canadian Dollars)

As at	Note	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	4.3	\$ 2,497,979	\$ 2,220,636
Accounts receivable	4.3, 5	84,993	94,514
Interest receivable	4.3	239,918	205,775
Prepaid expenses		23,685	16,153
		2,846,575	2,537,078
Deposits	4.3, 14	129,815	113,254
Right-of-use asset	6	266,056	326,404
Property and equipment	7	31,200	28,943
Intangible assets	8	8,726	10,265
Deferred income tax asset	17	755,200	888,800
		\$ 4,037,572	\$ 3,904,744
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	13	\$ 73,304	\$ 77,675
Deferred revenue		16,453	9,811
Lease liability – current portion	6	78,005	71,062
Dividends payable on common shares	18	197,202	-
		364,964	158,548
Lease liability	6	225,027	284,686
Subordinated loans	9, 13	492,591	617,314
Deferred gain on subordinated loans	9	59,909	64,086
		1,142,491	1,124,634
SHAREHOLDERS' EQUITY			
Common shares	10	1,726,883	1,726,883
Preferred shares	10, 13	1,272,584	1,272,584
Accumulated deficit		(104,386)	(219,357)
		2,895,081	2,780,110
		\$ 4,037,572	\$ 3,904,744

Approved on behalf of the Board

“Anthony Liscio”
Director

“Steven Youngman”
Director

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY
Condensed Interim Consolidated Statements of
Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenue					
Consulting and trust service fee income		\$ 8,262	\$ 7,063	\$ 22,845	\$ 23,185
Self-Administered Plan fee income		270,922	257,417	1,003,480	921,052
Interest		180,366	197,326	571,888	540,956
		459,550	461,806	1,598,213	1,485,193
General and administrative expenses	5,13,16	354,855	317,295	1,058,357	958,072
Income from operations					
		104,695	144,511	539,856	527,121
Amortization of property and equipment	7	(1,733)	(1,734)	(4,842)	(4,601)
Amortization of intangible assets	8	(513)	(586)	(1,539)	(1,600)
Finance expense	6,9,13	(13,238)	(17,083)	(42,773)	(53,425)
Amortization of deferred gain on subordinated loans	9	1,392	453	4,177	2,573
Net income before income taxes		90,603	125,561	494,879	470,068
Income tax expense	17	(24,600)	(34,000)	(133,600)	(127,000)
Net income and comprehensive income		\$ 66,003	\$ 91,561	\$ 361,279	\$ 343,068
Earnings per share, basic and diluted	10.3	\$ 0.0019	\$ 0.0029	\$ 0.0119	\$ 0.0112
Weighted average number of common shares outstanding		26,293,558	26,293,558	26,293,558	26,293,558

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital				Accumulated Deficit	Total Shareholders' Equity
	Common Shares	Amount	Preferred Shares	Amount		
Balance, December 31, 2022	26,293,558	\$ 1,726,883	130,950	\$ 1,272,584	\$ (448,890)	\$ 2,550,577
Dividends paid on preferred shares	-	-	-	-	(49,106)	(49,106)
Dividends declared on common shares	-	-	-	-	(131,468)	(131,468)
Net income for the period	-	-	-	-	343,068	343,068
Balance, September 30, 2023	26,293,558	\$ 1,726,883	130,950	\$ 1,272,584	\$ (286,396)	\$ 2,713,071
Balance, December 31, 2023	26,293,558	\$ 1,726,883	130,950	\$ 1,272,584	\$ (219,357)	\$ 2,780,110
Dividends paid on preferred shares	-	-	-	-	(49,106)	(49,106)
Dividends declared on common shares (note 18)	-	-	-	-	(197,202)	(197,202)
Net income for the period	-	-	-	-	361,279	361,279
Balance, September 30, 2024	26,293,558	\$ 1,726,883	130,950	\$ 1,272,584	\$ (104,386)	\$ 2,895,081

