Quarterly Report

For the Third Quarter of 2021

Third Quarter Results

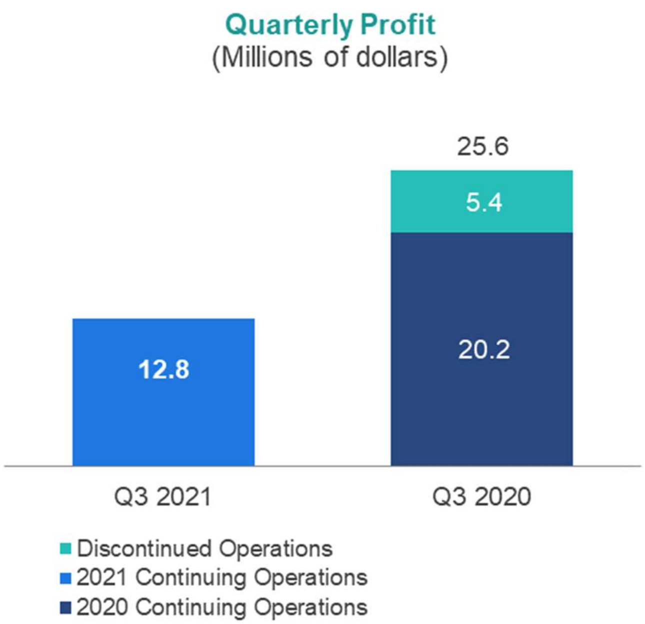
Central 1 Credit Union ('Central 1' or 'the organization') reported a profit from continuing operations of $41.0 million for the first nine months of 2021, an increase of $18.2 million compared to the same period last year. For the third quarter (Q3) ended September 30, 2021, profit from continuing operations was $12.8 million compared to a profit of $20.2 million in the same period in 2020.

"Treasury continues to be a key driver in Central 1's financials as we introduce innovative solutions and support our clients who deliver banking choice to Canadians," said Sheila Vokey, Interim President and CEO. "We remain committed to our strategic plan and are well-positioned to continue our momentum as we close out the remainder of 2021."

Central 1's Treasury business was a strong contributor to the organization's earnings, and continues to provide a stable source of short-term market funding to support its members and clients. Along with 16 other key participants, Payments Canada, and the Bank of Canada, Central 1 also launched Lynx Release 1, Canada's new high-value payments system. The changes to technology and operations were implemented after more than a year of preparation and provides the basis for Canada's shift to real-time payments.

The organization, in collaboration with two implementation partners, successfully launched the first phase of *Interac* e-Transfer® for Business, which will enable the receipt of real-time, account number routed and data-rich transactions. In addition, the first aspects of Forge 2.0 were successfully delivered to market, including an enhanced user interface and design for the Forge 2.0 Retail Online Banking, Mobile App and Small Business offerings.

Third Quarter Consolidated Results



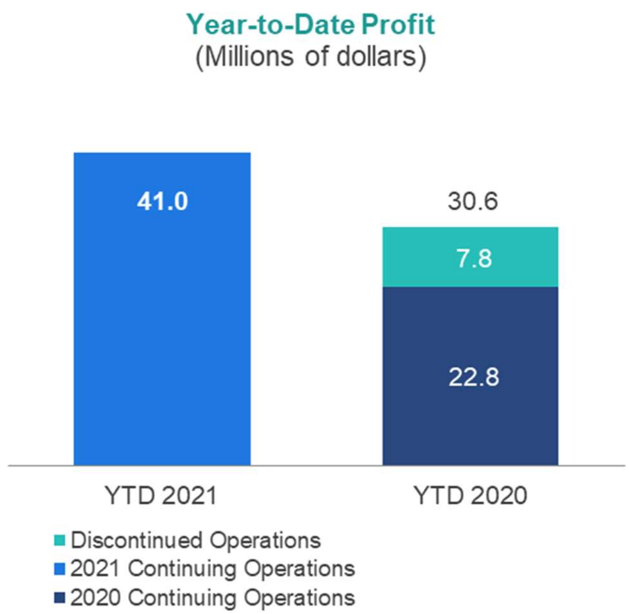
Effective January 1, 2021, Central 1 no longer has discontinued operations as the Mandatory Liquidity Pool (MLP) was segregated.

Profit from continuing operations for the third quarter of 2021 was $7.4 million lower compared to the same quarter last year, primarily due to a $12.6 million decrease in net financial income partially offset by a one-time income of CA$5.5 million (US$4.4 million) received during the quarter, relating to the liquidation distribution from a prior investment in U.S. Central Federal Credit Union (US Central).

The third quarter interest margin decreased $4.8 million from the third quarter in 2020, when credit union liquidity in the form of deposits placed with Central 1 was near its peak, but has since begun to reduce from elevated levels in light of improving economic conditions. Net realized and unrealized gains also saw a $7.5 million decrease year-over-year due to a less beneficial movement in interest rates and credit spreads.

Excluding the one-time income received from US Central, non-financial income and non-financial expense remained relatively stable. Investments in strategic initiatives continued at a planned lower level and remained consistent with Central 1's strategic priorities and plans, resulting in a $5.4 million lower spend compared to the same period last year.

Year-To-Date Consolidated Results

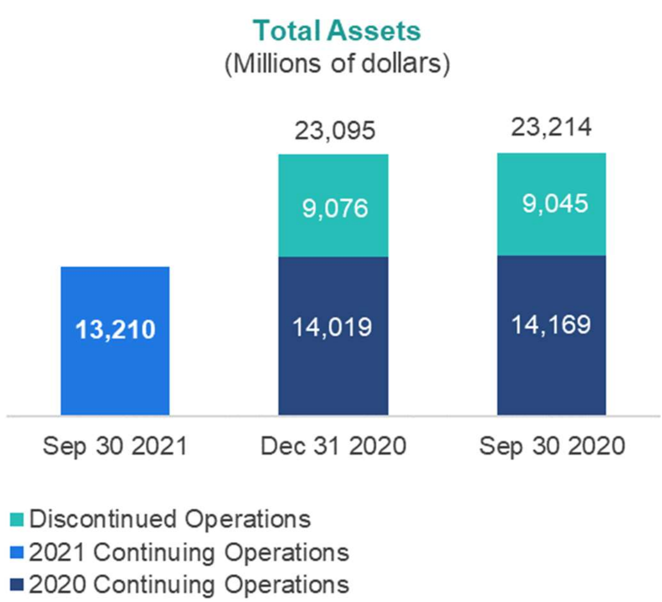


Profit from continuing operations for the nine months ended September 30, 2021 increased by $18.2 million compared to the same period last year, mainly driven by a $9.8 million increase in net financial income and a $20.9 million decrease in strategic initiatives spend, which were only partially offset by an $11.5 million increase in income taxes.

The year-to-date interest margin improved by $2.9 million compared to the same period last year as credit union members continue to hold elevated levels of liquidity in the form of deposits with Central 1 which peaked in early 2021. Net realized and unrealized gains also improved by $1.6 million compared to the same period last year mainly due to continued favourable movements in credit spreads.

Year-to-date 2021 results reflected an improved economic outlook due to the steady increase of COVID-19 vaccination rates leading to economies reopening, reporting a recovery of $1.9 million in expected credit loss (ECL), compared to the same period last year which reported an ECL expense of $3.4 million. Except for the one-time income of CA$5.5 million (US$4.4 million) from US Central, Non-financial income and non-financial expense remained relatively stable. Investments in strategic initiatives continued into 2021 at a planned lower level and remained consistent with Central 1's strategic priorities and plans, leading to a lower spend year-over-year.

Statement of Financial Position



Excluding the assets from discontinued operations, total assets as at September 30, 2021 were down $0.8 billion and $1.0 billion from December 31, 2020 and September 30, 2020, respectively, when credit union liquidity was near its peak, which translated to additional deposits placed with Central 1, and has since begun to reduce in light of improving economic conditions. Deposits placed with Central 1 decreased $1.9 billion from December 31, 2020 and $1.4 billion from a year ago.

Treasury

Treasury experienced a profit of $14.9 million in the third quarter of 2021, down $10.9 million from the same quarter last year, primarily due to a $12.6 million decrease in net financial income. Interest margin decreased $4.8 million from the same quarter last year, when credit union liquidity in the form of deposits placed with Central 1 was near its peak, but has since begun to reduce from elevated levels in light of improving economic conditions. Net realized and unrealized gains also saw a $7.5 million decrease year-over-year due to less beneficial movements in interest rates and credit spreads. Treasury's cash and liquid assets at September 30, 2021 decreased $1.1 billion from December 30, 2020 as many credit unions have begun to reduce the elevated level of liquidity built in response to the potential economic impact of the COVID-19 pandemic.

Treasury observed a steady quarter with a modest increase in both credit union lending and commercial lending. During the same period, deposits marginally declined as members continue to use excess liquidity to fund new loan growth, driven by the robust housing market in both B.C. and Ontario. Treasury continues to deliver strong and consistent contributions to the earnings of Central 1, and continues to provide a stable source of short-term market funding to support its members and clients.

Payments & Digital Banking Platforms and Experiences

Payments & Digital Banking Platforms and Experiences (DBPX), formerly Digital & Payment Services, experienced a loss of $4.5 million in the third quarter of 2021 compared to a loss of $4.8 million a year ago. The smaller loss was driven by sustained growth in *Interac® e-Transfer* volumes, reflecting a surge in usage of online payments during the COVID-19 pandemic. Investments in strategic initiatives continued as planned, consistent with Central 1's strategic priorities and plans, resulting in a $4.3 million lower spend year-over-year.

The Payments team has achieved several milestones in the third quarter, including establishing a strategic partnership with Fiserv, a leading global provider of financial services technology solutions. This partnership will enable Central 1 to deliver state-of-the-art payments processing capabilities to the Canadian market.

In collaboration with Vancity and First West Credit Union, the first phase of Interac e-Transfer® for Business was successfully launched, which will enable the receipt of real-time, account number routed and data-rich payments. Additionally, the team is focused on the phased roll out of Central 1's Enterprise Fraud Management ('EFM') Solution in the fall. The new fraud risk management solution supports clients' risk management programs by using a combination of rules, advanced analytics, and machine learning to monitor, detect and prevent fraudulent transactions in real-time.

Lynx, Canada's new high-value payments system, successfully launched Lynx Release I in late August 2021 with no negative impacts to clients. Central 1, along with 16 other key participants, Payments Canada and the Bank of Canada, implemented the changes to technology and operations after more than a year of preparation. To ensure a seamless experience, clients were well insulated from the transition as Central 1 continues to drive progress and enable clients through these many enhancements.

In recent months, Central 1 has delivered Forge 2.0 to clients, focusing on speed, security and stability. The first aspects of Forge 2.0 were successfully delivered to market, including an enhanced user interface and design for the Forge 2.0 Retail Online Banking, Mobile App and Small Business offerings. This marks the first of several phases in Forge 2.0's development to market. Central 1 continues to evolve and assess its digital offerings to empower financial institutions from coast to coast.

Central 1's launch of the Forge 2.0 experience is the first layer of a multi-phased approach. It will include Forge public website refinements and migration to a new Content Management System (OpenText), and 2.0 iterations of Forge Community and Forge Commercial. There will also be enhanced functionality for Forge Retail, Small Business and Commercial. The team remains committed to strengthening operational efficiency, sustainability, innovation and new functionality.

Economic and Financial Markets Overview

As vaccination rates rise and health restrictions ease, the economic recovery continues despite challenges posed by the spread of the COVID-19 Delta variant. While the recovery is incomplete and uneven, inflation has surged in the second half of 2021 due to strong demand for goods, severe strains in supply chains and rising energy prices. Central banks have begun to or signaled they will begin reducing monetary stimulus with the Bank of Canada expecting to begin raising rates in 2022. Central 1 forecasts two quarter point hikes in the second half of 2022 and three hikes in 2023. However, the speed and frequency of hikes will depend on persistence of high inflation and the economic environment. Financial markets have shifted rapidly amidst changing expectations pulling rates sharply higher at the front- end of the yield curve.

Management's Discussion & Analysis

September 30, 2021

central 1

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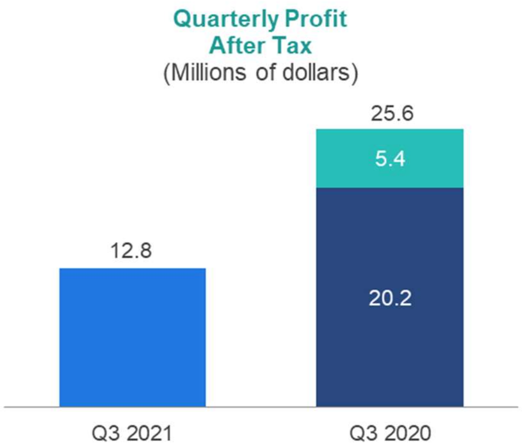
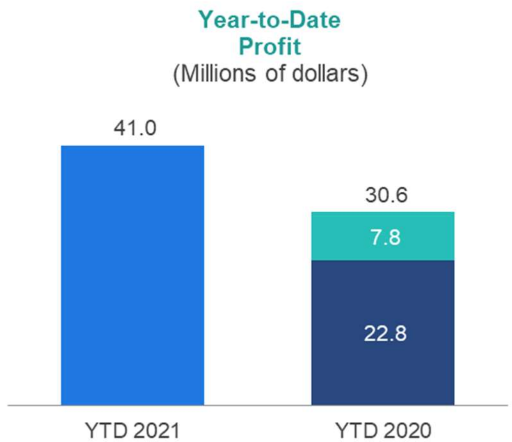
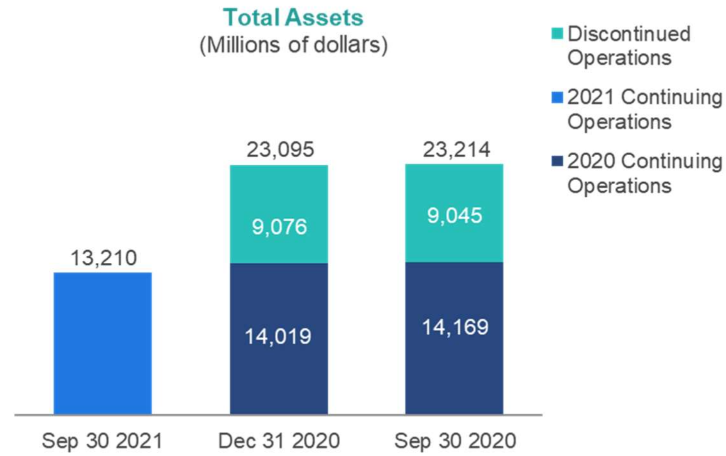
In this Management's Discussion and Analysis (MD&A), unless the context otherwise requires, references to "Central 1", "we", "us" and "our" refer to Central 1 Credit Union and its subsidiaries. This MD&A is dated November 26, 2021. The financial information included in this MD&A should be read in conjunction with our Interim Consolidated Financial Statements for the periods ended September 30, 2021 and September 30, 2020 (Interim Consolidated Financial Statements), which were authorized for issue by the Board of Directors (the Board) on November 26, 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 Sep 30 2021	Sep 30 2020	Change	For the nine months ended Sep 30 2021	Sep 30 2020	Change
Continuing operations						
Net financial income	**$ 19.5**	$ 32.1	$ (12.6)	**$ 67.1**	$ 57.3	$ 9.8
Non-financial income	**40.4**	34.1	6.3	**115.1**	100.7	14.4
Net financial and non-financial income	**59.9**	66.2	(6.3)	**182.2**	158.0	24.2
Non-financial expense	**35.0**	28.2	6.8	**106.6**	91.2	15.4
	24.9	38.0	(13.1)	**75.6**	66.8	8.8
Strategic initiatives	**8.2**	13.6	(5.4)	**21.7**	42.6	(20.9)
Income taxes	**3.9**	4.2	(0.3)	**12.9**	1.4	11.5
Profit after income taxes from continuing operations	**$ 12.8**	$ 20.2	$ (7.4)	**$ 41.0**	$ 22.8	$ 18.2
Profit after income taxes from discontinued operations	**$ -**	$ 5.4	$ (5.4)	**$ -**	$ 7.8	$ (7.8)
Profit	**$ 12.8**	$ 25.6	$ (12.8)	**$ 41.0**	$ 30.6	$ 10.4

Q3 2021 vs Q3 2020

Profit from continuing operations for the third quarter of 2021 was down by $7.4 million compared to the same period last year, primarily due to a $12.6 million decrease in net financial income partially offset by a one-time income of CA$5.5 million (US$4.4 million) relating to the liquidation distribution from a prior investment in U.S. Central Federal Credit Union (US Central). The third quarter interest margin decreased $4.8 million from the third quarter in 2020, when credit union liquidity in the form of deposits placed with Central 1 was near its peak, but has since begun to reduce from elevated levels in light of improving economic conditions. Net realized and unrealized gains also saw a $7.5 million decrease year-over-year due to a less beneficial movement in interest rates and credit spreads.

