

Quarterly Report

For the First Quarter of 2022

First Quarter Results

Central 1 Credit Union ('Central 1' or 'the organization') reported a loss of \$35.4 million for the first quarter of 2022.

Central 1's reported results are reflective of the impact of widening credit spreads on the mark to market valuation of its Treasury securities portfolio as compared to its deposit funding. Total unrealized losses of \$53.2 million overshadow strong earnings in other business lines and continued positive interest margin within the Treasury securities portfolio.

"We acknowledge the external pressures of our environment and how this impacts our communities," said Sheila Vokey, Central 1's President and CEO. "Central 1 is well positioned to confidently navigate these events and support our clients, particularly through the Omicron variant surges, the Russia – Ukraine conflict and rate increases that took place this quarter."

Central 1 has been powering financial institutions for more than 80 years. The organization has sustained success over the long-term, in part because of its scale, strength and expertise. The success of Central 1's members and clients continue to be Central 1's compass and purpose, as the organization powers progress for more than 250 credit unions and other financial institutions, with more than five million customers from coast to coast.

With many of our employees, members, clients and communities impacted by the Russia – Ukraine conflict, Central 1 has worked diligently to drive support, including temporarily waiving processing fees for wire transfers delivering financial assistance to Ukraine and its neighboring countries, while also partnering with the Canadian Credit Union Association to collectively raise funds for the Ukrainian people with all contributions going directly to the Canada-Ukraine Foundation. Central 1 will continue to prioritize ways to help members and customers through this challenging time.

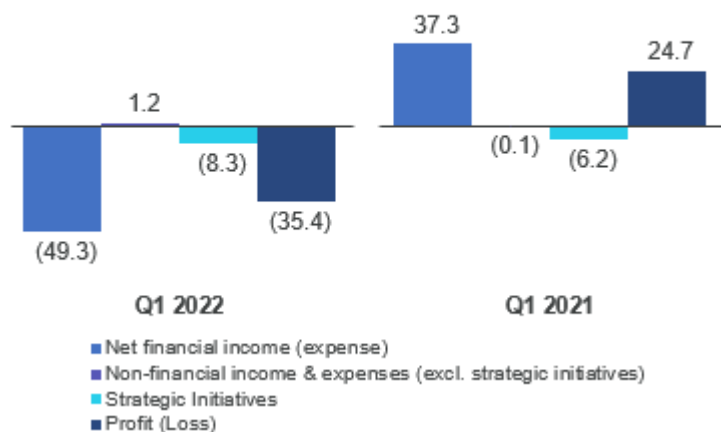
As a result of the geopolitical conflict, Central 1 continues to monitor the economic impact on the credit union system, especially with recent inflationary increases. During the first quarter, Central 1 did not observe any unusual volatility from the system beyond the aforementioned environmental factors. Prior to these events, overall liquidity in the system was high relative to historic norms.

Economic and Financial Markets Overview

Following upbeat expectations through much of the fourth quarter in 2021, the economy faced renewed uncertainty during the first quarter of 2022 with the spread of the Omicron variant, the Russia invasion of Ukraine, and more recently the renewed spread of COVID-19 in key China manufacturing and technology hubs. Inflation tensions have been exacerbated by the conflict as energy prices temporarily spiked, and risks of food scarcity increased. Credit spreads have widened, and bond yields have also climbed sharply in anticipation of further rate hikes beyond the 25 basis points (bps) and 50 bps hike that happened in March and April by the Bank of Canada (BoC) and the 50 bps hike in May by U.S Federal Reserve. Supply chains have further come under pressure. Global shocks are expected to reduce output through channels of softer demand in China, as well as pass through of higher inflation to central bank tightening and broader interest rates. Purchasing managers' indices point to a moderation of growth in the first quarter on emerging market weakness.

Quarterly Results

(Millions of dollars)



First Quarter Consolidated Results

For the first quarter of 2022, Central 1 reported a loss of \$35.4 million, compared to a profit of \$24.7 million in the same quarter last year.

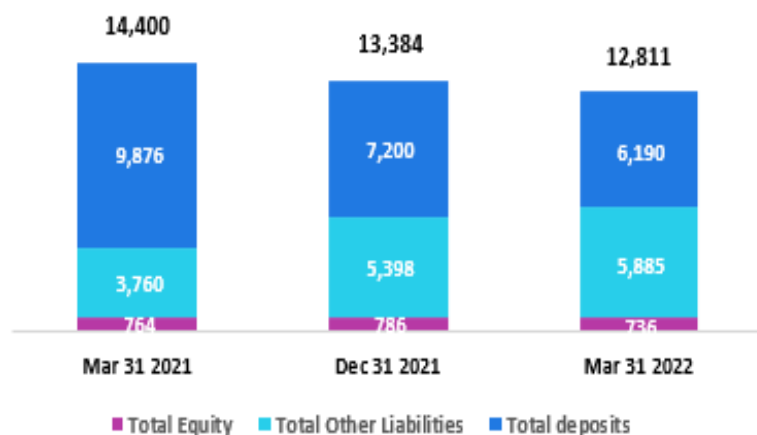
In the first quarter of 2022, credit spreads widened in reaction to the economic uncertainty around rising inflation and the Russia – Ukraine conflict, contributing to a decrease of \$53.2 million in the mark to market value of financial instruments. Treasury continues to generate \$17.1 million in interest margin during the current quarter, compared to \$16.1 million for the same period in 2021, as assets repriced higher when the BoC increased the overnight rate.

During the quarter, Central 1 received another liquidation distribution of \$2.2 million (US \$1.7 million) related to its prior investment in U.S. Central Federal Credit Union (US Central). Excluding this distribution, non-financial income and non-financial expense, excluding strategic initiatives, remained relatively stable at a net income of \$1.3 million. Investments in strategic initiatives continued at planned levels with \$2.1 million higher spend in the quarter, consistent with Central 1's strategic priorities.

Statement of Financial Position

Total Assets

(Millions of dollars)



Throughout 2021, credit unions deployed excess liquidity into lending to members as the economy improved, and these outflows continued in 2022. As a result, Central 1 has seen deposits gradually decrease by \$1.0 billion from December 31, 2021 and \$3.7 billion from March 31, 2021 to end at \$6.2 billion on March 31, 2022, which is more consistent with levels observed pre-COVID.

As a result of the declined deposits, total assets as at March 31, 2022 were down by \$573 million and \$1.6 billion from December 31, 2021 and March 31, 2021, respectively.

Treasury

Treasury reported a loss of \$37.5 million in the first quarter of 2022, down \$63.9 million from the same quarter last year, with the decline due to an unrealized loss in the mark to market of financial instruments driven by the widening of credit spreads. Members continued to deploy their deposits into lending as seen in 2021, which resulted in a gradual year-over-year decline of \$3.7 billion in Treasury's deposits.

Payments & Digital Banking Platforms and Experiences

Payments & Digital Banking Platforms and Experiences (DBPX) experienced a profit of \$0.5 million in the first quarter of 2022, compared to a loss of \$1.5 million in the same quarter last year. Investments in strategic initiatives for this segment increased by \$3.3 million from the same quarter last year, consistent with Central 1's strategic priorities. Certain expenditures in strategic initiatives qualify for Canada's Scientific Research and Experimental Development (SR&ED) tax incentive credits, which resulted in a higher profit during the current quarter.

Over the past quarter, Central 1 has continued to focus on delivering Forge 2.0 to clients. Central 1 and OpenText remain on track for Content Management System (CMS) migrations, ensuring Public Site clients receive a refined experience with heightened functionality. The team remains committed to strengthening operational efficiency, sustainability, innovation and new functionality.

Forge Community is another important priority for Central 1. Over the last year, we built the technology and legal frameworks and published the first plugins from a healthy pipeline of engaged contributors, including innovations. Our focus now shifts to scaling up our foundation and bringing more features to market. We have long envisioned the Forge Community as a source of sustained innovation for our members and we are positioned to make that a reality through 2022.

Central 1 achieved several Payments milestones in the first quarter, including defining the 2022 roadmap for fraud detection of *Interac* e-Transfer®¹, *Interac* e-Transfer® for Business, and cheques. Another milestone was the delivery of ISO 20022 APIs (application programming interfaces) for banking system vendors. The Payments team also certified the majority of banking system vendors against *Interac* e-Transfer® for Business requirements and established clear timelines for client implementations.

¹ Interac e-Transfer® is a registered Trade-mark of Interac Corp. used under licence.

Management's Discussion & Analysis

March 31, 2022



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In this Management's Discussion and Analysis (MD&A), unless the context otherwise requires, references to "Central 1", "we", "us" and "our" refer to Central 1 Credit Union and its subsidiaries. This MD&A is dated May 27, 2022. The financial information included in this MD&A should be read in conjunction with our Interim Consolidated Financial Statements for the periods ended March 31, 2022 and March 31, 2021 (Interim Consolidated Financial Statements), which were authorized for issue by the Board of Directors (the Board) on May 27, 2022. 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)	Mar 31 2022		For the three months ended		
			Mar 31 2021		Change
Net financial income (expense)	\$	(49.3)	\$	37.3	\$ (86.6)
Non-financial income, excluding strategic initiatives ⁽¹⁾		38.3		34.7	3.6
Net financial and non-financial income (expense)		(11.0)		72.0	(83.0)
Non-financial expense, excluding strategic initiatives ⁽¹⁾		37.1		34.8	2.3
		(48.1)		37.2	(85.3)
Strategic initiatives ⁽¹⁾		8.3		6.2	2.1
Income tax expense (recovery)		(21.0)		6.3	(27.3)
Profit (loss) after tax	\$	(35.4)	\$	24.7	\$ (60.1)
Return on average assets ⁽¹⁾		-0.3%		0.7%	-1.0%
Return on average equity ⁽¹⁾		-4.7%		12.9%	-17.6%
Average assets (millions of dollars) ⁽²⁾	\$	13,416.7	\$	15,179.0	\$ (1,762.3)
Average equity (millions of dollars) ⁽²⁾	\$	756.0	\$	776.3	\$ (20.3)
Weighted average shares outstanding (number of shares)		43.4		74.3	(30.9)

⁽¹⁾ These are non-GAAP financial ratios. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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Q1 2022 vs Q1 2021

Central 1 reported a loss of \$35.4 million in the first quarter, compared to a profit of \$24.7 million in the same quarter last year. The widening of credit spreads as a result of the economic uncertainty from rising inflation and the Russia – Ukraine conflict decreased the mark to market value of financial instruments by \$53.2 million during the quarter. Offsetting these losses was the higher interest margin which increased \$1.0 million from \$16.1 million in the first quarter of 2021, as assets repriced higher when the Bank of Canada (BoC) increased the overnight rate to combat rising inflation.

Central 1 received another liquidation distribution of \$2.2 million (US \$1.7 million) related to its prior investment in U.S. Central Federal Credit Union (US Central) during the quarter. Excluding this distribution, non-financial income and non-financial expense, excluding strategic initiatives, remained relatively stable at a net income of \$1.3 million. Investments in strategic initiatives continued at planned levels with a \$2.1 million higher spend compared to the same period last year, consistent with Central 1's strategic priorities.

Selected Financial Information		Mar 31 2022		Dec 31 2021		As at Mar 31 2021
Balance sheet (millions of dollars)						
Total assets	\$	12,811.0	\$	13,383.6	\$	14,400.3
Long-term liabilities	\$	2,284.8	\$	2,316.1	\$	2,752.6
Regulatory ratios						
Tier 1 capital ratio ⁽¹⁾		13.9%		15.3%		15.0%
Total capital ratio ⁽¹⁾		19.2%		20.6%		20.3%
Borrowing multiple ⁽¹⁾		14.6:1		14.3:1		15.5:1
Share Information (thousands of dollars, unless otherwise indicated)						
Outstanding shares (\$) - \$1 par value						
Class A - credit unions	\$	43,359	\$	43,359	\$	43,359
Class B - cooperatives	\$	11	\$	11	\$	5
Class C - other	\$	7	\$	7	\$	7
Outstanding number of shares (thousands of shares)						
Class A - credit unions		43,359		43,359		43,359
Class B - cooperatives		11		11		5
Class C - other		7		7		7
Outstanding shares (\$) - \$0.01 par value shares with redemption value of \$100						
Class E - credit unions	\$	21	\$	21	\$	21
Treasury shares	\$	(2)	\$	(2)	\$	(2)
Outstanding number of shares (thousands of shares)						
Class E - credit unions		2,154		2,154		2,154
Treasury shares		(264)		(264)		(264)

⁽¹⁾ These are non-GAAP Financial ratios. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

The outflows of deposits over the last year resulted in an improved borrowing multiple from March 31, 2021. The capital ratios declined from a year ago, largely due to a decrease in retained earnings and an increase in required deductions against capital. Central 1 was in compliance with all regulatory capital requirements throughout the reporting periods ended March 31, 2022 and March 31, 2021.

