

**SERVUS CREDIT UNION LTD.**  
**Interim Condensed Consolidated Financial Statements**

For the three and nine months ended July 31, 2025  
(unaudited)

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

	Notes	July 31 2025	October 31 2024
<b>Assets</b>			
Cash and cash equivalents <sup>(1)</sup>		\$ 1,081,862	\$ 903,715
Investments	3	2,383,148	2,928,998
Members' loans and leases	4	25,748,005	24,849,354
Income taxes receivable		-	3,071
Assets held for sale		15,473	10,986
Other assets		83,485	67,209
Property and equipment		173,469	184,496
Leased assets		96,343	95,253
Investment property		5,624	5,922
Derivative financial assets	7	26,076	22,247
Investment in associate	10	25,575	29,924
Intangible assets		72,012	84,136
Goodwill		19,173	19,173
Defined benefit plan assets		-	3,392
Deferred income tax assets		35,308	54,855
<b>Total assets</b>		<b>29,765,553</b>	<b>29,262,731</b>
<b>Liabilities</b>			
Borrowings		299,513	199,056
Securitization liabilities		1,555,504	1,644,813
Members' deposits		24,712,121	24,414,448
Trade payables and other liabilities		334,921	314,789
Lease liabilities		111,509	110,345
Income taxes payable		15,072	429
Allowance for off balance sheet credit instruments	4,5	7,862	5,956
Derivative financial liabilities	7	29,872	28,090
Investment shares		466	457
Defined benefit plan liabilities		4,591	4,691
<b>Total liabilities</b>		<b>27,071,431</b>	<b>26,723,074</b>
<b>Equity</b>			
Share capital		1,115,360	1,161,474
Retained earnings		1,469,156	1,241,113
Contributed surplus		-	39,488
Accumulated other comprehensive income		3,294	9,041
<b>Total equity attributable to members of the Credit Union</b>		<b>2,587,810</b>	<b>2,451,116</b>
Non-controlling interest		106,312	88,541
<b>Total equity</b>		<b>2,694,122</b>	<b>2,539,657</b>
<b>Total liabilities and equity</b>		<b>\$ 29,765,553</b>	<b>\$ 29,262,731</b>

<sup>(1)</sup> Cash and cash equivalents includes restricted cash as at July 31, 2025 of \$1,851 (2024 - \$3,382)

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

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

	Notes	Three months ended July 31 2025	Three months ended July 31 2024	Nine months ended July 31 2025	Nine months ended July 31 2024
<b>Interest income</b>					
Members' loans and leases		\$ 342,526	\$ 351,495	\$ 1,011,632	\$ 822,300
Investments, including derivatives	8	30,661	44,495	99,686	82,382
<b>Total interest income</b>		<b>373,187</b>	<b>395,990</b>	<b>1,111,318</b>	<b>904,682</b>
<b>Interest expense</b>					
Members' deposits		135,198	177,873	438,415	412,931
Other interest expense		28,367	34,229	87,651	67,493
<b>Total interest expense</b>		<b>163,565</b>	<b>212,102</b>	<b>526,066</b>	<b>480,424</b>
<b>Net interest income</b>		<b>209,622</b>	<b>183,888</b>	<b>585,252</b>	<b>424,258</b>
Non-interest income		65,162	66,017	184,642	152,316
Share of (losses) profits from associate	10	39,886	(1,771)	40,875	519
<b>Net interest income and non-interest income</b>		<b>314,670</b>	<b>248,134</b>	<b>810,769</b>	<b>577,093</b>
Provision for credit losses	5	3,684	35,611	38,342	61,820
<b>Net interest income and non-interest income after provision for credit losses</b>		<b>310,986</b>	<b>212,523</b>	<b>772,427</b>	<b>515,273</b>
<b>Operating expenses</b>					
Personnel		95,960	93,862	278,966	229,536
General		45,566	44,314	136,550	107,969
Occupancy		6,104	6,457	18,947	15,366
Member security		4,067	4,317	12,202	10,255
Depreciation		7,756	7,813	23,108	17,551
Organization		542	797	2,011	3,231
Impairment of assets		713	587	2,340	1,233
Amortization		4,923	5,075	14,571	12,547
<b>Total operating expenses</b>		<b>165,631</b>	<b>163,222</b>	<b>488,695</b>	<b>397,688</b>
<b>Income before patronage allocation to members and income taxes</b>		<b>145,355</b>	<b>49,301</b>	<b>283,732</b>	<b>117,585</b>
Patronage allocation to members		8,749	5,918	26,749	23,496
<b>Income before income taxes</b>		<b>136,606</b>	<b>43,383</b>	<b>256,983</b>	<b>94,089</b>
Income taxes		26,984	18,255	53,374	29,774
<b>Net income</b>		<b>\$ 109,622</b>	<b>\$ 25,128</b>	<b>\$ 203,609</b>	<b>\$ 64,315</b>
<b>Net income</b>					
Net income attributable to members		100,889	22,210	188,555	61,397
Net income attributable to non-controlling interest		8,733	2,918	15,054	2,918
<b>Net income</b>		<b>\$ 109,622</b>	<b>\$ 25,128</b>	<b>\$ 203,609</b>	<b>\$ 64,315</b>

