Quarterly Report

For the Third Quarter of 2022

Results for the Third Quarter of 2022

Finance Results Highlights

Third quarter 2022 compared with second quarter 2022:

- Profit of $1.3 million, compared to loss of $26.2 million
- Interest margin of $21.5 million, up $2.2 million from $19.3 million
- Net financial income of $7.8 million, compared to a net financial expense of $25.3 million

Third quarter 2022 compared with third quarter 2021:

- Profit of $1.3 million, down $11.5 million from $12.8 million
- Interest margin of $21.5 million, up $6.0 million from $15.5 million
- Net financial income of $7.8 million, down $11.7 million from $19.5 million
- Return on average equity of 0.5 per cent, compared to 6.6 per cent

Year-to-date 2022 compared with year-to-date 2021:

- Loss of $60.3 million, compared to a profit of $41.0 million
- Interest margin of $57.9 million, up $10.2 million from $47.7 million
- Net financial expense of $66.8 million, compared to a net financial income of $67.1 million
- Return on average equity of (8.4) per cent, compared to 7.2 per cent
- Assets of $12.6 billion, down 4.8 per cent from $13.2 billion

“We continue to support our members and clients through the effects of a slowing global economy, rising interest rates and resulting consumer behaviours,” said Sheila Vokey, Central 1’s President and CEO. “While our year-to-date results have been challenged by unrealized losses driven by increasing market yields in the Canadian fixed income market, our third quarter shows signs of improvement as interest margin strengthened which resulted in overall profitability for the quarter. Meanwhile, we continue as planned with our investments to enhance and modernize our products and services enabling our clients to deliver valuable financial services to Canadians.”

Central 1 Credit Union (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.

Central 1 continues to monitor the economic impact on the credit union system, especially with recent inflationary increases. As Central 1 members’ draw down their deposits at Central 1 to fund loan growth for their members, Central 1’s liquidity has experienced a gradual decline over the quarter.

Economic and Financial Markets Overview

All signs are pointing to a significant slowdown in the economy. The rapid rise in interest rates through 2022 and other shocks have slowed growth in the global economy faster than previously expected. Both the Bank of Canada (BoC) and the U.S. Federal Reserve have continued to increase interest rates in an aggressive move to tame inflation and are not done. Credit spreads continue to widen, and equity prices remain depressed for the year and have resulted in tightening of financial conditions. Russia’s invasion of Ukraine and the lingering COVID-19 pandemic, especially in China where zero COVID policy is still the standard, also weighs on the outlook. As a result, demand is expected to weaken over the next few quarters with a U.S. recession all but certain, while risks for a Canadian recession have sharply increased. Global growth forecast for 2022 and 2023 by the International Monetary Fund has been downward and revised to 3.2 per cent and 2.7 per cent.

Core Business Financial Performance

Treasury

Treasury’s third quarter profit was $2.5 million, up $20.3 million from a loss of $17.8 million in the second quarter, driven by a smaller decrease in the mark-to-market value of financial instruments during the quarter and included a $2.2 million increase in interest margin.

The third quarter profit decreased $12.0 million from the same quarter last year. The credit spreads widened as seen in most of 2022 reflecting the expected economic slowdown as a result of rising interest rates, persistent high inflation and geopolitical uncertainty. The market yields continued its upward trend but at a slower speed in the third quarter leading to a further decrease of $12.0 million of mark-to-market value of the Treasury portfolios.

The third quarter interest margin was up $6.0 million from the same period in 2021 as floating rate assets are repriced along with the interest rate increases. Strong loan growth by our members has resulted in continued withdrawal of their deposits at Central 1 which has resulted in a gradual decline of $1.1 billion in Treasury’s deposits from December 31, 2021.

Payments & Digital Banking Platforms and Experiences (DBPX)

Payments & DBPX reported a loss of $3.7 million in the third quarter of 2022. This loss was largely in line with the same quarter last year and $2.8 million lower than the prior quarter. Investments in strategic initiatives which included the Payments Modernization and Forge 2.0 initiatives continued in the third quarter and are consistent with Central 1’s strategic priorities. Non-financial income has been relatively stable year-over-year and quarter-over-quarter supported by consistent transaction volume in Payments products. Non-financial expense, excluding strategic initiatives, saw a $1.1 million increase due to higher salaries and professional fees.

Payments & DBPX Highlights

In the third quarter, Central 1 continued to focus on delivering our digital banking platform — Forge 2.0 — to clients across online banking, mobile and public website channels. Building off the momentum established in the second quarter, in which all Backbase migrations were completed, 13 further channel implementations were finalized in the third quarter bringing our total to 111. This represents 26 unique clients currently in production with either Forge 2.0 Mobile or Online Banking (or both) and 630,000 active users.

To date, we have 140 clients (1.285 million active users) committed to Forge 2.0 and another 9 clients (40,000 active users) signed to letters of intent representing a total of 1.33 million active users indicated to the platform. Our latest implementation schedule indicates an expectation to incorporate 28 additional channel implementations for Forge 2.0 by the fourth quarter of 2022 and complete all Forge 2.0 implementations by the end of the third quarter of 2023.

The Digital 2022 product roadmap is nearing completion with the following initiatives in progress:

- **In User Acceptance Testing (UAT) phase**: Forge Commercial Refresh project to update our legacy *MemberDirect*® Business product to a consistent look and feel with Forge 2.0. and update technology components to improve performance. This is expected to launch in the fourth quarter of 2022.

- **In Proof of Concept (POC) phase**: API Readiness project to update legacy integration architecture to client banking host systems. A formal pilot plan in progress with a credit union champion, that, as one of our members, will assist us with testing of our updated integration architecture. We expect to clarify a launch plan targeting to clarify launch plan by the end of the fourth quarter.

- **Upcoming**: The Request for Proposal (RFP) for the Forge 2.0 Mobile Rebuild was completed and the lead vendor selected. A discovery phase with the selected vendor will begin in the fourth quarter of 2022.

The development of our Digital 2023 product roadmap is in progress. We are targeting to share the refreshed view in the first quarter of 2023 once it has been endorsed by the Digital Experience Council (DXC), our client advisory council.

The Central 1 payments team is progressing on the Payments Modernization program support of Payments Canada's roadmap. We are on schedule to support the next major milestone – the second release of Lynx (Lynx R2). The milestone will introduce data-rich wire payments, leveraging the ISO 20022 MX payments messaging format.

Outside of Lynx, the Central 1 Payments team has made progress across additional workstream including the following:

- **Real-Time-Rail (RTR):** Central 1 has completed RTR business requirements and solution design and has now transitioned to the build phase. Development will focus on the activities for which there is sufficient clarity with respect to Interac and Payments Canada specifications. We continue to partner with Interac and Payments Canada to help refine and finalize the remaining solution specifications based on the impact analysis conducted for our internal operations, our clients, and third-party providers.

- **Enterprise Fraud Management (EFM):** Central 1 is committed to delivering robust fraud management for payments on behalf of its clients. The next phase of Central 1's EFM solution rollout is Decisioning Mode, which we will introduce in early 2023.

Management's Discussion & Analysis

September 30, 2022

central 1

In this Management's Discussion and Analysis (MD&A), unless the context otherwise requires, references to "Central 1", "we", "us" and "our" refer to Central 1 Credit Union and its subsidiaries. This MD&A is dated November 24, 2022. The financial information included in this MD&A should be read in conjunction with our Interim Consolidated Financial Statements for the periods ended September 30, 2022 and September 30, 2021 which were authorized for issue by the Board of Directors (the Board) on November 24, 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 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 the system performance section of this MD&A is not equivalent to income from continuing operations under IFRS.

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; compliance by third parties 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 risk factors – many of which are beyond our control and the effects of which can be difficult to predict – include economic risks, regulatory risks (including legislative and regulatory developments), risks and uncertainty from the impact of the COVID-19 pandemic, geopolitical uncertainty, information technology and cyber risks, environmental and social risk (including climate change), digital disruption and innovation, reputation risk, competitive risk, privacy, data and third-party related risks, risks related to business and operations, and other risks detailed from time to time in Central 1's periodic reports filed with securities regulators.

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.

Overall Performance

(Millions of dollars, except as indicated)	For the three months ended Sep 30 2022	Sep 30 2021	Change	For the nine months ended Sep 30 2022	Sep 30 2021	Change
Net financial income (expense)	**$ 7.8**	$ 19.5	$ (11.7)	**$ (66.8)**	$ 67.1	$ (133.9)
Non-financial income	**39.7**	40.4	(0.7)	**113.7**	115.1	(1.4)
Net financial and non-financial income	**47.5**	59.9	(12.4)	**46.9**	182.2	(135.3)
Non-financial expense, excluding strategic initiatives[1]	**36.3**	35.0	1.3	**111.6**	106.6	5.0
	11.2	24.9	(13.7)	**(64.7)**	75.6	(140.3)
Strategic initiatives[1]	**9.6**	8.2	1.4	**30.2**	21.7	8.5
Income tax expense (recovery)	**0.3**	3.9	(3.6)	**(34.6)**	12.9	(47.5)
Profit (loss) after tax	**$ 1.3**	$ 12.8	$ (11.5)	**$ (60.3)**	$ 41.0	$ (101.3)
Return on average assets[2]	**0.0%**	0.4%		**(0.5%)**	0.4%	
Return on average equity[2]	**0.5%**	6.6%		**(8.4%)**	7.2%	
Average assets[1]	**$ 13,101.4**	$ 12,888.8	$ 212.6	**$ 13,179.3**	$ 13,900.6	$ (721.3)
Average equity[1]	**$ 690.1**	$ 773.5	$ (83.3)	**$ 721.0**	$ 764.7	$ (43.6)
Weighted average shares outstanding *(number of shares in millions)*	**43.4**	43.4	(0.0)	**43.4**	53.6	(10.2)

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

Q3 2022 vs Q3 2021

Central 1 reported a profit of $1.3 million in the third quarter, down $11.5 million in the same quarter last year. The Treasury portfolios were repriced higher when the Bank of Canada (BoC) rapidly increased the overnight rate to tame the persistent high inflation throughout 2022, leading to Central 1 continuing to report a strong interest margin which increased $6.0 million from $15.5 million reported in the third quarter last year. Central 1 also recognized a $2.9 million fair value gain during the quarter from its investment in Concentra Bank following the receipt of regulatory approval of Equitable Bank's acquisition of Concentra Bank. Offsetting these were the $12.0 million further decrease in the mark-to-market value of treasury portfolios during the quarter as the market yields in the third quarter continued to increase as a result of the evolving economic uncertainty around inflationary pressure and the geopolitical affairs.

Investments in strategic initiatives continued with a $1.4 million higher spend compared to the same period last year, consistent with Central 1's strategic priorities. During the quarter, Central 1 received another liquidation distribution of $2.0 million (US $1.5 million) related to its prior investment in U.S. Central Federal Credit Union (U.S. Central). Excluding this distribution, non-financial income and non-financial expense, excluding strategic initiatives, remained relatively stable at a net income of $1.4 million for the current quarter.

YTD 2022 vs YTD 2021

Central 1 reported a loss of $60.3 million for the nine months ended September 30, 2022, compared to a profit of $41.0 million in the same period last year. This was primarily driven by an increase in market yields which has led to a $98.8 million decrease in the fair value of financial instruments in the current period. This was partially offset by the continued strong interest margin within the Treasury portfolio, up $10.2 million from the same period last year also reflective of the rapid increases of BoC's overnight rate during 2022.

Investments in strategic initiatives continued at planned levels with a $8.5 million higher spend compared to the same period last year, consistent with Central 1's strategic priorities. During 2022, Central 1 received a total of $4.2 million (US $3.2 million) liquidation distribution from U.S. Central, of which $2.2 million from the first quarter and $2.0 million from the third quarter. Excluding strategic initiatives and the liquidation distribution, non-financial income and non-financial expense remained relatively stable year-over-year at a net expense of $2.1 million for 2022.

Q3 2022 vs Q2 2022

(Millions of dollars, except as indicated)	Sep 30 2022	For the three months ended Jun 30 2022	Change
Net financial income (expense)	**$ 7.8**	$ (25.3)	$ 33.1
Non-financial income	**39.7**	35.7	4.0
Net financial and non-financial income	**47.5**	10.4	37.1
Non-financial expense, excluding strategic initiatives[1]	**36.3**	38.2	(1.9)
	11.2	(27.8)	39.0
Strategic initiatives[1]	**9.6**	12.3	(2.7)
Income tax expense (recovery)	**0.3**	(13.9)	14.2
Profit (loss) after tax	**$ 1.3**	$ (26.2)	$ 27.5
Return on average assets[2]	**0.0%**	(0.4%)	
Return on average equity[2]	**0.5%**	(7.3%)	
Average assets[1]	**$ 13,101.4**	$ 13,065.3	$ 36.1
Average equity[1]	**$ 690.1**	$ 714.7	$ (24.6)
Weighted average shares outstanding *(number of shares in millions)*	**43.4**	43.4	(0.0)

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

The third quarter profit was up $27.5 million from the second quarter of 2022. The market yields continued its upward trend seen in most of 2022, but at a slower increase in the third quarter, which has resulted in a smaller unrealized loss compared to the prior quarter. Offsetting this loss was a higher interest margin in the rising interest rate environment.

Excluding the $2.0 million (US $1.5 million) distribution received from U.S. Central during the third quarter, non-financial income and non-financial expense, excluding strategic initiatives, remained relatively stable quarter-over-quarter. Investment in strategic initiatives decreased $2.7 million in the third quarter, consistent with Central 1's planned lower level and strategic priorities.

Selected Financial Information

						As at
		Sep 30 2022		**Dec 31 2021**		**Sep 30 2021**
Balance sheet *(millions of dollars)*						
Total assets	**$**	**12,573.2**	$	13,383.6	$	13,210.3
Long-term liabilities	**$**	**2,408.9**	$	2,316.1	$	3,016.4
Regulatory ratios						
Tier 1 capital ratio(1)		**12.9%**		15.3%		15.1%
Total capital ratio(1)		**18.3%**		20.6%		25.3%
Borrowing multiple(1)		**15.3:1**		14.3:1		11.7:1
Share Information(2) *(thousands of dollars, unless otherwise indicated)*						
Outstanding shares ($) - $1 par value						
Class A - credit unions	**$**	**43,364**	$	43,359	$	43,359
Class B - cooperatives	**$**	**11**	$	11	$	11
Class C - other	**$**	**7**	$	7	$	7
Outstanding number of shares (thousands of shares)						
Class A - credit unions		**43,364**		43,359		43,359
Class B - cooperatives		**11**		11		11
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.

(2) Share information as of the date of this MD&A. There has been no change from the period ending dates presented to this date.

The redemption of the Series 6 Subordinated Debt in October 2021, along with a decrease in retained earnings over 2022, resulted in a higher borrowing multiple. The capital ratios declined from a year ago for the same reasons. Central 1 was in compliance with all regulatory capital requirements as at September 30, 2022 and September 30, 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 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. The Rules, which have received the requisite regulatory approvals, and the material change report regarding such amendments dated May 12, 2022 have been 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

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.

