

SERVUS CREDIT UNION LTD.

Interim Condensed Consolidated Financial Statements

For the three months ended

January 31, 2020

(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 2020	October 31 2019
Assets			
Cash and cash equivalents		\$ 83,093	\$ 107,760
Investments	4	1,125,429	1,198,908
Members' loans	5	14,604,808	14,541,959
Income taxes receivable		3,865	7,651
Assets held for sale		11,658	12,811
Other assets		26,515	31,600
Property and equipment	8	139,186	139,815
Leased assets	9	54,430	-
Investment property		4,541	4,617
Derivative financial assets	10	10,021	8,239
Investment in associate		194,414	193,795
Intangible assets		58,120	60,430
Total assets		16,316,080	16,307,585
Liabilities			
Borrowings		200,000	200,000
Securitization liabilities		1,161,837	1,144,015
Members' deposits		13,122,333	13,131,397
Trade payables and other liabilities		128,396	194,424
Lease liabilities		58,217	639
Income taxes payable		-	124
Allowance for off balance sheet credit instruments	5,6	6,266	6,064
Derivative financial liabilities	10	9,986	8,893
Investment shares		435	418
Defined benefit plans		7,567	7,555
Deferred income tax liabilities		11,586	11,742
Total liabilities		14,706,623	14,705,271
Equity			
Share capital		665,640	681,848
Retained earnings		933,241	909,369
Accumulated other comprehensive income		10,576	11,097
Total equity		1,609,457	1,602,314
Total liabilities and equity		\$ 16,316,080	\$ 16,307,585

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 2020	Three months ended January 31 2019
Interest income			
Members' loans		\$ 150,240	\$ 147,654
Investments		5,262	9,430
Total interest income		155,502	157,084
Interest expense			
Members' deposits		46,922	45,048
Other interest expense		7,656	8,925
Total interest expense		54,578	53,973
Net interest income			
Other income		30,653	29,708
Share of profits from associate		1,296	822
Net interest income and other income		132,873	133,641
Provision for credit losses	6	6,699	4,541
Net interest income after provision for credit losses		126,174	129,100
Operating expenses			
Personnel		50,734	48,862
General		19,603	17,884
Occupancy ⁽¹⁾		4,184	5,262
Member security		2,336	3,575
Depreciation ⁽²⁾		4,455	3,111
Organization		1,455	1,363
Impairment of assets		390	52
Amortization		2,777	2,566
Total operating expenses		85,934	82,675
Income before patronage allocation to members and income taxes			
		40,240	46,425
Patronage allocation to members		8,340	8,383
Income before income taxes		31,900	38,042
Income taxes		8,028	10,285
Net income		\$ 23,872	\$ 27,757

⁽¹⁾ Lease interest expense is included in occupancy

⁽²⁾ Lease asset depreciation is included in depreciation

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

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

Notes	Three months ended January 31 2020	Three months ended January 31 2019
Net income	\$ 23,872	\$ 27,757
Other comprehensive income (loss) for the year, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Unrealized gain and reclassification adjustments on fair value through other comprehensive income securities ⁽¹⁾	-	1,756
Reclassification of net gains to net income ⁽²⁾	-	(114)
<i>Share of other comprehensive (loss) income from associate</i>		
Actuarial (loss) gain on defined benefit pension plans ⁽³⁾	(278)	92
Items that will not be reclassified to profit or loss:		
<i>Share of other comprehensive (loss) income from associate</i>		
Unrealized (loss) gain and reclassification adjustments on fair value through other comprehensive income securities ⁽⁴⁾	(243)	1,228
Total other comprehensive (loss) income	\$ (521)	\$ 2,962
Total comprehensive income	\$ 23,351	\$ 30,719
Total comprehensive income		
Comprehensive income attributable to members	23,351	30,700
Comprehensive income attributable to non-controlling interest	-	19
Total comprehensive income	\$ 23,351	\$ 30,719

⁽¹⁾ Net of income tax expense for the three months ended January 31st of \$0, 2019 - \$649

⁽²⁾ Net of income tax expense transferred for the three months ended January 31st of \$0, 2019 - \$42

⁽³⁾ Net of income tax (recovery) expense for the three months ended January 31st of \$(83), 2019 - \$34

⁽⁴⁾ Net of income tax (recovery) expense for the three months ended January 31st of \$(73), 2019 - \$454

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SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Statement of Changes in Equity
(Canadian \$ thousands)
(unaudited)

	Notes	Common Shares	Investment Shares	Retained Earnings	Accumulated Other Comprehensive Income	Non- controlling Interest	Total Equity
Balance at October 31, 2018 as previously reported		\$ 550,767	\$ 119,508	\$ 833,009	\$ 7,217	\$ 974	\$ 1,511,475
Impact of adoption of IFRS 9		-	-	(6,134)	-	-	(6,134)
Balance at November 1, 2018		550,767	119,508	826,875	7,217	974	1,505,341
Changes in equity							
Issues of share capital		5,608	-	-	-	-	5,608
Redemption of share capital		(20,905)	(2,251)	-	-	-	(23,156)
Net income		-	-	27,738	-	19	27,757
Fair value adjustment for investments		-	-	-	1,756	-	1,756
Transfer from AOCI to P&L on MBS bond sale		-	-	-	(114)	-	(114)
Share of other comprehensive income from associate		-	-	-	1,320	-	1,320
Balance at January 31, 2019		\$ 535,470	\$ 117,257	\$ 854,613	\$ 10,179	\$ 993	\$ 1,518,512