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

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

	Three months ended July 31 2025	Three months ended July 31 2024	Nine months ended July 31 2025	Nine months ended July 31 2024
<b>Net income</b>	<b>\$ 109,622</b>	<b>\$ 25,128</b>	<b>\$ 203,609</b>	<b>\$ 64,315</b>
<b>Other comprehensive income for the year, net of tax:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Actuarial gain on defined benefit pension plans <sup>(1)</sup>	18	-	23	-
Change in unrealized gain (loss) on equity securities at fair value through other comprehensive income securities <sup>(2)</sup>	27	87	(1,388)	87
<i>Share of other comprehensive income from associate</i>				
Actuarial gain on defined benefit pension plans <sup>(1)</sup>	-	-	-	87
Change in unrealized gain on equity securities at fair value through other comprehensive income securities <sup>(2)</sup>	-	-	-	483
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Change in unrealized gain (loss) on debt securities at fair value through other comprehensive income securities <sup>(3)</sup>	(1,364)	6,767	(3,168)	6,767
Reclassification adjustments for realized gain on debt securities <sup>(4)</sup>	21	-	1,254	-
Cash flow hedges - effective portion of changes in fair value <sup>(5)</sup>	(7,171)	-	(3,108)	-
<i>Share of other comprehensive income from associate</i>				
Change in unrealized gain on debt securities at fair value through other comprehensive income securities <sup>(3)</sup>	-	-	-	3,407
<b>Total other comprehensive (loss) income</b>	<b>\$ (8,469)</b>	<b>\$ 6,854</b>	<b>\$ (6,387)</b>	<b>\$ 10,831</b>
<b>Total comprehensive income</b>	<b>\$ 101,153</b>	<b>\$ 31,982</b>	<b>\$ 197,222</b>	<b>\$ 75,146</b>
<b>Total comprehensive income</b>				
Comprehensive income attributable to members	92,669	27,760	182,808	70,924
Comprehensive income attributable to non-controlling interest	8,484	4,222	14,414	4,222
<b>Total comprehensive income</b>	<b>\$ 101,153</b>	<b>\$ 31,982</b>	<b>\$ 197,222</b>	<b>\$ 75,146</b>

<sup>(1)</sup> Net of income tax expense for the three months ended July 31, 2025 of \$6 (2024 - \$0), for the nine months ended July 31, 2025 of \$2 (2024 - \$26)

<sup>(2)</sup> Net of income tax (recovery) expense for the three months ended July 31, 2025 of \$(74) (2024 - \$(16)), for the nine months ended July 31, 2025 of \$(103) (2024 - \$128)

<sup>(3)</sup> Net of income tax (recovery) expense for the three months ended July 31, 2025 of \$(1,309) (2024 - \$2,174), for the nine months ended July 31, 2025 of \$(1,115) (2024 - \$3,192)

<sup>(4)</sup> Net of income tax expense (recovery) for the three months ended July 31, 2025 of \$6 (2024 - \$(104)), for the nine months ended July 31, 2025 of \$384 (2024 - \$(104))

<sup>(5)</sup> Net of income tax (recovery) for the three months ended July 31, 2025 of \$(2,151) (2024 - \$0), for the nine months ended July 31, 2025 of \$(938) (2024 - \$0)

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

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

Share Capital									
	Notes	Common Shares	Investment Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
Balance at October 31, 2023		\$ 568,763	\$ 121,698	\$ 690,461	\$ 1,161,082	\$ -	\$ 4,090	\$ -	\$ 1,855,633
Changes in equity									
Issues of share capital		329,725	149,060	478,785	-	-	-	-	478,785
Redemption of share capital		(50,207)	(9,469)	(59,676)	-	-	-	-	(59,676)
Net income		-	-	-	61,397	-	-	2,918	64,315
Non-controlling interest acquired through business combination		-	-	-	-	-	-	79,178	79,178
Contributed surplus arising from business combination		-	-	-	-	47,160	-	-	47,160
Share of other comprehensive income from associate		-	-	-	-	-	3,977	-	3,977
Unrealized fair value gain on debt and equity securities		-	-	-	-	-	5,550	1,304	6,854
Balance at July 31, 2024		\$ 848,281	\$ 261,289	\$ 1,109,570	\$ 1,222,479	\$ 47,160	\$ 13,617	\$ 83,400	\$ 2,476,226

Share Capital									
	Notes	Common Shares	Investment Shares	Total Share Capital	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
Balance at October 31, 2024		\$ 884,682	\$ 276,792	\$ 1,161,474	\$ 1,241,113	\$ 39,488	\$ 9,041	\$ 88,541	\$ 2,539,657
Changes in equity									
Issues of share capital		24,641	-	24,641	-	-	-	-	24,641
Redemption of share capital		(55,760)	(14,995)	(70,755)	-	-	-	-	(70,755)
Net income		-	-	-	188,555	-	-	15,054	203,609
Reclassify contributed surplus to retained earnings		-	-	-	39,488	(39,488)	-	-	-
Other comprehensive income - fair value and pension reserve		-	-	-	-	-	(1,701)	(640)	(2,341)
Other comprehensive income - hedging reserve		-	-	-	-	-	(4,046)	-	(4,046)
Change in non-controlling interest due to issues of share capital		-	-	-	-	-	-	3,357	3,357
Balance at July 31, 2025		\$ 853,563	\$ 261,797	\$ 1,115,360	\$ 1,469,156	\$ -	\$ 3,294	\$ 106,312	\$ 2,694,122

