

# Building Resilience. Delivering Value.

## ANNUAL REPORT



2025

## Message from CEO



I'm pleased to share that Atlantic Central performed well, achieving our strategic priorities for 2025. We enhanced transparency of fees for services to credit unions and sunset some services. We now focus on services that are mandatory for us to provide and select essential services considered by our stakeholders and aligned with our role as facilitator and

aggregator. Because of our strong financial performance and disciplined expense management in 2025, we over-delivered on our promise to reduce dues from 8 basis points to 6.5 basis points, achieving this milestone ahead of schedule. In dollar terms, this means approximately \$960,000 has been returned to credit unions for 2025. This achievement reflects disciplined execution, careful stewardship, and our commitment to creating meaningful value for credit unions. Further dues reductions are planned for 2026.

As part of our commitment to delivering value efficiently and sustainably, we made some difficult but necessary decisions in 2025. We had to say goodbye to valued colleagues whose contributions have helped shape our organization. These decisions were made with deep care and respect, and I want to acknowledge the professionalism, compassion, and support shown across the company as we worked through these transitions.

Early in the year, we collaborated closely with the CEO Executive Committee to design and introduce two highly successful CEO Summits. These were credit union-led summits that brought together CEOs and Board Chairs from across the region to gain a shared understanding of the challenges facing the system. Most importantly, they created the space for credit unions to own the discussion and begin shaping the design of their future. Together, leaders are confronting the realities ahead, exploring early options to build greater system resilience, and preparing to seize new opportunities that build on our co-operative values and make credit unions the 'bank of choice' for Atlantic Canadians.

2025 marked by a major milestone with Atlantic Central supporting League Data to convert 37 credit unions and League Savings and Mortgage (LSM) to a new and modern core banking system. Congratulations and thank you to all those who played a role in achieving this technological advancement – one that will make banking with credit unions easier and position the system for greater success in the future.

Investing in our employees continues to be a key priority for Atlantic Central. This past year we focused on researching and developing a modern base compensation program that was introduced in early 2026 to all Atlantic Central and LSM employees. This new program is fundamental to a total rewards program that demonstrates our commitment to retain and attract talent that supports the growth and success of the credit union system.

In 2025, Atlantic Central and LSM advanced important strategy work, exploring future directions for each organization and how to best serve Atlantic credit unions as system-owned organizations. We also continued our work with regulators on liquidity contingency management planning and collaborated with Nova Scotia Credit Union Deposit Insurance Corporation (NSCUDIC) on the review of the Credit Union Act. After considerable effort and due diligence, we transformed our treasury model to better align with our core mandate as liquidity provider.

I want to express my sincere thanks to our Board of Directors. Since I joined Atlantic Central three years ago, they have been unwavering champions—providing strong leadership, wise guidance, and steadfast support as we work collaboratively to strengthen the Atlantic credit union system.

I also want to recognize our employees who not only work diligently to ensure we are delivering on our commitments to credit unions but continue to exemplify our values by collaborating and supporting one another through challenging times and helping us achieve major milestones along the way.

This past year has reinforced what we can achieve when we work with intention, share openly, live our values, and act with clarity and focus. In 2026 Atlantic Central will continue to deliver on our strategic priorities -- further lowering dues for credit unions, providing the services they want and need, and supporting their vital work to remain competitive and succeed.

The credit union model is unique in today's financial services industry. By staying true to our cooperative values, we can elevate Atlantic credit unions and make an even greater impact for our members and communities.

Warm regards,

A handwritten signature in black ink, appearing to be 'Paul Masterson', written in a cursive style.

Paul Masterson  
President and CEO, Atlantic Central

## Message from Chair, Board of Directors



For Atlantic Central, 2025 was a year characterized by following through on commitments to Atlantic credit unions, strengthening our focus on stewardship and accountability, and deepening collaboration across the system.

As our country and our region place greater emphasis on local products and services, the role of credit unions—rooted in local ownership, community connection, and a commitment to people—has never been more relevant. Ensuring the credit union model is resilient and sustainable well into the future is our top priority. In 2025, Atlantic Central advanced this priority by improving fee transparency, delivering services more efficiently and effectively, reducing dues and managing resources with discipline.

Building on the transformation efforts initiated in 2023, Atlantic Central continued to move forward with clarity and purpose. Atlantic Central's leadership implemented recommendations from the promised Funding and Services Review with careful planning and compassion. While difficult, these decisions were necessary to ensure the future health and success of the Atlantic credit union system.

That same forward-looking focus extended to critical investments in technology—most notably, supporting the conversion of our credit unions to a new, future-ready banking platform. This milestone strengthens our ability to compete effectively, operate with confidence, and remain a trusted financial partner across the region.

In 2025, cooperation across the system reached new levels of clarity and alignment. The Spring and Fall Credit Union Summits, Tri-Board Chair meetings with Atlantic Central, League Data, and LSM, town halls, and joint CEO sessions created space for meaningful dialogue and shared understanding. For the first time Board Chairs joined their CEOs at the Fall Summit—a milestone that enhanced transparency, strengthened accountability, and reinforced a collective expectation that we will work together, we will be open with one another, and we will share responsibility for the success of the system.

As we reflect on this progress, I also want to acknowledge my colleagues on the Board of Directors for your commitment and leadership. I value the thoughtful contributions you bring and the spirit of respect, trust, and shared purpose that defines our work together.

On behalf of the Board of Directors, I want to thank Paul Masterson and the leadership team for your professionalism and unwavering commitment to employees, credit unions, and the broader system. You lead with integrity, demonstrate genuine care for your teams, and consistently engage with the Board in a respectful and transparent manner. Your leadership has been vital to the progress achieved this year.

Looking ahead to 2026, we anticipate a period of accelerated action. The strategies and initiatives on the horizon will reshape how we operate, how we partner, and how we deliver value across Atlantic Canada. With this evolution comes a heightened expectation of accountability for all system partners. Asking questions, challenging assumptions, and seeking clarity will be essential—and healthy—as we continue to find new and innovative ways to strengthen the system.

We have made meaningful progress, and we remain steadfast in our focus on the work still to come. With shared commitment, strong leadership, and an unwavering focus on our members and communities, Atlantic Central and the Atlantic credit union system will be well positioned for the future.

Regards,

A handwritten signature in dark ink, appearing to read 'Sarah Millar'.

Sarah Millar  
Chair, Atlantic Central Board of Directors

## **Our Purpose**

Atlantic Central is the trade association for member credit unions in Atlantic Canada with its head office located in Halifax, Nova Scotia. We are dedicated to helping credit unions become the financial institution of choice in communities across the region through leadership and the excellence of our people, products, services, and strategic partnerships. In addition to liquidity management, we provide a range of financial services, leadership, and advocacy to support credit unions and the communities we serve to grow well.

## **Our Vision**

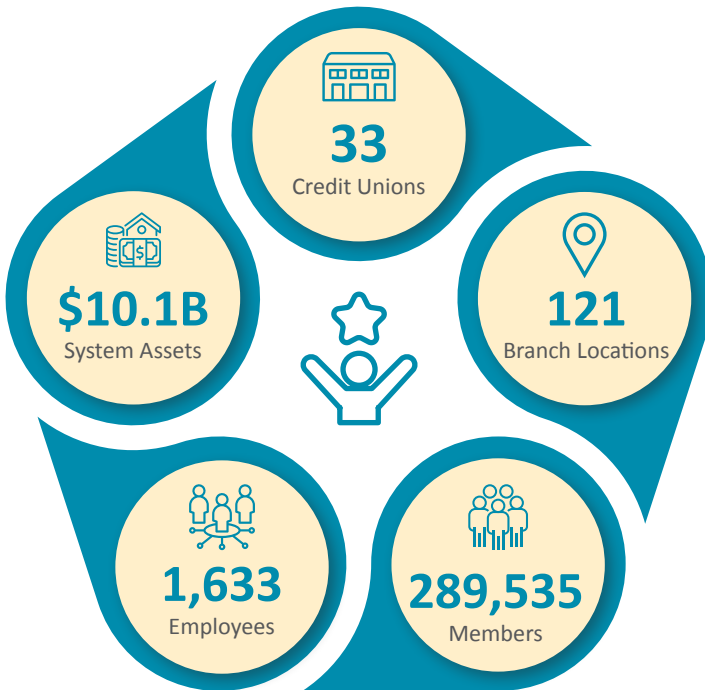
Our vision is for a thriving Atlantic credit union system with growing membership and clear contribution to member and community success.

## **Our Values – Fairness, Trust, Respect, Collaboration**

Our values of honesty, trust, fairness, and collaboration are central to who we are and what sets us apart from other financial institutions. Over the past year, our focus never wavered from honouring our commitments and providing value to Atlantic credit unions and the communities they serve. And while we have more work to do, these efforts made our organization more resilient and better prepared for the challenges and opportunities ahead in Canada's financial services landscape.

## Year in Review

### Atlantic Credit Unions



### System Initiatives

#### Holiday Pay It Forward

**\$80,725**

In support of local organizations, charities, individuals or families during December

#### #Loyal2LocalChallenge

**\$95,875**

Infused into local economies across Atlantic Canada over a one-month period to support locally owned small businesses

### Building Resilience. Delivering Value.

Over the past year, we remained focused on honouring our commitments and delivering meaningful value to Atlantic credit unions and the communities they serve. While there is more work ahead, our progress in 2025 strengthened our organization, sharpened our focus, and positioned us to navigate and succeed in an evolving financial services landscape.

### Delivering on our Strategy

In 2025, the organization achieved a corporate scorecard result of 101%, reflecting strong execution across key priorities and continued focus on delivering value to Atlantic credit unions.

2025 was a year of transition for our team at Atlantic Central. Following a Funding and Services Review, we made some thoughtful adjustments to our workforce to better align with our focus on delivering core services and functions most valued by credit unions. Throughout this period, we prioritized clear communication and support—engaging leaders and staff, listening carefully to concerns, and providing change management support and training to help everyone navigate the changes.

At the same time, we introduced a modern base compensation program after extensive consultation with staff and best practice research. This foundational element of our total rewards strategy supports talent attraction, retention, and the future growth of the credit union system. Mindful of their health and wellness, we continue to support employees to work remotely and reconfirmed our commitment as a living wage employer.

## Year in Review

Atlantic Central advanced critical strategy work in 2025, exploring future directions and how best to serve credit unions. We strengthened collaboration with regulators on liquidity contingency planning, worked closely with NSCUDIC on the review of the Credit Union Act, and completed a significant transformation of our treasury model and portfolio to better align with our core mandate.

### Supporting the Success of Atlantic Credit Unions

Atlantic Central delivered on our commitments to Atlantic Credit unions following the completion of the Funding and Services Review. We enhanced transparency around fees, sunset select services and sharpened our focus on mandatory and essential services to credit unions that are aligned with our role as facilitator and aggregator.

Most notably, ***we over-delivered on our promise to reduce dues***. Dues for Q3 and Q4 were reduced from 8 basis points (bps) to 7 bps. Because of Atlantic Central's strong 2025 performance and disciplined expense management, the Board of Directors approved a further reduction in member dues to 6.5 bps for the full year. This equates to approximately \$960,000 being returned to credit unions in 2025. Further dues reductions are planned for 2026, continuing our work to lower overall service costs to credit unions while safeguarding the capabilities and services credit unions rely on from their Atlantic Central.

2025 marked a major milestone with the successful conversion of all Atlantic credit unions to a new core banking system. Atlantic Central staff supported League Data in converting 36 credit unions and LSM to the new platform. With this new and modern banking system, credit unions are well-positioned to take advantage of future digital offerings and improvements that benefit and attract members in communities across the region.

### Strengthening Leadership and Shared Purpose

Collaboration across the system was a defining feature of the year. Working closely with the CEO Executive Committee, Atlantic Central helped design and deliver two impactful ***Regional CEO Summits***, bringing together CEOs and for the first time, Board Chairs, from across the region. These credit union-led forums created space for honest dialogue and a better understanding of challenges today as well as those we should anticipate. Together, credit unions used various models and tools to consider different scenarios and explore future options to build resilience, seize opportunities, and reinforce our cooperative advantage as the financial institution of choice for Atlantic Canadians.

On May 11, 2025, Atlantic Central, LSM and League Data hosted a reception of more than 50 Atlantic credit union leaders during the Canadian Credit Union Association (CCUA) Conference in Halifax. CEO Paul Masterson reflected on the system's resilience, collaboration, and deep commitment to members and communities. While acknowledging economic uncertainty, rapid technological change, and growing competition, he expressed confidence in the progress made through modernization and strong partnerships.



He concluded by emphasizing that important work remains. As member expectations and the industry continue to evolve, the system must stay agile, innovative, and collaborative to ensure Atlantic credit unions remain strong and relevant well into the future.

## Looking Ahead

A key focus of the credit union Regional CEO Summits held in 2025 was to deepen our collective understanding of the forces expected to create change in the Atlantic credit union landscape and consider key strategic decisions that will be required of credit unions and system partners to support long-term growth and sustainability.

Canada's financial services landscape is evolving rapidly, driven by payments modernization, shifts in member behaviour, and growing expectations for value and purpose. The introduction of faster, more secure, data-rich payment systems has set new standards for convenience and transparency. Individuals are seeking financial institutions that offer flexible, easy-to-use products, strong digital access, and values-based differentiation.

Together, these developments are a significant opportunity for Atlantic credit unions to combine digital innovation with personal service and cooperative purpose. By seizing on this opportunity, credit unions will be best positioned to strengthen member relationships, attract new members, and reinforcing their relevance in an increasingly competitive marketplace.

The past year reinforced what is possible when we act with intention, clarity, and shared purpose. Our focus on strengthening the Atlantic credit union system continues into 2026, with the following goals:

- ✓ Create further value for credit unions, providing core services and functions, further reducing dues, and completing a capital review of Atlantic central.
- ✓ Support credit unions to hold forward-looking Regional CEO Summits and other important discussions.
- ✓ Place people as our priority, rolling out a modern compensation program and exploring other improvements to our total rewards program.
- ✓ Continue work with the Board of Directors to develop a strategy for Atlantic Central's future, ensuring we are well-poised to support the growth, health, and sustainability of the Atlantic credit union system.

### First-time Homebuyers Program

*"This partnership with the Province of Nova Scotia reflects a shared recognition across the credit union system that there is a growing group of people who are capable, responsible and ready for homeownership, but who need the right support to take that next step. That is why Atlantic Central is proud to support the participating credit unions who are helping make this program a reality, because it aligns directly with who we are and what we exist to do."*

~ Paul Masterson, President and CEO, Atlantic Central and League Savings and Mortgage

The credit union model is unique in today's financial services industry. By staying true to our cooperative values, we can continue to elevate the system and create lasting impact for members and communities across Atlantic Canada.