	For the three months ended			For the nine months ended		
(Millions of dollars)	Sep 30 2022	Sep 30 2021	Change	Sep 30 2022	Sep 30 2021	Change
Non-financial expense as reported	**$ 45.9**	$ 43.1	$ 2.8	**$ 141.9**	$ 128.2	$ 13.7
Less: Strategic initiatives spend	**9.6**	8.2	1.4	**30.2**	21.7	8.5
Non-financial expense, excluding strategic initiatives	**$ 36.3**	$ 34.9	$ 1.4	**$ 111.7**	$ 106.5	$ 5.2

	For the three months ended		
(Millions of dollars)	Sep 30 2022	Jun 30 2022	Change
Non-financial expense as reported	**$ 45.9**	$ 50.3	$ (4.4)
Less: Strategic initiatives spend	**9.6**	12.3	(2.7)
Non-financial expense, excluding strategic initiatives	**$ 36.3**	$ 38.0	$ (1.7)

Average assets and average equity

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 Sep 30 2022	Sep 30 2021	Change	For the nine months ended Sep 30 2022	Sep 30 2021	Change
Reported profit (loss)	**$ 1.3**	$ 12.8	$ (11.5)	**$ (60.3)**	$ 41.0	$ (101.3)
Total assets as reported, as at Sep 30	**$ 12,573.2**	$ 13,210.3	$ (637.1)	**$ 12,573.2**	$ 13,210.3	$ (637.1)
Impact of averaging month-end balances	**528.2**	(321.5)	849.7	**606.1**	690.3	(84.2)
Average assets, as at Sep 30	**$ 13,101.4**	$ 12,888.8	$ 212.6	**$ 13,179.3**	$ 13,900.6	$ (721.3)
Return on average assets	**0.0%**	0.4%		**(0.5%)**	0.4%	
Total equity as reported, as at Sep 30	**$ 691.3**	$ 776.4	$ (85.1)	**$ 691.3**	$ 776.4	$ (85.1)
Impact of averaging month-end balances	**(1.2)**	(2.9)	1.7	**29.7**	(11.7)	41.4
Average equity, as at Sep 30	**$ 690.1**	$ 773.5	$ (83.4)	**$ 721.0**	$ 764.7	$ (43.7)
Return on average equity	**0.5%**	6.6%		**(8.4%)**	7.2%	

Liquid Assets

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)	Sep 30 2022	Sep 30 2021	Change
Liquid Assets			
Federal and provincial government issued and guaranteed securities	**$ 5,016.1**	$ 4,965.9	$ 50.2
Corporate and financial institutions securities	**3,342.6**	4,410.8	(1,068.2)
Asset backed securities	**214.1**	263.9	(49.8)
Insured mortgages	**48.0**	61.7	(13.7)
Total liquid assets	**8,620.8**	9,702.3	(1,081.5)
Add: equity instruments	**63.3**	47.6	15.7
Securities as reported	**$ 8,684.1**	$ 9,749.9	$ (1,065.8)

Tier 1 capital

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

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

Total regulatory capital is used to calculate the total capital ratio which is used to monitor Central 1's capital position to be 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

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 Canada Mortgage Bond (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)	Sep 30 2022	Sep 30 2021
Total liabilities as reported	**$ 11,881.9**	$ 12,433.9
Less: Other liabilities as reported	**(112.9)**	(95.0)
Less: Subordinated liabilities	**(200.7)**	(425.8)
Less: Settlements in-transit not related to Group Clearer	**(34.5)**	(14.6)
Add: Subsidiary deposits	**0.2**	0.4
Total borrowings	**$ 11,534.0**	$ 11,898.9

Non-GAAP Financial Ratios

Return on average assets and return on average equity

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

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

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

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)

AUA include government approved registered plans for tax deferral purposes, which are trusteed and administered by Central 1 or one of its wholly owned subsidiaries. Central 1 provides trust and administrative services on AUA for the beneficial owners and members of the B.C. credit union system and Class C members.

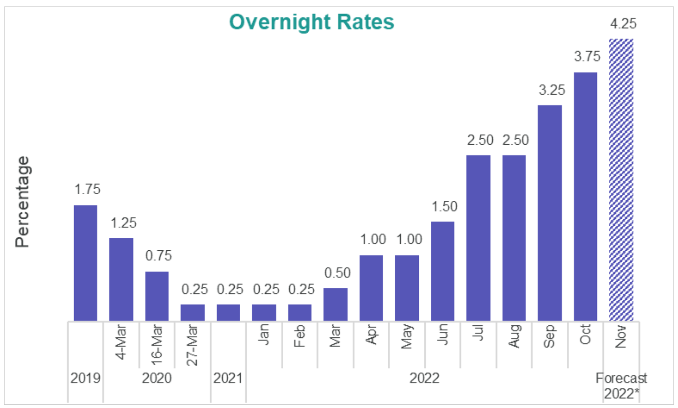
Liquidity coverage ratio (LCR)

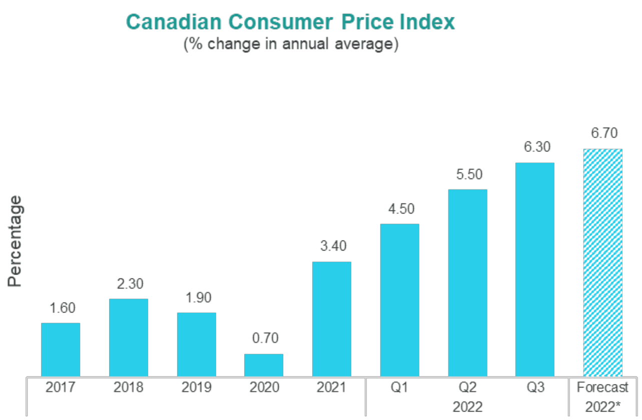
LCR demonstrates whether Central 1 has a sufficient stock of liquid assets to meet 30-day cashflow requirements under a severe stress scenario. It is calculated using the stock of liquid assets, calculated based on Office of the Superintendent of Financial Institutions (OSFI) regulatory requirements, divided by the net cash outflows over the next 30 days.

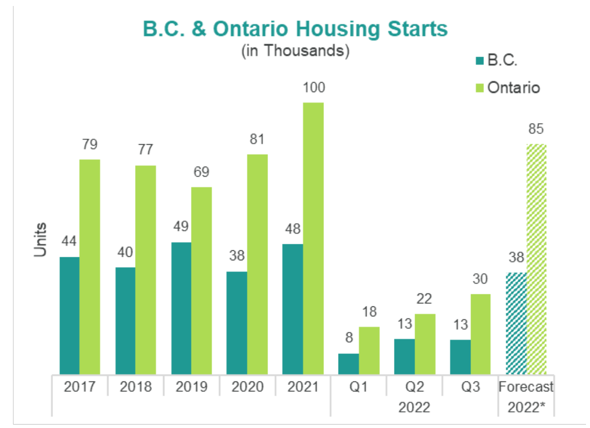
Economic Developments and Outlook

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

Economic Environment







*Forecast source: Central 1 Economics

Growth in the Canadian economy is expected to moderate in the second half after seeing a lower-than-expected gain of 3.3 per cent in the second quarter. Current forecast from Central 1 Economics has gross domestic product (GDP) growth downward revised to an estimate of 0.5 per cent for the third quarter and an even lower 0.3 per cent for the fourth quarter. High inflation continues to headline the economic data, but signs are showing price increases are slowing down with peak inflation of 8.1 per cent seen in June and trending downward from there with the most recent year over year figure for the month of September 2022 coming in at 6.9 per cent. Nevertheless, inflation pressures remain acute with monthly prices still firm and core measure averaging above 5.0 per cent. Consumer spending is expected to be lower this quarter and remain stagnant in the near term as consumers continue to shift spending patterns to necessities over discretionary spending. Home sales are continuing to decline, tumbling below pre-pandemic levels, while benchmark prices have been falling from the peaks seen in the middle of the year when interest rates began to climb sharply. Commodities sectors remains strong as prices remain firm but are down recently with the BoC commodity price index below the value of what is started at the beginning of the year. The labour market also remains tight despite the recent weakness seen over the previous couple of months with lower vacancies and a slight increase in the unemployment rate for the month of September at 5.2 per cent. Pressure continues to also push wages higher with higher hourly wages. The combination of the above has resulted in a soften of the business outlook, as measured by the BoC's business outlook survey.

U.S. economic growth is expected to be modest for the third quarter after seeing two consecutive quarters of mild contractions. Consumer spending is steady, but households continue to shift their spending habits as higher prices on foods and other essential items take away disposable income for discretionary spending. The most recent September consumer price index showed a year over year increase of 8.2 per cent, which while still high is off the peak of 9.1 per cent seen in June. Despite the moderation, inflation has remained higher than expected and core inflation has accelerated to set the stage for more aggressive interest rate hikes going forward as the U.S. Federal Reserve (Fed) looks to engineer a recession to reduce inflation. Hospitality and tourism areas continue to show solid business activity with travel related businesses seeing an uptick. Manufacturing has slightly rebounded from the slowdown seen in the second quarter, although supply chain disruptions and labour shortages are continuing to hamper production in some states. The labour market conditions remain tight, with employment levels continuing to be strong and unemployment at a low rate of 3.5 per cent as of September. Wages also continued to grow but at a slower pace than they had previously, and salary expectations are moderating, Housing sales activity though has weakened considerably as sales have fallen all over the country. Fast increasing interest rates have dissuaded home purchases and they are expected to increase a little more before the end of this year. Consensus estimates have GDP growth for the third quarter estimated at 2.0 per cent. However, the outlook though remains weak with demand expected to soften over the next six to twelve months. The full year outlook for 2022 by the International Monetary Fund for the U.S. has also been slashed to 1.6 per cent and next years outlook is at a relatively slow growth rate of 1.0 per cent. Global growth in 2022 and 2023 is also forecast to come in only at 3.2 per cent and 2.7 per cent.

Financial Markets

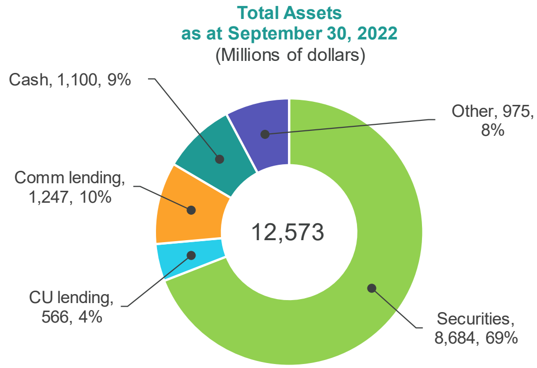
Financial markets are showing strong signals of an impeding recession. All Canadian bond yields have increased in the third quarter, but shorter-term yields now exceed longer term bonds with benchmark two-year bonds exceeding the yield of longer than ten-year bonds by 60 basis points (bps) resulting in an inverted yield curve. The same is true for the U.S., except the spread is not as large in magnitude. Both the BoC and the Fed are expected to continue raising interest rates in the near term to tame inflation, although signs are showing that we have passed the peak levels now. While Canadian inflation lags that of the U.S. and signals a lower terminal rate, a rapid weakening of the Canadian dollar is likely to add to import price inflation. Equity prices had begun to improve this quarter but have since returned to near one-year lows. Volatility has also increased in markets and corporate bond spreads continue to widen. Commodity prices, based on the BoC Commodity price index, have also dropped significantly, but are still high relatively to where they have been since before the pandemic. Potential for high prices, especially in the energy sector, is possible with the looming winter season approaching and possible supply disruptions due to the ongoing war between Ukraine and Russia.

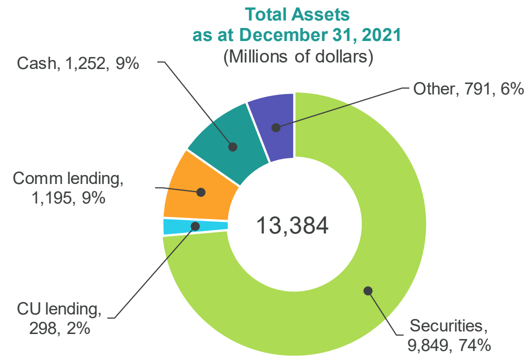
Industry Regulation

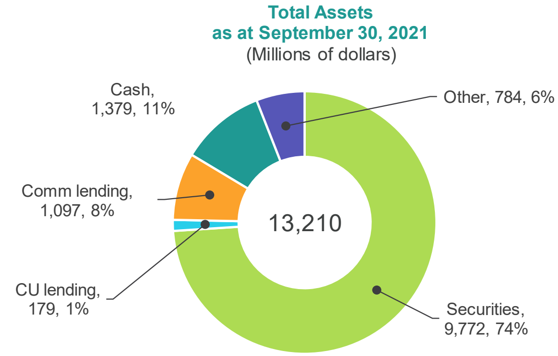
BCFSA's Outsourcing and Information Security regulatory guidelines, issued in October 2021, became effective September 30, 2022. These guidelines establish BCFSA's expectations for British Columbia incorporated financial institutions to manage key risks. Accordingly, such guidelines apply to Central 1's outsourced services and management of information security.

Statement of Financial Position

Total Assets

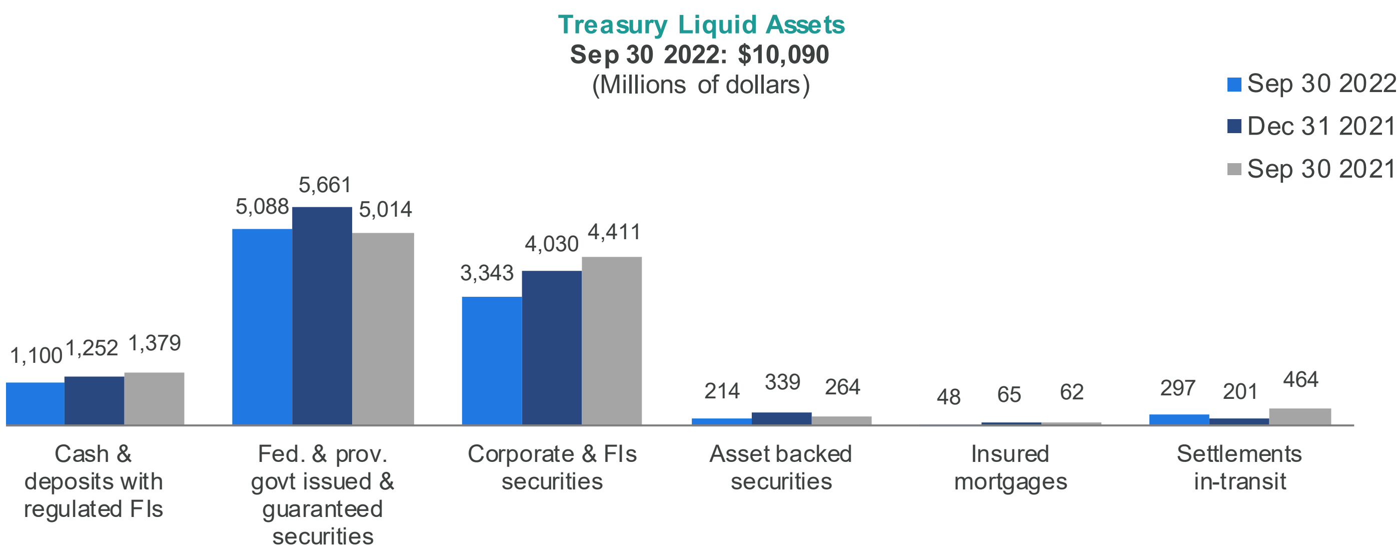






Total assets as at September 30, 2022 were down $811.0 million and $637.0 million from December 31, 2021 and September 30, 2021, respectively. The outflows of deposits contributed to a lower assets balance in 2022 as credit unions deployed excess liquidity into lending to members.

Cash and Liquid Assets



Sep 30 2022	Treasury				
(Millions of dollars)	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash	$ 1,100.4	$ -	$ 1,100.4	$ -	$ 1,100.4
Federal and provincial government issued and guaranteed securities	5,016.1	71.7	5,087.8	2,485.1	2,602.7
Corporate and financial institutions securities	3,342.6	-	3,342.6	97.3	3,245.3
Asset backed securities	214.1	-	214.1	-	214.1
Insured mortgages	48.0	-	48.0	-	48.0
Settlements in-transit	297.4	-	297.4	-	297.4
Total	**$ 10,018.6**	**$ 71.7**	**$ 10,090.3**	**$ 2,582.4**	**$ 7,507.9**

*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	Treasury				
(Millions of dollars)	Liquid Assets	Securities Received as Collateral	Total Liquid Assets	Encumbered Assets	Unencumbered Assets*
Cash and deposits with regulated financial institutions	$ 1,251.5	$ -	$ 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.

