Quarterly Report

Second Quarter of 2025

Results for the Second Quarter of 2025

Overall Financial Results

Second quarter 2025 compared with second quarter 2024:

- Net income was $21.4 million, compared with $13.1 million
- Adjusted net income[1] was $22.3 million, compared with $19.0 million
- Net fair value gains were $18.4 million, compared with $18.8 million
- Net interest income was $20.6 million, compared with $9.8 million
- Return on equity (ROE)[2,3] was 6.4%, compared with 6.6%
- Adjusted ROE[2] was 11.4%, compared with 9.6%

Year-to-date 2025 compared with year-to-date 2024:

- Net loss of $2.6 million, compared with net income of $42.0 million
- Adjusted net income[1] was $28.9 million, compared with $55.0 million
- Net fair value gain[1] of $11.0 million, compared with $53.2 million
- Net interest income of $38.0 million, compared with $24.3 million
- ROE[2,3] was 3.8%, compared with 10.9%
- Adjusted ROE[2] was 7.2%, compared with 14.2%
- Total assets of $10.4 billion as at June 30, 2025, compared with $10.0 billion as at December 31, 2024

“Our results are showing steady performance for 2025, reflecting the renewed focus on our core payments and treasury lines of business since transferring digital banking operations to Intellect Design in the first quarter of 2025,” said Sheila Vokey, President & CEO of Central 1. “In the first half of the year, we’ve made meaningful investment and progress to evolve our business to strengthen our position as a trusted aggregated services provider for Canadian credit unions and other financial service organizations.”

Core Business & Financial Performance

Treasury

Treasury reported net income of $25.3 million, an increase of $5.4 million compared to $19.9 million reported in the same quarter last year. This year-over-year improvement was primarily driven by a $10.4 million increase in net interest income. This increase was largely driven by a decline in interest expense, reflecting a more favorable funding mix. Net fair value gains were consistent with the same quarter last year.

Treasury continues to actively engage clients, providing expert insights and solutions tailored to support their financial goals while navigating a dynamic market environment. The team remains focused on managing risk amid ongoing shifts in market conditions, economic factors, and investment landscapes.

Payments

Payments reported a net loss of $5.7 million, compared to net income of $2.2 million in the same quarter last year. Higher transaction volumes across select payment services drove a modest increase in non-interest income. The year-over-year change reflects a $12.4 million increase in non-interest expense, primarily due to higher professional fees and salaries and benefits, some of which are non-recurring, for the ongoing strategic investments in technology and key initiatives designed to drive innovation and support the long-term growth of the Payments business.

Barclay Hancock, Chief Payments Officer, said, “We’ve made strategic investments to strengthen our service capabilities, elevate the client experience, and ensure the business is well-positioned for scalable growth — all designed to position our clients competitively in today’s evolving Canadian payments landscape.”

Digital Banking

Digital Banking business reported a net loss of $0.9 million, compared to a net loss of $5.9 million in the same quarter last year, reflecting lower non-interest expense, partially offset by a lower non-interest income.

The transition of the Digital Banking to Intellect Design Arena Ltd. (Intellect) progressed through the second quarter. The wind-down effectively removed the Digital Banking from Central 1’s core operations. Hence, the adjusted net loss[1] attributable to the business was nil in all reported periods.

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[1]This is a non-GAAP financial measure. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.
[2]This is a non-GAAP financial ratio. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.
[3]When calculating the annualized ROA and ROE, certain item was treated as a non-recurring item and therefore not annualized.

Management's Discussion & Analysis

June 30, 2025

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In this Management’s Discussion and Analysis (MD&A), unless the context otherwise requires, references to "Central 1", "we", "us" and "our" refer to Central 1 Credit Union and its subsidiaries. This MD&A is dated August 28, 2025. The financial information included in this MD&A should be read in conjunction with our Interim Consolidated Financial Statements for the period ended June 30, 2025, which were authorized for issue by the Board of Directors (the Board) on August 28, 2025. The results presented in this MD&A and in the Interim Consolidated Financial Statements are reported in Canadian dollars. Except as otherwise indicated, financial information included in this MD&A has been prepared in accordance with IFRS Accounting Standards as described in Note 1 of the Interim Consolidated Financial Statements. Additional information may be found on the SEDAR+ at www.sedarplus.com.

This MD&A also includes financial information about the credit union systems in British Columbia (B.C.) and Ontario. The B.C. credit union system is made up of all credit unions in B.C. except one credit union that has elected to become a federal credit union, while the Ontario credit union system is made up of only those credit unions that have elected to become our members. In the discussions presented in this report, the two provincial systems are individually referred to as the “British Columbia (B.C.) credit union system” or “B.C. system” and the “Ontario credit union system” or “Ontario system”. Where the term “system” appears without regional designation, it refers to credit union members in both provinces. Financial information for the B.C. system has been provided by the B.C. Financial Services Authority (BCFSA) and by the Financial Services Regulatory Authority for the Ontario system. The different provincial regulatory guidelines reduce the comparability of the information between the two systems. We have no means of verifying the accuracy of such information. This information is provided purely to assist the reader with understanding our results and should be read in the proper context. This financial information was prepared using the format and accounting principles developed by these regulators and are not fully consistent with IFRS Accounting Standards. For instance, the net operating income reported in this MD&A is not equivalent to income from continuing operations under IFRS Accounting Standards.

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Cautionary Note Regarding Forward-Looking Statements

From time to time, Central 1 makes written forward-looking statements, including in this MD&A, in other filings with Canadian regulators, and in other communications. In addition, our representatives may make forward-looking statements orally to analysts, investors, the media and others. All such statements other than statements of historical facts are or may be considered forward-looking statements under applicable Canadian securities legislation.

Within this document, forward-looking statements include, but are not limited to, statements relating to our financial and non-financial performance objectives, vision and strategic goals and priorities, including focus on capital and cost management and on the reduction of corporate expenses over time in support of long-term financial sustainability, the economic, market and regulatory review, the outlook for the Canadian economy and the provincial economies in which our member credit unions operate, the impacts of external events such as international conflicts, protests, natural disasters or pandemics. The forward-looking information provided herein is presented for the purpose of assisting readers in understanding our financial position and results of operations as at and for the periods ended on the dates presented. Forward-looking statements are typically identified by words such as “believe”, “expect”, “anticipate”, “estimate”, “plan”, “will”, “may”, “should”, “could”, or “would” and similar expressions.

Forward-looking statements, by their nature, require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that predictions, forecasts or conclusions will not prove to be accurate, that assumptions may not be correct, and that financial objectives, vision and strategic goals will not be achieved. The future outcomes that related to the forward-looking statements may be influenced by many factors and assumptions, including but not limited to: assumptions regarding general economic and market conditions; changes in government monetary, fiscal or economic policies; changes in currency and interest rates; the Canadian housing market; legislative and regulatory developments, including tax legislation and interpretation; failure of third parties to comply with their obligations to us; our ability to execute our strategic plans; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; changes in competition; modifications to credit ratings; information technology and cyber security; developments in the technological environment and including assumptions set out under Economic Developments and Outlook below and elsewhere in this MD&A. Central 1 is subject to risks associated with evolving U.S. trade and tariff policies, inflationary pressures, interest rate volatility, and potential regulatory changes under the current U.S. administration. Shifts in tariff structures or global trade conditions may adversely affect our cost structure and overall operating environment. Central 1 cautions readers to not place undue reliance on these statements as a number of risk factors could cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include business and operations, risks relating to the transition of clients to alternative digital banking providers, compliance, credit and counterparty, insurance, liquidity, market, operational, privacy, and related party risks and risks and uncertainty from ongoing geopolitical tensions, conflicts, protests, and the impact of natural disasters and pandemics.

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Readers are cautioned that the foregoing list is not intended to be exhaustive and other factors may adversely impact our results. Central 1 undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

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Financial Results

Overall Performance

Quarterly comparison – Q2 2025 vs. Q2 2024

$ millions, except as indicated	Q2 2025	Q2 2024	Change
Net interest income	**$ 20.6**	$ 9.8	$ 10.8
Net fair value gains	**18.4**	18.8	(0.4)
Non-interest income	**41.0**	40.4	0.6
Total revenue	**80.0**	69.0	11.0
Provision for (recovery of) credit losses	**0.6**	(0.3)	0.9
Non-interest expense	**53.5**	51.6	1.9
Income before income taxes	**25.9**	17.7	8.2
Income tax expense	**4.5**	4.6	(0.1)
Net income	**$ 21.4**	13.1	8.3
Adjusted net income[1]	**22.3**	19.0	3.3
Return on assets (ROA) - annualized[2]	**0.5%**	0.5%	
Return on equity (ROE) - annualized [2]	**6.4%**	6.6%	
Adjusted ROA - annualized[2]	**1.0%**	0.8%	
Adjusted ROE- annualized[2]	**11.4%**	9.6%	
Average assets[2]	**$ 9,404.7**	$ 9,784.6	$ (379.9)
Average equity[2]	**$ 788.2**	$ 795.3	$ (7.1)
Weighted average shares outstanding *(# of shares in millions)*	**43.4**	43.4	-

Certain comparative figures have been recalculated to conform with the current year’s presentation.

[1]Adjusted net income excludes the net loss from Digital Banking. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

[2]When calculating the annualized ROA and ROE, certain item was treated as a non-recurring item and therefore not annualized. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

Reported net income for the quarter was $21.4 million, representing an increase of $8.3 million compared to the same quarter last year. The year-over-year improvement was mainly attributable to a $11.0 million increase in total revenue, reflecting continued strength in net interest income. The adjusted net income[1] for the quarter was $22.3 million, after excluding the net loss from Digital Banking business.

[1]This is a non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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Net interest income increased by $10.8 million compared to the same quarter last year, primarily driven by a decrease in interest expense. This decrease reflects a more favorable funding mix, marked by an increased reliance on lower-cost customer deposits and a corresponding decrease in the use of higher-cost funding sources, including Canada Mortgage Bonds (CMB) obligations, commercial paper, and repurchase agreements.

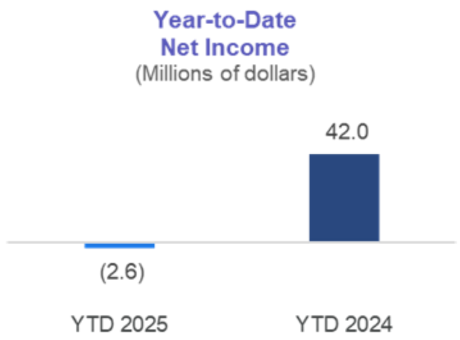
Net fair value gains remained stable relative to the same quarter last year.

Non-interest income for the current quarter remained relatively stable, increased modestly by $0.6 million compared to the same quarter last year. This increase was primarily driven by higher payments revenue, attributable to elevated transaction volumes in certain payments services, reflecting continued growth in client expansion. The growth in payments revenue was partially offset by the reduced revenue resulting from the wind-down of the Digital Banking operations, which were transitioned to Intellect post February 28, 2025.

Non-interest expense increased by $1.9 million compared to the same quarter last year, primarily due to ongoing investments in technology, and other strategic initiatives aimed at supporting the long-term growth of the Payments segment. This was partially offset by lower salaries and benefits, reflecting workforce reductions implemented associated with the transition of the Digital Banking business to Intellect.

[1]This is a non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

Year-to-date comparison – Q2 2025 vs. Q2 2024



	For the six months ended June 30		
$ millions, except as indicated	**2025**	**2024**	**Change**
Net interest income	**$ 38.0**	$ 24.3	$ 13.7
Net fair value gains	**11.0**	53.2	(42.2)
Non-interest income	**80.8**	82.1	(1.3)
Total revenue	**129.8**	159.6	(29.8)
Provision for (recovery of) credit losses	**0.5**	(0.2)	0.7
Non-interest expense	**140.7**	102.8	37.9
Income (loss) before income taxes	**(11.4)**	57.0	(68.4)
Income tax expense (recovery)	**(8.8)**	15.0	(23.8)
Net income (loss)	**$ (2.6)**	$ 42.0	$ (44.6)
Adjusted net income[1]	**28.9**	55.0	(26.1)
ROA - annualized[2]	**0.3%**	0.9%	
ROE - annualized[2]	**3.8%**	10.9%	
Adjusted ROA - annualized[2]	**0.6%**	1.1%	
Adjusted ROE- annualized[2]	**7.2%**	14.2%	
Average assets[2]	**$ 9,484.9**	$ 9,706.6	$ (221.7)
Average equity[2]	**$ 806.8**	$ 777.6	$ 29.3
Weighted average shares outstanding *(# of shares in millions)*	**43.4**	43.4	-

Certain comparative figures have been recalculated to conform with the current year's presentation.

1Adjusted net income excludes the net loss from Digital Banking. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

[2]When calculating the annualized ROA and ROE, certain item was treated as a non-recurring item and therefore not annualized. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

Reported net loss was $2.6 million, compared to a net income of $42.0 million in the same period last year, primarily attributable to a $42.2 million decline in net fair value gains. Although net fair value gains remained positive – signaling continued tightening of credit spreads – the magnitude of these gains moderated relative to the same period last year. This reflects a more cautious market sentiment, influenced in part by ongoing developments in U.S. tariff policy. This was partially offset by a $13.7 million year-over-year increase in net interest income driven by a more favorable funding mix with a higher portion of lower-cost customer deposits and reduced reliance on higher-cost funding sources. Adjusted net income[1] for the current period was $28.9 million, after excluding the net loss from Digital Banking, representing a decrease of $26.1 million compared to the same period last year.

Non-interest income, which represents revenue generated from Central 1's fee-for-service based businesses, decreased by $1.3 million compared to the same period last year, primarily driven by lower revenue from Digital Banking, reflecting the transition of operations to Intellect earlier in the year. This decline was

[1]This is a non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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partially offset by growth in the Payments business, driven by higher Enterprise Fraud Management (EFM) revenue following the implementation of EFM on wire transfers and e-transfers in the middle of last year and higher Automated Funds Transfer (AFT) revenue.

Non-interest expense increased by $37.9 million compared to the same period last year, primarily due to the recognition of provision for onerous contracts related to the infrastructure costs that Central 1 is expected to incur over the transition period related to the wind-down of Digital Banking. This was partially offset by lower salaries and benefits, reflecting workforce reductions implemented associated with the transition. Central 1’s ongoing strategic investments in technology and key initiatives designed to drive innovation and support the long-term growth of the Payments business also contributed to higher non-interest expense.

[1]This is a non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

Selected Financial Information

As at		Jun 30 2025		Dec 31 2024		Jun 30 2024
Balance Sheet *(millions of dollars)*						
Total assets	**$**	**10,396.7**	$	10,036.8	$	11,211.9
Regulatory Ratios						
Total capital ratio[1]		**19.4%**		21.2%		19.0%
Tier 1 capital ratio[1]		**14.6%**		16.1%		14.2%
Borrowing multiple[1]		**10.0:1**		9.9:1		11.8:1
Share Information[2] *(thousands of dollars, unless otherwise indicated)*						
Outstanding shares *($) - $1 par value*						
Class A - credit unions	**$**	**43,364**	$	43,364	$	43,364
Class B - cooperatives	**$**	**10**	$	10	$	10
Class C - other	**$**	**8**	$	8	$	7
Outstanding number of shares *(thousands of shares)*						
Class A - credit unions		**43,364**		43,364		43,364
Class B - cooperatives		**10**		10		10
Class C - other		**8**		8		7
Outstanding shares *($) - $0.01 par value shares with redemption value of $100*						
Class E - credit unions	**$**	**21**	$	21	$	21
Treasury shares	**$**	**(2)**	$	(2)	$	(2)
Outstanding number of shares *(thousands of shares)*						
Class E - credit unions		**2,154**		2,154		2,154
Treasury shares		**(264)**		(264)		(264)
Dividends per share (*cents*)						
Class A - credit unions		**0.2**		-		-

[1]These are non-GAAP Financial ratios. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

[2]Share information is presented as of the date of this MD&A. There has been no change from the period ending dates presented to this date.

As of June 30, 2025, the total capital ratio and Tier 1 capital ratio were 19.4% and 14.6%, respectively, each reflecting a decrease from December 31, 2024. This is primarily driven by an increase in risk-weighted assets, reflecting both the overall growth and a shift in the composition of total assets. On a year-over-year

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basis, capital ratios increased compared to June 30, 2024, primarily due to a decrease in risk-weighted assets, resulting from a reduction in total assets and changes in asset mix.

The borrowing multiple was flat from the level reported as of December 31, 2024, and decreased from 11.8 as reported on June 30, 2024, primarily due to a reduction in overall borrowings.

Central 1 was in compliance with all regulatory capital requirements as at June 30, 2025, December 31, 2024 and June 30, 2024.

Subsequent Event

On August 6, 2025, Central 1 issued $250.0 million principal amount of Series 23 medium-term floating rate notes, maturing on August 20, 2027. These notes bear interest at a rate equal to the daily compound Canadian Overnight Repo Rate Average (CORRA), calculated per annum and payable quarterly on the 20th day of February, May, August, and November of each year, commencing November 20, 2025, and continuing until maturity. The notes are not redeemable at the option of Central 1.

On the same date, Central 1 also issued $250.0 million principal amount of Series 24 medium-term fixed rate notes, maturing on August 20, 2030. These notes bear interest at a fixed annual rate of 3.998%, payable semi-annually on the 20th day of February and August of each year, commencing February 20, 2026. The notes are redeemable at the option of Central 1.

Non-GAAP and Other Financial Measures

In addition to reported results, we believe that certain financial measures, including non-GAAP financial measures that are historical, and non-GAAP ratios, supplementary financial measures, are more reflective of our ongoing operating results and provide readers with a better understanding of management's perspective on our performance. Non-GAAP financial measures and non-GAAP ratios used in this document are not defined terms under IFRS Accounting Standards and, therefore, may not be comparable to similar terms used by other issuers. The discussions of non-GAAP financial measures and non-GAAP ratios that we use in evaluating its operating results are presented below in accordance with *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure.*

Non-GAAP Financial Measures

The following non-GAAP financial measures exclude certain items from our financial results prepared in accordance with IFRS Accounting Standards. The tables below present reconciliations of these measures to their respective most directly comparable financial measures disclosed in Central 1's Interim Consolidated Financial Statements.

Adjusted Measures and Ratios

Management considers both reported and adjusted results and measures to be useful in assessing underlying ongoing business performance. Adjusted results and measures remove certain specified items from operating results, as detailed in the following table. Adjusted results and measures presented in this document are non-GAAP. Presenting results on both a reported basis and an adjusted basis permit readers to assess the impact of certain items on results for the periods presented, and to better assess results excluding those items that may not be reflective of ongoing business performance. As such, the presentation may facilitate

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readers' analysis of trends. Except as otherwise noted, management's discussion of changes in reported results in this document applies equally to changes in the corresponding adjusted results.

Adjusting Item

Adjusted results for the three and six months ended June 30, 2025, exclude the net loss from Digital Banking, which was transferred to Intellect Design Arena Ltd., effective March 1, 2025. As management no longer considers Digital Banking part of Central 1's core operations, its exclusion is intended to enhance comparability and provide a clearer view of the financial performance of Central 1's core business.

$ millions, except as indicated	Q2 2025	Q2 2024	Change	For the six months ended June 30 2025	2024	Change
Reported net income (loss)	**$ 21.4**	$ 13.1	$ 8.3	**$ (2.6)**	$ 42.0	$ (44.6)
Add: Net loss from Digital Banking	**0.9**	5.9	(5.0)	**31.5**	13.0	18.5
Adjusted net income	**$ 22.3**	$ 19.0	$ 3.3	**$ 28.9**	$ 55.0	$ (26.1)

Average Assets and Average Equity

Average assets and average equity are non-GAAP financial measures, calculated from daily average balances for assets and equity, respectively. Average assets and average equity are used to calculate return on average assets and return on average equity, respectively, which are non-GAAP financial ratios as listed in the non-GAAP financial ratios section below.

$ millions, except as indicated	Q2 2025	Q2 2024	Change	For the six months ended June 30 2025	2024	Change
Total assets as reported	**$ 10,396.7**	$ 11,211.9	$ (815.2)	**$ 10,396.7**	$ 11,211.9	$ (815.2)
Impact of averaging daily balances	**(992.0)**	(1,427.3)	435.3	**(911.8)**	(1,505.3)	593.5
Average assets	**$ 9,404.7**	$ 9,784.6	$ (379.9)	**$ 9,484.9**	$ 9,706.6	$ (221.7)
Total equity as reported	**$ 786.2**	$ 768.5	$ 17.7	**$ 786.2**	$ 768.5	$ 17.7
Impact of averaging daily balances	**2.0**	26.8	(24.8)	**20.6**	9.1	11.6
Average equity	**$ 788.2**	$ 795.3	$ (7.1)	**$ 806.8**	$ 777.6	$ 29.3

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Liquid Assets

Liquid assets maintained by Central 1 give credit unions access to liquidity when they need it. Detailed disclosures are included in the Cash and Liquid Assets section of this MD&A. The major component of liquid assets are securities reported on the Interim Consolidated Statement of Financial Position, excluding equity investments. A separate presentation of liquid assets in the MD&A provides the readers with better information on Central 1's liquidity position.

$ millions, as at	Jun 30 2025	Dec 31 2024	Jun 30 2024
Federal and provincial government issued and guaranteed securities	**$ 2,309.0**	$ 2,993.6	$ 3,013.0
Corporate and financial institutions securities	**3,718.5**	3,507.9	3,197.8
Asset backed securities	**341.7**	252.3	263.3
Insured mortgages	**22.2**	23.7	25.5
Total liquid assets	**$ 6,391.4**	$ 6,777.5	$ 6,499.6
Add: equity instruments	**41.0**	40.8	40.9
Securities as reported	**$ 6,432.4**	$ 6,818.3	$ 6,540.5

Tier 1 Capital

Tier 1 capital is used to calculate the Tier 1 capital ratio and it consists of share capital and retained earnings, excluding accumulative net after-tax gain in investment property. The quantitative reconciliation for Tier 1 capital is disclosed under Capital Management and Capital Resources section of this MD&A.

Tier 2 Capital

Tier 2 capital is used to calculate the total capital ratio and it consists of subordinated debt net of any required amortization in its final five years and the accumulated net after tax gain in investment property. The quantitative reconciliation for Tier 2 capital is disclosed under the Capital Management and Capital Resources section of this MD&A.

Total Regulatory Capital

Total regulatory capital is used to calculate the total capital ratio which is used to monitor Central 1's capital position is within regulatory limits set by BCFSA. It is the sum of Tier 1 capital and Tier 2 capital minus statutory capital adjustments. The quantitative reconciliation for total regulatory capital is disclosed under Capital Management and Capital Resources section of this MD&A.

