



Management's Discussion & Analysis

December 31, 2025

Our Performance in 2025

Total **\$31.9M** NET INCOME

Treasury

\$75.8M

NET INCOME

↓ \$16.2M

\$92.0M net income | 2024

- Lower net fair value gains as credit spreads remained near historical lows.
- Net interest income higher due to lower interest expense.

Payments

(\$13.0M)

NET LOSS

↓ \$16.1M

\$3.1M net income | 2024

- Non-interest expense increased primarily reflecting investment in capabilities and increase in technology investments.
- Non-interest income increased due to higher transaction volumes impacted by pricing adjustments and new product offerings.

Digital Banking

(\$31.4M)

NET LOSS

↓ \$1.9M

(\$29.5M) net loss | 2024

- Non-interest income declined following the transition of Digital Banking to Intellect Design Arena Ltd. (Intellect).
- Non-interest expenses decreased as fewer costs were incurred after Digital Banking was transferred to Intellect.

System Affiliates & Other

\$0.5M

NET INCOME

↑ \$2.0M

(\$1.5M) net loss | 2024

- Higher revenue driven by stronger affiliate performance, with increased investment spending supporting strategic initiatives.

Borrowing Multiple¹

9.0:1

Tier 1 Capital Ratio¹

16.1%

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

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Management's Discussion and Analysis

As at March 12, 2026

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 March 12, 2026. The financial information included in this MD&A should be read in conjunction with our Consolidated Financial Statements for the period ended December 31, 2025, which were authorized for issue by the Board of Directors (the Board) on March 12, 2026. The results presented in this MD&A and in the 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 issued by the International Accounting Standards Board as described in Note 1 of the Consolidated Financial Statements. Additional information may be found on 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 as issued by the International Accounting Standards Board. For instance, the net operating income reported in this MD&A is not equivalent to income from continuing operations under IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 a focus on capital and cost management, 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 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 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.

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.

As at March 12, 2026

Management's Discussion and Analysis

Who We Are

Central 1 empowers credit unions, other financial institutions and financial technology companies in delivering banking choice to Canadians. With more than 80 years of experience across Payments and Treasury services, Central 1 is a trusted partner to nearly 300 financial institutions, providing secure and reliable solutions to help manage and move money with confidence. Through its scale and collaborative approach, Central 1 develops strategies, products, and services that advance the financial well-being of more than 5 million diverse Canadians.

Central 1's long-standing success is rooted in its unique combination of cooperative governance and commercial discipline, which informs how the organization operates, innovates, and delivers services. Collaboration, scale, and deep sector expertise are Central 1's competitive advantages. As an entity owned by B.C. and Ontario credit unions, Central 1 holds a distinctive position within Canada's banking ecosystem, guided by cooperative values that shape its decisions and contributions to the system. With billions in financial assets under management, Central 1 is the preferred partner for a growing and diverse client base, providing financial products along with end-to-end Payments and Treasury solutions that support the needs of millions of Canadians.

Our Corporate Strategy

Central 1's corporate strategy outlined a clear path toward achieving our purpose and articulated our aspirations over a three-year horizon. It served as the foundation for our strategic initiatives and guided each line of business in aligning its priorities and activities with our overarching organizational goals.

Central 1's 2023-2025 corporate strategy was rooted in three strategic priorities:

- **Strengthen offerings** to meet the system's evolving needs.
- **Transform together**, adopting a system-first approach to deliver value to stakeholders.
- **Operate reliably, effectively and efficiently.**

2025 marked the final year of our previous three-year corporate strategy, during which we exited the digital banking business while continuing to strengthen the foundation for long-term success across both Payments and Treasury.

Progress Against Our Strategy

2025 was a pivotal year in Central 1's evolution, during which we made key decisions to support the future of both Central 1 and the broader credit union system, the most significant being our transfer of Digital Banking to Intellect Design Arena Ltd. (Intellect). Additionally, we continued to advance our efforts to further strengthen and grow Payments and Treasury while becoming more commercially focused.

Strengthen offerings

- **Payments:** In 2025, Central 1 onboarded the first of our clients on to our new Payments Integration Platform, marking a significant advancement in how our clients connect to Payments products and services, accelerate innovation, and reduce long-term costs. Payments Canada's Real-Time Real (RTR) represents a transformative development for the Canadian payment ecosystem, and Central 1 remains committed to supporting our clients to enable this new era of money movement in Canada. As the industry advances toward the RTR launch, financial institutions face a series of complex milestones. While this transition represents a substantial undertaking for all participants, Central 1 has been actively engaged with its clients to help them meet required milestones and ensure preparedness for this next era of financial services.
- **Treasury:** Central 1 continued to expand and enhance our products and service offerings, including the launch of Treasury Basic Banking, a new high-interest savings account solution designed to support our members' liquidity and investment needs.

Transform together

- **Governance:** In July, Central 1's Class A credit union members overwhelmingly approved significant governance enhancements, including the elimination of the double-majority voting requirement for

As at March 12, 2026

rule changes, replaced with a supermajority model that better reflects member share capital. Members also endorsed changes to Board composition aimed at strengthening the depth and breadth of the specialized skills, experience, and expertise required for effective oversight of Central 1's operations.

- **Client engagement model:** Throughout the year, we refined our approach to engaging with our clients to ensure we are positioned as a strategic partner rather than solely a service provider. This included deepening relationships with client executive teams and developing a stronger understanding of their strategic priorities and areas of focus.
- **Client expansion:** We expanded our client base by onboarding major fintech clients onto our Payments products and continue to nurture a robust pipeline of non-credit union clients. The increasing Payments volumes from these clients contribute to revenue growth and support continued reinvestment in the products and services Central 1 delivers to all members and clients.

Operate reliably, effectively and efficiently

- **The Central 1 team:** Central 1 continued to strengthen its organizational capabilities by nurturing existing talent while welcoming new leaders and employees who bring valuable perspectives and deep industry experience that will help us grow and evolve. Notably, Barclay Hancock joined early in 2025 as Chief Payments Officer, followed in the fall by the appointments of Dan Semmens as Chief Technology Officer and Priyal Thakrar as Chief Financial Officer. Each of these leaders brings a wealth of experience and their early contributions have already had a positive impact on Central 1's ongoing evolution.
- **Focusing on our core:** The transition of Digital Banking to Intellect marked an important step in ensuring a smooth client transition while sharpening Central 1's strategic and financial focus. This move allows Central 1 to concentrate fully on what matters to our future—Payments and Treasury—positioning Central 1 to better support the long-term needs of its members and clients.

- **Foundational items:** Our average annual systems availability, which measures the overall availability of all systems services to clients (not just the availability of Central 1 systems services), was 99.91%. We also completed our SOC 2 attestation with a clean audit report in 2025. This enables Central 1 to reassure our clients of our commitment to data security and compliance with established standards.

Our Plans for 2026

We have observed continued merger and acquisition activity among credit unions in Canada as organizations navigate economic challenges, balance sheet risks, and the need for significant investment to meet baseline market requirements. The credit union system is at a critical juncture, and Central 1 must adapt to maintain its competitive edge.

This new reality requires us to accelerate our pace of transformation; accordingly, we developed a new three-year strategy that was approved by the Board in November 2025.

Our revised purpose (why we exist) is to **enable banking choice for Canadians**.

Our vision (what we aim to be) is a **thriving and growing national payments and treasury business**.

We will achieve this with the following four strategies:

- **Attract and retain clients** through competitive offerings and differentiated service
- Ensure **financial and operational resilience** through risk and cost management
- Build a **high-performance culture** through people and process development
- **Amplify scale, capability, and value** through technology and market partnerships

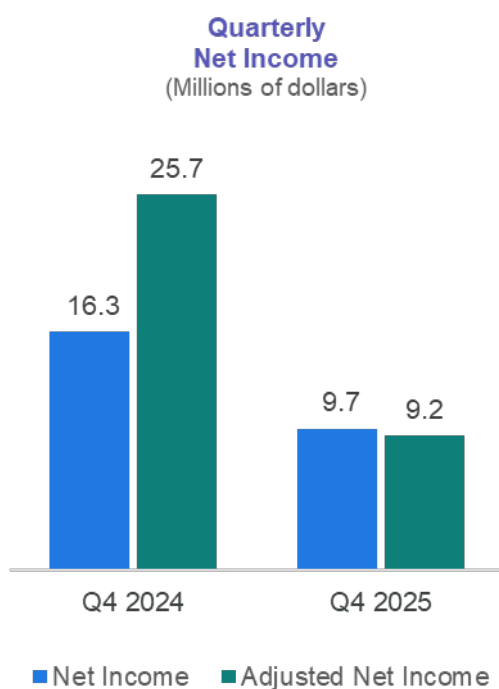
All of this will be supported by our risk appetite: Central 1 takes risks to achieve its purpose and maintain the trust of stakeholders, as long as we provide resilient operations of critical services, maintain liquidity to meet our obligations under normal and stressed conditions, are sustainable, and anticipate and manage risk.

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2025 Financial Results

Overall Performance

Quarterly Comparison – Q4 2025 vs. Q4 2024



\$ millions, except as indicated	Q4 2025		Q4 2024		Change
Net interest income	\$	19.8	\$	14.4	\$ 5.4
Net fair value gains		4.8		29.3	(24.5)
Non-interest income		36.9		40.2	(3.3)
Total revenue		61.5		83.9	(22.4)
Provision for credit losses		-		3.8	(3.8)
Non-interest expense		52.3		57.4	(5.1)
Income before income taxes		9.2		22.7	(13.5)
Income tax expense (recovery)		(0.5)		6.4	(6.9)
Net income	\$	9.7	\$	16.3	\$ (6.6)
Adjusted net income ¹		9.2		25.7	(16.5)
Return on assets (ROA) - annualized ²		0.4%		0.7%	
Return on equity (ROE) - annualized ²		4.3%		7.7%	
Adjusted ROA - annualized ²		0.4%		1.0%	
Adjusted ROE - annualized ²		4.2%		12.2%	
Average assets ²	\$	9,034.8	\$	9,847.5	\$ (812.7)
Average equity ²	\$	853.0	\$	839.0	\$ 14.0
Weighted average shares outstanding (# of shares in millions)		43.4		43.4	-

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.

²When calculating the annualized ROA and ROE, certain items were 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 \$9.7 million, representing a decrease of \$6.6 million compared to the same period last year. This decline was primarily driven by a \$22.4 million decline in total revenue, reflecting lower net fair value gains and decreases in non-interest income, partially offset by continued strength in net interest income. The adjusted net income¹ for the quarter was \$9.2 million, after excluding the net income from Digital Banking.

¹This is a non-GAAP financial measure. 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 \$5.4 million compared to the same quarter last year, primarily driven by a decrease in interest expense. This decrease reflects a more favourable funding mix benefiting from lower-cost customer deposits and a corresponding decline in the use of higher-cost funding sources, including Canada Mortgage Bonds (CMB) obligations, commercial paper, and repurchase agreements.

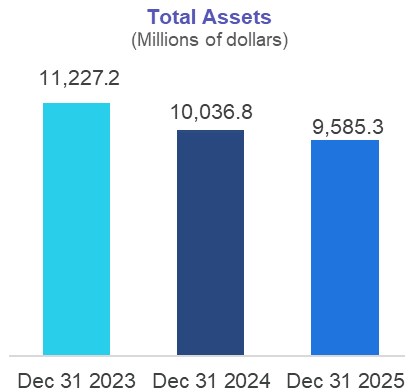
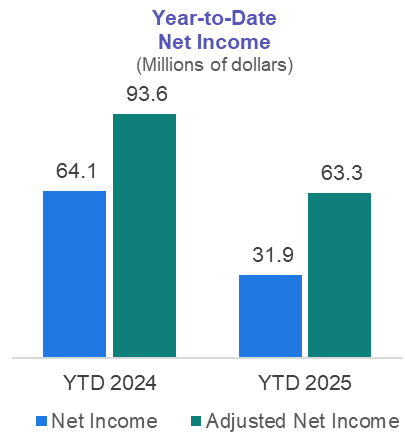
Net fair value gains decreased by \$24.5 million compared to the same period last year, primarily due to credit spreads narrowing less during the fourth quarter of 2025 than during the same period last year.

Non-interest income for the current quarter decreased by \$3.3 million compared to the same period last year, primarily due to lower revenue following the wind-down of Digital Banking, which were transitioned to Intellect after February 28, 2025. This was offset by higher Payments revenue, attributable to elevated transaction volumes in certain Payments services, reflecting continued growth in client expansion.

Non-interest expense decreased by \$5.1 million compared to the same period last year, primarily due to lower salaries and employee benefits, reflecting workforce reductions implemented in connection with the transition of Digital Banking to Intellect. This was offset by increases in expenses due to higher transaction-related costs driven by volume growth, and from investments in technology and other strategic initiatives aimed at supporting the long-term growth of Payments.

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Full Year Comparison – 2025 vs. 2024 vs. 2023



\$ millions, except as indicated	For the year ended December 31		
	2025	2024	2023
Net interest income	\$ 75.4	\$ 48.4	\$ 54.3
Net fair value gains	46.5	89.5	28.3
Non-interest income	154.9	165.0	161.6
Total revenue	276.8	302.9	244.2
Provision for credit losses	2.2	3.8	0.2
Non-interest expense	236.6	213.6	214.0
Income before income taxes	38.0	85.5	30.0
Income tax expense	6.1	21.4	4.6
Net income	\$ 31.9	\$ 64.1	\$ 25.4
Adjusted net income ¹	63.3	93.6	54.0
ROA ²	0.4%	0.7%	0.2%
ROE ²	4.0%	8.0%	3.6%
Adjusted ROA ²	0.7%	1.0%	0.5%
Adjusted ROE ²	7.7%	11.6%	7.5%
Average assets ²	\$ 9,287.2	\$ 9,820.1	\$ 10,787.1
Average equity ²	\$ 823.7	\$ 805.6	\$ 717.8
Weighted average shares outstanding (# of shares in millions)	43.4	43.4	43.4

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.

²When calculating the annualized ROA and ROE, certain items were 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 was \$31.9 million, compared to a net income of \$64.1 million last year.

Net interest income increased by \$27.0 million year-over-year benefiting from lower interest expense as a result of favourable funding mix, with a higher focus on lower-cost customer deposits and a reduced reliance on higher-cost funding sources.

Net fair value gains declined by \$43.0 million compared to last year, reflecting the limited capacity for further credit spread tightening at historically low levels, due to strong investor demand for credit and corporate bonds during the year.

As at March 12, 2026

Non-interest income, which represents revenue generated from Central 1's fee-for-service based businesses, decreased by \$10.1 million compared to last year, primarily driven by lower revenue from Digital Banking, reflecting the transition of operations to Intellect earlier in the year. This decline was partially offset by growth in Payments, driven by higher Enterprise Fraud Management (EFM) revenue and higher Automated Funds Transfer (AFT) revenue on e-transfer services primarily due to increased transaction volumes from client expansion.

Non-interest expense increased by \$23.0 million compared to last year, primarily due to the recognition of the 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. Strategic investments in technology and key initiatives contributed to elevated non-interest expense, reflecting Central 1's commitment to innovation and the long-term growth of Payments. This was partially offset by lower salaries and employee benefits, reflecting workforce reductions implemented in connection with the transition of Digital Banking to Intellect.

Adjusted net income¹ for the current period was \$63.3 million, after excluding the net loss from Digital Banking, representing a decrease of \$30.3 million compared to last year.

Income Tax

Central 1's combined federal and provincial statutory tax rate was 26.8%, while the effective income tax rate was 16.1%, reflecting a 10.7% reduction relative to the statutory tax rate. The lower effective income tax rate primarily reflects the benefits of dividend tax credits recognized on dividends paid in the first quarter of 2025, along with the recognition of investment tax credits for eligible initiatives under Canada's Scientific Research and Experimental Development (SR&ED) program for both 2024 and 2025. The 2025 effective tax rate was 9.0% lower than the 25.1% reported in the prior year, mainly due to the dividend tax credits associated with dividends paid during 2025.

Deferred tax assets and liabilities represent the cumulative amount of tax applicable to temporary differences between the carrying amount of assets and liabilities and their values for tax purposes. Central 1 exercises judgement in estimating the actual amount of current taxes and making assumptions about the expected timing of the reversal of deferred income tax assets and liabilities. If management's interpretations of the *Income Tax Act* differ from those of the tax authorities or if the actual timing of the reversals of the deferred income tax assets and liabilities differs from expectations, the provision for income tax could increase or decrease in future periods. Detailed information about Central 1's income tax is disclosed in Notes 16 and 29 of Central 1's Consolidated Financial Statements.

Other Comprehensive Income

Other comprehensive income (OCI) includes the mark-to-market movements of financial assets measured at fair value through other comprehensive income (FVOCI) and the fair value changes of financial liabilities designated at fair value through profit or loss (FVTPL), driven by changes in Central 1's own credit spreads. Fluctuations in the value of these instruments are generally attributed to changes in credit spreads and shifts in the interest rate curve. OCI also includes net gains or losses on post-employment defined benefit plans, as well as Central 1's share of OCI from affiliates over which it exercises significant influence. OCI net of tax for 2025 totaled \$4.2 million, compared to \$5.3 million in 2024, largely driven by a smaller fair value gain of debt securities at FVOCI. This was offset by a smaller loss of OCI from affiliates over which Central 1 exercises significant influence and a fair value gain on financial liabilities designated at FVTPL.

Equity

Total equity increased to \$821.4 million as of December 31, 2025, an increase of \$26.0 million from \$795.4 million on December 31, 2024. The growth reflects the current year's net income of \$31.9 million and OCI of \$4.2 million, partially offset by the \$10 million dividend declared during the year.

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

As at March 12, 2026

Selected Financial Information

As at December 31	2025		2024		2023	
Balance Sheet (millions of dollars)						
Total assets	\$	9,585.3	\$	10,036.8	\$	11,227.2
Long-term liabilities	\$	1,781.0	\$	1,839.0	\$	2,322.7
Regulatory Ratios						
Total capital ratio ¹		21.1%		21.2%		17.7%
Tier 1 capital ratio ¹		16.1%		16.1%		12.9%
Borrowing multiple ¹		9.0:1		9.9:1		12.6:1
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	\$	9	\$	10	\$	11
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		9		10		11
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		-		-

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

²Share 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.

The total capital ratio and Tier 1 capital ratio remained consistent with December 31, 2024.

The borrowing multiple decreased to 9.0 as of December 31, 2025, compared to 9.9 as of December 31, 2024. The decline was primarily due to a reduction in overall borrowings and higher retained earnings. During the year ended December 31, 2025, December 31, 2024 and December 31, 2023, Central 1 complied with all regulatory capital requirements.

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Factors That May Affect Future Results

In addition to the risks described in subsequent sections of this MD&A, there are numerous factors – systemic, political and economic – that may affect our performance, many of which are outside our immediate control and influence. The effects of these factors can be difficult to predict and could cause our results to differ significantly from our plans, objectives and estimates. Readers are cautioned that the list of risk factors below is not exhaustive and should be reviewed in conjunction with the Cautionary Note Regarding Forward-Looking Statements section of this MD&A.

Economic Conditions

As a wholesale financial services provider to member credit unions, we are affected by prevailing economic and business conditions, including the impact of prices within financial markets. Factors such as interest rates, inflation, consumer, and business spending not only impact residential real estate lending and the primary activities for B.C. and Ontario credit unions but also influence demand for most other credit unions' products and services.

Our financial results are affected by the monetary policies of the Bank of Canada (BoC) and, to a lesser extent, by those of the U.S. Federal Reserve system. Monetary policy decisions determine the level of interest rates which, in turn, may have an impact on our financial results.

Changes in the interest rate differential, or credit spread, between Government of Canada (GoC) securities and securities issued by other fixed-income market participants also influence our financial performance. Central 1 generates interest income by issuing Deposits, Commercial Paper, and Medium-Term Notes at prevailing market rates and investing the resulting proceeds in government and corporate securities. Accordingly, fluctuations in credit spreads may affect both net interest income and the fair value of the Company's financial instruments.

Industry Regulation

There were no material industry regulation developments impacting Central 1 in 2025.

System-Specific Factors

Our financial performance is heavily influenced by events and conditions that impact the credit union system and financial services in general. There is strong competition among Canada's financial services providers and the degree of such competition has repercussions on the financial performance of our organization and the credit union system. Credit unions enjoy strong member loyalty and member retention is influenced by their ability to deliver relevant products and services at competitive prices and service levels compared to other financial services providers.

There has been more consolidation in the system, as credit unions merge to increase efficiency and achieve scale to better serve their members. We expect this trend will continue into 2026 and beyond.

We continually review our operations to determine if there are opportunities to provide greater value to both members and other clients, to benefit the financial well-being of Canadians. Our focus is on enabling banking choice for Canadians. We know that expanding our services to fintech clients and other financial institutions will further empower the progress of our members and other clients.

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Corporate-Specific Factors

Our business continues to become more diversified as we onboard fintechs and challenger banks as clients. Our focus on the credit union market means we still heavily rely on credit union revenue. Given the fierce competition in the financial services industry, our continued success depends on credit unions choosing to continue to source optional services from Central 1. We are also continuing to grow and diversify our client base to further help offset this risk and drive revenue growth.

Our future performance is also dependent on our ability to attract, develop and retain great talent at all levels of our organization. Efforts are currently underway to realign our organization to support our new strategy, operate more commercially, and deliver results.

Other Factors

Other factors that can affect results include changes in accounting standards and their effect on our accounting policies, estimates and judgements. Changes in income tax regulations also affect our results. In addition, we may be adversely impacted by the failure of third parties to comply with their obligations, such as obligations related to the handling of personal information.

Subsequent Events

On January 26, 2026, Central 1 entered into a Swap Assignment Agreement to transfer Canada Housing Trust (CHT) swap contracts. As a result of this transaction, the associated re investment exposures were reduced from the Consolidated Statement of Financial Position. Central 1's reinvestment assets and securitization liabilities each decreased by approximately \$174.2 million, and off-balance sheet commitments related to the reinvestment assets reduced by \$823.9 million.

On January 29, 2026, Series 18 Medium Term Notes with a principal value of \$250.0 million matured.

On March 12, 2026, Central 1's Board of Directors approved a dividend of \$8.0 million to Class A shareholders. This approval was made after the reporting date and, as such, does not result in a liability as of December 31, 2025.

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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 our operating results are presented below in accordance with *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure*. The tables below present reconciliations of these measures to their respective most directly comparable financial measures disclosed in Central 1’s 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 permits 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 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 months and year ended December 31, 2025, exclude the net income (loss) from Digital Banking, which was transferred to Intellect, effective March 1, 2025. To enhance comparability and present a clearer view of Central 1’s core business performance, Digital Banking has been excluded from the calculation of the adjusted net income.

\$ millions, except as indicated				For the year ended December 31		
	Q4 2025	Q4 2024	Change	2025	2024	2023
Reported net income	\$ 9.7	\$ 16.3	\$ (6.6)	\$ 31.9	\$ 64.1	\$ 25.4
Adjust: net loss (income) from Digital Banking	(0.5)	9.4	(9.9)	31.4	29.5	28.6
Adjusted net income	\$ 9.2	\$ 25.7	\$ (16.5)	\$ 63.3	\$ 93.6	\$ 54.0

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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	Q4 2025			Q4 2024			Change			For the year ended December 31		
	2025	2024	Change	2025	2024	Change	2025	2024	Change	2025	2024	Change
Total assets as reported	\$ 9,585.3	\$ 10,036.8	\$ (451.5)	\$ 9,585.3	\$ 10,036.8	\$ (451.5)	\$ 9,585.3	\$ 10,036.8	\$ (451.5)	\$ 9,585.3	\$ 10,036.8	\$ (451.5)
Impact of averaging daily balances	(550.5)	(189.3)	(361.2)	(298.1)	(216.7)	(81.4)	(298.1)	(216.7)	(81.4)	(298.1)	(216.7)	(81.4)
Average assets	\$ 9,034.8	\$ 9,847.5	\$ (812.7)	\$ 9,287.2	\$ 9,820.1	\$ (532.9)	\$ 9,287.2	\$ 9,820.1	\$ (532.9)	\$ 9,287.2	\$ 9,820.1	\$ (532.9)
Total equity as reported	\$ 821.4	\$ 795.4	\$ 26.0	\$ 821.4	\$ 795.4	\$ 26.0	\$ 821.4	\$ 795.4	\$ 26.0	\$ 821.4	\$ 795.4	\$ 26.0
Impact of averaging daily balances	31.6	43.6	(12.0)	2.3	10.2	(7.9)	2.3	10.2	(7.9)	2.3	10.2	(7.9)
Average equity	\$ 853.0	\$ 839.0	\$ 14.0	\$ 823.7	\$ 805.6	\$ 18.1	\$ 823.7	\$ 805.6	\$ 18.1	\$ 823.7	\$ 805.6	\$ 18.1

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 is securities reported on the 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 December 31	2025	2024	2023
Federal and provincial government issued and guaranteed securities	\$ 1,963.5	\$ 2,993.6	\$ 3,403.6
Corporate and financial institutions securities	3,648.3	3,256.0	3,152.3
Asset backed securities	375.4	252.3	203.0
Insured mortgages	14.3	23.7	26.6
Total liquid assets	\$ 6,001.5	\$ 6,525.6	\$ 6,785.5
Add: equity instruments	42.6	40.8	40.9
Add: BB (high) to BB instruments	209.1	251.9	173.9
Securities as reported	\$ 6,253.2	\$ 6,818.3	\$ 7,000.3

Regulatory Capital

Regulatory capital supports the measurement and monitoring of Central 1's capital position relative to regulatory requirements set by the BCFSA. Tier 1 capital, which is used to calculate the Tier 1 capital ratio, consists of share capital and retained earnings, excluding the cumulative net after-tax gain in investment property. Tier 2 capital, which contributes to the calculation of the total capital ratio, comprises subordinated debt net of required amortization in its final five years and the accumulated net after-tax gain in investment property. Total regulatory capital represents the sum of Tier 1 and Tier 2 capital, less statutory capital

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adjustments, and is used to assess compliance with regulatory capital limits. Quantitative reconciliations for Tier 1 capital, Tier 2 capital, and total regulatory capital are disclosed in the 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 the BCFSa to maintain a consolidated borrowing multiple within the regulatory limits. Total borrowings include the line items reported in the 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.

\$ millions, as at December 31	2025		2024		2023	
Total liabilities as reported	\$	8,763.9	\$	9,241.4	\$	10,501.2
Less: other liabilities as reported		(108.9)		(79.5)		(90.0)
Less: subordinated liabilities		(199.5)		(195.5)		(182.1)
Less: settlements in-transit excluded from total borrowings		(594.1)		(573.4)		(689.3)
Add: subsidiary deposits		-		-		0.2
Total borrowings	\$	7,861.4	\$	8,393.0	\$	9,540.0

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.

\$ millions, except as indicated	Q4 2025			Q4 2024			Change			For the year ended December 31		
Average assets	\$	9,034.8	\$	9,847.5	\$	(812.7)	\$	9,287.2	\$	9,820.1	\$	10,787.1
ROA - annualized ¹		0.4%		0.7%				0.4%		0.7%		0.2%
Adjusted ROA - annualized		0.4%		1.0%				0.7%		8.0%		0.5%
Average equity	\$	853.0	\$	839.0	\$	14.0	\$	823.7	\$	805.6	\$	717.8
ROE - annualized ¹		4.3%		7.7%				4.0%		8.0%		3.6%
Adjusted ROE - annualized		4.2%		12.2%				7.7%		11.6%		7.5%

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

¹When calculating the annualized ROA and ROE, certain items were treated as non-recurring items and therefore were not annualized.

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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 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 which are calculated using different risk weightings for different assets as required by the BCFSA.

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 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)

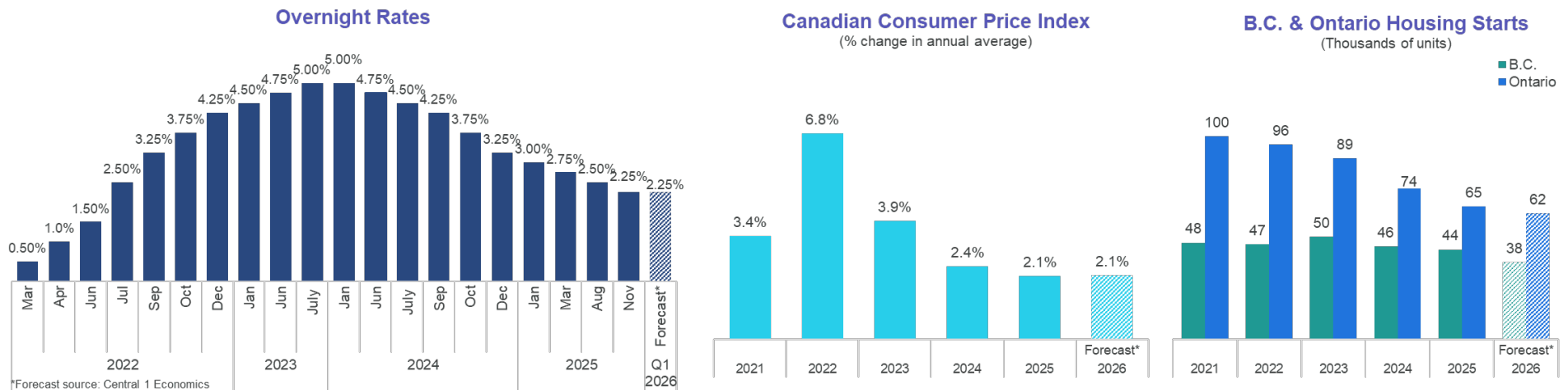
LCR demonstrates whether Central 1 has a sufficient stock of high-quality liquid assets to meet 30-day cashflow requirements under a significant stress scenario that incorporates idiosyncratic and market-wide shocks. While Central 1 is not regulated by Office of the Superintendent of Financial Institutions (OSFI), the LCR is calculated based on OSFI's regulatory requirements.

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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



The Canadian economy demonstrated resilience heading into 2026 despite the continued impact of U.S. tariff actions. While the Canada–United States–Mexico Agreement (CUSMA) continues to exempt a significant share of Canadian and Mexican exports from tariffs, the prospect of renegotiation has increased policy uncertainty. This uncertainty is weighing on business investment decisions and is expected to restrain economic growth in the near term. Against this backdrop, Central 1 Economics anticipates that economic growth will remain positive but subdued in 2026. Growth is expected to be supported by a gradual transition toward export diversification and federal government initiatives aimed at stimulating private sector investment. Labour market conditions are forecast to tighten modestly, despite persistently weak hiring activity. Federal efforts to reduce the non-permanent resident population appear to be having an impact, with preliminary data indicating the first quarterly decline outside of the pandemic period. This development is expected to result in a contraction of the labour force, which should help limit upward pressure on the unemployment rate. The unemployment rate ended 2025 at 6.8% in December, down from a peak of 7.1%, and averaged 6.9% for the year. The job vacancy rate remained relatively stable at approximately 3.0% throughout most of 2025 and is expected to remain near that level. However, there is potential for an increase should population growth continue to slow and economic activity exceed current expectations.

The Canadian housing market is expected to move toward more balanced conditions in 2026. Provinces such as B.C. and Ontario, which experienced weaker sales and stagnant pricing, are projected to recover, while markets in the Prairies, Atlantic Canada, and Quebec are expected to moderate following stronger performance. Overall, current forecasts project real GDP growth of 1.6% in 2025, slowing to 1.3% in 2026. The unemployment rate is also expected to decline modestly, averaging approximately 6.7% in 2026.

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The global economy continues to adjust to an evolving policy environment shaped by recent trade and fiscal measures. Trade developments dominated headlines throughout 2025 as governments and businesses assessed the implications for economic activity and income growth. The introduction of broad-based tariffs initially imposed significant shocks on the global economy and financial markets; however, many of these measures were subsequently reduced as the United States (U.S.) reached trade agreements with several partners. Despite this, the legal basis of certain tariffs remains uncertain, and potential rollbacks could arise from U.S. Supreme Court decisions. Nevertheless, tariffs are expected to remain a feature of the global trade environment. Elevated policy uncertainty persists and is expected to weigh on global economic growth. According to the International Monetary Fund's October *World Economic Outlook*, global real GDP growth is forecast at 3.2% in 2025, moderating slightly to 3.1% in 2026. U.S. economic growth is projected to improve modestly; however, higher trade barriers, ongoing policy uncertainty, and slower labour force and employment growth are expected to constrain activity. In the euro area, elevated uncertainty and increased trade barriers are anticipated to reduce potential growth. China's economic growth is expected to slow, although fiscal expansion is likely to partially offset these headwinds. Growth across emerging market economies is also projected to decelerate in 2026. Overall, the risks to the global economic outlook remain tilted to the downside. Prolonged trade policy uncertainty could negatively affect business investment, while escalating regional geopolitical tensions pose additional risks through potential supply disruptions and volatility in commodity prices. Conversely, the resolution of trade negotiations, a de-escalation of regional conflicts, and faster adoption of artificial intelligence technologies could provide upside support to global growth through improved productivity and increased investment.

U.S. economic growth moderated in 2025 but remained resilient in recent quarters, with firmer full-year growth expected in 2026. According to the U.S. Federal Reserve's latest Summary of Economic Projections, the median forecast of Federal Open Market Committee participants anticipates real GDP growth of 2.3% in 2026, compared with projected growth of 1.8% in 2025. Investment in artificial intelligence-related infrastructure has been a significant driver of recent economic activity; however, its contribution to sustained long-term productivity gains has yet to be fully realized. Inflation, as measured by the Personal Consumption Expenditures (PCE) price index, has eased but is expected to remain above the Federal Reserve's 2.0% target. Labour market conditions softened over the course of 2025, with the unemployment rate rising from 4.0% at the beginning of the year to 4.4% by year-end. The unemployment rate is expected to average near this level in 2026. Recent data indicate a deceleration in payroll growth and a decline in job openings, suggesting increased caution among employers and a more restrained pace of hiring. Tariffs are expected to remain a contributing factor to inflation, as the full pass-through of higher costs to consumers may not yet be complete. Persistently elevated inflation could constrain the Federal Reserve's ability to further adjust the policy rate. However, should the U.S. Supreme Court rule against tariffs introduced under the International Emergency Economic Powers Act, inflationary pressures would likely ease, providing additional policy flexibility.

British Columbia

B.C.'s economy is estimated to have expanded by 1.3% in 2025, according to Central 1 Economics, amid a broader restructuring of the Canadian economy as trade tariffs alter established patterns of goods flows. This adjustment is expected to place the economy on a lower growth trajectory over the medium term, with only a modest improvement in economic growth anticipated in 2026. Employment growth is forecast to remain subdued, increasing by approximately 1.0%, as businesses continue to exercise caution with respect to hiring and expansion. Consumer demand is also expected to remain restrained, reflecting modest employment gains and slower population growth. Housing market activity is projected to improve modestly following several years of weakness, supported by greater certainty around mortgage rates and the return of buyers who had previously deferred purchasing decisions. However, ongoing uncertainty in the broader economic and labour market environment is expected to limit upside potential. Key sources of uncertainty include the renegotiation of the CUSMA and the outlook for forestry-related tariffs. B.C.'s diversified export base may partially mitigate these risks. Overall, Central 1 Economics forecasts that B.C.'s real GDP will grow by a modest 1.4% in 2026, while the unemployment rate is expected to average approximately 6.6%.

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Ontario

Ontario's economy has been significantly affected by elevated uncertainty stemming from evolving trade policy developments. The U.S. plays a dominant role as a destination for the province's exports, and tariffs on non-CUSMA-compliant automobiles, automotive components, steel, and related products have had broad downstream effects on integrated supply chains spanning Canada, the U.S., and Mexico. In addition, tariffs on copper have adversely affected Ontario, which imports a substantial share of its copper products from the U.S. As the provincial economy continues to adjust to these structural changes, economic growth is expected to remain subdued. Labour market conditions in 2026 are forecast to improve modestly relative to 2025 but remain restrained overall, with employment growth driven by cautious hiring decisions by businesses. The housing market is expected to show signs of stabilization in 2026 following several years of declining sales and prices; however, improvements are anticipated to be limited. Declining rental rates and elevated rental vacancy levels are expected to constrain upside potential and dampen housing starts across the province. A subdued hiring environment, ongoing weakness in the housing market, and slower population growth are expected to weigh on real consumer spending. Against this backdrop, Central 1 Economics forecasts that Ontario's real GDP will grow by 1.0% in 2026, compared with projected growth of 1.1% in 2025. The unemployment rate is expected to average 7.5% in 2026, improving slightly from an estimated 7.7% in 2025.

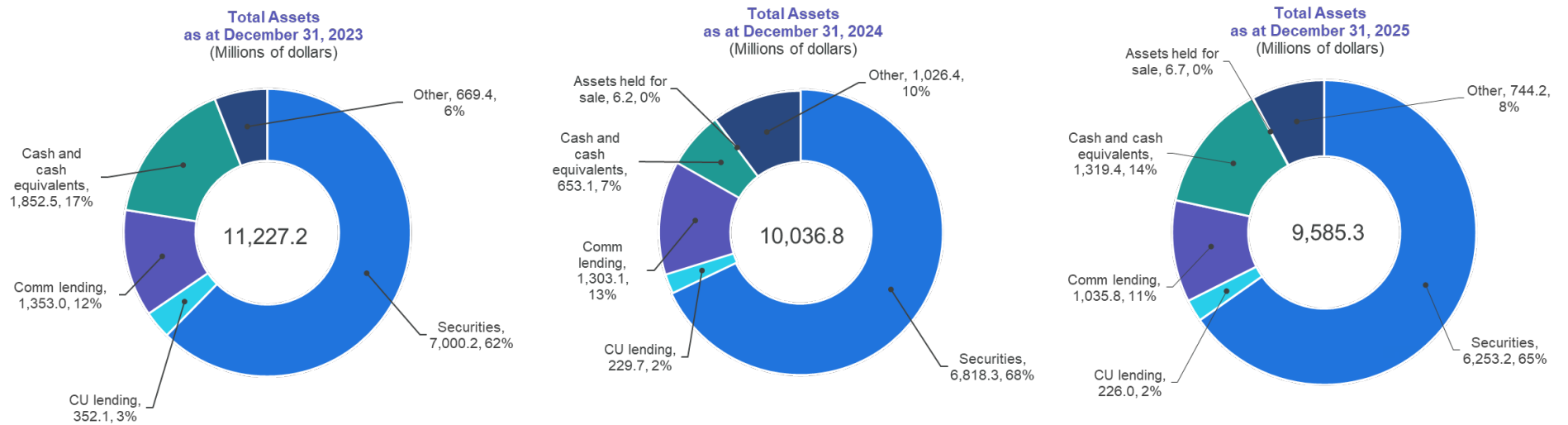
Financial Markets

Global financial conditions experienced significant volatility following the introduction of "reciprocal tariffs" by the Trump administration in April 2025; however, conditions have since eased materially. In the U.S., financial conditions are now among the most accommodative observed since early 2022, based on the Chicago Federal Reserve's National Financial Conditions Index—a period when inflation was elevated and markets had begun to anticipate tighter monetary policy. Bond yields declined between the third and fourth quarters of 2025. In the U.S., the average yield on two-year Treasury notes fell by approximately 20 basis points (bps), while the average five-year Treasury yield declined by 16 bps. Canadian bond yields also moved lower, with the average yields on two-year and ten-year GoC bonds declining by approximately 17 bps and 13 bps, respectively. The comparatively larger decline in U.S. Treasury yields contributed to an appreciation of the Canadian dollar against the U.S. dollar, rising from approximately USD 0.718 to USD 0.726. The Canadian dollar also strengthened on a trade-weighted basis against the currencies of major trading partners, as reflected in the BoC's Canadian Effective Exchange Rate index. Overall commodity prices remained broadly stable, as measured by the BoC's Commodity Price Index. Gold prices, however, increased significantly, providing notable support to the Canadian economy given Canada's position as the world's fourth-largest gold producer. In contrast, oil prices underperformed as OPEC+ increased output, contributing to expectations of excess global supply through much of 2026. Inflation trends diverged between Canada and the U.S. over the period. In Canada, year-over-year inflation remained close to the BoC's 2.0% target, while inflation in the U.S. remained elevated, closer to 3.0%.

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Consolidated Statement of Financial Position

Total Assets

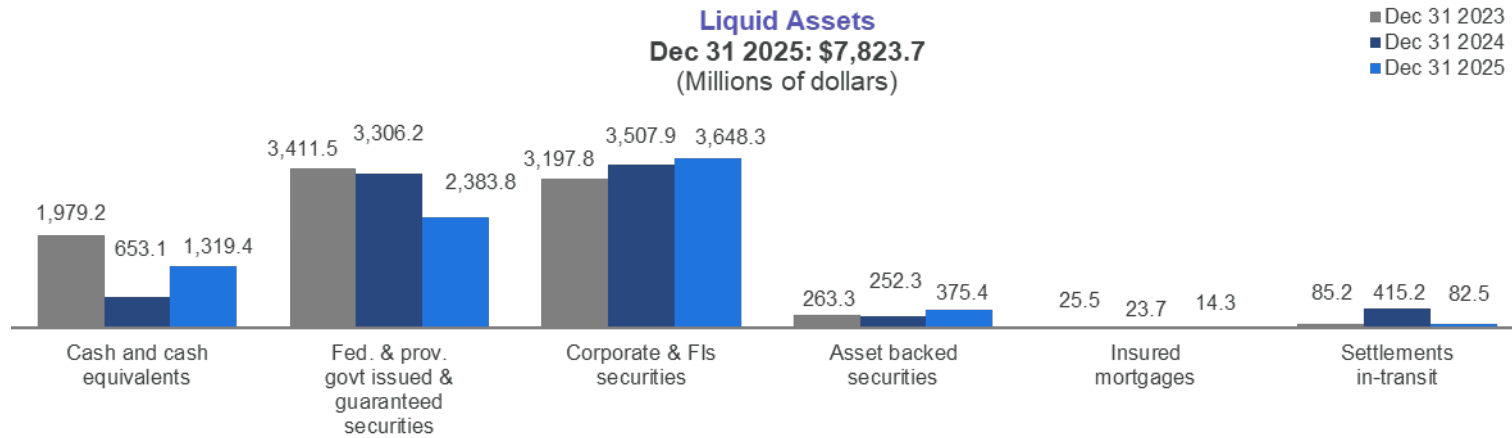


The change in total assets correlates to the change in the size of our funding portfolios. As of December 31, 2025, total assets decreased by \$451.5 million from December 31, 2024 mainly driven by a lower securities balance which dropped to \$6.3 billion from \$6.8 billion as at December 31, 2024, partially offset by higher cash and cash equivalents.