Sep 30 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	$ 1,378.5	$ -	$ 1,378.5	$ -	$ 1,378.5
Federal and provincial government issued and guaranteed securities	4,965.9	48.1	5,014.0	1,821.6	3,192.4
Corporate and financial institutions securities	4,410.8	-	4,410.8	53.9	4,356.9
Asset backed securities	263.9	-	263.9	28.5	235.4
Insured mortgages	61.7	-	61.7	-	61.7
Settlements in-transit	464.2	-	464.2	-	464.2
Total	**$ 11,545.0**	**$ 48.1**	**$ 11,593.1**	**$ 1,904.0**	**$ 9,689.1**

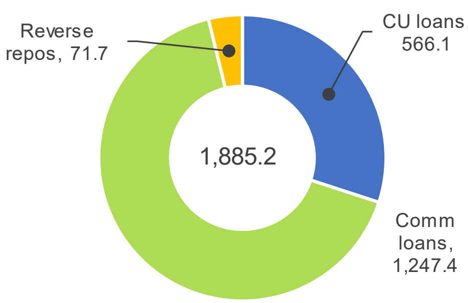
*Unencumbered assets include high quality liquid assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a time frame that meets our liquidity and funding requirements.

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.

Credit unions have been redeploying their excess liquidity built during the pandemic to fund loan growth, reflective of Central 1 seeing deposits runoff in the past few quarters which has translated into a decreased Treasury portfolio held by Central 1. This is evident in Treasury's cash and liquid assets as at September 30, 2022 which decreased by $1.5 billion from December 31, 2021.

Loans

As at Sep 30, 2022
(Millions of dollars)



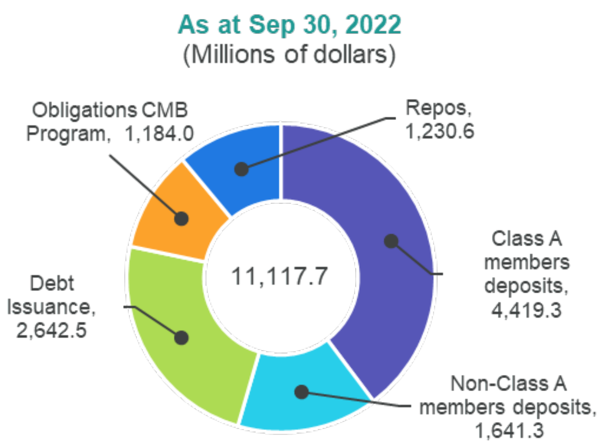
(Millions of dollars)	Sep 30 2022	Dec 31 2021	Sep 30 2021
Loans to credit unions	**$ 566.1**	$ 297.5	$ 178.9
Commercial loans	**1,247.4**	1,195.1	1,096.6
Other loans	**-**	1.4	1.9
	1,247.4	1,196.5	1,098.5
Reverse repurchase agreements	**71.7**	301.3	48.1
	$ 1,885.2	$ 1,795.3	$ 1,325.5

*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 the liquidity management framework. Clearing lines of credit are available in two currencies (Canadian and U.S. dollars) 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 at the end of the third quarter of 2022 increased by $268.6 million and $387.2 million from December 31, 2021 and September 30, 2021, respectively, as credit unions have deployed excess liquidity they built during the pandemic and started borrowing more from Central 1 to fund their loan growth. Commercial loans have been relatively flat compared to December 31, 2021, and increased $150.8 million from September 30, 2021.

Funding



(Millions of dollars)		Sep 30 2022		Dec 31 2021		Sep 30 2021
Deposits						
Deposits from Class A members	**$**	**4,419.3**	$	5,541.1	$	5,453.1
Deposits from non-Class A members		**1,641.3**		1,659.1		1,968.2
		6,060.6		7,200.2		7,421.3
Debt Issuance						
Commercial paper		**919.9**		866.7		864.4
Medium-term notes		**1,521.9**		1,195.5		1,204.2
Subordinated liabilities		**200.7**		220.3		425.8
		2,642.5		2,282.5		2,494.4
Obligations under the CMB Program		**1,184.0**		960.8		973.9
Securities under repurchase agreements		**1,230.6**		1,553.3		791.9
	$	**11,117.7**	$	11,996.8	$	11,681.5

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.

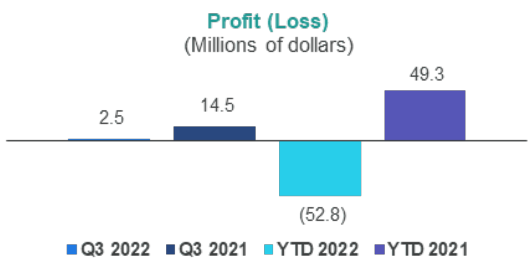
As at September 30, 2022, total deposits were down by $1.1 billion from December 31, 2021 and $1.4 billion compared to September 30, 2021 as credit unions redeployed excess liquidity into lending. Total debt issuance was $360.0 million higher compared to December 31, 2021, and $148.1 million from September 30, 2021 which was mainly driven by the issuance of medium term notes during the third quarter of 2022 and partially offset by a reduction in subordinated liabilities in the fourth quarter of 2021.

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 Sep 30 2022	Sep 30 2021	Change	For the nine months ended Sep 30 2022	Sep 30 2021	Change
Net financial income (expense)	**$ 5.1**	$ 19.5	$ (14.4)	**$ (69.4)**	$ 67.2	$ (136.6)
Non-financial income	**8.0**	8.2	(0.2)	**24.2**	24.9	(0.7)
Net financial and non-financial income (expense)	**13.1**	27.7	(14.6)	**(45.2)**	92.1	(137.3)
Non-financial expense	**9.8**	8.8	1.0	**29.7**	26.9	2.8
Profit (loss) before income taxes	**3.3**	18.9	(15.6)	**(74.9)**	65.2	(140.1)
Income tax expense (recovery)	**0.8**	4.4	(3.6)	**(22.1)**	15.9	(38.0)
Profit (loss)	**$ 2.5**	$ 14.5	$ (12.0)	**$ (52.8)**	$ 49.3	$ (102.1)

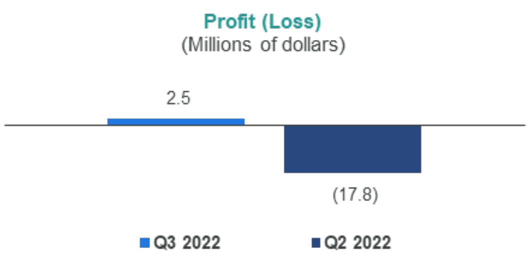
Certain comparative figures have been reclassified to conform with the current period's presentation.

Q3 2022 vs Q3 2021

For the third quarter of 2022, Treasury reported a profit of $2.5 million, down $12.0 million from the $14.5 million reported in the same quarter last year, largely contributed by $6.0 million higher interest margin due to the BoC's aggressive rate hikes which allowed floating rate assets to be repriced higher. The rate increases together with the ongoing geopolitical tension and lingering COVID-19 pandemic are signs pointing to an economic downturn in the near future which has increased the market yields across all tenors, leading to a further reduction in the value of Central 1's treasury portfolio by $12.0 million during the current quarter. Non-financial income and non-financial expense remained relatively stable year-over-year at a net expense of $1.8 million for the current quarter.

YTD 2022 vs YTD 2021

For the nine months ended September 30, 2022, Treasury reported a loss of $52.8 million, compared to a $49.3 million profit from the same period last year. Through this period, Treasury saw its financial instruments value decreased by $96.1 million due to the continuous increase in market yields reflective of a deteriorating economic outlook. Non-financial income and non-financial expense remained relatively stable at a net expense of $5.5 million for the current period.

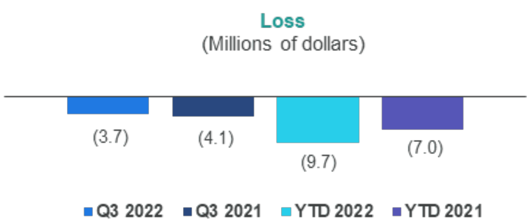


Treasury (Millions of dollars)	Sep 30 2022	For the three months ended Jun 30 2022	Change
Net financial income (expense)	$ 5.1	$ (25.2)	$ 30.3
Non-financial income	8.0	8.0	-
Net financial and non-financial income (expense)	13.1	(17.2)	30.3
Non-financial expense	9.8	9.8	-
Profit (loss) before income taxes	3.3	(27.0)	30.3
Income tax expense (recovery)	0.8	(9.2)	10.0
Profit (loss)	$ 2.5	$ (17.8)	$ 20.3

Q3 2022 vs Q2 2022

Treasury's profit for the quarter was up $20.3 million from the prior quarter, reflective of a smaller mark-to-market loss of financial instruments during the quarter and included a stronger interest margin. Non-financial income and non-financial expense remained consistent quarter-over-quarter.

Payments & DBPX



Payments & DBPX (Millions of dollars)	For the three months ended Sep 30 2022	Sep 30 2021	Change	For the nine months ended Sep 30 2022	Sep 30 2021	Change
Net financial and non-financial income	$ 28.4	$ 26.7	$ 1.7	$ 81.0	$ 80.5	$ 0.5
Non-financial expense, excluding strategic initiatives[1]	27.0	25.9	1.1	81.9	76.3	5.6
	1.4	0.8	0.6	(0.9)	4.2	(5.1)
Strategic initiatives[1]	6.5	6.3	0.2	21.5	13.8	7.7
Loss before income taxes	(5.1)	(5.5)	0.4	(22.4)	(9.6)	(12.8)
Income tax recovery	(1.4)	(1.4)	-	(12.7)	(2.6)	(10.1)
Loss	$ (3.7)	$ (4.1)	$ 0.4	$ (9.7)	$ (7.0)	$ (2.7)

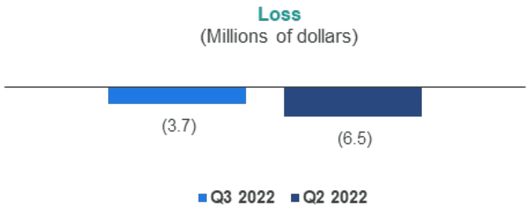
Certain comparative figures have been reclassified to conform with the current period's presentation.
[1] These are non-GAAP financial measures. Refer to the "Non-GAAP and Other Financial Measures" section of this MD&A for more information.

Q3 2022 vs Q3 2021

Payments & DBPX reported a loss of $3.7 million in the third quarter of 2022, largely in line with the loss of $4.1 million reported in the same quarter last year. Investments in strategic initiatives which included the Payments Modernization and Forge 2.0 initiatives continued in the third quarter and are consistent with Central 1's strategic priorities. Non-financial income for this segment has been largely consistent year-over-year supported by relatively stable volume in Payments products. Non-financial expense, excluding strategic initiatives, saw a $1.1 million increase, due to higher salaries and professional fees.

YTD 2022 vs YTD 2021

For the nine months ended September 30, 2022, Payments & DBPX reported a loss of $9.7 million, compared to the $7.0 million loss reported in the same period last year, primarily due to the $7.7 million increase in investment in strategic initiatives which are consistent with Central 1's strategic priorities. Non-financial income for this segment has been stable year-over-year due to consistent transaction volume in Payments products, and non-financial expense, excluding strategic initiatives, saw a $5.6 million increase, due to higher salaries and professional fees. Certain expenditures in strategic initiatives qualify for Canada's Scientific Research and Experimental Development (SR&ED) tax incentive credits, which contributed to a higher tax recovery in 2022.



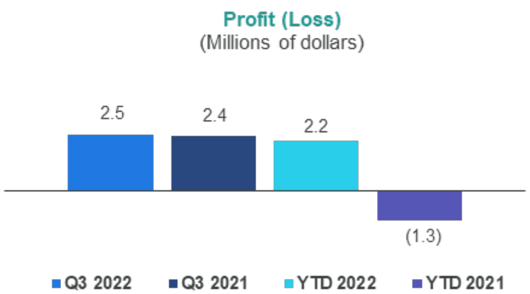
Payments & DBPX (Millions of dollars)	Sep 30 2022	For the three months ended Jun 30 2022	Change
Net financial and non-financial income	$ 28.4	$ 27.2	$ 1.2
Non-financial expense, excluding strategic initiatives[(1)]	27.0	28.9	(1.9)
	1.4	(1.7)	3.1
Strategic initiatives[(1)]	6.5	8.3	(1.8)
Loss before income taxes	(5.1)	(10.0)	4.9
Income tax recovery	(1.4)	(3.5)	2.1
Loss	$ (3.7)	$ (6.5)	$ 2.8

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

Q3 2022 vs Q2 2022

The loss reported by Payments & DBPX for the quarter was $2.8 million lower than the prior quarter, primarily driven by a lower spend in strategic initiatives which is consistent with the planned lower level and consistent with Central 1's strategic priority. Non-financial income and non-financial expense, excluding strategic initiatives remained relatively stable quarter-over-quarter.

System Affiliates & Others



System Affiliates & Others (Millions of dollars)	For the three months ended Sep 30 2022	Sep 30 2021	Change	For the nine months ended Sep 30 2022	Sep 30 2021	Change
Net financial income	$ 2.9	$ -	$ 2.9	$ 2.9	$ -	$ 2.9
Non-financial income	3.1	5.5	(2.4)	8.2	9.6	(1.4)
Net financial and non-financial income	6.0	5.5	0.5	11.1	9.6	1.5
Non-financial expense (income), excluding strategic initiatives[(1)]	(0.5)	0.3	(0.8)	-	3.4	(3.4)
	6.5	5.2	1.3	11.1	6.2	4.9
Strategic initiatives[(1)]	3.1	1.9	1.2	8.7	7.9	0.8
Profit (loss) before income taxes	3.4	3.3	0.1	2.4	(1.7)	4.1
Income tax expense (recovery)	0.9	0.9	-	0.2	(0.4)	0.6
Profit (loss)	$ 2.5	$ 2.4	$ 0.1	$ 2.2	$ (1.3)	$ 3.5

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

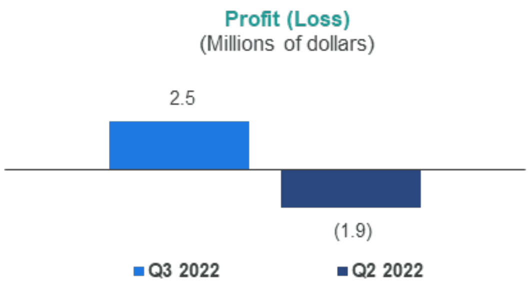
Q3 2022 vs Q3 2021

System Affiliates & Other reported a profit of $2.5 million, largely in line with the same quarter last year. On September 29, 2022, Equitable Bank received the regulatory approval for its acquisition of Concentra Bank, resulting in Central 1 recognizing a $2.9 million fair value gain during the third quarter, in addition to the $11.5 million recognized in Central 1's 2021 annual consolidated financial statements when the transaction was announced in February 2022. On November 1, 2022, this transaction was successfully closed.

During the quarter, Central 1 also received the $2.0 million (US $1.5 million) distribution from U.S. Central, the fourth distribution since April 2021. Investments in strategic initiatives are consistent with Central 1's strategic priorities with the amount spend being $1.2 million higher than the same quarter last year, which included the implementation of initiatives aimed to expand corporate efficiency. The combined impact of these movements contributed to a higher profit compared to the third quarter of last year.

YTD 2022 vs YTD 2021

For the nine months ended September 30, 2022, System Affiliates & Other reported a profit of $2.2 million, compared to a loss of $1.3 million from the same period last year. The $2.9 million fair value gain from investment in Concentra Bank plus the U.S. Central liquidation distribution totaling $4.2 million (US $3.2 million) received in 2022 contributed to the higher profit.



