

SERVUS CREDIT UNION LTD.
Interim Condensed Consolidated Financial Statements

For the three and six months ended April 30, 2024
(unaudited)

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

	Notes	April 30 2024	October 31 2023
Assets			
Cash and cash equivalents ⁽¹⁾		\$ 110,781	\$ 86,134
Investments	3	1,790,081	1,493,841
Members' loans and leases	4	18,648,208	18,206,087
Income taxes receivable		-	736
Assets held for sale		6,034	6,127
Other assets		51,282	51,215
Property and equipment		131,964	133,512
Leased assets		62,912	62,734
Investment property		5,673	5,680
Derivative financial assets	7	5,855	4,538
Investment in associate		229,766	210,536
Intangible assets		46,537	52,794
Goodwill		19,173	19,173
Total assets		21,108,266	20,333,107
Liabilities			
Borrowings		38,062	8,334
Securitization liabilities		1,772,773	1,454,324
Members' deposits		17,093,797	16,662,604
Trade payables and other liabilities		238,734	235,968
Lease liabilities		72,911	72,319
Income taxes payable		3,478	-
Allowance for off balance sheet credit instruments	4,5	4,524	3,608
Derivative financial liabilities	7	19,331	31,559
Investment shares		473	451
Defined benefit plans		4,281	4,251
Deferred income tax liabilities		3,380	4,056
Total liabilities		19,251,744	18,477,474
Equity			
Share capital		648,186	690,461
Retained earnings		1,200,269	1,161,082
Accumulated other comprehensive income		8,067	4,090
Total equity		1,856,522	1,855,633
Total liabilities and equity		\$ 21,108,266	\$ 20,333,107

⁽¹⁾ Cash and cash equivalents includes restricted cash as at April 30, 2024 of \$5,714 (2023 - \$6,278)

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 April 30 2024	Three months ended April 30 2023	Six months ended April 30 2024	Six months ended April 30 2023
Interest income				
Members' loans and leases	\$ 236,087	\$ 186,482	\$ 470,805	\$ 369,081
Investments, including derivatives	8 18,864	13,387	37,887	22,152
Total interest income	254,951	199,869	508,692	391,233
Interest expense				
Members' deposits	119,034	81,607	235,058	150,497
Other interest expense	16,917	6,836	33,264	14,008
Total interest expense	135,951	88,443	268,322	164,505
Net interest income	119,000	111,426	240,370	226,728
Other income	43,767	39,905	86,299	77,416
Share of profits from associate	3,130	367	2,290	59
Net interest income and other income	165,897	151,698	328,959	304,203
Provision for credit losses	5 17,239	2,642	26,209	28,505
Net interest income and other income after provision for credit losses	148,658	149,056	302,750	275,698
Operating expenses				
Personnel	68,979	64,557	135,674	125,455
General	32,795	34,177	63,655	64,394
Occupancy	4,574	4,697	8,909	8,920
Member security	3,000	2,810	5,938	5,620
Depreciation	4,897	4,816	9,738	9,590
Organization	1,060	1,019	2,434	2,346
Impairment of assets	439	574	646	796
Amortization	3,613	2,690	7,472	5,442
Total operating expenses	119,357	115,340	234,466	222,563
Income before patronage allocation to members and income taxes	29,301	33,716	68,284	53,135
Patronage allocation to members	8,854	8,875	17,578	17,655
Income before income taxes	20,447	24,841	50,706	35,480
Income taxes	4,335	5,322	11,519	7,779
Net income	\$ 16,112	\$ 19,519	\$ 39,187	\$ 27,701

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)

	Three months ended April 30 2024	Three months ended April 30 2023	Six months ended April 30 2024	Six months ended April 30 2023
Net income	\$ 16,112	\$ 19,519	\$ 39,187	\$ 27,701
Other comprehensive income for the year, net of tax:				
Items that will not be reclassified to profit or loss:				
<i>Share of other comprehensive (loss) income from associate</i>				
Actuarial (loss) gain on defined benefit pension plans ⁽¹⁾	(29)	-	87	310
Change in unrealized gain (loss) on equity securities at fair value through other comprehensive income securities ⁽²⁾	122	(5)	483	1,201
Items that may be reclassified subsequently to profit or loss:				
<i>Share of other comprehensive (loss) income from associate</i>				
Change in unrealized (loss) gain on debt securities at fair value through other comprehensive income securities ⁽³⁾	(171)	2,255	3,407	3,508
Reclassification adjustments for realized loss on debt securities ⁽⁴⁾	-	(318)	-	(366)
Total other comprehensive (loss) income	\$ (78)	\$ 1,932	\$ 3,977	\$ 4,653
Total comprehensive income	\$ 16,034	\$ 21,451	\$ 43,164	\$ 32,354

⁽¹⁾ Net of income tax (recovery) expense for the three months ended April 30, 2024 of \$(9) (2023 - \$0), for the six months ended April 30, 2024 of \$26 (2023 - \$93)

