

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Financial Statements
For the six months ended
April 30, 2013
(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements ("financial statements") of Servus Credit Union Ltd (the "Credit Union") have been prepared by and are the responsibility of the Credit Union's management.

The Credit Union's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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Interim Condensed Consolidated Financial Statements

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SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Financial Position
(Canadian \$ thousands)
(unaudited)

	Notes	April 30 2013	October 31 2012
Assets			
Cash and cash equivalents	4	\$ 85,319	\$ 176,832
Investments		750,659	913,323
Members' loans	5	11,089,267	10,677,621
Assets held for sale		10,443	14,586
Other assets		14,885	11,951
Property and equipment		180,173	181,898
Investment property		7,542	10,405
Derivative financial assets	8	21,937	22,307
Investments in associates		153,213	150,697
Intangible assets		33,847	25,577
Deferred income tax assets		60	60
Total assets		12,347,345	12,185,257
Liabilities			
Members' deposits		11,150,223	11,047,029
Trade payables and other liabilities		126,462	132,140
Secured borrowing	10	23,576	-
Income taxes payable		3,388	1,922
Provisions	9	459	2,250
Derivative financial liabilities	8	6,535	7,732
Investment shares		517	471
Defined benefit plans		7,615	7,570
Deferred income tax liabilities		9,524	9,524
Total liabilities		11,328,299	11,208,638
Equity			
Share capital		504,464	502,199
Retained earnings		513,299	473,163
Accumulated other comprehensive income		225	225
Total equity attributable to members of the Credit Union		1,017,988	975,587
Non-controlling interest		1,058	1,032
Total equity		1,019,046	976,619
Total liabilities and equity		\$ 12,347,345	\$ 12,185,257

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Income and Comprehensive Income
(Canadian \$ thousands)
(unaudited)

Note	Three months ended April 30 2013	Three months ended April 30 2012	Six months ended April 30 2013	Six months ended April 30 2012
Interest Income				
Members' loans	\$ 111,858	\$ 109,255	\$ 227,299	\$ 221,810
Investments	2,024	1,002	4,561	3,491
Total interest income	113,882	110,257	231,860	225,301
Interest Expense				
Members' deposits	33,810	33,164	66,386	67,901
Other interest expense	405	132	1,243	398
Total interest expense	34,215	33,296	67,629	68,299
Net interest income	79,667	76,961	164,231	157,002
Other income	19,107	19,432	38,196	37,078
Share of profits from associates	6,661	3,340	10,084	5,456
Net interest income and other income	105,435	99,733	212,511	199,536
Provision for credit losses	6	(1,292)	4,293	2,884
Net interest income after provision for credit losses	106,727	95,440	209,627	194,012
Operating Expenses				
Personnel	43,208	42,291	85,421	81,208
General	15,794	10,764	30,231	26,134
Occupancy	4,942	4,659	10,307	9,337
Member security	4,463	4,452	8,906	8,860
Depreciation	3,647	3,862	7,380	7,563
Organization	1,015	704	2,205	1,819
Impairment of intangible assets	-	-	-	381
Amortization	333	452	785	679
Total operating expenses	73,402	67,184	145,235	135,981
Income before patronage allocation to members and income taxes	33,325	28,256	64,392	58,031
Patronage allocation to members	6,551	6,872	13,287	13,677
Income before income taxes	26,774	21,384	51,105	44,354
Income taxes	5,867	6,070	10,969	9,748
Net income and comprehensive income	\$ 20,907	\$ 15,314	\$ 40,136	\$ 34,606
Net income and comprehensive income attributable to:				
Members of the Credit Union	\$ 20,896	\$ 15,314	\$ 40,110	\$ 34,606
Non-controlling interest	11	-	26	-

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Changes in Members' Equity
(Canadian \$ thousands)
(unaudited)

