

SERVUS CREDIT UNION LTD.

Interim Condensed Consolidated Financial Statements

For the nine months ended

July 31, 2017

(unaudited)

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Financial Statements
(unaudited)

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

	Notes	July 31 2017	October 31 2016
Assets			
Cash and cash equivalents		\$ 89,768	\$ 102,002
Investments		1,125,210	1,042,788
Members' loans	4	13,493,888	13,223,624
Assets held for sale		9,764	12,749
Other assets		23,047	15,870
Property and equipment		148,681	155,611
Investment property		6,957	7,100
Derivative financial assets	7	30,544	28,128
Investments in associates		172,425	176,382
Intangible assets		44,299	47,356
Total assets		15,144,583	14,811,610
Liabilities			
Borrowings		-	76,007
Secured borrowings		1,104,877	922,215
Members' deposits		12,419,380	12,293,207
Trade payables and other liabilities		180,490	144,241
Income taxes payable		881	4,698
Derivative financial liabilities	7	10,587	6,508
Investment shares		421	421
Defined benefit plans		7,630	7,630
Deferred income tax liabilities		22,414	18,043
Total liabilities		13,746,680	13,472,970
Equity			
Share capital		636,161	639,063
Retained earnings		760,810	697,883
Accumulated other comprehensive income		(84)	683
Total equity attributable to members of the Credit Union		1,396,887	1,337,629
Non-controlling interest		1,016	1,011
Total equity		1,397,903	1,338,640
Total liabilities and equity		\$ 15,144,583	\$ 14,811,610

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 2017	Three months ended July 31 2016	Nine months ended July 31 2017	Nine months ended July 31 2016
Interest income				
Members' loans	\$ 118,031	\$ 117,471	\$ 349,254	\$ 350,079
Investments	(2,788)	2,029	2,645	5,924
Total interest income	115,243	119,500	351,899	356,003
Interest expense				
Members' deposits	25,526	26,189	76,203	76,466
Other interest expense	4,454	3,992	13,431	11,011
Total interest expense	29,980	30,181	89,634	87,477
Net interest income	85,263	89,319	262,265	268,526
Other income	25,078	24,335	74,383	64,753
Share of profits from associates	891	2,856	7,237	7,454
Net interest income and other income	111,232	116,510	343,885	340,733
Provision for credit losses	5	4,272	13,000	12,819
Net interest income after provision for credit losses	106,960	103,510	331,066	314,757
Operating expenses				
Personnel	51,139	44,166	143,473	135,894
General	12,750	12,742	35,162	35,388
Occupancy	5,099	5,110	15,454	15,233
Member security	3,244	5,378	9,967	16,321
Depreciation	3,451	3,645	10,476	12,079
Organization	1,353	1,243	3,733	3,613
Impairment of assets	348	369	969	369
Amortization	1,612	1,534	4,860	2,678
Total operating expenses	78,996	74,187	224,094	221,575
Income before patronage allocation to members and income taxes	27,964	29,323	106,972	93,182
Patronage allocation to members	6,993	7,801	20,981	23,430
Income before income taxes	20,971	21,522	85,991	69,752
Income taxes	6,203	6,183	23,059	18,565
Net income	\$ 14,768	\$ 15,339	\$ 62,932	\$ 51,187
Other comprehensive income (loss)	(719)	20	(767)	(178)
Total comprehensive income	\$ 14,049	\$ 15,359	\$ 62,165	\$ 51,009
Other comprehensive loss for the year, net of tax:				
Share of other comprehensive income of associates				
Actuarial gain (loss) on defined benefit pension plans ⁽¹⁾ (net of income tax expense (recovery) of \$8, 2016 - \$(75))	-	-	23	(215)
Unrealized (loss) gain and reclassification adjustments on available for sale securities (net of income tax (recovery) expense of \$(284), 2016 - \$13) ⁽²⁾	(719)	20	(790)	37
Total other comprehensive income (loss)	\$ (719)	\$ 20	\$ (767)	\$ (178)
Total comprehensive income				
Comprehensive income attributable to members	14,051	15,355	62,160	51,004
Comprehensive income attributable to non-controlling interest	(2)	4	5	5
Total comprehensive income	\$ 14,049	\$ 15,359	\$ 62,165	\$ 51,009

⁽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, 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

	Common shares	Investment shares	Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total equity
Balance at October 31, 2016	\$ 523,247	\$ 115,816	\$ 697,883	\$ 683	\$ 1,011	\$ 1,338,640
Changes in equity						
Issues of share capital	25,680	-	-	-	-	25,680
Redemption of share capital	(26,039)	(2,543)	-	-	-	(28,582)
Net income	-	-	62,927	-	5	62,932
Share of other comprehensive income of associates	-	-	-	(767)	-	(767)
Balance at July 31, 2017	\$ 522,888	\$ 113,273	\$ 760,810	\$ (84)	\$ 1,016	\$ 1,397,903

