

Third Quarter Report 2007

REPORT TO MEMBERS

CENTRAL REPORTS RECORD RESULTS FOR THE THIRD QUARTER OF 2007

Third quarter highlights compared to the same period last year:

- Central's net income of \$8.95 million, compared to \$5.35 million
- Central assets of \$5.2 billion, up 13.0% from \$4.6 billion
- Central return on equity of 13.01%, up from 8.15%
- System⁽¹⁾ net operating income⁽²⁾ of \$82.50 million, versus \$74.21 million
- System assets of \$41.7 billion, up 10.6% from \$37.7 billion

Credit Union Central of British Columbia (Central), the central financial facility and trade association for B.C. credit unions, continued its strong performance. Net income was \$8.95 million compared to \$5.35 million for the same period last year. Net financial income and other income increased to \$25.64 million from \$19.29 million, more than offsetting an increase in operating expenses to \$15.00 million from \$12.95 million for the third quarter last year. Assets increased 13.0% to \$5.2 billion from \$4.6 billion as at September 30, 2006, on the back of strong system growth.

Central and Credit Union Central of Ontario Ltd. (CUCO) have entered into an agreement to combine their operations. The proposed merger which was approved in June by the membership of both organizations and was initially anticipated to close on October 1, 2007 is now scheduled to close on January 1, 2008.

British Columbia credit unions, collectively referred to as the system, continue to perform well in an environment defined by a strong provincial economy, record low unemployment and robust residential housing markets. The system earned \$82.50 million before taxes, dividends and patronage refunds in the third quarter of 2007, up 11.2% from the \$74.21 million earned during same period in 2006. System assets grew by 10.6%, year-over-year, to reach \$41.7 billion at quarter-end.

Demand for loans remains high as total system net loans increased by 11.4% year-over-year to reach \$36.3 billion. Commercial and personal loans secured by real estate grew by 16.6% and 11.0%, year-over-year respectively. System loan

delinquencies over 90 days continue to be at near record lows, marginally increasing to 0.23% of total loans compared to 0.17% a year ago.

- (1) These documents include statements about the credit union system in British Columbia. System financial information has been provided by the Financial Institutions Commission of British Columbia (FICOM), which makes available reports on information provided by British Columbia credit unions. Central has no means of verifying the accuracy of information provided by credit unions to FICOM or FICOM's subsequent compilation of that information. Reference to system information should be interpreted in this context.
- (2) System net operating income is equivalent to income from recurring operations and does not include extraordinary items, patronage dividends or income taxes.

Management's Discussion and Analysis as at September 30, 2007

This portion of the Report to Members updates Central's Management's Discussion and Analysis for the year ended December 31, 2006, and provides a discussion and analysis of Central's financial condition and results of operations for the nine-month period ended September 30, 2007 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.

The results reported in this Management's 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 2006 consolidated financial statements which may be found 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 Management's Discussion and Analysis for the year ended December 31, 2006. 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, 2006.

In addition, this discussion may include forward-looking statements with regard to 2007 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.

Overall Performance and Interim Financial Condition

Central had a record third quarter in 2007, achieving net income of \$8.95 million, or 7.90 cents a share compared to \$5.35 million or 4.72 cents a share last year. Included in net income was a \$4.33 million before tax gain on sale of rental property. Year-to-date net income was \$19.72 million or 17.39 cents per share versus \$13.95 million or 12.31 cents per share last year. Net financial income of \$8.41 million increased from the \$6.67 million recorded in the third quarter of 2006 due to higher short-term interest rates, and higher average assets employed, and higher trading gains net of changes in the fair value of financial instruments.

Other income of \$12.90 million for the quarter was up from last year's \$12.62 million. Operating expenses of \$15.00 million were higher compared to the \$12.95 million incurred last year. The gap between other income and operating expenses widened to a

negative \$2.10 million compared to a negative gap of \$0.33 million last year, primarily due to merger related costs of \$1.5 million.

System net operating income for the quarter was \$82.50 million, compared to \$74.21 million for the third quarter of 2006. System net operating income for the nine months ended September 30, 2007 was \$220.99 million, an increase of 4.6% over the \$211.20 million achieved for the comparable period last year. Non-financial income rose a marginal 2.6% versus last year, though non-financial expense rose some 3.7%. System financial margin year-to-date improved by 4.3% year-over-year, despite the continued challenges presented by a flat yield curve and a very competitive residential mortgage market.

The financial condition of Central and the system remains solid and is comparable to that of September 30, 2006. Capital ratios remain strong. Central's risk-weighted capital ratio was 24.0% and its borrowing multiple was 14.9:1. System risk-weighted capital was 12.38%. Credit quality remains high in the system's loan portfolios and system provisions for credit losses as a percentage of average loans are consistent with prior periods.

Overall liquidity within the system, including that held by Central, stood at 9.5% as of September 30, 2007, compared to 10.1% a year ago. Strong loan demand by members continues to keep system liquidity at less elevated levels. Although deposits with credit unions have grown year-over-year by a healthy 8.3%, loans have increased by 11.4%. However, on an annualized basis, system loans in September 2007 grew by only 6.6%. The shortfall was met by higher borrowings from Central and other system lenders.

