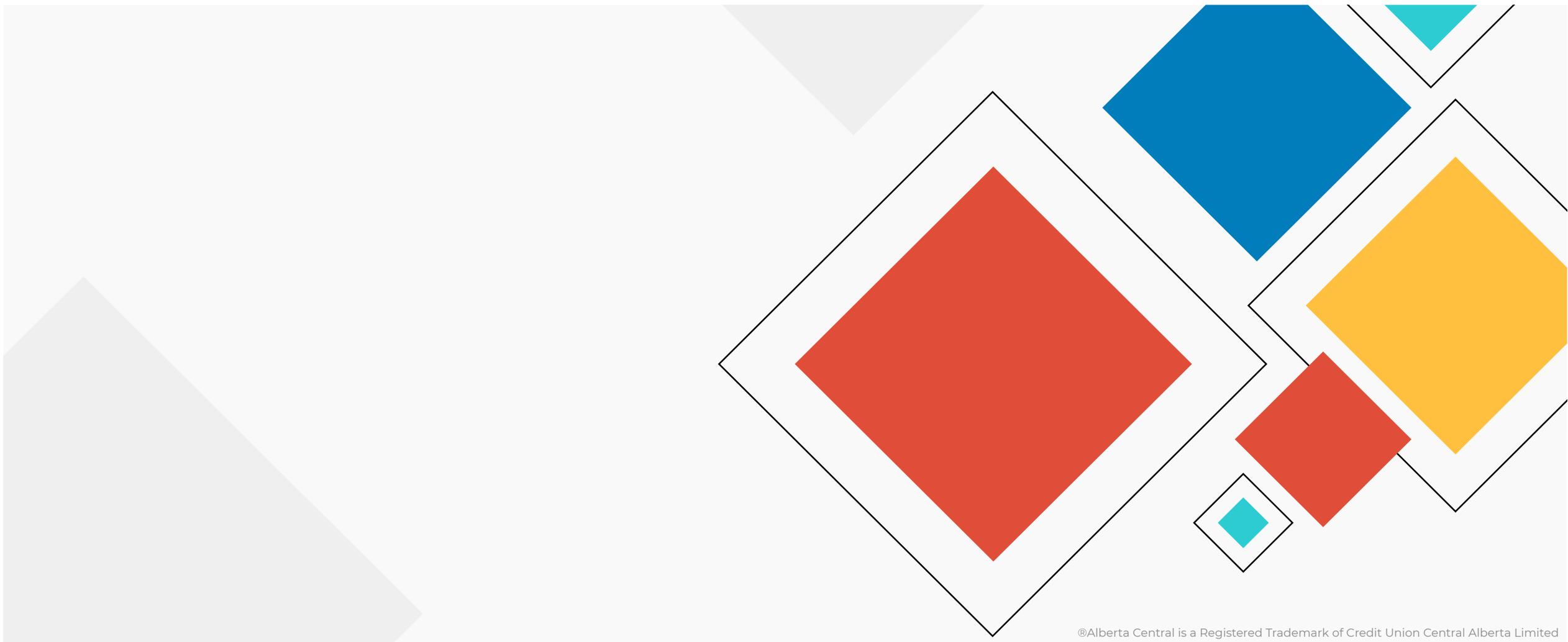
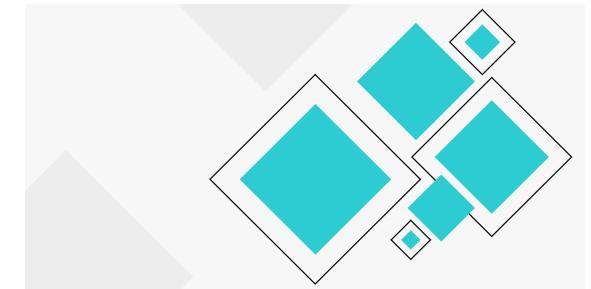
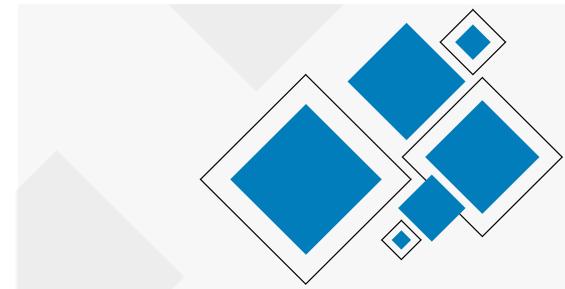
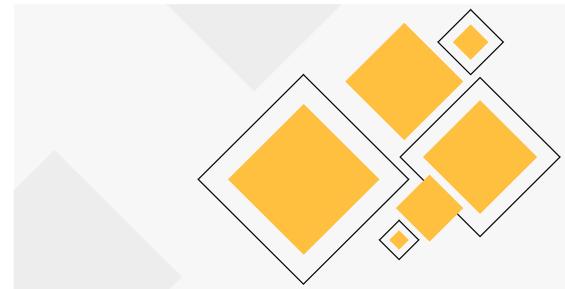
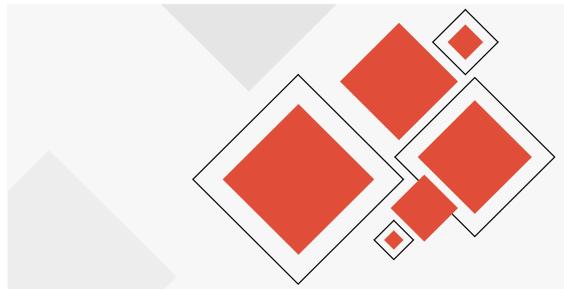


2025 Annual Report





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Message From the President and CEO

2025 was a year of transformation for Alberta Central. In response to historic changes across the Alberta credit union system and an increasingly volatile economic landscape, we looked inward to determine if our structure and services were still meeting the needs of the system.

Through considering Alberta Central's mandate and our philosophy of putting credit unions first, we determined over the course of the last year that we needed to focus our operations to better support our member credit unions. We transitioned toward a leaner, more agile operating model that emphasizes efficiency, clarity, and alignment with system priorities. By taking the time to assess our business lines, analyze our financial picture, and consult with credit unions, we made the strategic decision to exit all trade services and non-financial fee-for-service offerings.

The past year also saw continued transformation across the payments landscape as Alberta Central worked to advance payments modernization initiatives for Alberta credit unions. Working alongside our partners at Prairie Payments Joint Venture (PPJV) and Payments Canada, we focused on ensuring credit unions will continue to have access to secure, modern

payments infrastructure. We worked closely with the leadership of PPJV, Servus, Credit Union Central Saskatchewan (SaskCentral) and Credit Union Central Manitoba (CUCM) to ready the system for Real-Time Rail (RTR) and we achieved several notable milestones in the work to modernize the wires, settlement, and AFT payments streams. We also supported PPJV with governance improvements and strategic planning for its future-state, as well as striving to enhance the effectiveness of the prairie central working relationships.

In 2025, our financial services team remained focused on ensuring the financial strength and stability of our organization while enhancing products that support liquidity, lending and treasury needs for the system. Across the organization, we worked to find ways to improve our existing processes, modernize our technology platforms and systems, and save costs while increasing our responsiveness and operational resilience.

None of this important work would be possible without the dedication of Alberta Central's employees. Their professionalism, adaptability, and commitment to our values continue to inspire, especially in the face of the transformation and change seen in 2025. I am also grateful to our member credit unions for your trust, collaboration and candid feedback. This cooperation is the foundation on which the system depends. I appreciate the continued support of employees and system partners as we continue our journey to transform in 2026.

I am confident that the steps we are taking today will help create the Alberta Central of the future: focused, efficient, and deeply aligned to the success of our credit unions.

Change will continue to shape our environment, but together, we will be ready to meet it with clarity, courage and strength.

On behalf of Alberta Central, thank you to our employees, credit unions and partners for your support in 2025 and commitment to a vibrant Alberta credit union system now and in the future.



A handwritten signature in black ink, appearing to read "Ben Chappell". The signature is fluid and cursive, written over a white background.

Benjamin Chappell
President & CEO

Message From the Board Chair

As I complete my first year as Chair of Alberta Central's Board of Directors, I am pleased to reflect on a year marked by strong governance and collaboration across the system. The credit union sector continues to adapt to shifts in the economic, competitive and regulatory landscape, and the board has remained focused on providing steady oversight that supports stability and long-term value for credit unions.

Throughout the year, the board worked to ensure that Alberta Central remained responsive to the needs of the system. We remain committed to providing objective oversight, upholding strong governance practices, and ensuring that the organization is well positioned to support credit unions both now and in the future.

During 2025, the board continued to evaluate the broader forces shaping the financial services sector and the implications they hold for Alberta's credit unions. These discussions remain grounded in our commitment to protecting system interests, supporting prudent financial management and strengthening the resilience of the credit unions that rely on Alberta Central's services. As part of this work, the board engaged in regular conversations with management on strategic priorities, system trends and external factors influencing the credit union landscape. Over the year, the board took a proactive role in

supporting Alberta Central with the review of its current state, acting as trusted advisors on the best path forward. As the organization started its transition toward a leaner and more agile operating model in 2025, the board worked alongside management to ensure Alberta Central remained focused on the services and capabilities that provide the most value to credit unions.

In 2025 the board also focused their attention on priority areas including:

- Supporting the review and financial analysis of Alberta Central's business lines to inform credit union consultations and 2026 strategic planning efforts.
- Discontinuing Alberta Central's trade services and non-financial fee for service offerings as part of the realignment of Alberta Central's direction.

- Providing oversight to Alberta Central management and PPJV leadership to help develop the post-2030 roadmap and scenario planning materials for PPJV, as well as facilitating the review of PPJV’s financial principles and pricing/funding model.
- Working with partners at SaskCentral, CUCM and Velera to conclude the sale of Everlink to a third party in June 2025.

Let me take a moment to commend our credit union partners for maintaining a spirit of open communication and collaboration with the board. By participating in consultations, committees and dialogue, you have helped to ensure that Alberta Central’s direction reflects the current needs of the sector and remains focused on the growth and prosperity of the system. The strength of our collective is rooted in cooperation, and the board values the perspectives and contributions that credit unions bring to our shared work.

Looking ahead, the board remains confident in Alberta Central's long-term strategy and the organization’s ability to support a prosperous credit union system.

The board is committed to ensuring Alberta Central remains a trusted, reliable and proactive partner to our credit unions.

On behalf of the board, I want to extend my sincere gratitude to Alberta Central’s employees for their hard work and dedication, and to our credit unions for their continued support and engagement. It is a privilege to serve as Chair, and I look forward to the opportunities and progress that lie ahead in 2026.



A handwritten signature in black ink that reads "Randy Allarie". The signature is fluid and cursive.

Randy Allarie
Chair

An Overview of the System Numbers and Initiatives

Our System

For 2025, credit union system assets, equity and earnings continued to increase over 2024 figures.



12

Credit Unions in Alberta
As of October 31, 2025



190

Branch Locations

System Members

717,006



System Assets in Billions

\$35.99

System Equity in Billions

\$3.34

System Earnings in Millions*

\$369.29*

*Net income before tax and patronage bonus. Data as of October 31, 2025

In 2025, Alberta Central continued to focus on giving back to the community through corporate donations and community partnerships, grants and scholarships, including:

\$70
Thousand

in grants awarded, including Big Future and the Women in Ag Grant

\$25
Thousand

in scholarships awarded to Alberta students



Over
\$50
Thousand

invested in donations to local groups and community partnerships

Highlights



Our Values:

- Be Innovative
- Be Brave
- Be Community

In 2025, Alberta Central continued to put credit unions first in everything we do as we embarked on the second year of our 2024-2026 Strategic Plan, with a focus on enhancing and elevating the three roles we play to strategically respond to system and environmental factors that surround us. These roles are:

Role 1: System Services Provider

As a system services provider, Alberta Central offers financial, trade and support services to credit unions and system affiliates.

Under Role 1, in 2025 Alberta Central focused on:

- **Trade Services:** Determine Alberta Central's governance structure and dues programs to reflect changing system composition and create an understanding of the Alberta credit union system's future direction.

Activities included completing the Dues Governance Task Force (DGTF) process and presenting the final report to credit union leadership, with a DGTF implementation plan also

developed. Credit unions were engaged throughout 2025 on the future of the credit union system, with business line assessments (with financial analysis incorporated) utilized for credit union consultations and board recommendations. Credit union and board feedback was used to inform Alberta Central's strategic direction for 2026.

- **Support and Other Services:** Streamline other services currently offered.

Activities included conducting a business line review of all Alberta Central services and incorporating credit union feedback and recommendations into a revised organizational direction that focuses on financial services.

Role 2: Payments Connector

Alberta Central is the direct clearing agent for credit unions and plays a fundamental role as a payments connector between credit unions and other entities in the system. This includes direct responsibilities with respect to clearing and settlement, and the overall coordination of the system payments and settlement ecosystem.

Under Role 2, in 2025 Alberta Central focused on:

- **Ensure ongoing access** to critical payment, clearing and settlement infrastructure for credit unions as payments modernization advances.

Activities included working to advance Real-Time Rail (RTR) readiness on behalf of the Alberta system and completing Payments Canada's Participation Impact Assessment (PIA) with PPJV, Servus, CUCM and SaskCentral related to RTR. Additionally, all of Alberta Central's deliverables related to the modernization of wires, settlement and AFT for PPJV's Strategic Implementation Program (SIP) were completed, along with the development of out-of-plan process mapping improvement initiatives.

Role 3: Affiliate Ownership & Governance

As an affiliate owner, Alberta Central plays a significant role as it relates to ownership and governance of system-owned affiliates.

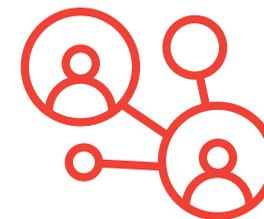
Under Role 3, in 2025 Alberta Central focused on:

- **Divesting** Alberta Central's ownership of Everlink.

Activities included the sale of Everlink to a third party in June 2025.

- **Establishing the future strategic direction** of PPJV and working to stabilize and mature PPJV's governance and financial models.

Activities included completion of PPJV wires modernization deliverables and settlement validation for two test runs. Risk, Compliance, Legal, Payments, People & Culture, and Accounting and Reporting support and subject matter expertise were provided to PPJV, with Alberta Central's CEO acting as PPJV Board Chair and focusing on bringing in continued governance improvements and building relationship effectiveness. Efforts to stabilize PPJV's financial models, including debt forgiveness and price reductions for credit unions, were also completed.



Looking Ahead

As Alberta Central enters 2026, the organization moves into a year of significant organizational transition. This strategic pivot reflects the systemic economic challenges we face and the opportunity to realign our operations in support of our member credit unions.

With our member-driven mandate front and center, in 2026 we will focus on two critical imperatives:

1. Reducing costs, addressing internal inefficiencies, and ensuring more financial resources remain with credit unions.
2. Advancing and protecting Alberta credit union interests as payments continue to evolve, both nationally and within the system.

The year ahead represents an important step in laying the foundation for our transformation as we work to streamline operations, eliminate service duplication and enhance organizational responsiveness. Our path forward will be grounded in a culture of continuous improvement and efficiency, and efforts will be actively informed and supported by credit union feedback and financial analysis.

While our organization is transitioning, our three primary roles remain the same, with revised objectives to support our critical imperatives.

- **Role 1: System Services Provider** – For Role 1, our focus will be on developing recommendations on how to streamline our financial service offerings and deliver the future state of trade services aligned to organizational priorities and system needs.
- **Role 2: Payments Connector** – For Role 2, our focus will be on modernizing our critical payments, clearing and settlement infrastructure and optimizing our payments settlement processes.
- **Role 3: Affiliate Ownership and Governance** – For Role 3 our focus will be on ensuring credit unions have long-term access to sustainable and competitive payment services.

In 2026, operational priorities will support our transition to a more focused, efficient and sustainable organization. Our focus will include evolving our structure to meet both our short-term project requirements and long-term strategic aspirations and striving to modernize our processes and systems to achieve cost efficiencies and operational effectiveness. And we will do this while ensuring we maintain sufficient financial strength to deliver credit union services.

