

Quarterly Report

For the First Quarter of 2021

First Quarter Results

First quarter 2021 consolidated financial results compared to the same period last year:

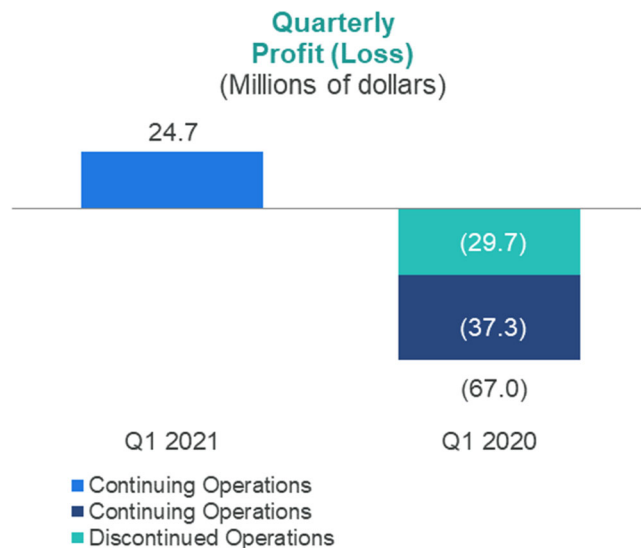
- Profit of \$24.7 million, compared to loss of \$37.3 million (excluding discontinued operations) in 2020.
- Assets of \$14.4 billion, up 44.0 per cent from \$10.0 billion (excluding discontinued operations) in 2020.

In the first quarter of 2021, Central 1 reported strong results driven by the organization's diversified business model, operational resilience managing the ongoing pandemic, and an improving economic environment. Central 1 maintained the confidence of the credit union system and supported members and clients with essential products and services. The organization continued strategic investments to enhance digital and payments capabilities to meet the changing demands of Canadians.

"Central 1's performance this quarter reflects our ability to adapt, our strong balance sheet and the strength of our organization," said Sheila Vokey, Interim President and CEO. "We effectively managed expenses and we endeavour to be well-positioned to have the right products and services for our members and clients as the pace of innovation and change accelerates."

Central 1 continues to be a financially strong and profitable organization, driven by strong growth in our investment portfolio and a prudent investing strategy, combined with an increase in steady fee-based revenue and enhanced operational efficiency.

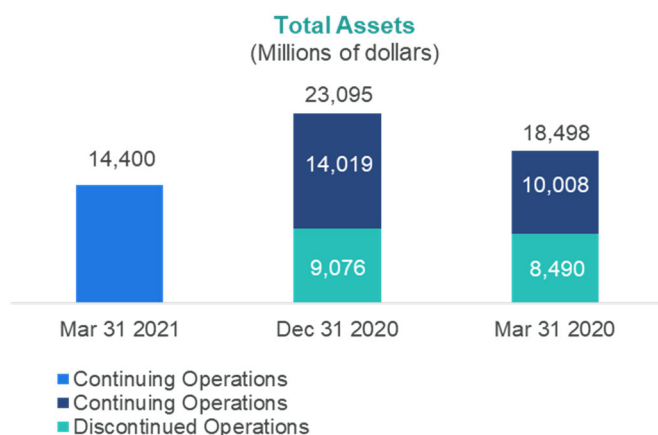
First Quarter Consolidated Results



Profit from continuing operations for the first quarter of 2021 was \$24.7 million compared to a loss from continuing operations of \$37.3 million in the same period last year. Prior year results reflected the impact from the COVID-19 pandemic due to significant widening of credit spreads and rate cuts by the Bank of Canada (BoC). However, credit spreads narrowed since the second quarter of 2020 and reverted to pre-pandemic levels by the end of 2020, contributing to the majority of the year-over-year increase. Effective January 1, 2021, Central 1 no longer has discontinued operations as the Mandatory Liquidity Pool (MLP) was segregated.

Interest margin for the first quarter of 2021 was \$16.1 million supported by elevated deposit levels as well as reduced external borrowings. The first quarter results also included a recovery of \$1.3 million in expected credit loss (ECL), reflecting a favorable change to our economic outlook due to the COVID-19 vaccination rollout. Non-financial income and non-financial expense remained relatively stable. Investments in strategic initiatives continued into the first quarter of 2021 with the amount spent being \$9.5 million lower from the same period last year.

Statement of Financial Position



Excluding the assets from discontinued operations total assets as at March 31, 2021 increased \$0.4 billion from December 31, 2020 and \$4.4 billion from a year ago, supported by the strong growth in deposits. In response to the potential economic impact of COVID-19 many credit unions continued to hold elevated levels of liquidity. Deposits placed with Central 1 increased \$0.5 billion from December 31, 2020 and \$5.4 billion from March 31, 2020.

Treasury

Treasury saw a \$26.9 million profit compared to a loss of \$26.2 million in the same quarter a year ago. Credit spreads narrowed since the second quarter of 2020 and reverted to pre-pandemic levels by the end of 2020, contributing to the majority of the increase from the prior year. Interest margin increased \$4.2 million year-over-year, driven by the strong growth in Central 1's investment portfolios. Treasury's cash and liquid assets at March 31, 2021 increased \$4.9 billion from a year ago, supported by growth in deposits. The reduced use of external debt together with lower borrowing costs led to lower interest expense.

Treasury continues to ensure Central 1 has appropriate levels of liquidity to support and maintain confidence in the credit union system. As primary liquidity provider to the credit union system, Central 1 accommodated elevated liquidity within the system. The organization is focused on making the right decisions to create sustainable value.

In January, Central 1 issued successfully a \$250 million, 5-year senior deposit note in advance of a \$350 million senior note maturity. Although Central 1 liquidity levels remain high, Central 1 took advantage of attractive market pricing and conditions and locked in 5-year term funding.

Central 1 focused on supporting our members with our Asset Management Services, which was developed and delivered in partnership with Credential QTrade Securities Inc. This service was created as a direct response to help our members with the MLP transition, from a deposit structure to an investment structure, for the benefit of the credit union system in B.C. and Ontario.

The organization continues to stay engaged, collaborate and listen to our members' needs by providing our expertise, knowledge, training and support to ensure their success.

Payments & Digital Banking Platforms and Experiences

Payments & Digital Banking Platforms and Experiences (DBPX), formerly Digital & Payment Services, experienced a loss of \$2.0 million compared to a loss of \$11.4 million a year ago. This was driven by an increase in *Interac® e-Transfer* volumes, reflecting the ongoing increase in usage of online payments during the COVID-19 pandemic. Investment in strategic initiatives continued in 2021, which included the Payments Modernization initiative, with the amount incurred being \$10.1 million lower year-over-year.

Within Payments, Central 1 is making good progress implementing its Payments Modernization strategy which is designed to position the credit union system and financial services industry for growth and innovation. Central 1 is focused on strategic partnerships with renowned global players, enabling our clients to innovate their payments services as Canadians increasingly adopt a digital-first approach to banking. These negotiations continued in the first quarter.

Central 1 made significant progress in preparation for migration to Payments Canada's new high-value payments system, Lynx. In the first quarter of 2021, Central 1 completed the first cycle of Payments Canada's industry testing within our financial institution testing pod. Overall, we are demonstrating near-perfect pass rates to Payments Canada, which we believe bodes well for a seamless continuation of our clients' wires payments on Lynx go-live day (late in the third quarter of 2021). The second cycle of testing has now begun, including emergency disaster recovery conditions and reconciliation testing.

Central 1 also successfully achieved compliance with a new SWIFT global mandate, which stipulates that all SWIFT payments must include a final confirmation on its outcome. We ensured 99 per cent of payments confirmations were made within two days.

Volumes of *Interac® e-Transfer* transactions are significantly higher compared to the same period last year; a trend that is expected to continue as Canadians accelerate their use of digital payments.

Within DBPX, Central 1 is continuously evaluating its products and strategies with clients and members in mind. As a leader for the credit union system, digital transformation continues to be the primary focus of the DBPX team, which includes guiding clients through the unprecedented changes through COVID-19 and beyond.

Central 1 announced a new Content Management System for the public website offering within our digital banking platform, which empowers clients with the tools needed to deliver the digital experience their members want. Central 1 will continue to assess methods, products, and strategies to deliver the right balance of innovation, continuity and value for the credit union system.

Economic and Financial Markets Overview

Economic prospects for Canada and the broader global economy remained positive despite near-term challenges due to the third wave of the pandemic which was more severe and rapid than anticipated. Optimism reflected the ongoing roll out of vaccinations and fiscal stimulus in the U.S. and Canada. The first quarter growth in Canada has turned out a robust growth performance and potential long term negative impacts have been minimized by the ability of firms and households to adapt to the pandemic restrictions with technology, and ongoing fiscal support. Interest rates remain low, but the BoC is showing signs of exiting excess stimulus through tapering of its quantitative easing program and signaling an earlier than expected rate hike. Uncertainty persists given the spread of the COVID-19 variants. The road to a full recovery will take time and the impact of the pandemic continues to be uneven.

Management's Discussion & Analysis

March 31, 2021

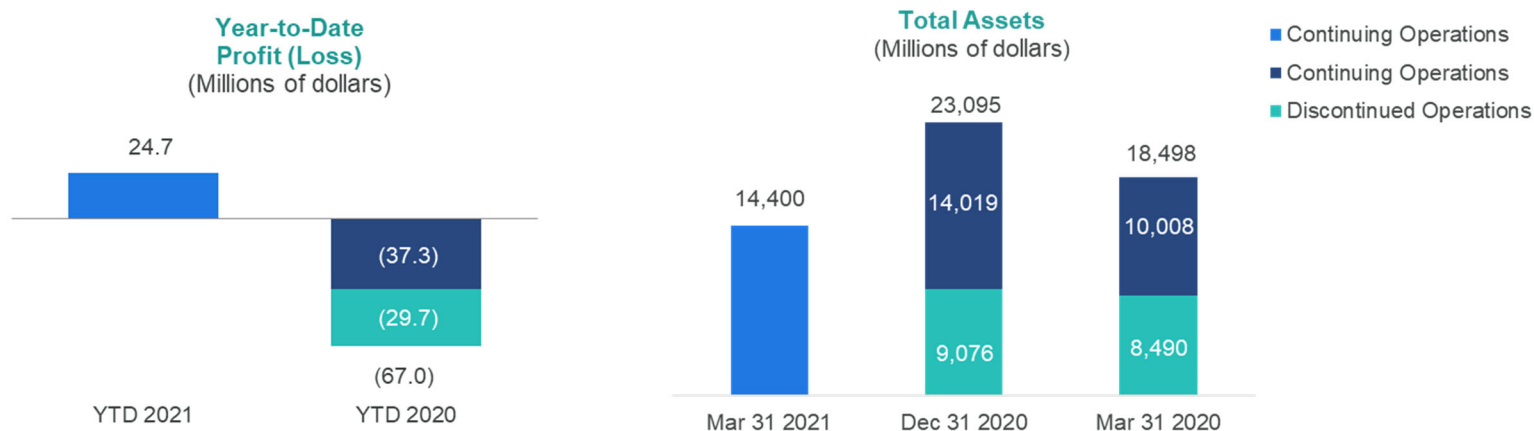
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In this Management's Discussion and Analysis (MD&A), unless the context otherwise requires, references to "Central 1", "we", "us" and "our" refer to Central 1 Credit Union and its subsidiaries. This MD&A is dated May 28, 2021. The financial information included in this MD&A should be read in conjunction with our Interim Consolidated Financial Statements for the periods ended March 31, 2021 and March 31, 2020 (Interim Consolidated Financial Statements), which were authorized for issue by the Board of Directors (the Board) on May 28, 2021. The results presented in this MD&A and in the Interim Consolidated Financial Statements are reported in Canadian dollars. Except as otherwise indicated, financial information included in this MD&A has been prepared in accordance with International Financial Reporting Standards (IFRS) as described in Note 2 of the Interim Consolidated Financial Statements. Additional information may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This MD&A also includes financial information about the credit union systems in British Columbia (B.C.) and Ontario. The B.C. credit union system is made up of all credit unions in B.C. except one credit union that has elected to become a federal credit union, while the Ontario credit union system is made up of only those credit unions that have elected to become our members. In the discussions presented in this report, the two provincial systems are individually referred to as the "British Columbia (B.C.) credit union system" or "B.C. system" and the "Ontario credit union system" or "Ontario system". Where the term "system" appears without regional designation, it refers to our total membership, encompassing credit unions in both provinces. Financial information for the B.C. system has been provided by the B.C. Financial Services Authority (BCFSA) and financial information for the Ontario system has been provided by the Financial Services Regulatory Authority of Ontario. The different provincial regulatory guidelines reduce the comparability of the information between the two systems. We have no means of verifying the accuracy of such information. This information is provided purely to assist the reader with understanding our results and should be read in the proper context. This financial information was prepared using the format and accounting principles developed by these regulators and are not fully consistent with IFRS. For instance, the net operating income reported in this MD&A is not equivalent to income from continuing operations under IFRS.

Overall Performance



(Millions of dollars)	For the three months ended		
	Mar 31 2021	Mar 31 2020	Change
Net financial income (expense), including impairment on financial assets	\$ 37.3	\$ (31.3)	\$ 68.6
Non-financial income	34.7	32.3	2.4
Net financial and non-financial income	72.0	1.0	71.0
Non-financial expense	34.8	31.4	3.4
Strategic initiatives	37.2	(30.4)	67.6
Income taxes (recovery)	6.2	15.7	(9.5)
	6.3	(8.8)	15.1
Profit (loss) after income taxes from continuing operations	\$ 24.7	\$ (37.3)	\$ 62.0
Loss after income taxes from discontinued operations	\$ -	\$ (29.7)	\$ 29.7
Profit (loss)	\$ 24.7	\$ (67.0)	\$ 91.7

Overall, profit from continuing operations for the first quarter of 2021 was \$24.7 million compared to a loss from continuing operations of \$37.3 million in the same period a year ago. Prior year results reflected the impact from the COVID-19 pandemic due to significant widening of credit spreads and rate cuts by the Bank of Canada (BoC). However, credit spreads narrowed since the second quarter of 2020 and reverted to pre-pandemic levels by the end of 2020. Interest margin for the first quarter was a \$16.1 million, benefiting from strong growth in our investment portfolios as a result of credit unions continuing to place greater level of deposits with Central 1. The reduced use of external debt together with a short-term maturity profile of deposits also resulted in a lower interest expense. The first quarter results also included a recovery of \$1.3 million in expected credit loss (ECL), reflecting a favorable change to our economic outlook due to the COVID-19 vaccination rollout. Non-financial income and non-financial expense remained relatively stable and the investments in strategic initiatives continued with the amount spent being \$9.5 million lower year-over-year. Effective the first quarter of 2021, Central 1 no longer has discontinued operations as the Mandatory Liquidity Pool (MLP) was segregated on January 1, 2021.

Management's Discussion and Analysis

As at May 28, 2021

Central 1 Credit Union | 3

Selected Financial Information			
	Mar 31 2021	For the three months ended Mar 31 2020	
			Change
Return on average assets	0.7%	-1.5%	
Return on average equity	12.9%	-24.9%	
Earnings per share (cents)⁽¹⁾			
Basic/Diluted	33.2	(15.2)	48.4
Basic/Diluted from continuing operations	33.2	(8.5)	41.7
Basic/Diluted from discontinued operations	-	(6.7)	6.7
Weighted average shares outstanding (number of shares)	74.3	440.1	(365.8)
Average assets (millions of dollars)	\$ 15,179.0	\$ 17,538.7	\$ (2,359.7)

⁽¹⁾ Earnings per share is calculated based on all classes of shares

Selected Financial Information			
	Mar 31 2021	Dec 31 2020	As at Mar 31 2020
Balance sheet (millions of dollars)			
Total assets	\$ 14,400.3	\$ 23,094.7	\$ 18,497.8
Regulatory ratios			
Tier 1 capital ratio	15.0%	20.9%	29.0%
Provincial capital ratio	20.3%	25.9%	36.2%
Borrowing multiple	15.5:1	17.8:1	14.9:1
Risk weighted assets used in capital ratios (millions of dollars)	\$ 4,186.1	\$ 4,705.8	\$ 3,039.4
Share Information (thousands of dollars, unless otherwise indicated)			
Outstanding \$1 par value shares			
Class A - credit unions	\$ 43,359	\$ 43,359	\$ 43,359
Class B - cooperatives	\$ 5	\$ 5	\$ 5
Class C - other	\$ 7	\$ 7	\$ 7
Class F - credit unions	\$ -	\$ 397,737	\$ 397,737
Outstanding \$0.01 par value shares with redemption value of \$100			
Class E - credit unions	\$ 21	\$ 21	\$ 21
Treasury shares	\$ (2)	\$ (2)	\$ (2)

Certain comparative figures have been represented to conform with the current period's presentation.

The change in total assets correlates to the change in the size of our funding portfolios. Total assets decreased \$8.7 billion from year-end due to the segregation of the MLP on January 1, 2021. Pursuant to agreements entered into by Central 1 with Class A members (Transfer Agreements), \$8.7 billion in MLP deposits were satisfied. Cash and securities (Transferred Assets) of equal value were transferred to each Class A member. Related to the MLP segregation, on January 1, 2021,

all Class F shares were redeemed and cancelled for the redemption price of \$1.00 per share which was paid to the holders of Class F shares on January 8, 2021. The total redemption amount was \$397.7 million. Excluding the MLP assets, total assets at March 31, 2021 increased \$0.4 billion from December 31, 2020 and \$4.4 billion from a year ago, supported by the strong growth in deposits.

Regulatory ratios declined from year-end, largely due to a reduction in Class F Share Capital as a result of the MLP segregation. The borrowing multiple decreased from year-end, largely due to the segregation of mandatory deposits also as a result of the MLP segregation. Central 1 was in compliance with all regulatory capital requirements throughout the reporting periods ended March 31, 2021 and March 31, 2020.

Cautionary Note Regarding Forward-Looking Statements

From time to time, we make written forward-looking statements, including in this MD&A, in other filings with Canadian regulators, and in other communications. In addition, our representatives may make forward-looking statements orally to analysts, investors, the media and others. All such statements may be considered to be forward-looking statements under applicable Canadian securities legislation.

Within this document, forward-looking statements include, but are not limited to, statements relating to our financial performance objectives, vision and strategic goals, the economic, market and regulatory review, the outlook for the Canadian economy and the provincial economies in which our member credit unions operate and the impacts of the COVID-19 pandemic. The forward-looking information provided herein is presented for the purpose of assisting readers in understanding our financial position and results of operations as at and for the periods ended on the dates presented. Forward-looking statements are typically identified by words such as “believe”, “expect”, “anticipate”, “estimate”, “plan”, “will”, “may”, “should”, “could”, or “would” and similar expressions.