	For the Three Months Ended September 30, 2007	For the Three Months Ended September 30, 2006	Increase/ (Decrease) Change
Central ⁽³⁾			
Earnings			
Net Financial Income (<i>\$ millions</i>)	8.41	6.67	1.74
Net Financial and Other Income (<i>\$ millions</i>)	25.64	19.29	6.35
Net Income from Continuing Operations	5.00	5.35	(0.35)
Net Income (<i>\$ millions</i>)	8.95	5.35	3.60
Earnings Per Share from Continuing Operations (<i>cents</i>)			
Basic	4.41	4.72	(0.31)
Diluted	4.41	4.72	(0.31)
Earnings Per Share (<i>cents</i>)			
Basic	7.90	4.72	3.18
Diluted	7.90	4.72	3.18
Return On:			
Average Assets (%)	0.69	0.46	0.23
Average Equity (%)	13.01	8.15	4.86
Balance Sheet Data (\$ billions)			
Total Assets	5.18	4.59	0.59
Average Assets	5.16	4.59	0.57
Long-term Financial Liabilities	1.72	1.50	0.22
Capital Ratios			
Tier 1 Capital Ratio (%)	20.4	22.7	(1.7)
Total Capital Ratio (%)	24.0	22.7	1.3
Borrowing Multiple (times)	14.9	15.9	(1.0)
Share Information			
Outstanding \$1 Par Value Shares (<i>thousands</i>)			
Class A - Credit Unions	113,345	113,345	0.00
Class B - Cooperatives	3	3	0.00
Class C - Other	5	5	0.00
Dividends Per Share (all classes) (<i>cents</i>)	2.18	2.10	0.08
System ⁽³⁾			
Net Operating Income (<i>\$ millions</i>)	82.50	74.21	8.29
Total Assets (<i>\$ billions</i>)	41.68	37.69	3.99
Total Capital Ratio (%)	12.38	12.88	(0.50)
Number of Credit Unions	50	51	(1)
Number of Branches	366	358	8
Number of Members (thousands)	1,603	1,559	44

Total Revenues

Net Financial Income

Central's net financial income increased 26.1% to \$8.41 million for the quarter from \$6.67 million for the same period last year. Interest margin, at \$7.65 million, was markedly improved from last year's \$6.56 million. Higher interest rates, higher average loans to credit unions, higher average assets and wider credit spreads all contributed to the improvement in interest margin relative to last year. Trading gains were \$2.24 million, up significantly from that of last year's loss of \$0.13 million. The majority of the gain was a result of Central acting as an intermediary in system securitization activities.

Other Income

Central's other income for the quarter increased to \$12.90 million from last year's \$12.62 million. For the nine-month period ending September 30th, other net capitalized income increased to \$38.73 million from \$36.37 million. Other major sources of this increase were from ongoing operations including membership dues, payments processing and Internet banking (*See Note 15 of the Interim Consolidated Financial Statements*).

Operating Expenses

Operating expenses increased to \$15.00 million for the quarter from \$12.95 million last year. Salary costs increased from \$6.80 million to \$7.40 million reflecting higher levels of technology department staffing. Included in Operating expenses for the nine months ending September 2007 are \$1.54 million in costs associated with the proposed merger with CUCO.

Income Taxes

Central's income tax expense for the quarter was \$1.69 million which compares to \$0.99 million last year. Year-to-date income tax expense was \$4.00 million and \$3.49 million for this year and last year, respectively. Central's effective tax rate for the quarter was 15.90%.

Balance Sheet

Cash and Securities and Liquidity Management

Central's assets increased by \$594 million, or 13.0%, to \$5.2 billion from \$4.6 billion as at September 30, 2006, reflecting strong system growth. At \$3.2 billion, cash and securities represent 62% of Central's assets. Central has sufficient unused capacity remaining in its operating lines with other financial institutions and 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, were \$1.8 billion flat to the \$1.8 billion last year. Average loans for the nine months ending September 30 increased to \$1.9 billion from \$1.7 billion. Strong real estate markets continue to drive consumer loan demand, which in turn has driven borrowing by credit unions. Credit unions also continue to rely on securitization to fund growth. As at September 30, assets securitized by the system through Central and by Central itself were as follows:

\$ millions	SEPT 30, 2007	SEPT 30, 2006
Total Securitized	\$3,230	\$2,328

The system has primarily securitized residential mortgages through two bank sponsored Asset-Backed Commercial Paper (ABCP) Conduits. In August, the system's access to these conduits was restricted due to the ongoing turmoil in the Canadian ABCP market. However, in December 2006, Central, on behalf of the system, became an approved seller and swap counterparty to Canada Housing Trust (CHT), a securitized program sponsored by the Canada Mortgage Housing Corporation. As a result, the system continues to have ample access to securitization as a form of funding and liquidity.

In June and September 2007, Central securitized over \$500 million of system originated residential mortgages into CHT.

Summary of Quarterly Results

Central's financial results for each of the last eight, most recently completed 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 CUCC and its subsidiaries, if any, are generally received in the first quarter of each year. In 2007 and 2006, these amounted to \$0.50 million and \$0.66 million, respectively. Non-interest income and non-interest expenses are also generally consistent from quarter to quarter. However, the fourth quarter 2005 included \$1.38 million in non-recurring employee retirement and severance expenses, and the third quarter in 2007 included a one time gain of \$4.33 million on disposal of rental property. Trading gains and losses also have a significant impact on quarterly net income but their timing and magnitude are not predictable.

CREDIT UNION CENTRAL OF BRITISH COLUMBIA – QUARTERLY EARNINGS (Unaudited)

<i>(Millions of Dollars)</i>	2007/2006				2006/2005			
	Period Ended				Period Ended			
	31-Dec-06	31-Mar-07	30-Jun-07	30-Sep-07	31-Dec-05	31-Mar-06	30-Jun-06	30-Sep-06
Total Interest Income	\$ 52,181	\$ 53,458	\$ 55,084	\$ 60,306	\$ 37,887	\$ 39,729	\$ 45,341	\$ 50,284
Total Interest Expense	45,293	46,233	47,716	52,655	31,483	34,185	38,847	43,720
Interest Margin	6,888	7,225	7,368	7,651	6,404	5,544	6,494	6,564
Trading Gains	(71)	(113)	1,270	2,243	46	799	87	(131)
Change in fair value of financial instruments	105	591	259	(1,481)	(193)	43	398	236
Provision for losses	(795)	0	29	0				
Other Income	12,862	12,514	13,319	12,900	11,991	12,199	11,551	12,621
Operating Expenses	(15,839)	(14,003)	(15,381)	(15,001)	(16,698)	(12,056)	(13,966)	(12,945)
Income Taxes	(499)	(1,107)	(1,205)	(1,689)	(263)	(1,201)	(1,294)	(991)
Gain on Sale of Rental Property	0	0	0	4,330				
Net Income	\$ 2,651	\$ 5,107	\$ 5,659	\$ 8,953	\$ 1,207	\$ 5,328	\$ 3,270	\$ 5,354
Shares	113.40	113.40	113.40	113.40	113.35	113.35	113.35	113.35
Earnings per share from continuing operations <i>(cents)</i>								
Basic	3.45	4.50	4.99	4.41	1.06	4.70	2.88	4.72
Diluted	3.45	4.50	4.99	4.41	1.06	4.70	2.88	4.72
Earnings per share <i>(cents)</i>								
Basic	3.45	4.50	4.99	7.90	1.06	4.70	2.88	4.72
Diluted	3.45	4.50	4.99	7.90	1.06	4.70	2.88	4.72

* 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

For the quarter, Central's available capital resources reached \$316.4 million, compared to \$262.1 million as at September 30, 2006. In December 2006, Central issued \$50 million of subordinated debt that qualifies as Tier 2B capital for regulatory purposes.