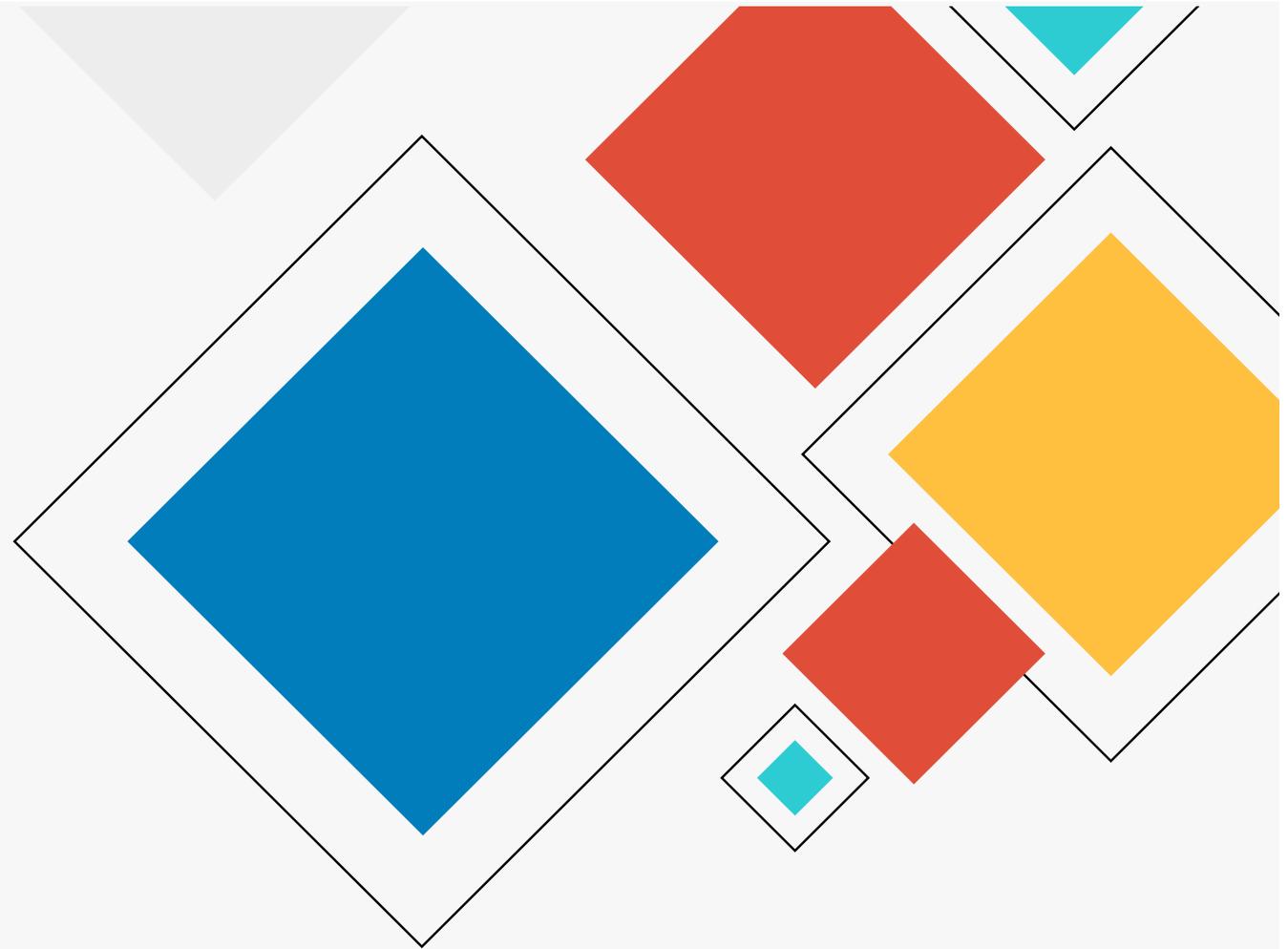
Alberta Central remains committed to strengthening the value we deliver to credit unions. By working to reduce costs and transform our organization to be more responsive and focused, we are taking a foundational step in our evolution and positioning ourselves to deliver increased impact and long-term relevance within the system we serve in 2026 and beyond.



Financial Review

Management's Discussion and Analysis Financial Statements

For the ten-month period ended October 31, 2025



Corporate Governance

BOARD COMPOSITION

Alberta Central’s board of directors (board) is comprised of 11 directors, 9 of whom were elected or appointed from credit union regions. The board also includes two directors not related to credit unions that are members of Alberta Central, who are appointed by the board.

Directors appointed from credit union regions must be directors or management of credit unions within those regions. Region A is comprised of the largest credit union in Alberta, Servus Credit Union Ltd. and Region C encompasses the remaining 11 Alberta credit unions.

REGION	DIRECTOR ENTITLEMENT	CREDIT UNION
A	6	Servus
C	3	1st Choice Christian TransCanada
		ABCU Khalsa Vermilion
		Bow Valley Lakeland Vision
		Calgary Police Rocky
Unaffiliated	2	N/A

Table as of October 31, 2025.

GOVERNANCE FRAMEWORK

Board Mandate, Roles and Responsibilities

The *Board Mandate* sets out the accountabilities and responsibilities of each director and the board as a whole, including:

- an articulation of the fiduciary duty owed by each director to Alberta Central;
- responsibility for the strategic oversight and risk appetite of Alberta Central; and
- responsibility for governance to ensure Alberta Central is effectively managed for the ultimate benefit of its members.

The *Board Mandate* is reviewed and approved by the board every three years.

The board is also responsible for the oversight of the President & CEO, who is responsible for directing and overseeing the operations of Alberta Central and for ensuring adequate internal controls are in place. Subject to Alberta Central’s bylaws, the *Credit Union Act* (the Act) of Alberta and other applicable legislation, the board fulfills its responsibilities both directly and by delegating certain duties to the committees of the board (discussed below) and to management. The specific duties delegated to each committee are outlined in committee terms of reference which are subject to review and approval by the board on a regular basis.

No directors are Alberta Central employees, and the board meets independently of management as part of every scheduled meeting. The board is empowered by Alberta Central’s bylaws to independently engage outside professional advisors.

Because of the Act’s requirement for Alberta Central to have at least two unaffiliated directors at all times, Alberta Central’s Governance Committee provides oversight to the development of an annually reviewed ‘evergreen’ list of ‘candidates in waiting’ that could be called upon to serve as an unaffiliated director on an interim basis to ensure compliance with the Act while a search for a permanent candidate is conducted. Volunteers currently serving as candidates in waiting are Ian Glassford, Paul Kelly and Badrieha Taha.

Tenure

A director may serve a maximum of three consecutive three-year terms plus any additional partial term related to a vacancy they may have filled at the outset of their tenure. In order to be eligible to stand for election or appointment following completion of this maximum term, that director shall not have served on the board for at least two years since the expiry of their last term. Alberta Central does not have a director maximum age policy.

Recruitment and Diversity

Alberta Central's bylaws set out basic qualification criteria for directors. The *Board Mandate* sets out additional criteria and expectations, including core competencies, behavioral skills and expectations for continuous improvement. Annual calls for nomination are sent to the regions identifying desirable skills and characteristics based on the board's most recent self-assessment, the board's gender diversity policy and the skills and competencies of retiring directors.

In accordance with governance best practice, Alberta Central seeks to encourage diversity in its board recruitment efforts. As the majority of Alberta Central's board members are appointed by credit unions, the primary driver for enhancing diversity, equity and inclusion at the board level is via providing support, resources and expertise to credit unions. This includes Alberta Central requesting that diversity of gender, age, geography, background and ethnicity be considered in nominations from the regions, working alongside credit unions in encouraging and adopting additional measures such as new or enhanced board search efforts, reviewing and updating calls for board nominations, and working to increase overall awareness of the role of the Alberta Central board.

Environmental, Social and Governance (ESG) and Diversity, Equity and Inclusion (DEI) considerations inform many of Alberta Central's corporate policies. In fulfilling its role within the Alberta credit union system, Alberta Central is responsible and accountable for the social and economic effects of its business actions and decisions. The board's composition promotes alignment of interests across the Alberta credit union system and attempts to balance the interests of majority and minority shareholders. Through its regular meetings with the credit union system, Alberta Central communicates and models high standards of business ethics and processes.

Director Orientation and Education

Management provides an annual board orientation for new directors. Directors are provided with an annual education and development budget and expected to prepare an annual development plan with short- and medium-term professional and personal goals related to key trends in governance, and board/peer self-assessment on core skills. The Governance Committee chair oversees director development plans.

Management also provides directors with a schedule of upcoming educational events which are anticipated to be relevant.

Board Evaluation

The board undertakes an annual self-assessment process to evaluate the effectiveness of both individual directors and the board as a whole. The data received from this report is used by the Governance Committee to assess skill gaps at the board level and assist the committee in making recommendations with respect to board recruitment. The feedback is also used by individual directors in planning their professional development activities.

Management Role in Board Function

Management and the board follow clearly defined processes in the execution of their relative governance roles. Management supports the board through preparation of materials, conducting research and facilitation of board activities. The board chair and President & CEO meet regularly to evaluate progress on Alberta Central's objectives and to consider emerging issues of strategic relevance.

Internal Controls

Alberta Central's internal auditor, under the direction of the Audit, Finance & Risk Committee (AFRC), periodically assesses the effectiveness of internal controls. The findings and recommendations of internal audit are reported to Alberta Central management and the AFRC to ensure appropriate internal controls are in place and actions are undertaken by management as appropriate to address any findings.

Board Committees

Alberta Central's board has three standing committees responsible for both legislated and delegated functions, comprised of Alberta Central directors. The board may also convene special committees from time to time to address specific matters.

Governance Committee

The Governance Committee is comprised of five directors and the chair of the board as an ex officio voting member of the committee. The committee's responsibilities include:

- oversight for Alberta Central's corporate policies and governance practices and framework;
- oversight of President & CEO succession planning and performance review process;
- recommendations to the board on best practices in corporate governance;
- oversight of annual board self-assessment and director skills peer and self-assessment processes;
- oversight of director education and development plans,
- recruitment of board appointed directors; and
- oversight of Alberta Central's ESG and DEI efforts.

Audit, Finance & Risk Committee

The AFRC is comprised of five directors and the chair of the board as an ex officio voting member of the committee. The committee's responsibilities include:

- oversight of policies relating to investment, lending, capital management and risk management;
- oversight of internal audit function to ensure appropriate internal controls are in place and are functioning as intended;
- review of internal audit mandate and internal/external annual audit plans;
- review of annual budget and financial, risk management, regulatory compliance, lending and treasury reporting; and
- ensuring independence of internal and external auditors and review of external auditor's performance

The external auditor attends all AFRC meetings and meets with the committee without management present. The internal auditor has direct access to the AFRC and meets with the committee without management present. The committee also meets separately with the Chief Risk & Compliance Officer, the Chief Financial & Governance Officer and the President & CEO.

Conduct Review Committee

The Conduct Review Committee is comprised of the same five directors and chair as the AFRC. The committee has oversight and responsibility for managing compliance with related party transaction provisions as required by the Credit Union Deposit Guarantee Corporation (CUDGC).

Special Committees

In 2025, a special committee was formed to make a recommendation to the board for the nomination of an individual to the board of CUDGC. In addition, the work of a Transaction Oversight Committee (TOC) formed in 2023 to act on behalf of the board in matters related to the review of Alberta Central's affiliate ownership concluded in 2025.

Board and Committee Meetings

Directors are expected to attend all board and committee meetings. A calendar of board meetings is maintained a year in advance, but the board or committees may meet on shorter notice to address time-sensitive matters.

The following table shows individual director attendance at all meetings at which they were eligible to attend during the financial year ended October 31st, 2025.

	BOARD	GOVERNANCE COMMITTEE	AUDIT, FINANCE & RISK COMMITTEE	CONDUCT REVIEW COMMITTEE	TOTAL SPECIAL COMMITTEE	PERCENTAGE OF MEETINGS ATTENDED
Randy Allarie	8/9	5/5	3/3	2/2		95
Michelle Belland	9/9	6/6				100
Robert Bhatia	8/9	6/6				93
Kelso Brennan (to April 2025)	4/4	1/1			5/5	100
Doug Bristow (from April 2025)	5/5		2/2	1/1		100
Ian Burns	7/9	4/6				73
Shawn Eltom	9/9	3/5	1/1	1/1	3/3	89

	BOARD	GOVERNANCE COMMITTEE	AUDIT, FINANCE & RISK COMMITTEE	CONDUCT REVIEW COMMITTEE	TOTAL SPECIAL COMMITTEE	PERCENTAGE OF MEETINGS ATTENDED
Darlene Harris	8/9		3/3	2/2	1/2	88
Dan Hautzinger	9/9		3/3	2/2	3/3	100
Kellen Snelgrove	9/9	6/6			2/2	100
Randall Sugden (from April 2025)	5/5		2/2	1/1		100
Carey Taubert (to April 2025)	4/4		1/1	1/1		100
John Veldkamp (to April 2025)	4/4	1/1	1/1	1/1	5/5	100
Mark Wiltzen	9/9		2/3	2/2		93

DIRECTOR REMUNERATION

Directors receive remuneration in the form of bi-weekly honoraria, per diem fees for attendance at board meetings and compensation for travel time and expenses. Total remuneration and expenses paid to Alberta Central directors is disclosed in note 17 of the Financial Statements, Related Party Transactions.

Management's Discussion and Analysis

OVERVIEW

This section of the annual report, which provides management's discussion and analysis (MD&A), reviews and analyzes the results of operations and financial condition of Alberta Central for the ten-month period ended October 31, 2025 and enables readers to assess material changes in the financial condition and operating results of the central. The financial information within this MD&A should be read in conjunction with Alberta Central's audited financial statements for the ten-month period ended October 31, 2025, which were approved by Alberta Central's Board of Directors (the board) on January 15, 2026.

Effective January 1, 2025, Alberta Central changed its fiscal year-end reporting date from December 31st to October 31st. These financial statements have been prepared for the ten-month period ended October 31, 2025. The comparative amounts presented in these financial statements are for a 12-month period and therefore, are not entirely comparable.

The results presented in this MD&A, and in the financial statements, are reported in Canadian dollars and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). This MD&A provides comments regarding Alberta Central's core business, joint ventures, financial performance, liquidity and capital management, and risk management.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report may contain forward-looking statements that include, but are not limited to, financial performance objectives, vision and strategic goals. Such statements require management to make assumptions and involve inherent risks and uncertainties, general and specific. Undue reliance should not be placed on forward-looking statements as actual results may differ materially from expectations due to a number of factors including but not limited to legislative or regulatory changes and general economic conditions in Alberta and Canada. Alberta Central does not undertake to update any forward-looking statements contained in this annual report.

ABOUT ALBERTA CENTRAL

Alberta Central is the central banking facility for Alberta credit unions and provides services such as management of the liquidity pool, treasury, and clearing and settlement. On November 20, 2025, Alberta Central announced the discontinuation of trade services and non-financial fee-for-service offerings to credit unions. Alberta Central continues to provide core financial services as noted above.

Reflecting its cooperative business model and ownership by members, Alberta Central's structure is reflective of the commitment to provide value and expertise to credit unions.

As liquidity manager for the Alberta credit union system, Alberta Central's earning capacity is influenced by the large proportion of high quality and liquid, but lower yielding assets in its securities portfolio to adhere to risk appetites and regulatory considerations of both the central and credit unions.

Supporting the financial needs of credit unions, Alberta Central promotes system growth by providing credit union lending, foreign exchange, derivative and loan syndication programs, allowing credit unions to take advantage of Alberta Central's industry expertise and strong financial rating. Alberta Central's commercial paper program, which carries an R-1 (low) credit rating by DBRS, also provides access to capital markets.

Through Prairie Payments Joint Venture (PPJV), Alberta Central provides payments processing services to credit unions. The three Prairie Centrals, Alberta Central, Credit Union Central of Saskatchewan, and Credit Union Central of Manitoba (the centrals), formed PPJV, each with a 33.3 percent interest, to modernize credit union payment services that delivers new payment product offerings for members.

Alberta Central's financial statements include its proportionate share of revenues and expenses of the PPJV joint arrangement.

Alberta Central is governed under the Alberta *Credit Union Act* and is regulated, at the date of this MD&A, by CUDGC.



SIGNIFICANT EVENTS

On June 13, 2025, 16170277 Canada Inc., an equity accounted joint venture which held the centrals' 49 percent interest in Everlink Payment Services (Everlink), closed a Share Purchase Agreement under which it sold all of its common shares of Everlink to an unrelated third party. The final gross proceeds allocated to 16170277 Canada Inc., after being adjusted for seller transaction costs, as well as purchase price and working capital adjustments, were \$126.6 million; Alberta Central's portion was \$42.2 million. The transaction resulted in a gain on disposition of \$106.2 million; Alberta Central's portion was \$35.4 million.

2025 FINANCIAL PERFORMANCE OF THE ALBERTA CREDIT UNION SYSTEM¹

During 2025, growth in gross domestic product (GDP) in Alberta was estimated at 2.1 percent compared to national GDP estimated at 1.3 percent. Alberta's credit unions experienced higher levels of deposits and loan growth compared to 2024. Profitability of the system also increased year-over-year.

Growth

Based on the 2025 year-end figures (October 31, 2025), annual total asset growth among Alberta's credit unions was 5.2 percent (2024 – 2.5 percent). Growth was above the five-year annual average of 5.0 percent and the ten-year annual average of 4.3 percent.

Annual loan growth was 5.6 percent (2024 – 1.2 percent), slightly below the five-year annual average of 5.3 percent and above ten-year annual average of 4.2 percent. Annual deposit growth was 3.6 percent (2024 – 2.7 percent), below than the five-year average of 4.9 percent and level with the ten-year annual average of 3.6 percent.

¹ Alberta credit union system financial information has been provided by CUDGC, the regulator of the provincial credit union system. Alberta Central has not verified the accuracy or completeness of this information. All financial information is based on a fiscal October 31 year end.

ALBERTA CREDIT UNION SYSTEM – BALANCE SHEET GROWTH (SOURCE: CUDGC)		2025		2024	
(\$ millions)	\$	GROWTH	\$	GROWTH	
Total loans	30,601	5.2%	29,094	1.2%	
Residential	15,532	5.5%	14,719	2.7%	
Commercial	10,741	4.1%	10,316	(0.4%)	
Consumer	2,014	0.4%	2,007	(6.8%)	
Agricultural & other	2,312	12.7%	2,052	8.8%	
Total assets	35,992	5.2%	34,211	2.5%	
Member deposits	29,766	3.6%	28,726	2.7%	

Profitability

Net income before taxes and patronage dividends totaled \$369.2 million (2024 – \$248.9 million), or 1.07 percent of average assets (2024 – 0.74 percent). This is higher than the five-year annual average of 0.81 percent and ten-year annual average of 0.78 percent.