Excluding the one-time distribution from US Central, non-financial income and non-financial expense remained relatively stable. Investments in strategic initiatives continued in the third quarter of 2021 at a planned lower level and remained consistent with Central 1's strategic priorities and plans, reflective of the amount spent being $5.4 million lower year-over-year.

YTD 2021 vs YTD 2020

Profit from continuing operations for the nine months ended September 30, 2021 increased by $18.2 million compared to the same period last year, mainly driven by a $9.8 million increase in net financial income and a $20.9 million decrease in strategic initiatives spend which were only partially offset by an $11.5 million increase in income taxes. Interest margin for the first nine months of 2021 improved by $2.9 million compared to the same period last year as credit union members continue to hold elevated levels of liquidity in the form of deposits with Central 1 which peaked in early 2021. Net realized and unrealized gains also improved by $1.6 million compared to the same period last year mainly due to continued favourable movements in credit spreads.

Year-to-date 2021 results reflected an improved economic outlook due to the steady increase of COVID-19 vaccination rates leading to economies reopening, reporting a recovery of $1.9 million in ECL, compared to the same period last year which reported an ECL expense of $3.4 million. Except for the one-time income from US Central, non-financial income and non-financial expense remained relatively stable. Investments in strategic initiatives continued into 2021 at a planned lower level and remained consistent with Central 1's strategic priorities and plans, leading to a lower spend year-over-year.

Selected Financial Information	For the three months ended			For the nine months ended		
	Sep 30 2021	Sep 30 2020	Change	Sep 30 2021	Sep 30 2020	Change
Return on average assets	**0.4%**	0.5%		**0.4%**	0.2%	
Return on average equity	**6.6%**	9.2%		**7.2%**	3.8%	
Earnings per share *(cents)* (1)						
Basic/Diluted	**29.7**	5.8	23.9	**76.5**	6.9	69.6
Basic/Diluted from continuing operations	**29.7**	4.6	25.1	**76.5**	5.2	71.3
Basic/Diluted from discontinued operations	**-**	1.2	(1.2)	**-**	1.7	(1.7)
Weighted average shares outstanding *(number of shares)*	**43.4**	441.1	(397.7)	**53.6**	440.8	(387.2)
Average assets *(millions of dollars)*	**$ 12,888.8**	$ 22,606.4	$ (9,717.6)	**$ 13,900.6**	$ 20,420.4	$ (6,519.7)

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

Selected Financial Information						
						As at
		Sep 30 2021		Dec 31 2020		Sep 30 2020
Balance sheet *(millions of dollars)*						
Total assets	**$**	**13,210.3**	$	23,094.7	$	23,214.0
Regulatory ratios						
Tier 1 capital ratio		**15.1%**		20.9%		22.2%
Provincial capital ratio		**25.3%**		25.9%		27.1%
Borrowing multiple		**11.7:1**		17.8:1		17.2:1
Risk weighted assets used in capital ratios *(millions of dollars)*	**$**	**4,143.9**	$	4,705.8	$	4,435.0
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	**$**	**11**	$	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. Excluding the assets from discontinued operations, total assets as at September 30, 2021 were down $0.8 billion and $1.0 billion from December 31, 2020 and September 30, 2020, respectively, when credit union liquidity was near its peak, which translated to additional deposits placed with Central 1, and has since begun to reduce in light of improving economic conditions.

Pursuant to agreements entered into by Central 1 with Class A members (Transfer Agreements), $8.7 billion in MLP deposits were satisfied and discharged. 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.

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 September 30, 2021 and September 30, 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.

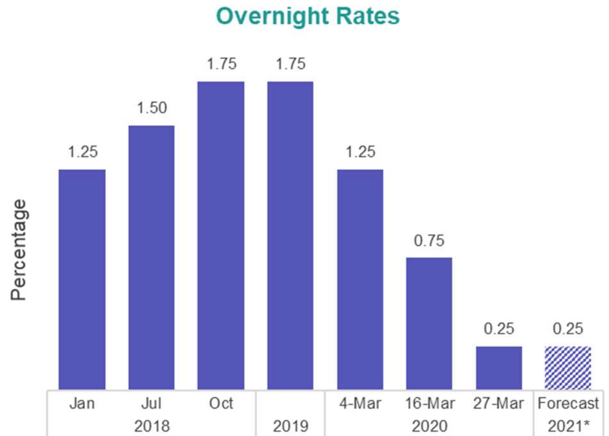
Readers are cautioned that the foregoing list is not intended to be exhaustive and other factors may adversely impact our results. We do not undertake to update forward-looking statements except as required by law.

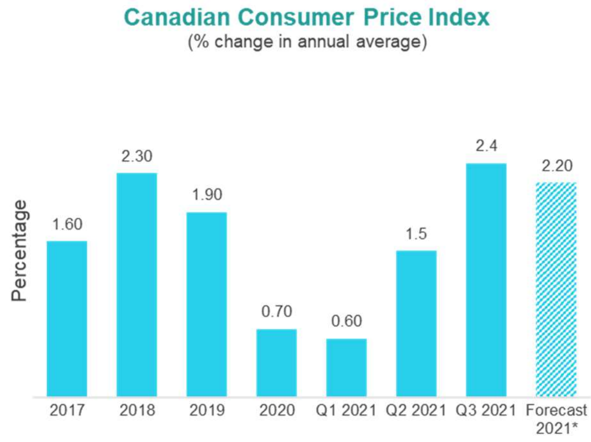
Additional information about these and other factors can be found in the Factors That May Affect Future Results and Risk Review sections of our 2020 Annual Report.

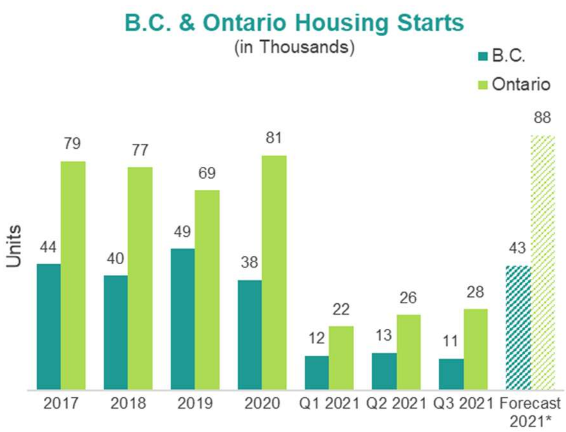
Economic Developments and Outlook

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

The U.S. economy decelerated in the third quarter after having grown 6.7 per cent in the second quarter. Spread of the Delta variant of COVID-19 alongside international travel restrictions contributed to more subdued dining out, travel, and tourism. Supply chain disruptions are tempering growth trends in the manufacturing sector, while labor shortages are becoming more prevalent. September non-farm payrolls grew by a disappointing 194k which was the lowest since December. That said, the unemployment rate fell to 4.8 per cent, which was the lowest since March 2020 pointing to constrained labour supply. The shortage has resulted in structural shifts in demand and upward pressure on wages, especially in the low wage sectors, as businesses look to attract and retain workers. Hourly wages have increased 4.0 per cent year over year. Despite this, businesses remain optimistic about the near-term prospects even with continued concern about supply disruptions and resource shortages. The fourth wave of COVID-19 is subsiding without any severe restrictions because vaccination rates continue to climb, and households adapt to living with the virus. The National Association for Business Economics outlook survey has median estimates for third quarter real GDP growth to slow to 4.0 per cent, but to grow 5.1 per cent in the fourth quarter.

The International Monetary Fund pared its expectations for the global economy in its October World Economic Outlook. Annual global GDP is forecast to expand 5.9 per cent this year and 4.9 per cent in 2022, which was down slightly July, reflecting vaccine unevenness around the globe and supply chain factors. Its outlook for the U.S. was cut to 6.0 per cent from 7.0 per cent for 2021 with a 5.2 per cent expansion in 2022.

Growth in the Canadian economy in the third quarter modestly recovered an unexpected contraction (-1.1 per cent) in the second quarter. Numbers for the start of the third quarter in July also suggested weakness, but more recent data is showing that it is likely short lived. The housing market continues to moderate from record high sales reached in Spring but remains above trend. Demand remains bolstered by low rates (although high prices have eroded affordability), a shift in pandemic preference, and location flexibility due to remote and hybrid work environments. Employment numbers though continue to rise and finally reached pre-pandemic levels after having gained 341,000 jobs in the third quarter. The unemployment rate also dropped to 6.9 per cent for September, down from 7.1 per cent in August and 9.2 per cent from a year ago. Businesses are also generally optimistic with sentiment rising and investment activity growing, although concerns persist about rising costs, and short-term COVID-19 uncertainty. Case numbers are also beginning to subside again without any severe lockdown measures while vaccination rates continue to climb. Combine that with provinces implementing vaccine passports and the recovery is likely to pick up again. Central 1 Economics expected third quarter real GDP growth to come in at 3.5 per cent annualized but to accelerate in the fourth quarter and grow at 6.6 per cent.

Financial Markets

Long term bond yields have seen an uptick recently. Yields on long term Canadian bonds are up over 30 basis points (bps) from their third quarter lows while US long term treasury yields are up over 20 bps. Both the Bank of Canada (BoC) and the Federal Reserve continue to keep their overnight rates near the effective lower bound and maintained quantitative easing programs at a steady pace. As the economy improves it's likely they will begin tapering off these purchases near the end of the year or early next year. While the Chinese bond market is slumping due to the Evergrande liquidity crisis, contagion is unlikely to spread to North America. The global energy shortage, however, has impacted all markets. While North America is unlikely to see any disruptions due to plentiful domestic production, prices have spiked, and it has spilled over across the energy complex, and this is before winter heating demand begins. Inflation remains uncomfortably high, with September year over year Consumer Pricing Index in US and Canada rising at 5.4 per cent and 4.4 per cent. While many drivers are still transitory, there is risk of greater persistence due to rising home prices and higher energy prices.

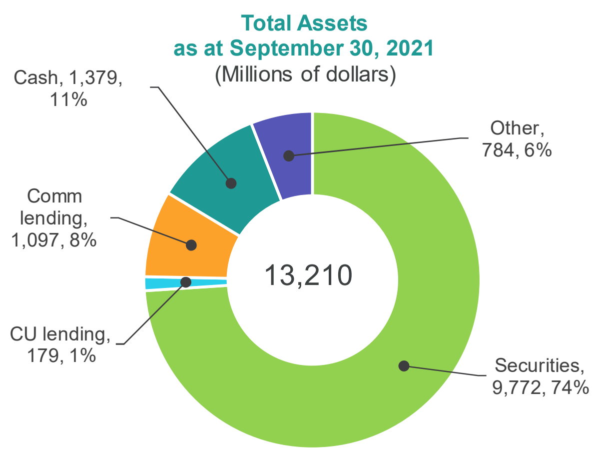
Industry Regulation

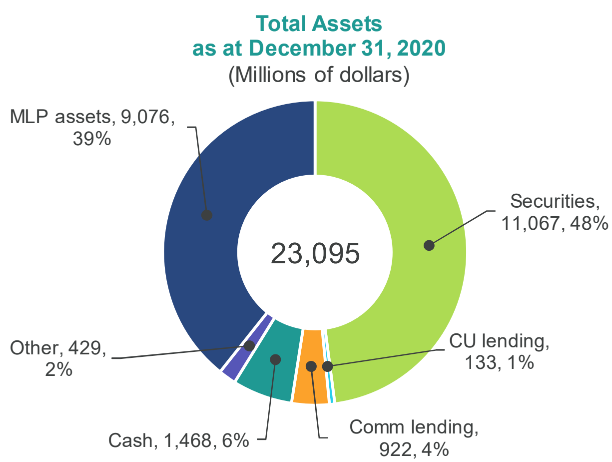
There were no material changes to industry regulation with the potential to directly impact Central 1 in the third quarter of 2021.

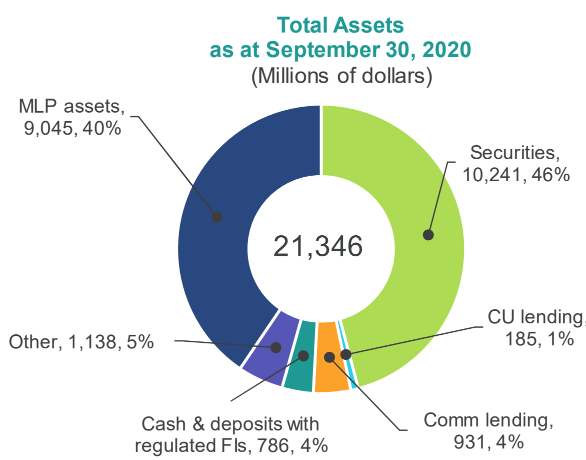
In the broader legislative and regulatory sphere, the federal election in October 2021 resulted in no change in government. This suggests the status quo and predictability for major federal initiatives in which Central 1 is a participant, such as payments modernization.

Statement of Financial Position

Total Assets

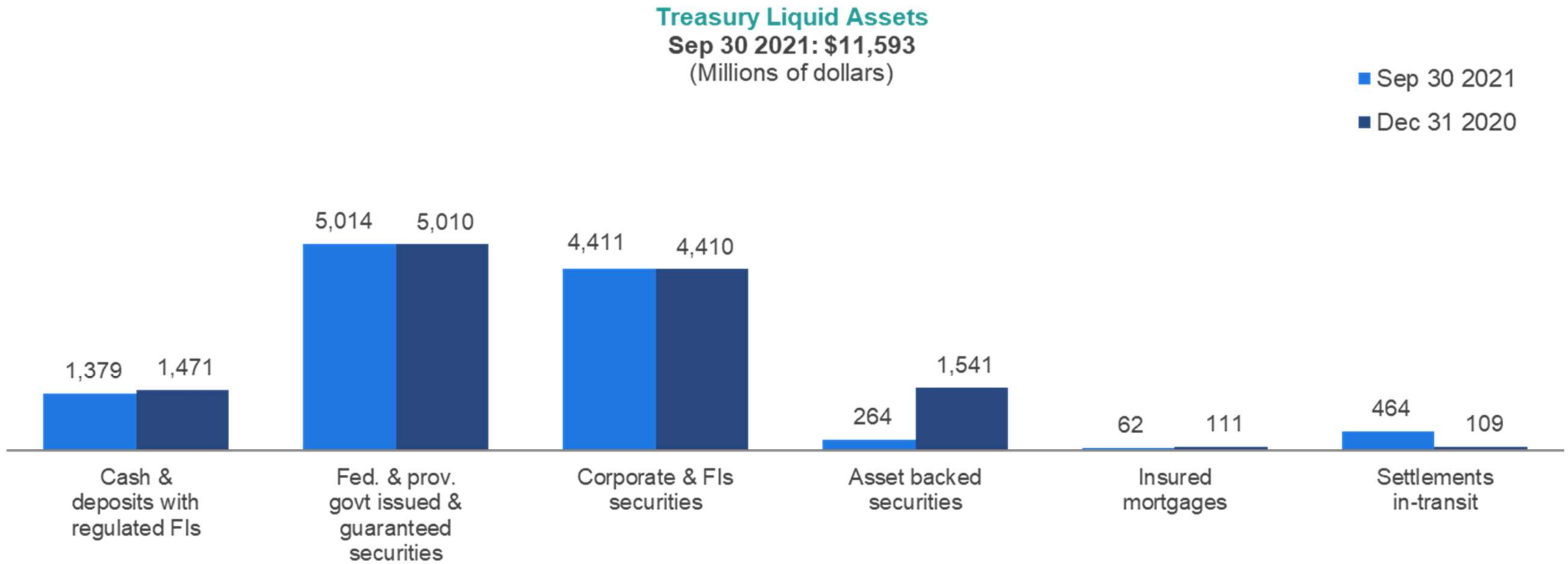






Total assets as at September 30, 2021 reflected Central 1's assets after the MLP segregation on January 1, 2021. Excluding the MLP assets, total assets as at September 30, 2021 were down $0.8 billion and $1.0 billion from December 31, 2020 and September 30, 2020, respectively, when credit union liquidity was near its peak and has since begun to reduce from elevated levels in light of improving economic conditions.

Cash and Liquid Assets



Sep 30 2021	Treasury				
(Millions of dollars)	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	$ 1,378.5	$ -	$ 1,378.5	$ -	$ 1,378.5
Federal and provincial government issued and guaranteed securities	4,965.9	48.1	5,014.0	1,821.6	3,192.4
Corporate and financial institutions securities	4,410.8	-	4,410.8	53.9	4,356.9
Asset backed securities	263.9	-	263.9	28.5	235.4
Insured mortgages	61.7	-	61.7	-	61.7
Settlements in-transit	464.2	-	464.2	-	464.2
Total	**$ 11,545.0**	**$ 48.1**	**$ 11,593.1**	**$ 1,904.0**	**$ 9,689.1**

*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	MLP**	Treasury				
(Millions of dollars)	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 borrow ings, 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.

