

# MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended October 31, 2025



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## Note Regarding Forward-Looking Statements

This annual report contains forward-looking statements, which Servus may also provide in other written or verbal communications from time to time. These statements are not limited to, but may address objectives, short-medium- and long-term targets, planned strategies, and outlooks for operations or the Alberta or Canadian economy.

Common terms include “anticipate”, “believe”, “expect”, “intend”, “may”, “plan”, and similar expressions, as well as conditional or future verbs like “could”, “should”, or “will.” Such statements inherently involve many assumptions by Servus’s management and are subject to both general and specific risks and uncertainties. Various factors may cause actual results, conditions, actions, plans, or events to differ significantly from those anticipated in forward-looking statements.

These include changes in legislation, regulation, markets, technology, or general economic conditions such as interest rates, commodity prices, currency values, and liquidity. Geopolitical uncertainty, including the ongoing impacts on the global economy, escalating trade tensions and the risks associated with the imposition of tariffs and counter-tariffs, also impact Servus’s ability to anticipate and manage related risks (as further detailed in the Risk Management section of our MD&A). Servus reminds readers that the lists of factors are not comprehensive.

Those relying on forward-looking statements should carefully consider these and other factors that could negatively impact Servus’s future results, as there is a substantial risk these statements may not prove accurate.

## Our Credit Union

For more than 80 years, Servus Credit Union has provided Albertans with a full range of financial services including everyday banking, mortgages, loans, investments, insurance and business solutions. With branches in more than 80 communities across the province, a 24/7 Member Contact Centre and access to modern online and mobile banking platforms, we make it easy for our members to bank where, when, and how they want.

At Servus, our members are part of the Servus circle. In this circle, we think outside the banks. We even challenge them. And unlike the banks, we always see the person, not the account. In our circle, we believe so strongly in putting our members first, that we do what no bank does – we share our profits with our members each year.

Aided by our 2024 merger with connectFirst Credit Union and by the organic growth we realize as more Albertans make the decision to bank with us, the Servus circle is growing. We now have over 600,000 members. With this growth, in May of 2025, Servus was incredibly proud to be recognized by the Canadian Credit Union Association as Canada's largest credit union, as measured by total assets. This milestone reflects disciplined decision-making, sustained growth and the trust our members place in us.

While this accomplishment marks an important step in our growth, our strength continues to be defined by the relationships we build with our members. Grounded in our cooperative structure, we continue to prioritize people and relationships by delivering personalized advice and solutions so our members can meet their financial goals and feel good about their money.

## Leading Servus Credit Union is our Executive Leadership Team:



**Ian Burns**  
Chief Executive  
Officer



**Randy Allarie**  
Chief Risk  
Officer



**Michelle Belland**  
Chief People &  
Experience Officer



**Ryan Gobolos**  
Chief Financial  
Officer



**Dion Linke**  
Chief Operating &  
Integration Officer



**James Shore**  
Chief of Staff



**Atul Varde**  
Chief Information  
& Payments Officer

## Key Achievements

As Servus emerged as Canada's largest credit union, we never lost sight of what enabled us to reach this milestone: providing the best value and the highest quality customer service for our members. Key achievements we made this fiscal year that enhanced our member-first approach include the following:

### Servus Profit Share®

We continued to differentiate ourselves from the banks by paying our members for banking with us. The annual Servus Profit Share® program returns millions of dollars to our members through Profit Share® Rewards cash and dividends. This year, we proudly shared \$83 million with our members, including, for the first time, those from former connectFirst. Since starting the program in 2009, we have returned over \$943 million to Albertans who bank with us.



### Servus Big Share® Contest

We continued our tradition of encouraging members to build healthy financial habits by saving money through participation in the Servus Big Share® contest. This year, we were pleased to award the \$1 million prize to a family-run farm in Stony Plain. We were also thrilled that, for the first time, members from former connectFirst had the opportunity to participate. Together, the collective member base increased their savings by more than \$545 million during the four-month contest period, with more than 8,900 new members joining the credit union during that time.



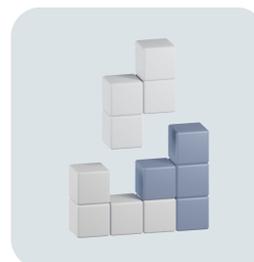
### Integration Management Office

To ensure a smooth and successful post merger integration, we established an Integration Management Office (IMO) to lead the transition. This team is driving alignment across people, processes, and systems. This creates a unified, high-performing organization and a consistent member experience – all while keeping integration activities on time, within scope, and on budget.



### Organizational Structure

Following our merger, we created a new organizational structure designed to unify our two credit unions and to ensure we are agile, flexible, and responsive to the changing needs and expectations of our members, employees, and communities. The new structure also ensures that Servus is set up for long-term success and growth, and that we have the necessary skills in the right areas of the organization to deliver our vision for the future.



### Stride Capital

Stride Capital, Servus's wholly owned subsidiary, continued to deliver impressive growth this year, with total assets increasing by \$99.4 million or 32.6%. Stride helps businesses across Canada with their equipment financing needs in key sectors such as agriculture, construction, energy, forestry, manufacturing, mining, and transportation. This growth contributed to the Credit Union's financial results through increased leasing revenue and profitability, reinforcing Stride's role as a strategic driver of diversification and long-term success.



## Servus Halal

In 2025, Servus launched a new wholly owned subsidiary, Servus Halal, to offer alternative finance mortgage products to make home ownership accessible to more Albertans. This includes more than 200,000 Muslims who reside in the province and who previously lacked access to faith-aligned mortgage options.

Together with the Government of Alberta, Islamic religious leaders and community members, and external professionals, we worked to amend legislation to allow for alternative, non-interest-based financing products, while maintaining qualification criteria consistent with conventional mortgages. This inclusive approach provides an alternative to traditional interest-based lending while ensuring legal and regulatory alignment and financial integrity. This mortgage product has a 25-year amortization with a fixed repayment schedule and is available to all Albertans.



## Wealth

Servus continues to strengthen its partnership with Aviso to meet members' wealth management needs and proudly holds the largest portfolio within the Aviso network. Assets under management grew by over \$1.4 billion year-over-year, with the highest net sales growth of any credit union within the Aviso network. This leadership underscores the success of our wealth division, which remains a key component in Servus's overall assets under management growth and profitability.



## Digital and Online Banking

We strengthened our digital banking capabilities for both retail and business members while also starting the development of a new digital channel for Commercial members that will enhance security, usability, and platform modernization. Retail and business banking enhancements include launching advanced Multi-Factor Authentication (MFA), in-app opening capabilities for TFSA and RRSP accounts, in-app credit card detail display improvements, and expanded functionalities such as enhanced e-Transfers (including Interac e-Transfer for Business members) and bill payments.



## Growth

While integration was a major focus this year, we remain steadfast in our commitment to delivering the personalized, member-first banking experience for which we are known. This commitment drove steady growth, and we now serve more than 600,000 members, and closed the fiscal year with \$40.1 billion in Assets Under Management. This reflects an increase of more than \$2.5 billion in Assets Under Management compared to the previous year.



# Purpose, Values and Strategy

## Purpose

We believe cooperative banking is better for communities, businesses and people – because it puts the power of banking and the profits that go along with that into the hands of members.

As part of integrating Servus and connectFirst, we took the opportunity to re-look at our purpose and values, to ensure they chart our path forward in a way that unifies all our staff and members. As an outcome, a new purpose serves to re-ground our efforts in the power of cooperative banking, while new values serve to boldly inspire our people.