Credit union members received patronage and share dividends totaling \$127.8 million, 34.6 percent of net income before taxes, during 2025 (2024 – \$131.2 million, 52.7 percent of net income before taxes).

With Alberta Central's role as liquidity manager and a requirement for Alberta credit unions to maintain statutory liquidity deposits with the provincial central, the outlook for growth in Alberta Central's yielding asset base is naturally tied to the performance of the Alberta credit union system including the generation of deposits and growth in loans.

Credit Quality and Loan Provisioning

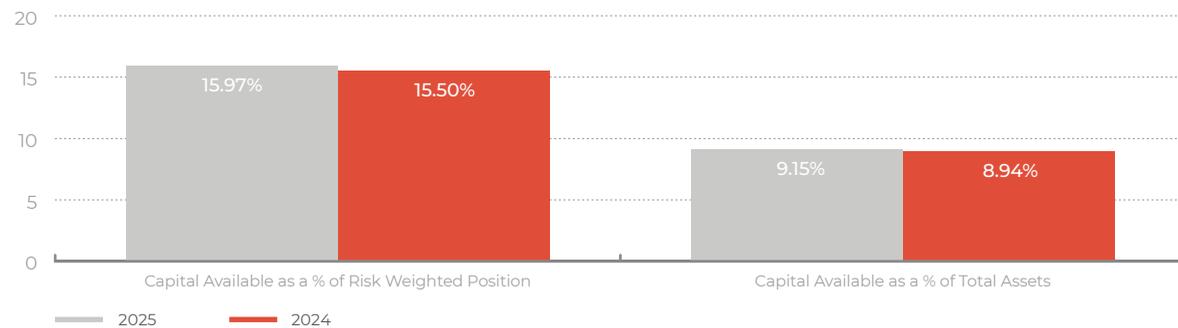
Year-over-year, loan delinquencies (60 days and over) decreased from 1.08 percent of loans to 0.95 percent. This figure is below the high of 1.29 percent experienced in 2010 during the financial crisis credit cycle.

Net loan impairment charges (defined as impairment charges net of impairment reversals) decreased from \$79.2 million in 2024 to \$52.6 million in 2025. These amounts represented a decrease from 0.27 percent in 2024 to 0.18 percent of average net loans in 2025, compared to the five-year annual average of 0.14 percent, and ten-year annual average of 0.16 percent.

Capital

The system maintains strong capital ratios in support of its activities with the 2025 capital to risk weighted asset ratio marginally ahead of 2024 levels, and the capital to total assets ratio also marginally ahead of 2024 levels.

System Capital Ratios (%)



Membership

For the 21st consecutive year, Canada's credit unions were awarded the Customer Service Excellence Award in the 2025 Ipsos Financial Service Excellence Awards. The annual program recognizes Canadian financial institutions for excellence in customer experience. Canadian credit unions were recognized in a total of six categories in 2025, tying for the lead among all financial institutions, two of them as the sole winner.

2025 FINANCIAL PERFORMANCE OF ALBERTA CENTRAL

Financial Overview

Alberta Central's financial statements have been prepared for the ten-month period ended October 31, 2025. The comparative amounts presented in these financial statements are for a 12-month period and therefore, are not entirely comparable.

Alberta Central's 2025 income before tax of \$51.5 million over ten months (2024 – \$7.2 million over 12 months) largely reflects the sale of Everlink in which Alberta Central's portion of the purchase price was \$42.2 million, resulting in a gain on disposition for Alberta Central of \$35.4 million. Provision for credit losses increased year-over-year, although no new loan delinquencies surfaced in 2025.

Net Interest Income

Alberta Central's 2025 net interest income before provision for credit losses was \$21.7 million over ten months (2024 – \$24.7 million over 12 months). As liquidity manager for the Alberta credit union system, Alberta Central's earning capacity is influenced by the large proportion of high quality and liquid, but lower yielding assets in its securities portfolio to address risk appetite and regulatory considerations of both the central and credit unions.

Net Interest Income before Provision for Credit Losses
(\$ millions)

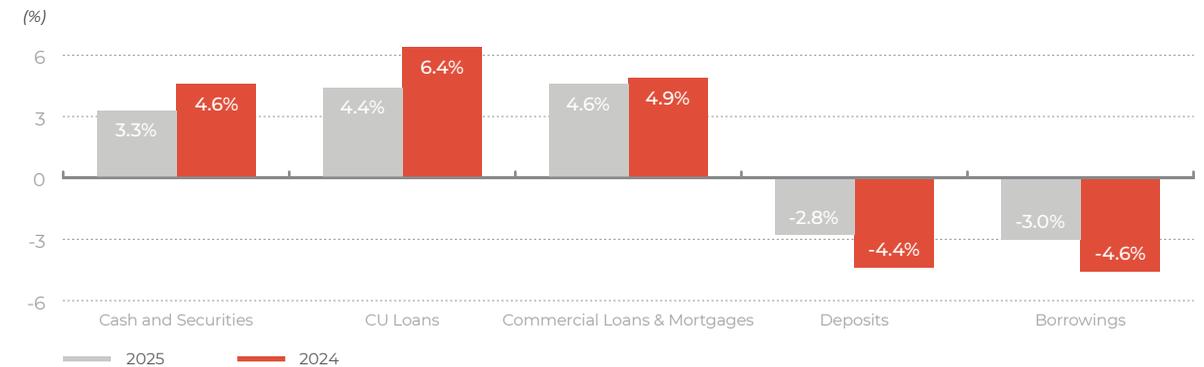


Monitoring exposures to interest rate fluctuations and their potential impacts on interest margins is accomplished through interest rate scenario testing of assets, liabilities and equity against the effects of multiple possible interest rate increases and decreases. Alberta Central's *Investment Policy* defines specific tolerances for changes in net interest income and net economic value. Gap analysis and simulation modeling is used to analyze the effects of interest rate fluctuations on net interest income. This forecasting is used in developing defensive strategies, where appropriate, to ensure any variations are managed within established tolerance limits. All policy limits and targets associated with interest rate risk were met throughout 2025.

During 2025, the policy rate was reduced by 100 bps, from 3.25 percent to 2.25 percent, with no further rate cuts expected during 2026.

The following chart highlights Alberta Central's percentage interest yields and interest expense:

Percentage Interest Yields (Expense)

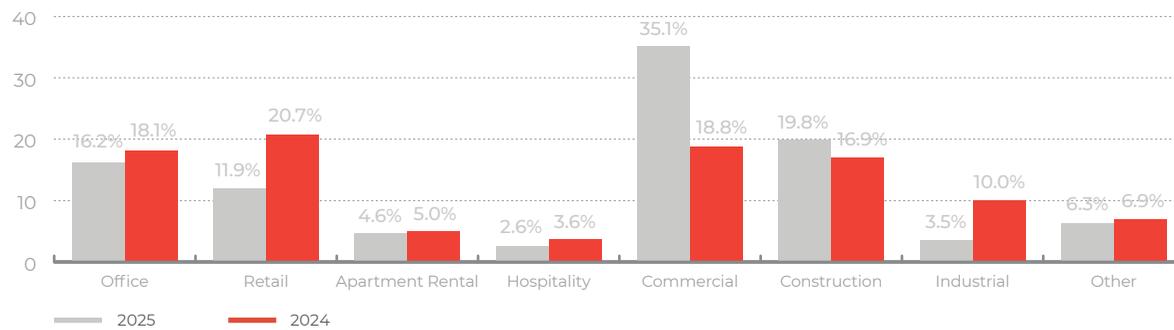


Provision for Credit Losses

As a financial institution, Alberta Central is exposed to credit risk, primarily through its investment and lending activities. Although Alberta Central's non-credit union (commercial) lending portfolio remains heavily weighted towards Alberta, diversification into non-Alberta loans continued in 2025. Credit risk exposure remains diversified across industry sectors.

Alberta Central remains committed to its loan syndication program to redistribute liquidity within the system and provide participating credit unions with higher yielding assets.

Non-Credit Union Lending (%)

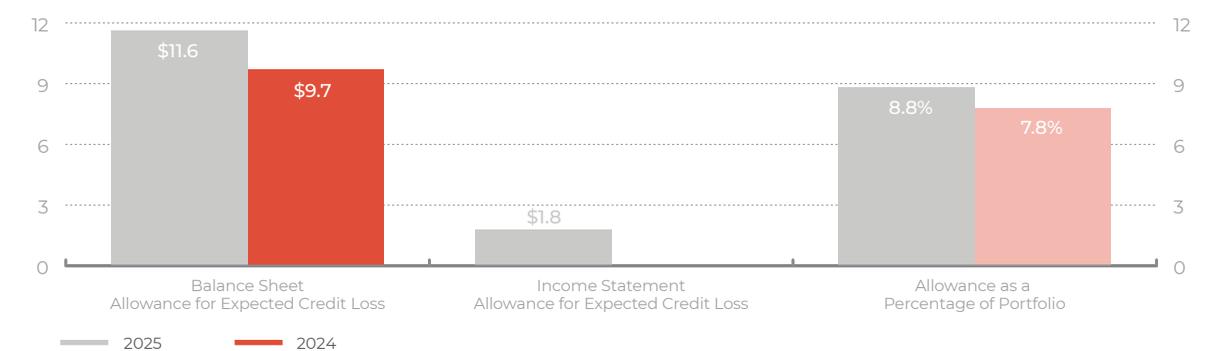


As an asset class, the commercial portfolio presents a higher risk profile than the other asset classes on Alberta Central’s balance sheet. Alberta Central management regularly reviews its commercial loan portfolio to assess whether there has been a significant increase in credit risk since initial recognition. Loan loss provisions are calculated in accordance with IFRS 9 *Financial Instruments*, on a loan-by-loan basis, taking into account considerations such as collateral value and future cash flows to be realized relative to the outstanding loan balance. The provision for impaired loans is measured by evaluating multiple scenarios and the probability of each scenario.

No new loan delinquencies surfaced in 2025. In aggregate, the balance sheet provision for credit losses increased by \$1.9 million to a total provision of \$11.6 million (2024 – \$9.7 million). Actual realization on the remaining carrying value of the loans could vary significantly, either positively or negatively, from these estimates.

Notes 2(d), 3(c), 9, and 19 (a) to the financial statements provide further details regarding 12 month and life-time credit provisions. The provision for credit losses as a percentage of the commercial portfolio has increased 1.0 percent over 2024.

Provisions on Commercial Loans and Mortgages (\$ millions)

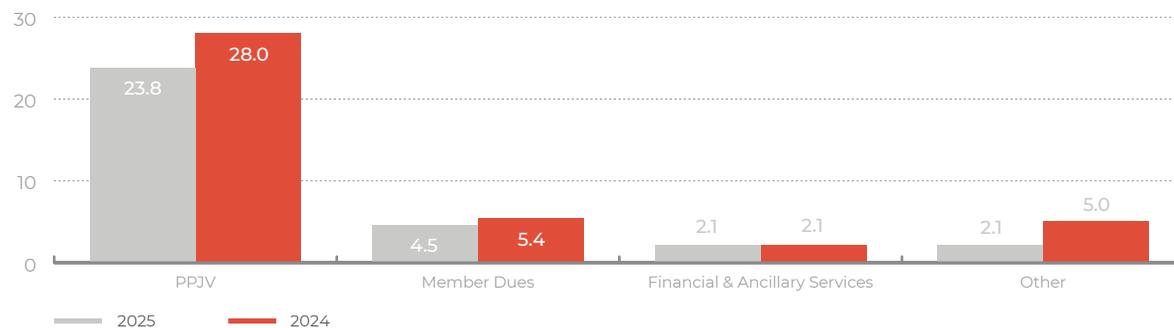


The securities portfolio consists of high quality, highly liquid assets in which the credit risk is considered to be very low. Alberta Central manages credit exposure on investment activities by adhering to an *Investment Policy* that identifies a basic standard of investment quality. The IFRS 9 balance sheet allowance for credit losses in the securities portfolio was \$0.1 million (2024 – \$0.2 million) related to improved DBRS Morningstar probability of default credit ratings and overall mix of the securities portfolio.

Operating Revenues

In addition to its net interest income, Alberta Central earns operating revenue from its interest in payment services through PPJV, credit union member dues, complementary financial services, ancillary services provided on a fee for service basis and other operating revenues from various facilities, human resources and accounting services provided to its joint ventures. For the ten months ended October 31, 2025, operating revenues decreased to \$32.5 million (12 months ended December 31, 2024 – \$40.5 million).

Operating Revenues
(\$ millions)



Alberta Central's share of both PPJV's total income and total expenses are recorded through Alberta Central's operating revenues and operating expenses.

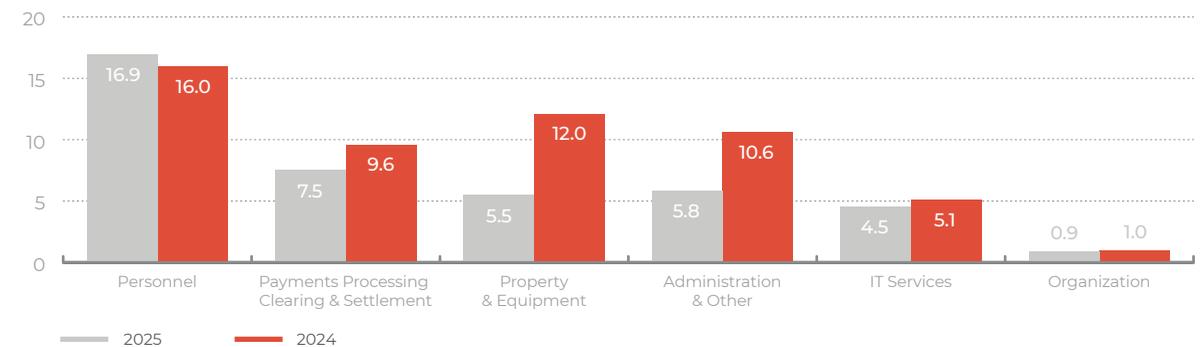
Alberta Central's trade function supported its commitment to bring value and expertise to credit unions. As trade activities were undertaken for the benefit of all Alberta credit unions, the costs were allocated amongst the credit unions as dues. As noted, Alberta Central announced to credit unions the discontinuation of trade services and non-financial fee-for-service offerings on November 20, 2025.

Financial services operating revenues include revenue from complementary activities in the treasury and lending areas, such as foreign exchange, asset/liability management and commercial loan application fees. Also included is revenue from ancillary services and purchasing which are offered on a direct cost, fee-for-service basis.

Operating Expenses

Operating expenses include those relating directly to Alberta Central and also include Alberta Central's share of operating and transition expenses in PPJV. Operating expenses for the ten months ended October 31, 2025, decreased to \$41.1 million (12 months ended December 31, 2024 – \$54.3 million).

Operating Expenses
(\$ millions)



Earnings from Equity Method Investments

On June 13, 2025, 16170277 Canada Inc., an equity accounted joint venture which held the centrals' 49 percent interest in Everlink, closed a Share Purchase Agreement under which it sold all of its common shares of Everlink to an unrelated third party, resulting in a gain on sale for Alberta Central of \$35.4 million.

Alberta Central's 8.71 percent interest in CU CUMIS Wealth Holdings (CU CUMIS) is equity accounted within the statement of income and includes CU CUMIS' 50 percent interest in Aviso Wealth. A significant portion of CU CUMIS' share of income from Aviso Wealth is distributed to credit unions as limited partnership unitholders. Such distributions are recorded as an expense within CU CUMIS.

Accumulated Other Comprehensive Income (AOCI)

The majority of the balance of AOCI at October 31, 2025 and prior year relates to estimates of fair value in Interac Corporation (\$3.8 million net of deferred tax), and CU CUMIS (\$19.2 million net of deferred tax). Other AOCI amounts relate to changes in realized and unrealized gains and losses on securities and remeasurements of net defined benefit pension asset or liability. Unrealized increases in AOCI are excluded from regulatory capital and net income.

Critical Accounting Estimates and Assumptions

The accompanying financial statements have been prepared in compliance with IFRS. The significant accounting policies used in preparation of the audited financial statements are described in Note 3. These accounting policies require management to make judgements, estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates. Significant areas of estimation uncertainty as described in Note 2(d) include those relating to provisions for credit losses, assessment of the business model within which assets are held and whether contractual terms of cash flows are solely payments of principal and interest, fair value of financial instruments, intangible asset impairment assessment, and judgements relating to equity accounted investees.

Events After the Reporting Date

On November 20, 2025, Alberta Central announced the discontinuation of trade services and non-financial fee-for-service offerings to credit unions. Alberta Central continues to provide all current financial services, including clearing, settlement, and management of the liquidity pool for Alberta credit unions.

On January 15, 2026, Alberta Central's board of directors declared a share capital dividend to members of approximately \$41.2 million for payment on January 30, 2026.

Internal Control over Financial Reporting

There have been no changes in Alberta Central's design of internal controls and procedures over financial reporting during the ten-month period ended October 31, 2025 that have materially affected, or are reasonably likely to materially affect, Alberta Central's internal control over financial reporting during the period covered by this MD&A.

