

SERVUS CREDIT UNION LTD.
Consolidated Financial Statements

For the year ended October 31, 2025

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Management's Responsibility for Financial Reporting


These Consolidated Financial Statements have been prepared by the management of Servus Credit Union Ltd. (the Credit Union), who are responsible for their reliability, completeness and integrity. They were developed in accordance with requirements of the Credit Union Act of Alberta and conform in all material respects with IFRS Accounting Standards.

Systems of internal control and reporting procedures are designed to provide reasonable assurance that financial records are complete and accurate so as to safeguard the assets of the organization. These systems include the establishment and communication of standards of business conduct through all levels of the organization to prevent conflicts of interest and unauthorized disclosure, to provide assurance that all transactions are authorized and to ensure proper records are maintained. A function of the internal audit process is to provide management and the Board of Directors (the Board) with the ability to assess the adequacy of these controls.

The Board has approved the Consolidated Financial Statements. The Board has appointed an Audit and Finance Committee, comprising four directors, to review with management, advisers and auditors the annual Consolidated Financial Statements in detail prior to submission to the Board for final approval. The Audit and Finance Committee has also received regular reports on internal control findings from the Internal Auditor. KPMG LLP, the independent external auditors appointed by the Board, audited the Consolidated Financial Statements and accompanying notes of the Credit Union in accordance with Canadian generally accepted auditing standards. They have had full and free access to the internal audit staff, other management staff and the Audit and Finance Committee. Their independent auditor's report outlines the scope of their examination and their opinion.



Ian Burns, President and Chief Executive Officer



Ryan Gobolos, Chief Financial Officer



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INDEPENDENT AUDITOR'S REPORT

To the Members of Servus Credit Union Ltd.

Opinion

We have audited the consolidated financial statements of Servus Credit Union Ltd. (the Entity), which comprise:

- the consolidated statement of financial position as at October 31, 2025
- the consolidated statement of income for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at October 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



Other Information

Management is responsible for the other information. Other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Calgary, Canada

January 22, 2026

SERVUS CREDIT UNION LTD.
Consolidated Statement of Financial Position
(Canadian \$ thousands)

	Notes	October 31 2025	October 31 2024
Assets			
Cash and cash equivalents ⁽¹⁾	5	\$ 1,550,350	\$ 903,715
Investments	6	2,202,048	2,928,998
Members' loans and leases	7,9	26,010,889	24,849,354
Income taxes receivable		-	3,071
Assets held for sale	10	15,454	10,986
Other assets	11	73,882	67,209
Property and equipment	12	173,688	184,496
Leased assets	13	84,380	95,253
Investment property	14	5,554	5,922
Derivative financial assets	15	40,365	22,247
Investment in associate	16	24,554	29,924
Intangible assets	17	64,270	84,136
Goodwill	17	19,173	19,173
Defined benefit plan assets	23	-	3,392
Deferred income tax assets	18	27,734	54,855
Total assets		30,292,341	29,262,731
Liabilities			
Borrowings	19	299,502	199,056
Securitization liabilities	20	1,525,171	1,644,813
Members' deposits	21	25,167,381	24,414,448
Trade payables and other liabilities	22	373,337	314,789
Lease liabilities	13	99,439	110,345
Income taxes payable		11,644	429
Allowance for off balance sheet credit instruments	7,8	9,809	5,956
Derivative financial liabilities	15	29,431	28,090
Investment shares	24	444	457
Defined benefit plan liabilities	23	4,983	4,691
Total liabilities		27,521,141	26,723,074
Equity			
Share capital	24	1,163,194	1,161,474
Retained earnings		1,484,854	1,241,113
Contributed surplus		-	39,488
Accumulated other comprehensive income		15,074	9,041
Total equity attributable to members of the Credit Union		2,663,122	2,451,116
Non-controlling interest		108,078	88,541
Total equity		2,771,200	2,539,657
Total liabilities and equity		\$ 30,292,341	\$ 29,262,731

⁽¹⁾ Cash and cash equivalents includes restricted cash as at Oct 31, 2025 of \$1,742 (2024 - \$3,382)

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

Approved on behalf of the Board of Directors


Perry Dooley, Chair, Board of Directors


Doug Bristow, Chair, Audit and Finance Committee

SERVUS CREDIT UNION LTD.
Consolidated Statement of Income
(Canadian \$ thousands)

	Notes	Year ended October 31 2025	Year ended October 31 2024
Interest income			
Members' loans and leases		\$ 1,359,802	\$ 1,173,467
Investments, including derivatives	25	125,606	123,408
Total interest income		1,485,408	1,296,875
Interest expense			
Members' deposits		565,210	580,785
Other interest expense	26	115,003	100,098
Total interest expense		680,213	680,883
Net interest income		805,195	615,992
Non-interest income	27	248,840	212,721
Share of profits (losses) from associate	16	40,082	(2,165)
Net interest income and non-interest income		1,094,117	826,548
Provision for credit losses	8	58,481	72,533
Net interest income and non-interest income after provision for credit losses		1,035,636	754,015
Operating expenses			
Personnel		380,401	321,131
General		190,707	152,644
Occupancy		24,671	21,786
Member security		16,238	14,291
Depreciation	12,13,14	31,159	25,460
Organization		2,970	4,196
Impairment of assets	10,12,17	6,836	3,145
Amortization	17	20,813	24,247
Total operating expenses		673,795	566,900
Income before patronage allocation to members and income taxes		361,841	187,115
Patronage allocation to members	24	33,641	30,911
Income before income taxes		328,200	156,204
Income taxes	18	69,196	24,280
Net income		\$ 259,004	\$ 131,924
Net income			
Net income attributable to members		241,584	124,552
Net income attributable to non-controlling interest		17,420	7,372
Net income		\$ 259,004	\$ 131,924

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

SERVUS CREDIT UNION LTD.
Consolidated Statement of Comprehensive Income
(Canadian \$ thousands)

	Notes	Year ended October 31 2025	Year ended October 31 2024
Net income		\$ 259,004	\$ 131,924
Other comprehensive income for the year, net of tax:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension plans ⁽¹⁾	23	262	(355)
Change in unrealized (loss) gain on equity securities at fair value through other comprehensive income securities ⁽²⁾		(1,342)	278
<i>Share of other comprehensive income from associate</i>			
Actuarial gain on defined benefit pension plans ⁽¹⁾		-	87
Change in unrealized gain on equity securities at fair value through other comprehensive income securities ⁽²⁾		-	483
Items that may be reclassified subsequently to profit or loss:			
Change in unrealized (loss) gain on debt securities at fair value through other comprehensive income securities ⁽³⁾		(2,711)	10,697
Reclassification adjustments for realized gain (loss) on debt securities ⁽⁴⁾		1,254	(475)
Cash flow hedges - effective portion of changes in fair value ⁽⁵⁾		8,026	-
<i>Share of other comprehensive income from associate</i>			
Change in unrealized gain on debt securities at fair value through other comprehensive income securities ⁽³⁾		-	3,407
Total other comprehensive income		\$ 5,489	\$ 14,122
Total comprehensive income		\$ 264,493	\$ 146,046
Total comprehensive income			
Comprehensive income attributable to members		247,617	136,686
Comprehensive income attributable to non-controlling interest		16,876	9,360
Total comprehensive income		\$ 264,493	\$ 146,046

⁽¹⁾ Net of income tax expense (recovery) for the year ended October 31, 2025 of \$74 (2024 - \$(51))

⁽²⁾ Net of income tax (recovery) expense for the year ended October 31, 2025 of \$(94) (2024 - \$165)

⁽³⁾ Net of income tax expense for the year ended October 31, 2025 of \$202 (2024 - \$4,254)

⁽⁴⁾ Net of income tax expense (recovery) for the year ended October 31, 2025 of \$384 (2024 - \$(145))

⁽⁵⁾ Net of income tax expense for the year ended October 31, 2025 of \$2,408 (2024 - \$0)

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

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

	Notes	Share Capital		Total Share Capital	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
		Common Shares	Investment Shares						
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	24,35	344,978	148,861	493,839	-	-	-	-	493,839
Redemption of share capital	24	(70,541)	(10,105)	(80,646)	-	-	-	-	(80,646)
Dividends on share capital	24	41,482	16,338	57,820	(57,820)	-	-	-	-
Net income		-	-	-	124,552	-	-	7,372	131,924
Tax recovery on dividend		-	-	-	13,299	-	-	-	13,299
Non-controlling interest acquired through business combination		-	-	-	-	-	-	79,181	79,181
Contributed surplus arising from business combination		-	-	-	-	39,488	-	-	39,488
Other comprehensive income - fair value and pension reserve		-	-	-	-	-	12,134	1,988	14,122
Transfer AOCI to net income due to acquired control of Alberta Central ⁽¹⁾		-	-	-	-	-	(7,183)	-	(7,183)
Balance at October 31, 2024		\$ 884,682	\$ 276,792	\$ 1,161,474	\$ 1,241,113	\$ 39,488	\$ 9,041	\$ 88,541	\$ 2,539,657

	Notes	Share Capital		Total Share Capital	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
		Common Shares	Investment Shares						
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	24	29,415	-	29,415	-	-	-	-	29,415
Redemption of share capital	24	(60,819)	(16,454)	(77,273)	-	-	-	-	(77,273)
Dividends on share capital	24	35,641	13,937	49,578	(49,578)	-	-	-	-
Net income		-	-	-	241,584	-	-	17,420	259,004
Tax recovery on dividend		-	-	-	12,247	-	-	-	12,247
Reclassify contributed surplus to retained earnings		-	-	-	39,488	(39,488)	-	-	-
Other comprehensive income - fair value and pension reserve		-	-	-	-	-	(1,993)	(544)	(2,537)
Other comprehensive income - hedging reserve		-	-	-	-	-	8,026	-	8,026
Change in non-controlling interest due to issues of share capital		-	-	-	-	-	-	3,358	3,358
Dividends paid to non-controlling interest		-	-	-	-	-	-	(697)	(697)
Balance at October 31, 2025		\$ 888,919	\$ 274,275	\$ 1,163,194	\$ 1,484,854	\$ -	\$ 15,074	\$ 108,078	\$ 2,771,200

⁽¹⁾ As a result of the business combination with Connect First Credit Union and acquisition of control over Alberta Central (refer to Note 35) the Credit Union transferred AOCI previously recognized from the equity pickup method for the investment in Alberta Central to Other Income for \$9,328 and Income tax expense for \$2,145 in the Consolidated Statement of Income.

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

SERVUS CREDIT UNION LTD.
Consolidated Statement of Cash Flows
(Canadian \$ thousands)

	Notes	Year ended October 31 2025	Year ended October 31 2024
Cash flows from (used in) operating activities			
Net income		\$ 259,004	\$ 131,924
Adjustments for non-cash items and others			
Net interest income ⁽¹⁾		(805,195)	(615,992)
Provision for credit losses		58,481	72,533
Share of profits from investment in associate		(40,082)	2,165
Depreciation		31,159	25,460
Amortization		20,813	24,247
Impairment of assets		6,836	3,145
Loss on leased assets		675	174
Gain on assets held for sale		(698)	(2,257)
Loss on disposal of property and equipment		2,397	1,247
Loss on disposal of intangible assets		36	30
Gain from acquisition of business	35	-	(14,470)
Gain on investments		(496)	-
Loss on settlement of pension asset		1,516	-
Income taxes		69,196	24,280
Adjustments for net changes in operating assets and liabilities			
Change in members' loans and leases		(1,103,659)	(438,304)
Change in members' deposits		811,372	502,424
Change in assets held for sale		(13,355)	(16,455)
Change in other assets, provisions, and trade payables and other liabilities, net		23,217	3,006
Income taxes paid, net		(18,045)	(17,031)
Interest received		1,375,983	1,234,021
Interest paid		(712,432)	(599,201)
Net cash from operating activities		(33,277)	320,946
Cash flows from (used in) investing activities			
Additions to intangible assets, net		(3,977)	(8,403)
Additions to property and equipment, and investment property		(16,358)	(11,988)
Proceeds on disposal of property and equipment, and investment property		1,034	1,789
Proceeds on disposal of assets held for sale		8,786	14,603
Purchase of Alberta Central shares (pre acquisition)		-	(11,776)
Distribution from investment in associate	16	45,956	-
Proceeds from (purchase of) investments, net		726,180	(234,527)
Cash and restricted cash acquired		-	738,926
Net cash from (used in) investing activities		761,621	488,624
Cash flows from (used in) financing activities			
Advances of (repayments) of term loans and lines of credit, net		100,446	(8,085)
Advances of securitization liabilities		467,955	452,749
Repayments of securitization liabilities		(594,911)	(378,490)
Repayments of principal portion of lease liabilities		(10,699)	(7,771)
Shares issued		29,415	30,254
Shares redeemed		(77,273)	(80,646)
Non-controlling interest shares issued		3,358	-
Net cash from financing activities		(81,709)	8,011
Increase in cash and cash equivalents		646,635	817,581
Cash and cash equivalents, beginning of year		903,715	86,134
Cash and cash equivalents, end of year		\$ 1,550,350	\$ 903,715

⁽¹⁾ Net interest income includes a fair value loss (gain) on derivatives for the year ended Oct 31, 2025 of \$444 (2024 - \$(7,062))

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

SERVUS CREDIT UNION LTD.
Notes to Consolidated Financial Statements
For the Year Ended October 31, 2025
(Canadian \$ thousands, except per share amounts)

1. REPORTING ENTITY

Servus Credit Union Ltd. is incorporated in Canada under the Credit Union Act (The Act) of the Province of Alberta. The address of the Credit Union's registered office is 200-2850 Sunridge Blvd NE, Calgary, Alberta. The Credit Union operates in the financial services industry regulated under the Credit Union Act, serving members across Alberta. On April 1, 2025 Connect First and Servus Credit Union Ltd. changed the legal entity name to Servus Credit Union Ltd.

The Credit Union Deposit Guarantee Corporation (the Corporation), a provincial corporation, guarantees the repayment of all deposits with Alberta credit unions, including accrued interest. The Act provides that the Province of Alberta will ensure that the Corporation carries out this obligation.

2. BASIS OF PRESENTATION

These Consolidated Financial Statements (financial statements) of the Credit Union have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The material accounting policies applied in the preparation of the financial statements are described in Note 3.

The financial statements for the year ended October 31, 2025, were authorized for issue by the Board of Directors on January 22, 2026.

Basis of Measurement

The financial statements have been prepared using the historical cost basis except for financial instruments classified as fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Functional Currency

The financial statements are presented in Canadian dollars (Canadian \$), which is the Credit Union's functional currency.

Use of Estimates, Assumptions and Critical Judgments

The preparation of the 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. 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, hedge effectiveness, valuation of leased assets and lease liabilities and accounting for investment in associate 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.

Despite continued economic and political uncertainty globally, the Alberta economy continued to show signs of resilience with bolstered activity in construction and housing coupled with increases in population. However, 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 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 8.

SERVUS CREDIT UNION LTD.
Notes to Consolidated Financial Statements
For the Year Ended October 31, 2025
(Canadian \$ thousands, except per share amounts)

3. MATERIAL ACCOUNTING POLICIES

Basis of Consolidation

The financial statements of the Credit Union include the assets, liabilities, income and expenses of subsidiaries after elimination of inter-company transactions.

Subsidiaries are entities controlled by the Credit Union. Control is achieved when all of the following conditions are met:

- Existing rights that give the investor the ability to direct the relevant activities of the investee (the activities that significantly affect the investee's returns)
- Exposure, or rights, to variable returns from the investor's involvement with the investee
- The ability to use the investor's power over the investee to affect the amount of investor's return

The financial results of subsidiaries are included in the Credit Union's Consolidated Financial Statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries have been prepared using accounting policies consistent with the Credit Union.

Subsidiaries

Included in the financial statements are the accounts of the Credit Union and the following subsidiaries:

- The Credit Union's 100% ownership interest of Servus Wealth Strategies Ltd., which provides wealth management services
- The Credit Union's 100% ownership interest of Servus Registries Ltd., which provides registry services
- The Credit Union's 100% ownership interest of 2416924 Alberta Ltd. (Stride Capital), which provides equipment leasing services
- The Credit Union's 100% ownership interest of 2628741 Alberta Ltd. (Servus Halal), which provides halal mortgages
- The Credit Union's 81% ownership interest of Alberta Central Ltd., the central banking facility and trade association for Alberta's credit unions
- The Credit Union's joint arrangement with Everlink Payment Services in an unincorporated company to provide debit Mastercard services to other credit unions

Alberta Central has investments in the following companies:

- 33.3% ownership in Prairie Payments Joint Venture (PPJV), an unincorporated company
- 33.3% ownership in RemainCo Joint Venture (RemainCo, formerly Celero Solutions)
- 33.3% ownership in 16170277 Canada Inc. Joint Venture (HoldCo)
- 8.71% ownership in CU CUMIS Wealth Holdings LP (CU CUMIS)

Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they are recorded in the acquiree's financial statements prior to acquisition. At acquisition date, the assets and liabilities of the acquired subsidiary are included in the consolidated balance sheet at their fair value, which are also used as the basis for subsequent measurement in accordance with the Credit Union's accounting policies.

At acquisition date, the allocation of the purchase price is recorded on a provisional basis. Final calculations are done after the acquisition date. Therefore, changes to the allocation may occur as additional information becomes available concerning the fair value of net identifiable assets. Any adjustments to the purchase price allocation will be made as soon as is practicable but no later than twelve months from the acquisition date.

SERVUS CREDIT UNION LTD.
Notes to Consolidated Financial Statements
For the Year Ended October 31, 2025
(Canadian \$ thousands, except per share amounts)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill, if any, is stated after separating out identifiable intangible assets if the fair value of identifiable net assets at the date of acquisition is less than the consideration paid at the date of acquisition. Any excess of identifiable net assets over consideration paid is recognized in the consolidated income statement immediately after acquisition. Costs incurred in connection with the acquisition are recognized in profit or loss as incurred.

Intangible Assets Acquired Through Business Combinations

Intangible assets acquired through business combinations have limited lives and include customer relationships and wealth management relationships.