### Helping First Time Home Buyers

Access to homeownership is a cornerstone of financial well-being and strong communities. In 2025, AC and Nova Scotia credit unions partnered with the Province of Nova Scotia to develop the First-time Homebuyers Program to be piloted beginning in early 2026. Individuals who qualify for the program will benefit from a lower down payment of two per cent of the purchase price which is less than half the usual minimum down payment.

To qualify for the program, the borrower must be a resident of Nova Scotia and meet the following criteria:

- have a household income of \$200,000 or less;
- pass the Canada Mortgage and Housing Corp. stress test to determine the maximum mortgage they can carry;
- have a credit score of 630 or higher;
- be a Canadian citizen, permanent resident or an immigrant with a sponsorship letter from the Nova Scotia provincial immigration program; and
- previous homeowners who have not owned a home in the last four years may also be eligible.

There is a cap on the price of homes for buyers in the program – \$570,000 in Halifax Regional Municipality and the Municipality of East Hants and \$500,000 in the rest of the province.

The province is acting as a guarantor for mortgages through the program. If a buyer defaults and the lender ends up reselling the home at a price lower than the outstanding mortgage, the province will cover 90 per cent of the shortfall.

## Committed to Community, Inclusivity, and Sustainability

Our commitment to being a force for good is reflected in the actions of Atlantic Central employees throughout the year. In 2025, employees came together for a hands-on community event, assembling more than **200 care packages** for **Spencer House**, a seniors' drop-in centre in Halifax, Nova Scotia. The organization's Executive Director attended and shared insights about their programs and the vital role Spencer House plays in supporting older adults in the community. This meaningful exchange helped deepen our understanding of local needs while strengthening our connection to the community we serve.



*Allison Davis, Executive Director for Spencer House, a seniors' drop-in centre in Halifax, Nova Scotia, talks with Atlantic Central staff about the important work of the seniors' drop-in centre.*



*Atlantic Central staff assemble care packages for seniors who benefit from the programs and services of Spencer House.*



*Atlantic Central and League Savings and Mortgage Company employee group photo – 2025.*

In addition, employees supported **Feed Nova Scotia** through two food drives, helping address food insecurity across the province. We also continued our long-standing commitment to the **annual United Way campaign**, supporting community-based programs that improve lives throughout Atlantic Canada.

# Recognizing Atlantic Credit Union Leaders

## Coady Award

The Coady Award provides a platform to share how credit unions across the Atlantic region contribute to the resilience of their communities. With co-operative values guiding the way, credit unions lead transformational change by helping to improve lives and create strong communities. The winner of the 2024 Coady Award is East Coast Credit Union serving members across Nova Scotia since 1933.



*Staff from East Coast Credit Union gather at the CCUA 2025 National Conference held in Halifax, Nova Scotia, after being honoured with the 2024 Coady Award.*

## Emerging Leader Award

The Emerging Leader Award encourages the development and growth of the next generation of credit union leaders by acknowledging and celebrating individuals who exhibit outstanding leadership and commitment to the Atlantic credit union system. The winner of the 2024 Young Leaders Award is Claire Lessel, Manager, Human Resources, for Atlantic Edge Credit Union, serving members across Newfoundland.



*Shannon Kennedy (right), winner of the 2023 Emerging Leader Award, presents the 2024 Emerging Leader Award to Claire Lessel (left) at the CCUA 2025 National Conference held in Halifax, Nova Scotia.*



*Claire Lessel, winner of the 2024 Emerging Leader Award.*

## Management Team

Atlantic Central and League Savings and Mortgage Company's (ACLSM) Executive Leadership Team are responsible for the development and implementation of long and short-term strategic goals and objectives for the companies.



Left to Right:

**Brenda Roberts-Harmon** (VP, General Counsel & Chief Risk Officer), **Paul Masterson** (President & CEO), **Andrew Morash** (VP, Operations and General Manager LSM), **Don Noyes** (VP, Finance & Chief Financial Officer), **Paul Paruch** (VP, Payments & Credit Union Services).

# Corporate Governance

Sound governance and ethical conduct begin with our Board of Directors (“Board”), which is accountable to our shareholder members and responsible for the stewardship of Atlantic Central (“Central”). The Board oversees the management of Central’s business, and provides effective leadership aimed at enhancing stakeholder value for credit unions. Among its key responsibilities, the Board approves strategic goals and business plans, sets policies that guide Central’s operations, offers advice and oversight to the President and CEO, monitors Central’s ethical, legal, and social conduct, oversees risk management, and reviews Central’s financial performance. The Board also ensures that the structures and procedures required to maintain its independence from Management are firmly in place.

## Board Composition

The Board of Central consists of 12 to 13 Directors as follows:

- I. Two Directors elected by delegates representing Central’s member credit unions within the New Brunswick (NB) Regional Group;
- II. Two Directors elected by delegates representing Central’s member credit unions within the Newfoundland and Labrador (NL) Regional Group;
- III. Six Directors elected by delegates representing Central’s member credit unions within the Nova Scotia (NS) Regional Group, as follows:
  - a. Three Directors elected by delegates representing Central’s member credit unions within NS Peer Group A (credit unions with total assets up to and including \$100,000,000); and
  - b. Three Directors elected by delegates representing Central’s member credit unions within NS Peer Group B (credit unions with total assets over \$100,000,000); and
- IV. Two Directors elected by delegates representing Central’s member credit unions within the Prince Edward Island Regional Group.
- V. At its discretion, the Board may appoint one (1) Independent Director to meet the need for identified competencies.

The following individuals currently serve on the Board of Directors:

**Central Chair - PE Regional Group Consolidated Credit Union**

**Sarah Millar**  
Chief Executive Officer  
Consolidated Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2027  
\*Table Officer



**PE Regional Group Provincial Credit Union**

**Bert Ronahan**  
Chief Administrative Officer  
Provincial Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2026



**NB Regional Group Brunswick Credit Union**

**Lisa Loughery**  
Chief Executive Officer  
Brunswick Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2027



**NB Regional Group OMISTA Credit Union**

**Tammy Christopher**  
Chief Executive Officer  
OMISTA Credit Union  
Board Attendance 16/17  
(Meetings, Training, Planning)  
Term Expires: April 2027



# Corporate Governance

## NL Regional Group Atlantic Edge Credit Union

**Stephen Blackwood**  
Director  
Atlantic Edge Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2026



## NL Regional Group Public Service Credit Union

**Doug Dewling**  
Director (Chair)  
Public Service Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2027



## Central Vice-Chair – NS Peer Group A iNova Credit Union

**Angela Franklin**  
Director  
iNova Credit Union  
Board Attendance 16/17  
(Meetings, Training, Planning)  
Term Expires: April 2027  
\*Table Officer



## NS Peer Group A Teachers Plus Credit Union

**Jim MacFarlane**  
Director  
Teachers Plus Credit Union  
Board Attendance 15/15  
(Meetings, Training, Planning)  
Term Expires: April 2028



## NS Peer Group A Princess Credit Union

**Thomas Vickers**  
Director  
Princess Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2026



## NS Peer Group B Coastal Financial Credit Union

**Danielle Boudreau**  
Director (Vice Chair)  
Coastal Financial Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2027



# Corporate Governance

## NS Peer Group B Valley Credit Union

**Martin Gillis**  
Retired Director  
Valley Credit Union  
Board Attendance 16/17  
(Meetings, Training, Planning)  
Term Expires: April 2026



## NS Peer Group B East Coast Credit Union

**Mary Oxner**  
Director  
East Coast Credit Union  
Board Attendance 17/17  
(Meetings, Training, Planning)  
Term Expires: April 2027



## Board Appointed

**Stephen Fitzpatrick**  
Retired National CU System CEO  
Board Attendance 8/13  
(Meetings, Training, Planning)  
Term Expires: April 2028



# Corporate Governance

The Board and each committee meet at least once each fiscal quarter, and the Board holds an annual strategic planning session. The Board also convenes at other times when issues requiring its approval or attention arise and it is not feasible or advisable to wait for the next regularly scheduled meeting. In 2025, the Board met thirteen times.

## Committees of the Board

The Board has established the following standing committees: Audit; Risk; Conduct Review; Co-operative Social Responsibility; Executive, Human Resource and Compensation; and Governance.

### MEETING ATTENDANCE

[Chair]	<b>Sarah Millar</b>	<b>4/4</b>
[Vice-Chair]	<b>Angela Franklin</b>	<b>3/3</b>
	<b>Danielle Boudreau</b>	<b>4/4</b>
	<b>Tammy Christopher</b>	<b>3/4</b>
	<b>Lisa Loughery</b>	<b>3/4</b>

[Chair]	<b>Doug Dewling</b>	<b>6/6</b>
	<b>Tammy Christopher</b>	<b>6/6</b>
	<b>Stephen Fitzpatrick</b>	<b>4/4</b>
	<b>Jim MacFarlane</b>	<b>2/4</b>
	<b>Mary Oxner</b>	<b>5/6</b>
	<b>Bert Ronahan</b>	<b>5/6</b>

[Chair]	<b>Sally van de Wiel</b>	<b>(LSM)</b>
	<b>Stephen Blackwood</b>	<b>4/4</b>
	<b>Lisa Loughery</b>	<b>4/4</b>
	<b>Thomas Vickers</b>	<b>4/4</b>

### COMMITTEES

#### Executive, Human Resource and Compensation Committee:

The Committee is comprised of five members: the Board Chair, the Vice-Chair and three at-large members elected by the Board, one of whom must serve concurrently on the Board of Central's subsidiary, League Savings and Mortgage Company (LSM), as an appointee of Central. This Committee addresses matters that arise between scheduled Board meetings requiring immediate attention, and it also serves as Central's Human Resource Committee. In this role, the Committee provides recommendations to the Board regarding the President and CEO's compensation and performance evaluation and oversees the Central's overall people strategy.

#### Audit, Risk and Conduct Review Committees:

The Committees are comprised of at least four Directors, none of whom may be an employee or officer of Central or LSM. The Audit Committee is responsible for ensuring that Management has designed and implemented an effective system of financial management and internal controls. It reviews and reports on the audited financial statements and ensures compliance with applicable regulatory and statutory requirements. The Audit Committee meets periodically with internal and external auditors. The Risk Committee ensures that Management has developed and maintains a robust Enterprise Risk Management Framework to support the evaluation of business strategies and the effective allocation of human resources, capital, and other resources. The Conduct Review Committee ensures that Central has established and adheres to ethical standards and sound business practices in areas such as conflict-of-interest management and related party transactions.

#### Co-operative Social Responsibility Committee:

The joint Central and LSM Co-operative Social Responsibility ("CSR") Committee is comprised of at least one Director from each of Central and LSM, and, where possible, representatives from each Atlantic province. The CSR Committee develops and supports clear, purposeful policy statements for Board consideration that reflect our commitment to social well-being and sustainability. The Committee recommends priorities for charitable giving and awards and recognition programs, and provides related oversight of these priorities and initiatives. In addition, the Committee ensures that sustainability and environmental impacts are considered in the management of our premises and operations. The CSR Committee disbanded in the fall of 2025 and its responsibilities for CSR transferred to the remaining committees.

# Corporate Governance

## MEETING ATTENDANCE

[Chair]	<b>Martin Gillis</b>	<b>4/4</b>
	<b>Danielle Boudreau</b>	<b>3/3</b>
	<b>Stephen Fitzpatrick</b>	<b>3/3</b>
	<b>Angela Franklin</b>	<b>4/4</b>
	<b>Sarah Millar</b>	<b>4/4</b>
	<b>Thomas Vickers</b>	<b>3/4</b>

## COMMITTEES

### Governance Committee:

The Committee is comprised of at least four Directors and is responsible for reviewing and recommending updates to Central's governance structure, ensuring an effective governance framework is in place, including a schedule for regular policy review and compliance. The Committee also ensures that Board decisions and positions are accurately reflected in documented policies. Policies developed by the Committee are forwarded to the Board for its consideration and approval. In addition, the Committee oversees the procedures for nominating and electing Central Directors to ensure compliance with Central's By-laws, and resolves any issues or questions related to this process. The Committee is also responsible for overseeing the Director evaluation process, Board competencies, and the ongoing training and development of Board members.

### Attendance at Board and Committee Meetings

The Board of Directors recognizes the importance of every Director's active participation in Board and committee meetings. Each Director is expected to attend all meetings unless there is a valid reason for their absence.

### Mandate of the Board of Directors

While the Board's core responsibility is to oversee the management of Central's business, any responsibility not expressly delegated to the President and CEO remains with the Board. The Board oversees Central's strategic direction to ensure it supports the organization, its member credit unions, employees, and communities of New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island. The Board provides overall stewardship of Central's purpose and values, its long-term objectives, and the approval of corporate strategies. Specifically, the Board is responsible for:

- selecting, supporting succession planning for, evaluating and determining the compensation and employment conditions of the President and CEO;
- establishing and approving Board policies;
- overseeing Central's internal control framework;
- developing and approving Central's strategic goals and business;
- evaluating the Board's performance and overseeing the ethical, legal, and social conduct of the organization; and
- evaluating the Board's own performance and overseeing the organization's ethical, legal, and social conduct; and
- reviewing the organization's financial performance and condition.

### Board Evaluations

As part of its commitment to continuous improvement, the Board conducts an annual self-evaluation. This assessment reviews the Board's effectiveness across key governance areas, including Central's purpose and vision; strategic leadership; financial performance; internal controls and oversight (covering financial, risk, and human resources oversight); co-operative social responsibility; compliance and accountability; stakeholder engagement; Board operations; Board-Management relations; and learning and development. The results of the evaluation inform the Board's training and development priorities for the year ahead. In 2023, the Board introduced an independent evaluator component to the self-evaluation process and in 2024, it implemented an independent exit interview process for retiring Directors.

# Corporate Governance

## Evolving Governance Processes

At Central, we recognize that our governance practices must continually evolve to keep pace with changes in our organization, the credit union system, stakeholder expectations and regulatory requirements. This ensures that Central and its stakeholders continue to benefit from strong and effective governance. The Board and Management actively monitor developments in corporate governance and remain committed to ongoing training and development so Central can continue to demonstrate leadership in governance across the credit union system. In recent years, Central has strengthened its focus on diversity and inclusion. In 2023, the Board engaged an external consultant to conduct an independent governance review, and the Board is now completing the implementation of the recommendations. In 2024, Central's By-laws were amended to allow for the appointment of an independent Director to bring specific skills and competencies to the Board. Recruitment began in November 2024, and an independent Director was appointed in March 2025.

## Affiliate and Regulatory Boards

### Aviso

Central has a share, via a limited partnership; there is no Central Director currently serving on the Aviso Board.

### Canadian Co-operative Investment Fund (CCIF)

Central is an Investor Member in CCIF and is entitled to appoint a Delegate to attend CCIF Annual General Meetings. The Board appointed Gary O'Brien to the Board of CCIF (his term expired in April 2025). Central appointed Angela Franklin as the Delegate.

