

SERVUS CREDIT UNION LTD.

Interim Condensed Consolidated Financial Statements

For the nine months ended

July 31, 2016

(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 Chartered Professional Accountants of Canada 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 2016	October 31 2015
Assets			
Cash and cash equivalents	5	\$ 139,172	\$ 188,389
Investments		1,070,857	944,183
Members' loans	6,8	13,108,922	12,702,332
Assets held for sale		6,529	6,390
Other assets		17,165	11,621
Property and equipment		159,494	170,612
Investment property		7,376	5,489
Derivative financial assets	9	27,470	24,711
Investments in associates		173,692	173,475
Intangible assets		47,723	48,019
Deferred income tax assets		84	84
Total assets		14,758,484	14,275,305
Liabilities			
Borrowings		930,702	610,431
Members' deposits		12,338,353	12,232,840
Trade payables and other liabilities		137,992	145,744
Income taxes payable		9,790	3,533
Derivative financial liabilities	9	5,812	2,778
Investment shares		421	489
Defined benefit plans		7,019	6,995
Deferred income tax liabilities		17,981	18,028
Total liabilities		13,448,070	13,020,838
Equity			
Share capital		614,415	609,477
Retained earnings		693,857	642,675
Accumulated other comprehensive income		1,135	1,313
Total equity attributable to members of the Credit Union		1,309,407	1,253,465
Non-controlling interest		1,007	1,002
Total equity		1,310,414	1,254,467
Total liabilities and equity		\$ 14,758,484	\$ 14,275,305

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)

Notes	Three months ended July 31 2016	Three months ended July 31 2015	Nine months ended July 31 2016	Nine months ended July 31 2015
Interest income				
Members' loans	\$ 117,471	\$ 119,893	\$ 350,079	\$ 360,397
Investments	2,029	2,417	5,924	4,651
Total interest income	119,500	122,310	356,003	365,048
Interest expense				
Members' deposits	26,189	27,920	76,466	94,623
Other interest expense	3,992	2,437	11,011	5,391
Total interest expense	30,181	30,357	87,477	100,014
Net interest income				
Other income	89,319	91,953	268,526	265,034
Share of profits from associates	24,335	22,013	64,753	63,888
Net interest income and other income	2,856	1,663	7,454	6,611
Provision for credit losses	116,510	115,629	340,733	335,533
	7	13,000	5,816	25,976
Net interest income after provision for credit losses	103,510	109,813	314,757	323,387
Operating expenses				
Personnel	44,166	46,136	135,894	138,172
General	12,742	13,736	35,388	39,926
Occupancy	5,110	5,064	15,233	15,359
Member security	5,378	5,631	16,321	16,662
Depreciation	3,645	3,791	12,079	10,602
Organization	1,243	1,337	3,613	3,776
Impairment of assets held for sale	369	-	369	-
Amortization	1,534	1,716	2,678	5,469
Total operating expenses	74,187	77,411	221,575	229,966
Income before patronage allocation to members and income taxes				
	29,323	32,402	93,182	93,421
Patronage allocation to members	7,801	7,432	23,430	22,291
Income before income taxes	21,522	24,970	69,752	71,130
Income taxes	6,183	6,491	18,565	17,231
Net income	\$ 15,339	\$ 18,479	\$ 51,187	\$ 53,899
Other comprehensive income/(loss)	20	-	(178)	-
Total comprehensive income	\$ 15,359	\$ 18,479	\$ 51,009	\$ 53,899
Other Comprehensive income for the year, net of tax:				
Share of other comprehensive income of associates				
Actuarial (losses) on defined benefit pension plans ⁽¹⁾ (net of income tax expense of \$75)	-	-	(215)	-
Unrealized gains and reclassification adjustments on available for sale securities (net of income tax recovery of \$(13)) ⁽²⁾	20	-	37	-
Total other comprehensive income/(loss)	\$ 20	\$ -	\$ (178)	\$ -
Total Comprehensive Income				
Comprehensive income attributable to members	15,355	18,493	51,004	53,914
Comprehensive income (loss) attributable to non-controlling interest	4	(14)	5	(15)
Total comprehensive income	\$ 15,359	\$ 18,479	\$ 51,009	\$ 53,899