⁽²⁾ Net of income tax expense (recovery) for the three months ended April 30, 2024 of \$36 (2023 - \$(2)), for the six months ended April 30, 2024 of \$144 (2023 - \$358)

⁽³⁾ Net of income tax (recovery) expense for the three months ended April 30, 2024 of \$(50) (2023 - \$674), for the six months ended April 30, 2024 of \$1,018 (2023 - \$1,048)

⁽⁴⁾ Net of income tax (recovery) for the three months ended April 30, 2024 of \$0 (2023 - \$(95)), for the six months ended April 30, 2024 of \$0 (2023 - \$(109))

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)

	Notes	Share Capital			Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
		Common Shares	Investment Shares	Total Share Capital			
Balance at October 31, 2022		\$ 579,893	\$ 121,382	\$ 701,275	\$ 1,106,390	\$ 6,518	\$ 1,814,183
Changes in equity							
Issues of share capital		2,902	-	2,902	-	-	2,902
Redemption of share capital		(37,663)	(5,563)	(43,226)	-	-	(43,226)
Net income		-	-	-	27,701	-	27,701
Share of other comprehensive loss from associate		-	-	-	-	4,653	4,653
Share of reclassification of accumulated other comprehensive income to retained earnings from associate ⁽¹⁾		-	-	-	5,044	(5,044)	-
Balance at April 30, 2023		\$ 545,132	\$ 115,819	\$ 660,951	\$ 1,139,135	\$ 6,127	\$ 1,806,213

	Notes	Share Capital			Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
		Common Shares	Investment Shares	Total Share Capital			
Balance at October 31, 2023		\$ 568,763	\$ 121,698	\$ 690,461	\$ 1,161,082	\$ 4,090	\$ 1,855,633
Changes in equity							
Issues of share capital		4,115	-	4,115	-	-	4,115
Redemption of share capital		(38,815)	(7,575)	(46,390)	-	-	(46,390)
Net income		-	-	-	39,187	-	39,187
Share of other comprehensive loss from associate		-	-	-	-	3,977	3,977
Balance at April 30, 2024		\$ 534,063	\$ 114,123	\$ 648,186	\$ 1,200,269	\$ 8,067	\$ 1,856,522

⁽¹⁾ Alberta Central sold shares of an investment, which resulted in a reclassification of accumulated other comprehensive income to retained earnings. The amount reported is the Credit Union's portion of the reclassification, net of income tax expense for the six months ended April 30, 2023 of \$1,507

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)

	Six months ended April 30 2024	Six months ended April 30 2023
Cash flows from (used in) operating activities		
Net income	\$ 39,187	\$ 27,701
Adjustments for non-cash items and others		
Net interest income ⁽¹⁾	(240,370)	(226,728)
Provision for credit losses	26,209	28,505
Share of profits from investment in associate	(2,290)	(59)
Depreciation	9,738	9,590
Amortization	7,472	5,442
Impairment of assets	646	796
Gain on leased assets	(249)	-
Gain on assets held for sale	(2,079)	(255)
Loss on disposal of property and equipment	199	67
Income taxes	11,519	7,779
Adjustments for net changes in operating assets and liabilities		
Change in members' loans and leases	(467,957)	(689,154)
Change in members' deposits	415,345	674,503
Change in assets held for sale	(7,918)	(3,873)
Change in derivatives, net	(13,545)	(5,798)
Change in other assets, provisions, and trade payables and other liabilities, net	(1,196)	(44,953)
Income taxes paid, net	(9,165)	(9,875)
Interest received	506,727	380,182
Interest paid	(239,221)	(103,595)
Net cash from operating activities	33,052	50,275
Cash flows from (used in) investing activities		
Additions to intangible assets	(1,215)	(3,269)
Additions to property and equipment, and investment property	(5,305)	(5,168)
Proceeds on disposal of property and equipment, and investment property	299	206
Proceeds on disposal of assets held for sale	9,444	3,091
Purchase of Alberta Central shares	(11,776)	(9,796)
Distributions from Alberta Central	-	2,349
Purchase of investments, net	(293,732)	(100,058)
Net cash used in investing activities	(302,285)	(112,645)
Cash flows from (used in) financing activities		
Advances (repayments) of term loans and lines of credit, net	29,728	(166,473)
Advances of securitization liabilities	452,749	365,133
Repayments of securitization liabilities	(143,547)	(107,808)
Repayments of principal portion of lease liabilities	(2,775)	(2,544)
Shares issued	4,115	2,902
Shares redeemed	(46,390)	(43,226)
Net cash from financing activities	293,880	47,984
Increase (decrease) in cash and cash equivalents	24,647	(14,386)
Cash and cash equivalents, beginning of period	86,134	80,810
Cash and cash equivalents, end of period	\$ 110,781	\$ 66,424

⁽¹⁾ Net interest income includes a fair value gain on derivatives for the six months ended April 30, 2024 of \$(6,780) (2023 - \$(9,409))

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
(Canadian \$ thousands)
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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.'s (Servus or the Credit Union) 2023 audited annual Consolidated Financial Statements.

connectFirst Credit Union and Servus Credit Union Merger

In March 2023, the boards of connectFirst and the Credit Union announced their intent to merge. This intent arose to ensure that the long-term needs of members of both credit unions would be met, while fulfilling growth and expansion goals. After receiving membership and regulatory approvals, the two entities merged to form Connect First and Servus Credit Union (the merged entity) on May 1, 2024. After May 1, 2024, the results of connectFirst and Servus will be presented as the combined results of the merged entity.

