

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Financial Statements
For the nine months ended
July 31, 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.

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Financial Statements

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

	Notes	July 31 2013	October 31 2012
Assets			
Cash and cash equivalents	4	\$ 134,479	\$ 176,832
Investments		957,217	913,323
Members' loans	5	11,443,928	10,677,621
Assets held for sale		10,206	14,586
Other assets		18,542	11,951
Property and equipment		177,983	181,898
Investment property		7,473	10,405
Derivative financial assets	8	21,903	22,307
Investments in associates		155,048	150,697
Intangible assets		38,512	25,577
Deferred income tax assets		60	60
Total assets		12,965,351	12,185,257
Liabilities			
Secured borrowing	10	18,769	-
Members' deposits		11,741,613	11,047,029
Trade payables and other liabilities		139,773	132,140
Income taxes payable		5,770	1,922
Provisions	9	459	2,250
Derivative financial liabilities	8	6,366	7,732
Investment shares		517	471
Defined benefit plans		7,638	7,570
Deferred income tax liabilities		11,108	9,524
Total liabilities		11,932,013	11,208,638
Equity			
Share capital		506,378	502,199
Retained earnings		525,722	473,163
Accumulated other comprehensive income		225	225
Total equity attributable to members of the Credit Union		1,032,325	975,587
Non-controlling interest		1,013	1,032
Total equity		1,033,338	976,619
Total liabilities and equity		\$ 12,965,351	\$ 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 July 31 2013	Three months ended July 31 2012	Nine months ended July 31 2013	Nine months ended July 31 2012
Interest income				
Members' loans	\$ 116,660	\$ 112,122	\$ 343,959	\$ 333,932
Investments	2,113	2,349	6,674	5,840
Total interest income	118,773	114,471	350,633	339,772
Interest expense				
Members' deposits	34,626	34,303	101,012	102,204
Other interest expense	466	44	1,709	442
Total interest expense	35,092	34,347	102,721	102,646
Net interest income				
Other income	83,681	80,124	247,912	237,126
Share of profits from associates	21,263	17,187	59,459	54,276
	1,835	5,659	11,919	11,115
Net interest income and other income	106,779	102,970	319,290	302,517
Provision for credit losses	6	5,576	2,887	8,460
Net interest income after provision for credit losses	101,203	100,083	310,830	294,106
Operating expenses				
Personnel	47,363	46,140	132,784	127,348
General	14,069	17,617	44,300	43,754
Occupancy	5,273	5,011	15,580	14,372
Member security	4,707	4,589	13,613	13,449
Depreciation	3,599	3,603	10,979	11,166
Organization	1,127	1,113	3,332	2,932
Impairment of intangible assets	15	-	15	381
Amortization	485	333	1,270	1,012
Total operating expenses	76,638	78,406	221,873	214,414
Income before patronage allocation to members and income taxes				
	24,565	21,677	88,957	79,692
Patronage allocation to members	6,736	6,874	20,023	20,551
Income before income taxes	17,829	14,803	68,934	59,141
Income taxes	5,406	2,673	16,375	12,422
Net income and comprehensive income	\$ 12,423	\$ 12,130	\$ 52,559	\$ 46,719
Net income and comprehensive income attributable to:				
Members of the Credit Union	\$ 12,457	\$ 12,143	\$ 52,578	\$ 46,732
Non-controlling interest	(34)	(13)	(19)	(13)

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)

	Nine months ended Jul 31 2013	Nine months ended Jul 31 2012
Share capital		
Common shares		
Balance, beginning of period	\$ 393,027	\$ 358,078
Issued and redeemed for cash, net	7,267	16,364
Balance, end of period	400,294	374,442
Investment shares		
Balance, beginning of period	109,172	106,347
Issued and redeemed for cash, net	(3,088)	(1,754)
Balance, end of period	106,084	104,593
Share capital, end of period	\$ 506,378	\$ 479,035
Retained earnings		
Balance, beginning of period	\$ 473,163	\$ 425,512
Net income	52,559	46,732
Dividend	-	-
Retained earnings, end of period	\$ 525,722	\$ 472,244
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	\$ 1,032,325	\$ 951,915
Non-controlling interest		
Balance, beginning of period	1,032	1,034
Net income	(19)	(13)
Non-controlling interest, end of period	1,013	1,021
Total equity	\$ 1,033,338	\$ 952,936

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

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

	Nine months ended July 31 2013	Nine months ended July 31 2012
Cash Flows From (Used in) Operating Activities		
Net income	\$ 52,559	\$ 46,719
Adjustments for non-cash items and others		
Net interest income	(247,912)	(237,126)
Provision for credit losses	8,460	8,411
Net income attributable to non-controlling interest	(19)	(13)
Net income from investments in associates	(11,919)	(11,115)
Depreciation and amortization	12,249	12,178
Impairment of intangible assets	15	381
(Gain) loss on assets held for sale	(165)	1,190
Loss on sale of property and equipment	664	192
Income taxes	16,375	12,422
Adjustments for net changes in operating assets and liabilities		
Change in members' loans	(775,517)	(424,265)
Change in members' deposits	694,669	546,995
Change in assets held for sale	4,309	286
Change in derivatives	(962)	1,213
Net change in other assets and trade payables, provisions and other liabilities	(417)	(32,741)
Income taxes received and paid	(10,943)	2,002
Interest received	352,466	335,789
Interest paid	(102,806)	(107,168)
Net cash (used in) from operating activities	(8,894)	155,350
Cash Flows From (Used in) Investing Activities		
Additions to intangible assets	(14,220)	(12,974)
Additions to property and equipment and investment property	(7,782)	(8,671)
Proceeds on disposal of property and equipment, investment property	2,477	3,556
Proceeds on disposal of asset held for sale	644	3,576
Purchase of Alberta Central shares	(9,500)	(4,500)
Dividend received	17,068	2,115
Investments	(44,977)	(128,364)
Net cash (used in) investing activities	(56,290)	(145,262)
Cash Flows From (Used in) Financing Activities		
Advances of secured borrowing	24,177	-
Repayment of secured borrowing	(5,409)	-
Repayment of obligation under finance leases	(115)	(201)
Shares, issued and redeemed, net	4,179	14,610
Net cash from financing activities	22,832	14,409
(Decrease) increase in Cash	(42,353)	24,497
Cash and cash equivalents, beginning of period	176,832	118,667
Cash and cash equivalents, end of period	\$ 134,479	\$ 143,164