Sep 30 2020	MLP**	Treasury				
(Millions of dollars)	Liquid Assets	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	$ 136.3	$ 789.5	$ -	$ 789.5	$ -	$ 789.5
Federal and provincial government issued and guaranteed securities	6,186.0	5,103.7	457.8	5,561.5	1,764.8	3,796.7
Corporate and financial institutions securities	2,203.8	4,584.0	-	4,584.0	35.6	4,548.4
Asset backed securities	519.2	1,253.0	-	1,253.0	57.0	1,196.0
Insured mortgages	-	141.6	-	141.6	44.6	97.0
Settlements in-transit	-	389.5	-	389.5	-	389.5
Total	$ 9,045.3	$ 12,261.3	$ 457.8	$ 12,719.1	$ 1,902.0	$ 10,817.1

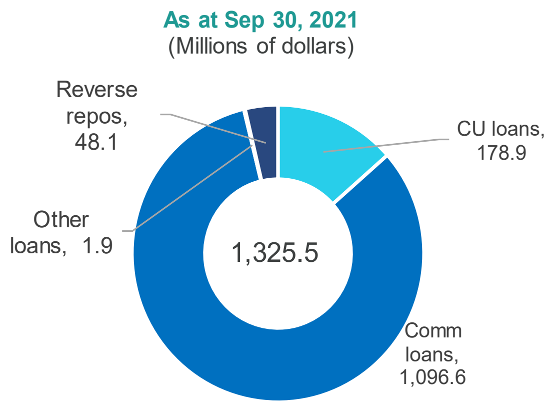
*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

** 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 have begun to reduce the elevated levels of liquidity they built in 2020 in response to the potential economic impact of the COVID-19 pandemic. This is evident in Treasury's cash and liquid assets as at September 30, 2021 which decreased by $1.1 billion from December 31, 2020 and $1.1 billion from September 30, 2020.

Loans



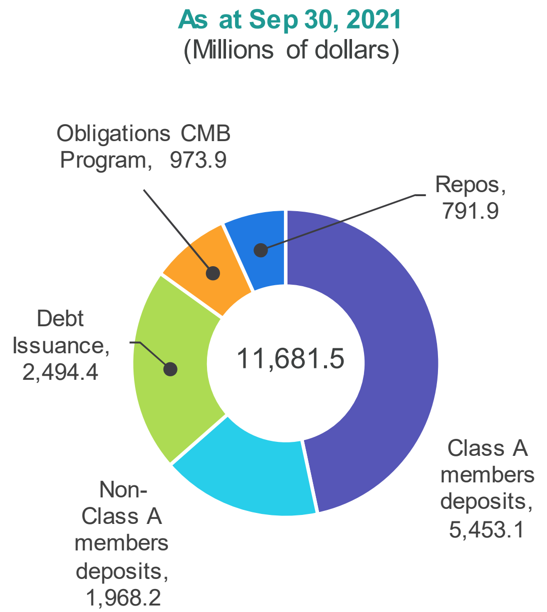
(Millions of dollars)		Sep 30 2021		Dec 31 2020		Sep 30 2020
Loans to credit unions	**$**	**178.9**	$	133.0	$	185.2
Commercial loans		**1,096.6**		922.4		931.4
Other loans		**1.9**		4.0		7.4
		1,098.5		926.4		938.8
Reverse repurchase agreements		**48.1**		51.6		457.8
	$	**1,325.5**	$	1,111.0	$	1,581.8

*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.

Loans to credit unions increased by $45.9 million from December 31, 2020 but have remained relatively stable compared to September 30, 2020 with a small decrease of $6.3 million. Additionally, commercial loans have surpassed $1.0 billion and increased by $174.2 million from December 31, 2020 and $165.2 million from September 30, 2020. Reverse repurchase agreements remained relatively stable since December 31, 2020 but have decreased by $409.7 million since September 30, 2020 when credit unions were accessing loans from Central 1 in order to build their liquidity in response to the potential economic impact of the pandemic.

Funding



(Millions of dollars)	Sep 30 2021	Dec 31 2020	Sep 30 2020
Deposits			
Mandatory deposits held for segregation	**$ -**	$ 8,676.5	$ 8,542.8
Non-mandatory deposits	**5,453.1**	7,754.6	7,430.3
Deposits from Class A members	**5,453.1**	16,431.1	15,973.1
Deposits from non-Class A members	**1,968.2**	1,610.9	1,409.4
	7,421.3	18,042.0	17,382.5
Debt Issuance			
Commercial paper	**864.4**	250.2	250.2
Medium-term notes	**1,204.2**	1,304.4	1,311.3
Subordinated liabilities	**425.8**	221.7	223.2
	2,494.4	1,776.3	1,784.7
Obligations under the Canada Mortgage Bond (CMB) Program	**973.9**	909.7	1,069.8
Securities under repurchase agreements	**791.9**	513.5	693.5
	$ 11,681.5	$ 21,241.5	$ 20,930.5

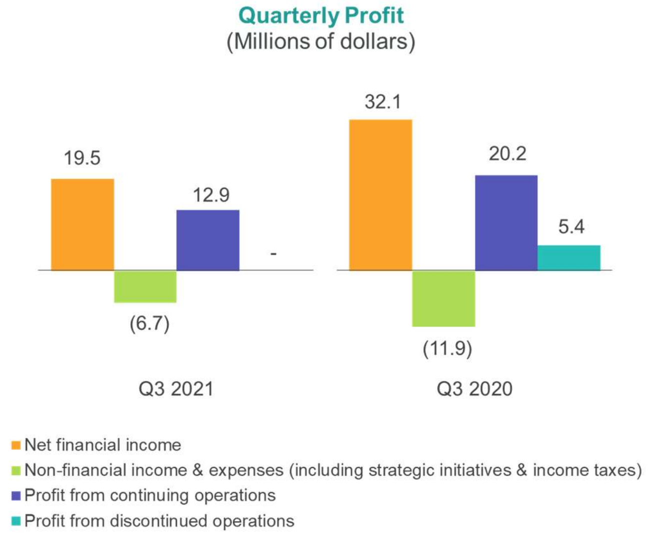
Central 1's primary funding source for Treasury is credit unions' excess liquidity deposits. Further funding diversification is achieved through the issuance of commercial paper, medium-term notes, subordinated debt and participation in securitization programs.

Excluding the mandatory deposits held for segregation, which were discharged on January 1, 2021, total deposits were down by $1.9 billion from December 31, 2020 and $1.4 billion from a year ago when credit union liquidity was near its peak and has since begun to reduce from elevated levels in light of improving economic conditions. Deposits from non-Class A members continue to increase with growth of $0.4 billion and $0.6 billion from December 31, 2020 and a year ago, respectively.

Total debt issued increased by $0.7 billion from December 31, 2020 and $0.7 billion from a year ago. This was mainly driven by increases in commercial paper and subordinated debt.

Statement of Profit

Q3 2021 vs Q3 2020

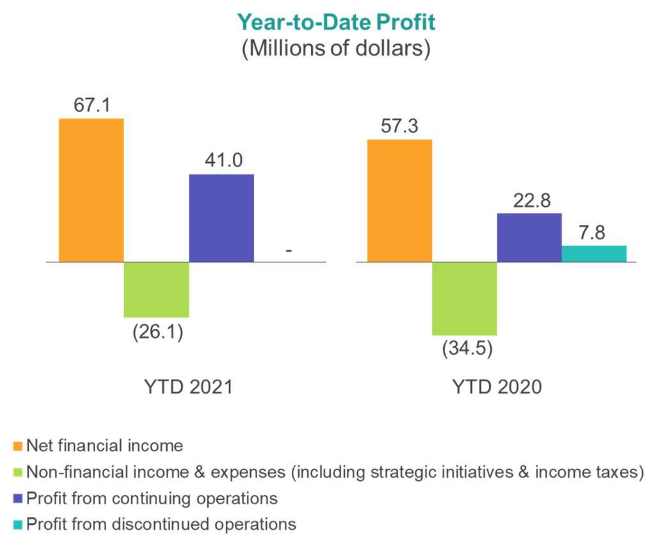


Effective the first quarter of 2021, Central 1 no longer has discontinued operations as the MLP was segregated on January 1, 2021.

Profit from continuing operations for the third quarter of 2021 was down by $7.4 million compared to the same period last year, primarily due to a $12.6 million decrease in net financial income partially offset by the one-time income of CA$5.5 million (US$4.4 million) relating to the liquidation distribution from a prior investment in US Central. The third quarter interest margin decreased $4.8 million from the third quarter in 2020, when credit union liquidity in the form of deposits placed with Central 1 was near its peak, but has since begun to reduce from elevated levels in light of improving economic conditions. Net realized and unrealized gains also saw a $7.5 million decrease year-over-year due to a less beneficial movement in interest rates and credit spreads.

Excluding the one-time distribution from US Central, non-financial income and non-financial expense remained relatively stable. Investments in strategic initiatives continued in the third quarter of 2021 at a planned lower level and remained consistent with Central 1's strategic priorities and plans, reflective of the amount spent being $5.4 million lower year-over-year.

YTD 2021 vs YTD 2020



On a year-to-date basis, profit from continuing operations for the nine months ended September 30, 2021 increased by $18.2 million compared to the same period last year, mainly driven by a $9.8 million increase in net financial income and a $20.9 million decrease in strategic initiatives spend which were only partially offset by an $11.5 million increase in income taxes.

Interest margin for the first nine months of 2021 improved by $2.9 million compared to the same period last year as credit union members continue to hold elevated levels of liquidity in the form of deposits with Central 1 which peaked in early 2021. Net realized and unrealized gains also improved by $1.6 million compared to the same period last year mainly due to continued favourable movements in credit spreads.

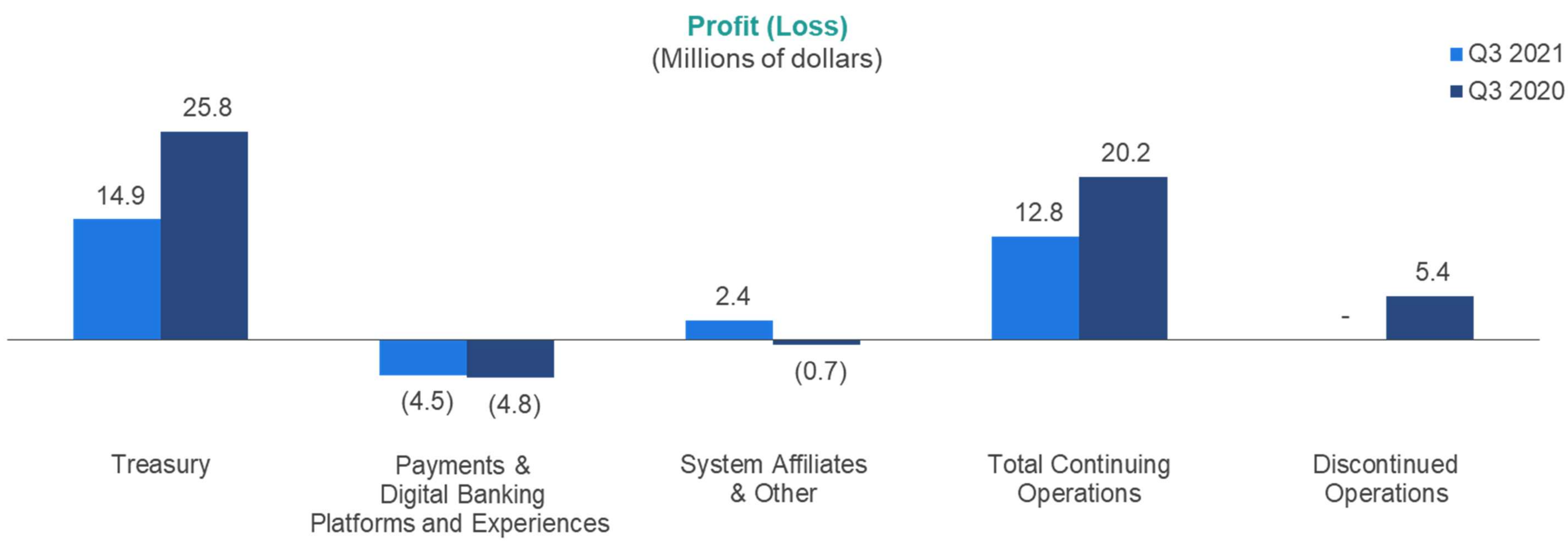
Year-to-date 2021 results reflected an improved economic outlook due to the steady increase of COVID-19 vaccination rates leading to economies reopening, reporting a recovery of $1.9 million in ECL, compared to the same period last year which reported an ECL expense of $3.4 million. Except for the one-time income from US Central, non-financial income and non-financial expense remained relatively stable. Investments in strategic initiatives continued into 2021 at a planned lower level and remained consistent with Central 1's strategic priorities and plans, leading to a lower spend 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.

Q3 2021 vs Q3 2020



For the three months ended September 30, 2021 (Millions of dollars)		Treasury		Payments & Digital Banking Platforms and Experiences		System Affiliates & Other		Total
Net financial income	$	19.5	$	-	$	-	**$**	**19.5**
Non-financial income		9.3		25.6		5.5		**40.4**
Net financial and non-financial income		28.8		25.6		5.5		**59.9**
Non-financial expense		9.5		25.2		0.3		**35.0**
		19.3		0.4		5.2		**24.9**
Strategic initiatives		-		6.3		1.9		**8.2**
Profit (loss) before income taxes		19.3		(5.9)		3.3		**16.7**
Income tax expense (recovery)		4.4		(1.4)		0.9		**3.9**
Profit (loss) after income taxes from continuing operations		14.9		(4.5)		2.4		**12.8**
Profit after income taxes from discontinued operations		-		-		-		**-**
Profit (loss)	**$**	**14.9**	**$**	**(4.5)**	**$**	**2.4**	**$**	**12.8**

For the three months ended September 30, 2020 (Millions of dollars)		Treasury		Payments & Digital Banking Platforms and Experiences		System Affiliates & Other		Total
Net financial income	$	32.1	$	-	$	-	$	32.1
Non-financial income		7.6		25.3		1.2		34.1
Net financial and non-financial income		39.7		25.3		1.2		66.2
Non-financial expense (income)		8.6		20.5		(0.9)		28.2
		31.1		4.8		2.1		38.0
Strategic initiatives		-		10.6		3.0		13.6
Profit (loss) before income taxes		31.1		(5.8)		(0.9)		24.4
Income tax expense (recovery)		5.3		(1.0)		(0.2)		4.2
Profit (loss) after income taxes from continuing operations		25.8		(4.8)		(0.7)		20.2
Profit after income taxes from discontinued operations		-		-		-		5.4
Profit (loss)	$	25.8	$	(4.8)	$	(0.7)	$	25.6

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

Treasury

For the third quarter of 2021, Treasury saw a decrease of $10.9 million in profit from the same quarter last year, primarily due to a $12.6 million decrease in net financial income. Interest margin decreased $4.8 million from the third quarter in 2020, when credit union liquidity in the form of deposits placed with Central 1 was near its peak, but has since begun to reduce from elevated levels in light of improving economic conditions. Net realized and unrealized gains also saw a $7.5 million decrease year-over-year due to a less beneficial movement in interest rates and credit spreads. Non-financial income and non-financial expense remained relatively stable year-over-year.

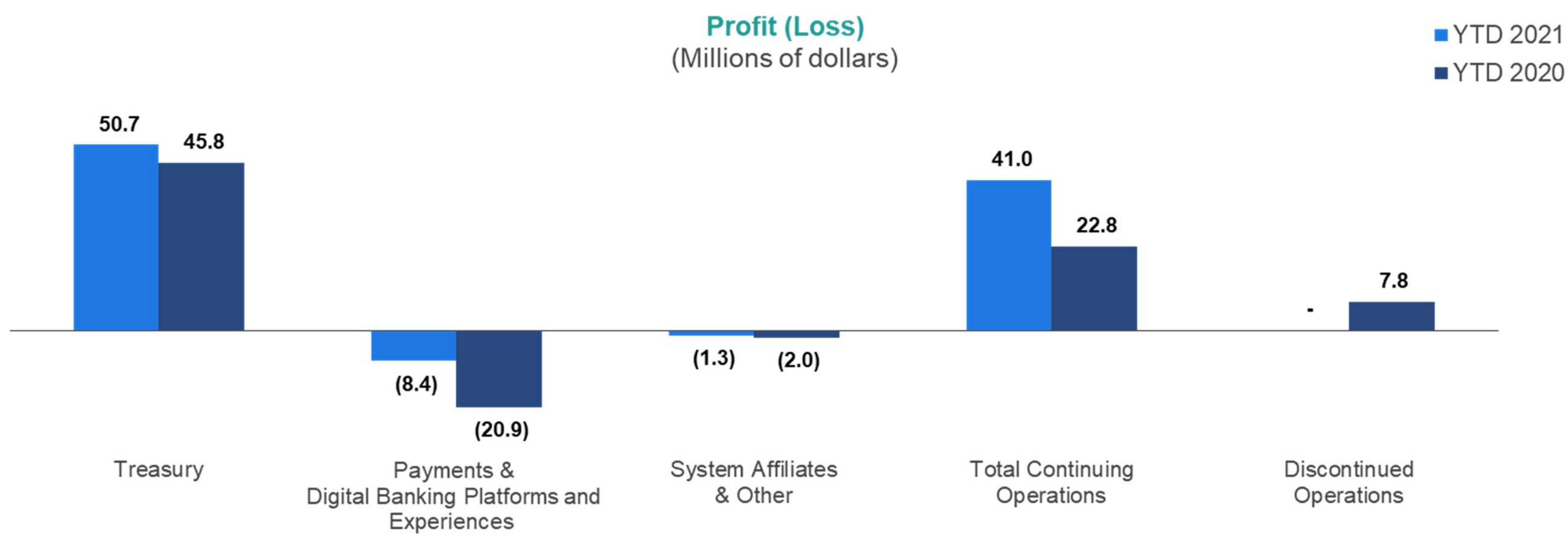
Payments & Digital Banking Platforms and Experiences

Payments & Digital Banking Platforms and Experiences (DBPX) experienced a loss of $4.5 million during the Third quarter of 2021, compared to a loss of $4.8 million a year ago. The increase in *Interac® e-Transfer* volumes continued to be seen during the quarter, reflecting the ongoing increase in usage of online payments. Investments in strategic initiatives continued at a planned lower level and remained consistent with Central 1's strategic priorities, with the amount spent being $4.3 million lower compared to the same period last year.

