

SYSTEM ASSETS EXCEED \$30 BILLION AND STRONG EARNINGS TREND CONTINUES

Third quarter highlights compared to the same period last year:

- System assets of \$30.4 billion, up 8.6% from \$28.0 billion
- System year-to-date operating income of \$194.4 million, up 9.7% from \$177.2 million
- Central's net income of \$2.65 million versus \$5.13 million
- System capital ratio remains strong at 11.6%

British Columbia credit unions, collectively referred to as the system, earned \$71.2 million before taxes and dividends in the third quarter of 2004, an increase of 18.7% from \$60.0 million over the same period last year. Combined assets for the system rose 8.5% from one year ago to reach \$30.4 billion at quarter-end.

Credit Union Central of British Columbia (Central), the central financial facility and trade association for B.C. credit unions, earned net income of \$2.65 million, compared to \$5.13 million for the same period last year. Assets increased by 7.7% to \$3.91 billion from \$3.63 billion at quarter-end last year.

B.C. credit unions continue to perform very strongly in a climate of moderately paced economic growth spurred by housing related sectors. Home mortgage loans, compared to September 30, 2003, increased 8.0% to \$17.6 billion as at quarter-end and loan delinquency over 90 days improved to 0.36% from 0.53% a year ago. Commercial loans, the majority of which are secured by real estate, reached \$5.5 billion at quarter-end, or approximately 21% of the system's total loan portfolio.

Members had \$27.2 billion on deposit with credit unions at quarter-end, a 7.6% increase from the same period in 2003. During the quarter, Central issued \$125 million of long-term debt to supplement system liquidity.

Management's Discussion and Analysis as at November 24, 2004

This portion of the Report to Members updates Central's annual Management's Discussion and Analysis for the year ended December 31, 2003, and provides a discussion and analysis of Central's financial condition and results of operations for the three-month period ended September 30, 2004 compared to the corresponding period in the preceding fiscal year. Additional information on Central, including its Annual Information Form, may be found on SEDAR at www.sedar.com.

Forward Looking Statements

There are numerous factors, many beyond Central's control, which could cause results to differ from expectations. These factors, which include industry factors, Central and system specific factors, economic factors and financial market conditions are substantially unchanged from those described in Central's annual Management's Discussion and Analysis for the year ended December 31, 2003. Central's performance is also subject to a number of risks, including credit, liquidity, market and operational risk. There has been no substantial change in Central's risk profile or in its management of risk as described in Central's Management's Discussion and Analysis for the year ended December 31, 2003.

In addition, this discussion may include forward-looking statements with regard to 2004 and beyond, which by their nature, involve some risk with regard to accuracy. Where forward-looking comments appear, they should be interpreted in the context of this uncertainty. The results reported in this management discussion and analysis and in the financial statements that follow are reported in Canadian dollars and are based on the significant accounting policies reported in *Note 2* of the 2003 annual financial statements which may be found at www.sedar.com.

Overall Performance and Interim Financial Condition

Central continues to perform well. Net income for the third quarter was \$2.65 million, compared to \$5.13 million for the same period, last year. Earnings per share were 2.3 cents compared to 4.9 cents a year ago and return on average assets and average equity also were correspondingly lower. The majority of the decrease was the result of lower financial income in the form of lower trading gains on the sale of securities during the quarter and improved pricing on loans to credit unions and on credit union deposits with Central. Total assets at \$3.91 billion were up over 7.7% from \$3.63 billion last year. Loans, primarily those to credit unions, were up sharply, reaching \$915.0 million compared to \$652.5 million last year and reflect the continuing buoyant real estate market in the province and Central's improved pricing on loans to its member credit unions.

The system continues its strong performance. System net operating income for the quarter was \$71.2 million, an increase of 18.7% from \$60.0 million for the third quarter of 2003. Total system assets were \$30.4 billion, an increase of 8.6% from \$28.0 billion as at September 30, 2003.

Central's and the system's financial condition remain solid and are comparable to that of September 30, 2003. Capital ratios remain strong. Central's risk-weighted capital ratio was 16.9% and its borrowing multiple was 16.1:1. System risk-weighted capital declined slightly to 11.55% from 11.63% as of September 30, 2003. Central has no non-performing loans and credit quality remains high in the system loan portfolios. System provisions for credit losses as a percentage of average loans were consistent with prior periods and loan delinquency over 90 days improved to 0.36% of total loans, the lowest level since 1995.

Overall liquidity within the system, including that held by Central, decreased to 11.70% of assets from 12.43% as at September 30, 2003. During September, Central issued \$125 million of medium term notes, the proceeds of which were used to fund loans to credit unions and to supplement system liquidity.