Total Borrowings

Total borrowings are used to calculate borrowing multiple. Central 1 is required by BCFSA to maintain a consolidated borrowing multiple within the regulatory limits. Total borrowings include the line items reported in the Interim Consolidated Statement of Financial Position, such as deposits, debt securities issued, securitization liabilities, securities under the repurchase agreements, derivative liabilities and settlement-in-transit liabilities, minus any regulatory adjustments. In addition, the subsidiaries deposits held by Central 1, which are eliminated through consolidation, are also included in total borrowings.

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$ millions, as at	Jun 30 2025	Dec 31 2024	Jun 30 2024
Total liabilities as reported	**$ 9,610.5**	$ 9,241.4	$ 10,443.4
Less: other liabilities as reported	**(108.1)**	(79.5)	(75.3)
Less: subordinated liabilities	**(198.0)**	(195.5)	(188.3)
Less: settlements in-transit excluded from total borrowings	**(1,006.3)**	(573.4)	(600.9)
Total borrowings	**$ 8,298.1**	$ 8,393.0	$ 9,578.9

Non-GAAP Financial Ratios

ROA and ROE

ROA and ROE are used to measure Central 1's profitability and present the annualized net income as a percentage of average assets and average equity, respectively, which are based on averaging month end balances. Adjusted ROA and ROE excluded the net loss from Digital Banking business.

$ millions, except as indicated	Q2 2025	Q2 2024	Change	For the six months ended June 30 2025	2024	Change
Average assets	**$ 9,404.7**	$ 9,784.6	$ (379.9)	**$ 9,484.9**	$ 9,706.6	$ (221.7)
ROA - annualized[1]	**0.5%**	0.5%		**0.3%**	0.9%	
Adjusted ROA - annualized	**1.0%**	0.8%		**0.6%**	1.1%	
Average equity	**$ 788.2**	$ 795.3	$ (7.1)	**$ 806.8**	$ 777.6	$ 29.3
ROE - annualized[1]	**6.4%**	6.6%		**3.8%**	10.9%	
Adjusted ROE - annualized	**11.4%**	9.6%		**7.2%**	14.2%	

Certain comparative figures have been recalculated to conform with the current year's presentation.
[1]When calculating the annualized ROA and ROE, certain item was treated as a non-recurring item and therefore was not annualized.

Total Capital Ratio

Total capital ratio is used to monitor Central 1's capital position and is calculated by dividing total regulatory capital by the risk weighted assets[1] which are calculated using different risk weightings for different assets as required by the BCFSA.

Tier 1 Capital Ratio

Tier 1 capital ratio is used to monitor Central 1's Tier 1 capital position and is calculated by dividing the Tier 1 capital by the risk weighted assets[1] which are calculated using different risk weightings for different assets as required by BCFSA.

[1]These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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Borrowing Multiple

Borrowing multiple is used to monitor if Central 1's borrowing is within the regulatory limit of 18.0:1 and is calculated using total borrowings divided by total regulatory capital. Total borrowings and total regulatory capital are non-GAAP financial measures. The quantitative reconciliation for total borrowings is disclosed above and the breakdown of total regulatory capital can be found in the Capital Management and Capital Resources section of this MD&A.

Supplementary Financial Measures

Central 1 also uses the following supplementary financial measures which are not disclosed in the Interim Consolidated Financial Statements, but do not meet the definition of non-GAAP financial measures or ratios.

Assets under Administration (AUA)

AUA includes amounts related to tax-deferred registered products for which Central 1 acts as trustee and administrator, under agency agreements with credit unions and mortgage management corporations.

Liquidity Coverage Ratio (LCR)

LCR demonstrates whether Central 1 has a sufficient stock of high-quality liquid assets to meet 30-day cashflow requirements under a significant stress scenario that incorporates idiosyncratic and market-wide shocks. It is calculated using the stock of liquid assets, calculated based on Office of the Superintendent of Financial Institutions (OSFI) regulatory requirements, divided by the net cash outflows over the next 30 days.

[1]These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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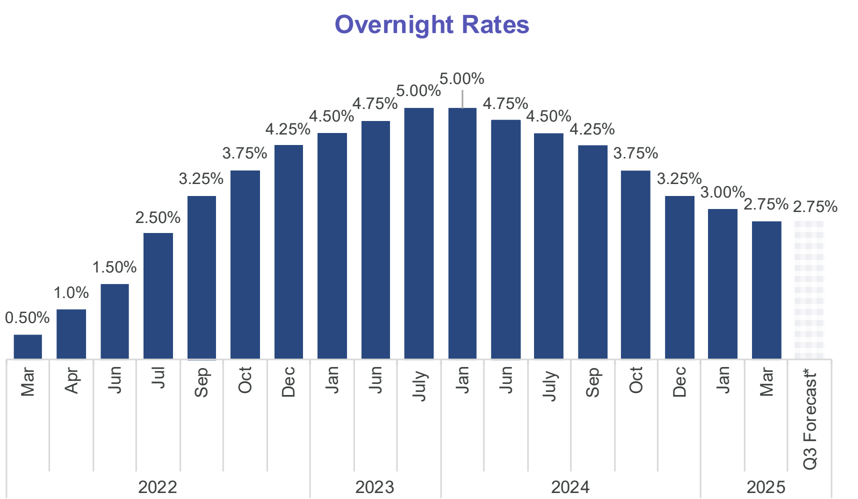
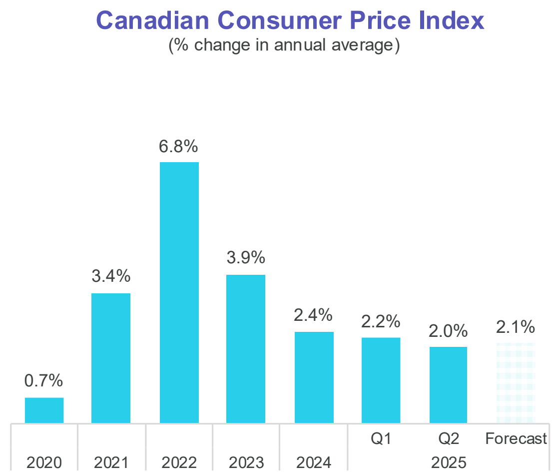
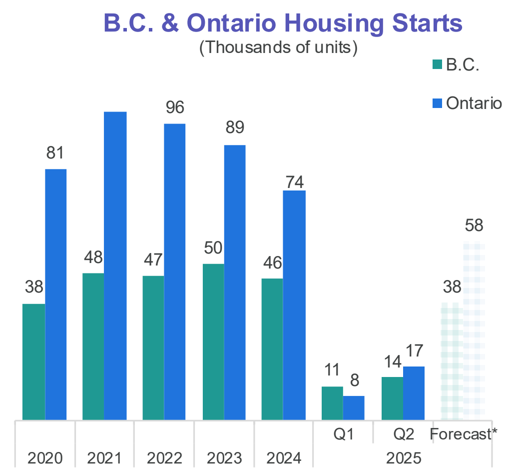
Economic Developments and Outlook

Central 1 conducts its operations within the Canadian financial markets. As such, its financial performance is inherently influenced by developments in the Canadian economic outlook and fluctuations in the financial markets, both of which are closely tied to global economic conditions and broader market dynamics. The following overview of the current economic environment and financial market conditions is intended to provide context for interpreting our quarterly results and to offer perspective on factors that may influence future performance.

Economic Environment







Following a resilient start to the year, Canadian economic growth is projected to slow materially, with forecasts indicating a potential contraction in the coming quarters. According to the latest estimates from Central 1 Economics, real GDP is expected to decline at an annualized rate of 1.0% in the second quarter of 2025, followed by a further decline of 0.4% in the third quarter. Heightened trade uncertainty—particularly with the United States—continues to exert pressure on various sectors through both direct export impacts and reduced investment activity. The imposition of higher U.S. tariffs on Canadian steel and aluminum has already resulted in order cancellations and workforce reductions within those industries. The manufacturing sector remains under pressure, with notable declines observed in motor vehicle, food, and petroleum manufacturing during the second quarter. Similarly, retail activity has softened, as declining consumer confidence has led to more cautious household spending. The housing market remains subdued, with benchmark price indices declining in recent months, though regional variations persist. Labour market conditions have been relatively steady, though soft. As of July 2025, the national unemployment rate stands at 6.9%, while the job vacancy rate has fallen to its lowest level in seven years, excluding the pandemic-affected year of 2020. Inflationary pressures have moderated overall, primarily due to the removal of the consumer carbon tax. However, core inflation – which excludes volatile price components – remains elevated, registering a 3.1% year-over-year increase in July. Given these headwinds, full-year real GDP growth for Canada is projected to be modest at 1.3%, a deceleration from the 1.6% growth recorded in the prior year.

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U.S. economic activity showed signs of stabilization in the second quarter of 2025 following an unexpected contraction in the first quarter—the first such decline in three years. The earlier weakness was largely attributed to a surge in imports, as firms accelerated purchasing ahead of anticipated tariff increases. Despite the second-quarter rebound, the broader economic momentum has moderated. Policy and economic uncertainty have contributed to more conservative behavior among businesses and households, dampening both investment and consumer spending. Consumer sentiment has deteriorated significantly, contributing to weaker retail performance, although select categories expected to be affected by trade measures saw relative strength. Manufacturing output has continued to soften, while housing and construction activity remained flat during the quarter. In contrast to the slowing economy, U.S. labour market conditions remain robust. Nonfarm payrolls increased by 449,000 in the second quarter, and the unemployment rate held steady at 4.1% as of the latest reporting period, continuing within a narrow 4.0% to 4.2% band observed since May 2024. In light of ongoing policy uncertainty—particularly around trade—economic growth projections for the United States in 2025 have been revised downward. The median forecast from the Federal Reserve's most recent dot plot projects real GDP growth of 1.4% for the year, down from the prior estimate of 1.7%.

Financial Markets

Financial market conditions have eased notably in recent months following the announcement of the U.S. administration's "Liberation Day" tariff proposals. Investor sentiment suggests a degree of skepticism regarding the implementation of substantial tariffs, as many of the proposed measures have been delayed or suspended. Reflecting this improvement in financial conditions, the Chicago Federal Reserve's National Financial Conditions Index declined to -0.51 as of July 2025—the lowest level observed year-to-date. U.S. Treasury yields for bonds with maturities exceeding 10 years have increased by over 30 basis points. These upward movements appear to reflect growing investor concerns about long-term fiscal sustainability—particularly in the United States, where the recently enacted *One Big Beautiful Bill Act* is projected to increase the federal deficit by an estimated $4 trillion over the coming decade.

Equity markets in Canada have rebounded from initial reactions to tariff-related headlines, with major indices once again approaching record highs. Credit markets have also exhibited signs of normalization, with credit spreads continuing to narrow. In contrast, longer-term sovereign bond yields have increased, despite a trend among major central banks toward reducing short-term policy rates. In Canada, yields on government bonds with maturities over 10 years have risen by more than 70 basis points, while yields on bonds with maturities between 1 to 3 years are up approximately 30 basis points.

Commodity prices have posted modest gains, as indicated by the Bank of Canada's commodity price index. However, oil prices have moderated, largely due to OPEC+ member states gradually reversing the production cuts implemented during the COVID-19 pandemic. While financial markets have generally stabilized, the outlook remains subject to risks. A meaningful escalation in trade tensions—should previously delayed tariffs be enacted—could lead to renewed market volatility and tighter financial conditions.

Industry Regulation

There were no material industry or regulation developments impacting Central 1 in the second quarter of 2025.

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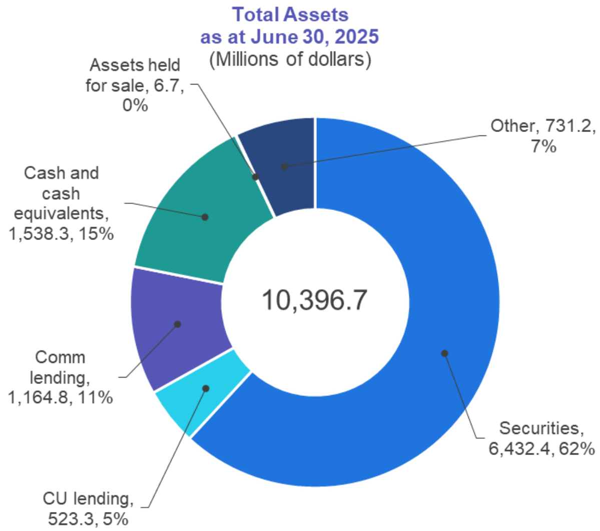
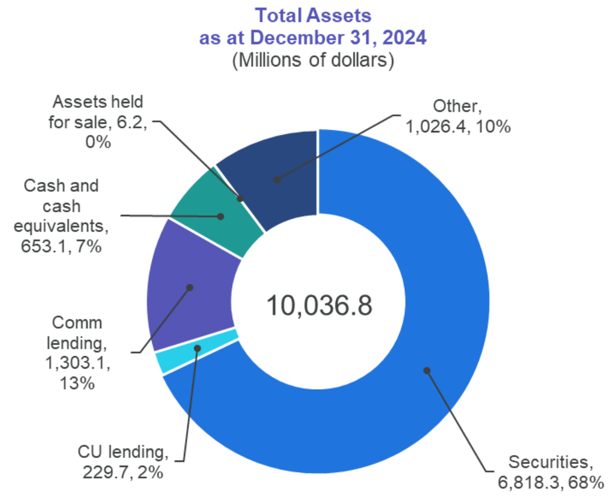
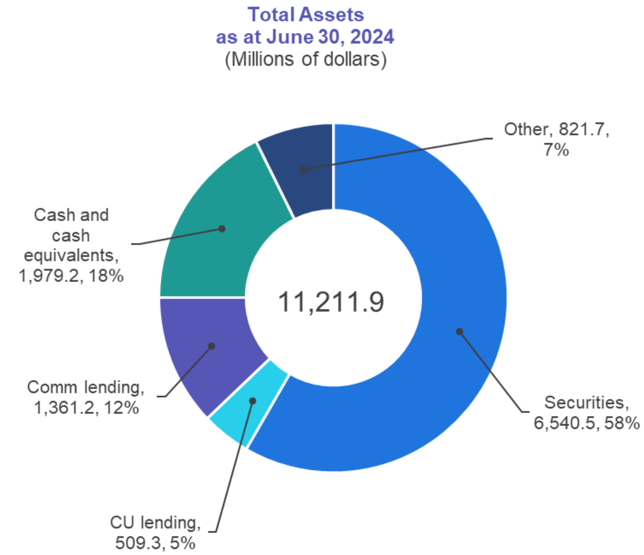
Interim Consolidated Statement of Financial Position

Total Assets







The change in total assets corelates to the change in the size of our funding portfolios. As of June 30, 2025, total assets increased by $360.0 million from December 31, 2024 mainly driven by higher cash and cash equivalents due to increased payment clearing activities under Group Clearer, which is reflected in an increase in the settlements in-transit (SIT) balance under liabilities to $1.0 billion from $0.4 billion as at December 31, 2024.

As of June 30, 2025, total assets decreased by $815.2 million from June 30, 2024 primarily driven by the lower deposits and repurchase agreements, partially offset by higher SIT liabilities due to increased payments clearing activities.

Central 1 has listed its head office (the Property) located at 1441 Creekside Drive, Vancouver B.C., for sale. The Property was reclassified as held for sale since December 31, 2024.

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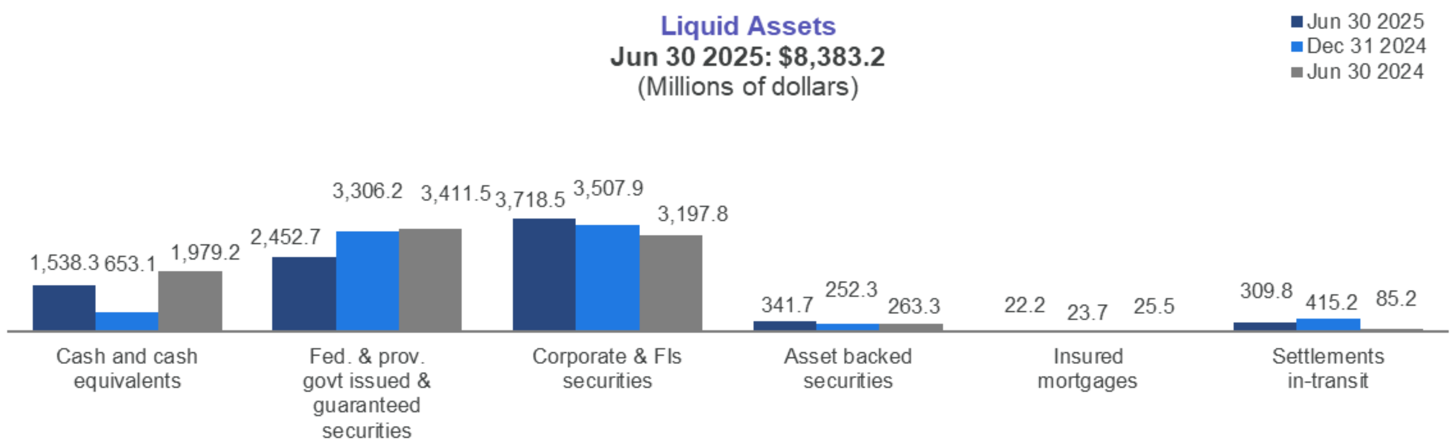
Cash and Liquid Assets



$ millions, as at June 30, 2025	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and cash equivalents	$ 1,538.3	$ -	**$ 1,538.3**	$ -	$ 1,538.3
Federal and provincial government issued and guaranteed securities	2,309.0	143.7	**2,452.7**	857.7	1,595.0
Corporate and financial institutions securities	3,718.5	-	**3,718.5**	712.2	3,006.3
Asset backed securities	341.7	-	**341.7**	-	341.7
Insured mortgages	22.2	-	**22.2**	-	22.2
Settlements in-transit	309.8	-	**309.8**	-	309.8
Total	$ 8,239.5	$ 143.7	**$ 8,383.2**	$ 1,569.9	$ 6,813.3

*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

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$ millions, as at December 31, 2024	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and cash equivalents	$ 653.1	$ -	$ 653.1	$ -	$ 653.1
Federal and provincial government issued and guaranteed securities	2,993.6	312.6	3,306.2	1,476.6	1,829.6
Corporate and financial institutions securities	3,507.9	-	3,507.9	744.7	2,763.2
Asset backed securities	252.3	-	252.3	-	252.3
Insured mortgages	23.7	-	23.7	-	23.7
Settlements in-transit	415.2	-	415.2	-	415.2
Total	$ 7,845.8	$ 312.6	$ 8,158.4	$ 2,221.3	$ 5,937.1

*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

$ millions, as at June 30, 2024	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and cash equivalents	$ 1,979.2	$ -	$ 1,979.2	$ -	$ 1,979.2
Federal and provincial government issued and guaranteed securities	3,013.0	398.5	3,411.5	1,211.5	2,200.0
Corporate and financial institutions securities	3,197.8	-	3,197.8	19.3	3,178.5
Asset backed securities	263.3	-	263.3	-	263.3
Insured mortgages	25.5	-	25.5	-	25.5
Settlements in-transit	85.2	-	85.2	-	85.2
Total	$ 8,564.0	$ 398.5	$ 8,962.5	$ 1,230.8	$ 7,731.7

*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

Central 1 manages its liquidity by maintaining a portfolio of high-quality, liquid assets to ensure that credit unions have access to reliable and cost-effective sources of liquidity.

As of June 30, 2025, total liquid assets increased by $224.8 million compared to December 31, 2024, driven by higher cash and cash equivalents balance as a result of increased payments clearing activities under Group Clearer. Unencumbered assets increased by $876.2 million compared to December 31, 2024, and decreased by $918.4 million compared to June 30, 2024.

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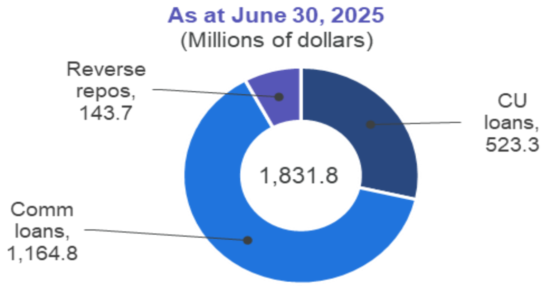
Loans

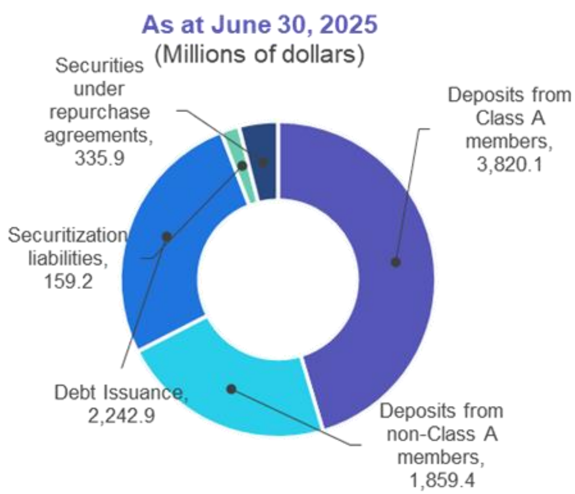


$ millions, as at		Jun 30 2025		Dec 31 2024		Jun 30 2024
Loans to credit unions	$	**523.3**	$	229.7	$	509.3
Commercial and other loans		**1,164.8**		1,303.1		1,361.2
Reverse repurchase agreements		**143.7**		312.5		398.5
	$	**1,831.8**	$	1,845.3	$	2,269.0

Total loan balances are before the allowance for credit losses and exclude accrued interest, premium and fair value hedge adjustment.

Total loans were flat at $1.8 billion as on June 30, 2025, compared to December 31, 2024. However, the composition of the portfolio shifted, reflecting changes in loan utilization patterns. As of June 30, 2025, loans to credit unions increased by $293.6 million compared to December 31, 2024, and by $14.0 million relative to June 30, 2024. This increase reflects reduced liquidity in the credit union system. Commercial loans declined by $138.3 million compared to December 31, 2024, and by $196.4 million compared to June 30, 2024. This reduction was mainly driven by lower volumes in construction and real estate lending, reflecting decreased activity in those sectors. Similarly, reverse repurchase agreements decreased by $168.8 million from December 31, 2024, and by $254.8 million from June 30, 2024, primarily driven by credit unions' cash management activities aimed at optimizing liquidity.