LIQUIDITY MANAGEMENT

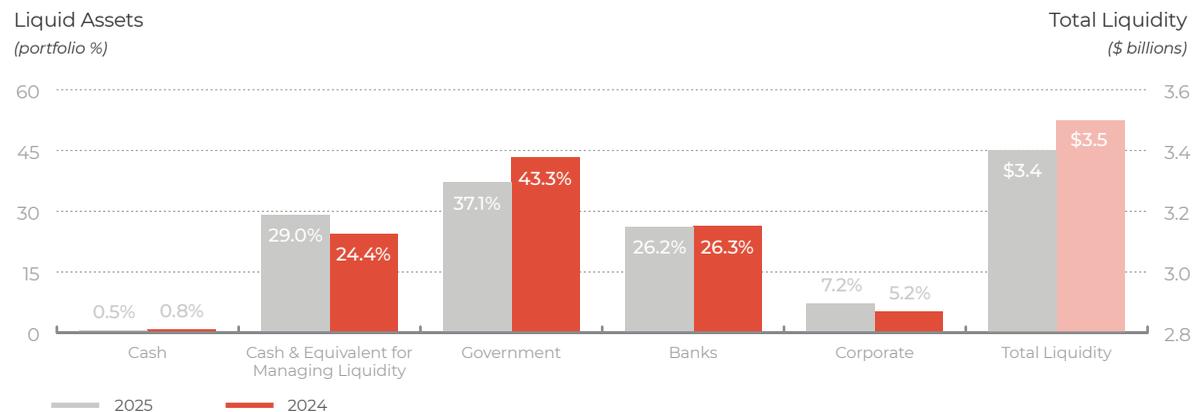
Alberta Central plays two key roles in the liquidity framework of the Alberta credit union system – as the direct clearing agent and prescribed liquidity manager for Alberta's credit unions.

Direct clearing is the process through which Canada's major financial institutions settle payments among themselves. Alberta Central participates with other Canadian credit union centrals in a group clearing arrangement under the terms of the *Group Clearing Joint Venture Agreement*. The Group Clearer is a member of Payments Canada that exchanges payment items and effects clearing and settlement. Central 1 functions as the administrator of the joint venture, maintaining the joint venture's group clearing account with the Bank of Canada. Alberta Central and the other provincial centrals maintain accounts with Central 1.

As liquidity manager, Alberta Central is responsible for managing the statutory deposits of Alberta's credit unions. Alberta Central's bylaws require Alberta credit unions to maintain a minimum of one percent of their adjusted assets as share capital in Alberta Central. Alberta credit unions are also required to maintain liquidity deposits at Alberta Central such that their total liquidity deposits and share capital held with Alberta Central comprise no less than nine percent of each credit union's liabilities. These deposits serve as a liquidity reserve for the system in the event of a sudden and unexpected withdrawal of system member deposits. Credit unions may also elect to deposit any additional funds with Alberta Central that they may hold over and above the statutory requirements.

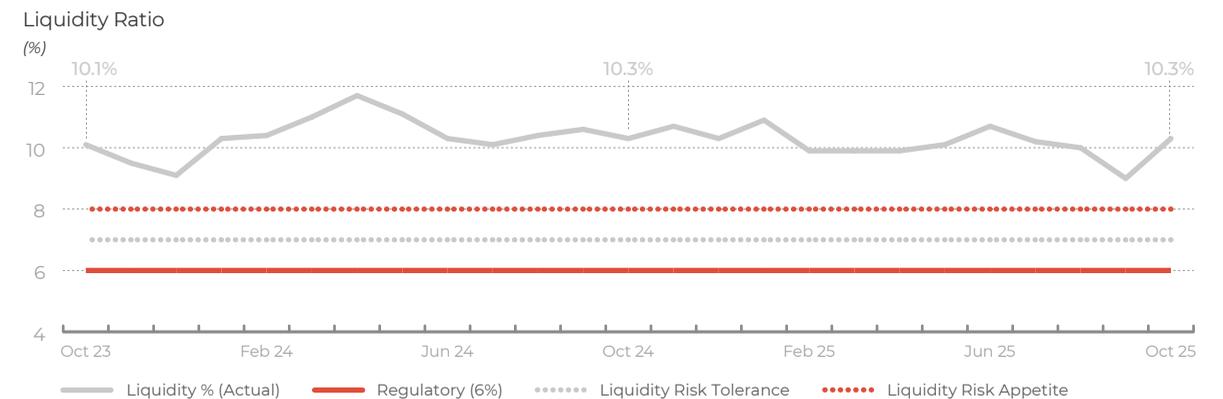
Alberta Central's investment portfolio continues to be comprised primarily of very low risk, highly liquid assets. Provincial legislation requires Alberta Central to maintain six percent of Alberta credit union system assets in government securities or certain other qualifying liquid assets maturing within one year. As of October 31, 2025, all investments within the portfolio carried a rating of at least R-1 (low) or A, and approximately 85 percent of the portfolio carried a remaining term to maturity of under one year.

The qualifying liquidity portfolio composition is outlined in the following chart.



One third of the amount prescribed above must mature within 90 days. The required balance in qualifying liquid assets at October 31, 2025 was \$2.1 billion (2024- \$2.1 billion). Alberta Central's liquidity reserves, when measured by year-end balances and throughout the year, were in excess of the requirements under provincial legislation, and were comparable year-over-year.

The following chart plots the relationship of Alberta Central's actual to required liquidity over the past two years.



CAPITAL MANAGEMENT

Alberta Central maintains strong capital ratios to support the risks and activities of the business. Alberta Central's board-approved *Capital Policy* outlines capital management objectives, responsibilities and reporting. The capital management objectives are to:

- Balance member credit unions' desire for a return on capital with the capital requirements of Alberta Central to fulfill its liquidity mandate;
- Maintain a strong capital base to support the continued growth and changing circumstances of the credit union system through the development of Alberta Central's business;
- Maintain a consistently strong credit rating and investor confidence; and
- Comply with the capital requirements set by its regulator (CUDGC).

Alberta Central's capital levels are regulated under guidelines issued by CUDGC and require Alberta Central to maintain a prescribed borrowing multiple, the ratio of borrowings to regulatory capital, of 15:1 or less. Alberta Central is required to complete an Internal Capital Adequacy Assessment Process (ICAAP), which forms part of the regulatory framework established by CUDGC that applies to Alberta Central.

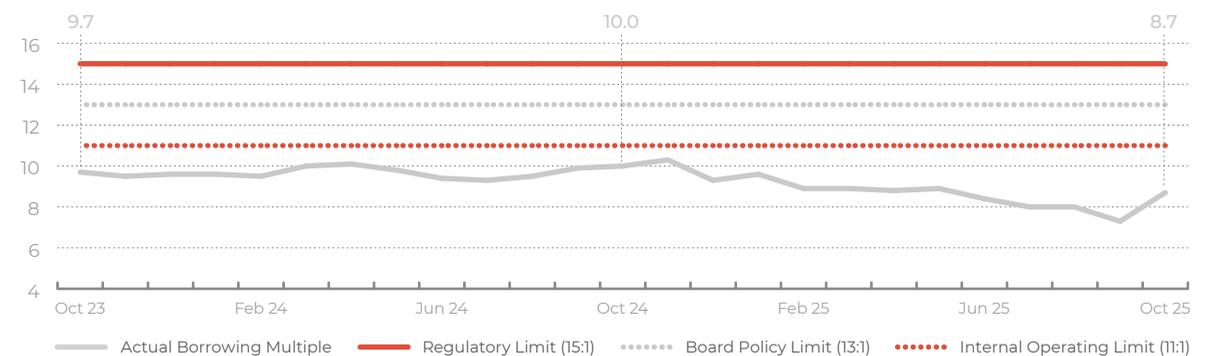
Alberta Central's ICAAP is a key component of Alberta Central's enterprise risk management program and determines the level of capital that should be maintained to support the nature and level of Alberta Central's risk profile, specifically defining capital risk appetite (internal operating limit (IOL)) and risk tolerance (board policy limit (BPL)).

Alberta credit unions are required under Alberta Central's bylaws to maintain an amount equal to 1.0 percent of their adjusted assets in share capital at Alberta Central. This requirement ensures the additional injection of share capital into Alberta Central as the credit union system and Alberta Central's balance sheet continues to grow. The share capital requirement for credit unions is a component of their overall requirement to hold 9.0 percent of their deposit liabilities as liquidity in Alberta Central.

Alberta Central's bylaws also provide the ability for Alberta Central to call for capital in the event that capital levels fall below specified risk tolerance levels.

Alberta Central's leverage ratio remained below both its regulatory capital and internal capital maximums, ranging between 7.3:1 and 9.6:1 during the ten-month period ending October 31, 2025, as presented in the following chart. Alberta Central's capital position remained stable.

Borrowing Multiple Leverage



Alberta Central also prepares a *Capital Plan*, which serves as a tool for the board in assessing the adequacy of Alberta Central's forward looking capital position in fulfilling its capital management objectives. Once approved by the board, both the ICAAP and *Capital Plan* are provided to CUDGC.

The *Capital Plan* forecasts the expected organic growth of Alberta Central's capital over a three-year period assuming annual income budgets are achieved and a share dividend is paid according to policy. Alberta Central's capital adequacy is forecast to remain within risk appetite through the three-year capital-planning horizon.

The payment of share capital dividends and the timing and amount of such dividends is subject to the discretion of the board of directors after consideration of Alberta Central's capital adequacy risk appetite, as determined through the ICAAP, its *Capital Plan*, and after a review of year-end results. Share capital dividends of \$41.2 million were paid in the first quarter of 2025 (2024 – \$3.6 million).

RISK MANAGEMENT

Risk is inherent in business and when managed appropriately is a source of growth and sustainability. Alberta Central's objective is to optimize risk for the protection and creation of member value. Optimizing risk means striking a balance between risk and reward and at the same time ensuring that Alberta Central's risk-taking is consistent with its strategic plan and board approved risk appetites. To meet risk management objectives, risks must be identified, understood, measured, assessed, and managed on an enterprise-wide basis.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Alberta Central's Enterprise Risk Management (ERM) framework integrates its risk management process into the overall strategic management and governance structure of the organization. It also provides the policies and structure to allow it to identify, assess, and respond to risks in accordance with its risk appetite and tolerance. Quarterly risk assessments are completed with the Management Risk Committee (MRC) and key subject matter experts within the organization. Key results are shared with the AFRC and the board. This process ensures that Alberta Central is cognizant of the material risks that it faces and mitigates them, as necessary, until they reach an acceptable level. It also ensures Alberta Central continues to monitor risks that are within an acceptable level to proactively identify and respond to adverse changes. Ongoing review and approval of risk appetite and tolerance statements by the board is integral to the ERM framework and will continue through 2026.

Alberta Central has determined that the following risk categories are most applicable to its business operations:

Capital Adequacy Risk

Capital adequacy risk is the risk of financial loss and/or regulatory intervention due to the failure of Alberta Central to maintain the prescribed capital base to meet regulatory requirements and/or the capital base necessary to support its business plans. Alberta Central's capital management processes anticipate the capital requirements and the sources that will be drawn upon to maintain the necessary level of capital throughout the year. Management regularly monitors and reports the levels and quality of the company's capital to the AFRC and the board.

Annually, the board approves Alberta Central's ICAAP and *Capital Plan*.

The board has approved risk appetite and tolerance statements pertaining to capital adequacy risk.

Liquidity Risk

Liquidity risk is the inability to meet financial commitments through regular cash flows which could lead to losses as the organization may need to raise funds at higher costs or sell assets at reduced prices. For Alberta Central, this means ensuring that liquid assets are available to meet the needs of Alberta credit unions, as well as its own needs. The board has a conservative appetite for liquidity risk and has established an internal liquidity target level of greater than 8.0 percent of system assets in eligible liquid assets.

Alberta Central is the liquidity manager for the Alberta credit union system. Alberta Central has established investment and lending policies and procedures to comply with the Act and regulations, guidelines and board approved risk appetite and tolerance statements and to ensure it is able to generate sufficient funds to meet all its financial commitments as they occur. These policies are annually approved by the board.

The internal Asset Liability Committee (ALCO) and AFRC review, on a regular basis, reports on Alberta Central's current and forecasted liquidity position as well as the composition and amount of liquid assets held within the investment portfolio. Stress testing is undertaken on an annual basis to ensure that the organization maintains an adequate cushion of unencumbered high quality liquid assets held as insurance against a range of liquidity stress scenarios. Stress testing is performed to assess the amount by which the level of liquid assets could decrease while continuing to meet regulatory requirements. The results of these stress tests are reported to the ALCO and AFRC on a regular basis. This stress testing is also an important component in assessing Alberta Central's formal liquidity contingency plans.

Alberta Central ensures there is sound management of liquidity and funding risk and has a liquidity management plan in the case of a liquidity event where Alberta Central is at risk of breaching its regulatory requirements. Alberta Central is willing to accept liquidity risks that carry a low probability of triggering reliance on contingent sources of liquidity and increased cost of funds. Alberta Central's *Investment Policy*, approved by the board annually, specifies that Alberta Central's investments are to be of high-grade credit quality that can be pledged or sold to provide liquidity as needed, even under stressed market conditions. As a further risk management strategy, Alberta Central maintains a well-diversified funding structure and develops external sources of liquidity outside the credit union system. Cash flow forecasting, liquidity stress testing and contingency planning are key elements of the liquidity risk management framework. Alberta Central's Liquidity Management Plan is subject to biennial review and approval by the board and forms an important component of Alberta Central's liquidity management framework.

The board has approved risk appetite and tolerance statements pertaining to liquidity risk.

Market Risk

Market risk is comprised of interest rate risk, foreign exchange risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that interest rate fluctuations may erode Alberta Central's earnings or economic value. Alberta Central's statement of financial position is comprised of interest-bearing assets and liabilities with different maturity dates, which expose Alberta Central to interest rate risk. Monitoring exposures to interest rate fluctuations and their potential impacts on interest margins is accomplished through interest rate scenario testing of assets, liabilities and equity against the effects of multiple possible interest rate increases and decreases. Alberta Central's *Investment Policy*, approved annually by the board, defines specific appetites and tolerances for changes in net interest income and net economic value. Gap analysis and simulation modeling is used to analyze the effects of interest rate fluctuations on net interest income. This forecasting is then used in developing defensive strategies, where appropriate, to ensure any variations are managed within established appetite and tolerance limits.

The board has approved risk appetite and tolerance statements pertaining to interest rate risk.

Foreign Exchange Risk

Foreign exchange risk is the risk that Alberta Central's earnings will be negatively affected by currency fluctuations. Alberta Central's foreign exchange policies and procedures specifically identify the types of transactions permitted, authorizations, limits, monitoring and reporting requirements. Alberta Central's exposure to foreign exchange fluctuations is monitored on a daily basis.

The board has approved risk appetite and tolerance statements pertaining to foreign exchange risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Alberta Central's qualifying liquidity portfolio consists primarily of short-term, highly liquid, high investment grade credit quality securities. Business is restricted to activities that are understood and that can be accurately valued. Strong risk management is applied as it is expected by stakeholders, including regulators and rating agencies, to support investment risk. The board, on the recommendation of the AFRC, approves written policies to ensure prudent investment standards are applied. Alberta Central's *Investment Policy* is reviewed and approved by Alberta Central's board annually and by CUDGC when there are material changes. Asset liability management is the responsibility of qualified treasury personnel with management oversight from an internal management committee, the ALCO, which reviews risk exposure at quarterly meetings.

The board has approved risk appetite and tolerance statements pertaining to other price risk.

Credit Risk – Commercial Lending

Credit risk is the potential for loss due to the failure of a borrower or counterparty to meet its financial or contractual obligations. Alberta Central is exposed to credit risk in its lending operations. Annually, the board approves Alberta Central's *Lending Policy* to establish prudent lending procedures and limits. Additionally, management regularly reviews credit procedures to ensure they provide relevant, appropriate guidance for the underwriting and administration of all types of loans. Alberta Central's lending activity is predominantly to serve the needs of Alberta credit unions and their members. Alberta Central's commercial lending activity is usually as a secondary syndication partner with credit unions; however, loans must meet Alberta Central's lending criteria without reliance on the due diligence process of any syndication partner. Commercial lending credit decisions are the responsibility of qualified commercial lending personnel in conjunction with the internal Management Credit Committee (MCC).

The board has approved risk appetite and tolerance statements pertaining to commercial lending credit risk.

Credit Risk – Investments

Credit risk is the potential for loss due to the failure of a borrower or counterparty to meet its financial or contractual obligations. Alberta Central is exposed to credit risk in its investment activities. As per Alberta Central's *Investment Policy*, approved by the board annually, Alberta Central maintains high financial stewardship standards, ensuring that the investment portfolio consists of highly liquid, high investment grade credit quality that meets Alberta Central's standards for quality including being recognized by credit rating agencies. Risk within the investment portfolio is managed by diversifying counterparty risk in the derivative portfolio and individual investments. Investments are restricted to securities that are understood and that can be accurately valued. Strong risk management is applied as it is expected by stakeholders, regulators and rating agencies to support investment risk. In the *Investment Policy*, the board sets out key requirements for ensuring appropriate risk limits in the investment portfolio. These include investment types, minimum quality standards, authority levels, and reporting requirements.

The board has approved risk appetite and tolerance statements pertaining to investment credit risk.

Operational Risk

Operational risk includes the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It encompasses cyber security, fraud and all internal control activities including the management of third parties. Its impact can be financial loss, loss of reputation, loss of competitive position or regulatory censure. In setting its risk appetite and tolerance, the board recognizes that operational risk is an inevitable consequence of being in business; the risk(s) may be outside the control of management and acceptance of some risk is necessary to foster innovation and efficiencies within business practices. Therefore, the board expects management to build a culture which promotes awareness of operational risk, to implement a formal due diligence and review process for material third parties, monitor key operational risk indicators, continuously strive to improve working processes, and invest in employees/

resources, training, risk management practices, insurance protection, disaster recovery and business continuity planning to a level that balances the level of risk undertaken with the pursuit of objectives to ensure the level of risk remains within appetite. Alberta Central manages operational risk through established policies and procedures and systems of internal controls.