	Notes	Common Shares	Investment Shares	Retained Earnings	Accumulated Other Comprehensive Income	Non- controlling Interest ⁽¹⁾	Total Equity
Balance at November 1, 2019		\$ 560,793	\$ 121,055	\$ 909,369	\$ 11,097	\$ -	\$ 1,602,314
Changes in equity							
Issues of share capital		6,343	-	-	-	-	6,343
Redemption of share capital		(20,076)	(2,475)	-	-	-	(22,551)
Net income		-	-	23,872	-	-	23,872
Share of other comprehensive loss from associate		-	-	-	(521)	-	(521)
Balance at January 31, 2020		\$ 547,060	\$ 118,580	\$ 933,241	\$ 10,576	\$ -	\$ 1,609,457

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)

	Notes	Three months ended January 31 2020	Three months ended January 31 2019
Cash flows from (used in) operating activities			
Net income		\$ 23,872	\$ 27,757
Adjustments for non-cash items and others			
Net interest income		(100,924)	(103,111)
Provision for credit losses		6,699	4,541
Share of profits from investment in associate		(1,296)	(822)
Depreciation and amortization		7,232	5,677
Impairment of assets		390	52
Gain on leased assets		(22)	-
Loss (gain) on assets held for sale		108	(101)
Gain on disposal of property and equipment		(33)	(93)
Loss on disposal of intangible assets		120	-
Income taxes		8,028	10,285
Adjustments for net changes in operating assets and liabilities			
Change in members' loans		(70,737)	(127,542)
Change in members' deposits		(7,867)	(25,554)
Change in assets held for sale		(5,220)	(7,128)
Net change in other assets, provisions, and trade payables and other liabilities		(38,447)	(34,993)
Income taxes received and (paid), net		(4,522)	(9,547)
Interest received		156,659	156,290
Interest paid		(55,775)	(45,778)
Net cash used in operating activities		(81,735)	(150,067)
Cash flows from (used in) investing activities			
Additions to intangible assets		(701)	(1,564)
Additions to property and equipment, and investment property		(2,876)	(1,067)
Proceeds on disposal of property and equipment, and investment property		115	333
Proceeds on disposal of assets held for sale		5,989	3,405
Change in derivatives		(689)	(2,348)
Investments		73,713	58,773
Net cash from investing activities		75,551	57,532
Cash flows from (used in) financing activities			
Term loans and lines of credit		-	75,000
Advances of securitization liabilities		94,622	93,641
Repayment of securitization liabilities		(95,585)	(97,856)
Repayment of principal portion of lease liabilities		(1,312)	(56)
Shares issued		6,343	5,608
Shares redeemed		(22,551)	(23,156)
Net cash (used in) from financing activities		(18,483)	53,181
Decrease in cash and cash equivalents		(24,667)	(39,354)
Cash and cash equivalents, beginning of period		107,760	123,612
Cash and cash equivalents, end of period		\$ 83,093	\$ 84,258

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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") 2019 audited annual consolidated financial statements.

These interim condensed consolidated financial statements were approved by the Audit and Finance Committee on March 16, 2020.

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' 2019 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 2019 annual financial statements, except for changes resulting from current accounting changes as disclosed in Note 3.

2. ACCOUNTING POLICIES

In addition to the accounting policies disclosed in the Servus' 2019 annual consolidated financial statements, the following policies are required to be applied for the period ended January 31, 2020:

Leases

The Credit Union as a Lessee

Leases are arrangements containing identified assets that the lessee has the right to control, obtain substantially all economic benefit and the right to direct use of the asset. The leased asset is equal to the value of the lease liability with adjustments for incentives received, initial direct costs, and an estimate of costs to restore the asset to the condition required by the contract. The lease liability is calculated as the present value of the lease payments taking into consideration all allowable adjustments, such as a penalty for termination or exercise price of a purchase option.

Subsequent to initial recognition, leased assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term, in accordance with the accounting policy for property and equipment. Leased land is also depreciated over the lease term. Depreciation expense is recognized on the leased asset and interest expense on the lease liability is recorded in occupancy expenses.

The discount rate used in calculating the present value of the lease payment is either the interest rate implicit in the lease, if it is practicable to determine, or the incremental borrowing rate.

The classes of leases currently held by the Credit Union are: land, building, signage, other equipment, and computer equipment. Other equipment includes items such as space for ATM's, parking lots, and vehicles.

The Credit Union typically exercises all extension options on leases. For this reason, the leased asset and liability include all extension options that are expected to be exercised in each individual lease. Due to the nature of business and the work required to set up a branch, contracts with an extension are preferable to maintain the same location and presence in the community long term. While this is the standard application on Credit Union lease options, a reassessment is required when there is a significant event or change.

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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2. ACCOUNTING POLICIES (CONTINUED)

The Credit Union as a Lessor

Leases in which the Credit Union does not transfer substantially all the risks and rewards of the asset are classified as operating lease. Rentals received under operating leases are recognized in other income on a straight-line-basis over the term of the lease. Lease incentives provided are recognized on a straight-line basis over the term of the lease.

3. CURRENT AND FUTURE ACCOUNTING CHANGES

Adoption of Standards in the Current Year

IFRS 16 Leases

On November 1, 2019 ("date of transition"), the Credit Union adopted IFRS 16 Leases (IFRS 16), which replaced the guidance from IAS 17 Leases. Adopting IFRS 16 has resulted in significant changes to accounting policies for the definition of a lease, recognition and calculation of a right-of-use-asset ("leased asset") and lease liability.