Central's regulatory capital levels are determined according to both federal guidelines and provincial regulations. Central's federal capital adequacy borrowing multiple was below its targeted operating range and below that at September 30, 2006 and reflects the aforementioned recent issuance of subordinated debt. It was also well below the federal regulatory maximum. The multiple is projected to move toward Central's targeted range in 2008. Central's provincial risk-weighted ratio at 24.0% remains considerably higher than both Central's target and provincial requirements. This reflects not only the high quality and, hence, low risk weighting of securities in Central's liquidity portfolio, but also the issuance of subordinated debt in December 2006.

	Sept 30, 2007	Sept 30, 2006	Target	Regulatory Threshold
Borrowing Multiple	14.9:1	15.9:1	16:1 – 18:1	20:1
Risk-weighted Ratios	24.0%	22.7%	11 – 14%	10%

Central's Accounting Policies and Estimates

Central's Consolidated Interim Financial Statements, included in this Report to Members, have been prepared in accordance with Generally Accepted Accounting Policies (GAAP) as described in *Note 1* of the Interim Consolidated Financial Statements.

Changes in Accounting Policies

Effective January 1, 2007, Central adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Presentation and Disclosure, and Section 3865, Hedges.

As a result of the adoption of these standards, Central has recorded certain transition adjustments in opening retained earnings and accumulated other comprehensive income. The comparative Interim Consolidated Financial Statements have not been restated. A description of the impact on Central and a summary of the transition adjustments recorded on implementation are contained in *Note 2* to the Interim Consolidated Financial Statements.

Critical Accounting Estimates

Central holds \$23 million of non-bank sponsored asset-backed commercial paper (ABCP) which was rated R-1 (High) by Dominion Bond Rating Service when acquired. These instruments did not settle at their schedule maturity dates and there has been no active trading of ABCP since mid-August, 2007. Central has estimated the fair value of these ABCP holdings by discounting expected future cash flows based on the best data available, which resulted in a charge to income of \$0.9 million in the third quarter. Uncertainty exists regarding the timing and amount of future cash flows associated with these holdings that could give rise to a further change in the value recorded in future periods.

Credit Union Central of British Columbia
Consolidated Balance Sheet
Unaudited

	Notes	(Thousands of dollars)		December 31 2006
		2007	September 30 2006	
Assets				
Cash		\$ 111,031	\$ 157,484	\$ 29,611
Securities	4	2,770,402	2,326,206	3,236,828
Amounts on deposit with regulated financial institutions	5	324,284	239,590	387,596
Loans	6	1,797,662	1,779,151	1,416,043
Capital assets		13,522	13,972	13,971
Other	7	166,950	73,114	93,036
		<u>\$ 5,183,851</u>	<u>\$ 4,589,517</u>	<u>\$ 5,177,085</u>
Liabilities				
Notes	9	\$ 1,008,788	\$ 850,713	\$ 755,831
Deposits	10	3,700,926	3,381,174	3,874,710
Other	11	157,781	95,540	233,940
		<u>4,867,495</u>	<u>4,327,427</u>	<u>4,864,481</u>
Subordinated debt	12	<u>49,724</u>	<u>-</u>	<u>49,807</u>
Members' Equity				
Shares		113,353	113,353	113,353
Retained earnings		164,351	148,737	149,444
Accumulated other comprehensive income		(11,072)	-	-
		<u>266,632</u>	<u>262,090</u>	<u>262,797</u>
		<u>\$ 5,183,851</u>	<u>\$ 4,589,517</u>	<u>\$ 5,177,085</u>
Commitments	13			

Approved by the Directors:

"Daniel A. Burns"
Daniel A. Burns, Chairperson

"Catherine R. McCreary"
Catherine R. McCreary, Chairperson - Audit Committee

Credit Union Central of British Columbia
Consolidated Statement of Income
Unaudited

(Thousands of dollars)

	Notes	For the three months ended		For the nine months ended	
		September 30 2007	September 30 2006	September 30 2007	September 30 2006
Interest Income					
Securities		\$ 34,596	\$ 25,304	\$ 93,270	\$ 73,255
Amounts on deposit with regulated financial institutions		3,641	3,151	11,111	8,166
Loans		22,069	21,829	64,467	53,933
		<u>60,306</u>	<u>50,284</u>	<u>168,848</u>	<u>135,354</u>
Interest Expense					
Notes		12,399	10,703	31,440	25,425
Deposits		39,668	33,017	113,410	91,327
Subordinated debt		588	-	1,754	-
		<u>52,655</u>	<u>43,720</u>	<u>146,604</u>	<u>116,752</u>
Interest Margin		7,651	6,564	22,244	18,602
Trading gains (losses)		2,243	(131)	3,400	755
Change in fair value of financial instruments	14	(1,481)	236	(631)	677
Net financial income		8,413	6,669	25,013	20,034
Reversal of loan loss provisions		-	-	(29)	-
		<u>8,413</u>	<u>6,669</u>	<u>25,042</u>	<u>20,034</u>
Other income	15	12,900	12,621	38,733	36,371
Net financial and other income		<u>21,313</u>	<u>19,290</u>	<u>63,775</u>	<u>56,405</u>
Operating Expenses					
Salaries and employee benefits		7,402	6,804	22,449	20,190
Premises and equipment, including depreciation		1,091	920	2,895	2,677
Other		6,508	5,221	19,041	16,100
		<u>15,001</u>	<u>12,945</u>	<u>44,385</u>	<u>38,967</u>
Income from continuing operations before income taxes		6,312	6,345	19,390	17,438
Gain on sale of rental property		4,330	-	4,330	-
		<u>10,642</u>	<u>6,345</u>	<u>23,720</u>	<u>17,438</u>
Income before income taxes		10,642	6,345	23,720	17,438
Income taxes	16	1,689	991	4,001	3,486
		<u>8,953</u>	<u>5,354</u>	<u>19,719</u>	<u>13,952</u>
Net Income		<u>\$ 8,953</u>	<u>\$ 5,354</u>	<u>\$ 19,719</u>	<u>\$ 13,952</u>