On May 4, 2022, at Central 1's annual general and special meeting, the Class A members passed two of three special resolutions approving (subject to regulatory approval) amendments to Central 1's Constitution and Rules (the "Rules"), including with respect to (i) the elimination of certain provisions of the Rules providing for a mandatory capital call by way of required subscriptions for shares, (ii) the addition of provisions for a voluntary capital call by way of subscriptions for shares, (iii) amendments providing for redemptions of Class E shares to occur over an extended period after a member leaves the membership of Central 1, (iv) provisions permitting a member to transfer to a different class of membership, subject to certain terms and conditions, and (v) the elimination of further annual determinations of the Class A shares subscribed by Class A members (share rebalancing), effective following a voluntary capital call. Additional information regarding such amendment may be found in the material change report dated May 12, 2022 filed on Central 1's SEDAR profile at www.sedar.com.

Non-GAAP and Other Financial Measures

Management of Central 1 uses a number of financial measures and ratios to assess overall performance. Some of these measures do not have a standardized definition prescribed by *Generally Accepted Accounting Principles (GAAP)* and might not be comparable to similar measures presented by other companies. Presenting non-GAAP financial measures and ratios provides readers with an enhanced understanding of how management analyzes Central 1's results and assesses the underlying business performance. The discussions of non-GAAP financial measures and ratios that Central 1 uses in evaluating its operating results are presented as footnotes in the respective sections of this MD&A together with the required disclosure below in accordance with National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*.

Non-GAAP Financial Measures

The following non-GAAP financial measures exclude certain items from our financial results prepared in accordance with IFRS. The tables below present reconciliations of these measures to their respective most directly comparable financial measures disclosed in Central 1's Interim Consolidated Financial Statements.

- Non-financial expense, excluding strategic initiatives presented in the overall performance section of this MD&A is derived by excluding Central 1's investments in strategic initiatives to develop and deliver solutions to support the growth of the credit union system. Excluding strategic initiatives allows readers to better understand Central 1's recurring financial performance and related trends.

Millions of dollars	For the three months ended	
	Mar 31 2022	Mar 31 2021
Non-financial expense as reported	\$ 45.3	\$ 41.0
Less: Strategic initiatives spend	8.3	6.2
Non-financial expense, excluding strategic initiatives	\$ 37.0	\$ 34.8

- Average assets and average equity are non-GAAP financial measures, calculated from averaging month end balances for assets and equity. Average assets and average equity are used to calculate return on average assets and return on average equity, respectively, which are non-GAAP financial ratios as listed in the non-GAAP financial ratios section below.

Millions of dollars, except as indicated	For the three months ended	
	Mar 31 2022	Mar 31 2021
Reported Profit (loss)	\$ (35.4)	\$ 24.7
Total assets as reported	\$ 12,811.0	\$ 14,400.3
Impact of averaging month-end balances	605.7	778.7
Average assets	\$ 13,416.7	\$ 15,179.0
Return on average assets	-0.3%	0.7%
Total equity as reported	\$ 735.8	\$ 764.6
Impact of averaging month-end balances	20.2	11.7
Average equity	\$ 756.0	\$ 776.3
Return on average equity	-4.7%	12.9%

- Liquid Assets are maintained by Central 1 to ensure that credit unions have access to reliable and cost-effective sources of liquidity and included in the Cash and Liquid Assets section of this MD&A. The major component of liquid assets is securities reported on the Interim Consolidated Statement of Financial Position, excluding equity investments.

Millions of dollars	Mar 31 2022	Mar 31 2021
Liquid Assets		
Federal and provincial government issued and guaranteed securities	\$ 5,054.3	\$ 5,124.2
Corporate and financial institutions securities	3,726.0	4,455.5
Asset backed securities	300.1	792.9
Insured mortgages	58.8	82.8
Add: Equity instruments	60.4	47.6
Securities as reported	\$ 9,199.6	\$ 10,503.0

- Tier 1 capital is used to calculate the Tier 1 capital ratio which is used to monitor Central 1's capital position to be maintained within regulatory limits. It consists of share capital and retained earnings, excluding accumulative net after-tax gain in investment property. The quantitative reconciliation for Tier 1 capital is disclosed under Capital Management and Capital Resources section of the MD&A.
- Tier 2 capital is used to calculate the Tier 2 capital ratio which is used to monitor Central 1's capital position to be maintained within regulatory limits. It is the difference between subordinated debt net of any required amortization in its final five years and the accumulated net after tax gain in investment property. The quantitative reconciliation for Tier 2 capital is disclosed under the Capital Management and Capital Resources section of the MD&A.

- Total regulatory capital is used to calculate the total capital ratio which is used to monitor Central 1's capital position to be maintained within regulatory limits. It is the sum of Tier 1 capital and Tier 2 capital minus statutory capital adjustments. The quantitative reconciliation for total regulatory capital is disclosed under Capital Management and Capital Resources section of the MD&A.
- Total Borrowings is used to calculate borrowing multiples. Central 1 is required by regulators to maintain a consolidated borrowing multiple within the regulatory limits. Total borrowings include the line items reported in the Interim Consolidated Statement of Financial Position, such as deposits, debt securities issued, obligations under the CMB program, securities under the repurchase agreements, derivative liabilities and settlement in transit liabilities. In addition, the subsidiaries deposits held by Central 1 which are eliminated through consolidation are also included in total borrowings.

Millions of dollars	Mar 31 2022	Mar 31 2021
Total liabilities as reported	\$ 12,075.1	\$ 13,635.7
Less: Other liabilities as reported	(93.5)	(105.3)
Less: Subordinated liabilities	(210.2)	(223.3)
Less: Settlements in-transit not related to Group Clearer	(70.7)	(15.0)
Add: Subsidiary Deposits	7.8	7.1
Total Borrowings	\$ 11,708.5	\$ 13,299.2

Non-GAAP Financial Ratios

- Return on average assets and return on average equity are used to measure Central 1's profitability and present the profit as a percentage of average assets and average equity, respectively, which are based on averaging month end balances.
- Tier 1 capital ratio is used to monitor Central 1's capital position to be maintained within the regulatory limits and is calculated by dividing the Tier 1 capital by the risk weighted assets.
- Borrowing multiple is used to monitor Central 1's capital position to be maintained within the regulatory limits and is calculated using total borrowings divided by total regulatory capital. Total borrowings and total regulatory capital are non-GAAP financial measures. The quantitative reconciliation for total borrowings is disclosed above in and the breakdown of total regulatory capital can be found in the Capital Management and Capital Resources section of this MD&A.
- Total capital ratio is used to monitor Central 1's capital position to be maintained within the regulatory limits and is calculated by dividing total regulatory capital by the risk weighted assets.

Supplementary Financial Measures

Central 1 also uses the following supplementary financial measures which are not disclosed in the Interim Consolidated Financial Statements, but do not meet the definition of non-GAAP financial measures or ratios.

- Assets under administration (AUA) include government approved registered plans for tax deferral purposes, which are trustee and administered by Central 1 or one of its wholly owned subsidiaries. Central 1 provides trust and administrative services on AUA for the beneficial owners and members of the B.C. credit union system and Class C members.
- Liquidity coverage ratio (LCR) demonstrates whether Central 1 has a sufficient stock of liquid assets to meet 30-day cashflow requirements under a severe stress scenario. It is calculated using the stock of liquid assets, calculated based on OSFI regulatory requirements, divided by the net cash outflows over the next 30 days.

Cautionary Note Regarding Forward-Looking Statements

From time to time, Central 1 makes 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, federal budget, 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. Central 1 cautions 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, inflationary, geopolitical risks and risks and uncertainty from the impact of the COVID-19 pandemic.

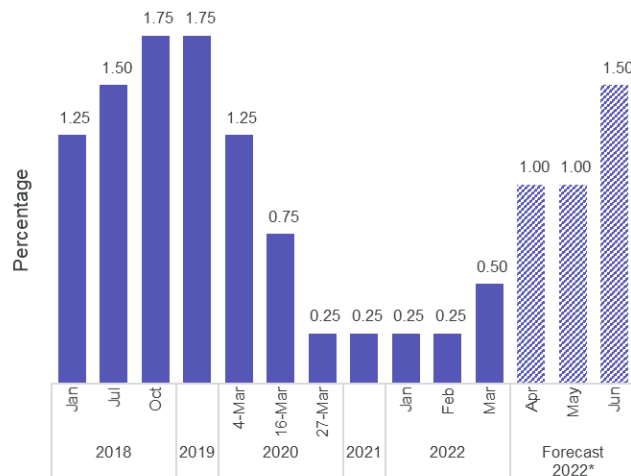
Readers are cautioned that the foregoing list is not intended to be exhaustive and other factors may adversely impact our results. Central 1 does not undertake to update forward-looking statements except as required by law.

Economic Developments and Outlook

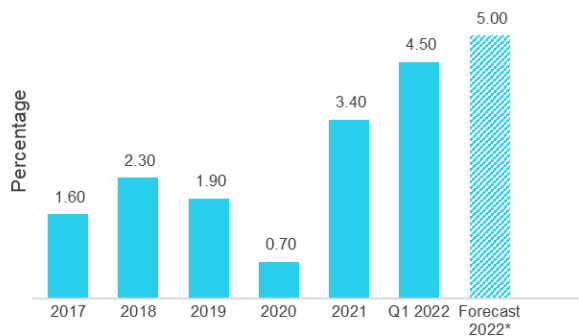
The following summaries of the economic environment and the state of financial markets offer a context for interpreting our quarterly results and provide insight into our future performance.

Economic Environment

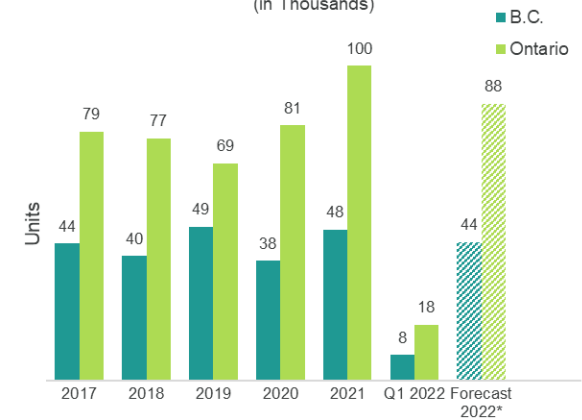
Overnight Rates



Canadian Consumer Price Index
(% change in annual average)



B.C. & Ontario Housing Starts
(in Thousands)



*Forecast source: Central 1 Economics

Current data points to a modest pace of U.S. expansion during in the first quarter of 2022 after expanding at a brisk rate of 6.9 per cent in the fourth quarter of 2021. Employment increased at a robust pace of about 0.4 per cent each month as demand for labour continues to be strong. However, firms are experiencing difficulty maintaining staff levels due to a high turnover. Compensation has been increased and workplace flexibility is on the rise as firms try to attract and retain workers, but the results have been mixed. Health restrictions have also been very limited, but firms faced an increase in employee absences as the omicron variant of COVID-19 rapidly spread. That said, the labour market is expected to remain tight as the unemployment rate declined to 3.6 per cent for the month of March while average hourly earnings rose 5.6 per cent. Severe winter weather had also disrupted activity in many regions. As a result, consumer spending was weaker than expected. Manufacturing activity, on the other hand, grew at a modest pace; however, supply chain issues persisted and have kept inventory levels low, which has restricted growth. Growth is likely to slow in the coming quarters. The latest headline inflation came in at 8.5 per cent year-over-year, and the U.S. Federal Reserve will move with urgency to tame inflation with multiple 50 basis points (bps) hikes in coming months. The Federal Reserve Funds rate could reach 3.0 per cent over the next year, and in the interim begin to slow consumer spending and housing. The latest National Association for Business Economics outlook survey has a median forecast for real GDP growth in 2022, reduced from the previous forecast of 3.6 per cent to 2.9 per cent.

Similarly, the Canadian economy outperformed expectations during the first quarter of 2022, despite the surge in COVID-19 infections during the fifth wave. Momentum going into the second quarter is strong as health and travel restrictions are continuing to be eased. The resource sector is expanding as terms of trade

move increasingly in Canada's favour. The relationship between capital expenditures and energy prices has weakened in recent years but higher commodity prices is likely to support more investment. Unemployment is falling and as of March, is down to 5.3 per cent, the lowest level since data became available in 1976 and the levels are expected to continue to fall in the future. Businesses are also very upbeat and investment intent is elevated. Manufacturing activity is also picking up with a robust uplifting of output and new orders, but there are still concerns over shortages and delays for inputs. Home prices also continue to increase, and sales volumes are still robust this quarter, but both are expected to slow down as interest rates begin to move upward. With that said, Central 1 Economics expects the first quarter GDP to grow at 3.6 per cent and then grow at 4.0 per cent in the second quarter of 2022. Following this lift, growth decelerates as it normalizes and is dragged from higher interest rates.