IFRS 16 does not require restatement of comparative period financial information. The Credit Union has elected to not restate comparative period financial information, as allowed by the selection of the modified retrospective approach for the transition. A decision was also made to make leased asset equal to the lease liability, with adjustments for accounts receivable related to tenant inducement and accounts payable related to accrued rent, which resulted in no adjustment to the retained earnings when IFRS 16 was adopted.

The Credit Union elected to not reassess current contracts for active leases prior to IFRS 16. If a contract was assessed as a lease prior to IFRS 16, it will remain a lease at transition to IFRS 16. IFRS 16 requirements will be applied to contracts that are entered into or changed after the transition date. Other elections the Credit Union adopted include relying on the previous assessments for onerous contracts at transition, using hindsight to determine lease terms, and excluding initial direct costs for leases that are active at transition. Finance costs will be recorded under occupancy expenses.

The weighted average incremental borrowing rate applied to lease liabilities on November 1, 2019 was 4.13%.

The following table reconciles the Credit Union's operating lease commitments at October 31, 2019, to the lease liabilities recognized on the initial application of IFRS 16 at November 1, 2019.

	Total
Operating lease commitments disclosed as at October 31, 2019	\$ 45,127
Add: extension and termination options reasonably certain to be exercised	29,396
Adjustment related to the weighted average lessee's incremental rate as at November 1, 2019 (4.13%)	(16,267)
Add: financing lease liabilities recognized as at October 31, 2019	639
Lease liabilities recognized as at November 1, 2019	\$ 58,895

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3. CURRENT AND FUTURE ACCOUNTING CHANGES (CONTINUED)

The table below reflects the impact of IFRS 16 on implementation at November 1, 2019 on the interim condensed consolidated statement of financial position.

	As at October 31, 2019 IAS 17 Amount	Change	As at November 1, 2019 IFRS 16 Amount
Assets			
Other assets ⁽¹⁾	\$ 31,600	\$ 191	\$ 31,791
Leased assets	-	54,736	54,736
Total assets	31,600	54,927	86,527
Liabilities			
Trade payables and other liabilities ⁽²⁾	194,424	(3,329)	191,095
Lease liabilities	639	58,256	58,895
Total liabilities	195,063	54,927	249,990

⁽¹⁾ Change related to tenant inducement

⁽²⁾ Change related to accrued rent

The following table reflects the impact of IFRS 16 on the interim condensed consolidated statement of income for the period ended January 31, 2020:

	Reporting under IAS 17	Increase/ (decrease)	Reporting under IFRS 16
Occupancy expense	\$ 1,917	\$ (1,915)	\$ 2
Depreciation expense - leased assets	-	1,577	1,577
Lease interest expense	-	605	605
Income taxes	483	67	550
Total impact	\$ 2,400	\$ 334	\$ 2,734

Future Accounting Changes

The Credit Union has assessed the impact of adopting the following amendment to an existing accounting standard and determined that it will not have an impact on the financial statements:

Effective for the Credit Union — January 1, 2022

IAS 1 Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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4. INVESTMENTS

	As at January 31 2020	As at October 31 2019
Term deposits with Alberta Central	\$ 1,120,250	\$ 1,191,203
Term deposits with other financial institutions	2,712	5,472
Other	275	275
	1,123,237	1,196,950
Accrued interest	2,194	1,960
	1,125,431	1,198,910
ECL allowance on investments	(2)	(2)
Total	\$ 1,125,429	\$ 1,198,908

5. 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	Stage 3			
As at January 31, 2020							
Residential mortgages	\$ 7,571,734	\$ 696,960	\$ 14,900	\$ 8,283,594	\$ 4,967	\$ 8,278,627	
Commercial and agriculture	4,900,893	137,506	78,893	5,117,292	21,040	5,096,252	
Consumer loans and credit card	1,116,089	121,175	7,058	1,244,322	14,393	1,229,929	
Total members' loans	\$ 13,588,716	\$ 955,641	\$ 100,851	\$ 14,645,208	\$ 40,400	\$ 14,604,808	
As at January 31, 2020							
Residential mortgages	\$ 2,050,898	\$ 16,877	\$ 670	\$ 2,068,445	\$ 308	\$ 2,068,137	
Commercial and agriculture	1,009,194	48,446	32	1,057,672	573	1,057,099	
Consumer loans and credit card	1,057,198	23,257	1,017	1,081,472	5,273	1,076,199	
Loan commitments and guarantees *	-	42,956	-	42,956	112	42,844	
Total off balance sheet credit instruments	\$ 4,117,290	\$ 131,536	\$ 1,719	\$ 4,250,545	\$ 6,266	\$ 4,244,279	

*collectively assessed

	Performing			Impaired	Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3	Stage 3			
As at October 31, 2019							
Residential mortgages	\$ 7,591,041	\$ 702,643	\$ 15,829	\$ 8,309,513	\$ 4,927	\$ 8,304,586	
Commercial and agriculture	4,826,939	110,927	84,117	5,021,983	18,860	5,003,123	
Consumer loans and credit card	1,111,651	130,332	7,354	1,249,337	15,087	1,234,250	
Total members' loans	\$ 13,529,631	\$ 943,902	\$ 107,300	\$ 14,580,833	\$ 38,874	\$ 14,541,959	
As at October 31, 2019							
Residential mortgages	\$ 1,428,179	\$ 16,165	\$ 1,153	\$ 1,445,497	\$ 180	\$ 1,445,317	
Commercial and agriculture	1,038,165	52,203	249	1,090,617	683	1,089,934	
Consumer loans and credit card	1,047,694	21,611	913	1,070,218	5,089	1,065,129	
Loan commitments and guarantees *	-	46,463	-	46,463	112	46,351	
Total off balance sheet credit instruments	\$ 3,514,038	\$ 136,442	\$ 2,315	\$ 3,652,795	\$ 6,064	\$ 3,646,731	