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 December 31, 2025	Liquid Assets		Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and cash equivalents	\$ 1,319.4	\$ -	\$ -	\$ 1,319.4	\$ -	\$ 1,319.4
Federal and provincial government issued and guaranteed securities	1,963.5	420.3	-	2,383.8	702.4	1,681.4
Corporate and financial institutions securities	3,648.3	-	-	3,648.3	798.5	2,849.8
Asset backed securities	375.4	-	-	375.4	-	375.4
Insured mortgages	14.3	-	-	14.3	-	14.3
Settlements in-transit	82.5	-	-	82.5	82.5	-
Total	\$ 7,403.4	\$ 420.3	\$ -	\$ 7,823.7	\$ 1,583.4	\$ 6,240.3

*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.

Management's Discussion and Analysis

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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	1,416.6	1,889.6
Corporate and financial institutions securities	3,256.0	-	3,256.0	50.2	3,205.8
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	\$ 7,593.9	\$ 312.6	\$ 7,906.5	\$ 1,882.0	\$ 6,024.5

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

*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 December 31, 2023	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and cash equivalents	\$ 1,852.5	\$ -	\$ 1,852.5	\$ -	\$ 1,852.5
Federal and provincial government issued and guaranteed securities	3,403.6	73.9	3,477.5	1,654.2	1,823.3
Corporate and financial institutions securities	3,152.3	-	3,152.3	46.7	3,105.6
Asset backed securities	203.0	-	203.0	-	203.0
Insured mortgages	26.6	-	26.6	-	26.6
Settlements in-transit	158.5	-	158.5	158.5	-
Total	\$ 8,796.5	\$ 73.9	\$ 8,870.4	\$ 1,859.4	\$ 7,011.0

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

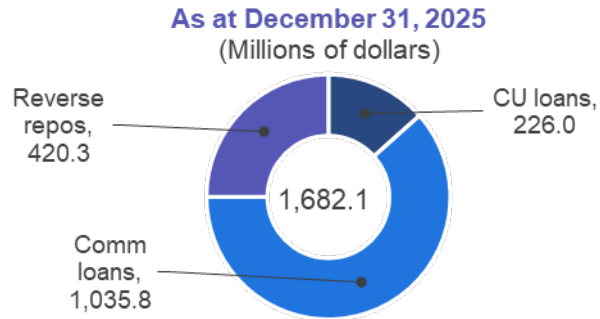
*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

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 December 31, 2025, total liquid assets decreased by \$82.8 million compared to December 31, 2024, driven by lower settlements in-transit as a result of decreased Payments clearing activities under Group Clearer as well as a decreased securities balance. Unencumbered assets increased by \$215.8 million compared to December 31, 2024 primarily due to a decrease in the value of high-quality liquid securities that were pledged at December 31, 2025 compared to 2024. The decrease is mainly coming from the securities under repurchase agreements which decreased by \$257.1 million since 2024.

As at March 12, 2026

Loans

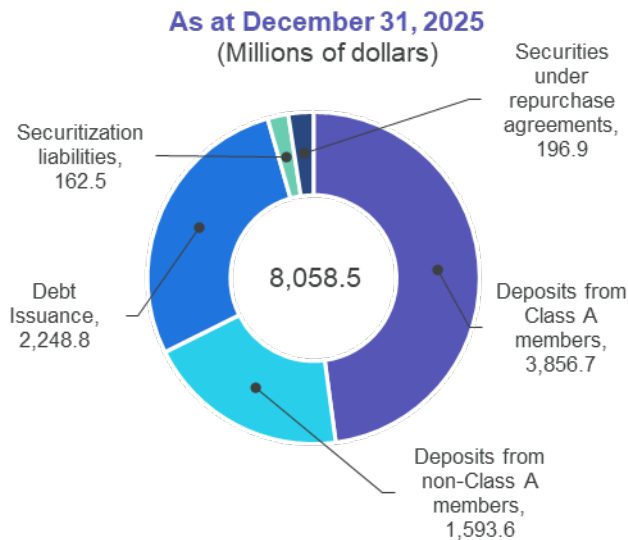


\$ millions, as at December 31	2025	2024	2023
Loans to credit unions	\$ 226.0	\$ 229.7	\$ 352.1
Commercial and other loans	1,035.8	1,303.1	1,353.0
Reverse repurchase agreements	420.3	312.5	73.9
Total	\$ 1,682.1	\$ 1,845.3	\$ 1,779.0

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

The total loan portfolio decreased to \$1.7 billion as at December 31, 2025, compared to \$1.8 billion as at December 31, 2024. Commercial loans outstanding have reduced as construction and real estate lending markets have slowed. This decrease was partially offset by an increase in credit unions' use of reverse repurchase agreements to facilitate efficient cash management, leading to an uptick in usage relative to outstanding committed credit facilities.

Funding



\$ millions, as at December 31	2025	2024	2023
Deposits			
Deposits from Class A members	\$ 3,856.7	\$ 3,596.2	\$ 4,041.9
Deposits from non-Class A members	1,593.6	1,650.3	1,813.8
Total	5,450.3	5,246.5	5,855.7
Debt Issuance			
Commercial paper	563.9	723.3	853.4
Medium-term notes	1,485.4	1,331.4	1,297.7
Subordinated liabilities	199.5	195.5	182.1
Total	2,248.8	2,250.2	2,333.2
Securitization liabilities	162.5	436.8	560.0
Securities under repurchase agreements	196.9	691.3	1,036.6
Total	\$ 8,058.5	\$ 8,624.8	\$ 9,785.5

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.

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Securitization liabilities decreased by \$274.3 million compared to December 31, 2024, and by \$397.5 million compared to December 31, 2023. This decline was primarily driven by the maturity of the CMB series in 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 \$494.4 million compared to December 31, 2024, and by \$839.7 million compared to December 31, 2023. This reduction reflects Central 1's continued focus on utilizing lower-cost customer deposits.

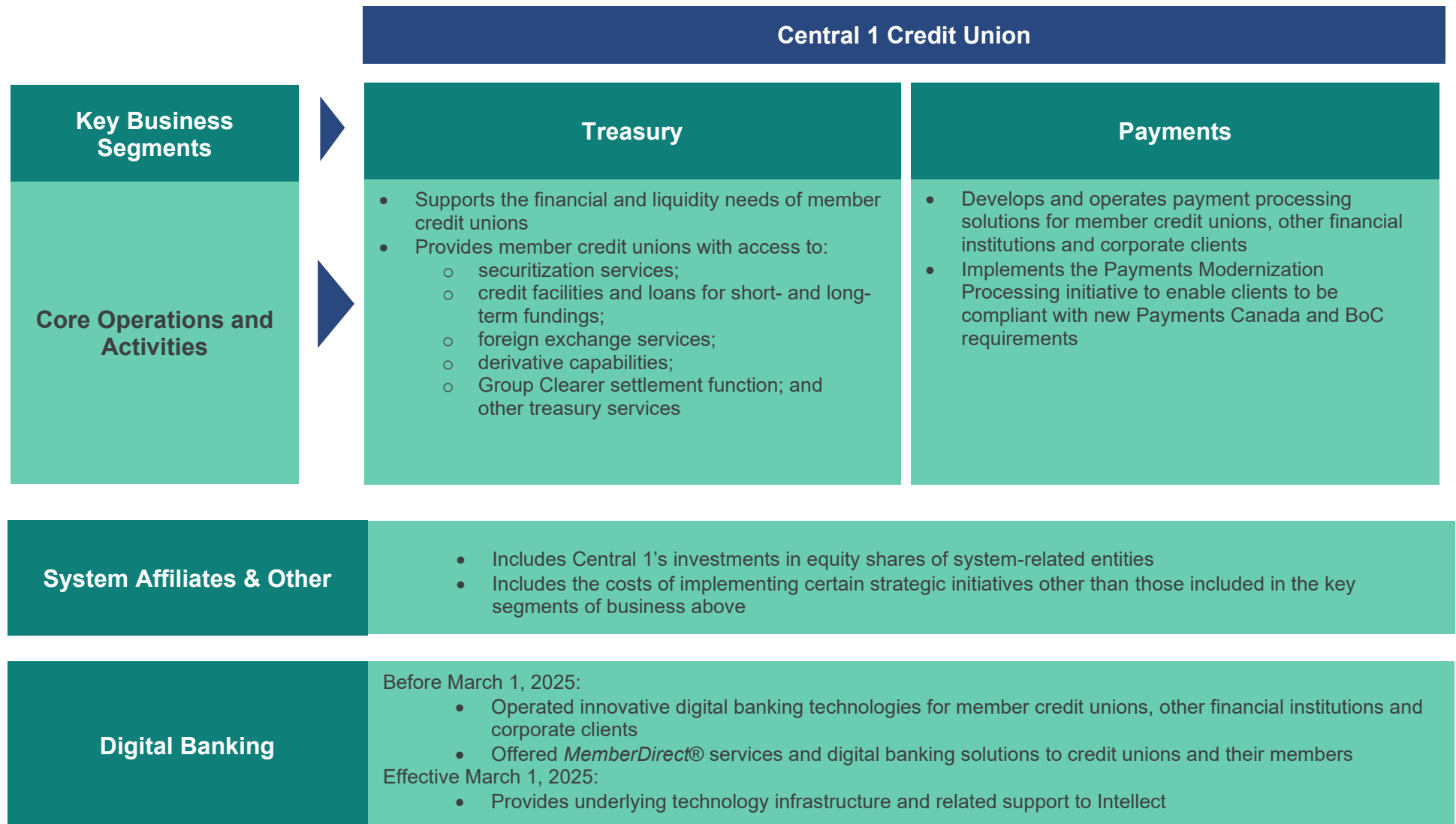
Results by Segment

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.

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 Digital Banking to Intellect. Intellect assumed responsibility for Central 1's Digital Banking operations, which includes Forge, *MemberDirect*®, 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 Digital Banking over the next few years.

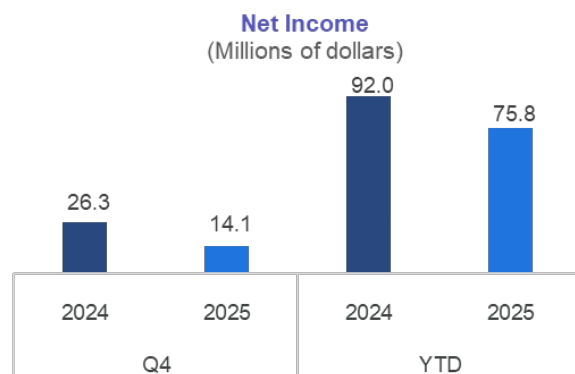
As at March 12, 2026

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.



As at March 12, 2026

Treasury



\$ millions				For the year ended December 31		
	Q4 2025	Q4 2024	Change	2025	2024	Change
Net interest income	\$ 20.0	\$ 14.8	\$ 5.2	\$ 76.3	\$ 50.4	\$ 25.9
Net fair value gains	4.8	30.2	(25.4)	47.5	90.4	(42.9)
Non-interest income	7.9	8.5	(0.6)	32.7	34.3	(1.6)
Total revenue	32.7	53.5	(20.8)	156.5	175.1	(18.6)
Provision for credit losses	-	3.8	(3.8)	2.2	3.8	(1.6)
Non-interest expense	13.4	13.7	(0.3)	50.6	45.5	5.1
Income before income taxes	19.3	36.0	(16.7)	103.7	125.8	(22.1)
Income tax expense	5.2	9.7	(4.5)	27.9	33.8	(5.9)
Net income	\$ 14.1	\$ 26.3	\$ (12.2)	\$ 75.8	\$ 92.0	\$ (16.2)

Quarterly Comparison – Q4 2025 vs. Q4 2024

Treasury’s net income for the quarter was \$14.1 million, a decline of \$12.2 million compared to the same period last year. The decrease was primarily attributable to lower net fair value gains partially offset by higher net interest income.

Net interest income increased by \$5.2 million compared to the same period last year, mainly driven by the decline in interest expense.

Net fair value gains decreased by \$25.4 million compared to the same period last year, largely due to spreads narrowing less during the fourth quarter of 2025 compared to last year.

Non-interest income decreased by \$0.6 million compared to the same period last year, primarily due to lower Commercial Lending and Credit Union Lending standby fee revenue partially offset by higher foreign exchange revenue.

Non-interest expense decreased by \$0.3 million compared to the same period last year, primarily due to lower spending on management consultants.

Full Year Comparison – 2025 vs. 2024

Treasury’s net income was \$75.8 million for the year ended December 31, 2025, compared with \$92.0 million reported last year.

The decrease in net income was primarily attributable to year-over-year lower net fair value gains, which contributed \$47.5 million to net income for the year ended December 31, 2025, down from \$90.4 million reported last year. The decrease reflected reaching technical limits to tighter credit spreads at historical low levels as very strong investor demand for credit and corporate bonds in 2025 attempted to balance potential risks.

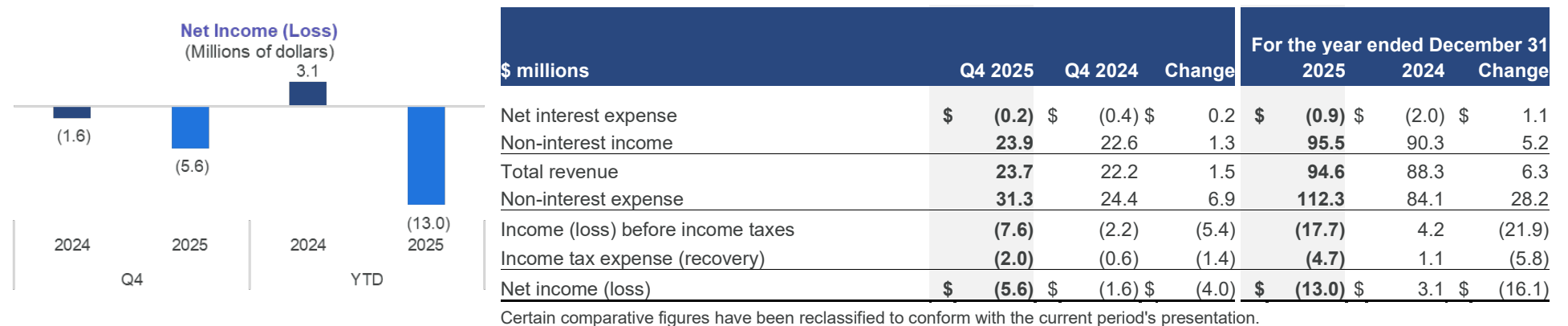
As at March 12, 2026

Net interest income contributed \$76.3 million to net income, representing a \$25.9 million increase compared to last year. This increase was primarily driven by a decline in interest expense.

Non-interest income decreased by \$1.6 million compared to last year, mainly due to lower foreign exchange revenue and lower commercial lending and Credit Union lending standby fees charged to members.

Non-interest expenses increased by \$5.1 million compared to last year, primarily due to higher corporate expenses and continued investments in initiatives towards infrastructure-related expenses, such as server operations, data center management, and network services. Central 1 continues to streamline operations and drive sustained reductions in corporate expenses.

Payments



Quarterly Comparison – Q4 2025 vs. Q4 2024

Payments reported a net loss of \$5.6 million for the fourth quarter, compared to a net loss of \$1.6 million in the same period last year, reflecting higher non-interest expense, which is partially offset by growth in non-interest income.

Non-interest income increased by \$1.3 million compared to the same period last year, mainly driven by higher revenue from e-transfer, AFT, EFM on e-transfer services and Client Delivery. This growth was largely attributable to increased transaction volumes resulting from client expansion. The increase was partially offset by a decline in cheques revenue, reflecting lower volumes due to evolving product demand.

Non-interest expense increased by \$6.9 million compared to the same period last year, primarily driven by higher direct costs, technology and information systems costs, and salaries and employee benefits, along with greater corporate expenses. This increase reflects higher transaction-related costs driven by volume growth as well as significant investments in technology, and other strategic initiatives to support the long-term growth of Payments. In parallel, Central 1 remains focused on identifying opportunities to streamline operations and deliver efficiencies.

As at March 12, 2026

Full Year Comparison – 2025 vs. 2024

Payments reported a net loss of \$13.0 million for the year ended December 31, 2025, compared to a net income of \$3.1 million last year, primarily due to higher non-interest expense, partially offset by higher non-interest income.

Non-interest income increased by \$5.2 million compared to last year, reflecting continued growth in transaction volumes, pricing adjustments on existing products, and the successful adoption of new product offerings.

Non-interest expense increased by \$28.2 million compared to last year, largely driven by increased salaries and employee benefits related to investment in capabilities, along with higher corporate expenses. The increase reflects significant investments in technology and strategic initiatives to drive sustainable growth within Payments. Central 1 continues to implement initiatives aimed at enhancing operational efficiency and reducing corporate expenses.

Digital Banking

\$ millions				For the year ended December 31		
	Q4 2025	Q4 2024	Change	2025	2024	Change
Non-interest income	\$ 4.5	\$ 9.0	\$ (4.5)	\$ 22.0	\$ 37.2	\$ (15.2)
Total revenue	4.5	9.0	(4.5)	22.0	37.2	(15.2)
Non-interest expense	3.8	21.9	(18.1)	64.9	77.5	(12.6)
Income (loss) before income taxes	0.7	(12.9)	13.6	(42.9)	(40.3)	(2.6)
Income tax expense (recovery)	0.2	(3.5)	3.7	(11.5)	(10.8)	(0.7)
Net income (loss)	\$ 0.5	\$ (9.4)	\$ 9.9	\$ (31.4)	\$ (29.5)	\$ (1.9)
Adjusting item:						
Net loss (income) from Digital Banking	(0.5)	9.4	(9.9)	31.4	29.5	1.9
Adjusted net loss ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

¹Adjusted 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.

Quarterly Comparison – Q4 2025 vs. Q4 2024

Digital Banking's reported net income for the quarter was \$0.5 million, compared to a net loss of \$9.4 million in the same period last year, reflecting lower non-interest expense, partially offset by lower non-interest income. Adjusted net loss¹ for the fourth quarter was nil across all comparable periods, reflecting the classification of Digital Banking as a non-core business operation for Central 1.

Compared to the same period last year, non-interest income decreased by \$4.5 million and non-interest expenses decreased by \$18.1 million, primarily reflecting the transition of Digital Banking to Intellect.

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

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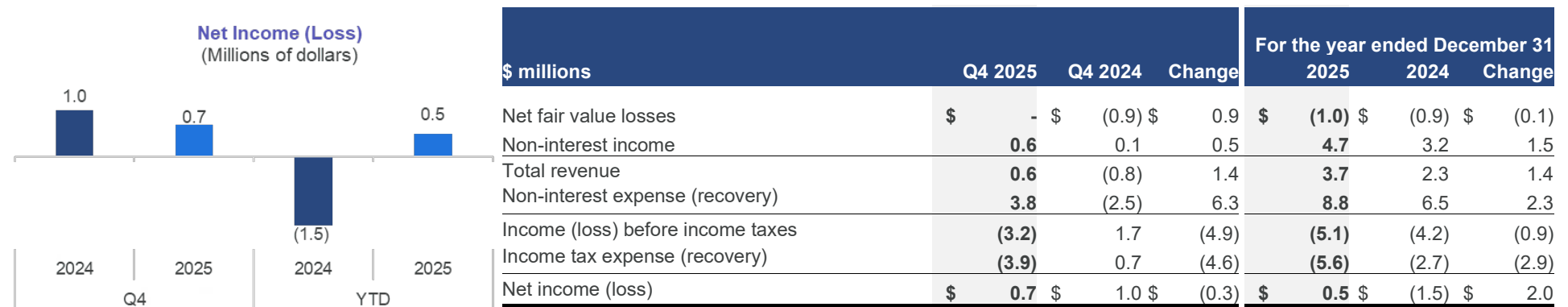
Full Year Comparison – 2025 vs. 2024

Digital Banking’s reported year-to-date net loss was \$31.4 million, compared to a net loss of \$29.5 million last year. Adjusted net loss¹ was nil year-over-year, reflecting the classification of Digital Banking as a non-core business operation for Central 1.

Non-interest income decreased by \$15.2 million compared to last year, reflecting the transition of Digital Banking to Intellect.

Non-interest expenses decreased by \$12.6 million primarily driven by lower salaries and employee benefits from the transition of the workforce to Intellect. This reduction was offset by the recognition of the 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 has assumed 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 the end of 2028. The provision is expected to be utilized over a period of four years.

System Affiliates & Other



Quarterly comparison – Q4 2025 vs. Q4 2024

System Affiliates & Other reported a net income of \$0.7 million for the quarter, compared with a net income of \$1.0 million in the same quarter last year.

Total revenue increased by \$1.4 million, primarily reflecting favourable changes in the fair value of certain investments and stronger affiliates’ results during the period.

Non-interest expenses increased by \$6.3 million, largely attributable to reduced corporate recoveries from other business lines.

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Full Year Comparison – 2025 vs. 2024

System Affiliates & Other reported a net income of \$0.5 million, compared to a net loss of \$1.5 million last year, driven by higher non-interest income and income tax recovery.

Total revenue increased by \$1.4 million compared to last year, primarily driven by \$1.5 million of a one-time tax-related refund as well as improved financial results from affiliates, partially offset by lower dividend income.

Non-interest expenses increased by \$2.3 million compared to last year, largely due to higher enterprise technology and transformation initiatives, which were only partially allocated to other business lines.

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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				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income	\$ 74,097	\$ 80,811	\$ 81,910	\$ 83,851	\$ 92,288	\$ 99,158	\$ 101,442	\$ 104,000
Interest expense	54,252	63,299	61,338	66,406	77,877	89,443	91,619	89,534
Net interest income	19,845	17,512	20,572	17,445	14,411	9,715	9,823	14,466
Net fair value gains (losses)	4,752	30,713	18,383	(7,387)	29,341	6,911	18,765	34,458
Non-interest income	36,886	37,244	41,056	39,744	40,220	42,676	40,380	41,755
Total revenue	61,483	85,469	80,011	49,802	83,972	59,302	68,968	90,679
Provision for (recovery of) credit losses	(27)	1,727	638	(164)	3,752	158	(340)	183
Non-interest expense	52,331	43,535	53,476	87,263	57,546	53,300	51,624	51,148
Income (loss) before income taxes	9,179	40,207	25,897	(37,297)	22,674	5,844	17,684	39,348
Income tax expense (recovery)	(466)	15,344	4,490	(13,269)	6,358	26	4,582	10,473
Net income (loss)	\$ 9,645	\$ 24,863	\$ 21,407	\$ (24,028)	\$ 16,316	\$ 5,818	\$ 13,102	\$ 28,875
Adjusting item:								
Net income (loss) from Digital Banking	537	(365)	(915)	(30,631)	(9,395)	(7,075)	(6,261)	(6,723)
Adjusted net income ¹	\$ 9,108	\$ 25,228	\$ 22,322	\$ 6,603	\$ 25,711	\$ 12,893	\$ 19,363	\$ 35,598
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	22.1	57.4	49.3	(55.3)	37.6	13.4	30.2	66.6
Adjusted basic/diluted ²	21.0	58.1	51.4	15.2	59.2	29.7	44.7	82.0

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

¹Adjusted 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.

²Earnings 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 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 the average balance of the investment portfolio and fluctuations in effective yields. From the first quarter of 2024 through the third quarter of 2024, net interest income declined, driven by lower average balances in the investment portfolios. This trend reversed in the fourth quarter of 2024, with an increase of \$4.7 million, primarily attributable to higher effective yields and an increase in average deposits with financial institutions. The upward momentum continued into 2025, with sequential increases of \$3.0 million in the first quarter – reflecting a strategic shift in investment mix toward higher-yielding securities – and \$3.1 million in the second quarter, mainly due to lower interest expense from an increased proportion of lower-cost customer deposits relative to more expense market issued funding such as commercial paper and repurchase agreements. This trend was reversed in the third quarter as there was a decrease

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of \$3.1 million due to a decrease in interest income driven by lowered effective yields, coupled with higher interest expense following the issuance of \$500.0 million in medium-term notes in August, with the expiry of a \$350.0 million medium-term note at the end of September. In the fourth quarter net interest income increased by \$2.3 million, mainly due to lower interest expense.

Net fair value gains or losses are mainly driven by movements in credit spreads. Narrowing spreads supported fair value gains through fiscal year 2024 and part of 2025. In 2025, heightened market uncertainty surrounding tariffs imposed by the U.S. contributed to increased volatility in fair value measurement.

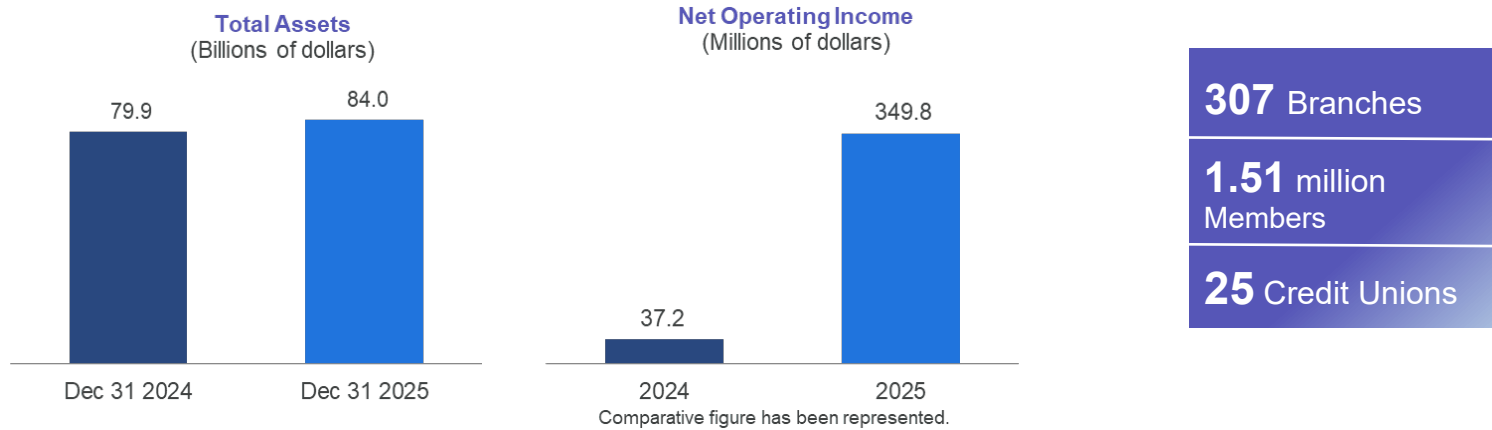
Non-interest income remained relatively stable throughout most of 2024, with an upward trend peaking in the third quarter of 2024, primarily driven by the adoption of new payments products. This positive momentum continued into 2025, supported by increased transaction volumes within Payments. However, these gains were partially offset by the loss of revenue previously generated by Digital Banking, following the transfer of Digital Banking to Intellect on February 28, 2025. Non-interest income declined in both the third and fourth quarters of 2025, driven by lower foreign exchange revenue and reduced standby fee income from commercial lending and credit union lending.

Non-interest expense remained relatively stable throughout 2024, with increases in the fourth quarter driven by higher third-party costs associated with the strategic wind-down of Digital Banking and the sale of Central 1's Vancouver office property. In the first quarter of 2025, non-interest expense rose significantly due to the recognition of a provision for onerous contracts related to infrastructure costs expected to be incurred during the transfer of Digital Banking to Intellect. Beginning in the second quarter and continuing through the third and fourth quarters of 2025, non-interest expense declined meaningfully, primarily reflecting workforce reductions associated with the transfer of Digital Banking. This decline was partially offset by ongoing strategic investments in technology and other initiatives aimed at supporting the long-term growth of Payments.

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Credit Union System Performance

British Columbia



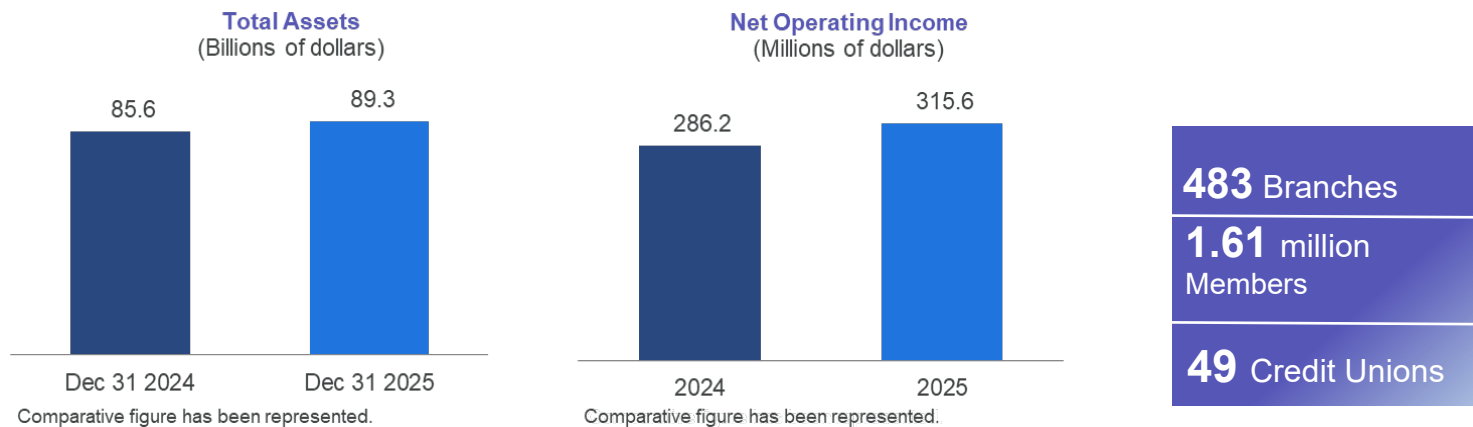
Net operating income for 2025 was \$349.8 million, a significant increase from \$37.2 million in 2024, reflecting substantial year-over-year improvement in system performance. The increase was driven primarily by a 33.9% rise in net interest income, or \$401.1 million, as declining interest expense on deposits outpaced the reduction in interest income from loans, leases, and securitization activities. Non-interest income grew by 10.6%, supported by higher member service fees and increased income from subsidiaries. Non-interest expenses rose 8.3% to \$1.6 billion, attributable to higher loan loss expenses and other operating costs.

Total assets of the B.C. system reached \$84.0 billion at year end 2025, an increase of \$4.1 billion, or 5.1%, from the prior year. Growth was concentrated in cash and investment balances and personal mortgage portfolios. Total liabilities increased 5.2%, led by a 6.7% rise in non-registered demand deposits, which grew by \$1.8 billion. The 90-day delinquency rate rose 23 basis points to 0.68% of the loan portfolio. Net loan loss expense represented 0.2% of average loans, up 12 basis points from 2024, while loan loss reserves declined five basis points to 0.37% of the portfolio.

Risk weighted assets totaled \$40.3 billion, and the regulatory capital ratio stood at 14.3%, a decline of 22 basis points year over year. The system’s liquidity ratio improved to 15.1%, up 59 basis points from the prior year. Membership in B.C. credit unions grew to approximately 1.51 million, an increase of 12,000 from year end 2024.

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Ontario



The Ontario credit union system delivered stronger financial performance in 2025, with net operating income rising to \$315.6 million, an increase of 10.3% or \$29.4 million compared to 2024. This improvement was supported by an 11.0% increase in financial margin, which reached \$1.6 billion, driven by higher lending activity, wider gross spreads, and growth in loan volumes. Non-financial income rose 12.7% to \$339.0 million, while non-financial expenses increased 11.5% to \$1.6 billion, primarily reflecting higher salary and benefits costs and elevated loan loss expenses.

Total system assets increased 4.4% year-over-year to \$89.3 billion at December 31, 2025. Net loans grew 4.9% to \$77.4 billion, supported by increases in both residential and commercial mortgage portfolios. Total liabilities rose 4.7% to \$83.0 billion, while deposits increased 4.7% to \$71.4 billion. Deposit growth was concentrated in term deposits, which rose by \$1.7 billion or 5.9%, while demand deposits grew 3.9% or \$924.8 million.

The system’s liquidity ratio declined to 13.5% at year-end, representing a decrease of 71 bps from 2024. Risk-weighted assets totaled \$42.7 billion, with the risk-weighted capital ratio decreasing 47 bps to 13.8%. Credit quality indicators softened, as the 90-day delinquency rate increased to 0.95% from 0.55% in the prior year, and total loan loss reserves ended the year at 0.37% of the portfolio. Loan loss expenses rose to 14 bps in 2025, up eight basis points from 2024. Membership continued to expand modestly, reaching approximately 1.61 million members at year-end, an increase of 14.4 thousand from the prior year.

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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 December 31	2025	2024	2023
Interest rate contracts			
Swap contracts	\$ 20,806.1	\$ 21,736.1	\$ 31,718.3
Futures contracts	1,257.0	1,072.0	1,191.0
Bond forwards	-	32.7	-
	22,063.1	22,840.8	32,909.3
Foreign exchange contracts			
Foreign exchange forward contracts	1,343.6	959.4	535.8
Other derivative contracts			
Equity index-linked options	104.1	135.5	183.1
	\$ 23,510.8	\$ 23,935.7	\$ 33,628.2

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 and liabilities on their respective balance sheets.

Changes in fair values of these derivatives are recognized in our Consolidated Statement of Financial Position with corresponding gains or losses recorded in the Consolidated Statement of Income. The contractual notional amounts of these derivatives are not recognized on the balance sheet, as they do not reflect the amounts that will be exchanged between counterparties. 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 December 31	2025		2024		2023
Commitments to extend credit	\$	4,810.9	\$	5,016.5	\$ 5,093.4
Guarantees					
Financial guarantees	\$	808.6	\$	794.6	\$ 793.6
Performance guarantees	\$	700.0	\$	500.0	\$ 500.0
Standby letters of credit	\$	226.4	\$	221.1	\$ 229.0
Future prepayment reinvestment commitment	\$	846.7	\$	796.3	\$ 883.9

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 letters of credit, and future prepayment reinvestment commitment.

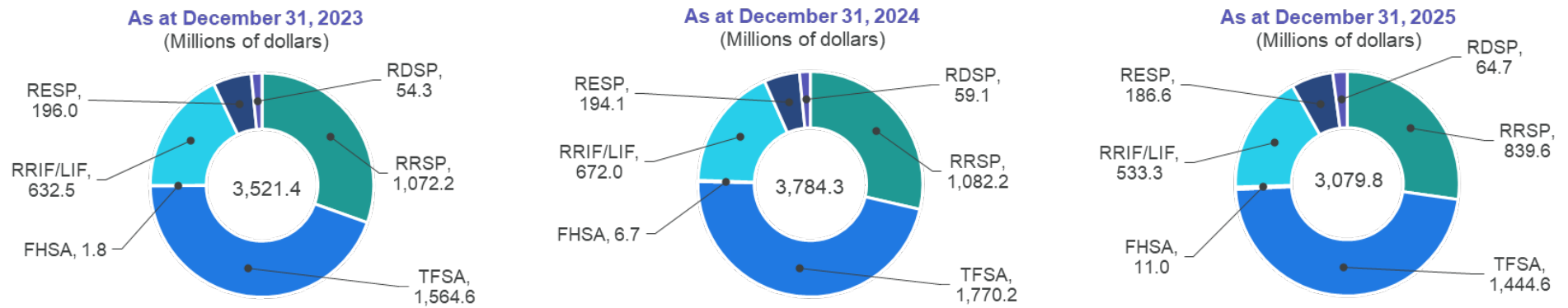
Commitments to extend credit, representing undrawn credit facilities, declined by \$205.6 million and \$282.5 million compared to December 31, 2024, and December 31, 2023, respectively. This decrease primarily reflects a reduction in overall commitments to extend credit, largely driven by a decline in real-estate-related commitments. This trend is consistent with the contraction in real estate lending activity observed in our loan portfolio.

Performance guarantees increased by \$200.0 million, reflecting new guarantees issued during the year. Central 1 occasionally 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 its sole discretion. Central 1 can unilaterally withdraw at 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.

Future prepayment reinvestment commitments increased by \$50.4 million since December 31, 2024, primarily driven by new commitments entered into during the year.

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Assets under Administration



Assets under administration (AUA) are exclusively associated with government-approved registered plans that are trusted 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 a federally regulated company which is also registered to operate in Alberta, Newfoundland and Labrador, 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 (M&A) activity led to the offboarding of multiple clients, including the active acquisitions of several entities into single organizations throughout the year. This activity contributed to an overall decrease in contracts of 23.6% and an 18.6% decline in AUA compared to the prior year.

The reduction in contracts and AUA affected all product lines, with the exception of the Registered Disability Savings Plan (RDSP), which posted modest year-over-year growth of 3.0% in contracts and 9.5% in AUA. All other contracts and assets, except the First Home Savings Account (FHSA), reduced significantly due to M&A activity.

FHSA uptake remained moderate, reflecting the product’s relative novelty and ongoing promotion by participating credit unions. Entering its second year, performance strengthened, driving a 30.4% year-over-year increase in contracts. Continued promotion supported robust asset growth, with FHSA AUA reaching \$11.0 million at year-end, up from \$6.7 million in the prior year. The FHSA continues to gain traction as a viable alternative to RRSP and TFSA deposits.

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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 member's consolidated assets in proportion to the total consolidated assets of all Class A members at the immediately preceding fiscal year end.

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Regulatory Capital

\$ millions, except as indicated, as at December 31	2025	2024	2023
Share capital	\$ 43.4	\$ 43.4	\$ 43.4
Retained earnings	768.5	746.7	682.5
Less: accumulated net after tax gain in investment property	(4.7)	(4.7)	(4.7)
Tier 1 capital ²	807.2	785.4	721.2
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	1,011.9	990.1	925.9
Statutory capital adjustments	(138.0)	(146.1)	(169.9)
Total regulatory capital²	\$ 873.9	\$ 844.0	\$ 756.0
Borrowing multiple - Consolidated ³	9.0:1	9.9:1	12.6:1

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

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

³These 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 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 Consolidated Statement of Financial Position. Central 1 manages the borrowing multiple through growth in retained earnings and subordinated debt. As at December 31, 2025, Central 1's consolidated borrowing multiple was 9.0:1, which is within the regulatory limit of 18.0:1. The borrowing multiple decreased to 9.0 as of December 31, 2025, compared to 9.9 as of December 31, 2024, and 12.6 as of December 31, 2023. The decline was primarily driven by a reduction in total borrowings and an increase in retained earnings.

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 December 31, 2025, total capital ratio stood at 21.1% which is above the supervisory target. The total capital ratio and Tier 1 capital ratio remained consistent with December 31, 2024 levels and increased relative to December 31, 2023. The increase compared to December 31, 2023 was primarily driven by higher retained earnings and a reduction in risk-weighted assets, reflecting a decrease in total assets and changes in the asset mix.

During the year ended December 31, 2025, December 31, 2024 and December 31, 2023, Central 1 was in compliance with all regulatory capital requirements.

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Risk Review

Effective management of risk is integral to the success of Central 1's business. Central 1 is committed to a comprehensive system of risk management, which is embedded across our business and enacted through a "three lines of defense" model and overseen by the Board of Directors. Central 1's three lines of defense include: business units and corporate functions (including finance); risk and compliance; and internal audit.

Central 1 has a prudent and measured approach to risk management built on strong expertise and guided by an integrated Enterprise Risk Management (ERM) Framework. This supports our mandate and role in the credit union system, and the designation by BCFSA as a Domestic Systemically Important Financial Institution (D-SIFI).

Central 1's ERM Framework facilitates the alignment of business strategy with risk appetite and supports the identification, mitigation and management of exposure to any potential losses and risks. The Risk Group is responsible for developing and maintaining the Risk Appetite Framework, supporting risk policies, and providing independent risk oversight across all operations. Central 1's approach to risks is dynamic and reflects our mission as a liquidity and payments provider for the Canadian credit union system. Central 1 takes proactive steps to anticipate risks. Unforeseen events may have negative impact on business results and financial position.

There are two main sections to this Risk Management disclosure. These are the Enterprise Risk Management Framework and Risk Management and Control Practices.

Enterprise Risk Management Framework

Central 1's Board and Risk Management Committees provide oversight of the ERM Framework which is comprised of five components: Risk Culture, Risk Governance, Risk Appetite, Risk Processes and Risk Infrastructure and Policies.

Text and tables presented in a dark blue font in the Enterprise Risk Management Framework section of the MD&A form an integral part of the 2025 Audited Annual Consolidated Financial Statements. They present required disclosures as set out by the International Accounting Standards Board in *IFRS 7, Financial Instruments: Disclosures*, which permits cross-referencing between the Notes to the Consolidated Financial Statements and

the MD&A. Refer to Note 34 of the Audited Annual Consolidated Financial Statements.

Risk Culture

Central 1's risk culture reflects our collective sense of responsibility to fulfill our commitments and promises to our stakeholders and to the credit union system. Risk Culture is defined as the system of norms, values, attitudes, and behaviors that influence and inform our risk decision making.