At the close of its fiscal year on October 31, 2023, connectFirst Credit Union (connectFirst) operated out of 44 branches in southern Alberta and reported \$633 million in net assets. With this merger, members of each of the two credit unions will exchange their shares for an equal number of similar shares in the merged entity. Under IFRS 3, the merger transaction is considered to be an acquisition of connectFirst where Servus is the acquiror. As a result, the Credit Union acquires the net assets of connectFirst at fair value, and the members of connectFirst receive shares equaling their current holdings. The value of this consideration is provisionally measured at \$464 million. Due to the effort required to fair value each class of assets and liabilities of connectFirst, the valuation of connectFirst's assets and liabilities had not yet been finalized at the time that these financial statements were approved by the board.

Consolidation of Alberta Central

Alberta Central is the central banking facility, service bureau and trade association for Alberta credit unions. All Alberta credit unions own shares in Alberta Central based on a percentage of system assets

Upon merger, Alberta Central will transfer its common shares held by the Credit Union and connectFirst to the merged entity. The merged entity is expected to hold approximately 82% of the outstanding shares of Alberta Central and to occupy more than half of the positions on Alberta Central's governing board.

For accounting purposes, the merged entity has acquired control over Alberta Central, and therefore the transaction is considered an acquisition by the merged entity of Alberta Central. Under IFRS 3 the merged entity derecognizes its investment in Alberta Central and is considered to acquire the net assets of Alberta Central at fair value. The purchase price of the net assets is calculated as the sum of the fair values of the equity interests in Alberta Central, and this sum is provisionally measured at \$343 million.

The financial results of Alberta Central will be consolidated with the merged entity's financial results beginning May 1, 2024. A non-controlling interest in Alberta Central of approximately 18% is expected. Due to the time required to fair value each class of assets and liabilities of Alberta Central, the valuation of Alberta Central's assets and liabilities had not yet been finalized at the time that these financial statements were approved by the board.

As such, these Interim Condensed Consolidated Financial Statements as at and for the six months ended April 30, 2024 are the last set of financial statements for Servus and its subsidiaries alone. Interim financial statements going forward will present the consolidated results of the merged entity and Alberta Central.

These Interim Condensed Consolidated Financial Statements were approved by the Audit and Finance Committee on June 25, 2024.

SERVUS CREDIT UNION LTD.
Notes to Interim Condensed Consolidated Financial Statements
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1. BASIS OF PRESENTATION (CONTINUED)

Use of Estimates, Assumptions and Critical Judgments

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 Accounting Standards are best estimates undertaken in accordance with the applicable standards and are reviewed on a continuous basis.

The most significant estimates and assumptions have been used in the following areas: fair values of financial instruments, expected credit losses (ECL), and the fair value of assets and liabilities acquired in a business combination, including contingent consideration. 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, ECL, classification of financial instruments, classification of leases as a lessor, valuation of leased assets and lease liabilities and accounting for investment in associate.

Provincially, financial markets remain volatile with persistently high inflation and interest rates driving borrowing costs higher. Although this will deter spending, population growth and rising employment are key contributors to Alberta's overall positive economic outlook. These competing factors have a significant impact on management's estimates and assumptions in preparing the Interim Condensed Consolidated Financial Statements. One area of significant judgment affected strongly by the economic environment is the estimate for ECL; refer to Note 6 for more details.

2. ACCOUNTING POLICIES

These Interim Condensed Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used in preparing the Credit Union's 2023 annual Consolidated Financial Statements, with the exception of new and amended standards applicable to the current year:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Amendments to IFRS 17 – Insurance Contracts

The adoption of these new and amended standards effective November 1, 2023 have no impact on the financial statements.