**Our purpose is to ignite the power of shared prosperity.**

**We exist to help others – our members, communities and the wider world – live their fullest, most prosperous lives.**

Our values define how we bring that purpose to life every day. They shape the decisions we make, the relationships we build, and the experiences we deliver for our members and communities. Together, our purpose and values ensure that we pursue progress with integrity, collaboration, and commitment to shared success.

## Values



### Evolving Every Day

A better tomorrow starts with being better today. Evolving Every Day means embracing the pursuit of excellence in everything we do. We are driven by innovation and better outcomes, individually and collectively.



### Purposefully Cooperative

We join forces to make it easy for our members. Being Purposefully Cooperative means we are thoughtful and proactive when it comes to making banking easier and more efficient for members. We collaborate to create a seamless process.



### Unapologetically Ambitious

We fuse our passion and expertise to profit together. Being Unapologetically Ambitious means we boldly make tough decisions and stay true to who we are in order to pursue and achieve our goals.

## Strategy

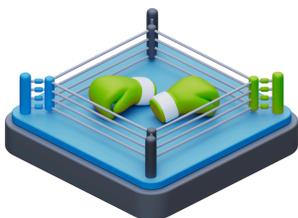
We're in a world of constant change. New technologies, evolving customer needs, and shifting realities are reshaping financial services. To ensure our model of cooperative banking continues to thrive in the years ahead, we must evolve and grow.

A new strategy guides these efforts. Over the next three years, we will drive to become more efficient, modern, and member-focused. We'll close competitive gaps in our product and service offerings, using digitization to automate and modernize how we work. With a focus on our Alberta marketplace, we will seek to grow sustainably across our lines of business, winning market share and delighting both new and existing members through our model of shared prosperity.

The following strategic themes help us align investments, capabilities, and teams around the outcomes that matter most:

### Efficiency at Every Level:

Unlock efficiency at every level to fuel a future-ready, tech-enabled credit union built for strength and sustainability.



### Challenge the Banks:

Win market share in our chosen markets by delighting members with our personalized service and by rewarding them for deepening their relationships.

### Amplify a Cultural Shift:

Amplify a cultural shift to ensure ambition thrives, accountability is expected, and our fast pace powers top-tier talent.



## Integration

To oversee the coming together of our two credit unions, our Integration Management Office (IMO) is focused on aligning our people, processes and policies so our operational teams can continue delivering exceptional service, products and experiences to our valued members.

Key integration achievements include:

- Launching a unified customer relationship management system to help us better understand members and deliver a seamless, personalized experience.
- Establishing a clear organizational structure, reporting framework, and standardized career architecture, including consistent job titles.
- Rolling out harmonized benefits, compensation, and payroll systems.
- Launching our new purpose and values that guide everyday decision making and reinforce our shared purpose.
- Unifying under the Servus Credit Union brand to reinforce our identity as one credit union.
- Starting to rebrand former connectFirst branches, which will continue into the coming fiscal year.
- Extending the 24/7 Member Contact Centre to all members, ensuring access to assistance whenever they need it.
- Closing a small number of overlapping branches to optimize resources responsibly, maintain service continuity, and position Servus for long-term sustainability.
- Advancing product alignment so that all members have access to the Servus Profit Share<sup>®</sup> program and the Servus Mastercard<sup>®</sup>, and the ability to participate in the Servus Big Share<sup>®</sup> contest.
- Returning more than \$83 million in Profit Share<sup>®</sup> Rewards cash and dividends to members across Alberta, in our first joint profit share payout.

With most of the internal integration work complete, we are now focused on aligning our major banking systems and platforms through a rigorous and carefully planned process designed to minimize member impact and ensure a smooth transition.

## Environment, Social & Governance+

Servus views Environment, Social & Governance+ (ESG+) as a lens to managing our business in a manner that meets the needs of our present members and communities, without compromising the ability to meet the needs of future generations. While ESG+ generally focuses on three pillars - environment, social and governance - Servus also includes economics as a fourth pillar. In doing so, Servus aligns ESG+ with our existing economic and financial objectives, enabling us to identify opportunities and address risks that enhance our strategic and financial performance.

Oversight of ESG+ rests with our Board of Directors to ensure governance and accountability structures are in place to manage related regulatory requirements. This includes maintaining overall accountability to oversee the credit union's approach to climate risk management and incorporating the implications of both physical and transition risks from climate change into the business model and strategy, in accordance with the Credit Union Deposit Guarantee Corporation's (CUDGC's) Climate Risk Management Guidance.

In 2025, Servus's Board of Directors approved the ESG+ Policy in alignment with CUDGC's guidance. Additionally, Servus conducted an ESG+ materiality survey that gathered responses from members, executives, management, our board, and our regulators. This survey captured diverse stakeholder perspectives on ESG+ priorities that will be considered for business, risk, and strategic purposes.

## Environmental Impact

Since 2021, Servus has monitored a range of environmental metrics that include natural gas and electricity usage across our locations as part of our commitment to monitoring and reporting. By consistently measuring both natural gas consumption and electricity usage, Servus identifies trends by location and assesses opportunities for economic and environmental efficiencies.

In 2025, Servus undertook a climate risk scenario analysis as part of our Internal Capital Adequacy Assessment Process (ICAAP) to evaluate the potential impacts of climate-related risks on financial stability and capital requirements. By systematically assessing different scenarios, Servus aims to ensure that it remains resilient and well-prepared to address future regulatory expectations and environmental challenges.

## Social Impact

### Belonging at Servus

Servus welcomes and celebrates the diversity of all employees, members, and communities. Our goal is to create a culture of belonging that is inclusive, respectful, and empowering. As such, we have a Belonging Council for employees that works together with our six Servus Employee Resource Circles (SERCs) to foster and sustain this culture. Our SERCs are dynamic communities of employees who share common backgrounds and lived experiences. Together, these groups actively promote networking, mentorship, collaboration, and belonging, to cultivate a workplace where diverse perspectives thrive.

In 2025, the Black, Indigenous and People of Colour (BIPOC) and NeuroSpark SERCs, in collaboration with the Belonging Council and a small group of Indigenous employees, created our very own Servus Orange Shirt that raised over \$2,500 for the Orange Shirt Society. Our EmpowHer and BIPOC SERCs hosted their first collaborative women's networking event in May, bringing together women and allies for an evening of empowerment and connection. Additionally, for the fourth year in a row, the Pride Employee Resource Circle supported Drag Me Out to the Ball Game, a charity event that raised \$18,148 for the Edmonton Pride Senior's Group and the John M. Kerr Memorial Bursary which provides educational bursaries to 2SLGBTQ+ youth.

In 2026, we look forward to welcoming a new Indigenous SERC guided by the Elder Knowledge Circle Society, and a Wellness SERC focused on enhancing physical and mental health supports for employees and leaders.

### Community Investment and Sponsorship

In 2025, Servus contributed more than **\$2 million** in community investment and sponsorships that supported **over 300 organizations** across Alberta. These investments reflect our purpose to ignite shared prosperity and strengthen the places where our members live, work, and thrive.

At the heart of our community investment strategy is the Servus Feel Good Fund, which provides grassroots organizations across Alberta with funding for local initiatives that build community access, support mental well-being, and improve financial literacy. Administered through branches and regional committees, the Fund empowers Servus teams to support local priorities, ensuring our cooperative values reach every corner of the province.

