

**SERVUS CREDIT UNION LTD.**

**Interim Condensed Consolidated Financial Statements**

**For the three months ended**

**January 31, 2022**

**(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	January 31 2022	October 31 2021
<b>Assets</b>			
Cash and cash equivalents		\$ 338,030	\$ 603,208
Investments	3	1,100,930	1,036,401
Members' loans	4	15,474,832	15,314,479
Assets held for sale		2,590	3,099
Other assets		33,509	33,689
Property and equipment		133,101	134,625
Leased assets		55,634	56,506
Investment property		5,852	5,908
Derivative financial assets	7	10,772	9,507
Investment in associate		205,232	199,886
Intangible assets		56,217	57,644
<b>Total assets</b>		<b>17,416,699</b>	<b>17,454,952</b>
<b>Liabilities</b>			
Borrowings		200,000	200,000
Securitization liabilities		757,648	766,784
Members' deposits		14,422,937	14,380,795
Trade payables and other liabilities		148,112	228,289
Lease liabilities		61,701	62,373
Income taxes payable		285	4,958
Allowance for off balance sheet credit instruments	4,5	5,135	5,578
Derivative financial liabilities	7	27,637	25,567
Investment shares		443	430
Defined benefit plans		5,500	5,516
Deferred income tax liabilities		11,579	10,580
<b>Total liabilities</b>		<b>15,640,977</b>	<b>15,690,870</b>
<b>Equity</b>			
Share capital		682,406	702,690
Retained earnings		1,079,519	1,050,939
Accumulated other comprehensive income		13,797	10,453
<b>Total equity</b>		<b>1,775,722</b>	<b>1,764,082</b>
<b>Total liabilities and equity</b>		<b>\$ 17,416,699</b>	<b>\$ 17,454,952</b>

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

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

Notes	Three months ended January 31 2022	Three months ended January 31 2021
<b>Interest income</b>		
Members' loans	\$ 128,675	\$ 132,380
Investments, including derivatives	8 987	1,813
<b>Total interest income</b>	<b>129,662</b>	<b>134,193</b>
<b>Interest expense</b>		
Members' deposits	16,278	26,539
Other interest expense	4,822	8,006
<b>Total interest expense</b>	<b>21,100</b>	<b>34,545</b>
<b>Net interest income</b>		
Other income	108,562	99,648
Share of profits (losses) from associate	34,812	30,995
	1,003	(335)
<b>Net interest income and other income</b>	<b>144,377</b>	<b>130,308</b>
(Recovery of) provision for credit losses	5 (1,157)	4,316
<b>Net interest income and other income after (recovery of) provision for credit losses</b>	<b>145,534</b>	<b>125,992</b>
<b>Operating expenses</b>		
Personnel	59,726	50,429
General	24,318	19,937
Occupancy	4,243	3,984
Member security	2,519	2,419
Depreciation	4,548	4,440
Organization	1,288	1,455
Impairment of assets	69	328
Amortization	2,834	3,091
<b>Total operating expenses</b>	<b>99,545</b>	<b>86,083</b>
<b>Income before patronage allocation to members and income taxes</b>		
	45,989	39,909
Patronage allocation to members	8,872	8,418
<b>Income before income taxes</b>	<b>37,117</b>	<b>31,491</b>
Income taxes	8,537	7,247
<b>Net income</b>	<b>\$ 28,580</b>	<b>\$ 24,244</b>

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

	Three months ended January 31 2022	Three months ended January 31 2021
<b>Net income</b>	<b>\$ 28,580</b>	<b>\$ 24,244</b>
<b>Other comprehensive income (loss) for the year, net of tax:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
<i>Share of other comprehensive income (loss) from associate</i>		
Actuarial gain (loss) on defined benefit pension plans <sup>(1)</sup>	106	(134)
Change in unrealized gain (loss) on equity securities at fair value through other comprehensive income securities <sup>(2)</sup>	4,077	(169)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
<i>Share of other comprehensive (loss) income from associate</i>		
Change in unrealized loss on debt securities at fair value through other comprehensive income securities <sup>(3)</sup>	(1,119)	(692)
Reclassification adjustments for realized gain on debt securities <sup>(4)</sup>	280	39
<b>Total other comprehensive income (loss)</b>	<b>\$ 3,344</b>	<b>\$ (956)</b>
<b>Total comprehensive income</b>	<b>\$ 31,924</b>	<b>\$ 23,288</b>

<sup>(1)</sup> Net of income tax expense (recovery) for the three months ended January 31, 2022 of \$32 (2021 - \$(40))

<sup>(2)</sup> Net of income tax expense (recovery) for the three months ended January 31, 2022 of \$1,217 (2021 - \$(51))

<sup>(3)</sup> Net of income tax (recovery) for the three months ended January 31, 2022 of \$(334) (2021 - \$(207))

<sup>(4)</sup> Net of income tax expense for the three months ended January 31, 2022 of \$84 (2021 - \$12)