	Six months ended April 30 2013	Six months ended April 30 2012
Share Capital		
Common Shares		
Balance, beginning of period	\$ 393,027	\$ 358,078
Issued and redeemed for cash, net	4,710	11,927
Balance, end of period	397,737	370,005
Investment Shares		
Balance, beginning of period	109,172	106,347
Issued and redeemed for cash, net	(2,445)	(1,546)
Balance, end of period	106,727	104,801
Share Capital, end of period	\$ 504,464	\$ 474,806
Retained Earnings		
Balance, beginning of period	\$ 473,163	\$ 425,512
Net income	40,136	34,606
Dividend	-	-
Retained Earnings, end of period	\$ 513,299	\$ 460,118
Accumulated Other Comprehensive Income (AOCI)		
Balance, beginning of period	\$ 225	\$ 636
Gains (Losses) on Defined Benefit Pension Plans	-	-
AOCI, end of period	\$ 225	\$ 636
Total Equity Attributable To Members of the Credit Union	\$ 1,017,988	\$ 935,560
Non-Controlling Interest		
Balance, beginning of period	1,032	1,034
Net income	26	-
Non-Controlling Interest, end of period	1,058	1,034
Total Equity	\$ 1,019,046	\$ 936,594

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SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Cash Flow
(Canadian \$ thousands)
(unaudited)

	Six months ended April 30 2013	Six months ended April 30 2012
Cash Flows From (Used in) Operating Activities		
Net income	\$ 40,136	\$ 34,606
Adjustments for non-cash items and others		
Net interest income	(164,231)	(157,002)
Provision for credit losses	2,884	5,524
Net income attributable to non-controlling interest	26	-
Net income from investments in associates	(10,084)	(5,456)
Depreciation and amortization	8,165	8,242
Impairment of intangible assets	-	381
Loss on assets held for sale	13	805
Loss (gain) on sale of property and equipment	756	(551)
Income taxes	10,969	9,748
Adjustments for net changes in operating assets and liabilities		
Change in members' loans	(415,685)	(162,529)
Change in members' deposits	110,353	311,128
Change in assets held for sale	3,746	2,350
Change in derivatives	(827)	443
Net change in other assets and trade payables, provisions and other liabilities	(10,096)	(8,452)
Income taxes received and paid	(9,503)	4,267
Interest received	234,217	223,973
Interest paid	(74,788)	(76,713)
Net cash (used in) from operating activities	(273,949)	190,764
Cash Flows From (Used in) Investing Activities		
Additions to intangible assets	(9,055)	(9,553)
Additions to property and equipment and investment property	(5,670)	(5,437)
Proceeds on disposal of property and equipment, investment property	2,021	-
Proceeds on disposal of asset held for sale	384	2,007
Purchase of Alberta Central shares	(9,500)	(4,500)
Dividend received	17,068	2,115
Investments	161,462	(151,499)
Net cash from (used in) investing activities	156,710	(166,867)
Cash Flows From (Used in) Financing Activities		
Advances of secured borrowing	24,177	-
Repayment of secured borrowing	(601)	-
Repayment of obligation under finance leases	(115)	(134)
Shares, issued and redeemed, net	2,265	10,383
Net cash from financing activities	25,726	10,249
(Decrease) increase in Cash	(91,513)	34,146
Cash and cash equivalents, beginning of period	176,832	118,667
Cash and cash equivalents, end of period	\$ 85,319	\$ 152,813

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

SERVUS CREDIT UNION LTD.
Notes to Consolidated Financial Statements
(C\$ thousands)

1. REPORTING ENTITY

Servus Credit Union Ltd. ("Servus" or the "Credit Union") is incorporated in Canada under the Credit Union Act of the Province of Alberta. The address of the Credit Union's registered office is 151 Karl Clark Road, Edmonton, Alberta. The Credit Union operates in the loans and deposit taking industry regulated under the Credit Union Act. The Credit Union serves Members across Alberta.

The Credit Union Deposit Guarantee Corporation (the "Corporation"), a provincial corporation, guarantees the repayment of all deposits with Alberta credit unions, including accrued interest. The Credit Union Act (The "Act") provides that the Province will ensure that the Corporation carries out this obligation.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Credit Union's 2012 audited annual consolidated financial statements. The accounting policies, methods of computation and presentation of these interim condensed consolidated financial statements are consistent with the most recent 2012 annual financial statements.