See note 3.3

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine months ended September 30,	
	2024	2023
Operating activities		
Net income for the period	\$ 361,279	\$ 343,068
Items not involving cash:		
Amortization of property and equipment and intangible assets	6,381	6,201
Amortization of deferred gain on subordinated loans	(4,177)	(2,573)
Accretion expense on subordinated loans	4,177	2,573
Amortization of right-of-use asset	60,348	59,983
Bad debt expense	12,416	12,984
Income tax expense	133,600	127,000
Interest on lease liability	18,012	20,643
	592,036	569,879
Changes in non-cash working capital balances		
Interest receivable	(34,143)	(11,561)
Accounts receivable	(2,895)	(27,490)
Deposits	(16,561)	(743)
Prepaid expenses	(7,532)	(13,322)
Accounts payable and accrued liabilities	(4,371)	(35,002)
Deferred revenue	6,642	4,404
Net cash provided by operating activities	533,176	486,165
Investing activities		
Property and equipment assets acquired	(7,099)	(14,972)
Net cash used in investing activities	(7,099)	(14,972)
Financing activities		
Lease liability payments	(70,728)	(70,284)
Proceeds from subordinated loans	-	47,000
Repayment of subordinated loans	(128,900)	(115,100)
Dividends paid on preferred shares	(49,106)	(49,106)
Net cash used in financing activities	(248,734)	(187,490)
Increase in cash and cash equivalents during the period	277,343	283,703
Cash and cash equivalents, beginning of the period	2,220,636	1,922,643
Cash and cash equivalents, end of the period	\$ 2,497,979	\$ 2,206,346
Cash paid during the period for:		
Interest	\$ 22,842	\$ 27,473
Income taxes paid	\$ -	\$ -
Cash and cash equivalents consist of:		
Cash	\$ 400,356	\$ 123,868
Term deposits	\$ 2,097,623	\$ 2,082,478

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY
Notes to the Condensed Interim Consolidated Financial Statements
Nine Months ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited)

1. Corporate Information

Western Pacific Trust Company (the “Company”) has been listed on the TSX Venture Exchange (“Exchange”) since 1999 under the stock symbol “WP”.

The Company is a British Columbia incorporated, publicly traded, non-deposit-taking independent trust company licensed under the *Financial Institutions Act* in British Columbia, the *Loan and Trust Corporations Act* in Alberta, and the *Trust and Loan Corporations Act* in Saskatchewan to conduct non-deposit taking trust business in those provinces. The Company is not authorized to receive or hold funds on deposit. The Company may invest in corporations that carry on businesses described in Section 141 of the *Financial Institutions Act*.

The Company acts as Trustee for Self-Administered Registered Retirement Savings Plans (“RRSP”), which permits investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. The Company also offers self-administered Tax-Free Savings Accounts (“TFSA”), within which clients can earn tax-free investment income during their lifetime. Qualified investments for both the RRSP and TFSA self-administered accounts include securities in eligible Canadian-controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm’s length mortgages.

One of the Company’s wholly owned subsidiaries, WP Private Equity Transfers Inc. (“WPPET”), a British Columbia incorporated company, provides corporate registry services for unlisted, non-reporting issuers.

Another wholly owned subsidiary, WP Private Health Inc. (“WPPH”), a British Columbia incorporated company, also registered in Alberta, provides private health plans to small business owners.

The Company has two additional 100% owned private subsidiaries: 1128668 BC Ltd. and 1211263 BC Ltd., both of which act as Collateral Agent for different clients in the conduct of their respective bond businesses. These wholly owned subsidiaries are maintained solely for the purpose of offering these services to these clients. The annual maintenance costs of these subsidiaries are absorbed by the clients, pursuant to the contract between the parties.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 27, 2024.

