SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Financial Statements

For the three and six months ended April 30, 2025
(unaudited)

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Financial Statements
(unaudited)

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Financial Position
(Canadian $ thousands)
(unaudited)

	Notes		**April 30 2025**		October 31 2024
Assets					
Cash and cash equivalents [(1)]		**$**	**1,277,082**	$	903,715
Investments	3		**2,736,947**		2,928,998
Members' loans and leases	4		**25,153,984**		24,849,354
Income taxes receivable			**-**		3,071
Assets held for sale			**12,588**		10,986
Other assets			**78,875**		67,209
Property and equipment			**179,017**		184,496
Leased assets			**98,290**		95,253
Investment property			**5,771**		5,922
Derivative financial assets	7		**29,243**		22,247
Investment in associate			**31,068**		29,924
Intangible assets			**76,052**		84,136
Goodwill			**19,173**		19,173
Defined benefit plan assets			**3,472**		3,392
Deferred income tax assets			**46,288**		54,855
Total assets			**29,747,850**		29,262,731
Liabilities					
Borrowings			**437,918**		199,056
Securitization liabilities			**1,551,170**		1,644,813
Members' deposits			**24,640,743**		24,414,448
Trade payables and other liabilities			**366,740**		314,789
Lease liabilities			**113,549**		110,345
Income taxes payable			**7,285**		429
Allowance for off balance sheet credit instruments	4,5		**7,663**		5,956
Derivative financial liabilities	7		**24,349**		28,090
Investment shares			**468**		457
Defined benefit plan liabilities			**4,575**		4,691
Total liabilities			**27,154,460**		26,723,074
Equity					
Share capital			**1,115,781**		1,161,474
Retained earnings			**1,368,267**		1,241,113
Contributed surplus			**-**		39,488
Accumulated other comprehensive income			**11,514**		9,041
Total equity attributable to members of the Credit Union			**2,495,562**		2,451,116
Non-controlling interest			**97,828**		88,541
Total equity			**2,593,390**		2,539,657
Total liabilities and equity		**$**	**29,747,850**	$	29,262,731

[(1)] *Cash and cash equivalents includes restricted cash as at April 30, 2025 of $2,169 (2024 - $3,382)*

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

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Income
(Canadian $ thousands)
(unaudited)

	Notes	**Three months ended April 30 2025**	Three months ended April 30 2024	**Six months ended April 30 2025**	Six months ended April 30 2024
Interest income					
Members' loans and leases		**$ 325,902**	$ 236,087	**$ 669,106**	$ 470,805
Investments, including derivatives	8	**31,765**	18,864	**69,025**	37,887
Total interest income		**357,667**	254,951	**738,131**	508,692
Interest expense					
Members' deposits		**141,038**	119,034	**303,217**	235,058
Other interest expense		**28,800**	16,917	**59,284**	33,264
Total interest expense		**169,838**	135,951	**362,501**	268,322
Net interest income		**187,829**	119,000	**375,630**	240,370
Non-interest income		**58,520**	43,767	**119,480**	86,299
Share of profits from associate		**24**	3,130	**989**	2,290
Net interest income and non-interest income		**246,373**	165,897	**496,099**	328,959
Provision for credit losses	5	**12,564**	17,239	**34,658**	26,209
Net interest income and non-interest income after provision for credit losses		**233,809**	148,658	**461,441**	302,750
Operating expenses					
Personnel		**92,548**	68,979	**183,006**	135,674
General		**46,335**	32,795	**90,984**	63,655
Occupancy		**6,354**	4,574	**12,843**	8,909
Member security		**4,031**	3,000	**8,135**	5,938
Depreciation		**7,666**	4,897	**15,352**	9,738
Organization		**903**	1,060	**1,469**	2,434
Impairment of assets		**614**	439	**1,627**	646
Amortization		**4,904**	3,613	**9,648**	7,472
Total operating expenses		**163,355**	119,357	**323,064**	234,466
Income before patronage allocation to members and income taxes		**70,454**	29,301	**138,377**	68,284
Patronage allocation to members		**9,448**	8,854	**18,000**	17,578
Income before income taxes		**61,006**	20,447	**120,377**	50,706
Income taxes		**12,906**	4,335	**26,390**	11,519
Net income		**$ 48,100**	$ 16,112	**$ 93,987**	$ 39,187
Net income					
Net income attributable to members		**45,421**	16,112	**87,666**	39,187
Net income attributable to non-controlling interest		**2,679**	-	**6,321**	-
Net income		**$ 48,100**	$ 16,112	**$ 93,987**	$ 39,187

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

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Comprehensive Income
(Canadian $ thousands)
(unaudited)

	Three months ended April 30 2025	Three months ended April 30 2024	Six months ended April 30 2025	Six months ended April 30 2024
Net income	**$ 48,100**	$ 16,112	**$ 93,987**	$ 39,187
Other comprehensive income for the year, net of tax:				
Items that will not be reclassified to profit or loss:				
Actuarial gain on defined benefit pension plans [(1)]	**-**	-	**5**	-
Change in unrealized gain (loss) on equity securities at fair value through other comprehensive income securities [(2)]	**66**	-	**(1,415)**	-
Share of other comprehensive (loss) income from associate				
Actuarial (loss) gain on defined benefit pension plans [(1)]	**-**	(29)	**-**	87
Change in unrealized gain on equity securities at fair value through other comprehensive income securities [(2)]	**-**	122	**-**	483
Items that may be reclassified subsequently to profit or loss:				
Change in unrealized loss on debt securities at fair value through other comprehensive income securities [(3)]	**(1,585)**	-	**(1,804)**	-
Reclassification adjustments for realized gain on debt securities [(4)]	**62**	-	**1,233**	-
Cash flow hedges - effective portion of changes in fair value [(5)]	**1,179**	-	**4,063**	-
Share of other comprehensive (loss) income from associate				
Change in unrealized (loss) gain on debt securities at fair value through other comprehensive income securities [(3)]	**-**	(171)	**-**	3,407
Total other comprehensive (loss) income	**$ (278)**	$ (78)	**$ 2,082**	$ 3,977
Total comprehensive income	**$ 47,822**	$ 16,034	**$ 96,069**	$ 43,164
Total comprehensive income				
Comprehensive income attributable to members	**45,424**	16,034	**90,139**	43,164
Comprehensive income attributable to non-controlling interest	**2,398**	-	**5,930**	-
Total comprehensive income	**$ 47,822**	$ 16,034	**$ 96,069**	$ 43,164

[(1)] *Net of income tax (recovery) expense for the three months ended April 30, 2025 of $0 (2024 - $(9)), for the six months ended April 30, 2025 of $(4) (2024 - $26)*
[(2)] *Net of income tax (recovery) expense for the three months ended April 30, 2025 of $(11) (2024 - $36), for the six months ended April 30, 2025 of $(29) (2024 - $144)*
[(3)] *Net of income tax (recovery) expense for the three months ended April 30, 2025 of $(259) (2024 - $(50)), for the six months ended April 30, 2025 of $194 (2024 - $1,018)*
[(4)] *Net of income tax expense for the three months ended April 30, 2025 of $19 (2024 - $0), for the six months ended April 30, 2025 of $378 (2024 - $0)*
[(5)] *Net of income tax expense for the three months ended April 30, 2025 of $1,214 (2024 - $0), for the six months ended April 30, 2025 of $1,214 (2024 - $0)*

