Central 1

First Quarter Report 2012

REPORT TO MEMBERS

CENTRAL REPORTS RESULTS FOR FIRST QUARTER OF 2012

First quarter highlights compared to the same period last year:

- Central's Profit for the period of $31.0 million, compared to a Profit of $18.3 million
- Central's Return on equity of 16.7%, compared to 12.6%
- Central's assets of $14.5 billion, up 2.8% from $14.1 billion
- B.C. system(1) Net operating income(2) of $101.2 million, versus $106.1 million
- B.C. system assets of $54.2 billion, up 6.4% from $50.9 billion
- Ontario system(3) Net operating income(2) of $42.1 million, versus $41.5 million
- Ontario system assets of $27.5 billion, up 15.5% from $23.8 billion.

Central recorded Net financial income of $40.1 million and Profit of $31.0 million during the first quarter, compared to Net financial income of $27.2 million and Profit of $18.3 million respectively, during the same period last year. Central's Other income was $25.0 million, an increase of $1.1 million over the same period last year, while Operating expenses decreased by $0.5 million to $29.4 million. Assets, at $14.5 billion, increased 2.8% from $14.1 billion as at March 31, 2011.

At quarter-end, Central's borrowing multiple for federal capital adequacy purposes was 14.4:1, while its percentage of regulatory capital to risk weighted assets for provincial capital adequacy purposes was at 37.5%.

Financial markets sentiment improved during the first quarter of 2012 as U.S. economic data generally surprised to the upside and the European Central Bank (ECB) continued to provide liquidity support to EU financial institutions through the Long Term Refinancing Operation (LTRO).

Credit spreads on both provincial and bank debt narrowed, Government of Canada yields rose across the curve and equity indices rallied with the S&P 500 gaining 12 percent as investor risk appetite returned. The Canadian dollar strengthened over two cents to end the quarter above parity with the U.S. dollar. A mortgage pricing war broke out in January as financial institutions offered five year fixed rate mortgages at all-time low rates in a bid to gain market share. Swap spreads widened as banks aggressively hedged their lending commitments. Investors also began to price in interest rate increases by the Bank of Canada in early 2013, a marked change from the cuts being priced in the previous quarter.

While the ECB's LTRO has provided the market with some stability in the short term, deep fundamental issues remain in the Eurozone. Italy, Spain, Portugal and Greece are enacting austerity measures to cut spending and raise taxes in an attempt to reduce fiscal deficits. However, deleveraging will be a long and painful process with negative implications for both the global economy and financial markets.

The Canadian economy is on track for a reasonably steady performance in the first quarter with the labour market showing signs of improvement. The latest Small and Medium Enterprises (SME) business confidence survey is pointing to real GDP growth of 2.5 percent on an annualized basis in the first quarter, up from 1.6 percent in the fourth quarter of 2011.

The trends in the wider economy were also reflected in British Columbia (B.C.) and Ontario. B.C. saw modest job growth and average house prices increasing 2.3 percent from the previous quarter and unit sales down marginally by 0.9 percent. Ontario also saw a modest increase in the average level of employment quarter-over-quarter, with similar increases in average house prices.

The B.C. system earned $101.2 million before taxes, dividends and patronage refunds in the first quarter of 2012, down 4.6% from the $106.1 million earned during the same period in 2011. Combined assets of the B.C. system in the same period rose 6.4%, year-over-year, to reach $54.2 billion at quarter-end.

The Ontario system earned $42.1 million before taxes, dividends and patronage refunds in the first quarter, up from the $41.5 million during the same period in 2011. Combined assets of the Ontario system in the same period rose 15.5%, year-over-year, to reach $27.5 billion at quarter-end. A significant part of the increase in system assets reflects the amalgamation of Meridian and Desjardins Credit Unions in June 2011.

(1) These documents include statements about the credit union system in British Columbia, referred to as the B.C. system. B.C. 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.

(3) These documents include statements about Central's member credit unions in Ontario, collectively referred to as the Ontario system. Ontario system financial information has been provided by the Deposit Insurance Corporation of Ontario (DICO), which makes available reports on information provided by Ontario credit unions. Central has no means of verifying the accuracy of information provided by credit unions to DICO or DICO’s subsequent compilation of that information. Reference to system information should be interpreted in this context.

Management's Discussion and Analysis
as at March 31, 2012

This portion of the Report to Members updates Central 1 Credit Union's (Central) Management's Discussion and Analysis (MD&A) for the year ended December 31, 2011, and provides a discussion and analysis of Central's financial condition and results of operations for the three month period ended March 31, 2012, 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.

Except as otherwise indicated, financial information for Central included in this MD&A has been prepared in accordance with Central's basis of preparation and its accounting policies as contained in Notes 2 and 3 of Central's interim consolidated financial statements for the three months ended March 31, 2012 which may be found on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Statements

From time to time, Central makes written and/or oral forward looking statements, including in this document, and in other communications. In addition, representatives of Central may make forward-looking statements orally to analysts, investors, the media and others. All such statements are intended to be forward-looking statements under applicable Canadian securities legislation.

Forward-looking statements, by their nature, require Central to make assumptions and are subject to inherent risk and uncertainties. Especially in light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties – many of which are beyond Centrals' control and the effects of which can be difficult to predict- may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

Central's MD&A for the year ended December 31, 2011 provides information on risk factors to which Central is exposed including industry specific risks, credit, liquidity, market, insurance and operational risks. There have been no substantial changes in Central's risk profile or in its management of risk as described in Central's Management Discussion and Analysis for the year ended December 31, 2011.

Further information is included in the Risk Management section below.

The risk factors described herein are not intended to be exhaustive and other factors may adversely impact Central's results. Central does not undertake to update forward-looking statements except as required by applicable securities legislation.

Overall Performance and Interim Financial Condition

During the first quarter of 2012, Central recorded a Profit of $31.0 million or 11.3 cents per share, compared to a Profit of $18.3 million or 11.0 cents per share last year.

The Net financial income was $40.1 million compared with $27.2 million posted in the first quarter of 2011.

Financial markets sentiment improved and investor risk appetite returned. Canadian government bond yields rose across the curve as investors shifted out of government bonds into riskier assets and credit spreads on provincial and bank debt narrowed. Interest rate swap spreads widened as banks hedged their fixed rate mortgage commitments.

As Central is a purchaser of provincial and corporate bonds and pays fixed rates on interest rate swaps to neutralize its exposure to interest rates, these market developments had a net favourable impact on Central's income. Notes 18 and19 of Central's interim consolidated financial statements indicate that Central had realized gains of $31.0 million and unrealized losses of $2.0 million resulting in a net total gain of $29.0 million during the first quarter, compared to net gains of $14.4 million the previous year.

Interest margin for the quarter was $11.1 million, down from $12.8 million during the three months ended March 31, 2011. During the past year average yields on Central's assets and its liabilities have both declined, reflecting the prevailing low interest rate environment. During that period, yields on Central's investment portfolio have declined more sharply than deposit yields reflecting a decrease in Central's risk exposures.

The increase in interest rates during the quarter led to mark-to-market losses on Central's securities portfolio, partially mitigated by the improvement in credit spreads. Meanwhile, the increase in interest rates and widening of interest rate swap spreads led to mark to market gains on the derivatives portfolio.

The increase in the short end of the yield curve also had a positive mark-to-market impact on trading deposits over the quarter.

Other income of $25.0 million for the quarter was higher than the $23.9 million earned in the first quarter of 2011. Note 20 of Central's interim consolidated financial statements provides details of the income earned in Central's various operating areas. Quarterly Operating expenses were $29.4 million, down from $29.9 million in 2011. Higher termination costs were more than offset by decreases in other administrative expenses such as professional fees and insurance related expenses.

Central's capital ratios remain well within statutory limits. Central's borrowing multiple decreased from 15.3:1 at December 31, 2011 to 14.4:1 at quarter-end, due to a higher level of retained earnings. At the quarter-end, Central's risk-weighted capital ratio was 37.5% compared to 34.8% at December 31, 2011.

During the third quarter of 2011, Central made a call for capital from its Class A member credit unions. The call was completed on October 31, 2011 and resulted in an increase in Central's Share capital of $100 million. Further details are provided in the Capital Resources section below.

B.C. System

B.C. system net operating income for the quarter was $101.2 million, compared to $106.1 million for the first quarter of 2011. Non-financial income and expense increased by 2.5% and 6.2% respectively from the same period last year, while B.C. system financial margin increased by 0.2% or $0.7 million year-over-year. The B.C. system's regulatory risk-weighted capital was 14.3%, a slight decrease from 14.7% a year ago.

Demand for loans remained strong, with total B.C. system net loans increasing by 7.6% year-over-year to reach $46.0 billion while deposits grew by 4.8% to $47.2 billion. Asset growth was mainly concentrated in residential mortgages which grew by 10.8% from a year ago. B.C. system loan delinquencies over 90 days decreased to 0.49% of total loans compared to 0.68% a year ago. System provisions for credit losses as a percentage of average loans were 0.40% as of March 31, 2012, a decrease from 0.55% one year earlier.