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**SERVUS CREDIT UNION LTD.**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**(Canadian \$ thousands)**  
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	Share Capital			Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
	Common Shares	Investment Shares	Total Share Capital			
Balance at October 31, 2020	\$ 566,375	\$ 120,174	\$ 686,549	\$ 954,279	\$ 12,373	\$ 1,653,201
Changes in equity						
Issues of share capital	8,868	-	8,868	-	-	8,868
Redemption of share capital	(17,812)	(2,126)	(19,938)	-	-	(19,938)
Net income	-	-	-	24,244	-	24,244
Share of other comprehensive loss from associate	-	-	-	-	(956)	(956)
Balance at January 31, 2021	\$ 557,431	\$ 118,048	\$ 675,479	\$ 978,523	\$ 11,417	\$ 1,665,419

	Share Capital			Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
	Common Shares	Investment Shares	Total Share Capital			
Balance at October 31, 2021	\$ 582,375	\$ 120,315	\$ 702,690	\$ 1,050,939	\$ 10,453	\$ 1,764,082
Changes in equity						
Issues of share capital	6,257	-	6,257	-	-	6,257
Redemption of share capital	(23,732)	(2,809)	(26,541)	-	-	(26,541)
Net income	-	-	-	28,580	-	28,580
Share of other comprehensive gain from associate	-	-	-	-	3,344	3,344
Balance at January 31, 2022	\$ 564,900	\$ 117,506	\$ 682,406	\$ 1,079,519	\$ 13,797	\$ 1,775,722

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)**

	Three months ended January 31 2022	Three months ended January 31 2021
<b>Cash flows from (used in) operating activities</b>		
<b>Net income</b>	<b>\$ 28,580</b>	<b>\$ 24,244</b>
<b>Adjustments for non-cash items and others</b>		
Net interest income <sup>(1)</sup>	(108,562)	(99,648)
(Recovery of) provision for credit losses	(1,157)	4,316
Share of (profits) losses from investment in associate	(1,003)	335
Depreciation	4,548	4,440
Amortization	2,834	3,091
Impairment of assets	69	328
Gain on leased assets	(3)	(1)
(Gain) loss on assets held for sale	(125)	33
(Gain) loss on disposal of property and equipment	(42)	326
Income taxes	8,537	7,247
<b>Adjustments for net changes in operating assets and liabilities</b>		
Change in members' loans	(161,447)	(62,000)
Change in members' deposits	42,232	208,168
Change in assets held for sale	(326)	(1,659)
Change in derivatives, net	805	6,286
Change in other assets, provisions, and trade payables and other liabilities, net	(62,831)	(42,589)
Income taxes paid, net	(12,211)	(6,184)
Interest received	131,373	157,664
Interest paid	(20,924)	(40,430)
<b>Net cash (used in) from operating activities</b>	<b>(149,653)</b>	<b>163,967</b>
<b>Cash flows from (used in) investing activities</b>		
Additions to intangible assets	(1,407)	(1,439)
Additions to property and equipment, and investment property	(1,460)	(1,908)
Proceeds on disposal of property and equipment, and investment property	67	49
Proceeds on disposal of assets held for sale	891	4,523
(Purchase of) proceeds from investments, net	(64,433)	70,048
<b>Net cash (used in) from investing activities</b>	<b>(66,342)</b>	<b>71,273</b>
<b>Cash flows from (used in) financing activities</b>		
Advances of securitization liabilities	69,976	41,637
Repayments of securitization liabilities	(97,545)	(153,977)
Repayments of principal portion of lease liabilities	(1,330)	(1,301)
Shares issued	6,257	8,868
Shares redeemed	(26,541)	(19,938)
<b>Net cash used in financing activities</b>	<b>(49,183)</b>	<b>(124,711)</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(265,178)</b>	<b>110,529</b>
Cash and cash equivalents, beginning of period	603,208	188,954
<b>Cash and cash equivalents, end of period</b>	<b>\$ 338,030</b>	<b>\$ 299,483</b>

<sup>(1)</sup> Net interest income includes a fair value loss on derivatives for the three month ended January 31, 2022 of \$627 (2021 - \$1,196)

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

**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") 2021 audited annual consolidated financial statements.

These interim condensed consolidated financial statements were approved by the Audit and Finance Committee on March 21, 2022.

**Use of Estimates, Assumptions and Critical Judgements**

The preparation of the interim condensed consolidated financial statements requires management to make estimates, assumptions and critical judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and related disclosures. Estimates and underlying assumptions required under IFRS are best estimates undertaken in accordance with the applicable standards and are reviewed on a continuous basis.

Estimates and assumptions have been used in the following areas: income taxes; deferred tax assets and liabilities; fair values of financial instruments; expected credit losses (ECL); measurement of provisions; the useful lives of property, equipment, and intangible assets; valuation of leased assets and lease liabilities; credit card points liability; defined benefit plans; and the fair value less costs to sell for assets held for sale. Actual results may differ significantly from these estimates, and the impact of any such differences will be recorded in future periods.

Critical judgments have been made in the following areas: impairment of non-financial assets, modification and derecognition of assets, ECL, classification and valuation of financial instruments, valuation of leased assets and lease liabilities, consolidation of structured entities and accounting for investment in associate.

The COVID-19 pandemic continues to have an impact on judgments as well as significant estimates and assumptions made by management in preparing the interim condensed consolidated financial statements. Refer to Note 5 for more information on significant judgments made to estimate the ECL.

