



TransCanada Credit Union Limited
2012 Annual Report



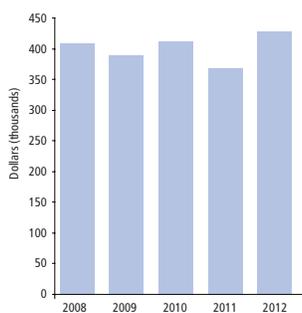
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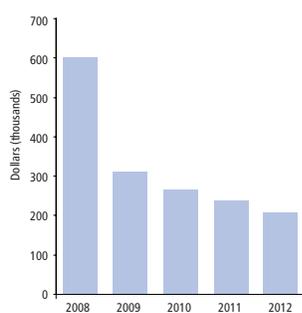
Financial Highlights for 2012

	2012	2011
Membership	2587	2624
Assets	\$22,271,689	\$24,040,370
Shares	\$602,079	\$541,135
Savings	\$15,186,466	\$14,378,041
Terms	\$2,016,900	\$4,589,587
RRSPs	\$3,281,784	\$3,388,300
Loans	\$8,788,894	\$9,121,945
Mortgages	\$8,505,648	\$7,223,422
Dividend paid to members	5.00%	5.00%

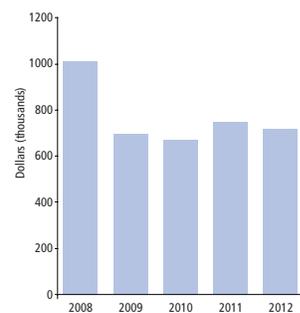
Total Operating Expenses



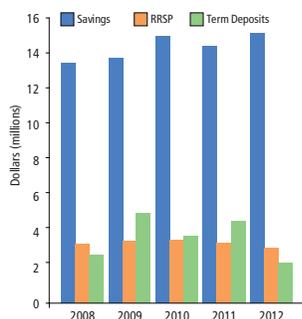
Total Financial Expenses



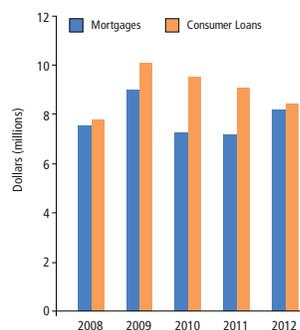
Total Financial Income



Deposit Accounts



Summary of Loans



Board of Directors



Board of Directors

Jane Gill

Lora Manning

Lorraine MacAulay

Wayne Rumsey

Zafir Samoylove

Missing: Doug Slater, Rob Nowakowsky

Staff



Debbie Letendre

Lori Chang-Foidl

President's Message

President's Message

Greater financial stability and improvements are being seen in Canada, Alberta and specifically Calgary. The Bank of Canada rate remains low, which continues to benefit our borrowing customers but squeezes the margins between lending and borrowing/savings rates. We continue to operate in a disciplined and controlled fashion to ensure ongoing stability and viability of our institution to support you, our members.

As always, member service with respect and integrity is our key priority. Our focus is on the delivery of basic financial services - lending, investment and deposit services. We are proud to provide superior personal services.

We were pleased to pay out a dividend rate of 5% again this year. This rewards all our members and provides a stable operating base for the Credit Union.

During 2012, we said goodbye to staff members – Tamara Pacchiano, Member Services Representative and Denise D'Aoust, General Manager. We thank them both for their many years of service. These departures bring new faces and opportunities. We welcomed Lori Chang-Foidl as Member Services Representative in October to join Debbie Letendre in providing a continued high level of customer service to our members.

I commend the Board on their continued service this year, with continuation of long-serving members as well as more recent additions that bring a variety of skills and attributes that benefit and balance the Board.

We are eager to continue working for the membership, and encourage you to share your thoughts on how to serve you better. We thank you for your patronage and look forward to continuing to provide service into the future.

On behalf of the Credit Union team and Board of Directors,

Jane L.S. Gill

Chairman and President



President: Jane L.S. Gill

Report of the Audit and Finance Committee

Lorraine MacAulay, Chairperson
Doug Slater
Lora Manning

The Audit and Finance Committee is comprised of three directors. The Committee meets formally as required to ensure the following obligations are met over the course of the year:

- Review of the financial position of the Credit Union and ensuring the accuracy of financial reporting. This includes the recommendation of the annual budget to the Board and obtaining reasonable understanding of the internal controls in place at the Credit Union to safeguard assets.
- Engage and oversee the external and internal auditors, including the terms of their engagement and the scope of the audit. The Committee also reviews the annual audited financial statements prior to approval of the Board for issuance to members.
- Review of policies, procedures and controls which relate the requirements of liquidity, capital adequacy and interest rate management.

The committee reports directly to the Board of Directors and issues reports and makes recommendations to the Board and Management, as appropriate, with respect to the responsibilities noted above. In the event that recommendations have been made, follow up is undertaken to ensure the recommendations have been duly considered and implemented. There have been no significant recommendations made by the Committee not implemented or in progress of being implemented.

TransCanada Credit Union's financial statements for 2012 are the first year reported under International Financial Reporting Standards (IFRS). The 2011 comparative financial data has also been restated as TransCanada Credit Union's transition date, as required under IFRS transition rules, was November 1, 2010.



Chairperson: Lorraine MacAulay



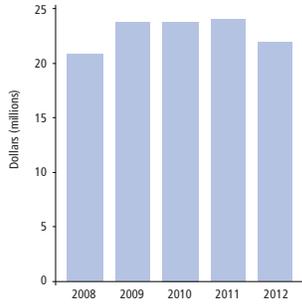
Doug Slater



Lora Manning

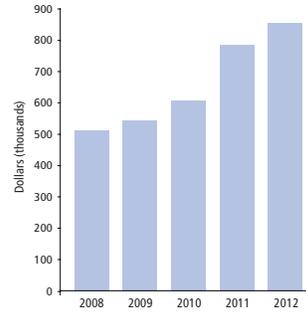
Assets

Total Assets



Equity

Retained Earnings



There are no matters which the Audit and Finance Committee believe should be reported to the members, nor are there any matters that are required to be disclosed under the Credit Union Act or regulations.

I extend my thanks to the members of the Audit and Finance Committee for their hard work and dedication over the past year.

Lorraine MacAulay
 Chairman
 Audit and Finance Committee

Report of the Credit Committee

Wayne Rumsey, Chairperson
 Zafir Samoylove
 Rob Nowakowsky

The Credit Committee's primary responsibility is to review and provide approval of loan applications presented in excess of the General Manager's lending limit, ensuring adherence to the Credit Union lending policies.

As of October 31, 2012, the total loan portfolio for the TransCanada Credit Union was valued at \$17.3 million, representing 37 mortgages and 317 loans. Total loans and mortgages approved in the 2012 fiscal year were \$5.4 million, representing an increase in the number of loans by 110 and mortgages by 6. The increase in the amount of funds being advanced is an indication that our members are looking for other options when borrowing money and are looking to our Credit Union as a viable option to the larger banking institutions.

Total Number of
Loans Approved

116

Total Amount of
Money Advanced

\$5,382,209



Chairperson: Wayne Rumsey



Zafir Samoylove



Rob Nowakowsky

The Credit Union Movement

The Credit Union movement started in Canada because banks had no interest in lending money to individuals, which is ironic, in light of today's intense competition between banks to sign up personal accounts. Credit Unions originated in Europe in 1849 and flourished because of usury.

It is reputed that excessive rates of interest were charged on loans in those days, sometimes as high as 700% to 1,000%, or more. Loans not paid off in the borrower's lifetime were passed down to the next generation. Alphonse Desjardins, the acknowledged father of credit unions in Canada, established a community Caisse Populaire in Levis, Quebec, to protect consumers from these 'loan sharks'.

The movement, which originated in 1884 as an offshoot of a consumer co-operative organized by unemployed English weavers, gradually spread among rural fishing communities in Quebec and Atlantic Canada. Credit Unions were subsequently established in all parts of the country – particularly in the West- by churches, farming and community groups, industrial and labour organizations, and employees of corporations large and small.