*collectively assessed

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

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

	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Collectively Assessed ⁽¹⁾	Total
As at November 1, 2019	\$ 5,107	\$ 19,543	\$ 20,176	\$ 112	\$ 44,938
Recoveries of previous loan write-offs	-	69	1,230	-	1,299
Provision charged to net income	1,183	2,849	2,667	-	6,699
	6,290	22,461	24,073	112	52,936
Loans written off	(1,015)	(848)	(4,407)	-	(6,270)
As at January 31, 2020	\$ 5,275	\$ 21,613	\$ 19,666	\$ 112	\$ 46,666
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans	4,967	21,040	14,393	-	40,400
Off balance sheet credit instruments ⁽²⁾	308	573	5,273	112	6,266
Total	\$ 5,275	\$ 21,613	\$ 19,666	\$ 112	\$ 46,666

⁽¹⁾ Financial guarantees and letters of credit are collectively assessed

⁽²⁾ Off balance sheet credit instruments consisting of undrawn commitments and financial guarantees

	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Collectively Assessed ⁽¹⁾	Total
As at November 1, 2018	\$ 3,407	\$ 22,526	\$ 23,841	\$ 140	\$ 49,914
Edson Credit Union amalgamation adjustment	-	-	10	-	10
Recoveries of previous loan write-offs	1	224	5,706	-	5,931
Provision charged to net income	4,480	2,660	12,705	(28)	19,817
	7,888	25,410	42,262	112	75,672
Loans written off	(2,781)	(5,867)	(22,086)	-	(30,734)
As at October 31, 2019	\$ 5,107	\$ 19,543	\$ 20,176	\$ 112	\$ 44,938
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Netted with members' loans	4,927	18,860	15,087	-	38,874
Off balance sheet credit instruments ⁽²⁾	180	683	5,089	112	6,064
Total	\$ 5,107	\$ 19,543	\$ 20,176	\$ 112	\$ 44,938

⁽¹⁾ Financial guarantees and letters of credit are collectively assessed

⁽²⁾ Off balance sheet credit instruments consisting of undrawn commitments and financial guarantees

The provision charged to net income for January 31, 2020 is:

Loans	\$ 6,699
Investments	-
Provision for credit losses	\$ 6,699

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Notes to Interim Condensed Consolidated Financial Statements
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6. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

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

Allowance for loan losses - Residential Mortgages

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at November 1, 2019	\$ 1,547	\$ 2,679	\$ 881	\$	5,107
Transfers					
Stage 1 ⁽¹⁾	11	(11)	-		-
Stage 2 ⁽¹⁾	(19)	36	(17)		-
Stage 3 ⁽¹⁾	(25)	(252)	277		-
New originations ⁽²⁾	83	148	-		231
Repayments ⁽³⁾	(169)	(271)	(714)		(1,154)
Remeasurements ⁽⁴⁾	272	364	1,470		2,106
Loans written off	-	-	(1,015)		(1,015)
Recoveries	-	-	-		-
As at January 31, 2020	\$ 1,700	\$ 2,693	\$ 882	\$	5,275
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Members' loans	1,452	2,635	880		4,967
Off balance sheet credit instruments	248	58	2		308
Total	\$ 1,700	\$ 2,693	\$ 882	\$	5,275

⁽¹⁾ Stage transfers represent movement between stages

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

⁽³⁾ Repayments relate to loan fully repaid or derecognized and excluded loan written off where a credit loss was incurred

⁽⁴⁾ Represents the change in the allowance due to changes in economic factors, risk and model parameters

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at November 1, 2018	\$ 1,025	\$ 1,927	\$ 455	\$	3,407
Transfers					
Stage 1 ⁽¹⁾	268	(264)	(4)		-
Stage 2 ⁽¹⁾	(1,571)	1,691	(120)		-
Stage 3 ⁽¹⁾	(203)	(948)	1,151		-
New originations ⁽²⁾	265	486	-		751
Repayments ⁽³⁾	(533)	(1,383)	(1,723)		(3,639)
Remeasurements ⁽⁴⁾	2,296	1,170	3,902		7,368
Loans written off	-	-	(2,781)		(2,781)
Recoveries	-	-	1		1
As at October 31, 2019	\$ 1,547	\$ 2,679	\$ 881	\$	5,107
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Members' loans	1,428	2,622	877		4,927
Off balance sheet credit instruments	119	57	4		180
Total	\$ 1,547	\$ 2,679	\$ 881	\$	5,107

⁽¹⁾ Stage transfers represent movement between stages

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

⁽³⁾ Repayments relate to loan fully repaid or derecognized and excluded loan written off where a credit loss was incurred

⁽⁴⁾ Represents the change in the allowance due to changes in economic factors, risk and model parameters

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6. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Allowance for loan losses - Commercial and Agriculture