Customer relationships represent the fair value of future cash flows from leased assets expected to be generated from existing customers at the time of acquisition. This intangible is amortized each year as leasing revenue from existing customers at acquisition is recognized. The amortization period is six years and is based on customer attrition rates.

Wealth management relationships represent the fair value at the acquisition date of future cash flows the Credit Union expects to generate from wealth management products and services. This intangible is amortized each year as wealth management revenue is recognized from members existing at acquisition. The amortization period is fifteen years and is based on member attrition rates.

Investment in Associate

Investment in associate include any entities over which the Credit Union, either on its own or by virtue of control over Alberta Central, has significant influence but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In addition, investment in associate includes any entities over which the Credit union, either on its own or by virtue of control over Alberta Central, has joint control and has concluded the arrangement is a joint venture. CUMIS and HoldCo are the entities classified as investment in associate on the Credit Union's consolidated statements for the reporting period, by virtue of control over Alberta Central.

Investment in associate is accounted for using the equity method and is initially recognized at cost. Subsequent to the date of acquisition, the carrying amount is increased or decreased to recognize the proportionate share of the associates' net income or loss, including the proportionate share of the associates' other comprehensive income or loss. Dividends received are recorded as a reduction in the carrying amount.

Investment in PPJV and RemainCo

Alberta Central, a subsidiary of the Credit Union, has a 33.33% interest in the PPJV joint arrangement, and a 33.3% interest in the RemainCo joint arrangement (post August 21, 2024). The assets and liabilities of PPJV and RemainCo are primarily those of the parties to the joint arrangement. Accordingly, the Credit Union accounts for its investments in PPJV and RemainCo as joint operations, and its proportionate share of PPJV's and RemainCo's assets, liabilities, revenues and expenses are combined with similar items, line by line, in its financial statements. Intercompany gains on transactions between the Credit Union and the joint operations are eliminated to the extent of the Credit Union's interest in the joint operations. Intercompany losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 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. The Credit Union uses interest rate swaps to hedge exposure to variability in cash flows. Where the Credit Union applies cash flow hedge accounting, it hedges the Canadian Overnight Repo Rate Average (CORRA) component of variable rate cash flows over a specific period in alignment with hedging instruments available in derivatives markets. The cash flows from the Credit Union's financial instruments are commonly, but not universally, based on its internal prime rate, which has and is expected to remain highly correlated with CORRA.

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). Amounts accumulated in OCI are 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.

A hedge ratio relates the value of the hedged item to the notional amount of the derivative, and in each cash flow hedge the Credit Union maintains a hedge ratio at or above 1.0. Hedge ineffectiveness can arise from various sources such as credit risk related to counterparties, interest rate indices approaching zero, and differences in settlement frequency. 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

All financial assets are measured either at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) based on their contractual cash flow characteristics and the business model for managing the financial assets. All financial instruments are initially measured at fair value and are recognized at the trade date, when the Credit Union becomes a party to the contractual provisions of the instrument. Transaction costs on financial instruments classified as FVTPL are expensed as incurred. For all other classifications of financial instruments, only initial transaction costs are capitalized.

The Solely Payment of Principal and Interest (SPPI) test is used to assess the classification and requires that the contractual terms of the financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding i.e. cash flows that are consistent with a basic lending arrangement. Principal is defined as the fair value of the asset at initial recognition. Interest for the purpose of this test is defined as the consideration for the time value of money and credit risk, which are most significant elements of interest within the lending arrangement.

The Credit Union's business models are determined in a manner that reflects how groups of financial assets are managed in order to generate cash flows, that is, they reflect whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Determining business models requires the use of judgment and is based on all relevant evidence available at the date of the assessment.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The Credit Union's business models are defined as follows:

- Held to collect contractual cash flows;
- Held to collect contractual cash flows and sell;
- Other business models: The objective is not consistent with any of the above mentioned business models and represents business objectives where assets are managed on a fair value basis.

Financial assets are not reclassified following their initial recognition, unless the business model for managing those financial assets changes.

The below table outlines how the Credit Union has classified its financial assets and liabilities:

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 - asset backed 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 - swaptions			▼
Derivatives - equity linked options			▼
Members' deposits	▼		
Trade payables and other liabilities	▼		
Contingent consideration			▼
Borrowings and securitization liabilities	▼		
Investment share liability portion			▼

Financial Assets Measured at Amortized Cost

Financial assets under the held to collect contractual cash flows business model and with contractual cash flows that pass the SPPI test are measured at amortized cost. The assets are initially recognized at fair value which is the cash consideration to originate or purchase the asset, including any transaction costs, and is subsequently measured at amortized cost using the effective interest rate method. Interest is included in the consolidated statement of income as part of net interest income.

For member loans and leases, ECL is reported as a deduction in the asset's carrying value on the consolidated statement of financial position and is recognized in the consolidated statement of income as a provision for credit losses.

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets under the held to collect contractual cash flows and sell business model and where contractual cash flows meet the SPPI test are measured at FVOCI. Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income is included in the consolidated statements of income in net interest income.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Assets held by the Credit Union that are classified as FVOCI include derivatives that are part of cash flow hedges, and debt securities and equity investments held by Alberta Central

Debt securities classified as FVOCI are initially and subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in net income. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI related to debt securities are reclassified to net income.

Alberta Central's debt securities portfolio is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets to meet liquidity needs as they arise. As the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, these financial assets are measured at FVOCI. However, Alberta Central may designate any financial asset or liability as FVTPL if certain specified conditions are met.

On initial recognition of an equity investment that is not held for trading, Alberta Central may irrevocably elect to present subsequent changes in fair value through OCI. This election is made on an investment-by-investment basis. Alberta Central has made this election for equity securities held in cooperative entities. Accordingly, gains and losses accumulated in OCI related to equity securities are not reclassified to net income.

Financial Assets and Liabilities at Fair Value through Profit and Loss

Financial assets that are measured at FVTPL fall into two categories:

- Financial assets that are required to be measured at fair value as a result of the business model for managing those assets.
- Financial assets classified by the Credit Union as FVTPL upon initial recognition.

Interest income and expense on these financial assets classified as FVTPL are included in net interest income.

Equity instruments are measured at FVTPL. Fair value changes are recorded as part of Interest income in the consolidated statement of income.

The liability portion of investment shares are also measured at FVTPL. Gains and losses arising from changes in fair value are included in the consolidated statement of income as part of net interest income.

In the ordinary course of business, the Credit Union enters into various derivative contracts, including interest rate forwards, swaps, swaptions, and options. The Credit Union enters into such contracts principally to manage its exposure to interest rate fluctuations or risks associated with other financial risks as part of its asset/liability management program. The Credit Union may apply hedge accounting to certain of its interest rate swaps which are measured at FVOCI. Interest rate swaps that are not included in a hedging relationship are recorded at FVTPL.

The Credit Union may also designate any financial asset or liability as FVTPL where the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Liabilities Measured at Amortized Cost

Financial liabilities that do not meet the criteria for the FVTPL classification fall into this category and include members' deposits, borrowings, securitization liabilities and trade payables and other liabilities. These are measured at fair value on initial recognition and subsequently at amortized cost using the effective interest method.

Impairment of Financial Assets

The Credit Union records an allowance for credit losses for all financial assets that are measured at amortized cost or at FVOCI. This also includes investments, lease receivables, loan commitments and financial guarantee contracts. Equity investments are not subject to impairment. Impairment losses are measured based on the estimated amount and timing of future cash flows, and collateral values.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

For loans and leases carried at amortized cost, impairment losses are recognized at each reporting date as an expected credit loss deduction from the financial asset on the consolidated statement of financial position, and as a provision for credit losses on the consolidated statement of income. Losses are based on a three-stage impairment model outlined below.

For financial assets measured at FVOCI, the calculated expected credit loss does not reduce the carrying amount in the consolidated statement of financial position, which remains at fair value. Instead, the allowance is recognized in OCI as an accumulated impairment amount with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is reclassified to profit and loss when the asset is derecognized.

Measurement of Expected Credit Loss Allowances

At each reporting date, the Credit Union recognizes an ECL based on an impairment model that comprises three different stages:

- Stage 1: For financial instruments that have not had a significant increase in credit risk since initial recognition and are not considered credit impaired financial assets at initial recognition, a loss allowance amounting to 12-month expected credit losses is recognized.
- Stage 2: For financial instruments that have had a significant increase in credit risk since initial recognition but are not considered credit impaired financial assets, a loss allowance amounting to the lifetime expected credit losses is recognized.
- Stage 3: For financial instruments considered credit impaired, a loss allowance amounting to the lifetime expected credit losses continues to be recognized.

Stages 1 and 2 are considered to be performing loans and Stage 3 consists of credit impaired loans. Financial instruments may, over their life, move from one impairment model stage to another based on the improvement or deterioration in their credit risk and the level of expected credit losses. Instruments are categorized based on the change in credit risk from origination (initial recognition) to current reporting date.

Loans acquired in a business combination are considered purchased loans. Purchased loans are initially measured at fair value and identified as either purchased performing loans or purchased credit impaired loans. Purchased performing loans have an ECL recorded on the first reporting date after purchase. The loans are subsequently measured at amortized cost.

For purchased performing loans, the fair value reflects adjustments for credit risk and market risk. The difference between fair value and par value is amortized into interest income over the expected life of the loan, using the effective interest rate method.

Purchased credit impaired loans are recorded at their fair value on acquisition and subsequently assessed for additional impairment at each reporting period. Any recovery of impairment is recorded through the provision for credit losses.

Forward Looking Indicators

Forward looking indicators (FLI) are incorporated into the measurement of ECL (refer to Note 8 for further information on the relevant macroeconomic factors incorporated into the ECL model).

These factors are updated quarterly and take into consideration any lagging indicators customized to each major loan grouping. The model used to calculate ECL includes forecasts for these FLI for the next 20 quarters and then uses a weighted average of three scenarios (base, best, and worst). These scenarios are intended to address the variety of possible outcomes in the forecast. The weighting of these scenarios is assessed quarterly by a committee comprised of accounting, credit and banking operations.

As the inputs used may not capture all factors, particular region-specific qualitative adjustments (management overlays) may be applied at the reporting date.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Expected Life

For loans and leases in Stages 2 and 3, ECL is calculated over the expected remaining lifetime.

Exceptions can apply to loans if they have the following characteristics:

- includes both a loan and an undrawn commitment component;
- the lender has the contractual ability to demand repayment and cancel the undrawn commitment; and
- there is no stated contractual term (i.e., credit cards, home equity lines of credit and revolving lines of credit).

In these cases, ECL is estimated using a conditional survival curve to determine the expected remaining lifetime. These exceptions do not apply to leases.

Significant Increase in Credit Risk

Movement in the stages relies on judgment to assess whether a loan's credit risk has significantly increased relative to the date the loan was initially recognized. For this assessment, an increase in credit risk is considered at the instrument level.

The assessment for significant increases in credit risk is performed quarterly based on the following factors. Should any of these factors indicate a significant increase in credit risk, the loan is moved to the appropriate stage:

- Credit risk ratings: commercial and agriculture loans use an internal risk rating, consumer and credit card and residential mortgages use FICO scores
- Loans 30 days and leases 31 days past due are typically considered to have experienced a significant increase in credit risk (Stage 2)
- Loans 90 days past due are typically considered to be credit impaired (Stage 3) unless other factors are known
- Leases 61 days past due are typically considered to be credit impaired (Stage 3) unless other factors are known
- Other factors known by the Credit Union are also used as appropriate to determine staging if different from above. This can include, but is not limited to, information gathered in the collections process.

Financial assets with low credit risk are considered to have a low risk of default, as the borrower is still able to fulfill their contractual obligations even under stress scenarios. The ECL on low credit risk items can be assessed on a collective basis if detailed information is not available.

If a member's credit risk increases significantly from initial recognition, the loan associated with that member will increase to the next stage level. If these conditions reverse and the member's credit risk recovers to its initial rating or better, the loan will move back a stage.

Default

The Credit Union has defined default as any credit instrument that meets at least one of the following criteria:

- 90 or more days past due, unless other factors rebut this presumption.
- Less than 90 days past due but the Credit Union has information indicating that the member is unlikely to pay their credit obligations in full. Examples include member bankruptcy and breach of covenants.

For leases specifically, the Credit Union has defined default as any lease that meets at least one of the following criteria:

- 61 or more days past due, unless other factors rebut this presumption.
- Less than 61 days past due but there is information indicating that the customer is unlikely to pay their credit obligations in full. Examples include member bankruptcy and breach of covenants.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Write-Offs

The Credit Union seeks to work with members to bring their accounts to a current status before taking possession of collateral. Amounts are written off where there is no realistic prospect of future recovery. The amount charged to the allowance consists of the remaining balance after cost to collect and collateral has been realized. Credit cards are written off after 180 days past due. These balances could however still be subject to enforcement actions. In subsequent periods, any recoveries of amounts previously written off are credited to the allowance for credit losses in the consolidated statement of financial position.

Modifications

A modification is when a loan or lease's original terms, payment schedule, interest rate or limit are renegotiated, or an existing financial asset is replaced with a new one resulting in a change to the loan's contractual cash flows. The Credit Union can modify the contractual terms to provide more competitive pricing or to grant concessions to a borrower experiencing financial difficulty.

When a modification occurs, it must be assessed to determine if the financial asset should be derecognized. If the result is a modification, the origination date used to determine a significant increase in credit risk does not change. When the modification is considered substantial, the financial asset is derecognized and the date of the modification becomes the new origination date and the loan is recognized at its fair value at that date. Other derecognition criteria is described in the following section.

The impact of a modification is calculated by taking the net present value of the new contractual cash flows, discounted at the original effective interest rate (EIR) less the current carrying value, with the difference recognized as a gain or loss. The gain or loss is recorded in non-interest income in the consolidated statement of income.

Financial Instruments — Derecognition

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or substantially all the risks and rewards of the assets have been transferred. If the Credit Union has neither transferred nor retained substantially all the risks and rewards of the financial asset, it will assess whether it has retained control over the asset. If the Credit Union determines that control has not been retained, it will derecognize the transferred asset.

In the securitization of residential and commercial mortgage loans and leases, the Credit Union retains all the risks and rewards. These assets are not derecognized and a liability for cash proceeds from securitization is recognized in the consolidated statement of financial position.

Financial liabilities are derecognized when the obligation has been discharged, cancelled or expired.

Impairment of Non-Financial Assets

The Credit Union assesses at each reporting date whether there is an indication that an asset may be impaired. If there is an indication of impairment, the Credit Union performs an impairment test. In addition, intangible assets that are not yet available for use or that have indefinite lives are tested for impairment annually.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and value in use. Fair value is estimated based on recent transactions for similar assets within the same industry. Value in use is estimated based on discounted net cash flows from continuing use and the ultimate disposal of an asset.

The impairment test is performed on the asset's cash-generating unit (CGU), which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows. As at October 31, 2025, management has determined that there are two CGUs in the consolidated entity. One CGU is Alberta Central; the other CGU is comprised of the credit union and all subsidiaries excluding Alberta Central.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The Credit Union also assesses at each reporting date whether the conditions that caused a previous impairment to be recognized no longer exist. If the conditions that caused an impairment no longer exist, the recoverable amount is reassessed and the previous impairment loss reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Impairments and reversals of impairment are recognized within impairment of assets expense in the consolidated statement of income.

Goodwill is evaluated for impairment against the carrying amount of the CGU at least annually. The carrying amount of the CGU includes the carrying amounts of assets, liabilities and allocated goodwill. If the recoverable amount is less than the carrying value, the impairment loss is first allocated to reduce the carrying amount of any allocated goodwill and then to the other non-financial assets of the CGU proportionally based on the carrying amount of each asset. Any impairment loss is charged to profit or loss in the period when the impairment is identified. An impairment loss in respect of goodwill is not reversed.

Cash and Cash Equivalents

Cash and cash equivalents, which comprise cash on hand, ATM cash, cash held in foreign currencies, cash in other financial institutions (including cash held for liquidity management purposes), restricted cash and items in transit, are recorded at amortized cost in the consolidated statement of financial position. Cash equivalents are highly liquid financial assets with maturities of three months or less from the acquisition date and are used by the Credit Union in the management of short-term commitments.

Restricted Cash

The Credit Union holds restricted cash which represents funds in connection with securitization activities. The securitization agreements require these funds to be held in trust as security on securitized lease receivables.

Derivative Financial Instruments

Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, equity instrument or index.

Derivative contracts are used to manage financial risks associated with movements in interest rates and other financial indices. The Credit Union does not use derivative instruments for trading or speculative purposes. Quotes are based on current observable market data to estimate the fair value of all derivative financial instruments on the consolidated statement of financial position.

Derivatives with positive fair values are recorded in derivative financial assets, while derivatives with negative fair values are recorded in derivative financial liabilities.

Derivative financial instruments may also be embedded in other financial instruments. For financial assets containing an embedded derivative, the entire contract is classified based on the business model and contractual terms. Derivative financial instruments embedded in financial liabilities and non-financial contracts are separated from the host contract and accounted for separately when certain criteria are met: their economic characteristics and risks are not closely related to the host contract, they meet the definition of a derivative financial instrument, and the host contract is not classified as FVTPL.

Estimated Fair Value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

When financial instruments are subsequently remeasured to fair value, quoted market prices or dealer price quotations in an active market provide the best evidence of fair value, and when such prices are available, the Credit Union uses them to measure financial instruments. Where independent quoted market prices are not available, fair value is determined by reference to arm's-length market transactions for similar instruments, the current fair value of other instruments having substantially the same terms, conditions and risk characteristics or through the use of valuation techniques.

Through valuation techniques, fair value is estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows. Some of the inputs to these models may not be market observable and are therefore based on assumptions.

Some of the Credit Union's financial instruments classified as FVTPL lack an available trading market and are intended to be held to maturity; therefore, fair values are based on estimates using present value and other valuation techniques. These techniques are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates, which reflect varying degrees of risk. Due to this estimation process the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

The level in the fair value hierarchy within which the financial assets or liabilities are categorized is based on the lowest level of input that is significant to the fair value measurement. Financial assets and liabilities held at fair value through profit or loss are classified in their entirety in one of following three levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets Held for Sale

Assets that are expected to be recovered principally through sale rather than through continuing use are classified as held for sale. Assets held for sale include property and land previously used by the Credit Union, property that has been repossessed following foreclosure on loans that are in default and equipment that has been repossessed on a lease that is in default. The Credit Union follows procedures in place to dispose of these assets.