Central 1's risk culture is guided by our corporate purpose and core values. It is instilled through a mindset of risk awareness as demonstrated by:

- Consistent tone from the Board, Senior Management and throughout the organization with respect to behavioral and ethical expectations, and alignment of business decisions with strategies, purpose, core values and risk appetite;
- Recognition that risk management is a responsibility of all employees (individually and collectively), and that risk management skills and knowledge are continuously enhanced and core to our ongoing success;
- Shared responsibility, clear accountability and ownership, collaboration built on trust, diverse thinking, and inclusiveness;
- Effective challenge is expected and respected across all business operations and all three lines of defense. Oversight and assurance functions are valued and appropriately resourced throughout the organization.



Risk Governance

Risk governance includes the Board and Management Risk Committees; risk policies; management standards and procedures; clear authorities, accountabilities and responsibilities; and effective control and oversight functions with clear and independent reporting lines.

As at March 12, 2026

Board of Directors

The mandate of the Board is delivered directly or through one of its committees, to supervise management of the business and activities of Central 1. The Board is ultimately accountable and responsible for the governance and oversight of risk. It annually approves the strategic goals, objectives, plans and initiatives, and in so doing reviews the risks associated with Central 1's business, strategic goals and high priority initiatives.

Risk Review and Investment & Loan Committee (RRILC)

The Board has delegated to the RRILC the responsibility for overseeing risk-taking operations and risk management. The RRILC ensures appropriate risk governance processes are executed effectively and that investment, lending and other business operations are undertaken in a prudent and risk-informed manner. The committee reviews corporate policies, significant and emerging events related action plans and recommends any improvements or changes to the Board as deemed necessary. The committee also monitors and oversees compliance with anti-money laundering and counter terrorism financing (AML/CTF) legislation and related policies.

Audit and Finance Committee (AFC)

The Audit and Finance Committee (AFC) has responsibility for assisting the Board in its oversight over the financial reporting process and internal controls. The committees' terms of reference require the Chairpersons of the AFC and the RRILC to be members of both committees.

In addition, the **Technology and Innovation Committee** has oversight over all technology risk, cyber risk, and major project risks. The **Human Resources Committee** has oversight of people risk.

Accountabilities

Central 1 adopted a Three Lines of Defense model to clearly segregate risk management and risk oversight responsibilities.

First Line: The Chief Executive Officer (CEO), business lines and business support functions, including Human Resources, Legal and Corporate Secretary, and Finance are the ultimate owners of risk. They have primary responsibility and accountability for day-to-day management of the risks inherent in all products, activities, processes, and systems as well as the execution of risk mitigation practices consistent with Central 1's risk appetite and tolerance.

The President and CEO provides overall leadership and vision in developing, together with the Board, the strategic direction, vision, mission, goals and the business plans necessary to realize Central 1's goals. The President and CEO is responsible for the overall risk profile and creating a culture of ethical business conduct and prudent risk management.

Central 1's business lines are overseen by key members of the executive management team. The Chief Investment Officer (CIO) is responsible for the management of the Treasury portfolio, including a variety of investment and funding programs to meet the differing needs of our members and clients. The Chief Payments Officer (CPO) is responsible for managing the Payments of member credit unions and other corporate clients.

Second Line: The Risk Group has the primary and overall accountability for independent oversight and effective challenge of risk-taking and risk management of the first line of defense.

The Chief Risk Officer (CRO) is responsible for ensuring that the Risk Group is appropriately resourced and effective in executing its responsibilities. The CRO reports to the President and CEO and has direct access to the RRILC. Accountabilities of the CRO include reporting on compliance with the ERM framework and Risk Appetite, and escalating matters that require attention.

The CRO develops, implements and oversees a comprehensive process for identifying and assessing, measuring, monitoring and effectively managing pertinent business risks that could interfere with Central 1's core purpose and ability to grow and develop our business lines for the benefit of the credit union system.

Third Line: Internal Audit provides independent assurance that controls are effective and appropriate relative to the risks inherent in the business, and that risk mitigation programs, and risk oversight functions are effective in managing risks.

Central 1's Internal Audit function is independent of management and the Risk Group and reports independently to the AFC of the Board. Internal Audit develops audit plans on the design and effectiveness of policies, procedures and internal controls, for approval by the AFC.

As at March 12, 2026

Risk Appetite

Central 1's risk appetite is integrated into our strategic, financial, and capital planning processes, as well as into ongoing business decision-making. It is reviewed and approved annually by the Board. The Enterprise Risk Appetite Statement (RAS) is linked to strategy and addresses material risks under both normal and stressed macroeconomic conditions. It sets clear boundaries and expectations through qualitative statements and quantitative limits.

Central 1 takes risks to achieve its purpose and maintain the trust of stakeholders as long as:

1. We provide resilient operations of critical services
2. We maintain liquidity to meet our obligations under normal and stressed conditions
3. We are sustainable
4. We anticipate and manage risks

Risk Process

Risk processes follow a cycle of identification, measurement, management, monitoring and reporting and are designed to ensure all risks are assessed against the ERM framework.



Risk Identification, Measurement and Management

- **Risk identification** requires the structured analysis of all risks facing Central 1, so that they are understood and appropriately managed. Processes are designed to ensure risks are considered, assessed, prioritized and addressed in all business initiatives and operations and changes. The objective is to identify all material risks affecting business performance, along with their specific risk drivers.
- **Risk measurement** evaluates identified risks to determine their potential to affect business objectives, individually or collectively. Risk assessment is largely a qualitative exercise relying on analytical and intuitive thinking, while risk measurement is a quantitative exercise converting the barrage of data into insightful and actionable information. It provides the means to quantify and assess Central 1's risk profile and monitor the profile against the risk limits. Any material new business development or change in strategy warrants an independent assessment of risk and its potential impact on reputation, in addition to measurement of the impact on capital and liquidity. The objective of risk measurement is to build an understanding about the magnitude, sources, and key drivers of risk exposure.
- **Risk management** (risk mitigation) entails the creation of plans to drive management action, should a business event occur that materially affect our risk profile. It includes both reactive measures and identification of forward-looking, longer-term tactical plans aimed at maximizing value for Central1, all with the objective of ensuring the organization stays within its risk appetite and meets its business objectives.

Risk Monitoring, Reporting and Escalation

- **Risk monitoring** relates to ongoing oversight and tracking of Central 1's risk exposures, ensuring that the risk management approaches remain effective. Monitoring may also identify risk-taking opportunities.
- **Risk reporting** presents an accurate and timely picture of existing and emerging risk issues and exposures, and their potential impact on business activities. It highlights Central 1's risk profile relative to the risk appetite and associated risk limits. A clearly defined escalation protocol is in place to address any excesses against thresholds or limits established by ERM framework, risk policies, management standards and guidelines.

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Central 1 performs risk analytics by applying quantitative modelling and qualitative interpretation. It includes trend identification and analysis, detection of correlations and amplifications, recognition of concentrations, stress and scenario testing and qualitative methods. The objective is to develop risk insights and understanding of possible performance outcomes for decision making. This process ultimately transforms observed and measured data into actionable risk information for the business.

Risk Infrastructure and Policies

Central 1's infrastructure is established to provide resources (people, tools) and risk systems (technology and data) to effectively support all risk processes. Procedures and operations related to risk management and oversight requirements are detailed in guiding documents comprised of risk policies, management standards and associated guidelines and procedures.

The objective of the ERM Policy is to outline the key principles, governance and processes of Central 1's approach to risk management. Serving as an umbrella document, the ERM Policy integrates and connects other risk-related policies, providing a cohesive structure for effective risk management and decision-making. It ensures a consistent and coordinated approach to managing risks across Central 1.



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Risk Management and Control Practices

Central 1's business involves treasury and portfolio management services, payment settlement services and other innovative services and solutions aimed at providing a competitive edge to member credit unions and other corporate clients. These business activities involve inherent risks arising from day-to-day activities and systemic and strategic risks arising from the highly competitive and constantly evolving financial sector.

Therefore, Central 1's risk management and independent oversight processes are tailored to the type, volatility and magnitude of each risk and broadly grouped in the following categories: Credit risk, Market risk, Liquidity risk, Operational risk, Strategic risk and Capital Adequacy risk. These risks are managed within ongoing business and operations management.

Another key component of Central 1's risk management approach is to ensure that Top and Emerging risks, as they evolve, are identified, managed, incorporated into the risk management processes and addressed in risk frameworks and policies. These practices ensure management maintains a forward-looking risk assessment both during business development and as part of the management's ongoing risk oversight responsibilities.

Top and Emerging Risks

Top and emerging risks are discussed by senior management and the Board on a regular basis. These risks encompass risks that could materially impact our financial results, financial and operational resilience, reputation, business model or strategy, as well as those that may materially impact Central 1 as the risks evolve and crystallize. The following represents our Top and Emerging risks:



Top risks

Operational Resilience

- The risk that Central 1 is unable to protect, sustain and recover its critical operations when needed during a disruptive event

Cybersecurity Risk

- The risk of potential harm to Central 1 due to threats targeting our digital assets (such as data, networks and systems) stemming from various sources, including malicious actors, inadequate third-party controls, immature vulnerability management and legacy infrastructure

People and Culture Risk

- The risk that Central 1 lacks the people capacity with the right skills to execute its plan with a high-performing culture

Treasury Growth

- The risk of loss of market share and earnings in treasury services due to Treasury Strategy misalignment and implementation, financial and capital constraints

Payments Growth

- The risk of loss of market share in Payment transaction volume, challenging business sustainability

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Payments Modernization

- The risk of unsuccessful execution by Central 1 and/or insufficient readiness of Central 1 clients, for regulatory and industry requirements.

Health of the Credit Union (CU) System

- The risk of a system-wide event or a shock to a CU that can impact the entire CU system (systemic event)

Digital Banking Transition Risk

- The risk of a flawed execution of Digital Banking transition activities including not meeting contractual agreements

Supervisory Scrutiny

- The risk of increasing regulatory expectations and heightened oversight from regulatory and supervisory bodies



Emerging risks

Elevated economic uncertainty

- Geopolitical tensions and current economic conditions are putting pressure on the credit union system, which would have knock-on effects on Central 1 and impact market, liquidity and credit risks. While the unemployment rate remained steady inflation has moderated throughout the year and the BoC has reduced interest rates, the economic outlook remains uncertain. Challenges persist due to high household debt and potential external threats such as ongoing U.S. tariff war.

Regulatory Pressures

- Central 1, along with other financial institutions, is facing increasing regulatory expectations in a range of areas, most notably in BCFSAs' capital modernization. Central 1 continues to monitor the regulatory bodies for emerging and evolving regulations.

Accelerated Credit Union Consolidation

- In the Canadian credit union system, mergers and acquisitions are expected to continue, driven by the increased competition from the Big Five Banks, increased regulatory requirements and technological changes. Big credit unions could overlap central services. For Central 1, this could translate into a potential loss of clients and consequently, profit margin to decline.

Technology driven innovations

- More pressure in the ecosystem due to change in the customers' behavior and preferences. Emerging new entrants such as FinTech and non-Fis have led to significant competition, introducing more banking options for customers and businesses. For Central 1, failure to maintain the pace to improve or innovate products to meet customers' needs or reduce operational burden could result in member and financial losses.

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Generative Artificial Intelligence (Gen AI)

- Technology advances and efficiency pressures have fueled the rapid adoption of AI in the financial sector. Gen AI introduces new risks such as embedded bias, misinformation and disinformation, and /or privacy concerns that, if not managed properly, could result in regulatory fines or financial losses. Central 1 continues to follow this topic closely.

Environmental, Social and Governance (ESG)

- Events related to climate risk could potentially interrupt operations, impact customers and counterparties, and result in lower earnings. If not managed correctly, this risk can materialize in higher cost of capital, funding, and regulatory fines. According to a Morningstar DBRS report, credit unions face low ESG risk due to their high ethical standards and low risk appetite. For Central 1, this could impact credit and operational risks.

Stakeholder risk

- Stakeholder risk is accelerating as the external environment continues to evolve driven by macroeconomic uncertainty, changing conditions across the credit union sector, heightened regulatory attention and rising competition from both traditional and emerging players. These forces are reshaping stakeholder expectations. If not actively managed, misalignment among members, regulators, and other stakeholders can materially constrain our ability to execute and sustain our strategy. Potential impacts to Central 1 include reduced uptake on products and services, reputational pressure and heightened regulatory scrutiny.

Credit Risk

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. Credit Risk includes counterparty credit risk from trading and non-trading activities.

Central 1 is exposed to credit risk from its investment and lending activities, as well as through its role as Manager of Group Clearer and through other settlement business. Our policies establish the parameters within which we manage credit risk. These policies are implemented through a number of key business procedures. Together, the policies, management standards and procedures form a framework that includes:

- application of safe and sound, stringent lending and/or investment criteria to all credit exposures prior to their 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; and
- continuous monitoring of credit exposures to promptly identify deteriorating trends and take appropriate actions.

The credit risk outlook is considered negative in the current economic environment, driven by ongoing economic challenges and geopolitical uncertainties. There are greater chances of increased delinquencies and higher probability of defaulting borrowers in the current environment.

In the fourth quarter of 2025, Central 1's allowance for expected credit loss for the Commercial Real Estate Lending (CREL) portfolio remained stable at a total of \$10.0 million. Zero expected credit loss remained in the Credit Union Lending portfolio given ample security pledged to secure credit facilities.

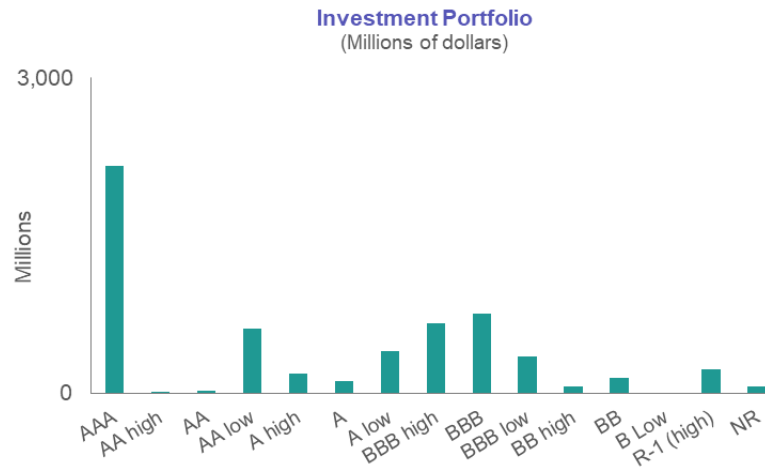
As at March 12, 2026

Credit Quality Performance

As part of our risk management activities, we perform ongoing stress tests to measure the resiliency of our lending portfolios against a range of severe scenarios. The stress tests provide comfort that we continue to maintain adequate capital to withstand a range of severe economic scenarios.

Investments Portfolio

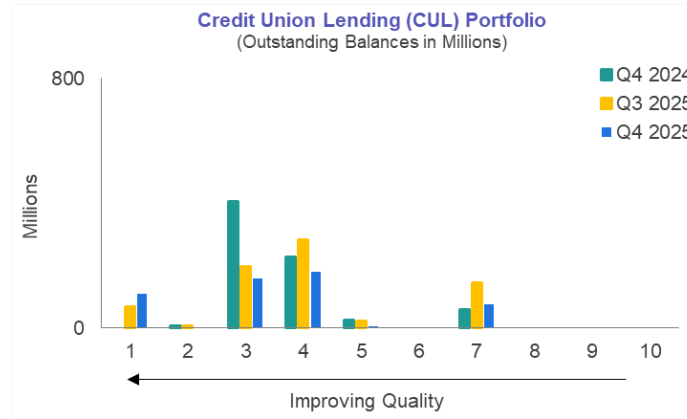
A substantial portion of our investment portfolio is comprised of high-quality liquid securities. AAA and R-1(High) rated securities account for \$2.39 billion, representing 41.4% of the portfolio. There are no impaired investments in the Investments Portfolio.



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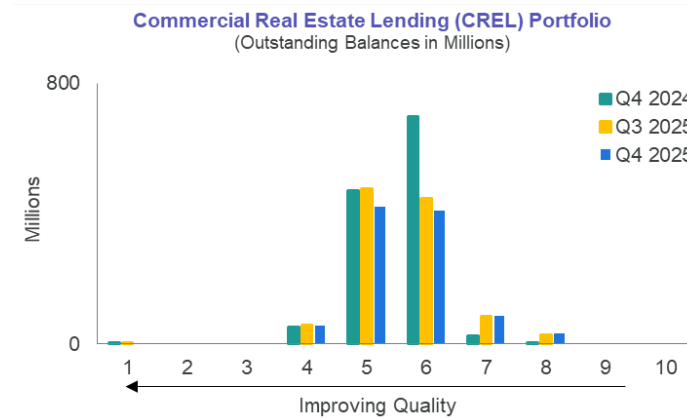
Credit Union Lending (CUL) Portfolio

Currently, there are no impaired loan facilities in the CUL Portfolio. A Watch List rating is assigned to entities whose level of default risk increased materially, but loans are not in default and remain on an accrual basis. The Watch List accounts represented 17.54% of the authorized portfolio as of December 31, 2025. These accounts require enhanced monitoring. The security provided by credit unions to Central 1 in support of credit facilities represents pledge of all assets by way of General Security Agreement (GSA) and/or Commercial Security Agreement (CSA) in first position. The maximum loan-to-assets ratio for individual borrowers does not exceed 15%. The security provided for the Watch List facilities is substantial and no losses are expected



Commercial Real Estate Lending (CREL) Portfolio

As of December 31, 2025, there were five accounts classified as Stage 3 ECL, credit-impaired, representing 7.57% of the outstanding portfolio balance. Two accounts representing 4.19% of the portfolio balance have experienced a significant increase in credit risk (SICR) and were classified as Stage 2 ECL. All loans are secured by a first priority security interest over real estate assets and are subject to close monitoring.



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Counterparty Risk

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.

Within the Treasury, Central 1 incurs counterparty risk by entering into contracts with counterparties in return for a bilateral value-exchange of services. 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, either from systemic market and credit events, or from unexpected changes in the liquidity needs of our members.

Treasury provides capital markets products and services to Class A, B and C members. Treasury is funded through members' discretionary deposits and capital markets under our commercial paper and medium-term note programs.

Central 1 provides payment clearing and settlement services to Class A, B and C members and manages the Group Clearer function on behalf of the credit union system nationally (excluding Quebec) as a direct clearer through the Payments Canada network. Central 1 provides access to global correspondent banks for the credit union system to settle foreign currency payments. These activities directly expose Central 1 to liquidity and settlement risk from other direct participants in the payments network as well as downstream to our indirect settlement participants. The liquidity and settlement risk of these core banking functions are managed by Treasury.

Central 1's sound and comprehensive liquidity risk framework ensures ongoing support to the credit union system and is comprised of:

- a robust risk governance framework
- investment strategies focused on maintaining sufficient unencumbered highly liquid assets to meet cash flow requirements in normal and stressed conditions
- ensuring access to diversified funding sources – member deposits and capital markets
- ongoing monitoring of credit union system liquidity, performance and financial health
- an enterprise Funding Plan and Contingency Funding Plan (CFP)
- frequent measurement of portfolio liquidity

As at March 12, 2026

Investment Strategies

Central 1 invests in a sufficient quantity of highly liquid assets to ensure that it can meet the deposit withdrawal and borrowing requirements of our members in normal and stressed market environments. We view the following assets as highly liquid and include them in our assessment of portfolio liquidity:

1. GoC securities, GoC guaranteed securities, including NHA MBS and Canada Mortgage Bonds (CMB), Canadian provincial and municipal governments securities (rated at least "AA low") and other high-quality government assets meeting OSFI's definition of High-Quality Liquid Assets (HQLA).
2. Other securities eligible to be pledged to the BoC in the form of highly rated investment grade non-financial corporate debt (collectively other BoC Standing Liquidity Fund eligible assets).
3. USD denominated variants of the securities identified in groups (1) and (2) above.

Treasury liquidity management is subject to a rigorous measurement and monitoring regime. Most Treasury liabilities are invested in HQLA as defined above, sufficient to ensure that liquidity objectives are met, and exposures remain within the organization's risk appetite. These liabilities also fund credit union and commercial lending. As part of normal business operations, Central 1 offers committed credit facilities to credit unions and commercial borrowers, enters into derivative and securities lending transactions, and participates directly in the national clearing and settlements network. A portion of Treasury's highly liquid assets are encumbered to support these activities.

Diversification of Funding

Central 1's liquidity management framework is designed to ensure that reliable and cost-effective funding sources are available to satisfy Central 1's current and prospective financial commitments, and those of our member credit unions. Diversification of funding sources provides flexibility and minimizes concentration risk. It is an essential component of our overall liquidity management strategy.

Central 1 is funded through a combination of Class A, B and C member deposits and capital markets borrowing. We regularly issue commercial paper and medium-term notes in the capital markets. We also issue subordinated debt. Regular participation in these markets and the maintenance of a strong external credit rating is key for ensuring that capital markets access is maintained. We fund a portion of our purchases of residential mortgages and credit union NHA MBS through the NHA MBS and CMB mortgage securitization programs.

Credit Union System Health Analysis

Central 1's liquidity is directly affected by the liquidity of the B.C. and Ontario credit union systems (Class A members) and the liquidity of our Class B and C members. We closely monitor credit unions' financial positions for any indication of negative liquidity trends. Utilization of lending facilities, liquidity ratios, deposit levels, economic conditions, and use of capital market and other funding sources are among the items regularly monitored.

Contingency Funding Plan

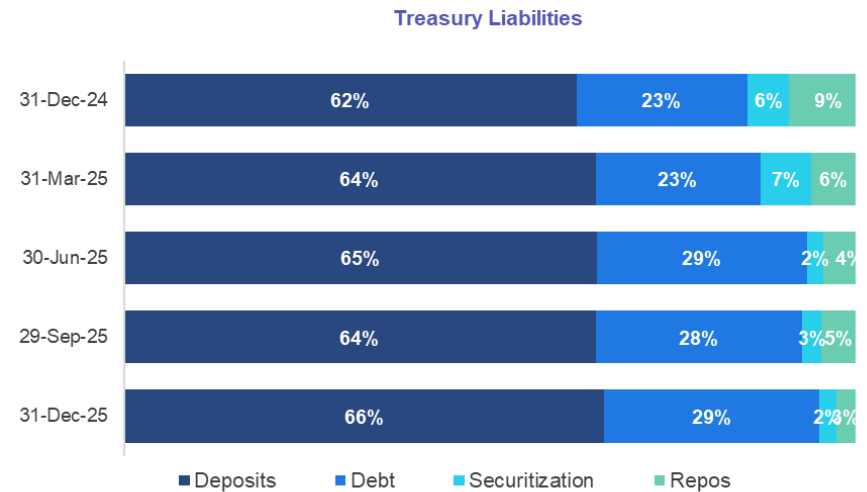
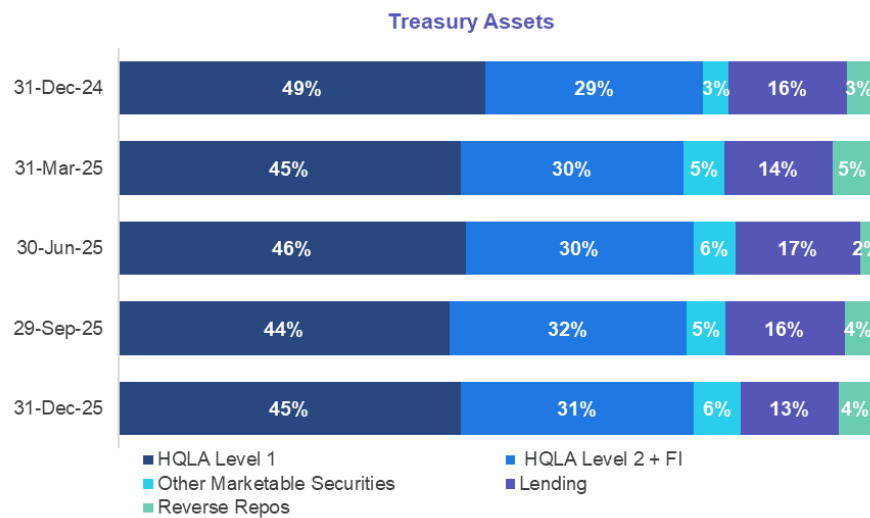
Central 1 provides financial stewardship of the liquidity deposits of the B.C. and Ontario credit union systems. Accordingly, it is imperative to maintain members' trust and confidence, by ensuring an appropriate plan is in place to provide the credit union system with access to funding during a liquidity crisis.

Given that a liquidity crisis would likely be the result of a liquidity event that flows through the credit union system, we continually monitor the system and its environment for indicators of impending stress. Although there is a low probability of a significant liquidity crisis occurring, Central 1 has implemented a Contingency Funding Plan in order to be prepared, should such a crisis occur.

As at March 12, 2026

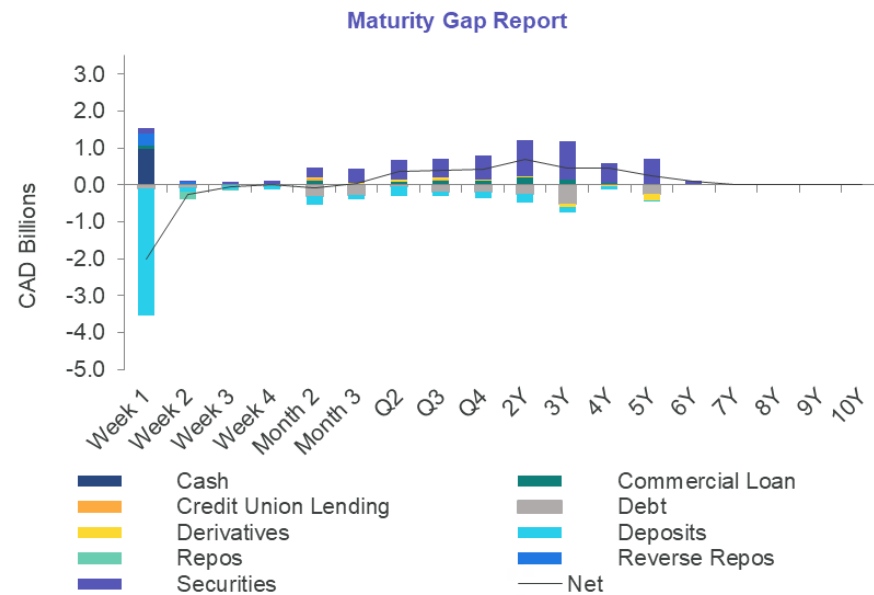
Risk Measurement and Monitoring

Central 1 monitors its asset and liability positions, encumbrances, commitments, cash flows and funding to better understand its liquidity capacity and sensitivity to changing market conditions. The majority of Central 1’s assets are held in marketable securities that can be readily sold, or pledged to the BoC, to generate cash to support member deposit withdrawals or the drawdown of committed loan facilities in both normal and stressed markets. While Treasury holds other less liquid assets, the quantity of highly liquid assets is greater than the level of funding provided by member deposits. The following charts illustrate the relationship between assets and liabilities.



The Maturity Gap provides a picture of the mismatch between the contractual maturity of our assets and liabilities. This does not demonstrate the degree of maturity transformation nor the extent of Central 1’s liquidity risk exposure. These gaps, even under normal market conditions, must be closed by receiving additional funding or liquidating assets. A portion of Class A’s non-maturity deposits (demand deposits which are entirely included in week 1 bucket) and term deposits with Central 1 provide stable funding in addition to the guaranteed-to-maturity funding provided by capital markets borrowings. The maturity gaps reported for Treasury are within normal levels.

As at March 12, 2026



Liquidity risk is assessed based on a suite of key risk indicators that include the industry standard OSFI-defined LCR and Net Cumulative Cash Flow (NCCF), as well as internally developed metrics (i.e., Stressed LCR, Stressed Cashflow, Stressed NCCF, Funding Coverage Ratio).

The LCR measures whether a financial institution has a sufficient stock of liquid assets to meet 30-day cash flow requirements under a combination of idiosyncratic and market-wide stressed events. The cash flow requirements include working capital requirements and off-balance sheet commitments. LCR assumes significant withdrawals of eligible deposits, increased utilization of committed credit and liquidity 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 in the market value.

Similarly, the NCCF assesses whether a financial institution has sufficient asset liquidity to meet its net cash flow obligations over a 12-month time horizon under a liquidity scenario that encompasses a combination of idiosyncratic and systemic stresses. Both the LCR and NCCF are used as tools for monitoring structural liquidity risk and operational liquidity and ensuring prudent and enhanced liquidity and funding management.

In addition, Central 1 further stresses the NCCF by applying haircuts to securities and run-off rates on deposits that are more severe than those prescribed by OSFI, and drawdown rates for every time bucket.

Central 1’s liquidity position as of December 31, 2025, remains strong based on assessment of the LCR, NCCF, and other key risk indicators. The OSFI LCR of 157% as of December 31, 2025, was higher than the second and third quarters of 2025 and indicates a high level of liquidity. The NCCF was net positive in all-time buckets up to 12 months. Also, the Stressed LCR and Stressed NCCF show a high level of liquidity. No funding concerns are present based on the forecast for the next 12 months. Central 1 remains in a strong position to support the system’s liquidity needs.

As at March 12, 2026

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	LTM Average ¹
OSFI LCR	157.4%	148.4%	152.0%	159.8%	157.2%	152.3%

¹Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months from the reporting period.

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.

The level of market risk Central 1 is exposed to varies according to market conditions and the composition of its investment, securitization, lending, and derivative portfolios. Central 1 manages its exposure to market risk through a range of governance and management processes. Central 1’s overall appetite for market risk and aggregate market risk exposure limits is established in the Management Risk Standard while Central 1’s Market Risk Policy sets out the key principles governing our management of market risk. Central 1 does not assume additional market risk for speculative purposes or in pursuit of returns beyond those required to fulfill its primary mandate of safeguarding system liquidity.

Central 1 manages its exposure to market risk through various means. The sensitivity of portfolio market values to changes in interest rates, foreign exchange (FX) rates and credit spreads are tracked in real-time to actively manage exposures. Central 1 also uses stress testing and Value-at-Risk (VaR) to monitor and quantify overall market risk under normal and stressed market environments. To the extent possible, Treasury asset and liability portfolios are matched by term and currency to offset much of Central 1’s interest rate and foreign exchange risk. Credit spread risk is the largest source of market risk in the portfolio but is mitigated through concentration limits.

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. Expected Shortfall (ES) is the estimated size of the loss for the one business day when 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. Total 1-Day VaR in the fourth quarter is lower year-over-year and based on 12-month average. Expected Shortfall in the fourth quarter slightly increased year-over-year but is lower than the 12-month average.

Management's Discussion and Analysis

As at March 12, 2026

\$ millions	Treasury		Last 12 Months		
	Q4 2025	Q4 2024	Average	High	Low
Interest Rate VaR	\$ 1.1	\$ 1.5	\$ 1.5	\$ 2.4	\$ 1.0
Credit Spread VaR	1.3	2.3	1.9	2.7	1.2
Foreign Exchange VaR	1.9	1.5	1.9	2.7	1.1
Diversification ¹	(1.5)	(2.3)	(1.9)	nm	nm
Total VaR	\$ 2.8	\$ 3.0	\$ 3.4	\$ 5.1	\$ 2.3
Expected Shortfall	\$ 4.2	\$ 4.0	\$ 4.7	\$ 6.1	\$ 3.5

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

nm - not meaningful to the calculation

Stress Testing

In addition to conducting generic stress testing scenarios, Central 1 calculates Stressed VaR (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. SVaR is currently calibrated to 2008/2009 financial stress scenarios. The SVaR has increased in the fourth quarter but within normal historical ranges.

\$ millions	Treasury		Last 12 Months		
	Q4 2025	Q4 2024	Average	High	Low
1-Day SVaR	\$ 14.2	\$ 11.2	\$ 12.5	\$ 15.0	\$ 9.2
10-Day SVaR	\$ 29.5	\$ 22.3	\$ 25.7	\$ 34.7	\$ 19.7

As at March 12, 2026

Foreign Exchange Rate Exposure

Central 1 historically has not been exposed to material FX risk on its portfolio. Our FX exposure is largely concentrated in U.S. dollars, 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 December 31, 2025	Balance Sheet in Native Currency	Off-Balance Sheet Items - Foreign Exchange Forwards	Net Position in Native Currency	BOC Closing Rate	CAD Equivalent
USD	\$ (7.8)	\$ 0.8	\$ (7.0)	1.3720	\$ (9.6)

During the fourth quarter of 2025, Canadian financial markets has remained resilient alongside modest improvement, supported by stronger-than-expected economic data, particularly in the labour market, released in December. The BoC cut its policy rate by 25 bps in October and held rates steady in December, while the Federal Reserve implemented two consecutive 25-basis-point rate cuts over the quarter.

The Canadian yield curve experienced a bear steepening over the quarter, with long-term yields rising more than short-term yields. This was driven by higher term premiums and increased long-dated government bond supply, while front-end rates remained anchored by the BoC policy expectations.

In the fourth quarter of 2025, credit spreads have remained tight and continued to narrow, reflecting a resilient credit quality and robust investor demand. The Canadian dollar strengthened against the U.S. dollar during the quarter, driven by weaker U.S. economic data and rising expectations for Federal Reserve rate cuts. However, the Canadian dollar began to weaken in early 2026 owing to a sharp decline in oil prices.

At the onset of 2026, global market sentiment has become more hawkish, as expectations shift from further rate cuts toward potential future rate hikes. Market risk remains sensitive to domestic and global growth trends, central bank policy signals, and ongoing trade and geopolitical uncertainties.

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; that internal policies and standards are adhered to; that critical and emerging risks are identified and reviewed; and that strategies, capital allocations, and key metrics are regularly reviewed.

As at March 12, 2026

Operational Risk

Operational risk is the risk of loss resulting from potential problems relating to internal processes, people, and systems, or from external events. Exposure to Operational risk results from either normal day-to-day operations or a specific unanticipated event and can have material financial and/or reputational consequences.

Central 1 has established processes to identify, assess, mitigate and manage operational risks. However, given the high volume of transactions Central 1 processes on behalf of its members and external organizations, and the multiple processes, systems, and stakeholders we interact with and rely on, operational risk remains an inherent feature of Central 1's business model that cannot be fully eliminated. In the normal course of business, operational risks are managed through policies and controls that are fundamental to the operating infrastructure. A governance structure has been implemented for the management of operational risk. Business units are the ultimate owners of operational risk and as such have primary responsibility for the identification, measurement, management, monitoring, and reporting of operational risk.

Key operational risks and our approach to managing them are outlined below:

- **Technology Risk:** Technology risk is the risk of loss from improper system or control design and operation, unauthorized access to information and technology resources that can impact our ability to operate, stay compliant with regulations and to maintain financial integrity and reputation. Technology risk includes cyber and information security risk, technology operations and delivery risks. Technology is a critical component of Central 1's business operations and is also key to its customer-focused strategy. Central 1 continues to face technology and cyber risks stemming from legacy technology constraints and the advancement of techniques used in cyber-attacks. We continue to implement new risk management processes and practices including enhancing system of controls (i.e., SOC 2) designed to better identify, measure, manage and report on technology risk, including emerging technologies such as artificial intelligence. Processes and practices evolve as technology and business needs change.

- **Third-party Risk:** Third-party risk is the risk of loss resulting from the failure to establish and manage adequate supplier arrangements, transactions or other interactions to meet the expected or contracted service level. Central 1 strategically engages with third-party suppliers to maintain cost efficiency, optimize internal resources and capital, and utilize skills, expertise and resources not otherwise available internally. A Central 1-wide third-party risk management program provides the framework to manage third-party activities throughout the life cycle of an arrangement, and to provide a level of risk management and oversight which is appropriate to the size, risk, and criticality of the third-party arrangement. Third-party providers that are critical to Central 1's operations are actively monitored for their ability to deliver services, including impacts resultant from vendors of our third-party providers (i.e., fourth parties).
- **Model Risk:** Model risk is the potential for adverse consequences from decisions based on incorrect models (design, development, implementation), or misuse of their outputs and reports. Model risk can lead to financial loss, poor business and strategic decision-making, or damage to Central 1's reputation among stakeholders and/or supervisory authorities. Central 1 prioritizes mitigation and control activities using a risk-based approach to limit adverse consequences arising from models not performing as intended. This includes establishment of mitigation and control activities within the model lifecycle (development, maintenance, and ongoing use).
- **Business Continuity Risk:** Business continuity risks are the risks arising from operational and financial interruptions from disruptive events. The consequences of such events can be far-reaching, leading to financial losses, damage to the organization's reputation, and a decline in customer trust, which ultimately impacts member loyalty and retention. Central 1 maintains an enterprise-wide Business Continuity Management (BCM) program designed to uphold enterprise resilience. It includes business impact assessments, business continuity planning and testing, crisis management, disaster recovery, incident management, and information security. In the event of a disruption, the BCM program enables management to continue business functions uninterrupted or rapidly recover them.

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- **People Risk:** People risk is the risk of loss resulting from the inadequate management of human capital or the misalignment of human resources policies, programs and practices with employment-related legislation, regulatory expectations or misalignment with our strategic objectives, risk appetite and values. Central 1 manages people risk through compensation programs, succession planning, talent management and employee engagement processes that are designed to support a high-performance culture and maintain a highly skilled workforce.

Compliance Risk

Compliance risk is the risk of material loss or damage due to non-compliance with external and internal requirements, including failure to manage:

- (a) Regulatory Compliance Risk - non-compliance with applicable laws, regulations, rules, self-regulatory organization standards, and codes of conduct which are (collectively referred to as "Regulatory Requirements") from the failure to identify their existence/application or implement/execute appropriate controls;
- (b) Privacy Risk - unauthorized or improper collection, use, disclosure, or handling of personal information, including privacy breaches, misuse of data, lack of transparency, and inadequate data security; and
- (c) Financial Crime Risk - failure to identify and mitigate financial criminal activity such as money laundering, terrorist financing, sanctions violations, bribery, and corruption.

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

Strategic Risk

Strategic risk is the risk of failing to establish or achieve appropriate strategic objectives within the context of Central 1's operating environment, 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 management's decisions regarding the development of future offerings and the organization's 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. Major strategic initiatives undergo a comprehensive risk assessment to review alignment with risk appetite and are subject to regular and robust monitoring and oversight.

Capital Adequacy Risk

Capital Adequacy Risk refers to the risk of insufficient capital to support Central 1's strategy or meet regulatory and internal requirements. Central 1 assesses this risk through ICAAP, which integrates stress testing to evaluate the impact of systemic, idiosyncratic, and non-financial risks, including strategic, cyber, and data risk scenarios.

The 2026 ICAAP results indicate that Central 1's capital remains strong, with sufficient capital levels to remain above all internal and regulatory limits, even under severe stress scenarios. The most adverse 2026 scenario combines a Canadian real estate downturn with a credit union system crisis, projecting \$98 million in losses over two years. In this scenario, despite these losses, Central 1 would maintain a capital surplus of approximately \$150 million above the regulatory minimum, demonstrating its resilience and ability to support its Strategic and Capital Plans. In addition, ICAAP highlights that beyond the three-year forecast required by the regulator, Central 1's capital profile demands close attention and proactive measures to ensure adequate capital levels under Basel III, as outlined in the Capital Modernization Project.

As at March 12, 2026

Accounting and Control Matters

Our 2025 Consolidated Financial Statements have been prepared using the accounting policies as set out in Note 5 to those statements.

Use of Estimates and Judgements

In preparing these 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 has made subjective or complex estimates and judgements include the measurement of expected credit losses (ECL) and the 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. Recent global trade policy developments, including ongoing tariff uncertainties between major trading partners, continue to contribute to broader economic volatility. These conditions may affect financial markets, interest rates, and regional economic activity, and the potential impact on Central 1's operations, financial results, and overall financial condition remains uncertain. Developing reliable estimates and applying appropriate judgement for the purposes of preparing Central 1's 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.

Provision for Onerous Contracts

In determining the provision for onerous contracts, management applies judgements and makes assumptions regarding the unavoidable costs of fulfilling the contracts and the expected benefits to be received under them. Due to the inherent uncertainty associated with the estimation of these amounts, 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 the 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 directly affects the duration and magnitude of revenues and ongoing obligations; and
- **Operating Expenses:** Projected operating expenses include direct costs attributable to service delivery and infrastructure, as well as Enterprise IT support costs necessary to maintain the platform during the transition period.

Provision for Credit Losses (ECL)

There is judgement involved as to if a significant increase in credit risk (SICR) has occurred. In addition, in calculating the amount of ECL, Central 1 exercises experienced judgements to incorporate multiple probability-weighted economic scenarios including a base case scenario and optimistic and pessimistic scenarios, all of which are developed by Central 1's Economics group. These judgements include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the ECL allowance.

Central 1 evaluates whether a loan is credit impaired by referencing the definition of a credit-impaired asset under IFRS 9, while applying experienced judgments and estimates in relation to the assumptions used in calculating the amount of ECL for stage 3 loans by considering reasonable and supportable information.

Additional information regarding the ECL allowance is included in Note 10 of the Consolidated Financial Statements.

Future Accounting Policies

Amendments to IFRS 9 Financial Instruments and IFRS 7

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments*, and IFRS 7 *Financial Instruments: Disclosures*, for the classification and measurement of financial instruments. The amendments provide clarification on:

As at March 12, 2026

- a) The recognition and derecognition of some financial assets and financial liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system;
- b) the classification of financial assets with environmental, social and corporate governance (ESG) and similar features to avoid divergence in practice;
- c) assessing whether a financial asset meets the SPPI criterion; and
- d) the disclosure for equity instruments designated at FVOCI.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

Central 1 is currently assessing the impact of adopting the Amendments on the Consolidated Financial Statements.

IFRS 18 Presentation and Disclosure in the Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. The standard introduces new defined subtotals to be presented in the Consolidated Statements of Income, disclosure of management-defined performance measures and requirements for grouping of information.

Central 1 is currently assessing the impact of adopting the new standard on the Consolidated Financial Statements.