### Co-operative Management Education Co-operative (CMEC)

Central holds shares in CMEC. The CMEC Board includes co-operative/credit union nominated positions; the Central currently has no director serving on the CMEC Board. Central appointed Thomas Vickers as the Delegate.

### Credit Union Central of Canada (CUCC) – now known as 189286 Canada Inc.

CUCC transitioned to the Canadian Credit Union Association (CCUA) in 2015; however, a Board of Directors is still in place for 189286 Canada Inc. Paul Masterson, Central's CEO, serves on the Board.

### League Data Limited

The President and CEO of Central, or designate, has a dedicated seat on the Board of League Data Limited. Paul Masterson served on the League Data Board until October when Don Noyes, VP Finance and CFO, assumed the role.

### League Savings and Mortgage Company (LSM)

Central is entitled to appoint six members to the Board of its subsidiary, LSM. Currently the Directors appointed by Central to the Board of LSM are Stephen Blackwood, Danielle Boudreau, Doug Dewling, Stephen Fitzpatrick, Martin Gillis, and Mary Oxner.

### Nova Scotia Co-operative Council (NSCC)

Central appoints one Director to the NSCC Board. Thomas Vickers is the Central Director serving on the NSCC Board (annual term expires in 2026).

### Nova Scotia Credit Union Deposit Insurance Corporation (NS CUDIC)

The role of the Nova Scotia Credit Union Deposit Insurance Corporation is to provide deposit insurance for credit unions and caisses populaires in Nova Scotia. Working with Atlantic Central and the Nova Scotia Department of Finance, they provide the most comprehensive deposit insurance and stabilization programs of any financial institution in Nova Scotia.

### The Co-operators

The Atlantic region has three Directors on The Co-operators' Board. Two of the positions are elected at-large, and Atlantic Central appoints the third. Effective April 2023, Central appointed Jim MacFarlane to serve as Director (term expires in 2026 and Mr. MacFarlane has been reappointed until 2029). Central also appoints two delegates - currently they are Danielle Boudreau (term expires in 2026) and Brenda Roberts-Harmon (term expires in 2027).



ATLANTIC CENTRAL

[www.atlanticcentral.ca](http://www.atlanticcentral.ca)

# **Atlantic Central**

Consolidated Financial Statements

**December 31, 2025**

(expressed in Canadian dollars)

## **Management's Responsibility for the Consolidated Financial Statements**

Management has the responsibility of preparing the accompanying consolidated financial statements and ensuring that all information in the annual report is consistent with the consolidated financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, Management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. The Board has appointed an Audit Committee which reviews the annual financial statements with Management and auditors before final approval by the Board.

Both the federal and provincial regulators of financial institutions may conduct examinations and make such enquiries into the affairs of Atlantic Central and its subsidiary as they deem necessary to ensure the safety of depositors and members of Atlantic Central and to ensure that Atlantic Central is in sound financial condition. Their findings are reported directly to Management.

PricewaterhouseCoopers LLP, the independent auditors, have examined the consolidated financial statements of Atlantic Central in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the following report to members.



Paul Masterson, CPA, CA  
President and CEO



Donald M. Noyes, CPA, CA  
Vice President Finance and CFO



# Independent auditor's report

To the Members of Atlantic Central

---

## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Atlantic Central and its subsidiary (together, the Company) as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2025;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in members' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers LLP  
Cogswell Tower, 2000 Barrington Street, Suite 1101  
Halifax, Nova Scotia, Canada B3J 3K1  
T.: +1 902 491 7400, F.: +1 902 422 1166  
Fax to mail: ca\_halifax\_main\_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

---

## **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 consolidated financial statements* section of our report.

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

## **Independence**

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

---

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

---

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Halifax, Nova Scotia

March 16, 2026

**Atlantic Central**  
Consolidated Balance Sheet  
As at December 31, 2025

	Note	2025 \$	2024 \$
<b>Assets</b>			
Cash and balances with financial institutions		74,870,526	71,625,963
Restricted cash		2,330,799	1,370,998
Investments	6	1,243,636,896	1,327,195,549
Accrued interest		8,201,749	12,854,198
Loans and mortgages	7	856,540,894	860,801,902
Securitization assets	8	64,836,063	78,748,597
Other assets	19	12,496,436	11,250,213
Investment in associate	6	17,429,202	16,819,617
Deferred tax assets	14	576,438	842,355
Fixed and right-of-use assets		163,713	251,205
		<u>2,281,082,716</u>	<u>2,381,760,597</u>
<b>Liabilities</b>			
Deposits	9	1,851,077,140	1,933,755,978
Accrued interest		16,881,034	18,102,615
Lease liabilities		955,098	1,243,454
Accounts payable and accrued liabilities	19	22,794,158	18,169,380
Servicing liabilities		18,430,003	23,864,464
Capital tax payable	14	66,857	235,368
Income tax payable	14	1,251,097	217,621
Deferred tax liabilities	14	1,628,475	183,308
Securitization liabilities	8	183,286,643	210,495,645
		<u>2,096,370,505</u>	<u>2,206,267,833</u>
<b>Members' equity</b>			
Capital stock	10	101,987,145	101,987,145
Contributed surplus		6,018,056	6,018,056
Special reserve	10	2,842,050	7,052,098
Retained earnings		59,231,792	49,051,737
Accumulated other comprehensive income		14,633,168	11,383,728
		<u>184,712,211</u>	<u>175,492,764</u>
		<u>2,281,082,716</u>	<u>2,381,760,597</u>
<b>Commitments and contractual obligations</b>	13		

**Approved by the Board of Directors**



Paul Masterson, CPA, CA  
President and CEO



Sarah Millar  
Chair



Doug Dewling  
Director

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

# Atlantic Central

## Consolidated Statement of Income For the year ended December 31, 2025

	Note	2025 \$	2024 \$
<b>Financial income</b>			
Investment income		38,128,475	51,403,007
Interest on loans and mortgages		50,532,151	43,276,569
		<u>88,660,626</u>	<u>94,679,576</u>
<b>Financial expense</b>			
		<u>65,510,702</u>	<u>82,650,990</u>
Gross financial margin		23,149,924	12,028,586
Provision for credit losses		2,552,496	2,451,059
		<u>20,597,428</u>	<u>9,577,527</u>
Net financial income		20,597,428	9,577,527
Securitization gains	8	2,397,090	2,915,231
Non-interest income	18	13,003,352	13,748,381
		<u>35,997,870</u>	<u>26,241,139</u>
<b>Operating expenses</b>			
Salaries and staff-related		14,485,013	14,845,022
Management fees		153,402	148,772
Office		2,815,711	2,016,486
Marketing and business development		157,177	161,863
Democracy		786,033	758,715
Professional fees		1,540,559	1,271,090
Other		1,905,205	1,560,597
		<u>21,843,100</u>	<u>20,762,545</u>
<b>Operating income</b>			
		14,154,770	5,478,594
Initiatives and restructuring expenses	20	4,210,048	2,472,163
Gain on sale of fixed assets		-	(412)
		<u>9,944,722</u>	<u>3,006,843</u>
Income before income taxes		9,944,722	3,006,843
Capital tax	14	2,197,040	2,111,326
Income taxes	14	1,777,676	419,426
		<u>5,970,006</u>	<u>476,091</u>
<b>Net income for the year</b>			

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

# Atlantic Central

## Consolidated Statement of Comprehensive Income For the year ended December 31, 2025

---

(expressed in Canadian dollars)

	Note	2025 \$	2024 \$
<b>Net income for the year</b>		5,970,006	476,091
<b>Other comprehensive income (OCI)</b>			
<b>Items that will be reclassified subsequently to income</b>			
Net change in unrealized gains (losses) on investments at fair value through OCI			
Net unrealized gains on mark-to-market investments		5,439,289	12,924,871
Reclassification of net realized gains to net income		(850,176)	(2,705,638)
Income tax expense	14		
On unrealized gains on mark-to-market investments		(1,549,600)	(3,769,614)
On reclassification of net realized losses to net income		209,927	784,635
<b>Other comprehensive income</b>		3,249,440	7,234,254
<b>Comprehensive income</b>		9,219,446	7,710,345

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

# Atlantic Central

## Consolidated Statement of Changes in Members' Equity

For the year ended December 31, 2025

	Note	Capital stock \$	Contributed surplus \$	Special reserve \$	Retained earnings \$	Accumulated other comprehensive income \$	Total members' equity \$
<b>Year ended December 31, 2025</b>							
<b>Balance – Beginning of year</b>		101,987,145	6,018,056	7,052,098	49,051,738	11,383,728	175,492,765
Net income for the year		-	-	-	5,970,006	-	5,970,006
Other comprehensive income, net of tax		-	-	-	-	3,249,440	3,249,440
Comprehensive income		-	-	-	5,970,006	3,249,440	9,219,446
Transfer from special reserve	20	-	-	(4,210,048)	4,210,048	-	-
<b>Balance – End of year</b>		101,987,145	6,018,056	2,842,050	59,231,792	14,633,168	184,712,211
<b>Year ended December 31, 2024</b>							
<b>Balance – Beginning of year</b>		112,387,145	6,018,056	9,524,261	46,103,484	4,149,474	178,182,420
Net income for the year		-	-	-	476,091	-	476,091
Other comprehensive income, net of tax		-	-	-	-	7,234,254	7,234,254
Comprehensive income		-	-	-	476,091	7,234,254	7,710,345
Transfer from special reserve Redeemed	20	(10,400,000)	-	(2,472,163)	2,472,163	-	(10,400,000)
<b>Balance – End of year</b>		101,987,145	6,018,056	7,052,098	49,051,738	11,383,728	175,492,765

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

# Atlantic Central

## Consolidated Statement of Cash Flows For the year ended December 31, 2025

	2025 \$	2024 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the year	5,970,006	476,090
Charges (credits) to income not involving cash		
Loans and mortgages	4,505,604	(151,042,717)
Deposits	(82,678,838)	241,635,887
Loss (gain) on revaluation of interest rate swaps	1,749,183	(3,234,744)
Depreciation	128,034	165,522
Securitization liabilities	(32,643,464)	(8,473,742)
Interest receivable/payable, net	3,430,866	4,923,737
Income taxes receivable/payable, net	1,033,476	459,908
Deferred tax assets/liabilities, net	1,711,085	2,953,620
Securitization assets	13,912,534	22,523,761
Other items, net	935,527	11,851,951
	<u>(81,945,987)</u>	<u>122,239,273</u>
<b>Financing activities</b>		
Dividends	-	(10,400,000)
<b>Investing activities</b>		
Proceeds from maturity and sale of investments	219,722,681	251,017,552
Investment purchases	(133,524,173)	(376,005,850)
Fixed assets, net	(48,157)	(115,076)
	<u>86,150,351</u>	<u>(125,103,374)</u>
<b>Change in cash and cash equivalents during the year</b>	4,204,364	(13,264,101)
<b>Cash and cash equivalents – Beginning of year</b>	72,996,961	86,261,062
<b>Cash and cash equivalents – End of year</b>	<u>77,201,325</u>	<u>72,996,961</u>
<b>Cash and cash equivalents include</b>		
Cash and balances with financial institutions	74,870,526	71,625,963
Restricted cash	2,330,799	1,370,998
	<u>77,201,325</u>	<u>72,996,961</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest received	93,651,429	92,269,593
Dividends received	901,744	569,484
Interest paid	66,732,283	79,003,026
Income taxes paid, net of refunds	2,738,340	233,164

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

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

### 1 Reporting entity

Atlantic Central (the Company or Central) is incorporated in Nova Scotia under the Credit Union Act. Central is regulated by the Nova Scotia Credit Union Deposit Insurance Corporation (NSCUDIC).

Central is wholly owned by credit unions in New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island. Its head office is located at 6074 Lady Hammond Road in Halifax, Nova Scotia. Central's key financial role is the management of the Atlantic credit union system's liquidity reserve requirements. Additionally, Central provides financial, trade association and other support services to Atlantic credit unions, their members and others. The subsidiary, League Savings and Mortgage Company, provides financial services to credit unions, their members and others.

The consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2026.

### 2 Basis of presentation

The consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The material accounting policies applied in the preparation of the consolidated financial statements are set out in note 4.

The consolidated financial statements include the accounts of the subsidiary, League Savings and Mortgage Company (League Savings). Subsidiaries are defined as entities controlled by the Company. Control is defined as the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Subsidiaries are consolidated from the date control is transferred and consolidation ceases on the loss of control.

Intercompany transactions and account balances have been eliminated from the consolidated accounts. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments as indicated in note 4.

The Company presents its consolidated balance sheet on a non-classified basis. The following balances are generally classified as current: cash and cash equivalents, fixed income investments and loans and mortgages maturing within one year, accrued interest, assets held for sale, other assets maturing within one year, lease liabilities, demand deposits, term deposits and mortgage-backed securities maturing within one year, accounts payable and accrued liabilities and income taxes.

### 3 Changes in accounting standards

#### Adoption of new accounting standards

There were no changes in accounting policies during the year that had a significant impact on the Company.

#### Future changes in accounting policies

##### Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (the Amendments). The amendments clarify the recognition and derecognition of financial instruments and introduce an accounting policy option for financial liabilities settled through electronic payment systems. The Amendments also update the disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVOCI) and clarify classification guidance for financial assets with

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

contingent features not directly related to changes in basic lending risks and introduce additional related disclosure requirements for financial instruments with such contingent features. The Amendments will be effective for reporting periods beginning on or after January 1, 2026. The Company is currently evaluating the new standard for any potential impact on the consolidated financial statements.

### IFRS 18, Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18, which sets out requirements for the presentation and disclosure of information in the consolidated financial statements. IFRS 18 will replace IAS 1, Presentation of Financial Statements. IFRS 18's focus is on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation that apply to the primary financial statements and notes in general.

IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is currently evaluating the new standard for any potential impact on the consolidated financial statements.

## 4 Material accounting policies

### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with financial institutions that are utilized primarily in the payments function. Certain cash accounts that are utilized in Central's investment activities are reported in investments.

Restricted cash includes cash balances segregated and held with financial institutions for specific mortgage-backed securities (MBS) program clearing activities.

### Financial instruments

#### *Recognition and initial measurement*

Financial assets and liabilities are recognized on a trade date basis, which is the date on which the Company becomes party to the contractual provision of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognized in net income (loss) when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the difference is deferred and the timing of recognition of deferred day-one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instruments' fair value can be determined using market observable inputs or realized through settlement. After initial recognition, the Company classifies financial assets and liabilities in the following measurement categories:

- fair value through profit and loss (FVTPL);
- fair value through other comprehensive income (FVOCI); or
- amortized cost.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

### **Fair value through profit or loss**

Financial assets and liabilities in this category are either irrevocably designated by management upon initial recognition or mandatorily required to be measured at fair value under IFRS 9, Financial Instruments. Management designates an instrument at FVTPL only upon initial recognition, on an instrument-by-instrument basis, when the designation eliminates or significantly reduces the inconsistent treatment that would result from measuring the assets or recognizing gains or losses differently.

