

Quarterly Report

First Quarter of 2025

Results for the First Quarter of 2025

Overall Financial Results

First quarter 2025 compared with first quarter 2024:

- Net loss was \$24.0 million, compared with net income of \$28.9 million
- Adjusted net income¹ of \$1.7 million, compared with \$28.9 million
- Net fair value losses were \$7.4 million, compared with net fair value gains¹ of \$34.5 million
- Net interest income was \$17.4 million, compared with \$14.5 million
- Return on equity (ROE)^{2,3} of (2.3)%, compared with 3.8%
- Adjusted ROE^{2,4} of 0.8%, compared with 3.8%

Adjusted results in the current quarter exclude the following item:

- Provision for onerous contracts of \$35.1 million (pre-tax)

“This quarter, we finalized activities both financial and physical to support the transition of the digital banking side of our business, including the transfer of some employees to Intellect Design,” said Sheila Vokey, President & CEO of Central 1. “We are focused on our role to deliver reliable payments through a centralized platform of new APIs, core investments and financial products through our treasury team, and as a connector to critical financial services partners and major banking hosts in Canada. Central 1 remains focused on delivering long-term value and supporting the financial well-being of its credit union partners through ongoing innovation and operational stability.”

Core Business & Financial Performance

Treasury

Treasury reported net income was \$5.4 million, compared to \$34.6 million reported in the first quarter of last year. The first quarter results continued to report strong net interest income, reflecting an increase of \$2.7 million year-over-year due to a shift in the investment portfolio towards higher income yielding securities in combination with a shift in funding mix towards lower-cost repurchase agreements. Net fair value losses were \$7.3 million,

compared to net fair value gains of \$34.5 million reported in the first quarter of last year, which was mainly driven by adverse market conditions, including a deterioration in market sentiment, which contributed to a broad widening of credit spreads.

The treasury team continues to manage through ongoing market volatility, and they engage clients regularly to deliver expert insights and resources that support decision-making for strategies and investment plans as they assess and adapt to market shifts, risk, economics and more.

Payments

Payments reported net loss was \$1.7 million, compared to the reported net income of \$1.9 million in the first quarter of last year, reflecting a higher non-interest expense, partially offset by higher total revenue.

Non-interest income increased by \$0.4 million compared to the first quarter of last year, mainly driven by higher Enterprise Fraud Management (EFM) revenue following the implementation of EFM on wire transfers and *Interac e-Transfer*^{®5} in the middle of last year.

In February, Central 1 welcomed a new Chief Payments Officer, Barclay Hancock, who will draw on his significant experience in payments across business and financial services to lead the business line as we continue to deliver reliable payments services through our centralized, modular platform of APIs. Our payments services have and will continue to be delivered through a platform of standardized APIs, enabling us to engage with changes from payments services providers to ensure stability of the API connections and protect clients from having to manage the changes. Central 1 continues to hold connections to all major banking hosts in Canada, which brings value through our cooperative approach – and delivering connections for clients regardless of the new digital banking provider they choose.

EFM once again surpassed fraud detection targets this quarter, identifying and preventing 62% of all fraudulent *Interac e-Transfer*^{®5} transactions across 209 participating financial institutions. This was achieved with a false positive rate of 2.7:1. Individual credit unions showed outstanding results in March 2025, including one in Ontario and another in British Columbia that successfully prevented 100% of fraudulent *Interac e-Transfer*^{®5} attempts. As the consortium of EFM users grows, EFM becomes stronger at detecting

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

²This is a non-GAAP financial ratio. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

³When calculating the annualized ROA and ROE, the non-recurring provision for onerous contracts, net of tax, was not annualized.

⁴When calculating the annualized adjusted ROA and ROE, the non-recurring provision for onerous contracts, net of tax, was excluded.

⁵*Interac e-Transfer*[®] is a registered trademark of Interac Corp. used under license.

additional and new fraud patterns, as well as applying to other payment types.

Digital Banking

The transition of the Digital Banking business to Intellect Design Arena Ltd. (Intellect), following the closing of the transaction on February 28, 2025, continued through the first quarter. The transition is progressing as planned and is expected to be completed over a three-to-four-year timeline.

During the first quarter, the Digital Banking business reported a net loss of \$30.6 million compared to a net loss of \$7.1 million reported in the first quarter of 2024. The adjusted net loss for the quarter was \$4.9 million after excluding the provision for onerous contracts, net of tax. The reported net loss for the current quarter was primarily driven by the recognition of provision for onerous contracts related to infrastructure costs that Central 1 anticipates incurring throughout the transition period. This loss was partially offset by reduced salaries and benefits expenses resulting from workforce transferred to Intellect.

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Management's Discussion & Analysis

March 31, 2025

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In this Management's Discussion and Analysis (MD&A), unless the context otherwise requires, references to "Central 1", "we", "us" and "our" refer to Central 1 Credit Union and its subsidiaries. This MD&A is dated May 29, 2025. The financial information included in this MD&A should be read in conjunction with our Interim Consolidated Financial Statements for the period ended March 31, 2025, which were authorized for issue by the Board of Directors (the Board) on May 29, 2025. The results presented in this MD&A and in the Interim Consolidated Financial Statements are reported in Canadian dollars. Except as otherwise indicated, financial information included in this MD&A has been prepared in accordance with IFRS Accounting Standards as described in Note 1 of the Interim Consolidated Financial Statements. Additional information may be found on the SEDAR+ at www.sedarplus.com.

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

Cautionary Note Regarding Forward-Looking Statements

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

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

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

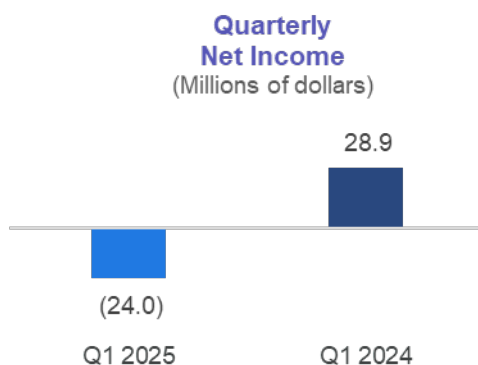
Management's Discussion and Analysis
As at May 29, 2025

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.

Financial Results

Overall Performance

Quarterly comparison – Q1 2025 vs. Q1 2024



\$ millions, except as indicated	Q1 2025	Q1 2024	Change
Net interest income	\$ 17.4	\$ 14.5	\$ 2.9
Net fair value gains (losses)	(7.4)	34.5	(41.9)
Non-interest income	39.8	41.7	(1.9)
Total revenue	49.8	90.7	(40.9)
Provision for (recovery of) credit losses	(0.2)	0.2	(0.4)
Non-interest expense	87.3	51.1	36.2
Income (loss) before income taxes	(37.3)	39.4	(76.7)
Income tax expense (recovery)	(13.3)	10.5	(23.8)
Net income (loss)	\$ (24.0)	28.9	(52.9)
Adjusted net income ²	1.7	28.9	(27.2)
Return on assets (ROA) - annualized ^{1,3}	(0.2%)	0.3%	
Return on equity (ROE) - annualized ^{1,3}	(2.3%)	3.8%	
Adjusted ROA - annualized ^{1,4}	0.1%	0.3%	
Adjusted ROE - annualized ^{1,4}	0.8%	3.8%	
Average assets ²	\$ 9,565.8	\$ 9,628.6	\$ (62.7)
Average equity ²	\$ 825.9	\$ 759.8	\$ 66.1
Weighted average shares outstanding (# of shares in millions)	43.4	43.4	0.0

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⁴When calculating the annualized adjusted ROA and ROE, the non-recurring provision for onerous contracts, net of tax, was excluded.

Reported net loss for the quarter was \$24.0 million, compared to a reported net income of \$28.9 million for the same quarter last year. This was mainly attributable to net fair value losses generated for the quarter and higher non-interest expense due to the recognition of provision for onerous contracts of \$35.1 million associated with the transfer of Digital Banking business to Intellect. These impacts were partially offset by an income tax recovery and an increase in net interest income. Adjusted net income for the current quarter was \$1.7 million after excluding the provision for onerous contracts, net of tax.

Net fair value losses for the quarter were \$7.4 million, compared to net fair value gains of \$34.5 million reported in the first quarter of last year, which was mainly driven by adverse market conditions, including a deterioration in market sentiment, which contributed to a broad widening of credit spreads.

Net interest income increased by \$2.9 million compared to the same quarter last year reflecting a shift in the investment portfolio mix towards higher-yield corporate and trust securities. Additionally, the funding mix was repositioned to include a greater proportion of lower-cost repurchase agreements, further contributing to the improvement in net interest income.

Non-interest income, which comprises revenue from Central 1's fee-for-service based businesses, decreased by \$1.9 million compared to the same quarter last year, primarily driven by lower revenue from the Digital Banking business, reflecting the transition of the Digital Banking business to Intellect. This decline was partially offset by higher non-interest income from the Payments business due to higher Enterprise Fraud Management (EFM) revenue following the implementation of EFM on wire transfers and e-transfers in the middle of last year.

Non-interest expense increased by \$36.2 million compared to the same quarter last year, primarily due to the recognition of provision for onerous contracts related to the infrastructure costs that Central 1 is expected to incur over the transition period related to the wind-down of Digital Banking business. This increase was partially offset by lower salaries and benefits, reflecting workforce reductions implemented associated with the transition. Adjusted non-interest expense was \$52.3 million after excluding the provision for onerous contracts.

Selected Financial Information

As at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Balance Sheet (millions of dollars)			
Total assets	\$ 10,834.7	\$ 10,036.8	\$ 11,169.3
Regulatory Ratios			
Total capital ratio ¹	19.2%	21.2%	18.5%
Tier 1 capital ratio ¹	14.3%	16.1%	13.7%
Borrowing multiple ¹	11.6:1	9.9:1	11.8:1
Share Information ² (thousands of dollars, unless otherwise indicated)			
Outstanding shares (\$) - \$1 par value			
Class A - credit unions	\$ 43,364	\$ 43,364	\$ 43,364
Class B - cooperatives	\$ 10	\$ 10	\$ 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	10	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.

As at March 31, 2025, the total capital ratio was 19.2%, and the Tier 1 capital ratio was 14.3%, both representing declines from December 31, 2024. The decrease in capital ratios was primarily attributable to a reduction in retained earnings, reflecting a net loss of \$24.0 million for the first quarter of 2025 and a \$10.0 million dividend distribution to Class A members in March 2025. The corresponding decline in retained earnings also contributed to an increase in the borrowing multiple, which rose to 11.6 as at March 31, 2025, from 9.9 at year-end 2024.

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

Non-GAAP and Other Financial Measures

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

Non-GAAP Financial Measures

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

Adjusted Measures and Ratios

Management considers both reported and adjusted results and measures to be useful in assessing underlying ongoing business performance. Adjusted results and measures remove certain specified items from operating expense, 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:

- The recognition of the provision for onerous contracts of \$35.1 million (pre-tax) in Q1 2025 recorded in non-interest expense.

\$ millions, except as indicated	For the three months ended March 31		
	2025	2024	Change
Reported non-interest expense	\$ 87.3	\$ 51.1	\$ 36.2
Less: Provision for onerous contracts (pre-tax)	35.1	-	35.1
Adjusted non-interest expense	\$ 52.3	\$ 51.1	\$ 1.2

\$ millions, except as indicated	For the three months ended March 31		
	2025	2024	Change
Reported net income (loss)	\$ (24.0)	\$ 28.9	\$ (52.9)
Add: Provision for onerous contracts, net of tax	25.7	-	25.7
Adjusted net income	\$ 1.7	\$ 28.9	\$ (27.2)

Average Assets and Average Equity

Average assets and average equity are non-GAAP financial measures, calculated from daily average balances for assets and equity. 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	For the three months ended March 31		
	2025	2024	Change
Total assets as reported, as at March 31	\$ 10,834.7	\$ 11,169.3	\$ (334.6)
Impact of averaging daily balances	(1,268.9)	(1,540.7)	271.9
Average assets, as at March 31	\$ 9,565.8	\$ 9,628.6	\$ (62.7)
Total equity as reported, as at March 31	\$ 765.9	\$ 749.1	\$ 16.8
Impact of averaging daily balances	60.0	10.7	49.3
Average equity, as at March 31	\$ 825.9	\$ 759.8	\$ 66.1

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 are securities reported on the Interim Consolidated Statement of Financial Position, excluding equity investments. A separate presentation of liquid assets in the MD&A provides the readers with better information on Central 1's liquidity position.

\$ millions, as at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Federal and provincial government issued and guaranteed securities	\$ 2,818.0	\$ 2,993.6	\$ 3,150.4
Corporate and financial institutions securities	3,632.3	3,507.9	3,185.2
Asset backed securities	275.1	252.3	257.5
Insured mortgages	22.8	23.7	26.0
Total liquid assets	\$ 6,748.2	\$ 6,777.5	\$ 6,619.1
Add: equity instruments	41.1	40.8	40.9
Securities as reported	\$ 6,789.3	\$ 6,818.3	\$ 6,660.0

Tier 1 Capital

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

Tier 2 Capital

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

Total Regulatory Capital

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

Total Borrowings

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

\$ millions, as at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Total liabilities as reported	\$ 10,068.8	\$ 9,241.4	\$ 10,420.2
Less: other liabilities as reported	(122.2)	(79.5)	(82.4)
Less: subordinated liabilities	(198.5)	(195.5)	(187.6)
Less: settlements in-transit excluded from total borrowings	(491.4)	(573.4)	(774.4)
Total borrowings	\$ 9,256.7	\$ 8,393.0	\$ 9,375.8

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 non-recurring provision for onerous contracts.