Forward-looking statements, by their nature, require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that predictions, forecasts or conclusions will not prove to be accurate, that assumptions may not be correct, and that financial objectives, vision and strategic goals will not be achieved. The future outcomes that relate to the forward-looking statements may be influenced by many factors and assumptions, including but not limited to: assumptions regarding general economic and market conditions; changes in government monetary, fiscal or economic policies; changes in currency and interest rates; the Canadian housing market; legislative and regulatory developments, including tax legislation and interpretation; failure of third parties to comply with their obligations to us; our ability to execute our strategic plans; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; changes in competition; modifications to credit ratings; information technology and cyber security; developments in the technological environment and including assumptions set out under Economic Developments and Outlook below and elsewhere in this MD&A. We caution readers to not place undue reliance on these statements as a number of risk factors could cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors – many of which are beyond our control and the effects of which can be difficult to predict – include business and operations, compliance, credit and counterparty, insurance, liquidity, market, operational risks and risks and uncertainty from the impact of the COVID-19 pandemic.

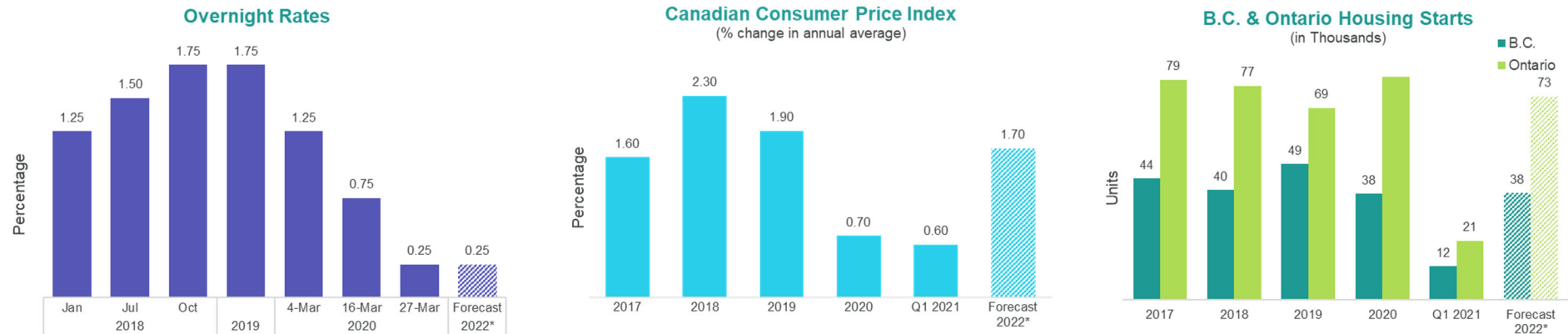
Readers are cautioned that the foregoing list is not intended to be exhaustive and other factors may adversely impact our results. We do not undertake to update forward-looking statements except as required by law.

Additional information about these and other factors can be found in the Factors That May Affect Future Results and Risk Review sections of our 2020 Annual Report.

Economic Developments and Outlook

The following summaries of the economic environment and the state of financial markets offer a context for interpreting our quarterly results and provide insight into our future performance.

Economic Environment



*Forecast source: Central 1 Economics

Economic activity is expected to expand modestly in the United States in the first quarter. Businesses optimism is on the rise as COVID-19 vaccines are distributed widely and pointing to a move to herd immunity, albeit with ongoing risks related to variants. Travel and tourism activity is beginning to pick up, although overall conditions in many regions continue to be constrained by COVID-19 restrictions on the leisure and hospitality sectors. Manufacturing is expected to increase modestly despite the continued challenges from supply chain disruptions. Mortgage rates remain historically low and continue to help spur robust demand for new and existing homes and prices continue to rise. Further buoying the recovery is large scale fiscal support including the \$1.9 trillion American Rescue Plan already passed by the House of Representatives and further support is coming through infrastructure spending. The International Monetary Fund projects GDP to grow at 6.4 per cent for 2021. Market consensus forecasts point to stronger front-loaded growth in the first half of the year. Unemployment has slipped down to 6.0 per cent for the month of March and more jobs are being created.

The Canadian economy remained resilient during the first quarter despite a second wave of COVID-19 that resulted in a tightening of restrictions in many provinces and regions. Latest figures show most industries are expected to have modest gains this quarter, while those industries that are most affected by restrictions are expected to decline. Central 1 Economics expected GDP to come in at 6.0 per cent on the annualize basis for the first quarter. Unemployment has dipped to its lowest levels since the pandemic the pandemic began, finishing off March at 7.5 per cent, but with the third wave of COVID-19 and the new variations spreading rapidly, these numbers are expected to increase again as stay at home measures come in affect and non-essential retail businesses are forced to close. Home sales continue to be robust throughout the country and prices are edging upward but mortgage rates are up from their historic lows and new stringent mortgage stress test requirements might temper these numbers. Vaccination rollout is accelerating in Canada and with that the outlook is good despite the third wave.

Financial Markets

The BoC and the U.S. Federal Reserve continues to hold overnight rates at historic lows but have adjusted their quantitative easing programs and slightly reduced their weekly asset purchases as the outlook for both the global and Canadian economies improve. While short term rates in both markets have remained low, mid-term and long-term government bond yields have moved up along with the optimism in financial markets. Commodity prices continue their year long climb, with

lumber prices at all-time highs. Headline consumer price inflation is expected to surge temporarily in the second quarter due to a combination of a drop in prices early in the pandemic, higher energy prices and other supply chain constraints. Sustained two per cent inflation is not expected until the second half of 2022. Stock markets continue to stay at all-time highs and are expected by many to continue the upward trend.

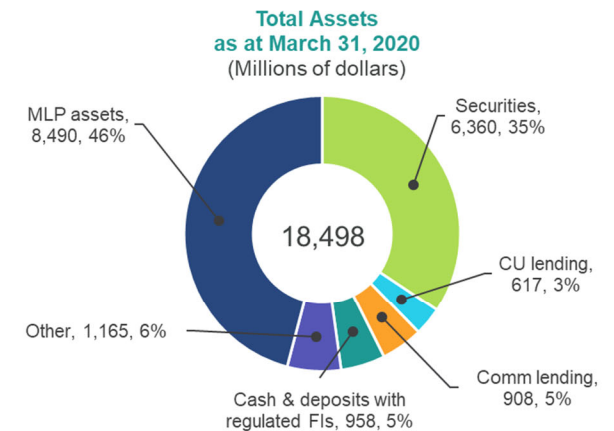
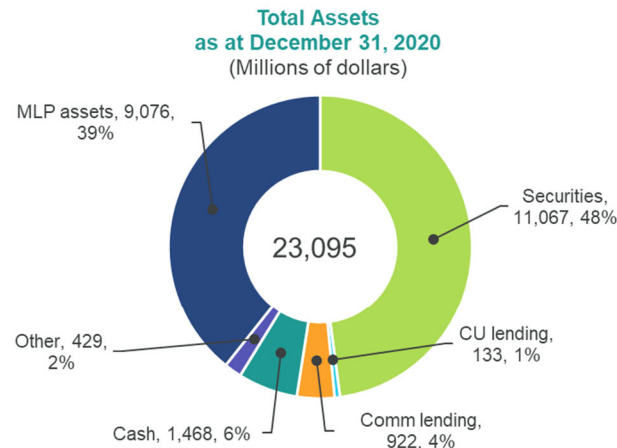
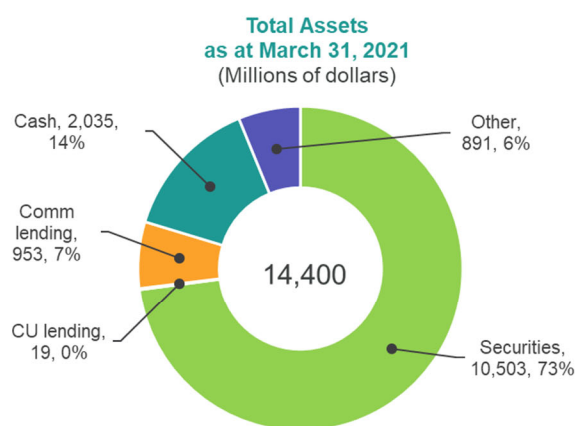
Industry Regulation

While the third wave of the COVID-19 pandemic continued through the first quarter of 2021, the rollout of vaccines has helped mitigate some of the economic impact. As signaled in late 2020, the Canada Emergency Response Benefit (CERB) was extended into 2021, however, redefined with a view to eventually phasing out and transitioning solely to Employment Insurance coverage. Canada Emergency Wage Subsidy (CEWS) is continuing to June 2021, and the Canada Emergency Business Account loan program was extended a further three months, to June 30, 2021.

On January 1, 2021, as part of the MLP segregation process, a new consolidated borrowing multiple of 18:1 came into effect, replacing the previously separated Treasury and MLP borrowing multiples.

Statement of Financial Position

Total Assets



Total assets as at March 31, 2021 reflected Central 1's assets after the MLP segregation on January 1, 2021. Excluding the MLP from total assets as at December 31, 2020, total assets as at March 31, 2021 increased \$0.4 billion from December 31, 2020 and \$4.4 billion from a year ago, supported by strong growth in deposits. In response to the potential economic impact of COVID-19, many credit unions continued to hold elevated levels of liquidity, which translated to additional deposits placed with Central 1.

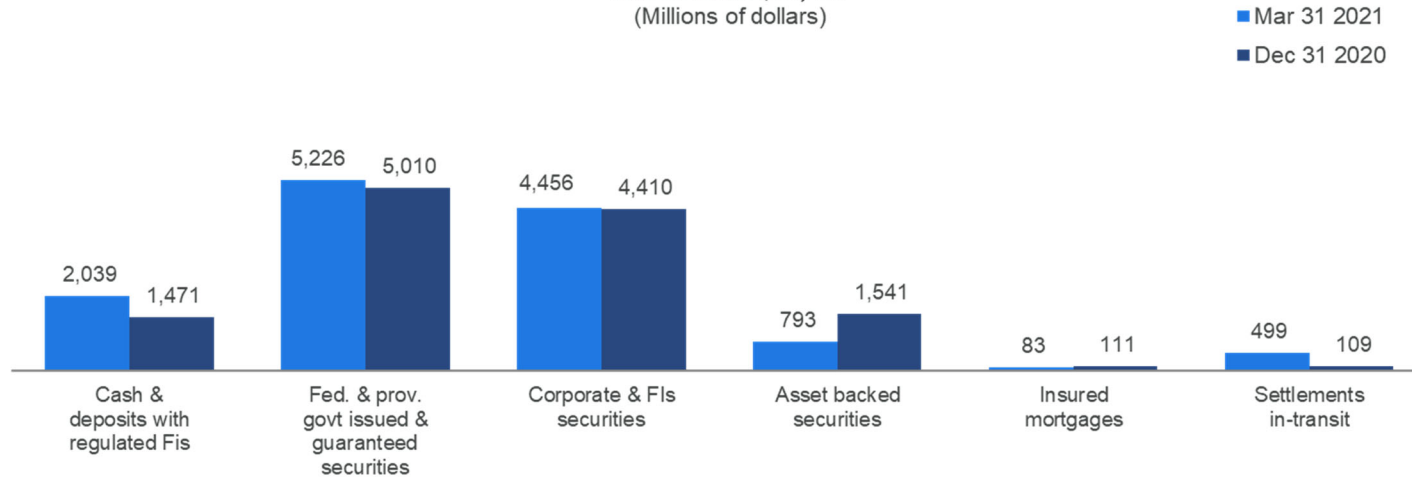
At March 31, 2021, one of Central 1's subsidiaries' assets and liabilities continued to be classified as held for distribution, as a result of the planned distribution of the assets net of liabilities to its credit union shareholders by the end of 2021.

Cash and Liquid Assets

Treasury Liquid Assets

Mar 31 2021: \$13,095

(Millions of dollars)



Mar 31 2021

Treasury

(Millions of dollars)				Treasury		
	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*	
Cash and deposits with regulated financial institutions	\$ 2,038.8	\$ -	\$ 2,038.8	\$ -	\$ 2,038.8	
Federal and provincial government issued and guaranteed securities	5,124.2	101.6	5,225.8	1,487.8	3,738.0	
Corporate and financial institutions securities	4,455.5	-	4,455.5	40.4	4,415.1	
Asset backed securities	792.9	-	792.9	84.0	708.9	
Insured mortgages	82.8	-	82.8	0.5	82.3	
Settlements in-transit	498.7	-	498.7	-	498.7	
Total	\$ 12,992.9	\$ 101.6	\$ 13,094.5	\$ 1,612.7	\$ 11,481.8	

*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

Dec 31 2020 (Millions of dollars)	MLP**	Treasury				
	Liquid Assets	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	\$ 943.0	\$ 1,471.0	\$ -	\$ 1,471.0	\$ -	\$ 1,471.0
Federal and provincial government issued and guaranteed securities	6,009.6	4,958.8	51.6	5,010.4	1,425.7	3,584.7
Corporate and financial institutions securities	2,101.1	4,410.4	-	4,410.4	14.7	4,395.7
Asset backed securities	21.9	1,540.5	-	1,540.5	90.0	1,450.5
Insured mortgages	-	111.1	-	111.1	13.3	97.8
Settlements in-transit	-	108.8	-	108.8	-	108.8
Total	\$ 9,075.6	\$ 12,600.6	\$ 51.6	\$ 12,652.2	\$ 1,543.7	\$ 11,108.5

*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

** Assets of the MLP segment only include MLP assets held for segregation.

Mar 31 2020 (Millions of dollars)	MLP**	Treasury				
	Liquid Assets	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	\$ 17.3	\$ 962.7	\$ -	\$ 962.7	\$ -	\$ 962.7
Federal and provincial government issued and guaranteed securities	6,468.2	3,530.2	695.5	4,225.7	1,731.5	2,494.2
Corporate and financial institutions securities	1,909.3	2,201.5	-	2,201.5	12.2	2,189.3
Asset backed securities	88.6	403.5	-	403.5	69.6	333.9
Insured mortgages	-	180.4	-	180.4	70.3	110.1
Settlements in-transit	-	172.3	-	172.3	-	172.3
Total	\$ 8,483.4	\$ 7,450.6	\$ 695.5	\$ 8,146.1	\$ 1,883.6	\$ 6,262.5

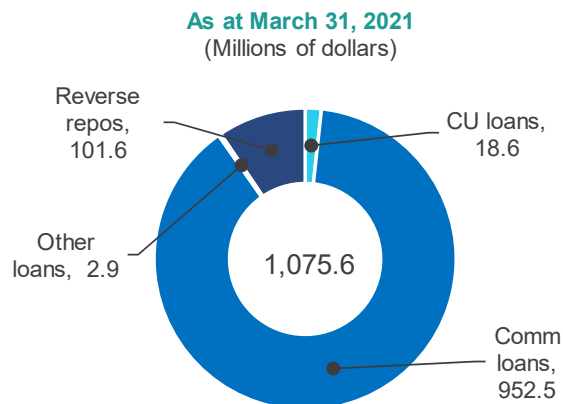
*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

** Assets of the MLP segment only include MLP assets held for segregation.

Central 1 manages its liquidity by maintaining a portfolio of high-quality liquid assets to ensure that credit unions have access to reliable and cost-effective sources of liquidity.

Many credit unions continue to hold elevated levels of liquidity in response to the potential economic impact of COVID-19. As a result, Central 1 has seen an increase in the deposits held at Central 1 since the pandemic started in 2020. This was evident in Treasury's cash and liquid assets as at March 31, 2021 which increased by \$0.4 billion from December 31, 2020 and \$4.9 billion from a year ago.

Loans



(Millions of dollars)	Mar 31 2021	Dec 31 2020	Mar 31 2020
Loans to credit unions	\$ 18.6	\$ 133.0	\$ 617.4
Commercial loans	952.5	922.4	908.4
Other loans	2.9	4.0	9.7
	955.4	926.4	918.1
Reverse repurchase agreements	101.6	51.6	695.2
	\$ 1,075.6	\$ 1,111.0	\$ 2,230.7

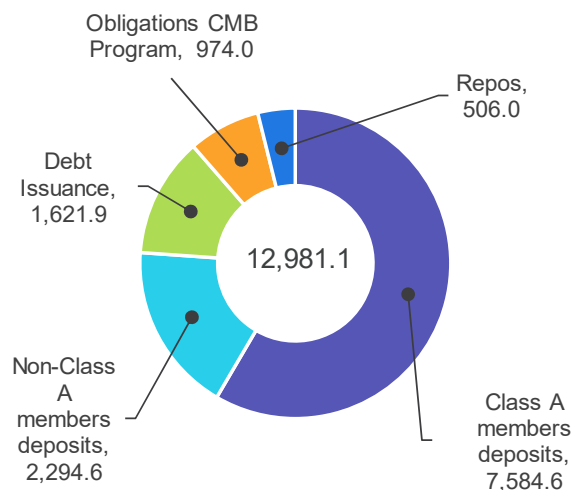
*Total loan balances are before the allowance for credit losses and exclude accrued interest, premium and fair value hedge adjustment.

Central 1 provides clearing lines of credit and short- and medium-term loans to its members. All lending activities are closely integrated and coordinated within their liquidity management framework. Clearing lines of credit are available in two currencies and used to cover cash requirements arising from the settlement of payment transactions. Short-term loans are used by credit unions primarily for cash management purposes for short-term liquidity needs. Central 1 also participates in loan syndications with its members which is categorized as commercial loans on the Interim Consolidated Statement of Financial Position.

Credit unions have repaid most of their outstanding loans to Central 1. As at March 31, 2021, loans to credit unions decreased by \$114.4 million to \$18.6 million from \$133.0 million as at December 31, 2020. Additionally, as at March 31, 2021 commercial loans grew by \$30.1 million to \$952.5 million from \$922.4 million.