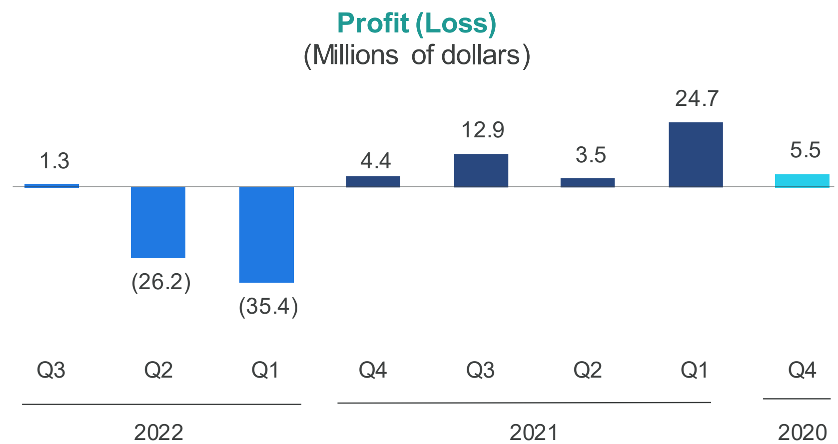
System Affiliates & Others (Millions of dollars)	Sep 30 2022	Jun 30 2022	Change
	For the three months ended		
Net financial income	$ **2.9**	$ -	$ 2.9
Non-financial income	**3.1**	0.4	2.7
Net financial and non-financial income	**6.0**	0.4	5.6
Non-financial expense (income), excluding strategic initiatives[1]	**(0.5)**	(0.5)	-
	6.5	0.9	5.6
Strategic initiatives[1]	**3.1**	4.0	(0.9)
Profit (loss) before income taxes	**3.4**	(3.1)	6.5
Income tax expense (recovery)	**0.9**	(1.2)	2.1
Profit (loss)	$ **2.5**	$ (1.9)	$ 4.4

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

Q3 2022 vs Q2 2022

System Affiliates & Other reported a profit of $2.5 million, up $4.4 million from the prior quarter, driven by the $2.9 million fair value gain from investment in Concentra Bank and $2.0 million (US $1.5 million) distribution from U.S. Central.

Summary of Quarterly Results



(Thousands of dollars, except as indicated)	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Interest income	$ **79,841**	$ 52,660	$ 36,974	$ 33,807	$ 34,482	$ 35,106	$ 36,532	$ 35,639
Interest expense	**58,372**	33,335	19,893	20,054	18,994	19,032	20,398	21,776
Interest margin	**21,469**	19,325	17,081	13,753	15,488	16,074	16,134	13,863
Gain (loss) on disposal of financial instruments	**(4,175)**	(7,665)	(13,595)	(5,281)	2,690	11,467	6,134	20,938
Change in fair value of financial instruments	**(9,113)**	(36,522)	(53,204)	9,698	1,318	(17,775)	13,672	(1,532)
Impairment loss (recovery) on financial assets	**394**	413	(433)	461	(3)	(557)	(1,346)	(596)
Net financial income (expense)	**7,787**	(25,275)	(49,285)	17,709	19,499	10,323	37,286	33,865
Non-financial income[(1)]	**39,747**	35,733	38,265	36,518	40,413	39,983	34,670	39,094
Non-financial expense[(1)]	**45,944**	50,509	45,338	45,844	43,133	44,084	41,031	77,869
	(6,197)	(14,776)	(7,073)	(9,326)	(2,720)	(4,101)	(6,361)	(38,775)
Profit (loss) before income taxes	**1,590**	(40,051)	(56,358)	8,383	16,779	6,222	30,925	(4,910)
Income tax expense (recovery)	**335**	(13,823)	(20,982)	4,007	3,908	2,737	6,257	(8,406)
Profit (loss) after income taxes from continuing operations	**1,255**	(26,228)	(35,376)	4,376	12,871	3,485	24,668	3,496
Profit (loss) after income taxes from discontinued operations	**-**	-	-	-	-	-	-	2,003
Profit (loss)	$ **1,255**	$ (26,228)	$ (35,376)	$ 4,376	$ 12,871	$ 3,485	$ 24,668	$ 5,499
Weighted average shares outstanding *(millions)*	**43.4**	43.4	43.4	43.4	43.4	43.4	74.3	441.1
Earnings per share *(cents)*[(2)]								
Basic/Diluted	**3.0**	(60.4)	(81.6)	10.1	29.7	8.1	33.2	1.2
Basic/Diluted from continuing operations	**3.0**	(60.4)	(81.6)	10.1	29.7	8.1	33.2	0.8
Basic/Diluted from discontinued operations	**-**	-	-	-	-	-	-	0.4

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

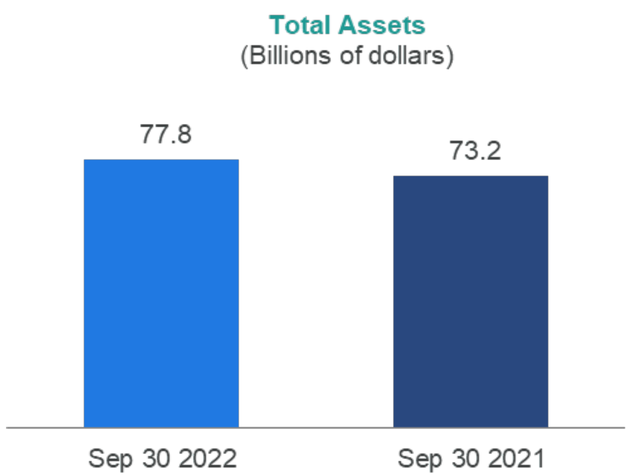
[(2)]Earnings per share calculated for Central 1 must be taken in the context that member shares may not be traded or transferred except with the consent of Central 1's Board of Directors.

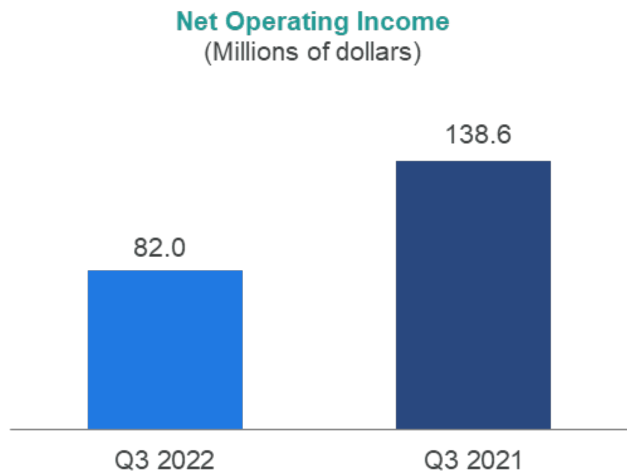
In the third quarter of 2022, interest margin continued its upward trend with a higher interest income as floating rate assets repriced along with the rapid increase of BoC rate to combat inflation. The persistent inflationary pressure together with the ongoing Russia–Ukraine conflict and lingering COVID-19 pandemic led to continuous widening of credit spreads. Market yields saw increases across all tenors which in turn reduced the fair value of financial instruments and led to a further decrease of $9.1 million in addition to a total of $89.7 million decrease in our Treasury portfolios during the first half of 2022.

Non-financial income reported in the past few quarters included U.S. Central liquidation distributions totaling $9.7 million (US $7.6 million), of which $5.5 million in 2021 (US $4.4 million) and $4.2 million (US $3.2 million) in 2022, relating to Central 1's prior investment in the U.S. Central. Excluding these distributions, non-financial income remained relatively stable quarter-over-quarter despite the impact from the COVID-19 pandemic and ongoing inflationary concern and the geopolitical conflict. 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





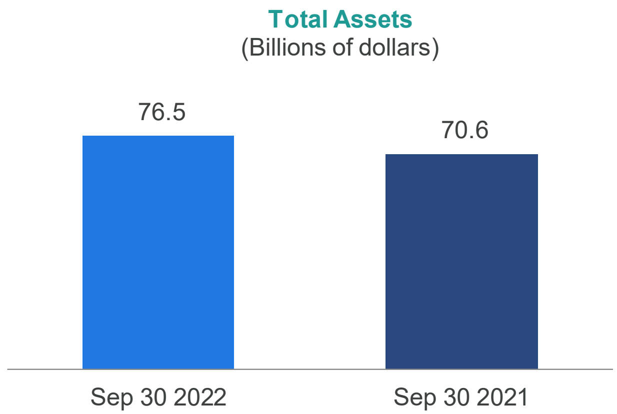
The B.C. system's net operating income for the third quarter of 2022 was $82.0 million, down $56.6 million or 40.8 per cent from the same period in 2021. Net interest income increased $19.1 million or 5.4 per cent over the same period of last year as interest income increases more than interest expense. Non-interest income decreased by $10.7 million or 13.0 per cent year-over-year, pulled down by lower member services fees and lower other non-interest income. Non-interest expenses increased by $64.7 million or 21.7 per cent year-over-year on an increase in loan losses expenses of $46.3 million.

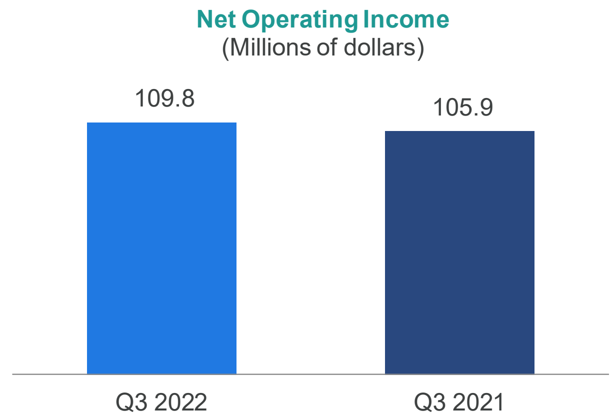
Total assets increased $4.6 billion or 6.3 per cent year-over-year to reach $77.8 billion at the end of the third quarter. Asset growth was led by higher residential and commercial mortgages, which are up 8.3 per cent and 10.0 per cent, respectively. Total liabilities increased $4.5 billion led by a 15.2 per cent increase in non-registered term deposits.

The system's rate of loan delinquencies over 90 days was 0.10 per cent of total loans at the end of September 2022, down two bps from a year ago. The B.C. system's loan loss expense ratio in the third quarter of 2022 was 0.17 per cent, up 12 bps from a year ago.

The B.C. system had $37.3 billion in risk weighted assets (RWA) and regulatory capital as a percentage of RWA was 14.6 per cent at the end of September 2022, down 57 bps from a year ago. The aggregate liquidity ratio of the B.C. system, including that held by Central 1, was 15.7 per cent of deposit and debt liabilities, down 226 bps from a year ago. The B.C. system's return on assets was 0.42 per cent annualized in the third quarter, down 33 bps from a year ago.

Ontario





The Ontario system’s net operating income for the third quarter of 2022 was $109.8 million, up $3.9 million from a year earlier. Net interest income increased $19.9 million or 6.0 per cent over the same period last year to $352.7 million. Non-interest income decreased $4.9 million year-over-year or 6.6 per cent on lower revenue in service charges and loan commitment fees. Non-interest expense increased $11.1 million or 3.7 per cent year-over-year led by higher salaries and benefits.

Total assets increased 8.4 per cent year-over-year to reach $76.5 billion as of September 30, 2022, led by a $5.6 billion increase in residential mortgages while cash & investments decreased $1.1 billion. Total liabilities increased 7.9 per cent year-over-year to reach $71.2 billion, led by growth in term deposits, which were up 12.7 per cent or $2.4 billion and demand deposits, which were up by $2.0 billion or 7.8 per cent.

The rate of loan delinquencies over 90 days was 0.16 per cent of total loans at the end of September 30, 2022, down 16 bps year-over-year. Provision for credit losses as a percentage of loans was 0.26 per cent, down 9 bps from a year earlier. The Ontario system’s loan loss expense ratio was near 0.04 per cent annualized in the third quarter of 2022, up 4 bps from the prior year.

The Ontario system's RWA was $36.4 billion and regulatory capital as a percentage of RWA was 13.6 per cent at the end of September 30, 2022, up 12 bps from a year ago. The aggregate liquidity ratio, including that held by Central 1, was 13.1 per cent of deposit and debt liabilities, down 382 bps from a year ago. The Ontario system’s return on assets was 0.58 per cent annualized in the third quarter, down 2 bps from a year ago.

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

		Notional Amount	
(Millions of dollars)	Sep 30 2022	Dec 31 2021	Sep 30 2021
Interest rate contracts			
Bond forwards	**$ 62.0**	$ 41.0	$ 22.6
Futures contracts	**1,134.0**	653.0	1,280.0
Swap contracts	**32,067.4**	32,435.1	32,477.7
	33,263.4	33,129.1	33,780.3
Foreign exchange contracts			
Foreign exchange forward contracts	**844.4**	587.1	609.0
Other derivative contracts			
Equity index-linked options	**225.0**	216.8	206.3
	$ 34,332.8	$ 33,933.0	$ 34,595.6

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. Market risk arising from these derivative contracts is managed within the context of our overall market risk policies as disclosed in the Risk Review section of this MD&A.

Guarantees, Commitments and Contingencies

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

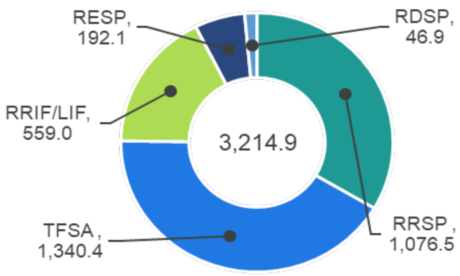
(Millions of dollars)		Sep 30 2022		Dec 31 2021		Sep 30 2021
Commitments to extend credit	**$**	**4,935.7**	$	5,083.4	$	4,997.9
Guarantees						
Financial Guarantees	**$**	**812.6**	$	802.6	$	770.6
Performance Guarantees	**$**	**100.0**	$	100.0	$	100.0
Standby letters of credit	**$**	**239.8**	$	239.4	$	237.0
Future prepayment swap reinvestment commitment	**$**	**724.5**	$	1,089.5	$	1,184.4

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 $147.7 million from December 31, 2021 and by $62.2 million from September 30, 2021 due to the increased balance of credit union loans outstanding as at September 30, 2022. Financial guarantees and standby letters of credit were in line year-over-year. Future prepayment swap reinvestment commitments decreased by $365.0 million from December 31, 2021 and $459.9 million from a year ago, due to the maturity of National Housing Act Mortgage-Backed Securities (NHA MBS) which was reinvested through Central 1's prepayment swap program, reflective of the higher reinvestment assets in Central 1's balance sheet.

From time to time, Central 1 issues performance guarantees related to the Asset Backed Commercial Paper Program. The performance guarantees represented in the table above are the maximum limits for parties in existing contractual obligations. Central 1 also issues blanket approvals for performance guarantees on a non-committed basis which will become contractual obligations for specified amounts if requested and authorized by us, at our sole discretion. Central 1 has the ability to unilaterally withdraw anytime from these approved limits. Counterparty credit risk arising from these guarantee contracts is managed within the context of our overall credit risk policies as disclosed in the Risk Review section of this MD&A.

Assets under Administration



(Millions of dollars)		Sep 30 2022		Dec 31 2021		Sep 30 2021
Registered Retirement Savings Plans (RRSP)	**$**	**1,076.5**	$	1,066.9	$	1,088.0
Tax-Free Savings Accounts (TFSA)		**1,340.4**		1,271.4		1,266.6
Registered Retirement Income Funds/Life Income Funds (RRIF/LIF)		**559.0**		552.3		530.8
Registered Education Savings Plans (RESP)		**192.1**		200.2		200.1
Registered Disability Savings Plans (RDSP)		**46.9**		42.8		41.9
	$	**3,214.9**	$	3,133.6	$	3,127.4

AUA mainly include government approved registered plans for tax deferral purposes, which are trusteed and administered by Central 1 or one of its wholly owned subsidiaries. Central 1 provides trust and administrative services on AUA for the beneficial owners and members of the B.C. credit union system and Class C members. Central 1 Trust Company, a wholly owned subsidiary of Central 1, provides the same services for members of the Ontario and Manitoba credit union system and Central 1's Class C members.