The majority of Credit Unions in Canada began in a very casual way. A group of people wanting to organize a Credit Union wrote by-laws, applied for a Provincial Charter, elected Directors and Officers and were in business.

With over 5,000,000 members in Canada today, and assets of \$125.9 billion, credit unions are certainly giving the banking community a run for YOUR money.

Hawkings Epp Dumont LLP

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INDEPENDENT AUDITORS' REPORT

To the Members of TransCanada Credit Union Limited

We have audited the accompanying financial statements of TransCanada Credit Union Limited, which comprise the statement of financial position as at October 31, 2012, 2011 and November 1, 2010, and the statement of comprehensive income, statement of changes in members' equity, and statement of cash flows for the years ended October 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TransCanada Credit Union Limited as at October 31, 2012, 2011 and November 1, 2010, and its financial performance and its cash flows for the years ended October 31, 2012 and 2011 in accordance with International Financial Reporting Standards.



HAWKINGS EPP DUMONT LLP
Chartered Accountants

Edmonton, Alberta
January 23, 2013

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Management's responsibility for financial reporting

To the Members of TransCanada Credit Union Limited

Management has the responsibility for preparing the accompanying financial statements and ensuring that all information in the Annual Report is consistent with these statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with International Financial Reporting Standards and the requirements of the Credit Union Act.

In discharging its responsibility for the integrity and fairness of the financial statements, as well as for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The ultimate responsibility to members for the financial statements lies with the Board of Directors. The Board appoints an Audit Committee to review the financial statements with management in detail and to report to the Board prior to its approval to publish the financial statements.

The Board appoints external auditors to audit the financial statements and to meet with both the Audit Committee and management to review their findings. The external auditors' report directly to the members. The external auditors' have full and free access to the Audit Committee to discuss their audit, as well as their findings concerning the integrity of the Credit Union's financial reporting and the adequacy of its systems of internal controls.

Calgary, Alberta
January 23, 2013



Jane Gill, President

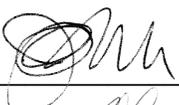
TRANSCANADA CREDIT UNION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT OCTOBER 31, 2012

	October 31 <u>2012</u>	October 31 <u>2011</u>	November 1 <u>2010</u> (Restated) (Note 19)
ASSETS			
Cash and cash equivalents (Note 5)	\$ 172,825	\$ 31,935	\$ 144,747
Investments (Note 6)	4,702,256	7,613,620	6,698,909
Income taxes receivable	8,071	-	-
Members' loans receivable (Note 8)	17,301,726	16,354,849	16,879,104
Other assets	44,853	39,966	74,243
Intangible assets (Note 10)	20,790	-	12,703
Property and equipment (Note 9)	<u>21,168</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,271,689</u>	<u>\$ 24,040,370</u>	<u>\$ 23,809,706</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 43,934	\$ 44,657	\$ 51,091
Income taxes payable	-	22,704	4,156
Members' deposits (Note 12)	<u>20,527,031</u>	<u>22,407,263</u>	<u>22,350,816</u>
	<u>20,570,965</u>	<u>22,474,624</u>	<u>22,406,063</u>
MEMBERS' EQUITY			
Allocation distributable	28,068	25,787	19,931
Members' shares (Note 13)	602,079	541,135	518,977
Retained earnings	<u>1,070,577</u>	<u>998,824</u>	<u>864,735</u>
	<u>1,700,724</u>	<u>1,565,746</u>	<u>1,403,643</u>
	<u>\$ 22,271,689</u>	<u>\$ 24,040,370</u>	<u>\$ 23,809,706</u>

ON BEHALF OF THE BOARD:


 _____ Director


 _____ Director

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

TRANSCANADA CREDIT UNION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED OCTOBER 31, 2012

	<u>2012</u>	<u>2011</u> (Restated) (Note 19)
INTEREST INCOME		
Interest from member loans	\$ 657,810	\$ 670,268
Investment income	<u>70,181</u>	<u>79,059</u>
	727,991	749,327
INTEREST EXPENSE		
Interest on member deposits	<u>223,375</u>	<u>236,377</u>
NET INTEREST INCOME	504,616	512,950
PROVISION FOR LOAN IMPAIRMENT (NOTE 8)	<u>-</u>	<u>5,158</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT	504,616	507,792
OTHER INCOME	36,084	48,135
LOAN RECOVERIES	<u>720</u>	<u>-</u>
NET INTEREST AND OTHER INCOME	541,420	555,927
OPERATING EXPENSES (SCHEDULE 1)	<u>432,994</u>	<u>365,795</u>
INCOME BEFORE INCOME TAXES	108,426	190,132
INCOME TAXES (NOTE 11)		
Current	<u>8,605</u>	<u>33,866</u>
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ 99,821</u>	<u>\$ 156,266</u>

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

TRANSCANADA CREDIT UNION LIMITED
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED OCTOBER 31, 2012

	<u>Allocation Distributable</u>	<u>Members' Shares</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE, NOVEMBER 1, 2010	\$ 19,931	\$ 518,977	\$ 864,735	\$ 1,403,643
Net income and comprehensive income	-	-	156,266	156,266
Common share dividends (5%)	25,787	-	(25,787)	-
Tax recovery on member shares	-	-	3,610	3,610
Previous year's dividend paid through issuance of member shares	(19,931)	19,931	-	-
Issuance of member shares	-	37,366	-	37,366
Redemption of member shares	-	(35,139)	-	(35,139)
BALANCE, OCTOBER 31, 2011	25,787	541,135	998,824	1,565,746
Net income and comprehensive income	-	-	99,821	99,821
Common share dividends (5%)	28,068	-	(28,068)	-
Previous year's dividend paid through issuance of member shares	(25,787)	25,787	-	-
Issuance of member shares	-	75,150	-	75,150
Redemption of member shares	-	(39,993)	-	(39,993)
BALANCE, OCTOBER 31, 2012	<u>\$ 28,068</u>	<u>\$ 602,079</u>	<u>\$ 1,070,577</u>	<u>\$ 1,700,724</u>

TRANSCANADA CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2012

	<u>2012</u>	<u>2011</u>
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
Operating Activities		
Interest received from members' loans	\$ 660,108	\$ 669,346
Interest received from investments	81,545	59,348
Other income received	36,804	48,135
Interest paid to members	(232,830)	(239,761)
Income taxes received (paid)	(39,380)	(11,708)
Net operating expenses paid	<u>(419,139)</u>	<u>(324,551)</u>
	<u>87,108</u>	<u>200,809</u>
Investing Activities		
Net change in members' loans receivable	(949,175)	525,177
Purchase of property and equipment	(27,960)	-
Purchase of intangible assets	(31,182)	-
Net change in investments	<u>2,900,000</u>	<u>(895,000)</u>
	<u>1,891,683</u>	<u>(369,823)</u>
Financing Activities		
Issue of members' shares	100,937	57,297
Common share dividends paid	(28,068)	(25,787)
Redemption of members' shares	(39,993)	(35,139)
Net change in members' deposits	<u>(1,870,777)</u>	<u>59,831</u>
	<u>(1,837,901)</u>	<u>56,202</u>
NET CASH AND CASH EQUIVALENTS INCREASE	140,890	(112,812)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>31,935</u>	<u>144,747</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 172,825</u>	<u>\$ 31,935</u>

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

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

1. REPORTING ENTITY

TransCanada Credit Union Limited (the "Credit Union") is incorporated under the *Credit Union Act* of the Province of Alberta and provides financial services to current and former employees of TransCanada Corporation and its subsidiaries ("TransCanada").

The Credit Union Deposit Guarantee Corporation (the "Corporation"), a Provincial Corporation, guarantees the repayment of all deposits with Alberta credit unions, including accrued interest. The *Credit Union Act* provides that the Province will ensure that the Corporation carries out this obligation.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Credit Union's first financial statements prepared in accordance with IFRS, having previously prepared its financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP"). IFRS 1 – "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") has been applied in preparing these statements.