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

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Changes in Equity
(Canadian $ thousands)
(unaudited)

	Notes	Share Capital					Accumulated Other Comprehensive Income			
	Notes	Common Shares	Investment Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Fair Value and Pension Reserve	Hedging Reserve	Non-controlling Interest	Total Equity
Balance at October 31, 2023		$ 568,763	$ 121,698	$ 690,461	$ 1,161,082	$ -	$ 4,090	$ -	$ -	$ 1,855,633
Changes in equity										
Issues of share capital		4,115	-	4,115	-	-	-	-	-	4,115
Redemption of share capital		(38,815)	(7,575)	(46,390)	-	-	-	-	-	(46,390)
Net income		-	-	-	39,187	-	-	-	-	39,187
Share of other comprehensive income from associate		-	-	-	-	-	3,977	-	-	3,977
Balance at April 30, 2024		$ 534,063	$ 114,123	$ 648,186	$ 1,200,269	$ -	$ 8,067	$ -	$ -	$ 1,856,522

	Notes	**Share Capital**					**Accumulated Other Comprehensive Income**			
	Notes	**Common Shares**	**Investment Shares**	**Total Share Capital**	**Retained Earnings**	**Contributed Surplus**	**Fair Value and Pension Reserve**	**Hedging Reserve**	**Non-controlling Interest**	**Total Equity**
Balance at October 31, 2024		**$ 884,682**	**$ 276,792**	**$ 1,161,474**	**$ 1,241,113**	**$ 39,488**	**$ 9,041**	**$ -**	**$ 88,541**	**$ 2,539,657**
Changes in equity										
Issues of share capital		**18,175**	**-**	**18,175**	**-**	**-**	**-**	**-**	**-**	**18,175**
Redemption of share capital		**(50,388)**	**(13,480)**	**(63,868)**	**-**	**-**	**-**	**-**	**-**	**(63,868)**
Net income		**-**	**-**	**-**	**87,666**	**-**	**-**	**-**	**6,321**	**93,987**
Reclassify contributed surplus to retained earnings		**-**	**-**	**-**	**39,488**	**(39,488)**	**-**	**-**	**-**	**-**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**	**(2,804)**	**5,277**	**(391)**	**2,082**
Change in non-controlling interest due to issues of share capital		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,357**	**3,357**
Balance at April 30, 2025		**$ 852,469**	**$ 263,312**	**$ 1,115,781**	**$ 1,368,267**	**$ -**	**$ 6,237**	**$ 5,277**	**$ 97,828**	**$ 2,593,390**

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

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Cash Flows
(Canadian $ thousands)
(unaudited)

	Six months ended April 30 2025	Six months ended April 30 2024
Cash flows from (used in) operating activities		
Net income	$ **93,987**	$ 39,187
Adjustments for non-cash items and others		
Net interest income [(1)]	**(375,630)**	(240,370)
Provision for credit losses	**34,658**	26,209
Share of profits from investment in associate	**(989)**	(2,290)
Depreciation	**15,352**	9,738
Amortization	**9,648**	7,472
Impairment of assets	**1,627**	646
Gain on leased assets	**(78)**	(249)
Gain on assets held for sale	**(439)**	(2,079)
Loss on disposal of property and equipment	**202**	199
Gain on investments	**(373)**	-
Income taxes	**26,390**	11,519
Adjustments for net changes in operating assets and liabilities		
Change in members' loans and leases	**(290,108)**	(467,957)
Change in members' deposits	**248,490**	415,345
Change in assets held for sale	**(6,699)**	(7,918)
Change in other assets, provisions, and trade payables and other liabilities, net	**18,002**	(1,196)
Income taxes paid, net	**(8,908)**	(9,165)
Interest received	**689,963**	505,410
Interest paid	**(372,763)**	(251,449)
Net cash from operating activities	**82,332**	33,052
Cash flows from (used in) investing activities		
Additions to intangible assets	**(1,866)**	(1,215)
Additions to property and equipment, and investment property	**(4,379)**	(5,305)
Proceeds on disposal of property and equipment, and investment property	**75**	299
Proceeds on disposal of assets held for sale	**4,020**	9,444
Purchase of Alberta Central shares (pre acquisition)	**-**	(11,776)
Proceeds from (purchase of) investments, net	**195,182**	(293,732)
Net cash from (used in) investing activities	**193,032**	(302,285)
Cash flows from (used in) financing activities		
Advances of term loans and lines of credit, net	**238,862**	29,728
Advances of securitization liabilities	**153,934**	452,749
Repayments of securitization liabilities	**(247,737)**	(143,547)
Repayments of principal portion of lease liabilities	**(4,720)**	(2,775)
Shares issued	**18,175**	4,115
Shares redeemed	**(63,868)**	(46,390)
Non-controlling interest shares issued	**3,357**	-
Net cash from financing activities	**98,003**	293,880
Increase in cash and cash equivalents	**373,367**	24,647
Cash and cash equivalents, beginning of period	**903,715**	86,134
Cash and cash equivalents, end of period	$ **1,277,082**	$ 110,781

[(1)] Net interest income includes a fair value loss (gain) on derivatives for the six months ended April 30, 2025 of $621 (2024 - $(6,780))

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

1. BASIS OF PRESENTATION

These Interim Condensed Consolidated Financial Statements are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). The Interim Condensed Consolidated Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with Servus Credit Union Ltd.'s (the Credit Union) 2024 audited annual Consolidated Financial Statements. On April 1, 2025 Connect First and Servus Credit Union Ltd. changed the legal entity name to Servus Credit Union Ltd.

These Interim Condensed Consolidated Financial Statements were approved by the Audit and Finance Committee on June 24, 2025.

Use of Estimates, Assumptions and Critical Judgments
The preparation of the Interim Condensed Consolidated Financial Statements requires management to make estimates, assumptions and critical judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and related disclosures. Estimates and underlying assumptions required under IFRS Accounting Standards are best estimates undertaken in accordance with the applicable standards and are reviewed on a continuous basis.

The most significant estimates and assumptions have been used in the following areas: fair values of financial instruments, expected credit losses (ECL), and the fair value of assets and liabilities acquired in a business combination, including contingent consideration. Actual results may differ significantly from these estimates, and the impact of any such differences will be recorded in future periods.

Critical judgments have been made in the following areas: impairment of non-financial assets, ECL, classification of financial instruments, classification of leases as a lessor, valuation of leased assets and lease liabilities, and accounting for investment in associates and joint ventures. There are also critical judgments around the accounting for business combinations including determination of control, fair value of assets and liabilities, and identification and valuation of intangible assets.