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

If the Credit Union has classified an asset as held for sale, but the recognition criteria are no longer met, then the Credit Union ceases to classify the asset as held for sale. The Credit Union measures an asset that ceases to be classified as held for sale at the lower of either:

- (i) The carrying amount before the asset was classified as held for sale, adjusted for any depreciation that would have been recognized had the asset not been classified as held for sale; or
- (ii) Its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustments to the carrying amount of an asset that ceases to be classified as held for sale will be recognized in general operating expenses in the period in which the recognition criteria are no longer met.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures and borrowing costs that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located.

When parts of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Additions and subsequent expenditures are capitalized if they enhance the future economic benefits expected to be derived from the assets. The cost of day-to-day servicing of property and equipment is recognized as general operating expenses as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recorded commencing in the month the asset becomes available for use; no depreciation is recorded in the month of disposal. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized within general operating expenses.

Depreciation is recognized within operating expenses on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	10 to 40 years
Furniture, office equipment and vehicles	4 to 10 years
Leasehold improvements	Lease term plus any applicable extensions
Computer equipment	4 to 7 years

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property and equipment are reviewed annually.

Intangible Assets and Goodwill

Intangible Assets

Intangible assets with a finite life are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and borrowing costs.

The cost of internally generated assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Intangible assets that are developed for internal use are capitalized only if it is probable that future economic benefits will be obtained from use of the asset and that the development costs can be measured reliably. Other development expenditures are recognized within operating expenses as incurred. Additions and subsequent expenditures are capitalized only when it increases the future economic benefits expected to be derived from the specific asset to which it relates.

Amortization is calculated based on the amortizable amount, which is the cost of an asset less its residual value. Amortization is recorded commencing in the month the asset becomes available for use; no amortization is recorded in the month of disposal. Gains and losses on disposal of an intangible asset are determined by comparing the proceeds from disposal with the asset's carrying amount and are recognized within general operating expenses.

Amortization is recognized within operating expenses on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for the current and comparative periods are as follows:

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Computer software and development costs	3 to 15 years
Credit card related intangible	10 years
Customer relationships	6 years
Wealth management relationships	15 years
External advisor books	10 years

Amortization rates, methods and the residual values underlying the calculation of amortization of items of intangible assets are reviewed annually.

Goodwill

Goodwill is initially measured at cost and is calculated as the excess of the purchase price for an acquired business over the fair value of acquired net identifiable assets and liabilities and is allocated to the CGU to which it relates. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Subsequent reversals of goodwill impairment are prohibited.

Leases

Leases are arrangements containing identified assets that the lessee has the right to control, obtain substantially all economic benefit and the right to direct use of the asset. Leases are recognized at the lease commencement date.

The Credit Union as a Lessee

At initial recognition, the leased asset (right-of-use asset) is equal to the value of the lease liability with adjustments for incentives received, initial direct costs, and an estimate of costs to restore the asset to the condition required by the contract. The lease liability is calculated as the present value of the lease payments taking into consideration all allowable adjustments, such as a penalty for termination or exercise price of a purchase option.

Subsequent to initial recognition, leased assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term, in accordance with the accounting policy for property and equipment. Leased land is also depreciated over the lease term. Lease liability is measured at amortised cost using the effective interest rate (EIR). Depreciation expense is recognized on the leased asset and interest expense on the lease liability is recorded in occupancy expenses.

The discount rate used in calculating the present value of the lease payment is either the interest rate implicit in the lease, if it is practicable to determine, or the incremental borrowing rate.

The classes of leases currently held by the Credit Union are land, building, other equipment (signage and vehicles), and computer equipment.

The Credit Union typically exercises all extension options on leases. For this reason, the leased asset and liability include all extension options that are expected to be exercised in each individual lease. Due to the nature of business and the work required to set up a branch, contracts with an extension are preferable to maintain the same location and presence in the community long-term. While this is the standard application on Credit Union lease options, a reassessment is required when there is a significant event or change.

The Credit Union as a Lessor

Leases in which the Credit Union does not transfer substantially all the risks and rewards of the asset are classified as operating leases. Rental income received under operating leases are recognized in non-interest income on a straight-line-basis over the term of the lease. Lease incentives provided are recognized on a straight-line basis over the term of the lease.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Finance leases, which are contracts containing terms that provide for the transfer of substantially all the benefits and risks of the equipment ownership to members, are measured at amortized cost. These leases are recorded at the aggregate future minimum lease payments plus residual values less unearned finance income. Revenue is recognized in interest income.

At lease inception, the aggregate future minimum lease payments and contractual residual value of the leased asset less unearned income are recorded under Members' loans and leases. Revenue is recognized over the lease term to approximate an equal rate of return on the outstanding net investment. Contractual residual values of finance leases represent an estimate of the values of the equipment at the end of the lease contracts. During the term of each lease, management evaluates the adequacy of its estimate of the residual value and makes allowances to the extent the fair value at lease maturity is expected to be less than the contractual lease residual value.

Initial direct costs that relate to lease origination are capitalized and amortized as part of effective interest. These costs are incremental to individual leases and comprise certain specific activities related to processing requests for financing, such as underwriting costs and commissions.

Members' Shares

Members' share capital includes common and investment shares and are recorded as a part of equity unless there is right to redemption that is unrestricted which is then recorded as a liability. Dividends on shares are recognized as a liability in the year in which they are declared by the Board of Directors. Dividends will be calculated on the Credit Union fiscal year end and paid annually. Cash dividends are recorded through retained earnings.

Shares that provide the member with the right to request redemption subject to the Credit Union maintaining adequate regulatory capital are initially measured at the fair value of a similar liability without a right to redemption option.

Revenue Recognition

Interest Income and Expense

Interest income and expense earned and charged on members' loans and leases, deposits, credit cards and investments are recognized within interest income and interest expense using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or financial liability and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash receipts through the expected life of the financial asset or liability. The calculation of the effective interest rate includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

Commissions and Fees

Commissions and fees that are considered an integral part of the effective interest rate are amortized over the life of the loan and included in net interest income. Typically, commissions and fees that are not an integral part of the effective interest rate, including insurance commissions and mortgage and lease prepayment penalties, are recognized as income when charged to members. Other fees and commissions, such as mutual fund trailer fees, are recognized when earned.

Non-interest Income

Non-interest income is revenue recognized using a principle based five step model to be applied to all contracts with customers, either at a point in time or recognized over time, based on when performance obligations are satisfied.

PPJV Processing Services

Revenue earned within PPJV relates to payment processing services. Payment processing services are sold at fixed unit prices over the term of the service contract. The performance obligation related to the contract is satisfied at the point in time when the services are rendered to the customer.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Credit Card Fees

Revenue from interchange fees related to loyalty points are deferred and are recognized at a point in time as points are redeemed, as this is when the performance obligation is satisfied.

Other revenue

Revenue from rendering account services, safety deposit box rentals, and income from registries are recognized at a point in time when the services are provided, which is when the performance obligations are satisfied.

Other gains and losses

Non-interest income also includes other non-operating gains or losses that arise on transactions such as business combinations and sales of tangible assets. These gains or losses are recognized at the time the transaction occurs.

Patronage Allocation to Members

Patronage is the amount of profit that the Credit Union shares with members based on their business with the Credit Union. Patronage allocations to members are recognized in the consolidated statement of income when circumstances indicate that the Credit Union has a constructive obligation where it has little or no discretion to deny payment and where it can make a reasonable estimate of the amount required to settle the obligation.

Income Taxes

Income tax expense comprises current and deferred tax and is recognized in the consolidated statement of income except to the extent that it relates to items that are recognized in other comprehensive income or directly in equity. Tax impacts that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years. Current tax for current and prior years is recognized as a liability to the extent that it is unpaid.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit or loss, and
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured on the tax rates that are expected to be in effect in the period the asset is realized, or the liability is settled based on the tax rate and tax laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same authority on the same taxable entity or on different tax entities if they intend to settle current tax assets and liabilities on a net basis. Otherwise, the tax assets and liabilities will be recognized simultaneously.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Guarantees

Financial guarantees represent an irrevocable obligation to make payments to a third party in certain situations. Guarantees include contracts or indemnities that contingently require the Credit Union to make payments (either in the form of an asset or in the form of services) to another party based on changes in an asset, liability or equity the other party holds; failure of a third party to perform under an obligation agreement; or failure of a third party to pay its indebtedness when due. The term of these guarantees varies according to the contract.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing on the reporting date. Income and expenses denominated in foreign currencies are translated into Canadian dollars at average rates through the year. Gains and losses resulting from translation are recorded in non-interest income.

4. CURRENT AND FUTURE ACCOUNTING CHANGES

Adoption of Standards in the Current Year

In the current year, the Credit Union has adopted the following accounting standards which did not have an impact on the financial statements:

IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

In October 2022, the IASB issued further amendments to IAS 1 to modify the requirements on how an entity classifies debt and other financial liabilities as current or non-current under certain circumstances. An entity must also disclose information to convey the risk that non-current liabilities with covenants could become repayable within twelve months.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to clarify how a seller-lessee subsequently measures sale and leaseback transactions. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains.

Future Accounting Changes

Effective for the Credit Union — November 1, 2026

The impact to the Credit Union of the standards effective November 1, 2026 is not yet assessed:

Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments

In May 2024 the IASB issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'.

The amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

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4. CURRENT AND FUTURE ACCOUNTING CHANGES (CONTINUED)

They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features.

Effective for the Credit Union — November 1, 2027

The impact to the Credit Union of the standards effective November 1, 2027 is not yet assessed:

IFRS 18 Presentation and Disclosure to replace IAS 1

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. The new standard will replace IAS 1 Presentation of Financial Statements as the primary source of requirements for financial statement presentation. The new standard includes new requirements related to income statement structure and subtotals and management-defined performance measure disclosures, as well as new principles for grouping financial statement information.

IFRS 19 Subsidiaries without Public Accountability

In May 2024 the IASB published the new standard IFRS 19 'Subsidiaries without Public Accountability: Disclosures', which permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. IFRS 19 simplifies disclosures on various topics, including leases, exchange rates, income taxes, statement of cash flows, etc.

5. CASH AND CASH EQUIVALENTS

	As at October 31 2025	As at October 31 2024
Cash on hand	\$ 37,702	\$ 39,815
Cash held in foreign currencies	2,072	920
Cash with other financial institutions	1,508,834	859,598
Restricted cash	1,742	3,382
Total	\$ 1,550,350	\$ 903,715

6. INVESTMENTS

	As at October 31 2025	As at October 31 2024
Investments at Amortized Cost		
Asset backed securities	\$ 9,494	\$ 17,681
Debt securities	\$ 57	\$ 21
Investments at FVOCI		
Debt securities	2,147,115	2,860,188
Terms in other financial institutions	26,500	26,500
Equity securities	9,594	11,012
Investments at FVTPL		
Terms in other financial institutions	-	5,400
Investment shares in entities	3,207	2,294
	2,195,967	2,923,096
Accrued interest	6,709	6,299
	2,202,676	2,929,395
ECL allowance on investments	(628)	(397)
Total	\$ 2,202,048	\$ 2,928,998

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7. 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 expected credit losses:

As at October 31, 2025	Performing		Impaired		Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI			
Members' Loans and Leases							
Residential mortgages	\$ 12,411,810	\$ 813,007	\$ 13,952	\$ 2,216	\$ 13,240,985	\$ 3,450	\$ 13,237,535
Commercial ⁽¹⁾	10,541,223	421,885	113,210	30,497	11,106,815	70,409	11,036,406
Consumer ⁽²⁾	1,579,303	165,121	5,461	1,393	1,751,278	14,330	1,736,948
Total members' loans and leases	\$ 24,532,336	\$ 1,400,013	\$ 132,623	\$ 34,106	\$ 26,099,078	\$ 88,189	\$ 26,010,889
Off Balance Sheet Credit Instruments							
Residential mortgages	\$ 2,975,635	\$ 20,782	\$ 344	\$ -	\$ 2,996,761	\$ 178	\$ 2,996,583
Commercial ⁽¹⁾	2,926,801	14,131	328	-	2,941,260	4,485	2,936,775
Consumer ⁽²⁾	1,448,439	27,758	192	-	1,476,389	5,146	1,471,243
Total off balance sheet credit instruments	\$ 7,350,875	\$ 62,671	\$ 864	\$ -	\$ 7,414,410	\$ 9,809	\$ 7,404,601

As at October 31, 2024	Performing		Impaired		Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI ⁽³⁾			
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
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

8. 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 are 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). During the year, the model was updated to incorporate more granular FLIs in order to increase sensitivity to the macroeconomic environment in the province.

During the current reporting period, Central 1 implemented a change to the Expected Credit Loss (ECL) model parameters and methodology to ensure alignment with current market conditions and best practices. This change in the model is considered a change in accounting estimate under IAS 8. As a result of this change in estimate, the ECL amount increased by approximately \$2.1 million. The impact of this change has been recognized in the statement of profit or loss for the year ended October 31, 2025.

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8. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

Alberta Central uses an internally generated model. 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.

The macroeconomic factors used in the model that affect the Credit Union ECL calculations are:

- Alberta Consumer Price Index
- CAD/USD exchange rate
- Western Canadian Select price
- Alberta Unemployment rate
- Alberta Housing price index
- Real GDP
- Bank of Canada Overnight rate
- Canada Housing Price index
- Canadian Unemployment rate
- Treasury Bills three-month rate

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 calculate the estimate for ECL. At October 31, 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). If an additional 10% weighting were applied to the worst-case scenario, ECL would increase by less than \$0.5 million.

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 October 31, 2025, management has not applied an overlay (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:

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8. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

	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	9	570	5,824	6,403
Provision charged to net income	110	36,797	19,295	56,202
	4,509	115,056	39,304	158,869
Loans and leases written off	(881)	(40,162)	(19,828)	(60,871)
As at October 31, 2025	\$ 3,628	\$ 74,894	\$ 19,476	\$ 97,998

Presented on Consolidated Statement of Financial Position as:

Netted with members' loans and leases	3,450	70,409	14,330	88,189
Off balance sheet credit instruments ⁽³⁾	178	4,485	5,146	9,809
Total	\$ 3,628	\$ 74,894	\$ 19,476	\$ 97,998

	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 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 (recovery) charged to net income is:

	Year ended October 31 2025	Year ended October 31 2024
Loans and leases ⁽¹⁾	\$ 56,202	\$ 72,138
Investments	2,279	395
Provision for credit losses	\$ 58,481	\$ 72,533

⁽¹⁾ Includes provision on newly purchased loans amounting to \$12,927

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8. 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	Total
As at October 31, 2024	\$ 1,350	\$ 2,178	\$ 869	\$ (7)	\$ 4,390
Transfers					
Stage 1 ⁽¹⁾	576	(573)	(3)	-	-
Stage 2 ⁽¹⁾	(72)	175	(103)	-	-
Stage 3 ⁽¹⁾	-	(37)	37	-	-
New originations ⁽²⁾	582	583	118	-	1,283
Repayments ⁽³⁾	(463)	(402)	(195)	-	(1,060)
Remeasurements ⁽⁴⁾	(617)	(412)	1,042	(126)	(113)
Loans written off	-	-	(881)	-	(881)
Recoveries	-	-	9	-	9
As at October 31, 2025	\$ 1,356	\$ 1,512	\$ 893	\$ (133)	\$ 3,628
Presented on Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	1,208	1,482	893	(133)	3,450
Off balance sheet credit instruments	148	30	-	-	178
Total	\$ 1,356	\$ 1,512	\$ 893	\$ (133)	\$ 3,628

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI	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 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

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8. 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	Total
As at October 31, 2024	\$ 22,865	\$ 5,491	\$ 41,449	\$ 7,884	\$ 77,689
Transfers					
Stage 1 ⁽¹⁾	777	(621)	(156)	-	-
Stage 2 ⁽¹⁾	(666)	1,154	(488)	-	-
Stage 3 ⁽¹⁾	(75)	(428)	503	-	-
New originations ⁽²⁾	7,720	1,035	2,751	-	11,506
Repayments ⁽³⁾	(9,026)	(1,940)	(1,024)	-	(11,990)
Remeasurements ⁽⁴⁾	(4,414)	2,192	28,845	10,658	37,281
Loans and leases written off	-	-	(23,921)	(16,241)	(40,162)
Recoveries	-	-	570	-	570
As at October 31, 2025	\$ 17,181	\$ 6,883	\$ 48,529	\$ 2,301	\$ 74,894
Presented on Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	12,935	6,687	48,486	2,301	70,409
Off balance sheet credit instruments	4,246	196	43	-	4,485
Total	\$ 17,181	\$ 6,883	\$ 48,529	\$ 2,301	\$ 74,894

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI	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 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

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8. 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	Total
As at October 31, 2024	\$ 5,336	\$ 7,121	\$ 1,793	\$ (65)	\$ 14,185
Transfers	\$ -	\$ -	\$ -	-	-
Stage 1 ⁽¹⁾	1,610	(1,571)	(39)	-	-
Stage 2 ⁽¹⁾	(259)	419	(160)	-	-
Stage 3 ⁽¹⁾	(5)	(44)	49	-	-
New originations ⁽²⁾	3,709	4,073	857	-	8,639
Repayments ⁽³⁾	(2,664)	(1,620)	(462)	-	(4,746)
Remeasurements ⁽⁴⁾	1,399	2,677	12,922	(1,596)	15,402
Loans written off	-	-	(19,158)	(670)	(19,828)
Recoveries	-	-	5,824	-	5,824
As at October 31, 2025	\$ 9,126	\$ 11,055	\$ 1,626	\$ (2,331)	\$ 19,476
Presented on Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	5,638	9,408	1,615	(2,331)	14,330
Off balance sheet credit instruments	3,488	1,647	11	-	5,146
Total	\$ 9,126	\$ 11,055	\$ 1,626	\$ (2,331)	\$ 19,476

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI	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 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

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9. CREDIT QUALITY OF MEMBERS' LOANS AND LEASES

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

Risk Assessment	FICO Score Range		Risk Rating Range	
	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 October 31, 2025	Residential Mortgages		Commercial ⁽¹⁾		Consumer ⁽²⁾		Total
Risk Categories							
Very low risk	\$	5,648,050	\$	22,764	\$	586,341	\$ 6,257,155
Low risk		4,766,385		4,461,340		654,731	9,882,456
Medium risk		1,999,724		6,104,767		329,090	8,433,581
High risk		810,658		374,238		174,261	1,359,157
Impaired ⁽³⁾		16,168		143,707		6,854	166,729
Total members' loans and leases	\$	13,240,985	\$	11,106,816	\$	1,751,277	\$ 26,099,078

⁽¹⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

⁽²⁾ Includes consumer loans and credit card

⁽³⁾ Includes Stage 3 loans in POCI

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⁾ Includes Stage 3 loans in POCI

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

As at October 31, 2025	Residential Mortgages		Commercial ⁽¹⁾		Consumer ⁽²⁾		Total
Risk Categories							
Very low risk	\$	1,729,345	\$	205,982	\$	906,795	\$ 2,842,122
Low risk		1,173,296		2,194,976		456,629	3,824,901
Medium risk		71,285		531,602		82,957	685,844
High risk		22,491		8,372		29,816	60,679
Impaired		344		328		192	864
Total off balance sheet credit instruments	\$	2,996,761	\$	2,941,260	\$	1,476,389	\$ 7,414,410

⁽¹⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

⁽²⁾ Includes consumer loans and credit card

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9. 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 October 31, 2025	Up to 30 Days	31 to 59 Days	60 to 89 Days	90 Days and Above	Total
Stage 1					
Residential mortgages	\$ 77,521	\$ -	\$ -	\$ -	\$ 77,521
Commercial ⁽¹⁾	53,551	-	-	-	53,551
Consumer ⁽²⁾	25,887	-	-	-	25,887
Stage 2					
Residential mortgages	35,344	26,290	11,886	8,441	81,961
Commercial ⁽¹⁾	1,584	55,060	15,821	71,759	144,224
Consumer ⁽²⁾	10,989	9,980	3,297	37	24,303
Stage 3					
Residential mortgages	20	179	228	14,753	15,180
Commercial ⁽¹⁾	104	961	707	139,937	141,709
Consumer ⁽²⁾	129	51	72	6,696	6,948
Total	\$ 205,129	\$ 92,521	\$ 32,011	\$ 241,623	\$ 571,284

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
Stage 3					
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.