The following amendment will be adopted in the Credit Union's 2024 annual Consolidated Financial Statements, and may result in the inclusion of only material accounting policies:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

SERVUS CREDIT UNION LTD.
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3. INVESTMENTS

	As at April 30 2024	As at October 31 2023
Term deposits with Alberta Central	\$ 1,778,598	\$ 1,484,866
Other	108	108
	1,778,706	1,484,974
Accrued interest	11,378	8,869
	1,790,084	1,493,843
ECL allowance on investments	(3)	(2)
Total	\$ 1,790,081	\$ 1,493,841

4. MEMBERS' LOANS AND LEASES

The following table presents the carrying amount of loans and leases, 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:

As at April 30, 2024	Performing		Impaired	Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3			
Members' Loans and Leases						
Residential mortgages	\$ 8,887,972	\$ 623,907	\$ 14,700	\$ 9,526,579	\$ 3,966	\$ 9,522,613
Commercial ⁽¹⁾	7,627,217	272,841	103,524	8,003,582	60,345	7,943,237
Consumer ⁽²⁾	1,075,579	111,884	2,830	1,190,293	7,935	1,182,358
Total members' loans and leases	\$ 17,590,768	\$ 1,008,632	\$ 121,054	\$ 18,720,454	\$ 72,246	\$ 18,648,208
Off Balance Sheet Credit Instruments						
Residential mortgages	\$ 2,303,963	\$ 15,050	\$ -	\$ 2,319,013	\$ 199	\$ 2,318,814
Commercial ⁽¹⁾	1,746,079	25,464	157	1,771,700	2,291	1,769,409
Consumer ⁽²⁾	1,079,766	22,056	103	1,101,925	2,034	1,099,891
Total off balance sheet credit instruments	\$ 5,129,808	\$ 62,570	\$ 260	\$ 5,192,638	\$ 4,524	\$ 5,188,114
As at October 31, 2023						
	Performing		Impaired	Total	Allowance for Credit Losses	Total Net of Allowance
	Stage 1	Stage 2	Stage 3			
Members' Loans and Leases						
Residential mortgages	\$ 8,767,382	\$ 574,469	\$ 13,986	\$ 9,355,837	\$ 3,558	\$ 9,352,279
Commercial ⁽¹⁾	7,271,905	309,941	104,132	7,685,978	52,135	7,633,843
Consumer ⁽²⁾	1,128,947	93,054	5,540	1,227,541	7,576	1,219,965
Total members' loans and leases	\$ 17,168,234	\$ 977,464	\$ 123,658	\$ 18,269,356	\$ 63,269	\$ 18,206,087
Off Balance Sheet Credit Instruments						
Residential mortgages	\$ 2,249,294	\$ 21,126	\$ 470	\$ 2,270,890	\$ 201	\$ 2,270,689
Commercial ⁽¹⁾	1,796,411	15,353	3,980	1,815,744	1,479	1,814,265
Consumer ⁽²⁾	1,047,901	23,189	17	1,071,107	1,928	1,069,179
Total off balance sheet credit instruments	\$ 5,093,606	\$ 59,668	\$ 4,467	\$ 5,157,741	\$ 3,608	\$ 5,154,133

⁽¹⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

⁽²⁾ Includes consumer loans and credit card

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

Key Data and Assumptions

Estimating the ECL is based on a set of inputs, assumptions and methodologies placed around credit risk and future looking 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.

These inputs and assumptions are assessed each reporting period considering both positive and negative aspects of the current economic environment. ECL models use 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 ECL. The main areas where judgment is used in the 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, forecasted future looking indicators and the weightings to be used on the base, best and worst-case scenarios for the forward-looking indicators (FLI).

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

- Alberta unemployment rates
- Canadian unemployment rates (Credit Card 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. At April 30, 2024, management concluded that the weighting to be used is a 60% base, 10% best and 30% worst-case (October 31, 2023 - 60% base, 20% best and 20% worst-case).

Sensitivity analysis will show when the loan book has a risk that is not adequately covered by the model calculation, and this analysis provides 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 April 30, 2024, management has not applied an overlay (October 31, 2023 - \$0) to the calculated ECL.

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

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

	Residential Mortgages	Commercial ⁽¹⁾	Consumer ⁽²⁾	Total
As at October 31, 2023	\$ 3,759	\$ 53,614	\$ 9,504	\$ 66,877
Recoveries of previous loan and lease write-offs	1	373	2,185	2,559
Provision charged to net income	974	20,424	4,810	26,208
	4,734	74,411	16,499	95,644
Loans and leases written off	(569)	(11,775)	(6,530)	(18,874)
As at April 30, 2024	\$ 4,165	\$ 62,636	\$ 9,969	\$ 76,770

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	3,966	60,345	7,935	72,246
Off balance sheet credit instruments ⁽³⁾	199	2,291	2,034	4,524
Total	\$ 4,165	\$ 62,636	\$ 9,969	\$ 76,770

	Residential Mortgages	Commercial ⁽¹⁾	Consumer ⁽²⁾	Total
As at October 31, 2022	\$ 4,744	\$ 27,526	\$ 11,428	\$ 43,698
Acquisition, June 1, 2023	-	409	-	409
Recoveries of previous loan write-offs	30	171	4,286	4,487
Provision charged to net income	1,561	31,018	3,748	36,327
	6,335	59,124	19,462	84,921
Loans written off	(2,576)	(5,510)	(9,958)	(18,044)
As at October 31, 2023	\$ 3,759	\$ 53,614	\$ 9,504	\$ 66,877