	Performing			Impaired		Total
	Stage 1	Stage 2	Stage 3	Stage 3	Stage 3	
As at November 1, 2019	\$ 3,226	\$ 1,321	\$ -	\$ 14,996	\$ -	19,543
Transfers						
Stage 1 ⁽¹⁾	29	(19)	-	(10)	-	-
Stage 2 ⁽¹⁾	(249)	256	-	(7)	-	-
Stage 3 ⁽¹⁾	(3,428)	(570)	-	3,998	-	-
New originations ⁽²⁾	267	-	-	36	-	303
Repayments ⁽³⁾	(83)	(552)	-	(877)	-	(1,512)
Remeasurements ⁽⁴⁾	3,538	655	-	(135)	-	4,058
Loans written off	-	-	-	(848)	-	(848)
Recoveries	-	-	-	69	-	69
As at January 31, 2020	\$ 3,300	\$ 1,091	\$ -	\$ 17,222	\$ -	21,613
Presented on Interim Condensed Consolidated Statement of Financial Position as:						
Members' loans	2,786	1,052	-	17,202	-	21,040
Off balance sheet credit instruments	514	39	-	20	-	573
Total	\$ 3,300	\$ 1,091	\$ -	\$ 17,222	\$ -	21,613

⁽¹⁾ Stage transfers represent movement between stages

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

⁽³⁾ Repayments relate to loan fully repaid or derecognized and excluded loan written off where a credit loss was incurred

⁽⁴⁾ Represents the change in the allowance due to changes in economic factors, risk and model parameters

	Performing			Impaired		Total
	Stage 1	Stage 2	Stage 3	Stage 3	Stage 3	
As at November 1, 2018	\$ 2,811	\$ 565	\$ -	\$ 19,150	\$ -	22,526
Transfers						
Stage 1 ⁽¹⁾	99	(94)	-	(5)	-	-
Stage 2 ⁽¹⁾	(489)	1,529	-	(1,040)	-	-
Stage 3 ⁽¹⁾	(6,752)	(4,809)	-	11,561	-	-
New originations ⁽²⁾	958	18	-	93	-	1,069
Repayments ⁽³⁾	(985)	(372)	-	(7,244)	-	(8,601)
Remeasurements ⁽⁴⁾	7,584	4,484	-	(1,876)	-	10,192
Loans written off	-	-	-	(5,867)	-	(5,867)
Recoveries	-	-	-	224	-	224
As at October 31, 2019	\$ 3,226	\$ 1,321	\$ -	\$ 14,996	\$ -	19,543
Presented on Interim Condensed Consolidated Statement of Financial Position as:						
Members' loans	2,668	1,300	-	14,892	-	18,860
Off balance sheet credit instruments	558	21	-	104	-	683
Total	\$ 3,226	\$ 1,321	\$ -	\$ 14,996	\$ -	19,543

⁽¹⁾ Stage transfers represent movement between stages

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

⁽³⁾ Repayments relate to loan fully repaid or derecognized and excluded loan written off where a credit loss was incurred

⁽⁴⁾ Represents the change in the allowance due to changes in economic factors, risk and model parameters

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6. ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

Allowance for loan losses - Consumer and Credit Card

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at November 1, 2019	\$ 7,162	\$ 9,433	\$ 3,581	\$	20,176
Transfers					
Stage 1 ⁽¹⁾	46	(43)	(3)		-
Stage 2 ⁽¹⁾	(157)	304	(147)		-
Stage 3 ⁽¹⁾	(367)	(1,954)	2,321		-
New originations ⁽²⁾	909	199	-		1,108
Repayments ⁽³⁾	(298)	(950)	(2,435)		(3,683)
Remeasurements ⁽⁴⁾	280	1,759	3,203		5,242
Loans written off	-	-	(4,407)		(4,407)
Recoveries	-	-	1,230		1,230
As at January 31, 2020	\$ 7,575	\$ 8,748	\$ 3,343	\$	19,666
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Members' loans	4,114	7,023	3,256		14,393
Off balance sheet credit instruments	3,461	1,725	87		5,273
Total	\$ 7,575	\$ 8,748	\$ 3,343	\$	19,666

⁽¹⁾ Stage transfers represent movement between stages

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

⁽³⁾ Repayments relate to loan fully repaid or derecognized and excluded loan written off where a credit loss was incurred

⁽⁴⁾ Represents the change in the allowance due to changes in economic factors, risk and model parameters

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at November 1, 2018	\$ 7,316	\$ 10,701	\$ 5,824	\$	23,841
Edson CU opening adjustment	10	-	-		10
Transfers					
Stage 1 ⁽¹⁾	1,091	(1,068)	(23)		-
Stage 2 ⁽¹⁾	(7,539)	8,310	(771)		-
Stage 3 ⁽¹⁾	(1,456)	(9,847)	11,303		-
New originations ⁽²⁾	3,136	627	14		3,777
Repayments ⁽³⁾	(7,083)	(9,255)	(11,554)		(27,892)
Remeasurements ⁽⁴⁾	11,687	9,965	15,168		36,820
Loans written off	-	-	(22,086)		(22,086)
Recoveries	-	-	5,706		5,706
As at October 31, 2019	\$ 7,162	\$ 9,433	\$ 3,581	\$	20,176
Presented on Interim Condensed Consolidated Statement of Financial Position as:					
Members' loans	3,825	7,786	3,476		15,087
Off balance sheet credit instruments	3,337	1,647	105		5,089
Total	\$ 7,162	\$ 9,433	\$ 3,581	\$	20,176