Financial assets and liabilities at FVTPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded to non-interest income in the consolidated statement of comprehensive income. Realized and unrealized gains on financial assets at FVTPL includes interest income from those assets. Dividend income from equity instruments measured at FVTPL is recorded to non-interest income in the consolidated statement of comprehensive income, when the right to the payment has been established.

### **Fair value through other comprehensive income**

Debt instruments that are held within a business model whose objective is to both collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest (SPPI), are subsequently measured at FVOCI.

These financial assets are subsequently measured at fair value, with gains and losses arising due to changes in fair value recognized in OCI. Interest income is included in the consolidated statement of income under interest income

### **Amortized cost**

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any loan loss allowance) or to the amortized cost of a financial liability. The calculation does not consider ECLs and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities are adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in net income (loss).

### **Financial assets**

Financial assets include cash and balances with financial institutions, restricted cash, investments, loans and mortgages, securitization assets, and certain other assets.

#### *Debt instruments*

Debt instruments are instruments that meet the definition of a financial liability from the issuer's perspective; such as investments and loans. The classification and subsequent measurement of debt instruments depend on the business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

- **FVOCI:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for interest revenue, ECL and reversals and foreign exchange gains and losses, which are recognized in income or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income or loss. Interest income from these financial assets is included in interest on investments using the effective interest rate method.
- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated as FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any ECL recognized.
- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. Financial assets held for trading purposes (business model is neither collect contractual cash flows nor collect cash from sale of assets) are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is included in investment income, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately. Realized and unrealized gains on financial assets at FVTPL includes interest income from those assets. Certain residential mortgages are classified as FVTPL where they are originated for the purpose of subsequent securitization that will meet the financial asset derecognition criteria.

Debt instrument classification is based on the contractual cash flow characteristics of the financial assets and the business model under which the financial assets are managed.

### *Business model*

The business model reflects how the Company manages its financial assets in order to generate cash flows. For instance, the Company's objective is to collect contractual cash flows from the assets, collect cash flows from the sale of the assets or both. The Company's business model is not assessed on an asset-by-asset bases but rather at the aggregate portfolio level. The Company considers the following in the determination of the applicable business model for financial assets:

- the business purpose of the portfolio, such as a focus on earning contractual interest income or a focus on matching the duration of the liabilities that are funding the assets;
- the risks that are being managed and the type of activities that are carried out on a day-to-day basis to manage the risks;
- the basis on which performance of the portfolio is being evaluated; and
- the frequency and significance of sales activity in prior periods and expectations about future sales activity.

The Company has established specific criteria for financial assets that are originated or acquired for the purpose of securitization in a subsequent period. If, at origination or acquisition, based on this established criteria, the financial asset is expected to be securitized as part of a portfolio that qualifies for derecognition, the business objective of holding the financial asset to collect contractual cash flows is not met. Such financial assets are measured at FVTPL. If the portfolio does not qualify for derecognition, the Company has elected to determine the business model based on the accounting result of the securitization. As such, the held-to-collect business model is considered to be met.

### *SPPI*

Where the business model is to hold to collect contractual cash flows, or to collect contractual cash flows and sell, the Company considers whether the contractual cash flows are consistent with a basic lending

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

### *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Company has elected at initial recognition to irrevocably designate all equity instruments as FVOCI.

Gains and losses on these equity instruments are never reclassified to income or loss, and no impairment is recognized in income or loss. Dividends, when representing a return on such an investment, are recognized in investment income when the Company's right to receive payment is established.

### *Impairment*

The Company assesses on a forward-looking basis ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognized a loss allowance for such losses at each reporting date. The measurement of ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Certain instruments carried at FVOCI are assumed to not have experienced a significant increase in credit risk since initial recognition if the instruments are determined to have low credit risk at the reporting date. When instruments carried at FVOCI are determined to have low credit risk; the loss allowance is measured at 12-month ECL. The credit risk of instruments is considered to be low if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. Management has assessed, as at December 31, 2025 and 2024, that investments in government debt instruments and investments in financial institutions that have been designated as a domestic systemically important bank (D-SIB) or a global systemically important bank (G-SIB) met these criteria.

Note 5 provides more detail on how the ECL is measured.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

### Modifications of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans. When this happens, the Company assesses whether the new terms are substantially different from the original terms. The Company does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, where the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate;
- change in the currency the loan is denominated in; and
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognizes the original financial asset, recognizes a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed upon payments. Differences in the carrying amount are also recognized in net income (loss) as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in net income (loss). The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

### Derecognition other than on a modification

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or the Company transfers the contractual rights to receive the cash flows from the asset or has assumed an obligation to pay those cash flows to a third party and the Company has transferred substantially all of the risks and rewards of ownership of that asset to a third party. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

The Company enters transactions where it retains the contractual rights to receive cash flows from assets, but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as pass through transfers that result in derecognition if the Company:

- has no obligation to make payments unless it collects equivalent amounts from the assets;
- is prohibited from selling or pledging the assets; and
- has an obligation to remit any cash it collects from the assets without material delay.

The Company may transfer an asset that is part of a larger financial asset, for example, the transfer of principal and interest on a mortgage, with retention of an interest strip on the mortgage. When the transferred asset qualifies for derecognition, the Company allocates the previous carrying amount of the larger financial asset between the interest strip that continues to be recognized and the part that is

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

derecognized, with a gain recognized on the derecognized part compared to the consideration. If the Company has an ongoing obligation for servicing of the transferred part, a servicing asset or servicing liability is recognized respectively in remuneration for servicing exceeds the market rate for servicing or if there is no explicit remuneration for servicing in the transfer agreements.

The retained interest asset is measured at present value and is amortized over the estimated remaining term of the related cash flows. Changes in estimated future cash flows are re-estimated at each balance sheet date and discounted to the estimated present value using the original effective interest rate, with any adjustments to the carrying amount recognized immediately in the consolidated statement of income.

### Financial liabilities

Other financial liabilities, including borrowings and deposits, are initially recognized at fair value and subsequently measured at either amortized cost or FVTPL.

### Securitization liabilities

The Company securitizes insured residential mortgages through the creation of MBS under the National Housing Act Mortgage-Backed Securities (NHA MBS) program sponsored by Canada Mortgage and Housing Corporation (CMHC). All loans securitized under the NHA MBS program are required to be insured by CMHC or a third party insurer. The NHA MBS program utilizes a Central Payor and Transfer Agent (CPTA).

The MBS created under the program are sold to third-party investors (Market MBS) or are sold to Canada Housing Trust (CHT), a CMHC-sponsored structured entity, under the Canada Mortgage Bond (CMB) program.

In a Market MBS, the CPTA registers the NHA MBS and issues NHA MBS certificates to investors, and CMHC provides a guarantee of the timely payment of amounts due to the investors. The MBS are backed by the residential mortgages and amortized in step with the mortgages underlying the security.

In the CMB program, the CHT aggregates NHA MBS from multiple issuers, financing the purchase of the NHA MBS through the issuance of securities to third party investors.

The Company uses these securitization programs to diversify its funding sources.

Certain transfers of financial assets under the CMB program qualify for derecognition because the Company has contracted with another financial institution to assume the principal reinvestment risk of the transferred asset and any residual prepayment risk. Reinvestment risk of the transferred asset arises from the monthly principal payments of the underlying securities being reinvested at a rate sufficient for the repayment of principal at maturity under the CMB program. The CMB program requires the provision of replacement MBS securities to offset the declining balance of the underlying mortgages through principal payments. The CMB program also requires an interest rate swap agreement under which a swap counterparty pays the CHT the interest due to investors and receives the interest on the NHA MBS securities. For a fee, the Company has contracted with a third party financial institution to take on the requirements to provide the replacement NHA MBS securities and to act as the swap counterparty.

The sale of mortgages through the NHA MBS program does not meet the requirements for derecognition if the Company has not transferred substantially all the risks and rewards of ownership of the underlying mortgage. This occurs when it retains the prepayment, credit and interest rate risk associated with the mortgages. For sales of MBS that do not qualify for derecognition, the Company continues to recognize the underlying mortgages akin to pledged assets, and the cash proceeds from securitization are recognized akin to secured liabilities, as the mortgages are being pledged against the cash borrowed. Accordingly, these transactions are accounted for as operating activities and result in the recognition of securitization liabilities at an amount equivalent to the securitization proceeds, inclusive of any premiums or discounts and net of eligible transaction costs. The securitization liabilities are subsequently measured at amortized cost using

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

the effective interest method. The securitized mortgages are separately categorized and are collateral for the securitization liabilities.

### **Securitization retained interests and servicing liabilities**

In certain cases, the Company has purchased pools of mortgages for subsequent sale into the CMB program where the Company's exposure to risks and rewards from the securitized assets is quite limited. In these transactions, the Company retains the rights to the future excess interest spread and the liability associated with servicing the assets sold, with very little exposure to variable cash flows.

The Company accounts for its retained interests and servicing liabilities on the consolidated balance sheet, in securitization assets and accounts payable and accrued liabilities, respectively. During the life of the securitization, as cash is received, the retained interest and the servicing liability are amortized and recognized in the consolidated statement of income under interest on loans and mortgages and non-interest income (securitization expenses), respectively.

#### *Gains or losses on securitization*

When these assets are derecognized, the gains or losses on the transactions are recorded in securitization gains and are dependent in part on the previous carrying amount of the financial assets involved in the transfer. The proceeds of the sale are allocated between the assets sold and the retained interests, based on their relative fair value at the date of transfer and net of transaction costs.

### **Investments in associates**

Associates are entities over which the Company exercises significant influence but not control. The Company accounts for its investment in associates using the equity method. The Company's share of profits or losses of associates is recognized in the consolidated statement of income in investment income.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests of the Company in associates are recognized in the consolidated statement of income.

For investments in associates, a significant or prolonged decline in fair value of the investment below its carrying value is evidence that the investment is impaired. The impairment loss is the difference between the carrying value and its recoverable amount as at the measurement date. The recoverable amount is the higher of an investment's fair value less costs of disposal and its value in use.

#### *Investment in CU CUMIS Wealth Holdings Limited Partnership (CCWH)*

CCWH is an investment limited partnership domiciled in Canada formed to hold the partners' interest in Aviso Wealth Inc. The partners of CCWH are Central, Central 1 Credit Union, Credit Union Central of Alberta, Credit Union Central of Saskatchewan, Credit Union Central of Manitoba Limited and The CUMIS Group. Central has a 5.7% ownership interest in CCWH and accounts for its investment using the equity method due to the attributes associated with the partnership agreement (note 21).

### **Leases**

The Company classifies a contract, or component of a contract, as a lease if it conveys a right to control the use of an identifiable asset for a period in exchange for consideration.

#### *As a lessor*

At inception, the Company classifies a lease that transfers substantially all the risks and rewards incidental to ownership of the underlying asset as a finance lease. All other leases are classified as operating leases.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

When assets are held subject to a finance lease, the Company recognizes a finance lease receivable in the consolidated balance sheet representing its net investment in the lease. Interest income is recognized over the term of the lease using the implicit interest rate, which reflects a constant rate of return. For operating leases, the Company recognizes lease payments received as income on a straight-line basis over the term of the lease.

### *As a lessee*

Except for certain short-term and low-value leases, the Company recognizes a right-of-use asset and lease liability for all leases at commencement. Lease liabilities are initially measured at the present value of the lease payments due over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed contractual payments, variable contractual payments based on a rate or index and any amounts payable with respect to purchase, extension and/or termination options when it is reasonably certain that the Company will exercise the option. Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability plus initial direct costs and estimated decommissioning costs, less any lease incentives received. Right-of-use assets are subsequently amortized on a straight-line basis over the term of the lease or the estimated useful life of the asset, whichever is shorter. Right-of-use assets are recognized as part of the Company's premises and equipment within other assets on the consolidated balance sheet, while lease liabilities are included in other liabilities.

### **Deposits**

Deposits are measured at fair value on recognition, net of transaction costs directly attributable to issuance. Subsequent measurement is at amortized cost using the effective interest method.

### **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can readily be measured. The principal sources of revenue are interest and fee income.

The Company generates revenue primarily from providing products and services to its members, including credit union lending and access to digital banking technologies and payments processing solutions offered by credit union system partners and other service providers. The Company provides access to credit facilities to support clearing, daily cash management, borrowing and other liquidity management requirements.

Payment services facilitate the day-to-day banking requirements of credit unions, which comprise multiple services that are provided over time. The revenue is collected over time at contracted terms based on the number of transactions that have occurred in the period, or a flat monthly fee depending on the type of services provided.

As a trade association, the Company collects dues from credit union members to fund certain services such as risk management, human resources, consulting and support, project management and marketing and communications planning. These value-added services give member credit unions access to a wealth of expertise, while remaining affordable through economies of scale. The assessment of dues funded functions is determined annually based on an operating budget that is approved by the Board of Directors (the Board). Dues are collected from credit unions quarterly. The services are rendered over time and performance obligations are satisfied in the same manner.

The Company also collects dues from member credit unions to develop a regional marketing program. The program includes owned and earned multi-media campaigns and other activities to allow credit unions to

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

build awareness of the credit union's brand to acquire members and increase wallet share. The dues are reviewed and approved by credit unions annually. The Company engages third party vendors to perform these services. As such, performance obligations are satisfied over time as marketing activities are provided.

The Company also provides other consulting and marketing services, which are typically one-off work requests. The performance obligations relating to these services are satisfied upon completion of the contracts and delivery of the goods or services. Therefore, revenue is recognized at a point in time based on the right to invoice.

Other fee income, including account servicing fees, loan fees, discharge fees and administration fees, is recognized as the services are provided.

### *Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or Stage 3), for which interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the ECL provision). Expenses incurred directly in the origination of loans and mortgages are deferred and recognized in the consolidated statement of income as a reduction to income over the expected life of the relevant financial instruments.

### **Translation of foreign currencies**

Assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect as at the consolidated balance sheet date. Revenue and expenses denominated in foreign currencies are translated using the rate as at the transaction date.

Foreign currency translation gains and losses are included in banking service fees.

### **Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income (loss), except to the extent that they relate to a business combination or items recognized directly in equity or in OCI. Income tax consequences of dividends on financial instruments classified as equity are recognized in net income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting or taxable profit or loss.

Recognition of deferred tax assets for unused tax (losses), tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available, which allows the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

enacted or substantively enacted by the year-end date and are expected to apply when the liabilities/assets are settled/recovered.