These interim condensed consolidated financial statements were approved by the Audit Committee on June 27, 2013.

Significant Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements requires management to exercise estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. These significant estimates, assumptions and judgements have been disclosed in note 2 to Servus' 2012 annual consolidated financial statements. The estimates, assumptions and judgements used in preparation of these interim condensed consolidated financial statements are consistent with the most recent 2012 annual financial statements.

3. FUTURE ACCOUNTING CHANGES

Future accounting changes have been disclosed in note 4 of Servus' 2012 annual consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

	As at April 30 2013	As at October 31 2012
Cash on hand	\$ 15,892	\$ 17,194
ATM deposits	6,602	1,458
ATM cash on hand	5,796	7,172
ATM recycler cash on hand	2,099	1,579
Foreign exchange cash	52	39
Cash with Alberta Central	53,837	149,846
Cheques and items in transit	1,041	(456)
Total	\$ 85,319	\$ 176,832

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
(Canadian \$ thousands)
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5. MEMBERS' LOANS

	Gross Amount	Specific allowance	Collective allowance	Net Amount	Impaired Loans
As at April 30, 2013					
Residential mortgages	\$ 6,262,843	\$ 427	\$ 310	\$ 6,262,106	\$ 660
Commercial mortgages and loans	3,427,664	23,367	1,532	3,402,765	38,874
Consumer loans	1,085,039	3,221	2,524	1,079,294	5,358
Agricultural mortgages and loans	308,940	34	16	308,890	34
	11,084,486	27,049	4,382	11,053,055	44,926
Accrued interest	38,245	1,727	306	36,212	-
Total	\$ 11,122,731	\$ 28,776	\$ 4,688	\$ 11,089,267	\$ 44,926

	Gross Amount	Specific allowance	Collective allowance	Net Amount	Impaired Loans
As at October 31, 2012					
Residential mortgages	\$ 6,121,552	\$ 155	\$ 547	\$ 6,120,850	\$ 825
Commercial mortgages and loans	3,182,053	26,716	1,818	3,153,519	36,742
Consumer loans	1,060,593	3,143	2,973	1,054,477	4,831
Agricultural mortgages and loans	311,421	10	2	311,409	596
	10,675,619	30,024	5,340	10,640,255	42,994
Accrued interest	38,987	1,182	439	37,366	-
Total	\$ 10,714,606	\$ 31,206	\$ 5,779	\$ 10,677,621	\$ 42,994

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
(Canadian \$ thousands)
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6. ALLOWANCE FOR CREDIT LOSSES

Specific Allowance

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2012	\$ 155	\$ 26,716	\$ 3,143	\$ 10	\$ 1,182	\$ 31,206
Recoveries of previous loan write offs	1	17	608	15	-	641
Allowance charged to net income	1,123	(427)	2,058	21	1,200	3,975
	1,279	26,306	5,809	46	2,382	35,822
Loans written off	852	2,939	2,588	12	655	7,046
As at April 30, 2013	\$ 427	\$ 23,367	\$ 3,221	\$ 34	\$ 1,727	\$ 28,776

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2011	\$ 884	\$ 21,055	\$ 4,378	\$ 38	\$ 3,471	\$ 29,826
Recoveries of previous loan write offs	-	48	1,280	-	-	1,328
Allowance charged to net income	(79)	8,732	2,606	(13)	(2,289)	8,957
	805	29,835	8,264	25	1,182	40,111
Loans written off	650	3,119	5,121	15	-	8,905
As at October 31, 2012	\$ 155	\$ 26,716	\$ 3,143	\$ 10	\$ 1,182	\$ 31,206

Collective Allowance

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2012	\$ 547	\$ 1,818	\$ 2,973	\$ 2	\$ 439	\$ 5,779
Allowance charged to net income	(237)	(286)	(449)	14	(133)	(1,091)
As at April 30, 2013	\$ 310	\$ 1,532	\$ 2,524	\$ 16	\$ 306	\$ 4,688