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

	Nine months ended July 31 2017	Nine months ended July 31 2016
Cash flows from (used in) operating activities		
Net income	\$ 62,932	\$ 51,187
Adjustments for non-cash items and others		
Net interest income	(262,265)	(268,526)
Provision for credit losses	12,819	25,976
Share of profits from investments in associates	(7,237)	(7,454)
Depreciation and amortization	15,336	14,757
Impairment of assets	969	369
Gain on assets held for sale	(1,771)	(496)
Loss (gain) on property and equipment	307	(305)
Loss on intangible assets	177	-
Income taxes	23,059	18,565
Adjustments for net changes in operating assets and liabilities		
Change in members' loans	(282,826)	(436,304)
Change in members' deposits	133,253	102,833
Change in assets held for sale	(14,359)	(8,565)
Change in derivatives	1,663	275
Net change in other assets, provisions, and trade payables and other liabilities	29,355	(13,484)
Income taxes received and (paid), net	(22,505)	(12,355)
Interest received	352,173	360,417
Interest paid	(96,721)	(84,797)
Net cash used in operating activities	(55,641)	(257,907)
Cash flows from (used in) investing activities		
Additions to intangible assets	(1,980)	(2,382)
Additions to property and equipment, and investment property	(3,748)	(3,632)
Proceeds on disposal of property and equipment, and investment property	39	640
Proceeds on disposal of assets held for sale	18,864	9,002
Purchase of Alberta Central shares	-	(1,472)
Distributions from Alberta Central	9,425	8,675
Investments	(82,953)	(127,350)
Net cash used in investing activities	(60,353)	(116,519)
Cash flows from (used in) financing activities		
Term loans and lines of credit	(76,000)	-
Advances of secured borrowing	441,821	405,818
Repayment of secured borrowing	(259,159)	(85,547)
Shares issued	25,680	32,038
Shares redeemed	(28,582)	(27,100)
Net cash from financing activities	103,760	325,209
Decrease in cash and cash equivalents	(12,234)	(49,217)
Cash and cash equivalents, beginning of period	102,002	188,389
Cash and cash equivalents, end of period	\$ 89,768	\$ 139,172

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SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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1. 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 Servus Credit Union Ltd. ("Servus" or the "Credit Union") 2016 audited annual consolidated financial statements.

These interim condensed consolidated financial statements were approved by the Audit and Finance Committee on September 28, 2017.

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' 2016 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 2016 annual financial statements.

2. 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' 2016 annual consolidated financial statements.

3. 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 interim period to the reporting date. At this time, the impact of this change to the Credit Union is unknown.

- **Effective for the Credit Union - November 1, 2017**
 - **IFRS 12 Disclosure of Interest in Other Entities**

The standard has been amended by specifying the disclosure requirements applied to an entity's interests, as outlined in the standard, that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

- **Effective for the Credit Union - November 1, 2018**
 - **IAS 40 Investment Property**

The standard has been amended to clarify transfers of property to, or from, investment property occurs only when there is evidence of a change in use. A change of use occurs if property meets, or no longer meets, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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4. MEMBERS' LOANS

	Gross Amount	Specific Allowance	Collective Allowance	Net Amount	Impaired Loans
As at July 31, 2017					
Residential mortgages	\$ 7,844,134	\$ 52	\$ 1,073	\$ 7,843,009	\$ 52
Commercial mortgages and loans	4,267,724	21,434	4,805	4,241,485	41,277
Consumer loans	1,004,697	2,516	9,065	993,116	4,412
Agricultural mortgages and loans	380,515	374	113	380,028	376
	13,497,070	24,376	15,056	13,457,638	46,117
Accrued interest	38,775	1,848	677	36,250	-
Total	\$ 13,535,845	\$ 26,224	\$ 15,733	\$ 13,493,888	\$ 46,117

	Gross Amount	Specific Allowance	Collective Allowance	Net Amount	Impaired Loans
As at October 31, 2016					
Residential mortgages	\$ 7,649,120	\$ 421	\$ 1,292	\$ 7,647,407	\$ 1,904
Commercial mortgages and loans	4,221,809	13,456	6,477	4,201,876	34,723
Consumer loans	997,226	2,990	12,633	981,603	6,526
Agricultural mortgages and loans	356,566	71	17	356,478	613
	13,224,721	16,938	20,419	13,187,364	43,766
Accrued interest	38,518	1,470	788	36,260	-
Total	\$ 13,263,239	\$ 18,408	\$ 21,207	\$ 13,223,624	\$ 43,766