AUA was up $87.5 million from a year ago chiefly due to increased TFSA and RDSP contributions, RRIF transfers, together with market value appreciation over the past year. Notable trends show that the AUA of RDSPs and TFSAs increased by 11.9 per cent and 5.8 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 financial uncertainty. Furthermore, modest RDSP growth is contributed by CRA's national awareness campaign targeting qualified beneficiaries. An overall increase in business from both Ontario and B.C., along with market value appreciation, also contributed to a marginal 2.8 per cent increase in total AUA from a year ago. These increases were partially offset by the offboarding of a RESP client and systemic erosion of RRSPs which resulted in a decrease of 4.0 per cent in AUA for RESPs and 1.1 per cent decrease for RRSPs from September 30, 2021.

A new registered product was announced in the 2022 federal budget, the Tax-Free First Home Savings Account (FHSA), which is expected to launch in 2023 to help Canadians save for their first home. Central 1 intends to develop a new FHSA specimen plan for approval by the CRA to allow subscribing credit unions to offer the new product to their members through their own system provider. Central 1 is in discussions with its system provider to license this product once the current banking system is upgraded sometime in 2024.

Central 1's risk exposure to AUA contracts is managed within the context of our overall operational risk and compliance risk policies as disclosed in the Risk Review section of this MD&A.

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.

The Board of Directors, with endorsement from the Risk Review and Investment & Loan Committee (RRILC), provides oversight of Central 1's capital management through the approval of our risk appetite, capital policy and plan. The RRILC is provided with regular updates on our capital position including performance to date, updated forecasts, and any material regulatory developments that may impact our future capital position. The RRILC is also tasked with reviewing the Internal Capital Adequacy Assessment process (ICAAP) annually. The Asset Liability Committee (ALCO) monitors Central 1's capital position against regulatory requirements and internal capital targets monthly.

Key management activities of the framework include:

- The determination of the required capital to cover material risks to which the organization is exposed. This is achieved through the ICAAP which incorporates Central 1's enterprise-wide stress test and scenario analysis that is conducted to assess the impact of various stress conditions on our risk profile and capital requirements;
- The annual budget process which establishes operating targets for the organization. This supports the capital planning process which includes forecasted growth in assets, earnings, and projected market conditions; and
- The establishment of internal capital targets and the implementation of capital strategies.

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)	Sep 30 2022	Dec 31 2021	Sep 30 2021
Share capital	**$ 43.4**	$ 43.4	$ 43.4
Retained earnings	**665.9**	727.2	722.8
Less: accumulated net after tax gain in investment property	**(4.7)**	(4.7)	(4.7)
Tier 1 capital[2]	**704.6**	765.9	761.5
Subordinated debt[1]	**212.6**	216.8	380.7
Add: accumulated net after tax gain in investment property	**4.7**	4.7	4.7
Tier 2 capital[2]	**217.3**	221.5	385.4
Total capital	**921.9**	987.4	1,146.9
Statutory capital adjustments	**(166.9)**	(125.6)	(128.2)
Total regulatory capital[2]	**$ 755.0**	$ 861.8	$ 1,018.7
Borrowing multiple - Consolidated	**15.3:1**	14.3:1	11.7:1

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

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

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.

At September 30, 2022, Central 1's consolidated borrowing multiple was 15.3:1 compared to 11.7:1 at September 30, 2021, largely due to the redemption of the Series 6 Subordinated Debt in October 2021, along with a decrease in retained earnings over the last year.

Central 1 was in compliance with all regulatory capital requirements as at September 30, 2022 and September 30, 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 developed its 2021-2023 Corporate Strategy, which provides the roadmap for our strategic direction through three strategic priorities:

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

The strategic priorities and objectives are reinforced by our line of business strategies and are translated into actions and accountabilities through our annual operational plan. Our Quarterly Business Review (QBR) process summarizes and tracks our operational plan progress through strategic initiative key performance indicators (KPI) and associated targets.

Compliance Risk

Compliance risk is the potential for legal or regulatory sanctions, material financial loss or damage to Central 1’s reputation resulting from failure to comply with applicable laws, regulations, rules, related self-regulatory organization standards and/or codes of conduct. Central 1 is exposed to compliance risk in all areas of the organization and has implemented an organization wide compliance framework to manage this risk.

As a systemically important financial institution, Central 1 has implemented a regulatory compliance management program consistent with regulatory guidance including the maintenance of a regulatory inventory, tracking of regulatory developments, risk assessments and compliance testing. In addition, Central 1’s compliance framework includes a set of organization wide compliance policies, management standards and procedures as well as mandatory training to ensure compliance with relevant regulation. A privacy program managed by a dedicated Privacy Officer is in place as well as a financial crime compliance program lead by its Chief Anti-Money Laundering Officer (CAMLO), including measures to ensure compliance with anti-money laundering, sanctions and anti-bribery and corruption regulation.

Compliance Risk is owned by the first line of defense. The Compliance function, headed by the Chief Compliance Officer acts as second line of defense in advising the first line and overseeing their compliance. The Chief Compliance Officer regularly reports on compliance risk to the Risk Review and Investment & Loan Committee as well as Central 1’s Board of Directors.

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 *inter alia*:

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

In the third quarter of 2022, Central 1 increased its expected credit loss allowance for the Commercial Real Estate Lending (CREL) portfolio by $288.0 thousand to a total of $3.6 million. Expected credit loss allowance for the Investment portfolio increased by $105.8 thousand to a total of $254.5 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

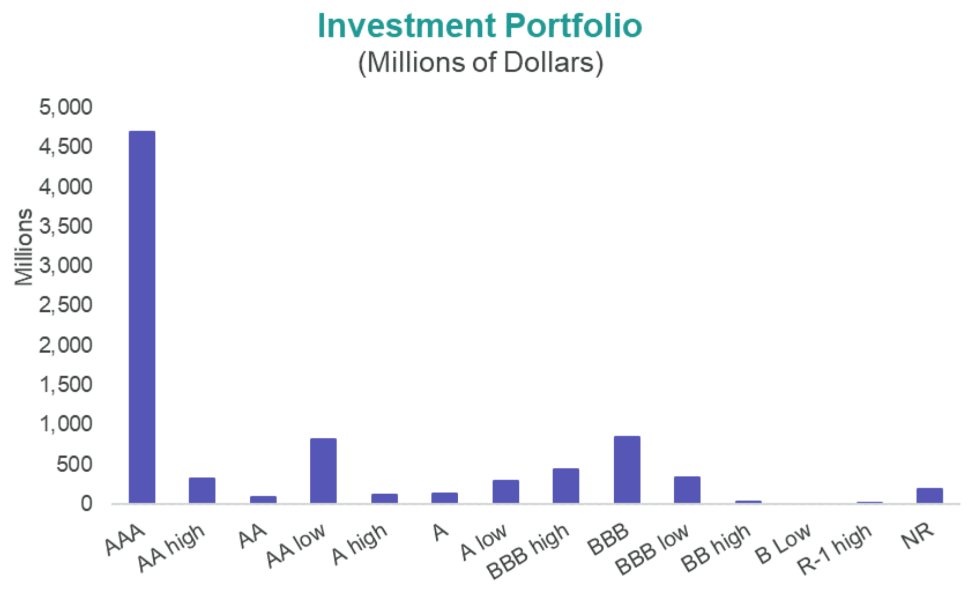
Our investment portfolio consists of high quality, actively traded and liquid securities. Holdings of AAA and R-1 (High) rated securities in the Investment portfolio represent $4.7 billion or 56.6 per cent of the portfolio. Treasury holds $2.1 billion in securities that are rated A or lower and $191.3 million in non-rated securities. There are no impaired investments in the portfolio once the portfolio is marked to market daily. Positions are based on notional, not market values, and do not include securitization assets sold to the Canada Housing Trust.

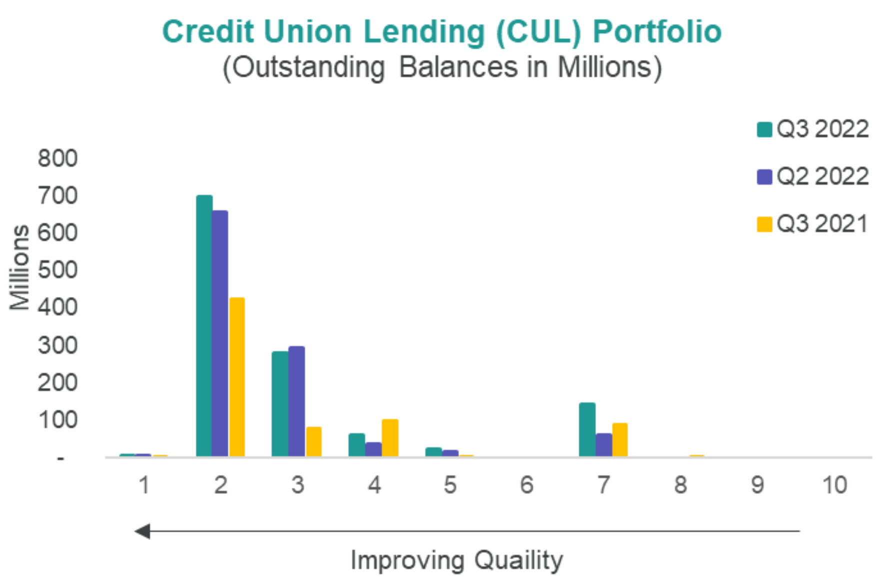
Credit Union Lending (CU Lending)

There are no impaired loan facilities in the Credit Union Lending portfolio. As at September 30, 2022, there were seven Ontario credit unions and one B.C. credit union classified as Watch List One Ontario credit union was added to the Watch List in the third quarter. A Watch List Rating is assigned to an entity whose level of default risk renders it inappropriate for inclusion in any of the Pass Rating grades (R1-6), but which has not incurred default and which remains on an accrual basis. Watch List Ratings require enhanced monitoring and/or workout planning. The Watch List accounts represented 9.54 per cent of the authorized portfolio as at September 30, 2022. The security provided for the Watch List facilities is substantial and no losses are expected.

Commercial Real Estate Lending

There are no impaired loans in the portfolio. There was one Watch List account representing 1.03 per cent of the outstanding portfolio balance as at September 30,2022.


Investment Portfolio
(Millions of Dollars)
Millions
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
AAA
AA high
AA
AA low
A high
A
A low
BBB high
BBB
BBB low
BB high
B Low
R-1 high
NR


Credit Union Lending (CUL) Portfolio
(Outstanding Balances in Millions)
Q3 2022
Q2 2022
Q3 2021
Millions
800
700
600
500
400
300
200
100
-
1
2
3
4
5
6
7
8
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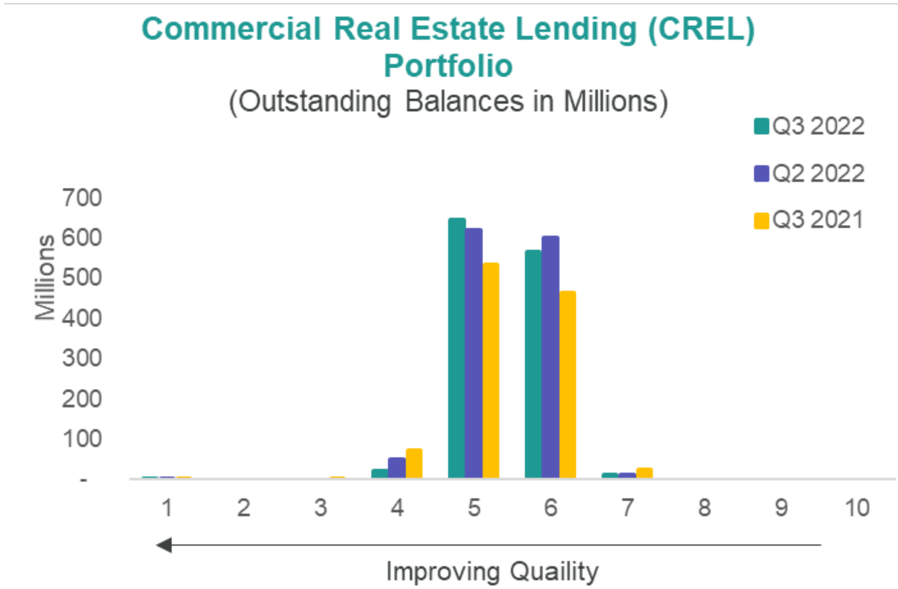
10
Improving Quaility


Commercial Real Estate Lending (CREL) Portfolio
(Outstanding Balances in Millions)
Q3 2022
Q2 2022
Q3 2021
Millions
700
600
500
400
300
200
100
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1
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Improving Quaility

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 when sources of funds become insufficient to meet scheduled payments and settlements, from systemic market and credit events, or from 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 remains 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 continued to decline in Q3 of 2022. Member utilization of committed credit facilities with Central 1 continued trending upwards in Q3, ending at higher usage compared to quarter-over-quarter and year-over-year levels. The rate of growth was slower than what was seen in Q2. Overall utilization remains moderate and well within consolidated limits. 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 OSFI's Liquidity Coverage Ratio stress test (LCR) or are eligible to be pledged as collateral under the BoC's 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 monthly 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 September 30, 2022, Central 1's NCCF and OSFI LCR indicated high levels of liquidity. Central 1 remains in a strong position to support the liquidity needs of the system.

Liquidity Coverage Ratio	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	LTM Average[1]
OSFI LCR	**145.4%**	126.3%	128.4%	130.2%	128.7%	130.1%

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

Market Risk

The level of market risk Central 1 is exposed to varies according to market conditions and the composition of our investment, securitization, 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 Statements (RAS) 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, foreign exchange (FX) exposure limits, and stress tests. Central 1 also uses Value-at-Risk (VaR), Expected Shortfall (ES), and Stressed VaR (SVaR) to monitor overall market risk levels.

Value at Risk

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

Treasury asset and liability portfolios are matched by term and currency to offset much of Central 1's interest rate and foreign exchange risk. In the third quarter of 2022, Total 1-Day VaR remained at historically low levels, as did Credit Spread and FX VaR measures. Interest Rate VaR increased in the third quarter as the relative exposure of the portfolio to interest rates increased due to a higher interest rate volatility.

	Treasury				Last 12 Months		
(Millions of dollars)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Average	High	Low
Interest Rate VaR	**$ 4.5**	$ 3.6	$ 4.2	$ 4.8	$ 4.2	$ 5.1	$ 3.1
Credit Spread VaR	**3.4**	3.4	3.9	10.0	6.5	10.5	3.3
Foreign Exchange VaR	**1.7**	2.6	2.8	3.4	2.8	4.2	1.5
Diversification [1]	**(4.4)**	(4.5)	(5.9)	(8.5)	(6.6)	nm	nm
Total VaR	**$ 5.2**	$ 5.1	$ 5.0	$ 9.7	$ 6.9	$ 10.9	$ 4.3
Expected Shortfall	**$ 6.5**	$ 5.4	$ 5.3	$ 15.0	$ 9.7	$ 16.7	$ 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.