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2011	\$ 535	\$ 2,165	\$ 3,507	\$ 114	\$ -	\$ 6,321
Allowance charged to net income	12	(347)	(534)	(112)	439	(542)
As at October 31, 2012	\$ 547	\$ 1,818	\$ 2,973	\$ 2	\$ 439	\$ 5,779

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7. CREDIT QUALITY OF MEMBERS' LOANS

The following analysis includes individual loans that are impaired, or potentially impaired, based on age of repayments outstanding, in determining the specific allowance. Risk categories are defined by the Corporation and allow management to monitor credit risk.

<i>As at April 30, 2013</i>	Residential	Commercial	Consumer	Agricultural	Total
Risk Categories					
1 to 5 - Satisfactory risk	\$ -	\$ 3,345,622	\$ -	\$ 306,114	\$ 3,651,736
6 - Watch list	-	15,536	-	1,599	17,135
8 - Impaired risk - performing	-	42	-	-	42
7 and 9 - Delinquent but secured	-	27,590	-	1,193	28,783
Commercial & agricultural mortgages and loans not impaired	-	3,388,790	-	308,906	3,697,696
Residential mortgages and personal loans not impaired	6,262,183	-	1,079,681	-	7,341,864
Loans not impaired	6,262,183	3,388,790	1,079,681	308,906	11,039,560
Loans specifically impaired	660	38,874	5,358	34	44,926
Sub Total	6,262,843	3,427,664	1,085,039	308,940	11,084,486
Accrued interest	11,035	13,575	10,556	3,079	38,245
Total	\$ 6,273,878	\$ 3,441,239	\$ 1,095,595	\$ 312,019	\$ 11,122,731

<i>As at October 31, 2012</i>	Residential	Commercial	Consumer	Agricultural	Total
Risk Categories					
1 to 5 - Satisfactory risk	\$ -	\$ 3,101,615	\$ -	\$ 309,860	\$ 3,411,475
6 - Watch list	-	17,288	-	470	17,758
8 - Impaired Risk - Performing	-	1,191	-	-	1,191
7 and 9 - Unacceptable/impaired risk - non-performing	-	25,217	-	495	25,712
Commercial & agricultural mortgages and loans not impaired	-	3,145,311	-	310,825	3,456,136
Residential mortgages and personal loans not impaired	6,120,727	-	1,055,762	-	7,176,489
Loans not impaired	6,120,727	3,145,311	1,055,762	310,825	10,632,625
Loans specifically impaired	825	36,742	4,831	596	42,994
Sub Total	6,121,552	3,182,053	1,060,593	311,421	10,675,619
Accrued interest	11,759	13,719	9,554	3,955	38,987
Total	\$ 6,133,311	\$ 3,195,772	\$ 1,070,147	\$ 315,376	\$ 10,714,606

- 1) **Risk Rating 6:** This category includes accounts where there is not a risk for principal or interest at present but performance trend is negative and unless reversed could lead to losses for Servus Credit Union. This is a transitional rating as the expectation is to be able to upgrade the account within the next 12 month period. Servus Credit Union would not be averse to losing the relationship and justification for account retention must be provided. If retention cannot be rationalized, then an action plan is to be developed to exit the relationship.
- 2) **Risk Rating 8:** The deterioration in value of the security could make a loss in principal likely. However, the loan is still performing with payments being applied against principal and interest within the contractual terms.
- 3) **Risk Rating 7:** These members exhibit the characteristics in the Risk "6" category but one or more of the following apply:
 - a. Interest is 60 or more days in arrears. (30 days for term loans subject to annual payments)
 - b. Collection of interest is in doubt but there is no exposure for principal.**Risk Rating 9:** Same criteria that is established for Risk "7" but there is deterioration in value of the security that could make a loss in principal likely.