**Our social impact is organized under three pillars:**



**Community Access:**

Through partnerships with arts, sport, and cultural organizations, we create opportunities for Albertans to connect and participate. Highlights include:

- Title sponsorship of the Servus Calgary and Edmonton Marathons.
- Support for inclusive events such as La Cité Francophone’s Patio Series in Edmonton and the Airdrie Festival of Lights.
- Continued commitment to the Servus Feel Good Fund.

**Supporting Mental Well-Being:**

We demonstrate our commitment to mental wellness through initiatives that promote belonging, physical activity, and food security. In 2025, this included:

- Partnerships with organizations such as Edmonton’s Food Bank and the Grande Cache Municipal Library’s Little Free Pantry.
- Supporting events that foster well-being and inclusion, such as the CASA Minds Over Mountains Cycle Tour.
- Empowering employees across Alberta to volunteer their time to causes that strengthen local resilience.

**Improving Financial Literacy:**

Financial confidence remains central to our mission. In 2025 we continued to grow programs that help Albertans make informed financial decisions and expand access to financial education. Initiatives we support that align with these goals include:

- Momentum’s Money Management Foundations program in Calgary.
- Financial Literacy & Shred It event in Bassano.
- Partnerships with youth-focused organizations.
- Partnerships with community leagues.

Through these collective efforts, Servus continues to amplify our cooperative difference, advancing prosperity and well-being across Alberta and ensuring that every hour and dollar invested brings meaningful, lasting impact.

## Governance

From the Board of Directors to our front-line branches, Servus has strong governance practices that are continually enhanced. These practices reflect our dedication to a culture of integrity, compliance, and member service across the organization. This commitment is displayed through ongoing reviews and updates to our bylaws, policies, and procedures. Servus also ensures strong training and monitoring programs are in place for Anti-Money Laundering, data security, privacy, whistleblowing, code of conduct, and resolution of member concerns.

Through a comprehensive enterprise risk management process, the board maintains active oversight of risks and opportunities, providing strategic input and monitoring across key risk domains.

The board and its committees also set risk appetite and thresholds for critical financial areas such as liquidity, capital, investments, and credit. More information on board governance is provided in the Corporate Governance section below.

## Economic Impact

Economic impact is integral to our purpose of igniting the power of shared prosperity. We focus on using resources efficiently to enhance profitability, stimulate sustainable economic growth, and strengthen financial well-being in the communities we serve.

## Recognizing our Credit Union

In 2025, Servus earned multiple prestigious awards, reflecting our employees' ongoing efforts to provide exceptional member service. Our awards included:

- Recognition among an aggregate of Canadian credit unions that received the overall 2025 Customer Service Excellence award for all financial institutions in the retail banking sector. This is one of Ipsos' Best Banking Awards, an annual program that recognizes Canadian financial institutions for excellence in customer experience.
- Requalification as a Platinum Club member of Deloitte LLPs' Canada's Best Managed Companies. This is a level reserved for businesses that have maintained their Best Managed Companies status for seven or more years. The organization has received this award for the past 22 years.
- Designation by the Canadian Credit Union Association as Canada's largest credit union based on total assets. This reflects years of disciplined operational decisions and a growing number of Albertans who bank with Servus.

# Economic Outlook

## Global Perspective

The global economy is expected to close out 2025 with a growth rate of 3.2%. This outlook is driven by factors such as lower average effective US tariff rates relative to prior US government announcements, a weaker US dollar, and fiscal stimulus in major economies. The US economy is expected to grow by 2.0% in 2026 while slower growth of 1.1% is expected from the Euro area. Emerging markets continue to lead global expansion, with China projected to grow by 4.2% despite ongoing uncertainty in trade relations.

Global inflation forecasts project a persistent decline from 4.2% forecasted in 2025 to 3.7% forecasted for 2026, aided by the tailwinds of cooler demand and lower energy prices. However, regional differences remain with inflation expected to vary across countries. In the US, tariff activity may equate to a supply shock gradually increasing inflationary pressure, while for countries outside the US, American tariffs on foreign goods constitute a negative demand shock, reducing inflationary pressure.

While the overall outlook is cautiously optimistic, risks remain – particularly as they relate to international trade and relations. Expectations face significant risk should trade negotiations break down into an escalating series of protectionist measures. Non-tariff protectionist measures could disrupt global supply chains if they sufficiently impact critical inputs. Even in the absence of these events, prolonged trade policy uncertainty may hinder economic activity if private sector investment related to international trade slows.

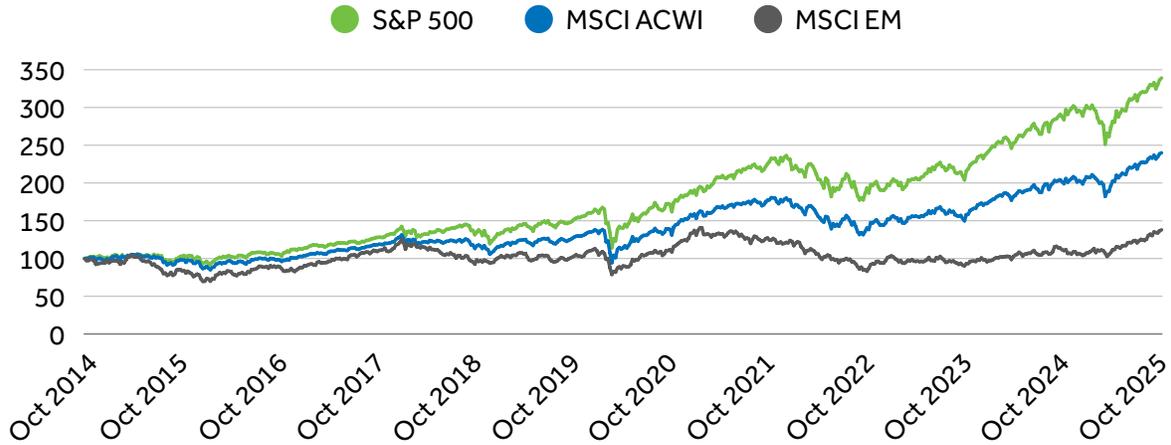
While a cease-fire was achieved in the Middle East conflict in October, the prospect of long-term peace remains tenuous. The Russian-Ukrainian conflict continues, with February 2026 marking four years since the Russian invasion of Ukraine escalated the conflict to the current level. Escalation in either of these conflicts could cause negative supply shocks and add to inflationary pressure.

These downside risks have not yet been reflected in interest rate expectations. US government bond yields for short to mid tenors were lower in October 2025 than this time last year. The US 10-year yields spread over the 2-year yield (a common benchmark of yield curve shape) increased from +11 basis points (bps) in October 2024 to +50bps. This upward-sloping yield curve shape is generally regarded as a positive economic indicator or at least does not signal a heightened chance of a recession in the near future. However, there has been some evidence that higher yields in the US could be due to an increase in the risk premium due to the US fiscal situation and political uncertainty.

Equity markets have responded positively, with the S&P gaining 19.5% in 2025, with dividend yield currently at 1.1% annually, building on a strong 23.3% price return in 2024. US public equity valuations remain high, fueled by ongoing exuberance in the potential for artificial intelligence technology to generate substantial growth in corporate profitability. This has prompted speculation that US public equities could be in a bubble. The so-called "Buffett indicator," the ratio of the US stock market's total market capitalization to US GDP, exceeded 200% as of October 2025. This ranks among its highest levels on record and is far above its 88% average since 1980.