5. ALLOWANCE FOR CREDIT LOSSES

Specific Allowance

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2016	\$ 421	\$ 13,456	\$ 2,990	\$ 71	\$ 1,470	\$ 18,408
Recoveries of previous loan write offs	4	171	986	-	-	1,161
Allowance charged to net income	969	10,953	5,290	303	778	18,293
	1,394	24,580	9,266	374	2,248	37,862
Loans written off	(1,342)	(3,146)	(6,750)	-	(400)	(11,638)
As at July 31, 2017	\$ 52	\$ 21,434	\$ 2,516	\$ 374	\$ 1,848	\$ 26,224

	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	2	214	1,185	-	-	1,401
Allowance charged to net income	1,788	9,742	10,026	201	1,079	22,836
	2,134	25,882	13,755	336	2,680	44,787
Loans written off	(1,713)	(12,426)	(10,765)	(265)	(1,210)	(26,379)
As at October 31, 2016	\$ 421	\$ 13,456	\$ 2,990	\$ 71	\$ 1,470	\$ 18,408

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5. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Collective Allowance

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2016	\$ 1,292	\$ 6,477	\$ 12,633	\$ 17	\$ 788	\$ 21,207
Allowance charged to net income	(219)	(1,672)	(3,568)	96	(111)	(5,474)
As at July 31, 2017	\$ 1,073	\$ 4,805	\$ 9,065	\$ 113	\$ 677	\$ 15,733

	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	357	901	7,287	15	106	8,666
As at October 31, 2016	\$ 1,292	\$ 6,477	\$ 12,633	\$ 17	\$ 788	\$ 21,207

6. 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, 2017</i>	Residential	Commercial	Consumer	Agricultural	Total
Risk Categories					
1 to 5 - Satisfactory risk	\$ -	\$ 4,207,403	\$ -	\$ 377,799	\$ 4,585,202
6 - Watch list	-	4,318	-	227	4,545
8 - Impaired risk - performing	-	3,175	-	667	3,842
7 and 9 - Unacceptable/impaired risk - non-performing	-	11,551	-	1,446	12,997
Loans without risk rating	7,844,082	-	1,000,285	-	8,844,367
Loans not impaired	7,844,082	4,226,447	1,000,285	380,139	13,450,953
Loans specifically impaired	52	41,277	4,412	376	46,117
Sub Total	7,844,134	4,267,724	1,004,697	380,515	13,497,070
Accrued interest	11,911	13,634	10,128	3,102	38,775
Total	\$ 7,856,045	\$ 4,281,358	\$ 1,014,825	\$ 383,617	\$ 13,535,845

<i>As at October 31, 2016</i>	Residential	Commercial	Consumer	Agricultural	Total
Risk Categories					
1 to 5 - Satisfactory risk	\$ -	\$ 4,165,297	\$ -	\$ 355,491	\$ 4,520,788
6 - Watch list	-	9,918	-	461	10,379
8 - Impaired risk - performing	-	1,876	-	-	1,876
7 and 9 - Unacceptable/impaired risk - non-performing	-	9,995	-	1	9,996
Loans without risk rating	7,647,216	-	990,700	-	8,637,916
Loans not impaired	7,647,216	4,187,086	990,700	355,953	13,180,955
Loans specifically impaired	1,904	34,723	6,526	613	43,766
Sub Total	7,649,120	4,221,809	997,226	356,566	13,224,721
Accrued interest	12,005	13,237	9,306	3,970	38,518
Total	\$ 7,661,125	\$ 4,235,046	\$ 1,006,532	\$ 360,536	\$ 13,263,239

- **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 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 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 9:** Same criteria that are established for Risk "7" but there is deterioration in value of the security that could make a loss in principal likely.

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

Loans past due, as at July 31, 2017

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 122,329	\$ 24,658	\$ 17,113	\$ 1,934	\$ 166,034
Past due 30 - 59 days	46,377	19,891	6,104	4,560	76,932
Past due 60 - 89 days	13,373	33,709	2,806	1,492	51,380
Past due over 90 days	19,469	40,963	3,957	1,965	66,354
Total	\$ 201,548	\$ 119,221	\$ 29,980	\$ 9,951	\$ 360,700

Loans past due, as at October 31, 2016

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 132,555	\$ 22,479	\$ 23,192	\$ 2,833	\$ 181,059
Past due 30 - 59 days	41,309	30,862	7,096	2,070	81,337
Past due 60 - 89 days	17,147	4,296	3,471	442	25,356
Past due over 90 days	24,604	39,402	7,330	2,098	73,434
Total	\$ 215,615	\$ 97,039	\$ 41,089	\$ 7,443	\$ 361,186

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.