⁽¹⁾ The Actuarial gains/losses will not be reclassified to profit or loss at a future date

⁽²⁾ These items may be reclassified to profit or loss at a future date

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 Equity
(Canadian \$ thousands)
(unaudited)

	Common shares	Investment shares	Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total equity
Balance at October 31, 2014	\$ 445,566	\$ 113,513	\$ 581,776	\$ 907	\$ 1,012	\$ 1,142,774
Changes in equity						
Issues of share capital	50,197	-	-	-	-	50,197
Redemption of share capital	(22,405)	(3,647)	-	-	-	(26,052)
Net income (loss)	-	-	53,899	-	(15)	53,884
Balance at July 31, 2015	\$ 473,358	\$ 109,866	\$ 635,675	\$ 907	\$ 997	\$ 1,220,803

	Common shares	Investment shares	Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total equity
Balance at October 31, 2015	\$ 494,685	\$ 114,792	\$ 642,675	\$ 1,313	\$ 1,002	\$ 1,254,467
Changes in equity						
Issues of share capital	32,038	-	-	-	-	32,038
Redemption of share capital	(23,445)	(3,655)	-	-	-	(27,100)
Net Income	-	-	51,182	-	5	51,187
Share of other comprehensive income of associates	-	-	-	(178)	-	(178)
Balance at July 31, 2016	\$ 503,278	\$ 111,137	\$ 693,857	\$ 1,135	\$ 1,007	\$ 1,310,414

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

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

	Nine months ended July 31 2016	Nine months ended July 31 2015
Cash Flows From (Used in) Operating Activities		
Net income	\$ 51,187	\$ 53,899
Adjustments for non-cash items and others		
Net interest income	(268,526)	(265,034)
Provision for credit losses	25,976	12,146
Share of profits from investments in associates	(7,454)	(6,611)
Depreciation and amortization	14,757	16,071
Impairment of assets held for sale	369	-
Gain on assets held for sale	(496)	(1,696)
(Gain) loss on sale of property and equipment	(305)	49
Income taxes	18,565	17,231
Adjustments for net changes in operating assets and liabilities		
Change in members' loans	(436,304)	(125,242)
Change in members' deposits	102,833	(308,206)
Change in assets held for sale	(8,565)	(8,697)
Change in derivatives	275	(2,152)
Net change in other assets, provisions, and trade payables and other liabilities	(13,484)	(46,687)
Income taxes received and paid, net	(12,355)	(4,068)
Interest received	360,417	367,747
Interest paid	(84,797)	(128,167)
Net Cash (Used in) Operating Activities	(257,907)	(429,417)
Cash Flows From (Used in) Investing Activities		
Additions to intangible assets	(2,382)	(4,851)
Additions to property and equipment, and investment property	(3,632)	(8,027)
Proceeds on disposal of property and equipment, and investment property	640	112
Proceeds on disposal of assets held for sale	9,002	4,873
Purchase of Alberta Central shares	(1,472)	(9,274)
Distributions from Alberta Central	8,675	8,110
Investments	(127,350)	(7,916)
Net Cash (Used in) Investing Activities	(116,519)	(16,973)
Cash Flows From (Used in) Financing Activities		
Advances of term loans and lines of credit	2,935,374	1,008,426
Repayment of term loans and lines of credit	(2,935,374)	(1,108,426)
Advances of secured borrowing	405,818	547,851
Repayment of secured borrowing	(85,547)	(25,508)
Shares issued	32,038	50,197
Shares redeemed	(27,100)	(26,052)
Net Cash From Financing Activities	325,209	446,488
(Decrease) Increase in Cash and Cash Equivalents	(49,217)	98
Cash and cash equivalents, beginning of period	188,389	124,813
Cash and Cash Equivalents, End of Period	\$ 139,172	\$ 124,911

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SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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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 of Alberta 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 2015 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 2015 annual financial statements except as described in Note 3.