See accompanying notes to the consolidated financial statements

Credit Union Central of British Columbia
Consolidated Statement of Comprehensive Income
Unaudited

(Thousands of dollars)

	For the three months ended September 30 2007	September 30 2006	For the nine months ended September 30 2007	September 30 2006
Net Income	\$ 8,953	\$ 5,354	\$ 19,719	\$ 13,952
Other comprehensive income (net of tax)				
Net unrealized gains (losses) on available-for-sale assets ¹	3,281	-	(8,880)	-
Reclassification of losses on available-for-sale assets to net income ²	610	-	700	-
	<u>3,891</u>	<u>0</u>	<u>(8,180)</u>	<u>-</u>
Net gains (losses) on derivative instruments designated as cash flow hedges ³	723	-	(428)	-
Reclassification of (gains) losses on derivative instruments designated as cash flow hedges recorded in prior periods ⁴	21	-	100	-
	<u>744</u>	<u>-</u>	<u>(328)</u>	<u>-</u>
Other comprehensive income	4,635	0	(8,508)	0
Comprehensive income	<u>\$ 13,588</u>	<u>\$ 5,354</u>	<u>\$ 11,211</u>	<u>\$ 13,952</u>
Income taxes (recoveries) deducted from the above items				
¹ Net unrealized gains (losses) on available-for-sale assets	<u>\$ 674</u>	<u>\$ -</u>	<u>\$ (1,924)</u>	<u>\$ -</u>
² Reclassification of losses on available-for-sale assets to net income	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>
³ Net gains (losses) on derivative instruments designated as cash flow hedges	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ (91)</u>	<u>\$ -</u>
⁴ Reclassification of gains (losses) on derivative instruments designated as cash flow hedges recorded in prior periods	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ -</u>

See accompanying notes to the consolidated financial statements

Credit Union Central of British Columbia
Consolidated Statement of Changes in Members' Equity
Unaudited

		(Thousands of dollars)		(Thousands of dollars)	
Notes	For the three months ended September 30 2007	September 30 2006	For the nine months ended September 30 2007	September 30 2006	
Share Capital					
Balance at end of period	\$ 113,353	\$ 113,353	\$ 113,353	\$ 113,353	
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Retained Earnings					
Balance at beginning of period	\$ 157,409	\$ 145,419	\$ 149,444	\$ 140,330	
Transition adjustments on adoption of new accounting policies	2	-	-	1,093	-
Net Income	8,953	5,354	19,719	13,952	
Dividends	(2,472)	(2,378)	(7,202)	(6,731)	
Related tax savings	16	461	1,297	1,186	
Balance at end of period	\$ 164,351	\$ 148,737	\$ 164,351	\$ 148,737	
<hr/>					
Accumulated Other Comprehensive Income (AOCI) (net of tax)					
Balance at beginning of period	\$ (15,707)	\$ -	\$ -	\$ -	
Transition adjustments on adoption of new accounting policies	2	-	-	(2,564)	-
Other comprehensive income	4,635	-	(8,508)	-	
Accumulated other comprehensive income	\$ (11,072)	\$ -	\$ (11,072)	\$ -	
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Members' equity at end of period	\$ 266,632	\$ 262,090	\$ 266,632	\$ 262,090	

See accompanying notes to the consolidated financial statements

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

	(Thousands of dollars)		(Thousands of dollars)	
	For the three months ended		For the nine months ended	
	September 30 2007	September 30 2006	September 30 2007	September 30 2006
Cash flows from operating activities				
Net income	\$ 8,953	\$ 5,354	\$ 19,719	\$ 13,952
Adjustments for:				
Depreciation	488	561	1,390	1,659
(Gains) on financial instruments	(4,776)	(105)	(2,769)	(1,432)
Gain on disposition of capital assets	(4,330)	-	(4,330)	-
Net change in accrued interest	6,489	219	(717)	(2,530)
Provision for credit losses	-	-	(29)	-
Other items, net	(6,416)	8,403	(62,253)	14,125
	<u>408</u>	<u>14,432</u>	<u>(48,989)</u>	<u>25,774</u>
Cash flows from financing activities				
Proceeds from issue of shares	-	1	-	1
Dividends - net of income taxes	461	341	(7,792)	(4,923)
Net change - settlements-in-transit	(27,232)	(36,557)	(79,935)	9,856
Net change - notes	121,546	(14,679)	251,326	498,304
Net change - deposits	153,120	154,564	(170,992)	(603,181)
Net change - subordinated debt	1,161	-	308	-
	<u>249,056</u>	<u>103,670</u>	<u>(7,085)</u>	<u>(99,943)</u>
Cash flows from investing activities				
Net change - securities	406	(283,097)	450,056	999,860
Net change - amounts on deposit with regulated financial institutions	(302)	95,097	64,733	156,908
Net change - loans	(283,243)	54,172	(380,684)	(988,798)
Proceeds on disposition of capital assets	5,161	-	5,161	-
Capital asset acquisitions	(754)	(858)	(1,772)	(1,980)
	<u>(278,732)</u>	<u>(134,686)</u>	<u>137,494</u>	<u>165,990</u>
Increase (decrease) in cash resources	(29,268)	(16,584)	81,420	91,821
Cash resources - beginning of period	140,299	174,068	29,611	65,663
Cash resources - end of period	<u>\$ 111,031</u>	<u>\$ 157,484</u>	<u>\$ 111,031</u>	<u>\$ 157,484</u>
Supplemental Information				
Interest received	<u>\$ 64,008</u>	<u>\$ 50,818</u>	<u>\$ 169,193</u>	<u>\$ 136,091</u>
Interest paid	<u>\$ 47,459</u>	<u>\$ 38,785</u>	<u>\$ 136,378</u>	<u>\$ 120,019</u>

See accompanying notes to the consolidated financial statements

Credit Union Central of British Columbia
Notes to the September 30, 2007 Interim Consolidated Financial Statements
Unaudited

Credit Union Central of British Columbia (Central) is governed by 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).