Funding



$ millions, as at		Jun 30 2025		Dec 31 2024		Jun 30 2024
Deposits						
Deposits from Class A members	$	**3,820.1**	$	3,596.2	$	4,494.2
Deposits from non-Class A members		**1,859.4**		1,650.3		1,656.2
		5,679.5		5,246.5		6,150.4
Debt Issuance						
Commercial paper		**707.8**		723.3		800.2
Medium-term notes		**1,337.1**		1,331.4		1,298.3
Subordinated liabilities		**198.0**		195.5		188.3
		2,242.9		2,250.2		2,286.8
Securitization liabilities		**159.2**		436.8		461.7
Securities under repurchase agreements		**335.9**		691.3		696.9
	$	**8,417.5**	$	8,624.8	$	9,595.8

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Central 1 primarily relies on deposits from member credit unions as its main source of funding. In addition, the organization maintains access to external markets and a range of diverse funding options, including medium-term notes, commercial paper, subordinated liabilities, and repurchase agreements. Central 1 expects to generate sufficient working capital from its ongoing operations and does not anticipate significant changes to its future funding sources.

As of June 30, 2025, deposits increased by $433.0 million compared to December 31, 2024 and decreased by $470.9 million compared to June 30, 2024.

Securitization liabilities decreased by $277.6 million compared to December 31, 2024, and by $302.5 million compared to June 30, 2024. This decline was primarily driven by the maturity of CMB series in June 2025. The reduction is also reflected in a corresponding decrease in assets, as these assets were utilized to settle the related obligations.

Repurchase agreements decreased by $355.4 million compared to December 31, 2024, and by $361.0 million compared to June 30, 2024. This reduction reflects Central 1's continued focus on utilizing lower-cost customer deposits.

Results by Segment

Central 1's operations and activities are reported around three business segments: Treasury, Payments and Digital Banking. All other activities or transactions are reported in System Affiliates & Other including Central 1's investments in equity shares of system-related entities, other than the wholly owned subsidiaries. The costs of Corporate Support functions are attributed to business lines as appropriate, with unattributed amounts included in System Affiliates & Other.

On February 28, 2025, the agreement to transition Central 1's Digital Banking business to Intellect was successfully closed. Intellect took over responsibility for Central 1's digital banking operations and the transition is expected to be completed over the next few years. Under the agreement, Central 1's Forge, *MemberDirect*®, public website and mobile applications and product, along with digital banking engineering and service teams, were transferred to Intellect. They took over client contracts and are responsible for supporting client migrations to new digital banking providers. Central 1 continues to provide the technology infrastructure and related services under the agreement and reports Digital Banking business as a separate reportable segment.

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Periodically, certain business lines and units are transferred among business segments to align our organizational structure more closely with our strategic priorities. Results for prior periods are restated accordingly to conform to the current period presentation.

Central 1 Credit Union

Key Business Segments	Treasury	Payments
Core Operations and Activities	• Supports the financial and liquidity needs of member credit unions • Provides member credit unions with access to: ○ securitization services; ○ credit facilities and loans for short- and long-term fundings; ○ foreign exchange services; ○ derivative capabilities; ○ Group Clearer settlement function; and other treasury services	• Develops and operates payment processing solutions for member credit unions, other financial institutions and corporate clients • Implements the Payments Modernization Processing initiative to enable clients to be compliant with new Payments Canada and BoC requirements

System Affiliates & Other

- Includes Central 1's investments in equity shares of system-related entities
- Includes the costs of implementing certain strategic initiatives other than ones included in the key segments of business above

Digital Banking

Before March 1, 2025:

- Operated innovative digital banking technologies for member credit unions, other financial institutions and corporate clients
- Offered *MemberDirect*® services and digital banking solutions to credit unions and their members

Effective March 1, 2025:

- Provides underlying technology infrastructure and related supports to Intellect

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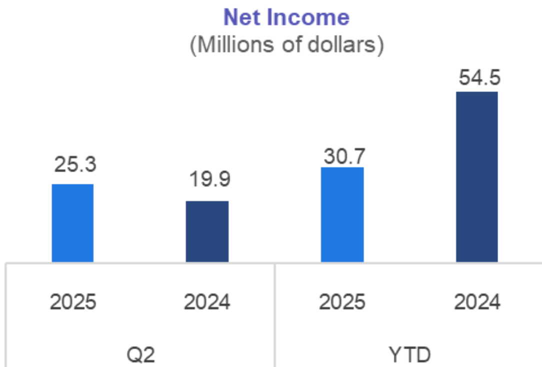
Treasury



$ millions	Q2 2025	Q2 2024	Change	For the six months ended June 30 2025	2024	Change
Net interest income	$ **20.8**	$ 10.4	$ 10.4	$ **38.5**	$ 25.6	$ 12.9
Net fair value gains	**18.9**	18.8	0.1	**11.6**	53.2	(41.6)
Non-interest income	**8.8**	7.8	1.0	**16.7**	15.6	1.1
Total revenue	**48.5**	37.0	11.5	**66.8**	94.4	(27.6)
Provision for (recovery of) credit losses	**0.6**	(0.3)	0.9	**0.5**	(0.2)	0.7
Non-interest expense	**13.3**	10.0	3.3	**24.3**	20.0	4.3
Income before income taxes	**34.6**	27.3	7.3	**42.0**	74.6	(32.6)
Income tax expense	**9.3**	7.4	1.9	**11.3**	20.1	(8.8)
Net income	$ **25.3**	$ 19.9	$ 5.4	$ **30.7**	$ 54.5	$ (23.8)

Quarterly comparison – Q2 2025 vs. Q2 2024

Treasury's net income for the quarter was $25.3 million, increased by $5.4 million, compared to net income of $19.9 million in the same quarter last year. The increase was primarily attributable to both higher net interest income and higher non-interest income partially offset by higher non-interest expense.

Net interest income increased by $10.4 million compared to the second quarter last year, mainly due to lower interest expenses. This resulted from a shift in funding mix. More funding was sourced from lower-cost customer deposits with less reliance on higher-cost funding sources, such as CMB obligations and debt instruments including commercial paper and repurchase agreements.

Non-interest income increased by $1.0 million compared to the second quarter last year, largely due to higher foreign exchange revenue and higher fees revenue related to commercial loan portfolio activities, including loan extensions, processing, and renewals.

Non-interest expense increased by $3.3 million compared to the second quarter last year, primarily due to increased infrastructure-related expenses, such as server operations, data center management, and network services.

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Year-to-date comparison – Q2 2025 vs. Q2 2024

Treasury's net income was $30.7 million for the six months ended June 30, 2025, compared to 54.5 million for the same period last year.

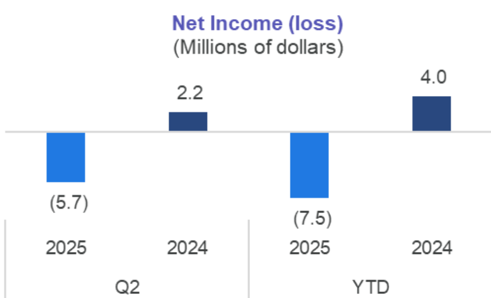
The decline in net income was primarily attributable to year-over-year lower net fair value gains, which contributed $11.6 million to net income for the six months ended June 30, 2025, down from 53.2 million in the same period last year. The decrease reflects a deceleration in the narrowing of credit spreads through the first half of 2025, indicative of more moderate market sentiment and evolving U.S. tariff policy developments.

Partially offsetting the decline in fair value gains was an increase in net interest income, which rose to $38.5 million, representing a $12.9 million increase compared to the same period last year. This increase was primarily driven by a more favorable funding mix, with a higher portion of lower-cost customer deposits and reduced reliance on higher-cost funding sources.

Non-interest income increased by $1.1 million compared to the same period last year, mainly due to higher foreign exchange revenue.

Non-interest expenses increased by $4.3 million compared to the same period last year, primarily due to increased infrastructure-related expenses, such as server operation, data center management, and network services.

Payments



$ millions	Q2 2025	Q2 2024	Change	For the six months ended June 30 2025	2024	Change
Net interest expense	**$ (0.2)**	$ (0.6)	$ 0.4	**$ (0.5)**	$ (1.3)	$ 0.8
Non-interest income	**24.6**	23.6	1.0	**47.5**	46.0	1.5
Total revenue	**24.4**	23.0	1.4	**47.0**	44.7	2.3
Non-interest expense	**32.3**	19.9	12.4	**57.3**	39.2	18.1
Income (loss) before income taxes	**(7.9)**	3.1	(11.0)	**(10.3)**	5.5	(15.8)
Income tax expense (recovery)	**(2.2)**	0.9	(3.1)	**(2.8)**	1.5	(4.3)
Net income (loss)	**$ (5.7)**	$ 2.2	$ (7.9)	**$ (7.5)**	$ 4.0	$ (11.5)

Certain comparative figures have been reclassified to conform with the current period's presentation.

Quarterly comparison – Q2 2025 vs. Q2 2024

Payments reported a net loss of $5.7 million for the second quarter, compared to a net income of $2.2 million in the same quarter last year, reflecting an increase in non-interest expense, which more than offset a modest increase in total revenue.

Non-interest income increased by $1.0 million compared to the same quarter last year, mainly driven by higher revenue from e-transfer, AFT and EFM on e-transfer services. This growth was attributable to increased transaction volumes resulting from continued client expansion. The increase was partially offset by a

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decline in cheques revenue, reflecting lower year-over-year volumes due to evolving product demand, and the lower recognition of deferred revenue associated with Payments Modernization strategic initiatives.

Non-interest expense increased by $12.4 million compared to the same quarter last year, primarily due to higher professional fees and salaries and benefits, some of which are non-recurring, along with a greater allocation of corporate expenses. This increase reflects ongoing investments in technology, and other strategic initiatives aimed at supporting the long-term growth of the Payments segment. Meanwhile, Central 1 continues to pursue opportunities to streamline operations and reduce corporate expenses over time in support of long-term financial sustainability.

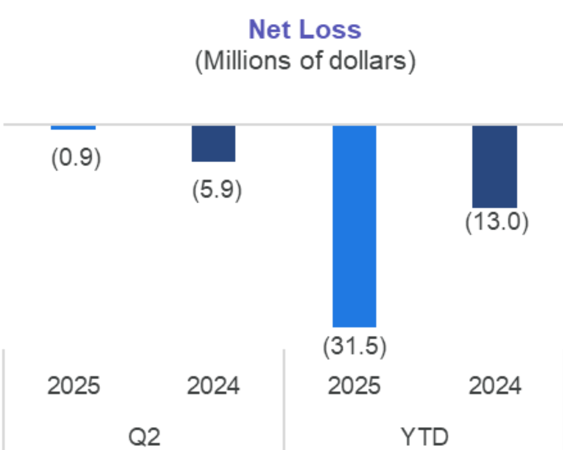
Year-to-date comparison – Q2 2025 vs. Q2 2024

Payments reported a net loss of $7.5 million for the six months ended June 30, 2025, compared to a net income of $4.0 million in the same period last year, primarily due to higher non-interest expense, partially offset by higher non-interest income.

Non-interest income increased by $1.5 million compared to the same period last year, reflecting continued growth in transaction volumes, pricing adjustments on existing products, and the adoption of new products offerings within the Payments segment.

Non-interest expense increased by $18.1 million compared to the same period last year, largely driven by increased salaries and benefits related to workforce growth, some of which are non-recurring, along with a higher allocation of corporate expenses. The increase is attributable to continued investments in technology and strategic initiatives intended to drive sustainable growth within Payments. Central 1 is actively seeking initiatives aimed at enhancing operational efficiency and cutting corporate expenses over the long-term to support its financial sustainability.

Digital Banking



				For the six months ended June		
$ millions	**Q2 2025**	**Q2 2024**	**Change**	**2025**	**2024**	**Change**
Non-interest income	**$ 5.8**	$ 9.0	$ (3.2)	**$ 13.0**	$ 18.2	$ (5.2)
Total revenue	**5.8**	9.0	(3.2)	**13.0**	18.2	(5.2)
Non-interest expense	**7.0**	17.2	(10.2)	**56.1**	36.1	20.0
Loss before income taxes	**(1.2)**	(8.2)	7.0	**(43.1)**	(17.9)	(25.2)
Income tax recovery	**(0.3)**	(2.3)	2.0	**(11.6)**	(4.9)	(6.7)
Net loss	**$ (0.9)**	$ (5.9)	$ 5.0	**$ (31.5)**	(13.0)	$ (18.5)
Adjusting item:						
Net loss from Digital Banking	**0.9**	5.9	(5.0)	**31.5**	13.0	18.5
Adjusted net loss[1]	**$ -**	$ -	$ -	**$ -**	$ -	$ -

Certain comparative figures have been reclassified to conform with the current period's presentation.

[1]Adjusted net loss excludes the net loss from Digital Banking. Refer to the Non-GAAP and Other Financial Measures section of this MD&A for more information.

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Quarterly comparison – Q2 2025 vs. Q2 2024

Digital Banking's reported net loss for the quarter was $0.9 million, compared to a net loss of $5.9 million in the same quarter last year, reflecting lower non-interest expense, partially offset by a lower non-interest income. Adjusted net loss[1] for the second quarter was nil across all comparable periods, reflecting the classification of Digital Banking as a non-core operation for Central 1.

Compared to the same quarter last year, non-interest income decreased by $3.2 million and non-interest expenses decreased by $10.2 million, primarily reflecting the transition of the Digital Banking business to Intellect.

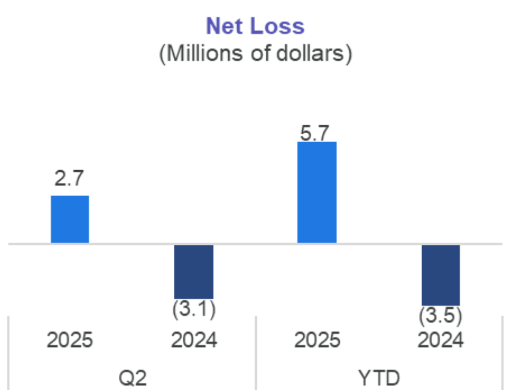
Year-to-date comparison – Q2 2025 vs. Q2 2024

Digital Banking's reported year-to-date net loss was $31.5 million, compared to a net loss of $13.0 million in the same period last year. Adjusted net loss[1] was nil year-over-year, reflecting the classification of Digital Banking as a non-core operation for Central 1.

Non-interest income decreased by $5.2 million year-over-year reflecting the transition of the Digital Banking business to Intellect.

Non-interest expenses increased by $20.0 million primarily driven by the recognition of provision for onerous contracts for the infrastructure costs that Central 1 is expected to incur over the transition period. The provision relates primarily to Central 1's obligation to provide continued access to its digital banking infrastructure to Intellect, which is assuming responsibility for servicing the remaining customer contracts under the Asset Transfer Agreement between Central 1 and Intellect. Central 1 is required to maintain the infrastructure necessary to support Intellect's operations over the remaining life of the contracts, which have varying terms, with the longest extending up to four years. The provision is expected to be utilized over a period of five years. This increase was partially offset by lower salaries and employee benefits from the transition of the workforce to Intellect.

System Affiliates & Other



$ millions	Q2 2025	Q2 2024	Change	For the six months ended June 30 2025	2024	Change
Net fair value losses	**$ (0.5)**	$ -	$ (0.5)	**$ (0.6)**	$ -	$ (0.6)
Non-interest income	**1.8**	-	1.8	**3.6**	2.3	1.3
Total revenue	**1.3**	-	1.3	**3.0**	2.3	0.7
Non-interest expense	**0.9**	4.5	(3.6)	**3.0**	7.5	(4.5)
Income (loss) before income taxes	**0.4**	(4.5)	4.9	**-**	(5.2)	5.2
Income tax recovery	**(2.3)**	(1.4)	(0.9)	**(5.7)**	(1.7)	(4.0)
Net income (loss)	**$ 2.7**	$ (3.1)	$ 5.8	**$ 5.7**	$ (3.5)	$ 9.2

[1]This is a non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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Quarterly comparison – Q2 2025 vs. Q2 2024

System Affiliates & Other's net income was $2.7 million for the quarter, compared with a net loss of $3.1 million in the same quarter last year. The improvement was primarily due to higher total revenue and lower non-interest expense.

Total revenue for the quarter was $1.3 million, compared to nil in the same quarter last year, primarily due to a one-time refund of $1.5 million received from the British Columbia Ministry (BC) of Finance in relation to BC Provincial Sales Tax for the 2019 and 2020 taxation years.

Non-interest expense decreased by $3.6 million compared to the same quarter last year, mainly due to higher cost recoveries from other lines of business, reflecting increased use of corporate services by the Payments and Treasury segments, and the reallocation of certain information technology infrastructure costs associated with the wind-down of the Digital Banking business. These savings were partially offset by increased professional fees, largely associated with Enterprise IT initiatives.

Year-to-date comparison – Q2 2025 vs. Q2 2024

System Affiliates & Other's net income was $5.7 million, compared to a net loss of $3.5 million in the same period last year, driven by higher non-interest income in combination with lower non-interest expense and higher income tax recovery.

Non-interest income, primarily comprised of income from investments in Central 1's affiliates, increased by $1.3 million year-over-year largely driven by a $1.5 million one-time refund received from the BC Ministry of Finance related to BC Provincial Sales Tax for the 2019 and 2020 taxation years.

Non-interest expenses decreased by $4.5 million on a year-over-year basis, largely attributable to higher corporate recoveries resulting from a greater allocation of corporate resources to support other business lines. This decrease was partially offset by higher professional fees associated with technology initiatives and option analysis activities.

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Summary of Quarterly Results

Our quarterly results are impacted by several factors, which include general economic and market conditions. The table below summarizes our results for the last eight quarters:

$ thousands, except as indicated	2025 Q2	2025 Q1	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	2023 Q3
Interest income	**$ 81,910**	$ 83,851	$ 92,288	$ 99,158	$ 101,442	$ 104,000	$ 111,370	$ 118,800
Interest expense	**61,338**	66,406	77,877	89,443	91,619	89,534	98,368	99,206
Net interest income	**20,572**	17,445	14,411	9,715	9,823	14,466	13,002	19,594
Net fair value gains (losses)	**18,383**	(7,387)	29,341	6,911	18,765	34,458	4,128	(2,056)
Non-interest income	**41,056**	39,744	40,220	42,676	40,380	41,755	42,483	39,372
Total revenue	**80,011**	49,802	83,972	59,302	68,968	90,679	59,613	56,910
Provision for (recovery of) credit losses	**638**	(164)	3,752	158	(340)	183	(280)	991
Non-interest expense	**53,476**	87,263	57,546	53,300	51,624	51,148	56,461	50,882
Income (loss) before income taxes	**25,897**	(37,297)	22,674	5,844	17,684	39,348	3,432	5,037
Income tax expense (recovery)	**4,490**	(13,269)	6,358	26	4,582	10,473	1,561	1,162
Net income (loss)	**$ 21,407**	$ (24,028)	$ 16,316	$ 5,818	$ 13,102	$ 28,875	$ 1,871	$ 3,875
Adjusting item:								
Net loss from Digital Banking	**915**	30,631	8,420	8,081	5,885	7,077	7,989	6,451
Adjusted net income[1]	**$ 22,322**	$ 6,603	$ 24,736	$ 13,899	$ 18,987	$ 35,952	$ 9,860	$ 10,326
Weighted average shares outstanding *(millions)*	**43.4**	43.4	43.4	43.4	43.4	43.4	43.4	43.4
Earnings per share *(cents)*[2]								
Basic/Diluted	**49.3**	(55.3)	37.6	13.4	30.2	66.6	4.4	9.0
Adjusted basic/diluted[2]	**51.4**	3.9	37.6	13.4	30.2	66.6	4.4	9.0

Certain comparative figures have been reclassified to conform with the current period's presentation

[1]Adjusted net income excludes net loss from Digital Banking from reported results. Refer to the Non-GAAP and Other Financial Measures section of this MD&A for more information.

[2]Earnings per share calculated for Central 1 must be taken in the context that member shares may not be traded or transferred except with the consent of the Central 1's Board of Directors. Adjusted basic/diluted EPS refer to the Non-GAAP and Other Financial Measures section.

Net interest income is influenced by average balance of the investment portfolio and fluctuations in effective yields. From Q3 2023 to Q3 2024, it declined due to lower average balances in the investment portfolios. This trend reversed in Q4 2024, with a $4.7 million increased driven by higher effective yields and increased average deposits with financial institutions. The upward momentum continued into 2025, with sequential gains of $3.0 million in Q1 – reflecting a strategic shift in investment mix toward higher-yielding securities – and $3.1 million in Q2, primarily due to lower interest expense from an increased reliance on lower-cost

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customer deposits and a corresponding decrease in the use of higher-cost funding sources, including CMB obligations, commercial paper, and repurchase agreements.

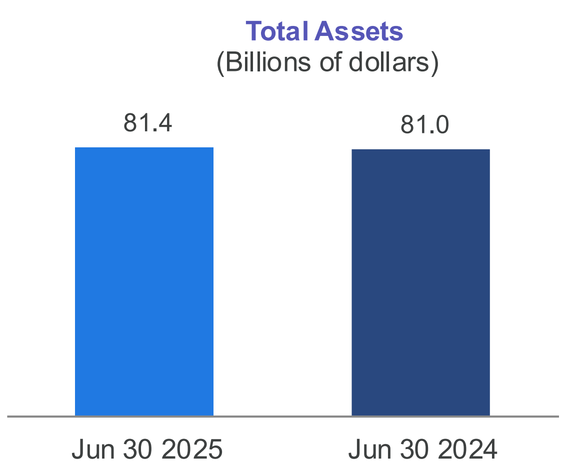
Net fair value gains or losses are mainly driven by movements in credit spreads. A $2.1 million loss was recorded in Q3 2023 due to unfavorable movements in National Housing Act Mortgage-Backed Securities (NHA MBS) credit spreads. Since then, narrowing spreads supported gains through Q4 2023 and 2024. In 2025, widening spreads – driven by heighten market uncertainty surrounding tariffs imposed by the United States – contributing to increased volatility in fair value measurement.

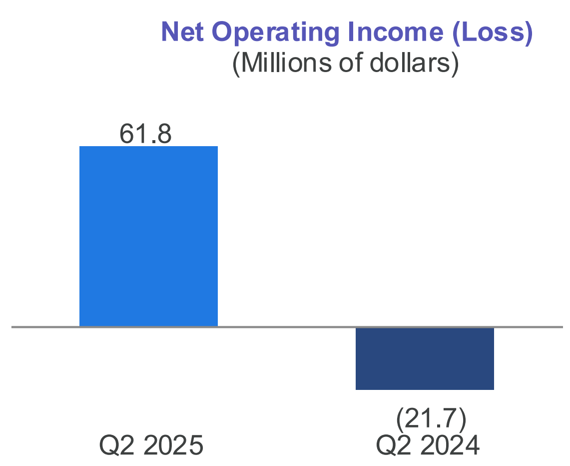
Non-interest income remained stable throughout 2023 and 2024 with an upward trend emerging in late 2023 and peaking in Q3 2024 due to the adoption of new payments products. The upward trend continued into 2025 and also supported by increased transaction volumes within the Payments segment. This was partially offset by the loss of revenue previously generated by Digital Bank operations following the February 28, 2025 transfer of Digital Banking business to Intellect.

