

Financial Statements



**ANTRIM
BALANCED MORTGAGE FUND**

antriminvestments.com



Financial Statements

Antrim Balanced Mortgage Fund Ltd.

June 30, 2025

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statements of Income and Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 20

Independent Auditor's Report

To the Directors of [Antrim Balanced Mortgage Fund Ltd.](#)

Opinion

We have audited the financial statements of Antrim Balanced Mortgage Fund Ltd., (the "Company"), which comprise the statement of financial position as at June 30, 2025, and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Company as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the 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.

Doane Grant Thornton LLP

Chartered Professional Accountants

Vancouver, Canada
September 4, 2025

Antrim Balanced Mortgage Fund Ltd.

Statement of Financial Position

June 30

2025

2024

Assets

Cash	\$ 4,384,669	\$ 5,678,472
Accounts receivable	227,713	659,276
Accrued interest receivable	5,745,397	5,345,939
Mortgage receivable (Note 4)	910,751,950	884,371,393
Prepaid expenses and other assets	232,837	284,822
Asset held for sale (Note 5)	971,000	971,000
Software and hardware	<u>154,322</u>	<u>200,544</u>
Total assets	<u>\$ 922,467,888</u>	<u>\$ 897,511,446</u>

Liabilities

Bank indebtedness (Note 6)	\$ 52,550,000	\$ 113,100,000
Accounts payable (Note 9)	1,880,487	1,819,896
Dividends payable (Note 7)	<u>10,524,817</u>	<u>10,200,616</u>
Total liabilities	<u>64,955,304</u>	<u>125,120,512</u>

Shareholders' equity

Common shares (Note 8)	10	10
Preferred shares - Class A (Note 8)	242,601,451	218,196,633
Preferred shares - Class B Series B (Note 8)	131,825,002	124,353,558
Preferred shares - Class B Series C (Note 8)	483,386,902	430,141,514
Deficit	<u>(300,781)</u>	<u>(300,781)</u>
Total shareholders' equity	<u>857,512,584</u>	<u>772,390,934</u>
Total liabilities and shareholders' equity	<u>\$ 922,467,888</u>	<u>\$ 897,511,446</u>

Management fees and related party transactions (Note 9)

Rate of return (Note 13)

Post-reporting date events (Note 14)

On behalf of the Board

(signed) William R. Granleese Director
William R. Granleese
Director

(signed) Christopher G. Worsnup Director
Christopher G. Worsnup
Director

Antrim Balanced Mortgage Fund Ltd.

Statements of Income and Comprehensive Income

Year ended June 30

2025

2024

Financial income		
Interest income	\$ 87,136,793	\$ 79,666,942
Fees	<u>337,882</u>	<u>310,722</u>
Total financial income	<u>87,474,675</u>	<u>79,977,664</u>
Expenses		
Management and dealer fees (Note 9)	12,273,296	12,211,559
Interest and bank charges (Note 6)	4,941,809	11,319,018
Professional fees	1,107,983	923,149
Promotion expense	105,106	208,787
Provision for (recovery of) mortgage losses (Note 4)	98,000	(200,000)
(Recovery of) mortgage losses	(32,950)	128,135
Insurance	72,248	102,866
Amortization	<u>63,328</u>	<u>63,328</u>
Total expenses	<u>18,628,820</u>	<u>24,756,842</u>
Net income and comprehensive income	<u>\$ 68,845,855</u>	<u>\$ 55,220,822</u>