	Treasury				Last 12 Months		
(Millions of dollars)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Average	High	Low
1-Day SVaR	**$ 12.5**	$ 14.7	$ 15.9	$ 17.8	$ 17.0	$ 45.3	$ 12.0
10-Day SVaR	**$ 35.4**	$ 41.7	$ 47.7	$ 51.6	$ 46.6	$ 55.1	$ 33.6

Foreign Exchange Rate Exposure

Central 1 historically does not run material foreign exchange (FX) risk on its portfolio. Most of Central 1's 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)	Balance Sheet in Native Currency	Off-Balance Sheet Items - Foreign Exchange Forwards	Net Position in Native Currency	BOC Closing Rate	CAD Equivalent
USD	$ (10.7)	$ (4.2)	$ (14.)	1.37085	$ (20.51)

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 1s 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 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 RAS 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.

Top and 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 a macroeconomic downturn could negatively impact revenue and/or our ability to raise capital. More persistent inflation could lead to higher than anticipated interest rates with the effect of aggregate demand destruction, while the Russian invasion of Ukraine could also lead to globally restricted access to important Russian and Ukrainian products and commodities, such as energy and fertilizer.
- The risk of State-Sponsored cyberattacks in retaliation to government support of Ukraine. Attackers may target prominent firms (e.g., Financial Institutions) or critical digital infrastructure with the aim of causing disruption in countries whose governments support Ukraine. Attackers may also seek to acquire trade secrets or intellectual property on behalf of domestic firms
- Environmental, Social and Governance (ESG): Central 1 is including (ESG) as an emerging risk in its risk profile. Over the coming year, the Risk team will develop a more formal Framework and fulsome view of the ESG risk controls and mitigations in place.

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 economic uncertainties around persistent inflation pressure, geopolitical uncertainty and lingering COVID-19 pandemic could slow growth in the global economy. Depending on the future developments of these challenges, the full impact on Central 1's results of operations and financial conditions remains 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.

Interest Rate Benchmark Reform (IBOR)

On January 1, 2021, Central 1 adopted the IASB's IBOR Phase 2 amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments Disclosure. These amendments address issues that arise from implementation of IBOR reform. The amendments provide a practical expedient for modification of a financial contract and allow relief from discontinuing hedging relationships, in combination with new disclosures on the nature and extent of risks arising from the reform and how these risks are managed.

On May 16, 2022, Refinitiv Benchmark Services UK Limited, the benchmark administrator of the Canadian Dollar Offered Rate (CDOR), announced that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on June 28, 2024, using a two-stage transition approach. The first stage will run until September 30, 2023 with all new derivative contracts and securities being transitioned to using the Canadian Overnight Repo Rate Average (CORRA). No new CDOR exposure will be booked after September 30, 2023 with limited exceptions which include derivatives that hedge or reduce CDOR exposures of derivatives or securities transacted before September 30, 2023 or in loan agreements transacted through until June 28, 2024. The Third stage will end on September 30, 2024 with all remaining CDOR exposures being transitioned to CORRA. Central 1 has formed a CORRA Focus Group to oversee the transition.

As at September 30, 2022, Central 1's total exposure to one-month and three-month CDOR non-derivative financial assets and non-derivative financial liabilities that mature after June 28, 2024 was $566.2 million and $45.5 million, respectively. The notional balance of Central 1's total exposure to one-month and three-month CDOR derivatives that mature after June 28, 2024 was $17.0 billion, of which $539.3 million is the exposure for the interest rate swaps that are designated into fair value hedge and benchmarked to three-month CDOR. These swaps are used to hedge Central 1's exposure to interest rate risk which may be affected by the alternative benchmark rate.

The transition from CDOR to alternative benchmark rates presents a number of risks to Central 1, including operational risk due to the change of process and model, liquidity risk, and legal risk associated with contracts amendments. Central 1's CORRA Focus Group is in the process of assessing of the impact of IBOR reform and CDOR cessation on Central 1's operations including the need for new or revised hedging relationships to the alternative benchmark rate.

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.

Subsequent event

On November 1, 2022, Equitable Bank's acquisition of Concentra Bank was successfully completed. Central 1 received cash proceeds of $23.3 million on November 7, 2022 as consideration for its 4.7 per cent ownership in Concentra Bank's common shares which were cancelled upon the closing of the transaction.

Interim Consolidated Financial Statements

September 30, 2022

central 1

Interim Consolidated Statement of Financial Position (Unaudited)

(Thousands of dollars)	Notes		Sep 30 2022		Dec 31 2021
Assets					
Cash	(4)	$	**1,100,430**	$	1,251,516
Securities	(5)		**8,684,442**		9,848,603
Loans	(6)		**1,885,220**		1,794,368
Derivative assets	(7)		**389,607**		120,930
Settlements in-transit			**297,364**		201,017
Property and equipment			**17,290**		19,450
Intangible assets			**20,150**		15,371
Investments in affiliates			**84,671**		84,820
Current tax assets			**3,488**		1,187
Deferred tax assets			**57,996**		16,599
Other assets	(9)		**32,588**		29,728
		$	**12,573,246**		13,383,589
Liabilities					
Deposits	(10)	$	**6,060,598**	$	7,200,199
Debt securities issued	(11)		**2,441,832**		2,062,175
Obligations under the Canada Mortgage Bond Program	(12)		**1,184,019**		960,765
Subordinated liabilities	(13)		**200,675**		220,321
Obligations related to securities sold short			**59,547**		40,494
Securities under repurchase agreements			**1,230,558**		1,553,290
Derivative liabilities			**135,858**		75,435
Settlements in-transit			**455,969**		390,884
Other liabilities	(14)		**112,861**		93,574
			11,881,917		12,597,137
Equity					
Share capital	(15)		**43,401**		43,396
Retained earnings			**665,916**		727,213
Accumulated other comprehensive income (loss)			**(17,988)**		8,700
Other reserves			**-**		2
Total equity attributable to members of Central 1			**691,329**		779,311
Non-controlling interest			**-**		7,141
			691,329		786,452
		$	**12,573,246**	$	13,383,589
Guarantees, commitments, contingencies and pledged assets	(21)				
Subsequent event	(25)				

Approved by the Directors:

"Rob Paterson"

Rob Paterson, Chairperson

"Paul Challinor"

Paul Challinor, Chairperson - Audit and Finance Committee

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Profit (Loss) (Unaudited)

(Thousands of dollars)	Notes	For the three months ended Sep 30 2022	Sep 30 2021	For the nine months ended Sep 30 2022	Sep 30 2021
Interest income					
Securities		**$ 55,161**	$ 24,021	**$ 115,760**	$ 75,860
Loans		**24,680**	10,461	**53,715**	30,260
		79,841	34,482	**169,475**	106,120
Interest expense					
Deposits		**27,508**	6,785	**52,529**	25,039
Debt securities issued		**29,380**	8,934	**54,821**	25,545
Subordinated liabilities		**1,353**	2,849	**3,845**	6,116
Obligations under the CMB Program		**131**	426	**405**	1,724
		58,372	18,994	**111,600**	58,424
Interest margin		**21,469**	15,488	**57,875**	47,696
Gain (loss) on disposal of financial instruments	(16)	**(4,175)**	2,690	**(25,435)**	20,291
Change in fair value of financial instruments	(17)	**(9,113)**	1,318	**(98,839)**	(2,785)
		8,181	19,496	**(66,399)**	65,202
Impairment recovery (expense) on financial assets		**(394)**	3	**(374)**	1,906
Net financial income (expense)		**7,787**	19,499	**(66,773)**	67,108
Non-financial income	(18)	**39,747**	40,413	**113,745**	115,066
Net financial and non-financial income		**47,534**	59,912	**46,972**	182,174
Non-financial expense					
Salaries and employee benefits		**24,955**	22,551	**75,863**	69,401
Premises and equipment		**1,391**	1,178	**3,582**	4,819
Other administrative expenses	(19)	**19,598**	19,404	**62,346**	54,028
		45,944	43,133	**141,791**	128,248
Profit (loss) before income taxes		**1,590**	16,779	**(94,819)**	53,926
Income taxes expense (recovery)		**335**	3,908	**(34,470)**	12,902
Profit (loss)		**$ 1,255**	$ 12,871	**$ (60,349)**	$ 41,024

See accompanying notes to the Interim Consolidated Financial Statements

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

(Thousands of dollars)	For the three months ended Sep 30 2022	Sep 30 2021	For the nine months ended Sep 30 2022	Sep 30 2021
Profit (Loss)	**$ 1,255**	$ 12,871	**$ (60,349)**	$ 41,024
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	**(2,648)**	(1,033)	**(41,503)**	(10,260)
Reclassification of realized (gains) loss to profit	**2,831**	(469)	**3,924**	(14,024)
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	**(114)**	(2)	**(161)**	(1)
	69	(1,504)	**(37,740)**	(24,285)
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	**2,099**	(1,739)	**10,796**	(3,915)
Net actuarial loss on employee benefits plans	**(717)**	-	**(717)**	-
Total other comprehensive income (loss), net of tax	**1,451**	(3,243)	**(27,661)**	(28,200)
Total comprehensive income (loss), net of tax	**$ 2,706**	$ 9,628	**$ (88,010)**	$ 12,824

Income Taxes – Other Comprehensive Income (Loss)

The following table shows income tax expense (recovery) for each component of other comprehensive income (loss).

(Thousands of dollars)	For the three months ended Sep 30 2022	Sep 30 2021	For the nine months ended Sep 30 2022	Sep 30 2021
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	**$ (1,005)**	$ (253)	**$ (15,280)**	$ (3,250)
Reclassification of realized (gains) loss to profit	**1,043**	(301)	**1,445**	(3,719)
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	**69**	-	**62**	-
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	**773**	(639)	**3,977**	(1,441)
Net actuarial loss on employee benefits plans	**(264)**	-	**(264)**	-
	$ 616	$ (1,193)	**$ (10,060)**	$ (8,410)

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Changes in Equity (Unaudited)

(Thousands of dollars)	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members	Non-Controlling Interest	Total Equity
	Attributable to Equity 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 (loss), net of tax									
Loss		(60,349)					(60,349)		(60,349)
Other comprehensive income (loss), net of tax									
Fair value reserve (securities at fair value through other comprehensive income)			(37,579)				(37,579)		(37,579)
Share of other comprehensive income of affiliates accounted for using the equity method			(161)				(161)		(161)
Liability credit reserve				10,796			10,796		10,796
Net actuarial loss on employee benefits plans					(717)		(717)		(717)
Total comprehensive income (loss)	-	(60,349)	(37,740)	10,796	(717)	-	(88,010)	-	(88,010)
Transactions with owners, recorded directly in equity									
Class "A" shares issued (Note 15)	5						5		5
Subsidiary's distribution to its shareholders		25				(2)	23	(7,141)	(7,118)
Total contribution from (distribution to) owners	5	25	-	-	-	(2)	28	(7,141)	(7,113)
Reclassification of liability credit reserve on derecognition[1]		(973)		973					-
Balance at September 30, 2022	**$ 43,401**	**$ 665,916**	**$ (30,392)**	**$ 9,992**	**$ 2,412**	**$ -**	**$ 691,329**	**$ -**	**$ 691,329**

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

	2022	2021
Profit (loss) attributable to:		
Members of Central 1	**$ (60,349)**	$ 41,462
Non-controlling interest	-	(438)
	$ (60,349)	$ 41,024

Total comprehensive income (loss) attributable to:		
Members of Central 1	**$ (88,010)**	$ 13,262
Non-controlling interest	-	(438)
	$ (88,010)	$ 12,824

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Changes in Equity (Unaudited)

(Thousands of dollars)	Attributable to Equity Members								
	Share Capital	Retained Earnings	Fair Value & Affiliates Reserves	Liability Credit Reserve	Employee Benefits Reserve	Other Reserves	Equity Attributable to Members	Non-Controlling Interest	Total Equity
Balance at December 31, 2020	$ 441,127	$ 684,210	$ 32,713	$ (4,763)	$ 383	$ 2	$ 1,153,672	$ 7,652	$ 1,161,324
Total comprehensive income, net of tax									
Profit (loss)		41,462					41,462	(438)	41,024
Other comprehensive income (loss), net of tax									
Fair value reserve (securities at fair value through other comprehensive income)			(24,284)				(24,284)		(24,284)
Share of other comprehensive income of affiliates accounted for using the equity method			(1)				(1)		(1)
Liability credit reserve				(3,915)			(3,915)		(3,915)
Net actuarial loss on employee benefits plans					-		-		-
Total comprehensive income (loss)	-	41,462	(24,285)	(3,915)	-	-	13,262	(438)	12,824
Transactions with owners, recorded directly in equity									
Class "B" shares issued (Note 15)	6						6		6
Class "F" shares redemption (Note 15)	(397,737)						(397,737)		(397,737)
Dividend		30				-	30		30
Total contribution from (distribution to) owners	(397,731)	30	-	-	-	-	(397,701)	-	(397,701)
Reclassification of liability credit reserve on derecognition[(1)]		(2,894)		2,894			-		-
Balance at September 30, 2021	$ 43,396	$ 722,808	$ 8,428	$ (5,784)	$ 383	$ 2	$ 769,233	$ 7,214	$ 776,447

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

See accompanying notes to the Interim Consolidated Financial Statements

Interim Consolidated Statement of Cash Flows (Unaudited)

(Thousands of dollars)	Notes	For the three months ended Sep 30 2022	Sep 30 2021	For the nine months ended Sep 30 2022	Sep 30 2021
Cash flows used in operating activities					
Profit (loss)		$ **1,255**	$ 12,871	$ **(60,349)**	$ 41,024
Adjustments for:					
Depreciation and amortization		**1,701**	1,875	**5,027**	5,242
Interest margin		**(21,469)**	(15,488)	**(57,875)**	(47,696)
Loss (Gain) on disposal of financial instruments		**4,175**	(2,690)	**25,435**	(20,291)
Change in fair value of financial instruments		**9,113**	(1,318)	**98,839**	2,785
Impairment loss (recovery) on financial assets		**394**	(3)	**374**	(1,906)
Equity interest in affiliates		**(484)**	231	**(37)**	411
Income taxes expense (recovery)		**335**	3,908	**(34,470)**	12,902
		(4,980)	(614)	**(23,056)**	(7,529)
Change in securities[1]		**403,544**	(74,431)	**970,999**	9,485,716
Change in loans		**545,506**	19,536	**(89,611)**	(213,598)
Change in settlements in-transit		**(198,233)**	(504,376)	**(31,262)**	(219,734)
Change in deposits[1]		**(712,136)**	(344,130)	**(1,101,814)**	(10,591,145)
Change in obligations related to securities sold short		**(43,654)**	(148,069)	**26,850**	(18,621)
Change in securities under repurchase agreements		**(761,400)**	523,825	**(323,984)**	278,391
Change in derivative assets and liabilities		**2,196**	5,393	**(25,604)**	(11,837)
Change in other assets and liabilities		**16,252**	4,184	**14,491**	30,421
Interest received		**74,472**	31,265	**161,092**	121,867
Interest paid		**(53,048)**	(3,298)	**(107,450)**	(78,222)
Income tax received (paid)		**-**	255	**831**	(23,266)
Net cash used in operating activities		**(731,481)**	(490,460)	**(528,518)**	(1,247,557)
Cash flows used in investing activities					
Redemption of deposits with regulated financial institutions		**-**	580	**1,148**	580
Change in reinvestment assets under the CMB Program		**(130,760)**	(160,184)	**(255,270)**	(150,718)
Property and equipment - net		**(112)**	(88)	**(205)**	(44)
Intangible assets - net purchases		**(3,066)**	(4,958)	**(7,375)**	(8,292)
Change in investments in affiliates		**-**	-	**387**	418
Net cash used in investing activities		**(133,938)**	(164,650)	**(261,315)**	(158,056)

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

Interim Consolidated Statement of Cash Flows (Unaudited)

(Thousands of dollars)	Notes	For the three months ended Sep 30 2022	Sep 30 2021	For the nine months ended Sep 30 2022	Sep 30 2021
Cash flows from financing activities					
Proceeds from debt securities issued		**517,546**	59,913	**1,267,785**	1,114,884
Maturity of debt securities issued		**-**	-	**(866,657)**	(600,118)
Repayment of lease liabilities		**(105)**	(112)	**(316)**	(337)
Proceeds under the CMB Program		**127,453**	145,697	**245,071**	70,536
Repayment of sub debt		**-**	(23)	**-**	(338)
Proceeds from subordinated liabilities		**-**	-	**-**	200,000
Dividends paid		**-**	-	**-**	(13,383)
Subsidiary's distribution to its shareholders		**-**	-	**(7,141)**	-
Redemption of Class F shares	(15)	**-**	-	**-**	(397,737)
Issuance of Class B shares	(15)	**-**	6	**5**	6
Net cash from financing activities		**644,894**	205,481	**638,747**	373,513
Decrease in cash		**(220,525)**	(449,629)	**(151,086)**	(1,032,100)
Cash - beginning of period		**1,320,955**	1,828,131	**1,251,516**	1,467,557
Cash held for segregation - beginning of period		**-**	-	**-**	943,045
Cash - end of period		**$ 1,100,430**	$ 1,378,502	**$ 1,100,430**	$ 1,378,502

See accompanying notes to the Interim Consolidated Financial Statements

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1. General information

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

Central 1 provides financial, digital banking and payment products and services for over 250 financial institutions across Canada, including its member credit unions in British Columbia (B.C.) and Ontario. The performance of the British Columbia credit union system and that of Central 1’s member credit unions in Ontario (collectively referred to herein as the Ontario credit union system) 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 November 24, 2022.