### **Employee benefits**

Short-term employee benefits include salaries and wages, compensated absences, medical and dental plans and variable compensation. Central also contributes on behalf of employees to a Group Savings for Retirement Program and to life and long-term disability insurance plans. Under these defined contribution programs, Central pays fixed contributions to an independent entity and has no legal or constructive obligation to pay further contributions. Defined contribution program costs of \$910,881 (2024 - \$847,377) are expensed as the related service is provided.

### **Initiatives and restructuring**

System initiatives and other organization changes are reported in initiatives and restructuring expenses.

### **Critical accounting estimates and assumptions**

In preparing the Company's consolidated financial statements, Management is required to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recorded in the period in which the estimate reversed if the revision affects only that period or in the period of revision and in future periods if the revision affects both the current and future periods.

The judgments and estimates that have the most significant effect on the amounts recognized in the consolidated financial statements are decisions with respect to the fair value of financial instruments, the allowance for loan losses, the derecognition of loans and mortgages and income taxes.

Due to the uncertainty in this economic environment, developing reliable estimates and applying judgment remain difficult. Consideration is given to various risks to the economic outlook of Canada; however, significant measurement uncertainty exists in determining ECLs, and the forecasting of forward-looking information is subject to significant judgment.

#### *Fair value of financial instruments*

The determination of the fair value of financial instruments requires the exercise of judgment by Management. The fair value of financial instruments traded in active markets as at the consolidated balance sheet date is based on their quoted market prices. Where independent quoted market prices do not exist, fair value may be based on other observable current market transactions or based on a valuation technique that maximizes the use of observable market inputs.

For certain types of equity instruments where no active market exists or where quoted prices are not otherwise available, fair value is considered to approximate par value based on the terms of those instruments. The Company continues to monitor these instruments for any indication that a new measure of fair value is available.

#### *ECL allowance*

The Company reviews its loan portfolio to assess the ECL allowance for loans at least on a quarterly basis. The measurement of the ECL allowance for loans and debt instruments measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and the resulting

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 5.

Several significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk (SICR);
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

The judgments, inputs, methodology and assumptions used for estimating the ECL allowance are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

### *Derecognition of loans and mortgages*

In determining whether to derecognize loans and mortgages, judgment is applied in determining whether the Company has transferred substantially all of the risks and rewards of ownership in transferring the assets to another entity.

### *Income taxes*

The determination of deferred tax assets or liabilities requires judgment, as the recognition is dependent on projections of future taxable profits and tax rates that are expected to be in effect in the period the asset is realized or the liability is settled.

## **5 Risk management**

The Company has an enterprise-wide approach to the identification, measurement, monitoring and management of risks faced across the organization. The Company manages significant risks efficiently and effectively through an Enterprise Risk Management Framework (ERM), which includes a comprehensive infrastructure of policies, procedures, methods, oversight and independent review, designed to reduce the significant risks and to manage those risks within appropriate tolerances for the Company.

Authority for all risk-taking activities rests with the Board, which approves the Company's Risk Appetite Statement and risk management policies, delegates limits and regularly reviews Management's risk assessments and compliance with approved policies. Qualified professionals throughout the Company manage these risks through comprehensive and integrated control processes and models, including regular review and assessment of risk measurement and reporting processes.

The various processes within the Company's risk management framework are designed to ensure that risks in the various business activities are properly identified, measured, stress tested, assessed and controlled. Internal Audit reports independently to the Audit, Risk and Conduct Review Committees of the Board on the effectiveness of the risk management policies and the extent to which internal controls are in place and operating effectively.

Stress testing is a risk measurement technique that examines the potential effects on the Company's financial condition resulting from adverse economic, liquidity, credit and/or financial market conditions. The Company's risk management processes include stress testing scenarios, including exceptional but plausible adverse events that can impact the Company's financial results and capital requirements, the results of which are used to enhance its understanding of its risk profile, and to support its strategic decision making. Stress testing results are also explicitly incorporated into the Company's Internal Capital Adequacy Assessment Process (ICAAP) and Capital Plan, its Liquidity Management Plan and its Recovery Plan.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

The Chief Risk Officer is responsible for the oversight of risk management across the organization and reports quarterly to the Risk Committee and the Board. The Management Risk Committee (MRC) is responsible for the review and evaluation of the financial risks and performance of the Company, including the management of:

- Credit risk
- Interest rate risk
- Investment portfolio
- Large exposures
- Liquidity
- Foreign exchange
- Derivatives
- Capital

The MRC reviews financial risk management policies, recommends changes to policies and procedures as appropriate and monitors compliance with financial policies.

The Asset Liability Committee (ALCO) has been established to ensure the effective and prudent management of the Company's financial assets and liabilities. ALCO will achieve this by developing and implementing financial strategies and related processes consistent with the short and long-term goals set by the Board.

The Company's principal business activities result in a consolidated balance sheet that consists primarily of financial instruments. The key risks related to the Company's financial instruments are credit, liquidity and market risk.

### **Credit risk**

Credit risk is the potential for loss due to the failure of a borrower, counterparty, endorser or guarantor to fulfill its payment obligation to the Company. Credit risk arises in the Company's direct lending operations and in its funding and investing activities where counterparties have repayment or other obligations to the Company. There is also credit risk in unfunded loan commitments. The Company has established policies and procedures for credit risk management, including individual counterparty limits and portfolio category limits relating to investment activities.

Management of credit risk requires prudent and conservative underwriting criteria administered by well-trained and experienced personnel. Credit risk management practices also include consistent and timely collection procedures, analysis of property appraisals and a realistic credit allowance process to provide a regular evaluation of the loan portfolio. Credit policies are reviewed and approved annually by the Board. Management regularly reviews its credit procedures to ensure they provide extensive, up-to-date guidance for the underwriting and administration of all types of loans.

All loans are risk rated at the time of approval and may be subject to subsequent risk assessment based on factors such as loan type, amount, original risk rating and payment history. Loans with higher risk require more intensive analysis and higher levels of approval. The Executive Credit Committee reviews all loans above the lending limits of the President and CEO.

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Company has developed models to support the quantification of credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loan and advances at a counterparty level, the Company considers three components:

- the probability of default (PD) by the borrower or counterparty on its contractual obligations;
- current exposures to the counterparty and its likely future development, from which the Company derives the exposure at default (EAD); and

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

- the likely recovery ratio on the defaulted obligations loss given default (LGD).

The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimize their effectiveness.

The classes of financial instruments to which the Company is most exposed to credit risk are cash and cash equivalents, investments and loans and mortgages.

### *ECL measurement*

IFRS 9, Financial Instruments, outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarized below:

- a financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Company;
- if a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2, but is not yet deemed to be credit-impaired; and
- if the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the ECLs that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on ECLs on a lifetime basis.

The key judgments and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

### *Significant increase in credit risk (SICR)*

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all instruments held by the Company. A watch list is used to monitor credit risk; this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by Management.

The Company considers a financial instrument to have experienced an SICR when one or more of the following quantitative or qualitative criteria have been met:

- for consumer and residential loans:
  - contractual cash flow obligations are more than 30 days past due; and/or
  - available information as at the reporting date indicates that the ability of the borrower to fulfill its contractual cash flow obligations will be reduced (i.e. using internal watch lists for monitoring the credit risk of borrowers); and
- for commercial loans:
  - contractual cash flow obligations are more than 30 days past due; and/or
  - available information as at the reporting date indicates that the ability of the borrower to fulfill its contractual cash flow obligations will be reduced (i.e. significant deterioration in risk rating, in short-term forbearance, early signs of cash flow/liquidity problems, adverse change in operating results, adverse changes in business, financial or economic conditions in which the business operates).

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

In the years ended December 31, 2025 and 2024, the Company used the low credit risk exemption for certain investment grade securities and for credit union lines of credit.

### *Definition of default and credit-impaired assets*

The Company defines a financial instrument as credit-impaired when it meets one or more of the following:

- the borrower is more than 90 days past due on its contractual payments;
- the borrower is in long-term forbearance; and
- the borrower is insolvent or has filed for bankruptcy.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Company's ECL calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria.

### *Measuring ECL — explanation of inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-month or lifetime basis, depending on whether an SICR has occurred since initial recognition or whether an asset is credit-impaired. ECLs are the discounted product of the PD, EAD and LGD, defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be incurred if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be incurred if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortizing products, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.

The 12-month and lifetime LGDs are determined based on the factors that impact the recoveries made post default. These vary by product type:

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

- for secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and expected recovery costs; and
- for unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and collateral values change, etc., are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

### *Collateral held and other credit risk enhancements*

The Company employs a range of policies and practices to mitigate credit risk. The most common is accepting collateral for funds advanced. A valuation of the collateral obtained is prepared as part of the loan origination process. The principal collateral types for loans and advances are mortgages over residential properties and charges over business assets such as premises, inventory and accounts receivable. The Company's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held since the prior period.

Assets obtained by the Company by taking possession of collateral held as security against loans and advances are included in other assets.

Management regularly monitors the Company's credit risk and reports to the Board on a quarterly basis.

### **Liquidity risk**

Liquidity refers to the capacity to generate or obtain sufficient cash or its equivalent in a timely manner at a reasonable price to meet the Company's commitments as they fall due and to fund new business opportunities. Liquidity risk is the potential for losses to be incurred from holding insufficient liquidity to survive a contingent stress event.

The Company's primary role is to manage liquidity for the credit union systems in Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador. In its role as a credit union service partner, League Savings' primary financial role is to accept deposits from credit unions, their members and others, and to employ those funds to advance loans and mortgages to credit union members and others.

The Company has established policies to ensure that it is able to generate sufficient funds to meet all its financial commitments in a timely and cost-effective manner. In addition, a liquidity plan is prepared, which forecasts the amount of liquidity required and the sources that will be used to fund those requirements. These policies and plans are annually reviewed and approved by the Board.

The Company's liquidity management practices include:

- ensuring the quality of investments acquired for liquidity purposes meet very high standards;
- matching the maturities of assets and liabilities;
- diversifying funding sources;
- establishing and maintaining minimum liquidity reserves;
- monitoring actual cash flows on a daily basis;
- monitoring economic, market and local trends and forecasting future cash flow requirements;

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

- utilizing lines of credit to fund temporary needs and selling or securitizing mortgage pools to meet longer term requirements;
- stress testing scenarios to determine the ability to withstand various unanticipated events; and
- contingency planning.

While operating under similar liquidity management frameworks, certain liquidity management practices of Central and its subsidiary, League Savings, differ due to the specific nature of each organization. While Central's primary financial role is to manage the liquidity requirements of the Atlantic credit union system, League Savings acts primarily in the mortgage lending and deposit taking industry. In particular, the potential liquidity stresses that are modelled in scenario testing are different.

As the credit unions' system liquidity provider, the Company's cash flows are impacted by the liquidity requirements of the individual Atlantic credit unions. As a result, Central's liquidity stress testing assesses the impact of increases in the drawdowns of credit union lines of credit and decreases in credit union excess liquidity deposits (deposits above the levels that credit unions are required to maintain with Central). League Savings' cash flows are most significantly impacted by its credit union corporate deposits. As such, its scenario testing focuses on increases in the redemptions of these deposits.

The matching of the maturities of assets and liabilities is detailed in note 14.

Management monitors the Company's liquidity position daily and reports to the Board on a quarterly basis.

### **Market risk**

Market risk is the risk of loss that results from changes in interest rates, foreign exchange rates, equity prices and commodity prices. Market risk exposures are managed through policies, standards and limits established by the Board, which are formally reviewed and approved annually. This includes limits on the mismatch of foreign currency assets and liabilities and limits on the amount of equity investments permitted in the securities portfolio. The Company has no exposure to commodity prices.

The Company uses a variety of techniques to identify, measure and control market risk. Derivatives may be used only to offset clearly identified risks. The Company has developed standards regarding the use of derivative products.

Interest rate risk is the risk that a movement in interest rates will have on the financial condition of the Company. The Company's interest rate risk policies include limits on the allowable variation in forecasted financial margin due to interest rate changes. The Company manages and controls interest rate risk primarily by managing asset/liability maturities; however, off-balance sheet techniques such as interest rate risk contracts may be used to hedge against specific interest rate exposures.

The Company measures interest rate risk through a combination of financial position and income simulation analysis on a monthly basis. Financial position analysis measures the difference between the amount of assets and liabilities repricing in specific time periods. Income simulation models are used to measure interest rate exposure under various assumptions about interest rates, products, volumes and pricing. Sensitivity analysis of an interest rate increase and decrease of 100 basis points is disclosed in the table below.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

### Earnings at risk over the next 12 months as at December 31:

	2025 \$	2024 \$
100 basis point increase	2,068,988	957,363
100 basis point decrease	(1,004,044)	(110,422)

Management provides quarterly reports to the Board on interest rate risk. The Board has established limits on the Company's maximum exposure to interest rate risk and the Company's earnings at risk were within this limit.

## 6 Investments

Debt instruments are carried at FVOCI. For equity investments, the Company has also elected to measure the investments at FVOCI. The Company accounts for its investment in associate using the equity method.

	2025		2024	
	Cost \$	Market value \$	Cost \$	Market value \$
Banks <sup>(a)</sup>	303,020,729	304,809,068	440,283,174	440,228,209
Government debt	830,805,733	825,800,357	727,337,152	719,885,031
Co-operative deposits	85,394,100	85,496,510	139,439,725	140,209,764
Co-operative equities	16,470,689	24,862,670	16,351,167	24,998,305
Corporate equities	362,461	2,748,540	112,461	1,926,720
Allowance for impairment	(80,249)	(80,249)	(52,480)	(52,480)
	<u>1,235,973,463</u>	1,243,636,896	<u>1,323,471,199</u>	1,327,195,549
Investment in associate, at equity		<u>17,429,202</u>		<u>16,819,617</u>
		<u>1,261,066,098</u>		<u>1,344,015,166</u>

(a) Includes cash and cash equivalents utilized in the investments function.

The investment portfolio of Central includes segregated funds that are invested from statutory liquidity deposits placed by each member credit union. These segregated investments are managed by province:

	2025			2024		
Province	Market value investment \$	Investment income \$	Investment income %	Market value investment \$	Investment income \$	Investment income %
Nova Scotia	365,921,112	10,258,694	2.80	347,553,760	11,321,982	3.26
Newfoundland and Labrador	53,004,875	1,486,005	2.80	48,725,516	1,587,292	3.26
Prince Edward Island	134,983,475	3,784,297	2.80	128,693,637	4,192,350	3.26
New Brunswick	127,825,261	3,583,615		122,542,243	3,991,961	3.26
	<u>681,734,723</u>	19,112,611	2.80	647,515,156	21,093,585	3.26

The segregated investments generated a gross yield of 2.80% in 2025 (2024 – 3.26%). On a net basis, after deducting the interest paid on the segregated deposits, the segregated investments generated a net yield of 0.11% in 2025 (2024 – 0.21%).