System Affiliates & Other

System Affiliates & Other reported a profit of $2.4 million, compared to a loss of $0.7 million in the same quarter last year. The one-time income of CA$5.5 million (US$4.4 million) relating to the liquidation distribution from a prior investment in US Central was the major contributor to this profit. Investments in strategic initiatives included the implementation of a new accounting system and the development of other initiatives aimed to increase corporate efficiency.

YTD 2021 vs YTD 2020



For the nine months ended September 30, 2021 (Millions of dollars)		**Treasury**		**Payments & Digital Banking Platforms and Experiences**		**System Affiliates & Other**		**Total**
Net financial income (expense)	$	67.2	$	(0.1)	$	-	**$**	**67.1**
Non-financial income		28.3		77.2		9.6		**115.1**
Net financial and non-financial income		95.5		77.1		9.6		**182.2**
Non-financial expense		28.9		74.3		3.4		**106.6**
		66.6		2.8		6.2		**75.6**
Strategic initiatives		-		13.8		7.9		**21.7**
Profit (loss) before income taxes		66.6		(11.0)		(1.7)		**53.9**
Income tax expense (recovery)		15.9		(2.6)		(0.4)		**12.9**
Profit (loss) after income taxes from continuing operations		50.7		(8.4)		(1.3)		**41.0**
Profit after income taxes from discontinued operations		-		-		-		**-**
Profit (loss)	**$**	**50.7**	**$**	**(8.4)**	**$**	**(1.3)**	**$**	**41.0**

For the nine months ended September 30, 2020 (Millions of dollars)		**Treasury**		**Payments & Digital Banking Platforms and Experiences**		**System Affiliates & Other**		**Total**
Net financial income (expense)	$	57.5	$	(0.2)	$	-	$	57.3
Non-financial income		23.6		72.8		4.3		100.7
Net financial and non-financial income		81.1		72.6		4.3		158.0
Non-financial expense		25.8		63.3		2.1		91.2
		55.3		9.3		2.2		66.8
Strategic initiatives		-		34.6		8.0		42.6
Profit (loss) before income taxes		55.3		(25.3)		(5.8)		24.2
Income tax expense (recovery)		9.5		(4.4)		(3.8)		1.4
Profit (loss) after income taxes from continuing operations		45.8		(20.9)		(2.0)		22.8
Profit after income taxes from discontinued operations		-		-		-		7.8
Profit (loss)	$	45.8	$	(20.9)	$	(2.0)	$	30.6

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

Treasury

On a year-to-date basis, Treasury saw an increase of $4.9 million in profit compared to the same period last year, mainly driven by a $9.7 million increase in net financial income. Interest margin improved by $3.0 million compared to the same period last year as credit union members continue to hold elevated levels of liquidity in the form of deposits with Central 1 which peaked in early 2021. Net realized and unrealized gains also increased by $1.6 million compared to the same period last year mainly due to continued favourable movements in credit spreads. Treasury's third quarter results also included a recovery of $1.9 million in ECL, compared to a $3.4 million ECL expense recorded in the same period last year, reflecting an improved economic outlook after COVID-19 vaccination rates saw a steady increase which led to economies reopening. Non-financial income and non-financial expense remained relatively stable year-over-year.

Payments & Digital Banking Platforms and Experiences

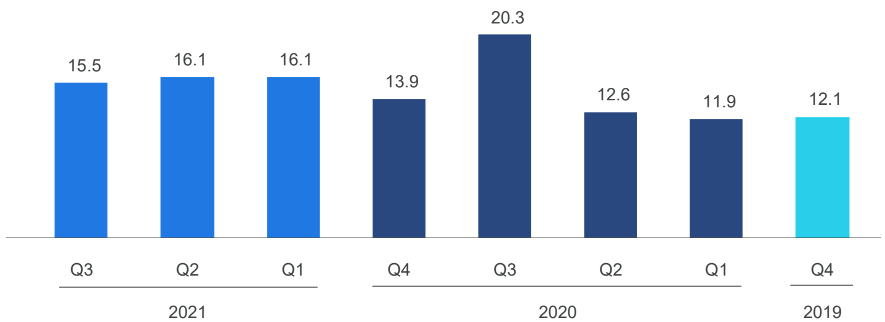
DBPX experienced a loss of $8.4 million during the nine months ended September 30, 2021, compared to a loss of $20.9 million from the same period last year. The increase in *Interac® e-Transfer* volumes contributed to the smaller loss, reflecting the ongoing increase in usage of electronic payments. Investments in strategic initiatives continued at a planned lower level in 2021 and remained consistent with Central 1's strategic priorities and plans, reflective of a $20.8 million lower spend compared to the same period last year.

System Affiliates & Other

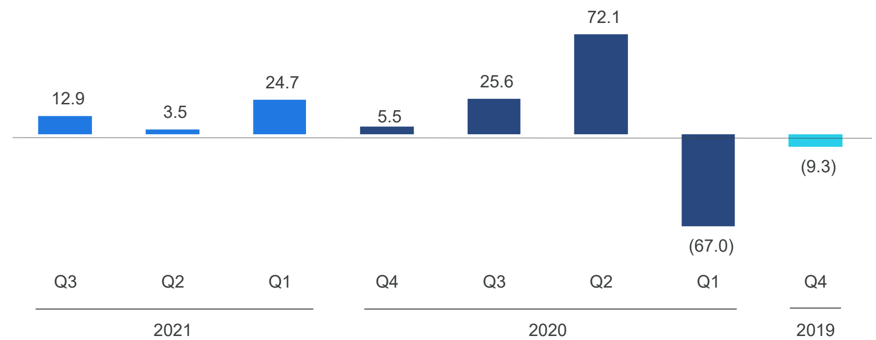
System Affiliates & Other reported a loss of $1.3 million, compared to a loss of $2.0 million in the same period last year. This was driven by the CA$5.5 million (US$4.4 million) one-time income from US Central and a lower income tax recovery allocated to this segment as a result of a higher overall effective tax rate in 2021. Investments in strategic initiatives continued in 2021, including the implementation of a new accounting system and the development of other initiatives aimed to expand corporate efficiency.

Summary of Quarterly Results

Interest Margin
(Millions of dollars)



Profit (Loss)
(Millions of dollars)



(Thousands of dollars, except as indicated)	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Interest income	$ **34,482**	$ 35,106	$ 36,532	$ 35,639	$ 45,086	$ 39,695	$ 46,084	$ 51,233
Interest expense	**18,994**	19,032	20,398	21,776	24,751	27,105	34,175	39,174
Interest margin	**15,488**	16,074	16,134	13,863	20,335	12,590	11,909	12,059
Gain (loss) on disposal of financial instruments	**2,690**	11,467	6,134	20,938	6,150	5,686	747	(1,113)
Change in fair value of financial instruments	**1,318**	(17,775)	13,672	(1,532)	5,337	40,707	(42,766)	7,702
Impairment loss (recovery) on financial assets	**(3)**	(557)	(1,346)	(596)	(202)	2,414	1,222	364
Net financial income (expense)	**19,499**	10,323	37,286	33,865	32,024	56,569	(31,332)	18,284
Non-financial income(1)	**40,413**	39,983	34,670	39,094	33,965	33,638	32,955	26,974
Non-financial expense(1)	**43,133**	44,084	41,031	77,869	41,665	44,235	47,768	64,957
	(2,720)	(4,101)	(6,361)	(38,775)	(7,700)	(10,597)	(14,813)	(37,983)
Profit (loss) before income taxes	**16,779**	6,222	30,925	(4,910)	24,324	45,972	(46,145)	(19,699)
Income taxes (recovery)	**3,908**	2,737	6,257	(8,406)	4,165	6,042	(8,835)	(2,116)
Profit (loss) after income taxes from continuing operations	**12,871**	3,485	24,668	3,496	20,159	39,930	(37,310)	(17,583)
Profit (loss) after income taxes from discontinued operations	**-**	-	-	2,003	5,453	32,129	(29,724)	8,238
Profit (loss)	$ **12,871**	$ 3,485	$ 24,668	$ 5,499	$ 25,612	$ 72,059	$ (67,034)	$ (9,345)
Weighted average shares outstanding *(millions)*	**43.4**	43.4	74.3	441.1	441.1	441.1	440.1	434.7
Earnings per share *(cents)* (2)								
Basic/Diluted	**29.7**	8.1	33.2	1.2	5.8	16.3	(15.2)	(2.1)
Basic/Diluted from continuing operations	**29.7**	8.1	33.2	0.8	4.6	9.0	(8.5)	(4.0)
Basic/Diluted from discontinued operations	**-**	-	-	0.4	1.2	7.3	(6.7)	1.9

(1) Non-financial income and non-financial expense includes investments in strategic initiatives

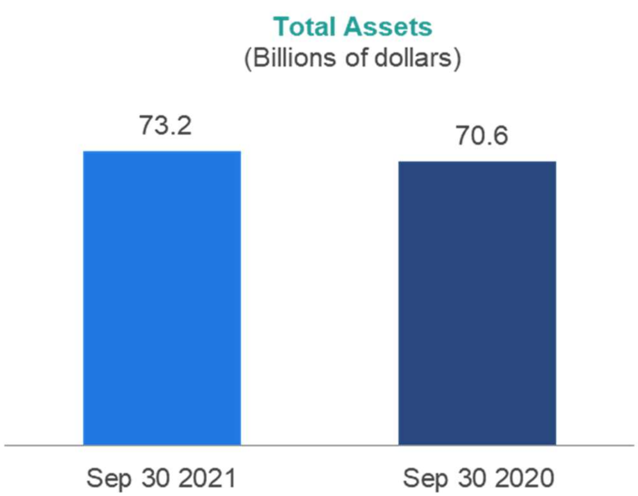
(2) Earnings per share calculated for Central 1 must be taken in the context that member shares may not be traded or transferred except with the consent of Central 1's Board of Directors.

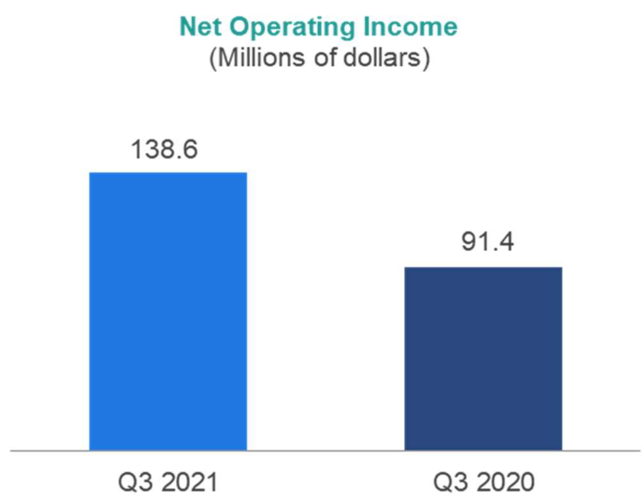
Despite the recent reduction of the excess liquidity held with Central 1 by credit unions, liquidity is still at elevated levels relative to pre-pandemic levels and as a result interest margin in the third quarter of 2021 continued to perform well, primarily due to the low cost of deposit funding.

Excluding the CA$5.5 million (US$4.4 million) one-time income from US Central received in the third quarter of 2021, non-financial income remained relatively stable quarter-over-quarter despite the impact from the COVID-19 pandemic. Central 1 saw increased *Interac® e-Transfer* revenue due to higher 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





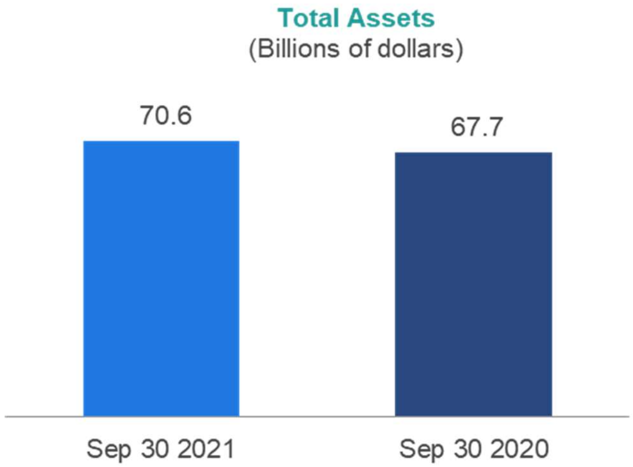
The B.C. system's net operating income for the third quarter of 2021 was $138.6 million, up $47.8 million or 52.7 per cent from the same period in 2020. Net interest income increased $41.5 million or 13.3 per cent over the same period of last year. Non-interest income increased by $19.3 million or 30.4 per cent year-over-year, led by a $12.8 million increase in member services fees. Non-interest expense increased by $13.1 million or 4.6 per cent year-over-year.

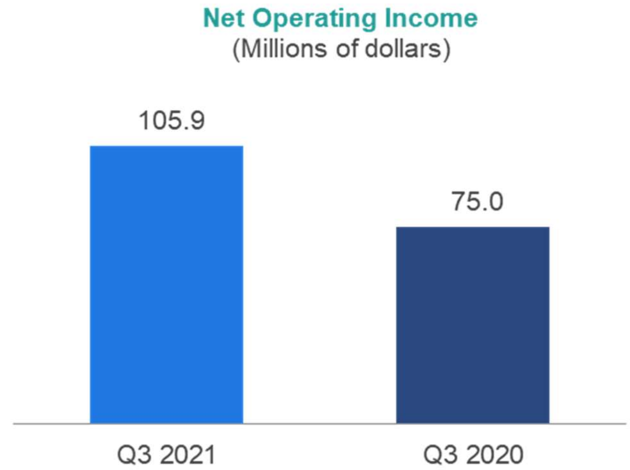
Total assets increased $2.6 billion or 3.7 per cent year-over-year to reach $73.2 billion at the end of the third quarter. Asset growth was led by higher residential and commercial mortgages. Total liabilities increased $2.3 billion led by a 22.6 per cent increase in non-registered demand deposits.

The system's rate of loan delinquencies over 90 days was 0.12 per cent of total loans at the end of September 2021, down 13 bps from a year ago. The B.C. system's loan loss expense ratio in the third quarter of 2021 was also down 13 bps from a year ago.

The B.C. system had $33.8 billion in risk weighted assets (RWA) and regulatory capital as a percentage of RWA was 15.3 per cent at the end of September 2021, down 33 bps from a year ago. The aggregate liquidity ratio of the B.C. system, including that held by Central 1, was 18.0 per cent of deposit and debt liabilities, down 261 bps from a year ago. The B.C. system's return on assets was 0.75 per cent annualized in the third quarter, up 24 bps from a year ago.

Ontario





The Ontario system's net operating income for the third quarter of 2021 was $105.9 million, up $30.9 million from a year earlier. Net interest income increased $45.9 million or 16.0 per cent over the same period last year to $332.9 million. Non-interest income increased $8.6 million year-over-year or 13.2 per cent, led by higher revenue in service charges and loan commitment fees. Non-interest expense increased $23.6 million or 8.5 per cent year-over-year.

Total assets increased 4.3 per cent year-over-year to reach $70.6 billion as of September 30, 2021, led by a $3.3 billion increase in residential mortgages. Total liabilities increased 4.1 per cent year-over-year to reach $65.9 billion, led by growth in demand deposits, which were up 21.7 per cent or $4.7 billion.

The rate of loan delinquencies over 90 days was 0.32 per cent of total loans at the end of September 30, 2021, down 12 bps year-over-year. Provision for credit losses as a percentage of loans was 0.35 per cent, down four bps from a year earlier. The Ontario system's loan loss expense ratio was near 0.00 per cent annualized in the third quarter of 2021, down 15 bps from the prior year.