Antrim Balanced Mortgage Fund Ltd. Statement of Changes in Equity

	Common shares	Preferred shares - Class A	Preferred shares - Class B Series B	Preferred shares - Class B Series C	Deficit	Total
Balance, June 30, 2023	\$ 10	\$ 215,953,553	\$ 127,509,941	\$ 429,254,144	\$ (300,781)	\$ 772,416,867
Net income and comprehensive income	-	-	-	-	55,220,822	55,220,822
Proceeds from issuance of shares (Note 8)	-	10,865,987	14,493,549	81,089,007	-	106,448,543
Redemption of shares (Note 8)	-	(16,432,620)	(19,899,355)	(98,836,005)	-	(135,167,980)
Dividends issued as shares (Note 8)	-	10,678,647	5,082,749	12,932,108	(28,693,504)	-
Dividends to be paid in cash	-	-	-	-	(26,527,318)	(26,527,318)
Transferred to another share class (Note 8)	-	(2,868,934)	(2,833,326)	5,702,260	-	-
Balance, June 30, 2024	10	218,196,633	124,353,558	430,141,514	(300,781)	772,390,934
Net income and comprehensive income	-	-	-	-	68,845,855	68,845,855
Proceeds from issuance of shares (Note 8)	-	19,217,463	25,001,378	123,801,028	-	168,019,869
Redemption of shares (Note 8)	-	(11,933,100)	(17,630,372)	(92,516,638)	-	(122,080,110)
Dividends issued as shares (Note 8)	-	14,638,008	6,886,819	17,657,064	(39,181,891)	-
Dividends to be paid in cash	-	-	-	-	(29,663,964)	(29,663,964)
Transferred to another share class (Note 8)	-	2,482,447	(6,786,381)	4,303,934	-	-
Balance, June 30, 2025	\$ 10	\$ 242,601,451	\$ 131,825,002	\$ 483,386,902	\$ (300,781)	\$ 857,512,584

See accompanying notes to the financial statements.

Antrim Balanced Mortgage Fund Ltd.

Statement of Cash Flows

Year ended June 30

2025

2024

Cash derived from (applied to)

Operating activities

Net income and comprehensive income	\$ 68,845,855	\$ 55,220,822
Adjustments for		
Interest income	(87,136,793)	(79,666,942)
Interest expense	4,164,315	10,888,644
Amortization expense	63,328	63,328
Provision for (recovery of) mortgage losses	98,000	(200,000)
(Recovery of) mortgage losses	(32,950)	128,135

(13,998,245) (13,566,013)

Changes in non-cash items

Accounts receivable	431,563	(458,075)
Prepaid expenses and other assets	51,985	48,959
Accounts payable	60,591	404,787

544,139 (4,329)

Cash flows relating to interest and dividends

Interest received	86,737,335	79,263,940
Interest paid	(4,164,315)	(10,888,644)
Dividends paid	(29,339,763)	(23,310,292)

53,233,257 45,065,004

Cash flow derived from operating activities

39,779,151 31,494,662

Financing activities

Preferred shares - Class A, net	9,766,810	(8,435,567)
Preferred shares - Class B Series B, net	584,625	(8,239,132)
Preferred shares - Class B Series C, net	35,588,324	(12,044,738)
Repayment of bank indebtedness	(60,550,000)	(38,445,367)

Cash flows used in financing activities (14,610,241) (67,164,804)

Investing activities

New mortgages funded	(412,675,417)	(309,329,311)
Mortgages repaid	386,229,810	342,237,145
Purchase of software	(17,106)	(20,647)

Cash flow (used in) derived from investing activities (26,462,713) 32,887,187

Decrease in cash

(1,293,803) (2,782,955)

Cash

Beginning of year	5,678,472	8,461,427
End of year	<u>\$ 4,384,669</u>	<u>\$ 5,678,472</u>

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

1. Nature of operations

Antrim Balanced Mortgage Fund Ltd. (the “Company”) is a mortgage investment corporation pursuant to Section 130.1 of the Income Tax Act. It was incorporated under the British Columbia Business Corporations Act on June 6, 2007, and in Alberta on August 29, 2012. The primary mandate of the Company is to invest its pooled funds into residential first, second and third mortgages that will provide an above average rate of return to its shareholders.

The address of the Company’s registered office is 9089 Glover Road, Fort Langley, BC, V1M 2R8.

2. Basis of presentation

The financial statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These annual financial statements were authorized for issuance by the Board of Directors on September 4, 2025.

Basis of measurement

These financial statements are prepared on the historical cost basis, except for assets held for sale that are measured at the lower of its carrying amount and fair value less cost to sell.

Functional and presentation currency

The Company’s functional and presentation currency is the Canadian dollar.

Use of estimates and judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of mortgages and the provisions for impaired loans.