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

### 7 Loans and mortgages

As at December 31, 2025, loans are presented net of ECLs. Loans are initially measured at fair value and are subsequently measured at amortized cost, except for those mortgages that were classified as FVTPL at origination.

	<b>Total loans</b>	<b>Allowance</b>	<b>Net loans</b>
	\$	for credit losses	\$
		\$	\$
<b>Balance at December 31, 2025</b>			
Residential	382,044,026	625,626	381,418,400
Commercial	475,539,088	3,143,731	472,395,357
Commercial leases	231,738	7,080	224,658
Other	217,826	4,870	212,956
Credit union lines of credit	2,289,523	-	2,289,523
	<u>860,322,201</u>	<u>3,781,307</u>	<u>856,540,894</u>
<b>Balance at December 31, 2024</b>			
Residential	452,155,226	1,097,746	451,057,480
Commercial	406,928,722	4,028,193	402,900,529
Commercial leases	617,733	18,302	599,431
Other	323,746	10,895	312,851
Credit union lines of credit	5,931,611	-	5,931,611
	<u>865,957,038</u>	<u>5,155,136</u>	<u>860,801,902</u>

Foreclosed assets property or other assets received from borrowers to satisfy their loan commitments are classified as held for sale, recorded initially at the lower of carrying value or fair value less costs to sell, and assessed for impairment. As at December 31, 2025, properties held for sale totalled \$1,013,623 (2024 – \$nil) and are included in other assets. These properties are disposed when considered appropriate. The Company does not occupy foreclosed properties for business use.

The following table is a summary of loans and mortgages by ECL impairment stage. Stage 1 represents those performing loans carried with a 12-month ECL, Stage 2 represents those performing loans carried with a lifetime ECL and Stage 3 represents those loans with a lifetime credit loss that are considered impaired. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

	Performing		Impaired	Total \$
	Stage 1 \$	Stage 2 \$	Stage 3 \$	
<b>Balance at December 31, 2025</b>				
Residential	377,513,246	1,493,333	3,037,447	382,044,026
Commercial	452,943,126	10,953,881	11,642,081	475,539,088
Commercial leases	188,837	-	42,901	231,738
Other	216,718	851	257	217,826
Co-operatives	2,289,523	-	-	2,289,523
	<u>833,151,450</u>	<u>12,448,065</u>	<u>14,722,686</u>	<u>860,322,201</u>
<b>Balance at December 31, 2024</b>				
Residential	446,740,684	1,191,369	4,223,173	452,155,226
Commercial	393,106,001	-	13,822,721	406,928,722
Commercial leases	497,382	-	120,351	617,733
Other	322,611	865	270	323,746
Co-operatives	5,931,611	-	-	5,931,611
	<u>846,598,289</u>	<u>1,192,234</u>	<u>18,166,515</u>	<u>865,957,038</u>

### Loss allowance

The loss allowance recognized in the year is impacted by a variety of factors, such as:

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the year, and the consequent step up (or step down) between 12-month and lifetime ECL;
- additional allowances for new financial instruments recognized during the year, as well as releases for financial instruments de-recognized in the year;
- impact on the measurement of ECLs due to changes in PD, EAD and LGD in the year arising from regular refreshing of inputs to models;
- impacts on the measurement of ECLs due to changes made to models and assumptions;
- discount unwinding within ECLs due to the passage of time, as ECL is measured on a present value basis; and
- financial assets derecognized during the year and the writeoffs of allowances related to assets that were written off during the year.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

The following table presents the reconciliation of allowances for credit losses for each loan category according to ECL impairment stage:

	Performing		Impaired	Total \$
	Stage 1 \$	Stage 2 \$	Stage 3 \$	
<b>Residential</b>				
Balance at December 31, 2024	842,008	2,954	252,783	1,097,745
Transfer to (from)				
Stage 1	(4,039)	3,029	1,010	-
Stage 2	220	(220)	2,290	2,290
Stage 3	(119)	(6,807)	-	(6,926)
Gross writeoffs	-	-	(135,950)	(135,950)
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	(361,984)	13,480	17,024	(331,480)
<b>Balance at December 31, 2025</b>	<b>476,086</b>	<b>12,436</b>	<b>137,157</b>	<b>625,679</b>
<b>Commercial</b>				
Balance at December 31, 2024	1,690,768	-	2,337,425	4,028,193
Transfer to (from)				
Stage 1	4,213	139,847	2,018,493	2,162,553
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Gross writeoffs	-	-	(3,439,398)	(3,439,398)
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	(708,877)	(483)	1,101,743	392,383
<b>Balance at December 31, 2025</b>	<b>986,104</b>	<b>139,364</b>	<b>2,018,263</b>	<b>3,143,731</b>
<b>Commercial leases</b>				
Balance at December 31, 2024	6,267	-	12,035	18,302
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	(54)	-	-	(54)
Gross writeoffs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	(3,477)	-	(7,745)	(11,222)
<b>Balance at December 31, 2025</b>	<b>2,736</b>	<b>-</b>	<b>4,290</b>	<b>7,026</b>
<b>Other</b>				
Balance at December 31, 2024	10,215	426	255	10,896
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Gross write-offs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	(6,007)	(7)	(12)	(6,026)
<b>Balance at December 31, 2025</b>	<b>4,208</b>	<b>419</b>	<b>243</b>	<b>4,870</b>
<b>Total allowance at December 31, 2025</b>	<b>1,469,134</b>	<b>152,219</b>	<b>2,159,953</b>	<b>3,781,306</b>

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

	Performing		Impaired	Total \$
	Stage 1 \$	Stage 2 \$	Stage 3 \$	
<b>Residential</b>				
Balance at December 31, 2023	744,612	5,237	23,261	773,110
Transfer to (from)				
Stage 1	(232,975)	2,953	230,021	(1)
Stage 2	3,760	(3,760)	74	74
Stage 3	(121)	-	-	(121)
Gross writeoffs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	326,732	(1,476)	(573)	324,683
<b>Balance at December 31, 2024</b>	<b>842,008</b>	<b>2,954</b>	<b>252,783</b>	<b>1,097,745</b>
<b>Commercial</b>				
Balance as at December 31, 2023	1,675,299	-	-	1,675,299
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3	-	-	-	-
Gross writeoffs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	15,469	-	2,337,425	2,352,894
<b>Balance at December 31, 2024</b>	<b>1,690,768</b>	<b>-</b>	<b>2,337,425</b>	<b>4,028,193</b>
<b>Commercial leases</b>				
Balance at December 31, 2023	11,057	-	847,004	858,061
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Gross writeoffs	-	-	(828,104)	(828,104)
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	(4,790)	-	(6,865)	(11,655)
<b>Balance at December 31, 2024</b>	<b>6,267</b>	<b>-</b>	<b>12,035</b>	<b>18,302</b>
<b>Other</b>				
Balance at December 31, 2023	16,834	301	370	17,505
Transfer to (from)				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Gross writeoffs	-	-	-	-
Recoveries	-	-	-	-
Remeasurement <sup>(a)</sup>	(6,619)	125	(115)	(6,609)
<b>Balance at December 31, 2024</b>	<b>10,215</b>	<b>426</b>	<b>255</b>	<b>10,896</b>
<b>Total allowance at December 31, 2024</b>	<b>2,549,258</b>	<b>3,380</b>	<b>2,602,498</b>	<b>5,155,136</b>

(a) Remeasurement includes changes in the allowance related to purchases and originations, changes in model assumptions and parameters, derecognitions and maturities, partial repayments and additional draws on existing facilities and changes in estimates relating to the costs and the value of collateral reflected in the realizable value of a loan.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

### 8 Securitization liabilities

Balances relating to mortgage-backed securities under the NHA MBS program are as follows:

#### a) Transferred assets that do not qualify for derecognition

The Company securitizes insured residential mortgage loans by participating in the NHA MBS and CMB programs. Through the programs, the Company issues securities backed by residential mortgage loans that are insured against the borrowers' default. Once the mortgage loans are securitized, the Company assigns the underlying mortgages and/or related securities to CMHC. As an issuer of MBS, the Company is responsible for advancing all scheduled principal and interest payments to CMHC, irrespective of whether the amounts have been collected on the underlying transferred mortgages.

In these securitizations, the Company retains certain prepayment risk, timely payment guarantee risk and interest rate risk related to the transferred mortgages. Due to retention of these risks, the transferred mortgages are not derecognized and the securitization proceeds are accounted for as securitization liabilities. There are generally no ECLs on the securitized mortgage assets, as the mortgages benefit from credit insurance. Furthermore, the investors and CMHC have no recourse to other assets of the Company in the event of failure of mortgages to be paid when due.

The following are the Company's net positions on its securitized assets and liabilities that have not been derecognized:

Carrying value	2025			2024		
	Market MBS \$	CMB \$	Total \$	Market MBS \$	CMB \$	Total \$
NHA MBS assets	109,234,246	75,493,045	184,727,291	195,423,926	17,569,350	212,993,276
Associated liabilities	107,893,335	75,393,308	183,286,643	192,932,757	17,562,888	210,495,645

NHA MBS assets are recognized on the consolidated balance sheet and are included as part of loans and mortgages.

#### b) Transferred assets that have been derecognized

In addition to the MBS above, certain mortgages were sold into the CMB program or to other third parties and derecognized. Balances relating to these transferred assets are as follows:

	2025 \$	2024 \$
Mortgages sold	179,572,400	126,761,596
Gain on sales	2,397,090	2,915,231
Outstanding balance of mortgages sold and derecognized	2,811,508,150	3,093,729,653
Related balances as at December 31		
Retained interests	64,836,063	78,748,597
Servicing liabilities	18,430,033	23,864,464

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

### 9 Deposits

	2025 \$	2024 \$
Current accounts	149,579,634	144,143,480
Cash management	178,015,895	192,409,803
Segregated liquidity	687,521,651	643,634,467
Registered	5,710,396	5,483,598
Other demand	8,806,836	7,801,239
	<hr/>	<hr/>
Total demand deposits	1,029,634,412	993,472,587
	<hr/>	<hr/>
Registered	119,793,365	131,781,872
Other term	701,649,363	808,501,519
	<hr/>	<hr/>
Total term deposits	821,442,728	940,283,391
	<hr/>	<hr/>
	1,851,077,140	1,933,755,978

Each provincial government has developed their own statutory requirements for each credit union (CU) to maintain liquid reserves to support a liquidity event such as a run-on deposits/investments. Part of these reserves are required to be maintained by the Company. Detailed calculations are listed below:

Province	Segregated
Nova Scotia	8.1% of CU deposits and borrowings
New Brunswick	8% of liabilities
Prince Edward Island	6% of assets
Newfoundland and Labrador	6% of CU deposits and borrowings

These segregated liquidity deposits are segregated by province. The segregated funds that are invested are managed by province (see note 6).

Province	2025			2024		
	Segregated deposit \$	Interest expense \$	Interest expense %	Segregated deposit \$	Interest expense \$	Interest expense %
Nova Scotia	358,665,310	9,651,828	2.69	333,140,022	11,549,252	3.47
Newfoundland and Labrador	51,796,822	1,393,873	2.69	46,997,382	1,629,299	3.47
Prince Edward Island	132,351,360	3,561,628	2.69	123,666,724	4,287,261	3.47
New Brunswick	125,129,636	3,367,289	2.69	118,030,366	4,091,860	3.47
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	667,943,128	17,974,618	2.69	621,834,494	21,557,672	3.47

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

### 10 Capital stock

Authorized capital stock, and the amounts outstanding, are as follows:

	Par value \$	Redemption price \$	Authorized	2025		2024	
				Shares	Amount \$	Shares	Outstanding amount \$
<b>Province</b>							
Opening balance				6,477,543	64,775,430	7,517,543	75,175,430
Issued				-	-	-	-
Redeemed				-	-	(1,040,000)	(10,400,000)
Common shares	None	None	Unlimited	6,477,543	64,775,430	6,477,543	64,775,430
Opening balance				31,991	32	31,991	32
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class B	0.001	100	100,000,000	31,991	32	31,991	32
Opening balance				37,211,593	37,211,593	37,211,593	37,211,593
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class LSM	None	1	10,000,000	37,211,593	37,211,593	37,211,593	37,211,593
Opening balance				26,690	27	26,690	27
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class NB	0.001	100	10,000,000	26,690	27	26,690	27
Opening balance				4,100	4	4,100	4
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class NL	0.001	100	10,000,000	4,100	4	4,100	4
Opening balance				59,240	59	59,240	59
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class NS	0.001	100	10,000,000	59,240	59	59,240	59
Opening balance				100	-	100	-
Issued				-	-	-	-
Redeemed				-	-	-	-
Preferred shares – Class PEI	0.001	100	10,000,000	100	-	100	-
				<u>43,811,257</u>	<u>101,987,145</u>	<u>43,811,257</u>	<u>101,987,145</u>

Shares are owned by member credit unions, who must maintain Common Shares in amounts proportionate to that member's pro rata share of system assets. Common Share ownership requirements are determined by the Board. All classes of shares are non-voting. Members hold votes proportionate to their pro rata share of system assets.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

In 2025, in accordance with Common Share ownership requirements, Central issued \$nil (2024 – \$nil) in Common Shares and redeemed \$nil (2024 – \$nil).

All of the Class B, Class NB, Class NL, Class NS and Class PEI shares were issued as part of a Business Combination effective January 1, 2011, under which Central purchased the assets and assumed the liabilities of Credit Union Central of New Brunswick and Credit Union Central of Prince Edward Island. Central may, at any time, upon providing 30 days notice, and subject to any limitations set by applicable legislation or the Nova Scotia Credit Union Deposit Insurance Corporation, redeem these shares for the redemption price.

Other than the redemption of shares that would result from the windup of a credit union, Central has no plans to redeem any of the remaining Class B, Class NB, Class NL, Class NS or Class PEI shares at this time. The redemption value of the remaining shares is \$12,212,100 (2024 – \$12,212,100).

Common shareholders have the right to receive any dividends that may be declared out of the ordinary income of Central. Holders of the Class B, Class NB, Class NL, Class NS and Class PEI shares have the right to receive any dividends that may be declared out of the extraordinary income of Central on that respective class of shares. Ordinary income refers to income earned in the ordinary course of business after January 1, 2011. Extraordinary income refers to income that does not typically result from normal business activities.

In December 2025, Central transferred \$nil (2024 – \$nil) in retained earnings to a Special Reserve to be used to fund future Atlantic credit union initiatives. Spending out of the Special Reserve is reported in the consolidated statement of income in initiatives and restructuring expenses (see note 20).

In 2025, Central did not issue a stock dividend on Class LSM shares (2024 – \$nil).

In December 2024, the Board approved a redemption of Common Shares of \$10,400,000, which was completed in May 2025, in accordance with its Capital Management Plan.

The consideration for any shares issued or redeemed is cash or, for Class LSM shares, additional shares.