Central is the primary financial facility and trade association for the province's independent credit unions. The performance of the British Columbia credit union system plays an integral part in determining the results of Credit Union Central's operations and its financial position.

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, 2006.

1. Basis of presentation

The interim consolidated financial statements include the accounts of Central and its subsidiaries, 0789367 B.C. Ltd., Central Financial Corporation (1989) Ltd., C.U. Financial Services Ltd., Central Data Systems Ltd., and Inovera Solutions Inc., all of which are wholly owned.

Except as described in note 2, these interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles(GAAP), using the same accounting policies as set out Central's Consolidated Financial Statements for the year ended December 31, 2006. Under GAAP, additional disclosures are required in the annual financial statements and accordingly, these interim consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2006 and the accompanying notes.

2. Changes in Accounting Policies

Financial Instruments

Effective January 1, 2007 Central adopted three new accounting standards related to the recognition and measurement of financial instruments issued by the Canadian Institute of Chartered Accountants (CICA). These standards are contained in the CICA Handbook under Section 1530, Comprehensive Income; Section 3855, Financial Instruments – Recognition and Measurement; and Section 3865, Hedges. In addition, Central implemented the presentation and disclosure requirements contained in Section 3861, Financial Instruments – Presentation and Disclosure.

The adoption of these new standards has resulted in changes in the accounting for Central's financial instruments and hedges. In implementing these new standards Central has recognized certain transition adjustments in opening retained earnings and accumulated other comprehensive income as described below.

Comprehensive Income

Comprehensive income consists of Central's net income and other comprehensive income. Central recognizes changes in fair value of securities and amounts on deposit with regulated financial institutions designated as available-for-sale and the effective portion of changes in fair value of derivative instruments designated as cash flow hedges in other comprehensive income, net of tax.

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Financial Assets and Liabilities

Prior to adopting these new standards, Central classified all of its financial assets as trading securities, investment account securities or loans and receivables. Trading securities were accounted for at fair value and investment account securities and loans and receivables were accounted for at amortized cost, net of adjustments for other-than-temporary impairment. Central's financial liabilities, other than short positions, were accounted for on an accrual basis.

Under the new accounting standards, financial assets are classified or designated as trading, available-for-sale or loans and receivables which are accounted for as described below. Financial liabilities are classified either as trading or other liabilities with trading liabilities accounted for at fair value and other liabilities recognized at amortized cost. Transaction costs are expensed as incurred for financial instruments classified or designated as trading, and are capitalized upon initial recognition for other financial instruments

Financial assets designated as available for sale are carried at fair value with changes in fair value recorded in other comprehensive income. Securities classified as available-for-sale which do not have a readily available market value are recorded at cost. Available-for-sale assets are written down to fair value through income whenever it is necessary to reflect other-than-temporary impairment. On transition, securities with a carrying value \$3,179.1 million and amounts on deposit with regulated financial institutions with a carrying value of \$387.6 million were designated as available-for-sale.

Financial assets and liabilities classified as trading are purchased or incurred with the intention of generating profits in the near term. These instruments are accounted for at fair value with changes in fair value recognized in Change in fair value of financial instruments. On transition, no financial instruments were classified as trading.

Financial assets and liabilities, other than those classified as trading, may be designated by Central as trading if they are reliably measurable and meet one or more of the criteria set out below.

- a) Eliminate or significantly reduce valuation or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognizes gains and losses on them, on a different basis; or
- b) Comprise assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.

On transition, securities with a carrying value of \$57.7 million and deposits with a carrying value of \$1,080.0 million were designated as trading.

Upon implementation of the new accounting standards, Central adopted the effective interest method of amortization for any transaction fees, premiums or discounts for financial assets which are not classified or designated as trading.

Where Central issues guarantees that meet the definition of a derivative, those guarantees are recognized at fair value and Central records changes in fair value of those derivatives in change in fair value of financial instruments.

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Derivatives and Hedge Accounting

Central may be a party to derivatives which are embedded in other financial instruments (the “host instrument”). Prior to adoption of the new standards, such embedded derivatives were not accounted for separately from the host instrument. Upon adoption of the new standards, embedded derivatives are separated from the host instrument and recorded at fair value with changes in fair value recognized in net income when the economic characteristics of those derivatives are not closely related to the host instrument. The impact of this change in accounting policy on transition was not material.

At the inception of each hedging relationship, Central documents the relationship between the hedging instrument and the hedged item. Central identifies the relevant risk management strategy for undertaking the hedge, and identifies the method of accounting to be used for the hedging relationship. Both at inception and on an ongoing basis Central assesses the effectiveness of the hedging relationship in achieving the identified risk management strategy.

Prior to the implementation of the new standards, derivatives that met the requirements for hedge accounting were accounted for on an accrual basis. Under the new standards, all derivatives are recorded at fair value. At each reporting period, Central assesses the effectiveness of each of its hedging relationship and records the ineffective portion of such hedging relationships in net income in the period in which ineffectiveness arises.

Changes in fair value of derivatives which are designated and qualify as fair value hedging instruments are recognized in change in fair value of financial instruments along with changes in fair value of the hedged item that are attributable to the hedged risk. On transition, Central recorded a net decrease in the value of derivatives under fair value hedges of \$0.7 million. In addition, Central recorded a net increase in retained earnings of \$0.1 million as a reversal of transition balances deferred upon the adoption of AcG-13.