Management believes that its estimates are appropriate, however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed annually and revisions to accounting estimates are recognized in the period in which the estimate is revised, and any future periods affected.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

3. Summary of material accounting policies

Mortgage receivable

Mortgage receivables are classified as amortized cost, less allowances for loan impairment.

The Company capitalizes all maintenance and foreclosure costs with the intention of recovering these costs upon subsequent payout of the mortgage, providing that sufficient equity is estimated to exist in the underlying security.

Financial instruments

Recognition and de-recognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Classification upon recognition and initial measurement of financial assets

All financial assets are initially measured at fair value. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through other comprehensive income ("FVOCI"); or
- fair value through profit or loss ("FVTPL").

In the periods presented, the Company does not have any financial assets categorized as FVOCI or FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method.

The Company's financial assets, made up of cash, accounts receivable, accrued interest receivable and mortgage receivable, are all categorized as amortized cost.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

3. Summary of material accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Impairment of financial assets is determined using forward-looking information to recognize expected credit losses – the ‘expected credit loss (“ECL”) model’.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognized for the first category while ‘lifetime expected credit losses’ are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company’s financial liabilities include bank indebtedness, accounts payable and dividends payable.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, the Company’s financial liabilities are measured at amortized cost using the effective interest method.

Assets held for sale

Assets that are expected to be recovered principally through sale rather than through continuing use are classified as held for sale. Assets held for sale include property and land, and property that has been repossessed following foreclosure on mortgages that are in default.

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated. An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell, but not exceeding any cumulative impairment losses previously recognized.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

3. Summary of material accounting policies (continued)

Assets held for sale (continued)

If the Company has classified an asset as held for sale, but the recognition criteria are no longer met, then the Company ceases to classify the asset as held for sale. The Company measures an asset that ceases to be classified as held for sale at the lower of either: (i) the carrying amount before the asset was classified as held for sale, adjusted for any depreciation that would have been recognized had the asset not been classified as held for sale, or (ii) its recoverable amount at the date of the subsequent decision not to sell. Any required adjustments to the carrying amount of an asset that ceases to be classified as held for sale will be transferred to net income in the period in which the recognition criteria are no longer met.

Revenue recognition

Interest income is recorded using the effective interest method under which the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). For financial assets that have become credit-impaired subsequent to initial recognition, mortgage interest is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

In foreclosure situations, the Company will continue to accrue interest until management believes there will be no recovery of the mortgage and successful completion of the foreclosure action is inevitable. The Company will carefully review the situation with these mortgages and recognize any impairment when it arises.

Dividends

Dividends on new shares and redemptions are calculated on a pro-rated daily basis. As of July 1, 2009, the Company commenced making a quarterly distribution to its shareholders based on invested capital on September 30, December 31, March 31, and June 30. The remainder of the annual distribution is paid out upon completion of the year-end financial statements.

Preferred shares

Based on the guidance in IAS 32 – Financial Instruments, the preferred shares are classified and presented as equity in the statement of financial position.

Preferred shares issued by the Company are recorded at the proceeds received, net of direct issue costs.

New and amended standards and interpretations

The following are the new standards and amendments issued by the IASB which are applicable to the Company's financial statements. The Company will assess the impact of adopting these standards and amendments on its financial statements.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

3. Summary of material accounting policies (continued)

New and amended standards and interpretations (continued)

IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18")

In April 2024, the IASB issued IFRS 18, which is intended to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. IFRS 18 introduces new sets of requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies through:

- improved comparability in the statement of profit or loss or income statement;
- enhanced transparency of management-defined performance measures; and
- more useful grouping of information in the financial statements.

IFRS 18 also requires companies to provide more transparency regarding operating expenses, helping investors to find and understand the information they need. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, but companies can apply it earlier. IFRS 18 replaces IAS 1. It carries forward many requirements from IAS 1 unchanged.