Overall liquidity within the B.C. system, including that held by Central, was 11.7% of deposit and debt liabilities, down from 13.2% a year ago. Deposits with credit unions grew year-over-year by 4.8%, below loan growth of 7.6%. Holdings of liquid assets decreased by 1.5% year-over-year, while borrowings from Central and other lenders increased by 35.5%.

Ontario System

Ontario system net operating income for the quarter was $42.1 million, compared to $41.5 million for the first quarter of 2011. Non-financial income was largely unchanged from the same period last year, while non-financial expense increased 9.7% year-over-year. Ontario system financial margin increased by 6.6% or $10.3 million, year-over-year. The Ontario system's regulatory risk-weighted capital was 12.8% down from 13.1% a year ago.

Demand for loans grew faster than deposits, as total Ontario system loans increased by 15.3% year-over-year to reach $22.9 billion while deposits grew by 14.0% to $23.9 billion. Residential mortgages grew by 19.9% from a year ago while commercial loans grew by 12.3% and personal loans increased by 1.1%, year-over-year.
Credit quality of loan portfolios improved over the past year as loan delinquencies over 90 days were 0.63% at March 31, 2012 compared to 0.84% a year ago. System provisions for credit losses as a percentage of loans have decreased during the past year to 0.42% versus 0.58% for the same period last year.

Overall liquidity within the Ontario system, including that held by Central, was 13.2% of deposit and debt liabilities as of March 31, 2012, compared to 12.9% a year ago.

Holdings of liquid assets increased 17.1% year-over-year while borrowings from Central and other lenders increased by 58.9%.

Figure 1 - Selected Financial Information	For the Three Months Ended March 31 2012	March 31 2011	Difference
Earnings			
Net financial income *($ millions)*	$ 40.1	$ 27.2	$ 12.9
Net financial and other income *($ millions)*	65.2	51.1	14.1
Profit for the period *($ millions)*	31.0	18.3	12.7
Weighted average shares outstanding *($ millions)*	274.2	166.6	107.6
Earnings per Share *(cents)*			
Basic	11.3	11.0	0.3
Fully diluted	11.3	11.0	0.3
Return on			
Average assets	0.9%	0.5%	0.3%
Average equity	16.7%	12.6%	4.1%
Balance Sheet Data *($ billions)*			
Total assets	$ 14.5	$ 14.1	$ 0.4
Average assets	14.4	14.0	0.4
Long term financial liabilities	5.9	6.6	(0.7)
Regulatory Capital Ratios			
Tier 1 capital ratio	28.6	21.6	7.0
Total capital ratio	37.5	32.5	5.0
Borrowing multiple (times)	14.4	16.3	(1.9)
Share Information			
Outstanding $1 par value Shares *($ thousands)*			
Class A - credit unions	277,246	167,355	109,891
Class B - cooperatives	5	5	-
Class C - other	8	7	1
Outstanding $0.01 par value Shares with redemption value of $100 *($ thousands)*			
Class E - credit unions	32	32	-
Dividends per share (cents)			
Class "A", "B" and "C"	0.5	0.5	-
Class "E"	50.0	50.0	-

Total Revenues

Net Financial Income

Central recorded a Net financial income of $40.1 million for the quarter, compared with Net financial income of $27.2 million for the same period last year.

Interest margin decreased from $12.8 million in the first quarter of last year to $11.1 million this year as average assets increased from $14.0 billion to $14.4 billion. As a percentage of average assets, Interest margin decreased from 37.1 basis points in the first quarter of 2011 to 31.0 basis points in the first quarter of 2012.

Over the past year, yields on both Central's investment portfolio and its deposits have decreased reflecting the prevailing low interest rate environment. During that period yields on securities have decreased more sharply than deposits. The decrease in investment yields reflects both the low level of interest rates as well as a shift in Central's investment strategy to reduce Central's risk exposures which began in the second half of 2011. Starting in the fourth quarter of 2011 and continuing into 2012, proceeds from maturing securities, or from the disposal of securities, have been reinvested in shorter-term, lower yielding investments.

During the quarter, Central recorded net unrealized losses of $2.0 million compared to a gain of $2.3 million during the same period last year. However, realized gains on the sale of financial instruments increased during the period from $12.1 million in 2011 to $31.0 million for the quarter ended March 31, 2012. Taken together, Central recorded an overall gain of $29.0 million on its financial instruments compared to a gain of $14.4 million in the first quarter of 2011.

Canadian government bond yields rose across the curve as investors shifted out of government bonds into higher risk assets and credit spreads on both provincial and bank debt narrowed. Interest rate swap spreads widened as banks sought to hedge fixed rate mortgage commitments. The rise in interest rates lead to mark-to-market losses on Central's securities portfolio during the quarter, although the losses were reduced by the positive impact of narrowing credit spreads.

The increase in interest rates also led to mark to market gains on the derivatives portfolio which further benefited from the widening of interest rate swap spreads.

Increasing short term interest rates had a positive mark-to-market impact on trading deposits over the quarter.

Other Income

As indicated in Note 20 in Central's interim consolidated financial statements, Other income of $25.0 million for the quarter was higher than the $23.9 million earned in the first quarter of 2011.

Technology and payment services revenues increased by $0.6 million from a year ago to $14.3 million reflecting increased revenues from Direct Banking. Other income earned in Wholesale financial services increased $0.5 million due to higher revenues from Treasury services. In addition, Central's share of income from Equity interests in affiliates increased from $0.4 million in 2011 to $0.8 million during the first quarter of 2012.

However, credit union assessments charged to fund the Stabilization Fund Corporation declined $0.8 million reflecting lower insurance premiums on the Master Bond program in Ontario.

Operating Expenses

Operating expenses for the quarter decreased to $29.4 million from $29.9 million last year. Salary costs for the first quarter of 2012 increased $1.1 million compared to the same period in 2011 primarily due to severance costs. However, this non-recurring increase was more than offset by decreases in Other administrative expenses such as professional fees and lower insurance related expenses as noted above.

Income Taxes

Central's combined federal and provincial statutory rate is 13.5%. Central's effective tax rate for the quarter was 13.4%, unchanged from the first quarter in 2011.

Statement of Financial Position

Cash and Securities

Cash and securities were $11.2 billion at period end. Of this amount, $2.3 billion represents reinvestment assets which are designated to offset obligations under the Canada Mortgage Bond (CMB) program. The remaining balance of $8.9 billion comprises the statutory and excess liquidity pools and represents 73.0% of Central's total assets excluding reinvestment assets, compared to $8.7 billion and 70.7% a year ago.

The investment activity in Central's liquidity pool over the past 12 months continued to be conservative with investments made primarily in Canadian government debt (federal and provincial) and in senior bank debt (Figure 2).

Figure 2 - Liquidity Pool ($ millions - % total)

	Mar 2012		Mar 2011		Dec 2011	
Cash & Liquid Securities						
Government & Guarantees	$ 3,824.3		$ 3,783.3		$ 3,404.8	
Cash	254.8		170.7		100.8	
	4,079.1	45.9%	3,954.0	45.5%	3,505.6	43.8%
Corporate & Financial Institutions AA or Greater *	4,606.2	51.9%	4,600.5	53.0%	4,365.6	54.6%
Other	196.3	2.2%	127.9	1.5%	127.4	1.5%
Total	$ 8,881.6	100.0%	$ 8,682.4	100.0%	$ 7,998.6	100.0%

* The credit ratings represent investment grade ratings provided by DBRS

Loans

Total loan balances increased to $1.9 billion from $1.4 billion at the same time last year.

Figure 3 - Loans ($ millions)

	March 2012	March 2011	December 2011
Loans to Credit Unions	$ 1,607	$ 1,147	$ 2,174
Loans to Commercial and Others	223	173	208
Securities acquired under rev repo agreements	51	60	105
	$ 1,881	$ 1,380	$ 2,488

* Total loan balances are before the allowance for doubtful loans and exclude accrued interest.

Loans to member credit unions increased to $1.6 billion from $1.1 billion at the same time last year. The amount advanced under Central's non-credit union loan facilities as at March 31, 2012 was $223.0 million, up from $173.0 million in 2011, of which, commercial lending amounted to $176.2 million as at March 31, 2012, compared to $141.1 million a year ago. These loans represented 11.9% of Central's total loan portfolio at quarter-end, down from 12.5% a year ago.

Borrowings

Figure 4 below summarizes Central's Total borrowings as at March 31, 2012 together with comparative numbers for the end of the first quarter in 2011.

Total Debt securities issued as at March 31, 2012 were $627.0 million compared to $603.0 million a year ago. Of the total amount outstanding as at March 31, 2012, $228.0 million was borrowed under Central's Mid Term Note facility and the remainder was borrowed through Central's Commercial Paper facility.

Deposits from Central's member credit unions at $8.3 billion as at March 31, 2012 was unchanged from a year ago. Credit union statutory deposits grew by $0.3 billion over the year, to reach $5.3 billion at March 31, 2012, reflecting the growth of both the B.C. and the Ontario credit union systems during the same period. Non-statutory deposits from credit unions decreased by $0.4 billion over the past year.