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Notes to Interim Condensed Consolidated Financial Statements
(Canadian \$ thousands)
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7. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)

Loans past due as at April 30, 2013

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 82,441	\$ 41,949	\$ 11,040	\$ 2,612	\$ 138,042
Past due 30 - 59 days	23,142	18,394	3,686	1,307	46,529
Past due 60 - 89 days	15,822	8,564	1,410	1,177	26,973
Past due over 90 days	10,490	61,781	4,111	2,059	78,441
Total	\$ 131,895	\$ 130,688	\$ 20,247	\$ 7,155	\$ 289,985

Loans past due, as at October 31, 2012

Past due up to 29 days	\$ 87,738	\$ 14,103	\$ 15,798	\$ 5,807	\$ 123,446
Past due 30 - 59 days	31,268	29,102	4,411	2,321	67,102
Past due 60 - 89 days	11,039	5,319	1,681	384	18,423
Past due over 90 days	14,152	64,107	4,864	1,349	84,472
Total	\$ 144,197	\$ 112,631	\$ 26,754	\$ 9,861	\$ 293,443

Loans Past Due but Not Impaired

Members' loans are considered past due when payments have not been received by the contractual due date. The following table presents the carrying value of Members' loans that are past due but not classified as impaired because they are either (i) less than 90 days past due and there is no information that an impairment event has occurred or (ii) fully secured and collection efforts are reasonably expected to result in full repayment.

Members' loans that are past due but not impaired are as follows:

Loans past due but not impaired as at April 30, 2013

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 83,297	\$ 41,604	\$ 10,058	\$ 2,613	\$ 137,572
Past due 30 - 59 days	23,142	18,394	3,682	1,307	46,525
Past due 60 - 89 days	15,822	8,498	1,111	1,175	26,606
Past due over 90 days	8,974	23,318	38	2,026	34,356
Total	\$ 131,235	\$ 91,814	\$ 14,889	\$ 7,121	\$ 245,059

Loans past due but not impaired as at October 31, 2012

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 87,738	\$ 4,185	\$ 15,798	\$ 5,807	\$ 113,528
Past due 30 - 59 days	31,268	28,915	4,411	2,321	66,915
Past due 60 - 89 days	11,039	5,319	1,623	384	18,365
Past due over 90 days	13,326	37,471	91	753	51,641
Total	\$ 143,371	\$ 75,890	\$ 21,923	\$ 9,265	\$ 250,449

The Credit Union has documented policies and procedures in place for the valuation of financial and non-financial collateral. For impaired loans, an assessment of the collateral is taken into consideration when estimating the net realizable amount of the loans.

The amount and types of collateral required depend on the Credit Union's assessment of the Members' credit quality and repayment capacity. Non-financial collateral taken by the Credit Union includes vehicles, residential real estate, real estate under development, business assets such as trade receivables, inventory and property and equipment. The main types of financial collateral taken by the Credit Union include cash, negotiable securities and investments. Guarantees are also taken to reduce credit risk exposure risk.

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7. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)

	As at April 30 2013	As at October 31 2012
Loans by security:		
Secured by mortgage	\$ 8,135,751	\$ 7,677,744
Secured by other	2,321,814	2,112,913
Unsecured	665,166	923,949
Total	\$11,122,731	\$ 10,714,606

8. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	As at April 30 2013	As at October 31 2012
Derivative Financial Assets		
Equity-linked options	\$ 6,561	\$ 7,359
Embedded purchase option	15,376	14,948
Total	\$ 21,937	\$ 22,307
Derivative Financial Liabilities		
Embedded derivatives	\$ 6,534	\$ 7,732
Interest rate swaps and cap options	1	-
Total	\$ 6,535	\$ 7,732

Interest Rate Swaps and Interest Rate Cap Options

Interest rate swaps and interest rate cap options are used for asset/liability management purposes against changes in interest rates. They involve the exchange of interest cash flows between two parties on a specified notional principal.

Equity-Linked Options

Equity-linked options are used to fix costs on term deposit products which pay a return to the deposit holder based on the change in equity market indexes. The embedded derivative in the term deposit product as well as the option derivatives is marked to market through Interest income investments. The fair value of the equity linked derivative contract is separately presented as part of derivative instrument assets.