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

	Notes	Nine months ended July 31 2025	Nine months ended July 31 2024
<b>Cash flows from (used in) operating activities</b>			
<b>Net income</b>		\$ 203,609	\$ 64,315
<b>Adjustments for non-cash items and others</b>			
Net interest income <sup>(1)</sup>		(585,252)	(424,258)
Provision for credit losses		38,342	61,820
Share of profits from investment in associate		(40,875)	(519)
Depreciation		23,108	17,551
Amortization		14,571	12,547
Impairment of assets		2,340	1,233
Gain on leased assets		(45)	(243)
Gain on assets held for sale		(476)	(2,229)
Loss on disposal of property and equipment		179	425
Gain from acquisition of business		-	(15,207)
Fair value gain on investments		(359)	-
Income taxes		53,374	29,774
<b>Adjustments for net changes in operating assets and liabilities</b>			
Change in members' loans and leases		(849,354)	(419,070)
Change in members' deposits		342,754	198,681
Change in assets held for sale		(7,876)	(12,098)
Change in other assets, provisions, and trade payables and other liabilities, net		(18,826)	(32,286)
Income taxes paid, net		(13,610)	(10,616)
Interest received		1,028,817	880,145
Interest paid		(551,571)	(422,832)
<b>Net cash used in operating activities</b>		(361,150)	(72,867)
<b>Cash flows from (used in) investing activities</b>			
Additions to intangible assets		(2,749)	(8,271)
Additions to property and equipment, and investment property		(8,784)	(7,766)
Proceeds on disposal of property and equipment, and investment property		1,078	294
Proceeds on disposal of assets held for sale		5,971	12,853
Purchase of Alberta Central shares (pre acquisition)		-	(11,776)
Distribution from investment in associate	10	46,039	-
Proceeds from (purchase of) investments, net		542,934	(202,670)
Cash and restricted cash acquired		-	254,817
<b>Net cash from investing activities</b>		584,489	37,481
<b>Cash flows from (used in) financing activities</b>			
Advances of term loans and lines of credit, net		100,457	(8,299)
Advances of securitization liabilities		312,495	452,749
Repayments of securitization liabilities		(408,698)	(248,231)
Repayments of principal portion of lease liabilities		(6,689)	(5,372)
Shares issued		24,641	15,200
Shares redeemed		(70,755)	(59,676)
Non-controlling interest shares issued		3,357	-
<b>Net cash (used in) from financing activities</b>		(45,192)	146,371
<b>Increase in cash and cash equivalents</b>		178,147	110,985
Cash and cash equivalents, beginning of period		903,715	86,134
<b>Cash and cash equivalents, end of period</b>		\$ 1,081,862	\$ 197,119

<sup>(1)</sup> Net interest income includes a fair value loss (gain) on derivatives for the nine months ended July 31, 2025 of \$444 (2024 - \$(6,685))

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

**SERVUS CREDIT UNION LTD.**  
**Notes to Interim Condensed Consolidated Financial Statements**  
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## **1. BASIS OF PRESENTATION**

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

These Interim Condensed Consolidated Financial Statements were approved by the Audit and Finance Committee on September 15, 2025.

### **Use of Estimates, Assumptions and Critical Judgments**

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

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

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

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 Interim Condensed Consolidated Financial Statements. One area of significant judgment affected strongly by the economic environment is the estimate for ECL, where assumptions are incorporated into the macroeconomic factors used in the calculation described in Note 5.

### **Merger with Connect First - May 1, 2024**

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

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

Therefore, the results presented for the nine month period ended July 31, 2025 include the results of the post-merged entity, while the results presented for the nine month period ended July 31, 2024 only include the post-merged entity from May 1, 2024 to July 31, 2024.



**SERVUS CREDIT UNION LTD.**  
**Notes to Interim Condensed Consolidated Financial Statements**  
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## **2. ACCOUNTING POLICIES**

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

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

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

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

### **Hedge Accounting**

The Credit Union has elected to apply hedge accounting principles under IFRS 9. For a derivative instrument to qualify for hedge accounting, the hedging relationship between the 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.

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 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.

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## 2. ACCOUNTING POLICIES (CONTINUED)

### Financial Instruments – Classification and Measurement

Due to the application of hedge accounting, the following table shows updated classification for financial instruments:

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

## 3. INVESTMENTS

	As at July 31 2025	As at October 31 2024
<b>Investments at Amortized Cost</b>		
Asset backed securities	\$ 11,297	\$ 17,681
<b>Investments at FVOCI</b>		
Debt securities	2,325,827	2,860,209
Terms in other financial institutions	26,500	26,500
Equity securities	9,738	11,012
<b>Investments at FVTPL</b>		
Terms in other financial institutions	1,400	5,400
Investment shares in entities	2,769	2,294
	2,377,531	2,923,096
Accrued interest	6,541	6,299
	2,384,072	2,929,395
ECL allowance on investments	(924)	(397)
<b>Total</b>	<b>\$ 2,383,148</b>	<b>\$ 2,928,998</b>

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#### 4. MEMBERS' LOANS AND LEASES