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	3,558	52,135	7,576	63,269
Off balance sheet credit instruments ⁽³⁾	201	1,479	1,928	3,608
Total	\$ 3,759	\$ 53,614	\$ 9,504	\$ 66,877

⁽¹⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

⁽²⁾ Includes consumer loans and credit card

⁽³⁾ Includes undrawn commitments and financial guarantees

The provision charged to net income is:

	Six months ended April 30 2024	Six months ended April 30 2023
Loans and leases	\$ 26,208	\$ 28,505
Investments	1	-
Provision for (recovery of) credit losses	\$ 26,209	\$ 28,505

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

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		
As at October 31, 2023	\$ 1,198	\$ 1,849	\$ 712	\$	3,759
Transfers					
Stage 1 ⁽¹⁾	537	(503)	(34)		-
Stage 2 ⁽¹⁾	(92)	205	(113)		-
Stage 3 ⁽¹⁾	(1)	(42)	43		-
New originations ⁽²⁾	108	233	-		341
Repayments ⁽³⁾	(50)	(104)	(126)		(280)
Remeasurements ⁽⁴⁾	(504)	582	835		913
Loans written off	-	-	(569)		(569)
Recoveries	-	-	1		1
As at April 30, 2024	\$ 1,196	\$ 2,220	\$ 749	\$	4,165

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	1,035	2,182	749		3,966
Off balance sheet credit instruments	161	38	-		199
Total	\$ 1,196	\$ 2,220	\$ 749	\$	4,165

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at October 31, 2022	\$ 1,476	\$ 2,178	\$ 1,090	\$	4,744
Transfers					
Stage 1 ⁽¹⁾	935	(894)	(41)		-
Stage 2 ⁽¹⁾	(94)	188	(94)		-
Stage 3 ⁽¹⁾	(3)	(63)	66		-
New originations ⁽²⁾	248	453	23		724
Repayments ⁽³⁾	(123)	(223)	(223)		(569)
Remeasurements ⁽⁴⁾	(1,241)	210	2,437		1,406
Loans written off	-	-	(2,576)		(2,576)
Recoveries	-	-	30		30
As at October 31, 2023	\$ 1,198	\$ 1,849	\$ 712	\$	3,759

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	1,038	1,808	712		3,558
Off balance sheet credit instruments	160	41	-		201
Total	\$ 1,198	\$ 1,849	\$ 712	\$	3,759

⁽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 loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred

⁽⁴⁾ 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 EXPECTED CREDIT LOSSES (CONTINUED)

Allowance for credit losses – Commercial Loans, Credit Card, Agriculture Loans, and Lease Receivables

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at October 31, 2023	\$ 5,188	\$ 2,166	\$ 46,260	\$	53,614
Transfers					
Stage 1 ⁽¹⁾	242	(69)	(173)		-
Stage 2 ⁽¹⁾	(35)	329	(294)		-
Stage 3 ⁽¹⁾	(12)	(38)	50		-
New originations ⁽²⁾	1,509	79	225		1,813
Repayments ⁽³⁾	(417)	(257)	(369)		(1,043)
Remeasurements ⁽⁴⁾	3,620	3,291	12,743		19,654
Loans and leases written off	-	-	(11,775)		(11,775)
Recoveries	-	-	373		373
As at April 30, 2024	\$ 10,095	\$ 5,501	\$ 47,040	\$	62,636

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	8,038	5,296	47,011		60,345
Off balance sheet credit instruments	2,057	205	29		2,291
Total	\$ 10,095	\$ 5,501	\$ 47,040	\$	62,636

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at October 31, 2022	\$ 6,229	\$ 1,684	\$ 19,613	\$	27,526
Acquisition, June 1, 2023	205	9	195		409
Transfers					
Stage 1 ⁽¹⁾	529	(375)	(154)		-
Stage 2 ⁽¹⁾	(193)	215	(22)		-
Stage 3 ⁽¹⁾	(35)	(569)	604		-
New originations ⁽²⁾	1,522	385	511		2,418
Repayments ⁽³⁾	(546)	(102)	(162)		(810)
Remeasurements ⁽⁴⁾	(2,523)	919	31,014		29,410
Loans written off	-	-	(5,510)		(5,510)
Recoveries	-	-	171		171
As at October 31, 2023	\$ 5,188	\$ 2,166	\$ 46,260	\$	53,614

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	3,804	2,083	46,248		52,135
Off balance sheet credit instruments	1,384	83	12		1,479
Total	\$ 5,188	\$ 2,166	\$ 46,260	\$	53,614

⁽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 loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred

⁽⁴⁾ 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 EXPECTED CREDIT LOSSES (CONTINUED)