The second quarter was marked by both economic and political uncertainty with volatility in markets and the geopolitical developments in the United States affecting trade. This affects global growth forecasts including commodity demand and prices which directly impact the Alberta economy. Unemployment remains elevated and households continue to struggle with prolonged increases in the cost of living. These factors have a significant impact on management's estimates and assumptions in preparing the Interim Condensed Consolidated Financial Statements. One area of significant judgment affected strongly by the economic environment is the estimate for ECL, where assumptions are incorporated into the macroeconomic factors used in the calculation described in Note 5.

Merger with Connect First - May 1, 2024
On May 1, 2024, Servus Credit Union (Servus) and connectFirst Credit Union (cFCU) merged to form Connect First and Servus Credit Union Ltd. The merger arose to ensure that the long-term needs of members of both credit unions would be met, while fulfilling growth and expansion goals.

The merger between cFCU and Servus resulted in the merged entity holding 81% of the voting rights and controlling 7 of the 12 Board of Directors seats at Alberta Central Ltd. (Alberta Central). This resulted in an acquisition of control over Alberta Central as of May 1, 2024. The acquisition of control was accounted for under the acquisition method of accounting, applying IFRS 3 Business Combinations.

Therefore, the results presented for the six month period ended April 30, 2025 include the results of the post-merged entity, while the results presented for the six month period ended April 30, 2024 do not.

2. ACCOUNTING POLICIES

These Interim Condensed Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used in preparing the Credit Unions' 2024 annual Consolidated Financial Statements, with the exception of the new and amended standards applicable to the current year and material policies impacted by the business combinations.

The following new and amended standards are applicable to the current year:

- IAS 1 Presentation of Financial Statements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The adoption of these new and amended standards effective November 1, 2024 have no impact on the consolidated financial statements.

Hedge Accounting
The Credit Union has elected to apply hedge accounting principles under IFRS 9. For a derivative instrument to qualify for hedge accounting, the hedging relationship between the derivative (hedging) instrument and the hedged item(s) must be designated and formally documented at inception. The Credit Union documents the relationship at inception, including qualification of the hedging instrument and the hedged item and alignment with risk management objectives. The Credit Union also documents an assessment, both at hedge inception and on an ongoing basis, of whether the derivative is effective in offsetting changes in cash flows of the hedged item.

If hedge accounting is not applied, the realized and unrealized gains and losses on derivative financial instruments are recorded in net interest income in the consolidated statement of income. If hedge accounting is used, the ineffective portion is recorded as part of the net interest income in the consolidated statement of income and the effective portion is recorded in other comprehensive income (OCI).

The Credit Union discontinues hedge accounting when one of the following conditions occurs:

- It is determined that a derivative is not or has ceased to be highly effective as a hedge;
- The derivative expires or is sold, terminated, or exercised;
- The hedged item matures or is sold or repaid; or
- A forecast transaction is no longer deemed highly probable.

Cash Flow Hedge
The Credit Union uses hedge accounting for derivatives designated as cash flow hedges provided certain criteria are met. In a cash flow hedge, the derivative (hedging) instrument is intended to generate cash flows that offset the variability in expected cash flows of the hedged item. The Credit Union uses cash flow hedges to hedge interest rate volatility that could translate to variability in cash flows.

In a cash flow hedge, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in OCI. Amounts accumulated in OCI are "recycled" (reclassified) to interest income in the consolidated statement of income in the period when the cash flows from the hedged items affect profit or loss.

Ineffectiveness can arise from differences in the underlying indices, credit risk related to counterparties, and interest rate indices approaching zero. The gain or loss related to the ineffective portion is recognized immediately in the consolidated statement of income. Unrealized gains and losses on interest rate contracts designated as hedges are included in equity under a cash flow hedge reserve.

Financial Instruments – Classification and Measurement
Due to the application of hedge accounting, the following table shows updated classification for financial instruments:

(Canadian $ thousands)

2. ACCOUNTING POLICIES (CONTINUED)

Classification and Measurement	Amortized Cost	Fair Value Through Other Comprehensive Income (FVOCI)	Fair Value Through Profit or Loss (FVTPL)
Cash and cash equivalents	▼		
Accounts receivable	▼		
Investments - debt securities	▼	▼	
Investments - equity securities		▼	
Investments - terms in other financial institutions		▼	▼
Investment shares in entities			▼
Members' loans and leases	▼		
Securitized mortgage pools	▼		
Securitized leases	▼		
Derivatives - interest rate swaps		▼	▼
Derivatives - equity linked options			▼
Members' deposits	▼		
Trade payables and other liabilities	▼		
Contingent consideration			▼
Borrowings and securitization liabilities	▼		
Investment share liability portion			▼

3. INVESTMENTS

	As at April 30 2025	As at October 31 2024
Investments at Amortized Cost		
Asset backed securities	**$ 13,223**	$ 17,681
Investments at FVOCI		
Debt securities	**2,674,085**	2,860,209
Terms in other financial institutions	**26,500**	26,500
Equity securities	**9,738**	11,012
Investments at FVTPL		
Terms in other financial institutions	**3,400**	5,400
Investment shares in entities	**2,783**	2,294
	2,729,729	2,923,096
Accrued interest	**7,879**	6,299
	2,737,608	2,929,395
ECL allowance on investments	**(661)**	(397)
Total	**$ 2,736,947**	$ 2,928,998

(Canadian $ thousands)

4. MEMBERS' LOANS AND LEASES

The following table presents the carrying amount of loans and leases, and the exposure amount for off-balance sheet items according to the stage in which they are classified as well as the allowance for credit losses:

	Performing		Impaired			Allowance for	Total Net of
As at April 30, 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 3 - POCI [3]**	**Total**	**Credit Losses**	**Allowance**
Members' Loans and Leases							
Residential mortgages	$ 12,010,963	$ 780,382	$ 13,230	$ 2,453	$ 12,807,028	$ 4,705	$ 12,802,323
Commercial [1]	10,258,777	290,552	95,356	58,041	10,702,726	80,446	10,622,280
Consumer [2]	1,575,361	160,027	5,008	834	1,741,230	11,849	1,729,381
Total members' loans and leases	$ 23,845,101	$ 1,230,961	$ 113,594	$ 61,328	$ 25,250,984	$ 97,000	$ 25,153,984
Off Balance Sheet Credit Instruments							
Residential mortgages	$ 3,006,817	$ 21,468	$ 1,208	$ -	$ 3,029,493	$ 249	$ 3,029,244
Commercial [1]	2,633,445	13,018	267	-	2,646,730	4,349	2,642,381
Consumer [2]	1,417,920	26,251	452	-	1,444,623	3,065	1,441,558
Total off balance sheet credit instruments	$ 7,058,182	$ 60,737	$ 1,927	$ -	$ 7,120,846	$ 7,663	$ 7,113,183

[1] Includes commercial loans, credit card, agriculture loans, and lease receivables
[2] Includes consumer loans and credit card
[3] Stage 3 includes POCI loans of $48,282, which have been included in the "Impaired" risk rating category as they were impaired at acquisition

