

June 28, 2010

## **Servus Credit Union invests in branches, employees, capital base**

(Edmonton, Alberta) – Strong second quarter performance helped Servus Credit Union invest in more people and branches to serve members while building a stronger capital base.

Net interest and other income was \$172.4 million for the six month period ended April 30, 2010, or \$12.0 million higher than the same period last year, while investments in better service resulted in a \$13.4 million increase in operating expenses. After an increased patronage allocation, Servus reported income of \$45.8 million (before Profit Share allocation to members and income taxes), or 3% lower than the same period last year.

“Our financial performance continues to run ahead of expectations,” stated Garth Warner, President and Chief Executive Officer of Servus Credit Union. “Higher net income is offsetting planned expenditures that we initiated to improve member service while harmonizing and growing our operations across the province. In the past year we opened four new branches in Alberta, hired more employees and maintained our income at the same time, thanks to the efforts of our people and increased business.”

Member equity increased by \$38.5 million for the six months ending April 30, 2010 to \$803.2 million. “Servus is well capitalized and we will continue to build our retained earnings,” said Mr. Warner. “It is important for us as stewards of the credit union to maintain a strong capital foundation to invest in opportunities that will provide value to our members and to see us through downward economic cycles.”

The loan portfolio grew by \$299.9 million in the first six months of fiscal 2010. “Deposit growth, while steady at \$77.1 million, has not been up to our expectations,” explained Mr. Warner. “We will try to address this with competitive offerings in the marketplace such as our current 16 month GIC special at 2.25%.”

“We expect even better financial performance in the second half of the fiscal year,” Mr. Warner concluded. “We have reduced our provision for loan losses substantially thanks to improving economic conditions. We also expect interest rates will continue to rise and Servus is well positioned to benefit from these increases.”

## **About Servus Credit Union Ltd.**

Servus Credit Union is a full service member-owned financial institution serving almost 400,000 members through a network of more than 100 locations in 62 Alberta communities. On November 1, 2009 Servus marked its first anniversary as the first province-wide credit union in Canada, with more than \$10 billion in assets. The credit union provides a complete line of banking services, including registered accounts, financing, investments, insurance, commercial banking, 24-hour on-line and telephone banking. Servus Credit Union member-owner deposits including accrued interest are 100% guaranteed by the Credit Union Deposit Guarantee Corporation. Operations are managed through the Corporate Centre in Edmonton with regional offices in Lloydminster and Red Deer. For more information, call toll free 187SERVUSCU (1.877.378.8728) or visit [www.servus.ca](http://www.servus.ca).

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	Six Months Ending April 30, 2010	Twelve Months Ending October 31, 2009 (fiscal year-end)	Six Months Ending April 30, 2009
<b>Assets</b>	\$10.5 billion	\$10.2 billion	\$9.9 billion
<b>Members' Equity</b>	\$803.2 million	\$764.7 million	\$738.7 million
<b>Loans</b>	\$9.2 billion	\$8.9 billion	\$8.6 billion
<b>Deposits</b>	\$9.3 billion	\$9.3 billion	\$9.1 billion
<b>Income (before patronage allocation &amp; taxes)</b>	\$45.8 million	\$90.0 million	\$47.3 million

## Highlights:

- Opened four new branches in past 12 months:
  - Third branch in Grande Prairie opened June 2009
  - Relocated Sylvan Lake branch opened June 2009
  - Second branch in Sherwood Park opened August 2009
  - Third branch in Lethbridge opened February 2010
- Earned national recognition with admission to the Platinum Club of Canada's 50 Best Managed Companies program. Established in 1993, the Canada's 50 Best Managed Companies is a national awards program, recognizing excellence in Canadian owned and managed companies. The award is based on an evaluation of strategy, capability, commitment and financial performance.
- Completed a province-wide search for a Young & Free Alberta Spokester. Kelsey MacDonald of Edmonton won the job as Y&F spokster for a year, including a paid position and laptop computer. To see more go to [www.youngandfreealberta.com](http://www.youngandfreealberta.com).
- Continued move of Edmonton administration employees from three locations into Servus' new Corporate Centre in the Edmonton Research Park. The building was renovated to apply for the Leadership in Energy and Environmental Design (LEED) Silver Standard. LEED is a third-party certification program and an internationally accepted benchmark for the design, construction and operation of high performance green buildings

## Community support:

- \$30,000 donation to Lethbridge Public Library
- A three-year partnership with the Art Gallery of Alberta giving Albertans free admission to the gallery on the last Thursday of each month from 6 – 9 pm.
- Edmonton Bowl for Special Olympics
- Ponoka Victim Services
- Lloydminster and District Music Festival
- Red Deer Festival of the Performing Arts
- Shepherds Care Foundation Gala
- Lethbridge Big Brothers/big Sisters Bowl for Kids
- Central Alberta Regional Science Fair
- Lunar New Year Celebration