Global equities have also rallied, with the MSCI All Country World Index (ACWI) up 18.2% as of October 2025, and the MSCI Emerging Markets (EM) Index up 28.7% over the same period. The magnitude of these year-to-date rallies are significant from a historical perspective and leave many major stock markets significantly above pre-Covid highs (see Exhibit A below).

## Exhibit A: Public Equity Performance\*

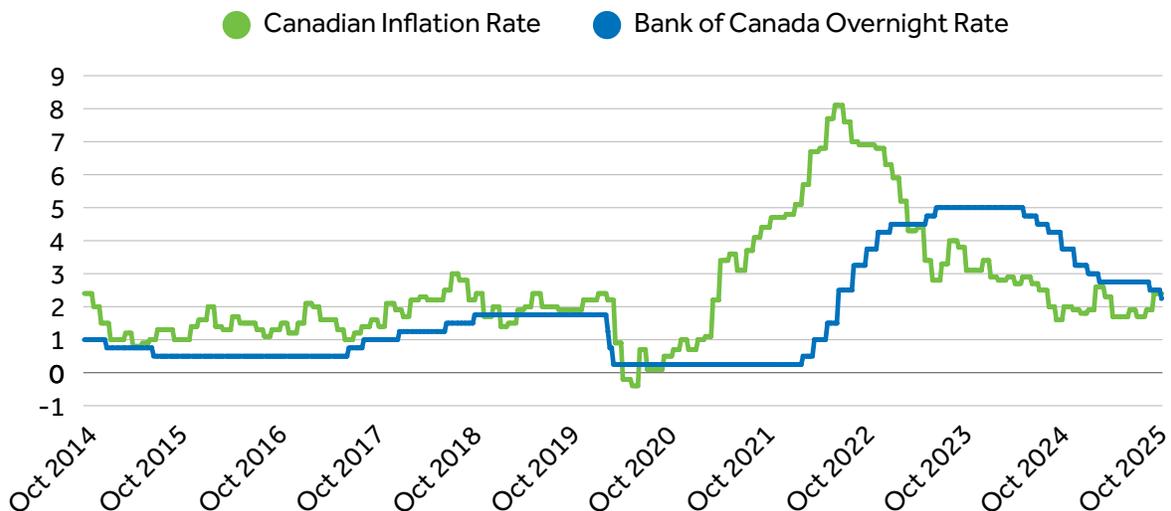


## Canadian Perspective

Canada's economy continues to show resilience with the national inflation rate at 2.4% as of October 2025. Inflation remained relatively range-bound near its 2% target since late 2024, which marks a return to stability from the sharp rises experienced after the pandemic.

To balance inflation control with economic momentum, the Bank of Canada (BoC) began reducing interest rates in mid-2024 after the inflation rate dipped below 3% for several months. To date, it has made nine rate cuts this cycle, reducing the policy rate from 5% to 2.25%, with markets not expecting any further policy rate changes through late 2026. These adjustments help support consumer confidence and business investment across the country.

## Exhibit B: Canadian Inflation and Bank of Canada Overnight Rates\*



\*Source: bloomberg

Canadian economic activity has slowed noticeably but remains resilient, with the monetary policy outlook remaining significantly affected by potential future tariff scenarios. Baseline projections suggest slower but still positive growth into 2026 with gradual improvement during 2027 as global demand strengthens and trade conditions stabilize. Should trade protectionism escalate, the Canadian economy could suffer outright contraction while inflation concurrently rises above the 2% target due to the cost consequences of tariffs. Should trade negotiations de-escalate back towards free trade, Canada's economy should strengthen while incurring less inflation pressure.

## Albertan Perspective

Alberta's real GDP is expected to end 2025 with 2.2% annual growth, down from growth of 3.0% in 2024. Business uncertainty caused by ongoing US tariff activity has weighed on Alberta's economy and is expected to be a headwind into 2026. Fortunately, the energy sector has remained largely insulated from the impacts of these tariffs. Alberta reported its effective US tariff rate to be near 3% as of July 2025, while the national average was significantly higher with provinces such as Ontario carrying rates near 10%.

Inflation in Alberta was 1.9% as of September 2025, below the national average of 2.4% and supported by stronger-than-expected consumer spending. Employment growth has also exceeded expectations, although the unemployment rate is expected to remain high at 7.2%, due to labour force expansion. This unemployment rate is below the province's budgeted rate of 7.4%, but higher than the 7.0% realized in 2024.

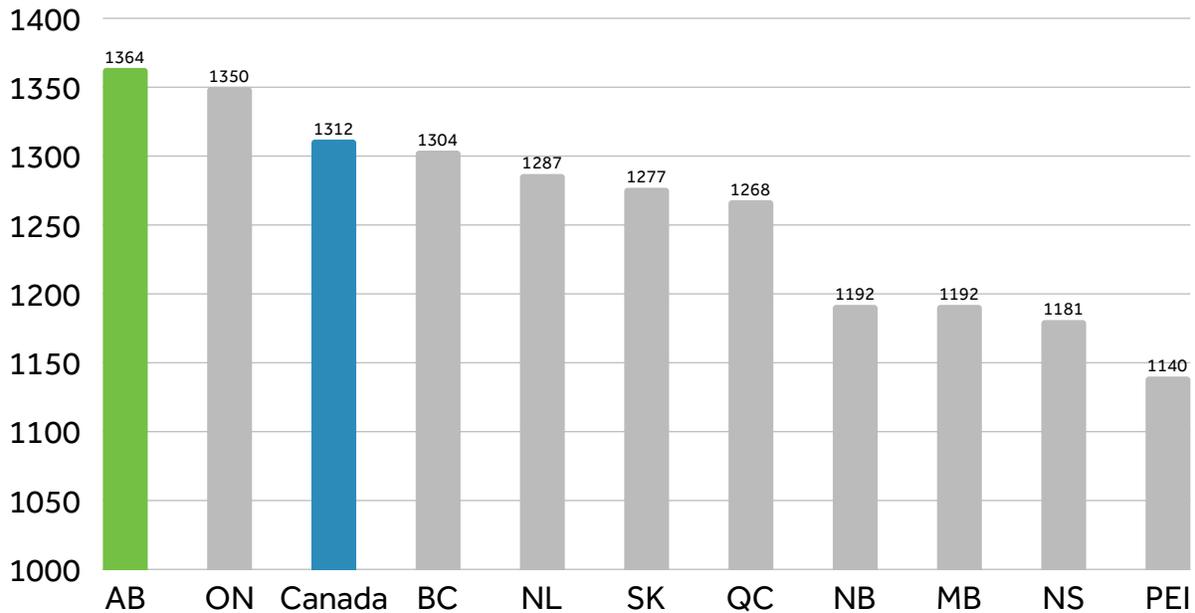
Alberta's population growth has been driven primarily by international and interprovincial migration. The pace of growth continues to slow from the peak experienced in 2024, and this trend is expected to continue with the new federal government immigration plan that has started to impact Alberta. Alberta's population ended the first quarter of 2025 with 138,000 more people, or 2.9% higher than the same quarter last year, making it the slowest quarter since the third quarter of 2022.

Challenges tied to population growth such as housing supply, the cost of shelter, public infrastructure, and public service capacity continue to be top concerns of Alberta's urban electorate. This is heightened in Edmonton and Calgary which continue to absorb a significant portion of the province's population growth.