Figure 4 - Borrowings ($ millions)

Debt securities issued at amortized cost ($ millions)	March 2012	March 2011	December 2011
Commercial Paper issued	$ 399	$ 377	$ 150
Medium term notes issued	228	226	226
	627	603	376
Deposits and Trading Liabilities by type ($ millions)			
Statutory Liquidity	5,287	4,978	5,340
Excess Liquidity	3,038	3,362	3,368
Deposits from member credit unions	8,325	8,340	8,708
Others	625	703	481
	8,950	9,043	9,189
Securities under repurchase agreements	173	166	57
Total Borrowings	$ 9,750	$ 9,812	$ 9,622

Securitization Activities

As the senior rated entity in the credit union system and in the normal course of business, Central is involved in loan securitizations on behalf of member credit unions.

Member credit unions have securitized these loans either indirectly through Central via asset-backed commercial paper conduits (ABCP Conduits) sponsored by major Canadian bank-owned dealers or directly through Central by creating Government of Canada National Housing Authority (NHA) Mortgage Backed Securities (MBS).

For indirect securitizations, Central provides guarantees or acts as a swap counterparty to member credit unions but does not acquire legal title to the underlying mortgage assets. For direct securitizations, Central purchases the underlying mortgages from member credit unions. Central may retain the NHA MBS created in direct securitization transactions or sell them to Canada Housing Trust (CHT) under the CMB program.

Direct securitization transactions are accounted for on balance sheet while indirect securitizations are off balance sheet. Details of the balances included in the statement of financial position as at period end can be found in Note 10 of the interim consolidated financial statements.

Equity

The Statement of Changes in Equity summarizes the changes in the Equity for the period ending March 31, 2012. Central's equity increased by $30.8 million during the period to $755.5 million, primarily due to an increase in Total comprehensive income. This is compared to an increase in equity of $7.8 million during the same period last year.

Summary of Quarterly Results

Central's financial results for each of the last eight most recently completed quarters are summarized in the accompanying table (Figure 5). In general, Central's Net interest income has no discernible seasonal trend, and reflects the condition of prevailing financial markets. Non-interest income and non-interest expenses are generally consistent from quarter to quarter, although revenue from the technology and payments areas has a slight seasonal pattern, with fourth quarter revenue being approximately 5% to 10% higher than that of the first quarter. Gains and losses on disposal of financial instruments and changes in fair value of financial instruments may also have a significant impact on quarterly Profit, but their timing and magnitude are not predictable.

First Quarter 2012 Compared to Fourth Quarter 2011

The Profit for the first quarter of 2012 was $31.0 million, up from a Profit of $15.4 million in the fourth quarter of 2011. Interest margin decreased to $11.1 million in the first quarter compared to $12.9 million in the fourth quarter of 2011 reflecting lower yields as well as a decrease in average assets from $14.6 billion to $14.4 billion. Interest margin as a percentage of average assets decreased from 35.1 basis points to 31.0 basis points.

Gains on disposal of financial instruments and changes in fair value of financial instruments were $29.0 million overall compared to $14.4 million in the fourth quarter of 2011 as market conditions continued to improve in the first quarter 2012.

Other income was $25.0 million for the quarter, down from $25.2 million during the fourth quarter of 2011. Technology and payment services revenue declined $1.0 million from $15.3 million in the fourth quarter of 2011 to $14.3 million in the first quarter of 2012. Revenue from Central's other operating areas improved $0.8 million during the quarter, offsetting most of the decline in Technology and payment services.

Operating expenses during the first quarter of 2012 were $29.4 million, down from $33.8 million in the last quarter of 2011. Expenses related to Central's variable compensation program were $3.4 million lower in the first quarter of 2012 than in the fourth quarter of 2011. Central's fourth quarter operating expenses reflected a full year accrual for payments under its variable compensation program, as the results through the first three quarters of 2011 did not support an accrual for such amounts. Expenses from Central's other operating areas improved $1.0 million during the quarter.

Figure 5 - Quarterly Earnings
($ thousands, except as indicated)

	2012/2011 Period Ended				2011/2010 Period Ended			
	30-Jun-11	**30-Sep-11**	**31-Dec-11**	**31-Mar-12**	**30-Jun-10**	**30-Sep-10**	**31-Dec-10**	**31-Mar-11**
Total interest income	$ 85,814	$ 85,414	$ 83,030	$ 79,212	$ 75,558	$ 78,826	$ 79,993	$ 82,570
Total interest expense	71,235	71,319	70,138	68,082	61,821	65,732	67,620	69,764
Interest margin	14,579	14,095	12,892	11,130	13,737	13,094	12,373	12,806
Gain on disposal of financial instruments	12,476	30,306	43,502	30,972	5,278	17,522	14,163	12,125
Changes in fair value of financial instruments	(9,939)	(73,432)	(28,629)	(1,986)	(972)	(16,800)	5,523	2,256
Recovery (provision) of credit losses	(442)	(3,794)	(1,084)	111	15	(310)	(4,203)	12
Other income	25,278	27,554	25,229	25,007	24,894	24,188	26,855	23,871
Operating expenses	(30,720)	(25,797)	(33,844)	(29,403)	(32,548)	(29,886)	(33,423)	(29,922)
Income taxes	(1,557)	4,359	(2,647)	(4,803)	314	(638)	(3,007)	(2,833)
Profit (loss) for the period	$ 9,675	$ (26,709)	$ 15,419	$ 31,028	$ 10,718	$ 7,170	$ 18,281	$ 18,315
Weighted average shares outstanding (millions)	168.1	170.5	239.5	274.2	162.6	162.6	163.4	166.6
Earnings per share								
Basic *(cents)*	5.8	(15.7)	6.4	11.3	6.6	4.4	11.2	11.0
Diluted *(cents)*	5.8	(15.7)	6.4	11.3	6.6	4.4	11.2	11.0

* 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

Central's regulatory capital for both federal and provincial purposes were well within both federal and provincial requirements.

Figure 6a - Capital Targets	**March 2012**	**March 2011**	**Dec 2011**	**Target**	**Regulatory Requirement**
Total Capital as % of Risk-Weighted Assets (Prov)	37.5%	32.5%	34.8%	11%-14%	> 10%
Borrowing Multiple	14.4:1	16.3:1	15.3:1	15.0:1-18.0:1	less than 20.0:1

Central's borrowing multiple for federal capital adequacy purposes was 14.4:1, down from 15.3:1 at December 2011 while its percentage of regulatory capital to risk weighted assets for provincial capital adequacy purposes increased from 34.8% to 37.5% during the same period. The decrease in the borrowing multiple is primarily driven by the increase in retained earnings.

Figure 6b - Capital Position ($ thousands)	March 2012	March 2011	Dec 2011
Share Capital	$ 277,291	$ 167,399	$ 272,062
Contributed Surplus	87,901	87,901	87,901
Retained Earnings	333,152	316,161	304,744
Less: Adjustments	(4,735)	(4,977)	(4,700)
Tier 1 Capital	693,609	566,484	660,007
Subordinated Debt	168,000	200,000	168,000
Add: Adjustments	4,735	4,977	4,700
Tier 2 Capital	172,735	204,977	172,700
Total Capital	866,344	771,461	832,707
Statutory Capital Adjustments	(150,894)	(164,682)	(154,600)
Capital Base	$ 715,450	$ 606,779	$ 678,107

Central's regulatory capital base for federal purposes is calculated in Figure 6b above. As at March 31, 2012, Central's federal Tier 1 Capital was $693.6 million and Total Capital before deductions was $866.3 million, compared to $566.5 million and $771.5 million, respectively, a year earlier. The increase in the Total Capital before deductions over the past year primarily reflects the growth in Share Capital. The calculation of Central's capital base for provincial purposes is similar to the federal calculation.

During the third quarter of 2011, while Central's capital position was well within regulatory limits, the board of directors determined that it was appropriate to increase Central's capital as a prudent measure to accommodate future system growth in a period of financial market volatility.

Accordingly, Central's Board authorized a capital call to increase the required holdings of Class "A" members in Class "A" shares and, on October 31, 2011 Central's Class "A" members subscribed for a further $100 million in Class "A" shares, bringing total Class "A" shares outstanding to 38 basis points of the previous year's audited consolidated assets of Class A members.

Risk management

This portion of the Report to Members should be read in conjunction with the Risk Management section of Central's 2011 MD&A.

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a debtor, for any reason, to fully honour financial or contractual obligations. Credit risk arises from traditional lending and investment activity and from settling payments between Central and its counterparties associated with both on- and off-balance sheet financial instruments.

The composition of Central's security portfolio is relatively unchanged from year-end as indicated above. Most of the portfolio is invested in Canadian federal and provincial government and Canadian senior bank debt. Details of Central's loan portfolio are found in Note 8 of the interim consolidated financial statements. Credit risk associated with Central's loans to its member credit unions is minimal because these loans are fully secured. Central has not previously experienced losses on any of these loans.