The effects of the transition from CGAAP to IFRS on the Credit Union's reported financial position, financial performance, and cash flows are set out in Note 19.

Basis of Measurement

The financial statements have been prepared using the historical cost basis unless otherwise noted in the significant accounting policies.

Functional Currency

The financial statements are presented in Canadian dollars, which is the Credit Union's functional currency. This is the currency of the primary economic environment in which the Credit Union operates.

Basis of Transition to IFRS

The Credit Union's financial statements were prepared in accordance with CGAAP up to and including October 31, 2011; and restated using IFRS for these financial statements. The financial reporting requirements of CGAAP differ in a number of areas from those prescribed by IFRS. The Credit Union's financial statements for the year ended October 31, 2012 are the first annual financial statements prepared in compliance with IFRS. The Credit Union's transition date to IFRS was November 1, 2010 and accordingly, the Credit Union prepared its opening IFRS balance sheet as at that date and has complied with IFRS 1.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

2. BASIS OF PRESENTATION (CONTINUED)

Basis of Transition to IFRS (continued)

Upon transition to IFRS, the general principle is that financial statements must be prepared on a retrospective basis as if IFRS had always been applied. In addition to exempting entities from the requirement to restate comparatives for particular standards, IFRS 1 provides certain mandatory exceptions and grants certain optional exemptions from full retrospective application of IFRS. In preparing these financial statements in accordance with IFRS 1, the Credit Union has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

In preparing the Credit Union's financial statements for the year ended October 31, 2012, management has amended certain accounting policies previously applied in the CGAAP financial statements to comply with specific IFRS requirements.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Notes 3 and 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are summarized below. These accounting policies have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at November 1, 2010 for the purpose of the transition to IFRS unless otherwise indicated.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and on deposit with an original maturity of less than or equal to one year. Cash and cash equivalents are classified as loans and receivables and are carried at amortized cost on the statement of financial position. Amortized cost is considered to be equivalent to fair value due to the short term nature of these assets.

Investments

Investments are initially measured at fair value and subsequently accounted for depending on their classification as either held-to-maturity or available-for-sale financial assets.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members' loans receivable

Loans are measured initially at fair value plus transaction costs, and subsequently at amortized cost using the effective interest method, less any impairment losses. All loans are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market and have been classified as loans and receivables.

Allowance for loan impairment

The Credit Union establishes an allowance for impairment which is reviewed at least annually. Allowance for loan impairment represents individual and collective provisions established as a result of reviews of individual loans and groups of loans.

The Credit Union records an individual allowance based on management's regular review and evaluation of individual loans and is based upon management's best estimate of the present value of the cash flows expected to be received, discounted at the loan's original effective interest rate. Impairment may be measured on the basis of the instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The Credit Union records a collective allowance for loans with similar credit risk characteristics, that have not been individually assessed as impaired, when objective evidence of impairment within the groups of loans exists but the individually impaired loans cannot be identified. In assessing the need for collective allowances, management considers factors such as credit quality and portfolio size. The Credit Union estimates the collective allowance for impairment using a formula based on its historical loss experience for similar groups of loans in similar economic circumstances. As management identifies individually impaired loans, it assigns an individual allowance for impairment to that loan and adjusts the collective allowance accordingly. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed either directly or by adjusting an allowance account. Write offs are generally recorded after all reasonable restructuring or collection efforts have taken place and there is no realistic prospect of recovery.

Impairment of financial assets

The Credit Union assesses, at each balance sheet date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recorded only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and the loss event(s) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by the borrower, restructuring of a loan or advance by the Credit Union on non-market terms that the Credit Union would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as conditions that correlate with defaults in the group.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of land which is measured at cost and is not depreciated. Depreciation of other items of property and equipment are calculated at the following annual rates on a straight-line basis:

Computer equipment	3 years
Furniture and equipment	5 years

Gains and losses on disposal are recorded in the statement of comprehensive income in the year of disposal.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Intangible assets

Intangible assets consist of computer software which are not integral to the computer hardware owned by the Credit Union. Software is initially recorded at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment (losses). Software is amortized on a straight-line basis over its estimated useful life of 3 years.

Impairment of non-financial assets

Impairment reviews are performed when there are indicators that the recoverable amount of an asset may be less than the carrying value. The recoverable amount is determined as the higher of an asset's fair value less cost to sell and value in use. Impairment is recognized in the statement of comprehensive income, when there is an indication that an asset may be impaired. In the event that the value of previously impaired assets recovers, the previously recognized impairment loss is recovered in the statement of comprehensive income at that time.

Accounts payable

Accounts payable are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which approximates fair value due to the short-term nature of these liabilities.

Financial liabilities

Member deposits are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument, and subsequently measured at amortized cost using the effective interest rate method.

Members' shares

Members' shares are classified as liabilities or members' equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union Board of Directors are classified as equity.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Interest on member loans is recorded using the effective interest rate method except for loans which are considered impaired. When a loan becomes impaired, recognition of interest income ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount of the underlying security. The amount of the initial impairment and any subsequent changes are recorded through the provision for impaired loans as an adjustment to the individual allowance.

Investment income is recorded using the effective interest rate method, except as it relates to adjustments in the rates received from Central, which are recorded when the payment is received.

Commissions, service charges and other income are recognized as income when the related service is provided or entitlement to receive income is earned.

Income taxes

Tax expense for the period comprises current and deferred income tax.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income taxes are provided for using the liability method. Under this method, temporary differences are recorded using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the corresponding taxes will be paid or refunded.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into the Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect exchange rates at the statement of financial position date. Translation gains and losses are included in other income.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

All financial instruments are initially recognized on the statement of financial position at fair value through acquisition. Measurement in subsequent periods depends on whether the financial instrument has been classified as available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. During the year there has been no reclassification of financial instruments.

Available-for-sale financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time. The Credit Union's shares in Credit Union Central of Alberta have been classified as available-for-sale.

The financial assets classified as loans and receivables are initially measured at fair value, then subsequently carried at amortized cost using the effective interest rate. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Credit Union's financial instruments classified as loans and receivables include cash and cash equivalents and members' loans receivable.

The financial assets classified as held-to-maturity are initially measured at fair value, then subsequently carried at amortized cost. Held-to-maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity dates that the Credit Union has the positive intention and ability to hold until its maturity date. The Credit Union's financial instruments classified as held-to-maturity include term deposit investments.

Financial instruments classified as other financial liabilities include accounts payable and members' deposits. Other financial liabilities are measured at fair value, then subsequently carried at amortized cost.

De-recognition of a financial asset occurs when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. If the Credit Union has neither transferred nor retained substantially all the risks and rewards of the transferred financial asset, it assesses whether it has retained control over the transfer asset. If control has been retained, the Credit Union recognizes the transferred asset to the extent of its continuing involvement. If control has not been retained, the Credit Union derecognizes the transferred asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in comprehensive income.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

4. USE OF ESTIMATES AND KEY JUDGMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the reporting year. Accordingly, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if it affects only that period or in the period of revision and future periods if the revision affects both current and future years.

The most significant uses of judgments, estimates and assumptions are as follows:

Allowance for Impaired Loans

The individual allowance component of the total allowance for impairment applies to financial assets evaluated individually for impairment. In particular, management judgment is required in the estimate of the amount and timing of the future cash flows the Credit Union expects to receive from these specific loans. These estimates are based on a number of factors, including the net realizable value of any underlying collateral.

The collective allowance component covers credit losses in portfolios of loans with similar credit risk characteristics when there is objective evidence to suggest that a loss has been incurred but the individual impaired items cannot yet be identified. In assessing the collective allowance, management considers factors such as credit quality, historical loss experience and current economic conditions.

