

SERVUS CREDIT UNION LTD.

Interim Condensed Consolidated Financial Statements

For the three months ended

April 30, 2018

(unaudited)

SERVUS CREDIT UNION LTD.
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(unaudited)

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

	Notes	April 30 2018	October 31 2017
Assets			
Cash and cash equivalents		\$ 107,171	\$ 104,118
Investments		1,397,129	1,181,454
Members' loans	3	13,965,345	13,675,636
Assets held for sale		7,267	9,024
Other assets		21,708	18,256
Property and equipment		145,579	147,127
Investment property		6,131	7,169
Derivative financial assets	6	8,174	31,695
Investment in associate		178,197	172,900
Intangible assets		68,589	43,078
Deferred income tax assets		41	-
Total assets		15,905,331	15,390,457
Liabilities			
Borrowings		250,000	100,000
Secured borrowings		1,439,467	1,093,288
Members' deposits		12,537,572	12,560,063
Trade payables and other liabilities		171,378	173,565
Income taxes payable		3,070	894
Derivative financial liabilities	6	14,582	13,006
Investment shares		415	415
Defined benefit plans		7,250	7,219
Deferred income tax liabilities		20,651	17,894
Total liabilities		14,444,385	13,966,344
Equity			
Share capital		646,649	659,599
Retained earnings		805,993	763,636
Accumulated other comprehensive income (loss)		7,310	(144)
Total equity attributable to members of the Credit Union		1,459,952	1,423,091
Non-controlling interest		994	1,022
Total equity		1,460,946	1,424,113
Total liabilities and equity		\$ 15,905,331	\$ 15,390,457

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 April 30 2018	Three months ended April 30 2017	Six months ended April 30 2018	Six months ended April 30 2017
Interest income				
Members' loans	\$ 132,230	\$ 113,509	\$ 257,109	\$ 231,223
Investments	5,120	3,490	6,495	5,433
Total interest income	137,350	116,999	263,604	236,656
Interest expense				
Members' deposits	31,428	24,648	61,576	50,677
Other interest expense	7,879	4,639	13,311	8,977
Total interest expense	39,307	29,287	74,887	59,654
Net interest income				
Other income	98,043	87,712	188,717	177,002
Share of profits from associate	30,276	26,126	52,462	49,305
	3,667	3,302	4,816	6,346
Net interest income and other income	131,986	117,140	245,995	232,653
Provision for credit losses	4	8,766	3,137	10,451
Net interest income after provision for credit losses	123,220	114,003	235,544	224,106
Operating expenses				
Personnel	52,836	46,845	99,224	92,334
General	18,470	12,595	32,385	22,412
Occupancy	4,990	5,272	10,163	10,355
Member security	3,409	3,254	6,885	6,723
Depreciation	3,197	3,497	6,547	7,025
Organization	531	1,011	1,914	2,380
Impairment of assets	234	51	376	621
Amortization	2,455	1,643	4,150	3,248
Total operating expenses	86,122	74,168	161,644	145,098
Income before patronage allocation to members and income taxes				
	37,098	39,835	73,900	79,008
Patronage allocation to members	8,008	6,994	15,914	13,988
Income before income taxes	29,090	32,841	57,986	65,020
Income taxes	7,899	8,544	15,657	16,856
Net income	\$ 21,191	\$ 24,297	\$ 42,329	\$ 48,164
Other comprehensive income (loss)	117	167	7,454	(48)
Total comprehensive income	\$ 21,308	\$ 24,464	\$ 49,783	\$ 48,116
Other comprehensive income (loss) for the period, net of tax:				
Share of other comprehensive income (loss) from associate				
Actuarial (loss) gain on defined benefit pension plans ⁽¹⁾ (net of income tax (recovery) expense of \$(40), 2017 - \$(8))	-	-	(108)	23
Unrealized gain (loss) and reclassification adjustments on available for sale securities (net of income tax expense (recovery) of \$2,796, 2017 - \$(18) ⁽²⁾)	117	167	7,562	(71)
Total other comprehensive income (loss)	\$ 117	\$ 167	\$ 7,454	\$ (48)
Total comprehensive income				
Comprehensive income attributable to members	21,316	24,460	49,811	48,109
Comprehensive (loss) income attributable to non-controlling interest	(8)	4	(28)	7
Total comprehensive income	\$ 21,308	\$ 24,464	\$ 49,783	\$ 48,116