Funding

As at March 31, 2021
(Millions of dollars)



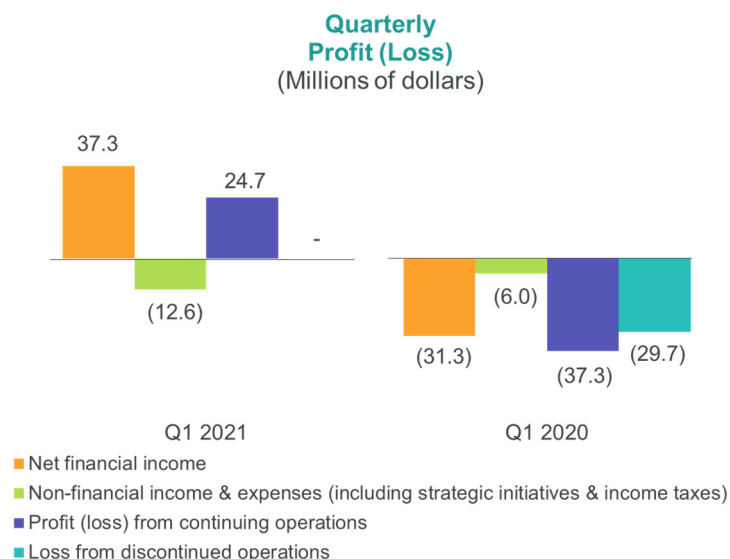
(Millions of dollars)	Mar 31 2021	Dec 31 2020	Mar 31 2020
Deposits			
Mandatory deposits held for segregation	\$ -	\$ 8,676.5	\$ 8,006.0
Non-mandatory deposits	7,584.6	7,754.6	3,574.0
Deposits from Class A members	7,584.6	16,431.1	11,580.0
Deposits from non-Class A members	2,294.6	1,610.9	923.0
	9,879.2	18,042.0	12,503.0
Debt Issuance			
Commercial paper	193.6	250.2	652.7
Medium-term notes	1,205.0	1,304.4	1,310.6
Subordinated liabilities	223.3	221.7	223.0
	1,621.9	1,776.3	2,186.3
Obligations under the Canada Mortgage Bond (CMB) Program	974.0	909.7	961.1
Securities under repurchase agreements	506.0	513.5	815.7
	\$ 12,981.1	\$ 21,241.5	\$ 16,466.1

Central 1's primary funding source for Treasury is credit unions' excess liquidity deposits. Further funding diversification is achieved through the issuance of commercial paper, medium-term notes, subordinated debt and participation in securitization programs.

Excluding the mandatory deposits held for segregation, which was discharged on January 1, 2021, total deposits increased \$0.5 billion from December 31, 2020 and \$5.4 billion from a year ago, as many credit unions increased their liquidity in response to potential economic impacts of COVID-19. Total debt issued decreased \$0.2 billion from December 31, 2020 and \$0.6 billion from a year ago. This was driven by a reduction in commercial paper and medium-term notes as they matured due to continued elevated levels of non-mandatory deposits from credit unions that increased their liquidity in response to potential economic impacts of COVID-19.

Statement of Profit (Loss)

Q1 2021 vs Q1 2020



Effective the first quarter of 2021, Central 1 no longer has discontinued operations as the MLP was segregated on January 1, 2021.

Profit from continuing operations for the first quarter of 2021 was \$24.7 million, compared to a loss from continuing operations of \$37.3 million in the same period a year ago. Prior year results reflected the impact from the COVID-19 pandemic due to significant widening of credit spreads and rate cuts by the BoC. However, credit spreads narrowed since the second quarter of 2020 and reverted to pre-pandemic levels by the end of 2020, contributing to majority of the year-over-year increase.

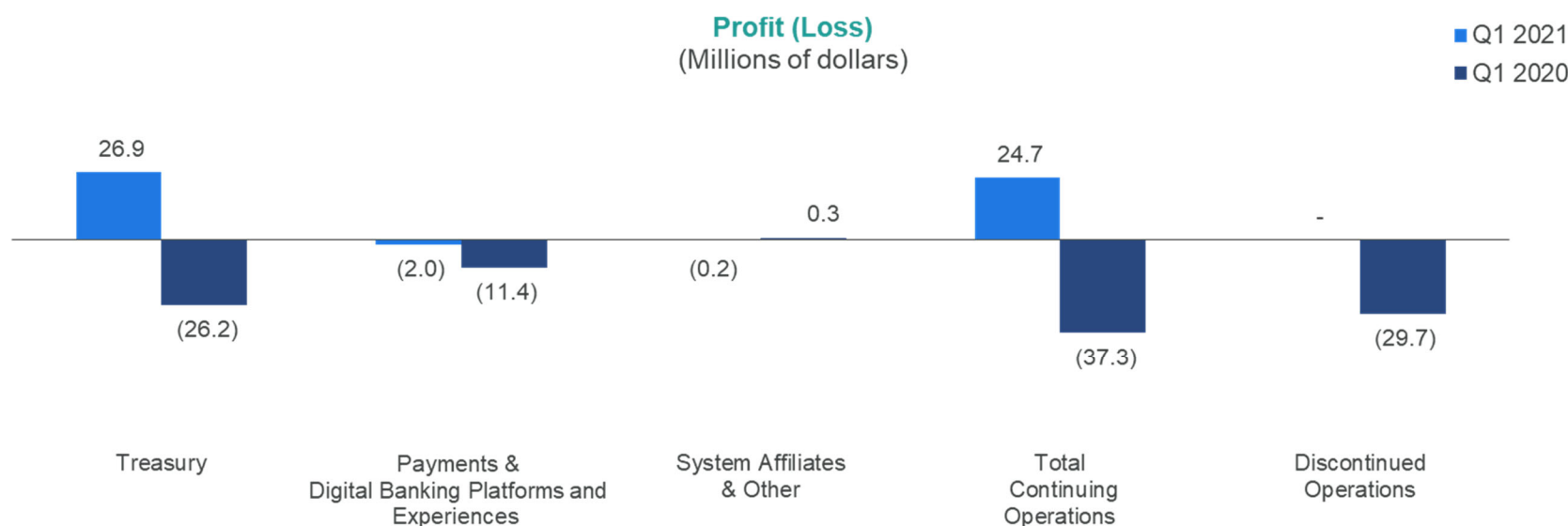
The strong growth in our investment portfolios together with reduced external debt contributed to a \$16.1 million interest margin reported in the first quarter of 2021. The first quarter results also included a recovery of \$1.3 million in ECL, reflecting a favorable change to our economic outlook due to the COVID-19 vaccination rollout. Investments in strategic initiatives continued in the first quarter of 2021, consistent with the prior year and Central 1's long-term strategic plan, with the amount spent being \$9.5 million lower from the same period last year. Non-financial income and non-financial expense remained relatively stable year-over-year.

Results by Segment

Central 1's operations and activities are reported around two key business segments: Treasury, and Payments & Digital Banking Platforms and Experiences (DBPX), formerly Digital & Payment Services. On January 1, 2021, the MLP was segregated with settlement occurring on the first business day, January 4, 2021. All other activities or transactions are reported in System Affiliates & Other including Central 1's investments in equity shares of system-related entities, other than the wholly owned subsidiaries. The costs of Corporate Support functions are attributed to business lines as appropriate, with unattributed amounts included in System Affiliates & Other.

Periodically, certain business lines and units are transferred among business segments to more closely align our organizational structure with Central 1's strategic priorities. Results for prior periods are restated accordingly to conform to the current period presentation.

Q1 2021 vs Q1 2020



Management's Discussion and Analysis

As at May 28, 2021

Central 1 Credit Union | 13

For the three months ended March 31, 2021

(Millions of dollars)	Treasury		Payments & Digital Banking Platforms and Experiences		System Affiliates & Other		Total
Net financial income, including impairment on financial assets	\$	37.3	\$	-	\$	-	\$ 37.3
Non-financial income		8.8		24.9		1.0	34.7
Net financial and non-financial income		46.1		24.9		1.0	72.0
Non-financial expense		9.3		24.2		1.3	34.8
		36.8		0.7		(0.3)	37.2
Strategic initiatives		-		3.4		2.8	6.2
Profit (loss) before income taxes		36.8		(2.7)		(3.1)	31.0
Income tax expense (recovery)		9.9		(0.7)		(2.9)	6.3
Profit (loss) after income taxes from continuing operations	\$	26.9	\$	(2.0)	\$	(0.2)	\$ 24.7
Profit (loss) after income taxes from discontinued operations							-
Profit (loss)	\$	26.9	\$	(2.0)	\$	(0.2)	\$ 24.7

For the three months ended March 31, 2020

(Millions of dollars)	Treasury		Payments & Digital Banking Platforms and Experiences		System Affiliates & Other		Total
Net financial income (expense), including impairment on financial assets	\$	(31.2)	\$	(0.1)	\$	-	\$ (31.3)
Non-financial income		8.5		22.5		1.3	32.3
Net financial and non-financial income		(22.7)		22.4		1.3	1.0
Non-financial expense		8.3		22.5		0.6	31.4
		(31.0)		(0.1)		0.7	(30.4)
Strategic initiatives		-		13.5		2.2	15.7
Loss before income taxes		(31.0)		(13.6)		(1.5)	(46.1)
Income taxes recovery		(4.8)		(2.2)		(1.8)	(8.8)
Profit (loss) after income taxes from continuing operations	\$	(26.2)	\$	(11.4)	\$	0.3	\$ (37.3)
Loss after income taxes from discontinued operations							(29.7)
Profit (loss)	\$	(26.2)	\$	(11.4)	\$	0.3	\$ (67.0)

Certain comparative figures have been reclassified to conform with the current period's presentation.

Treasury

Treasury saw a \$26.9 million profit compared to a loss of \$26.2 million in the same quarter a year ago. Prior year results reflected the impact from the COVID-19 pandemic due to significant widening of credit spreads and rate cuts by the BoC. However, credit spreads narrowed since the second quarter of 2020 and reverted to pre-pandemic levels by the end of 2020, contributing to the majority of the increase from the prior year. Interest margin was \$16.1 million during the first quarter of 2021 reflecting elevated level of excess deposits and the reduced use of external debt. Treasury's first quarter results also included a recovery of \$1.3 million in ECL, reflecting a favorable change to our economic outlook due to the COVID-19 vaccination rollout. Non-financial income and non-financial expense remained relatively stable year-over-year.

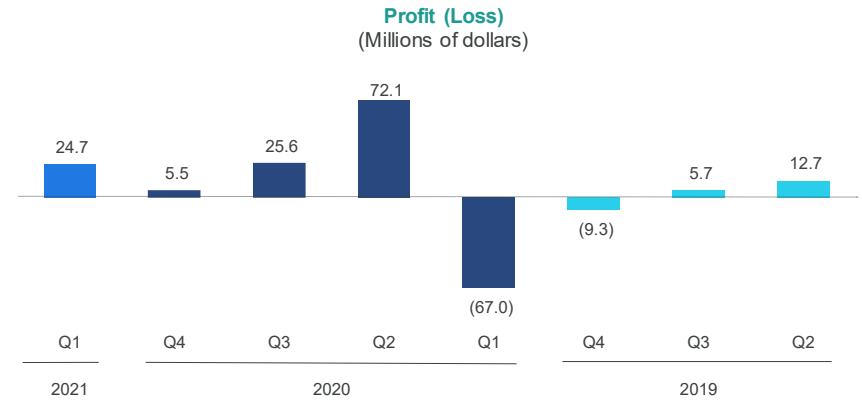
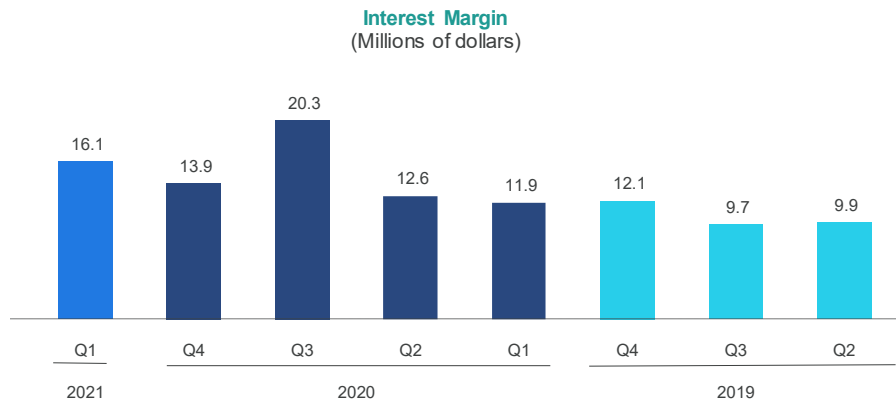
Payments & Digital Banking Platforms and Experiences

Payments & Digital Banking Platforms and Experiences (DBPX), formerly Digital & Payment Services, experienced a loss of \$2.0 million compared to a loss of \$11.4 million a year ago. This was driven by an increase in *Interac® e-Transfer* volumes, reflecting the ongoing increase in usage of online payments during the COVID-19 pandemic. Offsetting this was the investment in strategic initiatives which included the Payments Modernization initiative, with the amount spent being \$10.1 million lower compared to the same period last year.

System Affiliates & Other

System Affiliates & Other reported a loss of \$0.2 million, compared to a profit of \$0.3 million in the same quarter last year. This was driven by higher spending on corporate expenditures and investments in strategic initiatives including the development of a new banking system, a new accounting system and other initiatives aimed to expand corporate efficiency.

Summary of Quarterly Results



(Thousands of dollars, except as indicated)	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Interest income	\$ 36,532	\$ 35,639	\$ 45,086	\$ 39,695	\$ 46,084	\$ 51,233	\$ 48,655	\$ 49,739
Interest expense	20,398	21,776	24,751	27,105	34,175	39,174	38,932	39,814
Interest margin	16,134	13,863	20,335	12,590	11,909	12,059	9,723	9,925
Gain (loss) on disposal of financial instruments	6,134	20,938	6,150	5,686	747	(1,113)	(294)	16,099
Change in fair value of financial instruments	13,672	(1,532)	5,337	40,707	(42,766)	7,702	2,197	(8,568)
Impairment loss (recovery) on financial assets	(1,346)	(596)	(202)	2,414	1,222	364	(37)	46
Net financial income (expense)	37,286	33,865	32,024	56,569	(31,332)	18,284	11,663	17,410
Non-financial income*	34,670	39,094	33,965	33,638	32,955	26,974	37,696	36,975
Non-financial expense*	41,031	77,869	41,665	44,235	47,768	64,957	46,827	48,869
	(6,361)	(38,775)	(7,700)	(10,597)	(14,813)	(37,983)	(9,131)	(11,894)
Profit (loss) before income taxes	30,925	(4,910)	24,324	45,972	(46,145)	(19,699)	2,532	5,516
Income taxes (recovery)	6,257	(8,406)	4,165	6,042	(8,835)	(2,116)	(295)	524
Profit (loss) after income taxes from continuing operations	24,668	3,496	20,159	39,930	(37,310)	(17,583)	2,827	4,992
Profit (loss) after income taxes from discontinued operations	-	2,003	5,453	32,129	(29,724)	8,238	2,906	7,668
Profit (loss)	\$ 24,668	\$ 5,499	\$ 25,612	\$ 72,059	\$ (67,034)	\$ (9,345)	\$ 5,733	\$ 12,660
Weighted average shares outstanding (millions)	74.3	441.1	441.1	441.1	440.1	434.7	431.2	431.1
Earnings per share (cents)**								
Basic/Diluted	33.2	1.2	5.8	16.3	(15.2)	(2.1)	1.3	2.9
Basic/Diluted from continuing operations	33.2	0.8	4.6	9.0	(8.5)	(4.0)	0.6	1.1
Basic/Diluted from discontinued operations	-	0.4	1.2	7.3	(6.7)	1.9	0.7	1.8

*Non-financial income and non-financial expense includes investments in strategic initiatives

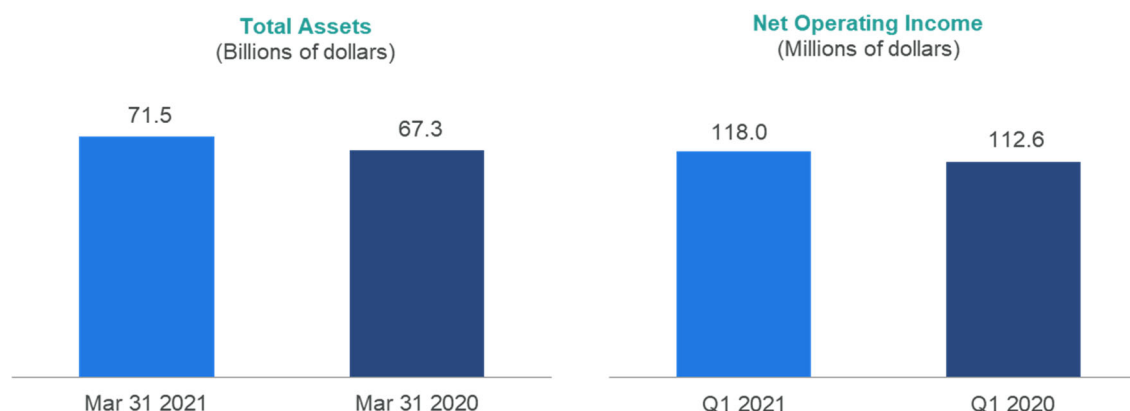
**Earnings per share calculated for Central 1 must be taken in the context that member shares may not be traded or transferred except with the consent of Central 1's Board of Directors.

The first quarter of 2021 reflected a continuation of trends caused by the COVID-19 pandemic in 2020. Interest margin increased relative to 2019 and 2020 as a result of credit unions continuing to hold elevated levels of liquidity at Central 1. Additionally, credit spreads narrowed since the second quarter of 2020 and reverted back to pre-pandemic levels by the end of 2020, resulting in net realized and unrealized gains being seen since then. The first quarter of 2021 benefitted from the increased mid-term and long-term government bond yields, which led to the ability to recognize net realized and unrealized gains during the quarter.

Despite the impact from the COVID-19 pandemic, non-financial income remained relatively stable, primarily driven by increased revenue from higher *Interac® e-Transfer* volumes, a trend that is expected to continue as Canadians accelerate their use of digital payments. Non-financial expense was also consistent over the past eight quarters except for the fourth quarters of 2020 and 2019 which experienced increases largely due to the charges related to intangible assets.

System Performance

British Columbia



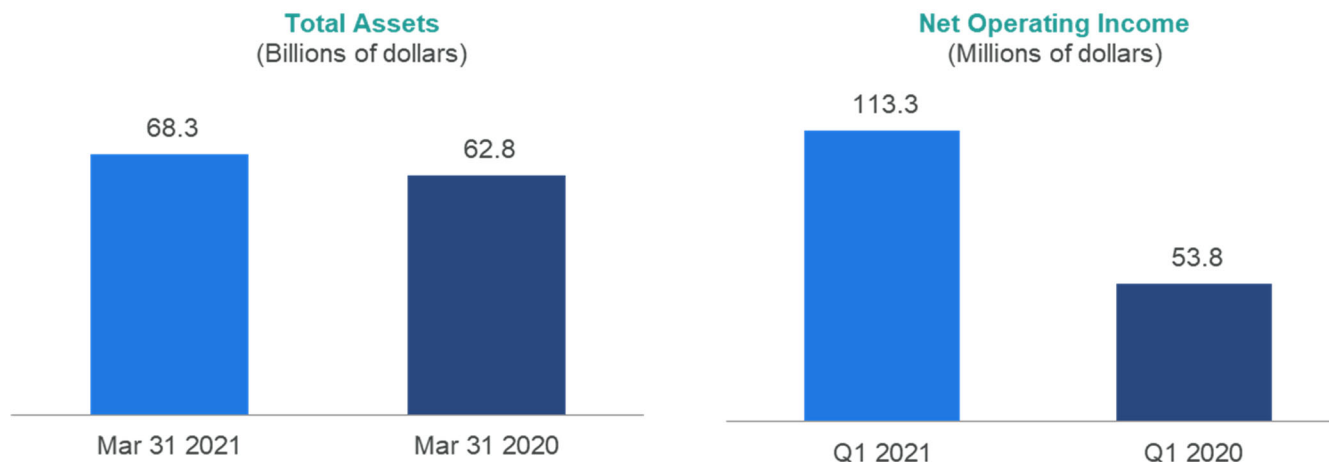
The B.C. system's net operating income for the first quarter of 2021 was \$118.0 million, up \$5.4 million or 4.8 per cent from the same period in 2020. Net interest income increased \$15.9 million or 5.0 per cent over the same period of last year. Non-interest income decreased by \$26.0 million or 24.3 per cent year-over-year, led by a \$33.7 million decrease in other non-interest income. Non-interest expense decreased by \$15.3 million or 4.9 per cent as loan losses were recovered.