These interim condensed consolidated financial statements were approved by the Audit and Finance Committee on September 29, 2016.

Significant Accounting Estimates, Assumptions and Judgements

The preparation of the interim condensed consolidated 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 of Servus’ 2015 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 2015 annual financial statements.

3. CHANGES IN ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared following the same accounting policies and methods as those used in preparing Servus’ 2015 annual consolidated financial statements.

4. FUTURE CHANGES IN ACCOUNTING POLICIES

The Credit Union is currently assessing the impact of adopting the following developments in new accounting standards on the financial statements that took place during the nine months to date. At this time, the impact of this change to the Credit Union is unknown.

- **Effective for the Credit Union - November 1, 2017**
 - **IAS 7 Statement of Cash Flows (IAS 7)**
In January 2016, the IASB issued amendments to IAS 7, which will require specific disclosures for movements in certain liabilities on the statement of cash flow.
- **Effective for the Credit Union – November 1, 2018**
 - **IFRS 15 Revenue from Contracts with Customers**
In April 2016, the IASB issued amendments to IFRS 15, to clarify the underlying principles of the standard in regards to identifying performance obligations, application guidance on principal versus agent and licences of intellectual property.
 - **IFRS 2 Share-based Payment**
In June 2016, the IASB issued amendments to IFRS 2, relating to accounting for cash-settled share based payment transactions that include a performance condition, classification of share-based payment transactions with net settlement features for withholding tax obligations, and accounting for modification to terms and conditions of share-based payment transactions from cash-settled to equity-settled.

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4. FUTURE CHANGES IN ACCOUNTING POLICIES (CONTINUED)

- **Effective for the Credit Union - November 1, 2019**

- **IFRS 16 Leases**

In January 2016, the IASB issued IFRS 16 which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the current requirement for lessees to classify leases as finance leases or operating leases by introducing a single lessee accounting model that requires the recognition of lease assets and lease liabilities on the balance sheet for most leases. Lessees will also recognize depreciation expense on the lease asset and interest expense on the lease liability in the statement of income. There is no significant changes to lessor accounting aside from enhanced disclosure requirements.

5. CASH AND CASH EQUIVALENTS

	As at July 31 2016	As at October 31 2015
Cash on hand	\$ 13,971	\$ 13,312
ATM	14,184	10,224
Foreign exchange cash	620	625
Cash with Alberta Central	109,223	165,172
Cheques and items in transit	1,174	(944)
Total	\$ 139,172	\$ 188,389

6. MEMBERS' LOANS

	Gross Amount	Specific allowance	Collective allowance	Net Amount	Impaired Loans
As at July 31, 2016					
Residential mortgages	\$ 7,597,105	\$ 657	\$ 1,427	\$ 7,595,021	\$ 1,564
Commercial mortgages and loans	4,162,493	16,549	7,125	4,138,819	32,254
Consumer loans	1,005,119	3,569	10,476	991,074	6,065
Agricultural mortgages and loans	348,911	94	6	348,811	679
	13,113,628	20,869	19,034	13,073,725	40,562
Accrued interest	37,476	1,459	820	35,197	-
Total	\$ 13,151,104	\$ 22,328	\$ 19,854	\$ 13,108,922	\$ 40,562

	Gross Amount	Specific allowance	Collective allowance	Net Amount	Impaired Loans
As at October 31, 2015					
Residential mortgages	\$ 7,325,389	\$ 344	\$ 935	\$ 7,324,110	\$ 523
Commercial mortgages and loans	3,973,739	15,926	5,576	3,952,237	26,137
Consumer loans	1,055,234	2,544	5,346	1,047,344	4,924
Agricultural mortgages and loans	342,073	135	2	341,936	626
	12,696,435	18,949	11,859	12,665,627	32,210
Accrued interest	38,988	1,601	682	36,705	-
Total	\$ 12,735,423	\$ 20,550	\$ 12,541	\$ 12,702,332	\$ 32,210