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

Loans and Leases by Security	As at October 31 2025	As at October 31 2024
Insured loans and mortgages	\$ 5,502,106	\$ 4,156,032
Secured by mortgage	18,113,842	17,855,354
Secured by equipment and other	1,564,565	2,056,681
Unsecured loans	632,252	601,650
Unsecured credit card	286,313	269,945
Total	\$ 26,099,078	\$ 24,939,662

10. ASSETS HELD FOR SALE

	As at October 31 2025	As at October 31 2024
Foreclosed property	\$ 1,141	\$ 5,418
Other land and buildings	4,933	560
Reposessed equipment	9,380	5,008
Total	\$ 15,454	\$ 10,986

Management has concluded that an impairment on assets held for sale was required to be recorded by the Credit Union. An impairment loss of \$5,172 (2024 – \$3,145) has been recorded in the consolidated statement of income.

11. OTHER ASSETS

	As at October 31 2025	As at October 31 2024
Accounts receivable and other receivables	\$ 29,919	\$ 25,541
Prepaid expenses	41,618	37,439
Net investment in subleases	2,078	3,960
Inventory	267	269
Total	\$ 73,882	\$ 67,209

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12. PROPERTY AND EQUIPMENT

		Land	Buildings	Leasehold Improvement	Furniture, Office Equipment and Vehicles	Computer Equipment	Total
Cost							
Balance as at October 31, 2023	\$	25,730	\$ 157,005	\$ 45,739	\$ 32,850	\$ 25,403	\$ 286,727
Acquisition, May 1, 2024		6,821	27,492	13,032	7,200	1,908	56,453
Additions		-	3,586	2,501	2,235	3,666	11,988
Disposals		-	(3,207)	(1,495)	(2,095)	(4,865)	(11,662)
Transfer to investment property		(22)	(263)	-	-	-	(285)
Balance as at October 31, 2024	\$	32,529	\$ 184,613	\$ 59,777	\$ 40,190	\$ 26,112	\$ 343,221
Additions		-	3,237	2,013	5,054	6,054	16,358
Disposals		(166)	(1,336)	(2,569)	(4,713)	(1,819)	(10,603)
Transfer to assets held for sale		(851)	(3,522)	-	-	-	(4,373)
Transfer from investment property		127	561	-	-	-	688
Acquisition adjustments		-	-	-	70	-	70
Balance as at October 31, 2025	\$	31,639	\$ 183,553	\$ 59,221	\$ 40,601	\$ 30,347	\$ 345,361
Accumulated Depreciation							
Balance as at October 31, 2023	\$	-	\$ 80,540	\$ 33,064	\$ 21,146	\$ 18,465	\$ 153,215
Depreciation		-	6,178	2,718	3,520	3,702	16,118
Transfer to assets held for sale		-	(2,440)	(1,480)	(1,913)	(4,728)	(10,561)
Transfer from investment property		-	(47)	-	-	-	(47)
Balance as at October 31, 2024	\$	-	\$ 84,231	\$ 34,302	\$ 22,753	\$ 17,439	\$ 158,725
Depreciation		-	7,727	4,200	4,142	3,348	19,417
Disposals		-	(1,062)	(1,495)	(2,871)	(1,743)	(7,171)
Transfer from investment property		-	632	-	-	-	632
Acquisition adjustments		-	-	-	70	-	70
Balance as at October 31, 2025	\$	-	\$ 91,528	\$ 37,007	\$ 24,094	\$ 19,044	\$ 171,673
Net Book Value							
At October 31, 2024		32,529	100,382	25,475	17,437	8,673	184,496
At October 31, 2025		31,639	92,025	22,214	16,507	11,303	173,688

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13. LEASES

Leases as Lessee

		Land		Buildings		Other Equipment		Computer Equipment		Total
Cost										
Balance as at October 31, 2023	\$	4,803	\$	80,574	\$	758	\$	1,187	\$	87,322
Acquisition, May 1, 2024		-		28,601		18		-		28,619
Additions		607		15,467		86		81		16,241
Disposals		(2,624)		(2,071)		-		-		(4,695)
Balance as at October 31, 2024	\$	2,786	\$	122,571	\$	862	\$	1,268	\$	127,487
Additions		1,819		8,384		157		40		10,400
Disposals		(291)		(11,292)		(235)		-		(11,818)
Balance as at October 31, 2025	\$	4,314	\$	119,663	\$	784	\$	1,308	\$	126,069
Accumulated Depreciation										
Balance as at October 31, 2023	\$	734	\$	22,560	\$	227	\$	1,067	\$	24,588
Depreciation		339		8,558		65		123		9,085
Disposals		(459)		(980)		-		-		(1,439)
Balance as at October 31, 2024	\$	614	\$	30,138	\$	292	\$	1,190	\$	32,234
Depreciation		474		10,732		109		115		11,430
Disposals		(90)		(1,850)		(35)		-		(1,975)
Balance as at October 31, 2025	\$	998	\$	39,020	\$	366	\$	1,305	\$	41,689
Net Book Value										
At October 31, 2024		2,172		92,433		570		78		95,253
At October 31, 2025		3,316		80,643		418		3		84,380

For the year ended October 31, 2025, the Credit Union had non-cash additions to leased assets of \$10,400 (2024 - \$16,241), lease liabilities of \$8,962 (2024 - \$16,426) and interest expense related to leases of \$5,586 (2024 - \$4,379). Lease interest expense is recorded in occupancy expense and leased assets depreciation is recorded in depreciation expense in the consolidated statement of income.

Present value of future lease payments are as follows:

		As at October 31 2025		As at October 31 2024
Within 1 year	\$	14,559	\$	14,603
Between 1 and 5 years		55,721		53,335
After 5 years		67,787		84,061
Total future lease payments	\$	138,067	\$	151,999
Less present value discount		38,628		41,654
Total lease liabilities	\$	99,439	\$	110,345

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13. LEASES (CONTINUED)

Leases as Lessor

Stride Capital serves as lessor of equipment in the energy, construction, agriculture, and transportation industries.

Interest income on lease receivables for the year ending October 31, 2025 is \$29,588 (2024 - \$21,796) and is included in Interest income on the consolidated statement of income. Adjusted net investment in leases is included in Members' loans and leases on the consolidated statement of financial position. For the year ended October 31, 2025, the Credit Union has not sold any lease assets. The amounts receivable for the assets leased do not vary due to changes in circumstances after the commencement date, and all interest rates are fixed. Since the leases transfer substantially all the benefits and risks of equipment ownership to the lessee, the lessor does not retain any rights in the underlying leased assets.

The following table shows changes to the carrying amount of the net investment in finance leases:

	As at October 31, 2025	As at October 31, 2024
Minimum lease payments	\$ 422,431	\$ 314,659
Unearned finance income	(60,602)	(48,807)
Unguaranteed residual values	3,852	1,157
Net investment in leases	365,681	267,009
Allowance for credit losses	(2,781)	(2,481)
Fair value adjustment	-	(377)
Adjusted net investment in leases	362,900	264,151

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received:

	2025	2024
Within 1 year	130,925	95,795
Between 1 and 2 years	115,574	84,225
Between 2 and 3 years	91,264	67,665
Between 3 and 4 years	56,183	44,011
Between 4 and 5 years	22,332	19,035
After 5 years	6,153	3,928
Total undiscounted lease receivable	422,431	314,659

During the year Alberta Central subleased premises to PPJV and RemainCo. As of October 31, 2025 the sublease with PPJV was terminated. The remaining sublease is classified as a finance lease.

Income earned on subleases for the year ending October 31, 2025 is \$126 (2024 - \$108) and is included in non-interest income on the consolidated statement of income. Adjusted net investment in subleases is included in Other assets on the consolidated statement of financial position.

The future undiscounted lease payments to be received are as follows:

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13. LEASES (CONTINUED)

	2025	2024
Within 1 year	375	580
Between 1 and 5 years	1,587	3,379
After 5 years	482	831
Total undiscounted lease receivable	2,444	4,790

14. INVESTMENT PROPERTY

		Land	Buildings	Total
Cost				
Balance as at October 31, 2023	\$	1,523	\$ 10,620	\$ 12,143
Acquisition, May 1, 2024	\$	193	\$ 2,003	2,196
Transfer from property and equipment		22	263	285
Disposals		(381)	(1,692)	(2,073)
Balance as at October 31, 2024	\$	1,357	\$ 11,194	\$ 12,551
Transfer to property and equipment		(127)	(561)	(688)
Balance as at October 31, 2025	\$	1,230	\$ 10,633	\$ 11,863

Accumulated Depreciation				
Balance as at October 31, 2023	\$	-	\$ 6,463	\$ 6,463
Depreciation		-	257	257
Transfer from property and equipment		-	47	47
Disposals		-	(138)	(138)
Balance as at October 31, 2024	\$	-	\$ 6,629	\$ 6,629
Depreciation		-	312	312
Transfer to property and equipment		-	(632)	(632)
Balance as at October 31, 2025	\$	-	\$ 6,309	\$ 6,309

Net Book Value

At October 31, 2024	1,357	4,565	5,922
At October 31, 2025	1,230	4,324	5,554

The fair value of investment property held is \$12,256 (2024 – \$13,830).

	As at October 31 2025	As at October 31 2024
Income Related To Investment Property		
Rental income	\$ 971	\$ 933
Direct operating expense from property generating rental income	951	821
Total	\$ 20	\$ 112

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14. INVESTMENT PROPERTY (CONTINUED)

	As at October 31 2025	As at October 31 2024
Future Rental Payments Receivable		
Less than 1 year	\$ 659	\$ 772
Between 1 and 5 years	1,845	2,016
More than 5 years	1,801	1,979
Total	\$ 4,305	\$ 4,767

15. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	As at October 31, 2025			As at October 31, 2024		
	Gross Financial Assets	Gross Financial Liabilities	Net	Gross Financial Assets	Gross Financial Liabilities	Net
Equity-linked options	\$ 23,701	\$ (23,362)	\$ 339	\$ 17,445	\$ (17,304)	\$ 141
Swaptions	146	-	146	-	-	-
Interest rate swaps - FVTPL	6,068	(6,034)	34	4,783	(10,767)	(5,984)
Interest rate swaps - cash flow hedge	10,450	(35)	10,415	-	-	-
Foreign exchange forwards	-	-	-	19	(19)	-
Total	\$ 40,365	\$ (29,431)	\$ 10,934	\$ 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	Over 5 Years	As at October 31 2025	As at October 31 2024
Equity-linked options	\$ 9,588	\$ 45,941	\$ 71,168	\$ -	\$ 126,697	\$ 150,202
Swaptions	-	-	-	4,034	4,034	-
Interest rate swaps - FVTPL	10,725	35,000	150,000	-	195,725	514,749
Interest rate swaps - cash flow hedge	500,000	500,000	2,100,000	2,571	3,102,571	-
Foreign exchange forwards	-	-	-	-	-	300
Total	\$ 520,313	\$ 580,941	\$ 2,321,168	\$ 6,605	\$ 3,429,027	\$ 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.

Swaption

A swaption is an option that provides the borrower with the right, but not the obligation, to enter into an interest rate swap on an agreed date(s) in the future on terms protected by the swaption.

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.

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15. 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 as interest income in the consolidated statement of income.

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.

Hedging Effectiveness

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

As at October 31, 2025	Change in fair value of hedging instruments	Hedge ineffectiveness gain recognized in income (pre-tax basis)	Hedging gain recognized in OCI (pre-tax basis)	Expense reclassified from AOCI	Net effect on OCI (pre-tax basis)
Cash flow hedges					
Interest Rate Risk					
Loans	\$ 10,415	\$ 224	\$ 10,191	\$ (243)	\$ 10,434
Total cash flow hedges	\$ 10,415	\$ 224	\$ 10,191	\$ (243)	\$ 10,434

16. INVESTMENT IN ASSOCIATE

As of May 1, 2024 the Credit Union acquired control over Alberta Central due to the merger with Connect First Credit Union (cFCU). As such, the information presented below for the Alberta Central investment in associate includes results up to April 30, 2024 as subsequent to this date Alberta Central results are consolidated (see note 35).

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16. INVESTMENT IN ASSOCIATE (CONTINUED)

Investment in Associate	Alberta Central	CU CUMIS	RemainCo	HoldCo	Total
As at October 31, 2023	\$ 210,536	\$ -	\$ -	\$ -	210,536
Acquired through acquisition - May 1, 2024	-	24,095	-	-	24,095
Share of net income (loss)	2,290	49	(4,769)	348	(2,082)
Share of other comprehensive income	5,165	299	-	-	5,464
Impairment of investment	-	-	(1,470)	-	(1,470)
Total comprehensive income (loss) as at October 31, 2024	7,455	348	(6,239)	348	1,912
Loans converted to equity	-	-	8,372	-	8,372
Capital contribution	11,776	-	(2,836)	5,836	14,776
Consideration exchanged for acquisition	(229,767)	-	-	-	(229,767)
As at October 31, 2024	\$ -	\$ 24,443	\$ (703)	\$ 6,184	\$ 29,924
Share of net income	-	96	214	39,772	40,082
Share of other comprehensive income	-	55	-	-	55
Right of use impairment reversal	-	-	734	-	734
Total comprehensive income as at October 31, 2025	-	151	948	39,772	40,871
Capital distribution	-	(40)	-	(45,956)	(45,996)
Derecognition into proportionate consolidation	-	-	(245)	-	(245)
As at October 31, 2025	\$ -	\$ 24,554	\$ -	\$ -	\$ 24,554

Everlink Sale

As at October 31, 2024, the Credit Union, through its control over Alberta Central, recognized an investment in HoldCo as an associate with a carrying amount of \$6,184.

HoldCo was established to hold 49% of issued shares in Everlink Payment Services Inc. (Everlink), a provider of electronic transaction switching, automated teller machine, and point-of-sale solutions to the Canadian financial services industry. Everlink also provides Europay, MasterCard and Visa chip technologies and capabilities.

On June 13, 2025, HoldCo closed a Share Purchase Agreement under which it sold all of its owned common shares of Everlink to an unrelated third party.

Included in the share of net income is the gain on sale of the shares of Everlink in the amount of \$35,466.

Alberta Central Ltd.

Alberta Central is the central banking facility, service bureau and trade association for Alberta credit unions. The proportion of ownership interest held by the Credit Union as at October 31, 2025, is 81% (2024 – 81%).

The tables below are summarized from monthly financial statements provided by Alberta Central and are presented for the comparative period only as Alberta Central is now a controlled subsidiary for the full year.

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16. INVESTMENT IN ASSOCIATE (CONTINUED)

	As at October 31 2024
Financial Information from Alberta Central	
Assets	\$ 4,158,457
Liabilities	3,750,990
Revenues ⁽¹⁾	185,570
(Loss) income before distributions ⁽¹⁾	2,311
Other comprehensive income (loss) ⁽¹⁾	19,325

⁽¹⁾ Amounts represent income (loss) between November 1 to October 31

The summary of transactions in the consolidated statement of income with associate are summarized in the table below. Subsequent to April 30, 2024 Alberta Central's results are consolidated.