Amendments to IFRS 9 - Financial Instruments ("IFRS 9") and IFRS 7 - Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9. The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. These include:

- Clarifying the classification and assessment of contractual cash flows of financial assets with environmental, social and corporate governance ("ESG").
- Settlement of liabilities through electronic payment systems - the amendments clarify the date on which a financial asset or financial liability is derecognized. The IASB also decided to develop an accounting policy option to allow a company to derecognize a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Annual improvements to IFRS Accounting Standards

In July 2024, the IASB issued narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The amended Standards are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

3. Summary of material accounting policies (continued)

New and amended standards and interpretations (continued)

Annual improvements to IFRS Accounting Standards (continued)

The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard or correct relatively minor unintended consequences or oversights in the Accounting Standards. They also correct minor conflicts between the requirements of the Accounting Standards. None of these amendments are expected to have a material impact on the Company's financial statements.

4. Mortgage receivable

	No.	%	2025	No.	%	2024
First mortgages	1,257	84.13%	\$ 767,041,451	1,215	82.37%	\$ 729,122,817
Second mortgages	741	15.33%	139,730,129	836	17.24%	152,618,966
Third mortgages	21	0.54%	4,878,370	17	0.39%	3,429,610
	2,019	100.00%	911,649,950	2,068	100.00%	885,171,393
Less allowance for expected credit losses			898,000			800,000
			\$ 910,751,950			\$ 884,371,393
					2025	2024
Average mortgage balance			\$	451,535	\$	428,033
Weighted average interest rate				9.41%		9.77%

As of June 30, 2025, there are 14 mortgages in foreclosure totaling \$11,900,182 and 16 mortgages that are delinquent totaling \$12,029,586 (2024 - 5 mortgage in foreclosure totaling \$5,684,269 and 19 mortgages that are delinquent totaling \$15,491,746). Management estimates that there is sufficient equity in all the delinquent loans. Subsequent to June 30, 2025, 4 of the 14 mortgages in foreclosure were paid out for a total of \$2,457,646 (2024 - 6 were paid out for a total of \$2,947,429).

As at June 30, 2025, all individual mortgages have a value below 1% of the total mortgages receivable balance (2024 - 1%).

As at June 30, 2025, there are 1,975 residential mortgages, which is 97.82% of the total number of mortgages (2024 - 2,024; 97.87%). The remaining 44 mortgages include residential land and commercial mortgages (2024 - 44). 1,071 mortgages are located in the Greater Vancouver Regional District, which equals to 53.02% of total mortgages (2024 - 1,168; 56.48%), 153 (7.57%) mortgages are located in the remaining areas of British Columbia (2024 - 139; 6.72%), 154 (7.62%) mortgages are located in Alberta (2024 - 133; 6.43%) and 642 (31.78%) mortgages are located in Ontario (2024 - 628; 30.37%).

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

4. Mortgage receivable (continued)

The mortgages bear interest at fixed rates, which are within the Company's guidelines and are consistent with the equity-based lending market. All mortgage contracts expire within 12 months.

The Company applies the IFRS 9 general approach in measuring ECL wherein 12-month and lifetime expected loss allowance for all mortgages receivable are recognized based on the performance and credit risk characteristic, with reference to days the receivable are past due.

The Company uses a valuation model to predict default rates on mortgage portfolios, which provides management with further insight as to when loan losses on the portfolio are likely to occur and the size of those losses. Macroeconomic variables, such as unemployment rate, GDP growth, interest rates and the housing price index, are considered. In addition, portfolio specific variables, such as portfolio growth rate, value of real estate in the portfolio, the value of delinquent loans and loans in foreclosure have been utilized by the Company.

The loss allowance was determined as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Balance beginning of year	\$ 637,200	\$ 86,800	\$ 76,000	\$ 800,000
Transfer from (to) Stage 1	-	133,500	-	133,500
Transfer from (to) Stage 2	(133,500)	-	40,700	(92,800)
Transfer from (to) Stage 3	-	(40,700)	-	(40,700)
Remeasurement of allowance	98,000	-	-	98,000
Balance end of year	\$ 601,700	\$ 179,600	\$ 116,700	\$ 898,000
	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance beginning of year	\$ 854,000	\$ 70,000	\$ 76,000	\$ 1,000,000
Transfer from (to) Stage 1	-	16,800	-	16,800
Transfer from (to) Stage 2	(16,800)	-	-	(16,800)
Transfer from (to) Stage 3	-	-	-	-
Remeasurement of allowance	(200,000)	-	-	(200,000)
Balance end of year	\$ 637,200	\$ 86,800	\$ 76,000	\$ 800,000