For example, the Edmonton census metropolitan area's population is forecast to increase from 1.68 million as of July 1, 2025 to 1.77 million by 2029 with over 57,000 new housing starts expected during that time. Calgary's expectations are similar, with the city expecting an annual average of 15,200 housing starts from 2026 to 2030.

Alberta retains its title as the highest-paying province in Canada, with average weekly earnings of \$1,364. However, wage increases have dampened in recent years given the continued increase in the labour force.

## Exhibit C: Average Weekly Earnings by Province\*



## Financial Highlights

Servus's fiscal year was characterized by strong financial stability during a time focused significantly on integration of people, process, and systems. Post-merger financial synergies contributed to a strong balance sheet and net income, positioning the credit union for a sustainable future.

By prioritizing integration, the balance sheet experienced steady expansion, surpassing **\$30 billion** in assets. Servus continues to cultivate a strong relationship with Aviso to address members' wealth management needs, resulting in Servus holding the largest portfolio within the Aviso network. Combined with on-balance-sheet assets, total assets under management have exceeded **\$40 billion**.

### 2024 Comparable Figures

The 2024 merger occurred when interest rates were significantly elevated in the market as compared to the origination rates in our loan and deposit portfolios. This environment, coupled with merger-related accounting requirements to value connectFirst Credit Union's assets and liabilities at fair market value, led to substantial required accounting adjustments in 2024. These adjustments initially reduced capital in 2024 but reversed in 2025 and will continue to reverse in subsequent years, positively impacting both income and capital. While the financial statements reflect these merger-related adjustments, the discussion on financial results focuses on the credit union's underlying operational results.

In 2024, the investment in Alberta Central shifted from an equity investment to full consolidation. This was due to the credit union having the majority of the seats on Alberta Central's board of directors and a majority share ownership post-merger.

\*\*source: Statistics Canada

Under equity accounting, the Credit Union’s investment in Alberta Central appeared as one line on the balance sheet and one line on the income statement. Under consolidation, all Alberta Central assets and liabilities appear on the consolidated balance sheet, and all revenue and expenses appear in the relevant sections on the consolidated income statement. Transactions between the Credit Union and Alberta Central are eliminated as they are considered intercompany transactions. The accounting for the consolidation required all assets and liabilities of Alberta Central to be valued at fair market value, which had an immediate impact on the consolidated entity’s income and capital in 2024. The impact of these fair value adjustments continue to impact income and capital in 2025 and subsequent years.

Net income for 2025 includes the merged entity for the full year while net income in 2024 includes six months of combined results. This complicates year-over-year comparisons, as current year financial results are significantly elevated as they include the merged entity for the entire year.

**Financial Position**

With assets exceeding **\$30 billion**, the credit union has established a solid foundation for future success, enabling Servus to realize the economies of scale associated with being Canada’s largest credit union.

Assets are primarily comprised of **\$26.0 billion** member loans and leases, which grew by **\$1.2 billion** in 2025. Servus maintained its focus on core business while diversifying to meet our members’ evolving needs, including expanding the leasing portfolio through Stride Capital and launching Servus Halal to provide Halal-compliant mortgages.

Liabilities are primarily comprised of **\$25.2 billion** in member deposits, which grew by **\$0.8 billion** in 2025. Servus remains committed to offering competitive rates and profit-sharing to support members’ saving and spending objectives.

**Regulatory Capital Performance**

Servus remains well capitalized, with continued growth in regulatory capital driven by net income growth and the reversal of the merger-related fair value accounting adjustments. In 2025, regulatory capital requirements were reduced, enabling future growth potential and affecting year-over-year capital comparisons.

	2025 Actual	2025 Regulatory Requirement	2024 Actual	2024 Regulatory Requirement
Capital as a % of total assets	8.8%	4.0%	8.6%	4.0%
Capital as a % of risk weighted assets	15.4%	10.9%	14.8%	11.5%

The credit union continues to strategically deploy capital in profitable and sustainable business areas, supporting ongoing capital maintenance through retained earnings growth. Capital is expected to benefit over the coming years as the financial impact of the merger continues to reverse.

## Income Statement

Servus achieved strong income growth in 2025, with income before patronage and taxes exceeding **\$361.8 million**. This performance was driven by robust income, moderate provisions for credit losses, and a sustained focus on expense management.

### Net Interest Income

Net interest income, defined as the difference between interest earned on assets (primarily member loans and investments) and interest paid on liabilities (primarily member deposits and securitization liabilities), exceeded **\$805.2 million** this year. Net interest income faced pressure in 2025 from global uncertainty and a heightened political climate. Servus navigated this uncertainty by deploying proactive pricing and hedging strategies to mitigate downward pressure. The credit union also shifted away from higher-cost wholesale deposits as part of its planned merger synergy strategy, positively impacting net interest margin and ensuring market competitive rates could be provided to other members.

Net interest income will remain a focus in future years, especially as mortgage renewals in Alberta are expected to reach record highs at rates above those locked in during the pandemic's low-interest environment.

### Non-Interest Income

Non-interest income, which includes all income that is not classified as net interest income, continues to be an area of focus and growth. This category of income consists of Mastercard, wealth, insurance, service charges, loan fees, and the Alberta Central subsidiary's income from joint ventures and equity investments.

Non-interest income grew by **\$78.4 million (37.2%)** this year, primarily due to market-leading growth in the wealth portfolio, supported by strong equity markets. This directly benefited members who experienced growth in their personal portfolios.

Mastercard revenue increased by **\$4.3 million (9.7%)** as the credit union extended card offerings to all members, supporting their needs through competitive products.

Non-interest income also includes **\$40.1 million** revenue from investments in associates, which are entities that Alberta Central has ownership in and the ability to exercise significant influence. This income was elevated as a result of proceeds Alberta Central received from the sale of Everlink that occurred mid-2025.

### **Provision for Credit Losses**

The provision for credit losses was significantly lower than the prior year, reflecting the resilience of Alberta's economy and Servus's portfolio amid global and domestic challenges. The 2024 provision included a one-time \$13.1 million adjustment relating to merger accounting.

In 2025, the provision fluctuated as the economy and portfolio absorbed shocks from tariff announcements, though impacts were less severe in Alberta than anticipated. The energy sector remains foundational, while population growth supports housing and construction. Despite cooling real estate and ongoing labor market challenges, Alberta's economy demonstrated resilience, resulting in decreased delinquency rates and lower provisions for credit losses.

The ratio of delinquent loans that are more than 60 days past due compared to the total loan portfolio decreased in 2025. This ratio was 1.23% at the end of 2024 and improved to 1.06% by the end of 2025. This decrease in delinquency led to a lower provision for credit losses for two reasons. Firstly, lower delinquency means that fewer loans require higher provisions. Secondly, lower provincial delinquency rates reduce the probability of default that is used in the calculation of the provision for credit losses.

### **Operating Expenses**

Operating expenses increased year-over-year, partly due to the merger. The prior year included only half-year results for the merged entity, while the current year reflects a full year.

#### ***Personnel Expenses***

Personnel expenses remain the primary driver of operating costs, as people are central to the credit union's success. These were elevated this year due to integration resulting in one-time costs of \$4.9 million in severance as we built a strong and unified organizational structure. In addition, employee pay and benefits were aligned, resulting in higher personnel expenses as the market experienced inflationary expansion.

#### ***General Expenses***

General expenses rose across all categories due to the merger that occurred mid-2024. The majority of expenses in the general category are also higher this year as we embarked on the largest integration in Canadian credit union history.

Technology expenses, including data, software and equipment, increased due to system integration and associated one-time contract exit costs, which are expected to yield future ongoing cost reductions.