Financial Markets

Financial market conditions have tightened broadly across the globe as rapid inflation trends have triggered rising nominal interest rates and expectations of higher central bank policy interest rates, particularly in North America. Conditions are anticipated to persist for the foreseeable future. Long term bond yields are up, with the Canadian and US 10-year bond yield up over 100 bps to near 2.8 per cent as compared to from the beginning of the year and have surpassed pre-pandemic levels. Russia's invasion of Ukraine has caused market unrest and led to a higher volatility in many financial assets as well as higher commodity prices because of supply disruptions. Credit spreads have also risen, and equity indexes fell sharply at the onset of the conflict, but many have recovered since. BoC's commodity price index is up over 30 per cent for the year suggesting improvement in Canada's terms of trade. As a result of higher commodity prices, Canadian equities markets have performed well relative to other equity markets as it has high exposure to commodities. Firm commodity prices though are expected to keep inflation near multi-decade highs in the coming months. Households are experiencing higher gasoline and food prices, but other price pressures are proving to be stronger and more persistent among broader goods and services owing to supply constraints and robust global and domestic demand. March consumer price index (CPI) in Canada came in at 6.7 per cent growth year-over-year and CPI was even higher in the U.S. at 8.5 per cent. It is expected to begin to subside in the second half of 2022 as the higher interest rates begin to flow through into the economy. Nevertheless, conditions remain ripe for aggressive rate hikes from both the U.S. Federal Reserve and BoC. The latter is forecast to hike through 2022 to reach its estimated neutral rate of 2.5 per cent in early 2023. Risk is to the upside for both the terminal policy rate and speed of hikes given inflationary pressure and economic growth.

Industry Regulation

On February 17, 2022, the Government of British Columbia brought into force regulations supporting section 139.1 of the *Financial Institutions Act*, regarding prescribed transactions for which credit unions require advance consent of the BC Financial Services Authority Superintendent.

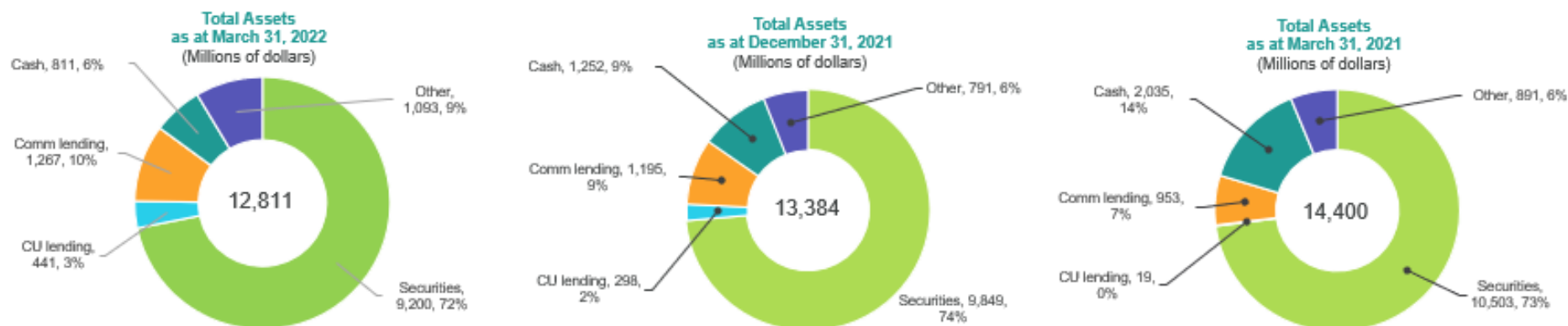
These regulations apply to all B.C. credit unions, but for Central 1 specifically, the following actions now require the consent of the Superintendent:

- any transaction where Central 1 assumes the functions of a Central credit union for all credit unions in another jurisdiction (for example, a merger with another province's Central);
- any transaction where Central 1 assumes the functions of a Central credit union for one or more credit unions in another jurisdiction, whose assets are equivalent to 50% or more of Central 1's assets; and
- an acquisition of a subsidiary whose fair market value is equivalent to 10% or more of our assets, as reported in Central 1's most recent consolidated financial statements.

The regulations also indicate the criteria for the Superintendent's consent would be an assessment of whether the transaction poses an undue risk to Central 1 or the broader B.C. credit union system.

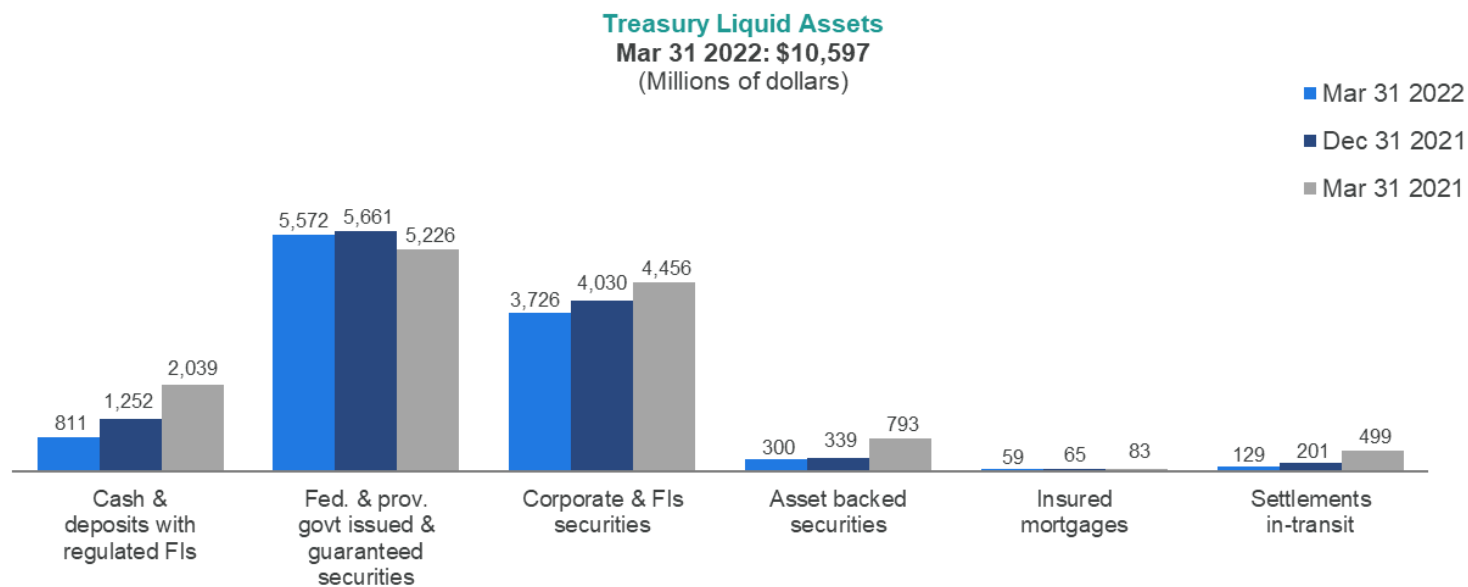
Statement of Financial Position

Total Assets



Total assets as at March 31, 2022 were down \$573 million and \$1.6 billion from December 31, 2021 and March 31, 2021, respectively. The outflows of deposits contributed to a lower assets balance in 2022 as credit unions deployed excess liquidity into lending to members as economy improved.

Cash and Liquid Assets



Management's Discussion and Analysis

As at May 27, 2022

Central 1 Credit Union | 11

Mar 31 2022 (Millions of dollars)	Treasury				
	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	\$ 810.6	\$ -	\$ 810.6	\$ -	\$ 810.6
Federal and provincial government issued and guaranteed securities	5,054.3	517.3	5,571.6	2,818.4	2,753.2
Corporate and financial institutions securities	3,726.0	-	3,726.0	111.7	3,614.3
Asset backed securities	300.1	-	300.1	3.0	297.1
Insured mortgages	58.8	-	58.8	-	58.8
Settlements in-transit	129.4	-	129.4	-	129.4
Total	\$ 10,079.2	\$ 517.3	\$ 10,596.5	\$ 2,933.1	\$ 7,663.4

*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 2021 (Millions of dollars)	Treasury				
	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	\$ 1,251.5	\$ -	\$ 1,251.5	\$ -	\$ 1,251.5
Federal and provincial government issued and guaranteed securities	5,360.0	301.3	5,661.3	2,569.3	3,092.0
Corporate and financial institutions securities	4,029.7	-	4,029.7	84.6	3,945.1
Asset backed securities	339.2	-	339.2	21.0	318.2
Insured mortgages	64.9	-	64.9	-	64.9
Settlements in-transit	201.0	-	201.0	-	201.0
Total	\$ 11,246.3	\$ 301.3	\$ 11,547.6	\$ 2,674.9	\$ 8,872.7

*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.

Management's Discussion and Analysis

As at May 27, 2022

Central 1 Credit Union | 12

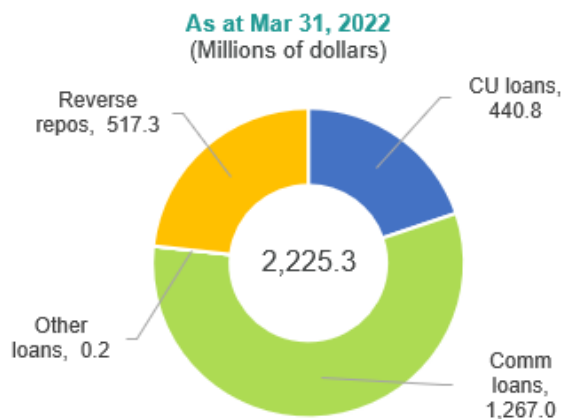
Mar 31 2021 (Millions of dollars)	Treasury				
	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	\$ 2,038.8	\$ -	\$ 2,038.8	\$ -	\$ 2,038.8
Federal and provincial government issued and guaranteed securities	5,124.2	101.6	5,225.8	1,487.8	3,738.0
Corporate and financial institutions securities	4,455.5	-	4,455.5	40.4	4,415.1
Asset backed securities	792.9	-	792.9	84.0	708.9
Insured mortgages	82.8	-	82.8	0.5	82.3
Settlements in-transit	498.7	-	498.7	-	498.7
Total	\$ 12,992.9	\$ 101.6	\$ 13,094.5	\$ 1,612.7	\$ 11,481.8

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

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.

As the economy continues to improve, credit unions are using their excess liquidity to fund loan growth. This has decreased deposits balances and similarly decreased the liquidity portfolio held by Central 1. This is evident in Treasury's cash and liquid assets as at March 31, 2022 which decreased by \$951 million from December 31, 2021 and \$2.5 billion from March 31, 2021.

Loans



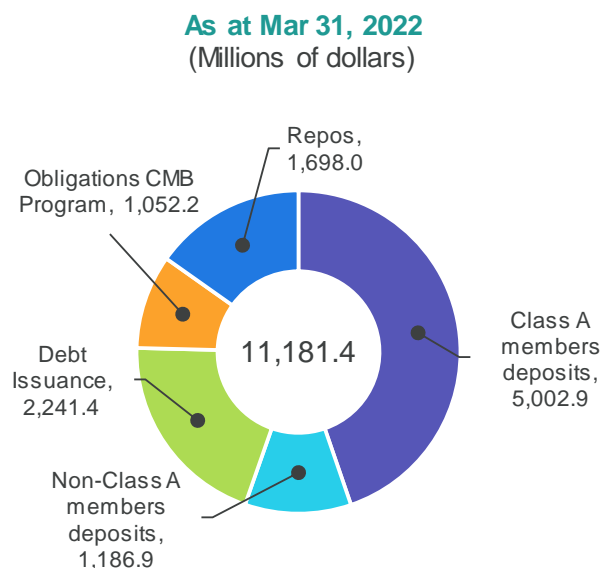
(Millions of dollars)	Mar 31 2022	Dec 31 2021	Mar 31 2021
Loans to credit unions	\$ 440.8	\$ 297.5	\$ 18.6
Commercial loans	1,267.0	1,195.1	952.5
Other loans	0.2	1.4	2.9
	1,267.2	1,196.5	955.4
Reverse repurchase agreements	517.3	301.3	101.6
	\$ 2,225.3	\$ 1,795.3	\$ 1,075.6

*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 comprises a significant portion of commercial loans on the Interim Consolidated Statement of Financial Position.

Loans to credit unions increased by \$143.3 million from December 31, 2021 and increased considerably by \$422.2 million since March 31, 2021. Through 2021 credit unions have deployed excess liquidity returning to pre-pandemic levels. Commercial loans increased \$71.9 million from December 31, 2021 and \$314.5 million from March 31, 2021. Reverse repurchase agreements increased by \$216.0 million since December 31, 2021 and increased by \$415.7 million since March 31, 2021. These agreements are used by credit unions for various needs as required.