⁽¹⁾ Stage transfers represent movement between stages

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

⁽³⁾ Repayments relate to loan fully repaid or derecognized and excluded loan written off where a credit loss was incurred

⁽⁴⁾ Represents the change in the allowance due to changes in economic factors, risk and model parameters

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7. CREDIT QUALITY OF MEMBERS' LOANS

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

As at January 31, 2020	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Total
Risk Categories				
Very low risk	\$ 2,813,192	\$ 23,255	\$ 282,417	\$ 3,118,864
Low risk	3,551,719	2,311,738	455,783	6,319,240
Medium risk	1,263,122	2,645,491	223,902	4,132,515
High risk	640,661	57,915	275,162	973,738
Impaired	14,900	78,893	7,058	100,851
Total members' loans	\$ 8,283,594	\$ 5,117,292	\$ 1,244,322	\$ 14,645,208

As at October 31, 2019	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Total
Risk Categories				
Very low risk	\$ 2,829,934	\$ 8,860	\$ 301,905	\$ 3,140,699
Low risk	3,550,181	2,337,708	472,250	6,360,139
Medium risk	1,263,650	2,536,718	232,263	4,032,631
High risk	649,919	54,580	235,565	940,064
Impaired	15,829	84,117	7,354	107,300
Total members' loans	\$ 8,309,513	\$ 5,021,983	\$ 1,249,337	\$ 14,580,833

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

As at January 31, 2020	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Loan Commitments and Guarantees	Total
Risk Categories					
Very low risk	\$ 972,999	\$ 47,275	\$ 567,004	-	\$ 1,587,278
Low risk	1,039,530	820,059	331,486	-	2,191,075
Medium risk	47,101	188,708	71,687	42,956	350,452
High risk	8,145	1,598	110,278	-	120,021
Impaired	670	32	1,017	-	1,719
Total off balance sheet credit instruments	\$ 2,068,445	\$ 1,057,672	\$ 1,081,472	\$ 42,956	\$ 4,250,545

As at October 31, 2019	Residential Mortgages	Commercial and Agriculture	Consumer and Credit Card	Loan Commitments and Guarantees	Total
Risk Categories					
Very low risk	\$ 955,388	\$ 40,586	\$ 567,487	-	\$ 1,563,461
Low risk	432,752	857,156	332,329	-	1,622,237
Medium risk	48,302	191,651	69,619	46,463	356,035
High risk	7,902	975	99,870	-	108,747
Impaired	1,153	249	913	-	2,315
Total off balance sheet credit instruments	\$ 1,445,497	\$ 1,090,617	\$ 1,070,218	\$ 46,463	\$ 3,652,795

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7. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)

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

Risk Assessment	Residential Mortgage Beacon Score Range	Consumer & Credit Card Beacon Score Range	Commercial & Agriculture Risk Rating Range
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

Loans Past Due, as at January 31, 2020	Up to 30 Days	31 - 59 Days	60 to 89 Days	over 90 Days	Total
Stage 1					
Consumer and credit card	\$ 21,644	\$ -	\$ -	\$ -	21,644
Commercial and agriculture	62,080	-	-	-	62,080
Residential mortgages	119,013	-	-	-	119,013
Stage 2					
Consumer and credit card	10,772	9,454	4,048	440	24,714
Commercial and agriculture	359	48,758	6,219	12,752	68,088
Residential mortgages	40,044	44,960	14,824	11,254	111,082
Stage3					
Consumer and credit card	-	-	-	6,906	6,906
Commercial and agriculture	13,210	9	219	38,525	51,963
Residential mortgages	-	-	-	14,695	14,695
Total	\$ 267,122	\$ 103,181	\$ 25,310	\$ 84,572	\$ 480,185

Loans Past Due, as at October 31, 2019	Up to 30 Days	31 - 59 Days	60 to 89 Days	over 90 Days	Total
Stage 1					
Consumer and credit card	\$ 19,001	\$ -	\$ -	\$ -	19,001
Commercial and agriculture	45,263	-	-	-	45,263
Residential mortgages	79,391	-	-	-	79,391
Stage 2					
Consumer and credit card	10,768	11,586	4,313	440	27,107
Commercial and agriculture	360	46,956	1,357	10,299	58,972
Residential mortgages	38,037	39,277	12,909	12,428	102,651
Stage3					
Consumer and credit card	-	-	-	7,209	7,209
Commercial and agriculture	248	1,887	5,577	48,470	56,182
Residential mortgages	-	-	-	15,640	15,640
Total	\$ 193,068	\$ 99,706	\$ 24,156	\$ 94,486	\$ 411,416

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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7. CREDIT QUALITY OF MEMBERS' LOANS (CONTINUED)

Loans by Security	As at January 31 2020	As at October 31 2019
Insured loans and mortgages	\$ 2,838,788	\$ 2,858,878
Secured by mortgage	10,092,381	10,039,077
Secured by other	1,162,336	1,135,922
Unsecured loans	320,726	311,585
Unsecured mastercard	230,977	235,371
Total	\$ 14,645,208	\$ 14,580,833