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 December 31, 2025 and December 31, 2024. Central 1 is currently assessing the impact of adopting the new standard on the Consolidated Financial Statements.

Details of our related party disclosures were disclosed in Note 37 of the Consolidated Financial Statements.

Controls and Procedures

Central 1 has designed and implemented disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance

that all relevant information is gathered and reported on a timely basis to senior management. This ensures appropriate decisions can be made regarding public disclosure and provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. Central 1 has evaluated the design of their disclosure controls and procedures and their internal controls over financial reporting for the year ended December 31, 2025. Based on that evaluation, Central 1 has concluded that the design of their internal monitoring controls and procedures over financial reporting were effective.

Corporate Governance

Central 1's disclosure in accordance with Section 2.2. of National Instrument 58-101 *Disclosure of Corporate Governance Practices* and Section 6.2 of National Instrument 52-110 - *Audit Committees* is attached as Schedule "A" to this MD&A.

As at March 12, 2026

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 Payments Canada that, on its own behalf and on behalf of the clearing Centrals, exchange payment items and effect clearing and settlement in 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 expenses incurred from activities not related to our core business operations.

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

Schedule A / Corporate Governance

Corporate Information

Central 1 Credit Union (Central 1) was incorporated as B.C. Central Credit Union on May 25, 1944. Central 1 is a central credit union governed by the *Credit Union Incorporation Act* (British Columbia) (CUIA). In 1970, B.C. Central Credit Union merged with the British Columbia Credit Union League, which, at that time, was the service corporation and trade association for the province's credit unions.

B.C. Central Credit Union changed its name to Credit Union Central of British Columbia on January 1, 1996 and subsequently changed its name to Central 1 Credit Union effective June 30, 2008. Central 1 Credit Union combined businesses with Credit Union Central of Ontario pursuant to an asset purchase transaction on July 1, 2008 to form Central 1 Credit Union. Central 1's Constitution and Rules ("Rules") can be found on the public website, www.central1.com on the Governance page.

Membership in Central 1

Membership in Central 1 is restricted to credit unions incorporated in the Provinces of British Columbia and Ontario, cooperative associations and other corporate entities, including a number of credit unions and central credit unions incorporated under the laws of other jurisdictions. The Rules restrict membership in Central 1 to incorporated organizations that qualify as Class A Members, Class B Members or Class C Members in accordance with the requirements below:

- (i) Class A Members are: (a) credit unions incorporated under the CUIA or the *Credit Union Act* (British Columbia) (CUA) or the *Credit Unions and Caisses Populaires Act*, 1994 (Ontario) or under the laws of any other province or territory and that, under those laws, are licensed or registered to carry on business as a credit union or caisse populaire in that jurisdiction or are incorporated as a federal credit union under the laws of Canada; or (b) a credit union incorporated under the laws of another jurisdiction as a central credit union or as a corporation which, in the opinion of the Board of Directors (the Board) of Central 1, conducts its operations in a manner similar to a central credit union incorporated under the CUIA or CUA, and whose application for membership has been approved by the Board.

- (ii) Class B Members are cooperative associations incorporated under the *Cooperative Association Act* (British Columbia) or a cooperative incorporated under another law of the Province of British Columbia or under the laws of another jurisdiction which, in the opinion of the Board of Central 1, conducts its operations on a cooperative basis and is designated as a cooperative association by the Board for the purposes of membership in Central 1.
- (iii) Class C Members are incorporated organizations whose application for membership has been approved by the Board as provided in the Rules, other than a Class A Member or a Class B Member.

As of December 31, 2025, Central 1's membership consisted of 75 Class A members, 100 Class B members and 81 Class C members.

On February 27, 2014, the Financial Institutions Commission (now succeeded by the British Columbia Financial Services Authority (BCFSA)) designated Central 1 as a domestic systemically important financial institution (D-SIFI) within the Canadian credit union network. D-SIFIs are financial institutions whose failure could cause significant disruption to the wider financial network and economic activity. Institutions designated as D-SIFIs are subject to additional capital and liquidity requirements and enhanced supervision by regulatory authorities.

Corporate Governance Disclosure

Board of Directors

Our Board currently consists of 12 directors who are ultimately responsible for the stewardship of Central 1 and oversight of its risk and financial performance.



Shelley McDade

Campbell River, British Columbia

Board Chair (2023/2024). Director since 2017
Currently serving a third term (2023 – 2026)

Shelley’s financial services career spans over 40 years in the B.C. credit union system. She is currently Chief Executive Officer of Sunshine Coast Credit Union, a cooperative in operation for more than 80 years with close to \$1 billion dollars in assets under administration.

Shelley is best known for her commitment and passion for leveraging collaboration to create value for

members locally and across the system. A well-respected leader and advisor to a variety of community and industry groups, she has also dedicated her time to championing collaborative opportunities across the credit union network including the Solutions Centre, Risk Management Alliance, and CUSO Wealth.

Shelley’s board experience includes serving on the Capilano University Board of Governors, Wealth Management CUSO Strategies Board and the Central 1 Solutions Center Board. Currently, she serves on the board of The Co-operators Group, and Rhiza Capital Investments.

An accredited director through ICSA Canada, Shelley obtained her Master of Business Administration from Aspen University and successfully completed her ICD-Rotman Directors Designation in 2021.



Carolyn Burke

Oakville, Ontario

Vice Chair (2023/2024). Director since 2021
Currently serving a second term (2023–2026)

Carolyn retired in 2020 as the Executive Head, Enterprise Payments at RBC where she had worked since 1985. She was responsible for leading RBC’s payments strategy and council including that organization’s payment modernization program.

An experienced board member in the Canadian financial services industry, Carolyn served on the Canadian Payments Association board, Payments Canada Member Advisory Council (past chair), Payments Canada Board, Interac board, Acxsys board, and on CertaPay, Mondex and Visa Senior Advisory Councils. She also represented RBC at the Canadian Bankers’ Association (CBA) Senior Payments Committee for a decade.

Carolyn holds a master’s degree in business administration from McGill University and the Chartered Director (C.Dir.) designation from The Directors College. She previously served as a director of Rise, a national charity, supporting entrepreneurship for individuals with mental health or addiction challenges. Currently, Carolyn is a director on the board of another financial institution in Canada and an advisory director to a Canadian fintech.

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board Chair, Board of Directors	16/16	Jan 1 – Dec 31	100%
Member, Conduct Review and Corporate Governance	8/9	Aug 28 – Dec 31	89%
Member, Human Resources Committee	3/4	Jan 1 – Dec 31	100%
Member, Risk Review and Investment & Loan Committee	4/4	Jan 1 – Dec 31	100%
Member, Nominations and Elections Committee (ex-officio)	3/3	Jan 1 – Dec 31	100%
Member of Ad hoc Committee	7/8	Jan 1 – Dec 31	88%

Other Current Boards/Committee Memberships

Director, Rhiza Capital Investments, Sunshine Coast Insurance Services and The Co-operators Group boards

Areas of Expertise

Credit Union/Cooperative Sector, P&L Ownership, Financial Acumen, Risk Management, Individual F.I. Liquidity, Regulatory Expertise, Governance Experience, Community Engagement

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors (Vice Chair since April 26, 2023)	16/16	Jan 1 – Dec 31	100%
Member, Human Resources Committee	4/4	Jan 1 – Dec 31	100%
Chair, Technology & Innovation Committee	7/7	Jan 1 – Dec 31	100%
Member, Ad hoc Committees of the Board	8/8	Jan 1 – Dec 31	100%

Other Current Boards/Committee Memberships

Director, Financial Institution
Advisory Director, Fintech

Areas of Expertise

Technology Business; Governance Experience; P&L Ownership; Regulatory Experience; Canadian Payments Expertise



Paul Challinor

Delta, British Columbia

Director since 2020
Currently serving a second term (2023–2026)

Paul was first elected to Central 1’s Board of Directors in 2020. He is a Chartered Professional Accountant (FCPA) with more than 40 years of public practice experience and has been a director of First West Credit Union since 2019.

Now retired as a Partner at PricewaterhouseCoopers (PwC) Vancouver, Paul was the leader of PwC’s Financial Services practice in BC from 2000 to 2015. Throughout his PwC career he served many of BC’s large public, private and member-owned financial services organizations – credit unions, trust companies, insurance companies and investment managers. His governance experience includes three years on the board of the Chartered Professional Accountants of British Columbia, two years on the Audit Advisory Committee of the Public Guardian and Trustee of British Columbia, six years on the board of Canuck Place Children’s Hospice and three years on the board of the Delta Hospital and Community Health Foundation.

Paul’s key board competencies are financial accounting and audit, and risk management. He holds a BA (Honours) in Industrial Economics from the University of Nottingham (UK) and completed his ICD - Rotman Directors Designation in 2019.

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	16/16	Jan 1 – Dec 31	100%
Chair, Audit and Finance Committee	4/4	Jan 1 – Dec 31	100%
Member, Risk Review and Investment & Loan Committee	4/4	Jan 1 – Dec 31	100%
Member, Ad hoc Committees of the Board	5/5	Jan 1 – Dec 31	100%

Other Current Boards/Committee Memberships

- Director, First West Credit Union – Chair of Risk, Investment & Loan Committee; Member of Audit and Conduct Review Committee.
- Member, Investigation Committee, Chartered Professional Accountants of British Columbia
- Director and Treasurer – Delta Hospital and Community Health Foundation

Areas of Expertise

Credit Union/Cooperative Sector, Financial Acumen, Risk Management, Liquidity Management, Investment Management, Regulatory Expertise, Governance Experience, Human Resources, Community Engagement



Barry Delaney

Salmon Arm, British Columbia

Director since 2021
Currently serving a second term (2024–2027)

Barry is President and Chief Executive Officer of SASCU (Salmon Arm Savings and Credit Union), a position he has held since 2016. Prior to joining SASCU, he was interim CEO at Northern Savings Credit Union after 20+ years in executive management roles at First West Credit Union.

Barry holds a Bachelor of Commerce from the University of Calgary and an MBA from Queens University. In 2024 he earned his Institute of Corporate Directors certification. He has served on a number of boards in the not-for-profit sector (Co-operative Development Foundation) and post-secondary education sector, including Board Chair of the University of the Fraser Valley. Barry is a Lean Certified Executive. Barry and his wife have seven children, and he is an active commercial, multi-engine pilot.

Barry’s first job after graduating from university was a six-month work assignment at Lego, in their international marketing department, in Denmark. This remains the only professional achievement of which his children are proud.

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	16/16	Jan 1 – Dec 31	100%
Member, Audit and Finance Committee	4/4	Jan 1 – Dec 31	100%
Member, Conduct Review and Corporate Governance Committee	7/9	Jan 1 – Dec 31	78%
Chair, Nominations and Elections Committee	3/3	Aug 28 – Dec 31	100%

Other Current Boards/Committee Memberships

- Director, Board of SASCU Insurance Services
- Alternate Delegate, BC Region, The Co-operators Group Ltd.

Areas of Expertise

Credit Union/Cooperative Sector, P&L Ownership, Risk Management, Regulatory Expertise, Governance Experience, Human Resources Experience, Community Engagement



Shawn Good

London, Ontario

Director since 2024
Currently serving a first term (2024-2027)

Shawn Good currently is President & Chief Executive Officer (since 2023) for Libro Credit Union in London, Ontario. He has over 25 years of credit union and financial services experience and is committed to lifelong learning, leadership and development.

Previously Shawn was President and CEO of Prospera Credit Union in BC and, most recently, CEO at Credit Union Central of Saskatchewan (SaskCentral) in Regina.

Shawn holds an Executive MBA from Queen’s School of Business, attained his ICD.D from the Institute of Corporate Directors at the Rotman School of Business, and completed the Strategic Leadership program at the Banff Leadership Centre. He has been recognized nationally with awards including the 2009 National Young Leader award, selected by Credit Union Central of Canada.

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	14/16	Jan 1 – Dec 31	88%
Member, Nominations and Elections Committee	2/3	Jan 1 – Dec 31	67%
Member, Technology & Innovation Committee	6/6	Jan 1 – Dec 31	100%

Other Current Boards/Committee Memberships

None at this time

Areas of Expertise

Strategy, M&A, Canadian Payments, Investment Management, Credit Union/Cooperative Sector, Financial Acumen, Liquidity Management, Regulatory Expertise, Governance Experience



Brian Harris

Vancouver, British Columbia

Director since 2024
Currently serving a first term (2024-2027)

Brian Harris is the President and Chief Executive Officer (CEO) of Beem Credit Union, one of the largest provincially regulated credit unions in British Columbia. In 2024, Brian was instrumental in leading four successful mergers to form Beem, a new credit union whose founding partners share over 80 years of collective history serving 190,000 members in communities across B.C.

Prior to leading Beem, Brian served as President and CEO of Interior Savings Credit Union, where he prioritized community engagement and member-focused experiences. Brian also served as the Chief Product Officer at Nets, Europe’s leading paytech provider delivering groundbreaking digital platforms and experiences to more than 150 European financial institutions. Prior to that, Brian held executive leadership positions at Currencies Direct and Western Union Business Solutions where he led the evolution of international money transfer systems and business payment solutions for customers around the world.

A lifelong learner, Brian studied at the Saïd Business School, University of Oxford; the University of California, Berkeley Haas School of Business; and Royal Roads University in Victoria, British Columbia.

A lifelong learner, Brian studied at the Saïd Business School, University of Oxford; the University of California, Berkeley Haas School of Business; and Royal Roads University in Victoria, British Columbia.

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	15/16	Jan 1 – Dec 31	94%
Member, Nominations and Elections Committee	3/3	Jan 1 – Dec 31	100%
Member, Technology & Innovation Committee	5/6	Jan 1 – Dec 31	83%
Member, Human Resources Committee	2/2	Aug 28 – Dec 31	100%

Other Current Boards/Committee Memberships

2024-Present: Collabria Board Nominee Program, 2022-Present: 1200089 B.C. Ltd ‘Holdco’

Areas of Expertise

Credit Union/Cooperative Sector, Business Strategy, Sustainable Growth, Payments, Global Financial Services, Digital Innovation, Risk Management, Financial Acumen, Regulatory Experience, Governance Experience, Community Engagement



John Klassen

New Hamburg, Ontario

Director since 2021
Currently serving a second term (2024–2027)

John Klassen has served as the Chief Finance and Compliance/Chief Financial Officer, for Kindred Credit Union, since 2009. Since 1994 John has worked in a number of member-facing capacities including MSR, Loans Officer and Certified Financial Planner before moving to Kindred’s Head Office in 2000 as Chief Operating Officer.

John is a Chartered Professional Accountant, CPA, CMA as well as a Certified Financial Planner (CFP) and holds a Bachelor of Science Degree (Honours), Peace and Conflict Studies Minor from the University of Waterloo. He is active in his community including past service on the boards at Rockway Mennonite Collegiate, Tri-County Mennonite Homes, and Meritas Mutual Funds.

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	16/16	Jan 1 – Dec 31	100%
Member, Audit and Finance Committee	4/4	Jan 1 – Dec 31	100%
Member, Technology & Innovation Committee	6/6	Jan 1 – Dec 31	100%
Other Current Boards/Committee Memberships			
Member of FSRA - Stakeholder Advisory Committee for Credit Unions			
Areas of Expertise			
Credit Union/Cooperative Sector, P&L Ownership, Risk Management, Financial Acumen, Liquidity Management, Regulatory Expertise, Governance Experience, Community Engagement, Canadian Payments Expertise, Investment Management Expertise			



Penny-Lynn McPherson

Shirley, British Columbia

Director since 2015
Currently serving a fourth term (2024–2027)

Penny-Lynn spent most of her career as Vice-President, General Counsel and Corporate Secretary for the Canadian Payments Association (now Payments Canada). She has over 30 years’ experience in payments, clearing and settlement, ecommerce, legal, compliance, risk management and corporate governance. Recently, she completed her six-year term in 2025 as a Director with the Facility Association Board and member of the Human Resources and Governance Committee. Penny-Lynn has served on and co-chaired many payment system committees and served as a director and vice-chair of a hospital board.

Penny-Lynn holds a Bachelor of Arts from Carleton University, and an LLB from the University of Ottawa. She is a member of the Law Society of Ontario.

Central 1’s Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	16/16	Jan 1 – Dec 31	100%
Member, Audit and Finance Committee	4/4	Jan 1 – Dec 31	100%
Chair, Risk Review and Investment & Loan Committee	4/4	Jan 1 – Dec 31	100%
Member, Technology & Innovation Committee	7/7	Jan 1 – Dec 31	100%
Chair, Ad Hoc Committee of the Board	8/8	Jan 1 – Dec 31	100%
Other Current Boards/Committee Memberships			
Director, Facility Association Board			
Areas of Expertise			
Credit Union/Cooperative Sector, Financial Acumen, Risk Management, Liquidity Management Expertise, Regulatory Expertise, Legal Expertise, Governance Experience, Human Resources Experience, Payments Expertise			



Sanjit S. Sodhi

Toronto, Ontario

Director since 2019
Currently serving a third term (2025–2028)

Sunny is Chief Legal and Corporate Affairs Officer at Meridian Credit Union, Ontario’s largest credit union with over \$30 billion in assets under management. As a member of the senior executive team at Meridian, Sunny is responsible for overseeing the following five corporate functions: Legal; Environment, Social, and

Governance (ESG) and Social Impact; Corporate Governance; Vendor Management; and Internal Audit. Prior to joining Meridian, Sunny practiced corporate law with a focus on advising domestic and international banks and insurance companies on a broad array of complex corporate and regulatory matters. He practiced in Toronto with Torys LLP and then Fasken Martineau DuMoulin LLP as a partner, and he also practiced abroad with top international law firm Freshfields Bruckhaus Deringer LLP at their Singapore office. Sunny has been recognized repeatedly by top international legal rankings as a leading lawyer in Canada for corporate/M&A and banking.

Sunny graduated from the University of British Columbia with a Bachelor of Commerce (Hons), and from the University of Victoria with a Juris Doctor. He has been a member of the Bar in Ontario and New York since 2003.

Central 1’s Board/ Committee Memberships			
	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	14/16	Jan 1 – Dec 31	88%
Chair, Conduct Review and Corporate Governance Committee	9/9	Jan 1 – Dec 31	100%
Member, Human Resources Committee	4/4	Jan 1 – Dec 31	100%
Member, Ad Hoc Committee of the Board	8/8	Jan 1 – Dec 31	100%
Other Current Boards/Committee Memberships			
Director: Meridian OneCap Credit Corporation / Motus Bank / Centre for Addiction and Mental Health (CAMH) / Focal Healthcare Limited			
Chair, Ontario Pension Sub-Committee			
Delegate, The Co-operators Group			
Member, FSRA Technical Advisory Committee for Credit Union Policy Initiatives			
Areas of Expertise			
Credit Union/Cooperative Sector, Financial Acumen, Risk Management, Legal, Corporate Governance, Human Resources Management, Government Relations, Corporate Communications, Enterprise Strategy			



Christie Stephenson

Vancouver, BC

Director since 2021
Currently serving a second term (2023–2026)

Christie is the Executive Director of the Peter P. Dhillon Centre for Business Ethics at the University of British Columbia’s Sauder School of Business, where she focuses on environmental, social and governance (ESG) investing and governance. Christie is a member of the Climate Governance Experts Network of the

Canadian Climate Law Initiative, the Metro Vancouver Zero Emissions Innovation Centre’s investment committee, the Watershed Security Fund of BC’s investment working group, the International Impact and Sustainable Finance Faculty Consortium, and the British Columbia Securities Commission Corporate Finance Stakeholder Forum. She has also served as a judge for the Governance Professionals of Canada’s Excellence in Governance Awards, the Chartered Professional Accountants of Canada’s Corporate Reporting Awards and the Canadian Investment Review’s Pension Leadership Awards.

Christie has more than two decades of diverse director experience, which includes: delivered training for directors of cooperatives and public companies through UBC Sauder Executive Education, Directors College, and the Governance Professionals of Canada; taught ESG investing to undergraduate and MBA students; and delivered education for a variety of professionals including accountants on non-financial disclosure through the Chartered Professional Accountants of Canada.

Currently, she is a director of Vancouver City Savings Credit Union and has served on its governance, audit, equity and people, technology and nominations committees.

Central 1’s Board/ Committee Memberships			
	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	16/16	Jan 1 – Dec 31	100%
Member, Conduct Review and Corporate Governance Committee	9/9	Jan 1 – Dec 31	100%
Member, Risk Review and Investment & Loan Committee	4/4	Jan 1 – Dec 31	100%
Other Current Boards/Committee Memberships			
Director, Vancouver City Savings Credit Union			
Director, The Co-operators			
Areas of Expertise			
Credit Union/Cooperative Sector, Governance Experience, Community Engagement			



Tom Vandeloo

Phelpston, Ontario

Director since 2021
Currently serving a second term (2023–2026)

Tom is a director on the Board of DUCA Financial Services Credit Union. He joined DUCA's board in 2015 and served as its board chair from 2016 to 2024.

Tom Vandeloo retired in 2020, capping his career as a Partner at PwC. He has nearly thirty years of consulting experience in business integration & separation, cost optimization, business performance improvement, procurement & strategic sourcing, and supply chain services.

Tom holds a Bachelor of Math (Computer Science) from the University of Waterloo and is a Certified Director (ICD.D).

Central 1's Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	15/16	Jan 1 – Dec 31	94%
Member, Audit and Finance Committee	4/4	Jan 1 – Dec 31	100%
Chair, Human Resources Committee	4/4	Jan 1 – Dec 31	100%
Member, Ad Hoc Committee of the Board	4/5	Jan 1 – Dec 31	80%
Other Current Boards/Committee Memberships			
Board Chair, DUCA Financial Services Credit Union			
Member, Ontario Pension Sub-Committee			
Areas of Expertise			
Credit Union/Cooperative Sector, P&L Ownership, Risk Management, Technology Business Expertise, Governance Experience, Human Resources Experience			



Russell Voutour

Guelph, Ontario

Director since 2023
Currently serving a first term (2023–2026)

Russ Voutour is currently Chief Information Officer, at Your Neighbourhood Credit Union Limited (YNCU) where he oversees Infrastructure, Enterprise Services, Information Technology Governance, Innovation and Business Intelligence/Analytics. He joined YNCU in March 2021. Russ has worked in the financial services industry for 20 years, including various areas such as Digital, Analytics and Architecture.

Throughout his career, Russ has demonstrated the ability to understand the complexities of the financial services industry and apply technology to solve business challenges. He has played a key role in driving digital transformation at several leading financial service organizations. He has done so by leveraging technologies such as artificial intelligence and cloud computing to streamline operations and create new digital distribution channels. Before joining YNCU, Russ was a member of the founding team for Sonnet Insurance, Canada's first digital direct insurance company and Head of Technology for TD Insurance.

A big believer in serving his community, Russ is a supporter of Habitat for Humanity. He holds a degree in Computer Science from the University of Guelph.

Central 1's Board/ Committee Memberships	Attendance at Meetings during 2025		
	Attendance	Term in 2025	% of Meetings Attended
Board of Directors	15/16	Jan 1 – Dec 31	94%
Member, Risk Review and Investment & Loan Committee	4/4	Jan 1 – Dec 31	100%
Member, Technology & Innovation Committee	6/6	Jan 1 – Dec 31	100%
Other Current Boards/Committee Memberships			
None at this time			
Areas of Expertise			
Credit Union/Cooperative Sector, Financial Acumen, Risk Management, Regulatory Expertise, Governance Experience, Human Resources, Experience, Community Engagement			

Board and Committee Meetings

Directors are expected to attend all Board and Committee meetings. While most meetings are planned a year in advance, from time to time a Board or Committee will schedule a meeting at short notice resulting in some directors not being able to attend the meeting. Currently, Board meetings are conducted both in person and via videoconference, while Committee meetings are conducted by videoconference. The following tables set out a summary of the Board and Committee meetings held during 2025.

Board/Committee	Total Number of Meetings
Board	16
Audit and Finance Committee	4
Conduct Review and Corporate Governance Committee	9
Human Resources Committee	4
Nominations and Elections Committee	3
Risk Review and Investment & Loan Committee	4
Technology & Innovation Committee	7
Ad Hoc Committee of the Board	8

The table below shows the attendance record for each director as set out in their director profiles.

Director	Committee Meetings	Board Meetings	Percentage of Meetings Attended
C. Burke	19/19	16/16	100%
P. Challinor	13/13	16/16	100%
B. Delaney	14/16	16/16	94%
S. Good	8/9	14/16	88%
B. Harris	10/11	15/16	93%
J. Klassen	10/10	16/16	100%
S. McDade	25/28	16/16	93%
P. McPherson	23/23	16/16	100%
S. Sodhi	21/21	14/16	95%
C. Stephenson	13/13	16/16	100%
T. Vandelloo	12/13	15/16	93%
R. Voutour	10/10	15/16	96%

Governance Framework

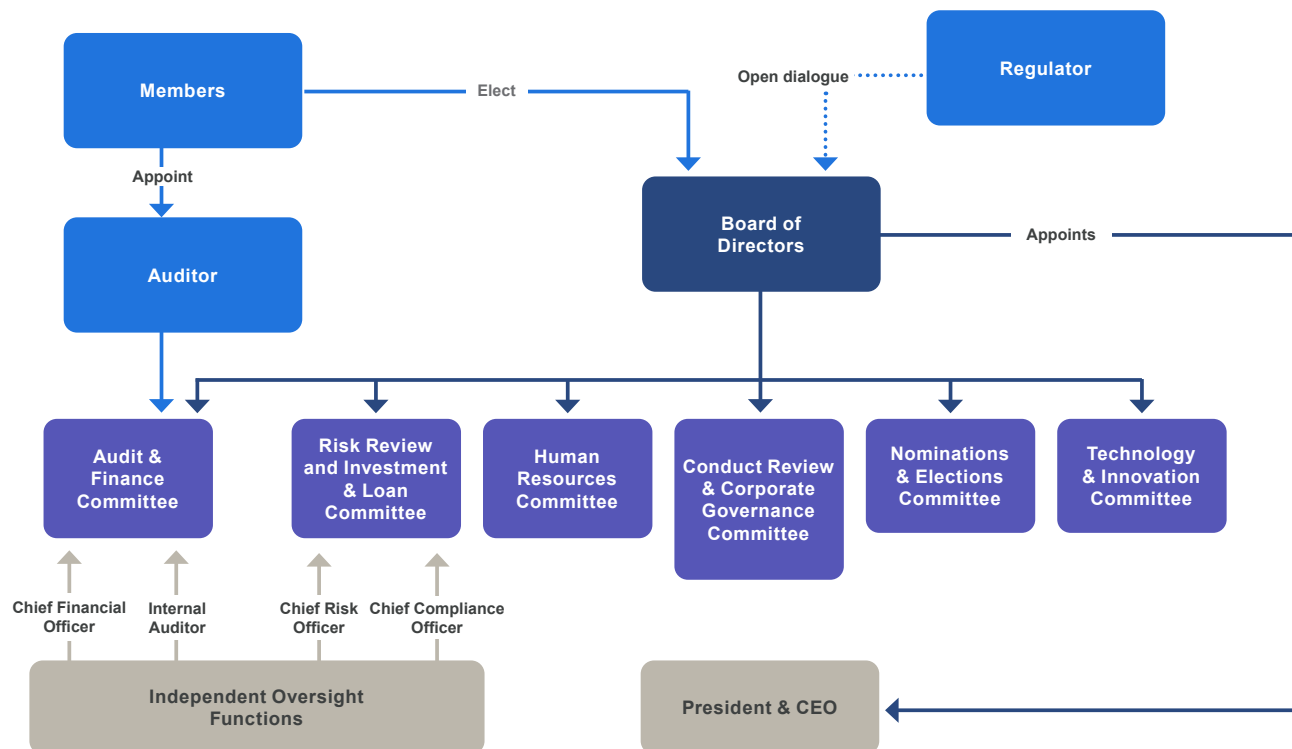
This framework provides an overview of the corporate governance structures, principles, policies and practices of the Board of Central 1, which together enable Central 1 to meet or exceed governance expectations of the British Columbia Financial Services Authority (BSFSA), the Canadian Securities Administrators (CSA) and applicable legislation.

Our Board and management are committed to leadership in corporate governance and understand that good governance is central to the efficient and effective operation of Central 1 in a manner that ultimately enhances member and client value. Our corporate governance framework is subject to ongoing review, assessment and improvement. The Board proactively adopts governance policies and practices designed to align the interests of our Board and management with those of our members and other clients and stakeholders, and to promote the highest standards of ethical behaviour and risk management at every level of the organization.

As a reporting issuer in certain jurisdictions of Canada, Central 1 is required to disclose certain corporate governance practices it has adopted.

Governance Structure

The fundamental relationship among the Board, management, members, and other stakeholders is established by our governance structure, as illustrated below.



Board Mandate

Our Board is responsible for the overall stewardship of Central 1, on behalf of its members and clients. It is responsible for supervising the management of the affairs and business of Central 1 in accordance with Central 1's Rules, the CUIA and the *Financial Institutions Act* (British Columbia) (FIA) and other applicable legislation and regulations. Our Board fulfils this responsibility both directly and by delegating certain authority to Board committees and Central 1's senior management.

Committees of the Board

Directors are required to serve on committees of the Board that carry out legislated and delegated duties. As at the date hereof, there are six standing committees of the Board:

- Audit and Finance
- Conduct Review and Corporate Governance
- Human Resources
- Nominations and Elections
- Risk Review and Investment & Loan
- Technology & Innovation

Terms of Reference for the Committees of the Board listed above can be found on Central 1's website (www.central1.com). The Board may also create special ad hoc committees from time-to-time to perform specific tasks on behalf of the Board.

Each committee operates in accordance with Board-approved terms of reference. A written position description is in place for the Committee Chair. Each committee annually reviews its terms of reference to ensure that regulatory requirements and best practices are reflected, and recommends any changes to the Conduct Review and Corporate Governance Committee, which ultimately recommends changes to the Board. Each committee also assesses its effectiveness to ensure that it has successfully fulfilled its responsibilities as set out in its terms of reference through a biennial process overseen by the Conduct Review and Corporate Governance Committee.

Committee members are elected annually following Central 1's Annual General Meeting (AGM). The Conduct Review and Corporate Governance Committee recommends directors to each of the committees. Following each meeting, the committee Chair reports to the Board on the committee's activities and makes such recommendations as are deemed appropriate in the circumstances.

All meetings have scheduled in-camera sessions when members can discuss the committee operations and responsibilities without management present.

Committees have the authority to engage and determine funding for any independent counsel, consultants and advisors, as may be deemed necessary to carry out their responsibilities.

Audit and Finance Committee

Our management is responsible for the preparation, presentation and integrity of Central 1's financial statements, maintaining appropriate accounting and financial reporting principles, policies, internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out, in accordance with professional standards, an audit of Central 1's annual financial statements and reviews of Central 1's quarterly financial information. The Audit and Finance Committee's purpose is to review the adequacy and effectiveness of these activities and to assist the Board in its oversight of:

- the integrity of Central 1's financial statements;
- the external auditors' qualifications and independence;
- the performance of Central 1's internal audit function and external auditors;
- the adequacy and effectiveness of internal controls; and
- Central 1's compliance with legal and regulatory requirements affecting financial reporting.

The current members of the Audit and Finance Committee are set out in the table below with the education and experience that is relevant to each member's performance of his or her responsibilities as an audit committee member. Each member of the Audit and Finance Committee is "independent" and "financially literate" within the meaning of the rules of the Canadian Securities Administrators relating to audit committees.

The following table sets out the relevant education and experience of the members of the Audit and Finance Committee.

Audit and Finance Committee Member	Relevant Education	Met 2024 requirements for CPD*	Relevant Experience
Paul Challinor	BA (Honours) Industrial Economics, CPA	Completed	Board Member, First West Credit Union, chair of its Risk, Investment and Loan and member of Audit and Conduct Review committees. Previous senior level experience in financial accounting and audit, business growth and transformation and risk management
Barry Delaney	BComm, MBA	Completed	CEO SASCU (Salmon Arm Savings Credit Union). Previous experience as SVP Risk at First West Credit Union
John Klassen	BSc (Honours) with Peace and Conflict Studies Minor, CFP, CPA	Completed	Chief Finance and Compliance/ Chief Financial Officer, Kindred Credit Union Limited. Previous senior level experience as Interim CEO and Chief Operating Officer
Penny-Lynn McPherson	BA, LLB	Completed	Chair, Central 1's Risk Review and Investment & Loan Committee and member of its Technology & Innovation Committee. Previously VP General Counsel and Corporate Secretary, Payments Canada
Tom Vandelloo	BMath (Computer Science), ICD.D	Completed	Board Director and Past Chair, DUCA Financial Services Credit Union - member (ex-officio) Audit, Credit, Governance, HR & Compensation, and Risk Committees

*Continuing Professional Development for relevant professional designations.

External Auditor Service Fees

The table below shows the fees billed to Central 1 for professional services rendered by Central 1's external auditor KPMG LLP during the last two fiscal years:

	2025	2024
Audit Fees ⁽¹⁾	\$ 1,564,400	\$ 1,331,375
Audit-related Fees ⁽²⁾	116,200	101,690
Tax Fees ⁽³⁾	111,150	283,150
All Other Fees		
MLP Segregation Fees ⁽⁴⁾	\$ -	\$ -
Other Fees ⁽⁵⁾	22,000	-
Total⁽⁶⁾	\$ 1,813,750	\$ 1,716,215

⁽¹⁾ Audit fees in both years included audits of Central 1 and subsidiaries, and quarterly reviews of Central 1.

⁽²⁾ Audit-related fees in both years included audits of Central 1's Ontario Registered Retirement Plan and specified procedures over mortgage-backed securities.

⁽³⁾ Tax fees in both years included tax advisory and compliance fees for Central 1 and subsidiaries.

⁽⁴⁾ MLP Segregation in the prior year included tax and advisory services related to the planned legal segregation of Central 1's Mandatory Liquidity Portfolio operating segment.

⁽⁵⁾ Other fees in the prior year included a non-recurring advisory engagement.

⁽⁶⁾ All fees are before Canadian Public Accountability Board and administration fee charges as well as applicable taxes.

The Terms of Reference of the Audit and Finance Committee are attached to this document as Appendix A. Central 1 is relying on the exemption in Section 6.1 of National Instrument 52-110 Audit Committees.

Pre-Approval of Services

The Audit and Finance Committee must pre-approve all audit and non-audit services, including the provision of tax advice (other than de minimus non-audit services provided to Central 1 and its subsidiaries, as defined in NI 52-110). The Chair is authorized to provide such pre-approval throughout the year, in accordance with applicable terms of reference with any such approvals being reported to the next regularly scheduled meeting of the Audit and Finance Committee.

Conduct Review and Corporate Governance Committee

The Conduct Review and Corporate Governance Committee is responsible for ensuring performance by Central 1 of the duties required of it by the CUIA and Parts 4 and 5 of the FIA. The Committee is also responsible for advising the Board in applying governance principles, monitoring developments in corporate governance and adopting best practices to the needs and circumstances of Central 1.

Human Resources Committee

The Human Resources Committee is responsible for advising the Board on succession planning of President and Chief Executive Officer (CEO), compensation and human resources principles and on related policies and practices. This committee provides its recommendation to the Board for compensation of the CEO in light of their performance and Central 1's performance, as well as the succession planning of CEO. In addition, the Committee approves the compensation of other senior management and oversees matters concerning Central 1's pension plans.

Nominations and Elections Committee

The Nominations and Elections Committee is responsible for overseeing the director nomination and election process. Its responsibilities include recruiting and recommending candidates for election to the Board. Committee members ensure that the competencies identified in the Board-approved skills and experience matrix are present on the Board to meet the current needs of Central 1's governance leadership and strategic intent. Central 1 is committed to building and sustaining a diverse and inclusive Board that both supports Central 1's strategy and reflects the credit union sector and financial services industry it serves. This committee is comprised of five members who are not standing for election, two of whom are not directors on Central 1's Board, of which two are officers from a Class A Member holding less than 2.5% shares at Central 1.

Risk Review and Investment & Loan Committee

The Risk Review and Investment & Loan Committee is responsible for overseeing the effective operation of all risk-taking operations and risk management functions of Central 1 and ensuring appropriate risk governance processes are executed effectively and that investment, lending and other business operations of Central 1 are undertaken in a prudent and risk-informed manner.

This committee reviews the risk, investment and lending activities of Central 1, the associated corporate policies and any significant and emerging events and related action plans and recommends any improvements or changes to the Board as deemed necessary or desirable. This committee also monitors and oversees compliance with anti-money laundering and counter terrorism financing legislation and related policies.

Technology and Innovation Committee

The Technology & Innovation Committee is responsible for providing strategic and risk oversight of matters relating to innovation and technology. The duties and responsibilities of the committee include matters relating to digital and payments projects and programs, enterprise technology (including treasury) projects and programs and operations.

Management's Role in Board Effectiveness

There is a clear demarcation of roles and responsibilities between the Board and senior management that fosters an environment of transparency, confidence, and mutual trust in which the Board is able to constructively challenge and provide guidance to management.

The CEO is appointed by the Board and is responsible for managing the day-to-day affairs of Central 1. The CEO's key responsibilities involve working with the Board to determine the strategic direction of Central 1 and providing leadership to management in achieving strategic objectives. The CEO, together with senior management, is accountable for implementing the Board's decisions and is responsible for directing and overseeing the operations of Central 1.

The Human Resources Committee annually reviews and, if appropriate, recommends to the Board for approval, the CEO's goals and objectives and compensation.

Board Composition

Central 1 completes a governance review every three years. The most recent review completed in 2025 with Class "A" Members passing two special resolutions approving amendments to Rules ("Rules") at the 2025 Annual General and Special Meeting on June 26, 2025.

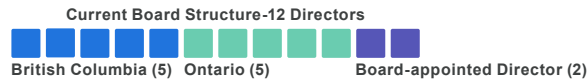
Amendments to the Rules provided for by Special Resolution 25-AGM-S-1 (the "Board Composition Amendments") included, generally, (i) reducing the number of directors on Central 1's Board to eleven, (ii) seven directors from Class A Member credit unions of which two must be from Small/Medium Class A Members with four unaffiliated directors, (iii) the ability to adjust to six directors from Class A Member credit unions of which one must be from Small/Medium Class A Members with five unaffiliated directors, (iv) all eleven directed elected based on capital, and (v) removal of geographic boundaries.

Amendments to the Rules provided for by Special Resolution 22-AGM-S-2 (the "Double Majority Amendment") included (i) the elimination of a requirement that amendments to the Rules be approved by a majority of not less than 50% plus one of the members voting on the resolution, and (ii) certain provisions relating to voting procedures with respect to Rule amendments.

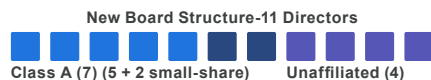
The next regularly scheduled governance review will be undertaken in 2028.

Board Size

Currently, the Board is composed of twelve directors, of which ten are the officers or directors of a Class A member, and are elected or appointed by Class A members and two were appointed by the Board.



As a result of the Governance Composition Amendments, following Central 1's 2026 AGM, the size of the Board will decrease and will consist of 11 directors, including seven elected directors who are directors or officers of Class A Member credit unions - of which two will represent Class A Members holding 2.5% or less of Class A Shares - and four elected unaffiliated directors who are neither directors nor officers of a credit union or Class A Member.



Director Tenure

Directors serve for a term of three years, for a maximum of four terms, unless a shorter term is provided by the Rules or determined by the Board at the time of election or appointment in accordance with the Rules. No director may serve more than 12 consecutive years. Central 1 has no director retirement age policy.

Independence

All directors are independent of management. Having an independent Board is critical to effective oversight and good governance. Directors are asked annually to complete a questionnaire about their business and any other relationships they have with Central 1 (and its affiliates) and senior management.

Central 1's Board considers its directors to be independent on the basis that its directors are not considered to have a "material relationship" with Central 1 as defined in National Instrument 52-110-Audit Committees.

To facilitate the ability of the Board to function independently of management, the following structures and processes are in place:

- the role of Chair of the Board is separate from the role of CEO.
- there are no members of management on the Board; and
- directors hold in-camera sessions where members of management are not present at each Board and committee meeting

The Board has developed a written position description for the Chair of the Board. The Chair's duties include leading the Board in its management and supervision of the business and affairs of Central 1, including ensuring that all matters relating to the Board mandate are completely disclosed and discussed with the Board. The Chair also leads the Board in its oversight of management.

Director Nomination and Skills and Experience Matrix ("Skills Matrix")

In accordance with governance best practices and regulatory requirements, the Board, as a whole, is comprised of individuals from diverse backgrounds having specific skills and experience that match the financial, operational and risk oversight needs of Central 1. All directors are expected to have the personal attributes necessary to reflect the cooperative values of Central 1 and the credit union system.

Each year, the directors complete an Annual Director Self-Assessment of his/her perceived level of skills which are then reviewed against the various competencies set out in the directors' Skills Matrix. CRCGC reviews the results and determines whether Central 1 has ideal Board composition, identifies any gaps that need to be filled and reports any skill and competencies gap(s) to the Nominations and Elections Committee for recruiting the candidates in the upcoming year.

An external consultant may be engaged to participate in the candidate interviews to provide additional third party, external perspective and feedback to the Nominations and Elections Committee.

Interlocking Directorships

The credit union network consists of three tiers. The first tier consists of local credit unions, the second tier consists of provincial central credit unions, each of which is controlled by first tier credit unions, and the third tier consists of Canadian Credit Union Association Cooperative (CCUA), which is owned by first tier credit unions.

Within the credit union network is a network of related corporations and subsidiaries of B.C. and Ontario credit unions, Central 1 and CCUA. This organizational structure results in a series of interlocking directorships and other relationships in which:

- a director of Central 1 is a member of a Class A member credit union and may be a director or an officer of a Class A member credit union of Central 1 and may be a director or officer of:
 - (i) a subsidiary of Central 1; or
 - (ii) a corporation in which Central 1 or Central 1 and one or more local credit unions have a financial or other interest; and
- a senior officer of Central 1 may be a director, officer, or both, of a subsidiary of Central 1 or a director or officer of a corporation in which Central 1 has a financial or other interest.