Funding



(Millions of dollars)	Mar 31 2022	Dec 31 2021	Mar 31 2021
Deposits			
Deposits from Class A members	\$ 5,002.9	\$ 5,541.1	\$ 7,584.6
Deposits from non-Class A members	1,186.9	1,659.1	2,294.6
	6,189.8	7,200.2	9,879.2
Debt Issuance			
Commercial paper	845.6	866.7	193.6
Medium-term notes	1,185.6	1,195.5	1,205.0
Subordinated liabilities	210.2	220.3	223.3
	2,241.4	2,282.5	1,621.9
Obligations under the Canada Mortgage Bond (CMB) Program	1,052.2	960.8	974.0
Securities under repurchase agreements	1,698.0	1,553.3	506.0
	\$ 11,181.4	\$ 11,996.8	\$ 12,981.1

Central 1's primary funding source 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.

At March 31, 2022, total deposits were down by \$1.0 billion from December 31, 2021 and \$3.7 billion from a year ago when credit union liquidity was near its peak and has since begun to decline as economic conditions driving credit unions to redeploy excess liquidity to lending. Deposits from non-Class A members continue to decrease with decline of \$472 million and \$1.1 billion from December 31, 2021 and a year ago, respectively.

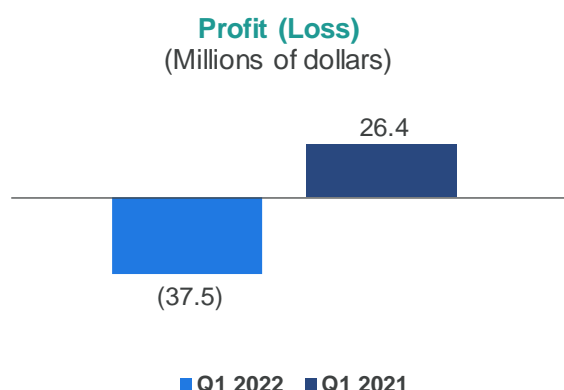
Total debt remained relatively flat compared to December 31, 2021, and increased \$619 million from March 31, 2021 which was mainly driven by increases in commercial paper and a slight reduction in subordinated liabilities.

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. 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.

Treasury



Treasury (Millions of dollars)	For the three months ended		
	Mar 31 2022	Mar 31 2021	Change
Net financial income (expense)	\$ (49.3)	\$ 37.3	\$ (86.6)
Non-financial income	8.2	7.7	0.5
Net financial and non-financial income (expense)	(41.1)	45.0	(86.1)
Non-financial expense	10.1	8.7	1.4
Profit (loss) before income taxes	(51.2)	36.3	(87.5)
Income tax expense (recovery)	(13.7)	9.9	(23.6)
Profit (loss)	\$ (37.5)	\$ 26.4	\$ (63.9)

For the first quarter of 2022, Treasury reported a loss of \$37.5 million, compared to a \$26.4 million profit from the same quarter last year. The mark to market value of financial instruments decreased \$53.2 million during the quarter as a result of the widened credit spreads. Treasury generated \$17.1 million in interest margin in the first quarter, up \$1.0 million from the same period in 2021. Non-financial income and non-financial expense remained relatively stable at a net expense of \$1.9 million for the current quarter.

Payments & DBPX

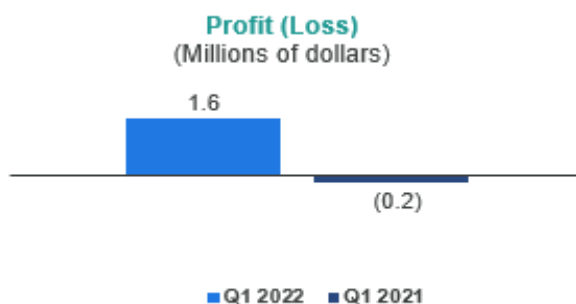


Payments & DBPX (Millions of dollars)	For the three months ended		
	Mar 31 2022	Mar 31 2021	Change
Non-financial income	\$ 25.4	\$ 26.0	\$ (0.6)
Non-financial expense, excluding strategic initiatives ⁽¹⁾	26.0	24.8	1.2
	(0.6)	1.2	
Strategic initiatives ⁽¹⁾	6.7	3.4	3.3
Loss before income taxes	(7.3)	(2.2)	(5.1)
Income tax (recovery)	(7.8)	(0.7)	(7.1)
Profit (loss)	\$ 0.5	\$ (1.5)	\$ 2.0

⁽¹⁾These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

Payments & DBPX reported a profit of \$0.5 million in the first quarter of 2022, compared to a loss of \$1.5 million in the same quarter last year. Investments in strategic initiatives for this segment increased by \$3.3 million from the same quarter last year, consistent with Central 1's strategic priorities. Certain expenditures in strategic initiatives qualify for Canada's Scientific Research and Experimental Development (SR&ED) tax incentive credits, which contributed to a higher profit during the current quarter.

System Affiliates & Others



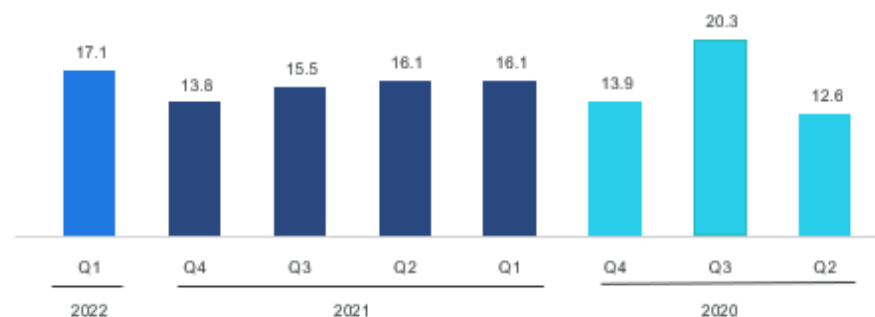
System Affiliates & Others (Millions of dollars)	For the three months ended		
	Mar 31 2022	Mar 31 2021	Change
Non-financial income	\$ 4.7	\$ 1.0	\$ 3.7
Non-financial expense, excluding strategic initiatives ⁽¹⁾	1.0	1.3	(0.3)
	3.7	(0.3)	
Strategic initiatives ⁽¹⁾	1.6	2.8	(1.2)
Profit (loss) before income taxes	2.1	(3.1)	5.2
Income tax expense (recovery)	0.5	(2.9)	3.4
Profit (loss)	\$ 1.6	\$ (0.2)	\$ 1.8

⁽¹⁾These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

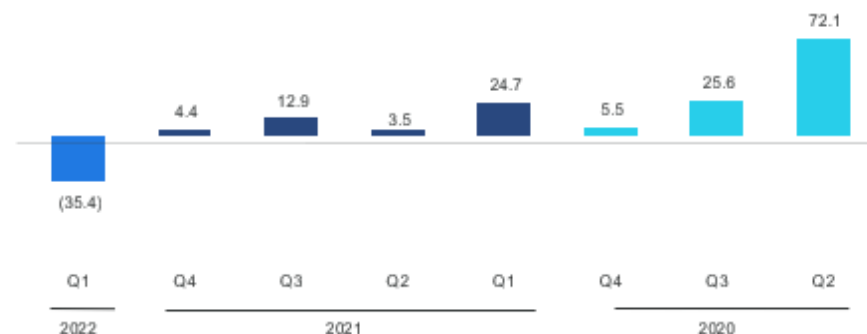
System Affiliates & Other saw a profit of \$1.6 million, up \$1.8 million from the same quarter last year. The liquidation distribution of \$2.2 million (US \$1.7 million) related to a prior investment in US Central primarily contributed to this increase. Offsetting this was a lower spend in strategic initiatives compared to the same quarter in 2021 which included the implementation of a new accounting system and 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)	2022		2021				2020		
	Q1		Q4	Q3	Q2	Q1	Q4	Q3	Q2
Interest income	\$ 36,974	\$	33,807	\$ 34,482	\$ 35,106	\$ 36,532	\$ 35,639	\$ 45,086	\$ 39,695
Interest expense	19,893		20,054	18,994	19,032	20,398	21,776	24,751	27,105
Interest margin	17,081		13,753	15,488	16,074	16,134	13,863	20,335	12,590
Gain (loss) on disposal of financial instruments	(13,595)		(5,281)	2,690	11,467	6,134	20,938	6,150	5,686
Change in fair value of financial instruments	(53,204)		9,698	1,318	(17,775)	13,672	(1,532)	5,337	40,707
Impairment loss (recovery) on financial assets	(433)		461	(3)	(557)	(1,346)	(596)	(202)	2,414
Net financial income (expense)	(49,285)		17,709	19,499	10,323	37,286	33,865	32,024	56,569
Non-financial income ⁽¹⁾	38,265		36,518	40,413	39,983	34,670	39,094	33,965	33,638
Non-financial expense ⁽¹⁾	45,338		45,844	43,133	44,084	41,031	77,869	41,665	44,235
	(7,073)		(9,326)	(2,720)	(4,101)	(6,361)	(38,775)	(7,700)	(10,597)
Profit (loss) before income taxes	(56,358)		8,383	16,779	6,222	30,925	(4,910)	24,324	45,972
Income tax expense (recovery)	(20,982)		4,007	3,908	2,737	6,257	(8,406)	4,165	6,042
Profit (loss) after income taxes from continuing operations	(35,376)		4,376	12,871	3,485	24,668	3,496	20,159	39,930
Profit (loss) after income taxes from discontinued operations	-		-	-	-	-	2,003	5,453	32,129
Profit (loss)	\$ (35,376)	\$	4,376	\$ 12,871	\$ 3,485	\$ 24,668	\$ 5,499	\$ 25,612	\$ 72,059
Weighted average shares outstanding (millions)	43.4		43.4	43.4	43.4	74.3	441.1	441.1	441.1
Earnings per share (cents) ⁽²⁾									
Basic/Diluted	(81.6)		10.1	29.7	8.1	33.2	1.2	5.8	16.3
Basic/Diluted from continuing operations	(81.6)		10.1	29.7	8.1	33.2	0.8	4.6	9.0
Basic/Diluted from discontinued operations	-		-	-	-	-	0.4	1.2	7.3

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

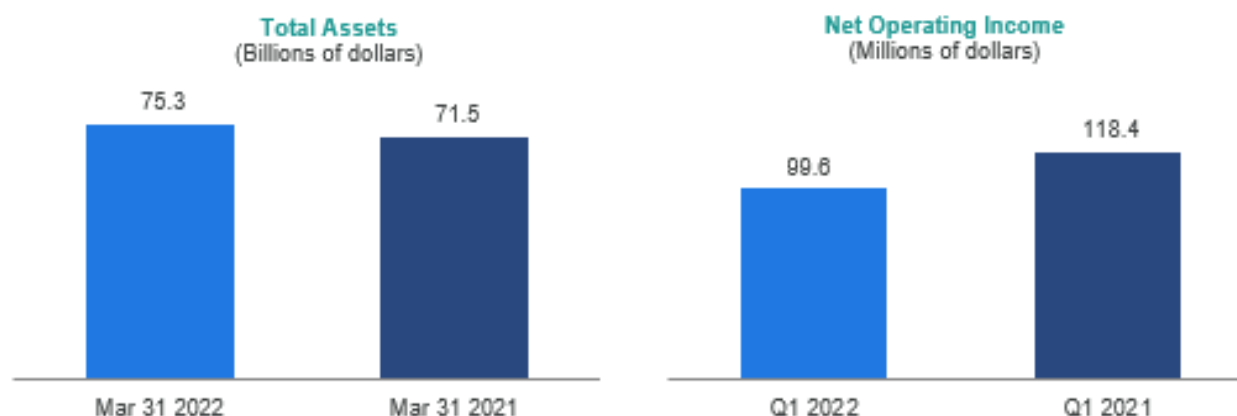
⁽²⁾ Earnings per share calculated for Central 1 must be taken in the context that member shares may not be traded or transferred except with the consent of Central 1's Board of Directors.

In the first quarter of 2022, interest margin continued its upward trend with a higher interest income as floating rate assets repriced along with the BoC rate increase to combat inflation during the quarter, contributing to an improvement over the quarter. Change in the fair value of financial instruments had a decrease of \$53.2 million as a result of the widening credit spreads.

Excluding the \$5.5 million (US\$4.4 million) liquidation distribution from US Central received in the third quarter 2021 and the \$2.2 million (US\$1.7 million) received in the first quarter of 2022, non-financial income remained relatively stable quarter-over-quarter despite the impact from the COVID-19 pandemic. Non-financial expense was also consistent over the past eight quarters except for the fourth quarter of 2020 which experienced increases largely due to the charges related to intangible assets.