Mastercard expenses increased over prior year, consistent with the increase in Mastercard revenue. Transaction costs relating to cards increase as member card usage increases.

Consulting and professional expenses were elevated, primarily due to integration activities. Additionally, audit fees were raised due to the increased size and complexity of our credit union.

Marketing expenses increased over prior year as we rolled out our brand to locations across the province throughout Alberta, with elevated costs expected to continue until rebranding is complete in 2026.

**Income Before Taxes and Patronage**

Income before taxes and patronage exceeded **\$361.8 million**. This includes \$102.3 million in one-time merger-related accounting adjustments in 2025, compared to \$21.7 million in 2024. These adjustments were driven by the high-interest rate environment and the requirement to value assets and liabilities at fair market value. The 2025 income also includes \$35.4 million for the sale of Everlink that increased non-interest income in the Alberta Central subsidiary and other one-time expenses not related to ongoing operations of \$11.2 million.

Normalized income before tax and patronage, excluding the merger related adjustments and the other one-time adjustments, is \$235.3 million.

**Net Income**

Servus recorded \$33.6 million in patronage expense as part of the profit share program that shared more than \$83.0 million with members. Income tax expense for the year was \$69.2 million bringing the final net income to \$259.0 million. This net income is driven by strong net interest income, elevated non-interest income, lower provisions for credit losses, and disciplined expense management. Servus remains focused on operational efficiency and integration in 2026 and beyond.

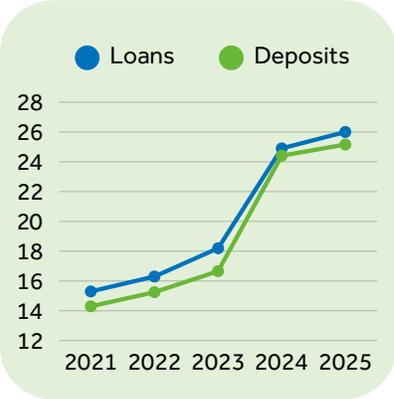
**Ratios and Metrics\***



**Net interest income as percentage of assets**



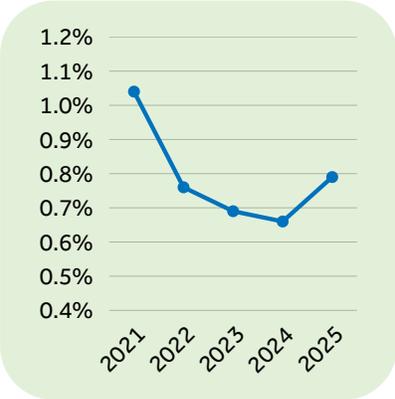
**Non interest income as a percentage of assets**



**Total Loans and Deposits\*\***



**Provision for credit loss as percentage of assets**



**Operating Return on Assets (ROA)**



**Operating efficiency ratio**

\* Where applicable, ratios are shown as a percentage of average assets and use normalized income and expense amounts before taxes and patronage

\*\* Balances are expressed in billions.

# Corporate Governance

## Board Mandate

The Servus Board of Directors ensures the credit union creates and maintains value for its stakeholders and serves the needs of members and their communities. The board sets the credit union’s strategic direction, formulates and monitors policies, evaluates organizational performance, and ensures an effective risk management framework is in place.

The board uses a customized policy governance model and operates in accordance with the *Credit Union Act*, applicable regulations and Servus Credit Union bylaws. It is responsible for electing the board chair and vice-chair and for selecting directors to represent Servus on the Alberta Central Board.

Additionally, the board hires, evaluates and sets compensation for the President and CEO. The board also has direct access to the Head of Internal Audit for insights into the effectiveness of internal controls, risk management, and governance processes. The Audit & Finance Committee provides input into the hiring, performance and compensation of the Head of Internal Audit.

## Board of Directors

The Board of Directors is made up of 12 Servus members and has established committees to ensure effective governance and oversight of enterprise risk. The bylaws place a tenure limit of 12 years for new board members, while board members elected prior to May 1, 2024 are entitled to at least one more election, which could result in extended tenure for some directors.

Each year, the board holds an organizational meeting in March following the Annual General Meeting to elect the board chair, vice-chairs and committee chairs. Most directors serve on at least two committees.

For the period of November 1, 2024 to October 31, 2025, the board held nine meetings.

This year, the Servus board had four standing committees:

### Audit & Finance Committee

Oversees the financial reporting process and management of financial risks such as liquidity and capital, reviews financial statements, liaises with internal and external auditors and regulators, and reviews internal control procedures. This committee met seven times.

### Enterprise Risk Management Committee

Oversees the identification, assessment, and management of risks that may impact Servus. This committee met four times.

## Governance & Human Resources Committee

Establishes and maintains effective governance guidelines, oversees CEO performance, compensation and succession, and ensures compliance with governance policies and Servus bylaws. This committee met seven times. In addition, the Chair of the GHRC also participates in management meetings in relation to Annual General Meeting preparations.

## Nominating Committee

Administers the board election process. This committee met 10 times, including two days of candidate interviews. The Nominating Committee works with an independent executive recruiter and two independent members for the interviews. The Nominating Committee makes recommendations to the board in relation to the candidates (to a maximum of double the vacant board positions) who may be elected for the vacant board positions.

### *Alberta Central Representation*

Servus appointed six of the 11 directors on Alberta Central's board. As at October 31, 2025, Servus's representatives include Randy Allarie, Michelle Belland, Doug Bristow, Ian Burns, Shawn Eltom, and Darlene Harris.

## Governance

The Board of Directors is independent and adheres to high standards of governance. The board is committed to ethical, professional, and lawful conduct. Directors work to ensure Servus meets all public, regulatory and member expectations in compliance with existing laws. They must adhere to fiduciary duties and declare any conflicts of interest immediately upon awareness. The board adheres to a Code of Conduct, which is regularly reviewed. The board also conducts annual performance evaluations and peer reviews, supported by an independent consultant.

## Competencies / Attributes and Professional Development

The board uses a competencies and attributes matrix to ensure directors possess the necessary skills and diverse perspectives to fulfill the board's mandate. The board also uses this information to assist directors with individual development plans, and with board and individual director performance feedback.

Directors maintain a professional development plan and enhance their governance skills through training and conference participation. New directors must complete an orientation session within two months of election and are encouraged to pursue Policy Governance and Credit Union Director Accreditation courses during their first year in office. Financial literacy training is also recommended for those without prior experience.

Group educational presentations in 2025 covered topics such as governance practices, the economy, the credit union system, anti-money laundering, artificial intelligence and board use of artificial intelligence.