**2. ACCOUNTING POLICIES**

These interim condensed consolidated financial statements have been prepared following the same accounting policies and methods as those used in preparing Servus' 2021 annual consolidated financial statements, with the exception of Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ("the Phase 2 amendments"). The adoption of these amendments effective November 1, 2021 have no impact on the financial statements.

**3. INVESTMENTS**

	<b>As at January 31 2022</b>	<b>As at October 31 2021</b>
Term deposits with Alberta Central	\$ 1,099,978	\$ 1,035,562
Other	305	288
	<b>1,100,283</b>	1,035,850
Accrued interest	648	552
	<b>1,100,931</b>	1,036,402
ECL allowance on investments	(1)	(1)
<b>Total</b>	<b>\$ 1,100,930</b>	<b>\$ 1,036,401</b>

**SERVUS CREDIT UNION LTD.**  
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#### 4. MEMBERS' LOANS

The following table presents the carrying amount of loans and the exposure amount for off-balance sheet items according to the stage in which they are classified as well as the allowance for credit losses:

	Performing		Impaired		Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3				
<b>As at January 31, 2022</b>							
Residential mortgages	\$ 8,162,776	\$ 474,153	\$ 10,258	\$ 8,647,187	\$ 4,607	\$ 8,642,580	
Commercial and agriculture	5,643,880	162,078	35,704	5,841,662	21,032	5,820,630	
Consumer and credit card	951,551	67,955	3,348	1,022,854	11,232	1,011,622	
<b>Total members' loans</b>	<b>\$ 14,758,207</b>	<b>\$ 704,186</b>	<b>\$ 49,310</b>	<b>\$ 15,511,703</b>	<b>\$ 36,871</b>	<b>\$ 15,474,832</b>	

<b>As at January 31, 2022</b>							
Residential mortgages	\$ 2,130,314	\$ 14,645	\$ 525	\$ 2,145,484	\$ 345	\$ 2,145,139	
Commercial and agriculture	1,413,154	9,294	172	1,422,620	758	1,421,862	
Consumer and credit card	1,078,041	14,796	635	1,093,472	4,032	1,089,440	
<b>Total off balance sheet credit instruments</b>	<b>\$ 4,621,509</b>	<b>\$ 38,735</b>	<b>\$ 1,332</b>	<b>\$ 4,661,576</b>	<b>\$ 5,135</b>	<b>\$ 4,656,441</b>	

	Performing		Impaired		Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3				
<b>As at October 31, 2021</b>							
Residential mortgages	\$ 8,132,740	\$ 503,687	\$ 9,124	\$ 8,645,551	\$ 4,996	\$ 8,640,555	
Commercial and agriculture	5,439,573	177,727	37,707	5,655,007	23,136	5,631,871	
Consumer and credit card	978,675	72,402	2,504	1,053,581	11,528	1,042,053	
<b>Total members' loans</b>	<b>\$ 14,550,988</b>	<b>\$ 753,816</b>	<b>\$ 49,335</b>	<b>\$ 15,354,139</b>	<b>\$ 39,660</b>	<b>\$ 15,314,479</b>	

<b>As at October 31, 2021</b>							
Residential mortgages	\$ 2,107,012	\$ 15,253	\$ 837	\$ 2,123,102	\$ 379	\$ 2,122,723	
Commercial and agriculture	1,338,754	4,402	141	1,343,297	896	1,342,401	
Consumer and credit card	1,066,550	15,595	626	1,082,771	4,303	1,078,468	
<b>Total off balance sheet credit instruments</b>	<b>\$ 4,512,316</b>	<b>\$ 35,250</b>	<b>\$ 1,604</b>	<b>\$ 4,549,170</b>	<b>\$ 5,578</b>	<b>\$ 4,543,592</b>	

#### 5. ALLOWANCE FOR CREDIT LOSSES

##### Key Data and Assumptions

Estimating the allowance for ECL is based on a set of inputs, assumptions and methodologies placed around credit risk and future looking macroeconomic indicators and therefore requires significant judgment. Management has made complex and subjective judgments to assess the adequacy of the assumptions used to calculate the ECL at January 31, 2022.

These inputs and assumptions are assessed each reporting period considering both positive and negative aspects of the current economic environment. ECL models use some historical information in their methodologies and assumptions, and therefore are not able to address all considerations of the current economic state. Additional analysis and an amount added to model results as a management overlay which is calculated outside of the model based on analyses, may be required. The best information available as at the reporting date is used in the model and in all additional analysis.

The Credit Union uses a model created by Central 1 (the model) to estimate the ECL. Changes in inputs and the assumptions used have an impact on the assessment of significant increase in credit risk and the measurement of ECLs. The main areas where judgment is used in the ECL model is in the assessment of whether there is a significant increase in credit risk on loans, the probability that a member will default on a loan (PD), forecasted future looking macroeconomic indicators (FLI) and the weightings to be used on the base, best and worst case scenarios for the FLIs.

**SERVUS CREDIT UNION LTD.**  
**Notes to Interim Condensed Consolidated Financial Statements**  
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**5. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)**

The macroeconomic factors used in the model that affect the Credit Union ECL calculations are:

- Alberta unemployment rates
- Canadian unemployment rates (Mastercard book only)
- Alberta housing price index
- The rate spread between the three-month Bank of Canada bond and three-month Bankers' Acceptance rates.