Non-interest expense remained stable through 2023 and 2024, with increases observed in the fourth quarter of each year. The increase in Q4 2023 was mainly due to restructuring activities untaken during the period. In Q4 2024, higher non-interest expenses were driven by elevated third-party costs associated with the strategic wind-down of the Digital Banking business and the sale of Central 1’s Vancouver office building. In Q1 2025, non-interest expense increased significantly, largely due to the recognition of a provision for onerous contracts related to the infrastructure costs that Central 1 is expected to incur over the transition period as Digital Banking business is transferred to Intellect. In Q2 2025, non-interest expense declined meaningfully, primarily due to workforce reductions implemented associated with the transition of the Digital Banking business to Intellect. This decrease was partially offset by Central 1’s ongoing strategic investments in technology and key initiatives designed to drive innovation and support the long-term growth of the Payments business.

Credit Union System Performance

British Columbia





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The B.C. credit union system reported net income of $61.7 million for the second quarter of 2025, representing an improvement of $83.4 million compared to the same period in 2024. The year-over-year increase was primarily driven by strong growth in net interest income and higher non-interest income.

Net interest income rose by $83.2 million, or 30.1%, over the same quarter last year, reflecting improved lending spreads.

Non-interest income increased by $7.6 million, or 10.1%, supported by higher contributions from subsidiaries and increased member service fees.

Non-interest expenses totaled $380.2 million, an increase of $7.1 million, or 1.9%, compared to the second quarter of 2024. The increase was primarily attributable to higher loan loss provisions and other non-interest operating expenses.

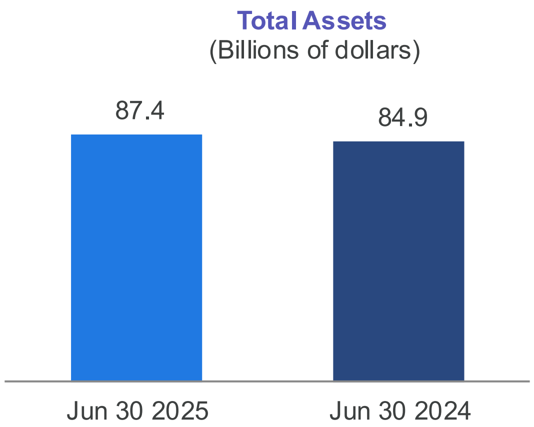
As at June 30, 2025, total assets stood at $81.4 billion, an increase of $405 million, or 0.5%, year-over-year. Asset growth was driven by an expansion in the loan portfolio, partially offset by reductions in cash holdings and investment balances. Total liabilities increased by $304 million, or 0.4%, over the same period, as growth in non-registered demand and registered deposits was partially offset by a decline in non-registered term deposits.

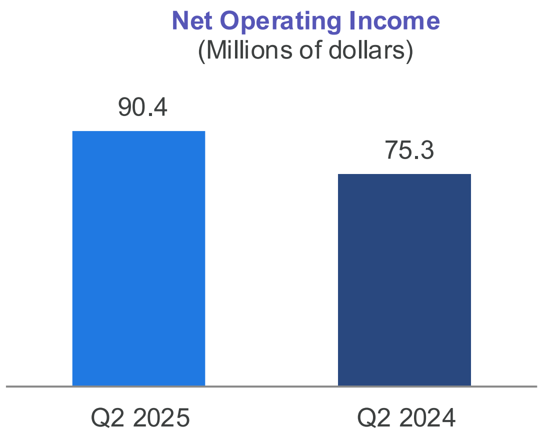
Credit quality indicators showed some deterioration. The system’s loan delinquency rate for loans over 90 days was 0.50% at the end of the quarter, an increase of 15 basis points from June 2024. The loan loss expense ratio rose to 0.10%, up five basis points year-over-year.

Risk-weighted assets totaled $39.3 billion at quarter-end. The regulatory capital ratio was 14.5%, a decline of 14 basis points from the prior year. The aggregate liquidity ratio, inclusive of Central 1 liquidity, was 14.4% of deposit and debt liabilities, down 168 basis points year-over-year.

Return on assets for the second quarter was 0.31% on an annualized basis, an increase of 41 basis points compared to the same period in 2024, reflecting improved earnings performance.

Ontario





The Ontario credit union system reported net operating income of $90.4 million for the second quarter ended June 30, 2025, an increase of $15.1 million or 20.1% compared to the same period in 2024. The year-over-year improvement was primarily driven by higher net interest income and continued growth in non-interest income.

Net interest income rose by $38.5 million or 10.7% to $397.9 million, reflecting an increase in net loans and a wider lending spread. Non-interest income increased by $5.4 million or 7.0%, supported by higher service charges, loan commitment fees, and increased fee-based revenues from insurance, mutual fund, and credit card services.

Total non-interest expenses amounted to $390.5 million, up $28.9 million or 8.0% year-over-year. The increase was primarily attributable to elevated loan-related costs and other non-financial expenses.

As at June 30, 2025, total assets stood at $87.4 billion, representing year-over-year growth of 2.9%, led by higher volumes in commercial lending and residential mortgages. Total liabilities also increased by 2.9% over the same period to $81.1 billion, largely driven by a 5.2% or $1.5 billion increase in term deposits.

The loan delinquency rate (loans over 90 days past due) increased 13 basis points year-over-year to 0.73% of total loans as at June 30, 2025. Provisions for credit losses as a percentage of total loans increased by 5 basis points to 0.33%, while the loan loss expense ratio rose by 7 basis points to 0.14% on an annualized basis.

The system's risk-weighted assets (RWA) totaled $42.0 billion at quarter-end. Regulatory capital as a percentage of RWA was 13.9%, up 6 basis points from a year earlier, reflecting ongoing capital adequacy. The aggregate liquidity ratio, inclusive of liquidity held with Central 1, was 13.2% of deposit and debt liabilities, a decrease of 79 basis points year-over-year.

The Ontario system reported a return on assets of 0.42% annualized for the second quarter of 2025, an increase of 6 basis points compared to the same period in 2024, reflecting improved operating performance and asset growth.

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Off-Balance Sheet Arrangements

In the normal course of business, Central 1 enters into off-balance sheet arrangements that fall into the following main categories: derivative financial instruments, guarantees, commitments, and contingencies and assets under administration.

Derivative Financial Instruments

Notional Amount $ millions, as at	Jun 30 2025	Dec 31 2024	Jun 30 2024
Interest rate contracts			
Swap contracts	**$ 22,578.7**	$ 21,736.1	$ 23,727.7
Futures contracts	**1,302.0**	1,072.0	866.0
Bond forwards	**-**	32.7	44.8
	23,880.7	22,840.8	24,638.5
Foreign exchange contracts			
Foreign exchange forward contracts	**1,208.5**	959.4	925.7
Other derivative contracts			
Equity index-linked options	**114.1**	135.5	158.6
	$ 25,203.3	$ 23,935.7	$ 25,722.8

Central 1 serves as an intermediary for swaps between the Canada Housing Trust and member credit unions, while also providing derivative capabilities to member credit unions for the purpose of managing asset/liability on their respective balance sheets.

Changes in fair values of these derivatives are recognized in our Interim Consolidated Statement of Financial Position; however, the notional amounts of these derivatives are not presented, as they do not represent actual amounts exchanged. Counterparty credit risk arising from derivative contracts is managed within the context of our overall credit risk policies and is mitigated through the use of Credit Support Annex (CSA) agreements and general security agreements.

Central 1's counterparty credit exposure to Class A member credit unions is secured by individual general security agreements, while CSA agreements are in place with all other derivatives counterparties. Under a CSA, net fair value positions are collateralized with high-quality liquid securities. Market risk associated with these derivative contracts is managed in accordance with our overall market risk policies, as detailed in the Risk Review section of this MD&A.

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Guarantees, Commitments and Contingencies

The following table outlines the maximum credit amounts we could be required to extend if all commitments were fully utilized, and the maximum guarantees that could be in effect if the maximum authorized committed amounts were fully transacted.

$ millions, as at		Jun 30 2025		Dec 31 2024		Jun 30 2024
Commitments to extend credit	**$**	**4,656.5**	$	5,016.5	$	4,890.0
Guarantees						
Financial guarantees	**$**	**798.6**	$	794.6	$	794.6
Performance guarantees	**$**	**500.0**	$	500.0	$	500.0
Standby letters of credit	**$**	**225.8**	$	221.1	$	220.8
Future prepayment reinvestment commitment	**$**	**836.5**	$	796.3	$	886.6

In the normal course of business, Central 1 engages in various off-balance sheet arrangements to address the financing, credit, and liquidity needs of our member credit unions. These are in the form of commitments to extend credit, guarantees, standby letter of credit, and future prepayment reinvestment commitment.

Commitments to extend credit, which represent undrawn credit facilities, declined by $360.0 million and $233.5 million compared to December 31, 2024, and June 30, 2024, respectively. The decrease primarily reflects credit unions drawing on their available liquidity facilities, which are now recognized as loans on Central 1’s Interim Consolidated Statement of Financial Position.

Future prepayment reinvestment commitments increased by $40.2 million since year-end, driven by new commitments entered into after December 31, 2024. Compared to June 30, 2024, these commitments decreased by $50.1 million, primarily due to the maturity of NHA MBS reinvested through Central 1’s indirect securitization program. These amounts are now reflected as reinvestment assets on the Interim Consolidated Statement of Financial Position.

Central 1 from time-to-time issues performance guarantees related to the Asset Backed Commercial Paper Program. The performance guarantees represented in the table above are the maximum limits for parties in existing contractual obligations. Central 1 also issues blanket approvals for performance guarantees on a non-committed basis which will become contractual obligations for specified amounts if requested and authorized by Central 1, in their sole discretion. Central 1 has the ability to unilaterally withdraw anytime from these approved limits. Counterparty credit risk arising from these guarantee contracts is managed within the context of our overall credit risk policies as disclosed in the Risk Review section of this MD&A.

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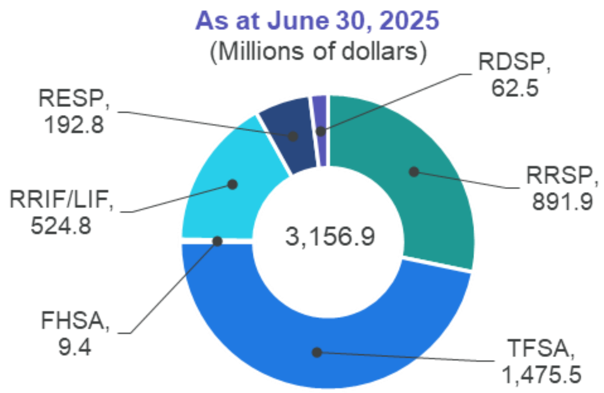
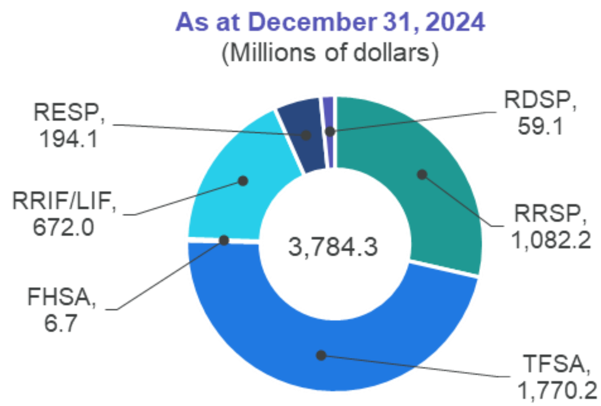
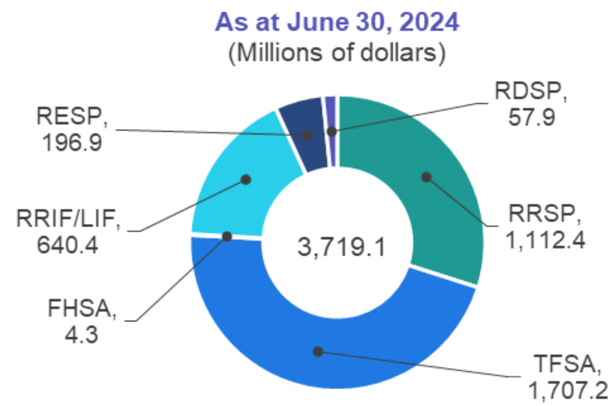
Assets under Administration (AUA)







AUA is exclusively associated with government-approved registered plans that are trusteed and administered by Central 1 or one of its wholly owned subsidiaries. Central 1 provides trust and administrative services for AUA on behalf of the beneficial owners and members of the B.C. credit union system and Class C members.

Central 1 Trust Company (the "Trust"), a wholly owned subsidiary of Central 1, provides similar services to members of the Ontario and Manitoba credit union systems, along with Class C members. The Trust is also registered to operate in Alberta, Newfoundland, Nova Scotia, Prince Edward Island, and Saskatchewan.

The year-over-year decline in contracts and AUA reflects the continued consolidation within the credit union system and the natural attrition of client relationships. Merger and acquisition activities led to the offboarding of multiple clients, which majorly contributed to overall decreases of 21% in contracts and 15% in AUA compared to December 31, 2024. The reduction affected all product lines, with the exception of the Registered Disability Savings Plan (RDSP), which posted modest year-over-year growth of 1.9% in contracts and 8% in AUA.

First Home Savings Account (FHSA) experienced strong uptake, reflecting both its novelty and active promotion by credit unions. Contracts increased by 79.5%, and AUA more than doubled, rising by 119% year-over-year. As credit unions continue to aggressively promote the FHSA product, asset growth has remained robust. As of June 30, 2025, total FHSA AUA reached $9.4 million, up from $4.3 million a year earlier. The FHSA is showing strong early momentum and is tracking to emerge as a competitive alternative to RRSP and TFSA contracts.

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Capital Management and Capital Resources

We manage capital to ensure strong capital ratios that support the organization's risks and activities. In addition to the regulatory requirements, we maintain capital to meet the expectations of credit rating agencies, support the growth of the credit union system, and uphold our internal capital ratios.

Capital Management Framework

Our capital management framework provides the policies and processes for defining, measuring, and allocating all types of capital across the organization. It outlines the roles and responsibilities for assessing capital adequacy, managing dividends, and overseeing regulatory capital requirements.

The Board of Directors, with endorsement from the Risk Review and Investment & Loan Committee (RRILC), oversees Central 1's capital management by approving our risk appetite, capital policy and plan. The RRILC receives regular updates on our capital position, including performance to date, updated forecasts, and any material regulatory developments that could impact our future capital position. Additionally, the RRILC is tasked with reviewing the Internal Capital Adequacy Assessment process (ICAAP) annually. The Asset Liability Committee (ALCO) monitors Central 1's capital position monthly, ensuring compliance with regulatory requirements and internal capital targets.

Key management activities of the framework include:

- The determination of the required capital to cover material risks to which the organization is exposed. This is achieved through the ICAAP which incorporates Central 1's enterprise-wide stress test and scenario analysis that is conducted to assess the impact of various stress conditions on our risk profile and capital requirements;
- The annual budget process which establishes operating targets for the organization. This supports the capital planning process which includes forecasted growth in assets, earnings, and projected market conditions; and
- The establishment of internal capital targets and the implementation of capital strategies.

Central 1's share capital, excluding nominal amounts, is entirely contributed by Class A members, which consist of member credit unions in B.C. and Ontario. These Class A members, collectively, hold Class A and E shares. According to Central 1's Constitution and Rules (Rules), an annual rebalancing of Class A share capital is required, based on each Class A members' consolidated assets in proportion to the total consolidated assets of all Class A members at the immediately preceding fiscal year end.

[1]These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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Regulatory Capital

$ millions, except as indicated, as at	Jun 30 2025	Dec 31 2024	Jun 30 2024
Share capital	$ **43.4**	$ 43.4	$ 43.4
Retained earnings	**734.0**	746.7	724.5
Less: accumulated net after tax gain in investment property	**(4.7)**	(4.7)	(4.7)
Tier 1 capital[2]	**772.7**	785.4	763.2
Subordinated debt[1]	**200.0**	200.0	200.0
Add: accumulated net after tax gain in investment property	**4.7**	4.7	4.7
Tier 2 capital[2]	**204.7**	204.7	204.7
Total capital	**977.4**	990.1	967.9
Statutory capital adjustments	**(151.7)**	(146.1)	(153.9)
Total regulatory capital[2]	$ **825.7**	$ 844.0	$ 814.0
Borrowing multiple - Consolidated[3]	**10.0:1**	9.9:1	11.8:1

[1]Subordinated debt, net of any required amortization in an instrument's final five years, is restricted to a maximum of 50 per cent of Tier 1 capital.

[2]These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

[3]These are non-GAAP financial ratios. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

To determine regulatory capital, adjustments must be made to the capital reported in our Interim Consolidated Statement of Financial Position. Certain investments, including significant holdings in affiliated cooperative organizations, require deductions from capital. The calculation of the provincial capital base is generally similar to the federal regulatory capital used for various borrowing purposes.

BCFSA has set Central 1's borrowing multiple requirement at 18.0:1 and will apply the multiple to Central 1's Interim Consolidated Statement of Financial Position. Central 1 manages the borrowing multiple through growth in retained earnings and subordinated debt. As at June 30, 2025, Central 1's consolidated borrowing multiple was 10.0:1, which is within the regulatory limit of 18.0:1. The borrowing multiple was flat from the level reported as of December 31, 2024, and decreased from 11.8 as reported on June 30, 2024, primarily due to a reduction in overall borrowings.

Financial Institutions Act (FIA) mandates that Central 1 maintain a total capital ratio of at least 8.0%. While this is the regulatory minimum, BCFSA has established a supervisory target on total capital ratio to be no less than 10.0%. As at June 30, 2025, total capital ratio stood at 19.4% which is above the supervisory target.

Central 1 was in compliance with all regulatory capital requirements as at June 30, 2025, December 31, 2024 and June 30, 2024.

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Risk Review

This section of the MD&A should be read in conjunction with the Risk Review section of our 2024 Annual Report. Central 1 is exposed to risks akin to those of our members and other financial institutions in Canada, including the symptoms and impacts of domestic and global economic conditions and other factors that could adversely affect our financial condition and operating results.

Central 1 recognizes that our reputation is one of our most valuable assets, and we actively strive to uphold a positive image for both ourselves and the credit union system. The potential erosion of stakeholder trust can stem from various outcomes outlined in the risk categories below. Such consequences may include revenue loss, litigation, and regulatory action.

Central 1's risk management framework encompasses the identification, measurement, management, monitoring, and reporting of all risks associated with our business activities.

Strategic Risk

Strategic risk is the risk of failing to establish or achieve appropriate strategic objectives within the context of both internal and external operating environments, resulting in a material impact (current or future impact) on business performance (such as earnings and capital), reputation or standing. The risk arises when Central 1 fails to adequately respond to changes in the internal and external environment, potentially affecting our ability to meet stakeholder expectations and fulfill Central 1's vision, mission, and core mandate. Strategic risk is influenced by the management's decision regarding the development of future offerings and our ability to deliver these offerings in a timely manner.

To manage strategic risk, management closely monitors the current landscape of the credit union system along with the emerging industry and regulatory trends. This informed understanding is then integrated into the strategic planning process to determine key strategic initiatives and to develop or maintain the necessary capabilities to achieve them.

Compliance Risk

Compliance risk is the risk of non-compliance with laws, regulations and regulatory guidance due to failure to identify their existence or failure to implement appropriate controls to ensure compliance. This risk excludes laws, regulations and regulatory guidance addressed in other risk types. Central 1 is exposed to compliance risk across all areas of the organization and has implemented an organization wide compliance framework to effectively manage this risk.

As a domestic systemically important financial institution, Central 1 has implemented a regulatory compliance management program aligned with regulatory guidance. This includes maintaining a regulatory inventory, tracking regulatory developments, conducting risk assessments, and performing compliance testing. In addition, Central 1's compliance framework features organization-wide compliance policies, management standards, and procedures, as well as mandatory training to ensure adherence to relevant regulations. A privacy program managed by a dedicated Privacy Officer is in place as well as a financial crime compliance program lead by its Chief Anti-Money Laundering Officer (CAMLO), including measures to ensure compliance with anti-money laundering, sanctions and anti-bribery and corruption regulation.

Compliance risk is managed by lines of business, which serves as the first line of defense. The Compliance function, headed by the Chief Compliance Officer, acts as second line of defense, providing guidance and oversight to the first line. The Chief Compliance Officer regularly reports on compliance risk to the Risk Review and Investment & Loan Committee, as well as Central 1's Board of Directors.

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Credit Risk

Central 1 is exposed to credit risk from our investment and lending activities, as well as through our role as Group Clearer and other settlement businesses. Credit risk is the risk of financial loss or opportunity cost caused by the default or failure of a counterparty, borrower, endorser, guarantor, or issuer to repay their financial obligation, or to meet their obligations in accordance with contractual terms as they come due, resulting in adverse impact on Central 1's earnings and viability.

Risks are managed within parameters established in our policies, management standards and procedures that include:

- application of safe and sound, stringent lending and/or investment criteria to all credit exposures prior to acquisition
- clearly defined management and policy limits on the amounts, types, and concentrations of credit risk
- regular evaluation and assessment of existing credit risk exposures and allowances
- continuous monitoring of credit exposures to promptly identify deteriorating situations and take appropriate actions.

Despite the broader macroeconomic pressures, portfolio performance remained stable during the second quarter of 2025, with no material change in overall credit risk observed. Central 1 reported a modest increase in allowance for expected credit losses (ECL) of $0.6 million for the Commercial Real Estate Lending (CREL) portfolio, resulting in a total allowance of $8.2 million. The allowance for expected credit losses for the Investment portfolio remains largely unchanged. There were no expected credit losses in the Credit Union Lending portfolio given ample security pledged to secure credit facilities.

However, the credit risk outlook is considered negative amid ongoing economic headwinds and heightened geopolitical uncertainties. These external factors have increased the potential for higher delinquency rates and borrower defaults. In response, Central 1 continues to actively monitor its portfolios to identify and manage emerging risks.

Credit Quality Performance

Investments Portfolio

Our investment portfolio is comprised of high-quality liquid securities. AAA and R-1 (High) rated securities account for $2.4 billion, representing 41.3% of the portfolio. There are no impaired investments within the portfolio. Positions are based on notional, not market values, and do not include securitization assets sold to the Canada Housing Trust.

Credit Union Lending

There are no impaired loan facilities in the Credit Union Lending portfolio. As of June 30, 2025, four Ontario credit unions and one BC credit union were classified as Watch List rating entities. A Watch List rating indicates a material increase in default risk, but the loans are not in default and remain on an accrual basis. These accounts are subject to enhanced monitoring. As of June 30, 2025, Watch List accounts represented 17.3% of the authorized portfolio. The security provided for these Watch List facilities is substantial and no losses are expected.