\$ millions, except as indicated	For the three months ended March 31		
	2025	2024	Change
Average assets, as at March 31	\$ 9,565.8	\$ 9,628.6	\$ (62.7)
ROA - annualized ¹	(0.2%)	0.3%	
Adjusted ROA - annualized ²	0.1%	0.3%	
Average equity, as at March 31	\$ 825.9	\$ 759.8	\$ 66.1
ROE - annualized ¹	(2.3%)	3.8%	
Adjusted ROE - annualized ²	0.8%	3.8%	

¹When calculating the annualized ROA and ROE, the non-recurring provision for onerous contracts, net of tax, was not annualized.

²When calculating the annualized adjusted ROA and ROE, the non-recurring provision for onerous contracts, net of tax, was excluded.

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 assets¹ 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 assets¹ which are calculated using different risk weightings for different assets as required by 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.

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

Supplementary Financial Measures

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

Assets under Administration (AUA)

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

Liquidity Coverage Ratio (LCR)

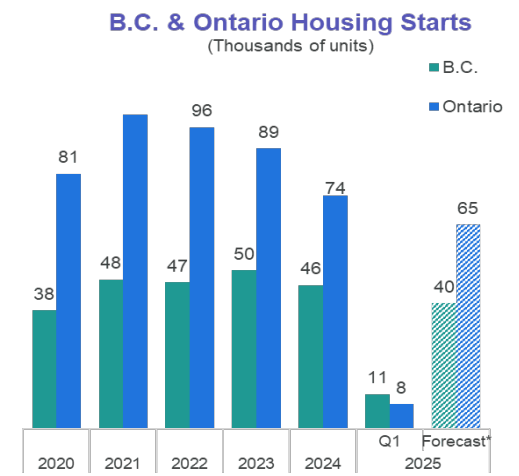
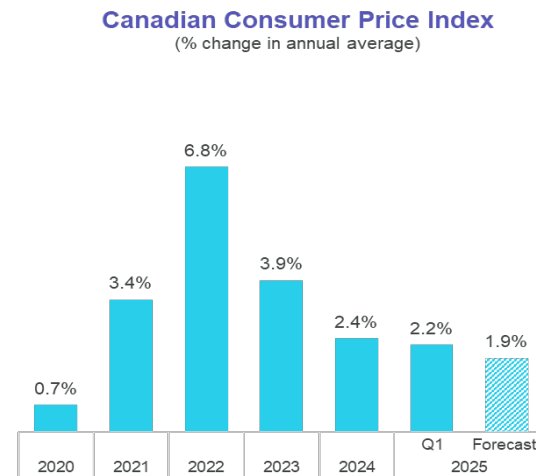
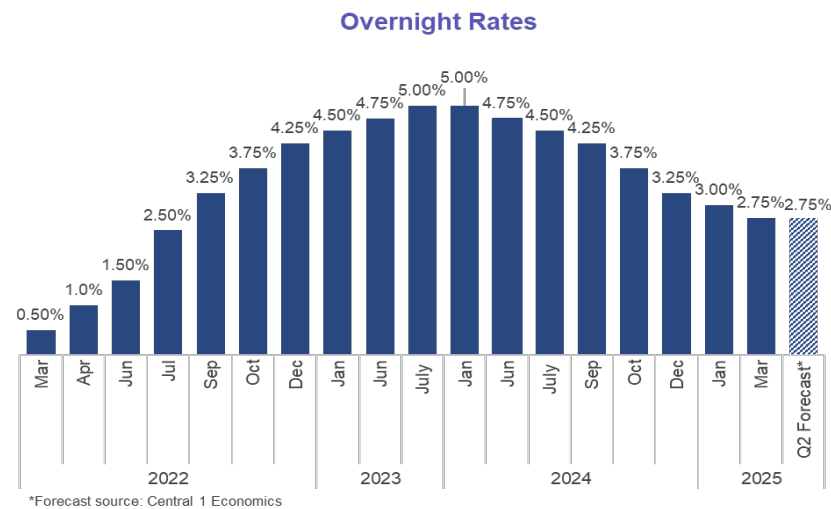
LCR demonstrates whether Central 1 has a sufficient stock of high-quality liquid assets to meet 30-day cashflow requirements under a significant stress scenario that incorporates idiosyncratic and market-wide shocks. It is calculated using the stock of liquid assets, calculated based on Office of the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

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

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 global trade environment remains fluid, with frequent policy changes creating a backdrop of uncertainty for businesses and consumers alike. The United States has implemented a universal 10% tariff on all imports. Notably, both the U.S. and China announced on May 12, 2025 to establish a 90-day pause and reduction of tariffs, largely rolling back the steep increases imposed earlier this year. While more aggressive reciprocal tariffs have been announced, they remain paused amid financial market turbulence. Temporary exemptions, including those on electronics, are currently in place, though their permanence remain uncertain.

Canada has not been included in the blanket and reciprocal tariffs announced in April. However, it continues to be impacted by tariffs introduced in March under national emergency measures linked to the fentanyl crisis. As of May 29, 2025, a 25% tariff applies to Canadian goods deemed non-compliant with the CUSMA agreement, with a 10% on non-complaint energy and potash. In addition, the United States (U.S.) has imposed a 25% tariff on Canadian steel and aluminum, as well as on the non-U.S. origin portion of CUSMA compliant vehicles. In response, Canada has imposed retaliatory tariffs of 25% on \$60 billion worth of U.S. goods, with the potential for additional tariffs on up to \$125 billion in further imports. A matching tariff on U.S. vehicles has also been introduced, and several provincial governments have implemented non-tariff measures, including restrictions on the purchase of American alcohol products by provincially controlled liquor boards. Further tariff actions from the U.S., particularly on softwood lumber, are anticipated.

Canadian economic conditions remained relatively stable in the first quarter of 2025, with modest GDP growth estimated. However, the intensifying trade conflict has begun to erode business and consumer confidence. Spending is expected to slow significantly, with sentiment now below levels observed during the COVID-19 pandemic. The national unemployment rate rose to 6.7% by the end of Q1 2025 and is forecast to increase further as sectors most affected by tariffs implement layoffs. Slower population growth due to reduced immigration may partially offset labour market pressures. Housing market activity has cooled, and prices are expected to decline in the near term, reflecting increased caution among prospective buyers.

Given the central role of U.S. trade in the Canadian economy and the prevailing uncertainty, Central 1 Economics currently forecasts a 2.0% annualized contraction in Canadian GDP for the second quarter of 2025, followed by a further 0.5% decline in the third quarter.

In the United States, economic growth is also expected to decelerate in 2025. According to recent Wall Street Journal consensus estimates, GDP is projected to grow at an annualized rate of 2.2% in the first quarter, slowing to 2.0% in the second. However, escalating trade tensions have significantly increased recession risks. The U.S. administration has implemented tariffs with the stated goal of bolstering domestic manufacturing and generating revenue, although calculated tariff rates have been temporarily suspended at a minimum of 10% until July. Tariffs targeting Chinese imports have exceeded 100%, fueling ongoing retaliatory measures between the two nations.

Financial markets have responded negatively, with the probability of a U.S. recession now estimated at nearly 50%. Concerns over global supply chain disruptions have raised the prospect of a broader global slowdown. The University of Michigan's Consumer Sentiment Index has declined by nearly 24 points, reaching levels last observed during the 2022 inflation peak. Similarly, the National Federation of Independent Business (NFIB) Business Optimism Index has been on a downward trend since its recent high in December 2024.

Despite weakening sentiment, the U.S. labour market remains relatively resilient. Nonfarm payrolls continue to exceed expectations, although the unemployment rate has edged up to 4.2% as of March 2025. Inflation has moderated to 2.4% year-over-year; however, upward pressure may re-emerge as tariff effects begin to filter through the broader economy. Overall, the uncertainty surrounding U.S. trade policy is expected to weigh on economic output and further dampen growth prospects in the coming quarters.

Financial Markets

Financial markets have experienced heightened volatility in recent months, largely driven by the uncertainty surrounding the U.S. administration's shifting trade policy stance. The intermittent implementation and adjustment of tariffs have created an unpredictable environment that markets continue to digest. Equity markets have been particularly reactive, with major stock indices exhibiting significant fluctuations and, overall, posting substantial year-to-date declines—effectively erasing most of the gains recorded in 2024.

Bond markets have also reflected this volatility. After declining earlier in the year, yields have reversed course, rising sharply following the introduction of broad-based U.S. tariffs. Canadian 10-year government bond yields have increased by approximately 30 basis points (bps) from recent lows, while U.S. 10-year Treasury yields have climbed nearly 50 bps over the same period. Credit spreads have widened notably, reflecting increased risk aversion among investors.

The U.S. dollar (USD) has weakened in response to the escalating trade conflict, suggesting a potential shift in investor sentiment away from the U.S. as a safe-haven asset. At the same time, the imposition of tariffs has coincided with increased oil supply from OPEC+ nations, contributing to a significant decline in global oil prices.

Conversely, gold prices have risen in 2025, supported by increased demand for safe-haven assets amid market uncertainty, with an additional spike observed in the most recent month.

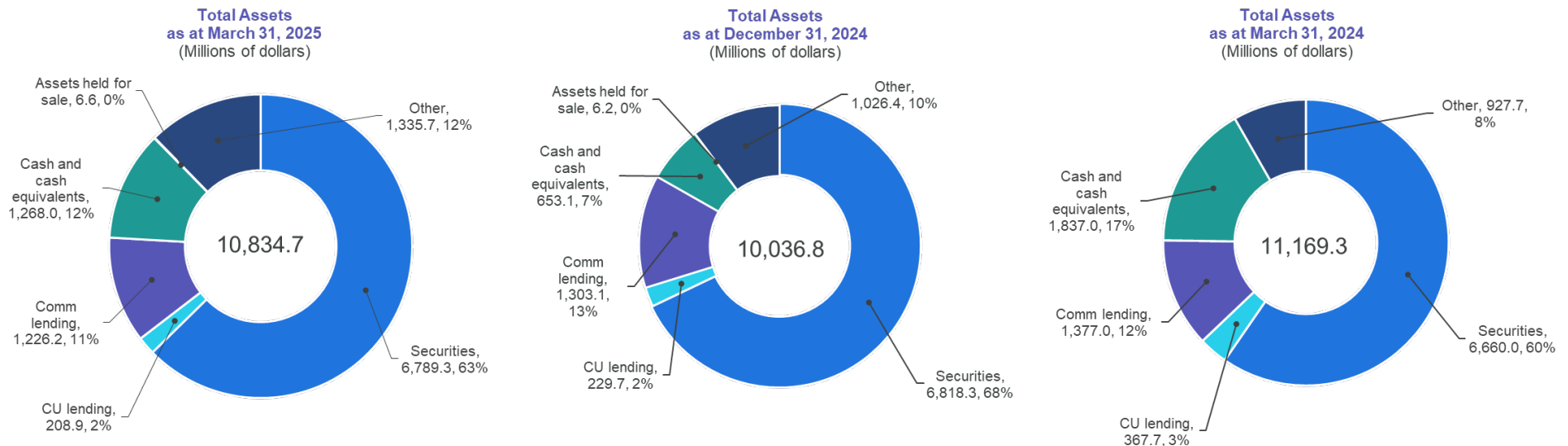
Looking ahead, financial market volatility is expected to persist as trade policy developments continue to unfold with limited predictability. The ongoing reassessment of risk by global investors will likely continue to impact asset prices and capital flows.

Industry Regulation

BCFSA extended the implementation timeline for the Capital Modernization Project. The new Capital modernization rule will take effect on January 1, 2027, instead of January 1, 2026.

Interim Consolidated Statement of Financial Position

Total Assets

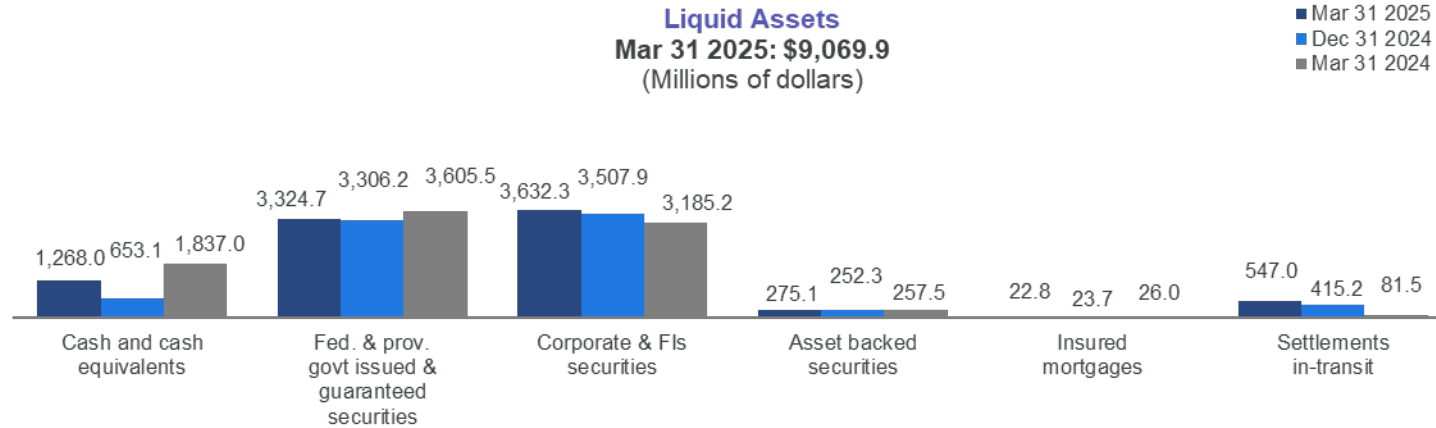


The change in total assets correlates to the change in the size of our funding portfolios. As of March 31, 2025, total assets increased by \$797.9 million from December 31, 2024 mainly driven by higher cash and cash equivalents due to increased payment clearing activities under Group Clearer, which is reflected in an increase in the settlements in-transit (SIT) balance under liabilities to \$1.1 billion from \$0.5 billion as at December 31, 2024.