Each factor is forecast in three scenarios, a base case, a best case and a worst-case scenario. These scenarios are weighted, and the weighted average is used to build the calculated estimate for ECL. Sensitivities around the weights of the FLIs are also performed each reporting period by assessing the forecasts for each of the best, base and worst-case scenarios and determining the probability of each scenario. At January 31, 2022, management concluded that weighting to be used is a 60% base, 20% best and 20% worst-case (October 31, 2021 - 60% base, 20% best and 20% worst-case).

Where a sensitivity analysis shows that the loan book has a risk that is not adequately covered by the model calculation, the sensitivity is used to provide justification for a management overlay to be applied to the ECL calculated by the model. These analyses are performed and assessed each reporting period to estimate the amount of a management overlay amount to add to the model results.

At January 31, 2022, management has applied an overlay of \$3.5 million (October 31, 2021 - \$3.5 million) on the commercial, consumer, residential mortgages, and credit card book.

The following table presents the changes in the allowance for credit losses:

	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Total
<b>As at October 31, 2021</b>	<b>\$ 5,375</b>	<b>\$ 24,032</b>	<b>\$ 15,831</b>	<b>\$ 45,238</b>
Recoveries of previous loan write-offs	-	29	1,290	1,319
(Recovery) provision charged to net income	(187)	(1,137)	167	(1,157)
	5,188	22,924	17,288	45,400
Loans written off	(236)	(1,134)	(2,024)	(3,394)
<b>As at January 31, 2022</b>	<b>\$ 4,952</b>	<b>\$ 21,790</b>	<b>\$ 15,264</b>	<b>\$ 42,006</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>				
Netted with members' loans	4,607	21,032	11,232	36,871
Off balance sheet credit instruments <sup>(1)</sup>	345	758	4,032	5,135
<b>Total</b>	<b>\$ 4,952</b>	<b>\$ 21,790</b>	<b>\$ 15,264</b>	<b>\$ 42,006</b>

	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Total
As at October 31, 2020	\$ 7,343	\$ 45,260	\$ 21,893	\$ 74,496
Recoveries of previous loan write-offs	25	421	5,519	5,965
Provision (recovery) charged to net income	1,674	(14,337)	(900)	(13,563)
	9,042	31,344	26,512	66,898
Loans written off	(3,667)	(7,312)	(10,681)	(21,660)
As at October 31, 2021	\$ 5,375	\$ 24,032	\$ 15,831	\$ 45,238
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>				
Netted with members' loans	4,996	23,136	11,528	39,660
Off balance sheet credit instruments <sup>(1)</sup>	379	896	4,303	5,578
<b>Total</b>	<b>\$ 5,375</b>	<b>\$ 24,032</b>	<b>\$ 15,831</b>	<b>\$ 45,238</b>

<sup>(1)</sup> Off balance sheet credit instruments consisting of undrawn commitments and financial guarantees

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**5. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)**

The (recovery) provision charged to net income is:

	Three months ended January 31 2022	Three months ended January 31 2021
Loans	\$ (1,157)	\$ 4,315
Investments	-	1
<b>(Recovery of) provision for credit losses</b>	<b>\$ (1,157)</b>	<b>\$ 4,316</b>

The following tables reconcile the opening and closing allowances for loans, by stage, for each major category:

**Allowance for credit losses – Residential Mortgages**

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
<b>As at October 31, 2021</b>	<b>\$ 2,281</b>	<b>\$ 2,495</b>	<b>\$ 599</b>	<b>\$</b>	<b>\$ 5,375</b>
Transfers					
Stage 1 <sup>(1)</sup>	141	(141)	-		-
Stage 2 <sup>(1)</sup>	(641)	652	(11)		-
Stage 3 <sup>(1)</sup>	(86)	(152)	238		-
New originations <sup>(2)</sup>	99	92	-		191
Repayments <sup>(3)</sup>	(64)	(55)	(36)		(155)
Remeasurements <sup>(4)</sup>	315	(562)	24		(223)
Loans written off	-	-	(236)		(236)
<b>As at January 31, 2022</b>	<b>\$ 2,045</b>	<b>\$ 2,329</b>	<b>\$ 578</b>	<b>\$</b>	<b>\$ 4,952</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
Netted with members' loans	1,762	2,267	578		4,607
Off balance sheet credit instruments	283	62	-		345
<b>Total</b>	<b>\$ 2,045</b>	<b>\$ 2,329</b>	<b>\$ 578</b>	<b>\$</b>	<b>\$ 4,952</b>