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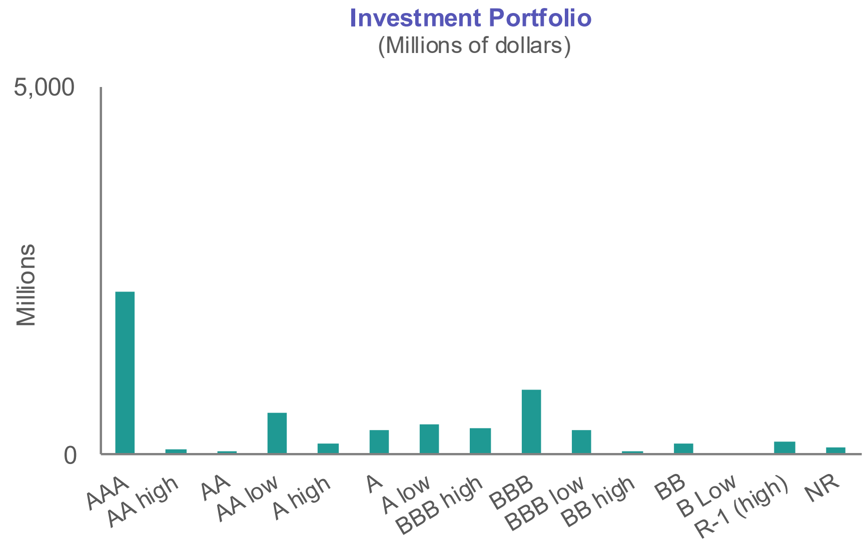
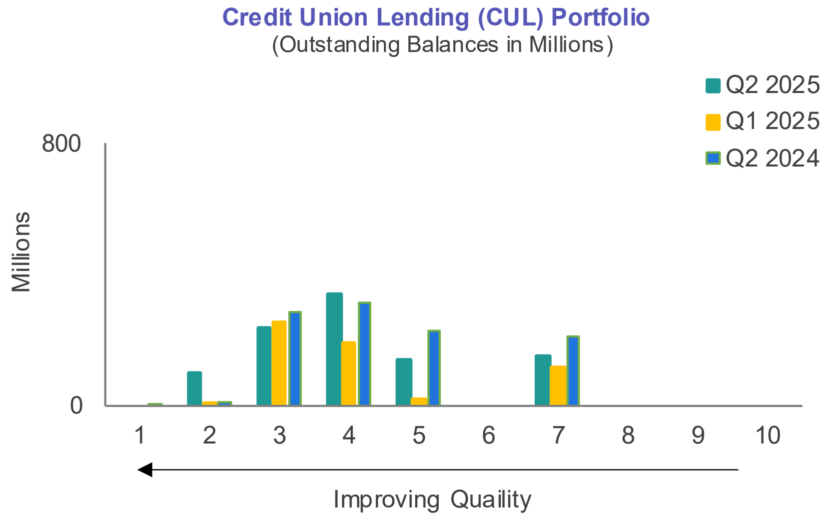
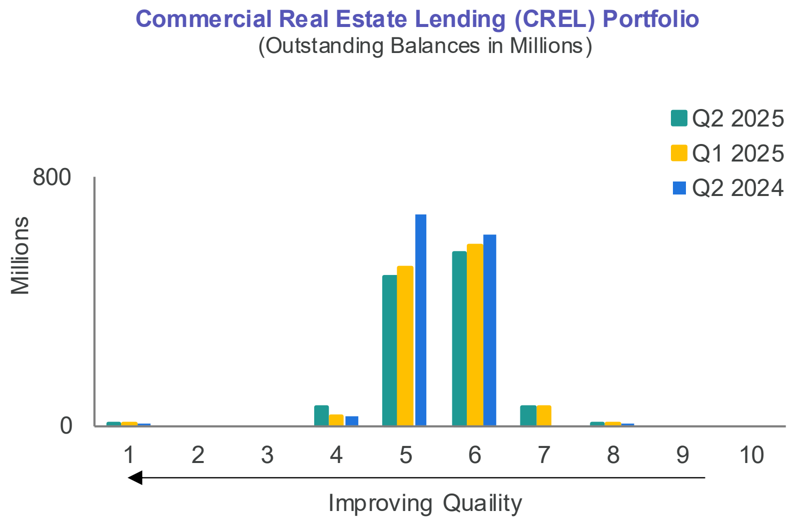
Commercial Real Estate Lending

As at June 30, 2025, there were five accounts classified as Stage 3, credit-impaired, representing 5.2% of the outstanding portfolio balance. The credit-impaired loans are secured by a first priority security interest over real estate assets and are subject to close monitoring. Two accounts representing 2.9% of the portfolio balance have experienced a significant increase in credit risk and were classified as Stage 2. Subsequent to quarter end, one Stage 2 account and one of Stage 3 accounts were paid in full in July 2025.







Counterparty Risk

Within the Treasury operations, Central 1 incurs counterparty risk by entering into contracts with counterparties in return for a bilateral value-exchange of services. Counterparty credit risk is the risk of financial loss caused by the inability of a counterparty to fulfill its obligation to deliver on the terms of a contract at the agreed-upon time in a value-exchange transaction (i.e., derivative and repo-style transactions) after Central 1 has fulfilled its own obligation.

Counterparty credit risk is managed within the same risk assessment process as credit risk and continues to be assessed by management as low given the quality of counterparties being government entities, banks with external credit ratings A-Low to AAA (Morningstar DBRS), and Central 1's own credit union system where a robust internal risk rating regime is utilized.

Liquidity Risk

Liquidity Risk is the potential for financial loss resulting from the inability to meet cash-flow obligations in a timely or cost-effective manner. Liquidity risk arises when sources of funds become insufficient to meet scheduled payments and settlements, from systemic market and credit events, or from unexpected changes in the liquidity needs of our members.

Our sound liquidity management framework ensures continuous liquidity support for the credit union system, both in normal and stressed market conditions. Central 1 actively monitors the liquidity and funding needs of the credit union system, ready to address the liquidity requirements of its credit union members as required. To enhance preparedness for an exceptional liquidity event within the credit union system, Central 1 has strengthened its Enterprise-wide Stress Testing framework. In addition, the Contingency Funding Plan is regularly updated, and a new decision-making framework and other tools for managing a liquidity crisis will be developed to bolster Central 1's operational readiness.

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Central 1’s liquidity position remains strong, supported by a portfolio of marketable liquid securities. The majority of these are either classified as High-Quality Liquid Assets (HQLA) under OSFI’s Liquidity Coverage Ratio stress test (LCR) or are eligible for pledging as collateral under the Bank of Canada (BoC)’s Standing Liquidity Facility (SLF).

The LCR demonstrates a financial institution’s ability to meet 30-day cash flow requirements under stressed conditions. It assumes significant withdrawals of eligible deposits, increased utilization of committed credit facilities, no new extension or issuance of capital markets debt, and that only highly liquid assets can be sold to raise cash subject to a haircut of their market value. Central 1 uses the OSFI LCR for its risk appetite statement limit and regulatory reporting. While Central 1 is expected to maintain at least 100% LCR under normal conditions, under stressed conditions Central 1 may use HQLA which could result in an LCR below 100%.

In addition, Central 1 monitors its structural and contingent liquidity risk using the Net Cumulative Cash Flow (NCCF) metric. This analysis enables us to assess risks arising from funding mismatches between assets and liabilities, considering potential asset devaluations, declines in market confidence, and reductions in its funding capacity. Central 1 reports OSFI LCR and NCCF to the BCFSA on a monthly basis.

As of June 30, 2025, Central 1’s OSFI LCR has sufficient surplus over internal targets and regulatory minimum. HQLA level 1 (consists of deposits with central bank, highly rated securities issued or guaranteed by governments, public sector entities, central banks and multilateral development banks) accounts for 83% of Central 1’s total HQLA. Aside from the HQLA eligible under OSFI LCR, Central 1 has other liquid assets that would be available during a period of stress.

	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	LTM Average[1]
OSFI LCR	**152.0%**	159.8%	157.2%	150.7%	126.6%	147.4%

[1]Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months from the reporting date

At the end of the second quarter of 2025, the NCCF indicates that Central 1 had sufficient asset liquidity to meet its net cash flow obligations for up to 12 months under a liquidity scenario involving both idiosyncratic and systemic stresses.

Central 1 continues to closely monitor its own liquidity risk exposures, as well as those of the broader credit union system. In the event that credit unions’ liquidity and funding positions are materially affected by factors such as, but not limited to, economic uncertainty or market volatility, Central 1 remains well-positioned to provide liquidity support.

Market Risk

Market risk is the risk of financial loss in Central 1’s positions resulting from movements in market rates (interest rates, foreign exchange rates, credit spreads) and market prices that negatively impact market values or expected earnings. Central 1’s exposure to market risk varies with market conditions and the composition of our investment, securitization, and derivative portfolios.

Central 1 manages this exposure through a comprehensive set of governance and management processes. Our overall appetite for market risk and aggregate market risk exposure limits are defined in the internally prepared Risk Appetite Statements (RAS), while our Market Risk Policy outlines the key principles governing our market risk management. Central 1 does not pursue returns beyond what is necessary to fulfill its primary mandate of safeguarding system liquidity.

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Central 1 monitors market risk exposure using measures such as interest rate and credit spread sensitivity, foreign exchange (FX) exposure limits, and stress tests. Additionally, we employ Value-at-Risk (VaR), Expected Shortfall (ES), and Stressed Value-at-Risk (SVaR) to monitor overall market risk levels.

Value at Risk

VaR is a statistical measure of potential losses in portfolio market value due to changes in market prices and rates. Central 1 calculates VaR for a 1-day holding period at a 99% confidence interval. This means that portfolio losses are not expected to exceed the calculated VaR more than one out of every 100 business days. This calculation uses a historical simulation approach based on 500 business days (two years) of historically observed changes in interest rates, foreign exchange rates, and credit spreads. Total VaR assesses the cumulative impact of these changes on portfolio values, while VaR by Risk Factor analyzes the changes in isolation. ES is the estimated size of the loss for the one business day where portfolio losses exceed VaR at a 99% confidence interval.

To mitigate interest rate and foreign exchange risk, Central 1 aligns its Treasury asset and liability portfolios by term and currency. Throughout the second quarter of 2025, the Total 1-Day VaR -and ES slightly decreased.

	Treasury		Last 12 Months		
$ millions	**Q2 2025**	**Q2 2024**	**Average**	**High**	**Low**
Interest Rate VaR	**$ 1.9**	$ 2.1	$ 1.8	$ 2.4	$ 1.4
Credit Spread VaR	**2.1**	2.0	2.2	2.7	1.8
Foreign Exchange VaR	**2.0**	1.8	1.7	2.5	1.0
Diversification[1]	**(2.2)**	(2.6)	(2.3)	nm	nm
Total VaR	**$ 3.9**	$ 3.3	$ 3.5	$ 5.1	$ 2.9
Expected Shortfall	**$ 5.3**	$ 3.4	$ 4.5	$ 6.1	$ 3.5

[1]Total VaR is less than the sum of Risk Factors' VaR as a result of diversification and offsetting risk factors.

nm - not meaningful to calculation

Stress Testing

In addition to conducting generic stress testing scenarios, Central 1 calculates SVaR to quantify portfolio market risk under stressed market conditions. SVaR is calculated using the same methodology as VaR, except that it is calibrated to historical data from a continuous 1-year period of significant financial stress for current portfolios. SVaR is calculated for 1-day and 10-day horizons at a 99% confidence interval. Treasury SVaR is currently calibrated to 2008/2009. Throughout the second quarter of 2025, SVaR has remained stable and within normal historical ranges.

	Treasury		Last 12 Months		
$ millions	**Q2 2025**	**Q2 2024**	**Average**	**High**	**Low**
1-Day SVaR	**$ 13.7**	$ 10.0	$ 11.5	$ 14.6	$ 10.2
10-Day SVaR	**$ 25.5**	$ 22.8	$ 22.8	$ 31.2	$ 17.7

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Foreign Exchange Rate Exposure

Central 1 historically does not run material FX risk on its portfolio. Our FX exposure is largely concentrated in U.S. dollar, and a small amount of FX exposure is held in other major currencies from foreign exchange services and products offered to member credit unions and other clients. The risk associated with fluctuating foreign currency values is managed by monitoring and limiting FX balances, utilizing FX derivatives to hedge exposures, and through VaR monitoring and limits.

$ millions, as at June 30, 2025	Balance Sheet in Native Currency	Off-Balance Sheet Items - Foreign Exchange Forwards	Net Position in Native Currency	BOC Closing Rate	CAD Equivalent
USD	$ (3.9)	$ (0.6)	$ (4.4)	1.3625	$ (6.0)

During the second quarter of 2025, Canadian financial markets experienced elevated volatility driven by external uncertainty surrounding tariff policies and broader global fiscal developments. In April, Canadian credit spreads widened in tandem with global markets amid deteriorating risk sentiment. However, as the anticipated implementation of tariffs was delayed and investors confidence gradually improved, credit spreads narrowed through May and June.

The Canadian interest rate yield curve bear steepened over the quarter, with long-term yields rising significantly more than short-term yields. This movement reflected a repricing of global term premia and was influenced by spillover effects from the U.S. fiscal policy developments. The Canadian dollar posted a modest appreciation toward the end of the quarter, in line with shifting investor sentiment.

Looking ahead to the third quarter of 2025, Canadian financial markets are expected to remain susceptible to external shocks, including evolving trade dynamics and geopolitical developments. Elevated longer-term yields may persist if global fiscal concerns remain unresolved, and credit spreads could widen should risk sentiment deteriorate.

Central 1 continues to closely monitor market developments and conducts regular stress testing and scenario analysis focused on interest rate, credit, and foreign exchange exposure, to proactively manage risk across its portfolios.

The ALCO oversees Central 1’s financial risks, ensuring that the credit, market and liquidity risks are adequately understood, are adhered to internal policies and standards, identify and review critical and emerging risks, review strategies, capital allocations, and key metrics are regularly reviewed.

Operational Risk

Operational risk is the risk of loss resulting from people, inadequate or failed internal processes, and systems or from external events. Operational risk is inherent in all our activities and third-party activities and failure to manage it can result in direct or indirect financial loss, reputational impact or regulatory scrutiny. In the normal course of business, operational risks are managed through implementing and adhering to policies and controls that are fundamental to the operating infrastructure.

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Top and Emerging Risks

An important component of our risk management approach is to ensure that top and emerging risks are identified, actively managed and incorporated into our existing risk management assessment, measurement and monitoring processes.

Top risks are known, immediate and currently managed risks that management considers to be of prime importance and if not actively managed could have severe financial, operational or reputational impact. Emerging risks are risks that are newly developing or rapidly changing. They are difficult to quantify and may have a major impact on Central 1 and the credit union system.

Top and emerging risks are discussed by senior management and the Board on a regular basis.

U.S. – Canada Trade relations:

The ongoing uncertainty in the U.S. – Canada trade relations, particularly with respect to tariffs and cross-border policy shifts, continues to pose a potential risk to the Canadian economy, and by extension, to Central 1 and to the broader Credit Union System. These dynamics are creating unpredictability in market conditions, widening credit spreads, movements in interest rates and foreign exchange, and members' business activity, all of which can impact financial performance and squeeze liquidity.

Perspectives on how tariffs and broader economic uncertainty could impact our core risk categories:

Market risk

- Increased Volatility & Market Uncertainty: Unpredictable tariff measures, policy shifts, and geopolitical issues elevate overall market volatility, leading to sudden repricing across asset classes.
- Investor Risk-Off Behavior: Heightened uncertainty pushes investors into safe-haven assets, reducing demand for riskier assets.
- Credit Spread Risk: Credit spreads widen as investor risk-off behavior and investors reassess corporate earnings and default probabilities, especially in sectors exposed to trade and global demand and securities with high-risk premiums.
- Interest Rate Risk: Canadian dollar yield curve steepened, and volatility increased.
- FX Risk: Volatility increased. Insignificant impact to Central 1 given the size of the FX position.

Liquidity risk

- Potential decline in members' deposits with Central1 when members will experience deposits run-off in their balance sheets.
- Members may be drawing down on their credit/liquidity facilities with Central 1 much more than their normal usage.
- Potential lower lending activity in some credit unions may result in higher liquidity, which they will either place in Central 1 or high-quality liquid investments.

Credit risk

- CREL: Expected increase in delinquencies and higher probability of default of commercial borrowers. Higher ECL allowances for Central 1.
- Credit Union Lending: Vulnerability of credit unions with geographic or member base concentrated in trade-sensitive areas can result in increased delinquencies and loan loss provisions; lower lending activity.

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Capital Adequacy risk

- Market volatility will result in fair value changes for Central 1's security portfolio and result in volatility on the capital ratios. The widening of credit spreads would result in losses and pressure on capital ratios.
- The unplanned increase in deposit balances if there is a slowdown in consumer spending will also put pressure on Central 1's capital ratio.

While the ultimate outcomes remain unclear, we are taking a cautious and proactive approach by closely monitoring developments, engaging in scenario analysis, and applying stress testing to our portfolios. This ensures we remain resilient and well-positioned to support the system sustainably, even in the face of continued volatility.

Accounting Matters

Future Accounting Policies

We monitor the potential changes proposed by the International Accounting Standards Board (IASB) and analyse the effect that changes in the standards may have on Central 1's financial reporting and accounting policies.

Refer to Note 5 of Central 1's annual audited consolidated financial statements for the year ended December 31, 2024 and Note 2 of the unaudited Interim Consolidated Financial Statements.

Use of Estimates and Judgements

In preparing these Interim Consolidated Financial Statements, management has exercised judgements and made estimates and assumptions that affect the application of Central 1's accounting policies and the carrying amounts of assets, liabilities, income and related disclosures. The most significant areas for which management must make subjective or complex estimates and judgements include the measurement of provision for onerous contracts and ECL.

Judgement, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The new tariffs imposed by the U.S. Federal Government on U.S. imports along with the retaliation actions taken by its trading partners has heightened the uncertainty for Canadian economy. The full impact on Central 1's results of operations and financial conditions remains unknown. Developing reliable estimates and applying appropriate judgment for the purposes of preparing Central 1's Interim Consolidated Financial Statements are substantially complex and inherently uncertain.

While management makes its best estimates and assumptions, actual results may differ from those estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis with revisions to estimates being recognized prospectively.

Internal Controls over Financial Reporting

No changes were made in our internal controls over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Related Party Disclosures

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Central 1, which include Central 1’s Executive Management and Vice-Presidents and their close family members. There was no outstanding balance against key management personnel as on June 30, 2025 and December 31, 2024.

Details of our related party disclosures were disclosed in Note 25 of the Interim Consolidated Financial Statements.

Glossary of Financial Terms

Basis Point (bps) is one one-hundredth of a percentage point.

Borrowing Multiple is the ratio of our total borrowings to regulatory capital.

Commitments to extend credit are amounts in undrawn credit facilities and unutilized lending arrangements that have been authorized to our members.

Credit Spread is the difference between the yield of a given debt security and the yield of a risk-free government bond with similar maturity.

Derivatives are contracts which require little or no initial investment and where payments between parties are “derived” from movements in interest or foreign exchange rates, indices, equities or commodity prices. Derivatives allow for the transfer, modification or reduction of current or expected risks from changes in rates and prices.

Earnings Per Share (EPS) is calculated by dividing profit by the average number of member common shares outstanding.

Provision for credit losses is the difference between the contractual cash flows due in accordance with relevant contractual terms and the cash flows that we expect to receive, discounted to the balance sheet date.

Fair Value is the amount of consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

Group Clearer is the arrangement whereby we are appointed as the group clearing member of the Payments Canada that, on its own behalf and on behalf of the clearing Centrals, exchanges payment items and effects clearing and settlement into the Payments Canada system.

Net Interest Income is the difference between the amounts of interest earned on interest bearing assets less the amounts of interest paid on liabilities that have interest charges associated with them and include both on- and-off-balance sheet financial instruments.

Liquidity is the ability to meet debt obligations, guarantees and commitments as they become due through the use of cash or the conversion of assets that are readily convertible to cash.

Mark-to-Market represents the valuation of securities and derivatives at market rates as of the balance sheet date, where required by accounting rules.

Net Operating Income is a performance measure used to describe the B.C. and Ontario credit union systems. It is the source of retained earnings and is equal to net operating income after income taxes, but before dividends, patronage refunds, charitable donations, capital gains/extraordinary items and other comprehensive income.

Non-Interest Income consists of income excluding net interest income, derived from activities related to our other core business operations. This includes income generated from fees, dues and equity income, plus realized and unrealized gains or losses on financial instruments.

Non-Interest Expense consists of expense incurred from activities not related to our core business operations.

Securities lending transactions in which the owner of securities agrees to lend it under the terms of a contract to a borrower for a fee. Collateral for the underlying transaction consists of either securities or cash.