Derivatives designated and qualifying as cash flow hedges are recorded at fair value with the effective portion of the change in fair value recognized in other comprehensive income and the ineffective portion of the change in fair value included in net income. On transition, Central recorded a liability related to derivative instruments designated as cash flow hedges of \$0.3 million, of which \$0.1 million pre-tax was recorded in retained earnings and \$0.2 million pre-tax was recorded in accumulated other comprehensive income.

Derivatives held for trading are recorded at fair value with changes in fair value recognized in changes in fair value of financial instruments.

The table below summarizes the transition adjustments required to adopt the new standards.

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	(Thousands of dollars)			
	<u>Retained Earnings</u>		<u>Accumulated other comprehensive income</u>	
	<u>Gross</u>	<u>Net of income taxes</u>	<u>Gross</u>	<u>Net of income taxes</u>
Classification of securities as available-for-sale	\$ -	\$ -	\$(2,072)	\$(1,705)
Classification of amounts on deposit with regulated financial institutions as available-for-sale			(778)	(650)
Classification of securities as trading	67	55		
Classification of deposits as trading	1,913	1,582		
Reversal of transition balances deferred upon adoption of AcG-13	89	89		
Reclassification of derivative instruments previously designated as hedging instruments as trading derivatives.	(574)	(466)		
Recognition of fair value of derivative instruments designated as fair value hedges	(127)	(103)		
Recognition of fair value of derivative instruments designated as cash flow hedges	(67)	(64)	(250)	(209)
	<u>\$ 1,301</u>	<u>\$ 1,093</u>	<u>\$(3,100)</u>	<u>\$(2,564)</u>

3. Fair value of financial instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The best evidence of fair value is a quoted bid price for financial assets held or an offer price for financial liabilities from an active market. Where independent quoted market prices do not exist, Central uses the quoted market prices for similar securities, other third party evidence or valuation techniques.

Financial instruments are recorded at fair value upon initial recognition, which is normally equal to the fair value of the consideration given or received to obtain the instrument. Where financial instruments are measured at fair value subsequent to initial recognition, fair value is determined as described above. The

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use of valuation techniques to determine the fair value of a financial instrument requires management to make assumptions such as the amount and timing of future cash flows and discount rates.

4. Securities

Securities designated as trading are as follows.

	(Thousands of dollars)		
	September 30 2007	September 30 2006	December 31 2006
Amortized cost	<u>\$ 109,976</u>	\$ -	\$ -
Fair value	<u>\$ 109,465</u>	\$ -	\$ -

Securities classified as available-for-sale or as investment account securities are as follows.

	(Thousands of dollars)		
	Available-for- sale	Investment Account	Investment Account
	September 30 2007	September 30 2006	December 31 2006
Amortized cost	<u>\$ 2,675,931</u>	<u>\$ 2,326,206</u>	<u>\$ 3,236,828</u>
Fair value	<u>\$ 2,660,937</u>	<u>\$ 2,331,508</u>	<u>\$ 3,234,582</u>

The total amount of securities recorded in the Interim Consolidated Balance Sheet is as follows.

	(Thousands of dollars)		
	September 30 2007	September 30 2006	December 31 2006
	<u>\$ 2,770,402</u>	<u>\$ 2,326,206</u>	<u>\$ 3,236,828</u>

At the period-end, securities having a book value of \$316.1 million (September 30, 2006 - \$159.2 million; December 31, 2006 - \$213.6 million) were lodged or pledged with the Bank of Canada and the Canadian Depository for Securities as collateral for the transfer and receipt of payments.

Securities classified as Available for Sale include asset-backed commercial paper (ABCP) with a par value of \$23.0 million. When purchased, these securities were rated R-1 (High) by Dominion Bond Rating Service. The ABCP holdings did not settle at their scheduled maturity dates and there has been no active trading of the ABCP since mid-August, 2007.

Central has estimated the fair value of the ABCP by discounting the expected future cash flows based on the best data available. Central has recognized an adjustment of \$0.9 million at September 30, 2007 to reflect the lack of liquidity in the ABCP market. Uncertainty remains with respect to the timing and amount of future cash flows on ABCP that could give rise to a material change in the value of Central's ABCP holdings which would impact earnings in future periods.

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5. Amounts on deposit with regulated financial institutions

Amounts on deposit with regulated financial institutions designated as trading are as follows.
(Thousands of dollars)

	September 30 2007	September 30 2006	December 31 2006
Amortized cost	<u>\$ 24,946</u>	\$ -	\$ -
Fair value	<u>\$ 25,109</u>	\$ -	\$ -

Amounts on deposit with regulated financial institutions classified as available-for-sale or as investment account securities are as follows.

	(Thousands of dollars)		
	Available-for- sale	Investment Account	Investment Account
	September 30 2007	September 30 2006	December 31 2006
Amortized cost	<u>\$ 297,890</u>	<u>\$ 239,590</u>	<u>\$ 387,596</u>
Fair value	<u>\$ 299,175</u>	<u>\$ 242,144</u>	<u>\$ 386,816</u>

The total amount of amounts on deposit with regulated financial institutions recorded in the Interim Consolidated Balance Sheet is as follows.

	(Thousands of dollars)		
	Available-for- sale	Investment Account	Investment Account
	September 30 2007	September 30 2006	December 31 2006
	<u>\$ 324,284</u>	<u>\$ 239,590</u>	<u>\$ 387,596</u>

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6. Loans

		(Thousands of dollars)		
		September 30	September 30	December 31
		2007	2006	2006
Due on demand - Credit unions		\$ 35,848	\$ 17,329	\$ 33,644
	- Co-operatives and others	<u>4,429</u>	<u>677</u>	<u>1,302</u>
		<u>40,277</u>	<u>18,006</u>	<u>34,946</u>
Term	- Credit unions	1,726,341	1,729,840	1,350,892
	- Co-operatives & others	13,170	13,196	13,197
	- Officers and employees	<u>15,067</u>	<u>14,487</u>	<u>15,136</u>
		<u>1,754,578</u>	<u>1,757,532</u>	<u>1,379,255</u>
		1,794,855	1,775,538	1,414,171
Accrued interest		<u>3,901</u>	<u>3,941</u>	<u>2,995</u>
		1,798,756	1,779,479	1,417,166
Allowance for losses (specific)		<u>1,094</u>	<u>328</u>	<u>1,123</u>
		<u>\$ 1,797,662</u>	<u>\$ 1,779,151</u>	<u>\$ 1,416,043</u>

Officer and employee loans bear interest at rates varying from 2.227% to 5.185%.