Loans past due but not impaired, as at July 31, 2017

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 122,329	\$ 23,113	\$ 16,808	\$ 1,934	\$ 164,184
Past due 30 - 59 days	46,377	19,710	5,844	4,560	76,491
Past due 60 - 89 days	13,373	33,650	2,569	1,492	51,084
Past due over 90 days	19,417	13,104	404	1,965	34,890
Total	\$ 201,496	\$ 89,577	\$ 25,625	\$ 9,951	\$ 326,649

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

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 132,555	\$ 4,797	\$ 22,837	\$ 2,225	\$ 162,414
Past due 30 - 59 days	41,309	28,703	6,958	2,070	79,040
Past due 60 - 89 days	17,147	3,374	3,277	442	24,240
Past due over 90 days	22,700	25,442	1,491	2,093	51,726
Total	\$ 213,711	\$ 62,316	\$ 34,563	\$ 6,830	\$ 317,420

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 2017	As at October 31 2016
Loans by security:		
Insured loans and mortgages	\$ 2,759,030	\$ 3,119,042
Secured by mortgage	8,659,098	8,335,657
Secured by other	1,354,482	1,105,190
Unsecured	763,235	703,350
Total	\$ 13,535,845	\$ 13,263,239

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Notes to Interim Condensed Consolidated Financial Statements
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7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

As at July 31, 2017	Equity-linked options	Embedded purchase option	Interest rate swaps	Total
Derivative Financial Asset amounts not subject to enforceable netting arrangements	\$ 6,182	\$ 24,362	\$ -	\$ 30,544
Derivative Financial Liabilities				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ 12,921	\$ 12,921
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	17,379	17,379
Net amount of financial liabilities presented on the statement of financial position	-	-	4,458	4,458
Amounts not subject to enforceable netting arrangements	6,129	-	-	6,129
Total	\$ 6,129	\$ -	\$ 4,458	\$ 10,587

As at October 31, 2016	Equity-linked options	Embedded purchase option	Interest rate swaps	Total
Derivative Financial Assets				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ 1,853	\$ 1,853
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	1,545	1,545
Net amount of financial assets presented on the statement of financial position	-	-	308	308
Amounts not subject to enforceable netting arrangements	6,558	21,262	-	27,820
Total	\$ 6,558	\$ 21,262	\$ 308	\$ 28,128
Derivative Financial Liability amounts not subject to enforceable netting arrangements	\$ 6,508	\$ -	\$ -	\$ 6,508

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 2017	As at October 31 2016
Interest rate swaps					
receive fixed, pay floating	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 200,000
Equity linked option	-	17,515	63,100	80,615	71,781
Total	\$ -	\$ 17,515	\$ 563,100	\$ 580,615	\$ 271,781

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Notes to Interim Condensed Consolidated Financial Statements
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7. 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 and the option derivative are marked to market through interest income investments and have similar principal values and maturity dates. The fair value of the equity linked derivative contract is separately presented as part of derivative instrument assets.

Embedded Purchase Option

Notice to exercise the option was given during the previous quarter and the agreement is effective as of December 15, 2016. A transition period to acquire the underlying consumer loans is being negotiated to complete termination and transfer in 2018.

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.

8. INVESTMENT IN CRELOGIX

The Credit Union currently owns 32.1% (October 31, 2016 - 32.1%) of Crelogix and Crelogix also has outstanding debt payable to the Credit Union of \$4,172 (October 31, 2016 - \$3,480) which includes a convertible loan. The conversion feature allows the Credit Union to convert the loan to shares at any time after November 15, 2016 so that following conversion, the Credit Union would own a total of 80% of the outstanding shares of Crelogix.

On July 6, 2017, Crelogix entered into receivership. Since then, Management has resigned and all operations have ceased. Minimal staff have been kept on to assist the Receiver to manage the administration of loan payment. All efforts to sell the shares of the company have failed.

The Credit Union has assessed the value of the investment in Crelogix shares (excluding the outstanding debt) at July 31, 2017 as nil and impaired the remaining \$350. The value at October 31, 2016 was \$718.

In light of the receivership, Management has reassessed their ability to exercise control over Crelogix. This analysis has concluded that there are barriers to the Credit Union's substantive rights to practically exercise the conversion feature in the convertible note. As such, the Credit Union no longer controls Crelogix and has not consolidated Crelogix in these financial statements.

9. EVENTS AFTER THE REPORTING PERIOD

The Credit Union was selected by Inglewood Credit Union as a merger partner. On September 26, 2017 the Inglewood membership voted to proceed with the merger and on September 27, 2017 the Credit Union's board also voted to proceed. The merger will occur in the second quarter of 2018. Inglewood operates a single branch in Calgary and currently has approximately \$21.7 million in total assets.