The board has approved risk appetite and tolerance statements pertaining to operational risk.

Strategic Risk

Strategic risks are internal or external uncertainties, whether event or trend driven, which could impact Alberta Central's ability to implement and achieve its strategic objectives. This risk is a function of the compatibility between the organization's strategic goals, the business initiatives developed to achieve those goals, the resources deployed against these goals and the quality of implementation. Alberta Central employs a number of means in order to ensure that its strategic plans are appropriate and relevant.

The board has approved risk appetite and tolerance statements pertaining to strategic risk.

Legal and Regulatory Compliance Risk

Legal risk is the risk of financial or reputational loss that can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law and regulation apply to an organization, its relationships, processes, products and services. In particular, litigation risk and contract risk are the primary legal risks that financial institutions must manage in the achievement of their objectives. Alberta Central's internal legal counsel ensures there are controls and processes in place and are operating effectively to appropriately mitigate and protect Alberta Central from legal risk.

Regulatory compliance risk is the risk of a financial institution's potential non-conformance with laws, rules, regulations, and prescribed practices ("regulatory requirements") in any jurisdiction in which it operates. It does not include risk arising from non-conformance with ethical standards. Alberta Central's activities have been subject to reviews and periodic on-site regulatory examinations. Alberta Central's Chief Risk and Compliance Officer maintains a legislative and regulatory compliance management system through which legislative and regulatory requirements are annually reviewed and reported. New policies and procedures are developed to address legislative and regulatory requirements as appropriate. The board receives an annual compliance report in which any deficiencies and corresponding action plans are identified.

The board has approved risk appetite and tolerance statements pertaining to legal and regulatory risk.

Corporate Governance Risk

Corporate governance risk is the risk of financial and/or reputational impairment caused by lack of effectiveness of the board and executive management. Alberta Central's organizational structures, policies and controls are designed to provide effective corporate governance. Effective corporate governance is attained through the diligence of knowledgeable and competent directors and senior management and through ongoing succession planning for management leadership roles. Governance activities ensure that critical information reaching executive management and the board is sufficiently complete, accurate and timely to enable appropriate decision-making, and provide the control mechanisms to ensure that strategies, directions and instructions from the board and management are carried out systematically and effectively. The composition, roles and responsibilities, and practices of the board and executive management include having appropriate skills for their roles, high standards of ethics which sets the right tone at the top, diversified skills among board members and board independence. Alberta Central is committed to practicing good governance through full disclosure of corporate governance practices, proper and efficient management of resources and maintaining accountability of the board, management, and employees.

The board has approved risk appetite and tolerance statements pertaining to corporate governance risk.

Management's Responsibility for Financial Reporting

MANAGEMENT OF CREDIT UNION CENTRAL ALBERTA LIMITED (ALBERTA CENTRAL) is responsible for the integrity and fair presentation of the financial information contained in this annual report. The financial statements have been prepared in accordance with International Financial Reporting Standards and, where necessary, include amounts which are based on the best estimates and judgment of management. Financial information appearing throughout this annual report is consistent with the financial statements.

Alberta Central's accounting and related financial controls are designed, and supporting procedures maintained, to provide reasonable assurance of the timely production of reliable and accurate financial information, the promotion of operational efficiency, that assets are safeguarded against loss from unauthorized use or disposition and liabilities are recognized. These supporting procedures include the careful selection and training of qualified staff, the establishment of organizational structures providing a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines of business conduct and risk management throughout Alberta Central. The system of internal controls is further supported by a professional staff of internal auditors who conduct periodic inspections of all major aspects of Alberta Central's operations. The internal auditors have full access to, and meet regularly with, the Audit, Finance and Risk Committee (the committee) of the board of directors to review and discuss the results of their work.

Regulators conduct examinations and make such enquiries into the business affairs of Alberta Central as they may deem necessary to satisfy themselves that the provisions of the appropriate legislation are being duly observed and that Alberta Central is in sound financial condition.

The committee, composed entirely of external directors, reviews the financial statements, including key management estimates and judgments material to the financial results before such financial statements are approved by the board of

directors and submitted to the members of Alberta Central. The committee reviews the audit plans of the internal and external auditors, the results of their audits and management's response to any identified recommendations for improvements in internal control. The committee is also responsible for recommending the appointment of the external auditors to the board of directors.

KPMG LLP, the independent auditors, have audited the financial statements of Alberta Central in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the following report to the members. The auditors have full and unrestricted access to, and meet periodically with, the committee both in the presence and absence of management to discuss their audit and related findings.



Benjamin Chappell

President & CEO
January 15, 2026



Jason Anderson

Chief Financial & Governance Officer

Independent Auditor's Report

TO THE MEMBERS OF CREDIT UNION CENTRAL ALBERTA LIMITED

Opinion

We have audited the financial statements of Credit Union Central Alberta Limited (the Entity), which comprise:

- the statement of financial position as at October 31, 2025
- the statement of income and comprehensive income for the ten-month period then ended
- the statement of members' equity for the ten-month period then ended
- the statement of cash flows for the ten-month period then ended
- and notes to the financial statements, including a summary of material accounting policy information

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

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

BASIS FOR OPINION

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

The logo for KPMG LLP, featuring the letters 'KPMG' in a large, bold, sans-serif font, with 'LLP' in a smaller font to the right. A horizontal line is drawn underneath the letters.

Chartered Professional Accountants

Calgary, Canada

January 15, 2026

Statement of Income and Comprehensive Income

	2025 ¹	2024
<i>(thousands of dollars)</i>		
Financial income		
Interest on securities	96,571	170,208
Interest on loans	5,279	6,820
	101,850	177,028
Financial expenses		
Interest on members' deposits	74,402	143,108
Interest on loans and notes payable	5,734	9,239
	80,136	152,347
Net interest income	21,714	24,681
Provision for credit losses (Note 9)	(1,806)	73
Net interest income after provision for credit losses	19,908	24,754
Operating revenues (Note 4)	32,455	40,477
Operating expenses (Note 4)	(41,106)	(54,340)
Earnings (loss) from equity method investments (Note 8)	40,200	(3,687)
Income before income taxes	51,457	7,204
Income taxes (Note 6)		
Current income tax expense	5,123	–
Deferred income tax expense	2,016	2,727
	7,139	2,727
Net income	44,318	4,477

	2025 ¹	2024
Other comprehensive income		
Items that will never be reclassified to net income:		
Remeasurements of net defined benefit pension asset or liability (net of income tax (recovery) of \$6; 2024 – \$ nil) (Note 5)	19	(77)
Change in unrealized gain (loss) on equity securities at FVOCI (net of income tax (recovery) of (\$79); 2024 – \$28) (Note 7)	155	(1,163)
Items that are or may be reclassified to net income:		
Change in unrealized gains on debt securities at FVOCI (net of income tax (recovery) of \$302; 2024 – \$3,179) (Note 7)	888	10,285
Reclassification adjustments for realized gains (losses) on debt securities at FVOCI (net of income tax (recovery) of \$48; 2024 – \$1) (Note 7)	151	4
	1,213	9,049
Comprehensive income	45,531	13,526

The accompanying notes are an integral part of these financial statements.

¹ Effective January 1, 2025, Alberta Central changed its fiscal year-end reporting date from December 31st to October 31st. These financial statements have been prepared for the ten-month period ended October 31, 2025. The comparative amounts presented in these financial statements are for a 12-month period and therefore, are not entirely comparable. Refer to Note 2(e).

Statement of Financial Position

	OCTOBER 31, 2025 ¹	DECEMBER 31, 2024
<i>(thousands of dollars)</i>		
Assets		
Cash (Note 19)	27,361	26,695
Cash and cash equivalents for managing the liquidity pool (Note 19)	1,147,003	864,853
Securities (Note 7)	2,691,224	2,799,588
Loans (Note 9)	324,683	122,366
Derivative financial assets (Note 19)	17,460	12,079
Other assets (Note 10)	78,808	95,081
	4,286,539	3,920,662
Liabilities		
Accounts payable and accrued liabilities	14,763	13,226
Members' deposits (Note 12)	3,578,653	3,276,793
Notes payable and other liabilities (Note 13)	208,264	208,560
Derivative financial liabilities (Note 19)	17,460	11,714
	3,819,140	3,510,293

	OCTOBER 31, 2025 ¹	DECEMBER 31, 2024
Members' Equity		
Common share capital (Note 14)	331,052	316,794
Retained earnings	110,102	68,543
Accumulated other comprehensive income	26,245	25,032
	467,399	410,369
	4,286,539	3,920,662

Commitments (Note 21)

Events after the reporting date (Note 23)

The accompanying notes are an integral part of these financial statements.

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Approved by the board of directors



Randy Allarie

Chair, Board of Directors



Mark Wiltzen

Chair, Audit, Finance & Risk Committee

Statement of Members' Equity

	SHARE CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY
<i>(thousands of dollars)</i>				
Balance as at January 1, 2024	300,865	64,066	15,983	380,914
Net income	–	4,477	–	4,477
Change in realized and unrealized gains and losses on securities at FVOCI (net of income tax of \$3,208) (Note 7)	–	–	9,126	9,126
Remeasurements of net defined benefit pension asset or liability (net of income tax of \$nil) (Note 5)	–	–	(77)	(77)
Issue of share capital, net (Note 14)	15,929	–	–	15,929
Balance as at December 31, 2024	316,794	68,543	25,032	410,369
Net income	–	44,318	–	44,318
Change in realized and unrealized gains and losses on securities at FVOCI (net of income tax of \$271) (Note 7)	–	–	1,194	1,194
Remeasurements of net defined benefit pension asset or liability (net of income tax of \$6) (Note 5)	–	–	19	19
Issue of share capital, net (Note 14)	14,258	–	–	14,258
Share capital dividends (net of deferred income tax (recovery) of (\$844)) (Note 15)	–	(2,759)	–	(2,759)
Balance as at October 31, 2025¹	331,052	110,102	26,245	467,399

The accompanying notes are an integral part of these financial statements.

¹ Effective January 1, 2025, Alberta Central changed its fiscal year-end reporting date from December 31st to October 31st. These financial statements have been prepared for the ten-month period ended October 31, 2025. The comparative amounts presented in these financial statements are for a 12-month period and therefore, are not entirely comparable. Refer to Note 2(e).

Statement of Cash Flows

	2025 ¹	2024
<i>(thousands of dollars)</i>		
Cash resources provided by (used in):		
Operating activities		
Net income	44,318	4,477
Adjustments for:		
Depreciation and amortization (Note 11, Note 16)	4,496	9,355
Loss on settlement of pension obligation (Note 5)	1,516	-
Provision for credit losses (Note 9)	1,806	(73)
Deferred income tax	2,016	2,727
Net interest income	(21,714)	(24,681)
Interest received	101,035	175,569
Interest paid on deposits	(78,404)	(146,024)
(Earnings) losses from equity method investments (Note 8)	(40,200)	3,687
	14,869	25,037
Changes in non-cash operating components		
Cash in transit and other assets	4,597	35,927
Derivative financial assets and liabilities	365	(1,877)
Accounts payable and accrued liabilities	1,009	(7,236)
Net increase in members' deposits	305,862	88,557
Net (increase) decrease in loans	(204,190)	203,985
	122,512	344,393

	2025 ¹	2024
Financing activities		
Increase in notes payable	1,129	790
Interest paid on loans and notes payable	(6,258)	(9,538)
Payment of lease liabilities	(1,139)	(1,493)
Issuance of share capital, net of redemptions (Note 14)	14,258	15,929
Payment of share capital dividends (Note 15)	(3,603)	-
	4,387	5,688
Investing activities		
Sale (purchase) of securities	110,711	(276,168)
Proceeds on business divestment (Note 8)	-	3,124
Lease payments received	300	627
Distribution from equity method investments (Note 8)	45,956	40
Acquisition of capital and intangible assets	(1,050)	(3,817)
	155,917	(276,194)
Increase in cash resources	282,816	73,887
Cash, and cash and cash equivalents for managing the liquidity pool, beginning of period	891,548	817,661
Cash, and cash and cash equivalents for managing the liquidity pool, end of period ²	1,174,364	891,548

The accompanying notes are an integral part of these financial statements.

¹ Effective January 1, 2025, Alberta Central changed its fiscal year-end reporting date from December 31st to October 31st. These financial statements have been prepared for the ten-month period ended October 31, 2025. The comparative amounts presented in these financial statements are for a 12-month period and therefore, are not entirely comparable. Refer to Note 2(e).

² Cash includes \$3,917 (2024 - \$3,272) held in US denominations (\$5,488 CDN equivalent (2024 - \$4,706))

Notes to the Financial Statements

(thousands of dollars except where otherwise noted)

NOTE 1: GENERAL INFORMATION

Credit Union Central Alberta Limited (operating as Alberta Central) is a limited liability company and is incorporated and domiciled in Canada. Alberta Central is governed by the Credit Union Act of Alberta. Alberta Central is provincially regulated by the Credit Union Deposit Guarantee Corporation (CUDGC).

The address of its registered office is:

227 11 Avenue SW, Suite 500
Calgary, Alberta

Alberta Central is the liquidity and trade association for credit unions in Alberta. Alberta Central's financial statements comprise the accounts of Alberta Central and its proportionate share of the assets, liabilities, revenue and expenses of its joint arrangements, Prairie Payments Joint Venture (PPJV), and RemainCo Joint Venture (RemainCo). The PPJV provides payment services and related support services to the members of its owners, Alberta Central (33.33 percent), Credit Union Central of Saskatchewan (SaskCentral) (33.33 percent) and Credit Union Central of Manitoba (Manitoba Central) (33.33 percent) as well as to other organizations. Following the sale of the Celero Solutions (Celero) business via asset sale in 2024, Celero's name was changed to RemainCo and existed to wind down the remaining interests of the joint arrangement. RemainCo is owned by Alberta Central (33.33 percent), SaskCentral (33.33 percent) and Manitoba Central (33.33 percent), and became a joint arrangement of Alberta Central on August 21, 2024 based on changes to the shareholder agreement. The registered place of business for both PPJV and RemainCo is Calgary, Alberta.

The financial statements also comprise Alberta Central's equity share of the income of its significantly influenced associates, RemainCo (prior to August 21, 2024), CU CUMIS Wealth Holdings LP (CU CUMIS), and 16170277 Canada Inc. CU CUMIS is a partnership of the CUMIS Group Limited and five provincial credit union centrals – Atlantic Central, Central 1 Credit Union (Central 1), Manitoba Central, SaskCentral and Alberta Central. CU CUMIS holds a 50.00 percent interest in Aviso Wealth Inc., a wealth management company. The registered place of business for CU CUMIS is Toronto, Ontario. RemainCo (formerly Celero) provided information technology services to credit unions, its owners, Alberta Central (33.33 percent), SaskCentral (33.33 percent) and Manitoba Central (33.33 percent), and to other organizations. The registered place of business for Celero was Calgary, Alberta. 16170277 Canada Inc. is a joint venture owned by Alberta Central (33.33 percent), SaskCentral (33.33 percent) and Manitoba Central (33.33 percent). Prior to June 13, 2025, 16170277 Canada Inc. held legal title to 49.00 percent of the issued and outstanding shares of Everlink Payment Services Inc. (Everlink), (previously held by Celero) an integrated payments services entity. On June 13, 2025, 16170277 Canada Inc. sold its 49.00 percent interest in Everlink to an unrelated third party. The registered place of business for 16170277 Canada Inc. is Toronto, Ontario.

On May 1, 2024, following the amalgamation of Servus Credit Union Ltd. and Connect First Credit Union Ltd., Connect First and Servus Credit Union Ltd. (CFSCU) became the parent company of Alberta Central. During 2025, CFSCU changed its legal name to Servus Credit Union Ltd. (Servus).

NOTE 2: BASIS OF PREPARATION

a) Statement of compliance

Alberta Central prepares its financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

These financial statements have been approved for issue by the board of directors on January 15, 2026.

b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the following material items:

ITEMS	MEASUREMENT BASIS
Financial assets and liabilities at FVTPL	Fair value
Financial assets at FVOCI	Fair value
Net defined benefit pension plan asset (liability)	Fair value of plan assets less the present value of the defined benefit obligation, as explained in Note 5

c) Currency

The financial statements are presented in Canadian dollars, which is Alberta Central's functional currency.

d) Significant estimates and assumptions

The preparation of these financial statements in conformity with IFRS Accounting Standards requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates, judgments and assumptions. Estimates, judgments and assumptions are evaluated on a continuous basis and are based on past experiences and other factors, including expectations regarding future events. Revisions to accounting judgments and estimates are recognized in the period in which the judgments or estimates are revised and in any future periods affected. Areas of judgment and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial period are described below.

**Equity accounted investees**

IAS 28 requires losses from an equity accounted investee to be applied to the investment and to any other long-term interests with the investee. Management is therefore required to make judgments on whether loans to equity accounted investees are considered a long-term interest.

Provision for credit losses

IFRS 9 requires estimates and assumptions to be made by management in determining provisions for credit losses. Management must make assumptions regarding the creditworthiness of individual borrowers, the timing of receipt of future cash flows (repayment from the borrowers), and estimate the net realizable value and timing of the realization of the collateral underlying the loan. All lending activity is undertaken on a syndicated basis with credit unions where the credit union typically functions as the lead lender.

IFRS 9 requires a forward-looking expected credit loss (ECL) model. Assessment of whether there has been a significant increase in credit risk (SICR) since initial recognition, and the incorporation of forward-looking information in the measurement of ECL, requires considerable judgement (Note 3c).