2. Basis of Preparation

2.1 Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. They do not include all the information required for full financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

WESTERN PACIFIC TRUST COMPANY
Notes to the Condensed Interim Consolidated Financial Statements
Nine Months ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)
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2. Basis of Preparation (continued)

2.3 Critical accounting judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Actual results could differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of changes to estimates are recognized in the period they are revised and in future periods affected. The critical judgments and assumptions applied in the preparation of these condensed interim consolidated financial statements and other major sources of measurement uncertainty are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2023.

3. Summary of material accounting policies

3.1 Basis of consolidation

These consolidated financial statements include the accounts of the Company and its integrated wholly owned subsidiaries, WPPET, WPPH, 1128668 BC Ltd., and 1211263 BC Ltd. All material intercompany balances have been eliminated in these consolidated financial statements. Subsidiaries are all entities over which the Company has control. Control is based on whether an investor has power over the investee, exposure of rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

3.2 Significant accounting judgments and estimates

For a complete summary of significant judgements and estimates and significant accounting policies, please refer to the audited consolidated financial statements for the year ended December 31, 2023.

3.3 Change in accounting policy

A change in accounting policy was effected to more accurately reflect the outstanding and vested stock options in the balance of the reserves.

During the second quarter of 2024, the Company applied a retrospective change in accounting policy where amounts in reserves that pertain to the fair value of stock options that were previously granted, but have since expired unexercised, will be reclassified into accumulated retained earnings/(deficit).

As a result of this change, as at December 31, 2023, the opening balance of \$275,365 in the reserves has been decreased to \$Nil and the opening accumulated deficit of \$494,722 has been decreased to \$219,357. In addition, as at December 31, 2022, the opening balance of reserve of \$275,365 has been decreased to \$Nil and the opening accumulated deficit of \$724,255 has been decreased to \$448,890.

There have been no changes to basic and diluted earnings per share as a result of this change.

WESTERN PACIFIC TRUST COMPANY
Notes to the Condensed Interim Consolidated Financial Statements
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4. Financial instruments

4.1 Categories of financial instruments

The Company has classified its financial instruments as follows under IFRS 9 *Financial Instruments*:

	IFRS 9
Financial Asset	
Cash and cash equivalents	Fair value through profit or loss
Accounts receivable, interest receivable, and deposits	Amortized cost
Financial Liability	
Accounts payable and accrued liabilities, lease liability, and subordinated loans	Amortized cost

4.2 Fair value

The fair values of the financial instruments, other than cash and cash equivalents, approximate their carrying value as at September 30, 2024 and December 31, 2023 due to the demand nature or short-term maturity of these instruments. Subordinated loans approximate fair value as these are based on current market rates of interest. Cash and cash equivalents are valued in accordance with level 1 of the fair value hierarchy.

4.3 Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on mitigating these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk in respect of cash and cash equivalents by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. Trade accounts receivable are due from clients. The Company manages credit risk in respect to accounts receivable by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at September 30, 2024 and December 31, 2023.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as the majority of amounts are held at a single major Canadian chartered bank. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 2,497,979	\$ 2,220,636
Deposits	129,815	113,254
Accounts receivable	84,993	94,514
Interest receivable	239,918	205,775
	\$ 2,952,705	\$ 2,634,179

WESTERN PACIFIC TRUST COMPANY
Notes to the Condensed Interim Consolidated Financial Statements
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4. Financial instruments (continued)

4.3 Financial risk management objectives and policies (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements. At September 30, 2024, the Company had accounts payable and accrued liabilities of \$73,304 (December 31, 2023: \$77,675), which are due for payment within three months, current portion of lease liability of \$78,005 (December 31, 2023: \$71,062) and lease liability of \$225,027 (December 31, 2023: \$284,686) until the lease term ending February 2028, and subordinated loans of \$492,591 with undiscounted amounts of \$552,500 (December 31, 2023: \$617,314 with undiscounted amount of \$681,400), which are due for payment from 2031 to 2032.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

i) Interest rate risk consists of two components:

- a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- b) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is exposed to interest rate cash flow risk due to cash equivalents held in term deposits with interest at the market rate.

ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to other price risk.

The Company's management of credit risk, liquidity risk, and market risk related to financial instruments above have not changed materially for the nine months ended September 30, 2024.

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5. Accounts receivable

The Company's trade accounts receivable is aged as follows:

	September 30, 2024	December 31, 2023
Less than 1 month	\$ 11,157	\$ 14,703
1 to 3 months	5,892	6,625
More than 3 months	67,944	73,186
	<u>\$ 84,993</u>	<u>\$ 94,514</u>

Management reviews the collectability of the accounts receivable on a monthly basis and provides allowance on amounts that are not collectable. Allowance for doubtful accounts of \$12,416 (September 30, 2023: \$12,984) has been included in general and administrative expenses.

6. Right-of-use asset

Right-of-use asset

Value of right-of-use asset as at December 31, 2022	\$ 406,381
Depreciation	(79,977)
Value of right-of-use asset as at December 31, 2023	\$ 326,404
Depreciation	(60,348)
Value of right-of-use asset as at September 30, 2024	\$ 266,056

Lease liability

Lease liability as at December 31, 2022	\$ 422,674
Lease payments	(93,860)
Lease interest	26,934
Lease liability as at December 31, 2023	\$ 355,748
Lease payments	(70,728)
Lease interest	18,012
Lease liability as at September 30, 2024	\$ 303,032
Current portion	\$ 78,005
Long-term portion	225,027
	<u>\$ 303,032</u>

WESTERN PACIFIC TRUST COMPANY
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7. Property and equipment

	<u>Furniture and Equipment</u>
Cost	
As at December 31, 2022	\$ 197,381
Additions	13,237
As at December 31, 2023	210,618
Additions	7,099
As at September 30, 2024	\$ 217,717
Accumulated amortization	
As at December 31, 2022	\$ 175,320
Charge for the year	6,355
As at December 31, 2023	181,675
Charge for the period	4,842
As at September 30, 2024	\$ 186,517
Net book value	
As at December 31, 2023	\$ 28,943
As at September 30, 2024	\$ 31,200

8. Intangible assets

	<u>Software</u>
Cost	
As at December 31, 2022	\$ 53,702
Additions	2,340
As at December 31, 2023 and September 30, 2024	\$ 56,042
Accumulated amortization	
As at December 31, 2022	\$ 43,552
Charge for the year	2,225
As at December 31, 2023	45,777
Charge for the period	1,539
As at September 30, 2024	\$ 47,316
Net book value	
As at December 31, 2023	\$ 10,265
As at September 30, 2024	\$ 8,726

WESTERN PACIFIC TRUST COMPANY
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9. Subordinated loans

	September 30, 2024	December 31, 2023
Non-interest bearing ⁽¹⁾	\$ 74,748	\$ 71,189
Non-interest bearing ⁽⁴⁾	23,343	22,725
Interest bearing at 5% per annum ⁽²⁾	156,000	156,000
Interest bearing at 7% per annum ⁽³⁾	238,500	367,400
Total long-term subordinated loans, net of deferred gain	\$ 492,591	\$ 617,314

	Subordinated loans	Deferred gain on subordinated loans
Balance at December 31, 2022	\$ 698,500	\$ 38,384
Advanced of subordinated loans	98,000	29,457
Repayment of subordinated loans	(115,100)	-
Accretion expense	-	(3,755)
Balance at December 31, 2023	681,400	64,086
Repayment of subordinated loans	(128,900)	-
Accretion expense	-	(4,177)
Balance at September 30, 2024	\$ 552,500	\$ 59,909

⁽¹⁾ Subordinated loans are recorded initially at the fair value and are calculated based on the fair value interest rate of 5% to 6%. The difference between the face value and the initial fair value of the subordinated loans payable has been recorded as a deferred gain on subordinated loans. Maturity dates commence June 15, 2031 through October 16, 2033.