8. PROPERTY AND EQUIPMENT

Cost	Land	Buildings	Leasehold Improvement	Furniture, Office Equipment and Vehicles	Computer Equipment	Leased Equipment	Total
Balance as at October 31, 2018	\$ 26,879	\$ 157,563	\$ 41,511	\$ 29,508	\$ 19,978	\$ 896	\$ 276,335
Amalgamation additions	347	1,749	-	275	51	-	2,422
Additions	-	2,256	609	3,171	3,806	(43)	9,799
Disposals	(2)	(701)	(635)	(2,783)	(1,611)	-	(5,732)
Transfer to assets held for sale	(381)	(3,424)	-	(43)	-	-	(3,848)
Transfer from investment property	-	(141)	-	-	-	-	(141)
Other transfers	-	-	-	110	(141)	-	(31)
Balance as at October 31, 2019	\$ 26,843	\$ 157,302	\$ 41,485	\$ 30,238	\$ 22,083	\$ 853	\$ 278,804
Additions	-	346	421	292	1,817	-	2,876
Disposals	-	(96)	(330)	(235)	(322)	-	(983)
Transfer to investment property	-	(3)	-	-	-	-	(3)
Transfer to leased assets	-	-	-	-	-	(853)	(853)
Balance as at January 31, 2020	\$ 26,843	\$ 157,549	\$ 41,576	\$ 30,295	\$ 23,578	\$ -	\$ 279,841
Accumulated Depreciation							
Balance as at October 31, 2018	\$ -	\$ 67,830	\$ 28,807	\$ 22,156	\$ 14,587	\$ 19	\$ 133,399
Amalgamation additions	-	696	-	243	8	-	947
Depreciation	-	4,901	1,960	2,251	2,399	212	11,723
Disposals	-	(518)	(635)	(2,624)	(1,549)	-	(5,326)
Transfer to assets held for sale	-	(1,731)	-	(40)	-	-	(1,771)
Transfer from investment property	-	48	-	-	-	-	48
Other transfers	-	-	-	90	(121)	-	(31)
Balance as at October 31, 2019	\$ -	\$ 71,226	\$ 30,132	\$ 22,076	\$ 15,324	\$ 231	\$ 138,989
Depreciation	-	1,174	477	581	566	-	2,798
Disposals	-	(92)	(329)	(233)	(247)	-	(901)
Transfer to leased assets	-	-	-	-	-	(231)	(231)
Balance as at January 31, 2020	\$ -	\$ 72,308	\$ 30,280	\$ 22,424	\$ 15,643	\$ -	\$ 140,655
Net Book Value							
At October 31, 2019	26,843	86,076	11,353	8,162	6,759	622	139,815
At January 31, 2020	26,843	85,241	11,296	7,871	7,935	-	139,186

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9. LEASED ASSETS

	Land	Buildings	Other Equipment	Computer Equipment	Total
Cost					
Balance as at October 31, 2019	\$ -	\$ -	\$ -	\$ -	-
Transition adjustment	2,871	51,761	104	-	54,736
Balance as at November 1, 2019	\$ 2,871	\$ 51,761	\$ 104	\$ -	\$ 54,736
Additions	-	2,114	-	-	2,114
Transfer from property and equipment	-	-	-	853	853
Disposals	-	(1,464)	-	-	(1,464)
Balance as at January 31, 2020	\$ 2,871	\$ 52,411	\$ 104	\$ 853	\$ 56,239
Accumulated Depreciation					
Balance as at October 31, 2019	\$ -	\$ -	\$ -	\$ -	-
Depreciation	36	1,481	8	53	1,578
Transfer from property and equipment	-	-	-	231	231
Balance as at January 31, 2020	\$ 36	\$ 1,481	\$ 8	\$ 284	\$ 1,809
Net Book Value					
At January 31, 2020	2,835	50,930	96	569	54,430

On November 1, 2019, the date of transition for IFRS 16, the Credit Union had non-cash additions to leased assets of \$54,736. For the period ended January 31, 2020 the Credit Union had non-cash additions to leased assets of \$2,114 and lease liabilities of \$2,120.

The Credit Union does not currently have income from subleasing leased assets.

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10. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

As at January 31, 2020	Equity-linked Options	Interest Rate Swaps	Total
Derivative Financial Assets			
Gross financial assets before offsetting	\$ -	\$ 6,769	\$ 6,769
Gross financial liabilities before offsetting	-	(6,264)	(6,264)
Net derivative financial assets presented in the statement of financial position	-	505	505
Amounts not subject to enforceable netting arrangements	9,516	-	9,516
Total	\$ 9,516	\$ 505	\$ 10,021
Derivative Financial Liabilities			
Gross financial assets before offsetting	\$ -	\$ (8,460)	\$ (8,460)
Gross financial liabilities before offsetting	-	9,080	9,080
Net derivative financial liabilities presented in the statement of financial position	-	620	620
Amounts not subject to enforceable netting arrangements	9,366	-	9,366
Total	\$ 9,366	\$ 620	\$ 9,986
As at October 31, 2019	Equity-linked Options	Interest Rate Swaps	Total
Derivative Financial Assets			
Gross financial assets before offsetting	\$ -	\$ 17,722	\$ 17,722
Gross financial liabilities before offsetting	-	(16,701)	(16,701)
Net derivative financial assets presented in the statement of financial position	-	1,021	1,021
Amounts not subject to enforceable netting arrangements	7,218	-	7,218
Total	\$ 7,218	\$ 1,021	\$ 8,239
Derivative Financial Liabilities			
Gross financial assets before offsetting	\$ -	\$ (10,091)	\$ (10,091)
Gross financial liabilities before offsetting	-	11,881	11,881
Net derivative financial liabilities presented in the statement of financial position	-	1,790	1,790
Amounts not subject to enforceable netting arrangements	7,103	-	7,103
Total	\$ 7,103	\$ 1,790	\$ 8,893

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10. 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 January 31 2020	As at October 31 2019
Interest rate swaps					
receive fixed, pay floating	\$ -	\$ 1,000,000	\$ 200,000	\$ 1,200,000	\$ 2,000,000
Equity-linked options	27,880	5,990	42,535	76,405	76,405
Total	\$ 27,880	\$ 1,005,990	\$ 242,535	\$ 1,276,405	\$ 2,076,405

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.

