

Making a difference— one at a time



OUR VISION

Servus Credit Union builds a better world—one member at a time.

OUR MISSION


Servus Credit Union provides sound, advice-based financial products and services. We are here for our members through all stages of their lives. We help them achieve personal satisfaction, enjoy financial stability and a good quality of life, and we are committed to making a difference in the communities where they live and work.

OUR VALUES

- Community
- Fairness
- Integrity
- Investing in our People
- Life/Work Balance
- Member Service
- Teamwork



Servus believes in making a difference. Scan this code with your mobile device or visit servus.ca/2012 to learn how Servus and our members, communities and employees made a difference this year.

A close-up photograph of a pair of hands cupping a small green seedling with three leaves and a mound of dark soil. The background is softly blurred, showing more hands and foliage.

Servus cares about more than just your bank account. We're interested in your life and community, and how we can best help you make your dreams come true—one member at a time.

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Message from the Board Chair

Doug Hastings



Looking back on 2012, I am incredibly proud of what Servus has accomplished, and I am inspired by what the future holds for the credit union and its members.

As we celebrated the International Year of Cooperatives, I was reminded of the impact co-operatives have on the lives of people in communities and countries around the world. In Alberta, co-operative banking as delivered by Servus Credit Union is serving members, employees and communities exceptionally well.

Led by President and Chief Executive Officer Garth Warner and his Executive Leadership Team, Servus achieved strong financial results while continuing to move forward, one step at a time, toward becoming a stable, sustainable and unified province-wide credit union.

As an indication of the credit union's success in 2012, the Board of Directors was pleased to approve a record payout of \$46.1 million to our members through the Profit Share Program. This is nearly \$1.8 million more than the payout in 2011 and reflects Servus' commitment to its vision of building a better world, one member at a time

This record-breaking Profit Share payment would not have been possible without the efforts of Servus' dedicated employees and the support of its members, who play a critical role as owners of the credit union.

Servus' Board of Directors, as representatives of all member-owners, focused in 2012 on:

- Finding ways to improve the electoral process
- Ensuring that we are effectively representing the credit union's membership


- Ensuring the Board of Directors has the skills, experience and expertise needed to guide a \$12 billion financial institution

We'll continue in 2013 to ask for feedback from members on the improvements we've made and look for opportunities to increase member engagement in our board elections and general meetings.

In 2012, the Board approved a long-term corporate social responsibility policy and strategy that will guide the credit union's efforts to provide services in a socially responsible and ethical way, and be accountable and transparent in its decision-making. The CSR strategy is further evidence that the credit union is making and will continue to make an important difference for its member-owners, communities and the world.

I was humbled and honoured to accept the role of Chair of the Board of Directors in September, and I want to take this opportunity on behalf of all Directors and, indeed, all Servus member-owners to thank Peter Elzinga for his dedicated service as Chair of the Board. Peter's leadership, wisdom and unfailing commitment to the credit union way of banking have helped shape Servus into the strong organization that it is today.

On behalf of the Board of Directors, thank you for your continued support for Servus Credit Union. I look forward to continuing to grow and develop our credit union with you in the years ahead.



"Looking back on 2012, I am incredibly proud of what Servus has accomplished, and I am inspired by what the future holds for the credit union and its members."

Message from the President and Chief Executive Officer

Garth Warner



It seems that, in 2012, when something happened anywhere in the world, it happened online first and usually through social media. That started me thinking about how I would describe 2012 at Servus Credit Union for our followers and fans.

To the Twitterverse, I would say:

2012, what a year for @servuscu! So proud of all we did to make a difference – one member, one community, one employee, one step at a time.

On Facebook, I would post:

2012 was a year of amazing milestones that really brought our credit union values and co-op principles to life for Servus' members, communities and employees.

Whether it's in 140 characters on Twitter, a post on Facebook or on our new annual report website, I will proudly say that in 2012 Servus made a difference for our members, employees, communities and credit union.

We achieved strong results while managing significant organizational change and delivering exceptional service to our member-owners. We met all our balanced scorecard targets, strengthened our capital position and improved our overall financial stability. Here are some highlights:

- Surpassed \$12 billion in assets, achieving 28% growth since amalgamation
- Achieved operating income of \$107.9 million
- Grew our loans by 7.2%
- Increased deposits by 8.3%
- Improved our operating efficiency ratio to 70.8%
- Increased retained earnings, our primary source of capital, by \$47.7 million


- Maintained risk weighted capital levels at 13.32% of risk weighted assets, close to the new, more stringent capital requirements that will be required in the future
- Opened four new branches (Calgary [2], Edmonton, Red Deer)

These results demonstrated the stability and long-term sustainability of our credit union. They also enabled Servus to share a record \$46.1 million with our members through our Profit Share Program in 2012.