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

As at July 31, 2025	Performing		Impaired		Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI			
<b>Members' Loans and Leases</b>							
Residential mortgages	\$ 12,308,938	\$ 779,045	\$ 16,296	\$ 2,504	\$ 13,106,783	\$ 4,680	\$ 13,102,103
Commercial <sup>(1)</sup>	10,414,202	377,310	124,411	36,124	10,952,047	72,732	10,879,315
Consumer <sup>(2)</sup>	1,620,039	155,349	4,539	1,399	1,781,326	14,739	1,766,587
<b>Total members' loans and leases</b>	<b>\$ 24,343,179</b>	<b>\$ 1,311,704</b>	<b>\$ 145,246</b>	<b>\$ 40,027</b>	<b>\$ 25,840,156</b>	<b>\$ 92,151</b>	<b>\$ 25,748,005</b>
<b>Off Balance Sheet Credit Instruments</b>							
Residential mortgages	\$ 2,986,110	\$ 20,344	\$ 7	\$ -	\$ 3,006,461	\$ 245	\$ 3,006,216
Commercial <sup>(1)</sup>	2,814,638	14,839	541	-	2,830,018	3,433	2,826,585
Consumer <sup>(2)</sup>	1,422,100	27,185	438	-	1,449,723	4,184	1,445,539
<b>Total off balance sheet credit instruments</b>	<b>\$ 7,222,848</b>	<b>\$ 62,368</b>	<b>\$ 986</b>	<b>\$ -</b>	<b>\$ 7,286,202</b>	<b>\$ 7,862</b>	<b>\$ 7,278,340</b>

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

<sup>(1)</sup> Includes commercial loans, credit card, agriculture loans, and lease receivables

<sup>(2)</sup> Includes consumer loans and credit card

#### 5. ALLOWANCE FOR EXPECTED CREDIT LOSSES

##### Key Data and Assumptions

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

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

The Credit Union uses a model created by Central 1 (the model) to estimate the ECL. Changes in inputs and the assumptions used have an impact on the assessment of significant increase in credit risk and the measurement of ECL. The main areas where judgment is used in the model 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 FLI's in order to increase sensitivity to the macroeconomic environment in the province.

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.

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## **5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)**

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 July 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 \$500.

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

When loans are acquired with evidence of incurred credit loss (i.e., it is probable at the acquisition date that the Credit Union will be unable to collect all contractually required principal and interest payments), such loans are considered to be purchased or originated credit impaired (POCI) loans. No ECL is recognized on these loans at acquisition.

POCI loans are identified as impaired at acquisition based on specific risk characteristics of the loans, including past due status, performance history, and recent borrower credit scores. The Credit Union determines both the present and fair values of POCI loans using assumptions and calculations on the amount and timing of expected cash flows, rather than the original contractual cash flows of these loans. Accounting for POCI loans is applied individually at the loan level.

Subsequent to acquisition, the Credit Union regularly reassesses and updates its estimates of expected cash flow 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.

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## 5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

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

		Residential Mortgages		Commercial <sup>(1)</sup>		Consumer <sup>(2)</sup>		Total
<b>As at October 31, 2024</b>	\$	4,390	\$	77,689	\$	14,185	\$	96,264
Recoveries of previous loan and lease write-offs		3		478		4,462		4,943
Provision charged to net income		1,325		19,507		15,219		36,051
		5,718		97,674		33,866		137,258
Loans and leases written off		(793)		(21,509)		(14,943)		(37,245)
<b>As at July 31, 2025</b>	\$	4,925	\$	76,165	\$	18,923	\$	100,013
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>								
Netted with members' loans and leases		4,680		72,732		14,739		92,151
Off balance sheet credit instruments <sup>(3)</sup>		245		3,433		4,184		7,862
<b>Total</b>	\$	4,925	\$	76,165	\$	18,923	\$	100,013

<sup>(1)</sup> Includes commercial loans, credit card, agriculture loans, and lease receivables

<sup>(2)</sup> Includes consumer loans and credit card

<sup>(3)</sup> Off balance sheet credit instruments consist of undrawn commitments and financial guarantees

		Residential Mortgages		Commercial <sup>(1)</sup>		Consumer <sup>(2)</sup>		Total
<b>As at October 31, 2023</b>	\$	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 <sup>(4)</sup>		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)
<b>As at October 31, 2024</b>	\$	4,390	\$	77,689	\$	14,185	\$	96,264

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases		4,183		74,438		11,687		90,308
Off balance sheet credit instruments <sup>(3)</sup>		207		3,251		2,498		5,956
<b>Total</b>	\$	4,390	\$	77,689	\$	14,185	\$	96,264

<sup>(1)</sup> Includes commercial loans, credit card, agriculture loans, and lease receivables

<sup>(2)</sup> Includes consumer loans and credit card

<sup>(3)</sup> Off balance sheet credit instruments consist of undrawn commitments and financial guarantees

<sup>(4)</sup> Includes provision on newly purchased loans amounting to \$12,927 during the period

The provision charged to net income is:

		Nine months ended July 31 2025		Nine months ended July 31 2024
Loans and leases	\$	36,051	\$	61,426
Investments		2,291		394
<b>Provision for credit losses</b>	\$	38,342	\$	61,820

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## 5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

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

### Allowance for credit losses – Residential Mortgages

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI <sup>(5)</sup>	Total
<b>As at October 31, 2024</b>	<b>\$ 1,350</b>	<b>\$ 2,178</b>	<b>\$ 869</b>	<b>\$ (7)</b>	<b>\$ 4,390</b>
Transfers					
Stage 1 <sup>(1)</sup>	523	(513)	(10)	-	-
Stage 2 <sup>(1)</sup>	(60)	160	(100)	-	-
Stage 3 <sup>(1)</sup>	-	(49)	49	-	-
New originations <sup>(2)</sup>	647	980	43	-	1,670
Repayments <sup>(3)</sup>	(427)	(324)	(172)	-	(923)
Remeasurements <sup>(4)</sup>	(345)	256	942	(275)	578
Loans written off	-	-	(793)	-	(793)
Recoveries	-	-	3	-	3
<b>As at July 31, 2025</b>	<b>\$ 1,688</b>	<b>\$ 2,688</b>	<b>\$ 831</b>	<b>\$ (282)</b>	<b>\$ 4,925</b>