Liquidity Risk

Liquidity risk is the risk of being unable to obtain funds at a reasonable price or within a reasonable time period to meet obligations as they come due. As manager of its own liquidity and that of its member credit unions, Central is responsible for ensuring that managed assets are available to meet its own needs, together with those of the system. Central's liquidity risk has not changed significantly during the quarter.

Market Risk

Market risk refers to the risk of loss resulting from changes in market factors such as interest rates, foreign exchange rates and credit and swap spreads as well as the risk of credit migration and default. The level of market risk to which Central is exposed varies depending on market conditions, future price and market movements and the composition of Central's investment, lending and derivative portfolios.

Central's interest rate risk policy defines standards and sets acceptable risks limits on Central's interest margin and the fair value of Central's net assets over a 12-month horizon. Those limits are based on an immediate and sustained +/- 200 basis point shift in the yield curve. The limit for fluctuations in interest income from the base forecast is 25.0% and the limit for changes in fair value of net assets from the base forecast is 20.0%.

The following table summarizes the pre-tax impact of a sustained 200 basis increase or decrease in interest rates on interest margin and fair value of Equity.

Interest Rate Sensitivity ($ thousands)

	Interest Margin		Fair Value of Net Assets	
Before Tax Impact of:	Amount	Percentage of base forecast	Amount	Percentage of base forecast
200 bps increase in rates	(7,250)	(19.8)	(42,568)	(5.5)
200 bps decrease in rates	1,390	3.8	8,278	1.1

Central manages its exposure to credit spreads, credit migration and the risk of default through a range of governance and management processes. These include oversight by the Investment and Loan Committee, a committee of the Board of Directors, a comprehensive set of policies and corporate standards, independent measurement of market risk, and adherence to a set of limits with appropriate monitoring, reporting and escalation of limit breaches.

Foreign exchange rate risk is the risk of potential adverse impact on Central's earnings and economic value due to currency rate movements and volatility. Central has assets and liabilities denominated in several major currencies and buys foreign currencies from, and sells these currencies to, its member credit unions. The risk associated with changing foreign currency values is managed by applying stringent limits on the amounts (short or long positions) that can be maintained in the various currencies, and by utilizing derivative exchange contracts to lessen the impact of on-balance sheet positions.

Insurance Risk

Central is exposed to insurance risk through the activities of its subsidiaries, CUPP Services Ltd. and Stabilization Fund Corporation. Insurance risk refers to the potential loss that may arise where the amount or timing of benefit payments under insurance contracts exceeds that expected.

Central manages its exposure to insurance risk by imposing underwriting limits, and by performing regular reviews of actual claims experience and product pricing.

Operational Risk

Operational risk is the exposure to loss resulting from inadequacies or failures concerning internal processes, people and systems.

Central manages this type of risk through implementation of a comprehensive set of procedures and policies that are basic to its operating infrastructure including:

- developing and maintaining a comprehensive system of internal controls – integrated with ongoing internal and external evaluation and testing – encompassing segregation of functional activities, managerial reporting and delegation of authority;
- maintaining best industry practices in the area of operational risk management through continued monitoring and evaluation of Central's practices;
- selection and training of highly qualified staff, supported by policies that provide for skills upgrading, clear authorization levels and adherence to an employee code of conduct; and
- maintaining a comprehensive portfolio of insurance to reduce the impact of any potential losses, augmented by contingency business resumption plans for activation in response to systems failure or catastrophic events, including off-site data storage and back-up processing capabilities for all critical operations.

Central's Accounting Policies and Estimates

Central's consolidated interim financial statements, included in this Report to Members, have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards.

Critical Accounting Estimates

The critical accounting estimates remain unchanged from those disclosed in Central's consolidated financial statements for the year ended December 31, 2011.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this Management's Discussion and Analysis, management evaluated Central's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Central's interim filings, as such term is defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Internal Controls and Procedures

Central evaluated the design of its internal controls and procedures over financial reporting as defined under National Instrument 52-109 for the year ended December 31, 2011, and for the quarter ended March 31, 2012.

There has been no change in Central's design of internal controls and procedures over financial reporting that has materially affected Central's internal control over financial reporting during the period covered by this Management's Discussion and Analysis.

Central 1 Credit Union
Interim Consolidated Statement of Financial Position
Unaudited

	Notes	March 31 2012	March 31 2011	December 31 2011
		(Thousands of dollars)		
Assets				
Cash and cash equivalents		$ 254,808	$ 170,734	$ 100,795
Deposits with regulated financial institutions	5	6,149	138,387	5,357
Pledged trading assets	6	33,720	158,293	51,652
Reinvestment assets under the CMB and IMPP Programs	10	2,306,280	1,786,776	2,205,742
Non-pledged trading assets	6	3,643,654	4,493,127	3,996,526
Derivative assets	7	27,875	156,104	41,347
Loans	8	1,876,194	1,374,835	2,482,412
Investment securities	9	4,990,897	3,903,697	3,891,039
Secured loans to members	10	1,025,627	1,751,822	1,167,423
Current tax assets		218	4,012	-
Property and equipment		18,173	17,154	16,803
Intangible assets		3,085	3,428	2,568
Deferred tax assets		7,467	4,857	8,197
Investment in affiliates		112,374	129,018	112,601
Other	11	229,017	57,651	506,487
		$ 14,535,538	$ 14,149,895	$ 14,588,949
Liabilities				
Deposits designated as trading	12	$ 1,944,973	$ 2,221,148	$ 2,034,219
Derivative liabilities	7	172,624	80,763	211,967
Debt securities issued	13	627,536	603,474	375,516
Deposits	14	7,005,267	6,821,318	7,154,651
Obligations under the CMB and IMPP Programs	10	3,294,818	3,276,847	3,246,227
Subordinated liabilities	15	170,139	202,640	168,567
Provisions		5,293	6,242	5,798
Securities under repurchase agreements		172,867	166,344	57,020
Current tax liabilities		-	-	4,281
Deferred tax liabilities		2,985	3,058	3,094
Other	16	383,541	167,056	602,924
		13,780,043	13,548,890	13,864,264
Equity				
Share capital	17	277,291	167,399	272,062
Contributed surplus		87,901	87,901	87,901
Retained earnings		333,152	316,161	304,744
Accumulated other comprehensive income		42,705	15,345	45,612
Reserves		5,361	5,849	5,281
Total equity attributable to members of Central 1		746,410	592,655	715,600
Non-controlling interest		9,085	8,350	9,085
		755,495	601,005	724,685
		$ 14,535,538	$ 14,149,895	$ 14,588,949

Approved by the Directors:

"Terry Enns"
Terry Enns, Chairperson

"Daniel A. Burns"
Daniel A. Burns, Chairperson - Audit Committee

See accompanying notes to the interim consolidated financial statements

Central 1 Credit Union
Interim Consolidated Statement of Profit (Loss)
Unaudited

	Notes	(Thousands of dollars) For the three months ended March 31 2012	March 31 2011
Interest income			
Securities		$ 38,912	$ 47,513
Deposits with regulated financial institutions		78	335
Loans		11,198	6,155
Secured loans and reinvestment assets		29,024	28,567
		79,212	82,570
Interest expense			
Debt securities issued		3,446	4,108
Deposits		33,555	34,379
Obligations under the CMB and IMPP programs		29,436	29,212
Subordinated liabilities		1,645	2,065
		68,082	69,764
Interest margin		11,130	12,806
Gain on disposal of financial instruments	18	30,972	12,125
Changes in fair value of financial instruments	19	(1,986)	2,256
Net financial income		40,116	27,187
Recovery of credit losses	8	(111)	(12)
		40,227	27,199
Other income	20	25,007	23,871
Net financial and other income		65,234	51,070
Operating expenses			
Salaries and employee benefits		16,488	15,369
Premises and equipment		2,334	2,328
Other administrative expenses		10,581	12,225
		29,403	29,922
Profit before income taxes		35,831	21,148
Income taxes	21	4,803	2,833
Profit for the period		$ 31,028	$ 18,315

See accompanying notes to the interim consolidated financial statements

Central 1 Credit Union
Interim Consolidated Statements of Comprehensive Income (Loss)
Unaudited

	(Thousands of dollars) For the three months ended March 31 2012	March 31 2011
Profit for the period	$ 31,028	$ 18,315
Other comprehensive loss, net of tax		
Fair value reserve (available-for-sale financial assets)		
Net change in fair value[1]	(1,527)	(8,077)
Reclassification of gains on available-for-sale assets to profit or loss[2]	(1,380)	(2,768)
Other comprehensive loss, net of tax	(2,907)	(10,845)
Comprehensive income, net of tax	$ 28,121	$ 7,470
Income tax recoveries deducted from the above items		
[1] Net change in fair value of available-for-sale assets	$ (144)	$ (1,273)
[2] Reclassification of gains on available-for-sale assets to profit or loss	$ (186)	$ (453)

See accompanying notes to the interim consolidated financial statements

Central 1 Credit Union
Interim Consolidated Statement of Changes in Equity
Unaudited