Total assets increased \$4.2 billion or 6.2 per cent year-over-year to reach \$71.5 billion at the end of the first quarter. Asset growth was led by a 38.7 per cent increase in cash and investments. Total liabilities increased \$3.9 billion led by a 32.5 per cent increase in non-registered demand deposits.

The system's rate of loan delinquencies over 90 days was 0.18 per cent of total loans at the end of March 2021, down 13 basis points (bps) from a year ago. The B.C. system's loan loss expense ratio was negative 0.03 per cent annualized in the first quarter of 2021, down 14 bps from a year ago.

The B.C. system had \$31.6 billion in risk weighted assets (RWA) and regulatory capital as a percentage of RWA was 15.8 per cent at the end of March 2021, up 65 bps from a year ago. The aggregate liquidity ratio of the B.C. system, including that held by Central 1, was 20.7 per cent of deposit and debt liabilities, up 523 bps from a year ago. The B.C. system's return on assets was 0.67 per cent annualized in the first quarter, down one bp from a year ago.

Ontario



The Ontario system's net operating income for the first quarter of 2021 was \$113.3 million, up 110.6 per cent from a year earlier. Net interest income increased \$41.9 million or 15.3 per cent over the same period last year to \$315.8 million. Non-interest income increased \$2.3 million year-over-year or 3.4 per cent, led by higher revenue in services charges and loan/commitment fees. Non-interest expense decreased \$15.5 million or 5.4 per cent, driven by a decline in loan costs, which decreased \$12.5 million year-over-year.

Total assets increased 8.8 per cent year-over-year to reach \$68.3 billion at the end of the first quarter of 2021 led by a \$4.3 billion increase in cash and investments. Total liabilities increased 8.9 per cent year-over-year to reach \$63.8 billion at the end of March 31, 2021, led by growth in demand deposits, which were up 26.4 per cent or \$5.0 billion.

The rate of loan delinquencies over 90 days was 0.4 per cent of total loans at the end of March 2021, up three bps year-over-year. Provision for credit losses as a percentage of loans was 0.41 per cent, up 14 bps from a year earlier. The Ontario system's loan loss expense ratio was 0.03 per cent annualized in the first quarter of 2021, down nine bps from the prior year.

The Ontario system's RWA was \$30.5 billion and regulatory capital as a percentage of RWA was 13.6 per cent at the end of March 2021, up 35 bps from a year ago. The aggregate liquidity ratio, including that held by Central 1, was 20.7 per cent of deposit and debt liabilities, up 767 bps from a year ago. The Ontario system's return on assets was 0.67 per cent annualized in the first quarter, up 32 bps year-over-year.

Off-Balance Sheet Arrangements

In the normal course of business, Central 1 enters into off-balance sheet arrangements, which fall into the following main categories: derivative financial instruments, guarantees and commitments, and assets under administration.

Derivative Financial Instruments

(Millions of dollars)			Notional Amount	
	Mar 31 2021	Dec 31 2020	Mar 31 2020	
Interest rate contracts				
Bond forwards	\$ 80.0	\$ 40.1	\$ 90.7	
Futures contracts	1,383.0	2,209.0	835.0	
Swap contracts	34,347.2	34,375.8	34,886.7	
	35,810.2	36,624.9	35,812.4	
Foreign exchange contracts				
Foreign exchange forward contracts	664.3	568.2	330.7	
Other derivative contracts				
Equity index-linked options	177.9	171.3	169.8	
	\$ 36,652.4	\$ 37,364.4	\$ 36,312.9	

Central 1 acts as a swap intermediary between the Canada Housing Trust and member credit unions and additionally provide derivative capabilities to member credit unions to be used in the asset/liability management of their respective balance sheets. Central 1 also acts as a swap counterparty with the Canada Mortgage Housing Corporation in the Insured Mortgage Purchase Program, to provide support for its members' liquidity.

Derivatives are recognized in our Interim Consolidated Statement of Financial Position at fair value. The notional amounts of these derivatives are not presented on our Interim Consolidated Statement of Financial Position as they do not represent actual amounts exchanged. Counterparty credit risk arising from derivative contracts is managed within the context of our overall credit risk policies and through the existence of Credit Support Annex (CSA) agreements and general security agreements. Central 1's counterparty credit exposure to Central 1's Class A member credit unions is secured by individual general security agreements. CSA agreements are in place with all other derivatives counterparties. Under a CSA, net fair value positions are collateralized with high quality liquid securities.

Guarantees, Commitments and Contingencies

The following table presents the maximum amounts of credit that Central 1 could be required to extend if commitments were to be fully utilized, and the maximum amounts of guarantees that could be in effect if the maximum authorized committed amounts were transacted.

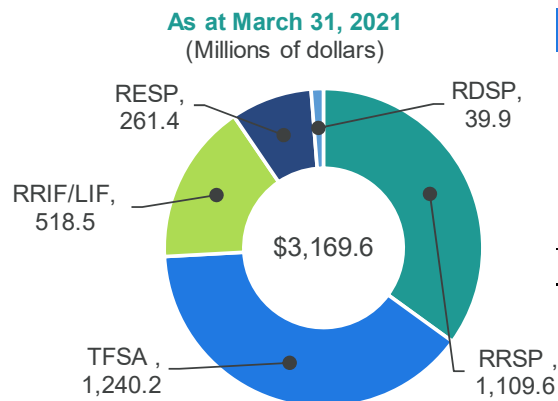
(Millions of dollars)	Mar 31 2021	Dec 31 2020	Mar 31 2020
Commitments to extend credit	\$ 4,965.2	\$ 4,800.9	\$ 4,450.5
Guarantees			
Financial Guarantees	\$ 769.6	\$ 767.6	\$ 662.6
Performance Guarantees	\$ 100.0	\$ 100.0	\$ 100.0
Standby letters of credit	\$ 236.5	\$ 237.2	\$ 213.3
Future prepayment swap reinvestment commitment	\$ 1,503.9	\$ 1,646.8	\$ 1,421.0

In the normal course of business, Central 1 enters into various off-balance sheet arrangements to meet the financing, credit, and liquidity requirements of our member credit unions. These are in the form of commitments to extend credit, guarantees, and standby letter of credit.

Commitments to extend credit, representing undrawn commitments, increased \$164.3 million from December 31, 2020. This is reflected in the lower balance of credit union loans as greater liquidity in the credit union system allows credit unions to pay down their debt with us and lessens the need for them to draw on their credit. Financial guarantees and standby letters of credit were in line with the year-end. Future prepayment swap reinvestment commitments decreased \$142.9 million from December 31, 2020 due to the maturity of National Housing Act Mortgage-Backed Securities (NHA MBS) which was reinvested in Central 1's prepayment swap program, reflective of the higher reinvestment assets balance under this program.

From time to time Central 1 issues performance guarantees related to the Asset Backed Commercial Paper Program. The performance guarantees represented in the table above are the maximum limits for parties in existing contractual obligations. Central 1 also issues blanket approvals for performance guarantees on a non-committed basis which will become contractual obligations for specified amounts if requested and authorized by us, at our sole discretion. Central 1 has the ability to unilaterally withdraw anytime from these approved limits.

Assets under Administration



(Millions of dollars)	Mar 31 2021	Dec 31 2020	Mar 31 2020
Registered Retirement Savings Plans (RRSP)	\$ 1,109.6	\$ 1,077.2	\$ 1,106.4
Tax-Free Savings Accounts (TFSA)	1,240.2	1,196.4	1,139.6
Registered Retirement Income Funds/Life Income Funds (RRIF/LIF)	518.5	526.9	492.4
Registered Education Savings Plans (RESP)	261.4	262.4	248.1
Registered Disability Savings Plans (RDSP)	39.9	37.8	34.9
	\$ 3,169.6	\$ 3,100.7	\$ 3,021.4

Assets under Administration (AUA) mainly include government approved registered plans for tax deferral purposes, which are trustee and administered by Central 1 or one of its wholly owned subsidiaries. Central 1 provides trust and administrative services on AUA for the beneficial owners and members of the B.C. credit union system and Class C members. The subsidiary provides the same services for members of the Ontario and Manitoba credit union system and Class C members.

An overall increase in business from both Ontario and B.C., along with market value appreciation, contributed to a 4.9 per cent increase in total AUA from a year ago. Notable trends show that the AUA of RDSP and TFSA increased by 14.3 per cent and 8.8 per cent respectively from a year ago. Economic outlooks reflect an upward trend in TFSA growth due to its increasing popularity amount investors as an alternative to RRSP and the desire to keep cash at hand during this period of financial uncertainty. Additional, modest RDSP growth is attributable to Canada Revenue Agency's national awareness campaign targeting qualified beneficiaries. All other registered products also had moderate increases from a year ago largely due to increased sales, contributions, RRIF transfers, together with market value appreciation over the past year.

Capital Management and Capital Resources

Central 1 manages capital to maintain strong capital ratios in support of the risks and activities of the organization. In addition to the regulatory requirements, we maintain capital to meet the expectations of credit rating agencies, to accommodate credit union system growth and to maintain internal capital ratios.

Capital Management Framework

Central 1's capital management framework provides the policies and processes for defining, measuring, and allocating all types of capital across the organization. It defines the roles and responsibilities for assessing capital adequacy, dividends and management of regulatory capital requirements.

A key component of our capital management framework is the annual capital planning process that involves teams from across the organization. Capital planning has two key integrated components, the annual budget process which establishes operating targets for the organization and the Internal Capital Adequacy Assessment Process in order to determine the required capital to cover material risks to which the organization is exposed. The capital planning process includes forecasted growth in assets, earnings and capital considering projected market conditions. These components are monitored throughout the year.

Central 1's share capital, with the exception of nominal amounts, is entirely contributed by Class A members, which are comprised of member credit unions in B.C. and Ontario. These Class A members, collectively, hold Class A, and E shares, and historically Class F shares. Central 1's Constitution and Rules (Rules) require

an annual rebalancing of Class A share capital based on each Class A members' consolidated assets in proportion to the total consolidated assets of all Class A members at the immediately preceding fiscal year-end.

Regulatory Capital

(Millions of dollars)	Mar 31 2021	Dec 31 2020	Mar 31 2020
Share capital	\$ 43.4	\$ 441.1	\$ 441.1
Retained earnings	706.6	684.2	593.6
Less: accumulated net after tax gain in investment property	(4.7)	(4.7)	(4.7)
Tier 1 capital	745.3	1,120.6	1,030.0
Subordinated debt	221.0	221.0	221.0
Add: accumulated net after tax gain in investment property	4.7	4.7	4.7
Tier 2 capital	225.7	225.7	225.7
Total capital	971.0	1,346.3	1,255.7
Statutory capital adjustments	(113.8)	(106.3)	(105.2)
Net capital base	\$ 857.2	\$ 1,240.0	\$ 1,150.5
Borrowing multiple - Consolidated	15.5:1	17.8:1	14.9:1
Borrowing multiple - Mandatory Liquidity Pool	n/a	18.1:1	17.4:1
Borrowing multiple - Treasury	n/a	18.6:1	14.2:1

In determining regulatory capital, adjustments are required to the amount of capital reflected in our Interim Consolidated Statement of Financial Position. Deductions from capital are required for certain investments, including substantial investments in affiliated cooperative organizations. The computation of the provincial capital base is broadly similar to the federal regulatory capital used for borrowing multiple purposes.

On September 30, 2020 BCFSA announced that as of January 1, 2021 and until further notice, BCFSA will set Central 1's borrowing multiple limit at 18.0:1 and will apply the multiple to Central 1's Interim Consolidated Statement of Financial Position. Central 1 manages the borrowing multiple through growth in retained earnings and subordinated debt.

On October 2, 2020, Central 1 announced that its members passed a special resolution, approving amendments to its Rules. The amendments became effective on January 1, 2021. The amendments remove the requirement in Central 1's Rules for Class A members to maintain on deposit with Central 1 at least the amount that the member is required by a regulatory body to maintain in liquid form, excluding that amount maintained in cash, as required by applicable legislation. The amendments also remove all provisions in the Rules relating to Class F shares. Under Central 1's Rules prior to the amendments becoming effective, Class F shares were issued to Class A members that had deposits in the MLP. In conjunction with the segregation of the MLP on January 1, 2021, Central 1 redeemed all outstanding Class F Shares for the redemption price of \$1.00 per share which was paid out to the holders of Class F shares on January 8, 2021.

At March 31, 2021, Central 1's consolidated borrowing multiple was 15.5:1 compared to 14.9:1 at March 31, 2020, driven by increased levels of deposits seen in the system in the last twelve months.

Central 1 was in compliance with all regulatory capital requirements throughout the reporting periods ended March 31, 2021 and March 31, 2020.

Risk Review

This section of the MD&A should be read in conjunction with the Risk Review section of our 2020 Annual Report.

Central 1 manages risk and performs risk oversight based on a comprehensive risk governance framework, including risk management policies that establish frameworks, processes and a comprehensive risk appetite framework for all of our risk-taking activities and oversight operations.

Central 1 recognizes that reputation is among their most important assets, and actively seeks to maintain a positive reputation both for themselves and for the credit union system. The potential for a deterioration of stakeholders' trust in the organization arises from a number of outcomes dealt with under the identified risk categories below. These potential impacts include revenue loss, litigation and regulatory action.

Central 1's risk management framework includes the identification, assessment, mitigation, measurement, monitoring and reporting of reputational threats and impacts that arise from business activities.

COVID-19 Update

The COVID-19 pandemic caused major socioeconomic changes in 2020 and the Canadian Government acted to extend government relief programs through 2021. Given the variety of measures introduced by local, provincial and federal governments and the quantitative easing introduced by the BoC, forecasting the timing and extent of the economic downturn and recovery caused by COVID-19 is extremely difficult.

Central 1 has developed plans to safely reopen its office spaces but timing is dependent upon provincial guidelines. Staff continue to work from home in most cases. In the first quarter of 2021, vaccinations were being rolled out by provincial authorities and planned to ensure at least one dose to everyone by the third quarter. Governments are shifting their attention to when best to ease emergency support programs, lift travel restrictions and bolster growth.

Strategic Risk

Strategic risk arises when we fail to respond appropriately to changes in our internal and external environment which in turn may affect our ability to meet stakeholder expectations and to deliver on our vision, mission and core mandate. Strategic risk is affected by the choices management makes with respect to the development of future offerings as well as our ability to deliver these offerings in a timely manner.

To manage strategic risk, management monitors closely the current landscape of the credit union system and the emerging industry and regulatory trends that can affect this landscape. Management then incorporates its informed understanding into its strategic planning process to determine key strategic initiatives and to develop and/or maintain the capabilities needed to deliver on these initiatives.

In 2020, Central 1 had six strategic initiatives related to exploring additional opportunities to deliver value for its member credit unions and the system as a whole, strengthening its financial sustainability, further advancing its internal capabilities, and ensuring ongoing compliance with regulatory requirements. Most of these initiatives are now complete and development of the new strategic plan is due in May 2021. All initiatives are monitored closely on a quarterly basis through strategic initiative key performance indicators (KPI) and associated targets.

Compliance Risk

Central 1 is exposed to compliance risk in all areas of their organization, ranging from legislative and regulatory requirements enforced as a result of the products and services offered by the various business lines, or through the oversight and regulatory reporting obligations placed upon corporate control and support functions.

Compliance risk is managed by a framework that is in place to ensure that we continue to meet the requirements of:

- the law, to uphold our reputation and that of the credit union system;
- government regulators, to be allowed to continue to do business;
- financial system counterparties, to be able to provide products and services to the credit union system; and
- internal policies and procedures, to help ensure a strong and efficient governance structure.

Credit Risk

Central 1 is exposed to credit risk from its investment and lending activities, as well as through their role as Group Clearer and other settlement business.

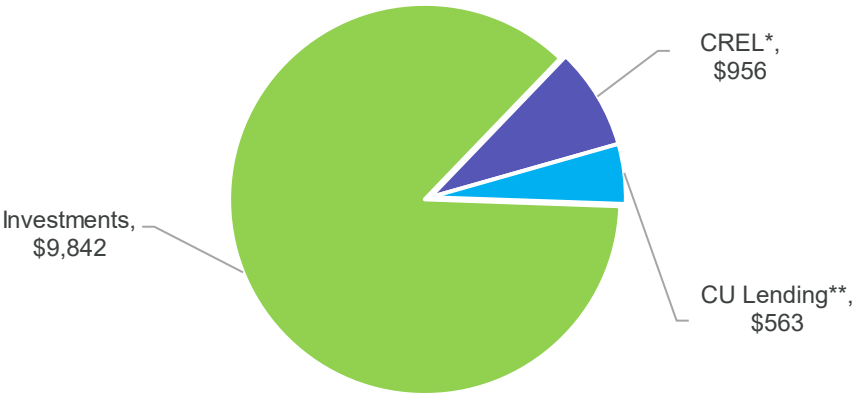
Risks are managed by:

- holding low-risk investment securities
- a robust and conservative loan underwriting framework that utilizes the acquisition of collateral and other credit enhancements
- skilled lending personnel with a depth of experience in both the business line and credit risk

Central 1, along with all financial institutions, continues to face a threat from the COVID-19 pandemic to its credit risk business activities. Provisions for expected credit losses decreased slightly in the first quarter reflecting the current improvement in the economic outlook. In the first quarter of 2021, Central 1 decreased its expected credit loss allowance for the Commercial Real Estate Lending (CREL) portfolio by \$174.0 thousand to a total of \$3.08 million. Expected credit loss allowance for the Investment portfolio decreased by \$1.13 million to a total of \$435.0 thousand. Moderated expected credit loss provisions are in line with improved forward-looking economic indicators and forecasts. Zero expected credit loss remained in the Credit Union Lending portfolio given ample security pledged to secure credit facilities.