	As at April 30 2024
Interest income ⁽¹⁾	\$ 29,782
Interest expense ⁽¹⁾	1,076
Other income ⁽¹⁾	572
Membership fees expense ⁽¹⁾	1,722
Other expense ⁽¹⁾	1,181

⁽¹⁾ Amounts represent income (loss) between November 1 to April 30, 2024

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17. INTANGIBLE ASSETS AND GOODWILL

	Purchased Software and Other	Internally Developed Software	Computer Software Under Development	Credit Card Related Intangible	Customer Relationships	Total Intangible Assets	Goodwill
Cost							
Balance as at October 31, 2023	\$ 3,710	\$ 86,817	\$ 20,259	\$ 28,707	\$ 3,400	\$ 142,893	\$ 19,173
Acquisition, May 1, 2024	3,848	7,379	31,512	-	4,477	47,216	-
Additions	-	1,329	3,704	-	3,370	8,403	-
Disposals	(492)	(17,618)	-	-	-	(18,110)	-
Transfers	-	55,100	(55,100)	-	-	-	-
Balance as at October 31, 2024	\$ 7,066	\$ 133,007	\$ 375	\$ 28,707	\$ 11,247	\$ 180,402	\$ 19,173
Prior Year Addition Adjustments	-	(1,330)	-	-	(192)	(1,522)	-
Additions	-	1,347	2,984	-	-	4,331	-
Disposals	(115)	(2,964)	-	-	-	(3,079)	-
Impairment	(1,553)	-	(111)	-	-	(1,664)	-
Transfers	-	(67)	67	-	-	-	-
Other adjustments	-	-	-	-	(162)	(162)	-
Balance as at October 31, 2025	\$ 5,398	\$ 129,993	\$ 3,315	\$ 28,707	\$ 10,893	\$ 178,306	\$ 19,173
Accumulated Amortization							
Balance as at October 31, 2023	\$ 2,655	\$ 70,701	\$ -	\$ 16,507	\$ 236	\$ 90,099	\$ -
Amortization	1,282	19,225	-	2,871	869	24,247	-
Disposals	(462)	(17,618)	-	-	-	(18,080)	-
Balance as at October 31, 2024	\$ 3,475	\$ 72,308	\$ -	\$ 19,378	\$ 1,105	\$ 96,266	\$ -
Amortization	1,687	15,078	-	2,871	1,177	20,813	-
Disposals	(115)	(2,928)	-	-	-	(3,043)	-
Balance as at October 31, 2025	\$ 5,047	\$ 84,458	\$ -	\$ 22,249	\$ 2,282	\$ 114,036	\$ -
Net Book Value							
As at October 31, 2024	3,591	60,699	375	9,329	10,142	84,136	19,173
As at October 31, 2025	351	45,535	3,315	6,458	8,611	64,270	19,173

18. INCOME TAXES

Income tax expense:

The significant components of tax expense included in the consolidated statement of income are:

Income Tax Expense	2025	2024
Current tax expense		
Based on current year taxable income	\$ 44,095	\$ 31,538
Prior period adjustments	110	(1,016)
Sub total	44,205	30,522
Deferred tax (recovery) expense		
Origination and reversal of temporary differences	24,994	(7,131)
Prior period adjustments	(3)	889
Sub total	24,991	(6,242)
Total	\$ 69,196	\$ 24,280

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18. INCOME TAXES (CONTINUED)

Reconciliation of effective tax rate:

	2025		2024	
	\$		\$	
Income before income taxes	328,200		156,204	
Income tax expense based on statutory rate	75,721	23.00%	35,928	23.00%
Effect on non-deductible expenses	(6,579)	2.00%	1,954	1.25%
Effect of tax rate change	-	0.00%	101	0.06%
Adjustments for under (over) provision in prior periods	107	0.03%	(128)	(0.08%)
Non-taxable gain on acquisition	-	0.00%	(13,723)	(8.79%)
Other	(53)	(0.02%)	148	0.09%
Total income tax expense	\$ 69,196	25.01%	\$ 24,280	15.53%

Deferred tax assets and liabilities:

The movement in deferred tax assets and liabilities is:

Deferred Tax Assets and Liabilities	As at October 31 2024	Recognized on Business Combination	Recognized in Net Income	Recognized in OCI	Recognized in Equity	As at October 31 2025
Deferred tax assets (liabilities):						
Allowance for expected credit losses	\$ 41,637	\$ -	\$ (21,501)	\$ -	\$ -	\$ 20,136
Property, equipment and intangibles	(7,766)	-	3,377	-	-	(4,389)
Lease receivables and related tax assets	(9,044)	-	(5,625)	-	-	(14,669)
Derivative instruments	51	-	(51)	-	-	-
Investment in associate	(1,980)	-	1,507	-	-	(473)
Reserves and other liabilities	10,602	-	(2,323)	(74)	-	8,205
Cash flow hedges - changes in fair value	-	-	-	(2,408)	-	(2,408)
Fair value adjustments for debt and equity securities	(3,042)	-	-	(492)	-	(3,534)
Leased assets	(20,818)	-	2,717	-	-	(18,101)
Lease liabilities	23,356	-	(2,378)	-	-	20,978
Non-capital losses	22,072	-	(933)	-	844	21,983
Employee benefits and other payables	(1,054)	-	309	-	-	(745)
Other	841	-	(90)	-	-	751
Net consolidated deferred tax assets (liabilities)	\$ 54,855	\$ -	\$ (24,991)	\$ (2,974)	\$ 844	\$ 27,734

	As at October 31 2023	Recognized on Business Combination	Recognized in Net Income	Recognized in OCI	Recognized in AOCI	As at October 31 2024
Deferred tax assets (liabilities):						
Allowance for expected credit losses	\$ 5,544	\$ 40,307	\$ (4,214)	\$ -	\$ -	\$ 41,637
Property, equipment and intangibles	(5,971)	(4,433)	2,639	-	-	(7,765)
Lease receivables and related tax assets	(5,167)	-	(3,877)	-	-	(9,044)
Derivative instruments	93	-	(42)	-	-	51
Investment in associate	(8,360)	-	5,423	(1,188)	2,145	(1,980)
Reserves and other liabilities	3,497	838	6,189	77	-	10,601
Fair value adjustments for debt and equity securities	-	-	-	(3,042)	-	(3,042)
Leased assets	(14,428)	(5,407)	(983)	-	-	(20,818)
Lease liabilities	16,632	5,421	1,303	-	-	23,356
Non-capital losses	4,104	17,357	611	-	-	22,072
Employee benefits and other payables	-	(1,058)	4	-	-	(1,054)
Other	-	1,654	(811)	(2)	-	841
Net consolidated deferred tax assets (liabilities)	\$ (4,056)	\$ 54,679	\$ 6,242	\$ (4,155)	\$ 2,145	\$ 54,855

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19. BORROWINGS

	As at October 31 2024	Advances	Repayments	As at October 31 2025	Interest and Fee Payments
Revolving	-	100,000	-	100,000	4,320
Commercial paper	199,056	1,335,596	(1,335,150)	199,502	6,384
Total	\$ 199,056	\$ 1,435,596	\$ (1,335,150)	\$ 299,502	\$ 10,704

	As at October 31 2023	Acquisition May 1 2024	Advances	Repayments	As at October 31 2024	Interest and Fee Payments
Line of credit	\$ 8,334	\$ -	\$ 842,311	\$ (850,645)	\$ -	\$ 180
Revolving	-	-	-	-	-	1,012
Commercial paper	-	198,771	445,522	(445,237)	199,056	4,843
Total	\$ 8,334	\$ 198,771	\$ 1,287,833	\$ (1,295,882)	\$ 199,056	\$ 6,035

Commercial Paper

Alberta Central is authorized to issue commercial paper to a maximum of \$600,000 (2024 - \$600,000). Amounts bear interest at a weighted-average rate of 2.69% (2024 - 4.35%) and have a weighted average term of 71 (2024 - 91) days.

Caisse Centrale Desjardins

Revolving Credit Facilities

The Credit Union has two credit facility agreements with Caisse Central Desjardins (CCD). The first facility consists of a one year revolving term loan available in Canadian dollars, with a maximum credit available of \$175,000. The maturity date of the credit facility is July 29, 2026.

The loans may be structured as either due on demand or repayable for periods of one to three months for each advance. Interest is calculated at Adjusted Term CORRA or CCD cost of funds depending on the facility and duration chosen as determined from time to time. A standby fee is paid quarterly for any undrawn amounts from the facility.

Borrowings are secured by eligible residential mortgages and by a debenture in favor of CCD, creating a floating charge over eligible residential mortgages of the Credit Union.

The second facility consists of a two year revolving term loan available in Canadian dollars, with a maximum credit available of \$100,000. The maturity date of the credit facility is January 31, 2027.

The loans may be structured as either due on demand or repayable for periods of one to three months for each advance. Interest is calculated at Canadian Prime Borrowing, Term CORRA Borrowing or Compounded CORRA Borrowing depending on the facility and duration chosen as determined from time to time. A standby fee is paid quarterly for any undrawn amounts from the facility.

Borrowings are secured by eligible lease receivables.

Canadian Imperial Bank of Commerce

Revolving Credit Facility

The Credit Union has a credit facility agreement with the Canadian Imperial Bank of Commerce (CIBC). The facility allows for multiple advances within 364 days available in Canadian dollars renewable annually, with a maximum credit available of \$200,000.

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19. BORROWINGS (CONTINUED)

The advances drawn may be structured as either due on demand or repayable for periods of one to three months for each advance. Interest is calculated at CIBC prime rate or Adjusted Daily Compounded CORRA or Adjusted Term CORRA depending on the facility and duration chosen as determined from time to time. A standby fee is paid quarterly for any undrawn amounts from the facility.

Borrowings are secured by eligible residential mortgages and by a debenture in favour of CIBC, creating a floating charge over eligible residential mortgages of the Credit Union.

Amounts are due on demand and bear interest at the Bank of Canada overnight rate, or such other rate charged by the Bank of Canada, for Canadian dollar advances. For US dollar advances, amounts bear interest at the rate charged to Central 1 by the correspondent US bank.

20. SECURITIZATION LIABILITIES

Securitization Liabilities	Maturity Date	Interest Rate	As at October 31 2025	As at October 31 2024
Loans	Dec 1, 2025 to Nov 1, 2035	0.50% to 4.44%	\$ 1,504,120	\$ 1,599,878
Leasing	Nov 1, 2025 to Dec 5, 2029	2.72% to 7.52%	21,051	44,935
Total			\$ 1,525,171	\$ 1,644,813

Loan Securitization Liabilities

Securitization of residential and commercial mortgages provides the Credit Union with additional sources of liquidity. These are guaranteed by the Canada Mortgage and Housing Corporation through the Government of Canada's *National Housing Act* Mortgage-Backed Securities and Canada Mortgage Bonds (CMB) programs. The Credit Union sells the securitized loans to third party investors or through the CMB program.

Securitization liabilities interest payments made for the year are \$41,280 (2024 - \$40,714). Interest received for unsold mortgage pools during the year are \$16,051 (2024 - \$14,306).

The carrying amount as at October 31, 2025, of the associated residential and commercial mortgages held as security is \$2,267,473 (2024 - \$2,487,108). As a result of the transaction, the Credit Union receives the net differential between the monthly interest receipts of the mortgages and the interest expense on the liabilities.

Leasing Securitization Liabilities

During the year, Stride Capital securitized lease receivables to third party facilities which are repayable on the basis of amounts collected from the related pledged lease receivables and secured by the net investment in leases. The carrying amounts of the lease receivables held as security as at October 31, 2025 is \$22,498 (2024 - \$47,286). The interest payments on the securitization liabilities made during the year are \$2,024 (2024 - \$4,171).

These agreements have a cash reserve requirement where cash is to be held in trust as security for the securitization liabilities. The funds are released to Stride Capital when the balance in the account exceeds a certain percentage of the carrying value of the leases transferred. The funds in the cash reserve as at October 31, 2025 is \$1,742 (2024 - \$3,382).

Stride Capital is required to meet specific covenants with the securitization partners; at October 31, 2025 all covenants are in compliance.

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21. MEMBERS' DEPOSITS

	As at October 31 2025	As at October 31 2024
Demand accounts	\$ 11,753,187	\$ 10,416,463
Term deposits	8,946,729	9,447,342
Registered plans	4,249,038	4,273,956
Other deposits	14,129	13,272
	24,963,083	24,151,033
Accrued interest	204,298	263,415
Total	\$ 25,167,381	\$ 24,414,448

22. TRADE PAYABLES AND OTHER LIABILITIES

	As at October 31 2025	As at October 31 2024
Cheques and other items in transit	\$ 40,043	\$ 33,797
Accounts payable	268,540	218,747
Credit card points liability	5,969	7,515
Dividend and patronage to members	32,840	30,040
Deferred income	24,048	19,184
Legal provisions	1,578	1,852
Contingent consideration	-	3,433
Accrued interest on borrowings	319	221
Total	\$ 373,337	\$ 314,789

In the ordinary course of business, the Credit Union and its subsidiaries are involved in various legal and regulatory actions. The Credit Union establishes legal provisions when it becomes probable that the Credit Union will incur a loss and the amount can be reliably estimated. The estimates for the provisions are based on the best information available at the reporting date.

Legal and Contractual Claims

Balance at October 31, 2023	\$ 143
Additional provisions recognized	1,759
Amounts incurred and charged against existing provisions	(45)
Unused amounts reversed	(5)
Balance at October 31, 2024	\$ 1,852
Additional provisions recognized	249
Amounts incurred and charged against existing provisions	(338)
Unused amounts reversed	(185)
Balance at October 31, 2025	\$ 1,578

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23. EMPLOYEE BENEFITS

	2025	2024
Short-term employee benefits	\$ 356,190	\$ 301,143
Post-employment benefits ⁽¹⁾	16,069	13,843
Other long-term benefits	950	825
Termination benefits	5,388	3,670
Total	\$ 378,597	\$ 319,481

⁽¹⁾ Includes \$14,944 (2024 - \$13,261) in Credit Union defined contribution plans and \$598 (2024 - \$544) in Alberta Central defined contribution plans

Other expenses related to employees that are not classified as the type of benefits listed above are also included in personnel expenses.

Defined Benefit Plan Liability

Plan Cost	Pension Plans	Other Benefit Plans	2025	2024
Net benefit plan cost in net income				
Current and past service cost	\$ 164	\$ 485	\$ 649	\$ 136
Interest cost	144	85	229	232
Total	308	570	878	368
Actuarial loss (gain) recognized in other comprehensive income	675	(1,560)	(885)	(574)
Total	\$ 983	\$ (990)	\$ (7)	\$ (206)

Accrued Benefit Obligation and Liability	Pension Plans	Other Benefit Plans	As at October 31 2025	As at October 31 2024
Unfunded accrued benefit obligation				
Balance, beginning of year	\$ 3,305	\$ 1,386	\$ 4,691	\$ 4,251
Current and past service cost ⁽¹⁾	164	485	649	136
Interest cost ⁽¹⁾	144	85	229	232
Benefits paid	(247)	(28)	(275)	(283)
Actuarial loss (gain)	88	(399)	(311)	355
Balance, end of year	\$ 3,454	\$ 1,529	\$ 4,983	\$ 4,691

⁽¹⁾ Current and past service cost and Interest cost are included in personnel operating expenses on the consolidated statement of income

	Pension Plans		Other Benefit Plans	
	2025	2024	2025	2024
Discount rate	4.30%	4.60%	4.60%	4.60%

Changes in the assumed health care cost trend rates for the post-retirement benefit plans for the year ended October 31, 2025, are:

Effect on:	Inflation increased by 1%	Discount rate decreased by 1%
Accrued benefit obligation	\$ -	\$ 189

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23. EMPLOYEE BENEFITS (CONTINUED)

Experience Adjustments		2025		2024
Accrued benefit obligation and liability	\$	4,983	\$	4,691
Experience loss (gain)		(311)		355
Tax (recovery) expense		72		(81)
Net experience gain	\$	(239)	\$	274

Defined benefit contributions expected to be paid in 2026	\$	275
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Defined Benefit Plan Asset

		As at October 31 2025		As at October 31 2024
Pension Plan Cost				
Net benefit plan cost in net income				
Loss on settlement	\$	(1,516)	\$	-
Interest income		95		78
Total		(1,421)		78

Actuarial loss recognized				
in other comprehensive income		25		(77)
Total	\$	(1,396)	\$	1

		As at October 31 2025		As at October 31 2024
Accrued Pension Plan Benefit Obligation and Asset				
Unfunded accrued benefit obligation				
Balance, acquired May 1, 2024	\$	3,392	\$	3,391
Loss on settlement		(1,516)		-
Interest income		95		78
Actuarial loss (gain)		25		(77)
Transfer to other assets		(1,996)		-
Balance, end of year	\$	-	\$	3,392

Alberta Central's defined benefit plan had no active members. During 2025, Alberta Central and the plan members elected to voluntarily terminate the plan. Upon termination, the assets of the plan were distributed in accordance with the plan. An actuarial valuation of the defined benefit obligation was performed as of May 31, 2025, the date of the termination. Included in net income was a loss on settlement of \$1,516.

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23. EMPLOYEE BENEFITS (CONTINUED)

Alberta Central Employee Benefits Discount rate	Pension Plans	
	2025	2024
Discount rate	4.9%	4.8%
Experience Adjustments	2025	2024
Accrued benefit obligation and plan deficit	\$ -	\$ 3,392
Experience loss	(25)	77
Tax expense	2	4
Net experience (gain) loss	\$ (23)	\$ 81
Defined benefit contributions expected to be paid in 2026	\$ -	

24. SHARE CAPITAL

The merger of Servus and cFCU was achieved by the exchange of each share in the predecessor credit unions for an equivalent type of share in the new merged credit union. The share capital of the new credit union on May 1, 2024 was therefore equal to the sum of the share capital in the credit unions that existed pre-merger.

Common Shares

Common shares have the following characteristics:

- Authorized for issue in unlimited number
- A par value of \$1, but issuable as fractional shares
- Transferable in restricted circumstances
- Non-assessable
- Redeemable at par value, subject to the Credit Union's redemption policy, which includes approval of the Board of Directors and restrictions contained in the Act and Regulations, including limitation to 10% of outstanding balances
- Adult members must hold a minimum of one share to retain membership in the Credit Union
- Carries the right to vote at a general meeting

Series A to H Investment Shares (applicable to converted Servus and cFCU shares)

Series A to H Investment Shares have the following characteristics:

- No par value
- No voting rights
- Non-assessable
- Transferable under limited circumstances
- Callable at the discretion of the Credit Union upon five years' written notice
- Dividends are not cumulative and subject to the Credit Union's dividend policy and approval of the Board of Directors
- Redeemable at \$1 subject to the Credit Union's redemption policy, including limitation to no more than 10% of the outstanding balance and approval by the Board of Directors

In addition to the above, Series E Investment Shares contain a right to redemption. A financial liability representing the right to redemption of these shares has been recognized.