(Thousands of dollars)	Share Capital	Contributed Surplus	Fair Value Reserve	Other Reserves	Retained Earnings	Equity Attributable to Members	Non-Controlling Interest	Total Equity
	Attributible to Equity holders							
Balance at January 1, 2012	$ 272,062	$ 87,901	$ 45,612	$ 5,281	$ 304,744	$ 715,600	$ 9,085	$ 724,685
Total Comprehensive income (loss) for the period								
Profit for the period					31,028	31,028		31,028
Other comprehensive loss, net of tax								
Fair value reserve (available for sale financial assets, net of tax)			(2,907)			(2,907)		(2,907)
Total comprehenisve income (loss)	-	-	(2,907)	-	31,028	28,121	-	28,121
Transactions with owners, recorded directly in equity								
Dividends to members					(2,935)	(2,935)		(2,935)
Related tax savings					410	410		410
Class "E" shares redemption, net of tax					(15)	(15)		(15)
Net Class "A"and "C" shares issued	5,229					5,229		5,229
Transfer to (from) reserves				80	(80)	-		-
Total contributions and distributions to owners	5,229	-	-	80	(2,620)	2,689	-	2,689
Balance at March 31, 2012	$ 277,291	$ 87,901	$ 42,705	$ 5,361	$ 333,152	$ 746,410	$ 9,085	$ 755,495

Net income attributable to:

	2012	2011
Members of Central 1	31,028	18,337
Non-controlling interest	-	(22)
	$ 31,028	$ 18,315

Total Comprensive income attributable to:

	2012	2011
Members of Central 1	28,121	7,492
Non-controlling interest	-	(22)
	$ 28,121	$ 7,470

Central 1 Credit Union
Interim Consolidated Statement of Changes in Equity
Unaudited

(Thousands of dollars)	Attributible to Equity holders: Share Capital	Contributed Surplus	Fair Value Reserve	Other Reserves	Retained Earnings	Equity Attributable to Members	Non-Controlling Interest	Total Equity
Balance at January 1, 2011	$ 164,983	$ 87,901	$ 26,190	$ 5,594	$ 300,126	$ 584,794	$ 8,372	$ 593,166
Total Comprehensive income (loss) for the period								
Profit (loss) for the period					18,337	18,337	(22)	18,315
Other comprehensive loss, net of tax								
Fair value reserve (available for sale financial assets, net of tax)			(10,845)			(10,845)		(10,845)
Total comprehenisve income (loss)	-	-	(10,845)	-	18,337	7,492	(22)	7,470
Transactions with owners, recorded directly in equity								
Dividends to members					(2,381)	(2,381)		(2,381)
Related tax savings					334	334		334
Net Class "A" shares issued	2,416					2,416		2,416
Transfer to (from) reserves				255	(255)	-		-
Total contributions and distributions to owners	2,416	-	-	255	(2,302)	369	-	369
Balance at March 31, 2011	$ 167,399	$ 87,901	$ 15,345	$ 5,849	$ 316,161	$ 592,655	$ 8,350	$ 601,005

Central 1 Credit Union
Interim Consolidated Statements of Cash Flows
Unaudited

	(Thousands of dollars)	
	For the three months ended	
	March 31 2012	March 31 2011
Cash flows from operating activities		
Profit for the period	$ 31,028	$ 18,315
Adjustments for:		
Depreciation and amortization	912	1,466
Net interest income	(11,130)	(12,806)
Gain on disposal of financial instruments	(30,972)	(12,125)
Changes in fair value of financial instruments	1,986	(2,256)
Income tax expense	4,803	2,833
Recovery of credit losses	(111)	(12)
Other items, net	2,787	12,595
	(697)	8,010
Change in trading assets	358,865	(302,110)
Settlements in transit	51,494	45,664
Change in loans	606,958	(264,095)
Change in trading liabilities	(86,141)	148,240
Change in deposits from members	(147,985)	285,719
	782,494	(78,572)
Interest received	71,063	141,014
Interest paid	(49,198)	(51,212)
Income tax paid	(7,948)	(300)
Net cash from operating activities	796,411	10,930
Cash flows from investing activities		
Change in amounts on deposit with regulated financial institutions	(751)	2,177
Change in reinvestment assets under the CMB and IMPP programs	(104,718)	(147,832)
Change in investment securities	(1,097,179)	26,390
Change in secured loans to members	137,524	171,594
Acquisition of property, plant and equipment	(1,941)	(574)
Acquisition of intangible assets	(766)	(179)
	(1,067,831)	51,576
Cash flows from financing activities		
Change in obligations under the CMB and IMPP Programs	59,551	-
Change in debt securities issued	250,130	(17,050)
Change in securities under repurchase agreements	115,774	3,986
Dividends paid	(5,251)	(2,418)
Proceeds from issue of shares	5,229	2,416
	425,433	(13,066)
Increase in cash and cash equivalents	154,013	49,440
Cash and cash equivalents - beginning of period	100,795	121,294
Cash and cash equivalents - end of period	$ 254,808	$ 170,734

See accompanying notes to the interim consolidated financial statements

Table of Contents

1. Incorporation and governing legislation

Central 1 Credit Union (Central) (formerly Credit Union Central of British Columbia) is domiciled in Canada and is governed by the Credit Union Incorporation Act (British Columbia) and is also subject to the provisions of the Financial Institutions Act (British Columbia) and the Cooperative Credit Associations Act (Canada). These financial statements of Central comprise Central and its subsidiaries.

Central is the primary financial facility and trade association for credit unions in British Columbia and its member credit unions in Ontario. The performance of the British Columbia credit union system and that of Central's member credit unions in Ontario (collectively referred to herein as the Ontario credit union system) plays an integral part in determining the results of Central's operations and its financial position.

2. Basis of preparation

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and International Financial Reporting Standards (IFRS).

The policies set out below have been consistently applied to all the periods presented and by all subsidiaries included in the interim consolidated financial statements.

The interim consolidated financial statements were authorized for issue by the Board of Directors on May 25, 2012.

Cooperative Credit Associations Act (Canada)

Section 292 of the Cooperative Credit Associations Act (Canada) states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions (Canada)(OSFI), the financial statements are to be prepared in accordance with Canadian GAAP and hence, IFRS for publicly accountable enterprises. These accounting policies conform, in all material respects, to IFRS.

(b) Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value, except as described in Note 9.
- the assets and liabilities for defined benefit obligations are recognized as the present value of the benefit obligation less the net total of the plan assets, plus unrecognized actuarial gains, less unrecognized actuarial past service costs and unrecognized actuarial losses.

(c) Functional and presentation currency

These interim consolidated financial statements are presented in Canadian dollars, which is Central's functional currency.

(d) Use of estimates and judgements

In preparing the interim consolidated financial statements, management is required to make estimates and assumptions based on information as of the date of the financial statements. Certain amounts recorded in the financial statements, including financial instruments measured at fair value, recoverability of loans, accounting for securitization transactions, income taxes and pension and post-retirement benefits, require management to make subjective or complex judgments. Actual results could differ materially from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements are the same as described in Note 5 of Central's consolidated financial statements as at and for the year ended December 31, 2011.

3. Significant accounting policies

These consolidated financial interim financial statements have been prepared using the same accounting policies as set out in Central's consolidated financial statements as at and for the year ended December 31, 2011 except as described below:

Securitizations under the Canada Mortgage Bond (CMB) program and Insured Mortgage Purchase Program (IMPP)

Securitizations post 2009

Subsequent to 2009, Central securitization activity primarily involves the facilitation of transfers of NHA MBS by its member credit unions by acting as a swap counterparty with CHT and through the provision of administrative services. In such instances, Central records administration fees as other income when earned but Central does not acquire an interest in the underlying mortgages.

From time to time, Central may participate directly in securitization activities by acquiring an interest in third-party MBS and subsequently transferring those third-party MBS to CHT under the CMB program. The resulting obligation to CHT and the reinvestment assets are accounted for in the same manner as pre 2010 securitization transactions.

4. Fair value of financial instruments

Certain financial instruments are recognized in the interim consolidated statements of financial position at fair value. These include derivative instruments, deposits designated as trading and securities and amounts on deposit classified either as available-for-sale or held for trading. 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 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.

Financial instruments whose book values approximate fair value

Fair value is assumed to be equal to carrying value for cash, demand loans classified as loans and receivable and demand deposits classified as other liabilities because of their short-term nature.

Financial instruments for which fair value is determined using valuation techniques

The fair value of fixed rate performing loans is determined by discounting contractual cash flows at market interest rates. For both loans to and deposits with members, Central discounts the expected cash flows using interest rates currently being offered on instruments with similar terms. The fair values of notes and subordinated debt is determined by discounting remaining cash flows by reference to current market yields on similar instruments.

Note 23 sets out the fair value of the financial instruments in the interim consolidated statement of financial position.