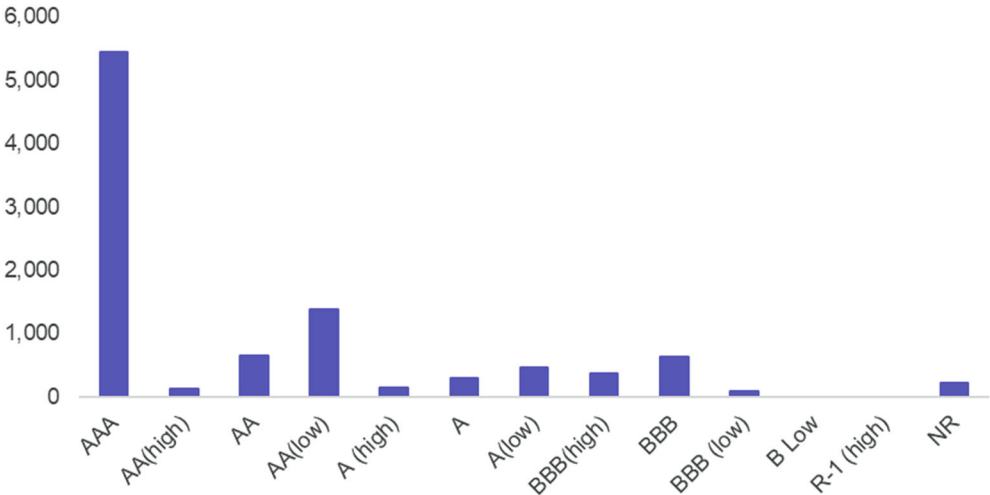
The following figure illustrates our credit exposure and risk profile based on outstanding portfolio balances. Holdings of AAA rated securities in the Investment portfolio represent \$5.5 billion or 55.4 per cent of the portfolio. Treasury holds \$1.8 billion in securities that are rated A or lower and \$225.0 million in non-rated securities. Positions are based on notional, not market values, and do not include securitization assets sold to the Canada Housing Trust.

Central 1's Credit Risk Exposure
(Millions of dollars)

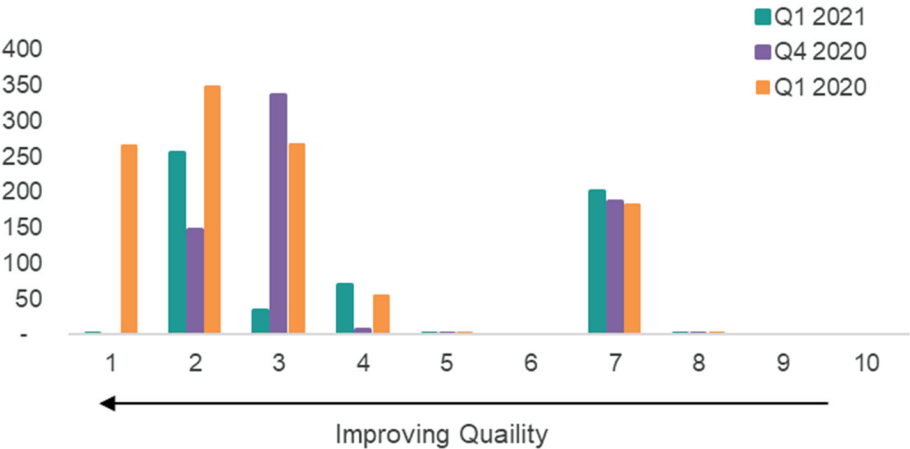


*CREL - Commercial Real Estate Lending
**CU Lending - this includes the utilized portion of the guarantees and standby letters of credit

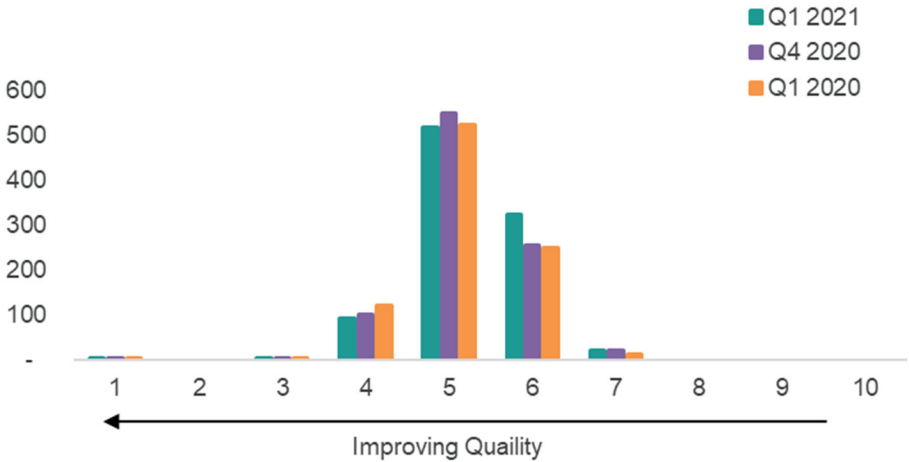
Investment Portfolio
(Millions of Dollars)



Credit Union Lending Portfolio
(Outstanding Balances in Millions)



Commercial Real Estate Lending (CREL) Portfolio
(Outstanding Balances in Millions)



Credit Quality Performance

As part of our ongoing risk management activities, we perform stress tests to measure the resiliency of our credit and investment portfolios against a range of severe scenarios. The stress tests provide comfort that we continue to maintain adequate capital to withstand a range of severe economic scenarios.

Investments Portfolio

There are no impaired investments in the portfolio.

Credit Union Lending (CU Lending)

The utilization of direct credit facilities remains low and have reduced in usage compared to the fourth quarter of 2020 due to persistent high liquidity levels in the credit union system. Currently, there are no impaired loan facilities in the CU Lending portfolio. Several credit unions have been placed on the Watch List. One Ontario credit union has been added to the Watch List in the first quarter of 2021. As at March 31, 2021 there were seven Ontario and one B.C. credit union classified as Watch List (risk rating 7). One Ontario credit union was assigned an Unsatisfactory risk rating (risk rating 8). The Watch List and Unsatisfactory accounts represented 11.2 per cent of the authorized portfolio as at March 31, 2021. The security provided for the Watch List and Unsatisfactory facilities is substantial and no losses are expected.

Commercial Real Estate Lending

Enhanced monitoring remains in place for the hospitality and retail sectors, given expectations for deterioration in borrowers' financial performance. Recognizing challenges brought by the COVID-19 pandemic, we assisted our borrowers by providing direct financial support in the form of payments deferrals, mainly in hospitality and retail sectors, and loan term extension for construction facilities. As at March 31, 2021, two accounts remained on a payment deferral schedule (principal only) representing 1.48 per cent of the total outstanding portfolio balance.

Currently, there are no impaired loans in the portfolio. There are three Watch List accounts representing 2.08 per cent of the outstanding portfolio balance as at March 31, 2021.

Counterparty Risk

Within the Treasury operations, Central 1 incurs counterparty risk through entering into contracts with counterparties in return for a bilateral value-exchange of services. The counterparty risk is managed within the same adjudication process as credit risk.

Counterparty risk continues to be assessed by management as low given the quality of counterparties being government entities, banks with external credit ratings A-Low to AAA (Dominion Bond Rating Service), and Central 1's own credit union system where a robust internal risk rating regime is utilized.

Liquidity Risk

Liquidity in the credit union system remains historically high with members continuing to place excess liquidity with Central 1. Deposit levels remain high while utilization of credit facilities remains low. Central 1 continues to ensure access to multiple sources of funding for members, including a successful special deposit note offering. Central 1 is continuously monitoring the liquidity and funding needs of the credit union system and remain ready to meet the liquidity requirements of its credit union members, as and when required.

Liquidity risk can be caused by an internal mismatch between the cash flows of our assets and liabilities, systemic market and credit events or unexpected changes in the liquidity needs of our members. Our sound liquidity management provides for strong liquidity support of the credit union system.

Central 1's liquidity positions continue to be strong. The LCR demonstrates our ability to meet 30-day cashflow requirements under stressed conditions. The LCR

assumes a partial run-off of deposits, no new extension or issuance of capital markets debt, and that only highly liquid assets can be sold to raise cash subject to a haircut of their market value.

Central 1's highly liquid assets include securities that meet the pre-July 2018 BoC definitions for securities eligible to be pledged under Standing Liquidity Facility (SLF), and USD-denominated variants that meet the SLF eligibility criteria as requested by our D-SIFI requirements. We calculate the SLF LCR for Treasury portfolios against the 100 per cent target set by the Risk Appetite Statement.

In addition, Central 1 also presents an OSFI LCR measure, which applies a narrower definition of HQLA in which Bank and Financial Institution debt are not considered HQLA-eligible. As a result of this, Central 1's OSFI LCR generally tracks below the SLF-defined LCR. This OSFI LCR is not currently a regulatory requirement for Central 1 but is being used as a tool for prudent and enhanced liquidity and funding management.

The Treasury SLF LCR decreased marginally in the first quarter of 2021 due to a small increase in the level of net cash outflows. The Treasury OSFI LCR similarly experienced a marginal decrease in the first quarter due to the same increase in net cash outflows. The Treasury portfolio remains resilient and is in a strong position to support the liquidity needs of the system.

Liquidity Coverage Ratio	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	LTM Average
Treasury SLF	175.1%	195.4%	179.1%	154.8%	165.3%	167.1%
Treasury OSFI	142.2%	159.4%	148.7%	111.1%	130.6%	134.2%

Market Risk

The level of market risk Central 1 is exposed to varies according to market conditions and the composition of our investment, lending, and derivative portfolios. We manage our exposure to market risk through a range of governance and management processes. Central 1's policies detail the measurement of market risk and establish exposure limits in keeping with our overall risk appetite.

Central 1's risk appetite statement requires that Central 1 does not assume additional market risk for speculative purposes or in pursuit of returns beyond those required to reasonably fulfill its primary mandate of safeguarding system liquidity.

Central 1 monitors their exposure to market risk using interest rate and credit spread sensitivity measures, notional exposures and stress tests. Central 1 also uses Value-at-Risk (VaR), Expected Shortfall (ES), and Stressed VaR (SVaR) to monitor and control overall market risk levels.

Value at Risk

1-Day VaR is computed at a 99 per cent confidence level, meaning that portfolio losses are not expected to exceed VaR more than one out of every 100 business days. ES is the conditional expectation of the size of the loss for the one business day where portfolio losses exceed VaR. Central 1 also calculates VaR by Risk Factor to assess the impact on portfolio values of isolated changes in interest rates, foreign exchange and credit spreads.

The VaR model applies a historical simulation methodology using the market price and rate changes of the most recent 500 trading days. Central 1's Risk Appetite Statement (RAS) currently defines VaR-based market risk limits. Limits are calibrated in relation to the market value of Treasury assets.

Treasury asset and liability portfolios are largely matched from an interest rate and foreign exchange perspective, with interest rate and foreign exchange VaR remaining relatively stable in the first quarter of 2021. Credit spread risk has increased in the first quarter of 2021 as maturing securities and coupons were reinvested in longer-term securities, including an increase in those with BBB+ ratings. In March 2020, the COVID-19 pandemic led to a historically large increase

in price volatility and overall market risk. The VaR model was particularly impacted by the dramatic widening of credit spreads during this period. Given that the March 2020 volatility remains in the most recent 500-day scenario window, it is expected that Total VaR and Credit Spread VaR will remain at elevated levels.

(Millions of dollars)	Treasury				LTM Average	High	Low
	Q1 2021	Q4 2020	Q3 2020	Q2 2020			
Interest Rate VaR	\$ 5.0	\$ 6.9	\$ 4.6	\$ 2.1	\$ 4.3	\$ 7.1	\$ 1.1
Credit Spread VaR	8.8	8.4	8.2	4.8	7.2	10.2	3.4
Foreign Exchange VaR	2.7	2.3	2.2	2.1	2.4	3.7	1.4
Diversification ⁽¹⁾	(7.5)	(8.6)	(7.3)	(3.3)	nm	nm	nm
Total VaR	\$ 9.0	\$ 9.0	\$ 7.7	\$ 5.8	\$ 7.3	\$ 11.5	\$ 3.2
Expected Shortfall	13.2	12.5	11.3	7.4	10.2	15.6	4.1

⁽¹⁾ Total VaR is less than the sum of Risk Factors' VaR as a result of diversification and offsetting risk factors.

nm - not meaningful to calculation

Stress Testing

In addition to running generic stress testing scenarios, Central 1 calculates SVaR to quantify portfolio market risk under stressed market conditions. SVaR is calculated by the same methodology as VaR except that it is calibrated to historical data from a continuous 1-year period of significant financial stress for current portfolios. SVaR is calculated for 1-Day and 10-day horizons at a 99 per cent confidence interval. Treasury SVaR is currently calibrated to 2008/2009.

(Millions of dollars)	Treasury				LTM Average
	Q1 2021	Q4 2020	Q1 2020		
1-Day SVaR	\$ 15.1	\$ 14.7	\$ 10.6	\$	12.5
10-Day SVaR	\$ 49.0	\$ 32.5	\$ 22.8	\$	33.6

Foreign Exchange Rate Exposure

Central 1 has assets and liabilities denominated in several major currencies and trade foreign currencies with its member credit unions and other clients. The risk associated with fluctuating foreign currency values is managed by applying limits on the amounts (short or long positions) that can be maintained in the various currencies, utilizing foreign exchange (FX) derivatives to lessen the impact of on-balance sheet positions and through VaR management limits. Central 1's FX exposure is concentrated in USD and only a relatively small amount is held in other major currencies.

(Millions of dollars)	Balance Sheet		Off-Balance Sheet		Net Position		BoC		CAD	
	in Native Currency		Items - Foreign Exchange Forwards		in Native Currency		Closing Rate		Equivalent	
USD	\$	8.0	\$	(14.5)	\$	(6.5)	1.2575	\$	(8.2)	

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. While the financial impact associated with operational risk can be significant, it is equally important to recognize the less identifiable and quantifiable non-financial impacts.

Given the high volume and value of transactions Central 1 processes on behalf of our members and external organizations, shortcomings in our internal processes or systems could lead to financial and reputational damage. Furthermore, although we have contingency and business continuity plans, natural disasters, power or telecommunications disruptions, acts of terrorism, physical or electronic break-ins or other events could adversely impact our ability to provide services to our members, damage our reputation or otherwise adversely impact our ability to conduct business.

During the COVID-19 pandemic Central 1 and other financial organizations, are exposed to heightened operational risks in the form of cyber-attacks, data breaches, third party service provider failures, and other uncertainties. To counter this ongoing threat, we are continuously improving our security posture, including real-time intrusion detection monitoring of our remote banking applications and implementing stronger authentication controls.

In the normal course of business, we manage this type of risk through implementing and adhering to policies and controls that are fundamental to our operating infrastructure. Elements include:

- developing and maintaining a comprehensive system of policies, management standards, internal controls encompassing segregation of functional activities, managerial reporting and delegation of authority;
- continuous monitoring of key risk indicators, evaluation, and improvement of our operational practices;
- involvement of subject matter experts to assess the impact of third party risks on Central 1;
- strengthening the first and second line of defense roles and responsibilities and increasing use of quantifiable risk appetite statements to inform management decision making;
- 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;
- 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 and
- maintaining a comprehensive portfolio of insurance to reduce the impact of any potential losses.

Emerging Risks

Emerging risks are risks that are newly developing or rapidly changing. They are difficult to quantify and may have a major impact on ourselves and the credit union system.

Central 1 identifies and assesses emerging risks in various ways, including at the strategic planning and business unit levels. These include risk oversight committee discussions and regular risk reviews to identify, assess and ensure that management is forward-looking in our treatment of emerging risks. Emerging risks are quantified using established techniques where possible or qualitatively assessed on the basis of impact and likelihood.

Currently, Central 1 considers the following as the major Emerging Risks facing Central 1:

- The risk that long-term climate change destabilizes the physical environment beyond humanity's adaptive capacity, and ruptures the real economy. Canada has significant coastline and cities susceptible to rising sea levels. Regions in upheaval are more likely to suffer high unemployment and need emergency aid.
- The risk of escalations in global trade war that harm the Canadian economy by depressing commodity prices, lead to volatility in markets and forestall capital investment. Trade wars are destructive to global economic activity and quickly spiral out of control as retaliatory measures are exchanged. Canada is vulnerable because of its strong trading relationship with the United States and heavy natural resource exports.
- The risk of market self-correction for housing, capital markets, sovereign debt and household savings is heightened by growing government support and appears to be deeply discounted by stakeholders. Contrary to previous recessions, Canada has seen housing prices rise with joblessness, the stock

market rebound amid uncertainty, consumer debt-to-income decrease and business insolvencies dry up. Temporary stop-gaps (such as emergency employment benefits and wage subsidies) are papering over these cracks but there are limitations - Investors may lose confidence in Canada's ability to repay its debt, credit rating agencies may downgrade debt and corporations could be forced into mass layoffs.

Accounting Matters

Critical Accounting Policies and Estimates

In preparing the Interim Consolidated Financial Statements in accordance with IFRS, management must exercise judgements and make estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, net income and related disclosures. The COVID-19 pandemic continues to have heightened uncertainty which increases the need to apply significant judgements and assumptions in evaluating the economic and market environment and its impact on accounting estimates and judgements. Actual results may differ from those estimates and assumptions.

IAS 34 requires disclosures of events and transactions that are significant to understanding changes since last annual report. The judgments made by management in applying Central 1's accounting policies and the key sources of estimation uncertainty were the same as those described in Note 3 of Central 1's Annual Audited Consolidated Financial Statements for the year ended December 31, 2020.

Changes in Accounting Policy

Interest Rate Benchmark Reform (IBOR)

In August 2020, the Phase II amendments, complementing the Phase I amendments, were issued to address financial reporting issues during the reform of an interest rate benchmark including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative one. The amendments provide a practical expedient for modification of a financial contract and allow relief from discontinuing hedging relationships, in combination with new disclosures on the nature and extent of risks arising from the reform and how these risks are managed.

Central 1 adopted the Phase II amendments on January 1, 2021. On the adoption date, there was no impact on Central 1's current hedging relationships which were not referencing to the interest rate benchmarks that are subject to the reform.

Related Party Disclosures

In the normal course of business, we grant loans to our key management personnel under the same terms as those offered to any other employees. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling of our activities, which include our Executive Management and Vice-Presidents. Our policies and procedures for related party transactions have not changed significantly since December 31, 2020.

Details of Central 1's related party disclosures were disclosed in Note 26 of Central 1's Interim Consolidated Financial Statements.