## 11 Financial instruments

### a) Interest rate risk

#### Interest rate gap analysis

Gap analysis involves the allocation of interest-rate-sensitive assets and interest-rate-sensitive liabilities into categories according to their maturity or repricing date. Gaps can change significantly within a short period of time. The impact of changes in interest rates on income will depend on the size and rate of change in interest rates, the size and maturity of the total gap position and the management of these positions over time. The Company actively manages our interest rate gap position to protect income while minimizing risk. The following table shows the Company's interest rate gap position:

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

(Reported in \$000's)	Within 3 months \$	3 months to 1 year \$	1 year to 5 years \$	Over 5 years \$	Non-interest sensitive \$	Total \$	Average rate %
<b>2025</b>							
<b>Assets</b>							
Cash and investments	977,305	61,810	241,324	5,587	34,812	1,320,838	1.97
Loans and mortgages	131,371	350,828	342,488	34,605	(2,751)	856,541	5.33
Other assets	3,379	-	-	-	100,326	103,705	
	<u>1,112,055</u>	<u>412,638</u>	<u>583,812</u>	<u>40,192</u>	<u>132,387</u>	<u>2,281,084</u>	
<b>Liabilities and equity</b>							
Deposits	1,181,411	296,066	254,054	-	119,546	1,851,077	2.61
Other liabilities	-	-	-	-	62,007	62,007	
Mortgage-backed securities	8,947	59,882	115,899	-	(1,440)	183,288	3.44
Equity	-	-	-	-	184,712	184,712	
	<u>1,190,358</u>	<u>355,948</u>	<u>369,953</u>	<u>-</u>	<u>364,825</u>	<u>2,281,084</u>	
Subtotal	(78,303)	56,690	213,859	40,192	(232,438)	-	
Derivatives	129,000	20,000	(149,000)	-	-	-	
Excess (deficiency)	<u>50,697</u>	<u>76,690</u>	<u>64,859</u>	<u>40,192</u>	<u>(232,438)</u>	<u>-</u>	
<b>2024</b>							
<b>Assets</b>							
Cash and investments	722,270	382,602	213,801	42,830	55,509	1,417,012	3.38
Loans and mortgages	80,303	244,792	535,985	4,709	(4,987)	860,802	5.19
Other assets	-	-	-	-	103,947	103,947	
	<u>802,573</u>	<u>627,394</u>	<u>749,786</u>	<u>47,539</u>	<u>154,469</u>	<u>2,381,761</u>	
<b>Liabilities and equity</b>							
Deposits	1,175,091	423,281	240,657	-	94,727	1,933,756	3.56
Other liabilities	-	-	-	-	62,016	62,016	
Mortgage-backed securities	3,934	46,449	162,610	-	(2,497)	210,496	2.99
Equity	-	-	-	-	175,493	175,493	
	<u>1,179,025</u>	<u>469,730</u>	<u>403,267</u>	<u>-</u>	<u>329,739</u>	<u>2,381,761</u>	
Subtotal	(376,452)	157,664	346,519	47,539	(175,270)	-	
Derivatives	268,000	(119,000)	(118,000)	(31,000)	-	-	
Prepayment estimate	-	-	-	-	-	-	
Excess (deficiency)	<u>(108,452)</u>	<u>38,664</u>	<u>228,519</u>	<u>16,539</u>	<u>(175,270)</u>	<u>-</u>	

### b) Interest rate swap agreements

The Company may enter into interest rate swap agreements as a component of its overall risk management strategy. These agreements are contractual arrangements between two parties to exchange a series of cash flows. In an interest rate swap agreement, counterparties generally exchange fixed and floating rate interest payments based on a notional value. Typically, the floating rate is reset periodically, and the net interest amount is exchanged between counterparties at

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

scheduled dates. The Company uses interest rate swaps to manage its exposure to interest rate risk arising from its fixed term mortgage assets and funding liabilities.

The primary risks associated with these contracts are the exposure to movements in interest rates and the ability of the counterparties to meet the terms of the contract. Interest rate swap agreements are used to manage interest rate risk by modifying the repricing or maturities of assets and liabilities. Interest rate swap agreements are considered financial derivatives and are recorded at fair value. Income and expenses on interest rate swap agreements are recognized over the life of the contract as an adjustment to interest expense. Accrued expenses are recorded in accrued interest payable.

Rates represent the weighted average interest rates the Company is contractually committed to pay/receive until the swap matures. The floating side of all swaps is based on the three-month Canadian Overnight Repo Rate Average (CORRA). Market value represents the mark-to-market value of outstanding contracts – generally, the net amount that would be payable or receivable on the reporting date based on the floating rate at current market rates.

Income and expenses on interest rate swap agreements are recognized over the life of the contract as an adjustment to interest expense. Accrued expenses are recorded in accrued interest payable. Mark-to-market gains (losses) on swaps are recorded in other assets (accounts payable and accrued liabilities), while the change in market value is recorded in financial expense.

The following interest rate swap contracts were outstanding and recorded in accounts payable and accrued liabilities as at December 31, 2025 and other assets as at December 31, 2024.

	2025			2024		
	Notional value \$	Rate %	Market value \$	Notional value \$	Rate %	Market value \$
<b>Pay fixed swaps:</b>						
<b>Terms to maturity</b>						
Within 1 year	20,000,000	4.7800	(385,468)	139,000,000	4.2085	(755,887)
1 year to 5 years	98,000,000	4.1308	(2,007,620)	118,000,000	4.2443	(3,405,376)
Over 5 years	31,000,000	3.3325	(351,123)	31,000,000	3.3300	(446,564)
	<b>149,000,000</b>	<b>4.0518</b>	<b>(2,744,211)</b>	<b>288,000,000</b>	<b>4.2186</b>	<b>(4,607,827)</b>

	2025			2024		
	Notional value \$	Rate %	Market value \$	Notional value \$	Rate %	Market value \$
<b>Receive fixed swaps:</b>						
<b>Terms to maturity</b>						
Within 1 year	40,000,000	2.2900	(10,006)	20,000,000	4.5700	111,225
1 year to 5 years	20,000,000	2.4300	15,868	-	-	-
Over 5 years	-	-	-	-	-	-
	<b>60,000,000</b>	<b>2.3367</b>	<b>5,862</b>	<b>20,000,000</b>	<b>4.5700</b>	<b>111,225</b>

The gain (loss) on the revaluation of these interest rate swaps of \$1,749,183 (2024 – (\$3,236,768)) is recorded in financial expense.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

The Company also uses bond forward agreements to manage the interest rate risk on certain mortgages. Mark-to-market gains (losses) on bond forwards are recorded in securitization gains.

The following bond forward contracts were outstanding and recorded in accounts payable and accrued liabilities as at December 31, 2025 and other assets as at December 31, 2024.

	2025			2024		
	Notional value \$	Forward price %	Market value \$	Notional value \$	Forward price %	Market value \$
<b>Bond forward:</b>						
<b>Terms to maturity</b>						
Within 1 year	33,480,000	98.612	(32,653)	10,240,000	93.705	(9,232)
1 year to 5 years	-	-	-	-	-	-
	<u>33,480,000</u>	<u>98.612</u>	<u>(32,653)</u>	<u>10,240,000</u>	<u>93.705</u>	<u>(9,232)</u>

### c) Index-linked deposits

The Company offers index-linked term deposits, which are non-redeemable three and five-year term deposits that pay, on maturity, a return to the depositor linked to the performance of a market index. The interest paid to the depositor at maturity is based on the growth in the index over the term of the deposits.

To offset the risk of this variable interest rate, the Company enters into agreements whereby the Company pays a fixed rate of interest for the term of each index-linked deposit based on the face value of the deposits sold. At the end of the term, the Company receives an amount equal to the amount that will be paid to the depositors. As at December 31, 2025, the balance of outstanding index-linked deposits was \$2,920,874 (2024 – \$3,677,420) (note 11).

### d) Fair value

The following table presents the fair value of the financial asset and financial liabilities of the Company based on the valuation methods and assumptions set out below. Fair value represents the amount at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions and is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Fair value is best evidenced by a quoted market price, if one exists. Quoted market prices are not available for a significant portion of the Company's financial instruments.

The fair values disclosed exclude the values of assets and liabilities that are not considered financial assets or liabilities, such as prepaid expenses and balances that are statutory in nature. In addition, items like the value of intangible assets such as customer relationships, which, in Management's opinion, add significant value to the Company, are not included in the disclosures below.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

	Amortized costs \$	FVOCI \$	FVTPL \$	Total carrying value \$	Fair value \$	Fair value over carrying value \$
<b>2025</b>						
<b>Financial assets</b>						
Cash and balances with financial institutions	74,870,526	-	-	74,870,526	74,870,526	-
Restricted cash	2,330,799	-	-	2,330,799	2,330,799	-
Investments	-	1,243,636,896	-	1,243,636,896	1,243,636,896	-
Loans and mortgages	822,957,912	-	33,582,982	856,540,894	878,060,428	21,519,534
Accrued interest	8,201,749	-	-	8,201,749	8,201,749	-
Securitization assets	64,836,063	-	-	64,836,063	64,836,063	-
Other assets	30,665,789	-	-	30,665,789	30,665,789	-
	<u>1,003,862,838</u>	<u>1,243,636,896</u>	<u>33,582,982</u>	<u>2,281,082,716</u>	<u>2,302,602,250</u>	<u>21,519,534</u>
<b>Financial liabilities</b>						
Deposits	1,851,077,140	-	-	1,851,077,140	1,874,215,166	23,138,026
Accrued interest	16,881,034	-	-	16,881,034	16,881,034	-
Accounts payable and accrued liabilities	22,381,900	-	412,259	22,794,159	22,794,159	-
Servicing liabilities	18,430,003	-	-	18,430,003	18,430,003	-
Capital tax payable	66,857	-	-	66,857	66,857	-
Income tax payable	1,251,097	-	-	1,251,097	1,251,097	-
Securitization liabilities	183,286,643	-	-	183,286,643	190,446,806	7,160,163
	<u>2,093,374,674</u>	<u>-</u>	<u>412,259</u>	<u>2,093,786,933</u>	<u>2,124,085,122</u>	<u>30,298,189</u>

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

	Amortized costs \$	FVOCI \$	FVTPL \$	Total carrying value \$	Fair value \$	Fair value over carrying value \$
<b>2024</b>						
<b>Financial assets</b>						
Cash and balances with financial institutions	71,625,963	-	-	71,625,963	71,625,963	-
Restricted cash	1,370,998	-	-	1,370,998	1,370,998	-
Investments	-	1,327,195,549	-	1,327,195,549	1,327,195,549	-
Loans and mortgages	850,493,849	-	10,308,053	860,801,902	864,381,963	3,580,061
Accrued interest	12,854,196	-	-	12,854,196	12,854,196	-
Securitization assets	78,748,597	-	-	78,748,597	78,748,597	-
Other assets	29,163,392	-	-	29,163,392	29,163,392	-
	<u>1,044,256,995</u>	<u>1,327,195,549</u>	<u>10,308,053</u>	<u>2,381,760,597</u>	<u>2,385,340,658</u>	<u>3,580,061</u>
<b>Financial liabilities</b>						
Deposits	1,933,755,978	-	-	1,933,755,978	1,943,021,455	9,265,477
Accrued interest	18,102,615	-	-	18,102,615	18,102,615	-
Accounts payable and accrued liabilities	18,169,380	-	-	18,169,380	18,169,380	-
Servicing liabilities	23,864,464	-	-	23,864,464	23,864,464	-
Capital tax payable	235,368	-	-	235,368	235,368	-
Income tax payable	217,621	-	-	217,621	217,621	-
Securitization liabilities	210,495,645	-	-	210,495,645	208,002,785	(2,492,860)
	<u>2,204,841,071</u>	<u>-</u>	<u>-</u>	<u>2,204,841,071</u>	<u>2,211,613,688</u>	<u>6,772,617</u>

### Fair value hierarchy

The following table summarizes the fair value measurements recognized in the consolidated balance sheet by class of asset or liability and categorized by level according to the significance of the inputs used in making the measurements.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

	Level 1 \$	Level 2 \$	Level 3 \$	Total fair value \$	Total carrying value \$
<b>2025</b>					
<b>Assets</b>					
Investments	2,748,540	1,216,025,686	24,862,670	1,243,636,896	1,243,636,896
Loans and mortgages	-	878,060,428	-	878,060,428	856,540,894
<b>Liabilities</b>					
Deposits	-	1,874,215,166	-	1,874,215,166	1,851,077,140
Securitization liabilities	-	190,446,806	-	190,446,806	183,286,643
<b>2024</b>					
<b>Assets</b>					
Investments	1,926,720	1,300,270,524	24,998,304	1,327,195,548	1,327,195,548
Loans and mortgages	-	864,381,983	-	864,381,983	860,801,902
<b>Liabilities</b>					
Deposits	-	1,943,021,455	-	1,943,021,455	1,933,755,978
Securitization liabilities	-	208,002,785	-	208,002,785	210,495,645

### Changes in Level 3 fair value measurements

The table below presents a reconciliation of the changes in Level 3 financial instruments during the years ended December 31, 2025 and 2024, including realized and unrealized gains (losses) included in income and OCI.

	2025 \$	2024 \$
<b>Balance at January 1</b>	24,998,304	24,083,727
Realized and unrealized gains (losses)		
Included in income (loss)	52,916	422,458
Included in OCI	(63,797)	(2,143,437)
Purchases	66,606	2,635,556
<b>Balance at December 31</b>	<u>25,054,029</u>	<u>24,998,304</u>

A three-tier hierarchy is used as a framework for disclosing fair values based on inputs used to value the Company's financial instruments recorded at fair value. Valuation methods used in this framework are categorized under the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical financial instruments;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data. This level includes equity investments and debt instruments with significant unobservable components.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

The Company's policy is to recognize transfers into and out of the fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2025, the Company had no transfers between fair value hierarchy levels.

For investments, corporate equities are valued using quoted market prices (Level 1) and government and corporate debt instruments are valued using market prices provided by third-party brokers (Level 2). Co-operative equities that don't have a quoted price in an active market are valued based on recent transactions. The ownership of co-operative equities is typically restricted to credit unions and other credit union system partners, and is usually a condition of membership or necessary for access to the services provided by a system partner. As a result, transactions in these investments are restricted and typically occur at par value, which is the best estimate of fair value.

Given the nature of most investments in co-operative equities, specifically the fact that investments are typically not made for the purpose of financial gain (i.e. to earn investment income), the application of valuation techniques to determine fair value are typically not in use. In limited cases where such valuation techniques have been utilized, that information is used in determining the fair value of the co-operative investment. The Company continues to monitor these investments for any indication that a new measure of fair value is available.