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Interim Consolidated Financial Statements

As at and for the Periods Ended June 30, 2025 and 2024

Interim Consolidated Statement of Financial Position (Unaudited)

$ thousands, as at	Notes	Jun 30 2025	Dec 31 2024
Assets			
Cash and cash equivalents	4	**$ 1,538,345**	$ 653,055
Settlements in-transit assets		**309,811**	415,161
Securities	5	**6,432,388**	6,818,312
Loans	6	**1,828,130**	1,843,106
Derivative assets	7	**78,203**	108,679
Current tax assets		**2,717**	5
Assets held for sale	9	**6,737**	6,182
Property and equipment		**2,925**	3,949
Intangible assets		**19,703**	18,416
Investments in affiliates		**90,597**	89,917
Deferred tax assets		**36,453**	31,602
Other assets	10	**50,717**	48,371
Total assets		**$ 10,396,726**	$ 10,036,755
Liabilities			
Settlements in-transit liabilities		**$ 1,028,020**	$ 440,047
Deposits	11	**5,679,479**	5,246,499
Obligations related to securities sold short		**-**	32,526
Securities under repurchase agreements		**335,895**	691,268
Securitization liabilities	12	**159,152**	436,761
Derivative liabilities	7	**57,014**	64,705
Debt securities issued	13	**2,044,880**	2,054,651
Subordinated liabilities	14	**197,977**	195,456
Other liabilities	15	**108,099**	79,476
Total liabilities		**9,610,516**	9,241,389
Equity			
Share capital	16	**43,401**	43,401
Retained earnings		**734,040**	746,668
Accumulated other comprehensive income		**8,769**	5,297
Total equity		**786,210**	795,366
Total liabilities and equity		**$ 10,396,726**	$ 10,036,755
Guarantees, commitments, contingencies and pledged assets	22		
Subsequent event	26		

Approved by the Directors:

"Shelley McDade"

Shelley McDade
Chair

"Paul Challinor"

Paul Challinor
Chair
Audit and Finance Committee

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Income (Loss) (Unaudited)

$ thousands	Notes	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Interest income					
Securities		$ **58,364**	$ 66,997	$ **117,402**	$ 139,016
Loans		**23,546**	34,445	**48,359**	66,426
		81,910	101,442	**165,761**	205,442
Interest expense					
Deposits		**33,091**	54,535	**68,962**	106,880
Debt securities issued		**27,051**	35,895	**56,404**	71,895
Subordinated liabilities		**1,196**	1,189	**2,378**	2,378
		61,338	91,619	**127,744**	181,153
Net interest income	17	**20,572**	9,823	**38,017**	24,289
Net fair value gains	18	**18,383**	18,765	**10,996**	53,223
Non-interest income	19	**41,056**	40,380	**80,800**	82,135
Total revenue		**80,011**	68,968	**129,813**	159,647
Provision for (recovery of) credit losses	8	**638**	(340)	**474**	(157)
Non-interest expense					
Salaries and employee benefits		**27,554**	32,343	**57,448**	62,914
Management information systems		**7,070**	5,119	**12,562**	9,703
Depreciation and amortization		**656**	700	**1,374**	2,332
Provision for (release of) onerous contracts	15	**(2,319)**	-	**32,731**	-
Other administrative expense	20	**20,515**	13,462	**36,624**	27,823
		53,476	51,624	**140,739**	102,772
Income (loss) before income taxes		**25,897**	17,684	**(11,400)**	57,032
Income tax expense (recovery)		**4,490**	4,582	**(8,779)**	15,055
Net income (loss)		$ **21,407**	$ 13,102	$ **(2,621)**	$ 41,977

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Comprehensive Income (Loss) (Unaudited)

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Net income (loss)	**$ 21,407**	$ 13,102	**$ (2,621)**	$ 41,977
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to net income				
Fair value reserves (securities at fair value through other comprehensive income)				
Net change in fair value of debt securities at fair value through other comprehensive income	**1,138**	2,932	**2,202**	6,944
Reclassification of realized gain to net income	**180**	434	**176**	434
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	**(13)**	12	**80**	26
	1,305	3,378	**2,458**	7,404
Items that will not be reclassified subsequently to net income				
Net change in fair value due to change in own credit risk on financial liabilities designated under the fair value option	**(2,378)**	2,827	**1,007**	(6,910)
Total other comprehensive income (loss), net of tax	**(1,073)**	6,205	**3,465**	494
Total comprehensive income, net of tax	**$ 20,334**	$ 19,307	**$ 844**	$ 42,471

Income Taxes – Other Comprehensive Income (Loss)

The following table shows income tax expense (recovery) for each component of other comprehensive income (loss):

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Income tax expense (recovery) on items that may be reclassified subsequently to net income				
Fair value reserves (securities at fair value through other comprehensive income)				
Net change in fair value of debt securities at fair value through other comprehensive income	**$ 419**	$ 1,080	**$ 828**	$ 2,558
Reclassification of realized gain to net income	**67**	160	**65**	160
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	**(2)**	2	**12**	4
Income tax expense (recovery) on items that will not be reclassified subsequently to net income				
Net change in fair value due to change in own credit risk on financial liabilities designated under the fair value option	**(876)**	1,042	**371**	(2,545)
	$ (392)	$ 2,284	**$ 1,276**	$ 177

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Changes in Equity (Unaudited)

$ thousands	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Total Equity
Balance as at December 31, 2024	$ 43,401	$ 746,668	$ 2,925	$ (3,149)	$ 5,521	**$ 795,366**
Total comprehensive income, net of tax						
Net loss		(2,621)				**(2,621)**
Other comprehensive income, net of tax						
Fair value reserve (securities at fair value through other comprehensive income)			2,378			**2,378**
Share of other comprehensive loss of affiliates accounted for using the equity method			80			**80**
Liability credit reserve				1,007		**1,007**
Total comprehensive income (loss)	-	(2,621)	2,458	1,007	-	**844**
Transactions with owners, recorded directly in equity						
Dividends to members		(10,000)				**(10,000)**
Reclassification of liability credit reserve on derecognition[1]		(7)		7		**-**
Balance as at June 30, 2025	**$ 43,401**	**$ 734,040**	**$ 5,383**	**$ (2,135)**	**$ 5,521**	**$ 786,210**

[1]Transfer of accumulated own credit risk adjustments on derecognition of financial liabilities designated at FVTPL.

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Changes in Equity (Unaudited)

$ thousands	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Total Equity
Balance as at December 31, 2023	$ 43,401	$ 682,526	$ (8,585)	$ 3,811	$ 4,831	$ 725,984
Total comprehensive income, net of tax						
Net Income		41,977				41,977
Other comprehensive income, net of tax						
Fair value reserve (securities at fair value through other comprehensive income)			7,378			7,378
Share of other comprehensive income of affiliates accounted for using the equity method			26			26
Liability credit reserve				(6,910)		(6,910)
Total comprehensive income (loss)	-	41,977	7,404	(6,910)	-	42,471
Transactions with owners, recorded directly in equity						
Class "B" shares redeemed (Note 16)	(1)					(1)
Reclassification of liability credit reserve on derecognition[1]		(39)		39		-
Balance as at June 30, 2024	$ 43,400	$ 724,464	$ (1,181)	$ (3,060)	$ 4,831	$ 768,454

[1]Transfer of accumulated own credit risk adjustments on derecognition of financial liabilities designated at FVTPL.

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Cash Flows (Unaudited)

$ thousands		For the three months ended Jun 30 2025		Jun 30 2024		For the six months ended Jun 30 2025		Jun 30 2024
Cash flows from (used in) operating activities								
Net income (loss)	$	**21,407**	$	13,102	$	**(2,621)**	$	41,977
Adjustments for:								
Depreciation and amortization		**656**		700		**1,374**		2,332
Net interest income		**(20,572)**		(9,823)		**(38,017)**		(24,289)
Net fair value gains		**(18,383)**		(18,765)		**(10,996)**		(53,223)
Provision for (release of) onerous contracts		**(2,319)**		-		**32,731**		-
Unwinding of discount and effect of changes in discount rate on provisions		**965**		-		**965**		-
Provision for (recovery of) credit losses		**638**		(340)		**474**		(157)
Dividend income		**(36)**		(36)		**(2,160)**		(2,688)
Equity interest in affiliates		**(81)**		244		**356**		1,023
Income tax expense (recovery)		**4,490**		4,582		**(8,779)**		15,055
		(13,235)		(10,336)		**(26,673)**		(19,970)
Change in settlements in-transit assets		**237,171**		(3,690)		**105,350**		73,384
Change in securities		**(12,390)**		18,607		**142,271**		425,157
Change in loans		**109,931**		(69,215)		**13,496**		(489,972)
Change in derivative assets and liabilities		**1,310**		27,041		**7,710**		57,562
Change in settlements in-transit liabilities		**(448,501)**		(175,798)		**587,973**		129,395
Change in deposits		**545,000**		367,703		**431,802**		291,441
Change in securities under repurchase agreements		**(122,572)**		(107,911)		**(354,840)**		(339,533)
Change in obligations related to securities sold short		**(10,955)**		44,522		**(33,414)**		44,563
Change in other assets and liabilities		**(7,622)**		11,281		**(11,162)**		(24,050)
Interest received		**87,039**		113,078		**164,068**		209,716
Interest paid		**(70,779)**		(101,752)		**(121,294)**		(168,804)
Income tax received		**-**		-		**-**		671
Income tax paid		**(20)**		(30)		**(60)**		-
Net cash from operating activities		**294,377**		113,500		**905,227**		189,560

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Cash Flows (Unaudited) (continued)

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Cash flows from (used in) investing activities				
Purchase of reinvestment assets under the CMB Program - NHA MBS Securities	**(42,365)**	(19,959)	**(63,537)**	(29,992)
Maturity of reinvestment assets under the CMB Program - NHA MBS Securities	**31,934**	30,288	**85,722**	60,970
Change in reinvestment assets under the CMB Program - Reverse repos	**382,206**	129,840	**257,063**	71,216
Property and equipment - net	**534**	(232)	**125**	(491)
Intangible assets - net	**(2,265)**	103	**(2,317)**	(40)
Dividend received	**36**	36	**2,160**	2,688
Investments in affiliates - net	**-**	47	**(944)**	(1,889)
Net cash from investing activities	**370,080**	140,123	**278,272**	102,462
Cash flows from (used in) financing activities				
Change in debt securities issued - Commercial paper	**(13,948)**	50,749	**(12,779)**	(52,407)
Repayment of lease liabilities	**(106)**	(226)	**(211)**	(325)
Change in securitization liabilities	**(371,775)**	(140,169)	**(279,248)**	(102,194)
Dividends paid	**-**	-	**(10,000)**	-
Redemption of Class B shares	**-**	(1)	**-**	(1)
Net cash used in financing activities	**(385,829)**	(89,647)	**(302,238)**	(154,927)
Effect of exchange rate changes on cash and cash equivalents	**(8,325)**	(21,767)	**4,029**	(10,432)
Increase in cash and cash equivalents	**270,303**	142,209	**885,290**	126,663
Cash and cash equivalents - beginning of period	**1,268,042**	1,836,953	**653,055**	1,852,499
Cash and cash equivalents - end of period	**$ 1,538,345**	$ 1,979,162	**$ 1,538,345**	$ 1,979,162

See accompanying Notes to the Interim Consolidated Financial Statements

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1. Reporting Entity

Central 1 Credit Union (Central 1) is domiciled in Canada with a registered office located at 1441 Creekside Drive, Vancouver, British Columbia V6J 4S8, Canada. Central 1 is governed by the *Credit Union Incorporation Act (British Columbia)*. These Interim Consolidated Financial Statements include Central 1 and its subsidiaries.

Central 1 provides financial and payment products and services for over 300 financial institutions across Canada, including its member credit unions in British Columbia (B.C.) and Ontario.

2. Basis of Presentation

Basis of Accounting

These Interim Consolidated Financial Statements have been prepared on a condensed basis in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) using the same accounting policies as disclosed in Central 1's Annual Consolidated Financial Statements for the year ended December 31, 2024, except as outlined below.

As these Interim Consolidated Financial Statements do not include all of the annual financial statements' disclosures required under the IFRS Accounting Standards, they should be read in conjunction with Central 1's Annual Audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2024.

Certain comparative figures have been reclassified to conform with the current year's presentation.

These Interim Consolidated Financial Statements were authorized for issue by the Board of Directors on August 28, 2025.

Provisions

Provisions are recognized when Central 1 has a present obligation (legal or constructive) as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation.

Provisions are measured based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation. The carrying amounts of provisions and the discount rate applied are regularly reviewed and adjusted for new facts or changes in financial markets.

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. The provision for onerous contracts is measured at the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Before an onerous contract provision is determined, all assets used in fulfilling the contract are tested for impairment.

Future Accounting Policies

There have been no significant updates from the future accounting policies disclosed in Note 5(s) of Central 1's Annual Audited Consolidated Financial Statements for the year ended December 31, 2024.

3. Use of Estimates and Judgements

In preparing these Interim Consolidated Financial Statements, management has exercised judgements and made estimates and assumptions that affect the application of Central 1's accounting policies and the carrying amounts of assets, liabilities, income and related disclosures. The most significant areas for which management must make subjective or complex estimates and judgements include the measurement of expected credit losses (ECL) and provision for onerous contracts.

Judgement, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The new tariffs imposed by the U.S. Federal Government on U.S. imports along with the retaliation actions taken by its trading partners has heightened the uncertainty for the Canadian economy. The full impact on Central 1's results of operations and financial conditions remains unknown. Developing reliable estimates and applying appropriate judgement for the purposes of preparing Central 1's Interim Consolidated Financial Statements are substantially complex and inherently uncertain.

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While management makes its best estimates and assumptions, actual results may differ from those estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis with revisions to estimates being recognized prospectively.

Provision for Onerous Contracts

In determining provision for onerous contracts, management applies judgements and makes assumptions regarding the unavoidable costs of fulfilling the contracts and expected benefits to be received under them. Due to the inherent uncertainty associated with the estimation of these provisions, changes in assumptions or the occurrence of unforeseen events could result in material adjustments to the provision in future reporting periods.

Key assumptions used in the calculation of provision for onerous contracts include:

- **Client Transition Timing**: Estimates regarding the timing of when clients are expected to transition off the Forge Digital Banking Platform, which directly affects the duration and magnitude of revenues and ongoing obligations; and
- **Operating Expenses**: Projected operating expenses, including both direct costs attributable to service delivery and infrastructure, as well as Enterprise IT support costs necessary to maintain the platform during the transition period.

4. Cash and Cash Equivalents

$ thousands, as at		Jun 30 2025		Dec 31 2024
With Bank of Canada	$	**1,493,259**	$	534,512
With other regulated financial institutions		**45,086**		118,543
	$	**1,538,345**	$	653,055

Central 1 is required to maintain reserves with certain financial institutions, totalling $0.2 million as at June 30, 2025 (December 31, 2024 - $0.4 million).

5. Securities

$ thousands, as at		Jun 30 2025		Dec 31 2024
Mandatorily at FVTPL				
Government and government guaranteed securities	$	**1,900,347**	$	2,089,065
Corporate and major financial institutions				
AA low or greater		**1,299,543**		1,326,235
A (high) to A (low)		**807,137**		704,510
BBB (high) to BB		**1,479,432**		1,250,225
Equity instruments		**41,003**		40,801
Fair value	$	**5,527,462**	$	5,410,836
Securities FVOCI				
Government and government guaranteed securities	$	**271,720**	$	491,537
Corporate and major financial institutions				
AA low or greater		**186,029**		187,948
A (high) to A (low)		**50,727**		2,101
BBB (high) to BB High		**237,298**		289,129
Fair value	$	**745,774**	$	970,715

$ thousands, as at		Jun 30 2025		Dec 31 2024
Reinvestment assets under the CMB Program				
Mandatorily at FVTPL				
Government and government guaranteed securities	$	**159,152**	$	179,698
Fair value	$	**159,152**	$	179,698

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$ thousands, as at		Jun 30 2025		Dec 31 2024
Amortized cost				
Assets acquired under reverse repurchase agreements	$	**-**	$	257,063
Total reinvestment assets under the CMB Program	$	**159,152**	$	436,761
Total	$	**6,432,388**	$	6,818,312

As of June 30, 2025, securities with a fair value totalling $1.0 billion (December 31, 2024: $1.0 billion) were pledged to the Bank of Canada and Group Clearer in accordance with *the Bank of Canada Pledge Agreement* and *Group Clearer Pledge Agreement* (Note 22) as collateral for Central 1 to manage the liquidity risk relating to the clearing and settlement activities of Group Clearer.

6. Loans

The following table presents loans that are classified as Amortized cost:

$ thousands, as at		Jun 30 2025		Dec 31 2024
Amortized cost				
Due on demand				
Credit unions	$	**478,348**	$	229,664
Commercial and others		**10,049**		60,080
		488,397		289,744
Term				
Credit unions		**45,000**		-
Commercial and others		**1,154,786**		1,243,031
Reverse repurchase agreements		**143,651**		312,555
		1,343,437		1,555,586
		1,831,834		1,845,330
Accrued interest		**4,474**		5,436
		1,836,308		1,850,766
Allowance for credit losses (Note 8)		**(8,178)**		(7,660)
Carrying value	$	**1,828,130**	$	1,843,106

7. Derivative Instruments

Hedge Accounting

Central 1 uses interest rate swaps to hedge its exposure to changes in the fair value of selected securities at fair value through other comprehensive income (FVOCI) and medium-term notes due to changes in interest rates. The terms of these interest rate swaps are largely matched to the terms of the specific hedged items that are designated as hedging. Hedging instruments are recorded at fair value, and medium-term notes that are part of a hedging relationship are adjusted for the changes in fair value attributable to the risk being hedged (fair value hedge adjustment). To the extent that the change in the fair value of the hedging instruments does not offset changes in the fair value of the hedged item (hedge ineffectiveness), the net amount is recorded directly in the Interim Consolidated Statement of Income (Loss).

The amounts related to hedged items and results of the fair value hedges are as follows:

$ thousands, for the three months ended June 30	2025 Fair value hedge adjustment - gains (losses)	2025 Change in the fair value on hedging instruments - gains (losses)	2025 Hedge ineffectiveness recorded in net income (loss)	2024 Fair value hedge adjustment - gains (losses)	2024 Change in the fair value on hedging instruments - gains (losses)	2024 Hedge ineffectiveness recorded in net income (loss)
Securities at FVOCI[1]	$ (1,385)	$ 1,972	$ 587	$ 1,237	$ (1,212)	$ 25
Debt securities issued	2,775	(2,700)	75	(2,414)	2,647	233

[1]The designation of securities at FVOCI in a hedging relationship moves the changes in fair value due to interest rate risk from other comprehensive income (loss) to net income (loss)

$ thousands, For the six months ended June 30	2025 Fair value hedge adjustment - gains (losses)	2025 Change in the fair value on hedging instruments - gains (losses)	2025 Hedge ineffectiveness recorded in net income (loss)	2024 Fair value hedge adjustment - gains (losses)	2024 Change in the fair value on hedging instruments - gains (losses)	2024 Hedge ineffectiveness recorded in net income (loss)
Securities at FVOCI[1]	$ 1,620	$ (573)	$ 1,047	$ 111	$ (99)	$ 12
Debt securities issued	134	72	206	3,733	(3,387)	346

[1]The designation of securities at FVOCI in a hedging relationship moves the changes in fair value due to interest rate risk from other comprehensive income (loss) to net income (loss)

$ thousands, as at	June 30, 2025 Notional value of hedged items	June 30, 2025 Carrying value of hedged items[2]	June 30, 2025 Carrying value of hedging instruments	June 30, 2025 Accumulated fair value hedge adjustment	December 31, 2024 Notional value of hedged items	December 31, 2024 Carrying value of hedged items[2]	December 31, 2024 Carrying value of hedging instruments	December 31, 2024 Accumulated fair value hedge adjustment
Securities at FVOCI[1]	$ 201,156	$ 190,953	$ (5,552)	$ 7,927	$ 201,156	$ 187,622	$ (4,979)	$ 6,307
Debt securities issued	650,000	(659,340)	6,810	(5,962)	650,000	(659,101)	6,738	(6,096)

[1]The designation of securities at FVOCI in a hedging relationship moves the changes in fair value due to interest rate risk from other comprehensive income (loss) to net income (loss)

[2]Represents the carrying value in the Interim Consolidated Statement of Financial Position and includes amortized cost, before allowance for credit losses, plus fair value hedge adjustments, except for FVOCI securities that are carried at fair value.

8. Provision for (Recovery of) Credit Losses

$ thousands, as at June 30, 2025	Stage 1	Stage 2	Stage 3[1]	Total
Financial assets at amortized cost				
Balance as at December 31, 2024	$ 4,727	$ 1,755	$ 1,178	$ **7,660**
Provision for (recovery of) credit losses:				
Transfers in (out)	770	(1,600)	830	**-**
Purchases and originations	667	-	-	**667**
Derecognitions and maturities	(1,244)	-	-	**(1,244)**
Remeasurements	(907)	1,144	858	**1,095**
Total provision for (recovery of) credit losses	(714)	(456)	1,688	**518**
Balance as at June 30, 2025	**$ 4,013**	**$ 1,299**	**$ 2,866**	**$ 8,178**
Financial assets at FVOCI				
Balance as at December 31, 2024	$ 142	$ -	$ -	$ **142**
Recovery of credit losses:				
Derecognitions and maturities	-	-	-	**-**
Remeasurements	(44)	-	-	**(44)**
Total recovery of credit losses	(44)	-	-	**(44)**
Balance as at June 30, 2025	**$ 98**	**$ -**	**$ -**	**$ 98**

$ thousands, as at June 30, 2025	Stage 1	Stage 2	Stage 3[1]	Total
Total				
Balance as at December 31, 2024	$ 4,869	$ 1,755	$ 1,178	$ **7,802**
Provision for (recovery of) credit losses:				
Transfers in (out)	770	(1,600)	830	**-**
Purchases and originations	667	-	-	**667**
Derecognitions and maturities	(1,244)	-	-	**(1,244)**
Remeasurements	(951)	1,144	858	**1,051**
Total provision for credit losses	(758)	(456)	1,688	**474**
Balance as at June 30, 2025	**$ 4,111**	**$ 1,299**	**$ 2,866**	**$ 8,276**

[1]Stage 3 loans are secured by a first priority security interest over real estate assets.

$ thousands, as at June 30, 2024	Stage 1	Stage 2	Stage 3[1]	Total
Financial assets at amortized cost				
Balance as at December 31, 2023	$ 3,289	$ 322	$ 208	$ 3,819
Provision for (recovery of) credit losses:				
Purchases and originations	155	-	-	155
Derecognitions and maturities	(475)	(325)	-	(800)
Remeasurements	252	3	56	311
Total provision for (recovery of) credit losses	(68)	(322)	56	(334)
Balance as at June 30, 2024	$ 3,221	$ -	$ 264	$ 3,485
Financial assets at FVOCI				
Balance as at December 31, 2023	$ 230	$ -	$ -	$ 230
Provision for (recovery of) credit losses:				
Derecognitions and maturities	(2)	-	-	(2)
Remeasurements	179	-	-	179
Total provision for credit losses	177	-	-	177
Balance as at June 30, 2024	$ 407	$ -	$ -	$ 407

$ thousands, as at June 30, 2024	Stage 1	Stage 2	Stage 3[1]	Total
Total				
Balance as at December 31, 2023	$ 3,519	$ 322	$ 208	$ 4,049
Provision for (recovery of) credit losses:				
Purchases and originations	155	-	-	155
Derecognitions and maturities	(477)	(325)	-	(802)
Remeasurements	431	3	56	490
Total provision for (recovery of) credit losses	109	(322)	56	(157)
Balance as at June 30, 2024	$ 3,628	$ -	$ 264	$ 3,892

[1]Stage 3 loan is secured by a first priority security interest over real estate assets.

The following tables present the gross carrying amounts of the loans as at June 30, 2025 and December 31, 2024, according to credit quality:

$ thousands, as at June 30, 2025	Stage 1	Stage 2	Stage 3	Total
Low Risk	$ 735,157	$ -	$ -	**$ 735,157**
Medium Risk	1,007,398	-	-	**1,007,398**
High Risk	-	33,241	-	**33,241**
Not Rated[1]	203	-	-	**203**
Impaired	-	-	60,308	**60,308**
Total	**$ 1,742,758**	**$ 33,241**	**$ 60,308**	**$ 1,836,308**

$ thousands, as at December 31, 2024	Stage 1	Stage 2	Stage 3	Total
Low Risk	$ 653,546	$ -	$ -	$ 653,546
Medium Risk	1,136,309	-	-	1,136,309
High Risk	-	42,476	-	42,476
Not Rated[1]	206	-	-	206
Impaired	-	-	18,229	18,229
Total	$ 1,790,061	$ 42,476	$ 18,229	$ 1,850,766

[1]Non rated loans are the loans where internal risk ratings are not assigned. Alternative credit risk assessments, rating methodologies, policies and tools are used to manage credit risk for these portfolios.