Allowance for credit losses – Consumer Loans and Credit Card

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at October 31, 2023	\$ 2,866	\$ 4,890	\$ 1,748	\$	9,504
Transfers					
Stage 1 ⁽¹⁾	1,517	(1,374)	(143)		-
Stage 2 ⁽¹⁾	(249)	511	(262)		-
Stage 3 ⁽¹⁾	(3)	(81)	84		-
New originations ⁽²⁾	267	343	3		613
Repayments ⁽³⁾	(117)	(178)	(176)		(471)
Remeasurements ⁽⁴⁾	(1,394)	1,836	4,226		4,668
Loans written off	-	-	(6,530)		(6,530)
Recoveries	-	-	2,185		2,185
As at April 30, 2024	\$ 2,887	\$ 5,947	\$ 1,135	\$	9,969

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	1,833	4,978	1,124		7,935
Off balance sheet credit instruments	1,054	969	11		2,034
Total	\$ 2,887	\$ 5,947	\$ 1,135	\$	9,969

	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
As at October 31, 2022	\$ 3,842	\$ 6,251	\$ 1,335	\$	11,428
Transfers					
Stage 1 ⁽¹⁾	2,539	(2,384)	(155)		-
Stage 2 ⁽¹⁾	(306)	379	(73)		-
Stage 3 ⁽¹⁾	(12)	(105)	117		-
New originations ⁽²⁾	620	933	159		1,712
Repayments ⁽³⁾	(309)	(454)	(123)		(886)
Remeasurements ⁽⁴⁾	(3,508)	270	6,160		2,922
Loans written off	-	-	(9,958)		(9,958)
Recoveries	-	-	4,286		4,286
As at October 31, 2023	\$ 2,866	\$ 4,890	\$ 1,748	\$	9,504

Presented on Interim Condensed Consolidated Statement of Financial Position as:

Netted with members' loans and leases	1,850	3,978	1,748		7,576
Off balance sheet credit instruments	1,016	912	-		1,928
Total	\$ 2,866	\$ 4,890	\$ 1,748	\$	9,504

⁽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 loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred

⁽⁴⁾ 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 AND LEASES

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

Risk Assessment	FICO Score Range			Risk Rating Range
	Insured Residential Mortgages	Conventional Residential Mortgages	Consumer ⁽¹⁾	Commercial ⁽²⁾
Very low risk	800 +	800 +	800 +	1
Low risk	701 - 799	701 - 799	701 - 799	2 and 3
Medium risk	600 - 700	650 - 700	650 - 700	4 and 5
High risk/impaired	599 or less	649 or less	649 or less	6, 7, 8, and 9

⁽¹⁾ Includes consumer loans and credit card

⁽²⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

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

As at April 30, 2024	Residential Mortgages	Commercial ⁽¹⁾	Consumer ⁽²⁾	Total
Risk Categories				
Very low risk	\$ 3,932,759	\$ 50,783	\$ 410,161	\$ 4,393,703
Low risk	3,474,045	3,395,534	471,164	7,340,743
Medium risk	1,489,184	4,246,622	182,072	5,917,878
High risk	615,891	207,119	124,066	947,076
Impaired	14,700	103,524	2,830	121,054
Total members' loans and leases	\$ 9,526,579	\$ 8,003,582	\$ 1,190,293	\$ 18,720,454

As at October 31, 2023	Residential Mortgages	Commercial ⁽¹⁾	Consumer ⁽²⁾	Total
Risk Categories				
Very low risk	\$ 3,773,447	\$ 18,920	\$ 398,946	\$ 4,191,313
Low risk	3,494,690	3,318,206	512,378	7,325,274
Medium risk	1,513,696	4,059,101	200,250	5,773,047
High risk	560,018	185,619	110,427	856,064
Impaired	13,986	104,132	5,540	123,658
Total members' loans and leases	\$ 9,355,837	\$ 7,685,978	\$ 1,227,541	\$ 18,269,356

⁽¹⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

⁽²⁾ Includes consumer loans and credit card

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

As at April 30, 2024	Residential Mortgages	Commercial ⁽¹⁾	Consumer ⁽²⁾	Total
Risk Categories				
Very low risk	\$ 1,241,086	\$ 160,178	\$ 710,465	\$ 2,111,729
Low risk	1,017,163	1,223,069	303,134	2,543,366
Medium risk	45,032	372,232	62,277	479,541
High risk	15,732	16,064	25,946	57,742
Impaired	-	157	103	260
Total off balance sheet credit instruments	\$ 2,319,013	\$ 1,771,700	\$ 1,101,925	\$ 5,192,638

As at October 31, 2023	Residential Mortgages	Commercial ⁽¹⁾	Consumer ⁽²⁾	Total
Risk Categories				
Very low risk	\$ 1,188,266	\$ 200,106	\$ 671,696	\$ 2,060,068
Low risk	1,011,688	1,203,675	308,163	2,523,526
Medium risk	50,388	393,476	63,258	507,122
High risk	20,078	14,507	27,973	62,558
Impaired	470	3,980	17	4,467
Total off balance sheet credit instruments	\$ 2,270,890	\$ 1,815,744	\$ 1,071,107	\$ 5,157,741

⁽¹⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

⁽²⁾ Includes consumer loans and credit card

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6. CREDIT QUALITY OF MEMBERS' LOANS AND LEASES (CONTINUED)