To have given back a record Profit Share to our members is something to be proud of. To have done so in a year of significant organizational change is even more noteworthy. Servus employees dedicated themselves to projects and programs that are fundamentally reshaping how we work with and for our member-owners. Thanks to their hard work, we completed our first banking system integration in October, bringing nearly 70% of our locations onto one core banking platform. I'm proud to say that we've moved closer to our goal of being a fully integrated, province-wide credit union that all members can call their own.

Even as these changes were occurring, member-owners continued to receive exceptional service from Servus Credit Union. We achieved a member satisfaction score of 85%, up from 79% last year. This is a remarkable accomplishment for which our employees deserve full credit.

Servus took an important step forward in our commitment to social responsibility in 2012 by approving a long-term corporate social responsibility policy and strategy. At the local level, Servus employees across the province continued to demonstrate their



"2012 was a year of amazing milestones that really brought our credit union values and co-op principles to life for Servus' members, communities and employees."

community spirit in many ways, from supporting corporate fundraising initiatives like the United Way/ Sign of Hope campaign to helping neighbouring families dealing with hardship.

Our commitment to making a difference drives Servus to be a leader and a steward in a strong co-operative system in Alberta, across Canada and around the world. We welcomed members of the Medicine Hat Civic Employees Credit Union into the Servus family. We marked the International Year of Cooperatives by hosting a launch event in Lloydminster and joined with other co-operatives across Canada to support

IYC activities throughout the year. We continued our strong partnership with international co-operatives through our membership in the World Council of Credit Unions and participation in the Canadian Co-operative Association Women's Mentorship program.

Individually, each of our accomplishments this year is worth celebrating. Together, they show how the dedication of our employees, the acumen of our Executive Leadership Team and the stewardship of our Board of Directors enable us to truly make a difference as we strive toward our Vision of building a better world—one member at a time.

Servus in 2012

Milestones

MAKING A DIFFERENCE—ONE AT A TIME

We've looked back over 2012 and pulled together milestones that represent how we worked with our members, communities and employees. Some also demonstrate how we're building a stronger credit union for our members, one step at a time. For every story we've included in this year's report, there are many, many more stories to be told—we wish we could have shared them all.

We've included a sample here to whet your appetite. You can find the rest online at servus.ca.



ONE STEP AT A TIME

[First step of successful banking system integration lays foundation for future](#)

When three credit unions joined together to form Servus Credit Union in 2008, it was only the first step. Moving the entire province to the same banking system became a priority—and a major undertaking. In October 2012 the first phase of this system integration was complete and now nearly 70% of Servus locations are using the same banking system. It has been the most successful conversion that Servus has ever undertaken and provides numerous benefits to members.



ONE MEMBER AT A TIME

[Benefit concert helps local family who lost home in fire](#)

Our teams at the Delburne and Elnora branches organized a benefit concert in support of the Boulton family, Servus members who lost their home and belongings in a fire. The benefit included performances by singers Jason Blaine and Randi Boulton—who both donated their time—as well as a silent auction and 50/50 draw. Even the 50/50 winner donated her winnings to the family. Over 400 people attended the concert and more than \$22,000 was raised.

Servus believes in making a difference, whether it's helping one member improve their financial future or helping a community realize a dream. We also believe in making a difference for our employees by providing them with a positive work environment.

ONE COMMUNITY AT A TIME

Supporting business education at Red Deer College

Red Deer College business students will benefit from a cumulative \$220,000 donation. Servus previously donated \$50,000 to create the Servus Credit Union Leadership Scholarship, and is giving another \$170,000 to support the Donald School of Business.

Photo by Photek

ONE EMPLOYEE AT A TIME

President's Advisory Council engages employees

Twenty engaged Servus employees served on the President's Advisory Council. Council members worked with our CEO in an advisory role, providing direct and unfiltered feedback and suggestions from their peers and co-workers. They shared ideas and recommendations to help Servus grow at a grassroots level and make us an employer of choice.

Servus in 2012

Performance

OUR PERFORMANCE AT A GLANCE

We took on several large initiatives to move our credit union forward while maintaining positive ratings for both customer service and employee engagement. Here's how we did this year:

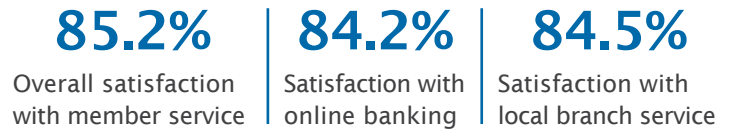
Performance Highlights

- 4 new branches (Calgary [2], Edmonton and Red Deer)
- \$1.8 million in community investment activities
- 8.3% increase in deposits to \$11.0 billion
- 7.2% increase in member loans to \$10.7 billion
- 4.1% increase in Brand Awareness* to 77%
- 1.6% increase in Brand Health* to 64%

*Brand Awareness is the proportion of consumers who know of our brand, including aided, unaided or top-of-mind awareness of Servus as a financial institution. Brand Health is an overall measure of a brand's competitiveness in the market and is known to correlate with market share.