For variable rate loans and deposits, the carrying value is also considered to be a reasonable estimate of fair value. For fixed rate loans and mortgages, co-operative deposit investments, deposits and MBS, the fair value is calculated using a discounted cash flow model, based on current interest rates and the term to maturity of the instrument (Level 2). The discount rates applied were based on the current market rate offered for the average remaining term to maturity.

The carrying value of cash and cash equivalents, accrued interest on assets and liabilities and borrowings approximates their fair value as they are short-term in nature or are receivable on demand.

The determination of estimated fair values is based on market conditions at a specific point in time and may not be reflective of future fair values.

## 12 Related party transactions

### a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, and include members of the Board, the President and CEO and other senior officers of the Company. Compensation to members of the Board is limited to an annual honorarium.

The President and CEO and each of the five other senior officers of the Company earned variable compensation during the year. The Company's Total Compensation Program does not include guaranteed bonuses or deferred compensation payments. Variable compensation is earned during the year and paid in cash in the following year. Directors do not participate in any variable compensation programs.

The components of total compensation received by key management personnel and balances due to/from key management personnel are as follows:

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

	2025 \$	2024 \$
Short-term employee benefits	1,545,373	1,702,718
Contributions to group savings for retirement program	96,470	107,179
Variable compensation	359,728	299,045
Mortgage balances due to key management	-	68,770
Deposit balances due to key management	205,519	196,112

Short-term employee benefits include salaries, director remuneration and other benefits. The mortgage and deposit transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

### b) Associates

The Company has a contract with League Data Limited, a related company by virtue of common ownership, for the provision of administrative, management and other services. The companies also transact other business in the ordinary course of operations. The following transactions and balances are measured at the exchange amount:

	2025 \$	2024 \$
Income and fees related to the management contract	43,750	105,000
Services and equipment purchases from League Data Limited	999,481	415,836
Prepaid Honeybee Mission expenses	2,404,883	2,599,873
League Data (line of credit) cash deposits with Central	(428,775)	5,920,240
Amount payable to League Data Limited	(12,211)	73
Deferred funding for regional marketing program	15,635	15,635

## 13 Commitments and contractual obligations

### a) Approved loans and mortgages

As at December 31, 2025, the Company had approved lines of credit in the amount of \$262,882,584 (2024 - \$240,173,924) and approved mortgages in the amount of \$111,066,455 (2024 - \$414,666,186), which have not been advanced.

### b) Clearing and settlement agreement

Central has entered into a contract for clearing, settlement and US dollar account services. Pricing is subject to annual adjustment effective January 1 of each calendar year. The contract was effective December 11, 2023 and has a five-year term.

### c) CCIF Limited Partnership capital contributions

In 2017, in accordance with the terms of a CCIF Limited Partnership Agreement, the Company entered into a subscription agreement to invest in the capital of CCIF Limited Partnership (CCIF). The subscription is for \$375,000 in partnership units and \$125,000 in partnership loans. As required by the subscription agreement, the Company has made a number of investments in CCIF.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

As at December 31, 2025, the Company had the following outstanding commitment to CCIF:

	2025			2024		
	Units	Loans \$	Total \$	Units	Loans \$	Total \$
Total commitment	375,000	125,000	500,000	375,000	125,000	500,000
Investment to date	214,925	71,642	286,567	214,925	71,642	286,567
Remaining commitment	160,075	53,358	213,433	160,075	53,358	213,433

The date of the capital call for the remaining committed amount, which is at the discretion of the General Partner of CCIF, has not yet been determined.

### 14 Income taxes

The provision for income taxes differs from the result that would be obtained by applying the combined Canadian federal and provincial statutory income tax rates to income before taxes. This difference results from the following:

	2025 \$	2024 \$
Income before income taxes	9,944,722	3,006,843
Statutory income tax rate	29.00%	29.00%
Expected income tax	2,883,969	871,984
Effect on income tax of		
Non-taxable dividends	(6,275)	(3,121)
Permanent tax differences	16,774	35,344
Capital and large corporate tax	1,559,899	1,499,041
True Ups	(216,890)	-
Differences due to rates	-	40,424
Other	(262,759)	87,079
Total income tax expense	3,974,718	2,530,751

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

The significant components of income tax expense are as follows:

	2025 \$	2024 \$
Current income tax expense		
Federal and provincial	66,593	(2,534,194)
Capital and large corporate tax	2,197,040	2,111,326
	<u>2,263,633</u>	<u>(422,868)</u>
Deferred income tax expense		
Origination and reversal of deductible temporary differences	1,711,085	2,953,619
	<u>3,974,718</u>	<u>2,530,751</u>

The components of the future income tax assets (liabilities) are as follows:

	<u>Balance</u>		<u>Recognized in</u>		<u>Balance</u>		<u>Recognized in</u>		<u>Balance</u>
	2023	Net income (loss)	OCI	2024	Net income (loss)	OCI	2025	\$	\$
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Deferred tax assets</b>									
Property and equipment	451,262	(81,108)	-	370,154	(73,537)	-	296,617		
Allowance for impaired loans	769,298	70,324	-	839,622	(255,896)	-	583,726		
Losses carried forward	4,379,650	(2,937,755)	-	1,441,895	(1,441,879)	-	16		
Net donations carried forward	51,168	5,680	-	56,848	19,813	-	76,661		
Net capital losses	22	-	-	22	-	-	22		
Other	243	40	-	283	(2)	-	281		
	<u>5,651,643</u>	<u>(2,942,819)</u>	<u>-</u>	<u>2,708,826</u>	<u>(1,751,501)</u>	<u>-</u>	<u>957,309</u>		
<b>Deferred tax liabilities</b>									
Unrealized gains on investments	2,038,969	10,801	-	2,049,770	(40,424)	-	2,009,346		
	<u>3,612,664</u>	<u>(2,953,620)</u>	<u>-</u>	<u>659,056</u>	<u>(1,711,077)</u>	<u>-</u>	<u>(1,052,022)</u>		
<b>Deferred tax asset (liability)</b>									
Attributable to									
Central	2,851,094	(3,034,403)	-	(183,309)	(1,445,168)	-	(1,628,477)		
League Savings	761,571	80,785	-	842,356	(265,918)	-	576,438		
<b>Net deferred tax asset (liability)</b>	<u>3,612,665</u>	<u>(2,953,618)</u>	<u>-</u>	<u>659,047</u>	<u>(1,711,086)</u>	<u>-</u>	<u>(1,052,039)</u>		

## 15 Capital requirements

Federal Bill C-43, which came into effect in December 2014, included provisions repealing Part XVI of the Cooperative Credit Associations Act (CCAA), which permitted provincial Centrals to operate with oversight from the federal Office of the Superintendent of Financial Institutions (OSFI). As a result of this change, provincial governments become exclusively responsible for the oversight of provincial Centrals effective January 15, 2017.

Central continues to manage its capital under the guidelines established by OSFI, which prescribes a liabilities to capital borrowing multiple not to exceed 20 times capital. The Company is also subject to the

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

requirements of the Credit Union Act, which requires Central to establish and maintain a level of equity that is not less than 5% of its assets.

League Savings is subject to guidelines OSFI has issued based on standards issued by the Bank for International Settlements, Basel Committee of Banking Supervisors (BCBS). OSFI has adopted capital guidelines based on the standards known as Basel II, which became effective for League Savings in 2008. Pillar 1 of the Basel II framework defines minimum capital requirements, while Pillar 2 addresses standards for the management of capital requirements.

Capital requirements are determined based on exposure to credit risk, operational risk and, for entities with significant trading activity, market risk. The standards provide different methodologies for the calculation of risk exposures based on a company's relative size and sophistication. League Savings has implemented the Standardized Approach for credit risk and the Basic Indicator Approach (BIA) for operational risk. League Savings is not subject to the requirements for market risk.

OSFI's Basel III capital requirements include rules to implement the BCBS guidance on non-viability contingent capital (NVCC). The NVCC rules require that all capital instruments include loss absorption features.

As of January 2019, under the BCBS rules, League Savings is required to meet new minimum requirements of: Common Equity Tier 1 ratio of 4.5% plus a capital conservation buffer of 2.5%, collectively 7%. Including the capital conservation buffer, the minimum Tier 1 ratio is 8.5% and the Total Capital ratio is 10.5%.

As of 2025, OSFI requires Canadian deposit-taking institutions to fully implement the 2024 Basel III reforms.

The Company has established internal limits to ensure that it meets its regulatory requirements. Central's capital is monitored regularly and reported to the Board quarterly. The Capital Management Plan, which forecasts capital requirements and includes contingency plans in the event of unanticipated changes, is reviewed by the Board annually.

Details of the Company's regulatory capital as at December 31 were as follows:

### Central

	2025	2024
Maximum borrowing multiple	20	20
Actual borrowing multiple	13.8	15.6
Minimum equity ratio	5.0%	5.0%
Actual equity ratio	10.5%	9.5%

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

### League Savings

	2025 \$	2024 \$
Risk-weighted assets for		
Credit risk	294,909,992	393,869,147
Operational risk	30,975,000	26,000,000
Total	<u>325,884,992</u>	<u>419,869,147</u>
Capital elements		
Common shares	41,857,854	41,857,854
Contributed surplus	1,785,887	1,785,887
Accumulated OCI	(239,430)	(207,902)
Retained earnings	38,320,419	35,506,126
CET1	<u>81,724,730</u>	<u>78,941,965</u>
Total Tier 1 capital	<u>81,724,730</u>	<u>78,941,965</u>
Stage 1 and Stage 2 allowance	<u>1,616,976</u>	<u>2,552,420</u>
Total Tier 2 capital	<u>1,616,976</u>	<u>2,552,420</u>
Total regulatory capital	<u>83,341,706</u>	<u>81,494,385</u>
	<b>%</b>	<b>%</b>
Ratios		
CET1	25.1	18.8
Total Tier 1	25.1	18.8
Total capital	25.6	19.4
Leverage ratio	7.9	6.9
OSFI targets		
CET1	7.0	7.0
Total Tier 1	8.5	8.5
Total capital	10.5	10.5
Leverage ratio	4.0	4.0

The Company's capital ratios have been in compliance with the regulatory requirements throughout the year.

### 16 Credit facilities

Central has established an operating line of credit of \$35,000,000 with Central 1 Credit Union. The line of credit bears interest at the institution's prime lending rate. As security, Central has provided an assignment of marketable securities having a carrying value of \$35,000,000. As at December 31, 2025 and 2024, there were no balances outstanding on this facility.

The Company has a line of credit agreement with Equitable Bank, bearing interest at Concentra (Equitable Bank) prime rate minus 90 basis points (0.90%), up to an amount of \$25,000,000. The facility is secured by a charge over insured residential mortgages covering 110% of the loan facility. As at December 31, 2025 and 2024, there were no amounts outstanding on this facility.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

In the ordinary course of business, assets are deposited as security for contract settlements with derivative exchanges or other derivative counterparties for transactions conducted under terms that are common and customary to standard derivative activities. As at December 31, 2025, there was a deposit of \$455,867 (2024 – \$595,000) pledged as collateral in relation to derivative transactions.

### 17 Assets under administration

#### a) Mortgages under administration

Assets under administration include mortgages under administration, which are not the property of Central and are not reflected in the consolidated balance sheet.

#### b) Syndicated loans

Central provides a loan syndication program for credit unions. These loans, which are under Central's administration, are not the property of Central and are not reflected on the consolidated balance sheet. Although most of the loan syndications are purchased by credit unions, Central can be a participant if a loan is not fully subscribed to by credit unions.

When Central participates in the loan syndication, the amount is included in loans and mortgages on the consolidated balance sheet as non-residential. Where a fully subscribed loan syndication has not been distributed to credit unions, the undistributed amount is also included in loans and mortgages as non-residential.

As at December 31, the Company had assets under administration as follows:

	2025	2024
	\$	\$
Mortgages under administration	43,812,784	50,540,182
Syndicated loans	325,782,772	259,887,257
Included in non-residential	18,075,231	1,207,144

### 18 Non-interest income (expense)

Non-interest income (expense) includes the following:

	2025	2024
	\$	\$
Banking service fees	3,796,250	4,225,042
Securitization expenses	(519,444)	(484,907)
Lending service fees	1,270,741	1,145,261
Lending service expenses	(896,600)	(1,531,739)
Investment service fees	69,359	64,189
Investment service expenses	(553,964)	(512,198)
Member assessments	6,311,349	7,203,132
Management fees	43,750	105,000
Fees for service	2,887,596	2,722,270
Rentals	-	(3,749)
Other	594,315	816,080
	<u>13,003,352</u>	<u>13,748,381</u>

The expenses detailed above include direct expenses only. Salary and staff-related costs and other indirect costs required to provide these services are reported in operating expenses.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

### 19 Other assets and accounts payable and accrued liabilities

Other assets include the following:

	2025 \$	2024 \$
Loan payments receivable	5,712,185	3,542,605
Prepaid Honeybee Mission expenses	2,404,883	2,187,144
Accounts receivable	2,059,363	2,871,999
Prepaid mortgage and deposit expenses	783,801	2,093,998
Property held for resale	1,013,624	-
Prepaid MBS and CMB fees	522,580	554,466
	<u>12,496,436</u>	<u>11,250,212</u>

Accounts payable and accrued liabilities include the following:

	2025 \$	2024 \$
Loan remittances payable	9,344,056	6,015,260
Swap valuation liability	2,358,743	4,487,533
Accrued expenses	6,812,648	3,380,734
Deferred commitment fees	1,220,092	1,831,620
Accounts payable	1,000,362	911,127
Other	2,058,258	1,543,106
	<u>22,794,159</u>	<u>18,169,380</u>

### 20 Initiatives and restructuring

Reported in initiatives are the costs of various initiatives relating to transformational change within the Company and the credit union system.

Spending on initiatives is as follows:

	2025 \$	2024 \$
System initiatives	<u>4,210,048</u>	<u>2,472,163</u>

### 21 Investment in CU-CUMIS Wealth Holdings Limited Partnership (CCWH)

The information below reflects the amounts presented in the financial statements of CCWH adjusted for difference in accounting policies between Central and CCWH, as applicable.

# Atlantic Central

## Notes to the Consolidated Financial Statements

December 31, 2025

---

Aggregated financial information of CCWH, accounted for using the equity method, is as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Assets	194,988,020	166,103,973
Liabilities	21,639,820	9,278,405
Equity	<u>173,348,200</u>	<u>156,825,568</u>
Revenue	45,229,935	34,187,554
Expenses	6,482,713	3,290,483
Net income	38,747,222	30,897,071
Other comprehensive income	(267,362)	4,136,790
Comprehensive income	<u>38,479,860</u>	<u>35,033,861</u>
Interest held by Central	<u>5.76%</u>	<u>5.76%</u>
Net income	2,231,617	1,779,493
Other comprehensive income	(15,399)	238,255
Comprehensive income	<u>2,216,218</u>	<u>2,017,748</u>