The organizational structure of the credit union as explained above may contain an inherent potential for conflicts of interest between Central 1 or a subsidiary of Central 1 and a director or officer of Central 1 or subsidiary of Central 1. However, there are no existing or potential conflicts of interest that are material.

The CRCGC is required to resolve conflicts of interest that may arise and to ensure that Central 1's dealings with its related parties comply with federal and provincial legislation. The CRCGC is required to review Central 1's conflict of interest procedures biennially. The CRCGC undertook such a review in 2025.

Diversity

We are committed to building and sustaining a diverse and inclusive Board that both supports Central 1's strategy and reflects the credit union system. To support this, the Nominations and Elections Committee will, when identifying candidates to recommend for appointment/election to the Board:

- consider candidates who are highly qualified based on our Board-approved skills and competencies matrix;
- take into account that an inclusive board of directors should reflect the diversity of the communities that Central 1 serves; and
- conduct a search for candidates that meet the Board's skills and diversity criteria to help achieve its diversity aspirations.

In promoting diversity, the Nominations and Elections Committee recognizes that diversity encourages the inclusion of different perspectives and ideas, mitigates against groupthink and ensures opportunities to benefit from all available talent.

Central 1 also recognizes the increased diversity disclosure provisions set out in the *Canada Business Corporations Act* effective January 2020 with regards to diversity in nominating directors from designated groups as defined by the *Employment Equity Act*. To that effect, the Skills Matrix has been updated to broaden the diversity disclosure provisions. Section 5, Diversity, of the Skills Matrix lists age, gender, region, ethnicity/culture, board service, interlocking public directorships and expression of interest for any board/committee chair positions for Board succession planning.

It is noted that Central 1's Board does have term limits set out in its *Board Structure* document and summarized earlier in this document under the heading "Director Tenure".

The Board aspires towards a composition that reflects the broader population of Central 1 and the credit union system it serves. Currently the Board is comprised of 34 per cent women and 66 per cent men.

Board Operations

Chair of the Board

Each year, the directors elect a Chair. Ms. Shelley McDade is currently Chair of the Board.

Board and Committee Meetings

Central 1's directors are required to attend a number of scheduled meetings each year. These meetings include regularly scheduled Board meetings, strategic planning sessions and a number of special meetings. In addition, each director is required to serve on Board committees.

Directors are expected to attend as many meetings as possible. Directors are to come to meetings thoroughly prepared, engage in meetings and make a sustained, positive contribution to the success of Central 1 and the credit union network as a whole.

In-camera Sessions

At each Board and committee meeting, the directors meet in-camera without management present.

Compensation

The Conduct Review and Corporate Governance Committee conducts a periodic review, not less than every three years, of the amount and the form of compensation of directors to provide market-competitive compensation.

At the 2025 Annual General and Special Meeting, Class A members approved an increase to the aggregate director remuneration cap to \$1,200,000. No immediate changes were made to individual director compensation. This increase was intended to align with Central 1's proposed governance changes and strategic transformation.

Accordingly, the maximum annual total compensation that may be paid to all directors, as determined by Central 1's Class A members, is \$1,200,000. Compensation paid to each individual director is disclosed in this report.

Key Policies

Central 1 has established policies to ensure that a culture of integrity is maintained throughout the organization. Some of the most important policies include:

- **Code of Conduct:** The Code of Conduct (Code) outlines the standards of conduct imposed by law, provides guidelines for honest and ethical conduct and offers guidance to help directors recognize and deal with ethical issues that may arise during their tenure. The Code applies to all of Central 1's directors, officers and employees. It is distributed to all directors, officers and employees and is available on Central 1's intranet site. Compliance with the Code is a condition of

employment, or term of office in the case of directors. The Code is also available on Central 1's website (www.central1.com). Only in extraordinary circumstances and where it is clearly in the best interests of Central 1, the President and CEO or the Board may waive specific provisions of the Code. Any waiver of the Code for directors or officers of Central 1 may only be granted by the Board and will promptly be disclosed as required by law.

All directors, officers and salaried employees are asked annually to acknowledge that they have read and understand the Code and undertake to abide by it.

- **Conflict of Interest Policies and Procedures:** These Policies and Procedures define conflicts of interest that may arise and how conflicts must be disclosed and managed. Directors and executive officers must ensure that they identify and avoid any actual, potential or perceived conflict of interest that might influence their decisions in their capacity as directors or executive officers of Central 1. Where the conflict can potentially interfere with or be perceived to interfere with a director's independent judgment, the director must either eliminate the interest or duty giving rise to the conflict or resign as a director of Central 1. Where a conflict of interest arises from a transaction or proposed transaction between Central 1 or an affiliate of Central 1, and any person (including a corporation) who is a related party of Central 1 because of a relationship with the director, the affected director and Central 1 shall comply with the requirements of Part 5 of the FIA, and, whenever the director has a direct or indirect interest in the transaction, by complying with the applicable provisions of the CUIA.
- **Diversity and Inclusion Policy:** In 2020, the Board implemented a Diversity and Inclusion Policy. This Policy sets out the Board's philosophy and commitment in considering diversity when determining the optimum composition of the Board and its committees, recognizing that a diverse composition can result in a more effective board.
- **Ethical Reporting Policy:** Employees are often the first to realize there may be something wrong within an organization. They may not express their concerns, however, because they feel speaking up would be disloyal. They may also fear recrimination, harassment or victimization and feel it would be easier to ignore the concern. This policy establishes the framework which allows employees to report suspected wrongdoing, without fear of recrimination.
- **Disclosure Policy:** Central 1 issues timely, fair and accurate disclosure of material information relating to Central 1 to keep members and the public informed about its affairs in accordance with applicable laws. Respecting its Disclosure Policy is critical to maintaining integrity, and each director, executive officer and employee has an obligation to make sure they conduct themselves according to the policy and its objectives.

Stewardship of Environmental, Social and Governance (ESG) factors at Central 1

Central 1 is committed to building environmental sustainability, social responsibility, and effective corporate governance into all aspects of our business. Our approach to ESG is to target where Central 1's core business functions and in-house expertise overlap with critical ESG issues to embed ESG as a way we all do business.

There are three ESG issues selected as our focus, based on their materiality to our business and their prevalence in Central 1's sustainability commitments (listed below under the "Governance" heading).

1. **Diversity, Equity, and Inclusion**

Finding where we can build a diverse, equitable, and inclusive culture in our workplace, and where our business (products, services, investments, procurement, etc.) can reduce societal barriers for a fuller potential for all.

2. **Climate**

Finding where our core business functions can minimize environmental damage and contribute to the transition towards a low carbon economy.

3. **Indigenous Reconciliation**

Finding where our core business functions can enact the Truth and Reconciliation Commission's call to action #92 for the Canadian corporate sector- both as a responsibility and an opportunity.

For the purpose of highlighting the importance of ESG factors and these three particular themes, we have gathered a summary of some ESG activities at Central 1. You may recognize some activities below as integrated parts of our business previously mentioned in this report.

Environmental: Climate

- **Environmental impact as a decision-making lens in our investing**
Central 1's Treasury and Portfolio Management team is committed to addressing climate-related challenges. As a proud signatory of the UN Principles for Responsible Investment (UN-PR), we are striving to progress and improve our climate disclosure and provide more insight into our investment portfolio. We continue to support further expansion of responsible investing through our continued membership in the Responsible Investing Association (RIA) and the Canadian Bond Investors Association (CBIA) ESG subcommittee. Assessing issuer and issuance against ESG criteria has become a standard part of all our credit reviews of current and potential investments. A cross department Responsible Impacting Investing Committee (RIIC) has been established to

quarterly review Central 1's investing activities to ensure they meet with the Board approved ESG Policy as well as broader industry best practices.

Applying the decision-making lens in practice, Central 1 continues to surpass its target of allocating a minimum of five per cent of its investment portfolio to labeled securities. In 2025, labeled securities accounted for 16.3 per cent of Central 1's investment portfolio, reflecting continued progress against this commitment.

Social Factors: Diversity, Equity, and Inclusion; Indigenous Reconciliation

- Diversity, Equity and Inclusion (DEI) and Indigenous Reconciliation initiatives continued to emphasize education, awareness, and meaningful connection. Throughout the year, the organization delivered a series of events designed to foster cultural awareness, recognize diverse communities, and support continuous learning. These initiatives were supported through partnerships with the Canadian Centre for Diversity & Inclusion (CCDI) and LinkedIn Learning, providing employees with access to curated education and development resources.
- Following completion of the ESG roadmap in 2024, Human Resources advanced its focus on regulatory compliance with the British Columbia Pay Transparency Act. Building on existing compensation transparency practices already in place, the organization met the Act's requirements through public salary range disclosure and the completion of its first Pay Transparency Report, which was filed in November 2025 in accordance with legislative timelines.

As part of our responsible investment framework, our investing team incorporates material social factors into the decision-making process by recognizing its impact on risk and long-term value creation.

- Employee-directed donations to diverse community needs. In 2025, Central 1 employees maximized a corporate match donation program, raising \$38,186 to unlock a match of \$10,000 to a total of \$48,186 to the United Way.
- Annual Gary Gillam Award honours two careers dedicated to significant impact. The Gary Gillam Award was established to honour the memory and work of Gary H. Gillam in advancing social responsibility in the credit union system. The award is co-sponsored by Alterna Savings and Central 1 to recognize exemplary leadership in environmental and/or social responsibility through the promotion of credit unions as socially responsible alternatives to banks and other financial institutions. In 2025, Sharon Buchanan at Pigeon Park Savings and June Gaw at the Regional Food Distribution Association (RFDA) were recognized for their work in their communities. Read more on [central1.com](https://www.central1.com).

Governance:

- ESG Policy to govern and guide decision-making
Central 1's leadership and Board are guided by its Environmental Social Governance Policy approved in May 2021. The eight guiding statements of the policy thread three prevalent ESG themes (climate; diversity, equity, and inclusion; and Indigenous reconciliation) throughout each of our business lines-connecting our everyday activities with generating positive impact. As such, the result we strive for is having ESG factors integrated in to how we do business.
- As a co-operative, we have a stakeholder-driven governance model
Our Board is democratically elected from our membership. This ensures the direction of our organization is aligned to the needs of the credit union system that we serve. We also benefit in learning from the ESG expertise our Board members bring to Central 1 leadership with representation from community-rooted financial institutions, Living Wage employers, a B Corp, and members of the Global Alliance for Banking on Values.
- We are founded on co-operative principles that embed ESG in our business model
In particular, co-operative principle 7, care for community, binds Central 1 to strive to do business in a way that serves our present needs without compromising the ability of future generations to meet their own needs. In 2025, we continued to be faced with visible strains to the systems we operate in with converging crisis of climate, inequality and geopolitical uncertainty.

Central 1 governance and management leaders demonstrate the importance of ESG through signing the following commitments and aligning to the following networks where we can continually improve our approach:

- Signatories to the UN-supported Principles for Responsible Investment
- Signatories to the Canadian Investor Statement on Diversity and Inclusion
- Employer Partner of the Canadian Centre for Diversity and Inclusion
- Member of the Responsible Investment Association
- Signatories to Minerva BC's Face of Leadership Diversity Pledge
- Signatories of the Different Together pledge led by the Honourable Janet Austin, Lieutenant Governor of British Columbia
- Signatories of the BC Business Council's Stand Against Racism statement

Collaborative ESG system partnerships:

- Founded and chair of the credit union Diversity, Equity and Inclusion Working Group

- Member of the Community Impact Committee run by the Canadian Credit Union Association
- Member of the Canadian Bond Association's Environmental Social Governance Committee
- Member of the Climate Action Working Group run by the Canadian Credit Union Association

Member Communication and Engagement

Central 1's Board of Directors and management provide regular communication to our members and clients through a variety of channels including the following:

- Publishing and reporting our quarterly performance to our Class A member executives to review our progress. This is completed following the corresponding Central 1 Board meetings and quarterly financial disclosure;
- Information posted on our website and/or Client Centre, providing regular updates on services, issues and initiatives;
- Informational webinars and events on relevant topics impacting members and/or their business.

In addition to communication, we also engage members through regular or special events to further strategic decisions for both Central 1 and our members, including:

- Twice annual regional meetings, attended by directors and management of member credit unions and Central 1, held in various locations throughout B.C. and Ontario where we communicate and engage our members on strategic issues impacting the system;
- Engagement events and webinars to facilitate discussion and feedback on governance or strategic issues;
- One-on-one member support to address each member's unique needs and strategy, identifying opportunities to connect members for collaborative projects or develop new ways Central 1 can support our members; and
- A Member Forum held as needed to facilitate education on industry trends or discussion and engagement on key governance topics; and
- Our Annual General Meeting and/or any special meetings.

Director Orientation, Education and Development

Central 1 relies on the collective knowledge, experience and skill of each director and the Board for its effective governance and success. It is important that directors have the appropriate competency requirements in order to fulfill their oversight responsibilities to Central 1 and its members and thereby contribute to enhancing the credit union network.

Our Board recognizes that investing in ongoing education and development is an important component of effective governance of Central 1. A comprehensive approach to director orientation, education and development is necessary to ensure that all directors:

- Develop within the first year of being a director a basic understanding of each of the core business competencies, including financial literacy, risk management, liquidity management, legal and regulatory and Central 1 business and functions knowledge;
- Continue to deepen their education and improve their skills, professional qualifications, and experience. All directors are required to attend Central 1's in-house education sessions. These sessions are aimed at the core business competencies; and
- To assist individual directors who wish to pursue ongoing education or who volunteer to attend educational conferences and industry events, the Board provides each director with a \$10,000 education allowance per three-year term of office.

New Director Orientation

Following election to Central 1's Board, new directors attend Central 1's director orientation. The Board Chair may assign to new directors a mentor from amongst fellow directors. Our Board Chair and mentor will be invited to attend the orientation session. The Conduct Review and Corporate Governance Committee oversees the orientation program. The goals of the director orientation program are to:

- Ensure new directors fully understand the formal governance structure, the role of the Board, its committees and the individual performance expectations set out in the individual Director's Terms of Reference.
- Help new directors understand Central 1, its operations and working environment, including:
 - strategic priorities, initiatives and key performance indicators;
 - summary details of principal assets, liabilities, significant commitments and major stakeholders;
 - organizational structure;
 - major risks and risk management strategy;
 - operational or financial constraints imposed by legislation or otherwise;
 - Central 1's Code of Conduct; and
 - Director's Conflict of Interest Policy.
- Build links to the individuals who make up Central 1, including:
 - opportunities to meet and get to know fellow directors,

- meetings with the CEO and the executive management team
- visits to the Central 1 offices to meet employees; and
- build an understanding of Central 1’s main relationships, including those with members and stakeholders.

Mandatory Education

New directors are required to complete Level A: Foundations of Governance of the Credit Union Director Achievement training program or a training program offered by Credit Union Executives Society (CUES).

Ongoing Director Education

During 2025, directors attended a number of in-house education sessions.

Following is a list of those education sessions held in 2025:

Attendees	Session
Board Members	Transparent Governance Model Payments and Treasury Education Risk Appetite
Board Members	Impact of US/Canadian Tariffs on Credit Unions Enterprise Governance Discussion Central 1 Client and Customers
Board Members	Artificial Intelligence: Central 1 & AI: Key considerations for the Board
Board Members	Global Risk Institute: Crisis Management

In addition to in-house training sessions, the following table shows the continuing professional development reported to be completed by Central 1’s directors in 2025.

Director	Continuing Formal and Informal Education Sessions in 2025
Carolyn Burke	Boardroom Financial Essentials
Paul Challinor	Central 1 Momentum Conference, Whistler, B.C. October 2025 Anti-money laundering mandatory annual training Veripark - The Future of Digital Banking NEI Investments - Economic Impact of Tarrifs McClashan Consulting - Models of Governance ADP - Powering Productivity for Success Desjardins - Economic Update KPMG - Artificial Intelligence - Board Considerations BCFSA - The Future of the Credit Union System PwC - Director Connect - Sustainability Update PwC - Financial Reporting Update Global Risk Institute - Crisis Management CPABC - Leadership Update
Barry Delaney	CCUA 2025 Conference, Halifax, Nova Scotia, May 2025
Shawn Good	CUMIS Executive Round Table, February 2025 CCUA Conference, Halifax, NS May 2025 Credit Union Regulatory Forum Toronto, ON June 2025 Large Credit Union CEO Conference Vancouver, B.C. September 2025 MacKay CEO Forum Member 2025 CCUA 2025 Conference, Halifax, Nova Scotia, May 2025 Central 1 Momentum Conference, Whistler, B.C. October 2025
Brian Harris	CUES 2025 Symposium 2025 CUMIS Executive Roundtable CCUA 2025 Conference, Halifax, Nova Scotia, May 2025 Central 1 Momentum Conference, Whistler, B.C. October 2025
John Klassen	CCUA 2025 Conference, Halifax, Nova Scotia, May 2025 Central 1 Momentum Conference, Whistler, B.C. October 2025 Completed all 2025 CPD requirements for Certified Financial Planner (CFP) and Chartered Professional Accountant (CPA) designation
Shelley McDade	CCUA 2025 Conference, Halifax, Nova Scotia, May 2025 Central 1 Momentum Conference, Whistler, B.C. October 2025
Penny-Lynn McPherson	BCSFA's 2025 Financial Services Sector Forum ICD Be It Resolved Podcast Series CCUA 2025 Conference, Halifax, Nova Scotia, May 2025

Director	Continuing Formal and Informal Education Sessions in 2025
Sunny Sodhi	Meridian Board Education Session with Economist Co-operators AGM – Session: Workshop – Risk Mitigation Basics IDEAS: Unconscious Bias CCUA 2025 Conference, Halifax, Nova Scotia, May 2025 Central 1 Momentum Conference, Whistler, B.C. October 2025 Northwind Financial Forum 2025 Meridian Board Education – DISC Personality Session GRI SUMMIT: Raising the Bar: Strengthening Governance in an Evolving Risk Landscape GRI SUMMIT: Obstacles & Opportunities for Small and Medium-Sized Banks Roundtable Meridian Microsoft AI Education Session CCUA Hike the Hill Ottawa 2025 GRI SUMMIT: FIFAI II: Financial Stability Co-operators Ontario Fall Regional Meeting Meridian Bill C-59 Education Session Canadian Club Toronto: Solving Canada's Housing Crisis: What It Takes To Build More, Faster
Christie Stephenson	Completed Canadian Council of Innovators' Innovation Governance Program Level 2 Completed CPA Ontario Audit Committee certificate Completed International Foundation of Employee Benefit Plans (IFEBP) Master of Trust Management Standards (MTMS)
Tom Vandelloo	Strategic Insights: Preserving Scale & Value Through Transformational Change, January 2025 DUCA Board Seminar - Artificial Intelligence, March 2025 CCUA 2025 Conference, Halifax, Nova Scotia, May 2025 Central 1 Momentum Conference, Whistler, B.C. October 2025
Russell Voutour	CUA 2025 Conference, Halifax, Nova Scotia, May 2025 Central 1 Momentum Conference, Whistler, B.C. October 2025

Director Compensation Philosophy

Compensation Philosophy

The Board recognizes that strong corporate governance is a key ingredient to an organization's success and the Board has determined that, subject to the limits set by the members of Central 1 by resolution, the directors of Central 1 should be remunerated at approximately the 50th percentile of director compensation for comparable entities. That group is determined from time to time, by the Board, on the recommendation of the Conduct Review and Corporate Governance Committee, giving due consideration to the qualifications, liability, experience and involvement in value-added decision making commensurate with Central 1's size, complexity and functions.

Compensation for directors of Central 1 falls into the following four categories:

- annual flat fee retainer;
- meetings fees for attendance at Board general education sessions, strategic planning sessions and Central 1-related business events;
- per diem compensation for travel time, attending meetings and other work performed on behalf of Central 1; and
- reimbursement for reasonable expenses incurred in connection with authorized work performed on behalf of Central 1.

Compensation Review

Director Compensation is reviewed on a triennial basis to ensure directors are appropriately compensated for their contributions to the Central 1 board. In 2022, Hugessen was engaged by the Conduct Review and Corporate Governance Committee to review director compensation. Following receipt of Hugessen's final report, the Board approved the Committee's recommendation regarding director compensation in March 2023. Hugessen has been engaged by the Conduct Review and Corporate Governance Committee to conduct the 2025 triennial review of directors' compensation for consideration in 2026.

The Hugessen final report is expected to be provided to the Conduct Review and Corporate Governance Committee at its March 2026 meeting for consideration and recommendation to the Board of Directors for approval. If approved, a revised compensation structure will be implemented following 2026 AGM.

At the 2025 Annual General and Special Meeting, Class A members approved, among other changes, an increase of the Director remuneration cap to \$1,200,000 and a reduction in board size from 15 Directors to 11 Directors.

Director Compensation and Expense Policy

Annually, the Conduct Review and Corporate Governance Committee will review the Director Compensation and Expense Policy as set forth in the Committee's Terms of Reference. This review is to ensure that the compensation being provided to the Board falls in line with the best practices of good governance. The annual review covers the perquisites and reasonable expense reimbursement provided to the Board but does not review core compensation items which are scheduled to be reviewed every three years. After approval of the changes to the expense policy at the committee level, the changes are provided to the Board for their approval.

The following table sets out the types of compensation paid to Central 1's directors.

Annual Retainer	Role	Amount
Board Retainers	Board Chair	\$60,000
	Vice Chair	\$40,000
	General Director Member	\$35,000
Committee Retainers	Audit & Finance Chair	\$15,000
	Risk, Review and Investment Committee	\$15,000
	Technology and Innovation Committee Chair	\$15,000
	Chairs of ad hoc committees pro-rated for the duration of said committee	\$15,000
	All Other Committee Chairs	\$8,500
	Committee Members of ad hoc committee pro-rated for the duration of said committee	\$8,500
	Non-chair Committee Members	\$0

Type of Compensation	
AGM/Special Meeting Fee	\$0
Board and Committee Meeting Fee (if applicable)	meetings less than 30 minutes: \$0 meetings equal to or less than 4 hours: \$500 meetings more than 4 hours: \$800
Per Diem Fees for Central 1 business events or functions etc.	meetings less than 30 minutes: \$0 meetings for meetings longer than 30 minutes and less than 4 hours: \$500 meetings more than 4 hours: \$800
Per Diem Fees for Travel Time	For travel less than 4 hours: \$0 For travel 4 hours or more: \$500
Reasonable Expenses for Meetings and Business Events	Actual
Technology Allowance To support the purchase of personal computer equipment (e.g. iPad or other handheld technology necessary to assist the director in carrying out his or her duties to Central 1)	Up to \$1,500 per 3-year term
For basic voice/data plan For costs incurred in relation to internet connection and email address	Up to \$75/month

2025 Director Compensation

The following table sets out the value of fees and other compensation paid to directors of Central 1 during 2025.

Director	Annual Cash Retainer	Meeting Fees	Total Remuneration (Annual Cash Retainer and Meeting Fees) ¹
Carolyn Burke	\$60,960	\$9,600	\$70,560
Paul Challinor	\$58,033	\$5,600	\$63,633
Barry Delaney	\$37,911	\$2,300	\$40,211
Connie Denesiuk (until June 26, 2025)	\$17,356	\$2,300	\$19,656
Shawn Good	\$35,000	\$3,100	\$38,100
Brian Harris	\$35,000	\$2,600	\$37,600
John Klassen	\$35,000	\$3,100	\$38,100
Shelley McDade	\$62,444	\$6,600	\$69,044
Penny-Lynn McPherson	\$60,520	\$9,600	\$70,120
Sanjit (Sunny) Sodhi	\$49,463	\$14,000	\$63,463
Christie Stephenson	\$35,000	\$3,100	\$38,100
Art Van Pelt (until June 26, 2025)	\$17,356	\$1,800	\$19,156
Tom Vandelloo	\$45,946	\$6,100	\$52,046
Russell Voutour	\$35,000	\$3,100	\$38,100
Cheryl Wallace (until June 26, 2025)	\$17,356	\$1,800	\$19,156
Total	\$602,345	\$122,500	\$723,345

¹ The above compensation may not be paid directly to Directors. At the direction of a Director, some or all of the compensation is paid to the credit union of which they are an officer or director.

Type of Fee	Amount under the Cap ¹
Annual Board and Committee Retainers	\$602,345
Additional costs relating to:	
• Meeting per diems (attendance at ad hoc Committee meetings, education sessions and strategic planning sessions)	\$122,500
• Conference attendance per diems (CCUA Conference and The Cooperators AGM)	\$21,500
• Ad Hoc Committee – Strategic Review of Digital Banking	\$31,500
• Travel per diem (trips longer than 4 hours)	\$13,100
• Remuneration incurred in 2024, paid in 2025	\$19,899

Board and Committee Evaluations

The Conduct Review and Corporate Governance Committee manages the process of assessing the Board and its committees. It also manages director peer reviews.

Board and committee assessments are conducted on a biennial basis. In intervening years, director and chair peer reviews are carried out. The Committee retains an external consultant to design and analyze the results of the evaluation of Board and committee effectiveness and the director peer review process.

In 2025, an evaluation of skills was conducted by an external consultant, which was used to support the upcoming Nominations and Elections process in 2026.

Communication with Members and Clients

Central 1 is committed to communicating with its members, its clients and its stakeholders. Members and other interested parties can contact the Board, the Board Chair or any director by email: corporatesecretary@central1.com.

Interaction with the Regulators

The Board regularly engages with BCFSA on Central 1’s risk profile and control environment and maintains open lines of communication with them on significant developments, including changes to the Board and senior management.

Our Total Rewards Philosophy

Central 1’s compensation philosophy is designed to attract, retain and motivate the high-performing employees needed to deliver our products and services to our member credit unions and to their members. We believe the compensation that the CEO receives should be aligned with the contribution they make to the organization’s overall short-term and long-term objectives. The compensation program is designed to:

- Reflect Central 1’s goals and objectives.
- Be competitive within the credit union community and broader private sector market.
- Be affordable in line with the realities of the market.

An equitable balance is sought between establishing cash compensation (both base and at risk incentive pay) to attract qualified people from the financial and non-financial community and providing non-cash benefits commensurate with those in the designated market. Overall the program is primarily cash-based. Central 1 does not grant options, stock appreciation rights, shares, units or other compensation securities as part of its compensation framework and has no outstanding equity compensation plans. Executive compensation is also subject to Central 1’s Clawback Policy approved February 2021.

CEO Cash Compensation

Base Salary

Base salary for the CEO is determined by the Board annually in the first quarter, in line with individual performance and the median level of the designated market.

The designated market for Central 1 is a blend of two peer groups: 1) Credit Union System & Crown corporations; and 2) Broader Private Sector Market organizations.

In 2023, the Board worked with an external compensation consultant to review the CEO’s compensation and a plan was outlined to bring compensation to median over the coming 4 years. In late 2024, a salary market comparator review was conducted and additional comparable organizations were included to ensure the appropriate peer comparisons along with scope and complexity of the role within a business-to-business market. In 2025 an external compensation consultant was engaged to review the Executive Compensation program for consideration in 2026.

Short Term Incentive Program

The short-term incentive program is designed to reward the achievement of performance objectives in the short term by providing a cash incentive.

Central 1’s Board establishes the performance objectives for our CEO, as well as the business plan for Central 1, and its operating budget.

Our Board reviews the performance of our CEO at the end of each year and its evaluation determines the amount of incentive compensation that is awarded to the CEO.

Our Board also determines the target and maximum incentive payments for the CEO. These targets are a percentage of base salary and are calculated based on actual earnings in the year.

Short-term Incentive Compensation Targets for 2025

	Target Incentive Payment	Maximum Incentive Payment (150 per cent of target)
President & CEO	90 per cent of base salary	135 per cent of base salary

Due to the strategic nature of the CEO, a higher percentage of the at-risk pay is aligned with the organizational performance metrics as outlined in the table below.

	Collective Weighting	
Role	Organizational Performance Metrics	Individual Performance Metrics
President & CEO	70 per cent	30 per cent

The program is designed to ensure that unnecessary risks are not encouraged through taking a balanced approach including member satisfaction and limits paid out for each measure.

Long Term Incentive Program

The long-term incentive program (LTIP) is designed to direct and reward the executive to long-term strategic success. This is complemented with the short-term incentive program which is designed to direct and reward the in-year operationalization of the strategy.

The design of the program is based on a rolling cycle method, whereby performance/ deferral periods for most cash LTIP are three years, in light of the Salary Deferral Arrangement (SDA) rule under the Canadian Income Tax Act.

Central 1's Board establishes the measures and targets at the start of each cycle and measures performance at the end of such cycle. Each LTIP cycle, the Board can elect different metrics and weighting depending on the strategic direction of the company.

Long-term Incentive Compensation Targets for 2025

	Target Incentive Payment	Maximum Incentive Payment (150 per cent of target)
President & CEO	130 per cent of base salary	195 per cent of base salary

Our Board reviews the performance of the CEO which was based on the three (3) prioritized focus areas: 1) Strategy 2) Leadership (ELT and Organization) 3) External Relations. A balanced scorecard approach (based on key performance indicator (KPI) categories) was created to structure the LTIP to recognize external, internal, system and strategic initiatives. Financial metrics are used as a gateway metric.

The Board retains a 10% discretionary adjustment to recognize extenuating circumstances.

Other Cash-Based Compensation

Central 1 offers a market-competitive perquisite program to the CEO, including an automobile allowance.

Non-Cash Benefits

The CEO receives non-cash benefits including employer-paid benefits, healthcare benefits, Group RRSP contributions, Supplemental Executive Retirement Plan (SERP) benefits and access to an executive medical program.

The Group RRSP provides a retirement benefit based on employee and employer contributions that are accumulated with investment earnings. Under the Group RRSP, employer contributions are matched to employee contributions of six per cent of salary. Since the Income Tax Act imposes maximums on benefits provided under registered retirement plans, Central 1 provides supplemental retirement benefits through the SERP.

This enables our CEO to receive the benefit that they would have received if the Income Tax Act limits were not imposed on the registered plans. This benefit is further enhanced in that earnings under the SERP include 50 per cent of the annual incentive payment. On an annual basis, the Board has determined the notional rate of return to be Consumer Price Index (CPI) +3%.

Appendix A

Audit and Finance Committee Terms of Reference

Approved: November 27, 2025

Reviewed: November 24, 2025

1.1 PURPOSE

The Audit and Finance Committee (“Committee”) is a committee of the Board of Directors (the “Board”) to which the Board has delegated responsibility for oversight over the financial reporting process and audit (external and internal).

Management is responsible for the preparation, presentation and integrity of Central 1’s financial statements and for maintaining appropriate accounting and financial reporting principles and policies, and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

The external auditors are responsible for planning and carrying out, in accordance with professional standards, an audit of Central 1’s annual financial statements and reviews of Central 1’s quarterly financial information.

The Committee’s purpose is to review the adequacy and effectiveness of these activities and to assist the Board in its oversight of:

- a) integrity of Central 1’s financial statements
- b) budgets, forecasts and financial performance indicators
- c) external auditors’ qualifications and independence
- d) performance of Central 1’s internal audit function and external auditors
- e) adequacy and effectiveness of internal controls
- f) Central 1’s compliance with legal and regulatory requirements affecting financial reporting.

The Committee has oversight over budgets. The Committee acts as liaison between the external auditors, internal auditors and the Board. The Committee assists the Board in meeting its responsibilities in ensuring that the review of Central 1’s financial operations and that of its subsidiaries, by the external auditor provides an independent report on the integrity of the financial data and reporting.

The Committee ensures compliance with financial and accounting policies and the Committee may make recommendations to the Board on any matters pertaining to the financial reporting process, including the audit process and internal controls.

The Committee derives its authority from the Board and Article 14A, Rule 6 of Central 1’s Constitution and Rules. For the purposes of performing its duties, the Committee shall have the right at all reasonable times to inspect the books and records of Central 1, and its subsidiaries, and to discuss with management, the officers, and external and internal auditors such information and matters pertaining to the financial reporting of Central 1, as it deems necessary.

1.2 COMPOSITION AND TERM OF OFFICE

- 1.2.1 The Committee shall consist of a minimum of four (4) directors. The members of the Committee shall be elected or appointed annually by the Board at the first meeting of the Board following Central 1’s annual general meeting (“AGM”) to hold office until the next AGM, unless the member becomes unable to serve or is removed by the Board. A casual vacancy may be filled, and additional members of the Committee may be appointed by the Board, to hold office until the next AGM.
- 1.2.2 Each member of the Committee must be able to read and understand financial statements to the level of detail and complexity to which Central 1 reports, including the notes attached thereto.
- 1.2.3 The members of the Committee must be independent as defined in the Board Structure section of the Board Manual and the majority of the members of the Committee shall not be officers or employees of Central 1 or an affiliate of Central 1.
- 1.2.4 No more than one representative from any one credit union is permitted to serve on the Committee, except where one representative is serving as an ex-officio member of the Committee.
- 1.2.5 The Chair of the Risk Review and Investment and Loan Committee shall be an ex-officio member of the Committee, if not otherwise appointed to the Committee.
- 1.2.6 The Chair of the Board of Directors shall be an ex-officio member of the Committee.
- 1.2.7 The Committee shall elect one (1) of its members to be its Chair. The Chair of the Committee shall act in accordance with the Position Description: Committee Chair section of the Board Manual.

1.3 OBJECTIVES/DELIVERABLES

- 1.3.1 Oversight of External Auditors:
 - a) **Selection:** the Committee shall annually recommend to the Board the appointment, reappointment or termination of the external auditor. This recommendation shall be done sufficiently in advance of the next annual meeting of Central 1 to allow the Board to seek membership approval. At regular intervals (not greater than every 5 years), the Committee will assess Central 1’s external audit requirements and review the appropriateness of undertaking a full Request for Proposal (“RFP”) process,

with such RFP process to be undertaken at the option of the Committee, if it so determines. The Committee shall report annually to the Board on the performance of the external auditor.

- b) **Independence:** the Committee shall oversee the process to determine the independence of the external auditor. The Committee shall obtain and review a formal written statement from the external auditor describing all relationships between Central 1 and the external auditor that may impact upon its independence. The Committee shall actively discuss with the external auditor any disclosed relationships or services that might impact on the independence or objectivity of the external auditor. The Committee shall report annually to the Board on the independence of the external auditor.
- c) The Committee shall annually review and approve Central 1's policy regarding the hiring of members of the external audit team and former external audit teams.

Related Information: Appendix 1 - Central 1 Credit Union Audit and Finance Committee Restriction on Employment of Members of External Audit Team

1.3.2 Compensation of External Auditors

Upon resolution of members of Central 1 that the remuneration of the external auditors is to be set by directors, the Committee will have the responsibility for recommending the remuneration of the external auditors to the Board. In the case of an external auditor appointed to fill a casual vacancy, the Committee shall have sole responsibility for setting the compensation of such auditor without resolution of the members.

1.3.3 Pre-approval of Services

The Committee shall pre-approve all audit and non-audit services, including the provision of tax advice (other than "de minimus" non-audit services provided to Central 1 and its subsidiaries as defined in NI 52-110). If necessary, the Chair shall be authorized to provide such pre-approval throughout the year, with any such approvals being reported to the next regularly scheduled meeting of the Committee.

The Committee shall oversee Central 1's policy on services provided by its external auditor.

Related Information: Appendix 2 - Central 1 Credit Union Audit and Finance Committee Pre-Approval of Services Provided by Central 1's External Auditor.

1.3.4 Reporting of External Auditors

- a) The external auditors shall report directly to the Committee, and the Committee shall have responsibility for overseeing the activities of the external auditors, including resolution of any disagreements between management and the external auditors regarding financial reporting. The Committee shall review, prior to the commencement of the audit, the audit engagement letter, audit plans and scope of the external audit, identifying special areas of concern to the external auditor. The Committee shall annually approve the audit plan. The Committee will monitor the audit process, the annual audit report and the findings of the examination after its completion.
- b) **Accounting Policies:** the Committee shall review with management and the external auditors the appropriateness of accounting policies and approve any changes thereto.
- c) **Reports:** the Committee shall review all written or oral reports made by the external auditor. Such reports may include:
 - i. Current and prospective changes in accounting policies and practices;
 - ii. Alternative treatment of financial information within generally accepted accounting principles;
 - iii. Review of transactions or investments, as brought forward by either the auditors or management, which could adversely affect the financial wellbeing of Central 1; and
 - iv. Any other written communications between the external auditor and Central 1's management.
- d) **Review of Reportable Events:** the Committee shall review all reportable events (occurrences in the relationship between Central 1 and the external auditor which may have been a contributing factor in the resignation or termination of the external auditor) including disagreements, unresolved issues or consultations, as defined in NI 52-102, whether or not there is a change of the auditors.
- e) **In-Camera Meetings:** the Committee shall have an in-camera meeting with the external auditors at every Committee meeting, at which the external auditors are in attendance.

1.3.5 Oversight of Internal Auditor

- a) **Oversight:** The Head of Internal Audit shall report directly to the Committee, and the Committee shall have responsibility for reviewing and approving the Internal Audit Policy; overseeing the activities of the internal audit function, including reviewing and approving the annual internal audit plan and identifying special areas of concern for internal audit review.

The Committee will monitor internal audit activities and the findings of examinations, including the status of identified control weaknesses and management's corrective action.

The Committee will review and concur in the appointment, replacement, reassignment, or dismissal of the Head of Internal Audit. On behalf of the Committee, the Chair shall provide input concerning the performance review and compensation of the Head of Internal Audit.

The Committee will regularly review the organizational structure of the internal audit function and annually review and approve the function's budget and resources.

- b) **Reports:** The Committee shall receive and review all written or oral reports made by Internal Audit and, in particular, recommendations for changes in internal control procedures or processes. The Head of Internal Audit will report to the Committee the response or determination of management with respect to any findings or recommendations.

The Risk Review and Investment & Loan Committee shall be provided access to Internal Audit reports prepared for the Committee.

1.3.6 Review of Financial Statements

The Committee shall review and discuss with management and the external auditors Central 1's annual audited financial statements and Central 1's unaudited quarterly financial statements as well as non-consolidated financial statements and summarized financial statements. In addition, the Committee shall review the financial statements of Central 1's subsidiaries.

In reviewing the financial statements, the Committee shall, as applicable:

- a) Ensure that they are complete and consistent with the information known to the Committee;
- b) Review the contents of management's representation letters to the external auditors;
- c) Discuss with management and the external auditors whether they reflect appropriate accounting policies;
- d) Discuss any actual or proposed changes in accounting or financial reporting and consider their impact on the financial statements;
- e) Discuss any related party transactions; and
- f) Discuss any unusual, complex or significant events, such as legal actions, claims or contingencies or areas where significant judgment has been exercised, such as valuations, provisions and reserves.

The Committee will recommend to the Board the approval of Central 1's consolidated financial statements, non-consolidated financial statements and summarized financial statements.

1.3.7 Review of Financial Disclosures

The Committee shall review the contents of all periodic public disclosure documents (other than the annual corporate governance disclosure approved by the Conduct Review and Corporate Governance Committee and statement of executive

compensation approved by the Human Resources Committee) and event-driven disclosure documents for which the Committee's review is deemed necessary by the Disclosure Committee before release, including the Management Discussion & Analysis, any prospectus and any financial report, statement or return (including associated press releases) that requires the approval of the Board before filing or release and make recommendations to the Board as it deems advisable.

The Committee must satisfy itself that adequate procedures are in place for the review of Central 1's public disclosure of financial information extracted from or derived from the financial statements (i.e. press releases, information posted to Central 1's website and any other form of public communication). While this information is currently vetted through the Disclosure Committee, the Committee must assess the adequacy of the disclosures made by management through the Disclosure Committee and the adequacy of management representation on that Committee. The Committee shall review the Disclosure Policy at least every two years and, if deemed advisable, recommend changes to the Board.

The Committee shall review the return of Central 1 that is to be filed with the Superintendent under Section 127(1) of the FIA and any other reports, transactions or matters required to be reviewed by the Committee under the Financial Institutions Act or Credit Union Incorporation Act, and to the extent any returns are required to be approved by the Board, make recommendations to the Board regarding such returns.

1.3.8 Controls and Procedures

a) **Oversight:**

- i. The Committee shall provide oversight of Central 1's internal accounting controls, of its disclosure controls and procedures and of its Ethical Reporting Policy;
- ii. The Committee shall require management to implement and maintain appropriate systems of internal control, including internal controls over financial reporting and for the prevention and detection of fraud and error;
- iii. The Committee shall receive and review reports from other board committees with regard to matters that could affect financial reporting, including the major financial and business risks to which Central 1 is exposed, and management's actions to monitor and control such exposures.
- iv. The Committee shall,
 - Have direct and unfettered access to the CFO;
 - Provide feedback to and receive feedback from the CEO on performance and qualifications of the Chief Financial Officer ("CFO") on an annual basis; and
 - Review and recommend the appointment, replacement, or reassignment of the CFO to the Board.

- b) **External Auditor Reporting:** The Committee shall consider the external auditors' management letters, recommendations and comments with respect to accounting treatment and internal controls and management's responses and subsequent follow-up of any identified weaknesses.
- c) **Internal Auditor:** The Committee shall meet with the internal auditor and with management to discuss the effectiveness of internal control procedures and shall approve recommendations for improvements.
 - i. The Committee shall provide feedback and receive feedback from the CFO on the performance and qualifications of the Head of Internal Audit on an annual basis.
- d) **CEO/CFO Certification Program:** The Committee shall oversee Central 1's CEO/CFO Certification program and the meeting of its obligations under that program.
- e) **Procedures for Complaints:** The Committee shall establish procedures for the receipt, retention and treatment of complaints received by Central 1 regarding accounting, internal accounting controls or auditing matters. The Committee shall also establish procedures for the confidential, anonymous submission by Central 1's employees of their concerns regarding questionable accounting and internal controls over auditing matters.
- f) **Additional Powers:** The Committee shall have such other duties as may be delegated to it by the Board, from time to time.
- g) The Committee shall receive material of the Risk Review and Investment & Loan Committee.