5. Deposits with regulated financial institutions

Amounts on deposit with regulated financial institutions classified as loans and receivables are as follows:

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Amortized cost	**$ 6,149**	$ 12,826	$ 5,357
Fair value	**$ 6,246**	$ 12,979	$ 5,478

Amounts on deposit with regulated financial institutions classified as available-for-sale are as follows:

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Amortized cost	**$ -**	$ 125,544	$ -
Fair value	**$ -**	$ 125,561	$ -

The total amounts on deposit with regulated financial institutions recorded in the interim consolidated statements of financial position are as follows:

(Thousands of dollars)

March 31, 2012	March 31, 2011	December 31, 2011
$ 6,149	$ 138,387	$ 5,357

6. Trading assets

Trading assets included in the interim consolidated statements of financial position are as follows:

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Government & guarantees	**$ 2,179,000**	$ 2,880,976	$ 2,370,661
Corporate & financial institutions AA[1] or greater	**1,452,907**	1,693,527	1,653,779
Other	**45,467**	76,917	23,738
Fair value	**$ 3,677,374**	$ 4,651,420	$ 4,048,178

[1] The credit ratings represent investment grade ratings provided by Dominion Bond Rating Services (DBRS).

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Amortized cost	**$ 3,547,523**	$ 4,635,076	$ 3,868,510
Fair value	**$ 3,677,374**	$ 4,651,420	$ 4,048,178
Less pledged trading assets	**(33,720)**	(158,293)	(51,652)
	$ 3,643,654	$ 4,493,127	$ 3,996,526

Pledged assets are those financial assets that may be repledged or sold by counterparties. Total pledged assets are as indicated below:

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Trading assets	**$ 33,720**	$ 158,293	$ 51,652
Amounts included in investment securities	**143,692**	19,352	7,656
	$ 177,412	$ 177,645	$ 59,308

7. Derivative assets and liabilities

The following tables summarize the fair value of derivative assets and liabilities:

(Thousands of dollars)

	March 31, 2012		March 31, 2011		December 31, 2011	
	Asset	Liability	Asset	Liability	Asset	Liability
Interest rate contracts						
Futures contracts	**$ 422**	**$ 77**	$ 76	$ -	$ 136	$ 81
Swap contracts	**213,120**	**357,767**	187,574	112,664	294,422	464,729
Options purchased	**479**	**-**	164	-	21	-
Options written	**-**	**384**	-	164	-	21
	214,021	**358,228**	187,814	112,828	294,579	464,831
Foreign exchange contracts						
Foreign exchange forward contracts	**317**	**859**	1,890	1,535	592	960
Other derivative contracts						
Equities	**15,476**	**15,476**	33,742	33,742	16,122	16,122
Total fair value before adjustment	**229,814**	**374,563**	223,446	148,105	311,293	481,913
Adjustment for master netting agreements	**(201,939)**	**(201,939)**	(67,342)	(67,342)	(269,946)	(269,946)
	$ 27,875	**$ 172,624**	$ 156,104	$ 80,763	$ 41,347	$ 211,967

All derivatives are traded over-the-counter (OTC) except for futures contracts which are exchange traded.

8. Loans

		(Thousands of dollars)		
		March 31, 2012	March 31, 2011	December 31, 2011
Due on demand	- Credit unions	**$ 21,224**	$ 44,860	$ 22,848
	- Commercial and others	**22,105**	11,325	8,866
		43,329	56,185	31,714
Term	- Credit unions	**1,585,535**	1,101,981	2,151,569
	- Commercial and others	**186,124**	144,503	183,293
	- Reverse repurchase agreements	**50,919**	59,761	105,285
	- Officers and employees	**15,009**	17,875	16,013
		1,837,587	1,324,120	2,456,160
		1,880,916	1,380,305	2,487,874
Accrued interest		**6,767**	3,684	7,064
		1,887,683	1,383,989	2,494,938
Allowance for credit losses		**(11,489)**	(9,154)	(12,526)
		$ 1,876,194	$ 1,374,835	$ 2,482,412

Officer and employee loans, which are part of their compensation packages, bear interest at rates varying from 1.00% to 4.65%.

Impaired loans are as follows:

				(Thousands of dollars)		
				Net Impaired		
	Gross Impaired	Specific Allowance	Collective Allowance	**March 31, 2012**	March 31, 2011	December 31, 2011
Credit unions	**$ -**	**$ -**	**$ -**	**$ -**	$ -	$ -
Commercial and others	**11,570**	**(10,824)**	**(665)**	**81**	2,408	1,171
Total	**$ 11,570**	**$ (10,824)**	**$ (665)**	**$ 81**	$ 2,408	$ 1,171

Central 1 Credit Union
Notes to the Interim Consolidated Financial Statements
Unaudited
Period ending March 31, 2012

The activity in the allowance for credit losses during the year and the resulting year-end balances are as follows:

	Specific Allowance	Collective Allowance	**For the period ended March 31, 2012**	For the period ended March 31, 2011	For the year ended December 31, 2011
			(Thousands of dollars)		
Balance at beginning of period	$ 11,795	$ 731	**$ 12,526**	$ 9,498	$ 9,498
Net write-offs during the period	(926)	-	**(926)**	(332)	(2,280)
Provision (recovery) for credit losses	(45)	(66)	**(111)**	(12)	5,308
Balance at end of period	$ 10,824	$ 665	**$ 11,489**	$ 9,154	$ 12,526

9. Investment securities

Securities classified as held-to-maturity are as follows:

(Thousands of dollars)	**March 31, 2012**	March 31, 2011	December 31, 2011
Amortized cost	**$ -**	$ 9,731	$ 10,186
Fair value	**$ -**	$ 9,702	$ 10,033

Securities classified as available-for-sale are as follows:

(Thousands of dollars)	**March 31, 2012**	March 31, 2011	December 31, 2011
Amortized cost	**$ 4,951,858**	$ 3,885,065	$ 3,839,629
Fair value	**$ 4,990,897**	$ 3,893,966	$ 3,880,853

The total amount of securities recorded in the interim consolidated statements of financial position is as follows:

(Thousands of dollars)	**March 31, 2012**	March 31, 2011	December 31, 2011
	$ 4,990,897	$ 3,903,697	$ 3,891,039

The composition of Central's securities portfolio is as follows:

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Government & guarantees	**$ 1,645,286**	$ 902,296	$ 1,034,145
Corporate & financial Institutions AA[1] or greater	**3,153,356**	2,907,016	2,711,818
Other	**192,255**	94,385	145,076
	$ 4,990,897	$ 3,903,697	$ 3,891,039

[1] The credit ratings represent investment grade ratings provided by DBRS.

The above table includes **$32.1** million (March 31, 2011 - $32.1 million; December 31, 2011 - $32.1 million) of equity investment securities that are measured at cost and for which disclosure of fair value is not provided because the fair value cannot be reliably measured.

The above table also includes **$60.1** million of third-party MBS that were transferred to CHT under the CMB program as described in Note 3 for securitizations post 2009.

At the period-end, securities having a par value of **$881.0** million (March 31, 2011 - $384.3 million; December 31, 2011 - $ 878.0 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.

10. Secured loans to members

Through its participation in the CMB and IMPP programs prior to 2010 as described in the significant accounting policies disclosed in Central's consolidated financial statements for the year end December 31, 2011, Central recognizes its interest in the underlying residential mortgages as secured loans from its member credit unions. The par amounts outstanding on these secured loans are as follows:

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Total amount of secured loans issued	**$ 4,240,559**	$ 4,240,559	$ 4,240,559
Aggregate principal payments received	**(3,227,995)**	(2,520,243)	(3,091,044)
Remaining par value of secured loans to members in the Statement of financial position	**$ 1,012,564**	$ 1,720,316	$ 1,149,515

The components of these balances are as follows:

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Remaining par value of secured loans under the CMB and IMPP programs	**$ 604,708**	$ 1,091,127	$ 698,405
Remaining par value of secured loans retained by Central	**407,856**	629,189	451,110
	$ 1,012,564	$ 1,720,316	$ 1,149,515

The secured loans are recognized at fair value in the interim consolidated statements of financial position are as follows:

Amortized cost	**$ 1,017,465**	$ 1,730,149	$ 1,155,428
Fair value	**$ 1,025,627**	$ 1,751,822	$ 1,167,423

Valuation of secured loans to members

Key inputs into the model used to determine the fair value of secured loans to members include interest rates and mortgage prepayment rates. The following table summarizes the pre-tax impact of a sustained 200 basis points increase or decrease in interest rates used to determine the fair value of secured loans and equity.

	(Thousands of dollars)		
	As at March 31, 2012	**As at March 31, 2011**	**As at December 31, 2011**
Change in value of secured loans to members:	**Increase (Decrease)**	Increase (Decrease)	Increase (Decrease)
200 bps parallel increase in interest rates	**(3,502)**	(14,181)	(5,306)
200 bps parallel decrease in interest rates	**3,647**	14,854	5,525

A change in the mortgage prepayment rate changes the expected principal and interest cash flows of the secured loans. The pre-tax impact of a one percent increase or decrease in prepayment rate on the fair value of secured loans was less than one percent of equity as at each balance sheet date presented.

Central has recognized its obligations to CHT under the CMB program and to CMHC under the IMPP program at fair value in the Statement of Financial position. The contractual maturity dates of these obligations are as indicated below.