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
<b>As at October 31, 2020</b>	<b>\$ 1,996</b>	<b>\$ 3,858</b>	<b>\$ 1,489</b>	<b>\$</b>	<b>\$ 7,343</b>
Transfers					
Stage 1 <sup>(1)</sup>	460	(458)	(2)		-
Stage 2 <sup>(1)</sup>	(1,845)	2,060	(215)		-
Stage 3 <sup>(1)</sup>	(219)	(1,145)	1,364		-
New originations <sup>(2)</sup>	643	607	-		1,250
Repayments <sup>(3)</sup>	(337)	(337)	(821)		(1,495)
Remeasurements <sup>(4)</sup>	1,583	(2,090)	2,426		1,919
Loans written off	-	-	(3,667)		(3,667)
Recoveries	-	-	25		25
<b>As at October 31, 2021</b>	<b>\$ 2,281</b>	<b>\$ 2,495</b>	<b>\$ 599</b>	<b>\$</b>	<b>\$ 5,375</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
Netted with members' loans	1,968	2,430	598		4,996
Off balance sheet credit instruments	313	65	1		379
<b>Total</b>	<b>\$ 2,281</b>	<b>\$ 2,495</b>	<b>\$ 599</b>	<b>\$</b>	<b>\$ 5,375</b>

<sup>(1)</sup> Stage transfers represent movement between stages

<sup>(2)</sup> New originations relate to new loans recognized during the period and reflect movements into different stages within the period

<sup>(3)</sup> Repayments relate to loans fully repaid or derecognized and excludes loans written off where a credit loss was incurred

<sup>(4)</sup> Represents the change in the allowance due to changes in economic factors, risk, model parameters and management overlay

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**5. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)**

**Allowance for credit losses – Commercial and Agriculture**

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
<b>As at October 31, 2021</b>	\$ 4,342	\$ 3,493	\$ 16,197	\$	<b>24,032</b>
Transfers					
Stage 1 <sup>(1)</sup>	15	(15)	-		-
Stage 2 <sup>(1)</sup>	(47)	47	-		-
Stage 3 <sup>(1)</sup>	(61)	(105)	166		-
New originations <sup>(2)</sup>	278	6	27		311
Repayments <sup>(3)</sup>	(140)	(728)	(615)		(1,483)
Remeasurements <sup>(4)</sup>	(581)	(197)	813		35
Loans written off	-	-	(1,134)		(1,134)
Recoveries	-	-	29		29
<b>As at January 31, 2022</b>	\$ 3,806	\$ 2,501	\$ 15,483	\$	<b>21,790</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
Netted with members' loans	3,112	2,483	15,437		21,032
Off balance sheet credit instruments	694	18	46		758
<b>Total</b>	\$ 3,806	\$ 2,501	\$ 15,483	\$	<b>21,790</b>

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
<b>As at October 31, 2020</b>	\$ 7,728	\$ 14,471	\$ 23,085	\$	<b>45,284</b>
Transfers					
Stage 1 <sup>(1)</sup>	813	(811)	(2)		-
Stage 2 <sup>(1)</sup>	(1,950)	2,067	(117)		-
Stage 3 <sup>(1)</sup>	(900)	(3,545)	4,445		-
New originations <sup>(2)</sup>	1,232	50	49		1,331
Repayments <sup>(3)</sup>	(722)	(743)	(457)		(1,922)
Remeasurements <sup>(4)</sup>	(1,859)	(7,996)	(3,915)		(13,770)
Loans written off	-	-	(7,312)		(7,312)
Recoveries	-	-	421		421
<b>As at October 31, 2021</b>	\$ 4,342	\$ 3,493	\$ 16,197	\$	<b>24,032</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
Netted with members' loans	3,485	3,479	16,172		23,136
Off balance sheet credit instruments	857	14	25		896
<b>Total</b>	\$ 4,342	\$ 3,493	\$ 16,197	\$	<b>24,032</b>

<sup>(1)</sup> Stage transfers represent movement between stages

<sup>(2)</sup> New originations relate to new loans recognized during the period and reflect movements into different stages within the period

<sup>(3)</sup> Repayments relate to loans fully repaid or derecognized and excludes loans written off where a credit loss was incurred

<sup>(4)</sup> Represents the change in the allowance due to changes in economic factors, risk, model parameters and management overlay

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**5. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)**

**Allowance for credit losses – Consumer and Credit Card**

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
<b>As at October 31, 2021</b>	<b>\$ 6,777</b>	<b>\$ 7,950</b>	<b>\$ 1,104</b>	<b>\$</b>	<b>15,831</b>
Transfers					
Stage 1 <sup>(1)</sup>	273	(269)	(4)		-
Stage 2 <sup>(1)</sup>	(1,435)	1,456	(21)		-
Stage 3 <sup>(1)</sup>	(303)	(771)	1,074		-
New originations <sup>(2)</sup>	319	64	3		386
Repayments <sup>(3)</sup>	(122)	(89)	(51)		(262)
Remeasurements <sup>(4)</sup>	804	(750)	(11)		43
Loans written off	-	-	(2,024)		(2,024)
Recoveries	-	-	1,290		1,290
<b>As at January 31, 2022</b>	<b>\$ 6,313</b>	<b>\$ 7,591</b>	<b>\$ 1,360</b>	<b>\$</b>	<b>15,264</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
Netted with members' loans	3,202	6,701	1,329		11,232
Off balance sheet credit instruments	3,111	890	31		4,032
<b>Total</b>	<b>\$ 6,313</b>	<b>\$ 7,591</b>	<b>\$ 1,360</b>	<b>\$</b>	<b>15,264</b>