System Performance

British Columbia



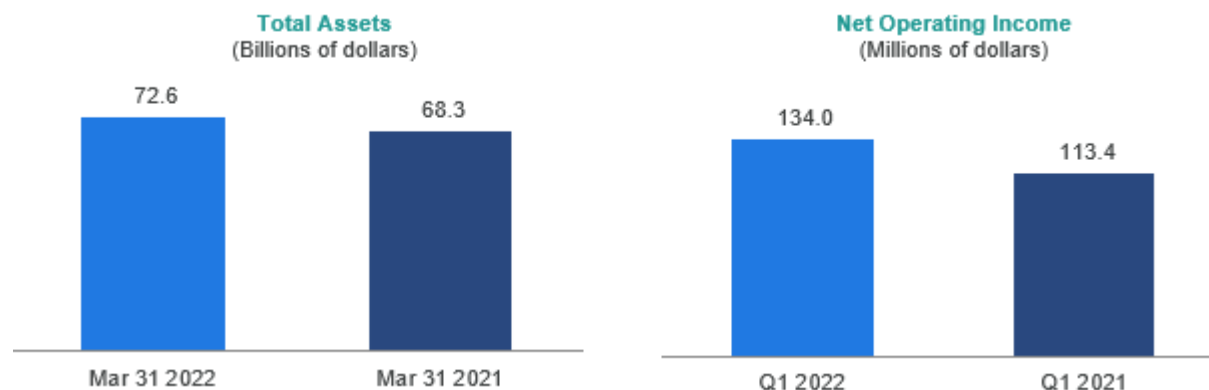
The B.C. system's net operating income for the first quarter of 2022 was \$99.6 million, down \$18.8 million or 15.9 per cent from the same period in 2021. Net interest income increased \$23.7 million or 7.1 per cent over the same period of last year. Non-interest income decreased by \$26.1 million or 32.1 per cent year-over-year, driven by losses of \$17.7 million in trading of financial instruments. Non-interest expenses increased by \$16.6 million or 5.6 per cent year-over-year.

Total assets increased \$3.8 billion or 5.3 per cent year-over-year to reach \$75.3 billion at the end of the first quarter. Asset growth was led by higher residential and commercial mortgages. Total liabilities increased \$3.6 billion led by a 12.9 per cent increase in non-registered demand deposits.

The system's rate of loan delinquencies over 90 days was 0.09 per cent of total loans at the end of March 2022, down nine bps from a year ago. The B.C. system's loan loss expense ratio in the first quarter of 2022 was 0.01 per cent, up 4 bps from a year ago.

The B.C. system had \$35.7 billion in risk weighted assets (RWA) and regulatory capital as a percentage of RWA was 12.9 per cent at the end of March 2022, down 352 bps from a year ago. The aggregate liquidity ratio of the B.C. system, including that held by Central 1, was 17.0 per cent of deposit and debt liabilities, down 371 bps from a year ago. The B.C. system's return on assets was 0.54 per cent annualized in the first quarter, down 14 bps from a year ago.

Ontario



The Ontario system's net operating income for the first quarter of 2022 was \$134.0 million, up \$20.6 million from a year earlier. Net interest income increased \$46.1 million or 14.6 per cent over the same period last year to \$361.9 million. Non-interest income decreased \$5.9 million year-over-year or 8.6 per cent on lower revenue in service charges and loan commitment fees. Non-interest expenses increased \$19.5 million or 7.2 per cent year-over-year on higher salaries and benefits.

Total assets increased 6.4 per cent year-over-year to reach \$72.6 billion as of March 31, 2022, led by a \$4.2 billion increase in residential mortgages. Total liabilities increased 6.0 per cent year-over-year to reach \$67.7 billion, led by growth in demand deposits, which were up 15.0 per cent or \$3.6 billion.

The rate of loan delinquencies over 90 days was 0.19 per cent of total loans at the end of March 31, 2022, down 21 bps year-over-year. Provision for credit losses as a percentage of loans was 0.28 per cent, down 12 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 three bps from the prior year.

The Ontario system's RWA was \$33.9 billion and regulatory capital as a percentage of RWA was 13.7 per cent at the end of March 31, 2022, up nine bps from a year ago. The aggregate liquidity ratio, including that held by Central 1, was 15.6 per cent of deposit and debt liabilities, down 503 bps from a year ago. The Ontario system's return on assets was 0.75 per cent annualized in the first quarter, up eight 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, commitments and contingencies, and assets under administration.

Derivative Financial Instruments

(Millions of dollars)			Notional Amount	
	Mar 31 2022	Dec 31 2021	Mar 31 2021	
Interest rate contracts				
Bond forwards	\$ 81.0	\$ 41.0	\$ 80.0	
Futures contracts	585.0	653.0	1,383.0	
Swap contracts	34,017.0	32,435.1	34,347.2	
	34,683.0	33,129.1	35,810.2	
Foreign exchange contracts				
Foreign exchange forward contracts	674.4	587.1	664.3	
Other derivative contracts				
Equity index-linked options	226.3	216.8	177.9	
	\$ 35,583.7	\$ 33,933.0	\$ 36,652.4	

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.

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

Guarantees, Commitments and Contingencies

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

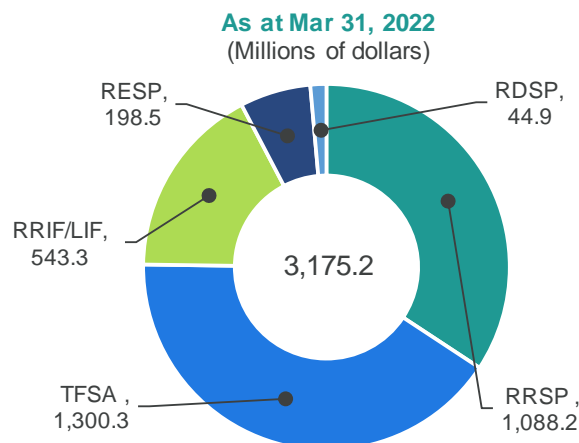
(Millions of dollars)	Mar 31 2022	Dec 31 2021	Mar 31 2021
Commitments to extend credit	\$ 5,037.2	\$ 5,083.4	\$ 4,965.2
Guarantees			
Financial Guarantees	\$ 822.6	\$ 802.6	\$ 769.6
Performance Guarantees	\$ 100.0	\$ 100.0	\$ 100.0
Standby letters of credit	\$ 238.7	\$ 239.4	\$ 236.5
Future prepayment swap reinvestment commitment	\$ 975.2	\$ 1,089.5	\$ 1,503.9

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, decreased by \$46.2 million from December 31, 2021 and increased by \$72.0 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 \$114.3 million from December 31, 2021 and \$528.7 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)	Mar 31 2022	Dec 31 2021	Mar 31 2021
Registered Retirement Savings Plans (RRSP)	\$ 1,088.2	\$ 1,066.9	\$ 1,109.6
Tax-Free Savings Accounts (TFSA)	1,300.3	1,271.4	1,240.2
Registered Retirement Income Funds/Life Income Funds (RRIF/LIF)	543.3	552.3	518.5
Registered Education Savings Plans (RESP)	198.5	200.2	261.4
Registered Disability Savings Plans (RDSP)	44.9	42.8	39.9
	\$ 3,175.2	\$ 3,133.6	\$ 3,169.6

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

The offboarding of a RESP client and systemic erosion of RRSPs resulted in a material decrease of 24.1 per cent in AUA for RESPs and a 2 per cent decrease for RRSPs. However, these decreases were partially offset by an overall increase in business from both Ontario and B.C., along with market value appreciation, contributing to a marginal 0.2 per cent increase in total AUA from a year ago. Notable trends show that the AUA of RDSPs, and TFSAs increased by 12.5 per cent and 5 per cent, respectively, from a year ago. Economic outlooks reflect an upward trend in TFSA sales as a result of its increasing popularity among investors as an alternative to RRSPs and the desire to keep cash at hand during this period of financial uncertainty. Furthermore, modest RDSP growth is contributed by CRA's national awareness campaign targeting qualified beneficiaries. Altogether, AUA was up \$32.9 million from a year ago chiefly due to increased TFSA contributions, moderate RDSP sales, RRIF transfers, contributions, together with market value appreciation over the past year.

A new registered product was announced in the 2022 federal budget, the Tax-Free First Home Savings Account, which is expected to launch in 2023 to help Canadians save for their first home. Central 1 intends to work with its system provider to ensure a smooth rollout once available.

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. Central 1's Constitution and Rules (Rules) require an annual rebalancing of Class A share capital based on each Class A members' consolidated assets in proportion to the total consolidated assets of all Class A members at the immediately preceding fiscal year-end.

Regulatory Capital

(Millions of dollars)	Mar 31 2022		Dec 31 2021		Mar 31 2021
Share capital	\$	43.4	\$	43.4	\$ 43.4
Retained earnings		692.3		727.2	706.6
Less: accumulated net after tax gain in investment property		(4.7)		(4.7)	(4.7)
Tier 1 capital ⁽²⁾		731.0		765.9	745.3
Subordinated debt ⁽¹⁾		216.8		216.8	221.0
Add: accumulated net after tax gain in investment property		4.7		4.7	4.7
Tier 2 capital ⁽²⁾		221.5		221.5	225.7
Total capital		952.5		987.4	971.0
Statutory capital adjustments		(148.6)		(125.6)	(113.8)
Total regulatory capital ⁽²⁾	\$	803.9	\$	861.8	\$ 857.2
Borrowing multiple - Consolidated		14.6:1		14.3:1	15.5:1

⁽¹⁾ Subordinated debt is net of any required amortization in an instrument's final five years.

⁽²⁾ These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

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 Constitution and 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 a liquid form, excluding that amount that is maintained in cash, in satisfaction of applicable legislation. The amendments also removed 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. On January 1, 2021 Central 1 redeemed all outstanding Class F Shares for the redemption price of \$1.00 per share to be paid to the holders of Class F shares on or before January 8, 2021.

At March 31, 2022, Central 1's consolidated borrowing multiple was 14.6:1 compared to 15.5:1 at March 31, 2021, largely due to a decrease in deposit levels.

Central 1 was in compliance with all regulatory capital requirements throughout the reporting periods ended March 31, 2022 and March 31, 2021.

Risk Review

This section of the MD&A should be read in conjunction with the Risk Review section of our 2021 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 our most important assets, and actively seeks to maintain a positive reputation both for ourselves 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 our business activities.

Strategic Risk

Strategic risk arises when we Central 1 fails to respond appropriately to changes in the internal and external environment which in turn may affect the ability to meet stakeholder expectations and to deliver on Central 1's 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 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 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 our investment and lending activities, as well as through our 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
- necessary action to monitor and mitigate skilled lending personnel with a depth of experience in both the business line and credit risk

In the first quarter of 2022, Central 1 decreased its expected credit loss allowance for the Commercial Real Estate Lending (CREL) portfolio by \$408.0 thousand from December 31, 2021 to a total of \$2.95 million. Expected credit loss allowance for the Investment portfolio decreased by \$25.0 thousand from December 31, 2021 to a total of \$80.0 thousand. The expected credit loss in the Credit Union Lending portfolio remained at zero given ample security pledged to secure credit facilities.

Credit Quality Performance

Investments Portfolio

Our investment portfolio consists of high quality, actively traded and liquid securities. Holdings of AAA rated securities in the Investment portfolio represent \$5.1 billion or 58.5 per cent of the portfolio. Treasury holds \$1.73 billion in securities that are rated A or lower and \$228.1 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. There are no impaired investments in the portfolio.

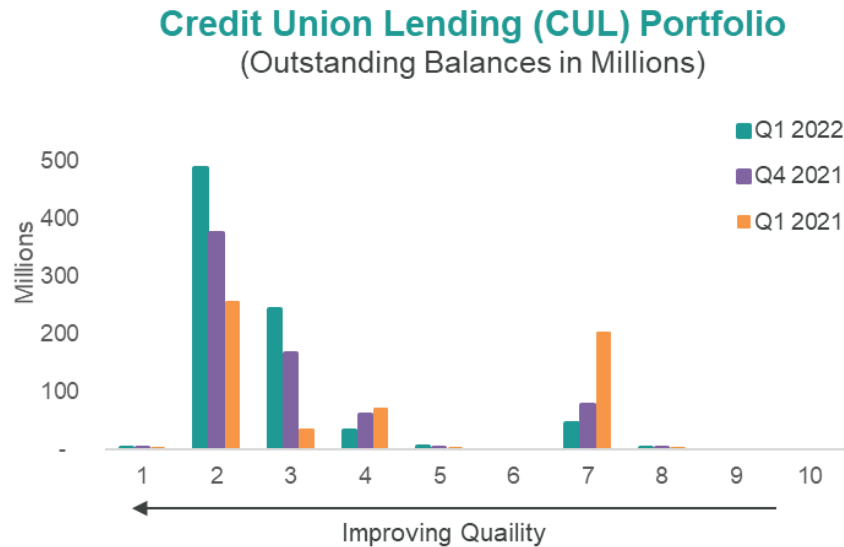


Credit Union Lending (CU Lending)

Currently, there are no impaired loan facilities in the Credit Union Lending portfolio. As at March 31, 2022, 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 10.54 per cent of the authorized portfolio as at March 31, 2022. The security provided for the Watch List and Unsatisfactory facilities is substantial and no losses are not expected.

Commercial Real Estate Lending

There are no impaired loans in the portfolio. There were two Watch List accounts representing 1.74 per cent of the outstanding portfolio balance as at March 31, 2022.



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.

As expected, the excess Liquidity placed by members in deposits with Central 1 during the pandemic has declined in Q1 of 2022. Member utilization of committed credit facilities with Central 1 remains low. Central 1 continues to ensure access to multiple sources of funding for members.