7. Other Assets

		(Thousands of dollars)		
		September 30	September 30	December 31
		2007	2006	2006
Market revaluation of trading derivatives		\$ 47,428	\$ 12,227	\$ 34,103
Loans held for sale		112,293	55,813	53,761
Accounts receivable		2,652	1,976	2,225
Prepaid expenses		2,760	1,669	1,399
Future income taxes (note 16)		<u>1,817</u>	<u>1,429</u>	<u>1,548</u>
		<u>\$ 166,950</u>	<u>\$ 73,114</u>	<u>\$ 93,036</u>

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8. Loan Securitizations

During the three months ended September 30, 2007, Central securitized mortgages with Canada Mortgage Housing Trust (the Trust) with a book value of \$351.5 million which had been acquired from member credit unions. Under the terms of the securitization agreement, Central retained the rights to reinvestment income on principal payments received and the interest payments on the underlying mortgages, and accepted the obligation to pay interest on a fixed rate bond issued by the Trust.

These rights and obligations are set forth in a swap agreement between Central and the Trust. Gains and losses on this swap agreement are accounted for in accordance with Central's accounting policy for derivatives. Central accepted the responsibility for holding in trust principal amounts received on the mortgages on behalf of the Trust until payment is due to the bond holders. The member credit unions through which the mortgages were acquired retained all obligations to service the securitized loans.

Central has retained the right to receive the reinvestment income earned on the principal amounts received on the underlying mortgages, but passes through to the member credit union interest payments received on the underlying mortgages. In exchange the credit union is obligated to pay Central at an agreed rate based on the outstanding principal balances of the underlying mortgages

Further, in order to modify its exposure to changes in the fair value of the interests in the mortgages retained as a result of this transaction, Central entered into derivative contracts with third parties

The fair value of these derivative contracts, together with proceeds received from the Trust totalled \$353.6 million (nine months ended September 30, 2007 - \$523.0 million) which resulted in a gain on this transaction of \$2.1 million (nine months ended September 30, 2007 - \$3.4 million) which was recorded in Trading gains during the period.

The total principal amount of loans securitized by Central outstanding at September 30, 2007 was **\$508.7 million** (September 30, 2006 - \$0.0 million; December 31, 2006 - \$3.9 million)

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9. Notes

	(Thousands of dollars)		
	September 30 2007	September 30 2006	December 31 2006
Operating lines			
- with Credit Union Central of Canada	<u>\$ -</u>	<u>\$ 208</u>	<u>\$ 4,860</u>
Notes			
- due within three months	479,826	397,777	298,732
- due after three months and within one year	224,977	125,000	124,956
- due after one year and less than five years	<u>299,886</u>	<u>325,000</u>	<u>324,815</u>
	<u>1,004,689</u>	<u>847,778</u>	<u>748,503</u>
	1,004,689	847,985	753,363
Accrued interest	<u>4,099</u>	<u>2,728</u>	<u>2,468</u>
	<u>\$ 1,008,788</u>	<u>\$ 850,713</u>	<u>\$ 755,831</u>

Central is authorized to issue up to \$1.5 billion in short term commercial paper and up to \$1.5 billion in other borrowings which includes Central's mid term note facility. At September 30, 2007, **\$479.8** million was borrowed under the short term commercial paper facility (September 30, 2006 - \$397.8 million; December 31, 2006 - \$298.7 million) and **\$525.0** million was borrowed under the mid term note facility (September 30, 2006 - \$450.0 million; December 31, 2006 - \$450.0 million).

10. Deposits

Deposits designated as trading are as follows.

	(Thousands of dollars)		
	September 30 2007	September 30 2006	December 31 2006
Amortized cost	<u>\$ 1,768,741</u>	<u>\$ -</u>	<u>\$ -</u>
Fair value	<u>\$ 1,766,729</u>	<u>\$ -</u>	<u>\$ -</u>

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Deposits classified as other liabilities are as follows.

	(Thousands of dollars)		
	September 30 2007	September 30 2006	December 31 2006
Due on demand	\$ 152,881	\$ 154,850	\$ 160,865
Due within three months	566,405	925,985	1,552,387
Due after three months and within one year	406,119	1,077,331	909,135
Due after one year and less than five years	775,698	1,170,683	1,194,927
Due after five years and less than six years	<u>768</u>	<u>375</u>	<u>375</u>
	1,901,871	3,329,224	3,817,689
Accrued interest	<u>32,326</u>	<u>51,950</u>	<u>57,021</u>
	<u>\$ 1,934,197</u>	<u>\$ 3,381,174</u>	<u>\$ 3,874,710</u>

The total amount of deposits recorded in the Interim Consolidated Balance Sheet is as follows.

	(Thousands of dollars)		
	September 30 2007	September 30 2006	December 31 2006
	<u>\$ 3,700,926</u>	<u>\$ 3,381,174</u>	<u>\$ 3,874,710</u>

11. Other Liabilities

	(Thousands of dollars)		
	September 30 2007	September 30 2006	December 31 2006
Market revaluation of trading derivatives	\$ 57,419	\$ 11,157	\$ 29,978
Settlements-in-transit	71,741	59,600	151,676
Securities sold under repurchase agreements	-	-	25,139
Dividends	7,202	6,731	9,089
Future income taxes (note 16)	1,208	618	643
Accrued vacation and sick benefits	1,202	1,755	1,523
Employee future benefits	11,646	9,592	9,924
Trade amounts and other	<u>7,363</u>	<u>6,087</u>	<u>5,968</u>
	<u>\$ 157,781</u>	<u>\$ 95,540</u>	<u>\$ 233,940</u>

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12. Subordinated debt

On December 21, 2006, Central issued a \$50 million note due December 21, 2016. The note bears interest at a fixed rate of 4.523% until December 21, 2011, and thereafter at a floating rate based on the 90-day Banker's Acceptance Rate. Central has the option to redeem the note on December 21, 2011, subject to regulatory approval.