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
<b>As at October 31, 2020</b>	<b>\$ 8,925</b>	<b>\$ 11,337</b>	<b>\$ 1,631</b>	<b>\$</b>	<b>21,893</b>
Transfers					
Stage 1 <sup>(1)</sup>	1,057	(1,040)	(17)		-
Stage 2 <sup>(1)</sup>	(4,850)	5,096	(246)		-
Stage 3 <sup>(1)</sup>	(727)	(3,072)	3,799		-
New originations <sup>(2)</sup>	2,924	676	1		3,601
Repayments <sup>(3)</sup>	(983)	(820)	(2,668)		(4,471)
Remeasurements <sup>(4)</sup>	431	(4,227)	3,766		(30)
Loans written off	-	-	(10,681)		(10,681)
Recoveries	-	-	5,519		5,519
<b>As at October 31, 2021</b>	<b>\$ 6,777</b>	<b>\$ 7,950</b>	<b>\$ 1,104</b>	<b>\$</b>	<b>15,831</b>
<b>Presented on Interim Condensed Consolidated Statement of Financial Position as:</b>					
Netted with members' loans	3,494	6,963	1,071		11,528
Off balance sheet credit instruments	3,283	987	33		4,303
<b>Total</b>	<b>\$ 6,777</b>	<b>\$ 7,950</b>	<b>\$ 1,104</b>	<b>\$</b>	<b>15,831</b>

<sup>(1)</sup> Stage transfers represent movement between stages

<sup>(2)</sup> New originations relate to new loans recognized during the period and reflect movements into different stages within the period

<sup>(3)</sup> Repayments relate to loans fully repaid or derecognized and excludes loans written off where a credit loss was incurred

<sup>(4)</sup> Represents the change in the allowance due to changes in economic factors, risk, model parameters and management overlay

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**6. CREDIT QUALITY OF MEMBERS' LOANS**

The following table outlines the ranges used for the categorization of risk assessments:

<b>Risk Assessment</b>	<b>Residential Mortgage FICO Score Range</b>	<b>Consumer &amp; Credit Card FICO Score Range</b>	<b>Commercial &amp; Agriculture Risk Rating Range</b>
Very low risk	800 +	800 +	1
Low risk	681 - 799	701 - 799	2 and 3
Medium risk	625 - 680	650 - 700	4, 5
High risk/impaired	624 or less	649 or less	6 ,7, 8, and 9

The following table presents the gross carrying amount of loans subject to impairment by risk category:

<b>As at January 31, 2022</b>	<b>Residential Mortgages</b>	<b>Commercial and Agriculture</b>	<b>Consumer and Credit Card</b>	<b>Total</b>
<b>Risk Categories</b>				
Very low risk	\$ 3,452,249	\$ 26,702	\$ 286,054	\$ 3,765,005
Low risk	3,730,303	2,331,223	404,288	6,465,814
Medium risk	1,001,688	3,346,165	175,629	4,523,482
High risk	452,689	101,868	153,535	708,092
Impaired	10,258	35,704	3,348	49,310
<b>Total members' loans</b>	<b>\$ 8,647,187</b>	<b>\$ 5,841,662</b>	<b>\$ 1,022,854</b>	<b>\$ 15,511,703</b>

<b>As at October 31, 2021</b>	<b>Residential Mortgages</b>	<b>Commercial and Agriculture</b>	<b>Consumer and Credit Card</b>	<b>Total</b>
<b>Risk Categories</b>				
Very low risk	\$ 3,369,197	\$ 27,661	\$ 294,297	\$ 3,691,155
Low risk	3,745,741	2,255,221	412,635	6,413,597
Medium risk	1,047,651	3,200,714	179,254	4,427,619
High risk	473,838	133,704	164,891	772,433
Impaired	9,124	37,707	2,504	49,335
<b>Total members' loans</b>	<b>\$ 8,645,551</b>	<b>\$ 5,655,007</b>	<b>\$ 1,053,581</b>	<b>\$ 15,354,139</b>

The following table presents the amount of undrawn loan commitments subject to impairment by risk category:

<b>As at January 31, 2022</b>	<b>Residential Mortgages</b>	<b>Commercial and Agriculture</b>	<b>Consumer and Credit Card</b>	<b>Total</b>
<b>Risk Categories</b>				
Very low risk	\$ 1,047,718	\$ 156,589	\$ 619,294	\$ 1,823,601
Low risk	1,047,943	1,010,628	304,111	2,362,682
Medium risk	41,795	253,130	58,718	353,643
High risk	7,503	2,101	110,714	120,318
Impaired	525	172	635	1,332
<b>Total off balance sheet credit instruments</b>	<b>\$ 2,145,484</b>	<b>\$ 1,422,620</b>	<b>\$ 1,093,472</b>	<b>\$ 4,661,576</b>

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**6. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)**

As at October 31, 2021	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Total
Risk Categories				
Very low risk	\$ 1,018,692	\$ 148,711	\$ 599,418	\$ 1,766,821
Low risk	1,046,300	948,286	312,200	2,306,786
Medium risk	49,999	245,408	59,865	355,272
High risk	7,274	751	110,662	118,687
Impaired	837	141	626	1,604
<b>Total off balance sheet credit instruments</b>	<b>\$ 2,123,102</b>	<b>\$ 1,343,297</b>	<b>\$ 1,082,771</b>	<b>\$ 4,549,170</b>