As of March 31, 2025, total assets decreased by \$334.6 million from March 31, 2024 primarily driven by the lower deposits and repurchase agreements, partially offset by higher SIT liabilities due to increased payments clearing activities.

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

Cash and Liquid Assets



\$ millions, as at March 31, 2025	Liquid Assets		Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and cash equivalents	\$ 1,268.0	\$ -	\$ -	\$ 1,268.0	\$ -	\$ 1,268.0
Federal and provincial government issued and guaranteed securities	2,818.0	506.7	-	3,324.7	1,359.9	1,964.8
Corporate and financial institutions securities	3,632.3	-	-	3,632.3	683.4	2,948.9
Asset backed securities	275.1	-	-	275.1	-	275.1
Insured mortgages	22.8	-	-	22.8	-	22.8
Settlements in-transit	547.0	-	-	547.0	-	547.0
Total	\$ 8,563.2	\$ 506.7	\$ -	\$ 9,069.9	\$ 2,043.3	\$ 7,026.6

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

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

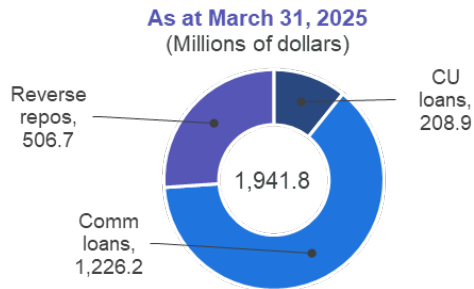
\$ millions, as at March 31, 2024	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and cash equivalents	\$ 1,837.0	\$ -	\$ 1,837.0	\$ -	\$ 1,837.0
Federal and provincial government issued and guaranteed securities	3,150.4	455.1	3,605.5	1,468.5	2,137.0
Corporate and financial institutions securities	3,185.2	-	3,185.2	16.1	3,169.1
Asset backed securities	257.5	-	257.5	-	257.5
Insured mortgages	26.0	-	26.0	-	26.0
Settlements in-transit	81.5	-	81.5	-	81.5
Total	\$ 8,537.6	\$ 455.1	\$ 8,992.7	\$ 1,484.6	\$ 7,508.1

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

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 March 31, 2025, total liquid assets increased by \$911.5 million compared to December 31, 2024, driven by higher cash and cash equivalents balance as a result of increased payments clearing activities under Group Clearer. Unencumbered assets increased by \$1.1 billion compared to December 31, 2024, and decreased by \$481.5 million compared to March 31, 2024.

Loans

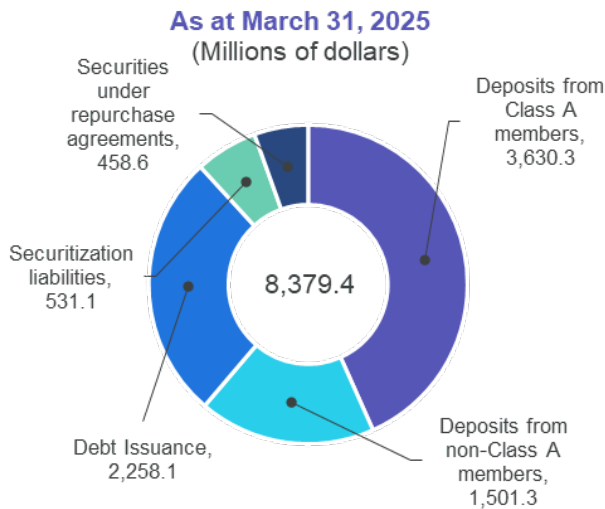


\$ millions, as at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Loans to credit unions	\$ 208.9	\$ 229.7	\$ 367.7
Commercial and other loans	1,226.2	1,303.1	1,377.0
Reverse repurchase agreements	506.7	312.5	455.1
Total	\$ 1,941.8	\$ 1,845.3	\$ 2,199.8

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

As of March 31, 2025, loans to credit unions decreased by \$20.8 million compared to December 31, 2024, and by \$158.8 million relative to March 31, 2024. This decline reflects the heightened liquidity within the credit union system and a positive sign of overall system health. Commercial loans also saw a reduction, decreasing by \$76.9 million from December 31, 2024, and \$150.8 million from March 31, 2024, driven by lower construction and real estate loans. In contrast, reverse repurchase agreements increased by \$194.2 million from December 31, 2024, and by \$51.6 million from March 31, 2024, primarily driven by credit unions' cash management activities.

Funding



\$ millions, as at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Deposits			
Deposits from Class A members	\$ 3,630.3	\$ 3,596.2	\$ 3,806.5
Deposits from non-Class A members	1,501.3	1,650.3	1,972.3
Total	5,131.6	5,246.5	5,778.8
Debt Issuance			
Commercial paper	723.3	723.3	750.0
Medium-term notes	1,336.3	1,331.4	1,288.9
Subordinated liabilities	198.5	195.5	187.6
Total	2,258.1	2,250.2	2,226.5
Securitization liabilities	531.1	436.8	599.8
Securities under repurchase agreements	458.6	691.3	805.2
Total	\$ 8,379.4	\$ 8,624.8	\$ 9,410.3

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

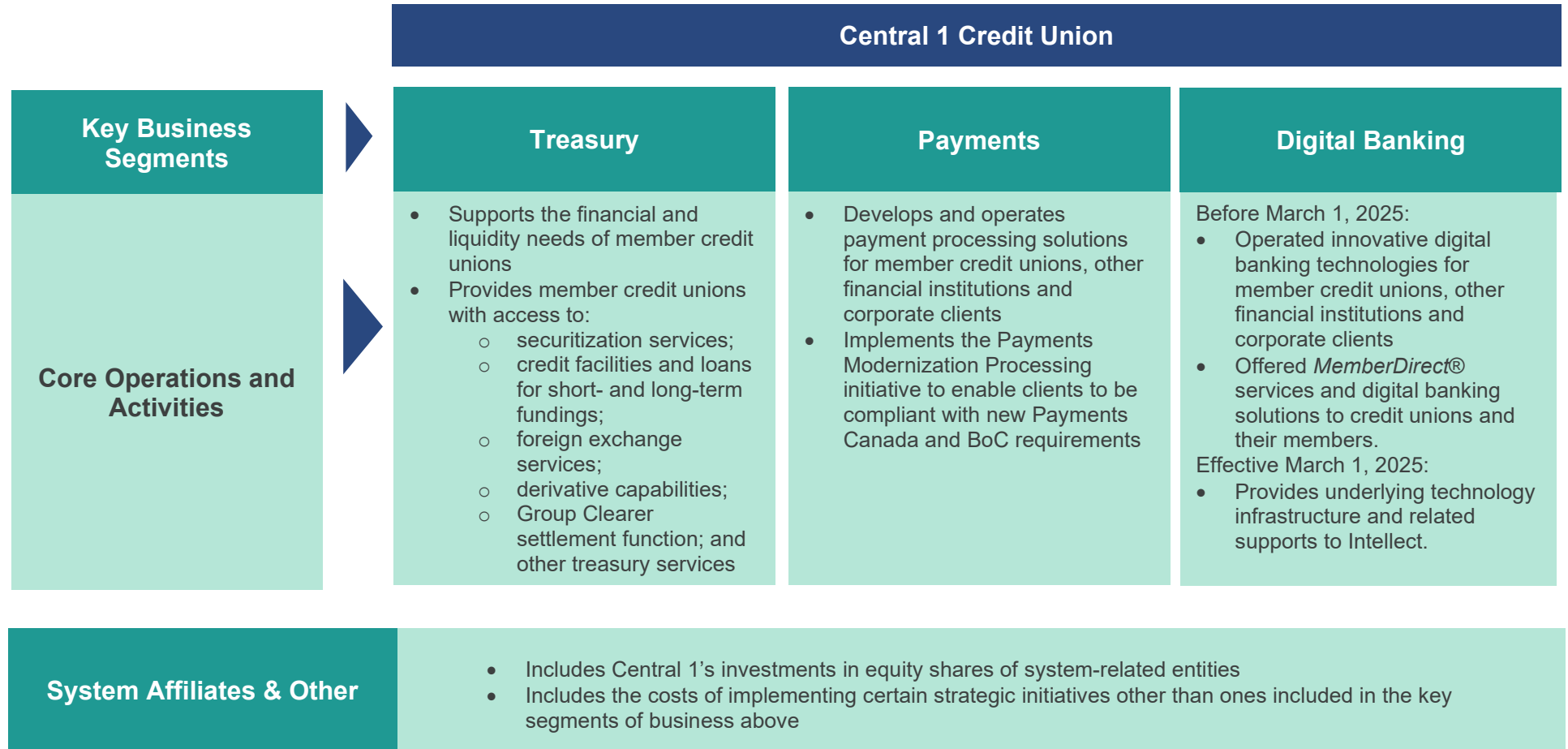
As of March 31, 2025, deposits decreased by \$114.9 million compared to December 31, 2024, and by \$647.2 million compared to March 31, 2024. Central 1 continues to place a higher reliance on the repurchase agreements which is reflected in a higher average balance as at March 31, 2025, despite the balance as at March 31, 2025 decreased by \$232.7 million from December 31, 2024, and by \$346.6 million from March 31, 2024.

Results by Segment

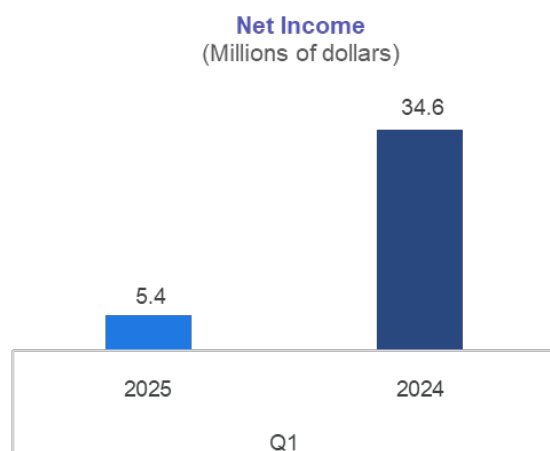
Central 1's operations and activities are reported around three key business segments: Treasury, Payments and Digital Banking. All other activities or transactions are reported in System Affiliates & Other including Central 1's investments in equity shares of system-related entities, other than the wholly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

On October 22, 2024, Central 1 announced its intention to wind down its digital banking business and transition clients to one or more alternative digital banking providers. On January 23, 2025, Central 1 entered into an agreement with Intellect for zero consideration in cash. On February 28, 2025, this transaction successfully closed. Intellect took over responsibility for Central 1's digital banking operations. Under the agreement, Central 1's Forge, *MemberDirect*®, public website and mobile applications and product, along with digital banking engineering and service teams, were transferred to Intellect. They took over client contracts and are responsible for supporting client migrations to new digital banking providers. Central 1 continues to provide the technology infrastructure and related services under the agreement.

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.



Treasury



\$ millions	For the three months ended March 31		
	2025	2024	Change
Net interest income	\$ 17.7	\$ 15.0	\$ 2.7
Net fair value gains (losses)	(7.3)	34.5	(41.8)
Non-interest income	7.9	7.9	0.0
Total revenue	18.3	57.4	(39.1)
Provision for (recovery of) credit losses	(0.2)	0.2	(0.4)
Non-interest expense	11.1	9.9	1.2
Income before income taxes	7.4	47.3	(39.9)
Income tax expense	2.0	12.7	(10.7)
Net income	\$ 5.4	\$ 34.6	\$ (29.2)

Quarterly comparison – Q1 2025 vs. Q1 2024

Treasury's net income for the quarter was \$5.4 million, decreased by \$29.2 million compared to net income of \$34.6 million in the same quarter last year. The decline was primarily attributable to net fair value losses in the current quarter, as opposed to net fair value gains recorded in the same quarter last year and higher non-interest expense. These impacts were partially offset by higher net interest income and a lower provision for credit losses. Additionally, the decrease in net income was partially offset by a \$10.7 million decrease in income tax expense, reflecting lower income before income tax, while effective tax rates remained the same year-over-year.

Net interest income increased by \$2.7 million compared to the first quarter last year, mainly due to a shift in the investment portfolio towards higher income yielding corporate and trust securities, as well as a favorable change in funding mix, with increased utilization of lower-cost repurchased agreements. On a portfolio basis, the increase in net interest income was largely driven by a stronger performance in the securities portfolio, credit union lending and securitization services. These gains were partially offset by a decline in net interest income from the commercial lending business, attributable to lower yields on floating rate loans driven by declining interest rates.

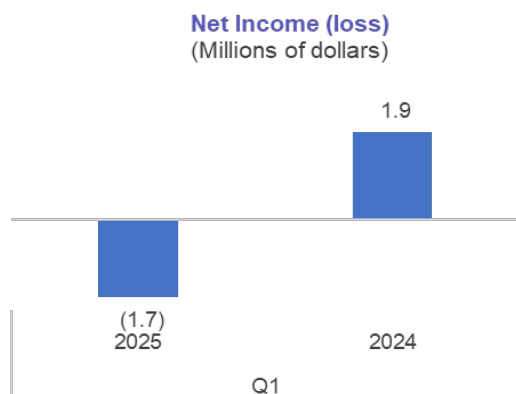
The first quarter of 2025 reported net fair value losses of \$7.3 million, compared to net fair value gains of \$34.5 million reported in the same quarter last year, driven by negative market sentiment, mainly surrounding uncertainty around imposed tariffs from the United States, as reflected in the widening of credit spreads.

Non-interest income remained flat compared to the first quarter last year.

The provision for credit losses decreased by \$0.4 million compared to the first quarter last year, primarily driven by a decrease in the commercial loans exposure. All loans outstanding as of March 31, 2025 were fully up to date with no payments overdue.

Non-interest expense increased by \$1.2 million compared to the first quarter last year, largely due to an increase in third-party expenses driven by continued investments in technology operations and initiatives.