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 September 26, 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 July 31 2013	As at October 31 2012
Cash on hand	\$ 16,711	\$ 17,194
ATM deposits	5,691	1,458
ATM cash on hand	6,758	7,172
ATM recycler cash on hand	2,319	1,579
Foreign exchange cash	85	39
Cash with Alberta Central	111,668	149,846
Cheques and items in transit	(8,753)	(456)
Total	\$ 134,479	\$ 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 July 31, 2013					
Residential mortgages	\$ 6,409,133	\$ 414	\$ 1,104	\$ 6,407,615	\$ 765
Commercial mortgages and loans	3,574,640	24,027	2,843	3,547,770	31,969
Consumer loans	1,119,987	3,159	3,388	1,113,440	5,275
Agricultural mortgages and loans	338,638	142	9	338,487	943
	11,442,398	27,742	7,344	11,407,312	38,952
Accrued interest	38,544	1,418	510	36,616	-
Total	\$ 11,480,942	\$ 29,160	\$ 7,854	\$ 11,443,928	\$ 38,952

	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
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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	3	40	981	15	-	1,039
Allowance charged to net income	1,658	615	3,009	129	974	6,385
	1,816	27,371	7,133	154	2,156	38,630
Loans written off	1,402	3,344	3,974	12	738	9,470
As at July 31, 2013	\$ 414	\$ 24,027	\$ 3,159	\$ 142	\$ 1,418	\$ 29,160

	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	557	1,025	415	7	71	2,075
As at July 31, 2013	\$ 1,104	\$ 2,843	\$ 3,388	\$ 9	\$ 510	\$ 7,854

	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

In June, the Province of Alberta experienced severe flooding in areas where the Credit Union has property and equipment and member loans. The Credit Union estimated the financial impact this event will have in its operations and have included that estimated impact as part of the Allowance.

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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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 July 31, 2013</i>	Residential	Commercial	Consumer	Agricultural	Total
Risk Categories					
1 to 5 - Satisfactory risk	\$ -	\$3,496,712	\$ -	\$ 335,070	\$ 3,831,782
6 - Watch list	-	17,645	-	1,697	19,342
8 - Impaired risk - performing	-	41	-	-	41
7 and 9 - Delinquent but secured	-	28,273	-	928	29,201
Commercial & agricultural mortgages and loans not impaired	-	3,542,671	-	337,695	3,880,366
Residential mortgages and personal loans not impaired	6,408,368	-	1,114,712	-	7,523,080
Loans not impaired	6,408,368	3,542,671	1,114,712	337,695	11,403,446
Loans specifically impaired	765	31,969	5,275	943	38,952
Sub Total	6,409,133	3,574,640	1,119,987	338,638	11,442,398
Accrued interest	11,456	12,520	11,515	3,053	38,544
Total	\$ 6,420,589	\$3,587,160	\$1,131,502	\$ 341,691	\$ 11,480,942

<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 July 31, 2013

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 97,234	\$ 27,196	\$ 13,040	\$ 3,601	\$ 141,071
Past due 30 - 59 days	32,093	38,271	5,108	2,250	77,722
Past due 60 - 89 days	13,980	9,813	2,497	317	26,607
Past due over 90 days	13,834	55,033	4,949	3,189	77,005
Total	\$ 157,141	\$ 130,313	\$ 25,594	\$ 9,357	\$ 322,405

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 July 31, 2013

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 97,234	\$ 26,797	\$ 12,861	\$ 3,601	\$ 140,493
Past due 30 - 59 days	32,093	37,919	5,050	1,674	76,736
Past due 60 - 89 days	13,980	9,679	2,151	317	26,127
Past due over 90 days	13,069	23,949	256	2,823	40,097
Total	\$ 156,376	\$ 98,344	\$ 20,318	\$ 8,415	\$ 283,453

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

	As at July 31 2013	As at October 31 2012
Loans by security:		
Secured by mortgage	\$ 8,294,287	\$ 7,677,744
Secured by other	2,490,042	2,112,913
Unsecured	696,613	923,949
Total	\$11,480,942	\$ 10,714,606

8. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Derivative Financial Assets	As at Jul 31 2013	As at October 31 2012
Equity-linked options	\$ 6,390	\$ 7,359
Embedded purchase option	15,513	14,948
Total	\$ 21,903	\$ 22,307

Derivative Financial Liabilities	As at Jul 31 2013	As at October 31 2012
Embedded derivatives	\$ 6,365	\$ 7,732
Interest rate swaps and cap options	1	-
Total	\$ 6,366	\$ 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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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, July 31, 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 \$18,769. 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.