Loans Past Due, as at April 30, 2024	Up to 30 Days	31 to 59 Days	60 to 89 Days	90 Days and Above	Total
Stage 1					
Residential mortgages	\$ 61,808	\$ -	\$ -	\$ -	61,808
Commercial ⁽¹⁾	71,385	-	-	-	71,385
Consumer ⁽²⁾	18,619	-	-	-	18,619
Stage 2					
Residential mortgages	35,256	14,923	12,761	7,421	70,361
Commercial ⁽¹⁾	3,728	7,882	38,969	85,792	136,371
Consumer ⁽²⁾	8,203	4,971	2,593	85	15,852
Stage 3					
Residential mortgages	-	-	-	14,450	14,450
Commercial ⁽¹⁾	355	137	2,739	93,314	96,545
Consumer ⁽²⁾	-	-	-	3,520	3,520
Total	\$ 199,354	\$ 27,913	\$ 57,062	\$ 204,582	\$ 488,911

Loans Past Due, as at October 31, 2023	Up to 30 Days	31 to 59 Days	60 to 89 Days	90 Days and above	Total
Stage 1					
Residential mortgages	\$ 63,341	\$ -	\$ -	\$ -	63,341
Commercial ⁽¹⁾	17,362	-	-	-	17,362
Consumer ⁽²⁾	19,291	-	-	-	19,291
Stage 2					
Residential mortgages	24,600	34,280	13,783	7,023	79,686
Commercial ⁽¹⁾	12,161	73,562	55,433	27,593	168,749
Consumer ⁽²⁾	6,210	6,807	3,593	65	16,675
Stage 3					
Residential mortgages	-	-	-	13,951	13,951
Commercial ⁽¹⁾	11,856	64	1,152	83,874	96,946
Consumer ⁽²⁾	-	-	-	5,783	5,783
Total	\$ 154,821	\$ 114,713	\$ 73,961	\$ 138,289	\$ 481,784

⁽¹⁾ Includes commercial loans, credit card, agriculture loans, and lease receivables

⁽²⁾ Includes consumer loans and credit card

The Credit Union has documented policies and procedures in place for the valuation of financial and non-financial collateral. For impaired loans and leases, an assessment of the collateral is taken into consideration when estimating the net realizable amount of the loan or lease.

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 risk exposure risk.

Loans and Leases by Security	As at	
	April 30 2024	October 31 2023
Insured loans and mortgages	\$ 3,945,944	\$ 3,633,504
Secured by mortgage	12,815,794	12,795,438
Secured by equipment and other	1,297,658	1,215,543
Unsecured loans	403,803	368,708
Unsecured credit card	257,255	256,163
Total	\$ 18,720,454	\$ 18,269,356

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7. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	As at April 30, 2024			As at October 31, 2023		
	Gross Financial Assets	Gross Financial Liabilities	Net	Gross Financial Assets	Gross Financial Liabilities	Net
Equity-linked options	\$ 5,855	\$ (5,769)	\$ 86	\$ 4,538	\$ (4,450)	\$ 88
Interest rate swaps	-	(13,562)	(13,562)	-	(27,109)	(27,109)
Total	\$ 5,855	\$ (19,331)	\$ (13,476)	\$ 4,538	\$ (31,559)	\$ (27,021)

As of the current reporting date 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:

	1 to 3 Months	3 to 12 Months	1 to 5 Years	As at April 30 2024	As at October 31 2023
Interest rate swaps					
receive fixed, pay floating	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ 600,000
Equity-linked options	5,700	25,400	63,865	94,965	115,525
Total	\$ 5,700	\$ 325,400	\$ 63,865	\$ 394,965	\$ 715,525

Equity-linked Options

Equity-linked options are used to fix costs on term deposit liabilities that pay a return to the deposit holder based on the change in equity market indices. The embedded derivative in the term deposit liability 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 consolidated statement of financial position.

8. INVESTMENT INCOME

	Three months ended April 30 2024	Three months ended April 30 2023	Six months ended April 30 2024	Six months ended April 30 2023
Investment income on term deposits and other	\$ 19,100	\$ 14,365	\$ 37,218	\$ 24,498
Unrealized gain on derivative instruments	2,406	5,187	6,845	9,472
Realized loss on derivative instruments	(2,642)	(6,165)	(6,176)	(11,818)
Total	\$ 18,864	\$ 13,387	\$ 37,887	\$ 22,152