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24. SHARE CAPITAL (CONTINUED)

	Issued and Outstanding as at October 31 2024	Issued	Redeemed and Transferred	Dividends Declared	Issued and Outstanding as at October 31 2025	Investment Share Liability Portion
Common shares total	\$ 884,682	\$ 29,415	\$ (60,819)	\$ 35,641	\$ 888,919	
<i>Investment shares prior to May 2024 merger</i>						
Series A	52,913	-	(2,952)	2,729	52,690	-
Series B	8,307	-	(338)	436	8,405	-
Series C	20,189	-	(1,070)	1,051	20,170	-
Series D	31,868	-	(1,818)	1,649	31,699	-
Series E	4,730	-	(474)	258	4,514	444
Series F	576	-	(49)	29	556	-
Series G	328	-	(19)	17	326	-
<i>Investment shares converted from May 2024 merger</i>						
Series A	6,453	-	(607)	306	6,152	-
Series B	12,089	-	(744)	593	11,938	-
Series C	13,144	-	(1,439)	611	12,316	-
Series D	10,193	-	(424)	510	10,279	-
Series E	22,143	-	(1,424)	1,108	21,827	-
Series F	20,226	-	(1,215)	994	20,005	-
Series G	31,483	-	(1,102)	1,588	31,969	-
Series H	42,150	-	(2,779)	2,058	41,429	-
Investment shares total	\$ 276,792	\$ -	\$ (16,454)	\$ 13,937	\$ 274,275	\$ 444
Share capital total	\$ 1,161,474	\$ 29,415	\$ (77,273)	\$ 49,578	\$ 1,163,194	

	Issued and Outstanding as at October 31 2023	Issued	Redeemed and Transferred	Dividends Declared	Issued and Outstanding as at October 31 2024	Investment Share Liability Portion
Common shares total ⁽¹⁾	\$ 568,763	\$ 344,978	\$ (70,541)	\$ 41,482	\$ 884,682	
<i>Investment shares prior to May 2024 merger</i>						
Series A	54,710	-	(4,785)	2,988	52,913	-
Series B	8,174	-	(299)	432	8,307	-
Series C	20,637	-	(1,499)	1,051	20,189	-
Series D	32,549	-	(2,341)	1,660	31,868	-
Series E	4,687	-	(227)	270	4,730	457
Series F	622	-	(76)	30	576	-
Series G	319	-	(8)	17	328	-
<i>Investment shares converted from May 2024 merger</i>						
Series A	-	6,121	(72)	404	6,453	-
Series B	-	11,505	(173)	757	12,089	-
Series C	-	12,470	(149)	823	13,144	-
Series D	-	9,685	(131)	639	10,193	-
Series E	-	20,854	(98)	1,387	22,143	-
Series F	-	18,981	(22)	1,267	20,226	-
Series G	-	29,590	(79)	1,972	31,483	-
Series H	-	39,655	(146)	2,641	42,150	-
Investment shares total	\$ 121,698	\$ 148,861	\$ (10,105)	\$ 16,338	\$ 276,792	\$ 457
Share capital total	\$ 690,461	\$ 493,839	\$ (80,646)	\$ 57,820	\$ 1,161,474	

⁽¹⁾ Common shares and investment shares were converted from cFCU at par for a total of \$314,724 and \$148,861 respectively on May 1, 2024

Patronage and Dividends Payable in Cash or Shares	2025	2024
Patronage allocation to members in cash	\$ 33,641	\$ 30,911
Common share dividend	35,641	41,482
Investment share dividend	13,937	16,338
Total	\$ 83,219	\$ 88,731

Common share dividends are paid to members by the issuance of additional common shares and are allocated to members' accounts as determined by the Board of Directors. Series A, B, C, D, E, F, G and H investment share dividends are paid in additional Series A, B, C, D, E, F, G and H investment shares, respectively.

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24. SHARE CAPITAL (CONTINUED)

Dividend Rate (%)	2025	2024
Common share	4.25%	5.00%
Investment share	5.25%	5.5% - 6.70%

25. INVESTMENT INCOME

	2025	2024
Debt and equity securities	\$ 109,056	\$ 79,139
Term deposits with Alberta Central ⁽¹⁾	-	35,853
Terms in other financial institutions	15,391	6,495
Asset backed securities	1,556	557
Other investments	160	219
Unrealized (loss) gain on derivative instruments	(201)	7,199
Realized loss on derivative instruments	(356)	(6,054)
Total	\$ 125,606	\$ 123,408

⁽¹⁾ Amount reported for 2024 represents income earned between November 1, 2024 to April 30, 2024 prior to the acquisition of control over Alberta Central

26. OTHER INTEREST EXPENSE

	2025	2024
Term loans	\$ 4,555	\$ 1,037
Line of credit	-	180
Commercial paper	6,384	4,879
Securitization liabilities	72,123	69,459
Securities sold under repurchase agreements	588	1,083
Credit Union deposits	31,119	22,776
Other	234	684
Total	\$ 115,003	\$ 100,098

27. NON-INTEREST INCOME

	2025	2024
Account service charges	\$ 50,722	\$ 44,562
Loan and prepayment fees	30,841	20,636
Commissions	29,738	20,717
Wealth management revenue	38,869	31,938
Credit card revenue	48,535	44,250
Insurance revenue	18,347	13,307
Registries revenue	420	401
Foreign exchange income	8,817	5,699
Revenue from PPJV	19,770	10,147
Gain on acquisition	-	14,470
Other	2,781	6,594
Total	\$ 248,840	\$ 212,721

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28. CAPITAL MANAGEMENT

The Credit Union provides financial services to its members and is subject to capital requirements set out in the Act and as may be established by the Corporation. The Credit Union's regulatory requirements apply to the merged credit union, excluding Alberta Central. Alberta Central has its own distinct regulatory requirements.

The Credit Union has complied with all requirements as set out in the Act.

Objectives, Policy and Processes

The purpose of the Credit Union's Capital Policy, in addition to complying with the Act, is to provide an overall framework for ensuring the Credit Union has:

- Sufficient capital to remain viable through periods of economic weakness and to maintain the security of member deposits
- Clear direction on the desired composition of the Credit Union's capital
- A capital plan that can be used to help make appropriate patronage and profitability decisions

The Credit Union's policy is to hold capital in a range of different forms and from diverse sources. Retained earnings represent the highest quality, most stable and least expensive form of permanent capital. The Credit Union's long-term plan is to maintain retained earnings at an amount sufficient on its own to meet regulatory requirements for capital as a percent of total assets and total risk-weighted assets.

The Credit Union has established processes to meet its objectives and comply with regulation and policies that are approved by the Board of Directors. Management reviews capital levels on a regular basis and reports capital adequacy and financial results to the Board of Directors or its committees. Management also sets budgets and reports variances to these budgets. Financial results and capital adequacy are reported to the Corporation. The capital plan is updated annually and provides a forecast of capital requirements over a three-year planning cycle. The Board has approved an Internal Capital Adequacy Assessment Process that takes a long-term perspective of capital requirements using exceptional, but plausible events.

Should the Credit Union not comply with its legislated capital adequacy requirements, the Chief Executive Officer and Chief Financial Officer would immediately notify the Board Chair, the Audit and Finance Committee Chair and the Corporation. The Board of Directors would be informed at its next scheduled meeting. Per the Act, redemption of common shares would be suspended. An explanation and action plan would be presented and enacted. Finally, the Credit Union may be subjected to intervention of the Corporation as provided for in the Act.

Regulatory Capital

Capital requirements are established by the Act and regulated by the Corporation using a risk-weighted and total asset approach. The reporting requirements specify the Credit Union must report on a consolidated credit union entity basis excluding Alberta Central. However, the value of the shares that the Credit Union holds in Alberta Central, and any dividend income earned on the investment, is included in the capital calculations. Total capital consists of both primary and secondary capital. The inputs to primary capital and secondary capital are noted below.

Risk-weighted assets are determined by reviewing each grouping of loans and other assets and assigning a risk weighting using definitions and formulas set out in the Act and by the Corporation. The more risk associated with an asset, the higher the weighting assigned. The total amount of capital is then divided into this figure. This method allows the Credit Union to measure capital relative to the possibility of loss, with more capital required to support assets that are seen as being high risk.

It is the Credit Union's policy to comply at all times with regulatory requirements establishing required capital balances. As at October 31, 2025, and 2024, the Credit Union's capital ratio was greater than the minimum requirement.

The chart below details the amounts that are included in the 2025 and 2024 capital calculations. Regulator and internal management capital requirements are noted after this chart.

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28. CAPITAL MANAGEMENT (CONTINUED)

	As at October 31 2025	As At October 31 2024
Primary Capital:		
Retained earnings	\$ 1,480,533	\$ 1,335,780
Common shares	888,919	924,170
Investment shares (qualifying as primary)	247,247	231,970
Accumulated other comprehensive income	(1,557)	9,048
Total primary capital	2,615,142	2,500,968
Secondary Capital:		
Credit loss allowance - performing	47,479	42,436
Deferred income tax liabilities	-	-
Investment shares (qualifying as secondary)	27,472	45,279
Total secondary capital	74,951	87,715
Deductions From Primary Capital:		
Intangible assets & Goodwill	62,358	53,194
Deferred income tax assets	25,596	49,408
Subsidiary and affiliate investments	-	75,743
Total deductions from capital	87,954	178,345
Total capital available	\$ 2,602,139	\$ 2,410,338
Capital as % of Risk Weighted Assets		
Total capital as % of risk weighted assets	15.37%	14.75%
Legislated minimum	8.00%	8.00%
Minimum supervisory requirement	10.90%	11.50%
Capital as % of Total Assets		
Total capital as % of assets	8.79%	8.55%
Legislated minimum	4.00%	4.00%

Alberta Central's objectives when managing capital are:

- To balance member credit unions' desire for a return on capital with the capital requirements of Alberta Central to fulfill its liquidity mandate
- To maintain a strong capital base to support the continued growth and changing circumstances of the credit union system through the development of Alberta Central's business
- To maintain a consistently strong credit rating and investor confidence
- To comply with the capital requirements set by its regulator

Alberta Central's capital levels are regulated under guidelines issued by CUDGC and require Alberta Central to maintain a prescribed borrowing multiple, the ratio of borrowings to regulatory capital, of 15:1 or less.

As an integral component of its capital management, Alberta Central has established internal operating capital targets above the regulatory minimum to ensure it has appropriate buffers to absorb increases in member deposits or notes payable and other liabilities and/or reductions in its capital. Establishing internal operating capital targets allows Alberta Central to practice prudent capital management. Alberta Central's bylaws provide the ability for Alberta Central to call for capital in the event that capital levels fall below specified risk tolerance levels.

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28. CAPITAL MANAGEMENT (CONTINUED)

As at October 31, 2025, Alberta Central's capital levels exceed both regulatory and internal minimum capital requirements. Capital includes common shares, retained earnings, adjusted for prepaids expenses, deferred income tax asset, net of tax and was \$395,229 at October 31, 2025 (2024 - \$380,704).

29. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

A guarantee is a contract that contingently requires the guarantor to make payments to a third party based on:

- (i) Changes in an underlying interest rate or other variable, including the occurrence or non-occurrence of an event that is related to an asset or liability held by the guaranteed party
- (ii) An indemnification provided to a third party with the characteristics listed above
- (iii) Another entity's failure to perform under an obligation agreement
- (iv) Another party's failure to fulfil their related debt obligations

The various guarantees and indemnifications that the Credit Union provides to its members and other third parties are not required to be recorded in the financial statements but are presented in the tables below.

Standby Letters of Credit and Letters of Guarantee

Standby letters of credit and letters of guarantee are issued at the request of a Credit Union member in order to secure the member's payment or performance obligations to a third party. These guarantees represent an irrevocable obligation of the Credit Union to pay the third party beneficiary upon presentation of the guarantee and satisfaction of the documented requirements stipulated therein, without investigation as to the validity of the beneficiary's claim against the member.

Generally, the term of these guarantees does not exceed three years. The types and amounts of collateral security held by the Credit Union for these guarantees is generally the same as for loans. Standby letters of credit and letters of guarantee outstanding were \$80,517 (2024 - \$94,680). This represents the maximum potential amount of future payments.

Indemnification of Directors and Officers

The Credit Union has directors' and officers' insurance coverage that limits its exposure to certain events or occurrences while the director or officer is or was serving at the Credit Union's request. This insurance coverage enables the Credit Union to recover a portion of any future amounts paid. The maximum potential amount of future payments is \$20,000 per claim subject to an annual maximum of \$30,000. Alberta Central also has directors' and officers' insurance coverage to limit exposure, with the maximum potential amount of future payments of \$15,000 per claim subject to an annual maximum of \$15,000.

Other Indirect Commitments

In the normal course of business, various indirect commitments are outstanding that are not reflected on the consolidated statement of financial position. These may include:

- (i) Commercial letters of credit that require the Credit Union to honour drafts presented by a third party when specific activities are completed
- (ii) Commitments to extend credit that represent undertakings to make credit available in the form of loans or other financings for specific amounts and maturities, subject to specific conditions

The financial commitments are subject to the Credit Union's normal credit standards, financial controls and monitoring procedures. The following table provides a detailed breakdown of the Credit Union's other indirect commitments expressed in terms of the contractual amounts of the related commitment or contract that are not reflected on the consolidated statement of financial position.

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29. GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

	As at October 31 2025	As at October 31 2024
Commitments to Extend Credit		
Original term to maturity of one year or less	\$ 6,909,744	\$ 6,461,468
Original term to maturity of more than one year	424,149	397,302
Total	\$ 7,333,893	\$ 6,858,770

	As at October 31 2025	As at October 31 2024
Property and Equipment and Intangible Assets Expenditure Commitments		
Total contractual amount	\$ 5,243	\$ 1,376
Cost to date	1,241	-
Remaining commitment	\$ 4,002	\$ 1,376

The Credit Union also has a callable unfunded capital commitments of \$698 (2024 - \$1,205) to various investment funds.

Contractual Obligations

The Credit Union has various obligations under long-term, non-cancellable contracts, which include service contracts and operating costs for leased buildings and equipment. The future minimum payments for such obligations for the next five fiscal years and thereafter are as follows:

	Property Operating Costs	Other Contractual Obligations	As at October 31 2025	As at October 31 2024
Within 1 year	\$ 8,090	\$ 19,784	\$ 27,874	\$ 26,013
Between 1 and 5 years	23,259	24,080	47,339	39,087
After 5 years	8,390	610	9,000	10,776
Total	\$ 39,739	\$ 44,474	\$ 84,213	\$ 75,876

As of October 31, 2025, the Credit Union is committed to two (2024 – three) leases that have been signed but have not commenced yet. The contracts are not included in the leased assets or liabilities presented in the consolidated financial statements. The leased asset value of these contracts, at time of commencement, which is expected to occur is \$1,449 (2024 - \$6,781).

Contingent Liabilities

There are various legal proceedings and actions that arise from the normal course of business and are pending at October 31, 2025. The aggregate contingent liability of these proceedings and actions are not considered material to these consolidated financial statements.

Commitments for Joint Venture

Under the terms of the Amended and Restated Prairie Payments Joint Venture Agreement, the revenues, expenses, income, losses and costs of capital projects of PPJV belong to and are borne exclusively and in equal share by the joint venturers. Each joint venturer is contractually responsible for its share of the liabilities of the PPJV and for funding its share of ongoing expenses. The PPJV has contractual agreements until 2030 for the operation of a payments processing platform. Alberta Central's proportionate share of these commitments is \$34,687 (2024 - \$39,715).

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30. 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 October 31, 2025	Note	Carrying Value	Fair Value	Fair Value Difference
Financial Instrument Assets				
Cash and cash equivalents	a	\$ 1,550,350	\$ 1,550,350	\$ -
Investments at amortized cost	c,f	9,064	9,401	337
Investments at FVOCI	d,f	2,189,777	2,189,777	-
Investments at FVTPL	d	3,207	3,207	-
Assets at FVTPL	e	34,220	34,220	-
Assets at FVOCI	e	6,145	6,145	-
Members' loans and leases	b,d,f	26,010,889	26,113,291	102,402
Other	a	32,263	32,263	-
Total financial instrument assets		29,835,915	29,938,654	102,739
Financial Instrument Liabilities				
Members' deposits	b,d	25,167,381	25,235,889	68,508
Liabilities at FVTPL	e	29,840	29,840	-
Liabilities at FVOCI	e	35	35	-
Borrowings	a,d	299,502	299,502	-
Securitization liabilities	d	1,525,171	1,576,618	51,447
Payables and other financial liabilities	a	347,712	347,712	-
Total financial instrument liabilities		\$ 27,369,641	\$ 27,489,596	\$ 119,955
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, which is a level 2 input.

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30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(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.
- 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 was assessed each reporting period. The fair value of the promissory note payable when the leasing subsidiary achieved its revenue targets was determined using forecasted revenue estimates, discounted with Bank of Canada bond yield. The promissory note payable to Stride Capital's key management personnel was evaluated using weighted probabilities of management retention. These forecasted revenue estimates and weighted probabilities were level 3 inputs.

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:

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30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

As at October 31, 2025	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative assets	\$ -	\$ 40,365	\$ -	\$ 40,365
Investments at FVTPL	-	887	3,207	4,094
Investments at FVOCI	-	2,179,296	9,594	2,188,890
Total	\$ -	\$ 2,220,548	\$ 12,801	\$ 2,233,349
Financial Liabilities				
Member shares - Series E	-	444	-	444
Derivative liabilities	-	29,431	-	29,431
Total	\$ -	\$ 29,875	\$ -	\$ 29,875

Financial assets fair value measurements using Level 3 inputs

Balance at October 31, 2024	\$	13,277
Fair value through profit and (loss)		461
Fair value through other comprehensive income		(1,417)
Purchases		480
Balance at October 31, 2025	\$	12,801

Financial liabilities fair value measurements using Level 3 inputs

Balance at October 31, 2024	\$	3,433
Contingent consideration - fair value change		317
Contingent consideration payment		(3,750)
Balance at October 31, 2025	\$	-

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

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31. FINANCIAL RISK MANAGEMENT

The Credit Union is exposed to the following risk as a result of holding financial instruments: credit risk, market risk and liquidity risk. The Credit Union manages its risk separately from Alberta Central.