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

5. Asset held for sale

The asset held for sale was acquired through foreclosure and is carried at the lower of the carrying amount and fair value less the estimated cost to sell, as follows:

	<u>2025</u>	<u>2024</u>
Mission, BC	<u>\$ 971,000</u>	<u>\$ 971,000</u>

The property in Mission is residential land and has been listed on the real estate market since 2024.

6. Bank indebtedness

	<u>2025</u>	<u>2024</u>
Revolving facility CORRA loans	<u>\$ 52,550,000</u>	<u>\$ 113,100,000</u>

The Company has a syndicated credit facility agreement with TD Canada Trust and Royal Bank of Canada to an amount of \$200,000,000 (2024 - \$200,000,000) or 75% of eligible amortizing mortgages plus 65% of eligible interest only mortgages to a maximum of 40% of the borrowing base maturing on May 6, 2026. Included in the syndicated credit facility are \$185,000,000 (2024 - \$185,000,000) of revolving facility, which can be drawn as prime rate loans and CORRA loans, and \$15,000,000 of swingline facility (2024 - \$15,000,000).

The Credit Agreement was amended on May 6, 2024, due to discontinuance of London Interbank Offered Rate ("LIBOR") and Canadian Dollar Offered Rate ("CDOR"). As per the amendment, interest is charged at the Canadian Overnight Repo Rate Average ("CORRA Reference Rate") plus 0.29547% per annum Term CORRA Adjustment, along with a 2% margin on CORRA loans, and letter of credit fees.

Eligible mortgages are determined by criteria set by the bank. The credit facility is secured by a general security agreement covering all eligible mortgages in the portfolio.

Under the Company's bank credit facilities, the Company is required to comply with certain financial covenants including a borrowing base condition and an annual debt to tangible net worth requirement. As at June 30, 2025, the Company is in compliance with all financial covenants.

For the year ended June 30, 2025, the Company has incurred interest expense of \$4,164,315 for the syndicated credit facility (2024 - \$10,888,644).

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

7. Dividends payable

The Company follows a dividend policy in accordance with the provisions of the Income Tax Act related to Mortgage Investment Corporations. Dividends are paid on an annual basis after the year end and will be paid at \$0.0858 per Class A share, \$0.0808 per Series B share and \$0.0909 per Series C share (2024 - \$0.0714 per Class A share, \$0.0664 per Series B share and \$0.0764 per Series C share).

Dividends previously declared on the preferred shares of the Company were distributed as follows:

	<u>2025</u>	<u>2024</u>
Dividends payable, beginning of year	\$ 10,200,616	\$ 6,983,590
Dividends paid in cash	(29,339,763)	(23,310,292)
Dividends issued as shares	(39,181,891)	(28,693,504)
Dividends declared during the year	<u>68,845,855</u>	<u>55,220,822</u>
Dividends payable, end of year	<u>\$ 10,524,817</u>	<u>\$ 10,200,616</u>

8. Share capital

Authorized

- 200 Common voting shares without par value
- Unlimited Class A non-voting, redeemable preferred shares without par value
- Unlimited Class B Series A non-voting, redeemable preferred shares without par value
- Unlimited Class B Series B non-voting, redeemable preferred shares without par value
- Unlimited Class B Series C non-voting, redeemable preferred shares without par value

Preferred shares	<u>2025</u>			
	<u>Preferred shares - Class A</u>	<u>Preferred shares - Class B Series B</u>	<u>Preferred shares - Class B Series C</u>	<u>Total</u>
Shares outstanding, beginning of year	\$ 218,196,633	\$ 124,353,558	\$ 430,141,514	\$ 772,691,705
Issued	19,217,463	25,001,378	123,801,028	168,019,869
Redeemed	(11,933,100)	(17,630,372)	(92,516,638)	(122,080,110)
Dividends issued as shares	14,638,008	6,886,819	17,657,064	39,181,891
Transferred to another share class	<u>2,482,447</u>	<u>(6,786,381)</u>	<u>4,303,934</u>	<u>-</u>
Shares outstanding, end of year	<u>\$ 242,601,451</u>	<u>\$ 131,825,002</u>	<u>\$ 483,386,902</u>	<u>\$ 857,813,355</u>