Payments



\$ millions	For the three months ended March 31		
	2025	2024	Change
Net interest expense	\$ (0.3)	\$ (0.6)	\$ 0.3
Non-interest income	22.9	22.5	0.4
Total revenue	22.6	21.9	0.7
Non-interest expense	24.9	19.3	5.6
Income (loss) before income taxes	(2.3)	2.6	(4.9)
Income tax expense (recovery)	(0.6)	0.7	(1.3)
Net income (loss)	\$ (1.7)	\$ 1.9	\$ (3.6)

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

Quarterly comparison – Q1 2025 vs. Q1 2024

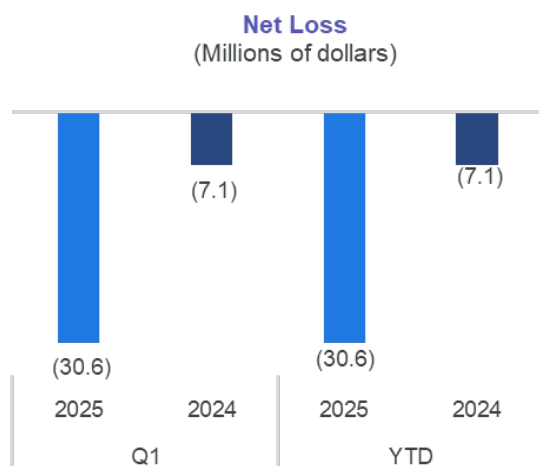
Payments reported a net loss of \$1.7 million in the first quarter, compared to a net income of \$1.9 million in the same quarter last year, reflecting higher non-interest expense, partially offset by an increase in total revenue.

Non-interest income increased by \$0.4 million compared to the first quarter of last year, mainly driven by higher EFM revenue following the implementation of EFM on wire transfers and e-transfer in the middle of last year, as well as increased recognition of deferred revenue associated with Payments Modernization strategic initiatives. This was partially offset by lower *Interac e-Transfer*¹ fee revenue due to client departure.

Non-interest expense increased by \$5.6 million compared to the same quarter last year, primarily driven by higher professional fees related to strategic initiatives, some of which are non-recurring in nature, as well as increase in salaries and benefits. The year-over-year increase also reflects a higher allocation of corporate expenses, driven by investments in technology and strategic initiatives supporting Payments' long-term growth strategy.

¹*Interac e-Transfer*® is a registered trademark of Interac Corp. used under license.

Digital Banking



\$ millions	For the three months ended March 31		
	2025	2024	Change
Non-interest income	\$ 7.2	\$ 9.2	\$ (2.0)
Total revenue	7.2	9.2	(2.0)
Non-interest expense	49.2	18.9	30.3
Loss before income taxes	(42.0)	(9.7)	(32.3)
Income tax recovery	(11.4)	(2.6)	(8.8)
Net loss	\$ (30.6)	(7.1)	\$ (23.5)
Adjusting item:			
Provision for onerous contracts, net of tax	25.7	-	25.7
Adjusted net loss¹	\$ (4.9)	\$ (7.1)	\$ 2.2

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

¹Adjusted loss excludes the non-recurring provision for onerous contracts, net of tax.

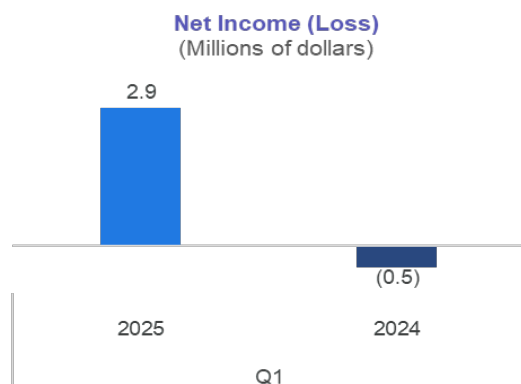
Quarterly comparison – Q1 2025 vs. Q1 2024

Digital Banking's net loss for the quarter was \$30.6 million, compared to a net loss of \$7.1 million in the same quarter last year, reflecting higher non-interest expense, partially offset by a lower revenue and higher income tax recovery. Adjusted net loss was \$4.9 million, compared to \$7.1 million reported in the first quarter of 2024.

Non-interest income decreased by \$2.0 million compared to the first quarter of last year, primarily reflecting the transition of the Digital Banking business to Intellect.

Non-interest expenses increased by \$30.3 million compared to the first quarter of last year, reflecting the recognition of provision for onerous contracts for the infrastructure costs that Central 1 is expected to incur over the transition period. The provision for onerous contracts, recorded at \$35.1 million pre-tax at inception, represents the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The provision relates primarily to Central 1's obligation to provide continued access to its digital banking infrastructure to Intellect, which is assuming responsibility for servicing the remaining customer contracts under the Asset Transfer Agreement between Central 1 and Intellect. Central 1 is required to maintain the infrastructure necessary to support Intellect's operations over the remaining life of the contracts, which have varying terms, with the longest extending up to four years. The provision is expected to be utilized over a period of five years. This increase was partially offset by lower salaries and benefits following the transfer of employees to Intellect.

System Affiliates & Other



\$ millions	For the three months ended March 31		
	2025	2024	Change
Net fair value loss	\$ (0.1)	\$ -	\$ (0.1)
Non-interest income	1.8	2.2	(0.4)
Total revenue	1.7	2.2	(0.5)
Non-interest expense	2.1	3.0	(0.9)
Loss before income taxes	(0.4)	(0.8)	0.4
Income tax recovery	(3.3)	(0.3)	(3.0)
Net income (loss)	\$ 2.9	\$ (0.5)	\$ 3.4

Quarterly comparison – Q1 2025 vs. Q1 2024

System Affiliates & Other's net income for the quarter was \$2.9 million, compared with a net loss of \$0.5 million in the same quarter last year, primarily due to higher income tax recovery, driven by \$2.7 million in dividend tax credits claimed related to the \$10.0 million in dividends paid to Central 1's credit union members during the quarter. Excluding this one-time item, System Affiliates & Other would have reported net income of \$0.2 million, reflecting a decrease in non-interest expense, partially offset by lower total revenue.

Total revenue for the quarter was \$1.7 million, a decrease of \$0.5 million compared to the same quarter last year, primarily due to lower member loyalty dividend received from Cooperators.

Non-interest expense declined by \$0.9 million year-over-year, mainly due to increased cost recoveries from other lines of business, reflecting higher utilization of corporate services in Payments and Treasury. This was partially offset by higher salaries and benefits, as well as increased professional fees associated with strategic option assessment.

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				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Interest income	\$ 83,851	\$ 92,288	\$ 99,158	\$ 101,442	\$ 104,000	\$ 111,370	\$ 118,800	\$ 102,196
Interest expense	66,406	77,877	89,443	91,619	89,534	98,368	99,206	92,426
Net interest income	17,445	14,411	9,715	9,823	14,466	13,002	19,594	9,770
Net fair value gains (losses)	(7,387)	29,341	6,911	18,765	34,458	4,128	(2,056)	32,597
Non-interest income	39,744	40,220	42,676	40,380	41,755	42,483	39,372	38,123
Total revenue	49,802	83,972	59,302	68,968	90,679	59,613	56,910	80,490
Provision for (recovery of) credit losses	(164)	3,752	158	(340)	183	(280)	991	212
Non-interest expense	87,263	57,546	53,300	51,624	51,148	56,461	50,882	54,913
Income (loss) before income taxes	(37,297)	22,674	5,844	17,684	39,348	3,432	5,037	25,365
Income tax expense (recovery)	(13,269)	6,358	26	4,582	10,473	1,561	1,162	6,905
Net income (loss)	\$ (24,028)	\$ 16,316	\$ 5,818	\$ 13,102	\$ 28,875	\$ 1,871	\$ 3,875	\$ 18,460
Adjusting item:								
Provision for onerous contracts, net of tax	25,685	-	-	-	-	-	-	-
Adjusted net income ²	\$ 1,657	\$ 16,316	\$ 5,818	\$ 13,102	\$ 28,875	\$ 1,871	\$ 3,875	\$ 18,460
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) ¹								
Basic/Diluted	(55.3)	37.6	13.4	30.2	66.6	4.4	9.0	42.6
Adjusted basic/diluted ²	3.9	37.6	13.4	30.2	66.6	4.4	9.0	42.6

¹Earnings per share calculated for Central 1 must be taken in the context that member shares may not be traded or transferred except with the consent of the Central 1's Board of Directors.

²Adjusted net income and basic/diluted earnings per share exclude the non-recurring provision for onerous contracts, net of tax.

Net interest income is influenced by both the size of the portfolio and movements in effective yields. In the third quarter of 2023, net interest income increased, primarily due to higher portfolio balances. However, net interest income declined in both the second and third quarters of 2024, reflecting reduced average balances in the investment portfolios. In the fourth quarter of 2024, net interest income rose by \$4.7 million compared to the prior quarter, primarily due to higher effective yields and increased average deposits with financial institutions. This was partially offset by lower average balances in securities and lending portfolios. The upward trend continued into the first quarter of 2025, supported by a shift in investment mix by investing more in higher-yield securities.

Net fair value gains or losses are primarily driven by movements in credit spreads. In the second quarter of 2023, narrowing credit spreads contributed to net fair value gains of \$32.6 million. A net fair value loss of \$2.1 million was recorded in the third quarter of 2023, attributable to unfavorable movements in National

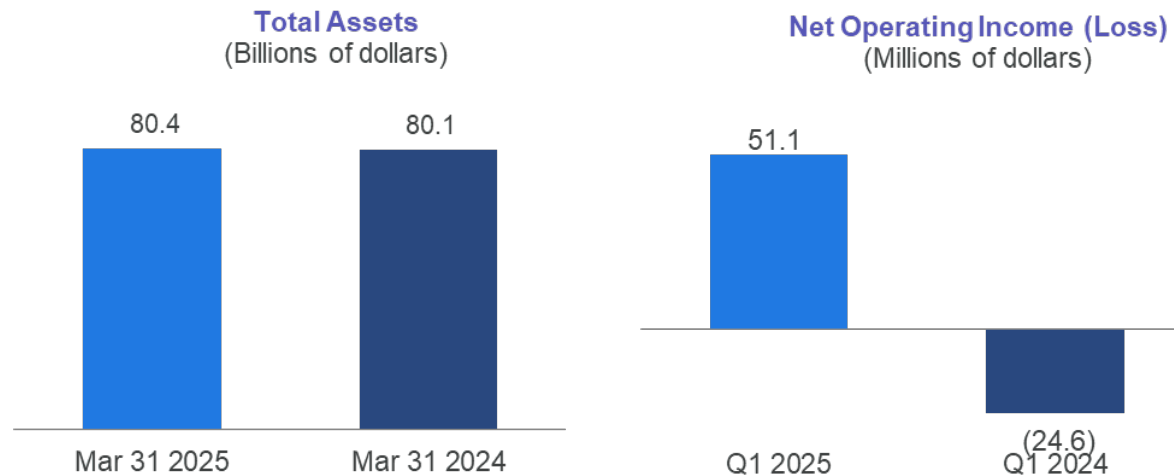
Housing Act Mortgage-Backed Securities (NHA MBS) credit spreads. Since then, the declining bond credit spreads have generally supported net fair value gains through the fourth quarter of 2023 and throughout 2024. In the first quarter of 2025, credit spreads widened again due to heightened market uncertainty surrounding tariffs imposed by the United States, contributing to volatility in fair value measurement.

Non-interest income remained relatively stable through 2023 and 2024, with an upward trend emerging in the fourth quarter of 2023 following the adoption of new payment products.

Non-interest expense was generally consistent over 2023 and 2024, with notable increases in the fourth quarter of both years. In the fourth quarter of 2023, the increase was mainly due to restructuring activities. In the fourth quarter of 2024, higher third-party expenses were incurred in connection with the strategic decision to wind down Digital Banking business and the sale of Central 1's Vancouver office building. In the first quarter of 2025, non-interest expense increased significantly due to the recognition of provision for onerous contracts related to the infrastructure costs that Central 1 is expected to incur over the transition period as Digital Banking business is transferred to Intellect.

Credit Union System Performance

British Columbia



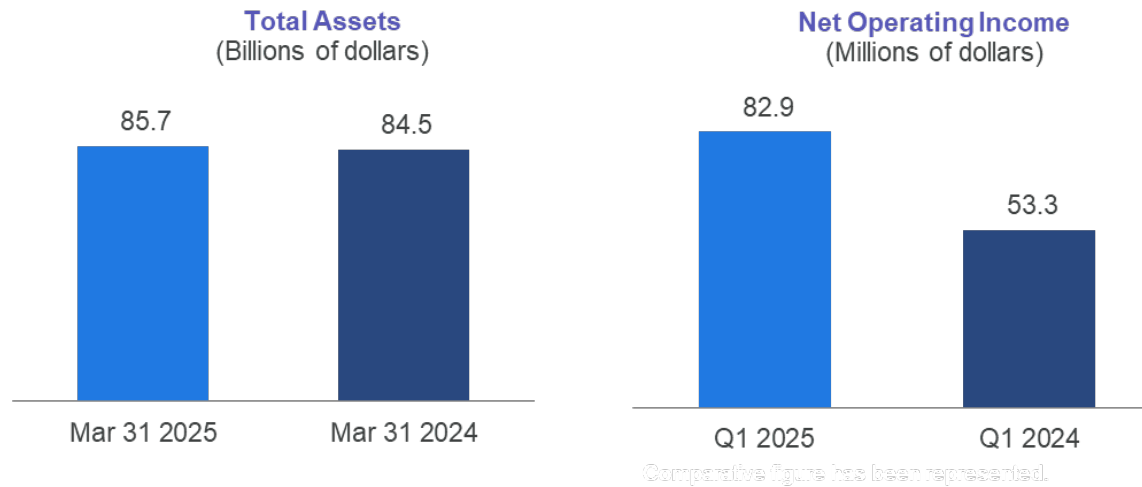
The B.C. system reported net operating income of \$51.1 million for the first quarter of 2025, representing an improvement of \$75.7 million compared to the same period in 2024. The increase was primarily driven by a \$67.8 million, or 26.3%, rise in net interest income, reflecting an expansion in lending spreads. Non-interest income increased by \$2.4 million, or 3.4%, year-over-year, as higher member service fee revenues more than offset a decline in income from the trading of financial instruments. Non-interest expenses decreased by \$5.3 million, or 1.5%, compared to the first quarter of 2024, largely due to lower personnel-related costs.