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Notes to Interim Condensed Consolidated Financial Statements
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7. ALLOWANCE FOR CREDIT LOSSES

Specific Allowance	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2015	\$ 344	\$ 15,926	\$ 2,544	\$ 135	\$ 1,601	\$ 20,550
Recoveries of previous loan write offs	-	92	904	-	-	996
Allowance charged to net income	1,342	9,345	7,069	224	683	18,663
	1,686	25,363	10,517	359	2,284	40,209
Loans written off	1,029	8,814	6,948	265	825	17,881
As at July 31, 2016	\$ 657	\$ 16,549	\$ 3,569	\$ 94	\$ 1,459	\$ 22,328

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2014	\$ 804	\$ 27,210	\$ 2,244	\$ 85	\$ 1,954	\$ 32,297
Recoveries of previous loan write offs	12	3,573	1,235	-	-	4,820
Allowance charged to net income	1,050	4,656	4,814	52	298	10,870
	1,866	35,439	8,293	137	2,252	47,987
Loans written off	1,522	19,513	5,749	2	651	27,437
As at October 31, 2015	\$ 344	\$ 15,926	\$ 2,544	\$ 135	\$ 1,601	\$ 20,550

Collective Allowance	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2015	\$ 935	\$ 5,576	\$ 5,346	\$ 2	\$ 682	\$ 12,541
Allowance charged to net income	492	1,549	5,130	4	138	7,313
As at July 31, 2016	\$ 1,427	\$ 7,125	\$ 10,476	\$ 6	\$ 820	\$ 19,854

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2014	\$ 931	\$ 2,282	\$ 4,089	\$ 2	\$ 517	\$ 7,821
Allowance charged to net income	4	3,294	1,257	-	165	4,720
As at October 31, 2015	\$ 935	\$ 5,576	\$ 5,346	\$ 2	\$ 682	\$ 12,541

8. 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.

As at July 31, 2016	Residential	Commercial	Consumer	Agricultural	Total
Risk Categories					
1 to 5 - Satisfactory risk	\$ -	\$ 4,108,660	\$ -	\$ 347,746	\$ 4,456,406
6 - Watch list	-	14,095	-	487	14,582
8 - Impaired risk - performing	-	2,131	-	-	2,131
7 and 9 - Unacceptable/impaired risk - non-performing	-	5,352	-	-	5,352
Loans without risk rating	7,595,541	-	999,054	-	8,594,595
Loans not impaired	7,595,541	4,130,238	999,054	348,233	13,073,066
Loans specifically impaired	1,564	32,254	6,065	679	40,562
Sub Total	7,597,105	4,162,492	1,005,119	348,912	13,113,628
Accrued interest	12,016	13,159	9,366	2,935	37,476
Total	\$ 7,609,121	\$ 4,175,651	\$ 1,014,485	\$ 351,847	\$ 13,151,104

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

<i>As at October 31, 2015</i>	Residential	Commercial	Consumer	Agricultural	Total
<i>Risk Categories</i>					
1 to 5 - Satisfactory risk	\$ -	\$ 3,920,580	\$ -	\$ 340,399	\$ 4,260,979
6 - Watch list	-	18,303	-	160	18,463
8 - Impaired risk - performing	-	1,400	-	237	1,637
7 and 9 - Unacceptable/impaired risk - non-performing	-	7,319	-	651	7,970
Loans without risk rating	7,324,866	-	1,050,310	-	8,375,176
Loans not impaired	7,324,866	3,947,602	1,050,310	341,447	12,664,225
Loans specifically impaired	523	26,137	4,924	626	32,210
Sub Total	7,325,389	3,973,739	1,055,234	342,073	12,696,435
Accrued interest	11,269	12,705	11,077	3,937	38,988
Total	\$ 7,336,658	\$ 3,986,444	\$ 1,066,311	\$ 346,010	\$ 12,735,423

- **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. This is a transitional rating as the expectation is to be able to upgrade the account within the next 12 month period.
- **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.
- **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.