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

8. Share capital (continued)

	2024			
	Preferred shares - Class A	Preferred shares - Class B Series B	Preferred shares - Class B Series C	Total
Shares outstanding, beginning of year	\$ 215,953,553	\$ 127,509,941	\$ 429,254,144	\$ 772,717,638
Issued	10,865,987	14,493,549	81,089,007	106,448,543
Redeemed	(16,432,620)	(19,899,355)	(98,836,005)	(135,167,980)
Dividends issued as shares	10,678,647	5,082,749	12,932,108	28,693,504
Transferred to another share class	(2,868,934)	(2,833,326)	5,702,260	-
Shares outstanding, end of year	<u>\$ 218,196,633</u>	<u>\$ 124,353,558</u>	<u>\$ 430,141,514</u>	<u>\$ 772,691,705</u>

As outlined in the Company's articles, the preferred shares are subordinated to the common shares.

	<u>2025</u>	<u>2024</u>
Common shares		
Shares outstanding, beginning and end of the year	<u>\$ 10</u>	<u>\$ 10</u>

Each dollar represents one share of each class.

All common shares are not eligible to receive dividends or repayment of capital. Each common share represents one vote at the shareholders meeting.

9. Management fees and related party transactions

The Company has contracted with Antrim Investments Ltd. (the "management company") to manage the mortgage portfolio for a fee which is calculated at one twelfth of 1.5% of the mortgage portfolio per month.

On a monthly basis the management company remits a portion of its fee to referral agents.

The management company is controlled by Mr. William R. Granleese and his immediate family members. Mr. Granleese is one of the three directors of the Company. The other directors are William Granleese and Chris Worsnup.

Management and dealer fees for the period total \$12,273,296 (2024 - \$12,211,559) and an amount of \$979,729 (2024 - \$969,317) was unpaid at June 30, 2025. Other payables, included in accounts payable, to the management company totaled \$52,303 (2024 - \$49,345). Unpaid amounts are in the normal course of business, non-interest bearing and were paid within 30 days of the year end.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

9. Management fees and related party transactions (continued)

Directors, officers, and related family members who have investments in the Company received \$2,737,345 (2024 - \$2,074,176) in dividend income. Employees who also have investments in the Company received \$15,970 (2024 - \$9,276) in dividend income. In all cases, the dividends received were based on the same criteria as all other investors holding the same class of shares in the Company.

The above transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

As at June 30, 2025, and 2024, two of the Directors owned one voting common share each. The Directors also hold or control through personal holding companies, 4.12% of the total preferred shares (June 30, 2024 - 4.38%).

10. Fair value of financial instruments

The following provides an analysis of financial instruments that are measured, subsequent to initial recognition, at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – quoted prices in active markets for identical investments

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 – inputs for the investments that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

As at June 30, 2025, there are no financial instruments carried at fair value and consequently, no financial instruments categorized into Levels 1, 2 or 3 or transfers between levels for the year then ended.

11. Financial instruments

The Company's financial instruments consist of cash, accounts receivable, accrued interest receivable, mortgage receivable, bank indebtedness, accounts payable and dividends payable. The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of June 30, 2025.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

11. Financial instruments (continued)

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk in that the mortgagor will fail to discharge the obligation causing the Company to incur a financial loss. In order to reduce its credit risk, the Company ensures that the collateral value of the security fully protects first, second and subsequent mortgage advances and that there is a viable exit strategy for each loan. Credit risks policies include the following:

- General mortgage policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity, and loan administration;
- Mortgage lending limits and criteria set by the Board of Directors;
- Review of mortgages by the Credit Committee; and
- Mortgage delinquency controls regarding procedures followed for loans in arrears.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's management oversees the liquidity risk to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due.