  

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI <sup>(5)</sup>	Total
<b>As at October 31, 2023</b>	<b>\$ 1,198</b>	<b>\$ 1,849</b>	<b>\$ 712</b>	<b>\$ -</b>	<b>\$ 3,759</b>
Transfers					
Stage 1 <sup>(1)</sup>	642	(607)	(35)	-	-
Stage 2 <sup>(1)</sup>	(156)	270	(114)	-	-
Stage 3 <sup>(1)</sup>	(8)	(84)	92	-	-
New originations <sup>(2)</sup>	1,425	573	1	-	1,999
Repayments <sup>(3)</sup>	(204)	(229)	(213)	-	(646)
Remeasurements <sup>(4)</sup>	(1,547)	406	1,650	(7)	502
Loans written off	-	-	(1,225)	-	(1,225)
Recoveries	-	-	1	-	1
<b>As at October 31, 2024</b>	<b>\$ 1,350</b>	<b>\$ 2,178</b>	<b>\$ 869</b>	<b>\$ (7)</b>	<b>\$ 4,390</b>

  

Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans and leases	1,197	2,127	866	(7)	4,183
Off balance sheet credit instruments	153	51	3	-	207
<b>Total</b>	<b>\$ 1,350</b>	<b>\$ 2,178</b>	<b>\$ 869</b>	<b>\$ (7)</b>	<b>\$ 4,390</b>

<sup>(1)</sup> Stage transfers represent movement between stages

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

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

<sup>(4)</sup> Represents the change in the allowance due to changed in economic factors, risk and model parameters

<sup>(5)</sup> Includes provision for credit losses related to POCI loans

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## 5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

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

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI <sup>(5)</sup>	Total
<b>As at October 31, 2024</b>	<b>\$ 22,865</b>	<b>\$ 5,491</b>	<b>\$ 41,449</b>	<b>\$ 7,884</b>	<b>\$ 77,689</b>
Transfers					
Stage 1 <sup>(1)</sup>	760	(630)	(130)	-	-
Stage 2 <sup>(1)</sup>	(578)	1,313	(735)	-	-
Stage 3 <sup>(1)</sup>	(83)	(455)	538	-	-
New originations <sup>(2)</sup>	6,685	1,167	1,555	-	9,407
Repayments <sup>(3)</sup>	(8,477)	(1,791)	(786)	-	(11,054)
Remeasurements <sup>(4)</sup>	(5,578)	624	20,778	5,330	21,154
Loans and leases written off	-	-	(19,344)	(2,165)	(21,509)
Recoveries	-	-	478	-	478
<b>As at July 31, 2025</b>	<b>\$ 15,594</b>	<b>\$ 5,719</b>	<b>\$ 43,803</b>	<b>\$ 11,049</b>	<b>\$ 76,165</b>

**Presented on Interim Condensed Consolidated Statement of Financial Position as:**

Netted with members' loans and leases	12,364	5,570	43,749	11,049	72,732
Off balance sheet credit instruments	3,230	149	54	-	3,433
<b>Total</b>	<b>\$ 15,594</b>	<b>\$ 5,719</b>	<b>\$ 43,803</b>	<b>\$ 11,049</b>	<b>\$ 76,165</b>

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI <sup>(5)</sup>	Total
<b>As at October 31, 2023</b>	<b>\$ 5,188</b>	<b>\$ 2,166</b>	<b>\$ 46,260</b>	<b>\$ -</b>	<b>\$ 53,614</b>
Acquisition, June 1, 2023					
Transfers					
Stage 1 <sup>(1)</sup>	450	(233)	(217)	-	-
Stage 2 <sup>(1)</sup>	(109)	204	(95)	-	-
Stage 3 <sup>(1)</sup>	(20)	(192)	212	-	-
New originations <sup>(2)</sup>	9,127	514	1,797	-	11,438
Repayments <sup>(3)</sup>	(1,280)	(645)	(443)	-	(2,368)
Remeasurements <sup>(4)</sup>	9,509	3,677	23,213	8,290	44,689
Loans written off	-	-	(29,870)	(406)	(30,276)
Recoveries	-	-	592	-	592
<b>As at October 31, 2024</b>	<b>\$ 22,865</b>	<b>\$ 5,491</b>	<b>\$ 41,449</b>	<b>\$ 7,884</b>	<b>\$ 77,689</b>

**Presented on Interim Condensed Consolidated Statement of Financial Position as:**

Netted with members' loans and leases	19,785	5,377	41,392	7,884	74,438
Off balance sheet credit instruments	3,080	114	57	-	3,251
<b>Total</b>	<b>\$ 22,865</b>	<b>\$ 5,491</b>	<b>\$ 41,449</b>	<b>\$ 7,884</b>	<b>\$ 77,689</b>

<sup>(1)</sup> Stage transfers represent movement between stages

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

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

<sup>(4)</sup> Represents the change in the allowance due to changed in economic factors, risk and model parameters

<sup>(5)</sup> Includes provision for credit losses related to POCI loans

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## 5. ALLOWANCE FOR EXPECTED CREDIT LOSSES (CONTINUED)