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Amount due within one year	**$ 1,009,649**	$ 22,909	$ 1,009,649
Amount due after one year, but within five years	**2,170,888**	3,120,586	2,110,936
	3,180,537	3,143,495	3,120,585
Accrued interest	**26,594**	28,076	11,377
Amortized cost	**$ 3,207,131**	$ 3,171,571	$ 3,131,962
Fair value	**$ 3,294,818**	$ 3,276,847	$ 3,246,227

As principal and interest payments on the underlying securitized assets are received,
Central is required to reinvest those assets on behalf of CHT and CMHC. These Reinvestment assets, which are recognized in the interim consolidated statement of financial position at fair value, are as follows:

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Government & guarantees	**$ 2,138,217**	$ 1,556,878	$ 2,100,410
Assets acquired under reverse repurchase agreements	**168,063**	151,066	55,546
Other	**-**	78,832	49,786
Fair value	**$ 2,306,280**	$ 1,786,776	$ 2,205,742
Amortized cost	**$ 2,294,887**	$ 1,779,851	$ 2,188,579

Central has entered into derivative contracts to modify its exposure to interest rate risk under the programs which are recognized as derivatives in the interim consolidated statement of financial position.

11. Other assets

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Settlements in-transit	**$ 164,094**	$ -	$ 436,563
Assets available for sale designated as trading	**25,536**	3,718	2,182
Assets available for sale at amortized cost	**23,899**	26,607	56,597
Investment property	**6,289**	6,666	6,381
Prepaid expenses	**5,356**	7,140	2,950
Post-employment benefits	**207**	1,095	196
Accounts receivable and other	**3,636**	12,425	1,618
	$ 229,017	$ 57,651	$ 506,487

At period-end, the amortized cost of the assets available for sale designated as trading was **$25.5** million (March 31, 2011 - $3.7 million; December 31, 2011 - $2.1 million).

Rental income from investment property is recorded in Other income in profit or loss.

12. Deposits designated as trading

Deposits designated as trading are as follows:

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Amortized cost	**$ 1,929,080**	$ 2,215,854	$ 2,013,781
Fair value	**$ 1,944,973**	$ 2,221,148	$ 2,034,219

The contractual maturity dates of these liabilities are as follows:

	March 31, 2012	March 31, 2011	December 31, 2010
Amount			
- due within three months	**$ 171,096**	$ 301,965	$ 89,286
- due after three months and within one year	**649,522**	707,493	622,843
- due after one year and less than five years	**1,089,042**	1,188,925	1,284,819
	1,909,660	2,198,383	1,996,948
Accrued interest	**19,420**	17,471	16,833
Amortized cost	**$ 1,929,080**	$ 2,215,854	$ 2,013,781

13. Debt securities issued

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Notes			
- due within three months	**$ 389,442**	$ 330,174	$ 149,354
- due after three months and within one year	**9,970**	45,449	-
- due after one year and less than five years	**224,696**	224,426	224,625
	624,108	600,049	373,979
Accrued interest	**3,428**	3,425	1,537
	$ 627,536	$ 603,474	$ 375,516

Central has established **$84.6** million of unsecured credit facilities with various financial institutions. The unsecured facilities rank equally with the outstanding notes and deposits. At March 31, 2012, March 31, 2011 and December 31, 2011, no amounts were drawn against these facilities.

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 medium-term note facility. At March 31, 2012, **$400.0** million was borrowed under the short-term commercial paper facility (March 31, 2011 - $376.1 million; December 31, 2011 - $149.5 million) and **$225.0** million was borrowed under the medium-term note facility (March 31, 2011 - $225.0 million; December 31, 2011 - $225.0 million).

14. Deposits

Deposits classified as other liabilities are as follows:

(Thousands of dollars)

	March 31, 2012	March 31, 2011	December 31, 2011
Amount			
- Due on demand	**$ 1,149,683**	$ 1,017,752	$ 1,016,528
- Due within three months	**2,015,795**	1,862,664	2,231,578
- Due after three months and within one year	**1,560,943**	2,005,677	1,893,371
- Due after one year and less than five years	**2,236,959**	1,891,402	1,969,499
- Due after five years and less than six years	**-**	-	375
	6,963,380	6,777,495	7,111,351
Accrued interest	**41,887**	43,823	43,300
	$ 7,005,267	$ 6,821,318	$ 7,154,651

15. Subordinated liabilities

	March 31, 2012	March 31, 2011	December 31, 2011
Series 1	**$ -**	$ 50,000	$ -
Series 2	**150,000**	150,000	150,000
Series 3	**18,000**	-	18,000
Principal amount	**168,000**	200,000	168,000
Accrued interest	**2,139**	2,640	567
	$ 170,139	$ 202,640	$ 168,567

On December 21, 2006, Central issued $50 million principal amount of Series 1 notes due December 21, 2016. The notes bore interest at a fixed rate of 4.52% until December 21, 2011, and thereafter at a floating rate based on 90-day Bankers' Acceptance plus 1.00%. The notes were redeemed on December 21, 2011.

On October 9, 2009, Central issued $150 million principal amount of 4.00% Series 2 Subordinated Notes due October 9, 2019. The notes bear interest at a fixed rate of 4.00% until, but excluding, October 9, 2014, and thereafter at a floating rate based on 90-day Bankers' Acceptance plus 2.40%. Central has the option to redeem the notes on October 9, 2014, subject to regulatory approval.

On July 6, 2011, Central issued $18 million principal amount of series 3 notes due July 6, 2021. The notes bear interest at a floating rate based on 90-day Bankers' Acceptance plus 10 basis points, payable quarterly until July 6, 2016, and Central has the option to redeem the outstanding notes in whole or in part on July 6, 2016, subject to regulatory approval.

The notes are recognized in the interim consolidated statements of financial position at amortized cost.

16. Other liabilities

	(Thousands of Dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Settlements in-transit	**$ 333,791**	$ 116,027	$ 554,478
Post-employment benefits	**21,044**	17,288	20,707
Short-term employee benefits	**6,666**	5,981	5,841
Dividends payable	**2,935**	2,381	5,251
Unearned insurance premiums	**5,009**	7,393	864
Finance leases	**1,178**	1,482	1,178
Trade amounts and other	**12,918**	16,504	14,605
	$ 383,541	$ 167,056	$ 602,924

17. Share Capital

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

In the event of liquidation, dissolution or winding-up, any surplus, profits or assets of Central shall be distributed proportionately among all shareholders.

The allocation of Class A shares is based on the assets of each credit union in proportion to the combined assets of the B.C. credit union system and the assets of Central's member credit unions in Ontario. This allocation is adjusted periodically to reflect changes in credit union assets. On matters concerning Central's role as a trade association, Class A members are entitled to one vote for every 100 members of their members. Each Class B and C shareholder has one vote on certain issues.

The numbers of shares issued are as follows:

	(Thousands of shares)		
	For the three months ended March 31, 2012	For the three months ended March 31, 2011	For the year ended December 31, 2011
Class A – credit unions			
Balance at beginning of period	**272,018**	164,939	164,939
Issued for cash during the period	**5,248**	2,416	107,206
Redeemed during the period	**(20)**	-	(127)
Balance at end of period	**277,246**	167,355	272,018
Class B – co-operatives			
Balance at beginning and end of period	**5**	5	5
Class C – other			
Balance at beginning of period	**7**	7	7
Issued for cash during the period	**1**	-	-
Balance at end of period	**8**	7	7
Class E – credit unions			
Balance at beginning of period	**3,159**	3,163	3,163
Redeemed during the period	**-**	-	(4)
Balance at end of period	**3,159**	3,163	3,159

The amounts outstanding are as follows:

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Outstanding $1 par value shares			
Class A – credit unions	**$ 277,246**	$ 167,355	$ 272,018
Class B - cooperatives	**5**	5	5
Class C - other	**8**	7	7
Outstanding $0.01 par value shares			
Class E – credit unions	**32**	32	32
	$ 277,291	$ 167,399	$ 272,062

18. Gain on disposal of financial instruments

The components of gain on disposal of financial instruments are as follows:

	(Thousands of dollars)	
	Period ended March 31, 2012	Period ended March 31, 2011
Net gain on disposal of trading assets	**$ 33,939**	$ 10,065
Net gain on disposal of investment securities	**1,566**	3,271
Net loss on disposal of derivatives	**(4,035)**	(1,211)
Net loss on disposal of deposits	**(498)**	-
	$ 30,972	$ 12,125

19. Change in fair value of financial instruments

	(Thousands of dollars)	
	Period ended March 31, 2012	Period ended March 31, 2011
Trading Assets	**$ (49,836)**	$ (42,866)
Activities under the CMB and IMPP programs		
Reinvestment assets	**(5,770)**	(2,193)
Derivative assets and liabilities	**(15,350)**	(9,798)
Secured loans to members	**(3,833)**	(4,825)
Obligations to CHT and CMHC	**26,578**	18,121
Derivative assets and liabilities	**41,680**	41,352
Trading deposits	**4,545**	2,465
	$ (1,986)	$ 2,256

20. Other income

(Thousands of dollars)