Total assets reached \$80.4 billion as at March 31, 2025, marking a year-over-year increase of \$381 million, or 0.5%. Growth in total loans contributed to the asset increase, partially offset by declines in cash and investment balances. Total liabilities rose by \$253 million, or 0.3%, over the same period, reflecting higher volumes of non-registered demand and registered deposits, partially offset by a reduction in non-registered term deposits.

The loan delinquency rate (loans over 90 days past due) stood at 0.43% of total loans at quarter-end, an increase of 10 bps compared to March 2024. The loan loss expense ratio rose to 0.10%, up 4 bps from the prior year.

As at March 31, 2025, the B.C. system reported \$39.0 billion in risk-weighted assets. The regulatory capital ratio improved to 14.9%, up 17 bps from a year earlier. The system's aggregate liquidity ratio, inclusive of holdings at Central 1, was 14.8% of deposit and debt liabilities, representing a decline of 53 bps year-over-year. Return on assets for the first quarter was 0.27% on an annualized basis, up 40 bps from the same period in 2024.

Ontario



For the first quarter ended March 31, 2025, the Ontario system reported net operating income of \$82.9 million, representing an increase of 55.4% or \$29.5 million compared to the same period in 2024. The year-over-year improvement was driven by growth in both net interest income and non-interest income, partially offset by higher non-interest expenses.

Net interest income rose 13.1% or \$43.4 million to \$374.8 million, reflecting a favourable shift in lending spreads and a modest increase in net loan balances. Non-interest income increased 14.1% or \$9.4 million year-over-year, primarily due to higher service charges and loan commitment fees.

Non-interest expenses totaled \$368.0 million, an increase of 6.7% or \$23.1 million from the prior year, largely attributable to higher loan-related costs.

As at March 31, 2025, total assets reached \$85.7 billion, up 1.5% from the prior year, driven by continued growth in commercial lending. Total liabilities increased 1.3% to \$79.5 billion, supported by a 6.9% or \$1.9 billion increase in term deposits, partially offset by a 5.2% or \$1.3 billion decline in demand deposits.

The loan delinquency rate for loans over 90 days stood at 0.59% as of March 31, 2025, an increase of 12 bps year-over-year. The provision for credit losses as a percentage of total loans rose to 0.31%, up 4 bps from the prior year. The loan loss expense ratio was 0.11% on an annualized basis for the quarter, up 6 bps compared to the same period in 2024.

Risk-weighted assets (RWA) totaled \$41.4 billion as of March 31, 2025. The system's regulatory capital ratio improved to 14.0%, up 26 bps from the prior year, reflecting ongoing efforts to strengthen capital adequacy. The aggregate liquidity ratio, inclusive of liquidity held by Central 1, was 13.6% of deposit and debt liabilities, down 72 bps from the prior year, but remained within prudent risk tolerance levels.

The system's return on assets (ROA) was 0.39% annualized for the quarter, an improvement of 14 bps year-over-year, reflecting stronger net operating performance and effective cost management.

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	Mar 31 2025	Dec 31 2024	Mar 31 2024
Interest rate contracts			
Swap contracts	\$ 21,792.7	\$ 21,736.1	\$ 25,271.6
Futures contracts	828.0	1,072.0	1,912.0
Bond forwards	11.2	32.7	0.0
	22,631.9	22,840.8	27,183.6
Foreign exchange contracts			
Foreign exchange forward contracts	1,076.7	959.4	594.6
Other derivative contracts			
Equity index-linked options	124.0	135.5	168.9
	\$ 23,832.6	\$ 23,935.7	\$ 27,947.1

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

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

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

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.

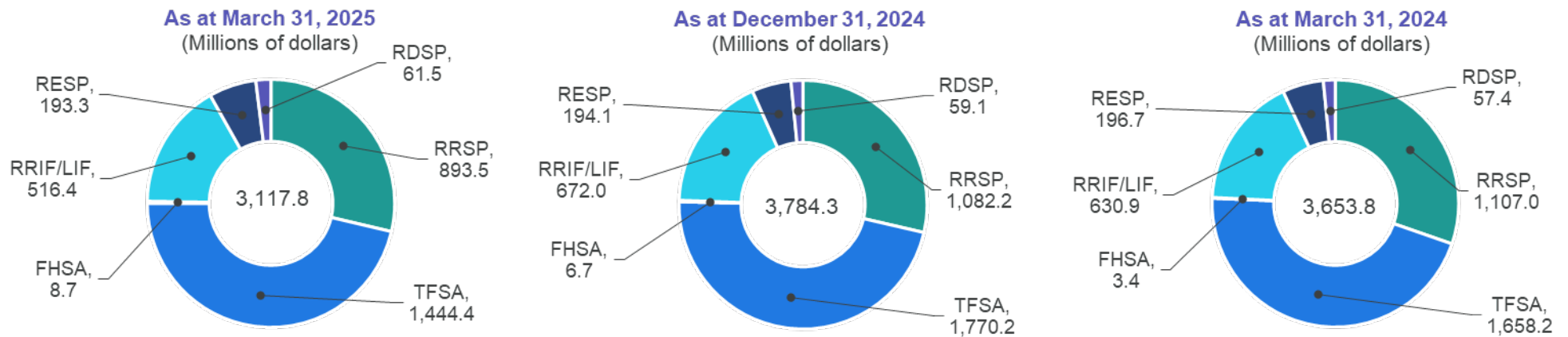
\$ millions, as at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Commitments to extend credit	\$ 4,959.7	\$ 5,016.5	\$ 5,076.8
Guarantees			
Financial guarantees	\$ 798.6	\$ 794.6	\$ 794.6
Performance guarantees	\$ 500.0	\$ 500.0	\$ 500.0
Standby letters of credit	\$ 225.8	\$ 221.1	\$ 223.8
Future prepayment reinvestment commitment	\$ 795.7	\$ 796.3	\$ 865.2

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

Commitments and Guarantees were largely in line with amounts reported as at December 31, 2024 and March 31, 2024. Future prepayment reinvestment commitments decreased by \$69.5 million from March 31 2024 due to the maturity of NHA MBS which was reinvested through Central 1's indirect securitization activities, these are now reflected in the reinvestment assets in Central 1's Interim Consolidated Statement of Financial Position.

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

Assets under Administration (AUA)



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

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

Merger and acquisition activity increased notably toward the end of Q4 2024, culminating in the offboarding of multiple clients that consolidated into a single entity. As a result, total contracts declined by 21%, and AUA decreased by 14.67% year-over-year. The reduction in both contracts and AUA was observed across all product lines, with the exception of the Registered Disability Savings Plan (RDSP), which experienced modest growth of 1.92% in contracts and 7.03% in AUA.

The First Home Savings Account (FHSA) demonstrated strong early adoption, with contract volumes increasing by 116.7% and AUA rising by 153.7% year-over-year. This growth reflects heightened consumer interest and ongoing promotional efforts, particularly by credit unions.

As of March 31, 2025, total AUA for FHSA reached \$8.7 million, up significantly from \$3.4 million as of March 31, 2024. Continued momentum suggests the FHSA is emerging as a competitive offering alongside more established products such as the Registered Retirement Savings Plan (RRSP) and the Tax-Free Savings Account (TFSA).

Capital Management and Capital Resources

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

Capital Management Framework

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

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

Key management activities of the framework include:

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

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

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

Regulatory Capital

\$ millions, except as indicated, as at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Share capital	\$ 43.4	\$ 43.4	\$ 43.4
Retained earnings	712.6	746.7	711.4
Less: accumulated net after tax gain in investment property	(4.7)	(4.7)	(4.7)
Tier 1 capital ²	751.3	785.4	750.1
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	956.0	990.1	954.8
Statutory capital adjustments	(155.6)	(146.1)	(160.9)
Total regulatory capital²	\$ 800.4	\$ 844.0	\$ 793.9
Borrowing multiple - Consolidated ³	11.6:1	9.9:1	11.8:1

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

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

BCFSA has set Central 1's borrowing multiple requirement at 18.0:1 and will apply the multiple to Central 1's Interim Consolidated Statement of Financial Position. Central 1 manages the borrowing multiple through growth in retained earnings and subordinated debt. As at March 31, 2025, Central 1's consolidated borrowing multiple was 11.6:1, which is within the regulatory limit of 18.0:1. The fluctuation compared to level reported from December 31, 2024 was largely driven by decrease in retained earnings due to net loss of \$24.0 million in first quarter of 2025 and dividend of \$10.0 million distributed to Class A members in March 2025.

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 March 31, 2025, total capital ratio stood at 19.2% which is above the supervisory target.

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

Risk Review

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

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

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

Strategic Risk

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

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

Compliance Risk

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

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

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

Credit Risk

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

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

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

In the first quarter of 2025, Central 1 reported a modest decrease in allowance for expected credit losses of \$0.1 million for the Commercial Real Estate Lending (CREL) portfolio, resulting in a total allowance of \$7.5 million. This reduction was primarily driven by lower loan exposures. Meanwhile, the allowance for expected credit losses for the Investment portfolio decreased marginally. There were no expected credit losses in the Credit Union Lending portfolio given ample security pledged to secure credit facilities.

Credit Quality Performance

Investments Portfolio

Our investment portfolio is comprised of high-quality liquid securities. AAA and R-1 (High) rated securities account for \$3.2 billion, representing 49.6% of the portfolio. There are no impaired investments within the portfolio. Positions are based on notional, not market values, and do not include securitization assets sold to the Canada Housing Trust.

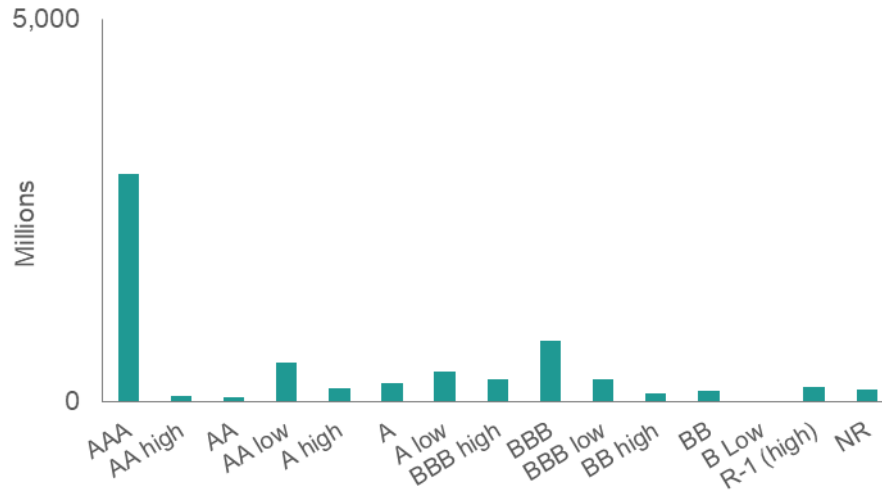
Credit Union Lending

There are no impaired loan facilities in the Credit Union Lending portfolio. As at March 31, 2025 four Ontario credit unions and two BC credit unions were classified as Watch List rating entities. A Watch List rating indicates a material increase in default risk, but the loans are not in default and remain on an accrual basis. These accounts require enhanced monitoring and/or workout planning. As of March 31, 2025, Watch List accounts represented 17.4% of the authorized portfolio. The security provided for these Watch List facilities is substantial and no losses are expected.

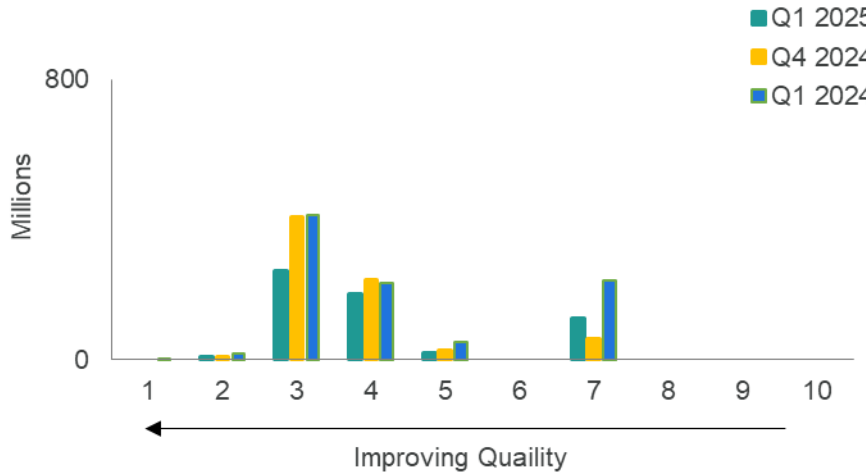
Commercial Real Estate Lending

The portfolio performance remained stable in the first quarter of 2025. As at March 31, 2025, there were three accounts classified as credit-impaired representing 2.3% of the outstanding portfolio balance. The impaired loans are secured by a first priority security interest over real estate assets and are subject to close monitoring. Two accounts that have experienced a significant increase in credit risk representing 3.0% of the portfolio balance.