The Ontario system's RWA was $32.3 billion and regulatory capital as a percentage of RWA was 13.5 per cent at the end of September 2021, down 16 bps from a year ago. The aggregate liquidity ratio, including that held by Central 1, was 17.0 per cent of deposit and debt liabilities, down 339 bps from a year ago. The Ontario system's return on assets was 0.6 per cent annualized in the third quarter, up 15 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

				Notional Amount
(Millions of dollars)		**Sep 30 2021**	**Dec 31 2020**	**Sep 30 2020**
Interest rate contracts				
Bond forwards		**$ 22.6**	$ 40.1	$ 150.1
Futures contracts		**1,280.0**	2,209.0	1,566.0
Swap contracts		**32,477.7**	34,375.8	36,297.4
		33,780.3	36,624.9	38,013.5
Foreign exchange contracts				
Foreign exchange forward contracts		**609.0**	568.2	491.5
Other derivative contracts				
Equity index-linked options		**206.3**	171.3	169.7
		$ 34,595.6	$ 37,364.4	$ 38,674.7

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.

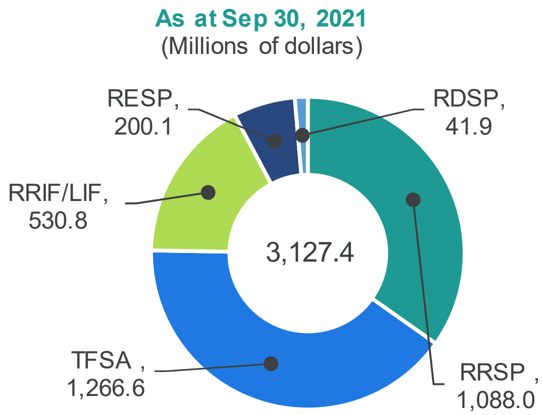
(Millions of dollars)		Sep 30 2021		Dec 31 2020		Sep 30 2020
Commitments to extend credit	**$**	**4,997.9**	$	4,800.9	$	4,649.3
Guarantees						
Financial Guarantees	**$**	**770.6**	$	767.6	$	767.6
Performance Guarantees	**$**	**100.0**	$	100.0	$	100.0
Standby letters of credit	**$**	**237.0**	$	237.2	$	230.2
Future prepayment swap reinvestment commitment	**$**	**1,184.4**	$	1,646.8	$	1,795.3

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, standby letter of credit, and future prepayment swap reinvestment commitment.

Commitments to extend credit, representing undrawn commitments, increased by $197.0 million from December 31, 2020 and $348.6 million from a year ago. Financial guarantees and standby letters of credit were in line year-over-year. Future prepayment swap reinvestment commitments decreased by $462.4 million from December 31, 2020 and $610.9 million from a year ago, due to the maturity of National Housing Act Mortgage-Backed Securities (NHA MBS) which was reinvested through Central 1’s prepayment swap program, reflective of the higher reinvestment assets in Central 1’s balance sheet.

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)		Sep 30 2021		Dec 31 2020		Sep 30 2020
Registered Retirement Savings Plans (RRSP)	**$**	**1,088.0**	$	1,077.2	$	1,098.6
Tax-Free Savings Accounts (TFSA)		**1,266.6**		1,196.4		1,180.7
Registered Retirement Income Funds/Life Income Funds (RRIF/LIF)		**530.8**		526.9		510.1
Registered Education Savings Plans (RESP)		**200.1**		262.4		257.6
Registered Disability Savings Plans (RDSP)		**41.9**		37.8		36.5
	$	**3,127.4**	$	3,100.7	$	3,083.5

Assets under Administration (AUA) mainly include government approved registered plans for tax deferral purposes, which are trusteed 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.

The offboarding of an Registered Education Savings Plan (RESP) client resulted in a material decrease in AUA for RESPs. However, this reduction was partially offset by an overall increase in business from both Ontario and B.C., along with market value appreciation, contributing to a 1.4 per cent increase in total AUA from a year ago. Notable trends show that the AUA of Registered Disability Savings Plans, and Tax-Free Savings Accounts increased by 14.8 and 7.3 per cent respectively from a year ago. Economic outlooks reflect an upward trend in TFSA growth reflective of its increasing popularity amount investors as an alternative to Registered Retirement Savings Plans and the desire to keep cash at hand during this period of financial uncertainty. Additional, modest RDSP growth is contributed to CRA's national awareness campaign targeting qualified beneficiaries. Altogether, AUA is up $43.9 million since September 30, 2020 primarily due to increased TFSA sales, coupled with moderate RDSP sales, contributions, Registered Retirement Income Fund 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)	Sep 30 2021	Dec 31 2020	Sep 30 2020
Share capital	**$ 43.4**	$ 441.1	$ 441.1
Retained earnings	**722.8**	684.2	693.0
Less: accumulated net after tax gain in investment property	**(4.7)**	(4.7)	(4.7)
Tier 1 capital	**761.5**	1,120.6	1,129.4
Subordinated debt*	**380.7**	221.0	221.0
Add: accumulated net after tax gain in investment property	**4.7**	4.7	4.7
Tier 2 capital	**385.4**	225.7	225.7
Total capital	**1,146.9**	1,346.3	1,355.1
Statutory capital adjustments	**(128.2)**	(106.3)	(106.7)
Net capital base	**$ 1,018.7**	$ 1,240.0	$ 1,248.4
Borrowing multiple - Consolidated	**11.7:1**	17.8:1	17.2:1
Borrowing multiple - Mandatory Liquidity Pool	**n/a**	18.1:1	17.2:1
Borrowing multiple - Treasury	**n/a**	18.6:1	18.1:1

*Subordinated debt, net of any required amortization in an instrument's final five years, is restricted to a maximum of 50 per cent of Tier 1 capital

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 September 30, 2021, Central 1's consolidated borrowing multiple was 11.7:1 compared to 17.2:1 as at September 30, 2020, driven by the segregation of mandatory deposits as a result of the MLP segregation.

Central 1 was in compliance with all regulatory capital requirements throughout the reporting periods ended September 30, 2021 and September 30, 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 risk appetite framework for all of our risk-taking activities and oversight operations.

Central 1 recognizes that reputation is one of its 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 the principal risks that arise from its business activities.

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 2021, Central 1 has identified three strategic priorities based on which it will operate and subsequent work plans will be developed for each of the lines of business.

1. Redesign – Redesign to meet the system's evolving needs
2. Perform – Operate effectively, consistently and with agility.
3. Evolve – Modernize how Central 1 delivers value to the Credit Union system.

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 the organization, ranging from legislative and regulatory requirements enforced applicable to the products and services offered by the various business lines, to 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

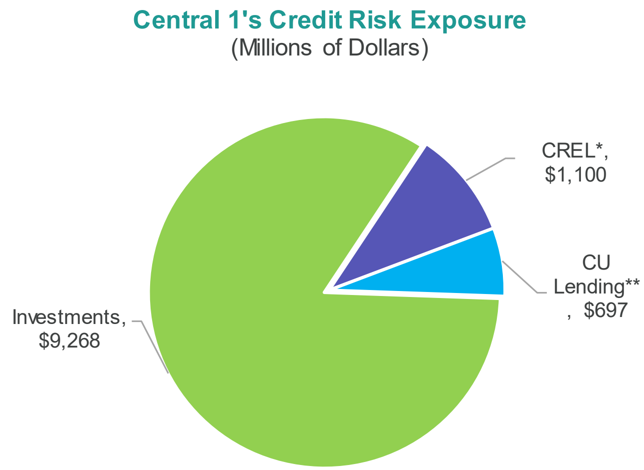
Central 1 is exposed to credit risk from its investment and lending activities, as well as through its role as Group Clearer and other settlement business.

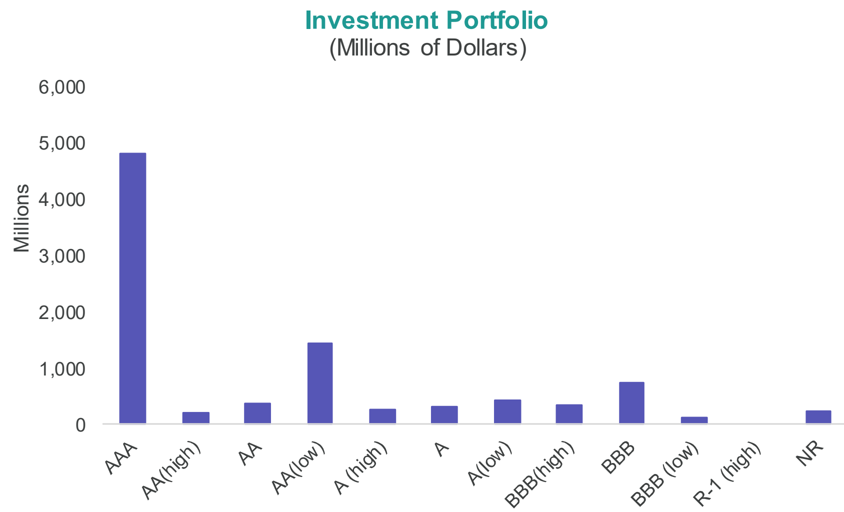
Risks are managed by:

- 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

Provisions for expected credit losses slightly decreased in the third quarter reflecting the current improvement in the economic environment. In the third quarter of 2021, Central 1 increased its expected credit loss allowance for the Commercial Real Estate Lending (CREL) portfolio by $28 thousand to a total of $2.81 million. This nominal increase corresponds to the portfolio's growth. Expected credit loss allowance for the Investment portfolio decreased by $31 thousand to a total of $137.4 thousand. 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 $4.8 billion or 51.9 per cent of the portfolio. Treasury holds $1.9 billion in securities that are rated A or lower and $247.0 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.





* CREL-Commercial Real Estate Lending

** CU Lending includes the utilized portion of the guarantees and standby letters of credit

Credit Quality Performance

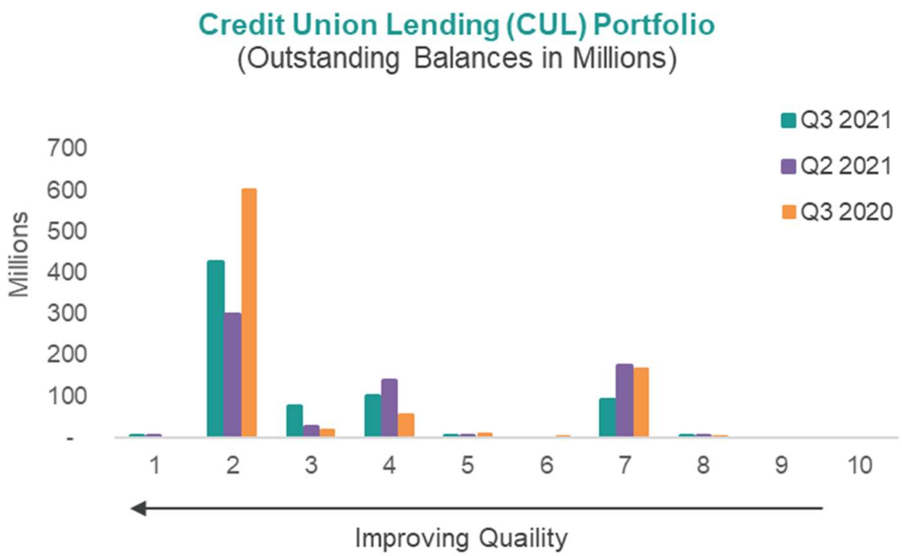
As part of our ongoing risk management activities, we perform stress tests to measure the resiliency of our credit and investment portfolios against a range of severe scenarios. The stress tests provide comfort that we continue to maintain adequate capital to withstand a range of severe economic scenarios.

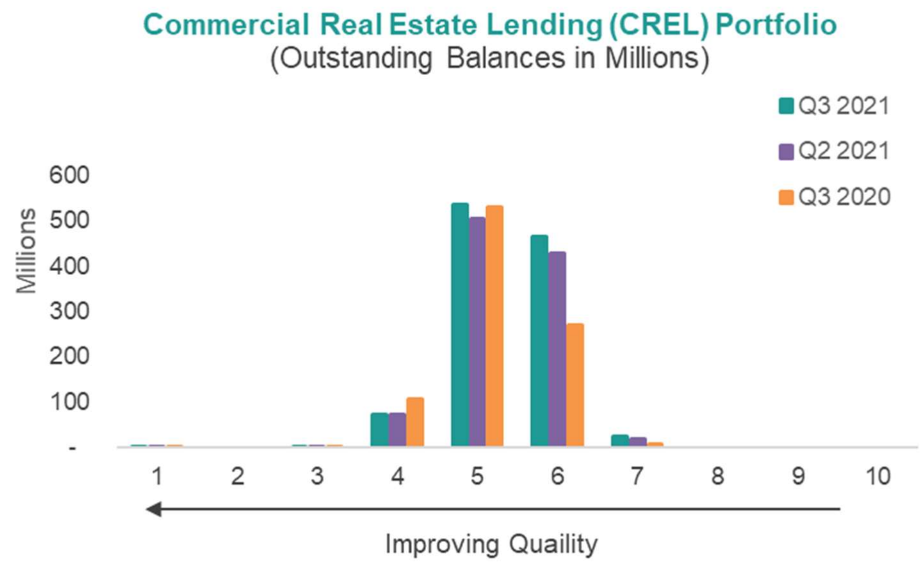
Investments Portfolio

There are no impaired investments in the portfolio.

Credit Union Lending (CU Lending)

The utilization of direct credit facilities remains low driven by persistent high liquidity levels in the credit union system. Currently, there are no impaired loan facilities in the CU Lending portfolio. As at September 30, 2021, there were six Ontario credit unions 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 10.57 per cent of the authorized portfolio as at September 30, 2021. The security provided for the Watch List and Unsatisfactory facilities is substantial and no losses are expected.





Commercial Real Estate Lending

There are no impaired loans in the portfolio. There were three Watch List accounts representing 2.21 per cent of the outstanding portfolio balance as at September 30, 2021.

Counterparty Risk

Within the Treasury operations, Central 1 incurs counterparty risk by entering into contracts with counterparties in return for a bilateral value-exchange of services. The counterparty risk is managed within the same risk assessment 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 risk arises from 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 framework ensures ongoing liquidity support of the credit union system in both normal and stressed market conditions. 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 in the credit union system remains high with members continuing to place excess liquidity in deposits with Central 1. Member utilization of committed credit facilities with Central 1 remains low. Central 1 continues to ensure access to multiple sources of funding for members, including a successful special deposit note offering in June 2021. 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.

Central 1's liquidity positions continue to be strong. A portfolio of marketable liquid securities is maintained, the majority of which are either considered High Quality Liquid Assets (HQLA) under the Office of the Superintendent of Financial Institutions (OSFI)'s Liquidity Coverage Ratio stress test (LCR) or are eligible to be pledged as collateral under the Bank of Canada's (BoC) Standing Liquidity Facility (SLF).

The LCR demonstrates a financial institution's ability to meet 30-day cashflow requirements under stressed conditions. It assumes significant withdrawals of eligible deposits, increased utilization of committed credit facilities, 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 calculates different versions of LCR. The OSFI regulatory LCR, which applies a narrower definition of HQLA in which Bank and Financial Institution debt are not considered as HQLA-eligible, and an SLF LCR which utilizes a broader definition of HQLA, and asset haircut assumptions, that align with the haircuts applied to SLF-eligible collateral. As a result of this, Central 1's OSFI LCR tracks below the SLF-defined LCR. The OSFI LCR is not currently a regulatory requirement for Central 1 but is used as a tool for prudent and enhanced liquidity and funding management.

In addition, Central 1 monitors its structural liquidity risk through the Net Cumulative Cash Flow (NCCF) metric. The NCCF indicates whether Central 1 has sufficient asset liquidity to meet its net cash flow obligations for up to and above 12 months under a liquidity scenario that encompasses a combination of idiosyncratic and systemic stresses.

As of September 30, 2021, Central 1's NCCF and OSFI LCR indicated high levels of liquidity. While the OSFI LCR decreased in the third quarter, Central 1 remains in a strong position to support the liquidity needs of the system.

Liquidity Coverage Ratio	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	LTM Average[1]
OSFI LCR	128.7%	141.8%	142.2%	159.4%	148.7%	136.1%

(1) Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months from the reporting date

Market Risk

The level of market risk Central 1 is exposed to varies according to market conditions and the composition of our investment, securitization, lending, and derivative portfolios. We manage our exposure to market risk through a range of governance and management processes. Central 1's overall appetite for market risk and aggregate market risk exposure limits are established in the Risk Appetite Statement while Central 1's Market Risk Policy sets out the key principles governing our management of market risk. Central 1 does not assume additional market risk for speculative purposes or in pursuit of returns beyond those required to fulfill its primary mandate of safeguarding system liquidity.