Related Information: Ethical Reporting Policy

1.3.9. Oversight of Budgets

- a) The Committee shall review, annually, Central 1's Operating Budget, Dues Budget and Capital Asset Budget and recommend their approval to the Board.
- b) At least biennially, the Chief Financial Officer will present the Budget Policy to the Committee for review and recommendation to the Board.

1.4 MEETINGS AND PROCEDURES

- 1.4.1 The Committee shall meet as it deems necessary to fulfill its duties hereunder, but no less than once each quarter. The time and location of the meetings and the procedures to be followed at such meetings shall be determined, from time to time, by the Committee.

The Board Chair, the Committee Chair, any two (2) members of the Committee, the Head of Internal Audit, the external auditors, or the Corporate Secretary may call meetings of the Committee. The external auditor shall be given notice of, and shall have the right to appear before, every Committee meeting.

The Committee may meet in person, by conference call or by other electronic means.

- 1.4.2 Whenever possible, seven (7) days' notice of the meeting shall be provided, in writing, to members of the Committee, the external auditors and any invited persons. The agenda and required reports shall be circulated to the Committee (via Diligent or e-mail) one week in advance of the meeting date, whenever possible.
- 1.4.3 A quorum at any meeting of the Committee shall be a majority of the members of the Committee, excluding any ex-officio members. Decisions of the Committee will be by an affirmative vote of the majority of those members of the Committee voting at a meeting. The Committee may also act by resolution in writing consented to by all the members of the Committee.
- 1.4.4 The external auditor, the internal auditor, and the provincial Superintendent of Financial Institutions shall have the right to appear before and be heard at any meeting of the Committee and to request the Committee Chairperson to consider any matter that the requisitioning party believes should be brought to the attention of Directors or members.
- 1.4.5 The Chairperson of the Committee shall appoint a Secretary who need not be a director to keep minutes or other records of the meeting.
- 1.4.6 The Committee will meet "*in-camera*" at each meeting with only the members of the Committee present.
- 1.4.7 The Committee will meet "*in-camera*" with Internal Audit at every meeting at which Internal Auditor is in attendance.
- 1.4.8 At least quarterly, the Committee shall meet "*in-camera*" with the Chief Financial Officer.
- 1.4.9 The Committee may invite any director, officer or employee of Central 1 or any other person, as appropriate, to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee, including: the external auditor, external counsel, Internal Audit, Chief Risk Officer, the President and Chief Executive Officer or any member of executive management.

1.5 MANAGEMENT AND RESOURCES

- 1.5.1 The Committee shall be resourced by the Chief Financial Officer.
- 1.5.2 The Committee shall have the authority to engage and determine funding for any independent counsel, accountants, and other external consultants and resources, as it may deem necessary to carry out its responsibilities, provided that all contracts for such services shall be reviewed, where appropriate, by Central 1's Legal Department and that any contract in excess of \$10,000 must be approved

by the Chair of the Board or the Board prior to execution. The Committee shall report to the Board on any undertakings to engage such advisors, including the level of compensation.

1.6 RECORDS

The official records of the Committee including all meeting material and minutes are maintained by the Office of the Corporate Secretary. Minutes of every meeting shall be recorded and available to Committee members and the Board.

1.7 ACCOUNTABILITY

The Committee is accountable to the Board. The Chair of the Committee shall report the proceedings of each meeting and all recommendations made by the Committee at such meeting to the Board, at the Board's regularly scheduled meeting.

1.8 EVALUATION OF COMMITTEE EFFECTIVENESS

The Committee shall annually review and assess the adequacy of its mandate. As part of this review, the Committee will review and assess the adequacy of its Terms of Reference on an annual basis taking into account all legislative and regulatory requirements applicable to the Committee, as well as any best practice guidelines, and, if appropriate will recommend changes to the Conduct Review and Corporate Governance Committee. The Committee shall assess its effectiveness in fulfilling its mandate through its inclusion in reviews of Central 1 Committees led by the Conduct Review and Corporate Governance Committee.

1.9 COMMITTEE OUTPUT

The major annual activities of the Committee are outlined in the schedule on the following page.

1.10 AMENDMENTS

The Board must authorize substantive amendments to these Terms of Reference. The Committee may make administrative amendments, including amendments related to dates, organization, and similar matters.

Routine Outputs – Audit and Finance Committee

Routine Outputs	Q1	Q2	Q3	Q4	Comments
Audited Financial Statements – year end	•				
Interim Consolidated Financial Report		•	•	•	
Management Discussion & Analysis (MD&A)	•	•	•	•	
Financial Report	•	•	•	•	
External Audit Report	•				
Interim Review Findings Report		•	•	•	
Internal Audit Report	•	•	•	•	
Review the Procedures for Ethical Reporting	•	•	•	•	
Annual Report to Board on performance and independence of external auditor	•				
Election of Chairperson		•			
Provincial Examination (if applicable)		•			
Subsidiary Financial Statements	•				
Audit Plan and engagement letter				•	
Auditor remuneration				•	
Review Committee's Terms of Reference		•			
Provide feedback to and review feedback from the CEO on performance of the CFO. Make recommendations to the Board in accordance with the Audit and Finance Committee's Terms of Reference				•	
Provide feedback from the CFO on the performance of the Head of Internal Audit.				•	
Review Finance Policies (when applicable) <ul style="list-style-type: none"> Budget Disclosure Ethical Reporting Internal Audit Procurement 					
Assess the adequacy of the processes and procedures followed by the Disclosure Committee and the adequacy of management representation on that Committee, if and as needed.	•	•	•	•	
Central 1's Operating, Dues and Capital Asset Budgets				•	
Internal Audit Plan				•	
Incentive Plan <ul style="list-style-type: none"> Approve Year End Results Approve Targets for Next Year 	•				

Appendix 1

Central 1 Credit Union Audit & Finance Committee — Restriction on Employment of Members of External Audit Team

Approved: November 27, 2025

1.1 PURPOSE

To maintain the independence of the External Auditor and to prevent a potential conflict of interest Central 1 shall not employ a key member or former key member of the external audit firm in a financial reporting oversight role until a period of one year or more has elapsed from the date the financial statements, on which that person participated in an audit, review or attestation engagement capacity, were filed with the relevant securities regulator. For the purposes of this policy, a key member includes all partners involved in the audit, review or attestation engagement and any employees of the auditor involved in the audit in a management or decision-making capacity.

Appendix 2

Central 1 Credit Union Audit & Finance Committee — Pre-Approval of Services Provided by Central 1's External Auditor

Approved: November 27, 2025

1.1 PURPOSE

Central 1's Audit & Finance Committee shall pre-approve all services to be provided by Central 1's external auditor to Central 1 and its subsidiaries. In addition to audit services, Central 1's external auditors may provide Central 1 with certain other services which are listed in the section below entitled Permitted Services. This document sets forth procedures and conditions whereby permissible non-assurance services provided by the independent auditor will be pre-approved for the entities within the corporate structure of Central 1. Central 1 may not engage its external auditors to perform services that are inconsistent with an auditors' independence. A description of prohibited services is included in the section below entitled Prohibited Services.

1.2 PERMITTED SERVICES

Central 1 may retain its external auditors to perform the following services:

1.2.1

- a) Audit and Related Services
 - i. Agreed-upon procedures to comply with regulatory reporting matters and/or securitization programs
 - ii. Agreed-upon procedures to scrutineer the voting results of Central 1 Annual General or Special Meetings.

- b) Tax Services
 - i. Tax Compliance
 - a. Prepare and/or review federal and provincial corporate tax returns and trust returns (including any other applicable returns, forms, elections, designations, or any other tax reporting)
 - ii. General Tax Advisory Services relating to Tax Compliance
 - a. Various income, capital, payroll, and indirect tax compliance matters as they arise;
 - b. Canadian, U.S., and International tax advisory services relating to the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS);
 - c. Federal or provincial tax authority compliance matters;
 - d. U.S. corporate tax compliance, including research, advice and correspondence with IRS.
 - iii. Specific Tax Advisory and Tax planning services
 - a. Review tax implications and tax compliance requirements relating to complex tax issues or potential transactions (i.e. future state).
- c) Other Services
 - i. Perform a gap analysis or maturity assessment of the current state of a process, system, organizational structure, policy, controls over financial reporting, etc. against leading practices or other sources (such as client defined future state, accounting or regulatory standard). Provide advice, observations and recommendations.
 - ii. Perform accounting research to identify alternative accounting policies, leading practices, examples and KPMG's interpretation of the application of new or revised accounting standards (including IFRS and convergence projects).
 - iii. Information Technology Advisory and Risk Management Services (this includes assistance in ensuring that technology processes are operating efficiently)
 - iv. Transaction Services (this includes providing assistance in structuring significant acquisitions)
 - v. Operational Advisory and Risk Management Services

1.2.2 Prohibited Services

Central 1 may not retain its external auditor to perform any service that is inconsistent with an auditor's independence. Prohibited services include, but are not limited to, the following:

- a) bookkeeping or other services related to the audit client's accounting records or financial statements;
- b) financial information systems design and implementation;
- c) appraisal or valuation services for financial reporting purposes;
- d) actuarial services for items recorded in the financial statements;

- e) internal audit outsourcing services;
- f) management functions;
- g) Human Resources; and
- h) expert witness services.

1.3 POLICY

For permitted services the following pre-approval policies will apply:

- a) **Audit Services:** The Audit & Finance Committee will pre-approve all audit services provided by Central 1's external auditor through its recommendation of the external auditor at Central 1's AGM and through the Audit & Finance Committee's review of the external auditor's annual Audit Plan.
- b) **Pre-Approval of Audit Related, Tax and Other Non-Audit Services:** Central 1 has adopted a general policy procedure to pre-approve non-assurance services to be provided by the independent auditor without obtaining specific pre-approval for each engagement.
 - i. Under this procedure, the Board pre-approves the list of non-assurance services (through the approval of the Audit & Finance Committee Terms of Reference) in 1.2.1 that may be provided by the independent auditor without the need for the auditor to seek specific pre-approval from the Board or Audit & Finance Committee;
 - ii. Unless a non-assurance service shall have received such general pre-approval, it will require specific pre-approval by the Audit & Finance Committee and the concurrence must be provided to the auditor before an engagement letter contracting the non-assurance service is signed.
 - iii. This pre-approved list of non-assurance services remains in effect until amended by the Board.
 - iv. The Audit & Finance Committee will be informed annually of the services on the attached list for which the auditor has been actually engaged.
- c) **Approval of Additional Services:** The Chief Financial Officer will consider all other engagement requests and if deemed acceptable, submit the request to the Chair of Audit & Finance Committee for consideration and approval. The engagement may commence upon approval of the Chair of the Audit & Finance Committee. The full Audit & Finance Committee will subsequently be informed of any additional services, at its next meeting.



central 1

Consolidated Financial Statements

As at and for the Years Ended December 31, 2025 and 2024

Management's Responsibility for Financial Reporting

The management of Central 1 Credit Union (Central 1) is responsible for the integrity, objectivity, reliability and fair presentation of the accompanying Consolidated Financial Statements. These Consolidated Financial Statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

These Consolidated Financial Statements and information in the Management's Discussion and Analysis contain items that reflect management's best estimates and judgments of the expected effects of current events and transactions with appropriate consideration to materiality. The financial information presented elsewhere in this Annual Report is consistent with the information in the Consolidated Financial Statements.

Central 1 management has designed and maintained a system of accounting, internal controls and supporting procedures to provide reasonable assurance as to the reliability and integrity of financial information and the safeguarding of the assets. The procedures include training and selection of qualified staff, and the establishment of an organizational structure that provides a well-defined division of responsibilities and accountability for performance. In addition, the systems include policies and standards of business conduct that are communicated throughout the organization to prevent conflicts of interest and unauthorized disclosure of information.

The Board of Directors, acting through its Audit and Finance Committee (the Committee), oversees management's responsibilities for the financial reporting and internal control systems. The Committee reviews the Consolidated Financial Statements and recommends them to the Board of Directors for approval. Other key responsibilities of the Committee include reviewing the adequacy and effectiveness of internal controls, the performance of Central 1's internal audit function and external auditors, and the compliance with legal and regulatory requirements affecting financial reporting.

The B.C. Financial Services Authority (BCFSA) conducts examinations and inquiries into Central 1's business and affairs as deemed necessary to satisfy themselves that the provisions of the appropriate legislation are being duly observed and that Central 1 is in sound financial condition.

KPMG LLP, the independent auditor appointed by the members, has performed an independent audit on the Consolidated Financial Statements and issued their report, which follows. The auditor has full and complete access to, and meets periodically with, the Committee to discuss their audit and matters arising therefrom.



Sheila Vokey
President & Chief Executive Officer



Priyal Thakrar
Chief Financial Officer

Independent Auditor's Report

To the Members of Central 1 Credit Union

Opinion

We have audited the consolidated financial statements of Central 1 Credit Union ("Central 1"), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of income for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Central 1 as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

We are independent of Central 1 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

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

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

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

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing Central 1's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Central 1 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Central 1's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central 1's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Central 1's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Central 1 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants
Vancouver, Canada
March 12, 2026

Consolidated Statement of Financial Position

As at December 31

\$ thousands, as at December 31	Notes	2025	2024
Assets			
Cash and cash equivalents	6	\$ 1,319,447	\$ 653,055
Settlements in-transit assets		82,486	415,161
Securities	7,15	6,253,206	6,818,312
Loans	8	1,677,029	1,843,106
Derivative assets	9	59,415	108,679
Current tax assets		42	5
Assets held for sale	13	6,737	6,182
Property and equipment	11	3,312	3,949
Intangible assets	12	23,389	18,416
Investments in affiliates	14	88,635	89,917
Deferred tax assets	16	23,828	31,602
Other assets	17	47,749	48,371
Total assets		\$ 9,585,275	\$ 10,036,755
Liabilities			
Settlements in-transit liabilities		\$ 544,588	\$ 440,047
Deposits	18	5,450,268	5,246,499
Obligations related to securities sold short		-	32,526
Securities under repurchase agreements		196,939	691,268
Securitization liabilities	19	162,469	436,761
Derivative liabilities	9	51,879	64,705
Debt securities issued	20	2,049,310	2,054,651
Subordinated liabilities	21	199,525	195,456
Other liabilities	23	108,878	79,476
Total liabilities		8,763,856	9,241,389
Equity			
Share capital	24	43,400	43,401
Retained earnings		768,535	746,668
Accumulated other comprehensive income		9,484	5,297
Total equity		821,419	795,366
Total liabilities and equity		\$ 9,585,275	\$ 10,036,755
Guarantees, commitments, contingencies and pledged assets	32		
Subsequent events	38		

Approved by the Directors:



Shelley McDade
Chair



Paul Challinor
Chair

Audit and Finance Committee

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Income

For the year ended December 31

\$ thousands	Notes	2025	2024
Interest income			
Securities		\$ 227,413	\$ 269,353
Loans		93,256	127,535
		320,669	396,888
Interest expense			
Deposits		131,334	207,773
Debt securities issued		109,179	135,918
Subordinated liabilities		4,782	4,782
		245,295	348,473
Net interest income	25	75,374	48,415
Net fair value gains	26	46,461	89,475
Non-interest income	27	154,930	165,031
Total revenue		276,765	302,921
Provision for credit losses	29	2,174	3,753
Non-interest expense			
Salaries and employee benefits		105,379	126,080
Provision for onerous contracts	23	27,705	-
Professional fees		27,696	25,268
Technology and information systems		27,054	19,799
Payments processing		22,845	21,682
Sales and services		14,921	10,307
Depreciation and amortization		2,648	4,603
Other administrative expense	28	8,357	5,879
		236,605	213,618
Income before income taxes		37,986	85,550
Income tax expense	29	6,099	21,439
Net income		\$ 31,887	\$ 64,111

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended December 31

\$ thousands	2025	2024
Net income	\$ 31,887	\$ 64,111
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	3,929	11,603
Reclassification of realized loss to net income	206	3,544
Share of other comprehensive loss of affiliates accounted for using the equity method	(953)	(3,637)
	3,182	11,510
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	270	(6,929)
Net actuarial gain on employee benefit plans	715	690
Total other comprehensive income, net of tax	4,167	5,271
Total comprehensive income, net of tax	\$ 36,054	\$ 69,382

Income Taxes – Other Comprehensive Income

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

\$ thousands	2025	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	\$ 1,467	\$ 4,315
Reclassification of realized loss to net income	76	1,306
Share of other comprehensive loss of affiliates accounted for using the equity method	(148)	(566)
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	99	(2,553)
Net actuarial gain on employee benefit plans	263	254
	\$ 1,757	\$ 2,756

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the year ended December 31

\$ thousands	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefit 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 income	-	31,887	-	-	-	31,887
Other comprehensive income, net of tax						
Fair value reserve (securities at fair value through other comprehensive income)	-	-	4,135	-	-	4,135
Share of other comprehensive loss of affiliates accounted for using the equity method	-	-	(953)	-	-	(953)
Liability credit reserve	-	-	-	270	-	270
Net actuarial gain on employee benefit plans	-	-	-	-	715	715
Total comprehensive income	-	31,887	3,182	270	715	36,054
Transactions with owners, recorded directly in equity						
Dividends to members	-	(10,000)	-	-	-	(10,000)
Class "B" shares redeemed (Note 24)	(1)	-	-	-	-	(1)
Reclassification of liability credit reserve on derecognition¹	-	(20)	-	20	-	-
Balance as at December 31, 2025	\$ 43,400	\$ 768,535	\$ 6,107	\$ (2,859)	\$ 6,236	\$ 821,419

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

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the year ended December 31

\$ thousands	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefit 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	-	64,111	-	-	-	64,111
Other comprehensive income, net of tax						
Fair value reserve (securities at fair value through other comprehensive income)	-	-	15,147	-	-	15,147
Share of other comprehensive loss of affiliates accounted for using the equity method	-	-	(3,637)	-	-	(3,637)
Liability credit reserve	-	-	-	(6,929)	-	(6,929)
Net actuarial gain on employee benefit plans	-	-	-	-	690	690
Total comprehensive income (loss)	-	64,111	11,510	(6,929)	690	69,382
Transactions with owners, recorded directly in equity						
Class "B" shares redeemed (Note 24)	(1)	-	-	-	-	(1)
Class "C" shares issued (Note 24)	1	-	-	-	-	1
Reclassification of liability credit reserve on derecognition¹						
	-	31	-	(31)	-	-
Balance as at December 31, 2024	\$ 43,401	\$ 746,668	\$ 2,925	\$ (3,149)	\$ 5,521	\$ 795,366

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

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Cash Flows

For the year ended December 31

\$ thousands	2025	2024
Cash flows from (used in) operating activities		
Net income	\$ 31,887	\$ 64,111
Adjustments for:		
Depreciation and amortization	2,648	4,603
Net interest income	(75,374)	(48,415)
Net fair value gains	(46,461)	(89,475)
Provision for onerous contracts	27,705	-
Unwinding of discount on provision for onerous contracts	2,249	-
Provision for credit losses	2,174	3,753
Dividend income	(2,160)	(2,688)
Equity interest in affiliates	462	925
Income tax expense	6,099	21,439
	(50,771)	(45,747)
Change in:		
Settlements in-transit assets	332,675	(256,622)
Securities	365,754	262,307
Loans	162,995	(66,303)
Derivative assets and liabilities	18,188	50,226
Settlements in-transit liabilities	104,541	(104,894)
Deposits	202,987	(625,459)
Securitization liabilities	(276,741)	(131,024)
Securities under repurchase agreements	(493,612)	(344,761)
Obligations related to securities sold short	(33,090)	30,469
Other assets and liabilities	8,887	(39,031)
Interest received	316,850	400,205
Interest paid	(238,486)	(338,188)
Income tax received	-	621
Income tax paid	(120)	-
Net cash from (used in) operating activities	420,057	(1,208,201)

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Cash Flows (continued)

For the year ended December 31

\$ thousands	2025	2024
Cash flows from (used in) investing activities		
Purchase of reinvestment assets under the CMB Program - NHA MBS Securities	(159,233)	(79,237)
Maturity of reinvestment assets under the CMB Program - NHA MBS Securities	178,911	247,045
Change in reinvestment assets under the CMB Program - Reverse repos	257,063	(36,785)
Property and equipment - net	(944)	(1,280)
Intangible assets - net	(6,597)	(362)
Dividend received	2,160	2,688
Investments in affiliates - net	(281)	(1,942)
Net cash from investing activities	271,079	130,127
Cash flows from (used in) financing activities		
Change in debt securities issued - Commercial paper	(156,983)	(126,483)
Proceeds from debt securities issued - Medium term notes	500,000	-
Redemption of debt securities issued - Medium term notes	(350,000)	-
Repayment of lease liabilities	(268)	(530)
Dividends paid	(10,000)	-
Issuance of Class C shares	-	1
Redemption of Class B shares	(1)	(1)
Net cash used in financing activities	(17,252)	(127,013)
Effect of exchange rate changes on cash and cash equivalents	(7,492)	5,643
Increase (decrease) in cash and cash equivalents	666,392	(1,199,444)
Cash and cash equivalents - beginning of year	653,055	1,852,499
Cash and cash equivalents - end of year	\$ 1,319,447	\$ 653,055

See accompanying Notes to the Consolidated Financial Statements

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As at and for the years ended December 31, 2025 and 2024

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 Consolidated Financial Statements include Central 1 and its subsidiaries.

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

2. Basis of Presentation

These Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Board of Directors on March 12, 2026.

Basis of Measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Financial instruments mandatorily measured or designated at fair value through profit or loss (FVTPL) measured at fair value.
- Financial assets at fair value through other comprehensive income (FVOCI) measured at fair value.
- The assets and liabilities for defined benefit obligations recognized as the present value of the benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized actuarial past service costs and unrecognized actuarial losses.
- Recognized financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships adjusted for changes in fair value attributable to the risk being hedged.

Central 1 has prepared these Consolidated Financial Statements on a going concern basis, as management is satisfied it has adequate resources to continue as a going concern for the foreseeable future.

Change in Classification

During the year, Central 1 revised the classification of cash flows related to securitization liabilities in the Consolidated Statement of Cash Flows. These cash flows were previously presented as financing activities and are now presented as operating activities to more appropriately reflect the nature of the underlying transactions. Comparative amounts in the Comparative Statement of Cash Flows have been reclassified for consistency. As a result, net cash outflows of \$131.0 million were reclassified from 'cash flows from financing activities' to 'cash flows from operating activities'.

3. Functional and Presentation Currency

These Consolidated Financial Statements are presented in Canadian dollars, which is Central 1's functional currency. All amounts have been rounded to the nearest thousand, except as otherwise indicated.

4. Use of Estimates and Judgements

In preparing these 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 has made subjective or complex estimates and judgements include the measurement of expected credit losses (ECL) and the 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. Recent global trade policy developments, including ongoing tariff uncertainties between major trading partners, continue to contribute to broader economic volatility. These conditions may affect financial markets, interest rates, and regional economic activity, and the potential impact on Central 1's operations, financial results, and overall financial condition remains uncertain. Developing reliable estimates and applying appropriate judgement for the purposes of preparing Central 1's Consolidated Financial Statements are substantially complex and inherently uncertain.

As at and for the years ended December 31, 2025 and 2024

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 the 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 the 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 include direct costs attributable to service delivery and infrastructure, as well as Enterprise IT support costs necessary to maintain the platform during the transition period.

Provision for Credit Losses (ECL)

There is judgement involved as to if a significant increase in credit risk (SICR) has occurred. In addition, in calculating the amount of ECL, Central 1 exercises experienced judgements to incorporate multiple probability-weighted economic scenarios including a base case scenario and optimistic and pessimistic scenarios, all of which are developed by Central 1's Economics group. These judgements include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the ECL allowance.

Central 1 evaluates whether a loan is credit impaired by referencing the definition of a credit-impaired asset under IFRS 9, while applying experienced judgments and estimates in relation to the assumptions used in calculating the amount of ECL for stage 3 loans by considering reasonable

and supportable information.

Additional information regarding the ECL allowance is included in Note 10.

5. Material Accounting Policies

Central 1 has consistently applied the following material accounting policies to all periods presented in these Consolidated Financial Statements. The future accounting standards and amendments that have been issued but are not yet effective on the reporting date of Central 1's Consolidated Financial Statements are disclosed in Note 5(s).

(a) Basis of Consolidation

Subsidiaries

The Consolidated Financial Statements include the assets, liabilities, results of operations and cash flows of Central 1 and its subsidiaries.

These subsidiaries are entities over which Central 1 has control as a result of its ownership of a majority of the voting shares, its exposure to, or rights to, variable returns from its involvement with the entities, and its ability to use its power over the entities to affect those returns.

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The Consolidated Financial Statements have been prepared using uniform accounting policies across all subsidiaries for like transactions and other events in similar circumstances. All inter-company transactions and balances are eliminated on consolidation.

Affiliates

Affiliates are entities over which Central 1 has significant influence, but not control, over the operating and financial policies of the entities. Significant influence is presumed to exist when Central 1 holds between 20% and 50% of the voting rights, and/or exercise significant influence through Board representation.

Central 1's investments in affiliates are accounted for using the equity method of accounting and are initially recognized at cost, which includes the purchase price and other costs directly attributable to the acquisition. Subsequently, these investments are increased or decreased to recognize

As at and for the years ended December 31, 2025 and 2024

Central 1's share of the affiliates' income or loss, other comprehensive income (OCI), the receipt of any dividends, and other movements in affiliates' equity.

Group Clearer Arrangement

Central 1 participates in a group clearer arrangement with the credit union centrals of Alberta, Manitoba, and Saskatchewan (collectively, the Prairie Centrals), where Central 1 acts as a Group Clearer, on behalf of the participants. Central 1 also provides management services of the arrangement and maintains the group clearing account with the Bank of Canada.

Central 1 facilitates but does not have control over the clearing and settlement services executed by Bank of Canada. Therefore Central 1 acts as an agent, recognizing revenues and expenses on a net basis. Central 1 presents the assets and liabilities for this arrangement on a gross basis on its consolidated statement of financial position as there is neither legally enforceable right to offset the recognized amounts nor intention to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Further information regarding Central 1's subsidiaries and affiliates is contained in Notes 14 and 37.

(b) Foreign Currency

Transactions in foreign currencies are translated into Canadian dollars at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at fair value that are denominated in foreign currencies are translated into Canadian dollars using the exchange rate when the fair value is determined. Non-monetary assets and liabilities that are not measured at fair value are translated into Canadian dollars at historical rates.

Foreign currency translation gains and losses on financial instruments, including those classified as FVOCI, are recognized in non-interest income.

(c) Financial Instruments

Recognition and Initial Measurement

Central 1 initially recognizes financial assets and financial liabilities on the trade date when Central 1 becomes a party to the contractual provisions of the instruments. A financial asset or financial liability is initially measured at fair value plus, for an item not mandatorily measured or designated at FVTPL, transaction costs that are directly attributable to its acquisition or issuance. For a financial asset or financial liability mandatorily measured or designated at FVTPL, transaction costs are recognized immediately in income or loss.

Classification and Subsequent Measurement

a. Business Model Assessment

Central 1 makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. Central 1's business models are as follows:

Managed on a Fair Value Basis

Central 1 manages certain financial assets and financial liabilities as a group on a fair value basis and these instruments are mandatorily measured or designated at FVTPL.

Held to Collect

Central 1 provides loans to its members and participates in syndicated loans with its members. These loans are managed within a business model whose objective is to hold financial assets to collect contractual cash flows, with any sales being incidental to that objective. Financial assets under this business model are classified and subsequently measured at amortized cost, provided that the contractual cash flows are solely payments of principal and interest (SPPI).

Held to Collect and Sell

Held to collect and sell is a business model whose objective is to hold and collect contractual cash flows with sales being integral to achieve such objective. Financial assets managed under this business model and whose contractual cash flows are SPPI are classified and subsequently measured at FVOCI.

As at and for the years ended December 31, 2025 and 2024

b. Contractual Cash Flows Characteristics Assessment

In assessing whether contractual cash flows are SPPI, Central 1 considers the contractual terms of each instrument. This assessment considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would fail to satisfy the SPPI condition.

Where contractual terms result in contractual cash flows that do not meet the SPPI criterion, the financial asset is classified and measured at FVTPL. In making this assessment, Central 1 considers any terms and features that would change the amount or timing of cash flows, including, but not limited to, non-recourse, prepayment, and environmental, social and governance (ESG) features.

c. Financial Assets

All financial assets are initially recorded at fair value and subsequently classified and measured at amortized cost, FVOCI or FVTPL.

Financial Assets at Amortized Cost

Financial assets held within a business model that is Held to Collect and whose contractual cash flows are SPPI are classified and subsequently measured at amortized cost using the effective interest rate method. The gross carrying amounts of these financial assets are reduced by any impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in income or loss. Any gain or loss on derecognition is recognized in income or loss. Transaction costs relating to the acquisition of these financial assets are amortized over the expected life using the effective interest method.

Financial Assets at FVOCI

Financial assets held within a business model that is Held to Collect and Sell and whose contractual cash flows are SPPI are classified and subsequently measured at FVOCI.

Gains and losses on these financial assets are recognized in OCI, unless the instrument is designated in a fair value hedge relationship, in which case any changes in fair value due to changes in the hedged risk are recognized in income or loss. Cumulative gains and losses recognized in OCI are recycled to income or loss upon derecognition of the financial assets. Foreign exchange gains and losses related to these assets are recognized in income or loss. Transaction costs relating to the acquisition of these financial assets

are amortized over the expected life using the effective interest method.

Allowance for credit losses on debt instruments measured at FVOCI is recognized in accordance with IFRS 9. The expected credit losses (ECL) do not reduce the carrying amount of these assets, which continues to be presented at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI, with a corresponding charge to income or loss.

Financial Assets Mandatorily measured at FVTPL

Financial assets that are managed on a fair value basis, held for trading, or debt securities with cash flows that do not represent SPPI, are mandatorily classified as FVTPL.

Gains and losses and any interest income are recognized in income or loss. Transaction costs relating to the acquisition are recognized immediately in income or loss.

Financial Assets Designated at FVTPL

On initial recognition, Central 1 may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. For financial assets designated at FVTPL, changes in fair value are recognized in income or loss.

Central 1 has no financial assets that are designated at FVTPL.

Equity Instruments Mandatorily measured at FVTPL

These instruments are initially and subsequently measured at FVTPL. Gains and losses are recognized in income or loss. Central 1 did not make the election to present subsequent changes in the fair value of any equity instrument in OCI.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after Central 1 changes its business model for managing those financial assets.

As at and for the years ended December 31, 2025 and 2024

Modified financial assets

A modification occurs when a financial asset's original term, payment schedule, interest rate and limit are renegotiated or modified resulting in changes to the contractual terms of the financial asset that affect the contractual cash flows

If the terms of a financial asset are modified or an existing financial asset is replaced with a new one, an assessment is made to determine if the modification is substantial. If the modification is substantial, the original asset is derecognized and a new asset is recognized at fair value. The new financial asset is generally recorded in Stage 1, unless it is determined to be credit-impaired at the time of the renegotiation. Where the modification does not result in derecognition, the date of the origination continues to be used to determine the significant increase in credit risk.

d. Financial Liabilities

Central 1 classifies its financial liabilities as measured at amortized cost or mandatorily measured or designated at FVTPL.

Financial liabilities are classified and mandatorily measured at FVTPL when they are Held for Trading, managed on a fair value basis, derivatives or designated as such on initial recognition. Financial liabilities are designated at FVTPL if such designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

For financial liabilities mandatorily measured or designated at FVTPL, all changes in fair value are recognized in income or loss, except for gains or losses arising from changes in Central 1's own credit risk. These gains or losses are recognized in OCI and are subsequently reclassified from AOCI to retained earnings upon derecognition/ extinguishment of the financial liabilities.

All other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gain or loss, and any gain or loss on derecognition are recognized in income or loss.

Derecognition

When Central 1 enters into a transaction whereby it transfers financial assets to third parties to obtain alternate sources of funding, it assesses whether substantially all risks and rewards of, or control over, the assets have been

transferred to determine if qualified for derecognition. In transactions where Central 1 continued to be exposed to substantially all risks and rewards associated with the assets transferred, the assets continue to be recognized on Central 1's Consolidated Statement of Financial Position.

Central 1 derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Central 1 also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are subsequently different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial liability are deemed to have expired. In this case, the original financial liability is derecognized and a new financial liability is recognized in fair value.

On derecognition of a financial liability, the difference between the carrying value extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in income or loss.

Securities purchased or sold under repurchase agreements represent short-term funding transactions in which Central 1 sell the securities it owns and simultaneously commit to repurchase the same securities at a specified price on a specified date in the future. Central 1 also transfers securities to Group Clearer as collaterals for settlement and clearing obligations. Group Clearer is an agreement between Central 1 and three other credit union centrals in the Prairies, serving as the credit union system's financial institution connection to the Canadian payments system. Central 1 retains substantially all risks and rewards associated with these securities and therefore continues to recognize them on the Consolidated Statement of Financial Position.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, Central 1 has a legally enforceable right to set off the recognized amounts and it intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions.

Impairment

Financial assets at amortized cost or FVOCI are assessed for impairment using the ECL model.

As at and for the years ended December 31, 2025 and 2024

a. Determining the Stage

The impairment model measures ECL using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – where there has not been a SICR since initial recognition of a financial asset, an amount equal to 12-month ECL is recorded.
- Stage 2 – when a financial asset experiences a SICR subsequent to the origination but is not considered to be in default, an amount equal to lifetime ECL is recorded.
- Stage 3 – when a financial asset is considered credit-impaired, an amount equal to lifetime ECL continues to be recorded or the financial asset is written off.

Interest income is calculated on the gross carrying amount for financial assets in Stage 1 and 2 and on the gross carrying amount, net of the impairment allowance for financial assets, in Stage 3.

b. Assessment of Significant Increase in Credit Risk

The assessment of SICR is performed quarterly and considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. Central 1's methodology for determining a SICR for its commercial lending portfolio is based on an internal credit risk rating model and other credit impairment criteria, such as 30-day past due and watchlist status, to assess the changes in credit risk between origination and reporting dates.

If the contractual terms of any loan have been renegotiated or modified and the loan is not derecognized, the SICR is assessed by comparing the risk of a default occurring at the reporting date based on modified contractual terms with the risk of a default occurring at initial recognition based on unmodified contractual terms.

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognized. For the purposes of this assessment, credit risk is based on an instrument's probability of default, not the losses Central 1 expects to incur. The assessment is generally performed at the instrument level.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk

of default, and the borrower has the ability to fulfil their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment. Central 1 considers a debt instrument to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. Certain securities measured at FVOCI and assets purchased under reverse repurchase agreements have been identified as having a low credit risk.

c. Measurement of ECL

The measurement of ECL is based primarily on the product of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

The PD is an estimate of the likelihood that a loan will not be repaid and will go into default in either a 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

LGD is an estimate of the amount that may not be recovered in the event of default and is modelled based on historic data and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

EAD is an estimate of the outstanding amount of credit exposure at the time a default may occur.

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 under various probable scenarios. Expected cash flows under each scenario incorporate borrower-specific factors, collateral values and enforceability, estimated recovery costs, the timing of expected recoveries, and reasonable and supportable forward-looking information available at the reporting date,

As at and for the years ended December 31, 2025 and 2024

including relevant macroeconomic conditions. Management applies judgement in selecting the scenarios considered, determining the probability assigned to each scenario, and estimating the expected cash flows and timing of recoveries. Interest income is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

d. Expected Life

When measuring ECL, Central 1 considers the maximum contractual period over which Central 1 is exposed to credit risk. For facilities without a maximum contractual period or where the contractual period is not enforced as part of normal credit risk management practices, the expected losses are calculated over the period that the entity is expected to be exposed to credit risk and that expected losses are not mitigated by credit risk management actions. This period may extend beyond the contractual maturity.

e. Definition of Default

Central 1 considers a financial asset to be in default when:

- a bankruptcy filing or legal receivership is entered by the debt issuer or obligor that will likely cause a miss or delay in future contractually obligated debt service payments;
- the borrower is unlikely to pay its credit obligations to Central 1 in full, without recourse by Central 1 to actions such as realizing security (if any is held);
- the borrower is past due more than 90 days on any credit obligation to Central 1; or
- Central 1 agrees to a distressed restructuring resulting in a material credit related diminished asset stemming from such actions as material forgiveness or postponement of payments or repayments of amount owing.

f. Incorporation of Forward-Looking Information

The measurement of ECL and the assessment of a SICR considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Central 1 determines ECL using multiple probability-weighted forward-looking scenarios. Central 1 considers both internal and external sources of

information in order to achieve an unbiased, probability-weighted measure of the scenarios used. Central 1 prepares the scenarios using forecasts generated by its Allowance Working Group (AWG) Committee for:

- Real GDP (GDP),
- Unemployment rates (UR),
- Canadian 5-year bond yield,
- Exchange rates,
- Debt service ratio, and
- Housing price index (HPI).

The forecasts are created using internal and external models/data which are then assessed by the AWG Committee as necessary to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The process involves developing two additional economic scenarios and considering the relative probabilities of each outcome.

g. Credit-Impaired Financial Assets

At each reporting date, Central 1 assesses whether financial assets carried at amortised cost, debt financial instruments carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets').

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer to the extent that Central 1 no longer has reasonable assurance of the timely collection of the full amount of principal and interest outstanding;
- When the definition of default is met;
- The restructuring of a loan or advance by Central 1 on terms that Central 1 would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's financial condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced

As at and for the years ended December 31, 2025 and 2024

significantly and there are no other indicators of impairment.

Lifetime ECLs are recognized for credit-impaired loans which are measured as the difference between the gross carrying amounts of the loans and the present value of estimated future cash flows discounted at the loans' original effective interest rate.

h. Presentation of ECL

ECL for debt instruments measured at amortized cost is deducted from the gross carrying amount of the instruments. ECL for debt instruments measured at FVOCI is charged to income or loss and is recognized in OCI.

i. Write-Off

The gross carrying amount of financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when Central 1 determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Central 1's procedures for recovery of amounts due.

(d) Cash and Cash Equivalents

Cash and cash equivalents are unrestricted cash held with financial institutions. Cash and cash equivalents are carried at amortized cost in the Consolidated Statement of Financial Position.

(e) Securitizations

Central 1's securitization activity involves indirect securitizations whereby Central 1 facilitates the transfers of National Housing Act Mortgage-Backed Securities (NHA MBS) by its member credit unions by acting as a swap counterparty with Canada Housing Trust (CHT) and through the provision of administrative services. These transactions are accounted for off balance sheet, as Central 1 does not acquire an interest in the underlying mortgages. Administration fees earned in connection with these activities are recognized as other income.

Central 1 also participates in indirect securitization activities whereby Central 1 participates in future prepayment reinvestment commitment and acts as a swap counterparty with CHT and receives a fee from its member credit unions for managing reinvestment assets.

In applying its policies on securitized financial assets, Central 1 has considered both the degree of transfer of risks and rewards on assets transferred to another entity and the degree of control exercised by Central 1 over the other entity:

- Where financial assets are transferred to an unconsolidated entity and Central 1 retains substantially all risks and rewards relating to the assets, the transferred assets continue to be recognized in Central 1's Consolidated Statement of Financial Position.
- Where substantially all risks and rewards relating to the assets are transferred to an unconsolidated entity, the assets are derecognized from Central 1's Consolidated Statement of Financial Position.
- Where neither substantially all risks and rewards are transferred nor retained, but Central 1 retains control over the assets, the assets continue to be recognized to the extent of Central 1's continuing involvement.

Details of Central 1's securitization activities are disclosed in Notes 7 and 19.

(f) Derivative Instruments

Central 1 enters into derivative contracts to manage its exposures to interest rate risk, foreign currency risk and other risks. All derivative instruments are mandatorily measured at FVTPL with changes in fair value recognized in income or loss.

Hedge Accounting Policy

For risk management purposes, Central 1 designates certain derivatives as hedging instruments to hedge exposure to changes in the fair value of selected securities measured at FVOCI and medium-term notes in qualifying hedging relationships. 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 instruments. 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 Consolidated Statement of Income.

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Central 1 has not entered into any cash flow hedges at this time.

On transition to IFRS 9, Central 1 elected the accounting policy choice to continue applying hedge accounting under the IAS 39 framework and IFRS 7, *Financial Instruments: Disclosures* requirements for hedge accounting disclosure. Detailed disclosures about the fair value hedges are included in Note 9.

Hedge accounting is applied to financial assets and financial liabilities only when all of the following conditions are met:

- At the inception of the hedge, there is formal designation and documentation of the hedging relationship and Central 1's risk management objective and strategy for undertaking the hedge;
- The hedge is expected to be highly effective in achieving offsetting changes in fair value attributable to the interest rate risk; and
- The effectiveness of the hedge can be reliably measured.

Hedge effectiveness is assessed at inception and on an ongoing basis to confirm the hedging relationship continues to meet the IAS 39 effectiveness criteria.

Centrally Cleared Settled-to-Market Derivative Instruments

Central 1 enters into settled-to-market derivatives that are centrally cleared through London Clearing House (LCH) to mitigate counterparty risk. Central 1 is required by LCH to post initial margin and variation margin daily through cash settlement based on the fair value changes of the derivatives. The payment of variation margin partially extinguishes LCH's exposure to the outstanding derivative position as it reduces the fair value of the derivatives to zero or close to zero. Consequently, Central 1's rights and obligations to the cash flows from the derivatives are substantially transferred to LCH on a daily basis, resulting in the partial derecognition of the derivatives.