### Allowance for credit losses – Consumer Loans and Credit Card

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI <sup>(5)</sup>	Total
<b>As at October 31, 2024</b>	<b>\$ 5,336</b>	<b>\$ 7,121</b>	<b>\$ 1,793</b>	<b>\$ (65)</b>	<b>\$ 14,185</b>
Transfers					
Stage 1 <sup>(1)</sup>	1,569	(1,456)	(113)	-	-
Stage 2 <sup>(1)</sup>	(834)	1,114	(280)	-	-
Stage 3 <sup>(1)</sup>	(15)	(111)	126	-	-
New originations <sup>(2)</sup>	2,041	1,331	70	-	3,442
Repayments <sup>(3)</sup>	(519)	(510)	(204)	-	(1,233)
Remeasurements <sup>(4)</sup>	(6)	4,581	10,349	(1,914)	13,010
Loans written off	-	-	(14,811)	(132)	(14,943)
Recoveries	-	-	4,462	-	4,462
<b>As at July 31, 2025</b>	<b>\$ 7,572</b>	<b>\$ 12,070</b>	<b>\$ 1,392</b>	<b>\$ (2,111)</b>	<b>\$ 18,923</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
Netted with members' loans and leases	5,277	10,194	1,379	(2,111)	14,739
Off balance sheet credit instruments	2,295	1,876	13	-	4,184
<b>Total</b>	<b>\$ 7,572</b>	<b>\$ 12,070</b>	<b>\$ 1,392</b>	<b>\$ (2,111)</b>	<b>\$ 18,923</b>

	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	Stage 3 - POCI <sup>(5)</sup>	Total
<b>As at October 31, 2023</b>	<b>\$ 2,866</b>	<b>\$ 4,890</b>	<b>\$ 1,748</b>	<b>\$ -</b>	<b>\$ 9,504</b>
Transfers					
Stage 1 <sup>(1)</sup>	1,816	(1,645)	(171)	-	-
Stage 2 <sup>(1)</sup>	(574)	823	(249)	-	-
Stage 3 <sup>(1)</sup>	(5)	(59)	64	-	-
New originations <sup>(2)</sup>	7,306	1,768	814	-	9,888
Repayments <sup>(3)</sup>	(975)	(507)	(223)	-	(1,705)
Remeasurements <sup>(4)</sup>	(5,098)	1,851	11,653	(65)	8,341
Loans written off	-	-	(16,353)	-	(16,353)
Recoveries	-	-	4,510	-	4,510
<b>As at October 31, 2024</b>	<b>\$ 5,336</b>	<b>\$ 7,121</b>	<b>\$ 1,793</b>	<b>\$ (65)</b>	<b>\$ 14,185</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
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
<b>Total</b>	<b>\$ 5,336</b>	<b>\$ 7,121</b>	<b>\$ 1,793</b>	<b>\$ (65)</b>	<b>\$ 14,185</b>

<sup>(1)</sup> Stage transfers represent movement between stages

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

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

<sup>(4)</sup> Represents the change in the allowance due to changed in economic factors, risk and model parameters

<sup>(5)</sup> Includes provision for credit losses related to POCI loans



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## 6. 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 <sup>(1)</sup>	Commercial <sup>(2)</sup>
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

<sup>(1)</sup> Includes consumer loans and credit card

<sup>(2)</sup> 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 July 31, 2025	Residential Mortgages		Commercial <sup>(1)</sup>		Consumer <sup>(2)</sup>	Total
<b>Risk Categories</b>						
Very low risk	\$	5,573,547	\$	23,303	\$ 566,317	\$ 6,163,167
Low risk		4,700,902		4,294,756	648,893	9,644,551
Medium risk		2,042,459		6,210,965	392,425	8,645,849
High risk		771,075		262,488	167,753	1,201,316
Impaired <sup>(3)</sup>		18,800		160,535	5,938	185,273
<b>Total members' loans and leases</b>	<b>\$</b>	<b>13,106,783</b>	<b>\$</b>	<b>10,952,047</b>	<b>\$ 1,781,326</b>	<b>\$ 25,840,156</b>

As at October 31, 2024	Residential Mortgages		Commercial <sup>(1)</sup>		Consumer <sup>(2)</sup>	Total
<b>Risk Categories</b>						
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 <sup>(3)</sup>		19,534		165,779	6,325	191,638
<b>Total members' loans and leases</b>	<b>\$</b>	<b>12,520,942</b>	<b>\$</b>	<b>10,642,252</b>	<b>\$ 1,776,468</b>	<b>\$ 24,939,662</b>

<sup>(1)</sup> Includes commercial loans, credit card, agriculture loans, and lease receivables

<sup>(2)</sup> Includes consumer loans and credit card

<sup>(3)</sup> Includes Stage 3 loans in POCI

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

As at July 31, 2025	Residential Mortgages		Commercial <sup>(1)</sup>		Consumer <sup>(2)</sup>	Total
<b>Risk Categories</b>						
Very low risk	\$	1,713,342	\$	192,132	\$ 882,057	\$ 2,787,531
Low risk		1,192,337		2,165,625	444,157	3,802,119
Medium risk		80,563		466,844	92,728	640,135
High risk		20,212		4,876	30,343	55,431
Impaired		7		541	438	986
<b>Total off balance sheet credit instruments</b>	<b>\$</b>	<b>3,006,461</b>	<b>\$</b>	<b>2,830,018</b>	<b>\$ 1,449,723</b>	<b>\$ 7,286,202</b>

As at October 31, 2024	Residential Mortgages		Commercial <sup>(1)</sup>		Consumer <sup>(2)</sup>	Total
<b>Risk Categories</b>						
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
<b>Total off balance sheet credit instruments</b>	<b>\$</b>	<b>3,019,398</b>	<b>\$</b>	<b>2,525,333</b>	<b>\$ 1,408,719</b>	<b>\$ 6,953,450</b>