Fair Value of Financial Instruments

The Credit Union determines the fair value of financial instruments that are not quoted in an active market using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

The methods and assumptions applied, and the valuation techniques used, are disclosed in Note 18.

Property and Equipment

Depreciation methods, useful lives and residual values require estimation and are reviewed annually and adjusted if appropriate.

Income Taxes

The Credit Union periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable an adjustment will be made, the Credit Union records its best estimate of the tax liability including the related interest and penalties. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

5. CASH AND CASH EQUIVALENTS

The Credit Union's current accounts are held with Credit Union Central of Alberta ("Central").

6. INVESTMENTS

	<u>2012</u>	<u>2011</u>	November 1 <u>2010</u>
Credit Union Central Alberta			
Term deposits	\$ 4,075,000	\$ 6,975,000	\$ 6,180,000
Shares	310,288	310,288	310,288
Other			
Term deposits	<u>300,000</u>	<u>300,000</u>	<u>200,000</u>
	4,685,288	7,585,288	6,690,288
Accrued interest	<u>16,968</u>	<u>28,332</u>	<u>8,621</u>
	<u>\$ 4,702,256</u>	<u>\$ 7,613,620</u>	<u>\$ 6,698,909</u>

All term deposits mature within one year with interest rates ranging from 0.92% to 2.17%. As required by the *Credit Union Act*, the Credit Union holds investments in Central to maintain its statutory liquidity requirements.

There is no separately quoted market value of the Central shares and the fair value could not be measured reliably. Fair value cannot be measured reliably as the timing of redemption of these shares cannot be determined, therefore, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Therefore, they are recorded at cost.

7. OPERATING DEMAND LOAN AND TERM LOAN

The Credit Union has an approved revolving operating demand loan with Central which is secured by a general assignment of book debts and assignment of investments and deposits held at Central. The authorized limit on the revolving operating demand loan is \$200,000. The demand loan bears interest at Central's prime rate less .5%. At October 31, 2012, the Credit Union had \$NIL outstanding on its operating demand loan (2011 - NIL); (November 1, 2010 - NIL).

The Credit Union has an approved term loan with Central which is secured by a general assignment of book debts and assignment of investments and deposits held at Central. The authorized limit on the term loan is \$600,000. The term loan bears interest at (i) Central's prime rate plus or minus Central's applicable discount or margin rates in effect from time to time, or (ii) at the option of the Credit Union for terms of more than 30 days at a fixed rate equal to Central's money market deposit rate or the equivalent paid fixed swap rate for the term plus or minus the applicable discount or margin rate. At October 31, 2012, the Credit Union had \$NIL outstanding on its term loan (2011 - \$NIL); (November 1, 2010 - \$NIL).

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

8. MEMBERS' LOANS RECEIVABLE

	<u>Principal Performing</u>	<u>Individual Allowance</u>	<u>Collective Allowance</u>	2012 Net
Consumer loans	\$ 8,788,894	\$ -	\$ -	\$ 8,788,894
Residential mortgages	8,308,171	-	-	8,308,171
Foreclosed assets	<u>197,477</u>	<u>-</u>	<u>-</u>	<u>197,477</u>
	17,294,542	-	-	17,294,542
Accrued interest	<u>7,184</u>	<u>-</u>	<u>-</u>	<u>7,184</u>
	<u>\$ 17,301,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,301,726</u>
	<u>Principal Performing</u>	<u>Individual Allowance</u>	<u>Collective Allowance</u>	2011 Net
Consumer loans	\$ 9,121,945	\$ -	\$ -	\$ 9,121,945
Residential mortgages	<u>7,223,422</u>	<u>-</u>	<u>-</u>	<u>7,223,422</u>
	16,345,367	-	-	16,345,367
Accrued interest	<u>9,482</u>	<u>-</u>	<u>-</u>	<u>9,482</u>
	<u>\$ 16,354,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,354,849</u>
	<u>Principal Performing</u>	<u>Individual Allowance</u>	<u>Collective Allowance</u>	November 1 2010 Net
Consumer loans	\$ 9,563,258	\$ -	\$ -	\$ 9,563,258
Residential mortgages	<u>7,307,286</u>	<u>-</u>	<u>-</u>	<u>7,307,286</u>
	16,870,544	-	-	16,870,544
Accrued interest	<u>8,560</u>	<u>-</u>	<u>-</u>	<u>8,560</u>
	<u>\$ 16,879,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,879,104</u>

During the year, the Credit Union obtained residential property with a carrying value of \$197,477 by taking possession of collateral held as security. Repossessed property is sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified as foreclosed property and is included within loans on the statement of financial position.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

8. MEMBERS' LOANS RECEIVABLE (CONTINUED)

Loans Past Due But Not Impaired

A loan is considered past due when a counterparty has not made a payment by the contractual due date. The table that follows presents the carrying value of loans at year-end that are past due but not classified as impaired because they are either i) less than 90 days past due, or ii) fully secured and collection efforts are reasonably expected to result in repayment.

	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91 Days and Greater</u>	<u>2012 Total</u>
Consumer loans	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>7,706</u>	\$ <u>7,706</u>
	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91 Days and Greater</u>	<u>2011 Total</u>
Consumer loans	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,570</u>	\$ <u>13,570</u>
	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91 Days and Greater</u>	<u>November 1 2010 Total</u>
Consumer loans	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,674</u>	\$ <u>12,674</u>

Credit Quality of Loans

The Credit Union holds collateral against loans to members in the form of interests over property, other securities over assets, and guarantees. It is not practical to value all collateral as at the balance sheet date due to the variety of assets and conditions. A breakdown of the loans by security held is shown as follows:

	<u>2012</u>	<u>2011</u>
Loans secured by real property	\$ <u>8,505,648</u>	\$ 7,223,422
Loans secured by other assets	<u>8,062,133</u>	8,041,489
Unsecured	<u>726,761</u>	<u>1,080,456</u>
	<u>\$ 17,294,542</u>	<u>\$ 16,345,367</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

8. MEMBERS' LOANS RECEIVABLE (CONTINUED)

Concentration of Risk

The Credit Union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments. The majority of loans to members are with members located in and around Calgary, Alberta who are concentrated in the oil and gas infrastructure and energy sector. A significant portion of the Credit Union's loan portfolio is secured by residential property in and around Calgary, Alberta. Therefore, the Credit Union is exposed to the risks in reduction of the loan to valuation ratio coverage should the property market be subject to a decline. The risk of loss from loans undertaken is primarily reduced by the nature and quality of the security taken.

There was one loan to a member which exceeded 3% of total assets as at October 31, 2012.

Allowance for Loan Impairment

Details of the changes in the allowance for loan impairment are as follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ -	\$ -
Provision for loan impairment	-	5,158
Loans written off during the year	<u>-</u>	<u>(5,158)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

9. PROPERTY AND EQUIPMENT

	<u>Furniture and Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
COST:			
Balance at November 1, 2010	\$ -	\$ 28,530	\$ 28,530
Balance at October 31, 2011	-	28,530	28,530
Additions	<u>18,359</u>	<u>9,601</u>	<u>27,960</u>
Balance at October 31, 2012	<u>\$ 18,359</u>	<u>\$ 38,131</u>	<u>\$ 56,490</u>
ACCUMULATED DEPRECIATION:			
Balance at November 1, 2010	\$ -	\$ 28,530	\$ 28,530
Balance at October 31, 2011	-	28,530	28,530
Depreciation expense	<u>3,600</u>	<u>3,192</u>	<u>6,792</u>
Balance at October 31, 2012	<u>\$ 3,600</u>	<u>\$ 31,722</u>	<u>\$ 35,322</u>
NET BOOK VALUE:			
November 1, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
October 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
October 31, 2012	<u>\$ 14,759</u>	<u>\$ 6,409</u>	<u>\$ 21,168</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012**10. INTANGIBLE ASSETS**