Embedded purchase option

The Credit Union entered into an arrangement with a third party in which it acts as an agent to offer credit cards to its members. The agreement lasts for three years and renews automatically unless either party provides notice to terminate. The agreement contains an option for the Credit Union to acquire the underlying consumer loans associated with the credit cards. The exercise price is linked to the book value of the loans and notice of intent to exercise the option must be provided one year prior to the termination of the agreement. The current agreement is due to renew in September 2015.

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Notes to Interim Condensed Consolidated Financial Statements
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9. PROVISIONS

	Legal and contractual claims	Onerous Contracts	Total
Balance, October 31, 2012	\$ 2,250	\$ -	\$ 2,250
Incurred	62	-	62
Settled	(1,851)	-	(1,851)
Reversed	(2)	-	(2)
Balance, April 30, 2013	\$ 459	\$ -	\$ 459

	Legal and contractual claims	Onerous Contracts	Total
Balance, October 31, 2011	\$ 2,200	\$ 3,333	\$ 5,533
Incurred	300	-	300
Settled	-	-	-
Reversed	(250)	(3,333)	(3,583)
Balance, October 31, 2012	\$ 2,250	\$ -	\$ 2,250

The Credit Union is subject to legal and contractual claims. The amount provided for as legal and contractual claims represents management's best estimate of the Credit Union's liability related to legal and contractual disputes for which it is probable that an amount will be paid. No amount is provided for disputes for which it is not probable that an amount will be paid. Uncertainty exists around whether a dispute will be settled by negotiation or if the Credit Union will be successful in defending the claim in court.

At October 31, 2011, the Credit Union had contracts which required payments through 2015. The Credit Union determined that the obligations under the contract exceeded the benefit expected to be received and recognized the present value of future payments as an onerous contract. During 2012, the Credit Union entered into negotiations to amend the terms of the contracts. As a result of these negotiations, an agreement has been reached which releases the Credit Union from any current obligations under the original contracts and so the provision has been reversed.

10. SECURITIZATIONS

The Credit Union periodically enters into asset transfer agreements with Central 1 and other third parties which include securitization of residential mortgages.

The Credit Union reviews transfer agreements in order to determine whether the transfers of financial assets should result in all or a portion of the transferred mortgages being derecognized from its consolidated statement of financial position. The derecognition requirements include an assessment of whether the Credit Union's rights to contractual cash flows have expired or have been transferred or whether an obligation has been undertaken by the Credit Union to pay the cash flows collected on the underlying transferred assets over to a third party. The derecognition standards also include an assessment of whether substantially all the risks and rewards of ownerships have been transferred.

The Credit Union has determined that an amount of \$24,177 raised from securitization transactions during the year should be accounted for as a secured borrowing as the Credit Union did not transfer substantially all of the risks and rewards of ownership, including principal prepayment, interest rate and credit risk of the mortgages in the securitization transaction. The carrying amount of the associated residential mortgages held as security was \$23,576. As a

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result of the transaction, the Credit Union receives the net differential between the monthly interest receipts of the mortgages and the interest expense on the borrowings.

11. COMPARATIVE FIGURES

The comparative figures for the interim condensed consolidated statement of financial position conform with the audited consolidated statement of financial position as at October 31, 2012.

Certain comparative figures for the interim condensed consolidated statement of income and comprehensive income, changes in members' equity and of cash flow have been reclassified to conform with the current period presentation and with the presentation included in the audited consolidated financial statements for the year ended October 31, 2012.

The resulting reclassifications, primarily to interest income, provision for credit losses and retained earnings beginning of period (November 1, 2011), were due to the finalization of the presentation adjustments related to the adoption of International Financial Reporting Standards in 2012. The reclassifications did not result in a change to the comparative net income and comprehensive income.

12. EVENTS AFTER REPORTING DATE

After the date of these statements, the Province of Alberta has experienced severe flooding in areas where the Credit Union has property and equipment and member loans. The Credit Union is not currently able to estimate the financial impact, if any, this event will have on its operations.