## Board of Directors – Attendance and Remuneration

Name & Professional Designations	Board Meeting	Committee Name	Committee	Remuneration
<b>Perry Dooley</b> Board Chair B.Mgmt, ICD.D, CCD (Levels 1 & 2)	9/9	Audit & Finance	7/7	\$117,980
		Enterprise Risk Management	4/4	
		Governance & Human Resources	7/7	
		Nominations	10/10	
<b>Andrew Eberl</b> Board Vice Chair BSc (distinction), ICD.D, CCD.D	8/9	Enterprise Risk Management	4/4	\$88,065
<b>Adil Lalani</b> ERM Vice Chair (Nov/24 – Mar/25) MBA, CFA	2/2	Audit & Finance	2/2	\$25,453
		Enterprise Risk Management	1/1	
<b>Allison Radford</b> AFC Vice Chair (Mar/25 - Nov/25) CPA, CA, ICD.D	7/7	Audit & Finance	4/4	\$52,351
<b>Amy Corrigan</b> Nom Comm Chair (Nov/24 – Mar/25) Nom Comm Vice Chair (Mar/25-Nov/25) ICD.D, CUDA (Levels A, B & C underway)	9/9	Governance & Human Resources	7/7	\$83,949
		Nominations	10/10	
<b>Carey Taubert</b> AFC Vice Chair (Nov/24-Mar/25) CPA, CA, ICD.D	1/2	Audit & Finance	2/2	\$25,929
<b>Darlene Harris</b> ERM Chair CPA, CMA, ICD.D, CUDA (A&B)	9/9	Audit & Finance	4/4	\$87,653
		Enterprise Risk Management	4/4	
		Nominations	3/3	
<b>Danielle Ghai</b> GHRC Chair B.A. Hon (English), LLB, ICD.D, CCD, GCB.D	9/9	Governance & Human Resources	7/7	\$87,898
		Nominations	10/10	
<b>Doug Bristow</b> AFC Chair B.Comm, CPA, CA, ICD.D, CUDA (Levels A, B underway)	9/9	Audit & Finance	7/7	\$84,675
		Enterprise Risk Management	1/1	

Name & Professional Designations	Board Meeting	Committee Name	Committee	Remuneration
<b>Greg Nakonechny</b> Nom Comm Vice Chair (Nov/24 – Mar/25) ERM Vice Chair (Mar/25 – Nov/25) LLB, JD, MA (Political Science), ICD.D (underway)	9/9	Audit & Finance	4/4	\$76,581
		Enterprise Risk Management	3/3	
<b>Justin Jimmy</b> CPA, ICD.D, CAFM	7/7	Governance & Human Resources	5/5	\$49,499
<b>Kelso Brennan</b> (Computer Engineering Technology), EMBA, ICD.D., CCD, CUDA (Level A), PMP	2/2	Governance & Human Resources	2/2	\$26,491
<b>Margot Ross Graham</b> GHRC Vice Chair (Mar/25–Nov/25) CPHR, C.Dir	7/7	Audit & Finance	4/5	\$56,158
		Nominations	7/7	
<b>Shannon Rennie</b> LLB, B.Comm (Finance), ICD.D	8/9	Enterprise Risk Management	3/3	\$73,375
		Governance & Human Resources	1/2	
<b>Shawn Eltom</b> GHRC Vice Chair (Nov/24–Mar/25) Nom Comm Chair (Mar/25–Nov/25) ICD.D, CUDA (Level A; B & C underway), CCD (Levels 1 & 2),	9/9	Audit & Finance	7/7	\$85,387
		Nominations	7/7	

Remuneration for the board is as follows:

- Board Retainer **\$70,000**
- Committee Chair Retainer **\$10,000**
- Board Vice Chair **\$12,000**
- Board Chair **\$40,000**
- Nine or more scheduled Committee meetings **\$5,000**
- Committee Vice Chair **\$4,000**

# Risk Management

Servus uses a risk management structure designed to adapt to changes in our economic and operational environments. The following is an overview of this structure and types of risk in our credit union. See Note 31 in the 2025 Consolidated Financial Statements for more details on financial risk management disclosures.

## Enterprise Risk Management (ERM)

The primary goals of risk management are to ensure risk-taking activities align with Servus's objectives and risk appetite, and that there is an appropriate balance between risk and reward to maximize member value. Our framework provides processes for identifying risks, assessing their likelihood of occurrence and impact, and establishing policies, procedures, and controls to manage them within acceptable risk tolerances. Oversight begins with the Board of Directors as shown below:



Our President and Chief Executive Officer is responsible and accountable for risk management. Day-to-day monitoring and reporting on risk are delegated to the Chief Risk Officer.

Three management committees support risk identification, assessment, and monitoring: the Asset Liability Committee, the Expected Credit Loss Committee, and the Management Risk Committee.



Ownership of key risks is delegated to the appropriate Executive Leadership Team member. Servus proactively elevates material risk issues to senior management and the board. This helps us find a balance between loss prevention, risk mitigation efforts and entrepreneurial risk-taking.

Servus's ERM is organized into the five interconnected pillars shown below and is periodically reviewed to ensure efficacy.

## Risk Management Framework



### Governance and Culture

Governance emphasizes the importance of prudent risk management and defines oversight responsibilities for the credit union's risk-taking activities. Culture pertains to ethical conduct and organizational philosophy around the management of opportunities and associated risks.

### Strategy and Objective-Setting

Servus's strategic planning process is informed by an assessment of the credit union's overall risk-taking capacity. Risk capacity pertains to the level of resiliency or financial strength available to the credit union, as well as the strength of its risk management processes and systems. Risk appetite is a function of risk capacity, prudential regulatory limits, and governance philosophy around the pursuit of opportunities. A risk appetite is established and aligned with the setting of strategic objectives.

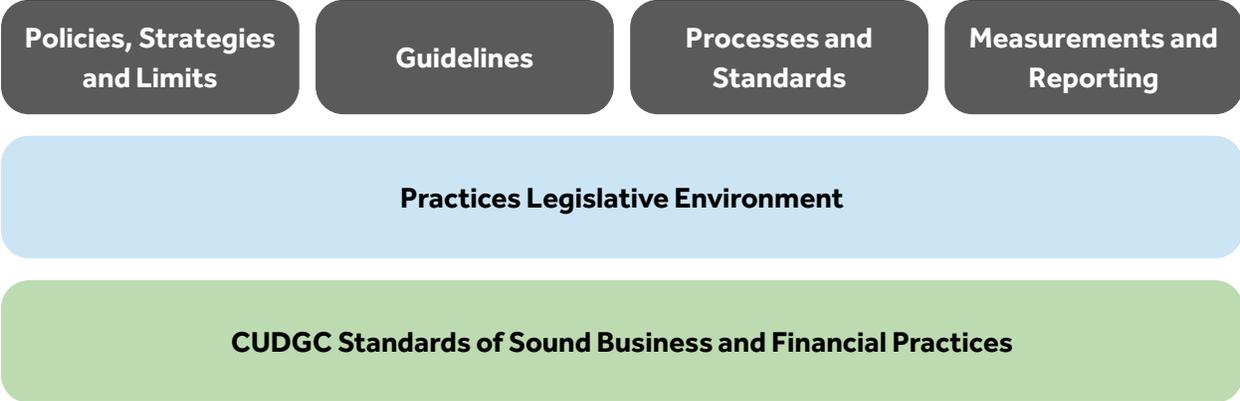
### Performance

Threats to the achievement of Servus's strategy, business, and regulatory objectives are identified and assessed. These risks are prioritized by severity. Servus then selects risk responses and takes portfolio views of its exposures as well as an overall consolidated exposure that is assessed against the credit union's risk capacity and appetite.

The performance of the credit union is monitored closely in terms of growth and profitability objectives as well as adherence to internal risk appetites and external regulatory thresholds. Revisions to risk management processes are applied as needed through a journey of continuous improvement and effective oversight.

## Practices and the Legislative Environment

Servus operates in a legislative and regulatory environment that ensures member deposits are guaranteed by our regulator, CUDGC. To that end, CUDGC sets various standards that Servus's internal policies, processes and guidelines adhere to.