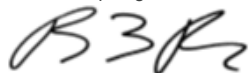
Interim Consolidated Financial Statements

March 31, 2021

Interim Consolidated Statement of Financial Position (Unaudited)

(Thousands of dollars)	Notes	Mar 31 2021	Dec 31 2020
Assets			
Cash	(5)	\$ 2,035,396	\$ 1,467,557
Securities	(6)	10,503,084	11,066,618
Loans	(7)	1,075,931	1,111,593
Derivative assets	(8)	117,989	103,620
Settlements in-transit		498,670	108,818
MLP assets held for segregation	(10)	-	9,075,569
Property and equipment		22,042	22,936
Intangible assets		7,652	6,776
Investments in affiliates		78,826	78,922
Current tax assets		21,255	-
Deferred tax assets		7,346	27,460
Other assets	(11,12)	32,100	24,795
		\$ 14,400,291	\$ 23,094,664
Liabilities			
Deposits	(13)	\$ 9,879,160	\$ 9,365,435
Debt securities issued	(14)	1,398,572	1,554,576
Obligations under the Canada Mortgage Bond Program	(15)	973,995	909,692
Subordinated liabilities		223,345	221,716
Obligations related to securities sold short		82,960	42,696
Securities under repurchase agreements		505,980	513,497
Derivative liabilities		109,030	148,353
Settlements in-transit		357,344	403,335
MLP liabilities held for segregation	(10)	-	8,677,762
Current tax liabilities		-	22,960
Other liabilities	(11,16)	105,309	73,318
		13,635,695	21,933,340
Equity			
Share capital	(17)	43,390	441,127
Retained earnings		706,555	684,210
Accumulated other comprehensive income		6,917	28,333
Reserves		2	2
Total equity attributable to members of Central 1		756,864	1,153,672
Non-controlling interest		7,732	7,652
		764,596	1,161,324
		\$ 14,400,291	\$ 23,094,664
Guarantees, commitments, contingencies and pledged assets	(23)		

Approved by the Directors:



Rob Paterson, Chairperson



Mary Falconer, Chairperson - Audit and Finance Committee

Interim Consolidated Statement of Profit (Loss) (Unaudited)

(Thousands of dollars)	Notes	For the three months ended	
		Mar 31 2021	Mar 31 2020
Interest income			
Securities		\$ 27,296	\$ 31,149
Loans		9,236	14,935
		36,532	46,084
Interest expense			
Deposits		9,882	15,561
Debt securities issued		8,198	14,800
Subordinated liabilities		1,590	1,677
Obligations under the Canada Mortgage Bond Program		728	2,137
		20,398	34,175
Interest margin		16,134	11,909
Gain on disposal of financial instruments	(18)	6,134	747
Change in fair value of financial instruments	(19)	13,672	(42,766)
Net financial income		35,940	(30,110)
Impairment loss (recovery) on financial assets		(1,346)	1,222
		37,286	(31,332)
Non-financial income	(20)	34,670	32,955
Net financial income and non-financial income		71,956	1,623
Non-financial expense			
Salaries and employee benefits		23,436	25,527
Premises and equipment		1,862	426
Other administrative expenses	(21)	15,733	21,815
		41,031	47,768
Profit (loss) before income taxes		30,925	(46,145)
Income taxes (recovery)		6,257	(8,835)
Profit (loss) from continuing operations		24,668	(37,310)
Loss from discontinued operations, net of tax	(10)	-	(29,724)
Profit (loss)		\$ 24,668	\$ (67,034)

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Comprehensive Income (Loss) (Unaudited)

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Profit (loss)	\$ 24,668	\$ (67,034)
Other comprehensive loss from continuing operations, net of tax		
Items that may be reclassified subsequently to profit (loss)		
Fair value reserves (securities at fair value through other comprehensive income)		
Net change in fair value of debt securities at fair value through other comprehensive income	(9,800)	(24,952)
Reclassification of realized gains to profit	(11,839)	(1,321)
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(2)	43
	(21,641)	(26,230)
Items that will not be reclassified subsequently to profit (loss)		
Net change in fair value due to change in own credit risk on financial liabilities designated under the fair value option	(2,048)	6,055
Net actuarial loss on employee benefits plans	-	(141)
Other comprehensive loss from continuing operations, net of tax	(23,689)	(20,316)
Other comprehensive income from discontinued operations, net of tax	-	320
Total comprehensive income (loss), net of tax	\$ 979	\$ (87,030)
Income tax expense (recovery) on items that may be reclassified subsequently to profit (loss)		
Net change in fair value of debt securities at fair value through other comprehensive income	\$ (3,306)	\$ (5,394)
Reclassification of realized gains to profit	\$ (2,786)	\$ (278)
Share of other comprehensive income of affiliates accounted for using the equity method	\$ -	\$ 4
Income tax expense (recovery) on items that may not be reclassified subsequently to profit (loss)		
Net change in fair value due to change in own credit risk on financial liabilities designated under the fair value option	\$ (754)	\$ 1,277
Net actuarial loss on employee benefits plans	\$ -	\$ (30)
Total comprehensive income (loss), net of tax, attributable to owners:		
Continuing operations	\$ 979	\$ (57,626)
Discontinued operations (Note 10)	-	(29,404)
	\$ 979	\$ (87,030)

Interim Consolidated Statement of Changes in Equity (Unaudited)

(Thousands of dollars)	Attributable to Equity Members										Non-Controlling Interest	Total Equity
	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members					
Balance at December 31, 2020	\$ 441,127	\$ 684,210	\$ 32,713	\$ (4,763)	\$ 383	\$ 2	\$ 1,153,672	\$ 7,652	\$ 1,161,324			
Total comprehensive income, net of tax												
Profit		24,588					24,588	80	24,668			
Other comprehensive income (loss), net of tax												
Fair value reserve (securities at fair value through other comprehensive income)			(21,639)				(21,639)		(21,639)			
Share of other comprehensive loss of affiliates accounted for using the equity method			(2)				(2)		(2)			
Liability credit reserve				(2,048)			(2,048)		(2,048)			
Total comprehensive income	-	24,588	(21,641)	(2,048)	-	-	899	80	979			
Transactions with owners, recorded directly in equity												
Class "F" shares redemption (Note 17)	(397,737)						(397,737)		(397,737)			
Dividends		30		-		-	30		30			
Total contribution from owners	(397,737)	30	-	-	-	-	(397,707)	-	(397,707)			
Reclassification of liability credit reserve on derecognition ⁽¹⁾		(2,273)		2,273			-		-			
Balance at March 31, 2021	\$ 43,390	\$ 706,555	\$ 11,072	\$ (4,538)	\$ 383	\$ 2	\$ 756,864	\$ 7,732	\$ 764,596			
⁽¹⁾ Transfer of cumulative gain or loss on derecognition of financial liabilities at FVTPL.												
	2021		2020				2021		2020			
Profit (loss) attributable to:					Fair value & affiliates reserves:							
Members of Central 1	\$ 24,588	\$ (66,910)					Continuing operations	\$ (21,641)	\$ (26,230)			
Non-controlling interest	80	(124)					Discontinued operations	-	(11,770)			
	\$ 24,668	\$ (67,034)						\$ (21,641)	\$ (38,000)			
Total comprehensive income (loss) attributable to:												
Members of Central 1	\$ 899	\$ (86,906)			Liability credit reserve:		Continuing operations	\$ (2,048)	\$ 6,055			
Non-controlling interest	80	(124)					Discontinued operations	-	12,090			
	\$ 979	\$ (87,030)						\$ (2,048)	\$ 18,145			

Interim Consolidated Statement of Changes in Equity (Unaudited)

(Thousands of dollars)	Attributable to Equity Members										Non-Controlling Interest	Total Equity
	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members					
Balance at December 31, 2019	\$ 440,076	\$ 659,906	\$ 10,688	\$ (5,659)	\$ 445	\$ 2	\$ 1,105,458	\$ 7,780	\$ 1,113,238			
Total comprehensive income, net of tax												
Loss		(66,910)					(66,910)	(124)	(67,034)			
Other comprehensive loss, net of tax												
Fair value reserve (securities at fair value through other comprehensive income)			(38,043)				(38,043)		(38,043)			
Share of other comprehensive income of affiliates accounted for using the equity method			43				43		43			
Liability credit reserve				18,145			18,145		18,145			
Net actuarial loss on employee benefits plans					(141)		(141)		(141)			
Total comprehensive loss	-	(66,910)	(38,000)	18,145	(141)	-	(86,906)	(124)	(87,030)			
Transactions with owners, recorded directly in equity												
Class "F" shares issued (Note 17)	1,051						1,051		1,051			
Total contribution from and distribution to owners	1,051	-	-	-	-	-	1,051	-	1,051			
Reclassification of liability credit reserve on derecognition ⁽¹⁾												
		624		(624)			-		-			
Balance at March 31, 2020	\$ 441,127	\$ 593,620	\$ (27,312)	\$ 11,862	\$ 304	\$ 2	\$ 1,019,603	\$ 7,656	\$ 1,027,259			

⁽¹⁾ Transfer of cumulative gain or loss on derecognition of financial liabilities at FVTPL.

Interim Consolidated Statement of Cash Flows (Unaudited)

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Cash flows from operating activities		
Profit (loss)	\$ 24,668	\$ (67,034)
Adjustments for:		
Depreciation and amortization	1,690	2,418
Interest margin	(16,134)	(20,027)
Gain on disposal of financial instruments	(6,134)	(1,518)
Change in fair value of financial instruments	(13,672)	86,812
Impairment loss (recovery) on financial assets	(1,346)	1,180
Equity interest in affiliates	73	89
Income taxes expense (recovery)	6,257	(15,100)
	(4,598)	(13,180)
Change in securities	8,725,083	458,562
Change in loans	35,643	(234,392)
Change in settlements in-transit	(435,843)	266,215
Change in deposits	(8,139,010)	402,161
Change in obligations related to securities sold short	42,695	19,250
Change in securities under repurchase agreements	(7,517)	172,418
Change in derivative assets and liabilities	(24,222)	7,278
Change in other assets and liabilities	35,122	(10,888)
Interest received	49,219	91,661
Interest paid	(31,816)	(46,993)
Income tax paid	(23,512)	(38)
Net cash from operating activities	221,244	1,112,054
Cash flows from investing activities		
Change in reinvestment assets under the Canada Mortgage Bond Program	(98,679)	(56,211)
Change in property and equipment	(18)	(55)
Change in intangible assets	(1,631)	(30)
Change in investments in affiliates	21	-
Net cash used in investing activities	(100,307)	(56,296)

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Cash Flows (Unaudited)

		For the three months ended	
(Thousands of dollars)	Notes	Mar 31 2021	Mar 31 2020
Cash flows from financing activities			
Change in debt securities issued		(151,041)	(134,548)
Change in lease liabilities		(112)	(77)
Change in obligations under the Canada Mortgage Bond Program		66,014	28,670
Change in subordinated liabilities		116	-
Dividends paid		(13,383)	(27,512)
Issuance (redemption) of Class F shares	(17)	(397,737)	1,051
Net cash used in financing activities		(496,143)	(132,416)
Increase (decrease) in cash		(375,206)	923,342
Cash - beginning of period		1,467,557	51,695
Cash held for segregation - beginning of period		943,045	-
Cash - end of period	\$	2,035,396	\$ 975,037
Cash comprise			
Cash	\$	2,035,396	\$ 957,736
Cash held for segregation	(10)	-	17,301
Cash - end of period	\$	2,035,396	\$ 975,037

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1. General information

Central 1 Credit Union (Central 1) is domiciled in Canada with a registered office located at 1441 Creekside Drive, Vancouver, British Columbia V6J 4S7, Canada. Central 1 is governed by the *Credit Union Incorporation Act (British Columbia)*. These Interim Consolidated Financial Statements include Central 1 and its subsidiaries.

Central 1 provides financial, digital banking and payment products and services for over 250 financial institutions across Canada, including its member credit unions in British Columbia (B.C.) and Ontario. The performance of the British Columbia credit union system and that of Central 1'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 1's operations and its financial position.

2. Basis of presentation

Basis of accounting

These Interim Consolidated Financial Statements have been prepared on a condensed basis in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) using the same accounting policies as disclosed in Central 1's Annual Audited Consolidated Financial Statements for the year ended December 31, 2020, with the exception of the disclosure in the accounting policies in Note 3.

As these Interim Consolidated Financial Statements do not include all of the annual financial statements' disclosures required under IFRS, they should be read in conjunction with Central 1's Annual Audited Consolidated Financial Statements and accompanying notes for the year ended December 31, 2020.

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

The Interim Consolidated Financial Statements were authorized for issue by the Board of Directors on May 28, 2021.

3. Accounting policies

Financial assets and financial liabilities

Business model reassessment

During the first quarter of 2021, Central 1 reassessed its business model

objective and determined that the manner in which some of the portfolios are managed will be changed on a prospective basis. Starting March 15, 2021, the following financial assets and financial liabilities will be managed as a group on a fair value basis and classified as fair value through profit or loss:

- all newly acquired securities, except for Bankers' Acceptance (BAs), Asset-Backed Commercial Paper (ABCP), Commercial Paper, which are classified as fair value through other comprehensive income,
- all new deposits, and
- certain new medium-term notes and subordinated debt.

Change in accounting policy

Interest Rate Benchmark Reform (IBOR) – Phase II Amendments

In August 2020, the Phase II amendments, complementing the Phase I amendments, were issued to address financial reporting issues during the reform of an interest rate benchmark including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative one.

The amendments provide a practical expedient for modification of a financial contract and allow relief from discontinuing hedging relationships, in combination with new disclosures on the nature and extent of risks arising from the reform and how these risks are managed.

Central 1 adopted the Phase II amendments on January 1, 2021. On the adoption date, there was no impact on Central 1's current hedging relationships which were not referencing to the interest rate benchmarks that are subject to the reform.

4. Use of estimates and judgements

In preparing the Interim Consolidated Financial Statements in accordance with IFRS, management must exercise judgements and make estimates and assumptions that affect the application of Central 1's accounting policies and the carrying amounts of assets and liabilities, net income and related disclosures. COVID-19 pandemic continues to have heightened uncertainty which increases the need to apply significant judgements and assumptions in evaluating the economic and market environment and its impact on accounting estimates and judgements. Actual results may differ from those estimates and assumptions.

IAS 34 requires disclosures of events and transactions that are significant to understanding changes since last annual report. The judgments made by management in applying Central 1's accounting policies and the key sources of estimation uncertainty were the same as those described in Note 3 of Central 1's Annual Audited Consolidated Financial Statements for the year ended December 31, 2020.

5. Cash

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
With Bank of Canada	\$ 1,971,825	\$ 1,376,073
With other regulated financial institutions	63,571	91,484
	\$ 2,035,396	\$ 1,467,557

6. Securities

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Securities FVTPL		
Government and government guaranteed securities	\$ 3,229,077	\$ 3,870,673
Corporate and major financial institutions		
AA low or greater	2,029,103	2,098,597
A (high) to A (low)	490,143	401,280
BBB (high) to BBB (low)	361,502	288,910
Equity instruments	47,592	47,597
Fair value	\$ 6,157,417	\$ 6,707,057
Amortized cost	\$ 6,135,079	\$ 6,626,135
Securities FVOCI		
Government and government guaranteed securities	\$ 1,193,533	\$ 518,668
Corporate and major financial institutions		
AA low or greater	848,464	1,281,812
A (high) to A (low)	285,259	529,537
BBB (high) to BBB (low)	1,150,005	1,258,955
Fair value	\$ 3,477,261	\$ 3,588,972
Amortized cost	\$ 3,478,726	\$ 3,555,985
Total fair value	\$ 9,634,678	\$ 10,296,029

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Reinvestment assets under the CMB Program		
FVTPL		
Government and government guaranteed securities	\$ 609,349	\$ 539,644
Corporate and major financial institutions AA low or greater	83,989	89,993
Fair Value	693,338	629,637
Amortized cost	\$ 682,963	\$ 618,206
Amortized cost		
Assets acquired under reverse repurchase agreements	\$ 175,068	\$ 140,952
Total reinvestment assets under the CMB Program	\$ 868,406	\$ 770,589
Total	\$ 10,503,084	\$ 11,066,618

7. Loans

The following table presents loans that are classified as Amortized cost and fair value through profit or loss (FVTPL).

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Amortized cost		
Due on demand		
Credit unions	\$ 18,631	\$ 130,001
Commercial and others	12,273	8,222
	30,904	138,223
Term		
Credit unions	-	2,992
Commercial and others	925,657	899,532
Reverse repurchase agreements	101,643	51,587
Officers and employees ⁽¹⁾	2,906	3,988
	1,030,206	958,099
	1,061,110	1,096,322
Accrued interest	2,779	2,817
Premium	644	828
	1,064,533	1,099,967
Expected credit loss	(3,080)	(3,254)
Amortized cost	1,061,453	1,096,713
Fair value hedge adjustment ⁽²⁾	(1,016)	(875)
Carrying value	\$ 1,060,437	\$ 1,095,838

⁽¹⁾ Loans to officers and employees bear interest at rates varying from 2.50% to 2.72%.

⁽²⁾ Central 1 enters into fair value hedges to hedge the risks caused by changes in interest rates.

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
FVTPL		
Term - Commercial and others		
Amortized cost	\$ 14,601	\$ 14,702
Fair value	\$ 15,494	\$ 15,755
Total loans	\$ 1,075,931	\$ 1,111,593

Central 1 is permitting payment deferrals to eligible borrowers in its commercial loan portfolio. Payment deferrals are not considered to automatically trigger a significant increase in credit risk (SICR) or result in such loans being moved into stage 2 or stage 3 for the purposes of calculating the expected credit loss (ECL). Payment deferrals have not been granted in connection with loans that have been identified as impaired or on watch list. Central 1 continues to accrue and recognize interest income and related ECL on such loans.

As at March 31, 2021, the gross carrying value of loans for which deferrals have been approved totalled \$14.1 million (December 31, 2020 - \$13.1 million).

8. Derivative instruments

Hedge accounting

Central 1 uses interest rate swaps to hedge its exposure to changes in the fair value of selected securities at fair value through other comprehensive income (FVOCI), commercial loans and medium-term notes due to changes in interest rates. The terms of these Interest rate swaps are largely matched to the terms of the specific hedged items when they are designated as hedging.

Hedging instruments are recorded at fair value, and the commercial loans and medium-term notes that are part of a hedging relationship are adjusted for the changes in fair value attributable to the risk being hedged (fair value hedge adjustment). To the extent that the change in the fair value of the hedging instruments does not offset changes in the fair value of the hedged item (hedge ineffectiveness), the net amount is recorded directly in the Interim Consolidated Statement of Profit (loss).