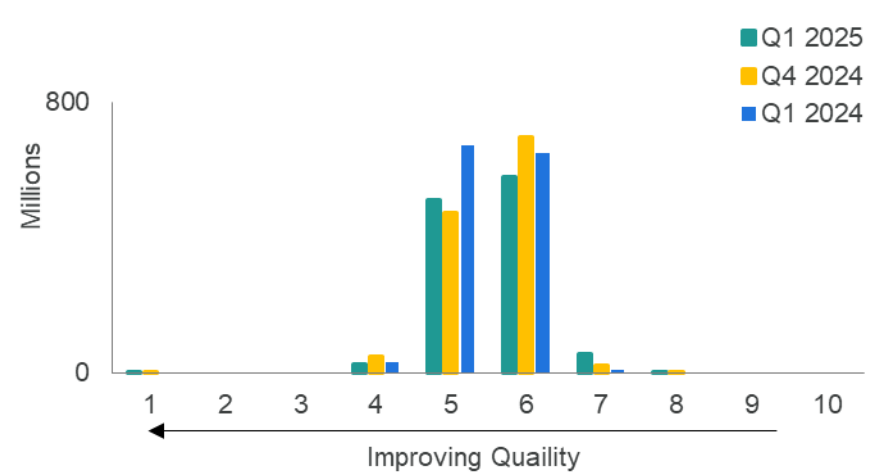
Investment Portfolio
(Millions of dollars)



Credit Union Lending (CUL) Portfolio
(Outstanding Balances in Millions)



Commercial Real Estate Lending (CREL) Portfolio
(Outstanding Balances in Millions)



Counterparty Risk

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

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

Liquidity Risk

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

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

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

The LCR demonstrates a financial institution's ability to meet 30-day cash flow requirements under stressed conditions. It assumes significant withdrawals of eligible deposits, increased utilization of committed credit facilities, no new extension or issuance of capital markets debt, and that only highly liquid assets can be sold to raise cash subject to a haircut of their market value. Central 1 uses the OSFI LCR for its risk appetite statement limit and regulatory reporting.

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

As of March 31, 2025, Central 1’s NCCF and OSFI LCR indicated a high level of liquidity. Central 1 remains in a strong position to support the credit union system’s liquidity needs.

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	LTM Average ¹
OSFI LCR	159.8%	157.2%	150.7%	126.6%	138.7%	140.8%

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

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

Market Risk

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

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

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

Value at Risk

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

To mitigate interest rate and foreign exchange risk, Central 1 aligns its Treasury asset and liability portfolios by term and currency. Throughout the first quarter of 2025, the Total 1-Day VaR -and ES increased due to the heightened volatility in Q1 2025 across all asset sectors, driven by U.S. tariffs and geopolitical uncertainties.

\$ millions	Treasury		Last 12 Months		
	March 31, 2025	March 31, 2024	Average	High	Low
Interest Rate VaR	\$ 1.5	\$ 2.3	\$ 2.0	\$ 2.7	\$ 1.4
Credit Spread VaR	2.6	1.7	2.1	2.7	1.6
Foreign Exchange VaR	2.0	1.8	1.6	2.5	1.0
Diversification ¹	(2.0)	(2.6)	(2.4)	nm	nm
Total VaR	\$ 4.1	\$ 3.2	\$ 3.3	\$ 5.1	\$ 2.9
Expected Shortfall	\$ 5.7	\$ 3.6	\$ 4.1	\$ 6.7	\$ 3.3

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

nm - not meaningful to calculation

Stress Testing

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

\$ millions	Treasury		Last 12 Months		
	Q1 2025	Q1 2024	Average	High	Low
1-Day SVaR	\$ 11.7	\$ 8.4	\$ 10.8	\$ 12.9	\$ 7.7
10-Day SVaR	\$ 25.7	\$ 23.2	\$ 22.0	\$ 27.7	\$ 17.0

Foreign Exchange Rate Exposure

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

\$ millions	Balance Sheet in Native Currency	Off-Balance Sheet Items - Foreign Exchange Forwards	Net Position in Native Currency	BOC Closing Rate	CAD Equivalent
USD	\$ (3.0)	\$ (0.3)	\$ (3.3)	1.4376	\$ (4.7)

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

Operational Risk

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

Top and Emerging Risks

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

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

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

U.S. – Canada Trade relations:

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

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

Market risk

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

Liquidity risk

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

Credit risk

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

Capital Adequacy risk

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

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

Accounting Matters

Future Accounting Policies

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

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

Use of Estimates and Judgements

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

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

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

Internal Controls over Financial Reporting

No changes were made in our internal controls over financial reporting during the quarter ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Related Party Disclosures

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

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

Glossary of Financial Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interim Consolidated Financial Statements

As at and for the Periods Ended March 31, 2025 and 2024

Interim Consolidated Statement of Financial Position (Unaudited)

\$ thousands, as at	Notes	Mar 31 2025	Dec 31 2024
Assets			
Cash and cash equivalents	4	\$ 1,268,042	\$ 653,055
Settlements in-transit assets		546,982	415,161
Securities	5	6,789,335	6,818,312
Loans	6	1,939,096	1,843,106
Derivative assets	7	81,789	108,679
Current tax assets		2,716	5
Assets held for sale	9	6,649	6,182
Property and equipment		3,707	3,949
Intangible assets		18,076	18,416
Investments in affiliates		90,531	89,917
Deferred tax assets		40,530	31,602
Other assets	10	47,211	48,371
Total assets		\$ 10,834,664	\$ 10,036,755
Liabilities			
Settlements in-transit liabilities		\$ 1,476,521	\$ 440,047
Deposits	11	5,131,560	5,246,499
Obligations related to securities sold short		11,236	32,526
Securities under repurchase agreements		458,594	691,268
Securitization liabilities	12	531,149	436,761
Derivative liabilities	7	79,379	64,705
Debt securities issued	13	2,059,598	2,054,651
Subordinated liabilities	14	198,533	195,456
Other liabilities	15	122,218	79,476
Total liabilities		10,068,788	9,241,389
Equity			
Share capital	16	43,401	43,401
Retained earnings		712,634	746,668
Accumulated other comprehensive income		9,841	5,297
Total equity		765,876	795,366
Total liabilities and equity		\$ 10,834,664	\$ 10,036,755
Guarantees, commitments, contingencies and pledged assets	22		

Approved by the Directors:

"Shelley McDade"

Shelley McDade
Chair

"Paul Challinor"

Paul Challinor
Chair

Audit and Finance Committee

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Income (Loss) (Unaudited)

\$ thousands	Notes	For the three months ended	
		Mar 31 2025	Mar 31 2024
Interest income			
Securities		\$ 59,038	\$ 72,019
Loans		24,813	31,981
		83,851	104,000
Interest expense			
Deposits		35,871	52,345
Debt securities issued		29,353	36,000
Subordinated liabilities		1,182	1,189
		66,406	89,534
Net interest income	17	17,445	14,466
Net fair value gains (losses)	18	(7,387)	34,458
Non-interest income	19	39,744	41,755
Total revenue		49,802	90,679
Provision for (recovery of) credit losses	8	(164)	183
Non-interest expense			
Salaries and employee benefits		29,894	30,571
Management information systems		5,492	4,584
Depreciation and amortization		718	1,632
Provision for onerous contracts	15	35,050	-
Other administrative expense	20	16,109	14,361
		87,263	51,148
Income (loss) before income taxes		(37,297)	39,348
Income tax expense (recovery)		(13,269)	10,473
Net income (loss)		\$ (24,028)	\$ 28,875

See accompanying Notes to the Interim Consolidated Financial Statements

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

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Net income (loss)	\$ (24,028)	\$ 28,875
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to net income		
Fair value reserves (securities at fair value through other comprehensive income)		
Net change in fair value of debt securities at fair value through other comprehensive income	1,064	4,012
Reclassification of realized gain to net income	(4)	-
Share of other comprehensive income of affiliates accounted for using the equity method	93	14
	1,153	4,026
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	3,385	(9,737)
Total other comprehensive income (loss), net of tax	4,538	(5,711)
Total comprehensive income (loss), net of tax	\$ (19,490)	\$ 23,164

Income Taxes – Other Comprehensive Income (Loss)

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

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 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	\$ 409	\$ 1,478
Reclassification of realized gain to net income	(2)	-
Share of other comprehensive income of affiliates accounted for using the equity method	14	2
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	1,247	(3,587)
	\$ 1,668	\$ (2,107)

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Changes in Equity (Unaudited)

\$ thousands	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Total Equity
Balance as at December 31, 2024	\$ 43,401	\$ 746,668	\$ 2,925	\$ (3,149)	\$ 5,521	\$ 795,366
Total comprehensive income, net of tax						
Net loss		(24,028)				(24,028)
Other comprehensive income, net of tax						
Fair value reserve (securities at fair value through other comprehensive income)			1,060			1,060
Share of other comprehensive loss of affiliates accounted for using the equity method			93			93
Liability credit reserve				3,385		3,385
Total comprehensive income (loss)	-	(24,028)	1,153	3,385	-	(19,490)
Transactions with owners, recorded directly in equity						
Dividends to members		(10,000)				(10,000)
Reclassification of liability credit reserve on derecognition¹		(6)		6		-
Balance as at March 31, 2025	\$ 43,401	\$ 712,634	\$ 4,078	\$ 242	\$ 5,521	\$ 765,876

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

See accompanying Notes to the Interim Consolidated Financial Statements

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Interim Consolidated Statement of Changes in Equity (Unaudited)

\$ thousands	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Total Equity
Balance as at December 31, 2023	\$ 43,401	\$ 682,526	\$ (8,585)	\$ 3,811	\$ 4,831	\$ 725,984
Total comprehensive income, net of tax						
Net Income		28,875				28,875
Other comprehensive income, net of tax						
Fair value reserve (securities at fair value through other comprehensive income)			4,012			4,012
Share of other comprehensive income of affiliates accounted for using the equity method			14	(9,737)		14
Liability credit reserve					-	-
Total comprehensive income (loss)	-	28,875	4,026	(9,737)	-	23,164
Reclassification of liability credit reserve on derecognition¹			(24)	24		
Balance as at March 31, 2024	\$ 43,401	\$ 711,377	\$ (4,559)	\$ (5,902)	\$ 4,831	\$ 749,148

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

Interim Consolidated Statement of Cash Flows (Unaudited)

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Cash flows from (used in) operating activities		
Net income (loss)	\$ (24,028)	\$ 28,875
Adjustments for:		
Depreciation and amortization	718	1,632
Net interest income	(17,445)	(14,466)
Net fair value (gains) losses	7,387	(34,458)
Provision for onerous contracts	35,050	-
Provision for (recovery of) credit losses	(164)	183
Dividend income	(2,124)	(2,652)
Equity interest in affiliates	437	779
Income tax expense (recovery)	(13,269)	10,473
	(13,438)	(9,634)
Change in settlements in-transit assets	(131,821)	77,074
Change in securities	154,661	406,550
Change in loans	(96,435)	(420,757)
Change in derivative assets and liabilities	6,400	30,521
Change in settlements in-transit liabilities	1,036,474	305,193
Change in deposits	(113,198)	(76,262)
Change in securities under repurchase agreements	(232,268)	(231,622)
Change in obligations related to securities sold short	(22,459)	41
Change in other assets and liabilities	(3,540)	(35,331)
Interest received	77,029	96,638
Interest paid	(50,515)	(67,052)
Income tax received	-	736
Income tax paid	(40)	(35)
Net cash from operating activities	610,850	76,060

See accompanying Notes to the Interim Consolidated Financial Statements

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

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Cash flows from (used in) investing activities		
Purchase of reinvestment assets under the CMB Program - NHA MBS Securities	(21,172)	(10,033)
Maturity of reinvestment assets under the CMB Program - NHA MBS Securities	53,788	30,682
Change in reinvestment assets under the CMB Program - Reverse repos	(125,143)	(58,624)
Property and equipment - net	(409)	(259)
Intangible assets - net	(52)	(143)
Dividend received	2,124	2,652
Investments in affiliates - net	(944)	(1,936)
Net cash used in investing activities	(91,808)	(37,661)
Cash flows from (used in) financing activities		
Change in debt securities issued - Commercial paper	1,169	(103,156)
Repayment of lease liabilities	(105)	(99)
Change in securitization liabilities	92,527	37,975
Dividends paid	(10,000)	-
Net cash from (used in) financing activities	83,591	(65,280)
Effect of exchange rate changes on cash and cash equivalents	12,354	11,335
Increase (decrease) in cash and cash equivalents	614,987	(15,546)
Cash and cash equivalents - beginning of period	653,055	1,852,499
Cash and cash equivalents - end of period	\$ 1,268,042	\$ 1,836,953

See accompanying Notes to the Interim Consolidated Financial Statements

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As at and for the period ended March 31, 2025

1. Reporting Entity

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

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

2. Basis of Presentation

Basis of Accounting

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

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

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

These Interim Consolidated Financial Statements were authorized for issue by the Board of Directors on May 29, 2025.