Source: Ipsos ASI Brand Health Equity Tracking 2012

Member Satisfaction: Rating Excellent/Very Good

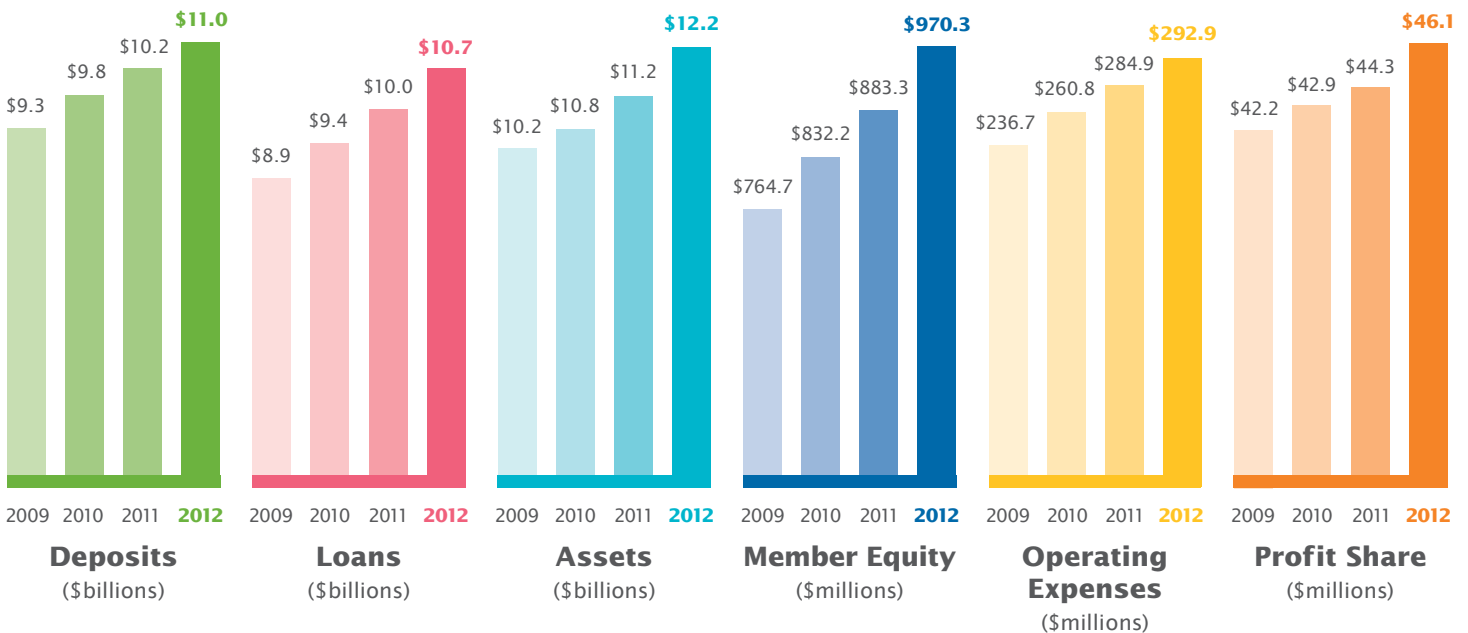


Source: Ipsos Reid Customer Service Index 2012

\$46.1 Million

This year our Profit Share program gave a record \$46.1M back to members.

Financial Performance





Board of Directors

(L to R) Simon Neigum, Penny Reeves (*Vice Chair*), Jonathon Holt, Doug Hastings (*seated – Chair*), Darcy Mykytyshyn, Helen Cheung, William J. (Bill) Anhorn, Alison Starke, Peter Elzinga, Sam Cooper, Perry Dooley, Amy Corrigan



Executive Leadership Team

(L to R) Yves Auger, Gail Stepanik-Keber, Darrell White, Darcy Peelar, Garth Warner, Ian Glassford, Dan Bruinooge, Taras Nohas

GARTH WARNER
President and
Chief Executive Officer

DAN BRUINOOGUE
Chief People and
Corporate Services Officer

IAN GLASSFORD
Chief Financial Officer

DARCY PEELAR
Chief Risk Officer

YVES AUGER
Chief Information Officer

DARRELL WHITE
Chief Operating Officer

TARAS NOHAS
Vice President Strategy
and Governance

GAIL STEPANIK-KEBER
Chief Marketing Officer