<sup>(1)</sup> Includes commercial loans, credit card, agriculture loans, and lease receivables

<sup>(2)</sup> Includes consumer loans and credit card

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

Loans Past Due, as at July 31, 2025	Up to 30 Days	31 to 59 Days	60 to 89 Days	90 Days and Above	Total
<b>Stage 1</b>					
Residential mortgages	\$ 69,599	\$ -	\$ -	\$ -	69,599
Commercial <sup>(1)</sup>	93,665	-	-	-	93,665
Consumer <sup>(2)</sup>	26,721	-	-	-	26,721
<b>Stage 2</b>					
Residential mortgages	28,150	34,550	14,100	6,592	83,392
Commercial <sup>(1)</sup>	43,103	56,137	40,926	51,193	191,359
Consumer <sup>(2)</sup>	11,355	9,816	4,513	36	25,720
<b>Stage 3</b>					
Residential mortgages	254	181	442	16,391	17,268
Commercial <sup>(1)</sup>	194	804	1,482	157,753	160,233
Consumer <sup>(2)</sup>	207	64	25	6,497	6,793
<b>Total</b>	<b>\$ 273,248</b>	<b>\$ 101,552</b>	<b>\$ 61,488</b>	<b>\$ 238,462</b>	<b>\$ 674,750</b>

  

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
<b>Stage 1</b>					
Residential mortgages	\$ 63,550	\$ -	\$ -	\$ -	63,550
Commercial <sup>(1)</sup>	72,251	-	-	-	72,251
Consumer <sup>(2)</sup>	24,085	-	-	-	24,085
<b>Stage 2</b>					
Residential mortgages	29,760	32,302	12,116	6,666	80,844
Commercial <sup>(1)</sup>	19,514	43,242	21,951	70,839	155,546
Consumer <sup>(2)</sup>	9,252	7,070	4,039	88	20,449
<b>Stage 3</b>					
Residential mortgages	298	236	231	18,266	19,031
Commercial <sup>(1)</sup>	250	874	915	162,727	164,766
Consumer <sup>(2)</sup>	105	120	138	7,143	7,506
<b>Total</b>	<b>\$ 219,065</b>	<b>\$ 83,844</b>	<b>\$ 39,390</b>	<b>\$ 265,729</b>	<b>\$ 608,028</b>

<sup>(1)</sup> Includes commercial loans, credit card, agriculture loans, and lease receivables

<sup>(2)</sup> 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.

	As at July 31 2025	As at October 31 2024
<b>Loans and Leases by Security</b>		
Insured loans and mortgages	\$ 5,397,403	\$ 4,156,032
Secured by mortgage	17,809,538	17,855,354
Secured by equipment and other	1,698,143	2,056,681
Unsecured loans	651,510	601,650
Unsecured credit card	283,562	269,945
<b>Total</b>	<b>\$ 25,840,156</b>	<b>\$ 24,939,662</b>

**SERVUS CREDIT UNION LTD.**  
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## 7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	As at July 31, 2025			As at October 31, 2024		
	Gross Financial Assets	Gross Financial Liabilities	Net	Gross Financial Assets	Gross Financial Liabilities	Net
Equity-linked options	\$ 20,977	\$ (20,685)	\$ 292	\$ 17,445	\$ (17,304)	\$ 141
Swaptions	29	-	29	-	-	-
Interest rate swaps - FVTPL	4,289	(4,389)	(100)	4,783	(10,767)	(5,984)
Interest rate swaps - cash flow hedge	704	(4,721)	(4,017)	-	-	-
Foreign exchange forwards	77	(77)	-	19	(19)	-
<b>Total</b>	<b>\$ 26,076</b>	<b>\$ (29,872)</b>	<b>\$ (3,796)</b>	<b>\$ 22,247</b>	<b>\$ (28,090)</b>	<b>\$ (5,843)</b>

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

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

	1 to 3 Months	3 to 12 Months	1 to 5 Years	As at July 31 2025	As at October 31 2024
Equity-linked options	\$ 5,875	\$ 43,524	\$ 82,000	\$ 131,399	\$ 150,202
Swaptions	1,227	-	-	1,227	-
Interest rate swaps - FVTPL	-	45,000	150,000	195,000	514,749
Interest rate swaps - cash flow hedge	-	500,000	2,600,000	3,100,000	-
Foreign exchange forwards	6,000	-	-	6,000	300
<b>Total</b>	<b>\$ 13,102</b>	<b>\$ 588,524</b>	<b>\$ 2,832,000</b>	<b>\$ 3,433,626</b>	<b>\$ 665,251</b>

### 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.

### 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.

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## 7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

### 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 interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income:

As at July 31, 2025	Change in fair value of hedging instruments	Hedge ineffectiveness gain (loss) recognized in income (pre-tax basis)	Hedging gain (loss) recognized in OCI (pre-tax basis)	Income (expense) reclassified from AOCI	Net effect on OCI (pre-tax basis)
<b>Cash flow hedges</b>					
<b>Interest Rate Risk</b>					
Loans	\$ (4,017)	\$ 40	\$ (4,057)	\$ (11)	\$ (4,046)
<b>Total cash flow hedges</b>	\$ (4,017)	\$ 40	\$ (4,057)	\$ (11)	\$ (4,046)