The outlook for the remainder of 2004 remains positive for Central and the system. However, there are recent signs that activity in the residential housing market may be slowing somewhat, which may lead to lower growth in system assets and earnings, although the effect on system liquidity would likely be positive.

	FOR THE THREE MONTHS ENDED	
	September 30, 2004	September 30, 2003
Central		
Earnings		
Net Financial Income (<i>\$ millions</i>)	5.50	7.74
Net Interest and Other Income (<i>\$ millions</i>)	15.80	18.33
Net Income (<i>\$ millions</i>)	2.65	5.13
Earnings Per Share (<i>cents</i>)		
Basic	2.30	4.90
Diluted	2.30	4.90
Return On:		
Average Assets (%)	0.28	0.56
Average Equity (%)	4.73	9.56
Balance Sheet Data (\$ billions)		
Total Assets	3.91	3.63
Average Assets	3.85	3.61
Long-term Financial Liabilities	1.79	1.12
Share Information		
Outstanding \$1 Par Value Shares (\$1,000's)		
Class A - Credit Unions	113,344	105,478
Class B - Cooperatives	3	3
Class C - Other	4	4
Dividends Per Share (all classes) (<i>cents</i>)	1.1	0.7
System (unaudited)		
Net Operating Income (<i>\$ millions</i>)	71.2	60.0
Total Assets (<i>\$ billions</i>)	30.4	28.0
Number of Credit Unions	57	61

Total Revenues

Net Interest Income

Central's net interest income was \$5.50 million for the quarter, compared to \$7.74 million for the same period last year. Interest margin, at \$4.57 million, was only slightly lower than last year's \$4.63 million, despite tighter spreads between Government of Canada securities and other debt instruments as well as the implementation of improved pricing of deposits and loans to member credit unions. Trading gains of \$0.71 million were down from \$2.83 million in the third quarter last year. The timing of trading gains and their magnitude are not predictable and depend on market conditions during the period. For the year-to-date, trading gains are more comparable to those of last year.

Central anticipates flat net interest income during the remainder of the year as the factors that have narrowed financial margin are anticipated to remain in place. Lower trading gains are expected as the opportunities for those trading gains have diminished with the anticipated rise in short-term interest rates.

Other Income

Central's Other Income decreased to \$10.30 million over last year's \$10.59 million during the quarter; however, year-to-date, Other Income has increased to \$31.51 million from \$31.24 million.

Operating Expenses

Operating Expenses increased to \$12.34 million compared to \$11.91 million last year. This increase was primarily due to some timing differences over the same period last year. Year-to-date Operating Expenses are marginally higher than those for the same period last year, and, to a large degree, reflect the increase in expenses required to generate the aforementioned increase in Other Income.

Balance Sheet

Cash and Securities and Liquidity Management

Cash and Securities increased \$15.5 million from one year ago. However, system liquidity decreased to 11.70% from 12.43%, as at September 30, 2003. At \$2.98 billion, Cash and Securities continue to represent over 75% of Central's assets. In September, Central supplemented system liquidity by issuing \$125 million of three-year medium term notes. Central has not drawn down any of its operating lines with other financial institutions and has ample unused capacity remaining in its commercial paper and medium-term note programs to meet further loan advances to credit unions.

Loans and Off-Balance Sheet Arrangements

Loans, which are almost entirely secured loans to member credit unions, increased to \$915.0 million from \$652.5 million last year. A strong real estate market continues to drive consumer loan demand, which in turn has driven borrowing by credit unions. In January, Central lowered its fees on loans to member credit unions. This has made Central the lender of choice for most credit unions. Another factor in credit union loan volume is the extent to which credit unions securitize assets. As at September 30, assets securitized by the system through Central were as follows:

	SEPTEMBER 30, 2004	SEPTEMBER 30, 2003
	\$ millions	
Residential Mortgages	\$1,381.0	\$827.0
Commercial Mortgages	202.0	272.0
Total Securitized	\$1,583.0	\$1,099.0

Last year's strong pace of securitization continued in the third quarter as credit unions managed their liquidity and capital positions in relation to their ongoing activities.

Summary of Quarterly Results

Central's financial results for each of the last eight quarters are summarized in the accompanying table. In general, Central's Net Interest Income is quite stable from quarter to quarter, with no discernable seasonal trend, and reflects the condition of prevailing financial markets. However, interest income and dividends from Credit Union Central of Canada and its subsidiaries, if any, are received in the first quarter of each year. Non-interest Income and Non-interest Expenses are also consistent from quarter to quarter. Trading gains and losses, however, have a significant impact on quarterly Net Income and their timing and magnitude are not predictable.