	<u>2012</u>	<u>2011</u>	November 1 <u>2010</u>
COST:			
Balance, Beginning of Year	\$ 139,631	\$ 139,631	\$ 139,631
Additions	<u>31,182</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>170,813</u>	<u>139,631</u>	<u>139,631</u>
ACCUMULATED DEPRECIATION:			
Balance, Beginning of Year	139,631	126,928	114,224
Depreciation expense	<u>10,392</u>	<u>12,703</u>	<u>12,704</u>
Balance, End of Year	<u>150,023</u>	<u>139,631</u>	<u>126,928</u>
NET BOOK VALUE	<u>\$ 20,790</u>	<u>\$ -</u>	<u>\$ 12,703</u>

11. INCOME TAXES

The significant components of income tax expense included in net income are composed of:

	<u>2012</u>	<u>2011</u>
Current income tax expense		
Based on current year taxable income	\$ 8,605	\$ 33,866
Deferred income tax expense		
Origination and reversal of temporary differences	<u>-</u>	<u>-</u>
Total income tax expense	<u>\$ 8,605</u>	<u>\$ 33,866</u>

The total provision for income taxes in the statement of comprehensive income is a different rate than the combined federal and provincial statutory income tax rates for the following reasons:

	<u>2012</u>	<u>2011</u>
Combined federal and provincial statutory income tax rates	14.0%	14.0%
Non-deductible expenses and other	<u>(6.1)%</u>	<u>3.8%</u>
Income taxes as reported	<u>7.9%</u>	<u>17.8%</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

12. MEMBERS' DEPOSITS

	<u>2012</u>	<u>2011</u>	November 1 <u>2010</u>
Participatory Savings	\$ 15,186,466	\$ 14,378,041	\$ 14,942,125
Registered Retirement Savings Plans	3,281,784	3,388,299	3,581,316
Term deposits	<u>2,016,900</u>	<u>4,589,587</u>	<u>3,772,655</u>
	20,485,150	22,355,927	22,296,096
Accrued interest payable	<u>41,881</u>	<u>51,336</u>	<u>54,720</u>
	<u>\$ 20,527,031</u>	<u>\$ 22,407,263</u>	<u>\$ 22,350,816</u>

The repayment of all member deposits, including accrued interest, is guaranteed by Credit Union Deposit Guarantee Corporation for which the Credit Union pays a deposit guarantee assessment fee.

Concentra Financial Services Association acts as the trustee of the Registered Retirement Savings Plan offered to members. Under an agreement, Concentra Financial Services Association deposits the contributions to the plans, and the interest earned on them, in the Credit Union.

Concentration of Risk

The Credit Union has an exposure to groupings of individual deposits which concentrate risk and create exposure to particular segments. The majority of members' deposits are with members located in and around Calgary, Alberta who are concentrated in the oil and gas infrastructure and energy sector.

There was one member for which deposits exceeded 3% of total assets as at October 31, 2012.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

13. MEMBERS' SHARES

The *Credit Union Act* identifies a class of equity shares, known as common shares, having the following characteristics:

- i) An unlimited number may be issued;
- ii) A par value of \$1, but fractional shares may be issued;
- iii) Transferable only in restricted circumstances;
- iv) Non-assessable; and
- v) Redemption of common shares is at par value and is at the discretion of the Credit Union, subject to the restrictions contained in the *Credit Union Act* and Regulations.

A member must purchase at least 25 shares to retain membership in the Credit Union.

Common shares are "at risk" capital and are not guaranteed by the Credit Union Deposit Guarantee Corporation.

14. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Credit Commitments

In the normal course of business, the Credit Union enters into various commitments to meet the credit requirements of its members. These include credit commitments which are not included in the balance sheet. The credit commitments are identified in the credit risk area of Note 16.

Credit Union Deposit Guarantee Corporation

The Credit Union Deposit Guarantee Corporation (the "Corporation") is a deposit insurance corporation. By legal obligation under the *Credit Union Act* of Alberta, the Corporation protects the savings and deposits of all Credit Union members in every credit union within Alberta. By legislation, the Credit Union pays a quarterly levy to the Corporation based on a percentage of members' deposits.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

15. RELATED PARTY TRANSACTIONS

Key Management Personnel

Key management personnel ("KMP") of the Credit Union are those persons having authority and responsibility for planning, directing, and controlling the activities of the Credit Union, directly or indirectly. KMP have been taken to comprise directors and members of management responsible for the day-to-day financial and operational management of the Credit Union.

Loans

Loans advanced to KMP are maintained under the same terms and conditions as loans to other members. There are no loans to KMP that are impaired at year end.

The total value of members' loans receivable to KMP are as follows:

	<u>2012</u>	<u>2011</u>	November 1 <u>2010</u>
Total loans advanced	\$ -	\$ -	\$ 39,270
Total lines of credit advanced	291,898	294,818	321,300
Unused value of lines of credit	<u>165,102</u>	<u>162,182</u>	<u>145,700</u>
Total	<u>\$ 457,000</u>	<u>\$ 457,000</u>	<u>\$ 506,270</u>

Deposits

Deposit accounts held by KMP are maintained under the same terms and conditions as deposits of other members.

The total value of members' deposits from KMP are as follows:

	<u>2012</u>	<u>2011</u>	November 1 <u>2010</u>
Savings deposits	\$ 73,856	\$ 59,096	\$ 56,153
Registered plans	<u>33,433</u>	<u>29,038</u>	<u>33,182</u>
	<u>\$ 107,289</u>	<u>\$ 88,134</u>	<u>\$ 89,335</u>

Common Shares

The total members' shares held by KMP are as follows:

	<u>2012</u>	<u>2011</u>	November 1 <u>2010</u>
Common shares	<u>\$ 9,395</u>	<u>\$ 6,499</u>	<u>\$ 3,489</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

15. RELATED PARTY TRANSACTIONS (CONTINUED)

Income and Expense

Total income and expense from KMP loans and deposits are as follows:

	<u>2012</u>	<u>2011</u>
Interest and other revenue earned on loans	<u>\$ 11,192</u>	<u>\$ 11,522</u>
Interest on deposits	<u>\$ 859</u>	<u>\$ 697</u>
Dividend paid on common shares	<u>\$ 399</u>	<u>\$ 177</u>

Remuneration

Total compensation of KMP is as follows:

	<u>2012</u>	<u>2011</u>
Salaries and short-term benefits	<u>\$ 158,760</u>	<u>\$ 150,642</u>

There was no compensation for post employment benefits, long-term benefits, termination benefits, or share-based compensation during 2012 or 2011.

Directors were not remunerated for their contributions to the Credit Union.

TransCanada provides office space, furniture, equipment, office supplies and employees who perform duties on a part-time basis for the Credit Union. No amount is charged for these services.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

16. RISK MANAGEMENT

The Credit Union's risk management policies are designed to identify and analyze risk, to set appropriate risk limits and controls, and to monitor the risk and adherence to limits by means of reliable and up-to-date information systems. The Credit Union follows an enterprise risk management framework, which involves identifying particular events or circumstances relevant to its objectives, assessing them in terms of profitability and magnitude, determining a response strategy and monitoring progress. The Credit Union regularly reviews its risk management policies and systems to take account of changes in markets and products.

Risk management is carried out by management who reports to the Board. The Board provides written principles for risk tolerance and overall risk management. Management reports to the Board on compliance with the risk management policies of the Credit Union.

Financial instruments comprise the majority of the Credit Union's assets and liabilities. The Credit Union accepts deposits from members at both fixed and floating rates for various periods. The Credit Union seeks to earn an interest rate margin by investing these funds in high quality financial instruments – principally loans and mortgages. The primary types of financial risk that arise from this activity are credit risk, liquidity risk and market risk which is comprised of interest rate risk.

The following table describes the significant financial instrument activity undertaken by the Credit Union, the risks associated with such activities, and the types of methods used in managing those risks.