	Performing		Impaired			Allowance for	Total Net of
As at October 31, 2024	Stage 1	Stage 2	Stage 3	Stage 3 - POCI [3]	Total	Credit Losses	Allowance
Members' Loans and Leases							
Residential mortgages	$ 11,776,971	$ 724,437	$ 16,322	$ 3,212	$ 12,520,942	$ 4,183	$ 12,516,759
Commercial [1]	10,211,414	265,059	108,989	56,790	10,642,252	74,438	10,567,814
Consumer [2]	1,639,472	130,671	4,940	1,385	1,776,468	11,687	1,764,781
Total members' loans and leases	$ 23,627,857	$ 1,120,167	$ 130,251	$ 61,387	$ 24,939,662	$ 90,308	$ 24,849,354
Off Balance Sheet Credit Instruments							
Residential mortgages	$ 2,996,988	$ 22,051	$ 359	$ -	$ 3,019,398	$ 207	$ 3,019,191
Commercial [1]	2,510,263	14,586	484	-	2,525,333	3,251	2,522,082
Consumer [2]	1,385,627	22,825	267	-	1,408,719	2,498	1,406,221
Loan commitments and guarantees *	-	-	-		-	-	-
Total off balance sheet credit instruments	$ 6,892,878	$ 59,462	$ 1,110	$ -	$ 6,953,450	$ 5,956	$ 6,947,494

[1] Includes commercial loans, credit card, agriculture loans, and lease receivables
[2] Includes consumer loans and credit card
[3] Stage 3 includes POCI loans with a related allowance for loan losses of $60,796, which have been included in the "Impaired" risk rating category as they were impaired at acquisition

5. ALLOWANCE FOR EXPECTED CREDIT LOSSES

Key Data and Assumptions

Estimating the ECL is based on a set of inputs, assumptions and methodologies placed around credit risk and future looking indicators and therefore requires significant judgment. Management has made complex and subjective judgments to assess the adequacy of the assumptions used to calculate the ECL.

These inputs and assumptions are assessed each reporting period considering both positive and negative aspects of the current economic environment. ECL models use historical information in their methodologies and assumptions, and therefore are not able to address all considerations of the current economic state. Additional analysis and an amount added to model results as a management overlay, which is calculated outside of the model based on analyses, may be required. The best information available as at the reporting date is used in the model and in all additional analysis.

The Credit Union uses a model created by Central 1 (the model) to estimate the ECL. Changes in inputs and the assumptions used have an impact on the assessment of significant increase in credit risk and the measurement of ECL. The main areas where judgment is used in the model is in the assessment of whether there is a significant increase in credit risk on loans, the probability that a member will default on a loan, forecasted future looking indicators and the weightings to be used on the base, best and worst-case scenarios for the forward-looking indicators (FLI).

Alberta Central uses an internally generated model but their portfolio is relatively small compared to the Credit Union and the significant assumptions and scenarios have been aligned with those used by the Credit Union.

(Canadian $ thousands)

5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

The macroeconomic factors used in the model that affect the Credit Union ECL calculations are:
- Alberta unemployment rates
- Canadian unemployment rates (Credit Card book only)
- Alberta housing price index
- The rate spread between the three-month Bank of Canada bond and three-month Bankers' Acceptance rates

Each factor is forecast in three scenarios, a base case, a best case and a worst-case scenario. These scenarios are weighted, and the weighted average is used to build the calculated estimate for ECL. At April 30, 2025, management considered the increased uncertainty related to recent geopolitical events, particularly the impact of tariffs, and concluded that the existing weightings remain appropriate at 60% base, 10% best, and 30% worst-case (October 31, 2024 – 60% base, 10% best, and 30% worst-case).

Sensitivity analysis will show when the loan book has a risk that is not adequately covered by the model calculation, and this analysis may provide justification for a management overlay to be applied to the ECL calculated by the model. These analyses are performed and assessed each reporting period to estimate the amount of a management overlay amount to add to the model results.

At April 30, 2025, management has not applied an overlay (October 31, 2024 - $0) to the calculated ECL.

When loans are acquired with evidence of incurred credit loss (i.e., it is probable at the acquisition date that the Credit Union will be unable to collect all contractually required principal and interest payments), such loans are considered to be purchased or originated credit impaired (POCI) loans. No ECL is recognized on these loans at acquisition. POCI loans are identified as impaired at acquisition based on specific risk characteristics of the loans, including past due status, performance history, and recent borrower credit scores. The Credit Union determines both the present and fair values of POCI loans using assumptions and calculations on the amount and timing of expected cash flows, rather than the original contractual cash flows of these loans. Accounting for POCI loans is applied individually at the loan level. Subsequent to acquisition, the Credit Union regularly reassesses and updates its estimates of expected cash flows for changes to amount and timing. Probable decreases in expected cash flows trigger the recognition of additional impairment. Additional impairment is measured as the difference between the present value of the revised expected cash flows discounted at the loan's credit-adjusted effective interest rate (EIR) and the carrying value of the loan, and this difference is recorded in the provision for credit losses. Interest income on POCI loans is calculated by applying the credit-adjusted EIR to the amortized cost of acquired credit impaired loans.

The following table presents the changes in the allowance for credit losses:

	Residential Mortgages	Commercial [1]	Consumer [2]	Total
As at October 31, 2024	$ 4,390	$ 77,689	$ 14,185	$ 96,264
Recoveries of previous loan and lease write-offs	2	362	2,948	3,312
Provision charged to net income	1,339	24,805	8,250	34,394
	5,731	102,856	25,383	133,970
Loans and leases written off	(777)	(18,061)	(10,469)	(29,307)
As at April 30, 2025	$ 4,954	$ 84,795	$ 14,914	$ 104,663
Presented on Interim Condensed Consolidated Statement of Financial Position as:				
Netted with members' loans and leases	4,705	80,446	11,849	97,000
Off balance sheet credit instruments [3]	249	4,349	3,065	7,663
Total	$ 4,954	$ 84,795	$ 14,914	$ 104,663

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*

[2] *Includes consumer loans and credit card*

[3] *Off balance sheet credit instruments consist of undrawn commitments and financial guarantees*

(Canadian $ thousands)

5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

		Residential Mortgages		Commercial [1]		Consumer [2]		Total
As at October 31, 2023	$	3,759	$	53,614	$	9,504	$	66,877
Recoveries of previous loan write-offs		1		592		4,510		5,103
Provision charged to net income [4]		1,855		53,759		16,524		72,138
		5,615		107,965		30,538		144,118
Loans written off		(1,225)		(30,276)		(16,353)		(47,854)
As at October 31, 2024	$	4,390	$	77,689	$	14,185	$	96,264
Presented on Interim Condensed Consolidated Statement of Financial Position as:								
Netted with members' loans and leases		4,183		74,438		11,687		90,308
Off balance sheet credit instruments [3]		207		3,251		2,498		5,956
Total	$	4,390	$	77,689	$	14,185	$	96,264