The assessment of the Company's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective firm specific and market conditions.

The Company manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer-term forecasted cash flows;
- Maintaining adequate liquidity support facilities, such as lines of credit and bankers acceptances; and
- Monitoring the maturity profiles of financial assets.

The Company is exposed to this risk mainly in respect of its receipt of funds from its mortgage receivable, bank indebtedness, share purchases and redemptions and accounts payable.

All mortgage due dates are noted to have an expiration of 12 months as per Note 4; all other sources of funds have terms of less than twelve months.

Market risk

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

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. As at June 30, 2025, the Company does not hold any financial instruments in foreign currency, therefore it is not exposed to foreign currency risk.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

11. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The mortgages receivable are advanced for mainly one-year terms, with the rate of interest fixed for that term. Interest rates on mortgages receivable reflect credit risk and prime interest rates. Upon renewal of the mortgage, the Company has the option of adjusting the interest rate to respond to changes in credit risk or the prime interest rate.

In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is also exposed to interest rate risk through its floating interest rate bank indebtedness and credit facilities.

If interest rates on debt had been one percent higher (lower) during the year ended June 30, 2025, earnings would have been reduced (increased) by approximately \$703,873 during the year (2024 - \$1,565,022), assuming that no changes had been made to the interest rates at which new mortgage loans were entered into.

Fair value risk

Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Company incurs fair value risk on its mortgages receivable. The Company does not hedge its fair value risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2025, the Company does not hold any financial instruments that are traded in the market.

12. Capital management

The Company's objective when managing capital is to continue operations as a going concern so that it can provide its shareholders with a safe, superior-yielding, and liquid investment.

The Company defines capital as being the funds raised through bank indebtedness and the issuance of common shares and preferred shares of the Company. The overall objective of capital management is to ensure that the Company has sufficient capital to maintain its operations based on current activities and expected business developments in the future and to provide a return to the shareholders commensurate with the risk of the business and comparable to other similar companies.

The Company intends on expanding its capital raising through an increasing number of investment dealers. Management will work to increase distribution through more dealers via the FundSERV network. FundSERV is an electronic settlement system that allows investment dealers to purchase and redeem shares of the Company far more efficiently than dealing in physical certificates. Additional costs will be associated with FundSERV, but management feels the advantages of a diversified dealer network outweigh the additional costs associated with this form of distribution.

Antrim Balanced Mortgage Fund Ltd.

Notes to the Financial Statements

June 30, 2025

12. Capital management (continued)

The Company is required to comply with Section 130.1(6) of the Income Tax Act which defines the requirements for Mortgage Investment Corporations. These guidelines give specific externally imposed capital requirements. During the year, the Company complied with these requirements.

13. Rate of return

In aggregate, all share classes for the 2025 fiscal year earned 8.53% (2024 - 7.24%). This is calculated as net income of \$68,845,855 divided by weighted average number of shares in all classes of 807,084,931. (2024 - net income of \$55,220,822 divided by weighted average number of shares of 763,081,557.)

Shares held with investment dealers may be subject to additional fees that are in part collected by the Company as an agent according to the Financial Services Agreement and/or Fee Schedule for that Dealer.

The net rate of return by share class after dealer fees is as follows:

	<u>2025</u>	<u>2024</u>
Class A	8.58%	7.14%
Class B Series B	8.08%	6.64%
Class B Series C	9.08%	7.64%

The above net return is for shareholders who subscribed to the DRIP (“Dividend Reinvestment Program”) and have not purchased or redeemed shares throughout the fiscal year. The net rate of return of each class is calculated by determining the discount rate that makes the net present value of all cash flows including dividends received from the investment equal to zero, assuming the original invested amount is invested at the beginning of the year and withdrawn at year end.

The weighted average number of shares for 2025 fiscal year was:

Class A - 227,696,089 (2024 - 214,222,456)
Class B Series B - 129,074,643 (2024 - 121,860,477)
Class B Series C - 450,314,199 (2024 - 426,998,624)

14. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the June 30, 2025, reporting date and the date of authorization.

15. Comparative figures

Certain comparative figures have been reclassified to conform to the classifications used in the current year.