(g) Securities Purchased under Reverse Repurchase Agreements and Sold under Repurchase Agreements

A reverse repurchase agreement is the purchase of the security with a commitment by Central 1 to resell to the original seller on a specified date at a specified price. Securities purchased under reverse repurchase agreements are classified as amortized cost and presented under Loans in the Consolidated Statement of Financial Position. The difference between the cost of the purchase and predetermined proceeds to be received on a resale agreement is recorded in interest income.

A repurchase agreement is the sale of a security with a commitment by Central 1 to repurchase the security on a specified date at a specified price. Obligations related to securities sold under repurchase agreements are recorded at amortized cost in the Consolidated Statement of Financial Position. The difference between the proceeds received on the sale of the security and the amount that Central 1 agrees to repay under the repurchase agreement is recorded in interest expense.

(h) Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) that are within the scope of IFRS 5, *Non-Current Assets and Held for Sale and discontinued operations*, are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied when the asset is available for immediate sale in its present condition, management is committed to the sale, and the sale is considered highly probable to occur within one year.

Non-current assets (and disposal groups) classified as held for sale ceases depreciation/amortization starting in the period when the held for sale criteria are met. These assets are measured at the lower of their carrying amount and fair value less costs to sell and if significant, are presented separately from other assets on the Consolidated Statement of Financial Position.

A disposal group is classified as a discontinued operation if it meets the following conditions:

- It is a component that can be distinguished operationally and financially from the rest of the operations; and
- It represents either a separate major line of business or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Disposal groups classified as discontinued operations are presented separately from continuing operations in the Consolidated Statement of Income and Consolidated Statement of Comprehensive Income.

(i) Property and Equipment

Property and equipment, except for land and building which are classified as held for sale and measured at the lower of their previous carrying amount and fair value less costs to sell, are measured cost less accumulated depreciation and accumulated impairment losses. Purchased software that is

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integral to the functionality of the related equipment is capitalized as part of that equipment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to Central 1. Ongoing repairs and maintenance are expensed as incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is recognized in income or loss.

Depreciation is recognized on a straight-line basis over the estimated useful life of each part of an item of property and equipment. The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

Computer hardware	3 to 5 years
Furniture, fixtures and equipment	3 to 10 years
Leaseholds	Lesser of the useful life of the leasehold or the term of the lease

Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period and adjusted if appropriate.

(j) Intangible Assets

Central 1’s intangible assets are mainly comprised of externally acquired and internally generated assets. Intangible assets acquired externally are classified as intangible assets and are measured at cost less accumulated amortization and impairment losses.

Internally developed intangible assets are recognized when Central 1 is able to demonstrate its intention and ability to complete the development and use the asset in a manner that will generate future economic benefits, and reliably measure the costs to complete the development. The capitalized costs of internally developed intangible assets include all costs directly attributable to prepare the assets to be capable of operating in the manner intended by Central 1. Internally developed intangible assets are measured

at capitalized cost less accumulated amortization and impairment losses.

Central 1 enters into Software as a Service (SaaS) arrangements with external suppliers which give Central 1 the right to receive access to the suppliers’ applications over the contract term. Central 1 incurs upfront costs of configuring the suppliers’ applications as well as its own system in order to integrate with the suppliers’ applications.

Central 1 does not recognize the costs incurred on configuring the suppliers’ applications as an intangible asset because it does not control the applications being configured. Central 1 recognizes certain costs incurred on configuring its own system as an intangible asset, when it is able to demonstrate that it has the power to obtain the future economic benefits flowing from the underlying resources and to restrict the access of others to those benefits.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization is recognized on a straight-line basis over the estimated useful life of the asset. The estimated useful lives for the current and comparative periods are as follows:

Software – Internally Generated	3 to 5 years
Software – Externally Acquired	5 to 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Impairment of Non-Financial Assets

Central 1 assesses at the end of each reporting period whether there is any indication that a non-financial asset may be impaired. If any such indicator exists, Central 1 estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the impairment test of Central 1’s non-financial assets that are not yet available for use are performed annually by comparing the carrying amount of the asset to its recoverable amount which is the greater of its value in use and its fair value less costs to sell.

In assessing the recoverable amount, the estimated cash flows associated with the asset in the future three to five years are discounted to their present

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value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount on an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is estimated to determine if there is an impairment loss.

An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment was recognized. In this case, the impairment loss is reversed only to the extent that the carrying amount does not exceed the recoverable amount that would have been determined, net of depreciation, if no previous impairment loss had been recognized. Such reversal is recognized in income or loss.

Central 1 assesses its contracts at each reporting period to determine whether any contract is onerous. A contract is considered onerous when the unavoidable costs of meeting the obligations exceed the expected economic benefits to be received under the contract.

If a contract is identified as onerous, Central 1 recognizes a provision which is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract. Before any provision is established, Central 1 recognizes any impairment loss on the assets used in fulfilling the contract.

(l) Leases

When Central 1 enters into lease agreements for its office space and property and equipment, it recognizes right-of-use (ROU) assets and lease liabilities for these leases, and subsequently, a depreciation charge for these ROU assets and an interest expense on lease liabilities are recognized.

Central 1 initially measures the ROU assets at cost on the lease commencement date and subsequently amortizes the assets using the straight-line method from the commencement date to the earlier of the end of the useful lives of the ROU assets or the end of the lease term. Central 1 assesses impairment losses and adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid on the commencement date, discounted using Central 1's weighted average incremental borrowing rate (IBR) on that date.

Subsequent to the initial measurement, the lease liability is measured at amortized cost by using the effective interest method. It is remeasured when there is a lease modification or if Central 1 changes its assessment of whether it will exercise an extension or a termination option.

Central 1 has elected to apply recognition exemptions to short-term leases and leases of low-value items which allow Central 1 to continue recognize these leases as operating leases and the related lease payments as an expense on a straight-line basis over the lease term.

(m) Financial Guarantee Contracts

Financial guarantees are contracts that require Central 1 to make specified payments to reimburse the beneficiary for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Central 1 only offers financial guarantees with terms that are less than one year. Fees are collected upfront and recognized as revenue without amortization due to short-term nature. Therefore, there are no liabilities arising from financial guarantees recognized in Central 1's Consolidated Statement of Financial Position. The fees collected upfront reflect lifetime ECLs at that time and therefore no ECLs are recognized in respect of the guarantee either on initial recognition or subsequently unless there are adverse developments.

(n) Income Tax

Income tax expense comprises current and deferred tax which are recognized in income or loss and other comprehensive income. Current tax is the enacted tax payable or receivable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and are reduced to

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the extent that it is no longer probable that the related tax benefit will be realized. In determining the amount of current and deferred tax, Central 1 takes into account the impact of uncertain tax positions and makes judgements, estimates and assumptions to assess whether additional taxes and interest may be due.

Deferred and current tax assets and liabilities are offset only if:

- there is a legally enforceable right to offset current tax liabilities against current tax assets;
- they relate to income taxes levied by the same tax authority on the same taxable entity; or
- they relate to income taxes levied by the same tax authority on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(o) Post-Employment Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution plans are expensed as the related service is rendered.

Central 1 participates in a multi-employer defined benefit plan in which plan assets and liabilities are pooled and the actuary does not determine an individual employer's own unfunded liability. Each member credit union is exposed to the actuarial risks of the other employers with the result that, in management's opinion, there is no reasonable way to allocate any defined benefit obligations. This plan is therefore accounted for on a defined contribution basis.

Defined Benefit Plans

Central 1's net obligation in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. It is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for service in the current and prior periods and discounting that benefit to determine its present value using market yields at the end of the reporting period on high-quality corporate bonds.

Central 1 recognizes all actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments and all expenses related to defined benefit plans in OCI.

When the benefits of a plan are increased, the portion of the increased benefit relating to past service by employees is recognized in income or loss on a straight-line basis over the average period until the benefits become vested. To the extent that benefits vest immediately, the expense is recognized immediately in income or loss.

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term incentive plans if Central 1 has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Net Interest income

Interest income and interest expense are recognized using the effective interest method which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments to the gross carrying amount of the financial asset or the amortized cost of the financial liability. When calculating the effective interest rate for financial instruments other than credit-impaired assets, Central 1 estimates future cash flows considering all contractual terms of the financial instrument. For credit-impaired assets, interest income is recognized using the effective interest rate method, applied to the amortized cost of the assets rather than the gross carrying amount. The calculation of effective interest includes transaction cost and fees, which include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

(q) Non-Interest income

Central 1 generates revenue primarily from providing products and services to its members and clients including credit union lending, access to securitization vehicles, digital banking technologies and payments processing solutions. The consideration received does not include any significant financing components that are not included in the transaction price. Central 1's principal activities, separated by operating segments, from which Central 1 generates its revenue, are described below.

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Lending Fees

Central 1 provides access to credit facilities to support clearing, daily cash management, borrowing and other short-term liquidity management that are all less than a one-year period. The revenue is composed of standby rates or commission rates in which the transaction price is determined based on a calculation over time. The rates are calculated daily and billed monthly. The performance obligations are satisfied, and revenues are recognized over time. Central 1 also assists in the funding of commercial loans where the transaction price is based on a percentage of the underlying mortgages. Fees are collected at inception and are recognized as the performance obligations are satisfied over time.

Securitization Fees

Securitization services fees consist of Mortgage-Backed Securities (MBS) services fees and Intermediation Swap fees charged to credit unions. The MBS services fees are calculated daily and billed as the performance obligations are satisfied over time with the right to invoice. Intermediation Swap fees are calculated monthly as the performance obligations are satisfied over time; however, the consideration is received semi-annually. There are no significant financing components within these contracts.

Digital Banking Fees

Central 1 delivers digital banking services to customers on their desktop or on mobile devices. There are two main components:

- monthly services and transactions performed over time, and
- billing the implementation of a new service for a client.

Monthly services are provided over time, and therefore these performance obligations are satisfied as time passes. Accordingly, revenue is recognized and collected monthly over the contracted term based on the number of transactions that have occurred in the month or a flat monthly fee depending on the type of service provided.

Implementation projects are billed based on a per hour basis. Revenue is recognized over time and accrued monthly. Contracts are typically completed within a one-year period resulting in no significant financing components.

Income from Commercial Services Agreement

Income from commercial services agreement is recognized based on Central 1's contractual entitlement to a percentage of the gross revenue generated

by Intellect Design Arena Inc. (Intellect). Gross revenue comprises actual revenue earned from customers. Central 1 recognizes its share of gross revenue in the period in which the underlying revenue is generated.

Payment Processing and Other Fees

The Payments Services platform primarily runs through Central 1's Current Account System which facilitates the day-to-day banking operations of Central 1's clients. It is divided into multiple payment services that are provided over time. Therefore, performance obligations are satisfied as time passes. Accordingly, revenue is recognized and collected monthly over the contracted terms based on the number of transactions that have occurred in the month or a flat monthly fee depending on the type of services provided.

Revenue under the Payments Modernization Cost Share Arrangement

In order to comply with Payments Canada and Bank of Canada requirements, Central 1 is required to modernize its payment processing systems to facilitate real-time payment processing. As part of this initiative, Central 1's credit union customers contributed funds for a portion of the overall cost as an advance payment for future modernized payment services (cost share arrangement).

The funds received under the cost share arrangement are initially recognized as deferred revenue, and as payment functionalities become available, are recognized as revenue over the commitment period as performance obligations are satisfied over time on a straight-line basis.

(r) Future Accounting Policies

Amendments to IFRS 9 Financial Instruments and IFRS 7

On May 30, 2024, the IASB issued amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*, for the classification and measurement of financial instruments. The amendments provide clarification on:

- a) The recognition and derecognition of some financial assets and financial liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system;
- b) the classification of financial assets with environmental, social and corporate governance (ESG) and similar features to avoid divergence in practice;
- c) assessing whether a financial asset meets the SPPI criterion; and

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d) the disclosure for equity instruments designated at FVOCI.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

Central 1 is currently assessing the impact of adopting the Amendments on the Consolidated Financial Statements.

IFRS 18 Presentation and Disclosure in the Financial Statements

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements*. The standard introduces new defined subtotals to be presented in the Consolidated Statements of Income, disclosure of management-defined performance measures and requirements for grouping of information.

Central 1 is currently assessing the impact of adopting the new standard on the Consolidated Financial Statements.

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6. Cash and Cash Equivalents

\$ thousands, as at December 31	2025	2024
With Bank of Canada	\$ 1,229,363	\$ 534,512
With other regulated financial institutions	90,084	118,543
	\$ 1,319,447	\$ 653,055

7. Securities

\$ thousands, as at December 31	2025	2024
Mandatorily at FVTPL		
Government and government guaranteed securities ¹	\$ 1,583,574	\$ 2,089,065
Corporate and major financial institutions		
AA low or greater	1,292,280	1,326,235
A (high) to A (low)	664,219	704,510
BBB (high) to BBB (low)	1,564,775	1,050,308
BB (high) to BB	209,131	199,917
Equity instruments	42,550	40,801
Fair value	\$ 5,356,529	\$ 5,410,836
Securities FVOCI		
Government and government guaranteed securities ¹	\$ 231,746	\$ 491,537
Corporate and major financial institutions		
AA low or greater	235,671	187,948
A (high) to A (low)	51,197	2,101
BBB (high) to BBB (low)	215,594	237,169
BB (high) to BB	-	51,960
Fair value	\$ 734,208	\$ 970,715

¹Includes certain unrated municipal bonds, mortgage backed securities guaranteed by the Government of Canada through the Canadian Mortgage Housing Corporation (CMHC), which are rated AAA, and whole loans which are insured by CHMC.

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\$ thousands, as at December 31	2025	2024
Reinvestment assets under the CMB Program		
Mandatorily at FVTPL		
Government and government guaranteed securities	\$ 162,469	\$ 179,698
Fair value	\$ 162,469	\$ 179,698
Amortized cost		
Assets acquired under reverse repurchase agreements	\$ -	\$ 257,063
Total reinvestment assets under the CMB Program	\$ 162,469	\$ 436,761
Total	\$ 6,253,206	\$ 6,818,312

As of December 31, 2025, securities with a fair value totalling \$1.1 billion (December 31, 2024 - \$1.0 billion) were pledged as collateral to manage the liquidity risk relating to the clearing and settlement activities of the Group Clearer.

8. Loans

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

\$ thousands, as at December 31	2025	2024
Amortized cost		
Due on demand		
Credit unions	\$ 140,951	\$ 229,664
Commercial	35,331	60,080
	176,282	289,744
Term		
Credit unions	85,000	-
Commercial	1,000,510	1,243,031
Reverse repurchase agreements	420,292	312,555
	1,505,802	1,555,586
	1,682,084	1,845,330
Accrued interest	4,832	5,436
	1,686,916	1,850,766
Allowance for credit losses (Note 10)	(9,887)	(7,660)
Carrying value	\$ 1,677,029	\$ 1,843,106

Central 1 received collateral in connection with its reverse repurchase agreements. The fair value of collateral received and not sold or re-pledged as at December 31, 2025 was \$422.2 million (December 31, 2024 - \$316.0 million).

As at and for the years ended December 31, 2025 and 2024

9. Derivative Instruments

The following tables summarize the fair value and the notional amounts by term to maturity of derivative assets and liabilities as at December 31, 2025 and December 31, 2024:

As at December 31, 2025						Fair Value	
\$ thousands	Notional amount by term to maturity				Total	Assets	Liabilities
	1 year or less	1 to 5 years	Over 5 years				
Interest rate contracts							
Swap contracts	\$ 8,717,997	\$ 11,423,228	\$ 664,890	\$ 20,806,115	\$ 81,110	\$ 73,681	
Futures contracts	1,027,000	230,000	-	1,257,000	280	129	
	9,744,997	11,653,228	664,890	22,063,115	81,390	73,810	
Foreign exchange contracts							
Forward contracts	1,343,645	-	-	1,343,645	6,059	6,135	
Other							
Equity index-linked options	59,574	44,547	-	104,121	10,208	10,176	
Total fair value before adjustment					97,657	90,121	
Adjustment for offsetting					(38,242)	(38,242)	
Fair value					\$ 59,415	\$ 51,879	

The amounts that have been pledged and received as collateral for derivatives transactions are \$10.4 million and \$31.4 million, respectively as at December 31, 2025 (December 31, 2024 - \$15.8 million and \$42.9 million). The amounts pledged as collateral comprises of securities and amount received as collateral comprises of securities and cash (Note 32).

Notes to the Consolidated Financial Statements

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As at December 31, 2024					Fair Value	
\$ thousands	Notional amount by term to maturity			Total	Fair Value	
	1 year or less	1 to 5 years	Over 5 years		Assets	Liabilities
Interest rate contracts						
Swap contracts	\$ 7,433,956	\$ 13,125,005	\$ 1,177,146	\$ 21,736,107	\$ 170,868	\$ 126,496
Futures contracts	1,004,000	68,000	-	1,072,000	378	825
Bond forwards	32,690	-	-	32,690	282	0
	8,470,646	13,193,005	1,177,146	22,840,797	171,528	127,321
Foreign exchange contracts						
Forward contracts	959,410	-	-	959,410	7,716	7,904
Other						
Equity index-linked options	39,578	95,891	-	135,469	10,123	10,168
Total fair value before adjustment					189,367	145,393
Adjustment for offsetting					(80,688)	(80,688)
Fair value					\$ 108,679	\$ 64,705

All derivatives are traded over-the-counter except for futures which are exchange traded.

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Hedge Accounting

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

	2025			2024		
	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in net income (loss)	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in net income (loss)
\$ thousands, For the year ended December 31						
Securities at FVOCI ¹	\$ 1,173	\$ 999	\$ 2,172	\$ 7,704	\$ (6,455)	\$ 1,249
Debt securities issued	143	604	747	(8,572)	9,395	823

¹The 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)

	December 31, 2025				December 31, 2024			
	Notional value of hedged items	Carrying value of hedged items ²	Carrying value of hedging instruments	Accumulated fair value hedge adjustment	Notional value of hedged items	Carrying value of hedged items ²	Carrying value of hedging instruments	Accumulated fair value hedge adjustment
\$ thousands, as at								
Securities at FVOCI ¹	\$ 201,156	\$ 193,031	\$ (3,980)	\$ 7,480	\$ 201,156	\$ 187,622	\$ (4,979)	\$ 6,307
Debt securities issued	(300,000)	(304,890)	6,222	(4,153)	(650,000)	(659,101)	6,738	(6,096)

¹The 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)

²Represents the carrying value in the 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.

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10. Provision for Credit Losses

\$ thousands, as at December 31, 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)		661		(1,593)		932	-
Purchases and originations		1,124		-		-	1,124
Derecognitions and maturities		(2,431)		-		-	(2,431)
Remeasurements		(641)		891		3,284	3,534
Total provision for (recovery of) credit losses		(1,287)		(702)		4,216	2,227
Balance as at December 31, 2025	\$	3,440	\$	1,053	\$	5,394	\$ 9,887
Financial assets at FVOCI							
Balance as at December 31, 2024	\$	142	\$	-	\$	-	\$ 142
Recovery of credit losses:							
Derecognitions and maturities		(15)		-		-	(15)
Remeasurements		(38)		-		-	(38)
Total recovery of credit losses		(53)		-		-	(53)
Balance as at December 31, 2025	\$	89	\$	-	\$	-	\$ 89
Total							
Balance as at December 31, 2024	\$	4,869	\$	1,755	\$	1,178	\$ 7,802
Provision for (recovery of) credit losses:							
Transfers in (out)		661		(1,593)		932	-
Purchases and originations		1,124		-		-	1,124
Derecognitions and maturities		(2,446)		-		-	(2,446)
Remeasurements		(679)		891		3,284	3,496
Total provision for credit losses		(1,340)		(702)		4,216	2,174
Balance as at December 31, 2025	\$	3,529	\$	1,053	\$	5,394	\$ 9,976

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

As at and for the years ended December 31, 2025 and 2024

\$ thousands, as at December 31, 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:							
Transfers in (out)		(79)		53		26	-
Purchases and originations		774		224		-	998
Derecognitions and maturities		(1,047)		(325)		(264)	(1,636)
Remeasurements		1,790		1,481		1,208	4,479
Total provision for (recovery of) credit losses		1,438		1,433		970	3,841
Balance as at December 31, 2024	\$	4,727	\$	1,755	\$	1,178	\$ 7,660
Financial assets at FVOCI							
Balance as at December 31, 2023	\$	230	\$	-	\$	-	\$ 230
Recovery of credit losses:							
Derecognitions and maturities		(53)		-		-	(53)
Remeasurements		(35)		-		-	(35)
Total recovery of credit losses		(88)		-		-	(88)
Balance as at December 31, 2024	\$	142	\$	-	\$	-	\$ 142
Total							
Balance as at December 31, 2023	\$	3,519	\$	322	\$	208	\$ 4,049
Provision for (recovery of) credit losses:							
Transfers in (out)		(79)		53		26	-
Purchases and originations		774		224		-	998
Derecognitions and maturities		(1,100)		(325)		(264)	(1,689)
Remeasurements		1,755		1,481		1,208	4,444
Total provision for (recovery of) credit losses		1,350		1,433		970	3,753
Balance as at December 31, 2024	\$	4,869	\$	1,755	\$	1,178	\$ 7,802

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

As at and for the years ended December 31, 2025 and 2024

The following tables present the gross carrying amounts of all loans including credit union loans, commercial loans and reverse repos balance as at December 31, 2025 and December 31, 2024, according to credit quality:

\$ thousands, as at December 31, 2025	Stage 1	Stage 2	Stage 3	Total
Low Risk	\$ 738,010	\$ -	\$ -	\$ 738,010
Medium Risk	830,403	-	-	830,403
High Risk	-	42,208	-	42,208
Impaired	-	-	76,295	76,295
Total	\$ 1,568,413	\$ 42,208	\$ 76,295	\$ 1,686,916

\$ 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

¹Non 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

Significant judgement is required in assessing evidence of credit-impairment and estimation of the amount and timing of future cash flows when determining ECL. Actual credit losses may differ from these estimates if future economic conditions, borrower performance, collateral values, or recovery timelines differ from management’s assumptions. As Central 1’s commercial loans are mostly construction and real estate, the collaterals for these loans are the subject real estate properties as stated in the loan agreements.

ECL Sensitivity and Forward-Looking Macroeconomic Variables

The ECL calculation is sensitive to changes in both macroeconomic forecasts and the probability weights assigned to each forecast scenario and the resulting sensitivity is relatively narrow. Many of the factors have a high degree of interdependency, although there is no single factor to which loan loss allowances as a whole are sensitive.

The inputs that are used to estimate the Stage 1 and 2 allowances for credit losses 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 AWG, which includes internal stakeholders from various departments, such as Risk Management, Economics, Finance and the

As at and for the years ended December 31, 2025 and 2024

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 December 31, 2025, the base case scenario assumes below-trend growth through 2026, followed by a return toward the economy's long-run potential growth rate. This outlook is predicated on a gradual recovery without a recession during the first 12 months of the forecast period. The optimistic scenario envisions a robust economic rebound, while the pessimistic scenario reflects a recession during the first 12 months of the forecast period.

If a 100% weighting were applied to the worst-case scenario, with all other assumptions held constant, the allowance for expected credit losses (AECL) on Stage 1 and Stage 2 loans would increase by approximately \$0.2 million as at December 31, 2025. Conversely, if a 100% weighting were applied to the best-case scenario, the AECL would decrease by approximately \$0.4 million.

All figures are average annual values	As at December 31, 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	2.48%	2.35%	1.26%	1.92%	(1.35)%	1.61%
Unemployment rate	5.84	5.61	6.60	6.16	8.01	7.24
5 year bond yield	5.08	5.11	3.08	3.35	2.43	2.86
CAD/USD exchange rate	0.77	0.78	0.73	0.74	0.67	0.66
Debt service ratio	14.90	15.38	14.66	14.83	14.11	14.16
Housing price index	5.83%	3.13%	2.67%	2.38%	(3.47)%	2.07%

¹The 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	4.01%	2.46%	1.85%	1.98%	(1.30)%	1.25%
Unemployment rate	5.35	4.90	6.35	5.32	7.29	6.41
Bankers acceptance rate ²	5.03	3.93	3.04	2.91	1.59	1.58
3-month GOC rate	4.85	3.82	2.81	2.71	1.31	1.34
Debt to income ratio	182.14	186.19	176.53	181.79	173.57	179.22
Housing price index	3.73%	3.98%	2.27%	2.80%	(0.01)%	2.12%

¹The 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.

As at and for the years ended December 31, 2025 and 2024

11. Property and Equipment

\$ thousands, as at or for the year ended December 31	Land and Building		Equipment		Fixtures		Total
Cost							
Balance as at December 31, 2024	\$	3,860	\$	9,902	\$	8,983	\$ 22,745
Acquisitions		-		944		-	944
Disposals ¹		-		(3)		-	(3)
Transfer to assets held for sale		(349)		(807)		(5,358)	(6,514)
Balance as at December 31, 2025	\$	3,511	\$	10,036	\$	3,625	\$ 17,172
Balance as at December 31, 2023	\$	20,772	\$	9,972	\$	17,887	\$ 48,631
Acquisitions		-		1,309		-	1,309
Disposals ¹		-		(453)		(7)	(460)
Transfer to assets held for sale		(16,912)		(926)		(8,897)	(26,735)
Balance as at December 31, 2024	\$	3,860	\$	9,902	\$	8,983	\$ 22,745
Accumulated depreciation							
Balance as at December 31, 2024	\$	2,061	\$	8,274	\$	8,461	\$ 18,796
Depreciation		258		518		108	884
Disposals ¹		-		(3)		-	(3)
Transfer to assets held for sale		-		(431)		(5,386)	(5,817)
Balance as at December 31, 2025	\$	2,319		8,358		3,183	13,860
Balance as at December 31, 2023	\$	15,516	\$	8,467	\$	13,341	\$ 37,324
Depreciation		964		778		999	2,741
Disposals		-		(282)		(7)	(289)
Transfer to assets held for sale		(14,419)		(689)		(5,872)	(20,980)
Balance as at December 31, 2024	\$	2,061	\$	8,274	\$	8,461	\$ 18,796
Carrying value							
Balance as at December 31, 2025	\$	1,192	\$	1,678	\$	442	\$ 3,312
Balance as at December 31, 2024	\$	1,799	\$	1,628	\$	522	\$ 3,949

¹Includes impairment charges

The carrying value of property and equipment is reviewed at the end of each reporting period for any events or changes in circumstances which indicate that the carrying value may not be recoverable. Impairment testing is performed at the individual asset or CGU level for which identifiable cash flows are largely independent cash flows and by comparing the recoverable amount with the carrying value of the individual asset or CGU.

As at and for the years ended December 31, 2025 and 2024

12. Intangible Assets

\$ thousands, as at or for the year ended December 31	Externally Acquired	Internally Developed	Total
Cost			
Balance as at December 31, 2024	\$ 20,235	\$ 41,028	\$ 61,263
Acquisitions	-	6,597	6,597
Balance as at December 31, 2025	\$ 20,235	\$ 47,625	\$ 67,860
Balance as at December 31, 2023	\$ 21,723	\$ 57,466	\$ 79,189
Acquisitions	-	362	362
Disposals	(1,488)	(16,800)	(18,288)
Balance as at December 31, 2024	\$ 20,235	\$ 41,028	\$ 61,263
Accumulated amortization and impairment			
Balance as at December 31, 2024	\$ 20,214	\$ 22,633	\$ 42,847
Amortization	16	1,608	1,624
Balance as at December 31, 2025	\$ 20,230	\$ 24,241	\$ 44,471
Balance as at December 31, 2023	\$ 21,671	\$ 37,824	\$ 59,495
Amortization	31	1,609	1,640
Disposals	(1,488)	(16,800)	(18,288)
Balance as at December 31, 2024	\$ 20,214	\$ 22,633	\$ 42,847
Carrying value			
Balance as at December 31, 2025	\$ 5	\$ 23,384	\$ 23,389
Balance as at December 31, 2024	\$ 21	\$ 18,395	\$ 18,416

The carrying value of intangible assets is reviewed at the end of each reporting period for any events or changes in circumstances which indicate that the carrying value may not be recoverable. Impairment testing is performed at the individual asset or CGU level for which identifiable cash flows are largely independent cash flows and by comparing the recoverable amount with the carrying value of the individual asset or CGU.

As at and for the years ended December 31, 2025 and 2024

13. 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 December 31	2025		2024	
Property and equipment	\$	6,310	\$	5,755
Other Assets				
Investment Property		427		427
	\$	6,737	\$	6,182

14. Investments in Affiliates

The following table summarizes the ownership interest and carrying values of Central 1's investments in affiliates accounted for under the equity method:

\$ thousands, except as indicated, as at December 31	% of direct ownership outstanding			
	2025	2024	2025	2024
The CUMIS Group Limited	27%	27%	\$ 14,775	15,000
CU CUMIS Wealth Holdings LP	35%	35%	40,683	40,525
189286 Canada Inc.	52%	52%	32,139	33,212
Agility Forex Ltd.	27%	27%	1,038	1,180
			\$ 88,635	\$ 89,917

The CUMIS Group Limited

Central 1 holds 27% of the Class B shares of The CUMIS Group Limited which in turn owns a 33% partnership interest in CU CUMIS Wealth Holdings LP, an entity in which Central 1 also maintains an interest. The CUMIS Group Limited. is incorporated and operates in Canada. Central 1 recognizes its 27% share of net income from continuing operations, adjusted for Central 1's proportionate share of the amortization of intangible assets arising from the acquisition of Aviso LP (now CU CUMIS Wealth Holdings LP). For the year ended December 31, 2025, Central 1 recorded a loss from continuing operations of \$226 relating to its interest in The CUMIS Group Limited (December 31, 2024 - income of \$232).

CU CUMIS Wealth Holdings LP

CU CUMIS Wealth Holdings LP ("Holdings LP") is a limited partnership owned by five provincial credit union centrals (including Central 1), The CUMIS Group Limited, and CU CUMIS Wealth Holdings GP Inc. Holdings LP is domiciled and operates in Canada. Holdings LP holds a 50% partnership interest in Aviso Wealth LP (Aviso), which provides wealth management services to clients and credit union members. CU CUMIS Wealth Holdings GP Inc. is the general partner of Holdings LP and holds one general partner unit, which is collectively owned by the partners of Holdings LP. Central 1 directly holds a 35% partnership interest in Holdings LP, and through Central 1's ownership in CU CUMIS Wealth Holdings GP Inc., Central 1's total effective ownership is 43.67%.

As at and for the years ended December 31, 2025 and 2024

Central 1 recognizes approximately 2% of the net income of Holdings LP, consistent with its economic interest. Central 1 also receives annual cash distributions from Holdings LP, which are similarly based on approximately 2% of the net income generated. For the year ended December 31, 2025, Central 1 received distributions of \$480 (December 31, 2024 - \$200). In addition to these cash distributions, Central 1 recognizes its share of Holdings LP's net income using the equity method, net of amortization of Goodwill from the acquisition of Aviso. For the year ended December 31, 2025, Central 1's equity-accounted share of income from continuing operations was \$548 (December 31, 2024 - \$516) and other comprehensive income of \$90 (December 31, 2024 - \$92).

189286 Canada Inc.

Central 1 holds 52% of the common shares of 189286 Canada Inc. ("189286"); however, it maintains only 20% representation on the 189286's Board of Directors. Although Central 1 has the contractual rights necessary to direct relevant activities and exercise its voting power in accordance with IFRS 10 *Consolidated Financial Statements*, its ability to influence investment returns is significantly reduced due to the Canadian Credit Union Association's practice of allocating returns toward member rebates. As a result, Central 1 does not have control over 189286 but instead is considered to have significant influence. Accordingly, Central 1 accounts for its investment in 189286 using the equity method, consistent with IAS 28 *Investments in Associates and Joint Ventures*. During 2025, Central 1 contributed \$1.0 million (December 31, 2024 - \$2.0 million) to support the operating and strategic initiatives of 189286. 189286 provides services to various entities and committees within the Canadian credit union system and administers contracts with Interac Corporation (Interac) and other organizations on behalf of Canadian credit unions.

Central 1 recognizes 52% of the total comprehensive income (loss) of 189286 in accordance with its ownership interest. For the year ended December 31, 2025, Central 1 recorded its share of the loss from continuing operations of \$831 (December 31, 2024 - \$1,315) and other comprehensive loss of \$1,191 (December 31, 2024 - \$4,295).

As at and for the years ended December 31, 2025 and 2024

15. Investments in Unconsolidated Structured Entities

Central 1 has an interest in Portage Ventures IV Investments LP (the Fund) which is considered an unconsolidated structured entity under IFRS 12. This entity is not controlled by Central 1 and therefore not consolidated. The investment in the Fund is included within the securities caption on the Consolidated Statement of Financial Position, and included as Equity shares, under Level 3 investments within Note 33.

The investment in the Fund is managed by the General Partner of the Fund. The Fund’s primary objective is to achieve investment returns for the Limited Partners, principally through long-term capital appreciation, commensurate with the level of risk undertaken by directly and indirectly investing globally in equity, equity-related securities of various private companies. The carrying amount of the investment held in the Fund represents Central 1’s maximum exposure to loss. During 2025 and 2024, Central 1 did not provide financial support to the Fund and has no intention of providing financial support other than the unfunded capital commitments disclosed in Note 32.

The following table summarizes Central 1’s interest in the Fund:

\$ thousands, as at December 31, 2025						
Fund Name	Investment Type		Fair Value	Ownership	Commitment	Remaining Commitment
Portage Ventures IV Investments LP	Limited Partner	\$	3,583	2.33%	\$ 10,000 USD	\$ 7,000 USD

Central 1 is exposed to the risk of changes in the fair value of the investments due to market, credit, and liquidity risks associated with the underlying investments held by the Fund. The fair values are based on the net asset value (NAV) provided by the Fund manager, adjusted if necessary for liquidity or other considerations.

Central 1 can redeem units in the above Fund at the end of the ten-year investment period of the Fund, or when over 75% of the Limited Partners vote to terminate the Fund.

As at and for the years ended December 31, 2025 and 2024

16. Deferred Tax Assets

\$ thousands, as at and for the year ended December 31	2024	Recognized in income (loss)	Recognized in OCI	2025
Deferred tax assets				
Financial instruments	\$ 55,931	\$ (46,072)	-	\$ 9,859
Employee future benefit	7,032	(1,004)	-	6,028
Equity interest in affiliates	2,330	(1,509)	148	969
Unused tax losses and tax credits	24,975	(16,095)	(1,642)	7,238
Other	5,364	5,271	-	10,635
Total deferred tax assets	95,632	(59,409)	(1,494)	34,729
Deferred tax liabilities				
Financial instruments	(47,248)	47,248	-	-
Property and equipment	(276)	(113)	-	(389)
Employee future benefit	(5,710)	895	(263)	(5,078)
Equity interest in affiliates	(6,959)	1,525	-	(5,434)
Other	(3,837)	3,837	-	-
Total deferred tax liabilities	(64,030)	53,392	(263)	(10,901)
Net deferred tax assets¹	\$ 31,602	\$ (6,017)	\$ (1,757)	\$ 23,828

¹Deferred tax assets and liabilities are assessed by each legal entity and presented on a net basis on the Consolidated Statement of Financial Position.

As at and for the years ended December 31, 2025 and 2024

\$ thousands, as at and for the year ended December 31	2023	Recognized in income (loss)	Recognized in OCI	2024
Deferred tax assets				
Financial instruments	\$ 38,482	\$ 17,449	\$ -	55,931
Employee future benefit	6,840	47	145	7,032
Equity interest in affiliates	1,576	177	577	2,330
Unused tax losses	67,614	(39,589)	(3,050)	24,975
Other	4,783	581	-	5,364
Total deferred tax assets	119,295	(21,335)	(2,328)	95,632
Deferred tax liabilities				
Financial instruments	(47,248)	-	-	(47,248)
Property and equipment	(483)	207	-	(276)
Employee future benefit	(5,200)	(112)	(398)	(5,710)
Equity interest in affiliates	(6,849)	(98)	(12)	(6,959)
Other	(3,800)	(37)	-	(3,837)
Total deferred tax liabilities	(63,580)	(40)	(410)	(64,030)
Net deferred tax assets¹	\$ 55,715	\$ (21,375)	\$ (2,738)	\$ 31,602

¹Deferred tax assets and liabilities are assessed by legal entity and presented on a net basis on the Consolidated Statement of Financial Position.

17. Other Assets

\$ thousands, as at December 31	2025	2024
Prepaid expenses	\$ 10,523	\$ 12,716
Accounts receivable and other	12,454	10,886
Cash collateral receivable ¹	15,671	16,757
Post-employment benefits	9,101	8,012
	\$ 47,749	\$ 48,371

¹Paid as collateral for derivatives transactions.

As at and for the years ended December 31, 2025 and 2024

Contract Balances

\$ thousands, as at December 31	2025	2024
Receivables arising from contracts with customers		
Trade receivables	\$ 8,229	\$ 8,776
Contract assets	3,767	1,459
Total contract assets¹	\$ 11,996	\$ 10,235
Total contract liabilities²	\$ 3,200	\$ 2,603

¹Contract assets are included within the "accounts receivable and other" under Other Assets (Note 17).

²Contract liabilities exclude the deferred revenue related to the amount received from credit union clients under the Payments Modernization Cost Share Arrangement which was recorded under other liabilities (Note 23).

18. Deposits

\$ thousands, as at December 31	2025	2024
Deposits designated at FVTPL		
Due within three months	\$ 1,610,264	\$ 1,333,139
Due after three months and within one year	551,624	462,394
Due after one year and within five years	499,254	613,143
	2,661,142	2,408,676
Accrued interest	20,644	20,942
Amortized cost	\$ 2,681,786	\$ 2,429,618
Fair value	\$ 2,690,372	\$ 2,437,195
Deposits held at amortized cost		
On demand ¹	\$ 2,756,369	\$ 2,800,138
Due within three months	3,520	9,140
	2,759,889	2,809,278
Accrued interest	7	26
Amortized cost	\$ 2,759,896	\$ 2,809,304
Total carrying value	\$ 5,450,268	\$ 5,246,499

¹Demand deposits include accounts for which Central 1 does not have the right to require notice of withdrawal, generally chequing accounts, and accounts for which Central 1 can legally require notice of withdrawal, generally savings accounts.

As at and for the years ended December 31, 2025 and 2024

19. Securitization Liabilities

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

\$ thousands, as at December 31	2025		2024	
Amounts				
Due within three months	\$	4,418	\$	285,632
Due after three months and within one year		74,581		76,334
Due after one year and within five years		83,095		76,869
Amortized cost	\$	162,094	\$	438,835
Fair value	\$	162,469	\$	436,761

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

\$ thousands, as at December 31	2025		2024	
Mandatorily at FVTPL				
Total reinvestment assets under the CMB Program (Note 7)	\$	162,469	\$	179,698
Total underlying assets mandatorily at fair value	\$	162,469	\$	179,698
Amortized cost				
Total reinvestment assets under the CMB Program (Note 7)	\$	-	\$	257,063
Total underlying assets designated	\$	162,469	\$	436,761

As at and for the years ended December 31, 2025 and 2024

20. Debt Securities Issued

\$ thousands, as at December 31	2025	2024
Amortized cost		
Due within three months	\$ 537,361	\$ 646,253
Due after three months and within one year	24,804	422,483
Due after one year and within five years	548,619	299,032
	1,110,784	1,367,768
Accrued interest	6,452	10,453
Amortized cost	\$ 1,117,236	\$ 1,378,221
Fair value hedge adjustment ¹	4,153	6,096
Carrying value	\$ 1,121,389	\$ 1,384,317
Designated at FVTPL		
Due within three months	\$ 250,000	-
Due after three months and within one year	200,000	-
Due after one year and within five years	450,000	\$ 650,000
Accrued interest	8,462	4,792
Amortized cost	\$ 908,462	\$ 654,792
Fair value	927,921	670,334
Total carrying value	\$ 2,049,310	\$ 2,054,651

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

At December 31, 2025, the short-term commercial paper facility had a total par value of \$563.9 million (December 31, 2024 - \$723.3 million), with maturities ranging from one to six months, and the medium-term note facility had a total par value of \$1.45 billion (December 31, 2024 - \$1.3 billion).

On September 29, 2025, the \$350.0 million principal of Series 19 medium-term fixed rate notes matured.

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

\$ millions, as at December 31, 2025	Face Value	Maturity	Interest Rate	Redeemable at our option	Payable
Medium Term Fixed Rate Note					
Designated at FVTPL					
Series 18	\$ 250.0	Jan 29 2026	1.323% fixed	non-redeemable	semi-annually
Series 21	\$ 200.0	Nov 10 2026	5.877% fixed	redeemable	semi-annually
Series 22	\$ 200.0	Nov 10 2028	5.981% fixed	redeemable	semi-annually
Series 23	\$ 250.0	Aug 20 2027	CORRA+80bps floating	non-redeemable	quarterly
Series 24	\$ 250.0	Aug 20 2030	3.998% fixed	redeemable	semi-annually
Designated in a Hedging Relationship					
Series 20	\$ 300.0	Feb 7 2028	4.648% fixed	redeemable	semi-annually

\$ millions, as at December 31, 2024	Face Value	Maturity	Interest Rate	Redeemable at our option	Payable
Medium Term Fixed Rate Note					
Designated at FVTPL					
Series 18	\$ 250.0	Jan 29 2026	1.323% fixed	non-redeemable	semi-annually
Series 21	\$ 200.0	Nov 10 2026	5.877% fixed	redeemable	semi-annually
Series 22	\$ 200.0	Nov 10 2028	5.981% fixed	redeemable	semi-annually
Designated in a Hedging Relationship					
Series 19	\$ 350.0	Sep 29 2025	5.417% fixed	redeemable	semi-annually
Series 20	\$ 300.0	Feb 7 2028	4.648% fixed	redeemable	semi-annually

Central 1 has obtained \$200.0 million of unsecured letter of credit facilities from a Schedule 1 Bank. The unsecured facilities rank equally with the outstanding notes and deposits. At December 31, 2025 and December 31, 2024 the amounts outstanding were \$72.4 million and \$77.3 million, respectively.