Activity	Risks	Method of managing risks
Investments	Sensitivity to changes in interest rates, liquidity and credit risk	Asset-liability matching, monitoring of investment restrictions and monitoring of counterparty risk
Member loans	Sensitivity to changes in interest rates, liquidity and credit risk	Asset-liability matching and monitoring of counterparty risk
Member deposits	Sensitivity to changes in interest rates, liquidity and credit risk	Asset-liability matching

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of the Credit Union's financial instruments will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in prevailing market interest rates. Financial margin reported in the statement of comprehensive income may increase or decrease in response to changes in market interest rates. Accordingly, the Credit Union sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored by management and reported to the Board.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012**16. RISK MANAGEMENT (CONTINUED)**

To manage the repricing of asset and liability mismatch opportunities the Credit Union will undertake campaigns to procure deposits or loans that re-price/mature within a specific time period, buy/sell assets that reprice/mature within a specific time period and may purchase derivative instruments. These decisions are based on economic conditions, member behaviour, capital and liquidity levels and compliance with Credit Union policy.

Interest rate risk is measured by:

- Static gap analysis which aggregates cash flows into repricing periods based on the maturity dates of the assets and liabilities.
- Income simulation models that use current interest revenue, current interest expense and market values. These models incorporate assumptions about pricing strategies, growth, volume, new business and interest rates.
- Market value of portfolio equity determines the present value of all assets and liabilities. This provides an estimate of the equity value of the Credit Union.

The following schedule shows the Credit Union's sensitivity to interest rate changes as at October 31, 2012. Fixed rate assets and fixed rate liabilities are reported based on scheduled repayments. Variable rate assets and liabilities that are linked to prime rate are reported in the floating rate category. Non-interest bearing assets and non-interest bearing liabilities are reported in the non-rate sensitive category.

As At October 31, 2012

	<u>Floating Rate</u>	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>Non-Rate Sensitive</u>	<u>Total</u>
Assets					
Cash	\$ 165,588	\$ -	\$ -	\$ 7,237	\$ 172,825
Effective Yield	0.25%	0.00%	0.00%	0.00%	0.24%
Investments	-	4,375,000	-	327,256	4,702,256
Effective Yield	0.00%	1.08%	0.00%	0.00%	1.01%
Members' loans	14,566,419	392,899	2,335,224	7,184	17,301,726
Effective Yield	3.75%	4.45%	3.85%	0.00%	3.78%
Other	-	-	-	94,882	94,882
	<u>14,732,007</u>	<u>4,767,899</u>	<u>2,335,224</u>	<u>436,559</u>	<u>22,271,689</u>
Liabilities					
Members' deposits	15,647,977	2,135,150	2,702,023	41,881	20,527,031
Effective Cost	0.74%	1.40%	2.37%	0.00%	1.02%
Other	-	-	-	43,934	43,934
Equity	-	-	-	1,700,724	1,700,724
	<u>15,647,977</u>	<u>2,135,150</u>	<u>2,702,023</u>	<u>1,786,539</u>	<u>22,271,689</u>
Net gap	<u>\$ (915,970)</u>	<u>\$ 2,632,749</u>	<u>\$ (366,799)</u>	<u>\$ (1,349,980)</u>	<u>\$ -</u>

As At October 31, 2011

Net gap	<u>\$ (970,724)</u>	<u>\$ 2,783,973</u>	<u>\$ (236,301)</u>	<u>\$ (1,576,948)</u>	<u>\$ -</u>
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TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

16. RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Credit Union arising from member loans and investments. The primary credit risk arising from loans is the possibility that members will be unable or unwilling to repay some or all of the principal and interest on their loans. Allowances for credit losses are made for losses that have been incurred at the statement of financial position date.

Management of credit risk is an integral part of the Credit Union's activities. Management carefully monitors and manages the Credit Union's exposure to credit risk by a combination of methods. Credit risk arises principally from lending activities that result in member loans and advances and treasury activities that result in investments of cash resources. The overall management of credit risk is centralized in the Credit Committee which reports to the Board.

Concentration of loans is managed by the implementation of sectoral and member specific limits.

The Credit committee is responsible for approving and monitoring the Credit Union's tolerance for credit exposures, which it does through review and approval of the Credit Union's lending policies and through setting limits on credit exposures to individual members and across sectors. The Credit Union maintains levels of borrowing approval limits, and prior to advancing funds to a member, an assessment of the credit quality of the member is made. The Credit Union emphasizes responsible lending in its relationships with members and establishes that loans are within the member's ability to repay, rather than relying exclusively on collateral.

The Credit Union often takes security as collateral in common with other lending institutions. The Credit Union maintains guidelines on the acceptability of specific types of collateral. Collateral may include mortgages over residential properties and charges over business assets such as premises, inventory and accounts receivable. Where significant impairment indicators are identified, the Credit Union will take additional measures to manage the risk of default, which may include seeking additional collateral.

The credit quality of the commercial loan portfolio for those loans that are neither past due nor impaired can be assessed by reference to the Credit Union's internal rating system. The Credit Union assesses the quality of loans using an internal rating tool taking into consideration a number of factors, such as the security, the borrower's management performance, current and projected financial results and industry statistics related to the borrower's industry and utilizes the experience and judgment of the Credit department.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

16. RISK MANAGEMENT (CONTINUED)

The following information represents the maximum exposure to credit risk before taking into consideration any collateral. For financial assets recognized on the balance sheet, the exposure to credit risk is their stated carrying amount. For off balance sheet items, the maximum exposure is the full amount of the undrawn facilities or loan commitment.

	<u>2012</u>	<u>2011</u>
On balance sheet exposure		
Investments	\$ 4,702,256	\$ 7,613,620
Loans	17,301,726	16,354,849
Off balance sheet exposure		
Commitments to extend credit		
Original terms to maturity of 1 year or less	<u>5,115,706</u>	<u>4,593,259</u>
	<u>\$ 27,119,688</u>	<u>\$ 28,561,728</u>

Concentration of credit risk exists if a number of borrowers are engaged in similar economic activities or are located in the same geographic region, and indicates the sensitivity of the Credit Union to developments affecting a particular segment of borrowers or geographic region.

Geographic credit risk exists for the Credit Union due to its primary service area being in Calgary and surrounding areas.

Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet its obligations to members and other liabilities. To mitigate this risk, the Credit Union is required to maintain, in the form of cash and term deposits, a minimum liquidity at all times as described in Note 17. The Credit Union has established policies which include minimum liquidity requirements, eligibility requirements for liquid assets, investments with counterparties, deposit concentration and diversification limits. The Credit Union monitors expected cash inflows and outflows on a daily, cyclical, and long-term basis. The Credit Union's preferred source of funding is member deposits; however, borrowing from Central is permitted during periods where loan demand exceeds deposit growth. Other sources of funding such as sale of assets, deposits from other credit unions and wholesale deposits are acceptable.

The *Credit Union Act* of Alberta requires the Credit Union to maintain a minimum liquidity ratio of 6.0% of total assets. The Credit Union's liquidity ratio was 10.3% at October 31, 2012 (2011 – 9.4%).

Management reviews its compliance with these policies and reports its statutory liquidity position to the Board of Directors on an exception basis. It reports the operating liquidity to the Board of Directors on a monthly basis. The Audit and Finance Committee ensures that a periodic review/audit is performed to verify compliance with policy and procedures (no less than annually).

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

17. CAPITAL MANAGEMENT

The Credit Union's objectives when managing capital are:

- (a) To ensure the long term viability of the Credit Union and the security of member deposits by holding a level of capital deemed sufficient to protect against unanticipated losses; and
- (b) To comply at all times with the capital requirements set out in the *Credit Union Act*.

The Credit Union measures the adequacy of capital using two methods:

- (a) Total capital as a percentage of total assets; and
- (b) Total capital as a percentage of risk weighted assets. Under this method the Credit Union reviews its loan portfolio and other assets and assigns a risk weighting using definitions and formulas set out in the *Credit Union Act* and by the Corporation. The more risk associated with an asset, a higher weighting is assigned. This method allows the Credit Union to measure capital relative to the possibility of loss with more capital required to support assets that are seen as being higher risk.