Business model and solely payments of principal and interest assessment

To determine the classification of financial assets, management uses judgment to assess the business model within which the assets are held and whether contractual terms of the cash flows are solely payments of principal and interest on the principal amount outstanding (Note 3b).

Fair value of financial instruments

The fair value of financial instruments where no active market exists, or where quoted prices are not otherwise available, is determined using valuation techniques. In these cases, the fair value is estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions regarding credit risk, market liquidity and timing of future cash flows. The use of valuation techniques in calculating the fair value of Alberta Central's investments in equity securities in cooperative enterprises is discussed further in Note 20.

Intangible asset impairment assessment

Intangible assets are amortized over the useful economic life (Note 3h) and assessed for impairment on an annual basis while under development or whenever there is an indication that the intangible asset may be impaired. When carrying amount exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount which is the higher of fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. In determining fair value less costs of disposal, recent market transactions are considered, or an appropriate valuation model is used.

e) Fiscal year-end reporting date change

Effective January 1, 2025, Alberta Central changed its fiscal year-end reporting date from December 31st to October 31st. These financial statements have been prepared for the ten-month period ended October 31, 2025. The comparative amounts presented in these financial statements are for a 12-month period and therefore, are not entirely comparable. In the notes to the financial statements, items presented as 2025 reflect either the balances as at October 31, 2025 or the period from January 1, 2025 to October 31, 2025. Items presented as 2024 reflect either the balances as at December 31, 2024 or the period from January 1, 2024 to December 31, 2024. Alberta Central changed its fiscal year-end reporting date to October 31st, to align with the year-end reporting date of its parent company.

NOTE 3: MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are summarized below and have been consistently applied to all periods presented, except where otherwise noted.

a) Revenue recognition

Interest income on loans and securities is recognized in profit and loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to its net carrying amount. For credit-impaired financial assets, the effective interest rate is calculated based on the gross carrying amount of the financial asset less expected credit loss.

Revenues that fall within the requirements of IFRS 15 "Revenue from contracts with customers" are comprised primarily of payment processing, procurement services, and membership dues. Payment processing services are sold at fixed unit prices over the term of the contract with the related performance obligations satisfied over time. Procurement services are sold at fixed unit prices over the term of the contract and the related performance obligations are satisfied at the point in time in which the services are rendered to the customer. Membership dues are provided at fixed prices established annually and the related performance obligations are satisfied over time.

b) Financial assets and liabilities

All financial assets are classified as FVTPL, FVOCI or amortized cost. All financial liabilities are classified as FVTPL or amortized cost. Financial assets and liabilities are recognized when Alberta Central becomes a party to the contractual provisions of the instrument. Alberta Central uses settlement date accounting for regular-way trades, which are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

Business model and solely payments of principal and interest assessment

To determine the classification of financial assets, management completes an assessment whether contractual cash flows are solely payments of principal and interest. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, management considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Alberta Central makes an assessment of the objective of a business model in which an asset is held at a segmented portfolio level because this best reflects the way the business is managed and information is provided to management. Portfolio segments differ primarily in strategy and objective resulting in a requirement to treat certain security pools differently. The information considered includes the stated policies and objectives for the portfolio segment and the operation of those policies in practice. In particular, it considers whether management's strategy focuses on earning contractual interest revenue, maintaining interest rate profile, maintaining a liquidity pool, matching the duration of financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of those assets.

Fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

On initial recognition of an equity investment that is not held for trading, Alberta Central may irrevocably elect to present subsequent changes in fair value through OCI. This election is made on an investment-by-investment basis. Alberta Central has made this election for equity securities held in cooperative entities (Note 7). Accordingly, gains and losses accumulated in OCI related to equity securities are not reclassified to net income.

Amortized cost

Financial assets classified as amortized cost are instruments which have contractual terms that give rise, on specified dates, to cash flows that are solely payments of principal and interest with fixed or determinable payments and fixed maturities that are held within a business model with the objective of collecting contractual cash flows. Financial

liabilities are measured at amortized cost unless they are classified as FVTPL. Financial assets and liabilities classified as amortized cost are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

Alberta Central has classified cash, cash and cash equivalents for managing the liquidity pool, loans, accounts receivable, items in transit, certain debt securities, members' deposits, accounts payable and accrued liabilities, and notes payable and other liabilities, as amortized cost.

Fair value through profit or loss (FVTPL)

All financial assets or liabilities not classified as measured at FVOCI or amortized cost are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost, or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Derivative instruments must be classified as FVTPL unless they are designated as an effective hedging instrument. Alberta Central has classified derivative financial assets and derivative financial liabilities as FVTPL.

Determination of fair value

For financial instruments traded in an active market, fair value is determined by reference to quoted market prices or dealer price quotations. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. Where independent quoted market prices are not available, fair value is determined by reference to recent arm's length market transactions for similar instruments, the current fair value of other instruments having substantially the same terms, conditions and risk characteristics or through the use of other valuation techniques. For equity investments, fair value may be best represented by par value of the shares, if equal to redemption value, or cost, if cost represents the best estimate of fair value.

With the use of valuation techniques, fair value is estimated from observable data in respect to similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the date of the statement of financial position. Alberta Central uses valuation techniques primarily to value its derivatives and certain equity investments.

Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or substantially all the risks and rewards of ownership of the assets have been transferred. Financial liabilities are derecognized when the obligation has been discharged, cancelled or expired.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI with respect to equity investment securities designated as FVOCI are not recognized in profit or loss on derecognition.

c) Provision for credit losses

Impairment and provisions for expected credit losses

Alberta Central reviews its financial assets that are not measured at FVTPL for impairment on a quarterly and annual basis. The expected loss impairment model is based on a forward-looking approach and contains a three-stage methodology to evaluate changes in credit risk since initial recognition. For assets where there has not been a significant increase in credit risk since initial recognition (stage one), a loss provision equal to 12 months expected credit losses is recognized. If credit risk increases significantly from initial recognition (stage two) or if a financial asset is considered credit impaired (stage three), a loss provision equal to the lifetime expected credit losses is recognized.

ECL is a probability-weighted estimate of credit losses. The key inputs into the measurement of ECL, regardless of the presence of SICR are the following variables:

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

These parameters are derived from internally developed statistical models and other historical data, which are adjusted to reflect forward-looking information. Experienced credit judgement has been applied to reflect the impact of the highly uncertain economic environment on credit conditions.

PD estimates at the reporting date are calculated based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures.

LGD is the magnitude of the likely loss if a default occurs. Alberta Central estimates LGD parameters based on the value of security held for each asset (if applicable) compared to the exposure at default as well as historic experience with distressed sale discounts and costs to sell upon security realization. LGD estimates are recalibrated for different economic scenarios to reflect possible changes in property prices.

EAD represents the expected exposure in the event of a default. Alberta Central derives the EAD from the current exposure to the counterparty.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, Alberta Central considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on Alberta Central's historical experience and credit risk assessment from qualified personnel, and from forward-looking information.

The objective of the assessment is to identify whether SICR has occurred for an exposure by comparing:

- remaining lifetime PD as at the reporting date; with
- remaining lifetime PD estimated at the time of initial recognition of the exposure.

The criteria for determining whether SICR has occurred include quantitative changes in PDs and qualitative factors, including payment delinquency. Using credit judgment and, where possible, relevant historical experience, Alberta Central may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Alberta Central considers an asset to be credit impaired when an asset is more than 30 days past due, subject to other qualitative considerations, or is in default. Alberta Central considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by Alberta Central to actions such as realizing security.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

Alberta Central incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. External information includes economic data and forecasts published by government bodies and monetary authorities in Canada.

d) Income taxes

Current income taxes

Current income tax is the expected tax payable (receivable) on the taxable income (loss) for the year. It is calculated on the basis of the applicable tax law in Alberta using rates enacted or substantially enacted at period-end. Current income tax is recognized as an expense (recovery) in the statement of income and comprehensive income except to the extent it relates to items that are charged (credited) in other comprehensive income or directly to equity. In such circumstances, it is charged (credited) to other comprehensive income or equity.

If Alberta Central has tax losses during the period that may be offset against a tax liability for a previous period, these losses are recognized as an asset and a reduction of income tax expense. Where tax losses can be carried forward against taxable income of future periods, a deductible temporary difference arises. Those losses offset deferred tax liabilities recognized in the statement of financial position.

Deferred income taxes

Alberta Central follows the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized on temporary differences arising between the financial statement carrying amounts of assets and liabilities and their respective tax bases. The deferred tax assets and liabilities are calculated using enacted or substantively enacted tax rates that are expected to be in effect when the differences are expected to reverse.

Deferred tax assets are recognized for unused tax losses, tax credits and other temporary differences when it is probable that future taxable income will be available against which these temporary differences can be utilized.

Any changes in deferred tax assets or liabilities during the period are reflected in income tax expense on the statement of income and comprehensive income unless they relate to items that are recognized in other comprehensive income or equity.

e) Cash and cash equivalents

Cash and cash equivalents include bank accounts held and used by Alberta Central in the management of short-term commitments. Cash and cash equivalents that are held for the purpose of managing the liquidity portfolio are included as a separate financial statement line item and are made up of bank accounts that are not used in the management of short-term commitments.

f) Equity method investments

Alberta Central uses the equity method to account for RemainCo (prior to August 21, 2024), 16170277 Canada Inc., and CU CUMIS over which it exercises significant influence. Significant influence is the power to participate in, but not control or jointly control, the financial and operating policy decisions of the investee. Under this method, the investment is initially recognized at cost and is adjusted for Alberta Central's share of income (loss) and distributions received from (contributions to) the investee. The investment is written down to recognize losses, if any, in its value. Alberta Central assesses impairment of its investments in 16170277 Canada Inc. and CU CUMIS on an annual basis and losses, if any, are recognized in the statement of income and comprehensive income.

g) Joint Arrangements

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

h) Capital and intangible assets

Capital assets are recognized at historical cost less accumulated depreciation. Intangible assets consist of acquired operating software assets and development costs recognized at historical cost less accumulated amortization. Historical cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

Computer hardware and equipment	3 years
Intangible assets	3-5 years
PPJV payments platform	10 years
Furniture	10 years
Leasehold improvements	Term of the lease
Right-of-use (ROU) assets	Term of the lease

PPJV payments platform costs relate to Alberta Central's proportionate share of expenditures incurred with the development of a cloud-based payments processing platform within the PPJV. Eligible costs are expenditures that are directly attributable to building the platform and preparing the asset for its intended use and include fees associated with third party software development and architecture, testing and project management. Costs associated with training, maintenance and data conversion activities are expensed as incurred.

Depreciation/amortization commence on capital assets once the assets are available for use. The residual values and useful lives of the capital assets are reviewed, reassessed and adjusted, if appropriate, each reporting period.

Capital and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Intangible assets that are in development and not yet available for use are also reviewed for impairment annually. An asset is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Fair value is estimated based on recent transactions for similar assets within the same industry. Value in use is estimated based on discounted net cash flows from the continuing use and ultimate disposal of an asset.

Leases

A contract contains a lease if there is a right to control the use of an identified asset over a period of time in exchange for consideration.

As lessee

Leases are recognized on the statement of financial position as ROU assets and lease liabilities. A depreciation charge and interest expense are recognized on the ROU assets and lease liabilities through the statement of income and comprehensive income.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using Alberta Central's weighted incremental borrowing rate at initial recognition.

ROU assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. The ROU asset is subsequently depreciated using the straight-line method from commencement date to the end of the lease term, adjusted for any remeasurements of lease liabilities.

Leases of low-value items or short-term leases are expensed on a straight-line basis over the lease term.

As lessor

Leases that transfer substantially all of the risks and rewards incidental to ownership of the underlying asset are classified as finance leases. All other leases are classified as operating leases.

When assets are subject to a finance lease, a net investment in the lease is recognized within other assets on the statement of financial position. Interest income is recognized over the term of the lease using the implicit interest rate.

i) Derivative instruments

Alberta Central enters into various derivatives in the normal course of business, including interest rate swaps, index linked options, bond forwards and foreign-exchange swaps. Alberta Central uses such instruments to meet the needs of member credit unions and to assist in its own risk management program.

Derivative instruments are classified as FVTPL and measured at fair value in the statement of financial position with changes in fair value recognized in net income.

NOTE 4: OPERATING REVENUES AND OPERATING EXPENSES

	2025	2024
Operating revenues		
Prairie Payments Joint Venture (Note 3g)	23,757	27,974
Member dues	4,495	5,400
Financial and ancillary services	2,129	2,077
Revenue from affiliates and other	2,074	4,801
RemainCo Joint Venture (Note 3g)	–	225
	32,455	40,477
Operating expenses		
Personnel	16,901	16,017
Payments processing, clearing and settlement (Note 21)	7,488	9,551
Administration and other	5,792	10,567
Property and equipment (Note 11)	5,503	12,015
Information technology services	4,511	5,140
Organization	911	1,050
	41,106	54,340

Included within financial and ancillary services is \$577 of foreign exchange gains (2024 – (\$1,554) of foreign exchange losses) and (\$365) (2024 – \$1,877) of related revaluation of foreign exchange derivative financial instruments.

Revenue from affiliates and other revenues includes administrative and facilities services charged to PPJV and RemainCo of \$1,723 (2024 – \$3,457). Operating expenses include \$21,390 relating to Alberta Central's share of PPJV's operating and transition expenses (2024 – \$32,048) and \$351 of RemainCo's operating expenses (2024 – (\$104) operating expense recoveries).

NOTE 5: PENSION PLANS**a) Defined contribution pension plan**

Alberta Central contributes annually to a defined contribution pension plan for employees. Pension expense of \$598 (2024 – \$654) is included in personnel expense (Note 4).

b) Defined benefit pension plan

Alberta Central also contributed to a defined benefit pension plan for certain executive management which qualifies as a retirement compensation arrangement under the *Income Tax Act*. This plan was fully funded by Alberta Central and there were no active members in the plan. Concentra Trust was the custodian of the plan. During 2025, Alberta Central and the plan members elected to voluntarily terminate the plan. Upon termination, the assets of the plan were distributed in accordance with the plan. An actuarial valuation of the defined benefit obligation was performed as of May 31, 2025, the date of the termination.

The fair value of plan assets and defined benefit obligation is as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Fair value of plan assets, consisting of government debt securities, end of period	–	6,383
Defined benefit obligation, end of period	–	2,966
Pension surplus (Note 10)	–	3,417

The amounts recognized in the statement of income and comprehensive income on a before-tax basis are as follows:

	2025	2024
Included in net income:		
Loss on settlement	(1,516)	–
Net interest income	70	155
	(1,446)	155
Included in other comprehensive income:		
Actuarial gains arising from experience adjustments and changes in financial assumptions	47	55
Remeasurements of defined benefit pension asset	(22)	(132)
	25	(77)

NOTE 6: INCOME TAXES

The combined federal and provincial substantively enacted income tax rate applicable to Alberta Central is 23.43 percent (2024 – 23.43 percent). Income taxes calculated at substantively enacted rates differ from the provision included in the statement of income and comprehensive income for the following reasons:

	2025	2024
Income tax expense at substantively enacted rates	12,048	1,709
Increase (decrease) in income taxes resulting from:		
Impact of rate changes on temporary differences	–	19
Non-deductible items and permanent differences on equity investments	(112)	(339)
Non-taxable portion of capital gain on disposition	(4,797)	–
Other	–	1,338
Provision for income tax expense	7,139	2,727

Deferred tax asset is comprised of the following:

	DECEMBER 31, 2024	RECOGNIZED IN EARNINGS	RECOGNIZED IN OCI	RECOGNIZED IN EQUITY	OCTOBER 31, 2025
Deferred tax assets					
Capital assets	1,123	(1,130)	–	–	(7)
Loan impairment	386	44	–	–	430
Non-capital losses	6,321	(2,155)	–	844	5,010
Other	874	(111)	(6)	–	757
Deferred tax liabilities					
Joint venture investments	(1,156)	684	–	–	(472)
Pension	(1,070)	325	–	–	(745)
Fair value adjustments	(2,995)	327	(271)	–	(2,939)
	3,483	(2,016)	(277)	844	2,034

NOTE 7: SECURITIES

	OCTOBER 31, 2025	DECEMBER 31, 2024
Securities at FVOCI		
Government:		
Provincial	1,214,474	1,666,004
Federal	743,061	313,186
Corporate:		
Banks	434,692	598,765
Other	256,254	179,832
Other:		
Investments with financial institutions	26,500	26,500
Equity investments in cooperative entities (Note 20)	9,594	9,479
Total securities at FVOCI	2,684,575	2,793,766
Accrued interest receivable	6,649	5,822
	2,691,224	2,799,588

As at October 31, 2025, \$233,452 (December 31, 2024 – \$268,857) of securities were pledged to Central 1 under the terms of the credit union system *Group Clearing Services Agreement* (Note 13) and are restricted from Alberta Central's use.

Alberta Central is party to a *Credit Support Annex*, which requires Alberta Central to pledge collateral to the extent that the net value of swaps with a certain major Canadian financial institution decreases below a specified level. Securities on the statement of financial position includes \$29,549 (December 31, 2024 – \$39,397) pledged with the financial institution.