⁽²⁾ Subordinated loans with interest at 5% and maturity dates commencing June 1, 2032.

⁽³⁾ Subordinated loans include related parties with interest at 7% with maturity dates commencing on July 2031 through December 2032.

⁽⁴⁾ Subordinated loan is recorded initially at the fair value and are calculated based on the fair value interest rate of 9%. The difference between the face value and the initial fair value of the subordinated loan payable has been recorded as a deferred gain on subordinated loans. Maturity date is October 16, 2033.

10. Share capital

10.1 Authorized:

100,000,000 common shares without par value
100,000,000 preferred shares, issuable in series

Issued and outstanding:

26,293,558 (2023: 26,293,558) common shares
400 (2023: 400) Series I preferred shares with a value of \$10 each
130,550 (2023: 130,550) Series II preferred shares with a value of \$10 each

10.2 Preferred shares

Series I preferred shares are non-voting, redeemable by the Company, are non-retractable, and earn non-cumulative dividends equal to 5% per annum of the aggregate value of \$10 per share and a non-cumulative cash payment equal to 1% per annum of the aggregate value of \$10 per share.

Series II preferred shares are non-voting, redeemable by the Company and earn non-cumulative dividends equal to 5% per annum of the aggregate value of \$10 per share. The Company has the right to redeem the Series II preferred shares at any time on 30 days (the "Redemption Period") notice and at any time prior to the expiry of the redemption period, each holder of the Series II preferred shares shall have the right to convert the Series II preferred shares into common shares at a conversion ratio equal to the issue price divided by the conversion price of \$0.15 per common share, subject to adjustment.

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10. Share capital (continued)

10.3 Earnings per share

The following is a reconciliation of the numerator in calculating basic and diluted earnings per share:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Income before adjustment for preferred shares dividends	\$ 66,003	\$ 91,561	\$ 361,279	\$ 343,068
Amount paid as preferred share dividends	(16,368)	(16,368)	(49,106)	(49,106)
Adjusted income	\$ 49,635	\$ 75,193	\$ 312,173	\$ 293,962
Earnings per share – basic and diluted	\$ 0.0019	\$ 0.0029	\$ 0.0119	\$ 0.0112

11. Share-based payments

Stock options

The Company's current 20% fixed stock option plan (the "Plan") came into effect during the second quarter of 2023 following approval by the shareholders on May 31, 2023 and final regulatory approval. The Plan incorporates certain requirements of the Exchange and allows the Company to grant stock options to eligible persons as defined under the Plan. The maximum number of common shares issuable under the Plan shall be 5,258,711. Stock options issued to insiders (as a group) are limited to 10% of the total issued and outstanding common shares, and any one optionee, a limit 5% of the issued and outstanding common shares. Any options granted to consultants and investor relations providers (as a group) shall not exceed 2% of the Company's issued and outstanding common shares of the Company. The minimum exercise price of any options granted under the Plan cannot be less than the discounted market price (the last closing price of the shares on the Exchange less a maximum 25% discount). The options are granted for up to a ten-year term. Vesting provisions may be imposed at the time of the grant of options at the discretion of the board of directors, except for consultants acting in an investor relations capacity where vesting provisions are prescribed.

There were no stock options outstanding as of September 30, 2024 and December 31, 2023.

12. Capital disclosures

The Company considers its shareholders' equity and subordinated loans to be its capital, which, as at September 30, 2024, amounted to \$3,447,581 (December 31, 2023: \$3,461,510). The Company maintains sufficient capital to meet its future needs, taking into consideration economic risks inherent in its businesses and regulatory requirements.

Under the *Financial Institutions Act* of British Columbia, the Company is required to meet the regulatory capital as prescribed by the BC Financial Services Authority ("BCFSA"). To satisfy the requirements, the Company is required to maintain a minimum capital determined by multiplying the total value of the assets that the Company holds in trust by 0.5%. The Company has complied with the capital requirements as prescribed by BCFSA as at September 30, 2024. The Company must also maintain the regulatory capital requirements as prescribed by the Financial and Consumer Affairs Authority ("FCAA") of Saskatchewan.