ECL for Credit-Impaired Loans

Stage 3 loans are those classified as credit-impaired. A loan is considered credit-impaired when one or more loss events have occurred, as outlined in Note 5(g) of the Annual Audited Consolidated Financial Statements for the year ended December 31, 2024. When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. Interest income is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Significant judgement is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining ECL. Changes in the amount expected to be received would have a direct impact on the provision for credit losses and may result in a change in the allowance for credit losses. As Central 1's commercial loans are mostly construction and real estate, the collaterals for these loans are mostly the subject real estate properties as stated in the loan agreements.

Forward Looking Macroeconomic Variables

The inputs that are used to estimate the Stage 1 and 2 allowances for credit loss are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in Central 1's commercial loan portfolio. Each macroeconomic scenario used in the ECL calculation includes a projection of all relevant macroeconomic variables used in the models for the forecast period. The forecasting of macroeconomic variables requires significant judgements and estimates based on a number of assumptions and uncertainties inherent in the current macroeconomic environment.

A probability weighting is assigned to Central 1's base scenario, optimistic scenario and pessimistic scenario based on management judgement. The forecasting process is overseen by Central 1's Allowance Working Group (AWG), which includes internal stakeholders from various departments, such as Risk Management, Economics, Finance and the relevant business units. This process requires a significant amount of judgement, both in determining the forward-looking information forecasts for different scenarios and in determining the probability weighting assigned to each scenario.

As at June 30, 2025, the base case scenario continues to predict lower GDP growth in near term, alongside two additional interest rate cuts in second half of 2025, with mild recession anticipated. The optimistic scenario envisions a period of economic expansion, while the pessimistic scenario reflects a severe recession during the forecast period.

All figures are average annual values	As at June 30, 2025					
	Optimistic Scenario		Base Scenario		Pessimistic Scenario	
	First 12 Months	Remaining Horizon[1]	First 12 Months	Remaining Horizon[1]	First 12 Months	Remaining Horizon[1]
Real GDP	2.0%	2.7%	1.2%	1.9%	0.2%	0.7%
Unemployment rate	6.6	5.8	7.0	6.3	7.4	7.7
5 year bond yield	3.7	5.0	2.8	3.1	2.7	2.7
CAD/USD exchange rate	0.7	0.8	0.7	0.7	0.7	0.7
Debt service ratio	14.4	15.0	14.3	14.4	14.2	13.7
Housing price index	1.1%	3.9%	(0.2)%	2.7%	(2.8)%	2.0%

[1]The remaining horizon represents a forecast period of four years.

All figures are average annual values	As at December 31, 2024					
	Optimistic Scenario		Base Scenario		Pessimistic Scenario	
	First 12 Months	Remaining Horizon[1]	First 12 Months	Remaining Horizon[1]	First 12 Months	Remaining Horizon[1]
Real GDP	4.0%	2.5%	1.8%	2.0%	(1.3)%	1.3%
Unemployment rate	5.4	4.9	6.4	5.3	7.3	6.4
Bankers acceptance rate[2]	5.0	3.9	3.0	2.9	1.6	1.6
3-month GOC rate	4.9	3.8	2.8	2.7	1.3	1.3
Debt to income ratio	182.1	186.2	176.5	181.8	173.6	179.2
Housing price index	3.7%	4.0%	2.3%	2.8%	0.0%	2.1%

[1]The remaining horizon represents a forecast period of four years.
[2] Bankers acceptance (BA) ceased to be published after June 28, 2024. A proxy value of BA is used for December 31, 2024 to reflect the spread over Treasury bills to approximate the Bank of Canada's lending rates.

Management Overlays

Overlays are modifications applied to the outputs of the ECL model that occur outside the standard ECL calculation and reporting process, determined by applying Central 1’s knowledge of the industry and macroeconomic environment.

9. Assets held for sale

Central 1 has listed its head office (the Property) located on 1441 Creekside Drive, Vancouver BC, for sale. There was no change in the carrying value upon reclassification, as the estimated fair value less costs to sell exceeds the carrying value of $6.7 million (December 31, 2024 - $6.2 million).

$ thousands, as at	Jun 30 2025	Dec 31 2024
Property and equipment	$ 6,310	$ 5,755
Other Assets		
Investment Property	427	427
	$ 6,737	$ 6,182

10. Other Assets

$ thousands, as at	Jun 30 2025	Dec 31 2024
Prepaid expenses	$ 13,183	$ 12,716
Accounts receivable and other	11,069	10,886
Cash collateral receivable[1]	18,345	16,757
Post-employment benefits	8,120	8,012
	$ 50,717	$ 48,371

[1]Paid as collateral for derivatives transactions.

11. Deposits

$ thousands, as at		Jun 30 2025		Dec 31 2024
Deposits designated at FVTPL				
Due within three months	$	**1,346,364**	$	1,333,139
Due after three months and within one year		**591,267**		462,394
Due after one year and within five years		**570,341**		613,143
		2,507,972		2,408,676
Accrued interest		**20,696**		20,942
Amortized cost	$	**2,528,668**	$	2,429,618
Fair value	$	**2,537,691**	$	2,437,195
Deposits held at amortized cost				
Due on demand	$	**3,134,989**	$	2,800,138
Due within three months		**6,790**		9,140
		3,141,779		2,809,278
Accrued interest		**9**		26
Amortized cost	$	**3,141,788**	$	2,809,304
Total carrying value	$	**5,679,479**	$	5,246,499

The fair value of deposits as at June 30, 2025 was $5,679.5 million (December 31, 2024 - $5,246.5 million).

12. Securitization Liabilities

Central 1 has recognized its obligations under indirect securitization activities designated at FVTPL in the Interim Consolidated Statement of Financial Position. The maturities of these obligations are indicated below:

$ thousands, as at		Jun 30 2025		Dec 31 2024
Amounts				
Due within three months	$	**7,366**	$	285,632
Due after three months and within one year		**58,401**		76,334
Due after one year and within five years		**93,822**		76,869
Amortized cost	$	**159,589**	$	438,835
Fair value	$	**159,152**	$	436,761

The underlying assets which are designated to offset these obligations are as follows:

$ thousands, as at		Jun 30 2025		Dec 31 2024
Mandatorily at FVTPL				
Total reinvestment assets under the CMB Program (Note 5)	$	**159,152**	$	179,698
Total underlying assets mandatorily at fair value	$	**159,152**	$	179,698
Amortized cost				
Total reinvestment assets under the CMB Program (Note 5)	$	**-**	$	257,063
Total underlying assets designated	$	**159,152**	$	436,761

13. Debt Securities Issued

$ thousands, as at		Jun 30 2025		Dec 31 2024
Amortized cost				
Due within three months	$	**1,055,849**	$	646,253
Due after three months and within one year		**-**		422,483
Due after one year and within five years		**299,140**		299,032
		1,354,989		1,367,768
Accrued interest		**10,429**		10,453
Amortized cost	$	**1,365,418**	$	1,378,221
Fair value hedge adjustment[1]		**5,962**		6,096
Carrying value	$	**1,371,380**	$	1,384,317
Designated at FVTPL				
Due after three months and within one year	$	**250,000**		-
Due after one year and within five years		**400,000**	$	650,000
Accrued interest		**4,765**		4,792
Amortized cost	$	**654,765**	$	654,792
Fair value		**673,500**		670,334
Total carrying value	$	**2,044,880**	$	2,054,651

[1]Central 1 enters into fair value hedges to hedge the risks caused by changes in interest rates.

At June 30, 2025, the short-term commercial paper facility had a total par value of $707.8 million (December 31, 2024 - $723.3 million) and the medium-term note facility had a total par value of $1.3 billion (December 31, 2024 - $1.3 billion).

14. Subordinated Liabilities

$ thousands, as at		Jun 30 2025		Dec 31 2024
Designated as FVTPL				
Series 7	$	**200,000**	$	200,000
Accrued interest		**13**		26
Amortized cost	$	**200,013**	$	200,026
Fair value	$	**197,977**	$	195,456
Total carrying value	$	**197,977**	$	195,456

15. Other Liabilities

$ thousands, as at	Jun 30 2025	Dec 31 2024
Deferred revenue[1]	$ **26,865**	$ 27,620
Short-term employee benefits	**13,913**	21,496
Accounts payable	**16,286**	15,556
Post-employment benefits	**12,838**	12,941
Finance lease	**1,568**	1,779
Cash collateral payable[2]	**2,933**	84
Provision for onerous contracts	**33,696**	-
	$ **108,099**	$ 79,476

[1]Deferred revenue includes the amount received from credit union clients under the Payments Modernization Cost Share Arrangement.

[2]Received as collateral for derivatives transactions.

During the first quarter of 2025, Central 1 recognized a provision for onerous contracts related to the planned wind-down of its Digital Banking business. The provision, recorded at $35.1 million at inception, represents the lower of the cost of fulfilling the contracts and any compensation or penalties arising from failure to fulfil them.

The provision relates primarily to Central 1's obligation to provide continued access to its digital banking infrastructure to Intellect Design Arena Ltd. ("Intellect"), which is assuming responsibility for servicing the remaining customer contracts under the Asset Transfer Agreement between Central 1 and Intellect (ATA). Central 1 is required to maintain the infrastructure necessary to support Intellect's operations over the remaining life of the contracts, which have varying terms, with the longest estimated extending up to the end of 2028. The provision is expected to be utilized over a period of five years.

Pursuant to the Commercial Services Agreement, compensation received from Intellect during the transition period has been recognized as income from commercial services agreement. The difference between the income from commercial services agreement and the costs incurred to fulfil the contracts is recognized as a release of the previously recorded provision for onerous contracts.

$ thousands, as at	Jun 30 2025
Balance as at January 1, 2025	$ -
Provision recognized	35,050
Release of onerous contracts	(2,319)
Unwinding of discount and changes in the discount rate	965
Balance as at June 30, 2025	$ 33,696

16. Share Capital

Central 1 may issue an unlimited number of Class A, B, C, D, and E shares and may, at its option and with the approval of the Board of Directors, redeem its shares. There are no restrictions on the number of shares that may be held by a member shareholder. The holders of each class of share are entitled to receive dividends as declared from time to time. The Class A, B, C, and D shares have a par value of $1 per share, and the Class E shares have a par value of $0.01 per share and a redemption value of $100 per share.

Subject to certain exceptions set out in Central 1's Constitution and Rules (Rules), Class A members are entitled to cast one vote for each Class A share they hold on any matter. Each Class B or Class C shareholder is entitled to cast one vote per share on matters on which they are entitled to vote. The allocation of Class A shares is based on the assets of each credit union in proportion to the combined assets of all Class A members. This allocation is adjusted periodically to reflect changes in credit union assets.

On March 11, 2025, the Board of Directors of Central 1 approved the declaration of a dividend of $10 million to Class A shareholders which was distributed to the shareholders on March 26, 2025.

thousands of shares, as at or for the period ended	Jun 30 2025	Dec 31 2024	Jun 30 2024
Number of shares issued			
Class A - credit unions: balance at the beginning and end of period	**43,364**	43,364	43,364
Balance at beginning of period	**10**	11	11
Redeemed during the period	**-**	(1)	(1)
Class B - co-operatives: balance at the end of period	**10**	10	10
Balance at beginning of period	**8**	7	7
Issued during the period	**-**	1	-
Class C - other: balance at the end of period	**8**	8	7
Class E - credit unions: balance at the beginning and end of period	**2,154**	2,154	2,154
Number of treasury shares			
Treasury shares - Class E: balance at the beginning and end of period	**(264)**	(264)	(264)

thousands of dollars, as at		Jun 30 2025		Dec 31 2024		Jun 30 2024
Amount of share capital outstanding						
Outstanding $1 par value shares						
Class A - credit unions	$	**43,364**	$	43,364	$	43,364
Class B - cooperatives		**10**		10		10
Class C - other		**8**		8		7
Outstanding $0.01 par value shares						
Class E - credit unions		**21**		21		21
		43,403		43,403		43,402
Amount of treasury shares						
Treasury shares - Class E		**(2)**		(2)		(2)
Balance at the end of period	$	**43,401**	$	43,401	$	43,400

17. Net Interest Income

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Interest Income				
FVTPL	$ **51,201**	$ 55,530	$ **101,068**	$ 111,975
FVOCI	**5,421**	8,725	**13,017**	21,450
Amortized cost	**25,288**	37,187	**51,676**	72,017
	81,910	101,442	**165,761**	205,442
Interest Expense				
FVTPL	**25,215**	34,817	**51,881**	69,152
Amortized cost	**36,123**	56,802	**75,863**	112,001
	61,338	91,619	**127,744**	181,153
Net Interest Income	$ **20,572**	$ 9,823	$ **38,017**	$ 24,289

18. Net Fair Value Gains (Losses)

The following table summarizes the realized gains (losses) for the three months and six months ended June 30, 2025 and 2024.

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Realized gain (loss) on securities at FVTPL	$ **25**	$ (330)	$ **1,141**	$ (6,967)
Realized loss on securities at FVOCI	**(247)**	(594)	**(241)**	(594)
Realized gain (loss) on derivative instruments	**(2,888)**	28,928	**4,692**	65,602
Realized gain (loss) on deposits designated at FVTPL	**4**	(4)	**6**	130
Realized gain (loss) on obligations related to securities sold short mandatorily at FVTPL	**217**	(335)	**(1,216)**	(294)
Realized gain on term loans	**74**	-	**74**	-
	$ **(2,816)**	$ 27,665	$ **4,456**	$ 57,877

The following table summarizes the unrealized gains (losses) for the three months and six months ended June 30, 2025 and 2024.

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Change in unrealized gains (losses)				
Securities at FVTPL	$ **5,810**	$ 41,460	$ **27,085**	$ 64,253
Activities under the Canada Mortgage Bond Program				
Reinvestment assets	**(222)**	1,989	**1,638**	3,872
Securitization liabilities	**222**	(1,989)	**(1,638)**	(3,872)
Derivative instruments	**2,822**	(3,310)	**1,221**	(10,170)
Derivative instruments	**9,322**	(36,340)	**(13,489)**	(57,879)
Financial liabilities at FVTPL				
Deposits designated at FVTPL	**1,941**	(5,454)	**(1,957)**	(63)
Obligations related to securities sold short mandatorily at FVTPL	**46**	17	**275**	17
Debt securities issued designated at FVTPL	**1,426**	(3,669)	**(4,630)**	288
Subordinated liabilities designated at FVTPL	**(167)**	(1,604)	**(1,965)**	(1,100)
	$ **21,199**	$ (8,900)	$ **6,540**	$ (4,654)

The following table summarizes the net fair value gains for the three months and six months ended June 30, 2025 and 2024.

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Securities mandatorily at FVTPL	$ **5,835**	$ 41,130	$ **28,226**	$ 57,286
Securities at FVOCI	**(247)**	(594)	**(241)**	(594)
Term loans	**74**	-	**74**	-
Activities under the Canada Mortgage Bond Program				
Reinvestment assets	**(222)**	1,989	**1,638**	3,872
Securitization liabilities	**222**	(1,989)	**(1,638)**	(3,872)
Derivative instruments	**2,822**	(3,310)	**1,221**	(10,170)
Derivative instruments	**6,434**	(7,412)	**(8,797)**	7,723
Financial liabilities at FVTPL				
Deposits designated at FVTPL	**1,944**	(5,458)	**(1,951)**	67
Obligations related to securities sold short mandatorily at FVTPL	**262**	(318)	**(941)**	(277)
Debt securities issued designated at FVTPL	**1,426**	(3,669)	**(4,630)**	288
Subordinated debt issued designated at FVTPL	**(167)**	(1,604)	**(1,965)**	(1,100)
	$ **18,383**	$ 18,765	$ **10,996**	$ **53,223**

19. Non-Interest Income

For the three months ended June 30			2025			2024
$ thousands	Revenue arising from contracts with customers	Revenue arising from other sources	Total	Revenue arising from contracts with customers	Revenue arising from other sources	Total
Treasury						
Lending fees	$ 3,554	$ -	$ **3,554**	$ 3,457	$ -	$ 3,457
Securitization fees	1,838	-	**1,838**	1,679	-	1,679
Foreign exchange income	-	1,076	**1,076**	-	389	389
Asset management services	955	-	**955**	937	-	937
Other	1,251	86	**1,337**	1,227	14	1,241
Payments						
Payment processing and other fees	24,608	-	**24,608**	23,525	-	23,525
Digital banking						
Digital banking fees	-	-	**-**	9,140	-	9,140
Income from Commercial Services Agreement	-	5,784	**5,784**	-	-	-
System Affiliates & Other						
Equity interest in affiliates	-	(5)	**(5)**	-	(258)	(258)
Dividend Income	-	36	**36**	-	36	36
Other	328	1,545	**1,873**	234	-	234
	$ 32,534	**$ 8,522**	**$ 41,056**	$ 40,199	$ 181	$ 40,380

Certain comparative figures have been reclassified to conform with the current period's presentation.

For the six months ended June 30	2025			2024		
$ thousands	Revenue arising from contracts with customers	Revenue arising from other sources	Total	Revenue arising from contracts with customers	Revenue arising from other sources	Total
Treasury						
Lending fees	$ 6,644	$ -	**$ 6,644**	$ 7,141	$ -	$ 7,141
Securitization fees	3,507	-	**3,507**	3,363	-	3,363
Foreign exchange income	-	1,954	**1,954**	-	909	909
Asset management services	1,838	-	**1,838**	1,816	-	1,816
Other	2,566	170	**2,736**	2,449	(76)	2,373
Payments						
Payment processing and other fees	47,459	-	**47,459**	46,001	-	46,001
Digital Banking						
Digital banking fees	7,209	-	**7,209**	18,314	-	18,314
Income from Commercial Services Agreement		5,784	**5,784**	-	-	-
System Affiliates & Other						
Equity interest in affiliates	-	(526)	**(526)**	-	(947)	(947)
Dividend Income	-	2,160	**2,160**	-	2,688	2,688
Other	490	1,545	**2,035**	477	-	477
	$ 69,713	**$ 11,087**	**$ 80,800**	$ 79,561	$ 2,574	$ 82,135

Certain comparative figures have been reclassified to conform with the current period's presentation.

20. Other Administrative Expense

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Professional fees	$ **8,355**	$ 3,810	$ **15,485**	$ 8,578
Cost of payments processing	**5,889**	5,725	**11,281**	11,640
Cost of sales and services	**4,158**	2,576	**6,141**	4,966
Unwinding of discount and effect of changes in discount rate on provisions	**965**	-	**965**	-
Other	**747**	784	**1,727**	1,582
Occupancy	**401**	567	**1,025**	1,057
	$ **20,515**	$ 13,462	$ **36,624**	$ 27,823

21. Segment Information

For management reporting purposes, Central 1's operations and activities are organized around three key business segments: Treasury, Payments and Digital Banking. All other activities or transactions, including investments in equity shares of system-related entities, other than the wholly owned subsidiaries, and those which do not relate directly to these business segments, are reported in "System Affiliates & Other". A description of each business segment is as follows:

Treasury

Treasury supports the structural and tactical liquidity needs of member credit unions in pursuit of regular, day-to-day business objectives. The segment is funded by members' deposits augmented by capital market funding.

Treasury fosters the credit union system's growth through supporting the financial needs of member credit unions. Many of the products and services that this business segment provides, including credit union lending and access to securitization vehicles, allows members to take advantage of Central 1's strong financial ratings, industry expertise and access to the capital markets for short-term and long-term funding. Treasury also supports the short-term liquidity requirement for the Payments & Digital Banking segment. Central 1 provides foreign exchange services, derivative capabilities, and other ancillary treasury services.

The Treasury segment also operates the Group Clearer settlement function. As a Group Clearer under the rules of Payments Canada, Central 1 is a Lynx participant and acts as the credit union systems' financial institution connection to the Canadian payments system and the Bank of Canada.

Payments

Payments develops and operates innovative payment processing solutions for member credit unions, other financial institutions and corporate clients. Payments operations encompass processing paper and electronic transactions such as automated funds transfer, bill payments and wire transfers on behalf of member credit unions. The payment processing solutions are secure and reliable tools that allow financial and corporate-sector clients to complete a variety of digital, paper and remittance transactions.

Digital Banking

Digital Banking operated innovative digital banking technologies for member credit unions, other financial institutions and corporate clients to offer a variety of direct banking services to their individual customers through their online banking platform, including Forge 2.0 until February 28, 2025. Effective March 1, 2025, Central 1 completed the transition of the Digital Banking business to Intellect. Intellect assumed responsibility for Central 1's Digital Banking operations, which includes Forge, Member Direct, public website, mobile applications, and related products, as well as the Digital Banking engineering and service teams. Central 1 will continue to provide the underlying technology infrastructure and related services for the Digital Banking business over the next few years.

System Affiliates & Other

System Affiliates & Other consist of enterprise level activities which are not allocated to the business segments described above. This business segment includes Central 1’s investments in equity shares of system-related entities, other than the wholly owned subsidiaries, and Central 1’s Vancouver office land and building and associated expenses. It also includes the costs of implementing certain strategic initiatives other than ones included in the key segments of business above.

Management Reporting Framework

The results of these segments are regularly reviewed by Central 1’s executive leadership team for the purpose of making decisions about resource allocation and performance assessment. The expenses in each business segment may include costs of services incurred directly and those that are allocated. The management reporting framework assists in the attribution of capital to the business segments in a manner that fairly and consistently measures and aligns the economic costs with the underlying benefits and risks of that specific business segment. Central 1’s budget process ensures that resources are allocated effectively across all operating segments to support their individual needs and objectives.

Central 1 does not have any inter-segment revenue between business segments. Income tax provision or recovery is generally applied to each segment based on a statutory tax rate and may be adjusted for items and activities unique to each segment.

The accounting policies used to prepare these segments are consistent with those followed in the preparation of Central 1’s Interim Consolidated Financial Statements as described in Note 2.

Periodically, certain business lines and units are transferred among business segments to more closely align Central 1’s organizational structure with its strategic priorities. Results for prior periods are restated to conform to the current period presentation.