CREDIT UNION CENTRAL OF BRITISH COLUMBIA - QUARTERLY EARNINGS

<i>(Thousands of dollars)</i>	2004/2003				2003/2002			
	PERIOD ENDED				PERIOD ENDED			
	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun 30	Mar. 31	Dec. 31
Total Interest Income	\$ 29,126	\$ 28,775	\$ 31,103	\$ 31,428	\$ 32,600	\$ 35,702	\$ 34,257	\$ 32,706
Total Interest Expense	24,561	24,104	25,902	27,237	27,973	30,935	28,226	28,110
Net Interest Income	4,565	4,671	5,201	4,191	4,627	4,767	6,031	4,596
Trading Gains	937	1,433	3,895	1,553	3,114	3,064	1,951	1,283
Non-interest Income	10,295	10,467	10,752	10,739	10,585	10,305	10,125	10,023
Non-interest Expenses	(12,340)	(12,468)	(12,948)	(12,529)	(11,913)	(13,027)	(12,393)	(14,455)
Income Taxes	(812)	(708)	(1,448)	(727)	(1,286)	(1,007)	(1,146)	(449)
Net Income	\$ 2,645	\$ 3,395	\$ 5,452	\$ 3,227	\$ 5,127	\$ 4,102	\$ 4,568	\$ 998
Earnings per share* <i>(cents)</i>	2.3	3.2	5.2	3.1	4.9	3.9	4.3	0.9
Earnings per share - fully diluted	2.3	3.2	5.2	3.1	4.9	3.9	4.3	0.9

* Earnings per share calculated for a central credit union must be taken in the context that member shares may not be traded or transferred.

Capital Resources

Capital resources, consisting of member equity and retained earnings, reached \$234.2 million, compared to \$217.5 million as at September 30, 2003. Central implemented a share-call of approximately \$7.9 million in the second quarter of 2004 in order to maintain total capital at its target levels and share capital at its target level of 37.5 basis points of system assets.

Central's federal capital adequacy ratio was well within its targeted operating range and on par with that at September 30, 2003. Central's provincial risk-weighted ratio at 17.9% was higher than Central's target, and reflects the recent change in risk-weighting for loans to member credit unions, as well as the share call made in the second quarter.

	SEPT 30, 2004	SEPT 30, 2003	TARGET
Borrowing Multiple	16.1:1	16.4:1	16:1 – 18:1
Risk-weighted Ratios ⁽¹⁾	17.9%	11.37%	11 – 14%

⁽¹⁾In December 2003, the regulatory requirement for Central to risk-weighted loans to member credit unions was reduced to 20 percent from 100 percent, in line with the federal regulator's risk rating of similar loans on similar security.

Financial Instruments and Other Instruments

There have been no substantial changes to the nature and extent of Central's use of financial instruments or the business purpose that they serve, nor to the risks of such instruments, nor to Central's management of such risks.

Financial income and expense are classified on Central's financial statements as to source. Trading gains or losses are shown separately, as are changes in fair value of certain financial instruments which are classified as trading positions or which are financial derivatives for which Central has not established a hedging relationship.

Changes in Accounting Policies

Central adopted the Canadian Institute of Chartered Accountants new accounting guideline for hedging relationships effective January 1, 2004. The financial impact of adopting this accounting guideline did not have a material impact on Central's results of operations for this quarter.

Credit Union Central of British Columbia
Consolidated Balance Sheet
Unaudited

	(000's)		
	September 30	December 31	
	2004	2003	2003
Assets			
Cash	\$ 7,507	\$ -	\$ 13,355
Securities	2,967,706	2,959,673	3,454,445
Loans	914,985	652,451	436,807
Land, Buildings & Equipment	10,319	11,509	11,029
Other	9,113	9,694	10,730
	\$3,909,630	\$3,633,327	\$3,926,366
Liabilities			
Deposits & Notes	\$3,618,211	\$3,391,255	\$3,662,624
Other	53,772	22,213	40,100
Dividends	3,451	2,327	6,063
	3,675,434	3,415,795	3,708,787
Equity			
Shares	113,352	105,486	105,485
Retained Earnings	120,844	112,046	112,094
	234,196	217,532	217,579
	\$3,909,630	\$3,633,327	\$3,926,366

Approved by the Directors:

"J. Whittaker"
 J. Whittaker, Chairperson

"V. Gauvin"
 V. Gauvin, Chairperson - Audit Committee

See accompanying notes to the financial statements

Credit Union Central of British Columbia
Consolidated Income Statement
Unaudited

	(000's)		(000's)	
	For the three months ended		For the nine months ended	
	September 30 2004	September 30 2003	September 30 2004	September 30 2003
Financial Income				
Loans	\$6,291	\$5,306	\$17,425	\$15,317
Securities	22,835	27,294	71,579	87,018
	<u>29,126</u>	<u>32,600</u>	<u>89,004</u>	<u>102,335</u>
Financial Expense				
Deposits	23,049	26,146	69,565	81,807
Borrowed funds	1,512	1,827	5,002	5,327
	<u>24,561</u>	<u>27,973</u>	<u>74,567</u>	<u>87,134</u>
Interest Margin	4,565	4,627	14,437	15,201
Securities - trading	714	2,826	5,960	8,065
Change in fair value	223	288	305	64
Net financial income	<u>5,502</u>	<u>7,741</u>	<u>20,702</u>	<u>23,330</u>
Other income	10,295	10,585	31,514	31,239
Net interest and other income	<u>15,797</u>	<u>18,326</u>	<u>52,216</u>	<u>54,569</u>
Operating Expenses				
Salaries	6,026	5,740	17,641	17,444
Premises and equipment, including depreciation	1,303	1,190	3,834	3,741
Other	5,011	4,983	16,281	16,148
	<u>12,340</u>	<u>11,913</u>	<u>37,756</u>	<u>37,333</u>
Income before the following	3,457	6,413	14,460	17,236
Income taxes	812	1,286	2,968	3,439
Net Income	<u>2,645</u>	<u>5,127</u>	<u>11,492</u>	<u>13,797</u>
Retained Earnings, beginning of period	119,167	107,509	112,094	100,119
	121,812	112,636	123,586	113,916
Dividends	(1,244)	(735)	(3,450)	(2,326)
Related income tax savings	276	145	708	456
Retained Earnings, end of period	<u>\$120,844</u>	<u>\$112,046</u>	<u>\$120,844</u>	<u>\$112,046</u>
Supplemental Information				
Employee Future Benefits expense	<u>\$326</u>	<u>\$246</u>	<u>\$820</u>	<u>\$738</u>

See accompanying notes to the financial statements

Credit Union Central of British Columbia
Consolidated Statement of Cash Flows
Unaudited

	(000's)		(000's)	
	For the three months ended		For the nine months ended	
	September 30 2004	September 30 2003	September 30 2004	September 30 2003
Cash flows from operating activities				
Net Income	\$2,645	\$5,127	\$11,492	\$13,797
Adjustments for:				
Depreciation	954	495	1,969	1,433
Other items, net	3,514	4,807	765	74
Net change in accrued interest	5,537	915	(2,461)	4,646
	<u>12,650</u>	<u>11,344</u>	<u>11,765</u>	<u>19,950</u>
Cash flows from financing activities				
Issue of shares	-	-	7,867	-
Dividends - net of income taxes	277	146	(5,354)	(4,936)
Net change - Settlements in transit	(20,593)	(38,527)	13,359	(19,291)
Net change in deposits and notes	55,978	(46,336)	(42,660)	44,677
	<u>35,662</u>	<u>(84,717)</u>	<u>(26,788)</u>	<u>20,450</u>
Cash flows from investing activities				
Net change in securities	(125,006)	219,302	484,964	210,609
Net change in loans	(44,206)	(226,831)	(475,695)	(289,964)
Net change in premises and equipment	(5)	(82)	(94)	(545)
	<u>(169,217)</u>	<u>(7,611)</u>	<u>9,175</u>	<u>(79,900)</u>
Increase (decrease) in cash resources	(120,905)	(80,984)	(5,848)	(39,500)
Cash resources - beginning of period	128,412	80,984	13,355	39,500
Cash resources - end of period	<u>\$7,507</u>	<u>\$0</u>	<u>\$7,507</u>	<u>\$0</u>
Supplemental Information				
Interest received	<u>\$25,883</u>	<u>\$39,916</u>	<u>\$88,296</u>	<u>\$106,020</u>
Interest paid	<u>\$18,338</u>	<u>\$27,112</u>	<u>\$76,320</u>	<u>\$86,173</u>
Income taxes paid	<u>\$301</u>	<u>\$1,227</u>	<u>\$2,144</u>	<u>\$2,842</u>

See accompanying notes to the financial statements

Credit Union Central of British Columbia

Note to the September 30, 2004 Interim Consolidated Financial Statements

Credit Union Central of British Columbia is incorporated under the Credit Union Incorporation Act (British Columbia) and is subject to the provisions of the Financial Institutions Act (British Columbia) and the Cooperative Credit Associations Act (Canada).

These interim consolidated financial statements do not contain the complete disclosure of the annual financial statements. Accordingly these financial statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2003.

1. Significant accounting policies

The consolidated financial statements include the accounts of Credit Union Central of British Columbia and its subsidiaries, Central Financial Corporation (1989) Ltd., C.U. Financial Services Ltd., Central Data Systems Ltd., and Inovera Solutions Inc., all of which are wholly owned.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as set out in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2003.

Effective January 1, 2004, Central adopted a new accounting guideline for hedging relationships, issued by the Canadian Institute of Chartered Accountants. The adoption of this accounting guideline did not have a material impact on Central's results of operations for this quarter.