Central 1's liquidity position continues 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 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. Central 1 uses the OSFI LCR for its risk appetite limit but reports both versions of LCR to the BCFSA on a weekly basis.

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 March 31, 2022, Central 1's NCCF and OSFI LCR indicated high levels of liquidity. While the OSFI LCR decreased slightly in the first quarter from the previous quarter, Central 1 remains in a strong position to support the liquidity needs of the system.

Liquidity Coverage Ratio	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	LTM Average ⁽¹⁾
OSFI LCR	128.4%	130.2%	128.7%	141.8%	142.2%	129.6%

⁽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 pursue 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, 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.

During the first quarter of 2022, the impact of the ongoing Russia-Ukraine conflict added to uncertainty around future global economic conditions and more volatility to the markets. While we have no credit exposure to Russia nor to any other markets that are directly affected (e.g. commodities), we will continue to monitor the general economic conditions and take such action as may be determined appropriate to mitigate risk that the conflict may cause to Central1's portfolio.

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.

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 first quarter of 2022, Total 1-Day VaR decreased significantly as the highly volatile scenarios from March 2020 rolled outside of the 500-day observation window used in the VaR Model. Other metrics such as Credit Spread VaR and Expected Shortfall have also fallen significantly due to this reason.

(Millions of dollars)	Treasury				Last 12 Months		
	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Average	High	Low
Interest Rate VaR	\$ 4.2	\$ 4.8	\$ 4.5	\$ 3.5	\$ 4.6	\$ 7.2	\$ 3.5
Credit Spread VaR	3.9	10.0	9.7	6.4	9.3	13.9	3.9
Foreign Exchange VaR	2.8	3.4	3.4	2.9	3.1	4.2	2.0
Diversification ⁽¹⁾	(5.9)	(8.5)	(8.8)	(5.5)	(8.1)	nm	nm
Total VaR	\$ 5.0	\$ 9.7	\$ 8.8	\$ 7.3	\$ 8.8	\$ 10.9	\$ 4.7
Expected Shortfall	5.3	15.0	14.0	10.7	13.6	18.5	5.0

⁽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.

(Millions of dollars)	Treasury					LTM Average ⁽¹⁾
	Q1 2022	Q4 2021	Q3 2021	Q2 2021		
1-Day SVaR	\$ 15.9	\$ 17.8	\$ 16.8	\$ 14.5	\$ 16.4	
10-Day SVaR	\$ 47.7	\$ 51.6	\$ 53.0	\$ 45.9	\$ 49.9	

⁽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 and USD securities 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)	Off-Balance Sheet Items -					BOC Closing Rate	CAD Equivalent
	Balance Sheet in Native Currency	Foreign Exchange Forwards	Net Position in Native Currency				
USD	\$ (8.6)	\$ 1.5	\$ (7.0)		1.24815	\$ (8.78)	

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 members and external organizations, shortcomings in the internal processes or systems could lead to financial and reputational damage. Central 1 has robust contingency and business continuity plans in place. However external events such as natural disasters, power, or telecommunication disruptions, acts of terrorism, physical or electronic break-ins could have an adverse impact on Central 1's ability to provide services to members. This could cause reputational damage or otherwise adversely impact the ability to conduct business.

In the normal course of business, this type of risk is managed through implementing and adhering to policies and controls that are fundamental to the 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 Central 1 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 economy faced renewed uncertainty during the first quarter with the Russia invasion of Ukraine, rising inflation, and the continued spread of COVID-19 in China. As the full impact on the global economies and the magnitude is unknown, developing reliable estimates and applying judgment continue to be substantially complex. Actual results may differ from those estimates and assumptions.

IAS 34 requires disclosures of events and transactions that are significant to understanding changes since the 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, 2021.

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, 2021.

Details of Central 1's related party disclosures were disclosed in Note 24 of Central 1's Interim Consolidated Financial Statements.

Interim Consolidated Financial Statements

March 31, 2022

Interim Consolidated Statement of Financial Position (Unaudited)

(Thousands of dollars)	Notes	Mar 31 2022	Dec 31 2021
Assets			
Cash	(4)	\$ 810,640	\$ 1,251,516
Securities	(5)	9,199,629	9,848,603
Loans	(6)	2,224,400	1,794,368
Derivative assets	(7)	253,165	120,930
Settlements in-transit		129,396	201,017
Property and equipment		18,749	19,450
Intangible assets		16,345	15,371
Investments in affiliates		84,688	84,820
Current tax assets		4,335	1,187
Deferred tax assets		40,039	16,599
Other assets	(10)	29,580	29,728
		\$ 12,810,966	\$ 13,383,589
Liabilities			
Deposits	(11)	\$ 6,189,846	\$ 7,200,199
Debt securities issued	(12)	2,031,191	2,062,175
Obligations under the Canada Mortgage Bond Program	(13)	1,052,180	960,765
Subordinated liabilities	(14)	210,177	220,321
Obligations related to securities sold short		76,378	40,494
Securities under repurchase agreements		1,697,991	1,553,290
Derivative liabilities		99,923	75,435
Settlements in-transit		623,901	390,884
Other liabilities	(15)	93,531	93,574
		12,075,118	12,597,137
Equity			
Share capital	(16)	43,396	43,396
Retained earnings		692,287	727,213
Accumulated other comprehensive income (loss)		(7,041)	8,700
Other reserves		2	2
Total equity attributable to members of Central 1		728,644	779,311
Non-controlling interest		7,204	7,141
		735,848	786,452
		\$ 12,810,966	\$ 13,383,589
Guarantees, commitments, contingencies and pledged assets	(22)		

Approved by the Directors:

"Rob Paterson"

Rob Paterson, Chairperson

"Paul Challinor"

Paul Challinor, Chairperson - Audit and Finance Committee

Interim Consolidated Statement of Profit (Loss) (Unaudited)

(Thousands of dollars)	Notes	For the three months ended	
		Mar 31 2022	Mar 31 2021
Interest income			
Securities		\$ 24,561	\$ 27,296
Loans		12,413	9,236
		36,974	36,532
Interest expense			
Deposits		8,406	9,882
Debt securities issued		10,127	8,198
Subordinated liabilities		1,218	1,590
Obligations under the Canada Mortgage Bond Program		142	728
		19,893	20,398
Interest margin		17,081	16,134
Gain (loss) on disposal of financial instruments	(17)	(13,595)	6,134
Change in fair value of financial instruments	(18)	(53,204)	13,672
		(49,718)	35,940
Impairment recovery on financial assets		433	1,346
Net financial income (expense)		(49,285)	37,286
Non-financial income	(19)	38,265	34,670
Net financial and non-financial income (expense)		(11,020)	71,956
Non-financial expense			
Salaries and employee benefits		24,528	23,436
Premises and equipment		1,251	1,862
Other administrative expenses	(20)	19,559	15,733
		45,338	41,031
Profit (loss) before income taxes		(56,358)	30,925
Income taxes expense (recovery)		(20,982)	6,257
Profit (loss)		\$ (35,376)	\$ 24,668

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

(Thousands of dollars)	For the three months ended	
	Mar 31 2022	Mar 31 2021
Profit (Loss)	\$ (35,376)	\$ 24,668
Other comprehensive income (loss), 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	(25,917)	(9,800)
Reclassification of realized (gains) loss to profit	89	(11,839)
Share of other comprehensive loss of affiliates accounted for using the equity method	(13)	(2)
	(25,841)	(21,641)
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	10,613	(2,048)
Total comprehensive income (loss), net of tax	(50,604)	979
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	\$ (9,543)	\$ (3,306)
Reclassification of realized (gains) loss to profit	\$ 33	\$ (2,786)
Share of other comprehensive loss of affiliates accounted for using the equity method	\$ (2)	\$ -
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	\$ 3,909	\$ (754)

Interim Consolidated Statement of Changes in Equity (Unaudited)

(Thousands of dollars)	Attributable to Equity Members										Non-Controlling Interest	Total Equity
	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members					
Balance at December 31, 2021	\$ 43,396	\$ 727,213	\$ 7,348	\$ (1,777)	\$ 3,129	\$ 2	\$ 779,311	\$ 7,141	\$ 786,452			
Total comprehensive income, net of tax												
Profit (loss)		(35,439)					(35,439)	63	(35,376)			
Other comprehensive income (loss), net of tax												
Fair value reserve (securities at fair value through other comprehensive income)			(25,828)				(25,828)		(25,828)			
Share of other comprehensive loss of affiliates accounted for using the equity method			(13)				(13)		(13)			
Liability credit reserve				10,613			10,613		10,613			
Total comprehensive income (loss)	-	(35,439)	(25,841)	10,613	-	-	(50,667)	63	(50,604)			
Reclassification of liability credit reserve on derecognition ⁽¹⁾												
		513		(513)							-	
Balance at March 31, 2022	\$ 43,396	\$ 692,287	\$ (18,493)	\$ 8,323	\$ 3,129	\$ 2	\$ 728,644	\$ 7,204	\$ 735,848			

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

	2022	2021
Profit (loss) attributable to:		
Members of Central 1	\$ (35,439)	\$ 24,588
Non-controlling interest	63	80
	<u>\$ (35,376)</u>	<u>\$ 24,668</u>
Total comprehensive income (loss) attributable to:		
Members of Central 1	\$ (50,667)	\$ 899
Non-controlling interest	63	80
	<u>\$ (50,604)</u>	<u>\$ 979</u>

Interim Consolidated Statement of Changes in Equity (Unaudited)

(Thousands of dollars)	Attributable to Equity Members										Non-Controlling Interest	Total Equity
	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members					
Balance at December 31, 2020	\$ 441,127	\$ 684,210	\$ 32,713	\$ (4,763)	\$ 383	\$ 2	\$ 1,153,672	\$ 7,652	\$ 1,161,324			
Total comprehensive income, net of tax												
Profit (loss)		24,588					24,588	80	24,668			
Other comprehensive income, net of tax												
Fair value reserve (securities at fair value through other comprehensive income)			(21,639)				(21,639)		(21,639)			
Share of other comprehensive income of affiliates accounted for using the equity method			(2)				(2)		(2)			
Liability credit reserve				(2,048)			(2,048)		(2,048)			
Total comprehensive income (loss)	-	24,588	(21,641)	(2,048)	-	-	899	80	979			
Transactions with owners, recorded directly in equity												
Class "F" shares redemption (Note 16)	(397,737)						(397,737)		(397,737)			
Dividends		30					30		30			
Total contribution from (distribution) to owners	(397,737)	30	-	-	-	-	(397,707)	-	(397,707)			
Reclassification of liability credit reserve on derecognition ⁽¹⁾		(2,273)		2,273			-		-			
Balance at March 31, 2021	\$ 43,390	\$ 706,555	\$ 11,072	\$ (4,538)	\$ 383	\$ 2	\$ 756,864	\$ 7,732	\$ 764,596			

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

Interim Consolidated Statement of Cash Flows (Unaudited)

(Thousands of dollars)	For the three months ended	
	Mar 31 2022	Mar 31 2021
Cash flows from operating activities		
Profit (loss)	\$ (35,376)	\$ 24,668
Adjustments for:		
Depreciation and amortization	1,569	1,690
Interest margin	(17,081)	(16,134)
Loss (Gain) on disposal of financial instruments	13,595	(6,134)
Change in fair value of financial instruments	53,204	(13,672)
Impairment recovery on financial assets	(433)	(1,346)
Equity interest in affiliates	419	73
Income taxes expense (recovery)	(20,982)	6,257
	(5,085)	(4,598)
Change in securities ⁽¹⁾	499,061	8,725,083
Change in loans	(429,683)	35,643
Change in settlements in-transit	304,638	(435,843)
Change in deposits ⁽¹⁾	(983,514)	(8,139,010)
Change in obligations related to securities sold short	39,352	42,695
Change in securities under repurchase agreements	144,572	(7,517)
Change in derivative assets and liabilities	(14,061)	(24,222)
Change in other assets and liabilities	(1,061)	35,122
Interest received	32,979	49,219
Interest paid	(4,009)	(31,816)
Income tax paid	(4)	(23,512)
Net cash from (used in) operating activities	(416,815)	221,244
Cash flows from investing activities		
Redemption of deposits with regulated financial institutions	1,148	-
Change in reinvestment assets under the Canada Mortgage Bond Program	(106,289)	(98,679)
Property and equipment - net purchases	(102)	(18)
Intangible assets - net purchases	(1,718)	(1,631)
Change in investments in affiliates	-	21
Net cash used in investing activities	(106,961)	(100,307)

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	
		Mar 31 2022	Mar 31 2021
Cash flows from financing activities			
Proceeds from debt securities issued		846,093	449,077
Maturity of debt securities issued		(866,657)	(600,118)
Repayment of lease liabilities		(105)	(112)
Maturity of obligation under the Canada Mortgage Bond Program		-	(65,609)
Proceeds under the Canada Mortgage Bond Program		103,569	131,623
Change in subordinated liabilities		-	116
Dividends paid		-	(13,383)
Redemption of Class F shares	(16)	-	(397,737)
Net cash from (used in) financing activities		82,900	(496,143)
Decrease in cash		(440,876)	(375,206)
Cash - beginning of period		1,251,516	1,467,557
Cash held for segregation - beginning of period		-	943,045
Cash - end of period	\$	810,640	\$ 2,035,396

⁽¹⁾ including the non-cash change of deposits and securities related to the MLP segregation on January 1, 2021

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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) play 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, 2021.