Results by Segment

The following table summarizes the segment results for the three months ended June 30, 2025:

$ thousands, for the three months ended June 30, 2025	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	$ 81,910	$ -	$ -	$ -	**$ 81,910**
Interest expense	61,127	211	-	-	**61,338**
Net interest income (expense)	20,783	(211)	-	-	**20,572**
Net fair value gains (loss)	18,900	-	-	(517)	**18,383**
Non-interest income from external customers, excluding equity interest in affiliates	7,598	24,608	-	328	**32,534**
Income from Commercial Services Agreement	-	-	5,784	-	**5,784**
Income from other sources	1,076	-	-	1,581	**2,657**
Equity interest in affiliates	86	-	-	(5)	**81**
Total revenue	48,443	24,397	5,784	1,387	**80,011**
Provision for credit losses	638	-	-	-	**638**
Non-interest expense					
Salaries and employee benefits	8,836	15,794	2,450	474	**27,554**
Management information systems	1,453	3,661	1,828	128	**7,070**
Depreciation and amortization	309	347	-	-	**656**
Release of onerous contracts	-	-	(2,319)	-	**(2,319)**
Other administrative expense	2,680	12,455	5,077	303	**20,515**
	13,278	32,257	7,036	905	**53,476**
Income (loss) before income taxes	34,527	(7,860)	(1,252)	482	**25,897**
Income tax expense (recovery)	9,283	(2,116)	(336)	(2,340)	**4,490**
Net income (loss)	**$ 25,244**	**$ (5,744)**	**$ (915)**	**$ 2,822**	**$ 21,407**

The following table summarizes the segment results for the three months ended June 30, 2024:

$ thousands, for the three months ended June 30, 2024	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	$ 101,442	$ -	$ -	$ -	$ 101,442
Interest expense	90,874	745	-	-	91,619
Net interest income (expense)	10,568	(745)	-	-	9,823
Net fair value gains (loss)	18,765	-	-	-	18,765
Non-interest income from external customers, excluding equity interest in affiliates	7,300	23,525	9,140	234	40,199
Income from other sources	389	-	-	36	425
Equity interest in affiliates	14	-	-	(258)	(244)
Total revenue	37,036	22,780	9,140	12	68,968
Recovery of credit losses	(340)	-	-	-	(340)
Non-interest expense					
Salaries and employee benefits	6,772	11,037	13,471	1,063	32,343
Management information systems	753	2,217	2,149	-	5,119
Depreciation and amortization	427	-	273	-	700
Other administrative expense	2,142	6,552	1,302	3,466	13,462
	10,094	19,806	17,195	4,529	51,624
Income (loss) before income taxes	27,282	2,974	(8,055)	(4,517)	17,684
Income tax expense (recovery)	7,351	801	(2,170)	(1,400)	4,582
Net income (loss)	$ 19,931	$ 2,173	$ (5,885)	$ (3,117)	$ 13,102

Certain comparative figures have been reclassified to conform with the current period's presentation.

The following table summarizes the segment results for the six months ended June 30, 2025:

$ thousands, For the six months ended June 30, 2025	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	$ 165,761	$ -	$ -	$ -	$ **165,761**
Interest expense	127,260	484	-	-	**127,744**
Net interest income (expense)	38,501	(484)	-	-	**38,017**
Net fair value gain	11,601	-	-	(605)	**10,996**
Non-interest income from external customers, excluding equity interest in affiliates	14,555	47,459	7,209	490	**69,713**
Income from Commercial Services Agreement	-	-	5,784	-	**5,784**
Income from other sources	1,954	-	-	3,705	**5,659**
Equity interest in affiliates	170	-	-	(526)	**(356)**
Total revenue	66,781	46,975	12,993	3,064	**129,813**
Provision for credit losses	474	-	-	-	**474**
Non-interest expense					
Salaries and employee benefits	15,830	27,058	12,463	2,097	**57,448**
Management information systems	2,701	6,621	3,089	151	**12,562**
Depreciation and amortization	606	678	90	-	**1,374**
Provision for (release of) onerous contracts	-	-	32,731	-	**32,731**
Other administrative expense	5,186	22,881	7,787	770	**36,624**
	24,323	57,238	56,160	3,018	**140,739**
Income (loss) before income taxes	41,984	(10,263)	(43,167)	46	**(11,400)**
Income tax expense (recovery)	11,276	(2,763)	(11,620)	(5,672)	**(8,779)**
Net income (loss)	**$ 30,708**	**$ (7,500)**	**$ (31,547)**	**$ 5,718**	**$ (2,621)**
Total assets as at June 30, 2025	**$ 10,161,049**	**$ 13,867**	**$ 7,679**	**$ 214,131**	**$ 10,396,726**
Total liabilities as at June 30, 2025	**$ 9,314,740**	**$ 33,754**	**$ 38,710**	**$ 223,312**	**$ 9,610,516**

The following table summarizes the segment results for the six months ended June 30, 2024:

$ thousands, For the six months ended June 30, 2024	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	$ 205,442	$ -	$ -	$ -	$ 205,442
Interest expense	179,853	1,300	-	-	181,153
Net interest income (expense)	25,589	(1,300)	-	-	24,289
Net fair value gain	53,223	-	-	-	53,223
Non-interest income from external customers, excluding equity interest in affiliates	14,769	46,001	18,314	477	79,561
Income from other sources	909	-	-	2,688	3,597
Equity interest in affiliates	(76)	-	-	(947)	(1,023)
Total revenue	94,414	44,701	18,314	2,218	159,647
Recovery of credit losses	(157)	-	-	-	(157)
Non-interest expense					
Salaries and employee benefits	13,407	20,890	27,434	1,183	62,914
Management information systems	1,772	3,958	3,924	49	9,703
Depreciation and amortization	866	900	566	-	2,332
Other administrative expense	3,893	13,486	4,132	6,312	27,823
	19,938	39,234	36,056	7,544	102,772
Income (loss) before income taxes	74,633	5,467	(17,742)	(5,326)	57,032
Income tax expense (recovery)	20,108	1,473	(4,780)	(1,746)	15,055
Net income (loss)	$ 54,525	$ 3,994	$ (12,962)	$ (3,580)	$ 41,977
Total assets as at June 30, 2024	$ 10,976,514	$ 14,111	$ 4,606	$ 216,651	$ 11,211,882
Total liabilities as at June 30, 2024	$ 10,210,205	$ 24,381	$ 4,715	$ 204,127	$ 10,443,428

Certain comparative figures have been reclassified to conform with the current period's presentation.

22. Guarantees, Commitments, Contingencies and Pledged Assets

In the normal course of business, Central 1 enters into various off-balance sheet arrangements to meet the financing, credit and liquidity requirements of its member credit unions. These are in the form of commitments to extend credit, guarantees, and standby letters of credit.

The table below presents the maximum amount of credit that Central 1 could be required to extend if commitments were to be fully utilized, and the maximum amount of guarantees that could be in effect if the maximum authorized committed amounts were transacted.

$ thousands, as at		Jun 30 2025		Dec 31 2024
Commitments to extend credit	**$**	**4,656,498**	$	5,016,544
Guarantees				
Financial guarantees	**$**	**798,600**	$	794,600
Performance guarantees	**$**	**500,000**	$	500,000
Standby letters of credit	**$**	**225,789**	$	221,127
Future prepayment reinvestment commitment	**$**	**836,507**	$	796,324

Amounts utilized under these agreements representing off-balance sheet amounts for commitments to extend credit, guarantees, and standby letters of credit, respectively, on June 30, 2025 are $11.2 million, $861.1 million and $90.0 million (December 31, 2024 - $22.8 million, $888.6 million and $98.4 million).

All the financial guarantees mature within a year with fees charged at inception of the contract. Central 1 from time-to-time issues performance guarantees related to the Asset Backed Commercial Paper Program. The performance guarantees represented in the table above are the maximum limits for parties in existing contractual obligations. Central 1 also issues blanket approvals for performance guarantees on a non-committed basis which will become contractual obligations for specified amounts if requested and authorized by Central 1, in their sole discretion. Central 1 has the ability to unilaterally withdraw anytime from these approved limits. The un-committed performance guarantee approved limits for June 30, 2025 were $1.0 billion (December 31, 2024 - $1.0 billion).

Future prepayment reinvestment commitment represents Central 1's commitment for reinvestment under the indirect securitization activities.

On October 23, 2024, Central 1 entered into agreements with Portage Ventures IV GP Inc. to invest in Portage Ventures IV LP equity fund and Portage Ventures IV International LP equity fund and has committed to invest a total of USD $10.0 million. As at June 30, 2025, Central 1 contributed CAD $1.8 million (US $1.3 million) (December 31, 2024: CAD $0.8 million (USD $0.6 million)) which has been presented under Securities on Central 1's Interim Consolidated Statement of Financial Position.

Central 1 evaluates contingencies on an ongoing basis and establishes provisions for matters in which the outflow of economic resources is probable and the amount of obligation can be reliably estimated. Central 1 is involved in legal actions in the ordinary course of business, in which the likelihood of a loss and amount of loss, if any, cannot be reliably estimated at June 30, 2025.

Pledged Assets

Central 1 is a Group Clearer under the rules of the Payments Canada and acts as the credit union system's financial institution connection to the Canadian payments system. Pursuant to the Group Clearer arrangement, Central 1 provides payment services to the credit union centrals of Alberta, Manitoba, and Saskatchewan (collectively, the Prairie Centrals).

Pursuant to the terms of the *Group Clearer Joint Venture Agreement* and *Group Clearer Service Agreement* among Central 1 and each of the Prairie Centrals (collectively, Clearing Centrals), each of the Clearing Centrals is required to pledge securities with the Bank of Canada and Group Clearer as collateral for its clearing activities in the normal course of business. Central 1 acts as the Group Clearer as the credit union system's financial institution connection to the Canadian Payments system.

On October 1, 2024, the Clearing Centrals entered into two separate pledging agreements, *the Bank of Canada Pledge Agreement* and *Group Clearer Pledge Agreement*, to grant Group Clearer a security interest in a pool of Acceptable Securities delivered by each Clearing Central and held in the Canadian Depository for Securities (CDS) Accounts under the custody and control of the Bank of Canada and Group Clearer, respectively.

A breakdown of encumbered assets pledged as collateral is provided in the following table. These transactions are conducted in accordance with standard terms and conditions for such transactions.

$ thousands, as at	Jun 30 2025	Dec 31 2024
Securities[1 2]		
Pledged to Bank of Canada in the Group Clearer Arrangement	$ **998,583**	$ 1,002,787
Reinvestment assets under the CMB Program	**159,152**	436,761
Canadian Depository for securities - Settlement Agents proportionate share of collateral pool amount	**24,541**	24,544
Securities lending	**40,171**	50,202
Derivative assets		
Derivative financial instrument transactions	**11,510**	15,819
Other assets		
Centrally-cleared derivative activities - LCH Variation Margin	**18,345**	16,757
Securities under repurchase agreements	**335,895**	691,268
	$ **1,588,197**	$ 2,238,138

[1]Includes assets pledged as collateral for Payments Canada High Value Payment System (Lynx) activities.

[2]Central 1 acts as Group Clearer on behalf of other central credit unions. Securities pledged by other centrals as collateral for settlements are not included in pledged assets.

23. Financial Instruments – Fair Value

Certain financial instruments are recognized in the Interim Consolidated Statement of Financial Position at fair value. These include derivative instruments, securities, deposits and debt securities issued and a subordinated note that are designated at FVTPL, reinvestment assets, obligations related to securities sold short and securitization liabilities. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants which takes place in the principal (or most advantageous) market at the measurement date under current market conditions. The determination of fair value requires judgement and is based on market information, where available and appropriate. The fair value of financial instruments is best evidenced by unadjusted quoted prices in active markets. When there is no quoted price in an active market, valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs are used to derive the fair value.

Fair value measurements are categorized into three levels within the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instruments' valuation.

Securities are classified as Level 1 in the hierarchy where unadjusted transaction prices, dealer quotes or vendor prices of identical instruments from active market are readily available on measurement date and Level 2 when fair value is determined using observable prices or rate inputs such as quoted prices for similar instruments in active or inactive market.

Deposits, obligations related to securities sold short, debt securities issued, and a subordinated note which are designated at FVTPL, and derivatives (except for futures which are Level 1) are classified as Level 2 in the fair value hierarchy. These instruments are valued using observable market inputs, such as quoted prices for similar instruments, interest rate curves, and credit spreads. These inputs are derived from market data and applied in valuation techniques when quoted prices for identical instruments in active markets are not available.

Equity instruments, where inputs are unobservable, are classified as Level 3 in the hierarchy. As at June 30, 2025 and December 31, 2024, Level 3 financial assets includes $32.1 million (June 30, 2024 and December 31, 2023 - $32.1 million) of equity instrument that is measured at cost which is an appropriate estimate of fair value as the most recent available information is not sufficient to measure fair value. Central 1 has determined that this value remains the same as prior periods.

Transfers between the levels in the fair value hierarchy occur when there are changes to the relevant inputs which are consistent with the characteristics of the asset or liability. Transfers between level 1 and level 2 are dependent on the recency of issuance and availability of quoted market prices in the active market. Transfers are recognized at the end of the reporting period, consistent with the date of the determination of fair value.

There were no transfers between the levels during the six months ended June 30, 2025. During the six months ended June 30, 2024, securities with a fair value totalling $487.9 million were transferred from Level 1 to Level 2 of the fair value hierarchy, due to changes in the observability of the inputs used to value these securities.

Financial Instruments with Fair Value Approximating Carrying Value

Fair value is assumed to be equal to the carrying value for financial instruments that are not carried at fair value as the carrying value is considered to be a reasonable approximation of fair value due to their short-term nature. These instruments are cash and cash equivalents, settlements in-transit assets, loans and deposits due on demand classified as amortized cost, settlements in-transit liabilities, securities purchased under reverse repurchase agreements and sold under repurchase agreements, and certain other financial assets and liabilities.

Financial Instruments with Fair Value Determined Using Valuation Techniques

The most significant assets and liabilities for which fair values are determined using valuation techniques include securities mandatorily measured at FVTPL and FVOCI, derivative instruments (except for futures which are Level 1), deposits and debt securities issued, and a subordinated debt designated at FVTPL, reinvestment assets and securitization liabilities.

To determine the fair value of securities and debt securities issued, Central 1 uses broker quotes or third-party prices observed in active markets, which are classified as Level 1 inputs under fair value hierarchy. When observable inputs other than those quoted prices included within Level 1 are not available, these inputs are classified as Level 2.

For derivative instruments, fair value is determined based on discounting the expected cash flows using interest rates currently being offered on instruments with similar terms or for the instruments. These inputs are considered observable and fall under level 2.

For Central 1's equity instruments in Cooperative entities, quoted market prices are not available, in which case Central 1 uses Level 3 valuation techniques such as discounted cash flows, comparison with instruments where observable inputs exist, and other valuation techniques.

Assumptions and inputs used in these valuation techniques include cash flows, risk-free rate, benchmark interest rate, and spreads. The estimated fair value would increase (decrease) if:

- the expected cash flows were higher (lower);
- the risk-free rates and benchmark interest rates were lower (higher); or
- the spreads were higher (lower).

The following table presents the carrying values and fair values of Central 1's financial assets and financial liabilities as at June 30, 2025 and their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

$ millions, as at June 30, 2025	Level 1	Level 2	Level 3	Amounts at Fair Value	Amounts at Amortized Cost[1]	Total Carrying Value
Financial assets						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 1,538.3	**$ 1,538.3**
Settlements in-transit assets	-	-	-	-	309.8	**309.8**
Securities	69.2	6,322.1	41.1	6,432.4	-	**6,432.4**
Loans	-	-	-	-	1,828.1	**1,828.1**
Derivative assets	-	78.2	-	78.2	-	**78.2**
Other assets	-	-	-	-	29.4	**29.4**
Total financial assets	$ 69.2	$ 6,400.3	$ 41.1	$ 6,510.6	$ 3,705.6	**$ 10,216.2**
Financial liabilities						
Settlements in-transit liabilities	-	-	-	-	1,028.0	**1,028.0**
Deposits	-	2,537.7	-	2,537.7	3,141.8	**5,679.5**
Obligations related to securities sold short	-	-	-	-	-	**-**
Securities under repurchase agreements	-	-	-	-	335.9	**335.9**
Securitization liabilities	-	159.2	-	159.2	-	**159.2**
Derivative liabilities	0.2	56.8	-	57.0	-	**57.0**
Debt securities issued	-	673.5	-	673.5	1,371.4	**2,044.9**
Subordinated liabilities	-	198.0	-	198.0	-	**198.0**
Other liabilities	-	-	-	-	20.8	**20.8**
Total financial liabilities	$ 0.2	$ 3,625.2	$ -	$ 3,625.4	$ 5,897.9	**$ 9,523.3**

[1]Amounts carried at amortized cost include financial instruments classified as amortized cost or other financial liabilities.

$ millions, as at December 31, 2024	Level 1	Level 2	Level 3	Amounts at Fair Value	Amounts at Amortized Cost[1]	Total Carrying Value
Financial assets	$ 51.1	$ 6,578.0	$ 40.8	$ 6,669.9	$ 3,196.1	$ 9,866.0
Financial liabilities	$ 0.8	$ 3,836.2	$ -	$ 3,837.0	$ 5,342.3	$ 9,179.3

[1]Amounts carried at amortized cost include financial instruments classified as amortized cost or other financial liabilities.

The following tables present the change in fair value for financial instruments included in Level 3 of the fair value hierarchy:

$ millions	Fair value at Dec 31 2024	Purchases	Repayments	Transfer	Changes in fair value of assets in net income or loss	Fair value at Jun 30 2025
Equity shares	$ 40.8	$ 1.0	$ -	$ -	$ (0.7)	**$ 41.1**
Total financial assets	$ 40.8	$ 1.0	$ -	$ -	$ (0.7)	**$ 41.1**

Transfers into and out of Levels 1, 2, and 3 occur when there are changes to the relevant inputs which are consistent with the characteristics of the asset or liability. Transfers are recognized at the end of the reporting period.

24. Capital Management

Central 1's Capital Policy ensures that each business segment has sufficient capital to support its business activities. The objective of managing capital includes, but is not limited to the following:

- ensuring that regulatory capital adequacy requirements are met at all times;
- ensuring internal capital targets are not breached; and
- sufficient capital is maintained to support the risk taking activities of the organization.

Capital Management Framework

The capital management framework provides the policies and processes for defining, measuring, and allocating all types of capital across Central 1. The process of attributing capital to business segments is linked to the budgeting process and to the Internal Capital Adequacy Assessment Process (ICAAP). The budget process establishes expected business activities over the course of the following fiscal year and the ICAAP establishes the required amount of capital based on an internal risk assessment.

Regulatory Capital

Central 1's capital levels are regulated under provincial regulations administered by the B.C. Financial Services Authority (BCFSA). This regulation requires Central 1 to maintain a consolidated borrowing multiple, specifically the ratio of deposit liabilities and other loans to total regulatory capital, of 18.0:1 or less.

Provincial regulations in British Columbia, which apply to B.C. credit unions as well as to Central 1, use a risk-weighted approach for capital adequacy that is based on standards issued by the Bank for International Settlements. The provincial risk weightings generally parallel the methodology used by OSFI to regulate Canadian chartered banks. Financial Institutions Act (FIA) mandates that Central 1 maintain a total capital ratio of at least 8.0%. While this is the regulatory minimum, the BCFSA has established a supervisory target on total capital ratio to be no less than 10.0%. Additionally, in accordance with the provisions of FIA, Central 1 must maintain a total capital ratio of at least 10.0% to enable member credit unions to risk-weight their deposits with Central 1 at 0.0%. Central 1's capital base includes Tier 1 capital in the form of share capital, contributed surplus and retained earnings. Subject to certain conditions, Central 1 may include its subordinated debt in Tier 2 capital. In calculating Central 1's capital base, certain deductions are required for certain assets.

Central 1 was in compliance with all regulatory capital requirements as at June 30, 2025 and December 31, 2024 and June 30, 2024.

25. Related Party Disclosures

Related parties of Central 1 include:

- key management personnel and their close family members;
- Board of Directors and their close family members;
- entities over which Central 1 has control or significant influence; and
- Central 1's post-employment benefits as described in Note 29 of the Annual Audited Consolidated Financial Statements for the year ended December 31, 2024.

Transactions with Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Central 1, which include Central 1's Executive Management and Vice-Presidents and their close family members. There was no outstanding balance against key management personnel as on June 30, 2025 and December 31, 2024.

The following table presents the compensation to key management personnel:

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Salaries and short-term employee benefits	$ **1,427**	$ 1,436	$ **3,657**	$ 3,184
Incentive	**3,419**	3,054	**3,419**	3,054
Post-employment benefits	**66**	71	**153**	140
Termination and other long-term employee benefits	**1,149**	-	**1,617**	-
	$ **6,061**	$ 4,561	$ **8,846**	$ 6,378

In addition to their salaries, Central 1 also provides non-cash benefits to key management personnel and contributes to post-employment benefits plan on their behalf. Termination benefits represent amounts paid or payable, pursuant to contractual arrangements, to members of key management personnel who left Central 1 during the period.

Transactions with Board of Directors

$ thousands	For the three months ended Jun 30 2025	Jun 30 2024	For the six months ended Jun 30 2025	Jun 30 2024
Total remuneration	$ **220**	$ 231	$ **412**	$ 442

Significant Subsidiaries

% of direct ownership outstanding, as at	Jun 30 2025	Dec 31 2024
Central 1 Trust Company	**100%**	100%
C1 Ventures (VCC) Ltd.	**100%**	100%
0789376 B.C. Ltd.	**100%**	100%

Investment in Affiliates

The affiliates that Central 1 exercises significant influence over are as follows:

% of direct ownership outstanding, as at	Jun 30 2025	Dec 31 2024
The CUMIS Group Limited	**27%**	27%
CU CUMIS Wealth Holdings LP	**35%**	35%
189286 Canada Inc.	**52%**	52%
Agility Forex Ltd.	**27%**	27%

During the first quarter of 2025, Central 1 contributed $1.0 million (Q1 2024: $2.0 million) to 189286 Canada Inc.

Substantial Investments

Central 1 also has substantial investments in the following entities over which Central 1 does not have significant influence:

% of direct ownership outstanding, as at	Jun 30 2025	Dec 31 2024
The Co-operators Group Limited	**21%**	21%
Canadian Credit Union Association	**59%**	59%

26. Subsequent Event

On August 6, 2025, Central 1 issued $250.0 million principal amount of Series 23 medium-term floating rate notes, maturing on August 20, 2027. These notes bear interest at a rate equal to the daily compound Canadian Overnight Repo Rate Average (CORRA), calculated per annum and payable quarterly on the 20th day of February, May, August, and November of each year, commencing November 20, 2025, and continuing until maturity. The notes are not redeemable at the option of Central 1.

On the same date, Central 1 also issued $250.0 million principal amount of Series 24 medium-term fixed rate notes, maturing on August 20, 2030. These notes bear interest at a fixed annual rate of 3.998%, payable semi-annually on the 20th day of February and August of each year, commencing February 20, 2026. The notes are redeemable at the option of Central 1.