⁽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, 2016	\$ 523,247	\$ 115,816	\$ 697,883	\$ 683	\$ 1,011	\$ 1,338,640
Changes in equity						
Issues of share capital	19,714	-	-	-	-	19,714
Redemption of share capital	(22,424)	(2,069)	-	-	-	(24,493)
Net income	-	-	48,157	-	7	48,164
Share of other comprehensive loss from associate	-	-	-	(48)	-	(48)
Balance at April 30, 2017	\$ 520,537	\$ 113,747	\$ 746,040	\$ 635	\$ 1,018	\$ 1,381,977

	Common Shares	Investment Shares	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Non-controlling Interest	Total Equity
Balance at October 31, 2017	\$ 541,472	\$ 118,127	\$ 763,636	\$ (144)	\$ 1,022	\$ 1,424,113
Changes in equity						
Issues of share capital	13,504	-	-	-	-	13,504
Redemption of share capital	(23,839)	(2,615)	-	-	-	(26,454)
Net income (loss)	-	-	42,357	-	(28)	42,329
Share of other comprehensive income from associate	-	-	-	7,454	-	7,454
Balance at April 30, 2018	\$ 531,137	\$ 115,512	\$ 805,993	\$ 7,310	\$ 994	\$ 1,460,946

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

	Six months ended April 30 2018	Six months ended April 30 2017
Cash flows from (used in) operating activities		
Net income	\$ 42,329	\$ 48,164
Adjustments for non-cash items and others		
Net interest income	(188,717)	(177,002)
Provision for credit losses	10,451	8,547
Share of profits from investment in associate	(4,816)	(6,346)
Depreciation and amortization	10,697	10,273
Impairment of assets	376	621
Gain from amalgamation	(1,106)	-
Gain on assets held for sale	(127)	(1,541)
(Gain) loss on property and equipment	(310)	80
Loss on intangible assets	-	178
Income taxes	15,657	16,856
Adjustments for net changes in operating assets and liabilities		
Change in members' loans	(283,504)	(92,283)
Change in members' deposits	(41,847)	(60,379)
Change in assets held for sale	(7,778)	(8,244)
Net change in other assets, provisions, and trade payables and other liabilities	(8,439)	28,923
Income taxes received and (paid), net	(10,724)	(16,375)
Interest received	261,029	238,539
Interest paid	(76,128)	(67,328)
Net cash used in operating activities	(282,957)	(77,317)
Cash flows from (used in) investing activities		
Additions to intangible assets	(29,639)	(435)
Additions to property and equipment, and investment property	(2,801)	(1,582)
Proceeds on disposal of property and equipment, and investment property	1,075	34
Proceeds on disposal of assets held for sale	9,286	14,450
Purchase of Alberta Central shares	(725)	-
Distributions from Alberta Central	10,455	9,425
Change in derivatives	25,097	(3,329)
Investments	(209,967)	(78,136)
Net cash used in investing activities	(197,219)	(59,573)
Cash flows from (used in) financing activities		
Term loans and lines of credit	150,000	(64,217)
Advances of secured borrowing	516,337	383,395
Repayment of secured borrowing	(170,158)	(146,590)
Shares issued	13,504	19,714
Shares redeemed	(26,454)	(24,493)
Net cash from financing activities	483,229	167,809
Increase in cash and cash equivalents	3,053	30,919
Cash and cash equivalents, beginning of period	104,118	102,002
Cash and cash equivalents, end of period	\$ 107,171	\$ 132,921

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") 2017 audited annual consolidated financial statements.

These interim condensed consolidated financial statements were approved by the Audit and Finance Committee on June 27, 2018.

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' 2017 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 2017 annual financial statements.

2. FUTURE CHANGES IN ACCOUNTING POLICIES

The Credit Union is currently assessing the impact of adopting the following amendment to an existing accounting standard on the financial statements that took place during the interim period to the current reporting date. At this time, the impact of this change to the Credit Union is unknown.

- **Effective for the Credit Union – November 1, 2019**
 - **IAS 19 Employee Benefits**
In February 2018, the IASB issued amendments to IAS 19 to clarify that when a Plan Amendment, Curtailment or settlement occurs, a company is required to remeasure the net defined benefit liability or asset by using updated assumptions to determine current service cost and net interest for the reporting period after the change occurs.