The Credit Union management ensures compliance with capital adequacy through the following:

- (a) Setting policies for capital management, monitoring and reporting;
- (b) Setting policies for related areas such as asset liability management;
- (c) Reporting to the Board of Directors or its committees regarding financial results and capital adequacy;
- (d) Reporting to the Corporation on its capital adequacy; and
- (e) Setting budgets and reporting variances to those budgets.

The Credit Union is required under the *Credit Union Act* to have a capital balance that is equal to or exceeds the greater of:

- (a) 4% of total assets; and
- (b) 8% of risk weighted assets.

Credit Union management measures the adequacy of the Credit Union's capital to these requirements on an ongoing basis and report the results to the Board of Directors and the Corporation.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

17. CAPITAL MANAGEMENT (CONTINUED)

The Credit Union's capital includes:

	<u>2012</u>	<u>2011</u>
Retained earnings	\$ 1,070,577	\$ 998,824
Common shares	602,079	541,135
Allocation distributable	28,068	25,787
Intangible assets	<u>(20,790)</u>	<u>-</u>
	<u>\$ 1,679,934</u>	<u>\$ 1,565,746</u>

As at October 31, 2012 the Credit Union's total capital as a percent of assets was 7.5% (2011 – 6.7%) and the total capital as a percent of risk weighted assets was 16.8% (2011 – 16.5%). Therefore, the Credit Union has exceeded its minimum capital requirement at October 31, 2012.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

18. FINANCIAL INSTRUMENT CLASSIFICATION AND FAIR VALUE

The carrying amount of the Credit Union's financial instruments by classification is as follows:

	<u>October 31, 2012</u>				
	<u>Available-for-Sale</u>	<u>Held-to Maturity</u>	<u>Loans and Receivables</u>	<u>Other Financial Liabilities</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ -	\$ 172,825	\$ -	\$ 172,825
Investments (Note 6)	310,288	4,391,968	-	-	4,702,256
Members' loans	-	-	17,301,726	-	17,301,726
Accounts payable and accrued liabilities	-	-	-	(43,934)	(43,934)
Members' deposits	-	-	-	(20,527,031)	(20,527,031)
	<u>\$ 310,288</u>	<u>\$ 4,391,968</u>	<u>\$ 17,474,551</u>	<u>\$ (20,570,965)</u>	<u>\$ 1,605,842</u>

	<u>October 31, 2011</u>				
	<u>Available-for-Sale</u>	<u>Held-to Maturity</u>	<u>Loans and Receivables</u>	<u>Other Financial Liabilities</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ -	\$ 31,935	\$ -	\$ 31,935
Investments (Note 6)	310,288	7,303,332	-	-	7,613,620
Members' loans	-	-	16,354,849	-	16,354,849
Accounts payable and accrued liabilities	-	-	-	(44,657)	(44,657)
Members' deposits	-	-	-	(22,407,263)	(22,407,263)
	<u>\$ 310,288</u>	<u>\$ 7,303,332</u>	<u>\$ 16,386,784</u>	<u>\$ (22,451,920)</u>	<u>\$ 1,548,484</u>

	<u>November 1, 2010</u>				
	<u>Available-for-Sale</u>	<u>Held-to Maturity</u>	<u>Loans and Receivables</u>	<u>Other Financial Liabilities</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ -	\$ 144,747	\$ -	\$ 144,747
Investments (Note 6)	310,288	6,388,621	-	-	6,698,909
Members' loans	-	-	16,879,104	-	16,879,104
Accounts payable and accrued liabilities	-	-	-	(51,091)	(51,091)
Members' deposits	-	-	-	(22,350,816)	(22,350,816)
	<u>\$ 310,288</u>	<u>\$ 6,388,621</u>	<u>\$ 17,023,851</u>	<u>\$ (22,401,907)</u>	<u>\$ 1,320,853</u>

TRANSCANADA CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2012

18. FINANCIAL INSTRUMENT CLASSIFICATION AND FAIR VALUE (CONTINUED)

Fair value amounts disclosed represent point in time estimates that may change in subsequent reporting periods due to market conditions or other factors. The Credit Union has estimated fair values taking into account changes in interest rates and credit risk that have occurred since the assets and liabilities were acquired. These calculations represent the Credit Union's best estimates based on a range of methods and assumptions. Since they involve uncertainties, the fair values may not be realized in an actual sale or immediate settlement of the instrument. Interest rate changes are the main cause of changes in the fair value of the Credit Union's financial instruments.

The following methods and assumptions are used to estimate the fair market value:

- i) The fair values of cash, demand deposits, investments, certain other assets and certain other liabilities approximate their carrying values, due to their short-term nature.
- ii) The estimated fair values of floating-rate investments, member loans and member deposits are assumed to equal carrying value as the interest rates automatically reprice to market.
- iii) The estimated fair values of fixed-rate member loans and member deposits are determined by discounting the expected future cash flows of these items at current market rates for products with similar terms and credit risks.

The total value of loans determined using the above assumptions is reduced by the allowance for impaired loans.

	2012			November 1 2011			November 1 2010		
	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference	Fair Value	Carrying Value	Difference
Assets									
Cash	\$ 172,825	\$ 172,825	\$ -	\$ 31,935	\$ 31,935	\$ -	\$ 144,747	\$ 144,747	\$ -
Investments	4,702,256	4,702,256	-	7,613,620	7,613,620	-	6,698,909	6,698,909	-
Members' loans	17,343,650	17,301,726	41,924	16,359,212	16,354,849	4,363	16,913,409	16,879,104	34,305
Other	94,882	94,882	-	39,966	39,966	-	86,946	86,946	-
	\$ 22,313,613	\$ 22,271,689	\$ 41,924	\$ 24,044,733	\$ 24,040,370	\$ 4,363	\$ 23,844,011	\$ 23,809,706	\$ 34,305
Liabilities									
Members' deposits	\$ 20,596,959	\$ 20,527,031	\$ 69,928	\$ 22,494,938	\$ 22,407,263	\$ 87,675	\$ 22,442,660	\$ 22,350,816	\$ 91,844
Other liabilities	43,934	43,934	-	67,361	67,361	-	55,247	55,247	-
	\$ 20,640,893	\$ 20,570,965	\$ 69,928	\$ 22,562,299	\$ 22,474,624	\$ 87,675	\$ 22,497,907	\$ 22,406,063	\$ 91,844
	\$ 1,672,720	\$ 1,700,724	\$ (28,004)	\$ 1,482,434	\$ 1,565,746	\$ (83,312)	\$ 1,346,104	\$ 1,403,643	\$ (57,539)

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

19. FIRST TIME ADOPTION OF IFRS

The Credit Union's financial statements for the year ended October 31, 2012 are the first set of financial statements that comply with IFRS. The Credit Union has applied IFRS 1 in preparing these financial statements and in accordance with the significant accounting policies described in Note 3. An explanation of how the transition from CGAAP to IFRS has impacted the Credit Union's financial position, financial performance and cash flows is set out in the following tables and notes.

IFRS 1 Exemptions and Exceptions

IFRS has been applied retrospectively, except for certain optional and mandatory exemptions from full retrospective application, as provided for by IFRS 1, as detailed below. Other options available under IFRS 1, which are not presented, are not material to the Credit Union's operations.

IFRS 1 requires an entity to reconcile members' equity, comprehensive income and cash flows to prior periods if adoption of IFRS has resulted in certain changes to the Credit Union's reported financial position, results of operations and cash flows. The following represents the reconciliations of the Credit Union's total members' equity and comprehensive income from CGAAP to IFRS for the respective periods noted, reflecting the Credit Union's transitional adjustments that have an impact on these financial statement line items. Explanations for the transitional adjustments are provided on the following pages.

Optional Exemptions

Property and Equipment, Fair Value as Deemed Cost

The Credit Union has elected not to use fair value as deemed cost for any asset or property and equipment as of November 1, 2010, the date of transition.