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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 April 30, 2024	Note	Carrying Value	Fair Value	Fair Value Difference
Financial Instrument Assets				
Cash and cash equivalents	a	\$ 110,781	\$ 110,781	\$ -
Interest bearing deposits with financial institutions	c,e	1,789,973	1,790,311	338
Assets at fair value through profit or loss	d	5,941	5,941	-
Members' loans and leases	b,c,e	18,648,208	18,193,434	(454,774)
Other	a	20,402	20,402	-
Total financial instrument assets		20,575,305	20,120,869	(454,436)
Financial Instrument Liabilities				
Members' deposits	b,c	17,093,797	17,090,768	(3,029)
Liabilities at fair value through profit or loss	d,f	24,259	24,259	-
Borrowings	b	38,062	38,062	-
Securitization liabilities	c	1,772,773	1,754,984	(17,789)
Payables and other financial liabilities	a	219,486	219,486	-
Total financial instrument liabilities		\$ 19,148,377	19,127,559	\$ (20,818)
As at October 31, 2023	Note	Carrying Value	Fair Value	Fair Value Difference
<i>Financial Instrument Assets</i>				
Cash and cash equivalents	a	\$ 86,134	\$ 86,134	-
Interest bearing deposits with financial institutions	c,e	1,493,733	1,488,341	(5,392)
Assets at fair value through profit or loss	d	4,624	4,624	-
Members' loans and leases	b,c,e	18,206,087	17,488,086	(718,001)
Other	a	25,482	25,482	-
Total financial instrument assets		19,816,060	19,092,667	(723,393)
<i>Financial Instrument Liabilities</i>				
Members' deposits	b,c	16,662,604	16,615,162	(47,442)
Liabilities at fair value through profit or loss	d,f	36,192	36,192	-
Borrowings	b	8,334	8,334	-
Securitization liabilities	c	1,454,324	1,418,723	(35,601)
Payables and other financial liabilities	a	218,665	218,665	-
Total financial instrument liabilities		\$ 18,380,119	18,297,076	\$ (83,043)

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 reprice when market rates change.

(c) The fair values of the following instruments are estimated using level 2 inputs:

- Interest-bearing deposits with financial institutions are estimated by discounting the expected future cash flows based on yield curves of similar financial instruments with similar terms.
- Fixed-rate member deposits are determined by discounting contractual cash flows using current market rates on deposits with similar terms.

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9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- Securitization liabilities are discounted using adjusted implied yields from prices of similar actively traded government agency securities.

The fair values of the following instruments are estimated using level 3 inputs:

- Fixed-rate member loans and leases are fair-valued by discounting expected future cash flows using current market interest rates for loans with similar credit risk.

(d) The fair values of derivative financial instruments and investment share liability for member shares - series E are calculated based on valuation techniques using factors reflecting market conditions at a specific point in time and may not be reflective of future fair values. These factors are level 2 inputs.

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

(f) The fair value of contingent consideration in the purchase of Stride Capital Corp.'s (Stride) assets in the previous fiscal year is assessed each reporting period. The fair value of the promissory note payable when the leasing subsidiary achieves its revenue targets is determined using forecasted revenue estimates, discounted with Bank of Canada bond yield. The promissory note payable to Stride's key management personnel is evaluated using weighted probabilities of management retention. These forecasted revenue estimates and weighted probabilities are level 3 inputs. A 10% increase or decrease to these inputs results in a fair value of either \$4,811 or \$4,097, respectively.

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 April 30, 2024	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative assets	\$ -	\$ 5,855	\$ -	\$ 5,855
Investment shares in entities ⁽¹⁾	-	-	86	86
Total	\$ -	\$ 5,855	\$ 86	\$ 5,941
Financial Liabilities				
Member shares - Series E	-	473	-	473
Derivative liabilities	-	19,331	-	19,331
Contingent consideration	-	-	4,455	4,455
Total	\$ -	\$ 19,804	\$ 4,455	\$ 24,259

Financial assets fair value measurements using Level 3 inputs

Balance at October 31, 2023	\$ 86
Balance at April 30, 2024	\$ 86

Financial liabilities fair value measurements using Level 3 inputs

Balance at October 31, 2023	\$ 4,182
Contingent consideration - fair value change	273
Balance at April 30, 2024	\$ 4,455

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9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

As at October 31, 2023	Level 1	Level 2	Level 3	Total
<i>Financial Assets</i>				
Derivative assets	-	4,538	-	4,538
Investment shares in entities ⁽¹⁾	-	-	86	86
Total	-	4,538	86	4,624

<i>Financial Liabilities</i>				
Member shares - Series E	-	451	-	451
Derivative liabilities	-	31,559	-	31,559
Contingent consideration	-	-	4,182	4,182
Total	-	32,010	4,182	36,192

Financial assets fair value measurements using Level 3 inputs	
Balance at October 31, 2022	\$ 1,522
Purchases	10
Sales	(1,446)
Balance at October 31, 2023	\$ 86

Financial liabilities fair value measurements using Level 3 inputs	
Balance at October 31, 2022	\$ -
Contingent consideration	4,182
Balance at October 31, 2023	\$ 4,182

⁽¹⁾ Investment shares in entities are included in Investments on the Interim Condensed Consolidated Statement of Financial Position

10. COMPARATIVE FIGURES

Certain comparative figures in the Interim Condensed Consolidated Income Statement and Interim Condensed Consolidated Statement of Cash Flows have been adjusted to conform to the current year's presentation.



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