NOTE 8: EQUITY METHOD INVESTMENTS**RemainCo Joint Venture**

Alberta Central has a 33.33 percent interest in RemainCo. Prior to August 21, 2024, Alberta Central exercised significant influence over RemainCo and accounted for the investment using the equity method. On August 21, 2024, due to changes in the governance structure of RemainCo, Alberta Central's interest in the entity was subsequently accounted as a joint arrangement. The below table shows a continuity of the investment and impact to the comparative period:

	DECEMBER 31, 2024
Carrying value at January 1	–
Share of RemainCo's current period net income and comprehensive income for the period of January 1, 2024 to August 21, 2024	1,067
Loans converted to equity	8,372
Share of RemainCo's prior period unrecognized net income (loss) and comprehensive income (loss)	(5,157)
Impairment of investment	(1,208)
Investment proportionately consolidated	(3,074)
Carrying value at December 31, 2024	–

16170277 Canada Inc.

Alberta Central has a 33.33 percent interest in 16170277 Canada Inc. which held legal title to 49.00 percent of the issued and outstanding shares of Everlink. Based on the governance structure, Alberta Central exercises significant influence over 16170277 Canada Inc. and accounts for the investment using the equity method (Note 10).

On June 13, 2025, 16170277 Canada Inc. closed a Share Purchase Agreement (SPA) under which it sold all of its 490 owned common shares of Everlink to an unrelated third party. The final gross proceeds allocated to 16170277 Canada Inc., after being adjusted for seller transaction costs, as well as purchase price and working capital adjustments specified in the SPA, were \$126,567, Alberta Central's portion was \$42,189. As of October 31, 2025, all purchase price and working capital adjustments have been finalized and the proceeds have been received. The transaction resulted in a gain on disposition of \$106,150, with Alberta Central's portion of \$35,383 included in the share of net income and comprehensive income in the table below.

Details of Alberta Central's share of the sale transaction are as follows:

Purchase price	42,189
Less: Transaction costs	(970)
Net proceeds received	41,219
Less: Carrying value of assets	(5,836)
Gain on sale	35,383

Summarized financial information of 16170277 Canada Inc. is as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Non-current assets	–	19,542
Contributions (to) from owners	(137,868)	17,509
Net income and comprehensive income	120,360	2,033

The movement in Alberta Central's interest in 16170277 Canada Inc. during the period was as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Carrying value at January 1	5,836	–
Contributions	–	5,836
Share of net income and comprehensive income	40,120	–
Distributions of net income and comprehensive income	(45,956)	–
Carrying value at period-end	–	5,836

CU CUMIS Wealth Holdings LP

Alberta Central has an 8.71 percent interest in CU CUMIS. Based on the governance structure, Alberta Central exercises significant influence over CU CUMIS and accounts for the investment using the equity method (Note 10).

Summarized financial information of CU CUMIS is as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Current assets	35	9,156
Non-current assets	193,519	156,948
Current liabilities	808	9,278
Share of Aviso Wealth net income	36,019	34,188
Net income	35,355	30,897
Comprehensive income	35,917	35,034

The movement in Alberta Central's interest in CU CUMIS during the period was as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Carrying value at January 1	24,431	23,974
Share of CU CUMIS' net income ³	80	96
Share of CU CUMIS' other comprehensive income	41	401
Share of distributions	–	(40)
Carrying value as at period-end	24,552	24,431

³ The difference between the carrying value of \$24,552 (December 31, 2024 – \$24,431) and Alberta Central's share of CU CUMIS' net assets of \$16,788 (December 31, 2024 – \$13,660) is attributable to intangible assets. Alberta Central's share of CU CUMIS' net income is net of \$363 (2024 – \$436) amortization of fair value allocation to limited life intangible assets acquired in the 2018 acquisition transaction.

NOTE 9: LOANS

	OCTOBER 31, 2025	DECEMBER 31, 2024
Credit unions	202,718	4,876
Commercial loans and mortgages	127,265	120,559
Employee mortgages	4,396	4,754
	334,379	130,189
Accrued interest receivable	1,911	1,923
	336,290	132,112
Less ECL allowances on commercial loans and mortgages	(11,607)	(9,746)
	324,683	122,366

Alberta Central's loans include \$10,405 (December 31, 2024 – \$12,003) in credit-impaired, stage 3 loans, \$14,329 (December 31, 2024 – \$15,086) in non-credit impaired, stage 2 loans for which a lifetime ECL is calculated (Note 3c) and \$309,645 (December 31, 2024 – \$103,100) stage 1 loans for which a 12-month ECL is calculated (Note 3c).

	12-MONTH ECL (STAGE 1)	LIFETIME ECL NOT CREDIT- IMPAIRED (STAGE 2)	LIFETIME ECL CREDIT- IMPAIRED (STAGE 3)	TOTAL
Balance as at January 1, 2024	35	1,066	8,738	9,839
Originations	4	–	–	4
Repayments	(4)	(256)	–	(260)
Remeasurements	15	(110)	258	163
Provision for credit losses	15	(366)	258	(93)
Balance as at December 31, 2024	50	700	8,996	9,746
Originations	9	–	–	9
Repayments	(2)	–	–	(2)
Remeasurements	(7)	–	1,861	1,854
Provision for credit losses	–	–	1,861	1,861
Balance as at October 31, 2025	50	700	10,857	11,607

	2025	2024
Provision for credit losses recognized in the statement of income and comprehensive income:		
Loans	1,861	(93)
Securities	(55)	20
Total provision for credit losses	1,806	(73)

Alberta Central considers probability weighted scenarios to estimate the impact of forward-looking factors on ECL's. The October 31, 2025 weighting for downside scenarios was 40.00 percent (December 31, 2024 – 40.00 percent). The downside scenario weighting considered economic factors including the interest rate environment, inflation and uncertainty about future recession.

NOTE 10: OTHER ASSETS

	OCTOBER 31, 2025	DECEMBER 31, 2024
Investment in CU CUMIS – equity method (Note 8)	24,552	24,431
Capital and intangible assets (Note 11)	23,860	26,984
Items in transit	13,871	14,403
Accounts receivable and prepaid expenses	10,015	12,614
Right-of-use asset (Note 16)	2,258	933
Net investment in subleases (Note 16)	2,218	2,980
Deferred income tax asset (Note 6)	2,034	3,483
Investment in 16170277 Canada Inc. – equity method (Note 8)	–	5,836
Pension surplus (Note 5)	–	3,417
	78,808	95,081

NOTE 11: CAPITAL AND INTANGIBLE ASSETS

	COMPUTER HARDWARE AND EQUIPMENT	PPJV PAYMENTS PLATFORM	OTHER INTANGIBLE ASSETS	FURNITURE	LEASEHOLD IMPROVE- MENTS	TOTAL
Cost						
Balance as at December 31, 2023	1,011	35,648	2,079	1,484	4,109	44,331
Total additions	–	3,817	–	–	–	3,817
Transfers	(50)	–	–	50	–	–
Balance as at December 31, 2024	961	39,465	2,079	1,534	4,109	48,148
Total additions	–	1,050	–	–	–	1,050
Total disposals	(261)	–	(1,259)	(5)	(7)	(1,532)
Balance as at October 31, 2025	700	40,515	820	1,529	4,102	47,666
Accumulated depreciation/amortization						
Balance as at December 31, 2023	(653)	(7,303)	(2,044)	(1,123)	(886)	(12,009)
Total depreciation	(135)	(8,463)	(7)	(142)	(408)	(9,155)
Transfers	60	–	–	(60)	–	–
Balance as at December 31, 2024	(728)	(15,766)	(2,051)	(1,325)	(1,294)	(21,164)
Total depreciation	(93)	(3,684)	(10)	(60)	(327)	(4,174)
Total disposals	261	–	1,259	5	7	1,532
Balance as at October 31, 2025	(560)	(19,450)	(802)	(1,380)	(1,614)	(23,806)
Net book value						
At December 31, 2024	233	23,699	28	209	2,815	26,984
At October 31, 2025	140	21,065	18	149	2,488	23,860

Depreciation/amortization expense is included in property and equipment expense (Note 4). During the period, previously capitalized PPJV payments platform costs of \$nil (2024 – \$5,945) were recorded to amortization expense due to changes in management's development plans resulting in these costs no longer meeting the criteria to be recognized as an asset. In October 2024, the PPJV payments platform was considered fully operational.

NOTE 12: MEMBERS' DEPOSITS

	OCTOBER 31, 2025	DECEMBER 31, 2024
Statutory liquidity deposits	2,936,620	2,250,678
Money market deposits	468,981	844,078
Current accounts and demand deposits	158,937	163,920
	3,564,538	3,258,676
Accrued interest payable	14,115	18,117
	3,578,653	3,276,793

Alberta credit unions are required by Alberta Central's bylaws to maintain nine percent of their liabilities in statutory liquidity deposits and common share capital (Note 14) of Alberta Central.

NOTE 13: NOTES PAYABLE AND OTHER LIABILITIES

	OCTOBER 31, 2025	DECEMBER 31, 2024
Commercial paper	199,502	199,186
Lease liabilities (Note 16)	8,762	9,374
	208,264	208,560

Alberta Central is authorized to issue commercial paper to a maximum of \$600,000 (2024 – \$600,000). Amounts bear interest at a weighted-average rate of 2.71 percent (2024 – 3.83 percent) and have a weighted average term of 72 days (2024 – 92 days).

Alberta Central is party to a *Group Clearing Services Agreement* with Central 1 (the Group Clearer). Under the terms of the agreement, Alberta Central maintains a clearing account with the Group Clearer and uses commercially reasonable efforts to ensure that its clearing account shall be in a net neutral or positive position at the end of each business day. Clearing advances, if any, to Alberta Central are at the discretion of the Group Clearer or the Management Committee of the Group Clearing Joint Venture. Pursuant to the terms of the *Group Clearing Services Agreement* (Note 19b), Alberta Central is obliged to pledge securities to Central 1 as the Group Clearer with a Bank of Canada collateral value based on clearing activity levels (Note 7). Any amounts owing on the clearing account are due on demand and bear a rate of interest that is determined based on the nature of the clearing advance made for Canadian dollar advances. For US dollar advances, amounts bear interest at the rate charged to Central 1 by the correspondent US bank.

Lease liabilities consist of non-cancellable premises lease agreements (Note 16).

NOTE 14: COMMON SHARE CAPITAL

Authorized:

Common shares held by Class A voting members – unlimited number at five dollars per share

Common shares held by Class B non-voting members – unlimited number at five dollars per share

Issued and outstanding:

Common shares held by Class A voting members – 66,069,636 shares (2024 – 63,218,039)

Common shares held by Class B non-voting members – 140,683 shares (2024 – 140,683)

Common shares are held by Alberta credit unions (Class A members) and other non-credit union organizations (Class B members).

	OCTOBER 31, 2025	DECEMBER 31, 2024
Common shares held by Class A members:		
Balance, beginning of period	316,090	300,161
Issued, for cash (2,851,597 shares; 2024 – 3,185,885 shares)	14,258	15,929
Balance as at period-end	330,348	316,090
Common shares held by Class B members:		
Balance, beginning of period	704	704
Redeemed, at par (nil shares; 2024 – 20 shares)	–	–
Balance as at period-end	704	704
Total common shares	331,052	316,794

Alberta Central's bylaws require member credit unions to maintain a minimum of one percent of their assets as common share capital in Alberta Central.

Alberta Central's bylaws require that Class B members maintain common shares in Alberta Central, the total par value of which is not less than \$100 dollars.

All requests for redemption of common share capital require approval from Alberta Central's board of directors. The redemption price of all common shares is their par value of five dollars per share.

NOTE 15: DIVIDENDS

Share capital dividends of \$3,603 (2024 – \$nil) were declared and paid based on Alberta Central's prior period results. Both Class A and B members are eligible to participate in the receipt of share capital dividends from Alberta Central.

NOTE 16: LEASES

	OCTOBER 31, 2025	DECEMBER 31, 2024
RIGHT-OF-USE ASSET		
Cost		
Opening balance	1,555	1,557
Total additions	1,852	324
Total disposals	(335)	(326)
Balance as at period-end	3,072	1,555
Accumulated depreciation/amortization		
Opening balance	(622)	(741)
Total depreciation	(322)	(200)
Total disposals	130	319
Balance as at period-end	(814)	(622)
Net book value	2,258	933

Alberta Central and PPJV are party to non-cancellable premises lease agreements. The future minimum lease payments for base rent under the non-cancellable operating leases are as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Less than 1 year	1,539	1,351
1 to 5 years	6,254	5,991
Greater than 5 years	1,875	3,127
Total undiscounted lease liabilities	9,668	10,469
Discounted lease liabilities included in the statement of financial position at period-end (Note 13)	8,762	9,374

Interest accretion on lease liabilities of \$238 (2024 – \$294) and variable lease operating expenses of \$1,371 (2024 – \$1,431) are recognized within property and equipment expense (Note 4).

Alberta Central subleases premises space to PPJV and RemainCo. The RemainCo sublease is classified as a finance lease. Prior to April 1, 2025, the PPJV sublease was classified as a finance lease. The future undiscounted lease payments to be received from finance leases are as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Less than 1 year	375	412
1 to 5 years	1,587	1,909
Greater than 5 years	482	1,010
Total undiscounted lease payments receivable	2,444	3,331
Unearned finance income	226	351
Net investment in subleases (Note 10)	2,218	2,980

Income of \$66 (2024 – \$126) was recorded in the statement of income and comprehensive income from subleases.

Effective April 1, 2025 Alberta Central modified the sublease agreement with PPJV to allow either party to terminate the lease and all associated obligations with 45 days written notice. The change in term triggered a lease modification and the agreement was reclassified to an operating lease. Alberta Central extinguished the PPJV sublease from the net investment in sublease and recognized a right-of-use asset (Note 10). The operating lease was terminated effective October 31, 2025

NOTE 17: RELATED PARTY TRANSACTIONS

Alberta Central has transactions with various related parties throughout the normal course of business. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) Transactions with PPJV

During the period, Alberta Central charged PPJV various administrative, facilities services, interest and float fees totaling \$5,362 (2024 – \$7,363). During the period, PPJV charged Alberta Central various interest, distribution and administrative fees totaling \$1,422 (2024 – \$2,746). As at October 31, 2025, Alberta Central had a net receivable of \$3,430 from PPJV (December 31, 2024 – net payable of \$87 to PPJV) in respect of operating activities. As at October 31, 2025, PPJV had a balance of cash held with Alberta Central of \$33,359 (December 31, 2024 – \$19,482).

b) Transactions with RemainCo

During the period, Alberta Central charged RemainCo \$1,599 (2024 – \$4,456) for interest and various administrative and facilities services. RemainCo charged Alberta Central \$nil (2024 – \$484) for information technology services. As at October 31, 2025, Alberta Central had a net receivable of \$nil (December 31, 2024 – \$2,870) from RemainCo in respect of operating activities. As at October 31, 2025, RemainCo had a balance of cash held with Alberta Central of \$336 CDN and \$48 US (\$68 CDN equivalent) (December 31, 2024 – \$2,143 CDN and \$185 US (\$266 CDN equivalent)).

Everlink had entered into agreements with Alberta Central, consisting of a line of credit to a maximum of \$2,000 and authorized overdraft facilities to a maximum of \$3,000. RemainCo had provided a guarantee on these agreements in proportion to its 49.00 percent shareholding in Everlink. These facilities were extinguished in 2025 when the Everlink shares were sold (Note 8).

c) Transactions with Servus

As at October 31, 2025, Servus owned 81.05 percent (December 31, 2024 – 80.75 percent) of the total outstanding common shares held by Class A members of Alberta Central and six out of a possible 11 board member positions (2024 – seven out of a possible 12), resulting in control over Alberta Central. Servus has a credit facility agreement with Alberta Central in the aggregate amount of \$2,240,000 (2024 – \$2,224,331) comprising a revolving demand operating line of credit and revolving term loan. These facilities are secured through a pledge agreement and a general security agreement between Servus and Alberta Central. The outstanding balances with Servus included in Alberta Central's statement of financial position and statement of income and comprehensive income are as follows:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Loans	171,288	–
Members' deposits	2,546,597	2,139,938
Membership dues rebate accrual ⁴	575	721
Common share capital	267,749	255,248
Interest income on loans	259	381
Interest expense on members' deposits	49,306	88,696
Member dues – Alberta Central	3,727	4,283
Other operating revenues	2,534	2,956
PPJV revenues – Alberta Central's portion	7,377	5,377
Share capital dividends	2,906	–

⁴ Included in accounts payable and accrued liabilities

d) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of Alberta Central and include 8 (2024 – 8) executive and senior management positions. Their aggregate compensation for the period included:

	2025	2024
Salaries and other short-term employee benefits	2,462	2,887
Long-term employee benefits	293	475
Post-employment benefits	102	127
	2,857	3,489

Mortgage loans to Alberta Central key management personnel bear interest at 1.95 percent (2024 – 3.45 to 4.20 percent) and are secured by property of the respective borrowers. The table below presents the outstanding balances and transactions with key management personnel related to mortgage loans:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Balance, beginning of period	1,512	2,355
Advances	916	97
Repayments	(925)	(940)
Balance as at period-end	1,503	1,512

e) Transactions with directors

	2025	2024
Remuneration paid to directors	279	338
Expenses paid on behalf of directors	88	115
	367	453

Directors are entitled to receive remuneration for participating in Alberta Central and affiliate organization related business. Remuneration to directors' ranges from \$7 to \$34 (2024 – \$1 to \$48), with an average of \$20 (2024 – \$20) per annum.