3. MEMBERS' LOANS

	Gross Amount	Specific Allowance	Collective Allowance	Net Amount	Impaired Loans
As at April 30, 2018					
Residential mortgages	\$ 8,021,291	\$ 360	\$ 1,124	\$ 8,019,807	\$ 716
Commercial mortgages and loans	4,373,596	20,693	4,958	4,347,945	31,847
Consumer loans	1,214,303	6,989	10,818	1,196,496	8,741
Agricultural mortgages and loans	361,063	104	150	360,809	635
	13,970,253	28,146	17,050	13,925,057	41,939
Accrued interest	42,721	1,803	630	40,288	-
Total	\$ 14,012,974	\$ 29,949	\$ 17,680	\$ 13,965,345	\$ 41,939

	Gross Amount	Specific Allowance	Collective Allowance	Net Amount	Impaired Loans
As at October 31, 2017					
Residential mortgages	\$ 7,959,489	\$ 56	\$ 1,009	\$ 7,958,424	\$ 570
Commercial mortgages and loans	4,337,661	21,479	1,808	4,314,374	30,634
Consumer loans	996,818	2,384	7,539	986,895	3,936
Agricultural mortgages and loans	377,098	-	100	376,998	500
	13,671,066	23,919	10,456	13,636,691	35,640
Accrued interest	41,064	1,558	561	38,945	-
Total	\$ 13,712,130	\$ 25,477	\$ 11,017	\$ 13,675,636	\$ 35,640

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4. ALLOWANCE FOR CREDIT LOSSES

Specific Allowance

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2017	\$ 56	\$ 21,479	\$ 2,384	\$ -	\$ 1,558	\$ 25,477
Credit Card opening Adjustment	-	-	2,416	-	-	2,416
Recoveries of previous loan write-offs	10	121	1,013	-	-	1,144
Allowance charged to net income	819	1,617	8,467	104	866	11,873
	885	23,217	14,280	104	2,424	40,910
Loans written off	(525)	(2,524)	(7,291)	-	(621)	(10,961)
As at April 30, 2018	\$ 360	\$ 20,693	\$ 6,989	\$ 104	\$ 1,803	\$ 29,949

	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	5	201	1,382	-	-	1,588
Allowance charged to net income	1,091	13,827	7,627	296	646	23,487
	1,517	27,484	11,999	367	2,116	43,483
Loans written off	(1,461)	(6,005)	(9,615)	(367)	(558)	(18,006)
As at October 31, 2017	\$ 56	\$ 21,479	\$ 2,384	\$ -	\$ 1,558	\$ 25,477

Collective Allowance

	Residential	Commercial	Consumer	Agricultural	Interest	Total
As at October 31, 2017	\$ 1,009	\$ 1,808	\$ 7,539	\$ 100	\$ 561	\$ 11,017
Credit Card opening Adjustment	-	-	8,085	-	-	8,085
Allowance charged to net income	115	3,150	(4,806)	50	69	(1,422)
As at April 30, 2018	\$ 1,124	\$ 4,958	\$ 10,818	\$ 150	\$ 630	\$ 17,680

	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	(283)	(4,669)	(5,094)	83	(227)	(10,190)
As at October 31, 2017	\$ 1,009	\$ 1,808	\$ 7,539	\$ 100	\$ 561	\$ 11,017

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5. CREDIT QUALITY OF MEMBERS' LOANS

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

<i>As at April 30, 2018</i>	Residential	Commercial	Consumer	Agricultural	Total
<i>Risk Categories</i>					
1 to 5 - Satisfactory risk	\$ -	\$ 4,274,173	\$ -	\$ 357,656	\$ 4,631,829
6 - Watch list	-	58,590	-	2,051	60,641
8 - Impaired risk - performing	-	2,327	-	-	2,327
7 and 9 - Unacceptable/impaired risk - non-performing	-	6,659	-	721	7,380
Loans without risk rating	8,020,575	-	1,205,562	-	9,226,137
Loans not impaired	8,020,575	4,341,749	1,205,562	360,428	13,928,314
Loans specifically impaired	716	31,847	8,741	635	41,939
Sub Total	8,021,291	4,373,596	1,214,303	361,063	13,970,253
Accrued interest	12,337	14,376	12,199	3,809	42,721
Total	\$ 8,033,628	\$ 4,387,972	\$ 1,226,502	\$ 364,872	\$ 14,012,974