Provisions

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

Provisions are measured based on management's best estimate of the

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

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

Future Accounting Policies

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

3. Use of Estimates and Judgements

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

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

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

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

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

Central 1 Credit Union /10

As at and for the period ended March 31, 2025

4. Cash and Cash Equivalents

\$ thousands, as at		Mar 31 2025		Dec 31 2024
With Bank of Canada	\$	1,111,234	\$	534,512
With other regulated financial institutions		156,808		118,543
	\$	1,268,042	\$	653,055

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

5. Securities

\$ thousands, as at		Mar 31 2025		Dec 31 2024
Mandatorily at FVTPL				
Government and government guaranteed securities	\$	1,993,117	\$	2,089,065
Corporate and major financial institutions				
AA low or greater		1,280,997		1,326,235
A (high) to A (low)		753,213		704,510
BBB (high) to BB		1,374,257		1,250,225
Equity instruments		41,120		40,801
Fair value	\$	5,442,704	\$	5,410,836
Securities FVOCI				
Government and government guaranteed securities	\$	316,508	\$	491,537
Corporate and major financial institutions				
AA low or greater		210,900		187,948
A (high) to A (low)		50,800		2,101
BBB (high) to BB High		237,274		289,129
Fair value	\$	815,482	\$	970,715

\$ thousands, as at		Mar 31 2025		Dec 31 2024
Reinvestment assets under the CMB Program				
Mandatorily at FVTPL				
Government and government guaranteed securities	\$	148,943	\$	179,698
Fair value	\$	148,943	\$	179,698

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Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Amortized cost		
Assets acquired under reverse repurchase agreements	\$ 382,206	\$ 257,063
Total reinvestment assets under the CMB Program	\$ 531,149	\$ 436,761
Total	\$ 6,789,335	\$ 6,818,312

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

6. Loans

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

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Amortized cost		
Due on demand		
Credit unions	\$ 48,880	\$ 229,664
Commercial and others	55,273	60,080
	104,153	289,744
Term		
Credit unions	160,000	-
Commercial and others	1,170,884	1,243,031
Reverse repurchase agreements	506,728	312,555
	1,837,612	1,555,586
	1,941,765	1,845,330
Accrued interest	4,874	5,436
	1,946,639	1,850,766
Allowance for credit losses (Note 8)	(7,543)	(7,660)
Carrying value	\$ 1,939,096	\$ 1,843,106

As at and for the period ended March 31, 2025

7. Derivative Instruments

Hedge Accounting

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

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

	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 three months ended March 31						
Securities at FVOCI ¹	\$ 3,005	\$ (2,545)	\$ 460	\$ (1,126)	\$ 1,113	\$ (19)
Debt securities issued	(2,641)	2,772	131	6,147	(6,034)	113

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)

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

\$ thousands, as at	March 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
Securities at FVOCI ¹	\$ 201,156	\$ 191,402	\$ (7,524)	\$ 9,312	\$ 201,156	\$ 187,622	\$ (4,979)	\$ 6,307
Debt securities issued	650,000	(650,976)	9,510	(8,737)	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 Interim Consolidated Statement of Financial Position and includes amortized cost, before allowance for credit losses, plus fair value hedge adjustments, except for FVOCI securities that are carried at fair value.

8. Provision for (Recovery of) Credit Losses

\$ thousands, as at March 31, 2025	Stage 1		Stage 2		Stage 3 ¹		Total
Financial assets at amortized cost							
Balance as at December 31, 2024	\$	4,726	\$	1,755	\$	1,178	\$ 7,659
Provision for (recovery of) credit losses:							
Purchases and originations		187		-		-	187
Derecognitions and maturities		(569)		-		-	(569)
Remeasurements		(51)		26		291	266
Total provision for (recovery of) credit losses		(433)		26		291	(116)
Balance as at March 31, 2025	\$	4,293	\$	1,781	\$	1,469	\$ 7,543
Financial assets at FVOCI							
Balance as at December 31, 2024	\$	142	\$	-	\$	-	\$ 142
Recovery of credit losses:							
Derecognitions and maturities		-		-		-	-
Remeasurements		(48)		-		-	(48)
Total recovery of credit losses		(48)		-		-	(48)
Balance as at March 31, 2025	\$	94	\$	-	\$	-	\$ 94

Notes to the Interim Consolidated Financial Statements (Unaudited)

Central 1 Credit Union /14

As at and for the period ended March 31, 2025

\$ thousands, as at March 31, 2025	Stage 1		Stage 2		Stage 3 ¹		Total
Total							
Balance as at December 31, 2024	\$	4,868	\$	1,755	\$	1,178	\$ 7,801
Provision for (recovery of) credit losses:							
Purchases and originations		187		-		-	187
Derecognitions and maturities		(569)		-		-	(569)
Remeasurements		(99)		26		291	218
Total provision for (recovery of) credit losses		(481)		26		291	(164)
Balance as at March 31, 2025	\$	4,387	\$	1,781	\$	1,469	\$ 7,637

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

\$ thousands, as at March 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:							
Purchases and originations		32		-		-	32
Derecognitions and maturities		(160)		-		-	(160)
Remeasurements		251		3		53	307
Total provision for credit losses		123		3		53	179
Balance as at March 31, 2024	\$	3,412	\$	325	\$	261	\$ 3,998

Financial assets at FVOCI

Balance as at December 31, 2023	\$	230	\$	-	\$	-	\$ 230
Provision for (recovery of) credit losses:							
Derecognitions and maturities		(1)		-		-	(1)
Remeasurements		5		-		-	5
Total provision for credit losses		4		-		-	4
Balance as at March 31, 2024	\$	234	\$	-	\$	-	\$ 234

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

\$ thousands, as at March 31, 2024	Stage 1		Stage 2		Stage 3 ¹		Total	
Total								
Balance as at December 31, 2023	\$	3,519	\$	322	\$	208	\$	4,049
Provision for (recovery of) credit losses:								
Purchases and originations		32		-		-		32
Derecognitions and maturities		(161)		-		-		(161)
Remeasurements		256		3		53		312
Total provision for credit losses		127		3		53		183
Balance as at March 31, 2024	\$	3,646	\$	325	\$	261	\$	4,232

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

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

\$ thousands, as at March 31, 2025	Stage 1	Stage 2	Stage 3	Total
Low Risk	\$ 798,654	\$ -	\$ -	\$ 798,654
Medium Risk	1,085,628	-	-	1,085,628
High Risk	-	35,059	-	35,059
Not Rated ¹	205	-	-	205
Impaired	-	-	27,093	27,093
Total	\$ 1,884,487	\$ 35,059	\$ 27,093	\$ 1,946,639

\$ 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.

As at and for the period ended March 31, 2025

ECL for Credit-Impaired Loans

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

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

Forward Looking Macroeconomic Variables

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

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

As of March 31, 2025, the base case scenario continues to predict lower GDP growth in near term, alongside three additional interest rate cuts in 2025, with mild recession anticipated. The optimistic scenario envisions a period of economic expansion, while the pessimistic scenario reflects a severe recession during the forecast period.

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

All figures are average annual values	As at March 31, 2025						As at December 31, 2024					
	Optimistic Scenario		Base Scenario		Pessimistic Scenario		Optimistic Scenario		Base Scenario		Pessimistic Scenario	
	First 12 Months	Remaining Horizon ¹	First 12 Months	Remaining Horizon ¹	First 12 Months	Remaining Horizon ¹	First 12 Months	Remaining Horizon ¹	First 12 Months	Remaining Horizon ¹	First 12 Months	Remaining Horizon ¹
Real GDP	2.4%	2.5%	0.9%	1.8%	(1.1)%	0.9%	4.0%	2.5%	1.8%	2.0%	(1.3)%	1.3%
Unemployment rate	6.0	5.7	6.9	6.2	8.2	7.5	5.4	4.9	6.4	5.3	7.3	6.4
Bankers acceptance rate ²	4.4	4.1	2.6	2.8	1.6	1.7	5.0	3.9	3.0	2.9	1.6	1.6
3-month GOC rate	4.2	4.0	2.3	2.7	1.3	1.5	4.9	3.8	2.8	2.7	1.3	1.3
Debt to income ratio	181.1	185.1	174.1	179.1	171.0	176.6	182.1	186.2	176.5	181.8	173.6	179.2
Housing price index	1.9%	4.2%	(0.4)%	3.2%	(4.7)%	2.9%	3.7%	4.0%	2.3%	2.8%	0.0%	2.1%

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 March 31, 2025 to reflect the spread over Treasury bills to approximate the Bank of Canada's lending rates.

Management Overlays

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

9. Assets held for sale

Central 1 has listed its head office (the Property) located on 1441 Creekside Drive, Vancouver BC, for sale. There was no change in the carrying value upon reclassification, as the estimated fair value less costs to sell exceeds the carrying value of \$6.6 million (December 31, 2024 - \$6.2 million).

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Property and equipment	\$ 6,222	\$ 5,755
Other Assets		
Investment Property	427	427
	\$ 6,649	\$ 6,182

Notes to the Interim Consolidated Financial Statements (Unaudited)

Central 1 Credit Union /19

As at and for the period ended March 31, 2025

10. Other Assets

\$ thousands, as at		Mar 31 2025		Dec 31 2024
Prepaid expenses	\$	15,951	\$	12,716
Accounts receivable and other		11,603		10,886
Cash collateral receivable ¹		11,591		16,757
Post-employment benefits		8,066		8,012
	\$	47,211	\$	48,371

¹Paid as collateral for derivatives transactions.

11. Deposits

\$ thousands, as at		Mar 31 2025		Dec 31 2024
Deposits designated at FVTPL				
Due within three months	\$	1,275,552	\$	1,333,139
Due after three months and within one year		476,526		462,394
Due after one year and within five years		555,043		613,143
		2,307,121		2,408,676
Accrued interest		18,391		20,942
Amortized cost	\$	2,325,512	\$	2,429,618
Fair value	\$	2,333,917	\$	2,437,195
Deposits held at amortized cost				
Due on demand	\$	2,792,603	\$	2,800,138
Due within three months		5,030		9,140
		2,797,633		2,809,278
Accrued interest		10		26
Amortized cost	\$	2,797,643	\$	2,809,304
Total carrying value	\$	5,131,560	\$	5,246,499

The fair value of deposits at March 31, 2025 was \$5,131.6 million (December 31, 2024 - \$5,246.5 million).

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

12. Securitization Liabilities

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

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Amounts		
Due within three months	\$ 405,847	\$ 285,632
Due after three months and within one year	46,118	76,334
Due after one year and within five years	79,398	76,869
Amortized cost	\$ 531,363	\$ 438,835
Fair value	\$ 531,149	\$ 436,761

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

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Mandatorily at FVTPL		
Total reinvestment assets under the CMB Program (Note 5)	\$ 148,943	\$ 179,698
Total underlying assets mandatorily at fair value	\$ 148,943	\$ 179,698
Amortized cost		
Total reinvestment assets under the CMB Program (Note 5)	\$ 382,206	\$ 257,063
Total underlying assets designated	\$ 531,149	\$ 436,761

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

13. Debt Securities Issued

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Amortized cost		
Due within three months	\$ 593,681	\$ 646,253
Due after three months and within one year	476,162	422,483
Due after one year and within five years	299,094	299,032
	1,368,937	1,367,768
Accrued interest	2,198	10,453
Amortized cost	\$ 1,371,135	\$ 1,378,221
Fair value hedge adjustment ¹	8,737	6,096
Carrying value	\$ 1,379,872	\$ 1,384,317
Designated at FVTPL		
Due after three months and within one year	\$ 250,000	-
Due after one year and within five years	400,000	\$ 650,000
Accrued interest	9,788	4,792
Amortized cost	\$ 659,788	\$ 654,792
Fair value	679,726	670,334
Total carrying value	\$ 2,059,598	\$ 2,054,651

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

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

14. Subordinated Liabilities

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Designated as FVTPL		
Series 7	\$ 200,000	\$ 200,000
Accrued interest	1,209	26
Amortized cost	\$ 201,209	\$ 200,026
Fair value	\$ 198,533	\$ 195,456
Total carrying value	\$ 198,533	\$ 195,456

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

15. Other Liabilities

\$ thousands, as at		Mar 31 2025		Dec 31 2024
Deferred revenue ¹	\$	27,637	\$	27,620
Short-term employee benefits		21,459		21,496
Accounts payable		20,704		15,556
Post-employment benefits		12,855		12,941
Finance lease		1,674		1,779
Cash collateral payable ²		3,309		84
Provision for onerous contracts		34,580		-
	\$	122,218	\$	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.

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

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

\$ thousands, as at		Mar 31 2025
Balance as at January 1, 2025	\$	-
Provision recognized		35,050
Amounts charged against provision		(470)
Balance as at March 31, 2025	\$	34,580

As at and for the period ended March 31, 2025

16. Share Capital

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

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

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

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

thousands of dollars, as at	Mar 31 2025	Dec 31 2024	Mar 31 2024
Amount of share capital outstanding			
Outstanding \$1 par value shares			
Class A - credit unions	\$ 43,364	\$ 43,364	\$ 43,364
Class B - cooperatives	10	10	11
Class C - other	8	8	7
Outstanding \$0.01 par value shares			
Class E - credit unions	21	21	21
	43,403	43,403	43,403
Amount of treasury shares			
Treasury shares - Class E	(2)	(2)	(2)
Balance at the end of period	\$ 43,401	\$ 43,401	\$ 43,401

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

17. Net Interest Income

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Interest Income		
FVTPL	\$ 49,867	\$ 56,445
FVOCI	7,596	12,725
Amortized cost	26,388	34,830
	83,851	104,000
Interest Expense		
FVTPL	26,666	34,335
Amortized cost	39,740	55,199
	66,406	89,534
Net Interest Income	\$ 17,445	\$ 14,466

18. Net Fair Value Gains (Losses)

The following table summarizes the realized gains (losses) for the three months ended March 31, 2025 and 2024.

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Realized gain (loss) on securities at FVTPL	\$ 1,116	\$ (6,637)
Realized gain on securities at FVOCI	6	-
Realized gain on derivative instruments	7,581	36,674
Realized gain on deposits designated at FVTPL	2	134
Realized gain (loss) on obligations related to securities sold short mandatorily at FVTPL	(1,433)	41
	\$ 7,272	\$ 30,212

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

The following table summarizes the unrealized gains (losses) for the three months ended March 31, 2025 and 2024.

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Change in unrealized gains (losses)		
Securities at FVTPL	\$ 21,276	\$ 22,793
Activities under the Canada Mortgage Bond Program		
Reinvestment assets	1,860	1,883
Securitization liabilities	(1,860)	(1,883)
Derivative instruments	(1,601)	(6,860)
Derivative instruments	(22,811)	(21,539)
Financial liabilities at FVTPL		
Deposits designated at FVTPL	(3,898)	5,391
Obligations related to securities sold short mandatorily at FVTPL	229	-
Debt securities issued designated at FVTPL	(6,056)	3,957
Subordinated liabilities designated at FVTPL	(1,798)	504
	\$ (14,659)	\$ 4,246

The following table summarizes the net fair value gains (losses) for the three months ended March 31, 2025 and 2024.

