



NEWS RELEASE

B.C. and Ontario Centrals combine as Central 1 Credit Union

July 2, 2008

Vancouver and Mississauga – Credit Union Central of British Columbia and Credit Union Central of Ontario combined as Central 1 Credit Union on July 1.

With more than \$7.5 billion in assets, Central 1 will provide liquidity management, payments, Internet and trade association services to 196 member credit unions in B.C. and Ontario, having a combined membership of 2.8 million, while also serving corporate customers with financial and transaction services.

Central 1 has 475 employees -- 350 in Vancouver and 125 in Mississauga, Ont.

The proposal to combine the two organizations was announced on Oct. 6, 2006, based on a long-term vision that other provincial centrals would join later to create a single entity serving credit unions from coast to coast. Across Canada, the system is currently served by six provincial centrals and a national trade association, in addition to Central 1.

"Our merger is now a reality and we're ready to move forward," said Daniel A. Burns of British Columbia, elected today as Central 1's chairperson. "We continue to see this as the first step toward a national financial services organization for credit unions."

"Member credit unions are looking forward to the benefits that will come from a combined and growing central organization," said Jack Smit of Ontario, Central 1's vice-chairperson. "We are proud to be pioneers in creating a national organization with greater scope and scale, combined with streamlined decision-making for the credit union system."

Don Rolfe, who was president and chief executive officer of B.C. Central, continues to hold that position with Central 1.

"I expect integration of the two organizations will be substantially complete by year-end, and we can start to demonstrate the benefits of Central 1 to other provincial credit union systems and to Canadians," Rolfe said.

He noted that the B.C. and Ontario centrals had recently concluded an agreement to provide payments clearing services to the credit unions of Atlantic Canada, with Ontario Central handling cheques and other paper items, while B.C. Central processes automated funds transfers, such as direct deposits and pre-authorized payments.

"That's just one example of the efficiencies that Central 1 can provide for credit unions by unifying central services and operations," Rolfe said. "I'm excited by the potential of this organization and its role in building the Canadian credit union system."

Under the transaction, B.C. Central acquired the assets and assumed the liabilities of Ontario Central at fair market value. Shareholdings in Central 1 reflect the proportion of member credit union assets in each province, with B.C. credit unions holding 69 per cent of voting shares and Ontario credit unions holding 31 per cent.

Central 1 has a 16-member board of directors, with 11 drawn from B.C. credit unions and five drawn from Ontario credit unions.

The centrals had originally expected to close the merger by October 1 last year, but the transaction was twice-delayed owing to difficulties in valuing the relative holdings of non-bank asset-backed commercial paper (ABCP) held by each organization, in light of financial market uncertainty. The centrals have now completed the combination transaction, which sees Central 1 moving forward with an immaterial amount of ABCP on its books.

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