<i>As at October 31, 2017</i>	Residential	Commercial	Consumer	Agricultural	Total
<i>Risk Categories</i>					
1 to 5 - Satisfactory risk	\$ -	\$ 4,282,832	\$ -	\$ 374,984	\$ 4,657,816
6 - Watch list	-	8,804	-	-	8,804
8 - Impaired risk - performing	-	3,319	-	170	3,489
7 and 9 - Unacceptable/impaired risk - non-performing	-	12,072	-	1,444	13,516
Loans without risk rating	7,958,919	-	992,882	-	8,951,801
Loans not impaired	7,958,919	4,307,027	992,882	376,598	13,635,426
Loans specifically impaired	570	30,634	3,936	500	35,640
Sub Total	7,959,489	4,337,661	996,818	377,098	13,671,066
Accrued interest	12,530	14,238	10,195	4,101	41,064
Total	\$ 7,972,019	\$ 4,351,899	\$ 1,007,013	\$ 381,199	\$ 13,712,130

- **Risk Rating 6:** This category includes accounts where there is not a risk for principal or interest at present, but the performance trend is negative and unless reversed could lead to losses for Servus. This is a transitional rating since 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. The 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:** This category uses the same criteria that are established for Risk 7, but there is deterioration in the value of the security that could make a loss in principal likely.

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Notes to Interim Condensed Consolidated Financial Statements
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5. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)

Loans past due, as at April 30, 2018

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 111,450	\$ 24,187	\$ 50,313	\$ 3,140	\$ 189,090
Past due 30 - 59 days	38,297	46,604	14,869	2,226	101,996
Past due 60 - 89 days	18,587	34,596	5,400	1,437	60,020
Past due over 90 days	18,135	32,846	10,032	3,362	64,375
Total	\$ 186,469	\$ 138,233	\$ 80,614	\$ 10,165	\$ 415,481

Loans past due, as at October 31, 2017

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 108,702	\$ 12,024	\$ 15,432	\$ 3,185	\$ 139,343
Past due 30 - 59 days	42,700	17,986	7,127	423	68,236
Past due 60 - 89 days	17,417	2,351	2,576	30	22,374
Past due over 90 days	20,795	36,184	3,840	2,092	62,911
Total	\$ 189,614	\$ 68,545	\$ 28,975	\$ 5,730	\$ 292,864

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 April 30, 2018

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 111,450	\$ 22,473	\$ 50,081	\$ 3,140	\$ 187,144
Past due 30 - 59 days	38,095	46,591	14,607	2,226	101,519
Past due 60 - 89 days	18,587	34,073	4,952	1,437	59,049
Past due over 90 days	17,621	8,751	2,238	2,751	31,361
Total	\$ 185,753	\$ 111,888	\$ 71,878	\$ 9,554	\$ 379,073

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

	Residential	Commercial	Consumer	Agricultural	Total
Past due up to 29 days	\$ 108,702	\$ 11,755	\$ 15,389	\$ 3,185	\$ 139,031
Past due 30 - 59 days	42,700	17,836	6,823	423	67,782
Past due 60 - 89 days	17,417	1,627	2,326	30	21,400
Past due over 90 days	20,225	9,672	932	1,591	32,420
Total	\$ 189,044	\$ 40,890	\$ 25,470	\$ 5,229	\$ 260,633

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.

	As at April 30 2018	As at October 31 2017
Loans by security:		
Insured loans and mortgages	\$ 2,751,054	\$ 2,759,164
Secured by mortgage	9,115,057	8,900,893
Secured by other	1,101,562	1,238,908
Unsecured	1,045,301	813,165
Total	\$ 14,012,974	\$ 13,712,130