The following is a description of those risks and how the Credit Union manages exposure to them.

Credit Risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Credit Union. The Credit Unions' products with credit risk include members' loans and leases, investments, guarantees, letters of credit, debt securities, and derivatives.

Risk Measurement

The Credit Union employs a risk measurement process for its loan portfolio. Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. Risk is measured by reviewing exposure to individual borrowers and by reviewing qualitative and quantitative factors that impact the loan portfolio. Qualitative and quantitative analyses of a borrower's financial information are important factors used in determining the financial state of the counterparty.

Loan exposures are managed and monitored through facility limits for individual borrowers and a credit review process. These reviews ensure that the borrower complies with internal policy and underwriting standards. The Credit Union relies on collateral security typically in the form of a fixed and floating charge over the assets and underwriting of its borrowers. Credit risk is also managed through regular analysis of the ability of members and potential members to meet interest and capital repayment obligations. Credit risk for counterparties in other financial instruments, such as investments and derivatives, is assessed through published credit ratings.

Credit Quality Performance

Refer to Note 9 for additional information on the credit quality performance of members' loans and leases.

Objectives, Policies and Processes

The Credit Union employs and is committed to a number of important principles to manage credit risk exposure:

- A conservative credit risk appetite based on accepting risk which can be understood, measured, is transparent and can be managed
- A diversified portfolio to minimize industry and concentration risk.
- Prudent lending risk policies, supporting safety and soundness of the credit union.
- Ongoing review of risk through account monitoring, financial covenant testing, and credit reviews.

Market Risk

Market risk arises from changes in interest rates, foreign-exchange rates, and other prices that affect the Credit Union's income and enterprise value. The Credit Union's objective is take acceptable levels of risk to earn a sufficient return while balancing organizational objectives and members' needs.

Interest Rate Risk

The Credit Union's interest rate risk (IRR) position is measured via ongoing assessment of IRR attributes of assets, liabilities, and derivative positions. Relevant IRR measures include sensitivity analysis of net interest income and market value of equity and repricing gap analysis. The Treasury department manages IRR within limits approved by management's Asset Liability Committee (ALCO). It measures and reports IRR exposures relative to limits on a regular basis to the ALCO to ensure policy compliance. Management provides related quarterly reports to the Board's Audit and Finance Committee to enable effective governance of IRR management.

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31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Objectives, Policies and Processes

The Treasury department is responsible for measuring market risk exposures relative to approved limits, managing risk positions, and monitoring resulting risk positions to ensure policy compliance. The Credit Union manages market risks by developing and implementing asset and liability management policies. These policies are reviewed and approved by the Board and monitored by ALCO. The Credit Union's goal is to achieve adequate profitability, liquidity, and stability within the Credit Union's established risk management framework. The Credit Union makes use of financial modelling based on possible interest rate scenarios and corresponding analysis to measure and manage its market risk. At least annually, the Audit and Finance Committee reviews the Credit Union's investment and asset liability management policies.

The following table provides the potential before-tax impact of an immediate and sustained 1% increase or decrease in interest rates of all tenors on net interest income in the next 12 months. These measures are based on assumptions made by senior management and validated by experience. All interest rate risk measures are based upon exposures and modelling assumptions at a specific time and continuously change as a result of business activities and risk management initiatives.

Credit Union Excluding Alberta Central Before Tax Impact of:		2025		2024
1% increase in rates	\$	25,570	\$	29,325
1% decrease in rates	\$	(27,018)	\$	(35,561)

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risks exist mainly as a result of the existence of financial assets, derivatives and financial liabilities denominated in foreign currencies. The risk associated with changing foreign currency values is managed under the Credit Union's foreign exchange risk management policy. As at October 31, 2025, the Credit Union's net difference between assets and liabilities in foreign currencies was \$2,304 (2024 – \$6,876).

Other Price Risk

Other price risk is the risk that the fair value of a financial instrument, including derivatives, will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Credit Union manages its other price risk by adhering to an Investment Policy.

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet either the Credit Union's cash and funding requirements, statutory liquidity requirements or both.

Risk Measurement

The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgment pertaining to current and prospective market conditions and the related behaviour of its members and counterparties. The Credit Union measures and manages its liquidity position from three perspectives:

- Structural liquidity risk, which addresses the risk due to mismatches in effective maturities between assets and liabilities, more specifically the risk of over-reliance on short-term liabilities to fund long-term illiquid assets
- Tactical liquidity risk, which addresses the day-to-day funding requirements that are managed by imposing prudential limits on net fund outflows
- Contingent liquidity risk, which assesses the impact of and the intended responses to sudden stressful events

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31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Objectives, Policies and Processes

The acceptable amount of risk is defined by policies approved by the Board and monitored by ALCO.

The Credit Union's liquidity policies and practices include:

- Measurement and forecast of cash flows
- Maintenance of a pool of high-quality liquid assets
- A stable base of core deposits from retail and commercial customers
- Limits on single deposits and sources of deposits
- Monitoring of wholesale demand and term deposits
- Diversification of funding resources
- Monthly liquidity coverage ratio (LCR) analysis and reporting
- Contingency Funding Plan (CFP) outlines strategies to address sudden liquidity stress events
- Quarterly Stress Testing to evaluate Credit Union's resilience under various adverse scenarios

The Credit Union manages liquidity by monitoring, forecasting and managing cash flows and the concentration of loans and deposits within approved policies. The Treasury department manages day-to-day liquidity within these policies and reports regularly to ALCO to ensure policy compliance. Management provides monthly reports on these matters to the Audit and Finance Committee.

The Credit Union will maintain statutory liquidity levels as required by regulations and Alberta Central bylaws. Statutory liquidity deposits must be held with Alberta Central at a minimum of 9.0% of average liabilities for the second prior month. Statutory liquidity includes eligible deposits and shares of Alberta Central. Immediate corrective action will be taken if the ratio approaches the regulatory minimum. Based on the average liabilities at August 2025, the Credit Union's liquidity as at October 31, 2025, exceeds the minimum requirement. These liquidity deposits are eliminated as part of the consolidation of Alberta Central's results.

Under the Liquidity Policy and Regulations, the Credit Union is required to maintain and report LCR monthly. LCR is calculated as the Credit Union's high quality liquid assets divided by net cash outflows over a 30-day stress scenario. High Quality Liquid Assets (HQLA) are assets that can be easily converted into cash at little or no loss of value and include eligible investments held as liquidity reserve deposits at Alberta Central. The Credit Union must maintain this ratio greater than 100%, with an internal target minimum of 125%. During the year the Credit Union maintained internal liquidity adequacy targets that exceeded regulatory requirements.

Key features of liquidity management include:

- Daily monitoring of expected cash inflows and outflows, as well as tracking and forecasting the liquidity position on a 90-day rolling basis
- Consideration of the term structure of loans and deposits, with emphasis on deposit maturities, as well as expected loan funding and other commitments to ensure the Credit Union can maintain required levels of liquidity while meeting its obligations

The following table comprises aggregating cash flows into maturity dates of the Credit Union's non-derivative financial assets and financial liabilities. Subject to member behavior and applicability to the Credit Union's asset and liability management policy, this table represents the position at the close of business day.

Financial Assets

- Fixed and variable rate assets, such as residential mortgage loans, consumer loans, commercial loans, lease receivables and investments are reported based on scheduled repayments and maturities.

Financial Liabilities

- Fixed and variable rate liabilities, such as term deposits, securitization financing and borrowings are reported at scheduled maturity.
- Payables and other liabilities with no defined maturity are reported within the non-maturities category.

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31. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at October 31, 2025	Non-Maturities	Less than 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Financial Assets						
Cash and cash equivalents	\$ 362,315	\$ 1,188,035	\$ -	\$ -	\$ -	\$ 1,550,350
Investments	8,442	1,852,345	244,552	96,709	-	2,202,048
Members' loans and leases	2,197,955	10,889,826	8,932,783	3,716,077	274,248	26,010,889
Accounts receivable financial assets	-	30,141	-	-	-	30,141
Total financial assets	\$ 2,568,712	\$ 13,960,347	\$ 9,177,335	\$ 3,812,786	\$ 274,248	\$ 29,793,428
Financial Liabilities						
Members' deposits	12,338,230	9,290,424	2,924,305	614,095	327	25,167,381
Trade payables and other financial liabilities	444	347,710	-	-	-	348,154
Borrowings	-	199,502	100,000	-	-	299,502
Securitization liabilities	-	544,688	662,177	313,029	5,277	1,525,171
Total financial liabilities	\$ 12,338,674	\$ 10,382,324	\$ 3,686,482	\$ 927,124	\$ 5,604	\$ 27,340,208
Net maturities	\$ (9,769,962)	\$ 3,578,023	\$ 5,490,853	\$ 2,885,662	\$ 268,644	\$ 2,453,220
As at October 31, 2024	Non-Maturities	Less than 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Financial Assets						
Cash and cash equivalents	\$ 144,022	\$ 759,693	\$ -	\$ -	\$ -	\$ 903,715
Investments	5,770	2,679,313	241,403	1,512	1,000	2,928,998
Members' loans and leases	2,138,851	9,124,900	9,418,782	3,801,198	365,623	24,849,354
Accounts receivable financial assets	-	28,345	-	-	-	28,345
Total financial assets	\$ 2,288,643	\$ 12,592,251	\$ 9,660,185	\$ 3,802,710	\$ 366,623	\$ 28,710,412
Financial Liabilities						
Members' deposits	10,951,130	10,473,853	2,227,931	761,425	109	24,414,448
Trade payables and other financial liabilities	457	295,227	-	-	-	295,684
Borrowings	1,228	197,828	-	-	-	199,056
Securitization liabilities	-	486,785	916,264	241,720	44	1,644,813
Total financial liabilities	\$ 10,952,815	\$ 11,453,693	\$ 3,144,195	\$ 1,003,145	\$ 153	\$ 26,554,001
Net maturities	\$ (8,664,172)	\$ 1,138,558	\$ 6,515,990	\$ 2,799,565	\$ 366,470	\$ 2,156,411

32. INTEREST RATE SENSITIVITY

The principal values of assets and liabilities and the notional amount of swaps and other derivative financial instruments used to manage interest rate risk are presented below in the periods in which they next reprice to market rates. These are summed to show repricing gap profile. Accrued interest amounts are included in the non-interest-sensitive section. The average rates presented are principal weighted averages of spot contractual rates as of the reporting date. Additional information on how the Credit Union uses derivative financial instruments to manage interest rate risk is included in Note 15. Information on how the Credit Union manages interest rate risk is included in Note 31.

As at October 31, 2025	Floating Rate	0 to 3 Months	3 to 6 Months	6 to 12 Months	More Than 1 Year	Non Interest Sensitive	Total
Assets							
Cash and cash equivalents	\$ 1,246,020	\$ -	\$ -	\$ -	\$ -	\$ 304,330	\$ 1,550,350
Effective yield (%)	2.28%	-	-	-	-	-	1.83%
Investment in associate	-	-	-	-	-	24,554	24,554
Investments	-	1,285,953	266,154	299,350	341,261	9,330	2,202,048
Effective yield (%)	-	2.69%	3.14%	3.08%	2.95%	-	2.83%
Members' loans and leases	6,195,766	2,573,535	1,887,481	3,229,962	11,837,929	286,216	26,010,889
Effective yield (%)	5.47%	3.97%	3.77%	4.14%	4.96%	-	4.74%
Other assets	-	-	-	-	-	504,500	504,500
	7,441,786	3,859,488	2,153,635	3,529,312	12,179,190	1,128,930	30,292,341
Liabilities and Equity							
Members' deposits	5,280,415	3,126,079	2,032,079	3,905,406	4,662,828	6,160,574	25,167,381
Effective yield (%)	1.88%	3.43%	3.24%	2.96%	2.76%	-	2.05%
Other liabilities	-	-	-	-	-	529,087	529,087
Borrowings	100,000	198,940	-	-	-	562	299,502
Effective yield (%)	-	2.70%	-	-	-	-	1.79%
Securitization liabilities	-	206,308	143,316	236,120	980,482	(41,055)	1,525,171
Effective yield (%)	-	3.45%	4.22%	3.75%	4.24%	-	4.17%
Equity	-	-	-	-	-	2,771,200	2,771,200
	5,380,415	3,531,327	2,175,395	4,141,526	5,643,310	9,420,368	30,292,341
Off Statement of Financial Position							
Notional value of assets							
derivative financial instruments	2,570	516,600	26,892	521,425	2,269,521	-	3,337,008
Notional value of liabilities							
derivative financial instruments	(1,000,000)	(16,609)	(526,902)	(521,445)	(1,272,052)	-	(3,337,008)
Sub total	(997,430)	499,991	(500,010)	(20)	997,469	-	-
Net 2025 position	\$ 1,063,941	\$ 828,152	\$ (521,770)	\$ (612,234)	\$ 7,533,349	\$ (8,291,438)	\$ -

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32. INTEREST RATE SENSITIVITY (CONTINUED)

As at October 31, 2024	Floating Rate	0 to 3 Months	3 to 6 Months	6 to 12 Months	More Than 1 Year	Non Interest Sensitive	Total
Assets							
Cash and cash equivalents	\$ 812,633	\$ -	\$ -	\$ -	\$ -	\$ 91,082	\$ 903,715
Effective yield (%)	3.45%	-	-	-	-	-	3.11%
Investment in associate	-	-	-	-	-	29,924	29,924
Investments	160,149	1,605,709	360,059	554,264	242,913	5,904	2,928,998
Effective yield (%)	3.97%	4.09%	4.34%	3.73%	4.76%	-	4.09%
Members' loans and leases	5,009,766	2,104,330	1,612,060	3,170,414	12,823,460	129,324	24,849,354
Effective yield (%)	7.15%	4.34%	4.08%	3.97%	4.56%	-	4.93%
Other assets	-	-	-	-	-	550,740	550,740
	5,982,548	3,710,039	1,972,119	3,724,678	13,066,373	806,974	29,262,731
Liabilities and Equity							
Members' deposits	4,008,305	2,895,057	2,428,729	4,829,844	4,928,338	5,324,175	24,414,448
Effective yield (%)	2.45%	4.42%	4.70%	4.29%	2.97%	-	2.84%
Other liabilities	-	328	-	-	-	464,429	464,757
Borrowings	-	197,881	-	-	-	1,175	199,056
Effective yield (%)	-	4.37%	-	-	-	-	4.34%
Securitization liabilities	-	108,099	126,665	325,056	1,158,028	(73,035)	1,644,813
Effective yield (%)	-	3.29%	3.58%	3.42%	3.81%	-	3.85%
Equity	-	-	-	-	-	2,539,657	2,539,657
	4,008,305	3,201,365	2,555,394	5,154,900	6,086,366	8,256,401	29,262,731
Off Statement of Financial Position							
Notional value of assets							
derivative financial instruments	-	320,050	4,572	3,925	232,263	-	560,810
Notional value of liabilities							
derivative financial instruments	(495,000)	(20,050)	(4,572)	(3,925)	(37,263)	-	(560,810)
Sub total	(495,000)	300,000	-	-	195,000	-	-
Net 2024 position	\$ 1,479,243	\$ 808,674	\$ (583,275)	\$ (1,430,222)	\$ 7,175,007	\$ (7,449,427)	\$ -

33. RELATED PARTY DISCLOSURES

Related parties of the Credit Union include associates, joint ventures, subsidiaries, key management personnel, close family members of key management personnel, and employees of the Credit Union.

Associates and Subsidiaries

Refer to Note 16 for a summary of related party transactions with Alberta Central. Refer to Note 3 for a list of the Credit Union's subsidiaries.

PPJV

During the year, Alberta Central charged PPJV various administrative, facilities services, interest and float fees totaling \$5,519 (2024 - \$3,530). During the year, PPJV charged the Credit Union various interest, distribution and administrative fees totaling \$1,275 (\$2024 - \$1,353). As at October 31, 2025 the Credit Union had a net receivable of \$3,430 (\$2024 - \$5,558) from PPJV in respect to operating activities, and PPJV had a balance of cash held with Alberta Central of \$33,359 (2024 - \$10,419).

Key Management Personnel

During the year, the following compensation amounts were included in personnel expense in the consolidated statement of income for directors and management personnel of the Credit Union who have the authority and responsibility for planning, directing and controlling the activities of the Credit Union, directly or indirectly.

	Salary and Incentive Pay	Benefits	Post Employment Benefits	Other Long Term Benefits	2025
Chief Executive Officer (CEO)	\$ 3,849	\$ 137	\$ 222	\$ 459	\$ 4,667
Chief Operating & Integration Officer (COIO)	1,091	51	34	-	1,176
Chief Financial Officer (CFO)	982	64	34	-	1,080
Chief Information & Payments Officer (CIPO)	915	77	33	-	1,025
Chief Risk Officer (CRO)	921	68	33	-	1,022
All other Key Management Personnel ⁽¹⁾	1,783	74	66	-	1,923
Total	\$ 9,541	\$ 471	\$ 422	\$ 459	\$ 10,893

⁽¹⁾ The CSPO position was eliminated in December 2024 and had total termination benefits of \$834.

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33. RELATED PARTY DISCLOSURES (CONTINUED)

	Salary and Incentive Pay	Benefits	Post Employment Benefits	Other Long Term Benefits	2024
Chief Executive Officer (CEO)	\$ 2,518	\$ 144	\$ 179	\$ 364	\$ 3,205
Chief Operating & Integration Officer (COIO) ⁽¹⁾	1,053	38	31	-	1,122
Chief Financial Officer (CFO)	1,007	60	31	-	1,098
Chief Information & Payments Officer (CIPO)	944	68	31	-	1,043
Chief People & Experience Officer (CPEO) ⁽²⁾	973	36	31	-	1,040
All other key management personnel	1,710	101	90	-	1,901
Total	\$ 8,205	\$ 447	\$ 393	\$ 364	\$ 9,409

⁽¹⁾ The COO Position title changed to COIO in May 2024

⁽²⁾ The CTO Position title changed to CPEO in May 2024

Other long-term benefits represent payments that are expected to be paid in 12 or more months after the fiscal period.