The amounts related to hedged items and results of the fair value hedges are as follows:

	For the three months ended			For the three months ended		
	Mar 31 2021			Mar 31 2020		
(Thousands of dollars)	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in profit (loss)	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in profit (loss)
Securities at FVOCI ⁽¹⁾	\$ (11,797)	\$ 12,812	\$ 1,015	\$ 3,353	\$ (3,492)	\$ (139)
Loans	(141)	137	(4)	2,132	(2,206)	(74)
Debt securities issued	1,347	(1,327)	20	(10,126)	9,338	(788)
	\$ (10,591)	\$ 11,622	\$ 1,031	\$ (4,641)	\$ 3,640	\$ (1,001)

⁽¹⁾The designation of securities at FVOCI in a hedging relationship moves the changes in fair value due to interest rate risk from the other comprehensive income to the profit (loss)

Period ended March 31, 2021

(Thousands of dollars)	Mar 31 2021			Dec 31 2020		
	Carrying value of hedged items	Carrying value of hedging instruments	Cumulative hedge adjustments from active hedges	Carrying value of hedged items	Carrying value of hedging instruments	Cumulative hedge adjustments from active hedges
Securities at FVOCI ⁽¹⁾	\$ 206,500	\$ 12,086	\$ (11,104)	\$ 211,500	\$ (726)	\$ 693
Loans	64,712	336	(1,016)	70,673	199	(875)
Debt securities issued	(300,000)	6,846	(6,409)	(300,000)	8,173	(7,756)
	\$ 19,268	\$ (18,529)		\$ 7,646	\$ (7,938)	

⁽¹⁾ The designation of securities at FVOCI in a hedging relationship moves the changes in fair value due to interest rate risk from the other comprehensive income to the profit (loss)

9. Expected credit loss

(Thousands of dollars)	Stage 1		Stage 2		Stage 3		Mar 31 2021 Total
ECL on financial assets at amortized cost							
Balance at December 31, 2020	\$	2,314	\$	940	\$	-	\$ 3,254
Impairment loss (recovery) on financial assets							
Purchases and originations		299		-		-	299
Derecognitions and maturities ⁽¹⁾		(316)		-		-	(316)
Remeasurements		(217)		60		-	(157)
Total impairment loss (recovery) on financial assets		(234)		60		-	(174)
Balance at March 31, 2021	\$	2,080	\$	1,000	\$	-	\$ 3,080
ECL on financial assets at FVOCI							
Balance at December 31, 2020	\$	1,611	\$	-	\$	-	\$ 1,611
Impairment loss (recovery) on financial assets:							
Purchases		122		-		-	122
Derecognitions and maturities		(194)		-		-	(194)
Remeasurements		(1,054)		-		-	(1,054)
Total impairment loss (recovery) on financial assets		(1,126)		-		-	(1,126)
Balance at March 31, 2021	\$	485	\$	-	\$	-	\$ 485
Total ECL							
Balance at December 31, 2020	\$	3,925	\$	940	\$	-	\$ 4,865
Impairment loss (recovery) on financial assets:							
Purchases and originations		421		-		-	421
Derecognitions and maturities		(510)		-		-	(510)
Remeasurements		(1,271)		60		-	(1,211)
Total impairment loss (recovery) on financial assets		(1,360)		60		-	(1,300)
Balance at March 31, 2021	\$	2,565	\$	1,000	\$	-	\$ 3,565

⁽¹⁾ excludes the reversal of ECL related to discontinued operations which is included in the income statement

(Thousands of dollars)	Stage 1		Stage 2		Stage 3		Mar 31 2020 Total
ECL on financial assets at amortized cost							
Balance at December 31, 2019	\$	1,111	\$	272	\$	-	\$ 1,383
Impairment loss (recovery) on financial assets							
Purchases and originations		85		-		-	85
Derecognitions and maturities		(10)		(78)		-	(88)
Remeasurements		545		53		-	598
Total impairment loss (recovery) on financial assets		620		(25)		-	595
Balance at March 31, 2020	\$	1,731	\$	247	\$	-	\$ 1,978
ECL on financial assets at FVOCI							
Balance at December 31, 2019	\$	644	\$	-	\$	-	\$ 644
Impairment loss on financial assets							
Transfers in (out) to (from)		(149)		149		-	-
Purchases		114		-		-	114
Derecognitions and maturities		(194)		-		-	(194)
Remeasurements		455		252		-	707
Total impairment loss on financial assets		226		401		-	627
Balance at March 31, 2020	\$	870	\$	401	\$	-	\$ 1,271
Total ECL							
Balance at December 31, 2019	\$	1,755	\$	272	\$	-	\$ 2,027
Impairment loss on financial assets							
Transfers in (out) to (from)		(149)		149		-	-
Purchases and originations		199		-		-	199
Derecognitions and maturities		(204)		(78)		-	(282)
Remeasurements		1,000		305		-	1,305
Total impairment loss on financial assets		846		376		-	1,222
Balance at March 31, 2020	\$	2,601	\$	648	\$	-	\$ 3,249

The following tables present the gross carrying amounts of the loans as at March 31, 2021 and December 31, 2020, according to credit quality:

(Thousands of dollars)				Mar 31 2021	
	Stage 1	Stage 2	Stage 3	Total	
Low Risk	\$ 224,296	\$ -	\$ -	\$ 224,296	
Medium Risk	816,105	-	-	816,105	
High Risk	-	19,866	-	19,866	
Not Rated	4,266	-	-	4,266	
Total	\$ 1,044,667	\$ 19,866	\$ -	\$ 1,064,533	

(Thousands of dollars)				Dec 31 2020	
	Stage 1	Stage 2	Stage 3	Total	
Low Risk	\$ 293,998	\$ -	\$ -	\$ 293,998	
Medium Risk	780,726	-	-	780,726	
High Risk	-	19,889	-	19,889	
Not Rated	5,354	-	-	5,354	
Total	\$ 1,080,078	\$ 19,889	\$ -	\$ 1,099,967	

10. Held for segregation and discontinued operations

The segregation of the MLP occurred effective January 1, 2021 with settlement on the first following business day, January 4, 2021. Pursuant to agreements entered into by Central 1 with Class A members (Transfer Agreements), \$8.7 billion in MLP deposits were satisfied and discharged and cash and securities (Transferred Assets) of equal value were transferred to, or as directed by, each applicable Class A member. Related to the MLP segregation, on January 1, 2021, all Class F shares were redeemed and cancelled for the redemption price of \$1.00 per share which was paid to the holders of Class F shares on January 8, 2021. The total redemption amount was \$397.7 million.

Pursuant to each Transfer Agreement, Central 1 transferred the Transferred Assets as directed by the Class A member either to (i) Central 1 as trustee, to be held in trust for the benefit of the Class A member in accordance with the terms of a trust agreement entered into between Central 1 and the Class A member (each a Trust Agreement) or (ii) to the Class A member. Central 1 entered into a Trust Agreement with each of its B.C. Class A members and certain of its Ontario Class A members. Pursuant to each Trust Agreement, Central 1, as bare trustee, is required to hold trust property settled on trust for the benefit of the Class A member.

The transfer of cash and securities and satisfaction and discharge of MLP deposits pursuant to the Transfer Agreements and the redemption of Class F shares did not result in a material impact on profit and loss. Central 1 continues to remain in compliance with all regulatory capital requirements following segregation.

Loss from discontinued operations

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Net financial expense, including impairment on financial assets	\$ -	\$ (35,115)
Non-financial income	-	1,193
Net financial expense and non-financial income	-	(33,922)
Non-financial expense	-	2,067
Loss before income taxes	-	(35,989)
Income tax recovery	-	(6,265)
Loss from discontinued operations	\$ -	\$ (29,724)

MLP assets held for segregation

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Cash	\$ -	\$ 943,045
Securities	-	8,132,524
MLP assets held for segregation	\$ -	\$ 9,075,569

MLP liabilities held for segregation

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Deposits	\$ -	\$ 8,676,530
Other liabilities	-	1,232
MLP liabilities held for segregation	\$ -	\$ 8,677,762

Cash flow from discontinued operations

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Net cash from operating activities	\$ -	\$ 13,502
Net cash from financing activities	-	1,051
Net cash from discontinued operations	\$ -	\$ 14,553

11. Held for distribution

Credit unions of British Columbia participated in insurance programs offered by CUPP Services Ltd. (CUPP) and hold preferred shares of CUPP. Central 1 owns 100% voting rights of CUPP and 7% non-voting rights, with the non-controlling interest (NCI) owning the remaining 93% non-voting rights. NCI is presented as a separate component of equity in the Interim Consolidated Statement of Financial Position of Central 1, which represents the equity interests of credit unions in British Columbia in CUPP.

Following the decision to transition out Central 1's insurance operations in early 2019, Central 1 completed the sale of Credit Union Advantage Insurance Brokerage Ltd., a wholly owned subsidiary of Central 1 and a brokerage company of CUPP, to Co-operators Financial Services Limited (The Co-operators) on April 1, 2019. On September 30, 2019, the insurance policies that were underwritten by CUPP expired and CUMIS General Insurance Company (CUMIS), a subsidiary of The Co-operators, renewed these insurance policies on October 1, 2019. CUPP is planning to transition out the existing insurance claims and distribute the remaining funds back to credit unions in 2021. This will result in CUPP being wound up by the end of 2021.

CUPP's planned distribution in 2021 continues to meet the criteria to be classified as assets held for distribution as at March 31, 2021, in accordance with IFRS 5. CUPP's statement of financial position primarily consists of cash, deposits with regulated financial institutions, securities, and provision for unpaid claims. There is no measurement impact upon the classification of CUPP's assets and liabilities as held for distribution in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*.

Assets held for distribution

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Deposits with regulated financial institutions	\$ 3,420	\$ 3,402
Securities	-	1,853
Assets held for distribution	\$ 3,420	\$ 5,255

Liabilities held for distribution

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Provisions	\$ 1,983	\$ 2,458
Other liabilities	16	50
Liabilities held for distribution	\$ 1,999	\$ 2,508

12. Other assets

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Investment property	\$ 755	\$ 778
Prepaid expenses	12,098	5,945
Post-employment benefits	4,040	4,066
Assets held for distribution (Note 11)	3,420	5,255
Accounts receivable and other	11,787	8,751
	\$ 32,100	\$ 24,795

13. Deposits

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Deposits designated as FVTPL		
Due within three months	\$ 2,261,750	\$ 358,922
Due after three months and within one year	908,825	582,606
Due after one year and within five years	508,538	265,418
	3,679,113	1,206,946
Accrued interest	5,531	5,931
Amortized cost	\$ 3,684,644	\$ 1,212,877
Fair value	\$ 3,692,792	\$ 1,222,025

Deposits held at amortized cost

Due on demand	\$ 3,901,671	\$ 3,412,395
Due within three months	1,901,336	2,865,612
Due after three months and within one year	182,327	1,667,771
Due after one year and within five years	190,943	188,820
	6,176,277	8,134,598
Accrued interest	10,091	8,812
Amortized cost	\$ 6,186,368	\$ 8,143,410
Total carrying value	\$ 9,879,160	\$ 9,365,435

The fair value of deposits at March 31, 2021 was \$9,882.3 million (December 31, 2020 - \$9,372.4 million).

14. Debt securities issued

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Amortized cost		
Due within three months	\$ 193,582	\$ 600,118
Due after one year and within five years	944,001	943,456
	1,137,583	1,543,574
Accrued interest	8,860	3,246
Amortized cost	1,146,443	1,546,820
Fair value hedge adjustment ⁽¹⁾	6,409	7,756
Carrying value	\$ 1,152,852	\$ 1,554,576

⁽¹⁾ Central 1 enters into fair value hedges to hedge the risks caused by changes in interest rates.

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Designated as FVTPL		
Due after one year and within five years	\$ 248,749	\$ -
	248,749	-
Accrued interest	562	-
Amortized cost	249,311	-
Fair value	245,720	-
Total Carrying value	\$ 1,398,572	\$ 1,554,576

At March 31, 2021, a par value of \$193.6 million was outstanding under the short-term commercial paper facility (December 31, 2020 - \$250.2 million).

On January 26, 2021, Central 1 issued \$250.0 million principal amount of series 18 medium-term fixed rate notes due January 29, 2026. The notes bear interest at a fixed rate of 1.323%, payable semi-annually on January 29 and July 29 of each year, commencing July 29, 2021. These notes are designated at FVTPL at inception to reduce accounting mismatch.

On February 5, 2021, the \$350.0 million principal amount of Series 16 medium-term floating rate notes matured.

15. Obligations under the Canada Mortgage Bond Program

Central 1 has recognized its obligations to CHT under the Canada Mortgage Bond (CMB) Program at fair value in the Interim Consolidated Statement of Financial Position. The maturities of these obligations are indicated below:

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Amounts		
Due within three months	\$ 283,429	\$ 216,969
Due after three months and within one year	122,969	207,069
Due after one year and within five years	556,392	472,739
	962,790	896,777
Accrued interest	645	641
Amortized cost	\$ 963,435	\$ 897,418
Fair value	\$ 973,995	\$ 909,692

The underlying assets which are designated to offset these obligations are as follows:

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
FVTPL		
Total reinvestment assets under the Canada Mortgage Bond Program (Note 6)	\$ 693,338	\$ 629,637
Assets recognized as securities	108,097	142,040
Fair value	\$ 801,435	\$ 771,677
Amortized cost		
Total reinvestment assets under the Canada Mortgage Bond Program (Note 6)	\$ 175,068	\$ 140,952
Total underlying assets designated	\$ 976,503	\$ 912,629

16. Other liabilities

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Post-employment benefits	\$ 16,833	\$ 16,980
Short-term employee benefits	14,083	11,282
Deferred revenue ⁽¹⁾	34,377	-
Dividends payable	-	13,412
Finance leases	6,381	6,493
Liabilities held for distribution (Note 11)	1,999	2,508
Accounts payable	22,418	14,074
Other item	9,218	8,569
	\$ 105,309	\$ 73,318

⁽¹⁾Deferred revenue includes the amount received from credit union clients under the Payments Modernization Cost Sharing Arrangement

17. Share capital

Central 1 may issue an unlimited number of Class A, B, C, D, and E shares and may, at its option and with the approval of the Board of 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, C, and D 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 per share.

Subject to certain exceptions set out in Central 1's Constitution and Rules (Rules), Class A members are entitled to cast one vote for each Class A share they hold on any matter. Each Class B or Class C shareholder is entitled to cast one vote per share on matters on which they are entitled to vote. The allocation of Class A shares is based on the assets of each credit union in proportion to the combined assets of all Class A members. This allocation is adjusted periodically to reflect changes in credit union assets.

Prior to the segregation of the MLP, Central 1 could issue an unlimited number of Class F shares and could redeem these shares at its option with the approval of the Board of Directors. The shares were issued to Class A members in proportion to their share of mandatory deposits with Central 1. With the MLP segregation, on January 1, 2021, all Class F shares were redeemed and cancelled for the redemption price of \$1.00 per share which was paid to the holders of Class F shares on January 8, 2021. The total redemption amount was \$397.7 million.

(Thousands of shares)	Mar 31 2021	Dec 31 2020	Mar 31 2020
Number of shares issued			
Class A - credit unions			
Balance at beginning and end of period	43,359	43,359	43,359
Class B - co-operatives			
Balance at beginning and end of period	5	5	5
Class C - other			
Balance at beginning and end of period	7	7	7
Class E - credit unions			
Balance at beginning and end of period	2,154	2,154	2,154
Class F - credit unions			
Balance at beginning of period	397,737	396,686	396,686
Issued during the period	-	1,051	1,051
Redeemed during the period	(397,737)	-	-
Balance at end of period	-	397,737	397,737
Number of treasury shares			
Treasury shares - Class E			
Balance at beginning and end of period	(264)	(264)	(264)

(Thousands of dollars)	Mar 31 2021	Dec 31 2020	Mar 31 2020
Amount of share capital outstanding			
Outstanding \$1 par value shares			
Class A - credit unions	\$ 43,359	\$ 43,359	\$ 43,359
Class B - cooperatives	5	5	5
Class C - other	7	7	7
Class F - credit unions	-	397,737	397,737
Outstanding \$0.01 par value shares			
Class E - credit unions	21	21	21
	43,392	441,129	441,129
Amount of treasury shares			
Treasury shares	(2)	(2)	(2)
Balance at end of period	\$ 43,390	\$ 441,127	\$ 441,127

18. Gain (loss) on disposal of financial instruments

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Realized gain on securities as at FVTPL	\$ 71,755	\$ 2,793
Realized gain on securities as at FVOCI	14,291	1,670
Realized gain (loss) on derivative instruments	(8,631)	1,674
Realized gain on loans as at FVTPL	8	5
Realized loss on deposits designated as at FVTPL	(71,281)	(361)
Realized loss on obligations related to securities sold short	(8)	(5,034)
	\$ 6,134	\$ 747

19. Change in fair value of financial instruments

(Thousands of dollars)		
	Mar 31 2021	Mar 31 2020
Securities at FVTPL	\$ (117,274)	\$ 34,731
Loans at FVTPL	(160)	(222)
Activities under the Canada Mortgage Bond Program		
Reinvestment assets	(1,055)	8,064
Derivative instruments	6,890	(25,588)
Obligations under the Canada Mortgage Bond Program	1,716	(11,673)
Derivative instruments	42,724	(33,765)
Financial liabilities at FVTPL		
Deposits designated at FVTPL	71,856	(11,308)
Debt securities issued designated at FVTPL	6,201	-
Obligations related to securities sold short	2,774	(3,005)
	\$ 13,672	\$ (42,766)

20. Non-financial income

(Thousands of dollars)	For the three months ended Mar 31 2021			For the three months ended Mar 31 2020		
	Revenue arising from contracts with customers	Revenue arising from other sources	Total	Revenue arising from contracts with customers	Revenue arising from other sources	Total
Treasury						
Lending fees	\$ 2,802	\$ -	\$ 2,802	\$ 2,807	\$ -	\$ 2,807
Securitization fees	2,242	-	2,242	1,992	-	1,992
Foreign exchange income	-	1,551	1,551	-	2,397	2,397
Asset management services	813	-	813	-	-	-
Other	1,348	-	1,348	1,305	-	1,305
Payments & Digital Banking Platforms and Experiences						
Payment processing and other fees	16,341	-	16,341	14,438	-	14,438
Direct banking fees	8,576	-	8,576	8,757	-	8,757
System Affiliates & Other						
Equity interest in affiliates	-	(73)	(73)	-	(89)	(89)
Income from investees	-	63	63	-	63	63
Membership dues	612	-	612	612	-	612
Other	395	-	395	673	-	673
	\$ 33,129	\$ 1,541	\$ 34,670	\$ 30,584	\$ 2,371	\$ 32,955

Certain comparative figures have been reclassified to conform with the current period's presentation.

21. Other administrative expense

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Cost of sales and services	\$ 1,078	\$ 2,209
Cost of payments processing	5,882	4,360
Management information systems	3,712	6,131
Professional fees	4,507	8,343
Business development projects	39	93
Other	515	679
	\$ 15,733	\$ 21,815

22. Segment information

For management reporting purposes, post MLP segregation effective January 1, 2021, Central 1's operations and activities are organized around two key business segments: Treasury and Payments & Digital Banking Platforms and Experiences (formerly, Digital & Payment Services). All other activities or transactions, including investments in equity shares of system-related entities, other than the wholly owned subsidiaries, and those which do not relate directly to these business segments, are reported in "Other".

A description of each business segment is as follows:

Treasury

Treasury supports the structural and tactical liquidity needs of member credit unions in pursuit of regular, day-to-day business objectives. The segment is funded by Class A members' non-mandatory deposits augmented by capital market funding and deposits from non-Class A members.