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

As at April 30, 2018	Equity-linked Options	Embedded Purchase Option	Interest Rate Swaps	Total
Derivative Financial Assets				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ 8,635	\$ 8,635
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	(8,415)	(8,415)
Net amount of financial assets presented on the statement of financial position	-	-	220	220
Amounts not subject to enforceable netting arrangements	7,954	-	-	7,954
Derivative Financial Asset amounts not subject to enforceable netting arrangements	\$ 7,954	\$ -	\$ 220	\$ 8,174
Derivative Financial Liabilities				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ (8,931)	\$ (8,931)
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	15,622	15,622
Net amount of financial liabilities presented on the statement of financial position	-	-	6,691	6,691
Amounts not subject to enforceable netting arrangements	7,891	-	-	7,891
Total	\$ 7,891	\$ -	\$ 6,691	\$ 14,582

As at October 31, 2017	Equity-linked Options	Embedded Purchase Option	Interest Rate Swaps	Total
Derivative Financial Assets				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ 8,575	\$ 8,575
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	(7,918)	(7,918)
Net amount of financial assets presented on the statement of financial position	-	-	657	657
Amounts not subject to enforceable netting arrangements	7,958	23,080	-	31,038
Total	\$ 7,958	\$ 23,080	\$ 657	\$ 31,695
Derivative Financial Liabilities				
Gross amounts of financial assets before statement of financial position offsetting	\$ -	\$ -	\$ (11,733)	\$ (11,733)
Gross amounts of financial liabilities before statement of financial position offsetting	-	-	16,850	16,850
Net amount of financial assets presented on the statement of financial position	-	-	5,117	5,117
Amounts not subject to enforceable netting arrangements	7,889	-	-	7,889
Total	\$ 7,889	\$ -	\$ 5,117	\$ 13,006

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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6. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

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 April 30 2018	As at October 31 2017
Interest rate swaps					
receive fixed, pay floating	\$ -	\$ 700,000	\$ 300,000	\$ 1,000,000	\$ 1,000,000
Equity-linked options	6,150	15,520	69,405	91,075	80,615
Total	\$ 6,150	\$ 715,520	\$ 369,405	\$ 1,091,075	\$ 1,080,615

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 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.

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.

Embedded Purchase Option

The Credit Union gave notice to exercise the purchase option in the prior fiscal year with the effective date as of February 1, 2018. As such, the purchase option has been extinguished and the embedded derivative no longer exists.

7. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

On February 1, 2018, Servus completed the purchase of the MasterCard book from CUETS (a division of TD Bank) for a purchase price of \$225 million. This transaction was treated as an asset purchase and the difference on the date of acquisition of the fair value of assets over the transaction price of \$6.7 million was set up as an intangible asset to be amortized over a 10 year period. As a result of the transaction, member loans net of the loss allowance increased by \$225 million and a rewards liability of \$10 million is recorded. The funding for this purchase was done through a new borrowing facility with Canadian Imperial Bank of Commerce.

8. EVENTS AFTER THE REPORTING PERIOD

Safeway Credit Union Merger

On June 1, 2018, the Credit Union amalgamated with Canada Safeway Limited Employees Savings and Credit Union Limited (Safeway) acquiring 100% ownership under the name Servus Credit Union. Safeway approached the Credit Union to amalgamate as a preferred partner as there was a strong correlation of culture, goals and objectives. This allows Safeway to ensure the long term needs of its members are met and fits into the Credit Union's plans to expand further into the Calgary area.

Details of the fair value of identifiable assets and liabilities acquired and gain on amalgamation are as follows:

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
(Canadian \$ thousands)
(unaudited)

8. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

	Book Value	FV Adjustments	Fair Value Recognized on Acquisition
Assets			
Cash	\$ 8,738	\$ -	\$ 8,738
Receivables	710	-	710
Member Loans	28,555	304	28,859
Prepays	5	-	5
Property, Plant and Equipment	48	-	48
Investments	5,977	-	5,977
	44,033	304	44,337
Liabilities			
Member Deposits	40,735	(85)	40,650
Accounts Payable	458	-	458
	41,193	(85)	41,108
Total Identifiable Net Assets	\$ 2,840	\$ 389	\$ 3,229

Consideration in the amalgamation consists of Servus issuing the existing Safeway members common shares totaling \$37.

The amalgamation did not result in any goodwill being recognized, but had a gain on amalgamation of \$3.2 million.

A transaction of \$162 was also recorded to purchase the registered products of Safeway members from Concentra. This was a separate agreement between the Credit Union and Concentra.

Amalgamation costs are anticipated to be in the range of \$160 - \$209 upon completion of the amalgamation process.