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*

[2] *Includes consumer loans and credit card*

[3] *Off balance sheet credit instruments consist of undrawn commitments and financial guarantees*

[4] *Includes provision on newly purchased loans amounting to $12,927 during the period*

The provision charged to net income is:

		Six months ended April 30 2025		Six months ended April 30 2024
Loans and leases	**$**	**34,394**	$	26,208
Investments		**264**		1
Provision for credit losses	**$**	**34,658**	$	26,209

(Canadian $ thousands)

5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

The following tables reconcile the opening and closing allowances for loans, by stage, for each major category:

Allowance for credit losses – Residential Mortgages

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI [5]	Total
As at October 31, 2024	**$ 1,350**	**$ 2,178**	**$ 869**	**$ (7)**	**$ 4,390**
Transfers					
Stage 1 [1]	**556**	**(553)**	**(3)**	**-**	**-**
Stage 2 [1]	**(63)**	**180**	**(117)**	**-**	**-**
Stage 3 [1]	**-**	**(33)**	**33**	**-**	**-**
New originations [2]	**505**	**761**	**56**	**-**	**1,322**
Repayments [3]	**(391)**	**(268)**	**(158)**	**-**	**(817)**
Remeasurements [4]	**(298)**	**426**	**827**	**(121)**	**834**
Loans written off	**-**	**-**	**(777)**	**-**	**(777)**
Recoveries	**-**	**-**	**2**	**-**	**2**
As at April 30, 2025	**$ 1,659**	**$ 2,691**	**$ 732**	**$ (128)**	**$ 4,954**
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	**1,467**	**2,636**	**730**	**(128)**	**4,705**
Off balance sheet credit instruments	**192**	**55**	**2**	**-**	**249**
Total	**$ 1,659**	**$ 2,691**	**$ 732**	**$ (128)**	**$ 4,954**

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI [5]	Total
As at October 31, 2023	$ 1,198	$ 1,849	$ 712	$ -	$ 3,759
Transfers					
Stage 1 [1]	642	(607)	(35)	-	-
Stage 2 [1]	(156)	270	(114)	-	-
Stage 3 [1]	(8)	(84)	92	-	-
New originations [2]	1,425	573	1	-	1,999
Repayments [3]	(204)	(229)	(213)	-	(646)
Remeasurements [4]	(1,547)	406	1,650	(7)	502
Loans written off	-	-	(1,225)	-	(1,225)
Recoveries	-	-	1	-	1
As at October 31, 2024	$ 1,350	$ 2,178	$ 869	$ (7)	$ 4,390
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	1,197	2,127	866	(7)	4,183
Off balance sheet credit instruments	153	51	3	-	207
Total	$ 1,350	$ 2,178	$ 869	$ (7)	$ 4,390

[1] Stage transfers represent movement between stages
[2] Represents the increase in allowance resulting from loans that were newly originated or purchased and reflect movement into different stages within the period
[3] Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred
[4] Represents the change in the allowance due to changed in economic factors, risk and model parameters
[5] Includes provision for credit losses related to POCI loans

(Canadian $ thousands)

5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

Allowance for credit losses – Commercial Loans, Credit Card, Agriculture Loans, and Lease Receivables

	Performing		Impaired		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 3 - POCI** [5]	**Total**
As at October 31, 2024	**$ 22,865**	**$ 5,491**	**$ 41,449**	**$ 7,884**	**$ 77,689**
Transfers					
Stage 1 [1]	**420**	**(104)**	**(316)**	**-**	**-**
Stage 2 [1]	**(355)**	**1,083**	**(728)**	**-**	**-**
Stage 3 [1]	**(37)**	**(429)**	**466**	**-**	**-**
New originations [2]	**9,135**	**508**	**1,072**	**-**	**10,715**
Repayments [3]	**(7,866)**	**(1,696)**	**(530)**	**-**	**(10,092)**
Remeasurements [4]	**(133)**	**2,427**	**16,823**	**5,065**	**24,182**
Loans and leases written off	**-**	**-**	**(15,903)**	**(2,158)**	**(18,061)**
Recoveries	**-**	**-**	**362**		**362**
As at April 30, 2025	**$ 24,029**	**$ 7,280**	**$ 42,695**	**$ 10,791**	**$ 84,795**
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	**19,881**	**7,115**	**42,659**	**10,791**	**80,446**
Off balance sheet credit instruments	**4,148**	**165**	**36**	**-**	**4,349**
Total	**$ 24,029**	**$ 7,280**	**$ 42,695**	**$ 10,791**	**$ 84,795**

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI [5]	Total
As at October 31, 2023	$ 5,188	$ 2,166	$ 46,260	$ -	$ 53,614
Acquisition, June 1, 2023					
Transfers					
Stage 1 [1]	450	(233)	(217)	-	-
Stage 2 [1]	(109)	204	(95)	-	-
Stage 3 [1]	(20)	(192)	212	-	-
New originations [2]	9,127	514	1,797	-	11,438
Repayments [3]	(1,280)	(645)	(443)	-	(2,368)
Remeasurements [4]	9,509	3,677	23,213	8,290	44,689
Loans written off	-	-	(29,870)	(406)	(30,276)
Recoveries	-	-	592		592
As at October 31, 2024	$ 22,865	$ 5,491	$ 41,449	$ 7,884	$ 77,689
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	19,785	5,377	41,392	7,884	74,438
Off balance sheet credit instruments	3,080	114	57	-	3,251
Total	$ 22,865	$ 5,491	$ 41,449	$ 7,884	$ 77,689

(1) *Stage transfers represent movement between stages*

(2) *Represents the increase in allowance resulting from loans that were newly originated or purchased and reflect movement into different stages within the period*

(3) *Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred*

(4) *Represents the change in the allowance due to changed in economic factors, risk and model parameters*

(5) *Includes provision for credit losses related to POCI loans*

(Canadian $ thousands)

5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

Allowance for credit losses – Consumer Loans and Credit Card

	Performing		Impaired		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 3 - POCI [5]**	**Total**
As at October 31, 2024	**$ 5,336**	**$ 7,121**	**$ 1,793**	**$ (65)**	**$ 14,185**
Transfers	**$ -**	**$ -**	**$ -**	**-**	
Stage 1 [1]	**1,619**	**(1,512)**	**(107)**	**-**	**-**
Stage 2 [1]	**(872)**	**1,163**	**(291)**	**-**	**-**
Stage 3 [1]	**(18)**	**(130)**	**148**	**-**	**-**
New originations [2]	**575**	**1,431**	**212**	**-**	**2,218**
Repayments [3]	**(340)**	**(340)**	**(196)**	**-**	**(876)**
Remeasurements [4]	**(1,478)**	**3,007**	**7,400**	**(2,021)**	**6,908**
Loans written off	**-**	**-**	**(10,337)**	**(132)**	**(10,469)**
Recoveries	**-**	**-**	**2,948**	**-**	**2,948**
As at April 30, 2025	**$ 4,822**	**$ 10,740**	**$ 1,570**	**$ (2,218)**	**$ 14,914**
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	**3,248**	**9,274**	**1,545**	**(2,218)**	**11,849**
Off balance sheet credit instruments	**1,574**	**1,466**	**25**	**-**	**3,065**
Total	**$ 4,822**	**$ 10,740**	**$ 1,570**	**$ (2,218)**	**$ 14,914**