As at and for the years ended December 31, 2025 and 2024

21. Subordinated Liabilities

\$ thousands, as at December 31		2025	2024
Designated at FVTPL			
Series 7		\$ 200,000	\$ 200,000
Accrued interest		26	26
Amortized cost		\$ 200,026	\$ 200,026
Fair value		\$ 199,525	\$ 195,456
Total carrying value		\$ 199,525	\$ 195,456

On June 30, 2021, Central 1 issued \$200.0 million principal of Series 7 subordinated fixed rate notes due June 30, 2031. The notes bear interest at a fixed rate of 2.391%, payable semi-annually, until, but excluding June 30, 2026. Central 1 has the option to redeem the outstanding notes in whole or in part on or after June 30, 2026. The Series 7 notes are designated at FVTPL at inception to be managed as a group on a fair value basis with securities portfolio.

22. Change in Liabilities Arising from Financing Activities

\$ thousands, as at or for the year ended December 31	2024	Cash Flow	Non-cash changes		2025
			Fair Value	Other	
Debt securities issued	\$ 2,054,651	\$ (6,983)	\$ 6,030	\$ (4,388)	\$ 2,049,310
Subordinated liabilities	195,456	-	2,926	1,143	199,525
Finance lease	1,779	(268)	-	-	1,511
	\$ 2,251,886	\$ (7,251)	\$ 8,956	\$ (3,245)	\$ 2,250,346

\$ thousands, as at or for the year ended December 31	2023	Cash Flow	Non-cash changes		2024
			Fair Value	Other	
Debt securities issued	\$ 2,151,132	\$ (126,483)	\$ 16,548	\$ 13,454	\$ 2,054,651
Subordinated liabilities	182,111	-	6,515	6,830	195,456
Finance lease	2,309	(530)	-	-	1,779
	\$ 2,335,552	\$ (127,013)	\$ 23,063	\$ 20,284	\$ 2,251,886

As at and for the years ended December 31, 2025 and 2024

23. Other Liabilities

\$ thousands, as at December 31	2025	2024
Deferred revenue ¹	\$ 25,503	\$ 27,620
Short-term employee benefits	19,242	21,496
Accounts payable	20,023	15,556
Post-employment benefits	12,645	12,941
Finance lease	1,511	1,779
Cash collateral payable ²	-	84
Provision for onerous contracts	29,954	-
	\$ 108,878	\$ 79,476

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

²Received as collateral for derivatives transactions.

In 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, which is assuming responsibility for servicing the remaining customer contracts under the Asset Transfer Agreement (ATA) 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 estimated extending up to the end of 2028. The provision is expected to be utilized over a period of four years.

The key sensitivities associated with the provision for onerous contracts relate to the client transition timing and operating expenses. A six-month delay in the transition of substantially all of the remaining clients is estimated to decrease the provision by \$0.7 million, as additional revenue are expected to primarily offset the additional costs associated with extended client transition period. Conversely, accelerating the client transition of substantially all of the remaining clients by six months is estimated to increase the provision by \$2.7 million, reflecting limited opportunities for costs saving and the incremental costs required to expedite the transition. In contrast, completing the client transition by the end of 2027 is expected to reduce the provision by \$3.2 million due to cost savings from the earlier-than-planned completion of the client transition. In addition, a 5% increase (or decrease) in operating expenses would result in a corresponding increase (or decrease) in the provision of approximately \$1.8 million.

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.

As at and for the years ended December 31, 2025 and 2024

\$ thousands, as at December 31		2025
Balance as at January 1, 2025	\$	-
Provision recognized		35,050
Release of provision for onerous contracts		(6,309)
Remeasurement of provision for onerous contracts		(1,036)
Unwinding of discount		2,249
Balance as at December 31, 2025	\$	29,954

24. 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 \$10.0 million to Class A shareholders which was distributed to the shareholders on March 26, 2025.

thousands of shares, as at or for the year ended	2025	2024
Number of shares issued		
Class A - credit unions: balance at the beginning and end of period	43,364	43,364
Balance at beginning of period	10	11
Redeemed during the period	(1)	(1)
Class B - co-operatives: balance at the end of period	9	10
Balance at beginning of period	8	7
Issued during the period	-	1
Class C - other: balance at the end of period	8	8
Class E - credit unions: balance at the beginning and end of period	2,154	2,154
Number of treasury shares		
Treasury shares - Class E: balance at the beginning and end of period	(264)	(264)

As at and for the years ended December 31, 2025 and 2024

thousands of dollars, as at December 31	2025	2024
Amount of share capital outstanding		
Outstanding \$1 par value shares		
Class A - credit unions	\$ 43,364	\$ 43,364
Class B - cooperatives	9	10
Class C - other	8	8
Outstanding \$0.01 par value shares		
Class E - credit unions	21	21
	43,402	43,403
Amount of treasury shares		
Treasury shares - Class E	(2)	(2)
Balance at the end of period	\$ 43,400	\$ 43,401

25. Net Interest Income

\$ thousands	2025	2024
Interest Income		
FVTPL	\$ 198,554	\$ 217,204
FVOCI	22,521	37,238
Amortized cost	99,594	142,446
	320,669	396,888
Interest Expense		
FVTPL	107,746	135,954
Amortized cost	137,549	212,519
	245,295	348,473
Net Interest Income	\$ 75,374	\$ 48,415

As at and for the years ended December 31, 2025 and 2024

26. Net Fair Value Gains

The following table summarizes the realized gains (losses) for the year ended December 31, 2025 and 2024.

\$ thousands	2025	2024
Realized gain (loss) on securities at FVTPL	\$ 17	\$ (6,644)
Realized loss on securities at FVOCI	(282)	(4,850)
Realized gain on derivative instruments	3,665	65,987
Realized gain (loss) on deposits designated at FVTPL	(90)	105
Realized loss on obligations related to securities sold short mandatorily at FVTPL	(892)	(1,729)
Realized gain on term loans	75	96
Realized loss - other	(251)	-
	\$ 2,242	\$ 52,965

The following table summarizes the unrealized gains (losses) for the year ended December 31, 2025 and 2024.

\$ thousands	2025	2024
Change in unrealized gains (losses)		
Securities at FVTPL	\$ 65,052	\$ 194,484
Loans at FVTPL	-	1
Activities under the Canada Mortgage Bond Program		
Reinvestment assets	2,449	7,795
Securitization liabilities	(2,449)	(7,795)
Derivative instruments	(3,685)	(22,962)
Derivative instruments	(8,059)	(91,682)
Financial liabilities at FVTPL		
Deposits designated at FVTPL	(408)	(19,993)
Obligations related to securities sold short mandatorily at FVTPL	275	(275)
Debt securities issued designated at FVTPL	(6,030)	(16,548)
Subordinated liabilities designated at FVTPL	(2,926)	(6,515)
	\$ 44,219	\$ 36,510

As at and for the years ended December 31, 2025 and 2024

The following table summarizes the net fair value gains for the year ended December 31, 2025 and 2024.

\$ thousands	2025	2024
Securities mandatorily at FVTPL	\$ 65,069	\$ 187,840
Securities at FVOCI	(282)	(4,850)
Loans	-	1
Term loans	75	96
Activities under the Canada Mortgage Bond Program		
Reinvestment assets	2,449	7,795
Securitization liabilities	(2,449)	(7,795)
Derivative instruments	(3,685)	(22,962)
Derivative instruments	(4,394)	(25,695)
Financial liabilities at FVTPL		
Deposits designated at FVTPL	(498)	(19,888)
Obligations related to securities sold short mandatorily at FVTPL	(617)	(2,004)
Debt securities issued designated at FVTPL	(6,030)	(16,548)
Subordinated debt issued designated at FVTPL	(2,926)	(6,515)
Other financial assets	(251)	-
	\$ 46,461	\$ 89,475

As at and for the years ended December 31, 2025 and 2024

27. Non-Interest Income

For the year ended December 31			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	\$ 12,293	\$ -	\$ 12,293	\$ 14,650	\$ -	\$ 14,650
Securitization fees	7,274	-	7,274	6,762	-	6,762
Foreign exchange income	-	3,722	3,722	-	4,228	4,228
Asset management services	3,651	-	3,651	3,629	-	3,629
Other	5,760	47	5,807	5,024	45	5,069
Payments						
Payment processing and other fees	95,477	-	95,477	90,248	-	90,248
Digital Banking						
Digital banking fees	11,763	-	11,763	37,232	-	37,232
Income from Commercial Services Agreement	-	10,232	10,232	-	-	-
System Affiliates & Other						
Equity interest in affiliates	-	(509)	(509)	-	(970)	(970)
Dividend Income	-	2,160	2,160	-	2,688	2,688
Other	1,515	1,545	3,060	1,495	-	1,495
	\$ 137,733	\$ 17,197	\$ 154,930	\$ 159,040	\$ 5,991	\$ 165,031

28. Other Administrative Expense

\$ thousands	2025	2024
Unwinding of discount on provision for onerous contracts	2,249	-
Other	3,042	3,346
Occupancy	3,066	2,533
	\$ 8,357	\$ 5,879

As at and for the years ended December 31, 2025 and 2024

29. Provision for Income Tax

Income tax reported in the Consolidated Financial Statements is as follows:

\$ thousands, for the year ended December 31	2025	2024
Current income tax expense	\$ 82	\$ 64
Deferred income tax expense	6,017	21,375
Income tax expense in net income	6,099	21,439
Current income tax expense in OCI	-	18
Deferred income tax expense in OCI	1,757	2,738
Income tax expense in OCI	1,757	2,756
Total income tax expense	\$ 7,856	\$ 24,195

Central 1's effective tax rate differs from the amount that would be computed by applying the federal and provincial statutory rates of 26.8% (December 31, 2024 – 26.9%).

The following table presents the effective tax rate:

December 31	2025	2024
Combined federal and provincial statutory income tax rates	26.8%	26.9%
Dividend deduction per ss.137(4.1)	(6.2)%	0.0%
Non-capital loss and Scientific Research and Experimental Development true-up	(4.7)%	1.7%
Investment tax credits from prior years	(0.4)%	(3.4)%
Difference between prior year deferred income tax rate and current year rate on prior year temporary difference	0.2%	0.0%
Other	0.4%	(0.1)%
Effective income tax rate	16.1%	25.1%

As at and for the years ended December 31, 2025 and 2024

30. Post-Employment Benefits

Central 1 provides various registered retirement plans for employees including defined benefit plans and defined contribution plans. A non-registered supplemental pension plan is also provided to eligible employees whose registered pension plan benefits are limited by the Income Tax Act. In addition to providing retirement plans, Central 1 also funds a non-pension retiree benefit plan for eligible employees.

(a) Defined Benefit Plans

Subject to eligibility requirements, employees of Central 1 may be eligible to participate in one of the following defined benefit plans which are no longer available for new employees.

- The defined benefit plan under the B.C. Credit Union Employees' Pension Plan, which is a multi-employer plan governed by a Board of Trustees; and
- The single-employer defined benefit plan administered by Central 1 for certain Ontario-based employees.

Central 1 Credit Union is one of several employers participating in the 1.75% Defined Benefit Division of the B.C. Credit Union Employees' Pension Plan. The B.C. Credit Union Employees' Pension Plan is a contributory, multi-employer, multidivisional registered plan governed by a Board of Trustees which is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits.

At least once every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of the funding levels. The most recent actuarial valuation of the 1.20% Division of the Plan was conducted as at December 31, 2024. The latest actuarial valuation indicated a going concern surplus of \$4.2 million and a solvency deficiency of \$8.9 million. The next formally scheduled actuarial valuation date will be performed as at December 31, 2027, with the results available in 2028.

The B.C. Credit Union Employees' Pension Plan is subject to the provisions under *Pension Benefits Standards Act* (the Act) regulated by the BCFSA. The Act prescribes that, with respect to a solvency deficiency, amortization payments must be made over a period not exceeding five years from the review date that established the solvency deficiency.

The single-employer plan is registered under the Ontario Pension Benefits Act and administered by Central 1 which is responsible for matters affecting the benefit entitlements earned by plan members and beneficiaries. As at December 31, 2022, the actuary reported that the single-employer plan had an excess of plan assets over actuarial liabilities for accrued pension benefits of \$4.9 million. The solvency valuation indicated that the value of assets exceeds the actuarial liabilities by \$5.6 million. Since both the going-concern excess surplus and the solvency surplus exceed the estimated employer normal cost contributions payable, Central 1 is prohibited from making contributions under the defined benefit component until the date of the next valuation. The next actuarial valuation is expected to be performed as at December 31, 2025, with the results available in 2026.

As at and for the years ended December 31, 2025 and 2024

Details of the single-employer defined benefit plan, as determined by the plan actuary as at year-end are as follows:

\$ thousands, as at or for the year ended December 31	2025	2024
Defined benefit obligation	\$ (11,314)	\$ (11,332)
Fair value of plan assets	20,415	19,344
Net defined benefit asset	\$ 9,101	\$ 8,012
Defined benefit obligation		
Defined benefit obligation, beginning of year	\$ (11,332)	\$ (11,536)
Current service costs	(93)	(92)
Employee contributions	(36)	(36)
Interest cost on accrued benefit obligation	(511)	(521)
Benefit payments	692	911
Actuarial loss	(34)	(58)
Defined benefit obligation, end of year	\$ (11,314)	\$ (11,332)
Fair value of plan assets		
Plan assets, beginning of year	\$ 19,344	\$ 18,311
Employee contributions	36	36
Interest income on plan assets	875	831
Actuarial gain on plan assets, excluding interest income	922	1,147
Benefit payments	(692)	(911)
Administration costs (other than costs from managing plan assets)	(70)	(70)
Plan assets, end of year	\$ 20,415	\$ 19,344
\$ thousands, for the year ended December 31		
Expense recognized in income (loss)		
Current service costs	\$ 93	\$ 92
Administration costs (other than costs from managing plan assets)	70	70
Interest cost on the accrued benefit obligation	511	521
Interest income on plan assets	(875)	(831)
	\$ (201)	\$ (148)

As at and for the years ended December 31, 2025 and 2024

\$ thousands, for the year ended December 31	2025	2024
Amounts recognized in OCI		
Actuarial loss on defined benefit obligation	\$ (34)	\$ (58)
Actuarial gain on plan assets, excluding interest income	922	1,147
	\$ 888	\$ 1,089

December 31	2025	2024
Actuarial assumptions used to determine defined benefit expense:		
Weighted average discount rate on benefit obligation	4.60%	4.65%
Weighted average salary escalation	3.00%	3.00%
Expected return on plan assets	4.85%	4.60%
Actuarial assumptions used to determine accumulated benefit obligation:		
Weighted average discount rate on benefit obligation	4.60%	4.65%
Weighted average salary escalation	3.00%	3.00%
Expected return on plan assets	4.85%	4.60%

(b) Defined Contribution Plans

Subject to eligibility requirements, employees of Central 1 may be eligible to participate in one of the following defined contribution plans.

- The money purchase option under the B.C. Credit Union Employees' Pension Plan, which is a multi-employer plan governed by a Board of Trustees;
- The single-employer money purchase option administered by Central 1 operated for Ontario employees; and
- The group registered retirement savings plan under the B.C. Central 1 Retirement Savings Plan (group RRSP).

Contributions for defined contribution plans and expense for group RRSP included in salaries and employee benefits were \$3.38 million (December 31, 2024 - \$4.02 million).

As at and for the years ended December 31, 2025 and 2024

(c) Retiree Non-Pension Benefits

In addition to the base retirement plans, Central 1 provides post-retirement benefits consisting of extended health, Medical Services Plan, dental and life insurance premiums to employees that qualify.

Details of the unfunded non-pension retirement benefit program, as determined by the program actuary as at year-end, are as follows:

\$ thousands, as at or for the year ended December 31	2025	2024
Defined benefit obligation	\$ (9,754)	\$ (9,917)
Defined benefit obligation		
Defined benefit obligation, beginning of year	\$ (9,917)	\$ (9,851)
Current service costs	(54)	(54)
Interest cost of accrued benefit obligation	(436)	(426)
Benefit payments	567	501
Actuarial liability experience loss	-	(73)
Valuation gain	-	403
Actuarial liability financial assumptions loss	86	(417)
Defined benefit obligation, end of year	\$ (9,754)	\$ (9,917)

\$ thousands, for the year ended December 31	2025	2024
Expense recognized in income (loss)		
Current service costs	\$ 54	\$ 54
Interest cost on accrued benefit obligation	436	426
	\$ 490	\$ 480

\$ thousands, for the year ended December 31	2025	2024
Amounts recognized in OCI		
Actuarial loss on obligation	\$ 86	\$ (490)

As at and for the years ended December 31, 2025 and 2024

December 31	2025	2024
Actuarial assumptions used to determine retiree non-pension benefit expense:		
Weighted average discount rate on benefit obligation	4.60%	4.50%
Actuarial assumptions used to determine accumulated benefit obligation:		
Weighted average discount rate on benefit obligation	4.60%	4.50%
Health care cost trend assumptions:		
Health care cost trend rate on benefit obligation	7.00%	7.00%
Ultimate trend rate on benefit obligation	2.00%	2.00%
Year that the rate reaches the ultimate trend rate	2045	2044

(d) Non-Registered Supplemental Pension Plan

Central 1 also offers supplemental pension retirement benefits to employees who meet the requirements. Details of the unfunded supplemental pension plan, as determined by the plan actuary as at year-end, are as follows:

\$ thousands, as at or for the year ended December 31	2025	2024
Defined benefit obligation	\$ (3,272)	\$ (3,404)
Fair value of plan assets	381	381
Net defined benefit liability	\$ (2,891)	\$ (3,023)

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

\$ thousands, as at or for the year ended December 31	2025	2024
Defined benefit obligation		
Defined benefit obligation, beginning of year	\$ (3,404)	\$ (3,415)
Current service costs	(104)	(154)
Interest cost on accrued benefit obligation	(150)	(155)
Benefit paid	382	379
Actuarial gain (loss)	4	(59)
Defined benefit obligation, end of year	\$ (3,272)	\$ (3,404)
Fair value of plan assets		
Plan assets, beginning of year	\$ 381	\$ 381
Employer contributions	398	398
Benefit payments	(398)	(398)
Plan assets, end of year	\$ 381	\$ 381
Expense recognized in income or loss		
Current service costs	\$ 104	\$ 154
Interest cost on accrued benefit obligation	150	155
	\$ 254	\$ 309

\$ thousands, for the year ended December 31	2025	2024
Amounts recognized in OCI		
Actuarial gain (loss) on defined benefit obligation	\$ 4	\$ (59)

December 31	2025	2024
Actuarial assumptions used to determine retiree non-pension benefit expense:		
Weighted average salary escalation	3.00%	3.00%
Weighted average discount rate on benefit obligation	4.60%	4.50%
Actuarial assumptions used to determine accumulated benefit obligation:		
Weighted average salary escalation	3.00%	3.00%
Weighted average discount rate on benefit obligation	4.60%	4.50%

As at and for the years ended December 31, 2025 and 2024

(e) Risks

The defined benefit plans and other post-employment plans expose Central 1 to a number of risks. The pension obligation is mainly impacted by the changes to the discount rate, longevity of plan members and future inflation levels. The pension plan assets are subject to market risk resulting from changes in interest rate, foreign exchange rates and credit and swap spreads.

31. 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, allow 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 system's 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.

As at and for the years ended December 31, 2025 and 2024

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 Consolidated Financial Statements as described in Note 5.

Periodically, certain business lines and units are transferred among business segments to more closely align Central 1's organizational structure with its strategic priorities.

As at and for the years ended December 31, 2025 and 2024

Results by Segment

The following table summarizes the segment results for the year ended December 31, 2025:

\$ thousands, For the year ended December 31, 2025	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	\$ 320,669	\$ -	\$ -	\$ -	\$ 320,669
Interest expense	244,422	873	-	-	245,295
Net interest income (expense)	76,247	(873)	-	-	75,374
Net fair value gain (loss)	47,451	-	-	(990)	46,461
Non-interest income from external customers, excluding equity interest in affiliates	28,978	95,477	11,763	1,515	137,733
Income from Commercial Services Agreement	-	-	10,232	-	10,232
Income from other sources	3,722	-	-	3,705	7,427
Equity interest in affiliates	47	-	-	(509)	(462)
Total revenue	156,445	94,604	21,995	3,721	276,765
Provision for credit losses	2,174	-	-	-	2,174
Non-interest expense					
Salaries and employee benefits	32,688	54,221	14,429	4,041	105,379
Provision for onerous contracts	-	-	27,705	-	27,705
Professional fees	5,650	18,282	2,332	1,432	27,696
Technology and information systems	5,591	11,200	10,143	120	27,054
Payment processing	-	22,845	-	-	22,845
Sales and services	4,227	3,205	7,489	-	14,921
Depreciation and amortization	1,181	1,377	90	-	2,648
Other administrative expense	1,241	1,158	2,738	3,220	8,357
	50,578	112,288	64,926	8,813	236,605
Income (loss) before income taxes	103,693	(17,684)	(42,931)	(5,092)	37,986
Income tax expense (recovery)	27,927	(4,722)	(11,557)	(5,549)	6,099
Net income (loss)	\$ 75,766	\$ (12,962)	\$ (31,374)	\$ 457	\$ 31,887
Total assets as at December 31, 2025	\$ 9,360,200	\$ 20,593	\$ 5,880	\$ 198,602	\$ 9,585,275
Total liabilities as at December 31, 2025	\$ 8,467,330	\$ 50,174	\$ 28,881	\$ 217,471	\$ 8,763,856

As at and for the years ended December 31, 2025 and 2024

The following table summarizes the segment results for the year ended December 31, 2024:

\$ thousands, For the year ended December 31, 2024	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	\$ 396,888	\$ -	\$ -	\$ -	396,888
Interest expense	346,516	1,957	-	-	348,473
Net interest income (expense)	50,372	(1,957)	-	-	48,415
Net fair value gain (loss)	90,412	-	-	(937)	89,475
Non-interest income from external customers, excluding equity interest in affiliates	30,065	90,248	37,232	1,495	159,040
Income from other sources	4,228	-	-	2,688	6,916
Equity interest in affiliates	45	-	-	(970)	(925)
Total revenue	175,122	88,291	37,232	2,276	302,921
Provision for credit losses	3,753	-	-	-	3,753
Non-interest expense					
Salaries and employee benefits	27,403	40,759	54,327	3,591	126,080
Professional fees	5,064	9,385	10,016	803	25,268
Technology and information systems	4,346	8,242	7,138	73	19,799
Payment processing	-	21,682	-	-	21,682
Sales and services	3,335	1,761	4,915	296	10,307
Depreciation and amortization	1,671	1,699	1,233	-	4,603
Other administrative expense	3,687	572	(94)	1,714	5,879
	45,506	84,100	77,535	6,477	213,618
Income (loss) before income taxes	125,863	4,191	(40,303)	(4,201)	85,550
Income tax expense (recovery)	33,875	1,128	(10,849)	(2,715)	21,439
Net income (loss)	\$ 91,988	\$ 3,063	\$ (29,454)	\$ (1,486)	\$ 64,111
Total assets as at December 31, 2024	\$ 9,810,386	\$ 15,399	\$ 6,212	\$ 204,758	\$ 10,036,755
Total liabilities as at December 31, 2024	\$ 8,998,284	\$ 33,207	\$ 4,846	\$ 205,052	\$ 9,241,389

As at and for the years ended December 31, 2025 and 2024

32. 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 December 31	2025		2024	
Commitments to extend credit	\$	4,810,929	\$	5,016,544
Guarantees				
Financial guarantees	\$	808,600	\$	794,600
Performance guarantees	\$	700,000	\$	500,000
Standby letters of credit	\$	226,433	\$	221,127
Future prepayment reinvestment commitment (Note 38)	\$	846,672	\$	796,324

Amounts utilized under these agreements, which represent off-balance sheet contingent commitments to extend credit, guarantees, and standby letters of credit, respectively on December 31, 2025 are \$5.1 million, \$924.3 million and \$85.8 million (December 31, 2024 - \$22.8 million, \$888.6 million and \$98.4 million). Credit related to guarantees and standby letters of credit can be extended if the counterparty of the borrower presents a demand for payment to Central 1.

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 its sole discretion. Central 1 has the ability to unilaterally withdraw at anytime from these approved limits. The un-committed performance guarantee approved limits for December 31, 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.

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 December 31, 2025.

As at and for the years ended December 31, 2025 and 2024

Pledged Assets

Central 1 is a Group Clearer under the rules of 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 arrangement 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.

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 the 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 December 31	2025	2024
Securities^{1 2}		
Pledged to Bank of Canada in the Group Clearer Arrangement	\$ 1,087,574	\$ 1,002,787
Reinvestment assets under the CMB Program	162,469	436,761
Canadian Depository for securities - Settlement Agents' proportionate share of collateral pool amount	24,533	24,544
Securities lending	19,058	50,202
Derivative assets		
Derivative financial instrument transactions	10,358	15,819
Other assets		
Centrally-cleared derivative activities	15,671	16,757
Securities under repurchase agreements		
	196,939	691,268
	\$ 1,516,602	\$ 2,238,138

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

²Central 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.

As at and for the years ended December 31, 2025 and 2024

33. Financial Instruments – Fair Value

Certain financial instruments are recognized in the 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 other techniques in which all significant inputs are directly or indirectly observable from market data.

Deposits, securitization liabilities, debt securities issued, 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 December 31, 2025, Level 3 financial assets include \$32.1 million (December 31, 2024 – \$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.

Investments in shares of Interac Corp. a private corporation, was determined using a third-party valuation. As of December 31, 2025 the fair value has been determined to be \$6.0 million (December 31, 2024 - \$6.4 million).

Investments in the Portage Ventures IV Investments LP (the "Fund"), an unlisted, closed ended investment fund, are classified as Level 3 in the hierarchy. This is fair valued based on the unadjusted net asset value (NAV) provided by the GP. As of December 31, 2025 the fair value has been determined to be \$3.6 million (December 31, 2024 – \$0.8 million).

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.

As at and for the years ended December 31, 2025 and 2024

There were no transfers between the levels comparing December 31, 2025 and December 31, 2024.

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).

Notes to the Consolidated Financial Statements

As at and for the years ended December 31, 2025 and 2024

The following table presents the carrying values and fair values of Central 1's financial assets and financial liabilities as at December 31, 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 December 31, 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	\$	-	\$	-	\$	-	\$	1,319.4	\$ 1,319.4
Settlements in-transit assets		-		-		-		82.5	82.5
Securities		106.8		6,103.9		42.5		6,253.2	6,253.2
Loans		-		-		-		1,677.0	1,677.0
Derivative assets		0.3		59.1		-		59.4	59.4
Other assets		-		-		-		28.1	28.1
Total financial assets	\$	107.1	\$	6,163.0	\$	42.5	\$	6,312.6	\$ 9,419.6
Financial liabilities									
Settlements in-transit liabilities		-		-		-		544.6	544.6
Deposits		-		2,690.4		-		2,759.9	5,450.3
Securities under repurchase agreements		-		-		-		196.9	196.9
Securitization liabilities		-		162.5		-		162.5	162.5
Derivative liabilities		0.1		51.8		-		51.9	51.9
Debt securities issued		-		927.9		-		927.9	2,049.3
Subordinated liabilities		-		199.5		-		199.5	199.5
Other liabilities		-		-		-		21.5	21.5
Total financial liabilities	\$	0.1	\$	4,032.1	\$	-	\$	4,032.2	\$ 8,676.5

¹Amounts 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	\$ 9,866.0
Financial liabilities	\$	0.8	\$	3,836.2	\$	-	\$	3,837.0	\$ 9,179.3

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

As at and for the years ended December 31, 2025 and 2024

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 Dec 31 2025
Equity shares	\$ 40.8	\$ 3.3	\$ (0.7)	\$ -	\$ (0.9)	\$ 42.5
Total financial assets	\$ 40.8	\$ 3.3	\$ (0.7)	\$ -	\$ (0.9)	\$ 42.5

\$ millions	Fair value at Dec 31 2023	Purchases	Repayments	Transfer	Changes in fair value of assets in net income or loss	Fair value at Dec 31 2024
Equity shares	\$ 40.9	\$ 0.8	\$ -	\$ -	\$ (0.9)	\$ 40.8
Loans	10.3	-	(10.3)	-	-	-
Total financial assets	\$ 51.2	\$ 0.8	\$ (10.3)	\$ -	\$ (0.9)	\$ 40.8

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.

As at and for the years ended December 31, 2025 and 2024

The following table sets out the fair value of on-balance sheet financial instruments of Central 1 using the valuation methods and assumptions described above. The fair values disclosed do not include assets and liabilities that are not considered financial instruments, such as property and equipment, intangible assets, and investments in affiliates.

\$ millions, as at December 31	Fair Value		Carrying Value	
	2025	2024	2025	2024
Assets				
Cash and cash equivalents	\$ 1,319.4	\$ 653.1	\$ 1,319.4	\$ 653.1
Settlements in-transit assets	\$ 82.5	\$ 415.2	\$ 82.5	\$ 415.2
Securities	\$ 6,253.2	\$ 6,818.3	\$ 6,253.2	\$ 6,818.3
Loans ²	\$ 1,677.1	\$ 1,840.8	\$ 1,677.0	\$ 1,843.1
Derivative assets	\$ 59.4	\$ 108.7	\$ 59.4	\$ 108.7
Other assets	\$ 28.1	\$ 27.6	\$ 28.1	\$ 27.6
Liabilities				
Settlements in-transit liabilities	\$ 544.6	\$ 440.0	\$ 544.6	\$ 440.0
Deposits ^{1,3}	\$ 5,450.3	\$ 5,246.5	\$ 5,450.3	\$ 5,246.5
Securities under repurchase agreements	\$ 196.9	\$ 691.3	\$ 196.9	\$ 691.3
Securitization liabilities	\$ 162.5	\$ 436.8	\$ 162.5	\$ 436.8
Derivative liabilities	\$ 51.9	\$ 64.7	\$ 51.9	\$ 64.7
Debt securities issued ^{1,4}	\$ 2,049.3	\$ 2,054.7	\$ 2,049.3	\$ 2,054.7
Subordinated liabilities ^{1,5}	\$ 199.5	\$ 195.5	\$ 199.5	\$ 195.5
Other liabilities	\$ 21.5	\$ 17.4	\$ 21.5	\$ 17.4

¹Where the carrying values are at amortized cost, the fair value calculations for these instruments are based on Level 2 inputs.

²Where the carrying values are at cost, the fair value calculations for these instruments are based on Level 3 inputs.

³A portion of deposits is designated at FVTPL. See Note 18 for the carrying amount.

⁴A portion of debt securities issued is designated at FVTPL. See Note 20 for the carrying amount.

⁵A portion of subordinated liabilities is designated at FVTPL. See Note 21 for the carrying amount.

As at and for the years ended December 31, 2025 and 2024

34. Financial Instruments – Risk Management

Central 1’s holdings of financial instruments exposes it to credit, counterparty, liquidity and market risk.

(a) Credit Risk

Credit risk is the potential for financial loss or opportunity cost resulting from the default or failure of a borrower, endorser, guarantor, counterparty or issuer to repay their financial obligation as they come due. Central 1 is exposed to credit risk through investments and lending activities as well as through its role as Group Clearer and other settlement business.

Central 1’s risk management practices and key measures of credit risk are disclosed in the Risk Review section of the Management’s Discussion and Analysis for the year ended December 31, 2025.

For Central 1’s Commercial Real Estate Portfolio, collaterals in the form of a first charge over the underlying properties are required to be provided by borrowers. The table below sets out the carrying amount and value of the collateral (mainly commercial property) held against five stage 3 loans as at December 31, 2025 (two as at December 31, 2024).

\$ thousands, as at December 31, 2025	2025		2024	
	Carrying Amount	Collateral	Carrying Amount	Collateral
Stage 3	\$ 76,295	\$ 114,177	\$ 18,229	\$ 23,541

Additional information regarding Central 1’s key exposure to credit risk is provided in Notes 6, 7, 8, 9 and 10.

(b) Counterparty Risk

Central 1 is exposed to counterparty risk through entering into contracts with counterparties in return for bilateral value-exchange of services, such as interest rate swap and foreign exchange deals.

Central 1’s risk management practices and key measures of counterparty risk are disclosed in the Risk Review section of the Management’s Discussion and Analysis for the year ended December 31, 2025. Additional information regarding Central 1’s key exposure to counterparty risk is provided in Notes 6, 7, 8, 9 and 10.

(c) Liquidity Risk

Liquidity risk arises from an internal mismatch between the cash flows of our assets and liabilities, systemic market and credit events or unexpected changes in the liquidity needs of our members. Central 1 provides liquidity support to the credit union system in B.C. and Ontario and considers the liquidity and funding risks for each of its member credit unions as part of Central 1’s risk. Our sound liquidity management framework ensures ongoing liquidity support of the credit union system in both normal and stressed market conditions.

Central 1’s liquidity management framework is designed to ensure that reliable and cost-effective funding sources are available to satisfy Central 1’s current and prospective financial commitments, and those of our member credit unions. Diversification of funding sources provides flexibility and minimizes concentration risk. It is a crucial component of our overall liquidity management strategy.

As at and for the years ended December 31, 2025 and 2024

Central 1's risk management practices and key measures of liquidity and funding risk are disclosed in the Risk Review section of the Management's Discussion and Analysis for the year ended December 31, 2025. Additional information regarding Central 1's key exposure to liquidity risk is provided in Notes 7, 9, 18, 19, 20, 21 and 32.

(c) Market Risk

Market risk is the potential for financial loss resulting from unfavourable movements in interest rates, credit spreads, and foreign exchange rates. The level of market risk Central 1 is exposed to varies according to market conditions and the composition of our securities, securitization, and derivative portfolios. We manage our exposure to market risk through a range of governance and management processes. Central 1's overall appetite for market risk and aggregate market risk exposure limits are established in the Risk Appetite Statement while Central 1's Market Risk Policy sets out the key principles governing our management of market risk.

Central 1's risk management practices and key measures of market risk are disclosed in the Risk Review section of the Management's Discussion and Analysis for the year ended December 31, 2025. Additional information regarding Central 1's key exposure to market risk is provided in Notes 6, 7, 8, 9 and 10.

As at and for the years ended December 31, 2025 and 2024

The following table summarizes the balance sheet items by the earlier of the contractual repricing or maturity dates as on December 31, 2025:

\$ millions	Floating	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not rate sensitive	Total
Assets							
Cash and cash equivalents	\$ 1,319.4	\$ -	\$ -	\$ -	\$ -	\$ -	1,319.4
Securities	392.6	644.7	1,249.9	3,159.0	734.5	72.5	6,253.2
Loans	530.7	795.9	104.2	251.3	-	(5.1)	1,677.0
Derivative assets	-	-	-	-	-	59.4	59.4
Other assets	15.7	-	-	-	-	260.6	276.3
	\$ 2,258.4	\$ 1,440.6	\$ 1,354.1	\$ 3,410.3	\$ 734.5	\$ 387.4	\$ 9,585.3
Liabilities							
Deposits	2,780.4	1,610.3	537.1	493.3	-	29.2	5,450.3
Securities under repurchase agreements	-	196.7	-	-	-	0.2	196.9
Securitization liabilities	-	4.4	74.6	83.1	-	0.4	162.5
Derivative liabilities	-	-	-	-	-	51.9	51.9
Debt securities issued	250.0	788.9	225.0	750.0	-	35.4	2,049.3
Subordinated liabilities	-	-	-	-	200.0	(0.5)	199.5
Other liabilities	-	-	-	-	-	653.5	653.5
	-	-	-	-	-	821.4	821.4
	\$ 3,030.4	\$ 2,600.3	\$ 836.7	\$ 1,326.4	\$ 200.0	\$ 1,591.5	\$ 9,585.3
Equity							
On-balance sheet gap	(772.0)	(1,159.7)	517.4	2,083.9	534.5	(1,204.1)	0.0
Off-balance sheet gap	(3,113.0)	94.5	1,168.2	1,807.8	42.5	-	-
Total Gap December 31, 2025	\$ (3,885.0)	\$ (1,065.2)	\$ 1,685.6	\$ 3,891.7	\$ 577.0	\$ (1,204.1)	\$ 0.0
Total Gap December 31, 2024	\$ (2,906.8)	\$ (1,038.9)	\$ 379.7	\$ 3,130.6	\$ 1,206.7	\$ (771.3)	\$ -

Additional information regarding the monitoring of maturity gap is provided in the Liquidity Risk section of the Management's Discussion & Analysis (MD&A).

As at and for the years ended December 31, 2025 and 2024

35. Financial Instruments – Foreign Currency Exposure

Central 1 has various financial instruments denominated in foreign currencies. The details of Central 1's financial instruments, which are denominated in U.S. dollars, are as follows:

\$ thousands, as at December 31	2025	2024
Assets		
Cash and cash equivalents	\$ 31,994	\$ 42,648
Securities	388,582	324,381
Loans	111	4
Derivative assets	2,306	4,210
Other	1,491	1,473
	424,484	372,716
Liabilities		
Deposits	425,094	369,561
Derivative liabilities	1,180	2,106
Other	2,645	6,093
	428,919	377,760
On-balance sheet exposure	(4,435)	(5,044)
Off-balance sheet exposure	811	(335)
	\$ (3,624)	\$ (5,379)

Central 1 does not have a significant exposure to other foreign currencies.

36. 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.

As at and for the years ended December 31, 2025 and 2024

Regulatory Capital

Central 1’s capital levels are regulated under provincial regulations administered by the 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.

During the year ended December 31, 2025 and December 31, 2024, Central 1 was in compliance with all regulatory capital requirements.

37. 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 joint control or significant influence as described in Note 14; and
- Central 1’s post-employment benefits as described in Note 30.

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 December 31, 2025 and December 31, 2024.

The following table presents the compensation to key management personnel:

\$ thousands	2025		2024	
Salaries and short-term employee benefits	\$	6,727	\$	6,323
Incentive		3,450		3,054
Post-employment benefits		362		355
Termination and other long-term employee benefits		2,524		2,090
	\$	13,063	\$	11,822

As at and for the years ended December 31, 2025 and 2024

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	2025	2024
Total remuneration	\$ 740	\$ 862

Significant Subsidiaries

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

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 December 31	2025	2024
The Co-operators Group Limited	21%	21%
Canadian Credit Union Association	59%	59%

38. Subsequent Events

On January 26, 2026, Central 1 entered into a Swap Assignment Agreement to transfer Canada Housing Trust (CHT) swap contracts. As a result of this transaction, the associated re-investment exposures were reduced from the Consolidated Statement of Financial Position. Central 1's reinvestment assets and securitization liabilities each decreased by approximately \$174.2 million, and off-balance sheet commitments related to the reinvestment assets reduced by \$823.9 million.

On January 29, 2026, Series 18 Medium Term Notes with a principal value of \$250.0 million matured.

On March 12, 2026, Central 1's Board of Directors approved a dividend of \$8.0 million to Class A shareholders. This approval was made after the reporting date and, as such, does not result in a liability as of December 31, 2025.

Credit Unions in British Columbia and Ontario

Central Credit Unions

Central 1 Credit Union

Stabilization Central Credit Union of British Columbia

Credit Unions By Province

B.C. Region

Beem Credit Union

Bulkley Valley Credit Union

Cascadia Credit Union

Coastal Community Credit Union

Community Savings Credit Union

Creston & District Credit Union

First West Credit Union

Greater Vancouver Community Credit Union

Khalsa Credit Union

Kootenay Savings Credit Union

Ladysmith & District Credit Union

Lake View Credit Union

Nelson & District Credit Union

Northern Savings Credit Union

Prospera Credit Union

Salmon Arm Savings and Credit Union

Sharons Credit Union

StellerVista Credit Union

Sunshine Coast Credit Union

Vancouver City Savings Credit Union

Vancouver Firefighters Credit Union

VantageOne Credit Union

Williams Lake and District Credit Union

Ontario Region

Alterna Savings and Credit Union Limited

Bay Credit Union Limited

Buduchnist Credit Union Limited

DUCA Financial Services Credit Union Ltd.

Equity Credit Union Inc.

Finnish Credit Union Limited

FirstOntario Credit Union Limited

Fort York Community Credit Union Limited

Frontline Financial Credit Union Limited

Ganaraska Credit Union Limited

Golden Horseshoe Credit Union Limited

Healthcare and Municipal Employees' Credit Union Limited

Italian Canadian Savings & Credit Union Limited

Kindred Credit Union Limited

Kingston Community Credit Union Limited

Korean (Toronto) Credit Union Limited

Korean Catholic Church Credit Union Limited

Lighthouse Credit Union Limited

L.I.U.N.A. Local 183 Credit Union Limited

Libro Credit Union Limited

Luminus Financial Services & Credit Union Limited

Mainstreet Credit Union Limited

Meridian Credit Union Limited

Motor City Community Credit Union Limited

Moya Financial Credit Union Limited

Northern Birch Credit Union Limited

Northern Credit Union Limited

Ontario Educational Credit Union Limited

Ontario Provincial Police Association Credit Union Limited

Oshawa Community Credit Union Limited

Parama Credit Union Limited

Pathwise Credit Union Limited

PenFinancial Credit Union Limited

Resurrection Credit Union Limited

Southwest Regional Credit Union Ltd.

St. Stanislaus - St. Casimir's Polish Parishes Credit Union Limited

Sudbury Credit Union Limited

Taiwanese-Canadian Toronto Credit Union Limited

Talka Credit Union Limited

The Energy Credit Union Limited

The Police Credit Union Limited

Thorold Community Credit Union Limited

Ukrainian Credit Union Limited

Windsor Family Credit Union Limited

Your Credit Union Limited

Your Neighbourhood Credit Union Limited

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