NOTE 18: CAPITAL MANAGEMENT

Alberta Central's objectives when managing capital are:

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

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

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

As at October 31, 2025 and December 31, 2024, Alberta Central's capital levels exceeded both regulatory and internal minimum capital requirements. The table below summarizes the composition of regulatory capital:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Common shares (Note 14)	331,052	316,794
Retained earnings	110,102	68,543
Less:		
Prepaid expenses	1,263	1,157
Deferred income tax asset	3,440	4,539
Pension surplus, net of tax	–	2,617
Total regulatory capital	436,451	377,024
Total regulatory borrowings	3,797,332	3,490,623
Excess capital over regulatory requirements	183,295	144,315

Deferred income tax asset deducted in the calculation of regulatory capital excludes \$1,406 (December 31, 2024 – \$1,056) of deferred income tax on unrecognized gains on available for sale debt securities accounted as FVOCI.

NOTE 19 FINANCIAL RISK MANAGEMENT

Alberta Central's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Alberta Central's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the company's financial performance according to the risk appetite and tolerance as approved by Alberta Central's board of directors.

a) Credit risk

Alberta Central takes on exposure to credit risk, which is the potential for loss due to the failure of a borrower or counterparty to meet its financial or contractual obligations. Credit exposures arise from investment activities that bring debt securities and derivatives into Alberta Central's securities and derivatives portfolios, lending activities that lead to loans, and deposits held with third party financial institutions. Alberta Central is party to financial instruments with off-balance sheet credit risk that, in the normal course of operations, are used to meet its own and credit union members' financial needs. These instruments include commitments to extend credit, standby letters of credit and financial guarantees. The average term of commitments is one year. In the normal course of operations, these commitments may expire without being utilized.

Alberta Central's maximum exposure to credit risk, including undrawn commitments, without taking account of any collateral held or other credit enhancements is:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Cash at other financial institutions	27,361	26,695
Cash and cash equivalents for managing the liquidity pool	1,147,003	864,853
Securities (Notes 7)	2,691,224	2,799,588
Loans outstanding and undrawn commitments	2,864,405	2,816,411
Items in transit (Note 10)	13,871	14,403
Derivative financial assets	17,460	12,079
Standby letters of credit and financial guarantees	8,183	9,674
Accounts receivable	8,286	11,204
Net investment in sublease (Note 10)	2,218	2,980
	6,780,011	6,557,887

Alberta Central, as the manager of the Alberta credit union system liquidity pool, is responsible to develop an earning asset base while providing for liquidity needs of Alberta credit unions and their members. Alberta Central manages credit exposure on investment activities by adhering to an *Investment Policy* which identifies a basic standard of investment quality. The securities portfolio consists of high quality, highly liquid assets in which the credit risk is considered very low. Industry concentrations are disclosed in Note 7. There have been no significant changes in credit risk in securities from the prior period.

Alberta Central's lending function focuses on the provision of loans to member credit unions and is closely integrated and coordinated with Alberta Central's liquidity management role. In addition, all of Alberta Central's commercial lending is provided on a syndicated basis with credit unions. Although Alberta Central or an individual credit union approved by Alberta Central may function as the lead lender for any commercial loan, Alberta Central typically participates as a secondary syndication partner rather than the lead lender. Approval for all syndicated loans over \$1,000 is obtained from CUDGC. Alberta Central's credit risk exposure related to its commercial lending function is mitigated where it is not the lead lender, as management performs its own credit adjudication and monitoring of its commercial loan portfolio. In addition, under regulation, total commercial loans, leases, interests in pooling funds, other loans held and guarantees given by Alberta Central shall not exceed 150.00 percent of Alberta Central's members' equity as at the end of the previous fiscal period.

Alberta Central employs and is committed to a number of important principles to manage credit exposures, which include:

- a board approved *Lending Policy*
- a management Credit Committee whose duties include review of lending policies and approval of larger credits
- delegated lending authorities, which are clearly communicated to personnel engaged in the credit granting process, a defined approval process for loans in excess of those limits and the review of larger credits by senior management personnel prior to recommendation to the management Credit Committee
- use of a credit risk classification system, which assigns a risk rating from 1 to 9, where 1 is excellent risk and 9 is impaired risk – non-performing, to all syndicated commercial loans that are reviewed on a regular basis
- employment of personnel engaged in credit granting who are qualified and experienced in lending
- lending policies which are communicated to employees whose activities and responsibilities include credit granting and risk assessment
- board approved quantified risk appetites and tolerances for borrower, industry, portfolio quality and geographic segments in the commercial loan and mortgage portfolio, as well as total exposure to commercial loans relative to members' equity
- annual reviews of loans
- independent reviews by Alberta Central's internal audit function, which includes reporting the results to the management Credit Committee and Alberta Central's Audit, Finance & Risk Committee

The following tables disclose Alberta Central's maximum lending exposure to credit risk, by industry and by portfolio, without taking account of any collateral held or other credit enhancements. Alberta Central's commercial loans and mortgages portfolio is concentrated in Alberta.

CREDIT RISK EXPOSURE BY INDUSTRY

			OCTOBER 31, 2025	DECEMBER 31, 2024
	OUTSTANDING	UNDRAWN COMMITMENTS	TOTAL EXPOSURE	TOTAL EXPOSURE
System, affiliates & other	207,114	2,481,705	2,688,819	2,659,862
Construction	25,937	48,293	74,230	57,039
Commercial	46,225	28	46,253	23,623
Real estate – office	21,355	–	21,355	22,638
Real estate – retail	15,667	–	15,667	25,807
Real estate – apartment rental	6,053	–	6,053	6,280
Real estate – industrial	4,645	–	4,645	12,539
Educational services	4,004	–	4,004	4,172
Hospitality	3,379	–	3,379	4,451
	334,379	2,530,026	2,864,405	2,816,411

CREDIT RISK EXPOSURE BY PORTFOLIO

			OCTOBER 31, 2025	DECEMBER 31, 2024
	OUTSTANDING	UNDRAWN COMMITMENTS	TOTAL EXPOSURE	TOTAL EXPOSURE
Credit unions	202,718	2,481,705	2,684,423	2,650,084
Commercial loans and mortgages	127,265	48,321	175,586	156,573
Everlink	–	–	–	5,000
Employee mortgages	4,396	–	4,396	4,754
	334,379	2,530,026	2,864,405	2,816,411

Collateral for the lending portfolio generally is as follows:

- Credit unions: first fixed and floating general security agreements, as well as pledge agreements over deposits held at Alberta Central
- Commercial loans and mortgages: secured primarily by real estate, as well as a general security agreement, with a loan to value ratio of less than 75.00 percent at origination of the loan
- Employee mortgages: secured by a first charge mortgage over the residence

All loans more than 30 days in arrears are considered to be past due. As at October 31, 2025 there were \$nil (December 31, 2024 – \$nil) loans outstanding that were past due but not impaired.

The credit quality of the securities can be assessed by reference to the rating system of Morningstar DBRS, Moody's Corporation or Standard & Poor's Corporation. Alberta Central's *Investment Policy* states that the statutory investments held must be rated at least R-1 or P-1 for commercial paper and A for bonds. The credit risk related to equity investments in affiliates and cooperatives is limited as the *Credit Union Act of Alberta* restricts Alberta Central's investment in such entities to ten percent of members' equity without prior approval from CUDGC.

Alberta Central enters into various derivative contracts in the normal course of its business, including interest rate swaps, call options, index options, bond forwards and foreign exchange forwards. The instruments are primarily used to meet the needs of member credit unions and to assist in Alberta Central's risk management program. Other than credit risk, Alberta Central does not accept any net market risk exposure to derivative contracts entered into on behalf of member credit unions or for own use as it enters into offsetting contracts with other financial institution counterparties. Derivative assets and liabilities are marked to market with net changes in value recorded in net income (loss). All non-credit union derivative counterparties are with major Canadian financial institutions rated AA or higher (as rated by Morningstar DBRS). Under its *Investment Policy*, Alberta Central has established trading limits for each institution.

The following tables present details of Alberta Central's derivative financial instruments:

FAVOURABLE CONTRACTS

	OCTOBER 31, 2025		DECEMBER 31, 2024	
	NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
Credit unions:				
Index options	38,713	7,087	47,210	6,305
Interest rate swaps	1,795,000	10,373	195,000	5,409
Own use:				
Foreign exchange swaps	725	–	5,800	365
	1,834,438	17,460	248,010	12,079

UNFAVOURABLE CONTRACTS

	OCTOBER 31, 2025		DECEMBER 31, 2024	
	NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
Credit unions:				
Index options	38,713	7,087	47,210	6,305
Interest rate swaps	1,795,000	10,373	195,000	5,409
	1,833,713	17,460	242,210	11,714

The weighted-average interest rate paid on interest rate swaps with credit unions was 3.15 percent (2024 – 3.15 percent). The weighted-average interest rate received on interest rate swaps with credit unions was 2.48 percent (2024 – nil percent). The net exposure is offset through interest rate swaps entered into with other financial institution counterparties.

b) Liquidity risk

Liquidity risk is the risk that Alberta Central will encounter difficulty in meeting obligations associated with financial liabilities when they fall due. To mitigate this risk, management has arranged diversified funding sources, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis. Alberta Central's sources of funding are deposits from member credit unions and its commercial paper program.

The majority of deposits from member credit unions are required by regulation as Alberta Central is the prescribed liquidity manager for Alberta's credit unions. Alberta Central's bylaws require Alberta credit unions to maintain a minimum of one percent of their assets as share capital in Alberta Central. Credit unions are also required to maintain liquidity deposits at Alberta Central such that the total liquidity deposits and share capital with Alberta Central comprise nine percent of the credit union's liabilities.

Alberta Central is contractually responsible for its share of the liabilities of PPJV and RemainCo and for funding its share of ongoing expenses (Note 8 and Note 21). Funding of PPJV and RemainCo expenses has not had a significant impact on Alberta Central's liquidity risk.

As discussed in Note 13, Alberta Central, Central 1, SaskCentral and Manitoba Central are parties to a group clearing arrangement under the terms of the credit union system *Group Clearing Services Agreement*.

Provincial legislation requires Alberta Central to maintain six percent of Alberta credit union system assets in government securities or certain other qualifying liquid assets maturing within one year. One third of this amount must mature within 90 days. The balance in qualifying liquid assets as required under provincial legislation as at October 31, 2025 was \$2,125,436 (December 31, 2024 – \$2,054,781). Alberta Central's liquidity reserves, when measured by period-end balances, were in excess of this requirement.

Contractual maturities for financial liabilities are presented in the table below:

	WITHIN 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Members' deposits	2,795,242	630,708	152,703	–	3,578,653
Accounts payable and accrued liabilities	14,763	–	–	–	14,763
Notes payable and other liabilities	208,264	–	–	–	208,264
Derivative financial liabilities	1,276	2,440	13,744	–	17,460
October 31, 2025	3,019,545	633,148	166,447	–	3,819,140
December 31, 2024	2,935,028	527,070	48,195	–	3,510,293

c) Market risk

Market risk is comprised of three types of risk: foreign exchange risk, interest rate risk and other price risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risks exist mainly as a result of the existence of financial assets, derivatives and financial liabilities denominated in foreign currencies. The risk associated with changing foreign currency values is managed under Alberta Central's *Investment Policy*, which limits net exposures that can be maintained in various currencies. Foreign exchange derivative contracts are utilized to lessen the impact of on-balance sheet positions.

Interest rate risk

Interest rate risk is the risk that net interest income will be adversely impacted by changes in market interest rates. This risk occurs as a result of disparity in the re-pricing dates and basis (e.g., the benchmark interest rate) of interest rate sensitive financial assets, derivatives and financial liabilities. Alberta Central uses simulation modeling to monitor and manage interest rate risk. It also uses gap analysis to assess interest rate risk by measuring the difference between the amount of financial assets and financial liabilities that re-price in a particular time period.

Alberta Central's interest rate sensitivity position as at October 31, 2025, as presented in the following tables, is based upon the contractual re-pricing and maturity dates of assets and liabilities. The table presents the cumulative gaps at various intervals.

	WITHIN 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	GREATER THAN 5 YEARS	NON- INTEREST SENSITIVE ⁵	TOTAL
Assets						
Cash	27,361	–	–	–	–	27,361
Cash and cash equivalents for managing the liquidity pool	1,147,003	–	–	–	–	1,147,003
Securities	1,291,105	857,220	536,376	–	6,523	2,691,224
Loans	246,940	14,070	59,317	2,446	1,910	324,683
Derivative financial assets	1,276	2,440	13,744	–	–	17,460
Other assets	–	–	–	–	78,808	78,808
	2,713,685	873,730	609,437	2,446	87,241	4,286,539
Weighted average interest rate	2.32%	2.86%	3.58%	1.93%		
Liabilities and Members' Equity						
Accounts payable and accrued liabilities	–	–	–	–	14,763	14,763
Members' deposits	2,781,128	630,708	152,703	–	14,114	3,578,653
Notes payable and other liabilities	198,940	–	–	–	9,324	208,264
Derivative financial liabilities	1,276	2,440	13,744	–	–	17,460
Members' equity	–	–	–	–	467,399	467,399
	2,981,344	633,148	166,447	–	505,600	4,286,539
Weighted average interest rate	2.19%	2.49%	3.08%	–	–	–
Total interest rate sensitivity gap	(267,659)	240,582	442,990	2,446	(418,359)	–
Cumulative interest rate sensitivity gap:						
October 31, 2025	(267,659)	(27,077)	415,913	418,359	–	–
December 31, 2024	(369,433)	8,688	343,431	346,060	–	–

⁵ Provisions and fair value adjustments are included as non-interest sensitive.

The following represents Alberta Central's interest rate risk position:

	OCTOBER 31, 2025	DECEMBER 31, 2024
Impact on members' equity from:		
Increase in interest rates of 100 basis points	(3,973)	(4,899)
Decrease in interest rates of 100 basis points	4,098	5,026
Impact on net income (loss) from:		
Increase in interest rates of 100 basis points	1,684	237
Decrease in interest rates of 100 basis points	(1,675)	(429)

Other price risk

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

NOTE 20: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of Alberta Central's financial instruments is determined as follows:

FINANCIAL INSTRUMENT	DETERMINATION
Floating rate notes and bonds	Based on broker quoted market prices
Commercial paper and bearer deposit notes	Based on discounted cash flow model using market interest rates or prices for similar instruments (interest rate curve)
Treasury bills	Based on discounted cash flow model using treasury bill interest rates (T-bill curve) or prices for similar instruments
Equity investments in cooperative entities	Based on most recent reliable estimate of fair value as calculated by a third-party valuation firm using the discounted cash flow method as the primary valuation approach
Derivative financial instruments	Based on third-party models (including variations of Black Scholes and Discounted Cashflow Models) and utilizing the details of the specific derivatives and current market conditions.

The fair value of cash, cash and cash equivalents for managing the liquidity pool, accounts receivable, accounts payable and accrued liabilities, and notes payable and other liabilities approximates their carrying value due to their short-term nature.

The fair value and related carrying value of all financial instruments, excluding those whose carrying value approximates fair value or are presented at fair value in the financial statements, have been summarized below:

	OCTOBER 31, 2025		DECEMBER 31, 2024	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial assets				
Loans	324,683	325,932	122,366	122,024
Financial liabilities				
Members' deposits	3,578,653	3,581,725	3,276,793	3,277,589

The estimated fair value of loans and members' deposits are determined by discounting the expected future cash flows of these loans and deposits based on yield curves of financial assets and liabilities with similar terms and credit risks, these are considered level 3 inputs.

Financial instruments measured at fair value on the statement of financial position must be classified within a hierarchy that prioritizes the inputs to fair value measurements. The three levels of the hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 – Inputs that are not based on observable market data

Financial assets at fair value as at period-end:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Securities	–	2,681,630	9,594	2,691,224
Derivative financial assets	–	17,460	–	17,460
October 31, 2025	–	2,699,090	9,594	2,708,684
December 31, 2024	–	2,802,187	9,480	2,811,667

Financial liabilities at fair value as at period-end:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivative financial liabilities	–	17,460	–	17,460
October 31, 2025	–	17,460	–	17,460
December 31, 2024	–	11,714	–	11,714

Alberta Central holds FVOCI equity securities in cooperative entities which do not have a quoted market price in an active market; however, they are recorded at an aggregate fair value of \$9,594 (December 31, 2024 – \$9,480) based on the most recent reliable estimate of fair value available as calculated by a third-party valuation firm using the discounted cash flow method as the primary valuation approach.

Changes in fair value measurements using Level 3 inputs during the period:

	2025	2024
Balance, beginning of period	9,480	10,475
Capital contribution to 189286 Canada Inc.	259	538
Share redemption by CCUA	(145)	–
Unrealized gain (loss) in OCI	–	(1,533)
Balance as at period-end	9,594	9,480

Alberta Central measures its level 3 investments based on discounted cash flow analyses and/or comparable market transactions where available.

NOTE 21: COMMITMENTS

Under the terms of the *Amended and Restated Prairie Payments Joint Venture Agreement*, the revenues, expenses, income, losses and costs of capital projects of PPJV belong to and are borne exclusively and in equal share by the joint venturers. Each joint venturer is contractually responsible for its share of the liabilities of the PPJV and for funding its share of ongoing expenses. The PPJV has contractual agreements until 2030. Alberta Central's proportionate share of these commitments is \$35,124 (2024 – \$39,311).

NOTE 22: COMPARATIVE FIGURES

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

NOTE 23: EVENTS AFTER THE REPORTING DATE

On November 20, 2025, Alberta Central announced the discontinuation of trade services and non-financial fee-for-service offerings to credit unions. Alberta Central continues to provide all current financial services, including clearing, settlement, and management of the liquidity pool for Alberta credit unions.

On January 15, 2026, Alberta Central's board of directors declared a share capital dividend to members of approximately \$41,154 for payment on January 30, 2026.