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI [5]	Total
As at October 31, 2023	$ 2,866	$ 4,890	$ 1,748	$ -	$ 9,504
Transfers					
Stage 1 [1]	1,816	(1,645)	(171)	-	-
Stage 2 [1]	(574)	823	(249)	-	-
Stage 3 [1]	(5)	(59)	64	-	-
New originations [2]	7,306	1,768	814	-	9,888
Repayments [3]	(975)	(507)	(223)	-	(1,705)
Remeasurements [4]	(5,098)	1,851	11,653	(65)	8,341
Loans written off	-	-	(16,353)	-	(16,353)
Recoveries	-	-	4,510	-	4,510
As at October 31, 2024	$ 5,336	$ 7,121	$ 1,793	$ (65)	$ 14,185
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	3,914	6,064	1,774	(65)	11,687
Off balance sheet credit instruments	1,422	1,057	19	-	2,498
Total	$ 5,336	$ 7,121	$ 1,793	$ (65)	$ 14,185

[1] Stage transfers represent movement between stages
[2] Represents the increase in allowance resulting from loans that were newly originated or purchased and reflect movement into different stages within the period
[3] Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred
[4] Represents the change in the allowance due to changed in economic factors, risk and model parameters
[5] Includes provision for credit losses related to POCI loans

(Canadian $ thousands)

6. CREDIT QUALITY OF MEMBERS' LOANS AND LEASES

The following table outlines the ranges used for the categorization of risk assessments:

	FICO Score Range			Risk Rating Range
Risk Assessment	**Insured Residential Mortgages**	**Conventional Residential Mortgages**	**Consumer [1]**	**Commercial [2]**
Very low risk	800 +	800 +	800 +	1
Low risk	701 - 799	701 - 799	701 - 799	2 and 3
Medium risk	600 - 700	650 - 700	650 - 700	4 and 5
High risk/impaired	599 or less	649 or less	649 or less	6 ,7, 8, and 9

[1] *Includes consumer loans and credit card*
[2] *Includes commercial loans, credit card, agriculture loans, and lease receivables*

The following table presents the gross carrying amount of the loans subject to impairment by risk category:

As at April 30, 2025	**Residential Mortgages**	**Commercial [1]**	**Consumer [2]**	**Total**
Risk Categories				
Very low risk	$ **5,511,425**	$ **50,538**	$ **592,985**	$ **6,154,948**
Low risk	**4,545,231**	**4,131,458**	**672,854**	**9,349,543**
Medium risk	**1,959,192**	**6,131,247**	**293,211**	**8,383,650**
High risk	**775,497**	**236,086**	**176,338**	**1,187,921**
Impaired [3]	**15,685**	**153,396**	**5,841**	**174,922**
Total members' loans and leases	$ **12,807,030**	$ **10,702,725**	$ **1,741,229**	$ **25,250,984**

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*
[2] *Includes consumer loans and credit card*
[3] *Stage 3 includes POCI loans of $48.2 Million and a related allowance for loan losses of $9.9 Million, which have been included in the "Impaired" risk rating category as they were impaired at acquisition.*

As at October 31, 2024	Residential Mortgages	Commercial [1]	Consumer [2]	Total
Risk Categories				
Very low risk	$ 5,330,371	$ 25,622	$ 546,659	$ 5,902,652
Low risk	4,409,464	4,167,295	665,884	9,242,643
Medium risk	1,973,389	6,033,350	378,757	8,385,496
High risk	788,184	250,206	178,843	1,217,233
Impaired [3]	19,534	165,779	6,325	191,638
Total members' loans and leases	$ 12,520,942	$ 10,642,252	$ 1,776,468	$ 24,939,662

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*
[2] *Includes consumer loans and credit card*
[3] *Stage 3 includes POCI loans of $60.8 Million and a related allowance for loan losses of $0.74 Million, which have been included in the "Impaired" risk rating category as they were impaired at acquisition.*

The following table presents the amount of undrawn loan commitments subject to impairment by risk category:

As at April 30, 2025	**Residential Mortgages**	**Commercial [1]**	**Consumer [2]**	**Total**
Risk Categories				
Very low risk	$ **1,709,817**	$ **167,947**	$ **886,809**	$ **2,764,573**
Low risk	**1,225,838**	**1,975,306**	**447,430**	**3,648,574**
Medium risk	**72,730**	**497,781**	**80,858**	**651,369**
High risk	**19,900**	**5,429**	**29,074**	**54,403**
Impaired	**1,208**	**267**	**452**	**1,927**
Total off balance sheet credit instruments	$ **3,029,493**	$ **2,646,730**	$ **1,444,623**	$ **7,120,846**

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*
[2] *Includes consumer loans and credit card*

(Canadian $ thousands)

6. CREDIT QUALITY OF MEMBERS' LOANS AND LEASES (CONTINUED)

As at October 31, 2024	Residential Mortgages	Commercial [1]	Consumer [2]	Total
Risk Categories				
Very low risk	$ 1,666,480	$ 192,688	$ 853,804	$ 2,712,972
Low risk	1,265,767	1,845,508	450,096	3,561,371
Medium risk	66,157	474,840	75,576	616,573
High risk	20,635	11,813	28,976	61,424
Impaired	359	484	267	1,110
Total off balance sheet credit instruments	$ 3,019,398	$ 2,525,333	$ 1,408,719	$ 6,953,450

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*
[2] *Includes consumer loans and credit card*

Loans Past Due, as at April 30, 2025	**Up to 30 Days**	**31 to 59 Days**	**60 to 89 Days**	**90 Days and Above**	**Total**
Stage 1					
Residential mortgages	**$ 73,495**	**$ -**	**$ -**	**$ -**	**$ 73,495**
Commercial [1]	**98,377**	**-**	**-**	**-**	**98,377**
Consumer [2]	**21,453**	**-**	**-**	**-**	**21,453**
Stage 2					
Residential mortgages	**47,494**	**16,615**	**15,310**	**7,023**	**86,442**
Commercial [1]	**42,882**	**30,576**	**50,808**	**32,581**	**156,847**
Consumer [2]	**11,478**	**6,740**	**4,617**	**36**	**22,871**
Stage3					
Residential mortgages	**311**	**258**	**446**	**13,333**	**14,348**
Commercial [1]	**1,291**	**560**	**4,706**	**147,263**	**153,820**
Consumer [2]	**177**	**-**	**73**	**5,186**	**5,436**
Total	**$ 296,958**	**$ 54,749**	**$ 75,960**	**$ 205,422**	**$ 633,089**

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*
[2] *Includes consumer loans and credit card*