## 8. INVESTMENT INCOME

	Three months ended July 31 2025	Three months ended July 31 2024	Nine months ended July 31 2025	Nine months ended July 31 2024
Debt and equity securities	\$ 24,322	\$ 41,574	\$ 86,967	\$ 41,574
Term deposits with Alberta Central	-	-	-	35,837
Terms in other financial institutions	4,816	2,471	11,796	3,746
Asset backed securities	1,149	299	1,381	299
Other investments	47	28	137	134
Unrealized gain (loss) on derivative instruments	282	(62)	(163)	6,783
Realized loss on derivative instruments	45	185	(432)	(5,991)
<b>Total</b>	\$ 30,661	\$ 44,495	\$ 99,686	\$ 82,382

## 9. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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**9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

As at July 31, 2025	Note	Carrying Value	Fair Value	Fair Value Difference
<b>Financial Instrument Assets</b>				
Cash and cash equivalents	a	\$ 1,081,862	\$ 1,081,862	\$ -
Investments at amortized cost	c,f	10,570	10,985	415
Investments at FVOCI	d,f	2,367,032	2,367,032	-
Investments at FVTPL	d	5,546	5,546	-
Assets at FVTPL	e	26,076	26,076	-
Members' loans and leases	b,d,f	25,748,005	25,718,992	(29,013)
Other	a	45,993	45,993	-
<b>Total financial instrument assets</b>		<b>29,285,084</b>	<b>29,256,486</b>	<b>(28,598)</b>
<b>Financial Instrument Liabilities</b>				
Members' deposits	b,d	24,712,121	24,775,892	63,771
Liabilities at FVTPL	e	30,338	30,338	-
Borrowings	a,d	299,513	299,513	-
Securitization liabilities	d	1,555,504	1,586,025	30,521
Payables and other financial liabilities	a	311,720	311,720	-
<b>Total financial instrument liabilities</b>		<b>\$ 26,909,196</b>	<b>27,003,488</b>	<b>\$ 94,292</b>

  

As at October 31, 2024	Note	Carrying Value	Fair Value	Fair Value Difference
<b>Financial Instrument Assets</b>				
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	-
<b>Total financial instrument assets</b>		<b>28,734,083</b>	<b>28,487,062</b>	<b>(247,021)</b>
<b>Financial Instrument Liabilities</b>				
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	-
<b>Total financial instrument liabilities</b>		<b>\$ 26,582,032</b>	<b>26,751,101</b>	<b>\$ 169,069</b>

a) The fair values of cash, other financial assets, borrowings 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.

(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.

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**9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

- Securitization liabilities are discounted using adjusted implied yields from prices of similar actively traded government agency securities.
- Debt securities are fair valued either with reference to quoted prices in an active market or based on recent arm's length market transactions for similar instruments.

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

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

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

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

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

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

As at July 31, 2025	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Derivative assets	\$ -	\$ 26,076	\$ -	\$ 26,076
Investments at FVTPL	-	2,777	2,769	5,546
Investments at FVOCI	-	2,357,294	9,738	2,367,032
<b>Total</b>	<b>\$ -</b>	<b>\$ 2,386,147</b>	<b>\$ 12,507</b>	<b>\$ 2,398,654</b>

<b>Financial Liabilities</b>				
Member shares - Series E	-	466	-	466
Derivative liabilities	-	29,872	-	29,872
<b>Total</b>	<b>\$ -</b>	<b>\$ 30,338</b>	<b>\$ -</b>	<b>\$ 30,338</b>

Financial assets fair value measurements using Level 3 inputs			
Balance at October 31, 2024		\$	13,277
Fair value through profit and (loss)			323
Fair value through other comprehensive income			(1,273)
Purchases			180
<b>Balance at July 31, 2025</b>		<b>\$</b>	<b>12,507</b>

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)
<b>Balance at July 31, 2025</b>		<b>\$</b>	<b>-</b>

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**9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

As at October 31, 2024	Level 1	Level 2	Level 3	Total
<i>Financial Assets</i>				
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
<b>Total</b>	<b>\$ -</b>	<b>\$ 2,920,459</b>	<b>\$ 13,277</b>	<b>\$ 2,933,736</b>

<i>Financial Liabilities</i>				
Member shares - Series E	-	457	-	457
Derivative liabilities	-	28,090	-	28,090
Contingent consideration	-	-	3,433	3,433
<b>Total</b>	<b>\$ -</b>	<b>\$ 28,547</b>	<b>\$ 3,433</b>	<b>\$ 31,980</b>

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

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
<b>Balance at October 31, 2024</b>			<b>\$</b>	<b>3,433</b>

**10. INVESTMENT IN ASSOCIATE (EVERLINK SALE)**

Investment in associate includes any entities over which the Credit Union, either directly or through its control over Alberta Central, has significant influence but not control. These investments are accounted for using the equity method. As at October 31, 2024, the Credit union, through its control over Alberta Central, recognized an investment in 16170277 Canada Inc. Joint Venture (HoldCo) as an associate with a carrying amount of \$6,184.

HoldCo was established to hold 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.

As of July 31, 2025, following the execution of the sale of Everlink shares, the investment in associate related to HoldCo is nil as shown below:

<b>Investment in Associate</b>	
Investment in associate through consolidation of Alberta Central	6,184
Share of net income	39,855
Distribution	(46,039)
<b>Total carrying amount of investment in associate</b>	<b>-</b>

Included in the share of net income is the gain on sale of the shares of Everlink in the amount of \$35,466. The transaction is still subject to final closing adjustments.

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**11. COMPARATIVE FIGURES**

Certain comparative figures in the Interim Condensed Consolidated Statement of Cash Flows, Note 8 and Note 9 have been adjusted to conform to the current year's presentation.

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