Interest Rate Benchmark Reform (IBOR)

On January 1, 2021, Central 1 adopted the IASB’s IBOR Phase 2 amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments Disclosure*. These amendments address issues that arise from implementation of IBOR reform. The amendments provide a practical expedient for modification of a financial contract and allow relief from discontinuing hedging relationships, in combination with new disclosures on the nature and extent of risks arising from the reform and how these risks are managed.

On May 16, 2022, Refinitiv Benchmark Services UK Limited, the benchmark administrator of the Canadian Dollar Offered Rate (CDOR), announced that the calculation and publication of all tenors of CDOR will permanently cease immediately following a final publication on June 28, 2024, using a two-stage transition approach. The first stage will run until June 30, 2023 with all new derivative contracts and securities being transitioned to using the Canadian Overnight Repo Rate Average (CORRA). No new CDOR exposure will be booked after June 30, 2023 with limited exceptions which include derivatives that hedge or reduce CDOR exposures of derivatives or securities transacted before June 30, 2023 or in loan agreements transacted through until June 28, 2024. The second stage will end on June 30, 2024 with all remaining CDOR exposures being transitioned to CORRA. Central 1 has formed a CORRA Focus Group to oversee the transition.

As at September 30, 2022, Central 1’s total exposure to one-month and three-month CDOR non-derivative financial assets and non-derivative financial liabilities that mature after June 28, 2024 was $566.2 million and $45.5 million, respectively. The notional balance of Central 1's total exposure to one-month and three-month CDOR derivatives that mature after June 28, 2024 was $17.0 billion, of which $889.3 million is the exposure for the interest rate swaps that are designated into fair value hedge and benchmarked to three-month CDOR. These swaps are used to hedge Central 1’s exposure to interest rate risk which may be affected by the alternative benchmark rate.

The transition from CDOR to alternative benchmark rates presents a number of risks to Central 1, including operational risk due to the change of process and model, liquidity risk, and legal risk associated with contracts amendments. Central 1’s CORRA Focus Group is in the process of assessing of the impact of IBOR reform and CDOR cessation on Central 1’s operations including the need for new or revised hedging relationships to the alternative benchmark rate.

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 economic uncertainties around persistent inflation pressure, geopolitical uncertainty and lingering COVID-19 pandemic could slow growth in the global economy. Depending on the future developments of these challenges, the full impact on Central 1's results of operations and financial conditions remains 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)	Sep 30 2022	Dec 31 2021
With Bank of Canada	**$ 1,018,597**	$ 1,153,898
With other regulated financial institutions	**81,833**	97,618
	$ 1,100,430	$ 1,251,516

5. Securities

(Thousands of dollars)		Sep 30 2022		Dec 31 2021
Securities FVTPL				
Government and government guaranteed securities	**$**	**3,081,907**	$	3,427,791
Corporate and major financial institutions				
AA low or greater		**1,483,085**		1,661,619
A (high) to A (low)		**390,104**		484,142
BBB (high) to BB (high)		**885,898**		959,963
Equity instruments		**63,297**		60,430
Fair value	**$**	**5,904,291**	$	6,593,945
Securities FVOCI				
Government and government guaranteed securities	**$**	**838,834**	$	1,103,978
Corporate and major financial institutions				
AA low or greater		**124,832**		275,040
A (high) to A (low)		**106,722**		182,074
BBB (high) to BBB (low)		**566,026**		784,931
Fair value	**$**	**1,636,414**	$	2,346,023
Reinvestment assets under the CMB Program				
FVTPL				
Government and government guaranteed securities	**$**	**467,057**	$	607,939
Corporate and major financial institutions AA low or greater		**-**		20,995
Fair Value	**$**	**467,057**	$	628,934
Amortized cost				
Assets acquired under reverse repurchase agreements	**$**	**676,680**	$	279,701
Total reinvestment assets under the CMB Program	**$**	**1,143,737**	$	908,635
Total	**$**	**8,684,442**	$	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)	Sep 30 2022	Dec 31 2021
Amortized cost		
Due on demand		
Credit unions	**$ 491,142**	$ 291,809
Commercial and others	**10,572**	3,386
	501,714	295,195
Term		
Credit unions	**75,000**	5,700
Commercial and others	**1,226,241**	1,177,964
Reverse repurchase agreements	**71,653**	301,252
Staff loans[1]	**-**	1,439
	1,372,894	1,486,355
	1,874,608	1,781,550
Accrued interest	**5,212**	3,117
Premium	**52**	210
	1,879,872	1,784,877
Expected credit loss (Note 8)	**(3,584)**	(3,361)
Amortized cost	**1,876,288**	1,781,516
Fair value hedge adjustment[2]	**(1,617)**	(1,421)
Carrying value	**$ 1,874,671**	$ 1,780,095
FVTPL		
Term - Commercial and others		
Fair value	**10,549**	14,273
Total loans	**$ 1,885,220**	$ 1,794,368

[1] Loans to employees bear interest at rates varying from 2.50% to 2.72%. Central 1 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:

	For the three months ended Sep 30 2022			For the three months ended Sep 30 2021		
(Thousands of dollars)	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in profit (loss)	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in profit (loss)
Securities at FVOCI(1)	$ (208)	$ 387	$ 179	$ (1,246)	$ 1,400	$ 154
Loans	165	(116)	49	(58)	49	(9)
Debt securities issued	(292)	259	(33)	1,136	(1,110)	26
	$ (335)	**$ 530**	**$ 195**	$ (168)	$ 339	$ 171

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

	For the nine months ended Sep 30 2022			For the nine months ended Sep 30 2021		
(Thousands of dollars)	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in profit (loss)	Fair value hedge adjustment - gains (losses)	Change in the fair value on hedging instruments - gains (losses)	Hedge ineffectiveness recorded in profit (loss)
Securities at FVOCI(1)	$ (22,499)	$ 23,513	$ 1,014	$ (9,632)	$ 10,242	$ 610
Loans	(196)	120	(76)	(370)	352	(18)
Debt securities issued	3,437	(3,102)	335	3,959	(3,860)	99
	$ (19,258)	**$ 20,531**	**$ 1,273**	$ (6,043)	$ 6,734	$ 691

(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)	Sep 30 2022 Notional value of hedged items	Sep 30 2022 Carrying value of hedged items[2]	Sep 30 2022 Carrying value of hedging instruments	Sep 30 2022 Cumulative hedge adjustments from active hedges	Dec 31 2021 Notional value of hedged items	Dec 31 2021 Carrying value of hedged items[2]	Dec 31 2021 Carrying value of hedging instruments	Dec 31 2021 Cumulative hedge adjustments from active hedges
Securities at FVOCI[1]	$ 235,156	$ 200,069	$ 33,506	$ (32,150)	$ 235,156	$ 233,047	$ 9,993	$ (9,651)
Loans	4,181	4,337	843	(1,617)	34,158	32,947	723	(1,421)
Debt securities issued	(650,000)	(652,300)	(759)	1,596	(300,000)	(302,763)	2,343	(1,841)
			$ 33,590	**$ (32,171)**			$ 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 Interim Consolidated Statement of Financial Position 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	778	-	-	778
Derecognitions and maturities	(578)	(184)	-	(762)
Remeasurements	127	80	-	207
Total impairment loss (recovery) on financial assets	327	(104)	-	223
Balance at September 30, 2022	**$ 2,959**	**$ 625**	**$ -**	**$ 3,584**
ECL on financial assets at FVOCI				
Balance at December 31, 2021	105	-	-	105
Impairment loss (recovery) on financial assets:				
Derecognitions and maturities	(68)	-	-	(68)
Remeasurements	219	-	-	219
Total impairment loss on financial assets	151	-	-	151
Balance at September 30, 2022	**$ 256**	**$ -**	**$ -**	**$ 256**
Total ECL				
Balance at December 31, 2021	$ 2,737	$ 729	$ -	$ 3,466
Impairment loss (recovery) on financial assets:				
Purchases and originations	778	-	-	778
Derecognitions and maturities	(646)	(184)	-	(830)
Remeasurements	346	80	-	426
Total impairment loss (recovery) on financial assets	478	(104)	-	374
Balance at September 30, 2022	**$ 3,215**	**$ 625**	**$ -**	**$ 3,840**

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

The following tables present the gross carrying amounts of loans as at September 30, 2022 and December 31, 2021, according to credit quality:

(Thousands of dollars)		Stage 1		Stage 2		Stage 3		Sep 30 2022 Total
Low Risk	$	670,023	$	-	$	-	$	670,023
Medium Risk		1,196,593		-		-		1,196,593
High Risk		-		12,856		-		12,856
Not Rated		400		-		-		400
Total	**$**	**1,867,016**	**$**	**12,856**	**$**	**-**	**$**	**1,879,872**

(Thousands of dollars)		Stage 1		Stage 2		Stage 3		Dec 31 2021 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.

9. Other assets

(Thousands of dollars)		Sep 30 2022		Dec 31 2021
Investment property	**$**	**620**	$	686
Prepaid expenses		**7,220**		6,434
Post-employment benefits		**5,382**		6,363
Assets held for distribution		**-**		6,947
Accounts receivable and other		**19,366**		9,298
	$	**32,588**	$	29,728

10. Deposits

(Thousands of dollars)		Sep 30 2022		Dec 31 2021
Deposits designated as FVTPL				
Due within three months	$	**1,428,560**	$	1,900,588
Due after three months and within one year		**962,636**		1,059,641
Due after one year and within five years		**662,993**		820,860
		3,054,189		3,781,089
Accrued interest		**13,745**		8,066
Amortized cost	$	**3,067,934**	$	3,789,155
Fair value	$	**3,025,076**	$	3,789,543
Deposits held at amortized cost				
Due on demand	$	**2,960,644**	$	3,232,904
Due within three months		**21,670**		5,500
Due after three months and within one year		**34,396**		98,790
Due after one year and within five years		**18,499**		73,157
		3,035,209		3,410,351
Accrued interest		**313**		305
Amortized cost	$	**3,035,522**	$	3,410,656
Total carrying value	$	**6,060,598**	$	7,200,199

The fair value of deposits at September 30, 2022 was $6,060.7 million (December 31, 2021 - $7,200.6 million).

11. Debt securities issued

(Thousands of dollars)		Sep 30 2022		Dec 31 2021
Amortized cost				
Due within three months	**$**	**1,403,140**	$	866,657
Due after three months and within one year		**13,624**		499,518
Due after one year and within five years		**796,780**		446,241
		2,213,544		1,812,416
Accrued interest		**9,067**		2,787
Amortized cost	**$**	**2,222,611**	$	1,815,203
Fair value hedge adjustment[1]		**(1,596)**		1,841
Carrying value	**$**	**2,221,015**	$	1,817,044
Designated as FVTPL				
Due after one year and within five years	**$**	**250,000**	$	250,000
Accrued interest		**580**		1,414
Amortized cost	**$**	**250,580**	$	251,414
Fair value		**220,817**		245,131
Total Carrying value	**$**	**2,441,832**	$	2,062,175

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

At September 30, 2022, a par value of $919.9 million was outstanding under the short-term commercial paper facility (December 31, 2021 - $866.9 million) and a par value of $1.6 billion was borrowed under the medium-term note facility (December 31, 2021 - $1.2 billion).

On September 29, 2022, Central 1 issued $350.0 million principal of Series 19 medium-term fixed rate notes due September 29, 2025. The notes bear interest at a fixed rate of 5.417%, payable semi-annually on March 29 and September 29 of each year, commencing March 29, 2023. The notes are redeemable at the option of Central 1.

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)		Sep 30 2022		Dec 31 2021
Amounts				
Due within three months	**$**	**698,615**	$	306,718
Due after three months and within one year		**105,700**		188,328
Due after one year and within five years		**400,101**		464,299
		1,204,416		959,345
Accrued interest		**79**		531
Amortized cost	**$**	**1,204,495**	$	959,876
Fair value	**$**	**1,184,019**	$	960,765

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

(Thousands of dollars)		Sep 30 2022		Dec 31 2021
FVTPL				
Total reinvestment assets under the Canada Mortgage Bond Program (Note 5)	**$**	**467,057**	$	628,934
Assets recognized as securities		**42,546**		54,978
Fair value	**$**	**509,603**	$	683,912
Amortized cost				
Total reinvestment assets under the Canada Mortgage Bond Program (Note 5)	**$**	**676,680**	$	279,701
Total underlying assets designated	**$**	**1,186,283**	$	963,613

13. Subordinated liabilities

(Thousands of dollars)		Sep 30 2022		Dec 31 2021
Amortized cost				
Series 5	$	**21,000**	$	21,000
Accrued interest		**58**		9
Amortized cost	$	**21,058**	$	21,009
Designated as FVTPL				
Series 7	$	**200,000**	$	200,000
Accrued interest		**1,219**		26
Amortized cost	$	**201,219**	$	200,026
Fair value	$	**179,617**	$	199,312
Total carrying value	$	**200,675**	$	220,321

14. Other liabilities

(Thousands of dollars)		Sep 30 2022		Dec 31 2021
Post-employment benefits	$	**15,103**	$	15,375
Short-term employee benefits		**10,446**		14,009
Deferred revenue[1]		**31,965**		33,795
Finance Lease		**5,727**		6,043
Accounts payable		**17,550**		22,529
Cash collateral payable		**31,290**		1,823
Other		**780**		-
	$	**112,861**	$	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 annually 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)	Sep 30 2022	Dec 31 2021	Sep 30 2021
Number of shares issued			
Balance at beginning of period	**43,359**	43,359	43,359
Issued during the period	**5**	-	-
Class A - credit unions: balance at the end of period	**43,364**	43,359	43,359
Balance at beginning of period	**11**	5	5
Issued during the period	**-**	6	6
Class B - co-operatives: balance at the end of period	**11**	11	11
Class C - other: balance at the beginning and end of period	**7**	7	7
Class E - credit unions: balance at the beginning and end of period	**2,154**	2,154	2,154
Class F - credit unions			
Balance at the beginning of period	**-**	397,737	397,737
Redeemed during the period	**-**	(397,737)	(397,737)
Balance at the end of period	**-**	-	-
Number of treasury shares			
Treasury shares - Class E: balance at the beginning and end of period	**(264)**	(264)	(264)