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Securities mandatorily at FVTPL	\$ 22,392	\$ 16,156
Securities at FVOCI	6	-
Activities under the Canada Mortgage Bond Program		
Reinvestment assets	1,860	1,883
Securitization liabilities	(1,860)	(1,883)
Derivative instruments	(1,601)	(6,860)
Derivative instruments	(15,230)	15,135
Financial liabilities at FVTPL		
Deposits designated at FVTPL	(3,896)	5,525
Obligations related to securities sold short mandatorily at FVTPL	(1,204)	41
Debt securities issued designated at FVTPL	(6,056)	3,957
Subordinated debt issued designated at FVTPL	(1,798)	504
	\$ (7,387)	\$ 34,458

Notes to the Interim Consolidated Financial Statements (Unaudited)

Central 1 Credit Union /27

As at and for the period ended March 31, 2025

19. Non-Interest Income

For the three months ended March 31		2025			2024		
	Revenue arising from contracts with customers	Revenue arising from other sources	Total	Revenue arising from contracts with customers	Revenue arising from other sources	Total	
\$ thousands							
Treasury							
Lending fees	\$ 3,090	\$ -	\$ 3,090	\$ 3,684	\$ -	\$ 3,684	
Securitization fees	1,669	-	1,669	1,684	-	1,684	
Foreign exchange income	-	878	878	-	520	520	
Asset management services	883	-	883	879	-	879	
Other	1,315	84	1,399	1,222	(90)	1,132	
Payments							
Payment processing and other fees	22,851	-	22,851	22,476	-	22,476	
Digital Banking							
Digital banking fees	7,209	-	7,209	9,174	-	9,174	
System Affiliates & Other							
Equity interest in affiliates	-	(521)	(521)	-	(689)	(689)	
Dividend Income	-	2,124	2,124	-	2,652	2,652	
Other	162	-	162	243	-	243	
	\$ 37,179	\$ 2,565	\$ 39,744	\$ 39,362	\$ 2,393	\$ 41,755	

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

As at and for the period ended March 31, 2025

20. Other Administrative Expense

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Professional fees	\$ 7,131	\$ 4,768
Cost of payments processing	5,392	6,601
Cost of sales and services	1,983	1,704
Other	710	597
Occupancy	624	490
Business development projects	269	201
	\$ 16,109	\$ 14,361

21. Segment Information

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

Treasury

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

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

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

Payments

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

Digital Banking

Digital Banking operated innovative digital banking technologies for member credit unions, other financial institutions and corporate clients to offer a variety of direct banking services to their individual customers through their online banking platform, including Forge 2.0 until February 28, 2025. Effective March 1, 2025,

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

Central 1 completed the transition of the Digital Banking business to Intellect. Intellect assumed responsibility for Central 1's Digital Banking operations, which includes Forge, Member Direct, public website, mobile applications, and related products, as well as the Digital Banking engineering and service teams. Central 1 will continue to provide the underlying technology infrastructure and related services for the Digital Banking business over the next few years.

System Affiliates & Other

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

Management Reporting Framework

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

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

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

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

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

Results by Segment

The following table summarizes the segment results for the three months ended March 31, 2025:

\$ thousands, for the three months ended March 31, 2025	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	\$ 83,851	\$ -	\$ -	\$ -	\$ 83,851
Interest expense	66,133	273	-	-	66,406
Net interest income (expense)	17,718	(273)	-	-	17,445
Net fair value loss	(7,299)	-	-	(88)	(7,387)
Non-interest income from external customers, excluding equity interest in affiliates	7,835	22,851	7,209	2,286	40,181
Equity interest in affiliates	84	-	-	(521)	(437)
Total revenue	18,338	22,578	7,209	1,677	49,802
Recovery of credit losses	(164)	-	-	-	(164)
Non-interest expense					
Salaries and employee benefits	7,008	11,250	10,013	1,623	29,894
Management information systems	1,248	2,960	1,261	23	5,492
Depreciation and amortization	298	330	90	-	718
Provision for onerous contracts	-	-	35,050	-	35,050
Other administrative expense	2,526	10,406	2,710	467	16,109
	11,080	24,946	49,124	2,113	87,263
Income (loss) before income taxes	7,422	(2,368)	(41,915)	(436)	(37,297)
Income tax expense (recovery)	1,983	(637)	(11,284)	(3,331)	(13,269)
Net income (loss)	\$ 5,439	\$ (1,731)	\$ (30,631)	\$ 2,895	\$ (24,028)
Total assets as at March 31, 2025	\$ 10,592,853	\$ 16,296	\$ 4,771	\$ 220,744	\$ 10,834,664
Total liabilities as at March 31, 2025	\$ 9,770,833	\$ 27,974	\$ 39,268	\$ 230,713	\$ 10,068,788

Notes to the Interim Consolidated Financial Statements (Unaudited)

As at and for the period ended March 31, 2025

The following table summarizes the segment results for the three months ended March 31, 2024:

\$ thousands, for the three months ended March 31, 2024	Treasury	Payments	Digital Banking	System Affiliates & Other	Total
Interest income	\$ 104,000	\$ -	\$ -	\$ -	104,000
Interest expense	88,979	555	-	-	89,534
Net interest income (expense)	15,021	(555)	-	-	14,466
Net fair value gain	34,458	-	-	-	34,458
Non-interest income from external customers, excluding equity interest in affiliates	7,989	22,476	9,174	2,895	42,534
Equity interest in affiliates	(90)	-	-	(689)	(779)
Total revenue	57,378	21,921	9,174	2,206	90,679
Provision for credit losses	183	-	-	-	183
Non-interest expense					
Salaries and employee benefits	6,636	9,852	13,963	120	30,571
Management information systems	1,019	1,741	1,775	49	4,584
Depreciation and amortization	439	900	293	-	1,632
Other administrative expense	1,831	6,853	2,830	2,847	14,361
	9,925	19,346	18,861	3,016	51,148
Income (loss) before income taxes	47,270	2,575	(9,687)	(810)	39,348
Income tax expense (recovery)	12,735	694	(2,610)	(346)	10,473
Net income (loss)	\$ 34,535	\$ 1,881	\$ (7,077)	\$ (464)	\$ 28,875
Total assets as at March 31, 2024	\$ 10,922,960	\$ 13,593	\$ 5,255	\$ 227,524	\$ 11,169,332
Total liabilities as at March 31, 2024	\$ 10,188,083	\$ 22,054	\$ 4,715	\$ 205,332	\$ 10,420,184

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

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22. Guarantees, Commitments, Contingencies and Pledged Assets

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

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

\$ thousands, as at		Mar 31 2025		Dec 31 2024
Commitments to extend credit	\$	4,959,681	\$	5,016,544
Guarantees				
Financial guarantees	\$	798,600	\$	794,600
Performance guarantees	\$	500,000	\$	500,000
Standby letters of credit	\$	225,790	\$	221,127
Future prepayment reinvestment commitment	\$	795,692	\$	796,324

Amounts utilized under these agreements representing off-balance sheet amounts for commitments to extend credit, guarantees, and standby letters of credit, respectively, on March 31, 2025 are \$10.0 million, \$931.2 million and \$94.4 million (December 31, 2024 - \$22.8 million, \$888.6 million and \$98.4 million).

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

On October 23, 2024, Central 1 entered into agreements with Portage Ventures IV GP Inc. to invest in Portage Ventures IV LP equity fund and Portage Ventures IV Intentional LP equity fund and has committed to invest a total of USD \$10.0 million. As at March 31, 2025, Central 1 contributed CAD \$1.2 million (US \$0.9 million) (December 31, 2024: CAD \$0.8 million (USD \$0.6 million)) which has been presented under Securities on Central 1's Interim Consolidated Statement of Financial Position.

Central 1 evaluates contingencies on an ongoing basis and establishes provisions for matters in which the outflow of economic resources is probable and the amount of obligation can be reliably estimated. Central 1 is involved in legal actions in the ordinary course of business, in which the likelihood of a loss and amount of loss, if any, cannot be reliably estimated at March 31, 2025.

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Pledged Assets

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

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

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

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

\$ thousands, as at	Mar 31 2025	Dec 31 2024
Securities^{1 2}		
Pledged to Bank of Canada in the Group Clearer Arrangement	\$ 1,004,052	\$ 1,002,787
Reinvestment assets under the CMB Program	531,149	436,761
Canadian Depository for securities - Settlement Agents proportionate share of collateral pool amount	24,544	24,544
Securities lending	14,640	50,202
Derivative assets		
Derivative financial instrument transactions	10,343	15,819
Other assets		
Centrally-cleared derivative activities - LCH Variation Margin	11,591	16,757
Securities under repurchase agreements		
	458,594	691,268
	\$ 2,054,913	\$ 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.

23. Financial Instruments – Fair Value

Certain financial instruments are recognized in the Interim Consolidated Statement of Financial Position at fair value. These include derivative instruments, securities, deposits and debt securities issued and a subordinated note that are designated at FVTPL, reinvestment assets, obligations related to securities sold short and securitization liabilities. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants which takes place in the principal (or most advantageous) market at the measurement date under current market conditions. The determination

As at and for the period ended March 31, 2025

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: quoted 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.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation.

Securities, deposits and debt securities issued and a subordinated note that are designated at FVTPL. Obligations related to securities sold short derivatives (except for futures which are Level 1) are classified as Level 2 in the hierarchy with observable prices or rate inputs as compared to transaction prices, dealer quotes or vendor prices. Equity instruments, where inputs are unobservable, are classified as Level 3 in the hierarchy. As at March 31, 2025 and December 31, 2024, Level 3 financial assets includes \$32.1 million (March 31, 2024 and December 31, 2023 - \$32.1 million) of equity instrument that is measured at cost which is an appropriate estimate of fair value as the most recent available information is not sufficient to measure fair value. Central 1 has determined that this value remains the same as prior periods.

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

During the quarter ended March 31, 2025, Central 1 transferred \$nil million of securities (quarter ended March 31, 2024 - \$401.4 million) from Level 1 to Level 2 and \$726.6 million of securities (quarter ended March 31, 2024 - \$nil million) from Level 2 to Level 1 due to changes in the observability of the inputs used to value these securities.

During the quarter ended March 31, 2025, Central 1 transferred \$1.2 million of obligations related to securities sold short (quarter March 31, 2024 - \$nil million) from Level 2 to Level 1 due to changes in the observability of the inputs used to value these securities.

Financial Instruments with Fair Value Approximating Carrying Value

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

Financial Instruments with Fair Value Determined Using Valuation Techniques

The most significant assets and liabilities for which fair values are determined using valuation techniques include: securities mandatorily measured at FVTPL and FVOCI, derivative instruments (except for futures which are Level 1), deposits and debt securities issued and a subordinated debt designated at FVTPL, reinvestment assets and securitization liabilities. To determine fair value, Central 1 uses broker quotes or third-party prices observed in the market. When observable quoted prices are not available, fair value is determined based on discounting the expected cash flows using interest rates currently being offered on

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instruments with similar terms or for the instruments.

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

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

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

The following table presents the carrying values and fair values of Central 1's financial assets and financial liabilities as at March 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.

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\$ millions, as at March 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	\$ -	\$ -	\$ -	\$ -	\$ 1,268.0	\$ 1,268.0
Settlements in-transit assets	-	-	-	-	547.0	547.0
Securities	760.4	5,605.6	41.1	6,407.1	382.2	6,789.3
Loans	-	-	-	-	1,939.1	1,939.1
Derivative assets	-	81.8	-	81.8	-	81.8
Other assets	-	-	-	-	23.2	23.2
Total financial assets	\$ 760.4	\$ 5,687.4	\$ 41.1	\$ 6,488.9	\$ 4,159.5	\$ 10,648.4
Financial liabilities						
Settlements in-transit liabilities	-	-	-	-	1,476.5	1,476.5
Deposits	-	2,333.9	-	2,333.9	2,797.6	5,131.5
Obligations related to securities sold short	11.2	-	-	11.2	-	11.2
Securities under repurchase agreements	-	-	-	-	458.6	458.6
Securitization liabilities	-	531.1	-	531.1	-	531.1
Derivative liabilities	0.8	78.6	-	79.4	-	79.4
Debt securities issued	-	679.7	-	679.7	1,379.9	2,059.6
Subordinated liabilities	-	198.5	-	198.5	-	198.5
Other liabilities	-	-	-	-	25.7	25.7
Total financial liabilities	\$ 12.0	\$ 3,821.8	\$ -	\$ 3,833.8	\$ 6,138.3	\$ 9,972.1

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	\$ 3,196.1	\$ 9,866.0
Financial liabilities	\$ 0.8	\$ 3,836.2	\$ -	\$ 3,837.0	\$ 5,342.3	\$ 9,179.3

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

As at and for the period ended March 31, 2025

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 Mar 31 2025
Equity shares	\$ 40.8	\$ 0.3	\$ -	\$ -	\$ -	\$ 41.1
Total financial assets	\$ 40.8	\$ 0.3	\$ -	\$ -	\$ -	\$ 41.1

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

24. Capital Management

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

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

Capital Management Framework

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

Regulatory Capital

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

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

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

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25. Related Party Disclosures

Related parties of Central 1 include:

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

Transactions with Key Management Personnel

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

The following table presents the compensation to key management personnel:

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Salaries and short-term employee benefits	\$ 2,230	\$ 1,748
Post-employment benefits	87	69
Termination and other long-term employee benefits	468	-
	\$ 2,785	\$ 1,817

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

Transactions with Board of Directors

\$ thousands	For the three months ended	
	Mar 31 2025	Mar 31 2024
Total remuneration	\$ 192	\$ 211

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Significant Subsidiaries

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

Investment in Affiliates

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

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

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

Substantial Investments

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

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