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

Value at Risk

VaR is a statistical measure of potential losses in portfolio market value due to changes in market prices and rates. Central 1 calculates VaR for a 1-day holding period at a 99% confidence interval. This means that portfolio losses are not expected to exceed the calculated VaR more than one out of every 100 business days. VaR is computed using a historical simulation approach based on 500 business days (2-years) of historically observed changes in interest rates, foreign exchange rates, equity prices and credit spreads. Total VaR considers the impact on portfolio values of these changes in aggregate while VaR by Risk Factor considers the changes in isolation. ES is the estimated size of the loss for the one business day where portfolio losses exceed VaR.

Central 1 also 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 and is currently calibrated to a 1-year period from 2008/2009.

Treasury asset and liability portfolios are matched by term and currency to offset much of Central 1's interest rate and foreign exchange risk. In the third quarter of 2021, interest rate VaR increased, although remains below the trailing twelve-month average. Credit spread VaR and foreign exchange VaR have also increased in quarter three, due in part to higher sensitivity of the portfolio to both credit spreads and FX rates. Total VaR, although elevated from quarter two, is broadly in line with the trailing twelve-month average. Credit spread risk remains the largest source of market risk in the portfolio. SVaR has also increased slightly over the period.

All VaR measures have increased in the third quarter, credit spread VaR in particular remains at a historically high level. This is largely due to the significant market volatility experienced in March 2020 and in particular the dramatic widening of credit spreads during this period. It is expected that Total VaR and Credit Spread VaR will remain at elevated levels until this period of volatility is no longer included in the 500-day observation period used in the VaR calculation.

	Treasury				Last 12 Months		
(Millions of dollars)	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Average**	**High**	**Low**
Interest Rate VaR	**$ 4.5**	$ 3.5	$ 5.0	$ 6.9	$ 5.1	$ 8.4	$ 3.5
Credit Spread VaR	**9.7**	6.4	8.8	8.4	8.9	13.9	6.4
Foreign Exchange VaR	**3.4**	2.9	2.7	2.3	2.5	4.1	1.4
Diversification (1)	**(8.8)**	(5.5)	(7.5)	(8.6)	(7.7)	nm	nm
Total VaR	**$ 8.8**	$ 7.3	$ 9.1	$ 9.0	$ 8.8	$ 13.6	$ 6.8
Expected Shortfall	**14.0**	10.7	13.2	12.5	13.1	18.5	10.6

(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. SVaR has decreased slightly over the period.

	Treasury			
(Millions of dollars)	**Q3 2021**	**Q2 2021**	**Q3 2020**	**LTM Average[1]**
1-Day SVaR	**$ 16.8**	$ 14.5	$ 11.1	$ 14.8
10-Day SVaR	**$ 53.0**	$ 45.9	$ 31.3	$ 42.3

(1) Last twelve months (LTM) refers to the timeframe of the immediately preceding 12 months from the reporting date.

Foreign Exchange Rate Exposure

Most of Central 1's foreign exchange (FX) exposure is largely concentrated in USD on account of USD deposits held with Central 1. Further exposure to other currencies arises from the foreign exchange services and products offered to member credit unions and other clients. The risk associated with fluctuating foreign currency values is managed by monitoring and limiting FX balances, utilizing FX derivatives to hedge exposures, and through VaR monitoring and limits.

(Millions of dollars)	Balance Sheet in Native Currency	Off-Balance Sheet Items - Foreign Exchange Forwards	Net Position in Native Currency	BoC Closing Rate	CAD Equivalent
USD	$ (5.9)	$ 0.2	$ (5.7)	1.27495	$ (7.29)

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 Policies

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.

Future Accounting Policies

Deferred Tax Related to Assets and Liabilities Arising from A Single Transaction

On May 7, 2021, the IASB published *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12, Income Tax) that clarify how deferred tax on transactions such as leases and decommissioning obligations is accounted for. The main change in these amendments is an exemption from *the initial recognition exemption* provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with early adoption permitted.

Definition of Accounting Estimates

On February 12, 2021, the IASB published Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors) to help entities to distinguish between accounting policies and accounting estimates. The amendments introduce a new definition for accounting estimates by clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the start of that period.

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 and their close family members. 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 27 of Central 1's Interim Consolidated Financial Statements.

Subsequent Event

On October 14, 2021, Central 1 exercised the option to fully redeem $200.0 million principal of series 6 subordinated notes.

Interim Consolidated Financial Statements

September 30, 2021

central 1

Interim Consolidated Statement of Financial Position (Unaudited)

(Thousands of dollars)	Notes	Sep 30 2021	Dec 31 2020
Assets			
Cash	(5)	$ **1,378,502**	$ 1,467,557
Securities	(6)	**9,772,426**	11,066,618
Loans	(7)	**1,325,364**	1,111,593
Derivative assets	(8)	**109,417**	103,620
Settlements in-transit		**464,207**	108,818
MLP assets held for segregation	(10)	**-**	9,075,569
Property and equipment		**20,307**	22,936
Intangible assets		**12,568**	6,776
Investments in affiliates		**78,092**	78,922
Current tax assets		**1,196**	-
Deferred tax assets		**22,078**	27,460
Other assets	(12)	**26,151**	24,795
		$ **13,210,308**	$ 23,094,664
Liabilities			
Deposits	(13)	$ **7,421,273**	$ 9,365,435
Debt securities issued	(14)	**2,068,634**	1,554,576
Obligations under the Canada Mortgage Bond Program	(15)	**973,909**	909,692
Subordinated liabilities	(16)	**425,834**	221,716
Obligations related to securities sold short		**22,025**	42,696
Securities under repurchase agreements		**791,916**	513,497
Derivative liabilities		**96,245**	148,353
Settlements in-transit		**538,990**	403,335
MLP liabilities held for segregation	(10)	**-**	8,677,762
Current tax liabilities		**-**	22,960
Other liabilities	(17)	**95,035**	73,318
		12,433,861	21,933,340
Equity			
Share capital	(18)	**43,396**	441,127
Retained earnings		**722,808**	684,210
Accumulated other comprehensive income		**3,027**	28,333
Other reserves		**2**	2
Total equity attributable to members of Central 1		**769,233**	1,153,672
Non-controlling interest		**7,214**	7,652
		776,447	1,161,324
		$ **13,210,308**	$ 23,094,664
Guarantees, commitments, contingencies and pledged assets	(24)		
Subsequent event	(28)		

Approved by the Directors:

Rob Paterson, Chairperson

Mary Falconer, Chairperson - Audit and Finance Committee

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Profit (Unaudited)

(Thousands of dollars)	Notes	For the three months ended Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Interest income					
Securities		**$ 24,021**	$ 35,459	**$ 75,860**	$ 96,230
Loans		**10,461**	9,627	**30,260**	34,635
		34,482	45,086	**106,120**	130,865
Interest expense					
Deposits		**6,785**	12,905	**25,039**	40,388
Debt securities issued		**8,934**	8,875	**25,545**	35,268
Subordinated liabilities		**2,849**	1,629	**6,116**	4,943
Obligations under the Canada Mortgage Bond Program		**426**	1,342	**1,724**	5,432
		18,994	24,751	**58,424**	86,031
Interest margin		**15,488**	20,335	**47,696**	44,834
Gain on disposal of financial instruments	(19)	**2,690**	6,150	**20,291**	12,583
Change in fair value of financial instruments	(20)	**1,318**	5,337	**(2,785)**	3,278
		19,496	31,822	**65,202**	60,695
Impairment loss (recovery) on financial assets		**(3)**	(202)	**(1,906)**	3,434
Net financial income		**19,499**	32,024	**67,108**	57,261
Non-financial income	(21)	**40,413**	33,965	**115,066**	100,558
Net financial income and non-financial income		**59,912**	65,989	**182,174**	157,819
Non-financial expense					
Salaries and employee benefits		**22,551**	22,317	**69,401**	73,488
Premises and equipment		**1,178**	116	**4,819**	697
Other administrative expenses	(22)	**19,404**	19,232	**54,028**	59,483
		43,133	41,665	**128,248**	133,668
Profit before income taxes		**16,779**	24,324	**53,926**	24,151
Income taxes		**3,908**	4,165	**12,902**	1,372
Profit from continuing operations		**12,871**	20,159	**41,024**	22,779
Profit from discontinued operations, net of tax	(10)	**-**	5,453	**-**	7,858
Profit		**$ 12,871**	$ 25,612	**$ 41,024**	$ 30,637

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 Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Profit	**$ 12,871**	$ 25,612	**$ 41,024**	$ 30,637
Other comprehensive income (loss) from continuing operations, net of tax				
Items that may be reclassified subsequently to profit				
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	**(1,033)**	16,979	**(10,260)**	20,461
Reclassification of realized gains to profit	**(469)**	(3,914)	**(14,024)**	(6,420)
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	**(2)**	-	**(1)**	51
	(1,504)	13,065	**(24,285)**	14,092
Items that will not be reclassified subsequently to profit				
Net change in fair value due to change in own credit risk on financial liabilities designated under the fair value option	**(1,739)**	(660)	**(3,915)**	937
Net actuarial loss on employee benefits plans	**-**	-	**-**	(141)
Other comprehensive income (loss) from continuing operations, net of tax	**(3,243)**	12,405	**(28,200)**	14,888
Other comprehensive loss from discontinued operations, net of tax	**-**	2,902	**-**	1,582
Total comprehensive income, net of tax	**$ 9,628**	$ 40,919	**$ 12,824**	$ 47,107
Income tax expense (recovery) on items that may be reclassified subsequently to profit				
Net change in fair value of debt securities at fair value through other comprehensive income	**$ (253)**	$ 3,581	**$ (3,250)**	$ 4,060
Reclassification of realized gains to profit	**$ (301)**	$ (815)	**$ (3,719)**	$ (1,335)
Share of other comprehensive loss of affiliates accounted for using the equity method	**$ -**	$ -	**-**	$ 5
Income tax expense (recovery) on items that may not be reclassified subsequently to profit				
Net change in fair value due to change in own credit risk on financial liabilities designated under the fair value option	**$ (639)**	$ (137)	**$ (1,441)**	$ 195
Net actuarial loss on employee benefits plans	**$ -**	$ -	**$ -**	$ (30)
Total comprehensive income, net of tax, attributable to owners:				
Continuing operations	**$ 9,628**	$ 32,564	**$ 12,824**	$ 37,667
Discontinued operations (Note 10)	**-**	8,355	**-**	9,440
	$ 9,628	$ 40,919	**$ 12,824**	$ 47,107

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to Equity Members								
(Thousands of dollars)	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members	Non-Controlling Interest	Total Equity
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 (loss)		41,462					41,462	(438)	41,024
Other comprehensive income (loss), net of tax									
Fair value reserve (securities at fair value through other comprehensive income)			(24,284)				(24,284)		(24,284)
Share of other comprehensive income of affiliates accounted for using the equity method			(1)				(1)		(1)
Liability credit reserve				(3,915)			(3,915)		(3,915)
Net actuarial loss on employee benefits plans					-		-		-
Total comprehensive income (loss)	-	41,462	(24,285)	(3,915)	-	-	13,262	(438)	12,824
Transactions with owners, recorded directly in equity									
Class "B" shares issued (Note 18)	6						6		6
Class "F" shares redeemed (Note 18)	(397,737)						(397,737)		(397,737)
Dividends		30		-		-	30		30
Total contribution from (distribution) to owners	(397,731)	30	-	-	-	-	(397,701)	-	(397,701)
Reclassification of liability credit reserve on derecognition[1]		(2,894)		2,894					-
Balance at September 30, 2021	**$ 43,396**	**$ 722,808**	**$ 8,428**	**$ (5,784)**	**$ 383**	**$ 2**	**$ 769,233**	**$ 7,214**	**$ 776,447**

[1] Transfer of cumulative gain or loss on derecogntion of financial liabilities at FVTPL.

Profit (loss) attributable to:	**2021**	2020
Members of Central 1	**$ 41,462**	$ 31,687
Non-controlling interest	**(438)**	(1,050)
	$ 41,024	$ 30,637

Fair value & affiliates reserves:	**2021**	2020
Continuing operations	**$ (24,285)**	$ 14,092
Discontinued operations	**-**	449
	$ (24,285)	$ 14,541

Total comprehensive income attributable to:	**2021**	2020
Members of Central 1	**$ 13,262**	$ 48,157
Non-controlling interest	**(438)**	(1,050)
	$ 12,824	$ 47,107

Liability credit reserve:	**2021**	2020
Continuing operations	**$ (3,915)**	$ 937
Discontinued operations	**-**	1,133
	$ (3,915)	$ 2,070

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to Equity Members								
(Thousands of dollars)	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members	Non-Controlling Interest	Total Equity
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									
Profit (loss)		31,687					31,687	(1,050)	30,637
Other comprehensive income, net of tax									
Fair value reserve (securities at fair value through other comprehensive income)			14,490				14,490		14,490
Share of other comprehensive income of affiliates accounted for using the equity method			51				51		51
Liability credit reserve				2,070			2,070		2,070
Net actuarial loss on employee benefits plans					(141)		(141)		(141)
Total comprehensive income (loss)	-	31,687	14,541	2,070	(141)	-	48,157	(1,050)	47,107
Transactions with owners, recorded directly in equity									
Class "F" shares issued (Note 18)	1,051						1,051		1,051
Total contribution from (distribution) to owners	1,051	-	-	-	-	-	1,051	-	1,051
Reclassification of liability credit reserve on derecognition[1]		1,428		(1,428)			-		-
Balance at September 30, 2020	$ 441,127	$ 693,021	$ 25,229	$ (5,017)	$ 304	$ 2	$ 1,154,666	$ 6,730	$ 1,161,396

[1] Transfer of cumulative gain or loss on derecogntion of financial liabilities at FVTPL.

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Cash Flows (Unaudited)

(Thousands of dollars)	For the three months ended Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Cash flows from operating activities				
Profit	$ **12,871**	$ 25,612	$ **41,024**	$ 30,637
Adjustments for:				
Depreciation and amortization	**1,875**	2,233	**5,242**	6,884
Interest margin	**(15,488)**	(23,901)	**(47,696)**	(61,881)
Gain on disposal of financial instruments	**(2,690)**	(960)	**(20,291)**	(14,956)
Change in fair value of financial instruments	**(1,318)**	(17,057)	**2,785**	(674)
Impairment loss (recovery) on financial assets	**(3)**	(266)	**(1,906)**	3,341
Equity interest in affiliates	**231**	84	**411**	421
Income taxes expense	**3,908**	5,298	**12,902**	3,005
	(614)	(8,957)	**(7,529)**	(33,223)
Change in securities	**(74,431)**	(1,593,942)	**9,485,716**	(4,431,135)
Change in loans	**19,536**	26,640	**(213,598)**	415,055
Change in settlements in-transit	**(504,376)**	75,788	**(219,734)**	91,031
Change in deposits	**(344,130)**	1,640,056	**(10,591,145)**	5,277,822
Change in obligations related to securities sold short	**(148,069)**	(166,460)	**(18,621)**	75,410
Change in securities under repurchase agreements	**523,825**	363,288	**278,391**	50,389
Change in derivative assets and liabilities	**5,393**	422	**(11,837)**	5,505
Change in other assets and liabilities	**4,184**	(2,202)	**30,421**	(14,283)
Interest received	**31,265**	51,333	**121,867**	199,581
Interest paid	**(3,298)**	(29,437)	**(78,222)**	(149,302)
Income tax paid (received)	**255**	(133)	**(23,266)**	(173)
Net cash from (used in) operating activities	**(490,460)**	356,396	**(1,247,557)**	1,486,677
Cash flows from investing activities				
Change in deposits with regulated financial institutions	**580**	-	**580**	1,555
Change in reinvestment assets under the Canada Mortgage Bond Program	**(160,184)**	(197,561)	**(150,718)**	(191,830)
Change in property and equipment	**(88)**	43	**(44)**	(12)
Change in intangible assets	**(4,958)**	-	**(8,292)**	(30)
Change in investments in affiliates	**-**	63	**418**	(1,547)
Net cash used in investing activities	**(164,650)**	(197,455)	**(158,056)**	(191,864)

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Cash Flows (Unaudited)

(Thousands of dollars)	Notes	For the three months ended Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Cash flows from financing activities					
Change in debt securities issued		**59,913**	(127,615)	**514,766**	(535,242)
Change in lease liabilities		**(112)**	(95)	**(337)**	(247)
Change in obligations under the Canada Mortgage Bond Program		**145,697**	138,939	**70,536**	137,616
Change in subordinated liabilities		**(23)**	75	**199,662**	215
Dividends paid		**-**	-	**(13,383)**	(27,512)
Issuance (redemption) of Class F shares	(18)	**-**	-	**(397,737)**	1,051
Issuance of Class B shares	(18)	**6**	-	**6**	-
Net cash from (used in) financing activities		**205,481**	11,304	**373,513**	**(424,119)**
Increase (decrease) in cash		**(449,629)**	170,245	**(1,032,100)**	870,694
Cash - beginning of period		**1,828,131**	752,144	**1,467,557**	51,695
Cash held for segregation - beginning of period	(10)	**-**	-	**943,045**	-
Cash - end of period		**$ 1,378,502**	$ 922,389	**$ 1,378,502**	$ 922,389
Cash comprise					
Cash		**$ 1,378,502**	$ 786,110	**$ 1,378,502**	$ 786,110
Cash held for segregation	(10)	**-**	136,279	**-**	136,279
Cash - end of period		**$ 1,378,502**	$ 922,389	**$ 1,378,502**	$ 922,389

See accompanying notes to the Interim Consolidated Financial Statements

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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 accounting policies disclosed 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 November 26, 2021.