Treasury fosters the credit union system's growth through supporting the financial needs of member credit unions. Many of the products and services that this business segment provides, including credit union lending and access to securitization vehicles, allows members to take advantage of Central 1's strong financial ratings, industry expertise and access to the capital markets for short-term and long-term funding. Treasury also supports the short-term liquidity requirement for the Payments & Digital Banking Platforms and Experiences segment. Central 1 provides foreign exchange services, derivative capabilities and other ancillary treasury services under the Treasury segment.

The Treasury segment also operates the Group Clearer settlement function. As a Group Clearer under the rules of Payments Canada, Central 1 is a Large Value Transfer System (LVTS) participant, and acts as the credit union systems' financial institution connection to the Canadian payments system.

Payments & Digital Banking Platforms and Experiences

Payments & Digital Banking Platforms and Experiences (DBPX) develops and operates innovative digital banking technologies and payment processing solutions for member credit unions, other financial institutions and corporate clients. This segment offers *MemberDirect®* services, a host of digital banking solutions that allow member credit unions to offer a variety of direct banking services to their individual customers through their online banking platform. The products and services offered through *MemberDirect®* help credit unions attract new members, deepen their relationships with existing members and support them in delivering high quality member services.

Certain strategic initiatives relating to digital banking and payments solutions are included in this segment.

Payments operations encompass processing paper items and electronic transactions such as automated funds transfer and bill payments on behalf of member credit unions. The payment processing solutions under the *PaymentStream™* brand are secure and reliable tools that allow financial and corporate-sector clients to complete a variety of digital, paper and remittance

transactions. They also provide cash management services, including automated funds transfers, bill payments and wire transfers.

System Affiliates & Other

System Affiliates & Other consist of enterprise level activities which are not allocated to the business segments described above. This business segment includes Central 1's investments in equity shares of system-related entities, other than the wholly owned subsidiaries, and was previously reported as its own business segment, "System Affiliates". It also includes the costs of implementing certain strategic initiatives other than ones included in the key segments of business above.

Management reporting framework

Central 1's management reporting framework is intended to measure the performance of each business segment as if it were a stand-alone business and reflects the way the business segments are managed. This approach is intended to ensure that the business segments' results reflect all relevant revenue and expenses associated with the conduct of their businesses. Management regularly monitors these segments' results for the purpose of making decisions about resource allocation and performance assessment.

The expenses in each business segment may include cost of services incurred directly. For costs not directly attributable to one of the business segments, a management reporting framework that uses assumptions, estimates and judgements for allocating overhead costs and indirect expenses to each of the business segments is used. The management reporting framework assists in the attribution of capital and the transfer pricing of funds to the business segments in a manner that fairly and consistently measures and aligns the economic costs with the underlying benefits and risks of that specific business segment. Central 1's capital plan allows for tactical capital allocations within all segments. Central 1 does not have any inter-segment revenue between business segments. Income tax provision or recovery is generally applied to each segment based on a statutory tax rate and may be adjusted for items and activities unique to each segment.

Basis of presentation

The accounting policies used to prepare these segments are consistent with those followed in the preparation of Central 1's Interim Consolidated Financial Statements as described in Note 2.

Periodically, certain business lines and units are transferred among business segments to more closely align Central 1's organizational structure with its strategic priorities. Results for prior periods are restated to conform to the current period presentation.

Results by segment

The following table summarizes the segment results for the three months ended March 31, 2021:

(Thousands of dollars)	Treasury	Payments & Digital Banking Platforms and Experiences	System Affiliates & Other	Total
Net financial income (expense), including impairment on financial assets	\$ 37,343	\$ (57)	\$ -	\$ 37,286
Non-financial income	8,756	24,917	997	34,670
Net financial and non-financial income	46,099	24,860	997	71,956
Non-financial expense	9,337	27,615	4,079	41,031
Profit (loss) before income taxes	36,762	(2,755)	(3,082)	30,925
Income tax expense (recovery)	9,896	(742)	(2,897)	6,257
Profit (loss) from continuing operations	\$ 26,866	\$ (2,013)	\$ (185)	\$ 24,668
Profit (loss) from discontinued operations				-
Profit (loss)	\$ 26,866	\$ (2,013)	\$ (185)	\$ 24,668
Total assets from continuing operations	\$ 14,186,362	\$ 3,465	\$ 210,464	\$ 14,400,291
Total assets from discontinued operations				-
Total assets as at March 31 2021	\$ 14,186,362	\$ 3,465	\$ 210,464	\$ 14,400,291
Total liabilities from continuing operations	\$ 13,668,251	\$ (29,380)	\$ (3,176)	\$ 13,635,695
Total liabilities from discontinued operations				-
Total liabilities as at March 31 2021	\$ 13,668,251	\$ (29,380)	\$ (3,176)	\$ 13,635,695

The following table summarizes the segment results for the three months ended March 31, 2020:

(Thousands of dollars)	Treasury	Payments & Digital Banking Platforms and Experiences	System Affiliates & Other	Total
Net financial income (expense), including impairment on financial assets	\$ (31,244)	\$ (88)	\$ -	\$ (31,332)
Non-financial income	8,501	23,195	1,259	32,955
Net financial and non-financial income	(22,743)	23,107	1,259	1,623
Non-financial expense	8,277	36,670	2,821	47,768
Loss before income taxes	(31,020)	(13,563)	(1,562)	(46,145)
Income tax recovery	(4,770)	(2,202)	(1,863)	(8,835)
Profit (loss) from continuing operations	\$ (26,250)	\$ (11,361)	\$ 301	\$ (37,310)
Loss from discontinued operations				(29,724)
Profit (loss)	\$ (26,250)	\$ (11,361)	\$ 301	\$ (67,034)
Total assets from continuing operations	\$ 9,723,819	\$ 22,851	\$ 199,598	\$ 9,946,268
Total assets from discontinued operations				8,551,543
Total assets as at March 31 2020	\$ 9,723,819	\$ 22,851	\$ 199,598	\$ 18,497,811
Total liabilities from continuing operations	\$ 9,339,394	\$ (18)	\$ 42,570	\$ 9,381,946
Total liabilities from discontinued operations				8,088,606
Total liabilities as at March 31 2020	\$ 9,339,394	\$ (18)	\$ 42,570	\$ 17,470,552

Certain comparative figures have been reclassified to conform with the current period's presentation.

23. Guarantees, commitments, contingencies and pledged assets

In the normal course of business, Central 1 enters into various off-balance sheet arrangements to meet the financing, credit and liquidity requirements of its member credit unions. These are in the form of commitments to extend credit, guarantees, and standby letters of credit.

Central 1 is a Group Clearer under the rules of the Payments Canada and acts as the credit union systems' financial institution connection to the Canadian payments system. Pursuant to a joint venture agreement, Central 1 provides payment services to the credit union centrals of Alberta, Manitoba, and Saskatchewan (collectively, the Prairie Centrals). Central 1 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 1 with a guarantee for those payments.

The table below presents the maximum amount of credit that Central 1 could be required to extend if commitments were to be fully utilized, and the maximum amount of guarantees that could be in effect if the maximum authorized committed amounts were transacted.

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Commitments to extend credit	\$ 4,965,154	\$ 4,800,949
Guarantees		
Financial guarantees	\$ 769,600	\$ 767,600
Performance guarantees	\$ 100,000	\$ 100,000
Standby letters of credit	\$ 236,459	\$ 237,210
Future prepayment swap reinvestment commitment	\$ 1,503,858	\$ 1,646,785

Amounts utilized under these agreements representing off-balance sheet amounts for commitments to extend credit, guarantees, and standby letters of credit, respectively, on March 31, 2021 are \$34.3 million, \$419.7 million and \$113.0 million (December 31, 2020 - \$56.2 million, \$340.9 million and \$113.8 million).

Central 1 from time to time issues performance guarantees related to the Asset Backed Commercial Paper Program. The performance guarantees represented in the table above are the maximum limits for parties in existing contractual obligations. Central 1 also issues blanket approvals for performance guarantees on a non-committed basis which will become contractual obligations for specified amounts if requested and authorized by Central 1, in their sole discretion. Central 1 has the ability to unilaterally withdraw anytime from these approved limits. These un-committed performance guarantee approved limits for March 31, 2021 were \$810.0 million (December 31, 2020 - \$810.0 million).

Central 1 is also involved in legal actions in the ordinary course of business, in which the likelihood of a loss and amount of loss, if any, cannot be reliably estimated at March 31, 2021.

Pledged assets

In the normal course of business, Central 1 pledges securities and other assets as collateral. A breakdown of encumbered assets pledged as collateral is provided in the following table. These transactions are conducted in accordance with standard terms and conditions for such transactions.

(Thousands of dollars)	Mar 31 2021	Dec 31 2020
Assets pledged to Bank of Canada & Direct Clearing Organizations ⁽¹⁾⁽²⁾	\$ 60,330	\$ 58,693
Assets pledged in relation to:		
Derivative financial instrument transactions	49,463	72,765
Securities lending	27,954	4,175
Obligations under the Canada Mortgage Bond Program	100,574	123,995
Reinvestment assets under the Canada Mortgage Bond Program	868,406	770,589
Securities under repurchase agreements	505,980	513,497
	\$ 1,612,707	\$ 1,543,714

⁽¹⁾ Includes assets pledged as collateral for LVTS activities.

⁽²⁾ Central 1 also acts as a Group Clearer on behalf of certain other credit union centrals. These centrals are required to pledge securities in respect of their LVTS settlements. Central 1 administers the collateral on their behalf. These securities are not included in the pledge assets.

24. Financial instruments – Fair value

Certain financial instruments are recognized in the Interim Consolidated Statement of Financial Position at fair value. These include derivative instruments, securities, loans and deposits and a medium-term note designated at FVTPL, obligations related to securities sold short, reinvestment assets and obligations under the Canada Mortgage Bond Program. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants which takes place in the principal (or most advantageous) market at the measurement date under current market conditions. The fair value of financial instruments is best evidenced by unadjusted quoted prices in active markets. When there is no quoted price in an active market, valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs are used to derive the fair value.

Financial instruments are recorded at fair value upon initial recognition, which is normally equal to the fair value of the consideration given or received. 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, discount rates, and use of appropriate benchmarks and spreads.

Financial instruments whose carrying value approximates fair value

Fair value is assumed to be equal to the carrying value for cash, loans on demand classified as amortized cost and deposits due on demand classified as amortized cost because of their short-term nature.

Financial instruments for which fair value is determined using valuation techniques

The most significant assets and liabilities for which fair values are determined using valuation techniques include: loans and deposits and a medium-term note designated at FVTPL, derivative instruments, equity investments, and securities within the CMB Program. To determine fair value, Central 1 discounts the expected cash flows using interest rates currently being offered on instruments with similar terms. For a portion of Central 1's equity investments, quoted market prices are not available, in which case Central 1 would consider using valuation techniques such as discounted cash flows, comparison with instruments where observable inputs exist, Binomial Tree option pricing model and other valuation techniques. Assumptions and inputs used in these valuation techniques include risk-free rate, benchmark interest rate, and expected price volatility. The estimated fair value would increase (decrease) if:

- the expected cash flows were higher (lower);
- the risk-free rates were lower (higher).

Level 3 financial assets includes \$32.1 million of equity investment securities that are measured at cost which is an appropriate estimate of fair value at March 31, 2021 as the most recent available information is not sufficient to measure fair value. Central 1 has determined that this value remains the same as prior periods.

Fair value of assets and liabilities classified using the fair value hierarchy

Central 1 measures fair value using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

Securities, deposits and a medium-term note at FVTPL, obligation related to securities sold short, derivative assets and liabilities, reinvestment assets and obligations under CMB Program are classified as Level 2 in the hierarchy with observable prices or rate inputs as compared to transaction prices, dealer quotes or vendor prices. Loans at FVTPL and equity investments in Cooperative entities and Credit Union and private equities, where inputs are unobservable, are classified as Level 3 in the hierarchy.

Transfers into and out of Levels 1, 2, and 3 occur when there are changes to the relevant inputs which are consistent with the characteristics of the asset or liability. Transfers are recognized at the end of the reporting period.

The following tables present the fair value of Central 1's financial assets and financial liabilities classified in accordance with the fair value hierarchy:

Mar 31 2021									
(Millions of dollars)	Level 1		Level 2		Level 3		Amounts at Fair Value	Amounts at Amortized Cost ⁽¹⁾	Total Carrying Value
Financial assets									
Cash	\$	-	\$	-	\$	-	\$	2,035.4	\$ 2,035.4
Securities		-		10,455.5		47.6	10,503.1	-	10,503.1
Loans		-		-		15.5	15.5	1,060.4	1,075.9
Derivative assets		-		118.0		-	118.0	-	118.0
Total financial assets		-		10,573.5		63.1	10,636.6	3,095.8	13,732.4
Financial liabilities									
Deposits		-		3,692.8		-	3,692.8	6,186.4	9,879.2
Debt securities issued		-		245.7		-	245.7	1,152.9	1,398.6
Obligations under the CMB Program		-		974.0		-	974.0	-	974.0
Subordinated liabilities		-		-		-	-	223.3	223.3
Obligations related to securities sold short		-		83.0		-	83.0	-	83.0
Securities under repurchase agreements		-		-		-	-	506.0	506.0
Derivative liabilities		-		109.0		-	109.0	-	109.0
Total financial liabilities	\$	-	\$	5,104.5	\$	-	5,104.5	8,068.6	\$ 13,173.1

⁽¹⁾ Amounts carried at amortized cost include financial instruments classified as amortized cost or other financial liabilities.

There were no transfers of financial instruments between the different levels of the fair value hierarchy during the period.

Dec 31 2020									
(Millions of dollars)	Level 1		Level 2		Level 3		Amounts at Fair Value	Amounts at Amortized Cost ⁽¹⁾	Total Carrying Value
Financial assets	\$	-	\$	19,114.2	\$	63.4	\$ 19,177.6	\$ 3,647.4	\$ 22,825.0
Financial liabilities	\$	-	\$	5,698.1	\$	-	\$ 5,698.1	\$ 15,734.4	\$ 21,432.5

⁽¹⁾ Amounts carried at amortized cost include financial instruments classified as amortized cost or other financial liabilities.

The following tables present the change in fair value for financial instruments included in Level 3 of the fair value hierarchy:

(Millions of dollars)	Fair value at Dec 31 2020	Purchases	Disposals	Transfers	Changes in fair value of assets in profit or loss	Fair value at Mar 31 2021
Equity shares	\$ 47.6	\$ -	\$ -	\$ -	-	\$ 47.6
Loans	15.8	-	(0.1)	-	(0.2)	15.5
Total financial assets	\$ 63.4	\$ -	\$ (0.1)	\$ -	\$ (0.2)	\$ 63.1

25. Capital management

Central 1's Capital Policy ensures that each business segment has sufficient capital to support its business activities. The objective of managing capital includes, but is not limited to the following:

- ensuring that regulatory capital adequacy requirements are met at all times;
- ensuring internal capital targets are not breached; and
- earning an appropriate risk adjusted rate of return on members' equity.

Capital management framework

The capital management framework provides the policies and processes for defining, measuring, and allocating all types of capital across Central 1. The process of attributing capital to business segments is linked to the budgeting process and to the Internal Capital Adequacy Assessment Process (ICAAP). The budget process establishes expected business activities over the course of the following fiscal year and the ICAAP establishes the required amount of capital based on an internal risk assessment. Central 1's capital plan allows for tactical capital allocations within all segments. Capital, other than that which is attributed to business segments, is held in the Other segment.

Regulatory capital

Central 1's capital levels are regulated under provincial regulations administered by the B.C. Financial Services Authority (BCFSA). BCFSA has also adopted the previous federal regulations administered by the Office of the Superintendent of Financial Institutions (OSFI). This regulation requires Central 1 to maintain a consolidated borrowing multiple, specifically the ratio of deposit liabilities and other loans payable to total regulatory capital, of 18.0:1 or less. BCFSA announced this current borrowing multiple on September 30, 2020, to be effective as of January 1, 2021, until further notice.

Provincial regulations in British Columbia, which apply to B.C. credit unions as well as to Central 1, use a risk-weighted approach to capital adequacy that is based on standards issued by the Bank for International Settlements. The provincial risk weightings generally parallel the methodology used by OSFI to regulate Canadian chartered banks. Provincial legislation requires Central 1's total capital ratio, calculated by dividing regulatory capital by risk-weighted assets, to be no less than 8.0%. BCFSA guidance requires Central 1's total capital ratio to be no less than 10.0%. Additionally, Central 1 must maintain a total capital ratio of at least 10.0% to enable member credit unions to risk-weight their deposits with Central 1 at 0.0%. Central 1's capital base includes Tier 1 capital in the form of share capital, contributed surplus and retained earnings. Subject to certain conditions, Central 1 may include its subordinated debt in Tier 2 capital. In calculating Central 1's capital base, certain deductions are required for certain assets.

Central 1 was in compliance with all regulatory capital requirements throughout the reporting periods ended March 31, 2021 and March 31, 2020.

26. Related party disclosures

Related parties of Central 1 include:

- key management personnel and their close family members;
- Board of Directors and their close family members;
- entities over which Central 1 has control or significant influence; and
- Central 1's post-employment plans as described in Note 29 of the Annual Audited Consolidated Financial Statements for the year ended December 31, 2020.

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Central 1, which include Central 1's Executive Management and Vice-Presidents. There was no outstanding balance against the mortgage loans to the executives as on March 31, 2021 and December 31, 2020.

The following table presents the compensation to key management personnel:

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Salaries and short-term employee benefits	\$ 890	\$ 1,274
Post-employment benefits	44	61
Termination and other long-term employee benefits	1,467	-
	\$ 2,401	\$ 1,335

In addition to their salaries, Central 1 also provides non-cash benefits to key management personnel and contributes to post-employment benefits plan on their behalf.

Termination and other long-term employee benefits represent amounts paid or payable, pursuant to contractual arrangements, to members of key management personnel who left Central 1 during the period.

Transactions with Board of Directors

(Thousands of dollars)	For the three months ended	
	Mar 31 2021	Mar 31 2020
Total remuneration	\$ 181	\$ 142

Significant subsidiaries

(% of direct ownership outstanding)	Mar 31 2021	Dec 31 2020
Central 1 Trust Company	100%	100%
CUPP Services Ltd.	100%	100%
C1 Ventures (VCC) Ltd.	100%	100%
0789376 B.C. Ltd.	100%	100%

Investment in affiliates

(% of direct ownership outstanding)	Mar 31 2021	Dec 31 2020
The CUMIS Group Limited	27%	27%
CU Cumis Wealth Holdings LP	35%	35%
189286 Canada Inc.	52%	52%
Agility Forex Ltd.	28%	28%

Substantial investments

(% of direct ownership outstanding)	Mar 31 2021	Dec 31 2020
The Co-operators Group Limited	21%	21%
Canadian Credit Union Association	59%	59%