Loans Past Due, as at January 31, 2022	Up to 30 Days	31 to 59 Days	60 to 89 Days	Over 90 Days	Total
<b>Stage 1</b>					
Residential mortgages	\$ 68,111	\$ -	\$ -	\$ -	\$ 68,111
Commercial and agriculture	28,658	-	-	-	28,658
Consumer and credit card	19,867	-	-	-	19,867
<b>Stage 2</b>					
Residential mortgages	27,753	23,137	12,759	8,734	72,383
Commercial and agriculture	8,619	17,715	11,663	24,940	62,937
Consumer and credit card	6,283	4,316	2,219	57	12,875
<b>Stage 3</b>					
Residential mortgages	-	-	-	10,093	10,093
Commercial and agriculture	98	231	170	18,913	19,412
Consumer and credit card	-	-	-	3,287	3,287
<b>Total</b>	<b>\$ 159,389</b>	<b>\$ 45,399</b>	<b>\$ 26,811</b>	<b>\$ 66,024</b>	<b>\$ 297,623</b>

Loans Past Due, as at October 31, 2021	Up to 30 Days	31 to 59 Days	60 to 89 Days	Over 90 Days	Total
<b>Stage 1</b>					
Residential mortgages	\$ 64,995	\$ -	\$ -	\$ -	\$ 64,995
Commercial and agriculture	8,532	-	-	-	8,532
Consumer and credit card	16,425	-	-	-	16,425
<b>Stage 2</b>					
Residential mortgages	27,744	33,195	9,529	10,113	80,581
Commercial and agriculture	7,297	23,476	20,543	47,641	98,957
Consumer and credit card	6,413	5,288	1,994	56	13,751
<b>Stage 3</b>					
Residential mortgages	-	-	-	8,986	8,986
Commercial and agriculture	236	71	109	21,478	21,894
Consumer and credit card	-	-	-	2,441	2,441
<b>Total</b>	<b>\$ 131,642</b>	<b>\$ 62,030</b>	<b>\$ 32,175</b>	<b>\$ 90,715</b>	<b>\$ 316,562</b>

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 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.

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**6. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)**

<b>Loans by Security</b>	<b>As at January 31 2022</b>	<b>As at October 31 2021</b>
Insured loans and mortgages	\$ 3,039,366	\$ 3,043,315
Secured by mortgage	11,066,882	10,879,690
Secured by other	863,591	892,306
Unsecured loans	327,075	318,493
Unsecured mastercard	214,789	220,335
<b>Total</b>	<b>\$ 15,511,703</b>	<b>\$ 15,354,139</b>

**7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

	<b>As at January 31, 2022</b>			<b>As at October 31, 2021</b>		
	<b>Gross Financial Assets</b>	<b>Gross Financial Liabilities</b>	<b>Net</b>	<b>Gross Financial Assets</b>	<b>Gross Financial Liabilities</b>	<b>Net</b>
Equity-linked options	\$ 10,772	\$ (10,620)	\$ 152	\$ 9,507	\$ (9,385)	\$ 122
Interest rate swaps	-	(17,017)	(17,017)	-	(16,182)	(16,182)
<b>Total</b>	<b>\$ 10,772</b>	<b>\$ (27,637)</b>	<b>\$ (16,865)</b>	<b>\$ 9,507</b>	<b>\$ (25,567)</b>	<b>\$ (16,060)</b>

As of January 31, 2022, there are no derivative financial instrument contracts subject to an enforceable master netting agreement.

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

	<b>1 to 3 Months</b>	<b>3 to 12 Months</b>	<b>1 to 5 Years</b>	<b>As at January 31 2022</b>	<b>As at October 31 2021</b>
Interest rate swaps					
receive fixed, pay floating	\$ -	\$ 250,000	\$ 600,000	\$ 850,000	\$ 850,000
Equity-linked options	2,300	-	101,400	103,700	94,150
<b>Total</b>	<b>\$ 2,300</b>	<b>\$ 250,000</b>	<b>\$ 701,400</b>	<b>\$ 953,700</b>	<b>\$ 944,150</b>

**Equity-linked Options**

Equity-linked options are used to fix costs on term deposit products that pay a return to the deposit holder based on the change in equity market indices. 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.

**Interest Rate Swaps**

Interest rate swaps are agreements where two counterparties exchange a series of interest payments based on different interest rates applied to a notional amount.

Due to the fluctuations in interest rates, the fair value of interest rate swaps for the Credit Union may be presented as an asset or liability on the interim condensed consolidated statement of financial position.

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**8. INVESTMENT INCOME**

	Three months ended January 31 2022	Three months ended January 31 2021
<b>Investment Income</b>		
Investment income on term deposits and other	\$ 1,199	\$ 2,046
Unrealized loss on derivative instruments	(597)	(1,152)
Realized gain on derivative instruments	385	919
<b>Total</b>	<b>\$ 987</b>	<b>\$ 1,813</b>

**9. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The amounts set out in the table below represent the carrying amounts and fair values of the Credit Union's financial instruments using the valuations and assumptions described below. The amounts do not include the fair values of items that are not considered financial assets and financial liabilities.