3. Accounting policies

A. 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' Acceptances (BAs), Asset-Backed Commercial Papers (ABCP), Commercial Papers, which are classified as fair value through other comprehensive income (loss),
- all new deposits, and
- certain new medium-term notes and new subordinated debt.

B. Intangible assets

Accounting for configuration costs incurred in relation to a SaaS arrangement

Central 1 enters into Software as a Service (SaaS) arrangements with external suppliers which give Central 1 the right to receive access to the suppliers' applications over the contract term. Central 1 incurs upfront costs of configuring the suppliers' applications as well as its own system in order to integrate with the suppliers' applications.

Central 1 does not recognize the costs incurred on configuring the suppliers' applications as an intangible asset because it does not control the applications being configured. Central 1 recognizes certain costs incurred on configuring its own system as an intangible asset, when it is able to demonstrate that it has the power to obtain the future economic benefits flowing from the underlying resources and to restrict the access of others to those benefits.

C. Non-financial income

Revenue under the cost share arrangement

In order to comply with Payments Canada and Bank of Canada requirements, Central 1 is required to modernize its payment processing systems to facilitate real-time payment processing. As part of this initiative, Central 1's credit union customers contributed funds for a portion of the overall cost as an advance payment for future modernized payment services (cost share arrangement).

Under this arrangement, Central 1 is building the modernized payment functionalities and will be providing ongoing payment processing once the build is complete. The building of the functionalities is highly interdependent and interrelated with the ongoing payment services as these payment services cannot be provided without the modernized payment functionalities being built and the credit union customers cannot benefit from the payment functionalities without the ongoing payment services being provided.

Therefore, the funds received under the cost share arrangement are initially recognized as deferred revenue, and as payment functionalities become available, are recognized as revenue over the commitment period as performance obligations are satisfied over time.

D. Change in accounting policies

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.

E. Future accounting policies

Deferred tax related to assets and liabilities arising from a single transaction

On May 7, 2021, the IASB published *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12*, Income Tax*) that clarify how deferred tax on transactions such as leases and decommissioning obligations is accounted for.

The main change in these amendments is an exemption from *the initial recognition exemption* provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with early adoption permitted. Central 1 has not applied this amended standard in preparing these interim consolidated financial statements as it plans to adopt the standard at its effective date.

Definition of Accounting Estimates

On February 12, 2021, the IASB published *Definition of Accounting Estimates* (Amendments to IAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors*) to help entities to distinguish between accounting policies and accounting estimates.

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The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the start of that period. Central 1 has not applied this amended standard in preparing these interim consolidated financial statements as it plans to adopt the standard at its effective date.

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.

The full extent of the impact from 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.

5. Cash

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
With Bank of Canada	$	**1,311,679**	$	1,376,073
With other regulated financial institutions		**66,823**		91,484
	$	**1,378,502**	$	1,467,557

6. Securities

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Securities FVTPL				
Government and government guaranteed securities	$	**2,997,033**	$	3,870,673
Corporate and major financial institutions				
AA low or greater		**1,709,175**		2,098,597
A (high) to A (low)		**568,152**		401,280
BBB (high) to BBB (low)		**816,598**		288,910
Equity instruments		**47,593**		47,597
Fair value	$	**6,138,551**	$	6,707,057
Amortized cost	$	**6,142,112**	$	6,626,135
Securities FVOCI				
Government and government guaranteed securities	$	**1,164,855**	$	518,668
Corporate and major financial institutions				
AA low or greater		**316,643**		1,281,812
A (high) to A (low)		**371,233**		529,537
BBB (high) to BBB (low)		**864,441**		1,258,955
Fair value	$	**2,717,172**	$	3,588,972
Amortized cost	$	**2,719,651**	$	3,555,985
Total fair value	$	**8,855,723**	$	10,296,029

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Reinvestment assets under the CMB Program				
FVTPL				
Government and government guaranteed securities	**$**	**640,642**	$	539,644
Corporate and major financial institutions AA low or greater		**28,497**		89,993
Fair Value		**669,139**		629,637
Amortized cost	**$**	**662,275**	$	618,206
Amortized cost				
Assets acquired under reverse repurchase agreements	**$**	**247,564**	$	140,952
Total reinvestment assets under the CMB Program	**$**	**916,703**	$	770,589
Total	**$**	**9,772,426**	$	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)	Sep 30 2021	Dec 31 2020
Amortized cost		
Due on demand		
Credit unions	**$ 169,193**	$ 130,001
Commercial and others	**11,932**	8,222
	181,125	138,223
Term		
Credit unions	**9,700**	2,992
Commercial and others	**1,070,169**	899,532
Reverse repurchase agreements	**48,146**	51,587
Staff loans[(1)]	**1,941**	3,988
	1,129,956	958,099
	1,311,081	1,096,322
Accrued interest	**2,933**	2,817
Premium	**335**	828
	1,314,349	1,099,967
Expected credit loss (Note 9)	**(2,818)**	(3,254)
Amortized cost	**1,311,531**	1,096,713
Fair value hedge adjustment[(2)]	**(1,245)**	(875)
Carrying value	**$ 1,310,286**	$ 1,095,838
FVTPL		
Term - Commercial and others		
Amortized cost	**$ 14,414**	$ 14,702
Fair value	**$ 15,078**	$ 15,755
Total loans	**$ 1,325,364**	$ 1,111,593

(1) Loans to 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.

In 2020, Central 1 permitted payment deferrals to eligible borrowers in its commercial loan portfolio in response to the impact from the COVID-19 pandemic. Payment deferrals were 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 were not granted in connection with loans that have been identified as impaired or on watch list. Central 1 continued to accrue and recognize interest income and related ECL on such loans.

As at September 30, 2021, the gross carrying value of loans for which deferrals have been approved was nil (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.

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

	For the three months ended Sep 30 2021			For the three months ended Sep 30 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)]	$ (1,246)	$ 1,400	$ 154	$ (254)	$ 585	$ 331
Loans	(58)	49	(9)	(122)	91	(31)
Debt securities issued	1,136	(1,110)	26	810	(741)	69
	$ (168)	**$ 339**	**$ 171**	$ 434	$ (65)	$ 369

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

(Thousands of dollars)	For the nine months ended Sep 30 2021 Fair value hedge adjustment - gains (losses)	For the nine months ended Sep 30 2021 Change in the fair value on hedging instruments - gains (losses)	For the nine months ended Sep 30 2021 Hedge ineffectiveness recorded in profit (loss)	For the nine months ended Sep 30 2020 Fair value hedge adjustment - gains (losses)	For the nine months ended Sep 30 2020 Change in the fair value on hedging instruments - gains (losses)	For the nine months ended Sep 30 2020 Hedge ineffectiveness recorded in profit (loss)
Securities at FVOCI[1]	$ (9,632)	$ 10,242	$ 610	$ 3,636	$ (3,578)	$ 58
Loans	(370)	352	(18)	2,120	(2,278)	(158)
Debt securities issued	3,959	(3,860)	99	(9,794)	9,283	(511)
	$ (6,043)	**$ 6,734**	**$ 691**	$ (4,038)	$ 3,427	$ (611)

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

(Thousands of dollars)	Sep 30 2021 Carrying value of hedged items	Sep 30 2021 Carrying value of hedging instruments	Sep 30 2021 Cumulative hedge adjustments from active hedges	Dec 31 2020 Carrying value of hedged items	Dec 31 2020 Carrying value of hedging instruments	Dec 31 2020 Cumulative hedge adjustments from active hedges
Securities at FVOCI[1]	$ 235,156	$ 9,516	$ (8,939)	$ 211,500	$ (726)	$ 693
Loans	51,402	551	(1,245)	70,673	199	(875)
Debt securities issued	(300,000)	4,313	(3,797)	(300,000)	8,173	(7,756)
		$ 14,380	**$ (13,981)**		$ 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 other comprehensive income (loss) to the profit (loss)

9. Expected credit loss

(Thousands of dollars)		Stage 1		Stage 2		Stage 3		Total
ECL on financial assets at amortized cost								
Balance at December 31 2020	$	2,314	$	940	$	-	$	3,254
Impairment loss (recovery) on financial assets								
Transfers in (out) to (from)		(7)		7		-		-
Purchases and originations		694		70		-		764
Derecognitions and maturities		(727)		(184)		-		(911)
Remeasurements		(238)		(51)		-		(289)
Total impairment recovery on financial assets		(278)		(158)		-		(436)
Balance at September 30 2021	**$**	**2,036**	**$**	**782**	**$**	**-**	**$**	**2,818**
ECL on financial assets at FVOCI								
Balance at December 31 2020	$	1,611	$	-	$	-	$	1,611
Impairment loss (recovery) on financial assets:								
Purchases		33		-		-		33
Derecognitions and maturities		(288)		-		-		(288)
Remeasurements		(1,215)		-		-		(1,215)
Total impairment recovery on financial assets		(1,470)		-		-		(1,470)
Balance at September 30 2021	**$**	**141**	**$**	**-**	**$**	**-**	**$**	**141**
Total ECL								
Balance at December 31 2020	$	3,925	$	940	$	-	$	4,865
Impairment loss (recovery) on financial assets:								
Transfers in (out) to (from)		(7)		7		-		-
Purchases and originations		727		70		-		797
Derecognitions and maturities		(1,015)		(184)		-		(1,199)
Remeasurements		(1,453)		(51)		-		(1,504)
Total impairment recovery on financial assets		(1,748)		(158)		-		(1,906)
Balance at September 30 2021	**$**	**2,177**	**$**	**782**	**$**	**-**	**$**	**2,959**

(Thousands of dollars)		Stage 1		Stage 2		Stage 3		Total
ECL on financial assets at amortized cost								
Balance at December 31 2019	$	1,111	$	272	$	-	$	1,383
Impairment loss on financial assets								
Purchases and originations		847		-		-		847
Derecognitions and maturities		(262)		(155)		-		(417)
Remeasurements		1,811		228		-		2,039
Total impairment loss on financial assets		2,396		73		-		2,469
Balance at September 30, 2020	$	3,507	$	345	$	-	$	3,852
ECL on financial assets at FVOCI								
Balance at December 31 2019	$	644	$	-	$	-	$	644
Impairment loss on financial assets								
Transfers in (out) to (from)		(113)		113		-		-
Purchases		977		23		-		1,000
Derecognitions and maturities		(366)		-		-		(366)
Remeasurements		282		49		-		331
Total impairment loss on financial assets		780		185		-		965
Balance at September 30, 2020	$	1,424	$	185	$	-	$	1,609
Total ECL								
Balance at December 31 2019	$	1,755	$	272	$	-	$	2,027
Impairment loss on financial assets								
Transfers in (out) to (from)		(113)		113		-		-
Purchases and originations		1,824		23		-		1,847
Derecognitions and maturities		(628)		(155)		-		(783)
Remeasurements		2,093		277		-		2,370
Total impairment loss on financial assets		3,176		258		-		3,434
Balance at September 30, 2020	$	4,931	$	530	$	-	$	5,461

The following tables present the gross carrying amounts of the loans as at September 30, 2021 and December 31, 2020, according to credit quality:

(Thousands of dollars)	Stage 1	Stage 2	Stage 3	Sep 30 2021 Total
Low Risk	$ 311,571	$ -	$ -	$ 311,571
Medium Risk	976,033	-	-	976,033
High Risk	-	24,333	-	24,333
Not Rated	2,412	-	-	2,412
Total	**$ 1,290,016**	**$ 24,333**	**$ -**	**$ 1,314,349**

(Thousands of dollars)	Stage 1	Stage 2	Stage 3	Dec 31 2020 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 Mandatory Liquidity Pool (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.

Profit from discontinued operations

(Thousands of dollars)	For the three months ended Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Net financial income	$ -	$ 10,160	$ -	$ 16,909
Non-financial income	-	(332)	-	170
Net financial expense and non-financial income	-	9,828	-	17,079
Non-financial expense	-	3,242	-	7,588
Profit before income taxes	-	6,586	-	9,491
Income tax expense	-	1,133	-	1,633
Profit from discontinued operations	$ -	$ 5,453	$ -	$ 7,858

MLP assets held for segregation

(Thousands of dollars)	Sep 30 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)	Sep 30 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 Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Net cash from operating activities	$ -	$ 54,052	$ -	$ 132,481
Net cash from financing activities	-	-	-	1,051
Net cash from discontinued operations	$ -	$ 54,052	$ -	$ 133,532

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 transferred it existing insurance claims to CUMIS in June 2021 and is planning to distribute the remaining funds back to credit unions during the remainder of 2021 or early 2022 and aiming to windup CUPP subsequent to the distribution.

CUPP's planned distribution in 2021 continues to meet the criteria to be classified as assets held for distribution as at September 30, 2021, in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*. CUPP's statement of financial position primarily consists of cash, deposits with regulated financial institutions and securities. There is no measurement impact upon the classification of CUPP's assets and liabilities as held for distribution in accordance with IFRS 5.

Assets held for distribution

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Deposits with regulated financial institutions	**$**	**2,863**	$	3,402
Securities		**4,778**		1,853
Assets held for distribution	**$**	**7,641**	$	5,255

Liabilities held for distribution

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Provisions	**$**	**-**	$	2,458
Other liabilities		**22**		50
Liabilities held for distribution	**$**	**22**	$	2,508

12. Other assets

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Investment property	$	**709**	$	778
Prepaid expenses		**6,009**		5,945
Post-employment benefits		**3,993**		4,066
Assets held for distribution (Note 11)		**7,641**		5,255
Accounts receivable and other		**7,799**		8,751
	$	**26,151**	$	24,795

13. Deposits

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Deposits designated as FVTPL				
Due within three months	$	**2,222,239**	$	358,922
Due after three months and within one year		**684,529**		582,606
Due after one year and within five years		**765,258**		265,418
		3,672,026		1,206,946
Accrued interest		**5,672**		5,931
Amortized cost	$	**3,677,698**	$	1,212,877
Fair value	$	**3,686,381**	$	1,222,025
Deposits held at amortized cost				
Due on demand	$	**3,460,435**	$	3,412,395
Due within three months		**97,575**		2,865,612
Due after three months and within one year		**89,541**		1,667,771
Due after one year and within five years		**86,662**		188,820
		3,734,213		8,134,598
Accrued interest		**679**		8,812
Amortized cost	$	**3,734,892**	$	8,143,410
Total carrying value	$	**7,421,273**	$	9,365,435

The fair value of deposits at September 30, 2021 was $7,422.2 million (December 31, 2020 - $9,372.4 million).

14. Debt securities issued

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Amortized cost				
Due within three months	$	**704,899**	$	600,118
Due after three months and within one year		**159,355**		-
Due after one year and within five years		**945,217**		943,456
		1,809,471		1,543,574
Accrued interest		**8,963**		3,246
Amortized cost		**1,818,434**		1,546,820
Fair value hedge adjustment[(1)]		**3,797**		7,756
Carrying value	$	**1,822,231**	$	1,554,576
Designated as FVTPL				
Due after one year and within five years	$	**248,869**	$	-
		248,869		-
Accrued interest		**580**		-
Amortized cost		**249,449**		-
Fair value		**246,403**		-
Total Carrying value	$	**2,068,634**	$	1,554,576

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

At September 30, 2021, a par value of $864.6 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 Canada Housing Trust (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)	Sep 30 2021	Dec 31 2020
Amounts		
Due within three months	$ **297,837**	$ 216,969
Due after three months and within one year	**142,137**	207,069
Due after one year and within five years	**527,339**	472,739
	967,313	896,777
Accrued interest	**392**	641
Amortized cost	$ **967,705**	$ 897,418
Fair value	$ **973,909**	$ 909,692

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

(Thousands of dollars)	Sep 30 2021	Dec 31 2020
FVTPL		
Total reinvestment assets under the Canada Mortgage Bond Program (Note 6)	$ **669,139**	$ 629,637
Assets recognized as securities	**59,029**	142,040
Fair value	$ **728,168**	$ 771,677
Amortized cost		
Total reinvestment assets under the Canada Mortgage Bond Program (Note 6)	$ **247,564**	$ 140,952
Total underlying assets designated	$ **975,732**	$ 912,629

16. Subordinated liabilities

(Thousands of dollars)		Sep 30 2021		Dec 31 2020
Amortized cost				
Series 5	$	**21,000**	$	21,000
Series 6		**200,000**		200,000
		221,000		221,000
Discount		**(62)**		(621)
Accrued interest		**2,850**		1,337
Amortized cost	$	**223,788**	$	221,716
Designated as FVTPL				
Series 7	$	**200,000**	$	-
		200,000		-
Discount		**(896)**		-
Accrued interest		**1,218**		-
Amortized cost	$	**200,322**	$	-
Fair value	$	**202,046**	$	-
Total carrying value	$	**425,834**	$	221,716

During the second quarter of 2021, Central 1 issued $200.0 million principal of series 7 subordinated fixed rate notes due on or after June 30, 2026. The notes bear interest at a fixed rate of 2.391%, payable semi-annually on June 30 and December 30 of each year, commencing December 30, 2021. If not redeemed thereafter, the interest will be paid on the 30th of March, June, September, and December, commencing September 30, 2026.