The Company reviews the sufficiency of its capital as appropriate and makes any necessary adjustments to its capital primarily by raising adequate financing. There have been no changes to the Company's approach to capital management for the period ended September 30, 2024.

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13. Related party transactions and balances

The Company's related parties consist of its key management personnel, including its directors, and their close family members and entities controlled by key management personnel. All transactions with related parties are in the normal course of operations. Amounts due to or from related parties are subject to normal trade terms and conditions.

During the nine months ended September 30, 2024 and 2023, the Company incurred the following charges related to management compensation:

	September 30, 2024	September 30, 2023
Management salaries	\$ 127,322	\$ 120,274
Directors' fees	41,750	44,250
Consulting fees paid to a company controlled by a director	90,600	85,400
Professional fees for consultant	36,150	37,102
Total compensation	\$ 295,822	\$ 287,026

During the nine months ended September 30, 2024, the Company paid dividends on Preferred Shares of \$23,044 (September 30, 2023: \$23,044) and paid interest on subordinated loans of \$5,981 (September 30, 2023: \$10,207) to directors and close family members of directors. Finance expense includes interest for subordinated loans of \$5,319 (September 30, 2023: \$9,687) to directors and close family members of directors.

At September 30, 2024, the Company has \$29,669 (December 31, 2023: \$40,844) in accounts payable and accrued liabilities due to an officer, directors of the Company, and companies controlled by directors. In addition, \$73,500 (December 31, 2023: \$137,400) of subordinated loans are due to directors or close family members of directors of the Company and accrued interest for subordinated loans of \$174 (September 30, 2023: \$279) has been included in accounts payable and accrued liabilities.

Compensation for key management is for short-term benefits only. Key management personnel do not receive any post-employment or other long-term benefits.

14. Commitments for expenditures

The Company has lease agreements for its head office which mature on February 29, 2028 with annual base rent and operating costs which increase 2% to 5% over the term of the leases. A security deposit of \$18,832 (note 4.3(b)) is held by the lessor.

Cash commitments for minimum lease payments in relation to leased premises as at September 30, 2024 are payable as follows:

Not later than 1 year	\$	100,101
Later than 1 year and not later than 5 years		239,941
	\$	340,042

15. Operating segments

The Company operates in one industry segment, the financial services industry, and all operations and assets are situated in Canada.

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Nine Months ended September 30, 2024 and 2023
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(Unaudited)

16. General and administrative expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Salaries and benefits (note 13)	\$ 183,415	\$ 144,813	\$ 528,485	\$ 436,789
Professional fees (note 13)	53,326	50,566	159,441	157,664
Lease costs	23,576	23,576	70,728	70,284
Amortization of right-of-use assets (note 6)	20,359	19,994	60,348	59,983
Office and administration	50,612	54,183	163,218	158,022
E&O insurance	4,605	4,186	13,536	12,560
Directors' fees (note 13)	13,250	15,250	41,750	44,250
Compliance and regulatory	5,712	4,727	20,851	18,520
	<u>\$ 354,855</u>	<u>\$ 317,295</u>	<u>\$ 1,058,357</u>	<u>\$ 958,072</u>

17. Income taxes

Deferred income tax asset at December 31, 2022	\$ 1,046,800
Income tax expense for the year	(158,000)
Deferred income tax asset at December 31, 2023	\$ 888,800
Income tax expense for the period	(133,600)
Deferred income tax asset at September 30, 2024	\$ 755,200

Income tax expense for the period ended September 30, 2024 and for the year ended December 31, 2023 has been recorded using the statutory rate of 27% on net income before income taxes.

18. Subsequent event

In September 2024, the Company declared a common share dividend of \$0.0075 per common share. The dividend totaling \$197,202 was paid on October 18, 2024..