	Period ended March 31, 2012	Period ended March 31, 2011
Membership dues	**$ 2,074**	$ 1,842
Provincial advertising assessment	**250**	418
Equity interest in affiliates	**825**	449
Insurance premiums and assessments	**1,751**	2,568
Technology and payment services		
- Processing	**9,636**	9,744
- Direct banking	**4,650**	3,936
Wholesale financial services		
- Treasury services	**1,361**	868
- Funding and commercial	**1,023**	1,039
- Employee benefits & retirement services	**264**	251
- Trust services	**527**	549
Trade and other services		
- Product compliance & design	**368**	344
- Property rents	**241**	220
- Risk management	**589**	759
- Marketing products & programs	**427**	339
- Research	**329**	315
- Other	**692**	230
	$ 25,007	$ 23,871

21. Provision for income taxes

Income taxes reported in the interim consolidated financial statements are as follows:

(Thousands of dollars) For the period ended				
		March 31, 2012		March 31, 2011
Provision for income taxes in Statements of Profit or Loss	**$**	**4,803**	$	2,833
Income tax benefit related to dividends accrued		**(410)**		(334)
Total	**$**	**4,393**	$	2,499

Components of income taxes recognized in the interim consolidated statements of profit or loss are as follows:

Current income taxes	**$**	**4,150**	$	1,073
Deferred income taxes		**653**		1,760
Total	**$**	**4,803**	$	2,833

Central's effective tax rate differs from the amount that would be computed by applying the federal and provincial statutory rates of **30.5 %** (2011 – 30.5%) to income before taxes. The reasons for this are as follows:

For the period ended		
	March 31, 2012	March 31, 2011
	%	%
Combined federal and provincial statutory income tax rates	**30.5**	30.5
Reduction available to credit unions	**(17.0)**	(17.0)
Other	**(0.1)**	(0.1)
Total	**13.4**	13.4

22. Guarantees, commitments and contingencies

Effective July 6, 2011, Central and the credit union centrals of Alberta, Manitoba and Saskatchewan (the Prairie Centrals) completed the transition of Group Clearing for credit unions across the country from Credit Union Central of Canada (CUCC) to a joint venture.

Central is a Group Clearer under the rules of the Canadian Payment Association (CPA). In addition to Central, the other members of the group are the Prairie Centrals. Under the rules of the CPA, Central guarantees payment of payment items drawn on or payable by the Prairie Centrals and their member credit unions. Each of the Prairie Centrals in return provides Central with a guarantee for those payments.

Central is exposed to risk as a party to off-balance sheet financial instruments that, in the normal course of business, are used to meet its own and its credit union members' financial needs. These instruments include guarantees such as standby letters of credit as well as commitments to accept deposits at agreed rates and terms.

	(Thousands of dollars)		
	March 31, 2012	March 31, 2011	December 31, 2011
Standby letters of credit	**$ 188,755**	$ 130,095	$ 183,434
Commitments to extend credit	**$ 3,607,531**	$ 3,105,052	$ 3,185,384

Central is involved in a legal action in the ordinary course of business, in which the likelihood of a loss and amount of loss, if any is not readily determinable.

23. Financial instruments - Fair value

The following table sets out the fair values of on-balance sheet and derivative instruments of Central using the valuation methods and assumptions described in note 4. Fair values have not been attributed to assets and liabilities that are not considered financial instruments, such as property and equipment.

Central 1 Credit Union
Notes to the Interim Consolidated Financial Statements
Unaudited
Period ending March 31, 2012

(Millions of dollars)	**Fair Value**		**Carrying Value**		**Unrealized Gain (Loss)**	
	Mar 31 2012	Mar 31 2011	**Mar 31 2012**	Mar 31 2011	**Mar 31 2012**	Mar 31 2011
Assets						
Cash and cash equivalents	**$ 254.81**	$ 170.73	**$ 254.81**	$ 170.73	**$ -**	$ –
Deposits with regulated financial institutions	**6.27**	138.54	**6.15**	138.39	**0.12**	0.15
Investment securities	**8,668.27**	8,555.09	**8,668.27**	8,555.12	**-**	(0.03)
Reinvestment assets under the CMB and IMPP programs	**2,306.28**	1,786.78	**2,306.28**	1,786.78	**-**	-
Derivative assets	**27.88**	156.10	**27.88**	156.10	**-**	-
Loans	**1,881.29**	1,378.26	**1,876.19**	1,374.83	**5.10**	3.43
Secured loans to members	**1,025.63**	1,751.82	**1,025.63**	1,751.82	**-**	-
Other assets	**213.90**	30.68	**213.81**	30.33	**0.09**	0.35
Liabilities						
Deposits designated as trading	**1,944.97**	2,221.15	**1,944.97**	2,221.15	**-**	-
Derivative liabilities	**172.62**	80.76	**172.62**	80.76	**-**	-
Debt securities issued	**631.46**	607.54	**627.54**	603.47	**(3.92)**	(4.07)
Deposits from members	**7,043.47**	6,838.61	**7,005.27**	6,821.32	**(38.20)**	(17.29)
Obligations under the CMB and the IMPP programs	**3,294.82**	3,276.85	**3,294.82**	3,276.85	**-**	-
Subordinated liabilities	**175.13**	206.40	**170.14**	202.64	**(4.99)**	**(3.76)**
Securities under repurchase agreements	**172.87**	166.34	**172.87**	166.34	**-**	-
Other liabilities	**333.79**	116.03	**333.79**	116.03	**-**	-
Total					**$ (41.80)**	$ (21.22)

Central's net unrealized loss on its financial instruments at December 31, 2011 was $49.19 million.

24. Capital management

Central's capital levels are regulated under federal guidelines issued by the Office of the Superintendent of Financial Institutions and provincial regulations administered by the Financial Institutions Commission of British Columbia. Pursuant to federal regulations, Central is required to maintain a borrowing multiple, the ratio of debt to regulatory capital, of 20:1 or less. Central targets an operating borrowing multiple of 15.0:1 to 17.0:1 to ensure that it has capacity to absorb sudden increases in system deposits or to increase external borrowings to meet member demand for funds.

Provincial regulations, which apply to Central, use a risk-weighted approach to capital adequacy that is based on standards issued by the Bank for International Settlements. The provincial risk weightings, which generally parallel the methodology used by OSFI to regulate Canadian chartered banks, require Central's risk-weighted capital, calculated by dividing capital by risk-weighted assets, to be no less than 8 percent. Furthermore, Central must maintain a risk-weighted capital ratio of at least 10 percent to enable member credit unions in British Columbia to risk-weight their deposits with Central at zero percent.

Central's capital base includes Tier 1 capital in the form of share capital, contributed surplus and retained earnings. Subject to certain conditions, Central may include its subordinated debt in Tier 2B capital. In calculating Central's capital base for both federal and provincial purposes, certain deductions are required for certain asset classes and investments.

At period-end, Central was in compliance with these regulatory requirements.

25. Related parties

Transactions with key management personnel

Key management personnel include Central's Executive management and Vice-Presidents. Key management personnel and their immediate relatives have transacted with Central during the period is follows:

	(Thousands of dollars)	
	March 31, 2012	March 31, 2011
Mortgage loans outstanding at end of period	**$ 949**	$ 1,287
Maximum mortgage loans outstanding during the period	**$ 1,345**	$ 1,299

Mortgage loans to key management personnel bear interest at rates ranging from 2.5% to 3.8% and are secured over property of the respective borrowers. No impairment losses have been recorded against balances during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel at period end.

Key management personnel compensation for the period comprised:

	(Thousands of dollars)	
	Period ended March 31, 2012	Period ended March 31, 2011
Salaries and short-term employee benefits	**$ 1,377**	$ 730
Post-employment benefits	**72**	72
	$ 1,449	$ 802

In addition to their salaries, Central also provides non-cash benefits to key management personnel and contributes to post-employment defined plans on their behalf.

Board of directors

During the period, the members of Central's Board of directors received aggregate remuneration of **$114** thousand (period ended March 31, 2011 - $109 thousand)

Significant Subsidiaries

	(% ownership of common shares outstanding)		
	March 31, 2012	March 31, 2011	December 31, 2011
Central 1 Trust Company	**100%**	100%	100%
Central Risk and Insurance Management Services Inc.	**100%**	100%	100%
CUPP Services Ltd.	**100%**	100%	100%
Stabilization Fund Corporation	**100%**	100%	100%

CUPP, subject to the approval of its Board of Directors, may declare patronage dividends to distribute some, or all, of its excess or revenue over expenditures during the period. Central participates in this patronage dividend in proportion to its use of services provided by CUPP, with the remainder issued to holders of the Non-Controlling Interest of CUPP.

The net assets of Stabilization Fund Corporation are retained for use by Central's member credit unions in Ontario, and as such, Stabilization Fund Corporation does not declare or pay dividends.

Central's other subsidiaries represent less than 1% of Central's consolidated assets, revenue and profit or loss before tax.

Investments in affiliates

Central accounts for its interests in the following entities using the equity method of accounting:

	(% ownership of common shares outstanding)		
	March 31, 2012	March 31, 2011	December 31, 2011
Credential Financial Inc.	**40%**	40%	40%
Credit Union Central of Canada (CUCC)	**50%**	50%	50%
CUMIS Group Limited	**27%**	27%	27%