Directors' Compensation and Expenses	2025	2024
Compensation to directors	\$ 1,021	\$ 1,087
Expenses incurred by directors	152	148
Total	\$ 1,173	\$ 1,235

Compensation to directors ranges from \$25 (2024 - \$33) to \$118 (2024 - \$127) with an average of \$68 (2024 - \$64).

Short-term employee benefits include employee benefits that are payable within 12 months after October 31 of each year and include salary, bonus, benefits and allowances. Post-employment benefits are employee benefits that are payable after the completion of employment and include compensation made to retirement and pension plans. Other long-term benefits are benefits that are payable more than 12 months after October 31 of each year.

Termination benefits are benefits payable as a result of an employee's employment being terminated and include severance payments and accruals for pending severance offers.

The Credit Union, excluding Alberta Central, issues loans, primarily residential mortgages, and offers deposits, primarily fixed-term deposits, to its management and employees at various preferred rates and terms. The value of the difference in rates is included in short-term employee benefits (see Note 23). Board of Director loans and deposits are at member rates. All loans are in good standing and are granted in accordance with the Credit Union's standard credit practices.

	As at October 31 2025	As at October 31 2024
Members' Loans		
Key management personnel	\$ 2,164	\$ 2,721
Board of directors	5,085	7,390
Total	\$ 7,249	\$ 10,111

	As at October 31 2025	As at October 31 2024
Members' Deposits		
Key management personnel	\$ 411	\$ 1,008
Board of directors	4,671	5,425
Total	\$ 5,082	\$ 6,433

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33. RELATED PARTY DISCLOSURES (CONTINUED)

Alberta Central Directors' compensation and expenses	Compensation to Directors	Expenses incurred by Directors	2025	2024
Directors who are key management personnel of the Credit Union	\$ 78	\$ 12	\$ 90	\$ 49
All other directors	283	93	376	175
Total	\$ 361	\$ 105	\$ 466	\$ 224

Compensation to directors ranges from \$7 (2024 - \$1) to \$35 (2024 - \$26) with an average of \$20 (2024 - \$11).

34. NON-CONTROLLING INTEREST

Alberta Central is the only subsidiary of the Credit Union that is partially owned by entities other than the Credit Union. At October 31, 2025 non-controlling interests held 19% (2024 – 19%) of the ownership and voting rights of Alberta Central.

The following tables summarize financial information of Alberta Central and shows amounts attributable to non-controlling interests:

	As at October 31 2025	As at October 31 2024	Change
Shares held by the Credit Union	267,749	255,248	12,501
Shares held by NCI	63,303	59,946	3,357
Total Shares	331,052	315,194	15,858
Credit Union ownership	81.0%	81.0%	-
NCI ownership	19.0%	19.0%	-

	As at October 31 2025	As at October 31 2024
Investments in securities	\$ 2,691,208	\$ 3,063,014
Other assets	1,598,742	1,043,174
Liabilities	3,818,623	3,697,462
Net assets	\$ 471,327	\$ 408,726

The net income and other comprehensive income of Alberta Central attributed to the non-controlling interest over the period Nov 1st, 2024 to October 31st, 2025, during which time the Credit Union held control over Alberta Central, is \$24,792 (2024 - \$7,372) and \$1,444 (2024 - \$1,988) respectively. Dividends of \$697 (2024 - \$0) were paid to the non-controlling interest during this period.

The Credit Union has certain regulatory restrictions established by the Act and the Corporation on its ability to access or use the assets of Alberta Central, given that Alberta Central operates as a separate legal entity. See Notes 28 and 31 for additional details on these regulatory requirements.

35. PRIOR YEAR MERGERS & ACQUISITIONS

On May 1, 2024, the merger of Servus and connectFirst Credit Union was completed to form Connect First and Servus Credit Union Ltd. (CFSCU or the Credit Union). 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.

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35. PRIOR YEAR MERGERS & ACQUISITIONS (CONTINUED)

On and until April 30, 2024, cFCU operated as a separate financial institution primarily in the business of receiving deposits from and issuing loans to members. The merger occurred through the exchange of each common share and investment share of the two pre-merger credit unions for the same type of share of CFSCU.

Under IFRS, the merger is accounted for in accordance with the acquisition method of accounting outlined in IFRS 3 Business Combinations, whereby Servus was determined to be the acquirer.

Consideration transferred

As a business combination of a mutual entity, the value of the consideration exchanged is determined with reference to the fair value of the equity within the acquiree, being cFCU. In determining the fair value of the equity within the acquiree, this was concluded to equal the fair value of net assets of cFCU. In addition, the fair value of the net assets is a direct addition to equity. The difference between the value of the member shares and the fair value of the consideration has been classified as contributed surplus. The transaction does not generate any goodwill, loss, or gain on a bargain purchase. There is no contingent consideration.

Fair value of assets acquired and liabilities assumed

Accounting standards require that in a business combination, the individual assets and liabilities of the business which is identified as the acquiree must each be measured at its fair value on the date of acquisition. The methodology and key assumptions made in determining the fair value of the assets acquired and liabilities assumed are as follows:

- The fair value of investments was determined by discounting future cash flows at a market interest rate for similar instruments. This fair value is amortized over the remaining term of the investments.
- The fair value of loans to members was determined using a discounted cash flow method, incorporating key assumptions related to future cash flows, liquidation and prepayment rates, market interest rates at acquisition and borrower credit risk. The fair value adjustment is amortized over the acquired loans' weighted average remaining life, based on the loans' contractual terms.
A 0.5% decrease in the market interest rates used results in an increase in the fair value of loans to members by \$52,300. A 0.5% increase in the market interest rates used decreases the fair value of loans by \$51,523.
A 5% decrease to the liquidation rates used decreases the fair value of loans by \$11,296. A 5% increase in liquidation rates increases the fair value of loans by \$10,013.
A 0.5% decrease in the prepayment rate used decreases the fair value of loans \$1,447. A 0.5% increase to prepayment rates increases fair value of loans by \$1,204.
- The fair value of credit impaired assets was determined using a discounted cash flow method, incorporating assumptions about loan recovery amount and timing, discounted at a market interest rate.
- The fair value of property and equipment was determined based on a sample of appraisals completed on the properties acquired. These appraisals considered both the market and income approaches.
- The fair values of right of use assets and lease liabilities were determined by discounting the remaining contractual lease payments from the acquisition date, using the Credit Union's incremental borrowing rate at acquisition date.
- The fair value of investments in associates was derived from the fair value of the net assets of Alberta Central, as determined in the business combination accounting applied and disclosed below.
- The fair values of member deposits and secured borrowings were calculated by discounting future cash flows at a market rate for similar instruments. The fair value adjustment is amortized over the remaining life of these instruments, based on their contract terms.
- For the remaining assets and liabilities, fair values were determined to equal carrying values, due to the nature of these assets and liabilities.

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35. PRIOR YEAR MERGERS & ACQUISITIONS (CONTINUED)

In addition, judgments were made in the identification of intangible assets. Management has concluded, based on market data, that there is no value ascribed to the brand or the member deposit relationships as part of the acquisition. Member relationships related to wealth management have been identified and measured. The fair value is measured using a multi-period excess earnings approach that estimates the future cash flows from these member relationships.

The following are the fair values of cFCU assets and liabilities on the date of acquisition:

	As at May 1, 2024		Adjustments ⁽³⁾	As Adjusted
Assets				
Cash and cash equivalents	\$	50,673	\$ (12,926)	\$ 37,747
Investments		644,727	-	644,727
Loans to members ⁽¹⁾		6,015,864	(10,414)	6,005,450
Purchase of credit impaired assets		69,474	-	69,474
Derivative assets		6,694	-	6,694
Assets held for sale		3,895	-	3,895
Other assets		13,191	-	13,191
PPE and investment property ⁽²⁾		54,963	(25)	54,938
Right of use assets		23,509	-	23,509
Deferred tax assets		51,843	(1,713)	50,130
Investment in associates		91,528	5	91,533
Income tax asset		3,671	-	3,671
Intangible assets		11,899	4,501	16,400
Total assets	\$	7,041,931	\$ (20,572)	\$ 7,021,359
Liabilities				
Accounts payable	\$	68,655	\$ -	\$ 68,655
Members' deposits		6,082,654	-	6,082,654
Lease liabilities		23,570	-	23,570
Secured borrowings		348,467	(12,900)	335,567
Defined benefit plan		1,146	-	1,146
Derivative liabilities		6,694	-	6,694
Total liabilities	\$	6,531,186	\$ (12,900)	\$ 6,518,286
Total identifiable net assets at fair value	\$	510,745	\$ (7,672)	\$ 503,073

⁽¹⁾ The gross contractual principal amounts of acquired loans is \$6,281,311.

⁽²⁾ Includes \$2,196 of investment property.

⁽³⁾ Revisions to provisional purchase price allocation amounts were due to additional information obtained between the acquisition date and October 31, 2024, and correction of previous errors. The corrections included the reclassification of balances between Cash and cash equivalents and Secured borrowings, as well as corrections in the calculation of the fair value of Loans to members.

The amount of the total identifiable net assets measured at fair value is added directly to equity. However, legislation requires that within equity the par value of shares is separately recognized. The residual is allocated to Contributed Surplus. The Contributed Surplus amount was reclassified to retained earnings in 2025.

Net identifiable assets	\$	503,073
Common share capital		(314,724)
Investment share capital		(148,861)
Contributed Surplus	\$	39,488

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35. PRIOR YEAR MERGERS & ACQUISITIONS (CONTINUED)

Separate income

From the date of acquisition, May 1, 2024 to October 31, 2024 the business operations of cFCU increased net interest income and reduced net income of the merged entity by \$59,214 and \$21,452 respectively.

Consolidation with Alberta Central

The merger between cFCU and Servus caused the merged entity to hold 81% of the voting rights and control 7 of 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. An acquisition of control is accounted for under the acquisition method of accounting under IFRS 3 Business Combinations.

Alberta Central is a business entity in Calgary, Alberta with a legislated mandate to serve credit unions and the credit union system of the Province of Alberta. Its primary functions are to provide and manage member credit union liquidity, manage credit union investments, provide educational and advisory services, and supply clearing house arrangements.

Notwithstanding the acquisition of control, Alberta Central is bound to observe significant restrictions on the use and settlement of its cash and investment assets, as stated in the Credit Union Act and accompanying regulations.

Acquisition achieved in stages

Immediately prior to the merger, Servus and cFCU respectively held 59% and 22% of the outstanding common shares of Alberta Central. As Servus held an investment in Alberta Central immediately prior to the merger, the acquisition of control was completed in stages. In an acquisition achieved in stages, the previous investment is remeasured to fair value immediately prior to the acquisition, with any difference between the book value and the fair value of the investment recorded as a gain or loss. The fair value of the previous investment was determined to be \$245,617, resulting in a gain of \$15,851. In addition, \$9,328 of income previously recognized in accumulated other comprehensive income was reclassified to comprehensive income and included in non-interest income.

Consideration transferred and settlement of pre-existing relationships

As a business combination of a mutual entity, the value of the consideration exchanged is determined with reference to the fair value of the equity within the acquiree, being Alberta Central. In determining the fair value of the equity within the acquiree, this was concluded to equal CFSCU's proportionate share of the fair value of net assets of Alberta Central. This is also equal to the sum of the fair value of the investment in associate acquired as part of the cFCU acquisition, and the fair value of Servus' interest prior to the merger as determined above. As a mutual entity, the fair value of the net assets is a direct addition to equity. As well, consideration transferred includes the settlement of any pre-existing relationships.

Prior to consolidation Alberta Central acted as counterparty to the merged entity in commercial contracts. Such contracts are considered pre-existing relationships and are therefore accounted for as if they are effectively settled upon the acquisition of control. The fair value of the assets and liabilities acquired exclude the amounts that are effectively settled, and the same amount is included in the consideration transferred. A loss of \$10,710 was recognized on the effective settlement and is included in non-interest income on the consolidated statement of income. The amounts effectively settled include:

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35. PRIOR YEAR MERGERS & ACQUISITIONS (CONTINUED)

Assets

Cash and cash equivalents	\$ 62,032
Investments	2,386,168
Other assets	3,065
Derivative financial assets	4,074
Total assets settled	\$ 2,455,339

Liabilities

Borrowings and securitization liabilities	\$ 261,280
Trade payables and other liabilities	2,249
Derivative financial liabilities	13,562
Total liabilities settled	\$ 277,091

Net assets	\$ 2,178,248
Loss on effective settlement	(10,710)
Net settlements	\$ 2,167,538

Prior to effective settlement the sum of net assets at fair value is measured at \$416,331. Consideration transferred is calculated as the sum of the net assets and the net settlements, or \$2,583,869.

Fair value of assets acquired and liabilities assumed

Upon an acquisition of control, the acquisition method of accounting is applied which requires individual assets and liabilities of the acquiree to be measured at their fair values on the date of acquisition.

The methodology and key assumptions made in determining the fair value of the assets acquired and liabilities assumed are as follows:

- The fair value of investments in securities was determined by discounting future cash flows at a market interest rate for similar instruments. This fair value is amortized over the remaining term of the investments.
- The fair value of loans was determined using a discounted cash flow method, incorporating key assumptions related to future cash flows, market interest rates at acquisition and borrower credit risk. The fair value adjustment is amortized over the acquired loans' weighted average remaining life, based on the loans' contractual terms.
- The fair values of member deposits and commercial paper were calculated by discounting future cash flows associated with these instruments at a market rate for similar instruments. The fair value adjustment is amortized over the remaining life of these instruments, based on their contract terms.
- The fair value of the investments in associates approximates book value. Initially recorded at cost, these investments in associates are adjusted to reflect Alberta Central's share of the associates' net income for each reporting period by using the equity method of accounting. Thus, the book value at any given time represents the initial cost plus Alberta Central's proportionate share of the associates' financial results. Since these investments in associates are unique and lack an active market, book value serves as the best estimate for fair value.
- For the remaining assets and liabilities, fair values were determined to equal carrying values, due to the nature of these assets and liabilities.

In addition, judgments were made in the identification of intangible assets. It was concluded, based on the nature of the entity, that no intangible assets were measured.

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35. PRIOR YEAR MERGERS & ACQUISITIONS (CONTINUED)

The fair value of the assets and liabilities of Alberta Central on the acquisition date are as follows:

	As at May 1, 2024	Adjustments ²	As Adjusted
Assets			
Cash and cash equivalents	\$ 277,508	\$ 497,035	\$ 774,543
Investments in securities	3,461,312	(520,474)	2,940,838
Loans ⁽¹⁾	134,298	27	134,325
Derivative assets	10,970		10,970
Other assets	7,762	(197)	7,565
Sublease receivables	4,234		4,234
Fixed assets	3,710		3,710
Leased assets	5,110		5,110
Deferred tax assets	4,555	(6)	4,549
Investment in associates	657	23,438	24,095
Intangible assets	30,816		30,816
Total assets	\$ 3,940,932	\$ (177)	\$ 3,940,755
Liabilities			
Accounts payable	\$ 4,001		\$ 4,001
Members' deposits	1,119,603	6,649	1,126,252
Lease liabilities	9,362		9,362
Commercial paper	198,771		198,771
Income taxes payable	1,268		1,268
Derivative liabilities	17,232		17,232
Total liabilities	\$ 1,350,237	\$ 6,649	\$ 1,356,886
Total identifiable net assets at fair value	\$ 2,590,695	\$ (6,826)	\$ 2,583,869
Total consideration	\$ 2,590,695	\$ (6,826)	\$ 2,583,869

⁽¹⁾ The gross contractual principal amounts of acquired loans is \$146,273.

⁽²⁾ Revisions to provisional purchase price allocation amounts were due to additional information obtained between the acquisition date and October 31, 2024, and correction of previous errors. The adjustment to Cash and cash equivalents and Investment and securities is due to the correction of an error in the previously presented purchase price allocation, whereby it was concluded that certain amounts classified as Investments in securities should be classified as Cash and cash equivalents as these amounts are demand deposits and meet the definition of cash. As well, the adjustment to Investments in associates is due to the reclassification of amounts that were previously presented in Investments in securities, and adjustments to Members' deposits is due to a correction in the calculation of the effective settlement of previous relationships.

The merger transaction includes no contingent consideration or liabilities.

Non-controlling interest

The merged credit union holds 81% of the outstanding share capital of Alberta Central, which approximates to 81% of the voting rights in the general meetings of the subsidiary. The non-controlling interest holds the remainder of the voting rights and share capital, which is valued at \$79,178.

The value of the non-controlling interest was measured with reference to the fair value of the net assets of Alberta Central of \$416,331, as described above. The non-controlling interest share was then applied to this amount to determine the initial non-controlling interest.

See Note 34 for details on amounts attributable to non-controlling interests.

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35. PRIOR YEAR MERGERS & ACQUISITIONS (CONTINUED)

Separate income

From the date of acquisition, May 1, 2024 to October 31, 2024, the business operations of Alberta Central contributed a loss of \$4,037 to the net interest income and a loss of \$18,024 to the net income of the consolidated entity.

Combined Net Interest Income and Net Income

The business combinations with cFCU and Alberta Central occurred on May 1, 2024, after which date the financial results of the business operations are combined in the consolidated form of financial reporting. For disclosure purposes, if the merger and consolidation had occurred at the beginning of the fiscal year on November 1, 2023, the net interest income and net income of the consolidated entity for the year ended October 31, 2024 are estimated to have been \$702,599 and \$126,416 respectively.

36. COMPARATIVE FIGURES

Certain comparative figures in the consolidated statements and note disclosures have been reclassified to conform to the current year's presentation.

Within the comparative period in Note 9 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 and other decreased \$(93,059).