(Thousands of dollars)	Sep 30 2022	Dec 31 2021	Sep 30 2021
Amount of share capital outstanding			
Outstanding $1 par value shares			
Class A - credit unions	**$ 43,364**	$ 43,359	$ 43,359
Class B - cooperatives	**11**	11	11
Class C - other	**7**	7	7
Outstanding $0.01 par value shares			
Class E - credit unions	**21**	21	21
	43,403	43,398	43,398
Amount of treasury shares			
Treasury shares	**(2)**	(2)	(2)
Balance at the end of period	**$ 43,401**	$ 43,396	$ 43,396

16. Gain (loss) on disposal of financial instruments

	For the three months ended		For the nine months ended	
(Thousands of dollars)	Sep 30 2022	Sep 30 2021	Sep 30 2022	Sep 30 2021
Realized gain (loss) on securities at FVTPL	**$ (4,516)**	$ 1,541	**$ (24,530)**	$ 81,918
Realized gain (loss) on securities at FVOCI	**(3,874)**	1,082	**(5,375)**	17,722
Realized gain (loss) on derivative instruments	**2,245**	1,436	**(2,865)**	(6,926)
Realized gain on loans at FVTPL	**-**	-	**-**	8
Realized gain (loss) on deposits designated at FVTPL	**270**	(562)	**328**	(71,843)
Realized gain (loss) on obligations related to securities sold short	**1,700**	(807)	**7,007**	(588)
	$ (4,175)	$ 2,690	**$ (25,435)**	$ 20,291

17. Change in fair value of financial instruments

	For the three months ended		For the nine months ended	
(Thousands of dollars)	Sep 30 2022	Sep 30 2021	Sep 30 2022	Sep 30 2021
Change in unrealised gains (losses)				
Securities at FVTPL	**$ (34,392)**	$ (10,642)	**$ (353,176)**	$ (142,955)
Loans at FVTPL	**(116)**	(98)	**(621)**	(388)
Activities under the Canada Mortgage Bond Program				
Reinvestment assets	**(3,188)**	(1,785)	**(20,186)**	(4,567)
Derivative instruments	**7,259**	2,719	**55,121**	10,715
Obligations under the Canada Mortgage Bond Program	**3,195**	2,095	**21,365**	6,070
Derivative instruments	**7,932**	7,795	**124,999**	47,929
Financial liabilities at FVTPL				
Deposits designated at FVTPL	**6,319**	709	**43,032**	72,612
Debt securities issued designated at FVTPL	**2,316**	875	**16,699**	5,563
Subordinated debt issued designated at FVTPL	**1,706**	(17)	**13,104**	(365)
Obligations related to securities sold short	**(144)**	(333)	**824**	2,601
	$ (9,113)	$ 1,318	**$ (98,839)**	$ (2,785)

18. Non-financial income

(Thousands of dollars)	For the three months ended Sep 30 2022 Revenue arising from contracts with customers	Revenue arising from other sources	Total	For the three months ended Sep 30 2021 Revenue arising from contracts with customers	Revenue arising from other sources	Total
Treasury						
Lending fees	$ 3,033	$ -	**$ 3,033**	$ 3,421	$ -	$ 3,421
Securitization fees	1,327	-	**1,327**	1,849	-	1,849
Foreign exchange income	-	913	**913**	-	721	721
Asset management services	925	-	**925**	924	-	924
Other	1,744	-	**1,744**	1,400	-	1,400
Payments & Digital Banking Platforms and Experiences	-	-				
Payment processing and other fees	19,322	-	**19,322**	17,764	-	17,764
Direct banking fees	9,243	-	**9,243**	8,832	-	8,832
System Affiliates & Other	-	-				
Equity interest in affiliates	-	484	**484**	-	(231)	(231)
Income from investees	-	-	**-**	-	-	-
Membership dues[(1)]	-	-	**-**	612	-	612
Other	2,756	-	**2,756**	5,121	-	5,121
	$ 38,350	$ 1,397	**$ 39,747**	$ 39,923	$ 490	$ 40,413

Certain comparative figures have been reclassified to conform with the current period's presentation.
[(1)] Central 1 has phased out membership dues effective January 2022.

For the three months ended September 30, 2022, Central 1 received a liquidation distribution of $2.0 million (for the three months ended September 30, 2021 - $4.7 million) from U.S Central Federal Credit Union (U.S. Central), of which Central 1 owned membership shares in 2009. The distributions are included in “Other” under System Affiliates & Other.

(Thousands of dollars)	For the nine months ended Sep 30 2022			For the nine months ended Sep 30 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	$ 9,315	$ -	**$ 9,315**	$ 9,380	$ -	$ 9,380
Securitization fees	4,106	-	**4,106**	6,224	-	6,224
Foreign exchange income	-	3,322	**3,322**	-	2,634	2,634
Asset management services	2,519	-	**2,519**	2,651	-	2,651
Other	4,918	-	**4,918**	4,012	-	4,012
Payments & Digital Banking Platforms and Experiences						
Payment processing and other fees	54,576	-	**54,576**	53,977	-	53,977
Direct banking fees	26,678	-	**26,678**	26,545	-	26,545
System Affiliates & Other						
Equity interest in affiliates	-	37	**37**	-	(411)	(411)
Income from investees	-	2,664	**2,664**	-	1,289	1,289
Membership dues[1]	-	-	**-**	1,837	-	1,837
Other	5,610	-	**5,610**	6,928	-	6,928
	$ 107,722	$ 6,023	**$ 113,745**	$ 111,554	$ 3,512	$ 115,066

Certain comparative figures have been reclassified to conform with the current period's presentation.
[1] Central 1 has phased out membership dues effective January 2022.

For the nine months ended September 30, 2022, Central 1 received liquidation distributions totaling $4.2 million (for the nine months ended September 30, 2021 - $5.5 million) from U.S Central. These distributions are included in “Other” under System Affiliates & Other.

19. Other administrative expense

(Thousands of dollars)	For the three months ended Sep 30 2022	For the three months ended Sep 30 2021	For the nine months ended Sep 30 2022	For the nine months ended Sep 30 2021
Cost of sales and services	**$ 1,822**	$ 1,959	**$ 5,638**	$ 5,182
Cost of payments processing	**5,392**	5,104	**18,124**	16,718
Management information systems	**4,285**	5,323	**12,726**	12,625
Professional fees	**7,063**	6,532	**24,511**	18,086
Business development projects	**79**	35	**227**	103
Other	**957**	451	**1,120**	1,314
	$ 19,598	$ 19,404	**$ 62,346**	$ 54,028

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 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 is implementing the Payments Modernization Processing initiative to enable clients to be compliant with new Payments Canada and Bank of Canada requirements. External vendors are engaged 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 September 30, 2022:

(Thousands of dollars)	Treasury	Payments & DBPX	System Affiliates & Other	Total
Net financial income (expense)	$ 5,051	$ (143)	$ 2,879	$ 7,787
Non-financial income	7,942	28,565	3,240	39,747
Net financial and non-financial income	12,993	28,422	6,119	47,534
Non-financial expense	9,775	33,507	2,662	45,944
Profit (loss) before income taxes	3,218	(5,085)	3,457	1,590
Income tax expense (recovery)	751	(1,392)	976	335
Profit (loss)	**$ 2,467**	**$ (3,693)**	**$ 2,481**	**$ 1,255**

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

(Thousands of dollars)	Treasury	Payments & DBPX	System Affiliates & Other	Total
Net financial income (expense)	$ 19,512	$ (35)	$ 22	$ 19,499
Non-financial income	8,315	26,596	5,502	40,413
Net financial and non-financial income	27,827	26,561	5,524	59,912
Non-financial expense	8,792	32,113	2,228	43,133
Profit (loss) before income taxes	19,035	(5,552)	3,296	16,779
Income tax expense (recovery)	4,485	(1,384)	807	3,908
Profit (loss)	$ 14,550	$ (4,168)	$ 2,489	$ 12,871

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

The following table summarizes the segment results for the nine months ended September 30, 2022:

(Thousands of dollars)	Treasury	Payments & DBPX	System Affiliates & Other	Total
Net financial income (expense)	$ (69,382)	$ (253)	$ 2,862	$ (66,773)
Non-financial income	24,180	81,254	8,311	113,745
Net financial and non-financial income (expense)	(45,202)	81,001	11,173	46,972
Non-financial expense	29,656	103,406	8,729	141,791
Profit (loss) before income taxes	(74,858)	(22,405)	2,444	(94,819)
Income tax expense (recovery)	(22,068)	(12,718)	316	(34,470)
Profit (loss)	**$ (52,790)**	**$ (9,687)**	**$ 2,128**	**$ (60,349)**
Total assets as at September 30 2022	**$ 12,301,374**	**$ 15,144**	**$ 256,728**	**$ 12,573,246**
Total liabilities as at September 30 2022	**$ 11,848,852**	**$ 1,483**	**$ 31,582**	**$ 11,881,917**

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

(Thousands of dollars)	Treasury	Payments & DBPX	System Affiliates & Other	Total
Net financial income (expense)	$ 67,229	$ (143)	$ 22	$ 67,108
Non-financial income	24,901	80,522	9,643	115,066
Net financial and non-financial income	92,130	80,379	9,665	182,174
Non-financial expense	26,893	90,024	11,331	128,248
Profit (loss) before income taxes	65,237	(9,645)	(1,666)	53,926
Income tax expense (recovery)	15,931	(2,636)	(393)	12,902
Profit (loss)	$ 49,306	$ (7,009)	$ (1,273)	$ 41,024
Total assets as at September 30 2021	$ 13,007,004	$ 5,643	$ 197,661	$ 13,210,308
Total liabilities as at September 30 2021	$ 12,469,618	$ (20,853)	$ (14,904)	$ 12,433,861

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)		Sep 30 2022		Dec 31 2021
Commitments to extend credit	**$**	**4,935,721**	$	5,083,369
Guarantees				
Financial guarantees	**$**	**812,600**	$	802,600
Performance guarantees	**$**	**100,000**	$	100,000
Standby letters of credit	**$**	**239,801**	$	239,357
Future prepayment swap reinvestment commitment	**$**	**724,540**	$	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 September 30, 2022 are $124.1 million, $451.4 million and $122.2 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 September 30, 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 September 30, 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)		Sep 30 2022		Dec 31 2021
Assets pledged to Bank of Canada & Direct Clearing Organizations[(1)(2)]	**$**	**51,536**	$	58,439
Assets pledged in relation to:				
Derivative financial instrument transactions		**11,527**		18,249
Securities lending		**102,577**		81,402
Obligations under the Canada Mortgage Bond Program		**42,546**		54,978
Reinvestment assets under the Canada Mortgage Bond Program		**1,143,737**		908,635
Securities under repurchase agreements		**1,230,558**		1,553,290
	$	**2,582,481**	$	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 include $32.1 million of equity investment securities that are measured at cost which is an appropriate estimate of fair value at September 30, 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.

The fair value of the equity investment in Concentra Bank was previously classified as level 3 financial assets but it was reclassified to level 2 during the third quarter of 2022 as a result of the Equitable Bank's acquisition of Concentra Bank, eliminating the need to rely on significant unobservable inputs. As of December 31, 2021, this investment was re-measured to $20.4 million, in light of the February 2022 announcement of Equitable Bank's proposed acquisition of Concentra Bank. On September 29, 2022, Equitable Bank's acquisition of Concentra Bank received formal approval from Canada's Minister of Finance, which marked the final step required for the official transition of Concentra to Equitable Bank. As a result, the fair value of the investment was increased further to $23.3 million. On November 1, 2022, the transaction was successfully closed as disclosed in Note 25.

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

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

Level 1: Inputs that are quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

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

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

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

Sep 30 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	$ -	$ -	$ -	$ -	$ 1,100.4	**$ 1,100.4**
Securities	-	8,644.4	40.0	8,684.4	-	**8,684.4**
Loans	-	-	10.5	10.5	1,874.7	**1,885.2**
Derivative assets	0.2	389.4	-	389.6	-	**389.6**
Total financial assets	0.2	9,033.8	50.5	9,084.5	2,975.1	**12,059.6**
Financial liabilities						
Deposits	-	3,025.1	-	3,025.1	3,035.5	**6,060.6**
Debt securities issued	-	220.8	-	220.8	2,221.0	**2,441.8**
Obligations under the CMB Program	-	1,184.0	-	1,184.0	-	**1,184.0**
Subordinated liabilities	-	179.6	-	179.6	21.1	**200.7**
Obligations related to securities sold short	-	59.5	-	59.5	-	**59.5**
Securities under repurchase agreements	-	-	-	-	1,230.6	**1,230.6**
Derivative liabilities	0.2	135.7	-	135.9	-	**135.9**
Total financial liabilities	$ 0.2	$ 4,804.7	$ -	$ 4,804.9	$ 6,508.2	**$ 11,313.1**

[1] Amounts carried at amortized cost include financial instruments classified as amortized cost or other financial liabilities.

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

Dec 31 2021 (Millions of dollars)		Level 1		Level 2		Level 3		Amounts at Fair Value		Amounts at Amortized Cost(1)		Total Carrying Value
Financial assets	$	-	$	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 table 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		Transfer out and into level 2		Changes in fair value of assets in profit or loss		Fair value at Sep 30 2022
Equity shares	$	60.4	$	-	$	-	$	(23.3)	$	2.9	**$**	**40.0**
Loans		14.3		-		(3.2)		-		(0.6)		**10.5**
Total financial assets	$	74.7	$	-	$	(3.2)	$	(23.3)	$	2.3	**$**	**50.5**

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, except for those which are 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.

Provincial regulations in British Columbia, which apply to B.C. credit unions as well as to Central 1, use a risk-weighted approach for 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 as at September 30, 2022 and September 30, 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 were no outstanding balances with key management personnel as on September 30, 2022 and December 31, 2021.

The following table presents the compensation to key management personnel:

	For the three months ended		For the nine months ended	
(Thousands of dollars)	Sep 30 2022	Sep 30 2021	Sep 30 2022	Sep 30 2021
Salaries and short-term employee benefits	**$ 1,367**	$ 908	**$ 4,091**	$ 2,863
Incentive	**(56)**	-	**1,654**	1,581
Post-employment benefits	**43**	45	**143**	148
Termination and other long-term employee benefits	**-**	966	**347**	2,434
	$ 1,354	$ 1,919	**$ 6,235**	$ 7,026

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

Transactions with Board of Directors

	For the three months ended		For the nine months ended	
(Thousands of dollars)	Sep 30 2022	Sep 30 2021	Sep 30 2022	Sep 30 2021
Total remuneration	**$ 168**	$ 132	**$ 485**	$ 521

Significant subsidiaries

CUPP Services Ltd. (CUPP) completed the distribution of its net assets to the shareholders during the second quarter of 2022. This distribution has resulted in the balances of non-controlling interest and reserves being nil. CUPP was dissolved on July 5, 2022 when the share capital was cancelled.

(% of direct ownership outstanding)	Sep 30 2022	Dec 31 2021
Central 1 Trust Company	**100%**	100%
CUPP Services Ltd.	**0%**	100%
C1 Ventures (VCC) Ltd.	**100%**	100%
0789376 B.C. Ltd.	**100%**	100%

Investment in affiliates

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

(% of direct ownership outstanding)	Sep 30 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%

On September 24, 2021, Central 1 purchased a $2.9 million non-interest bearing promissory note issued by 189286 Canada Inc. with a maturity of December 31, 2022. The principal amount of the promissory note is included under other assets on the Interim Consolidated Statement of Financial Position as at September 30, 2022 and December 31, 2021.

Substantial investments

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

(% of direct ownership outstanding)	Sep 30 2022	Dec 31 2021
The Co-operators Group Limited	**21%**	21%
Canadian Credit Union Association	**59%**	59%

25. Subsequent event

On November 1, 2022, Equitable Bank’s acquisition of Concentra Bank was successfully completed. Central 1 received cash proceeds of $23.3 million on November 7, 2022 as consideration for its 4.7 per cent ownership in Concentra Bank’s common shares which were cancelled upon the closing of the transaction.