Loans past due, as at July 31, 2016

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 173,460	\$ 29,523	\$ 23,126	\$ 6,650	\$ 232,759
Past due 30 - 59 days	50,685	38,766	10,491	7,497	107,439
Past due 60 - 89 days	15,877	25,315	4,395	606	46,193
Past due over 90 days	26,547	35,191	6,212	3,200	71,150
Total	\$ 266,569	\$ 128,795	\$ 44,224	\$ 17,953	\$ 457,541

Loans past due, as at October 31, 2015

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 124,570	\$ 17,131	\$ 20,950	\$ 4,017	\$ 166,668
Past due 30 - 59 days	37,166	24,974	6,947	2,480	71,567
Past due 60 - 89 days	13,063	3,341	2,476	11	18,891
Past due over 90 days	13,436	33,674	4,608	1,360	53,078
Total	\$ 188,235	\$ 79,120	\$ 34,981	\$ 7,868	\$ 310,204

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 unless there is information to the contrary 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:

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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8. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)

Loans past due but not impaired, as at July 31, 2016

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 173,460	\$ 11,952	\$ 22,788	\$ 6,044	\$ 214,244
Past due 30 - 59 days	50,664	36,802	10,221	7,496	105,183
Past due 60 - 89 days	15,877	22,208	3,935	606	42,626
Past due over 90 days	25,004	25,579	1,215	3,128	54,926
Total	\$ 265,005	\$ 96,541	\$ 38,159	\$ 17,274	\$ 416,979

Loans past due but not impaired, as at October 31, 2015

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 124,570	\$ 17,131	\$ 20,649	\$ 4,017	\$ 166,367
Past due 30 - 59 days	37,166	24,973	6,655	2,480	71,274
Past due 60 - 89 days	13,064	3,286	1,951	11	18,312
Past due over 90 days	12,912	7,593	802	734	22,041
Total	\$ 187,712	\$ 52,983	\$ 30,057	\$ 7,242	\$ 277,994

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 mortgage, cash, negotiable securities and investments. Guarantees are also taken to reduce credit exposure risk.

	As at July 31 2016	As at October 31 2015
Loans by security:		
Insured loans and mortgages	\$ 2,649,605	\$ 2,588,166
Secured by mortgage	8,023,378	7,295,724
Secured by other	1,782,128	2,190,710
Unsecured	695,993	660,823
Total	\$ 13,151,104	\$ 12,735,423

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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9. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

As at July 31, 2016	Equity-linked options	Embedded purchase option	Interest rate swaps	Total
Financial Derivative Assets				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ 2,109	\$ 2,109
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	(1,817)	(1,817)
Net amount of financial assets presented on the statement of financial position	-	-	292	292
Amounts not subject to enforceable netting arrangements	5,857	21,321	-	27,178
Total	\$ 5,857	\$ 21,321	\$ 292	\$ 27,470
Financial Derivative Liability amounts not subject to enforceable netting arrangements				
	\$ 5,812	\$ -	\$ -	\$ 5,812

As at October 31, 2015	Equity-linked options	Embedded purchase option	Interest rate swaps	Total
Financial Derivative Assets				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ 3,955	\$ 3,955
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	(3,066)	(3,066)
Net amount of financial assets presented on the statement of financial position	-	-	889	889
Amounts not subject to enforceable netting arrangements	2,790	21,032	-	23,822
Total	\$ 2,790	\$ 21,032	\$ 889	\$ 24,711
Financial Derivative Liability amounts not subject to enforceable netting arrangements				
	\$ 2,778	\$ -	\$ -	\$ 2,778

The notional amounts of derivative financial instrument contracts maturing at various times are:

	1 to 3 months	3 to 12 months	1 to 5 years	As at July 31 2016	As at October 31 2015
Interest rate swaps					
receive floating, pay fixed	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Equity-linked options	-	10,616	61,165	71,781	64,357
Total	\$ -	\$ 210,616	\$ 61,165	\$ 271,781	\$ 264,357

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9. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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, where the third party acts as an agent to offer credit cards to its members. The agreement automatically renews annually 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 eligible to renew in September 2016.

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.