Loans Past Due, as at October 31, 2024	Up to 30 Days	31 to 59 Days	60 to 89 Days	90 Days and above	Total
Stage 1					
Residential mortgages	$ 63,550	$ -	$ -	$ -	$ 63,550
Commercial [1]	72,251	-	-	-	72,251
Consumer [2]	24,085	-	-	-	24,085
Stage 2					
Residential mortgages	29,760	32,302	12,116	6,666	80,844
Commercial [1]	19,514	43,242	21,951	70,839	155,546
Consumer [2]	9,252	7,070	4,039	88	20,449
Stage3					
Residential mortgages	298	236	231	18,266	19,031
Commercial [1]	250	874	915	162,727	164,766
Consumer [2]	105	120	138	7,143	7,506
Total	$ 219,065	$ 83,844	$ 39,390	$ 265,729	$ 608,028

[1] *Includes commercial loans, credit card, agriculture loans, and lease receivables*
[2] *Includes consumer loans and credit card*

The Credit Union has documented policies and procedures in place for the valuation of financial and non-financial collateral. For impaired loans and leases, an assessment of the collateral is taken into consideration when estimating the net realizable amount of the loan or lease.

The amount and types of collateral required depend on the Credit Union's assessment of members' credit quality and repayment capacity. Non-financial collateral taken by the Credit Union includes vehicles, residential real estate, real estate under development, business assets such as trade receivables, inventory, and property and equipment. The main types of financial collateral taken by the Credit Union include mortgage, cash, negotiable securities and investments. Guarantees are also taken to reduce credit risk exposure risk.

(Canadian $ thousands)

6. CREDIT QUALITY OF MEMBERS' LOANS AND LEASES (CONTINUED)

Loans and Leases by Security		As at April 30 2025		As at October 31 2024
Insured loans and mortgages	$	**4,378,895**	$	4,156,032
Secured by mortgage		**17,727,872**		17,855,354
Secured by equipment and other		**2,248,077**		2,056,681
Unsecured loans		**622,892**		601,650
Unsecured credit card		**273,248**		269,945
Total	$	**25,250,984**	$	24,939,662

7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	As at April 30, 2025			As at October 31, 2024		
	Gross Financial Assets	**Gross Financial Liabilities**	**Net**	Gross Financial Assets	Gross Financial Liabilities	Net
Equity-linked options	$ **17,151**	$ **(16,934)**	$ **217**	$ 17,445	$ (17,304)	$ 141
Interest rate swaps - FVTPL	**7,017**	**(7,062)**	**(45)**	4,783	(10,767)	(5,984)
Interest rate swaps - cash flow hedge	**4,895**	**-**	**4,895**	-	-	-
Foreign exchange forwards	**180**	**(180)**	**-**	19	(19)	-
Foreign exchange swaps	**-**	**(173)**	**(173)**	-	-	-
Total	$ **29,243**	$ **(24,349)**	$ **4,894**	$ 22,247	$ (28,090)	$ (5,843)

As of the current reporting date there are no derivative financial instrument contracts subject to an enforceable master netting agreement.

The notional amounts of derivative financial instrument contracts maturing at various times are:

	1 to 3 Months	**3 to 12 Months**	**1 to 5 Years**	**As at April 30 2025**	As at October 31 2024
Equity-linked options	$ **4,334**	$ **38,434**	$ **85,731**	$ **128,499**	$ 150,202
Interest rate swaps - FVTPL	**1,100**	**35,000**	**160,000**	**196,100**	514,749
Interest rate swaps - cash flow hedge	**-**	**500,000**	**800,000**	**1,300,000**	-
Foreign exchange forwards	**5,000**	**-**	**-**	**5,000**	300
Foreign exchange swaps	**5,000**	**-**	**-**	**5,000**	-
Total	$ **15,434**	$ **573,434**	$ **1,045,731**	$ **1,634,599**	$ 665,251

Equity-linked Options

Equity-linked options are used to fix costs on term deposit liabilities that pay a return to the deposit holder based on the change in equity market indices. The embedded derivative in the term deposit liability and the option derivative are marked to market through interest income investments and have similar principal values and maturity dates. The fair value of the equity-linked derivative contract is separately presented as part of derivative instrument assets.

Interest Rate Swaps - FVTPL

Interest rate swaps are agreements where two counterparties exchange a series of interest payments based on different interest rates applied to a notional amount.

Due to the fluctuations in interest rates, the fair value of interest rate swaps for the Credit Union may be presented as an asset or liability on the consolidated statement of financial position.

(Canadian $ thousands)

7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Interest Rate Swaps Cash Flow Hedge - FVOCI
Designated cash flow hedges are interest rate swap agreements which qualify as hedging relationships for accounting purposes under IFRS 9 Financial Instruments. All other interest rate swap agreements are considered economic hedges. The Credit Union has designated certain hedging relationships involving interest rate swaps that convert variable rate deposits to fixed rate deposits or variable rate loans to fixed rate loans as cash flow hedges.

When an interest rate swap is designated as a cash flow hedging instrument, a hypothetical derivative is used to measure the fair value of the hedged items and determine the effective portion of changes in the fair value of the derivative. The effective portion of fair value changes are recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the interest rate swap is recognized immediately in profit or loss.

Foreign Exchange Forwards
Foreign exchange forwards are agreements where two counterparties agree to exchange one currency for another at a future date on a specified notional amount.

Foreign Exchange Swaps
Foreign exchange swaps are agreements where two counterparties agree to exchange currencies, both immediately at a spot rate and in the future at a predetermined forward rate.

Due to the fluctuations in exchange rates, the fair value of foreign exchange swaps for the Credit Union may be presented as an asset or liability on the consolidated statement of financial position.

Hedging Effectiveness
The table below presents the effects of derivatives in hedging relationships on the interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income:

As at April 30, 2025	Change in fair value of hedging instruments	Hedge ineffectiveness gain (loss) recognized in income (pre-tax basis)	Hedging gain (loss) recognized in OCI (pre-tax basis)	Income (expense) reclassified from AOCI	Net effect on OCI (pre-tax basis)
Cash flow hedges					
Interest Rate Risk					
Loans	$ 4,895	$ 14	$ 4,881	$ (396)	$ 5,277
Total cash flow hedges	$ 4,895	$ 14	$ 4,881	$ (396)	$ 5,277

8. INVESTMENT INCOME

	Three months ended April 30 2025	Three months ended April 30 2024	**Six months ended April 30 2025**	Six months ended April 30 2024
Debt and equity securities	**$ 28,018**	$ -	**$ 62,645**	$ -
Term deposits with Alberta Central	**-**	17,848	**-**	35,836
Terms in other financial institutions	**4,091**	1,197	**6,980**	1,274
Asset backed securities	**2**	-	**232**	-
Other investments	**41**	55	**90**	108
Unrealized (loss) gain on derivative instruments	**(79)**	2,406	**(446)**	6,845
Realized loss on derivative instruments	**(308)**	(2,642)	**(476)**	(6,176)
Total	**$ 31,765**	**$ 18,864**	**$ 69,025**	**$ 37,887**

(Canadian $ thousands)

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts set out in the table below represent the carrying amounts and fair values of the Credit Union's financial instruments using the valuations and assumptions described below. The amounts do not include the fair values of items that are not considered financial assets and financial liabilities.