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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11. 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, such as property and equipment and investment in associate.

As at January 31, 2020	Note	Carrying Value	Fair Value	Fair Value Difference
Financial Instrument Assets				
Cash and cash equivalents	a	\$ 83,093	\$ 83,093	-
Interest bearing deposits with financial institutions	c,f	1,125,155	1,125,305	150
Assets at amortized cost	e	5	5	-
Assets at fair value through profit or loss	d	10,290	10,290	-
Members' loans	b,c,f	14,604,808	14,652,061	47,253
Other	a	6,001	6,001	-
Total financial instrument assets		15,829,352	15,876,755	47,403
Financial Instrument Liabilities				
Members' deposits	b,c	13,122,333	13,128,927	(6,594)
Liabilities at fair value through profit or loss	d	9,986	9,986	-
Borrowings	a	200,000	200,000	-
Securitization liabilities	c	1,161,837	1,174,735	(12,898)
Payables and other financial liabilities	a	128,575	128,575	-
Allowance for off balance sheet credit instruments	f	6,266	6,266	-
Total financial instrument liabilities		\$ 14,628,997	\$ 14,648,489	\$ (19,492)

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11. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

As at October 31, 2019	Note	Carrying Value	Fair Value	Fair Value Difference
<i>Financial Instrument Assets</i>				
Cash and cash equivalents	a	\$ 107,760	\$ 107,760	\$ -
Interest bearing deposits with financial institutions	c,f	1,198,634	1,198,748	114
Assets at amortized cost	e	5	5	-
Assets at fair value through profit or loss	d	8,508	8,508	-
Members' loans	b,c,f	14,541,959	14,570,135	28,176
Other	a	11,076	11,076	-
Total financial instrument assets		15,867,942	15,896,232	28,290
<i>Financial Instrument Liabilities</i>				
Members' deposits	b,c	13,131,397	13,144,699	(13,302)
Liabilities at fair value through profit or loss	d	8,893	8,893	-
Borrowings	a	200,000	200,000	-
Securitization liabilities	c	1,144,015	1,154,624	(10,609)
Payables and other financial liabilities	a	194,527	194,527	-
Allowance for off balance sheet credit instruments	f	6,064	6,064	-
Total financial instrument liabilities		\$ 14,684,896	\$ 14,708,807	\$ (23,911)

(a) The fair values of cash, other financial assets, borrowings 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 and member deposits 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 secured borrowings 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) The fair values of assets at amortized cost are assumed to equal their book values since a fair value adjustment cannot be supported because there is no available market to purchase the assets.

(f) Provisions and allowances use forward-looking information in the calculation of expected credit losses.

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11. 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:

As at January 31, 2020	Level 1	Level 2	Level 3	Total
Derivative assets	\$ -	\$ 10,021	\$ -	\$ 10,021
Investment shares in entities	-	-	42	42
Shares in Concentra Trust	-	-	227	227
Financial assets held at fair value	\$ -	\$ 10,021	\$ 269	\$ 10,290

Member shares - Series E	-	(435)	-	(435)
Derivative liabilities	-	(9,986)	-	(9,986)
Financial liabilities held at fair value	\$ -	\$ (10,421)	\$ -	\$ (10,421)

As at October 31, 2019	Level 1	Level 2	Level 3	Total
Derivative assets	\$ -	\$ 8,239	\$ -	\$ 8,239
Mortgage-backed security bonds	-	-	42	42
Shares in Concentra Trust	-	-	227	227
Financial assets held at fair value	\$ -	\$ 8,239	\$ 269	\$ 8,508

Member shares - Series E	-	(418)	-	(418)
Derivative liabilities	-	(8,893)	-	(8,893)
Financial liabilities held at fair value	\$ -	\$ (9,311)	\$ -	\$ (9,311)

Fair value measurements using Level 3 inputs	
Balance at October 31, 2018	\$ -
Remeasurement due to accounting policy change	301
Balance as at November 1, 2018	301
Fair value through profit and (loss)	(39)
Purchases	11
Sales	(4)
Balance at October 31, 2019	\$ 269

12. COMPARATIVE FIGURES

As a result of the adoption of IFRS 16 Leases, lease liabilities classification on the interim condensed consolidated statement of financial position has been reclassified from trade payables and other liabilities to lease liabilities.

Adjustments have been made to assets and liabilities to account for reserved cash deposited with the Credit Union in the interim condensed consolidated statement of cash flows for the period ended January 31, 2019. The impact of the adjustments were decreases in cash and cash equivalents at the beginning of the period (\$13,220), at the end of the period (\$10,225), and an overall decrease in net cash used in operating activities (\$2,995).

Due to a remeasurement adjustment on the adoption of IFRS 9, an adjustment was made on the interim condensed consolidated statement of changes in equity. This adjustment reduced the impact of IFRS 9 and increased retained earnings at November 1, 2019 by \$4,047.

A presentation adjustment on the allowance for loan losses reconciliation tables in Note 6 resulted in a reclassification between repayments and remeasurements in each category.