As at January 31, 2022	Note	Carrying Value	Fair Value	Fair Value Difference
<b>Financial Instrument Assets</b>				
Cash and cash equivalents	a	\$ 338,030	\$ 338,030	\$ -
Interest bearing deposits with financial institutions	c,e	1,100,625	1,099,308	(1,317)
Assets at fair value through profit or loss	d	11,063	11,063	-
Members' loans	b,c,e	15,474,832	15,453,984	(20,848)
Other	a	11,564	11,564	-
<b>Total financial instrument assets</b>		<b>16,936,114</b>	<b>16,913,949</b>	<b>(22,165)</b>
<b>Financial Instrument Liabilities</b>				
Members' deposits	b,c	14,422,937	14,418,757	4,180
Liabilities at fair value through profit or loss	d	27,637	27,637	-
Borrowings	b	200,000	200,000	-
Securitization liabilities	c	757,648	765,106	(7,458)
Payables and other financial liabilities	a	140,172	140,172	-
<b>Total financial instrument liabilities</b>		<b>\$ 15,548,394</b>	<b>\$ 15,551,672</b>	<b>\$ (3,278)</b>

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**9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

As at October 31, 2021	Note	Carrying Value	Fair Value	Fair Value Difference
<i>Financial Instrument Assets</i>				
Cash and cash equivalents	a	\$ 603,208	\$ 603,208	\$ -
Interest bearing deposits with financial institutions	c,e	1,036,113	1,036,554	441
Assets at fair value through profit or loss	d	9,785	9,785	-
Members' loans	b,c,e	15,314,479	15,373,576	59,097
Other	a	12,134	12,134	-
<b>Total financial instrument assets</b>		<b>16,975,719</b>	<b>17,035,257</b>	<b>59,538</b>
<i>Financial Instrument Liabilities</i>				
Members' deposits	b,c	14,380,795	14,391,257	(10,462)
Liabilities at fair value through profit or loss	d	25,567	25,567	-
Borrowings	b	200,000	200,000	-
Securitization liabilities	c	766,784	779,625	(12,841)
Payables and other financial liabilities	a	220,573	220,573	-
<b>Total financial instrument liabilities</b>		<b>\$ 15,593,719</b>	<b>\$ 15,617,022</b>	<b>\$ (23,303)</b>

(a) The fair values of cash, other financial assets and other liabilities are assumed to approximate book values, due to their short-term nature.

(b) The estimated fair values of floating rate member loans, member deposits and borrowings are assumed to equal their book values since the interest rates automatically reprice to market.

(c) The estimated fair values of interest-bearing deposits with financial institutions, fixed-rate member loans, fixed-rate member deposits and securitization liabilities are determined by discounting the expected future cash flows of these loans and deposits based on yield curves of financial assets and liabilities with similar terms and credit risks.

(d) The fair values of derivative financial instruments are calculated based on valuation techniques using inputs reflecting market conditions at a specific point in time and may not be reflective of future fair values.

(e) Allowances, which are netted against the fair value determined as per footnote c and d, use forward-looking information in the calculation of ECL.

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**9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

<b>As at January 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative assets	\$ -	\$ 10,772	\$ -	\$ 10,772
Investment shares in entities <sup>(1)</sup>	-	-	64	64
Shares in Concentra Trust <sup>(1)</sup>	-	-	227	227
<b>Financial assets held at fair value</b>	<b>\$ -</b>	<b>\$ 10,772</b>	<b>\$ 291</b>	<b>\$ 11,063</b>
Member shares - Series E	-	(443)	-	(443)
Derivative liabilities	-	(27,637)	-	(27,637)
<b>Financial liabilities held at fair value</b>	<b>\$ -</b>	<b>\$ (28,080)</b>	<b>\$ -</b>	<b>\$ (28,080)</b>

Fair value measurements using Level 3 inputs

Balance at October 31, 2021	\$	278
Purchases		13
<b>Balance at January 31, 2022</b>	<b>\$</b>	<b>291</b>

<b>As at October 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative assets	\$ -	\$ 9,507	\$ -	\$ 9,507
Investment shares in entities <sup>(1)</sup>	-	-	51	51
Shares in Concentra Trust <sup>(1)</sup>	-	-	227	227
<b>Financial assets held at fair value</b>	<b>\$ -</b>	<b>\$ 9,507</b>	<b>\$ 278</b>	<b>\$ 9,785</b>
Member shares - Series E	-	(430)	-	(430)
Derivative liabilities	-	(25,567)	-	(25,567)
<b>Financial liabilities held at fair value</b>	<b>\$ -</b>	<b>\$ (25,997)</b>	<b>\$ -</b>	<b>\$ (25,997)</b>

Fair value measurements using Level 3 inputs

Balance at October 31, 2020	\$	270
Fair value through profit and (loss)		12
Purchases		13
Sales		(17)
<b>Balance at October 31, 2021</b>	<b>\$</b>	<b>278</b>

<sup>(1)</sup> Investment shares in entities and Shares in Concentra Trust are included in investments on the interim condensed consolidated statement of financial position

**10. COMPARATIVE FIGURES**

Certain comparative figures in the interim condensed consolidated statements and note disclosures have been reclassified to conform to the current year's presentation.