The note is recognized in the Consolidated Financial Statements at par value, net of unamortized transaction costs and changes in fair value attributable to interest rate risk being hedged under hedge accounting as described in note 2 to these interim consolidated financial statements.

13. Commitments

Central is a party to financial instruments with off-balance sheet risk that, in the normal course of business, are used to meet its own and its credit union members' financial needs. These instruments include commitments to extend credit; standby letters of credit and financial guarantees. The amounts in the table below indicate the notional amounts of these off balance sheet arrangements.

(Thousands of dollars)	Contractual amounts		
	September 30 2007	September 30 2006	December 31 2006
Financial instruments whose contract amounts could represent credit risk:			
- commitments to extend credit	\$ 1,566,366	\$ 1,642,937	\$ 1,528,829
- standby letters of credit and financial guarantees	210,692	172,782	633,868
- commitments to accept deposits at agreed rates and terms	155,000	295,151	318,653

14. Change in fair value of financial instruments

Change in fair value of financial instruments consist of the following.

	(Thousands of dollars)			
	For the three months ended		For the nine months ended	
	<u>September 30, 2007</u>	<u>September 30, 2006</u>	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Securities and amounts on deposit with regulated financial institutions– trading	\$ 2,260	\$ -	\$ 1,729	\$ -
Deposits – trading	(5,061)	-	99	-
Trading derivatives	<u>1,320</u>	<u>236</u>	<u>(2,459)</u>	<u>677</u>
	<u>\$(1,481)</u>	<u>\$ 236</u>	<u>\$(631)</u>	<u>\$ 677</u>

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15. Other Income

	(Thousands of dollars)			
	For the three months ended		For the nine months ended	
	<u>September 30, 2007</u>	<u>September 30, 2006</u>	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Membership Dues	\$ 1,127	\$ 1,131	\$ 3,446	\$ 2,763
Provincial Advertising Assessment	609	609	1,827	1,827
Technology & Payment- Processing	5,431	5,142	15,810	15,184
Services				
- Technical Operations	522	520	1,437	1,298
- Internet banking	2,354	2,566	6,897	6,374
Financial Services				
- Treasury Services	273	388	784	938
- Funding Services	264	235	916	831
- Property rents	315	354	971	1,040
- Other	114	4	871	831
Trade Services				
- Risk Management	509	409	1,457	1,247
- Manuals	248	252	764	764
- Registered Plans	444	433	1,373	1,334
- Other	<u>690</u>	<u>578</u>	<u>2,180</u>	<u>1,940</u>
	<u>\$ 12,900</u>	<u>\$ 12,621</u>	<u>\$ 38,733</u>	<u>\$ 36,371</u>

16. Provision for income taxes

Income taxes reported in net income are as follows:

	(Thousands of dollars)			
	For the three months ended		For the nine months ended	
	<u>September 30, 2007</u>	<u>September 30, 2006</u>	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Provision for income taxes in statement of Income for continuing operations	\$ 1,308	\$ 991	\$ 3,620	\$ 3,486
Provision for income taxes on gain on sale of rental property	381	-	381	-
Income tax benefit related to dividends accrued	<u>(461)</u>	<u>(342)</u>	<u>(1,297)</u>	<u>(1,186)</u>
Total	<u>\$ 1,228</u>	<u>\$ 649</u>	<u>\$ 2,704</u>	<u>\$ 2,300</u>

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Components of total income taxes are as follows:

Current income taxes	\$ 2,201	\$ 816	\$ 2,951	\$ 2,306
Future income taxes	<u>(973)</u>	<u>(167)</u>	<u>(247)</u>	<u>(6)</u>
Total	<u>\$ 1,228</u>	<u>\$ 649</u>	<u>\$ 2,704</u>	<u>\$ 2,300</u>

Central's effective tax rate differs from the amount that would be computed by applying the federal and provincial statutory rates of 34.1% (2006 – 34.1%) to income before taxes. The reasons for this are as follows:

	(Percentage of pre-tax income)			
	For the three months ended		For the nine months ended	
	<u>September 30, 2007</u>	September 30, 2006	<u>September 30, 2007</u>	September 30, 2006
Combined federal and provincial statutory income tax rates	34.1	34.1	34.1	34.1
Reduction available to credit unions	(16.0)	(16.0)	(16.0)	(16.0)
Non taxable portion of gain on disposal of rental property	(3.3)	0.0	(1.5)	0.0
Other	<u>1.1</u>	<u>(2.6)</u>	<u>0.3</u>	<u>1.9</u>
Total	<u>15.9</u>	<u>15.6</u>	<u>16.9</u>	<u>20.0</u>

Components of future income tax balances are as follows:

	(Thousands of dollars)		
	<u>September 30 2007</u>	September 30 2006	December 31 2006
Future income tax assets:			
Employee future benefits	<u>\$ 1,817</u>	<u>\$ 1,429</u>	<u>\$ 1,548</u>
	<u>1,817</u>	<u>1,429</u>	<u>1,548</u>
Future income tax liabilities:			
Financial instruments	571	-	-
Premises and equipment	426	408	444
Computer hardware and software	<u>21</u>	<u>210</u>	<u>199</u>
Total	<u>1,208</u>	<u>618</u>	<u>643</u>
	<u>\$ 609</u>	<u>\$ 811</u>	<u>\$ 905</u>

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No valuation allowance has been recorded against the future income tax assets as Central has determined that it is more likely than not that the future income tax assets will be realized through a combination of future reversals of temporary differences and taxable income.

17. Comparative amounts

Certain comparative amounts have been reclassified to conform to current period presentation.

18. Proposed merger

Central and Credit Union Central of Ontario Limited have entered into an agreement to combine their operations. The proposed merger was approved in June by the membership of both organizations and, subject to regulatory authorization, is anticipated to close on January 1, 2008.