The series 7 notes are designated at FVTPL at inception to be managed as a group on a fair value basis with securities portfolio.

17. Other liabilities

(Thousands of dollars)	Sep 30 2021	Dec 31 2020
Post-employment benefits	$ **16,766**	$ 16,980
Short-term employee benefits	**13,886**	11,282
Deferred revenue[1]	**33,973**	-
Dividends payable	**-**	13,412
Finance leases	**6,156**	6,493
Liabilities held for distribution (Note 11)	**22**	2,508
Accounts payable	**14,632**	14,074
Other	**9,600**	8,569
	$ 95,035	**$ 73,318**

[1] Deferred revenue includes the amount received from credit union clients under the Payments Modernization Cost Share Arrangement. See Note 3(C)

18. 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)	Sep 30 2021	Dec 31 2020	Sep 30 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 of period	**5**	5	5
Issued during the period	**6**	-	-
Balance at end of period	**11**	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)	Sep 30 2021	Dec 31 2020	Sep 30 2020
Amount of share capital outstanding			
Outstanding $1 par value shares			
Class A - credit unions	**$ 43,359**	$ 43,359	$ 43,359
Class B - cooperatives	**11**	5	5
Class C - other	**7**	7	7
Class F - credit unions	**-**	397,737	397,737
Outstanding $0.01 par value shares			
Class E - credit unions	**21**	21	21
	43,398	441,129	441,129
Amount of treasury shares			
Treasury shares	**(2)**	(2)	(2)
Balance at end of period	**$ 43,396**	$ 441,127	$ 441,127

19. Gain on disposal of financial instruments

(Thousands of dollars)	For the three months ended Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Realized gain on securities at FVTPL	**$ 1,541**	$ 3,496	**$ 81,918**	$ 16,137
Realized gain on securities at FVOCI	**1,082**	4,736	**17,722**	7,746
Realized gain (loss) on derivative instruments	**1,436**	764	**(6,926)**	(164)
Realized gain on loans at FVTPL	**-**	-	**8**	14
Realized loss on deposits designated at FVTPL	**(562)**	(1,251)	**(71,843)**	(1,763)
Realized loss on obligations related to securities sold short	**(807)**	(1,595)	**(588)**	(9,387)
	$ 2,690	$ 6,150	**$ 20,291**	$ 12,583

20. Change in fair value of financial instruments

(Thousands of dollars)	For the three months ended Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Securities at FVTPL	**$ (10,642)**	$ 2,293	**$ (142,955)**	$ 68,716
Loans at FVTPL	**(98)**	127	**(388)**	525
Activities under the Canada Mortgage Bond Program				
Reinvestment assets	**(1,785)**	1,151	**(4,567)**	8,921
Derivative instruments	**2,719**	(107)	**10,715**	(13,454)
Obligations under the Canada Mortgage Bond Program	**2,095**	(926)	**6,070**	(12,332)
Derivative instruments	**7,795**	302	**47,929**	(35,824)
Financial liabilities at FVTPL				
Deposits designated at FVTPL	**709**	1,641	**72,612**	(9,891)
Debt securities issued designated at FVTPL	**875**	-	**5,563**	-
Subordinated debt issued designated at FVTPL	**(17)**	-	**(365)**	-
Obligations related to securities sold short	**(333)**	856	**2,601**	(3,383)
	$ 1,318	$ 5,337	**$ (2,785)**	$ 3,278

21. Non-financial income

(Thousands of dollars)	For the three months ended Sep 30 2021			For the three months ended Sep 30 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
Continuing operations						
Treasury						
Lending fees	$ 3,421	$ -	**$ 3,421**	$ 3,504	$ -	$ 3,504
Securitization fees	1,849	-	**1,849**	2,396	-	2,396
Foreign exchange income	-	1,741	**1,741**	-	348	348
Asset management services	924	-	**924**	-	-	-
Other	1,400	-	**1,400**	1,308	-	1,308
Payments & Digital Banking Platforms and Experiences						
Payment processing and other fees	16,744	-	**16,744**	16,674	-	16,674
Direct banking fees	8,832	-	**8,832**	8,548	-	8,548
System Affiliates & Other						
Equity interest in affiliates	-	(231)	**(231)**	-	(84)	(84)
Income from investees	-	-	**-**	-	63	63
Membership dues	612	-	**612**	612	-	612
Other[1]	5,121	-	**5,121**	596	-	596
	$ 38,903	$ 1,510	**$ 40,413**	$ 33,638	$ 327	$ 33,965

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

(1) Other includes a one-time income of $5.5 million related to the proceeds recovered during the liquidiation of U.S. Central Federal Credit Union, of which Central 1 owned membership shares in 2009.

(Thousands of dollars)	For the nine months ended Sep 30 2021 Revenue arising from contracts with customers	Revenue arising from other sources	Total	For the nine months ended Sep 30 2020 Revenue arising from contracts with customers	Revenue arising from other sources	Total
Treasury						
Lending fees	$ 9,380	$ -	**$ 9,380**	$ 9,820	$ -	$ 9,820
Securitization fees	6,224	-	**6,224**	6,607	-	6,607
Foreign exchange income	-	5,998	**5,998**	-	3,350	3,350
Asset management services	2,651	-	**2,651**	-	-	-
Other	4,012	-	**4,012**	3,777	-	3,777
Payments & Digital Banking Platforms and Experiences						
Payment processing and other fees	50,613	-	**50,613**	47,440	-	47,440
Direct banking fees	26,545	-	**26,545**	25,235	-	25,235
System Affiliates & Other						
Equity interest in affiliates	-	(411)	**(411)**	-	(421)	(421)
Income from investees	-	1,289	**1,289**	-	1,148	1,148
Membership dues	1,837	-	**1,837**	1,837	-	1,837
Other[1]	6,928	-	**6,928**	1,765	-	1,765
	$ 108,190	$ 6,876	**$ 115,066**	$ 96,481	$ 4,077	$ 100,558

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

(1) Other includes a one-time income of $5.5 million related to the proceeds recovered during the liquidiation of U.S. Central Federal Credit Union, of which Central 1 owned membership shares in 2009.

22. Other administrative expense

(Thousands of dollars)	For the three months ended Sep 30 2021	Sep 30 2020	For the nine months ended Sep 30 2021	Sep 30 2020
Cost of sales and services	**$ 1,959**	$ 1,769	**$ 5,182**	$ 6,771
Cost of payments processing	**5,104**	4,575	**16,718**	13,724
Management information systems	**5,323**	6,223	**12,625**	18,456
Professional fees	**6,532**	5,540	**18,086**	18,154
Business development projects	**35**	42	**103**	249
Other	**451**	1,083	**1,314**	2,129
	$ 19,404	$ 19,232	**$ 54,028**	$ 59,483

23. 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 "System Affiliates & 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 members' 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.

Central 1 has committed to significant financial investment to implement the Payments Modernization Processing initiative to enable clients to be compliant with new Payments Canada and Bank of Canada requirements. Central 1 engaged external vendors for provide Central 1 with certain payment processing and cloud hosting services, including, without limitation, automated funds transfers, bill payment, cheque, wires and e-transfer, and clearing and settlement services for its clients.

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 September 30, 2021:

(Thousands of dollars)		Treasury		Payments & Digital Banking Platforms and Experiences		System Affiliates & Other		Total
Net financial income (expense)	$	19,512	$	(35)	$	22	$	19,499
Non-financial income		9,335		25,576		5,502		40,413
Net financial and non-financial income		28,847		25,541		5,524		59,912
Non-financial expense		9,513		31,392		2,228		43,133
Profit (loss) before income taxes		19,334		(5,851)		3,296		16,779
Income tax expense (recovery)		4,485		(1,384)		807		3,908
Profit (loss) from continuing operations	$	14,849	$	(4,467)	$	2,489	$	12,871
Profit (loss) from discontinued operations		-		-		-		-
Profit (loss)	**$**	**14,849**	**$**	**(4,467)**	**$**	**2,489**	**$**	**12,871**

The following table summarizes the segment results for the three months ended September 30, 2020:

(Thousands of dollars)		Treasury		Payments & Digital Banking Platforms and Experiences		System Affiliates & Other		Total
Net financial income (expense)	$	32,084	$	(60)	$	-	$	32,024
Non-financial income		7,556		25,222		1,187	$	33,965
Net financial and non-financial income		39,640		25,162		1,187	$	65,989
Non-financial expense		8,638		31,022		2,005	$	41,665
Profit (loss) before income taxes		31,002		(5,860)		(818)	$	24,324
Income tax expense (recovery)		5,336		(1,011)		(160)	$	4,165
Profit (loss) from continuing operations	$	25,666	$	(4,849)	$	(658)	$	20,159
Profit from discontinued operations		-		-		-		5,453
Profit (loss)	$	25,666	$	(4,849)	$	(658)	$	25,612

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

The following table summarizes the segment results for the nine months ended September 30, 2021:

(Thousands of dollars)		Treasury		Payments & Digital Banking Platforms and Experiences		System Affiliates & Other		Total
Net financial income (expense)	$	67,229	$	(143)	$	22	$	67,108
Non-financial income		28,265		77,158		9,643		115,066
Net financial and non-financial income		95,494		77,015		9,665		182,174
Non-financial expense		28,880		88,037		11,331		128,248
Profit (loss) before income taxes		66,614		(11,022)		(1,666)		53,926
Income tax expense (recovery)		15,931		(2,636)		(393)		12,902
Profit (loss) from continuing operations	$	50,683	$	(8,386)	$	(1,273)	$	41,024
Profit (loss) from discontinued operations								-
Profit (loss)	**$**	**50,683**	**$**	**(8,386)**	**$**	**(1,273)**	**$**	**41,024**
Total assets from continuing operations	$	13,007,004	$	5,643	$	197,661	$	13,210,308
Total assets from discontinued operations		-		-		-		-
Total assets as at September 30 2021	**$**	**13,007,004**	**$**	**5,643**	**$**	**197,661**	**$**	**13,210,308**
Total liabilities from continuing operations	$	12,469,618	$	(20,853)	$	(14,904)	$	12,433,861
Total liabilities from discontinued operations		-		-		-		-
Total liabilities as at September 30 2021	**$**	**12,469,618**	**$**	**(20,853)**	**$**	**(14,904)**	**$**	**12,433,861**

The following table summarizes the segment results for the nine months ended September 30, 2020:

(Thousands of dollars)	Treasury	Payments & Digital Banking Platforms and Experiences	System Affiliates & Other	Total
Net financial income (expense)	$ 57,490	$ (229)	$ -	$ 57,261
Non-financial income	23,554	72,675	4,329	100,558
Net financial and non-financial income	81,044	72,446	4,329	157,819
Non-financial expense	25,824	97,789	10,055	133,668
Profit (loss) before income taxes	55,220	(25,343)	(5,726)	24,151
Income tax expense (recovery)	9,504	(4,362)	(3,770)	1,372
Profit (loss) from continuing operations	$ 45,716	$ (20,981)	$ (1,956)	$ 22,779
Profit from discontinued operations	-	-	-	7,858
Profit (loss)	$ 45,716	$ (20,981)	$ (1,956)	$ 30,637
Total assets from continuing operations	$ 13,870,924	$ 21,172	$ 192,546	$ 14,084,642
Total assets from discontinued operations	-	-	-	9,129,406
Total assets as at September 30 2020	$ 13,870,924	$ 21,172	$ 192,546	$ 23,214,048
Total liabilities from continuing operations	$ 13,379,411	$ 8,796	$ 36,898	$ 13,425,105
Total liabilities from discontinued operations	-	-	-	8,627,547
Total liabilities as at September 30 2020	$ 13,379,411	$ 8,796	$ 36,898	$ 22,052,652

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

24. 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)	Sep 30 2021	Dec 31 2020
Commitments to extend credit	**$ 4,997,905**	$ 4,800,949
Guarantees		
Financial guarantees	**$ 770,600**	$ 767,600
Performance guarantees	**$ 100,000**	$ 100,000
Standby letters of credit	**$ 237,043**	$ 237,210
Future prepayment swap reinvestment commitment	**$ 1,184,395**	$ 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 September 30, 2021 are $30.1 million, $396.1 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 September 30, 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 September 30, 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)	Sep 30 2021	Dec 31 2020
Assets pledged to Bank of Canada & Direct Clearing Organizations[(1)(2)]	**$ 57,848**	$ 58,693
Assets pledged in relation to:		
Derivative financial instrument transactions	**31,605**	72,765
Securities lending	**46,530**	4,175
Obligations under the Canada Mortgage Bond Program	**59,443**	123,995
Reinvestment assets under the Canada Mortgage Bond Program	**916,703**	770,589
Securities under repurchase agreements	**791,916**	513,497
	$ 1,904,045	$ 1,543,714

(1) Includes assets pledged as collateral for Large Value Transfer System (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.

25. 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, a subordinated 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, a subordinated 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).
- The expected price is more (less) volatile.

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 September 30, 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 designated at FVTPL, a subordinated note designated at FVTPL, obligation related to securities sold short, derivative instruments, 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:

Sep 30 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	$ -	$ -	$ -	$ -	$ 1,378.5	**$ 1,378.5**
Securities	-	9,724.8	47.6	9,772.4	-	**9,772.4**
Loans	-	-	15.1	15.1	1,310.3	**1,325.4**
Derivative assets	-	109.4	-	109.4	-	**109.4**
Total financial assets	-	9,834.2	62.7	9,896.9	2,688.8	**12,585.7**
Financial liabilities						
Deposits	-	3,686.4	-	3,686.4	3,734.9	**7,421.3**
Debt securities issued	-	246.4	-	246.4	1,822.2	**2,068.6**
Obligations under the CMB Program	-	973.9	-	973.9	-	**973.9**
Subordinated liabilities	-	202.0	-	202.0	223.8	**425.8**
Obligations related to securities sold short	-	22.0	-	22.0	-	**22.0**
Securities under repurchase agreements	-	-	-	-	791.9	**791.9**
Derivative liabilities	-	96.2	-	96.2	-	**96.2**
Total financial liabilities	$ -	$ 5,226.9	$ -	$ 5,226.9	$ 6,572.8	**$ 11,799.7**

(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 Sep 30 2021
Equity shares	$ 47.6	$ -	$ -	$ -	$ -	**$ 47.6**
Loans	15.8	-	(0.3)	-	(0.4)	**15.1**
Total financial assets	$ 63.4	$ -	$ (0.3)	$ -	$ (0.4)	**$ 62.7**

26. 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 System Affiliates & 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 September 30, 2021 and September 30, 2020.

27. 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;
- entities that Central 1 has substantial investments (over 20% ownership interest) but does not have 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 and their close family members. There was no outstanding balance against key management personnel as on September 30, 2021 and December 31, 2020.

The following table presents the compensation to key management personnel:

	For the three months ended		For the nine months ended	
(Thousands of dollars)	Sep 30 2021	Sep 30 2020	Sep 30 2021	Sep 30 2020
Salaries and short-term employee benefits	**$ 908**	$ 1,031	**$ 2,863**	$ 3,512
Incentive	**-**	-	**1,581**	2,579
Post-employment benefits	**45**	53	**148**	187
Termination and other long-term employee benefits	**966**	-	**2,434**	198
	$ 1,919	$ 1,084	**$ 7,026**	$ 6,476

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

	For the three months ended		For the nine months ended	
(Thousands of dollars)	Sep 30 2021	Sep 30 2020	Sep 30 2021	Sep 30 2020
Total remuneration	**$ 132**	$ 169	**$ 521**	$ 457

Significant subsidiaries

(% of direct ownership outstanding)	Sep 30 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

The affiliates that Central 1 exercises significant influence are as follows:

(% of direct ownership outstanding)	Sep 30 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%

On September 24, 2021, Central 1 purchased a $2.9 million non-interest bearing promissory note issued by 189286 Canada Inc. that is due on demand with a maturity of December 31, 2021. The principal amount of the promissory note is included under other assets on the Interim Consolidated Statement of Financial Position as at September 30, 2021

Substantial investments

Central 1 also has substantial investments in the following entities over which Central 1 does not have significant influence:

(% of direct ownership outstanding)	Sep 30 2021	Dec 31 2020
The Co-operators Group Limited	**21%**	21%
Canadian Credit Union Association	**59%**	59%

28. Subsequent event

On October 14, 2021, Central 1 exercised the option to fully redeem $200.0 million principal of series 6 subordinated notes.