As at April 30, 2025	Note	Carrying Value	Fair Value	Fair Value Difference
Financial Instrument Assets				
Cash and cash equivalents	a	$ 1,277,082	$ 1,277,082	$ -
Investments at amortized cost	c,f	12,760	13,712	952
Investments at FVOCI	d,f	2,716,874	2,716,874	-
Investments at FVTPL	d	7,314	7,314	-
Assets at FVTPL	e	29,243	29,243	-
Members' loans and leases	b,d,f	25,153,984	25,160,839	6,855
Other	a	40,087	40,087	-
Total financial instrument assets		29,237,344	29,245,151	7,807
Financial Instrument Liabilities				
Members' deposits	b,d	24,640,743	24,734,213	93,470
Liabilities at FVTPL	e,g	28,558	28,558	-
Borrowings	a,d	437,918	437,918	-
Securitization liabilities	d	1,551,170	1,598,927	47,757
Payables and other financial liabilities	a	343,998	343,998	-
Total financial instrument liabilities		$ 27,002,387	27,143,614	$ 141,227

As at October 31, 2024	Note	Carrying Value	Fair Value	Fair Value Difference
Financial Instrument Assets				
Cash and cash equivalents	a	$ 903,715	$ 903,715	$ -
Investments at amortized cost	c,f	17,509	18,889	1,380
Investments at FVOCI	d,f	2,903,709	2,903,709	-
Investments at FVTPL	d	7,780	7,780	-
Assets at FVTPL	e	22,247	22,247	-
Members' loans and leases	b,d,f	24,849,354	24,600,953	(248,401)
Other	a	29,769	29,769	-
Total financial instrument assets		28,734,083	28,487,062	(247,021)
Financial Instrument Liabilities				
Members' deposits	b,d	24,414,448	24,561,581	147,133
Liabilities at FVTPL	e,g	31,980	31,980	-
Borrowings	b	199,056	199,056	-
Securitization liabilities	d	1,644,813	1,666,749	21,936
Payables and other financial liabilities	a	291,735	291,735	-
Total financial instrument liabilities		$ 26,582,032	$ 26,751,101	$ 169,069

a) The fair values of cash, other financial assets and other liabilities are assumed to approximate book values, due to their short-term nature.
(b) The estimated fair values of floating rate member loans and member deposits are assumed to equal their book values since the interest rates reprice when market rates change.
(c) The fair value of asset backed securities is determined by discounting contractual cash flows using current markets rates on securities with similar terms.
(d) The fair values of the following instruments are estimated using level 2 inputs:

- Terms in other financial institutions and borrowings are estimated by discounting the expected future cash flows based on yield curves of similar financial instruments with similar terms.

(Canadian $ thousands)

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- Fixed-rate member deposits are determined by discounting contractual cash flows using current market rates on deposits with similar terms.
- Securitization liabilities are discounted using adjusted implied yields from prices of similar actively traded government agency securities.
- Debt securities are fair valued either with reference to quoted prices in an active market or based on recent arm's length market transactions for similar instruments.

The fair values of the following instruments are estimated using level 3 inputs:

- Fixed-rate member loans and leases are fair-valued by discounting expected future cash flows using current market interest rates for loans with similar credit risk.
- Equity securities and other investments which do not have a quoted market price in an active market; however, they are recorded at an aggregate fair value based on the most recent reliable estimate of fair value available as calculated by a third-party valuation firm using the discounted cash flow method as the primary valuation approach.

(e) The fair values of derivative financial instruments and investment share liability for member shares - series E are calculated based on valuation techniques using inputs reflecting market conditions at a specific point in time and may not be reflective of future fair values. These factors are level 2 inputs.

(f) Allowances, which are netted against the fair value determined as per footnotes d and e, use forward-looking information in the calculation of ECL.

(g) The fair value of contingent consideration in the purchase of Stride Capital's assets in the previous fiscal year is assessed each reporting period. The fair value of the promissory note payable when the leasing subsidiary achieves its revenue targets is determined using forecasted revenue estimates, discounted with Bank of Canada bond yield. The promissory note payable to Stride Capital's key management personnel is evaluated using weighted probabilities of management retention. These forecasted revenue estimates and weighted probabilities are level 3 inputs. A 10% increase or decrease to these inputs results in a fair value of either $3,741 or $3,242, respectively.

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

As at April 30, 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Derivative assets	$ -	$ **29,243**	$ -	$ **29,243**
Investments at FVTPL	-	**4,531**	**2,783**	**7,314**
Investments at FVOCI	-	**2,707,136**	**9,738**	**2,716,874**
Total	$ -	$ **2,740,910**	$ **12,521**	$ **2,753,431**
Financial Liabilities				
Member shares - Series E	-	**468**	-	**468**
Derivative liabilities	-	**24,349**	-	**24,349**
Contingent consideration	-	-	**3,741**	**3,741**
Total	$ -	$ **24,817**	$ **3,741**	$ **28,558**

Financial assets fair value measurements using Level 3 inputs	
Balance at October 31, 2024	$ 13,277
Fair value through profit and (loss)	337
Fair value through other comprehensive income	(1,273)
Purchases	180
Balance at April 30, 2025	$ **12,521**

Financial liabilities fair value measurements using Level 3 inputs	
Balance at October 31, 2024	$ 3,433
Contingent consideration - fair value change	308
Balance at April 30, 2025	$ **3,741**

(Canadian $ thousands)

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

As at October 31, 2024	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative assets	$ -	$ 22,247	$ -	$ 22,247
Investments at FVTPL	-	5,515	2,265	7,780
Investments at FVOCI	-	2,892,697	11,012	2,903,709
Total	$ -	$ 2,920,459	$ 13,277	$ 2,933,736
Financial Liabilities				
Member shares - Series E	-	457	-	457
Derivative liabilities	-	28,090	-	28,090
Contingent consideration	-	-	3,433	3,433
Total	$ -	$ 28,547	$ 3,433	$ 31,980

Financial assets fair value measurements using Level 3 inputs	
Balance at October 31, 2023	$ 86
Addition from acquisition	13,041
Purchases	150
Balance at October 31, 2024	$ 13,277

Financial liabilities fair value measurements using Level 3 inputs	
Balance at October 31, 2023	$ 4,182
Contingent consideration payment	(1,250)
Contingent consideration - fair value change	501
Balance at October 31, 2024	$ 3,433

10. COMPARATIVE FIGURES

Certain comparative figures in the Interim Condensed Consolidated Statement of Cash Flows and Note 9 have been adjusted to conform to the current year's presentation.

Within the comparative period in Note 6 for the year ended October 31, 2024 in the loans and leases by security, there is a correction of a previous error, whereby insured loans and mortgages have increased by $210,088, secured by mortgage decreased by $(117,029) and secured by equipment decreased $(93,059).