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, 2021.

The Interim Consolidated Financial Statements were authorized for issue by the Board of Directors on May 27, 2022.

3. 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 economy faced renewed uncertainty during the first quarter with the Russia invasion of Ukraine, rising inflation, and the continued spread of COVID-19 in China. As the full impact on the global economies and the magnitude is unknown, developing reliable estimates and applying judgment continue to be substantially complex. 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, 2021.

4. Cash

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
With Bank of Canada	\$ 722,616	\$ 1,153,898
With other regulated financial institutions	88,024	97,618
	\$ 810,640	\$ 1,251,516

5. Securities

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Securities FVTPL		
Government and government guaranteed securities	\$ 3,047,622	\$ 3,427,791
Corporate and major financial institutions		
AA low or greater	1,686,146	1,661,619
A (high) to A (low)	425,291	484,142
BBB (high) to BB (high)	936,474	959,963
Equity instruments	60,427	60,430
Fair value	\$ 6,155,960	\$ 6,593,945
Securities FVOCI		
Government and government guaranteed securities	\$ 1,063,265	\$ 1,103,978
Corporate and major financial institutions		
AA low or greater	197,309	275,040
A (high) to A (low)	98,497	182,074
BBB (high) to BBB (low)	680,489	784,931
Fair value	\$ 2,039,560	\$ 2,346,023
Reinvestment assets under the CMB Program		
FVTPL		
Government and government guaranteed securities	\$ 564,857	\$ 607,939
Corporate and major financial institutions AA low or greater	2,998	20,995
Fair Value	\$ 567,855	\$ 628,934
Amortized cost		
Assets acquired under reverse repurchase agreements	\$ 436,254	\$ 279,701
Total reinvestment assets under the CMB Program	\$ 1,004,109	\$ 908,635
Total	\$ 9,199,629	\$ 9,848,603

6. Loans

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

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Amortized cost		
Due on demand		
Credit unions	\$ 435,122	\$ 291,809
Commercial and others	9,540	3,386
	444,662	295,195
Term		
Credit unions	5,700	5,700
Commercial and others	1,244,135	1,177,964
Reverse repurchase agreements	517,334	301,252
Staff loans ⁽¹⁾	176	1,439
	1,767,345	1,486,355
Accrued interest	3,337	3,117
Premium	153	210
	2,215,497	1,784,877
Expected credit loss (Note 8)	(2,953)	(3,361)
Amortized cost	2,212,544	1,781,516
Fair value hedge adjustment ⁽²⁾	(1,738)	(1,421)
Carrying value	\$ 2,210,806	\$ 1,780,095
FVTPL		
Term - Commercial and others		
Fair value	\$ 13,594	\$ 14,273
Total loans	\$ 2,224,400	\$ 1,794,368

⁽¹⁾ Loans to employees bear interest at rates varying from 2.50% to 2.72%. Central1 has discontinued the staff loan program effective October 29, 2021.

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

7. 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 that are designated as hedging.

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

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

(Thousands of dollars)	For the three months ended Mar 31 2022			For the three months ended Mar 31 2021		
	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⁾	\$ (13,248)	\$ 14,111	\$ 863	\$ (11,797)	\$ 12,812	\$ 1,015
Loans	(317)	178	(139)	(141)	137	(4)
Debt securities issued	2,183	(2,079)	104	1,347	(1,327)	20
	\$ (11,382)	\$ 12,210	\$ 828	\$ (10,591)	\$ 11,622	\$ 1,031

⁽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 profit (loss)

(Thousands of dollars)	Mar 31 2022				Dec 31 2021			
	Notional value of hedged items	Carrying value of hedged items ⁽²⁾	Carrying value of hedging instruments	Cumulative hedge adjustments from active hedges	Notional value of hedged items	Carrying value of hedged items	Carrying value of hedging instruments	Cumulative hedge adjustments from active hedges
Securities at FVOCI ⁽¹⁾	\$ 235,156	\$ 213,884	\$ 24,104	\$ (22,899)	\$ 235,156	\$ 233,047	\$ 9,993	\$ (9,651)
Loans	33,504	33,908	901	(1,738)	34,158	32,947	723	(1,421)
Debt securities issued	(300,000)	(302,925)	264	342	(300,000)	(302,763)	2,343	(1,841)
		\$ 25,269	\$ (24,295)			\$ 13,059	\$ (12,913)	

⁽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 profit (loss)

⁽²⁾ Represents the carrying value in the Consolidated Balance Sheet and includes amortized cost, before allowance for credit losses, plus fair value hedge adjustments, except for FVOCI securities that are carried at fair value.

8. Expected credit loss

(Thousands of dollars)	Stage 1		Stage 2		Stage 3		Total
ECL on financial assets at amortized cost							
Balance at December 31 2021	\$	2,632	\$	729	\$	-	\$ 3,361
Impairment loss (recovery) on financial assets							
Purchases and originations		196		-		-	196
Derecognitions and maturities		(134)		-		-	(134)
Remeasurements		(457)		(13)		-	(470)
Total impairment recovery on financial assets		(395)		(13)		-	(408)
Balance at March 31 2022	\$	2,237	\$	716	\$	-	\$ 2,953
ECL on financial assets at FVOCI							
Balance at December 31 2021	\$	105	\$	-	\$	-	\$ 105
Impairment loss (recovery) on financial assets:							
Derecognitions and maturities		(6)		-		-	(6)
Remeasurements		(19)		-		-	(19)
Total impairment recovery on financial assets		(25)		-		-	(25)
Balance at March 31 2022	\$	80	\$	-	\$	-	\$ 80
Total ECL							
Balance at December 31 2021	\$	2,737	\$	729	\$	-	\$ 3,466
Impairment loss (recovery) on financial assets:							
Purchases and originations		196		-		-	196
Derecognitions and maturities		(140)		-		-	(140)
Remeasurements		(476)		(13)		-	(489)
Total impairment recovery on financial assets		(420)		(13)		-	(433)
Balance at March 31 2022	\$	2,317	\$	716	\$	-	\$ 3,033

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

The following tables present the gross carrying amounts of loans as at March 31, 2022 and December 31, 2021, according to credit quality:

(Thousands of dollars)					Mar 31 2022
	Stage 1	Stage 2	Stage 3		Total
Low Risk	\$ 1,016,425	\$ -	\$ -	\$	1,016,425
Medium Risk	1,176,349	-	-		1,176,349
High Risk	-	22,175	-		22,175
Not Rated	548	-	-		548
Total	\$ 2,193,322	\$ 22,175	\$ -	\$	2,215,497

(Thousands of dollars)					Dec 31 2021
	Stage 1	Stage 2	Stage 3		Total
Low Risk	\$ 661,852	\$ -	\$ -	\$	661,852
Medium Risk	1,098,981	-	-		1,098,981
High Risk	-	22,168	-		22,168
Not Rated	1,876	-	-		1,876
Total	\$ 1,762,709	\$ 22,168	\$ -	\$	1,784,877

Forward looking macroeconomic variables

The inputs that are used to estimate Stage 1 and 2 credit loss allowances are modelled based on macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the expected credit loss calculation includes a projection of all relevant macroeconomic variables used in the models for the forecast period. Depending on their usage in the models, macroeconomic variables are projected at a more granular level.

The ECL model was built using historical data and normal behaving economic indicators and forecasts. The unprecedented economic change as a result of the COVID-19 pandemic required management to make significant judgements to predict forward looking macroeconomic variables, and to adjust the inputs and modelling to capture all the characteristics of the economic environment. Temporary adjustments made to the model included:

- Performed a linear interpolation on Real GDP and Unemployment Rate between pre-COVID values and values during COVID and smoothed V- and W-shaped scenarios to get a better estimate of ECL.
- The model takes an initial delinquency rate as a starting point to predict future delinquency rate. This starting point may not represent the actual economic environment under the COVID-19 pandemic.

9. Other assets

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Investment property	\$ 664	\$ 686
Prepaid expenses	10,338	6,434
Post-employment benefits	6,363	6,363
Assets held for distribution	-	6,947
Accounts receivable and other	12,215	9,298
	\$ 29,580	\$ 29,728

10. Deposits

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Deposits designated as FVTPL		
Due within three months	\$ 1,653,056	\$ 1,900,588
Due after three months and within one year	1,038,921	1,059,641
Due after one year and within five years	756,945	820,860
	3,448,922	3,781,089
Accrued interest	8,926	8,066
Amortized cost	\$ 3,457,848	\$ 3,789,155
Fair value	\$ 3,430,351	\$ 3,789,543

Deposits held at amortized cost

Due on demand	\$ 2,585,827	\$ 3,232,904
Due within three months	33,537	5,500
Due after three months and within one year	72,877	98,790
Due after one year and within five years	66,775	73,157
	2,759,016	3,410,351
Accrued interest	479	305
Amortized cost	\$ 2,759,495	\$ 3,410,656
Total carrying value	\$ 6,189,846	\$ 7,200,199

The fair value of deposits at March 31, 2022 was \$6,189.7 million (December 31, 2021 - \$7,200.6 million).

11. Debt securities issued

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Amortized cost		
Due within three months	\$ 805,933	\$ 866,657
Due after three months and within one year	539,216	499,518
Due after one year and within five years	446,703	446,241
	1,791,852	1,812,416
Accrued interest	8,860	2,787
Amortized cost	1,800,712	1,815,203
Fair value hedge adjustment ⁽¹⁾	(342)	1,841
Carrying value	\$ 1,800,370	\$ 1,817,044
Designated as FVTPL		
Due after one year and within five years	\$ 250,000	\$ 250,000
Accrued interest	562	1,414
Amortized cost	250,562	251,414
Fair value	230,821	245,131
Total Carrying value	\$ 2,031,191	\$ 2,062,175

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

At March 31, 2022, a par value of \$846.0 million was outstanding under the short-term commercial paper facility (December 31, 2021 - \$866.9 million) and a par value of \$1.2 billion was borrowed under the medium-term note facility (December 31, 2021 - \$1.2 billion).

12. 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)	Mar 31 2022	Dec 31 2021
Amounts		
Due within three months	\$ 464,426	\$ 306,718
Due after three months and within one year	131,491	188,328
Due after one year and within five years	466,997	464,299
	1,062,914	959,345
Accrued interest	84	531
Amortized cost	\$ 1,062,998	\$ 959,876
Fair value	\$ 1,052,180	\$ 960,765

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

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
FVTPL		
Total reinvestment assets under the Canada Mortgage Bond Program (Note 5)	\$ 567,855	\$ 628,934
Assets recognized as securities	50,563	54,978
Fair value	\$ 618,418	\$ 683,912
Amortized cost		
Total reinvestment assets under the Canada Mortgage Bond Program (Note 5)	\$ 436,254	\$ 279,701
Total underlying assets designated	\$ 1,054,672	\$ 963,613

13. Subordinated liabilities

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Amortized cost		
Series 5	\$ 21,000	\$ 21,000
Accrued interest	16	9
Amortized cost	\$ 21,016	\$ 21,009
Designated as FVTPL		
Series 7	\$ 200,000	\$ 200,000
Accrued interest	1,206	26
Amortized cost	\$ 201,206	\$ 200,026
Fair value	\$ 189,161	\$ 199,312
Total carrying value	\$ 210,177	\$ 220,321

14. Other liabilities

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Post-employment benefits	\$ 15,310	\$ 15,326
Short-term employee benefits	16,667	14,009
Deferred revenue ⁽¹⁾	33,945	33,795
Finance leases	5,938	6,043
Accounts payable	17,654	22,529
Other	4,017	1,872
	\$ 93,531	\$ 93,574

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

15. 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 and, subject to the requirements of the *Credit Union Incorporation Act*, Class D and E shares are non-voting. 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 Mandatory Liquidity Pool (MLP), Central 1 could issue an unlimited number of Class F shares and could redeem these shares at its option with the approval of the Board of Directors. The shares were issued to Class A members in proportion to their share of mandatory deposits with Central 1. With the MLP segregation, on January 1, 2021, all Class F shares were redeemed and cancelled for the redemption price of \$1.00 per share which was paid to the holders of Class F shares on January 8, 2021. The total redemption amount was \$397.7 million.