## Key Risks

### Strategic Risk

Strategic risk is the risk that Servus makes inappropriate strategic choices or is unable to effectively implement its strategies and achieve its strategic objectives. To mitigate this risk, Servus has a comprehensive annual strategic planning process that includes board and executive leadership involvement and the use of detailed analysis such as environmental scans and SWOT (strengths, weaknesses, opportunities, and threats) analyses, as well as integration with enterprise risk management processes and oversight.

### Information Technology Risk

Information Technology Risk is the risk to Servus associated with the use, ownership, operation, influence, and adoption of information technology (IT) within the enterprise. It includes risks associated with the security and protection of information, availability and recovery of services, accuracy and timeliness of data, performance and scalability of services, and agility and appropriateness of adoption. It also includes the risk of IT meeting the current business needs of the organization as well as the risk of IT meeting the future strategic needs of the organization.

Servus is reliant on IT for processing large volumes of transactions and storing large amounts of data. Despite a strong dedication to confronting cyber security, Servus may not be able to fully mitigate against all such risks due to the complexity and high rate of change associated with IT and cyber threats.

Any significant disruption to IT infrastructure could adversely affect our ability to conduct regular credit union operations. As such, Servus maintains robust controls that guard the credit union and its members against cyber threats. These controls are regularly evaluated, updated, and tested to ensure that IT risk is reduced to an acceptably low level.

### **Liquidity Risk**

Liquidity risk is the risk that we will not be able to fund loan growth on a cost-effective basis or will be unable to generate or obtain sufficient cash to meet short-term obligations.

Liquidity policies place limits on large individual deposits and require Servus to monitor items such as its liquidity coverage ratio, forecasted cash flows and deposit sources. These policies are designed to ensure Servus maintains sufficient operational liquidity from a stable base of core deposits spread across various sources. Servus's liquidity management strategy includes the daily monitoring of expected cash inflows and outflows, as well as the tracking and forecasting of our liquidity position on a forward 90-day rolling basis.

The Board of Directors approves and reviews liquidity risk policies at least annually, with regular reporting provided to its Enterprise Risk Management and Audit and Finance Committees.

### **Interest Rate and Market Risk**

Interest rate and market risk relates to the threat of incurring significant losses from unfavourable changes in the values of assets or liabilities due to changes in market prices related to interest rates, foreign exchange rates, equity or commodity prices and the volatility of these prices.

To manage interest rate and market risk effectively, Servus's Asset Liability Committee establishes policy guidelines and meets regularly to monitor Bank of Canada rates, economic indicators, trends in member behaviour and competitive pricing and uses these factors to determine pricing strategies. The Board of Directors approves and reviews interest rate risk policies at least annually, with regular reporting provided to its Enterprise Risk Management and Audit and Finance Committees.

### **Credit Risk**

Credit risk is the risk of suffering a financial loss from the failure of a counterparty (e.g. borrower, debtor, issuer, guarantor, etc.) to honour its obligation to Servus. The risk arises any time Servus funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet.

Servus manages credit risk through credit risk policies and limits to ensure broad diversification across Alberta and within various industries and product mixes. Risk is also managed through maximum limits on individual and connected accounts, participation in syndicated loans and minimum standards for loan quality. Servus also manages this risk through well-trained and experienced lenders, clearly documented decision-making authority and approval processes that include operational oversight from the Expected Credit Loss Committee.

### **Competitive Risk**

Competitive risk is the risk that competitive forces prevent growth, stifle revenues, or prevent Servus from achieving our strategic goals. Market participants, including major financial institutions and other participants operating within Alberta, are highly competitive. Emerging local and global competitive challenges coming from nontraditional competitors and emerging technologies are increasing, opaque and difficult to assess. Servus manages these risks through regular market assessments, emerging risk reviews, and strategic planning.

A sub-component of competitive risk is reputational risk. Servus defines reputational risk as any activity, inactivity, or decision of Servus or one of its employees, business partners, affiliates or representatives that has the potential to impair the perception of Servus by stakeholders and negatively impact achievement of the credit union's objectives. Reputational risk can be influenced by factors external to Servus and may not be entirely within the control of the credit union.

Servus manages and measures reputational risk by monitoring the external media environment; conducting regular surveys of members, non-members, and employees; and reviewing regular reports from the Management Risk Committee. Additionally, the employee Code of Conduct, corporate values and Corporate Social Responsibility policy reinforce the standards and sound business practices that are essential to maintaining a good reputation.

### **Regulatory and Compliance Risk**

Regulatory and compliance risk is the risk of Servus failing to comply with applicable laws, rules, regulations, prescribed practices, or ethical standards in any jurisdiction in which it operates. Regulatory risk differs from other banking risks, such as credit risk or market risk, in that it is typically not a risk actively or deliberately assumed by management in expectation of a return. Rather, it occurs as part of the normal course of operating a regulated entity. Servus manages its regulatory risk through comprehensive policies, training, processes, oversight and maintaining a strong compliance culture. Individual business units are responsible for managing day-to-day regulatory and legal risk, while various compliance departments assist them by providing advice and oversight.

### **Operational Risk**

Operational risk is the risk of suffering a significant loss or other damage resulting from inadequate or failed internal processes, people, and/or systems or possibly from uncontrollable external events. Operational risk is segmented into several subcategories such as business continuity risk, project risk, people risk, fraud risk and legal risk as well as many other risks specific to banking and wealth management activities. Servus manages this risk through a knowledgeable and experienced management team who are committed to applying and enforcing key risk management policies and to promoting an ethical culture that guides operational risk-taking activities.

Implementation of supporting policies and procedural controls includes the segregation of duties and built-in checks and balances. Additional controls include an established whistleblower process, an employee Code of Conduct, regular internal audits by an independent audit team, and regular reviews and updates of systems, policies, and procedures.

### **Integration Risk**

Integration Risk refers to the potential challenges and adverse outcomes that arise when combining two organizations during a merger or acquisition. It includes risks related to aligning systems, processes, cultures, personnel, and strategic objectives, any of which can disrupt operations, reduce expected synergies, or damage stakeholder confidence. Similar to Operational Risk, Servus manages this risk by employing a knowledgeable and experienced management team from a project management perspective. The credit union also manages and mitigates integration risk through a combination of strategic planning, governance, operational controls, and cultural alignment. Key focus areas include:

- Integration planning & governance
- Technology & systems alignment
- Cultural & human capital integration
- Products and services harmonization
- Member & brand management
- Regulatory & compliance coordination
- Financial controls stabilization and harmonization
- Operational risk management
- Stakeholder communications

Failure to effectively and efficiently integrate within reasonable timeframes could result in ongoing operational fragmentation, leading to inefficiencies in service delivery, increased regulatory scrutiny, diminished member trust, and a failure to realize the full strategic value of the merger. This may expose the organization to additional revenue and expense exposures, reputational harm, and potential member attrition, eroding stakeholder confidence in the merger outcome.

Servus manages this risk by engaging experienced project managers using vetted project management frameworks, regularly monitoring integration metrics, utilizing budgetary controls and other limits, and employing clear decision-making authorities and approval processes. In addition, the Executive Leadership Team, Management Risk Committee, and the Board's Enterprise Risk Management Committee provide oversight.

### **Emerging Risks**

Servus monitors and reports to the Management Risk Committee and the board's Enterprise Risk Management Committee on risks that, although not fitting in any of the previous risk categories, may have an impact on operations. These include emerging market trends, competitive forces or technologies, changing economic conditions, social and political trends, the impacts of industry and geographic concentrations, fraud and crime trends, financial system trends and other newsworthy items.