(Thousands of shares)	Mar 31 2022	Dec 31 2021	Mar 31 2021
Number of shares issued			
Class A - credit unions: balance at beginning and end of period	43,359	43,359	43,359
Class B - co-operatives: balance at beginning and end of period	11	11	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	397,737
Redeemed during the period	-	(397,737)	(397,737)
Balance at end of period	-	-	-
Number of treasury shares			
Treasury shares - Class E: balance at beginning and end of period	(264)	(264)	(264)

(Thousands of dollars)	Mar 31 2022	Dec 31 2021	Mar 31 2021
Amount of share capital outstanding			
Outstanding \$1 par value shares			
Class A - credit unions	\$ 43,359	\$ 43,359	\$ 43,359
Class B - cooperatives	11	11	5
Class C - other	7	7	7
Class F - credit unions	-	-	-
Outstanding \$0.01 par value shares			
Class E - credit unions	21	21	21
	43,398	43,398	43,392
Amount of treasury shares			
Treasury shares	(2)	(2)	(2)
Balance at end of period	\$ 43,396	\$ 43,396	\$ 43,390

16. Gain (loss) on disposal of financial instruments

(Thousands of dollars)	For the three months ended	
	Mar 31 2022	Mar 31 2021
Realized gain (loss) on securities at FVTPL	\$ (14,047)	\$ 71,755
Realized gain (loss) on securities at FVOCI	(128)	14,291
Realized loss on derivative instruments	(498)	(8,631)
Realized gain on loans at FVTPL	-	8
Realized loss on deposits designated at FVTPL	(9)	(71,281)
Realized gain (loss) on obligations related to securities sold short	1,087	(8)
	\$ (13,595)	\$ 6,134

17. Change in fair value of financial instruments

(Thousands of dollars)	For the three months ended	
	Mar 31 2022	Mar 31 2021
Securities at FVTPL	\$ (199,779)	\$ (117,274)
Loans at FVTPL	(273)	(160)
Activities under the Canada Mortgage Bond Program		
Reinvestment assets	(10,818)	(1,055)
Derivative instruments	30,655	6,890
Obligations under the Canada Mortgage Bond Program	11,707	1,716
Derivative instruments	74,728	42,724
Financial liabilities at FVTPL		
Deposits designated at FVTPL	21,073	71,856
Debt securities issued designated at FVTPL	9,689	6,201
Subordinated debt issued designated at FVTPL	7,385	-
Obligations related to securities sold short	2,429	2,774
	\$ (53,204)	\$ 13,672

18. Non-financial income

(Thousands of dollars)	For the three months ended Mar 31 2022			For the three months ended Mar 31 2021		
	Revenue arising from contracts with customers	Revenue arising from other sources	Total	Revenue arising from contracts with customers	Revenue arising from other sources	Total
Treasury						
Lending fees	\$ 3,188	\$ -	\$ 3,188	\$ 2,802	\$ -	\$ 2,802
Securitization fees	1,451	-	1,451	2,242	-	2,242
Foreign exchange income	-	1,217	1,217	-	411	411
Asset management services	740	-	740	813	-	813
Other	1,510	-	1,510	1,348	-	1,348
Payments & Digital Banking Platforms and Experiences						
Payment processing and other fees	16,746	-	16,746	17,481	-	17,481
Direct banking fees	8,682	-	8,682	8,576	-	8,576
System Affiliates & Other						
Equity interest in affiliates	-	(419)	(419)	-	(73)	(73)
Income from investees	-	2,628	2,628	-	63	63
Membership dues	-	-	-	612	-	612
Other ⁽¹⁾	2,522	-	2,522	395	-	395
	\$ 34,839	\$ 3,426	\$ 38,265	\$ 34,269	\$ 401	\$ 34,670

⁽¹⁾ Other includes a liquidation distribution of \$2.2 million received in the first quarter of 2022 (\$nil for the comparative period) from U.S. Central Federal Credit Union, of which Central 1 owned membership shares in 2009.

19. Other administrative expense

(Thousands of dollars)	For the three months ended	
	Mar 31 2022	Mar 31 2021
Cost of sales and services	\$ 2,247	\$ 1,078
Cost of payments processing	5,632	5,882
Management information systems	3,796	3,712
Professional fees	7,576	4,507
Business development projects	116	39
Other	192	515
	\$ 19,559	\$ 15,733

20. Segment information

For management reporting purposes, Central 1's operations and activities are organized around two key business segments: Treasury and Payments & Digital Banking Platforms and Experiences (DBPX) (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.

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 & DBPX segment. Central 1 provides foreign exchange services, derivative capabilities, and other ancillary treasury services.

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

Payments & DBPX

Payments & 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 and 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 such as Forge 2.0.

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

Basis of presentation

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

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

Results by segment

The following table summarizes the segment results for the three months ended March 31, 2022:

(Thousands of dollars)	Treasury	Payments & Digital Banking Platforms and Experiences	System Affiliates & Other	Total
Net financial expense	\$ (49,237)	\$ (37)	\$ (11)	\$ (49,285)
Non-financial income	8,106	25,428	4,731	38,265
Net financial and non-financial income (expense)	(41,131)	25,391	4,720	(11,020)
Non-financial expense	10,025	32,746	2,567	45,338
Profit (loss) before income taxes	(51,156)	(7,355)	2,153	(56,358)
Income tax expense (recovery)	(13,664)	(7,844)	526	(20,982)
Profit (loss)	\$ (37,492)	\$ 489	\$ 1,627	\$ (35,376)
Total assets as at March 31 2022	\$ 12,557,259	\$ 11,980	\$ 241,727	\$ 12,810,966
Total liabilities as at March 31 2022	\$ 12,070,720	\$ (11,856)	\$ 16,254	\$ 12,075,118

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

(Thousands of dollars)	Treasury	Payments & Digital Banking Platforms and Experiences	System Affiliates & Other	Total
Net financial income (expense)	\$ 37,343	\$ (57)	\$ -	\$ 37,286
Non-financial income	7,616	26,057	997	34,670
Net financial and non-financial income	44,959	26,000	997	71,956
Non-financial expense	8,712	28,240	4,079	41,031
Profit (loss) before income taxes	36,247	(2,240)	(3,082)	30,925
Income tax expense (recovery)	9,896	(742)	(2,897)	6,257
Profit (loss)	\$ 26,351	\$ (1,498)	\$ (185)	\$ 24,668
Total assets as at March 31 2021	\$ 14,186,362	\$ 3,465	\$ 210,464	\$ 14,400,291
Total liabilities as at March 31 2021	\$ 13,668,251	\$ (29,380)	\$ (3,176)	\$ 13,635,695

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

21. Guarantees, commitments, contingencies and pledged assets

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

Central 1 is a Group Clearer under the rules of the Payments Canada and acts as the credit union systems' financial institution connection to the Canadian payments system. Pursuant to a joint venture agreement, Central 1 provides payment services to the credit union centrals of Alberta, Manitoba, and Saskatchewan (collectively, the Prairie Centrals). Central 1 guarantees payment of payment items drawn on or payable by the Prairie Centrals and their member credit unions. Each of the Prairie Centrals in return provides Central 1 with a guarantee for those payments.

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

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Commitments to extend credit	\$ 5,037,167	\$ 5,083,369
Guarantees		
Financial guarantees	\$ 822,600	\$ 802,600
Performance guarantees	\$ 100,000	\$ 100,000
Standby letters of credit	\$ 238,689	\$ 239,357
Future prepayment swap reinvestment commitment	\$ 975,177	\$ 1,089,495

Amounts utilized under these agreements representing off-balance sheet amounts for commitments to extend credit, guarantees, and standby letters of credit, respectively, on March 31, 2022 are \$53.3 million, \$324.0 million and \$112.4 million (December 31, 2021 - \$14.5 million, \$324.8 million and \$99.8 million).

Central 1 from time to time issues performance guarantees related to the Asset Backed Commercial Paper Program. The performance guarantees represented in the table above are the maximum limits for parties in existing contractual obligations. Central 1 also issues blanket approvals for performance guarantees on a non-committed basis which will become contractual obligations for specified amounts if requested and authorized by Central 1, in their sole discretion. Central 1 has the ability to unilaterally withdraw anytime from these approved limits. These un-committed performance guarantee approved limits for March 31, 2022 were \$810.0 million (December 31, 2021 - \$810.0 million).

Central 1 evaluates contingencies on an ongoing basis and establishes provisions for matters in which the outflow of economic resources is probable and the amount of obligation can be reliably estimated. Central 1 is involved in legal actions in the ordinary course of business, in which the likelihood of a loss and amount of loss, if any, cannot be reliably estimated at March 31, 2022.

Pledged assets

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

(Thousands of dollars)	Mar 31 2022	Dec 31 2021
Assets pledged to Bank of Canada & Direct Clearing Organizations ⁽¹⁾⁽²⁾	\$ 57,863	\$ 58,439
Assets pledged in relation to:		
Derivative financial instrument transactions	13,907	18,249
Securities lending	108,720	81,402
Obligations under the Canada Mortgage Bond Program	50,563	54,978
Reinvestment assets under the Canada Mortgage Bond Program	1,004,109	908,635
Securities under repurchase agreements	1,697,991	1,553,290
	\$ 2,933,153	\$ 2,674,993

⁽¹⁾ Includes assets pledged as collateral for Payments Canada High Value Payment System (Lynx) activities.

⁽²⁾ Central 1 acts as Group Clearer on behalf of other central credit unions. Securities pledged by other centrals as collateral for settlements are not included in pledged assets.

22. 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 March 31, 2022 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.

Additionally, level 3 financial assets include \$20.4 million of an equity investment that is measured at fair value at March 31, 2022 (December 31, 2021 - \$20.4 million). In 2021, the valuation technique for this investment was changed from an income approach to an adjusted net assets approach, to reflect the likelihood of the sale of this investment in the future.

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.

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Period ended March 31, 2022

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

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

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

Mar 31 2022									
(Millions of dollars)	Level 1		Level 2		Level 3		Amounts at Fair Value	Amounts at Amortized Cost ⁽¹⁾	Total Carrying Value
Financial assets									
Cash	\$	-	\$	-	\$	-	\$	810.6	\$ 810.6
Securities		-		9,139.2		60.4		9,199.6	9,199.6
Loans		-		-		13.6		2,210.8	2,224.4
Derivative assets		0.5		252.7		-		-	253.2
Total financial assets		0.5		9,391.9		74.0		3,021.4	12,487.8
Financial liabilities									
Deposits		-		3,430.4		-		2,759.5	6,189.9
Debt securities issued		-		230.8		-		1,800.4	2,031.2
Obligations under the CMB Program		-		1,052.2		-		-	1,052.2
Subordinated liabilities		-		189.2		-		21.0	210.2
Obligations related to securities sold short		-		76.4		-		-	76.4
Securities under repurchase agreements		-		-		-		1,698.0	1,698.0
Derivative liabilities		0.4		99.5		-		-	99.9
Total financial liabilities	\$	0.4	\$	5,078.5	\$	-	\$	6,278.9	\$ 11,357.8

⁽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 2021							Amounts at Amortized Cost ⁽¹⁾	Total Carrying Value				
(Millions of dollars)	Level 1		Level 2		Level 3		Amounts at Fair Value					
Financial assets	\$	-	\$	9,909.1	\$	74.7	\$	9,983.8	\$	3,031.6	\$	13,015.4
Financial liabilities	\$	0.5	\$	5,310.2	\$	-	\$	5,310.7	\$	6,802.0	\$	12,112.7

⁽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 2021		Purchases		Disposals		Transfers		Changes in fair value of assets in profit or loss	Fair value at Mar 31 2022
Equity shares	\$	60.4	\$	-	\$	-	\$	-	\$	60.4
Loans		14.3		-		(0.4)		-	(0.3)	13.6
Total financial assets	\$	74.7	\$	-	\$	(0.4)	\$	-	\$	74.0

23. 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 March 31, 2022 and March 31, 2021.

24. Related party disclosures

Related parties of Central 1 include:

- key management personnel and their close family members;
- Board of Directors and their close family members;
- entities over which Central 1 has control or significant influence; and
- Central 1's post-employment plans as described in Note 29 of the Annual Audited Consolidated Financial Statements for the year ended December 31, 2021.

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 balances with key management personnel as on March 31, 2022 and December 31, 2021.

The following table presents the compensation to key management personnel:

(Thousands of dollars)	For the three months ended	
	Mar 31 2022	Mar 31 2021
Salaries and short-term employee benefits	\$ 1,346	\$ 890
Post-employment benefits	48	44
Termination and other long-term employee benefits	477	1,467
	\$ 1,871	\$ 2,401

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

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

Transactions with Board of Directors

(Thousands of dollars)	For the three months ended	
	Mar 31 2022	Mar 31 2021
Total remuneration	\$ 167	\$ 181

Significant subsidiaries

(% of direct ownership outstanding)	Mar 31 2022	Dec 31 2021
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)	Mar 31 2022	Dec 31 2021
The CUMIS Group Limited	27%	27%
CU Cumis Wealth Holdings LP	35%	35%
189286 Canada Inc.	52%	52%
Agility Forex Ltd.	27%	28%

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)	Mar 31 2022	Dec 31 2021
The Co-operators Group Limited	21%	21%
Canadian Credit Union Association	59%	59%