Financial Instruments

The Credit Union has elected not to redesignate any financial assets as at November 1, 2010.

Mandatory Exceptions

Estimates

At the date of transition, the Credit Union's estimates under IFRS are consistent with estimates previously made under CGAAP. Hindsight has not been used to create or revise any estimates.

Derecognition of Financial Assets and Financial Liabilities

The Credit Union has applied the derecognition requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, prospectively from the date of transition to IFRS.

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

19. FIRST TIME ADOPTION OF IFRS (CONTINUED)

Statement of Financial Position as at November 1, 2010 - Transition Date

	Pre-changeover <u>Canadian GAAP</u>	<u>Adjustments</u>	<u>IFRS</u>
ASSETS			
Cash and cash equivalents	\$ 144,747	\$ -	\$ 144,747
Investments	6,698,909	-	6,698,909
Members' loans receivable	(a) 16,834,962	44,142	16,879,104
Other assets	74,243	-	74,243
Intangible assets	<u>12,703</u>	<u>-</u>	<u>12,703</u>
	<u>\$ 23,765,564</u>	<u>\$ 44,142</u>	<u>\$ 23,809,706</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 51,091	\$ -	\$ 51,091
Income taxes payable	4,156	-	4,156
Members' deposits	<u>22,350,816</u>	<u>-</u>	<u>22,350,816</u>
	<u>22,406,063</u>	<u>-</u>	<u>22,406,063</u>
MEMBERS' EQUITY			
Allocation distributable	19,931	-	19,931
Members' shares	518,977	-	518,977
Retained earnings	(b) <u>820,593</u>	<u>44,142</u>	<u>864,735</u>
	<u>1,359,501</u>	<u>44,142</u>	<u>1,403,643</u>
	<u>\$ 23,765,564</u>	<u>\$ 44,142</u>	<u>\$ 23,809,706</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

19. FIRST TIME ADOPTION OF IFRS (CONTINUED)

Statement of Financial Position as at October 31, 2011

	Pre-changeover <u>Canadian GAAP</u>	<u>Adjustments</u>	<u>IFRS</u>
ASSETS			
Cash and cash equivalents	\$ 31,935	\$ -	\$ 31,935
Investments	7,613,620	-	7,613,620
Members' loans receivable	16,354,849	-	16,354,849
Other assets	<u>39,966</u>	<u>-</u>	<u>39,966</u>
	<u>\$ 24,040,370</u>	<u>\$ -</u>	<u>\$ 24,040,370</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 44,657	\$ -	\$ 44,657
Income taxes payable	22,704	-	22,704
Members' deposits	<u>22,407,263</u>	<u>-</u>	<u>22,407,263</u>
	<u>22,474,624</u>	<u>-</u>	<u>22,474,624</u>
MEMBERS' EQUITY			
Allocation distributable	25,787	-	25,787
Members' shares	541,135	-	541,135
Retained earnings	<u>998,824</u>	<u>-</u>	<u>998,824</u>
	<u>1,565,746</u>	<u>-</u>	<u>1,565,746</u>
	<u>\$ 24,040,370</u>	<u>\$ -</u>	<u>\$ 24,040,370</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

19. FIRST TIME ADOPTION OF IFRS (CONTINUED)

Statement of Comprehensive Income For the Year Ended October 31, 2011

	<u>Pre-changeover Canadian GAAP</u>	<u>Adjustments</u>	<u>IFRS</u>
INTEREST INCOME			
Interest from member loans	\$ 670,268	\$ -	\$ 670,268
Investment income	<u>79,059</u>	<u>-</u>	<u>79,059</u>
	749,327	-	749,327
INTEREST EXPENSE			
Interest on member deposits	<u>236,377</u>	<u>-</u>	<u>236,377</u>
NET INTEREST INCOME	512,950	-	512,950
PROVISION FOR LOAN IMPAIRMENT	<u>(38,984)</u>	<u>44,142</u>	<u>5,158</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN IMPAIRMENT	551,934	(44,142)	507,792
OTHER INCOME	<u>48,135</u>	<u>-</u>	<u>48,135</u>
NET INTEREST AND OTHER INCOME	600,069	(44,142)	555,927
OPERATING EXPENSES	<u>365,795</u>	<u>-</u>	<u>365,795</u>
INCOME BEFORE INCOME TAXES	234,274	(44,142)	190,132
INCOME TAXES			
Current	<u>33,866</u>	<u>-</u>	<u>33,866</u>
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ 200,408</u>	<u>\$ (44,142)</u>	<u>\$ 156,266</u>

TRANSCANADA CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2012

19. FIRST TIME ADOPTION OF IFRS (CONTINUED)

(a) Loans outstanding

Under pre-changeover CGAAP the Credit Union provided for impaired member loans on a specific loan basis along with a general provision. Under IFRS the Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. The expected future cash outflows for a group of financial assets with similar credit risk characteristics are estimated based on historical loss experience. As a result, the allowance for loss was reduced by \$44,142 at November 1, 2010 (October 31, 2011 - \$NIL) and for the year ended October 31, 2011 the provision for loss has been increased by \$44,142.

(b) Retained earnings

The transition from pre-changeover CGAAP to IFRS has been restated for the change in the allowance for loan loss as noted in the preceding paragraph. As a result, retained earnings was increased by \$44,142 at November 1, 2010 (October 31, 2011 - \$NIL).

TRANSCANADA CREDIT UNION LIMITED
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2012

SCHEDULE 1

	<u>2012</u>	<u>2011</u>
Personnel	<u>\$ 212,723</u>	<u>\$ 206,955</u>
Security		
Deposit guarantee assessment	32,047	36,927
Bonding	<u>7,427</u>	<u>6,827</u>
	<u>39,474</u>	<u>43,754</u>
Organization		
Credit Union Central dues	14,132	16,814
Meetings	5,032	6,389
Other	<u>2,209</u>	<u>1,835</u>
	<u>21,373</u>	<u>25,038</u>
General		
Computer processing	81,499	25,699
Professional fees	27,900	27,900
Amortization of intangible assets	10,392	12,703
RRSP administration fee	6,899	7,202
Depreciation	6,792	-
Other	6,383	3,647
Stationery and supplies	5,985	841
Cash and service charges	4,743	4,448
Marketing and advertising	4,704	3,624
Insurance	<u>4,127</u>	<u>3,984</u>
	<u>159,424</u>	<u>90,048</u>
	<u>\$ 432,994</u>	<u>\$ 365,795</u>

Credit Union Services

Membership

Membership is open to all employees as well as contract employees and their families, of TransCanada PipeLines Limited or any subsidiary companies.

Your deposits are 100% guaranteed by the Credit Union Deposit Guarantee Corporation. This means both the money you put in and the interest earned is safe and secure up to any dollar amount.

Common Shares

The Credit Union's Bylaws require each member to have a minimum of 25 shares or \$25.00 in their share account as long as the membership is open. Withdrawals are only allowed subject to Board approval.

Savings Accounts

Credit Union members may deposit to a savings account either by direct payment or payroll deduction. Interest is calculated on a minimum monthly balance and is paid quarterly. The Board of Directors sets the interest rate. Withdrawals may be made at any time and there is no minimum balance required.

Registered Retirement Savings Plans

- RRSP's

The Credit Union offers RRSP's with variable and fixed terms at competitive rates. All deposits are 100% guaranteed. Deposits may be made by payroll deduction, direct payment, or we can transfer your RRSP from another financial institution. Withdrawals may be made at any time from variable RRSP's but are subject to withholding tax and a fee for withdrawals in excess of two per year.

Term Deposits

Term deposits are available for a minimum deposit of \$1,000 from a 30 day to 5-year fixed term. We offer competitive rates as well as bonus rates for deposits over \$50,000.

Personal Loans

Personal loans are available at competitive rates. RRSP loans are always available and we offer them starting at prime rate. The Credit Union guarantees confidentiality of all personal information.

Lines of Credit

Lines of credit offer the flexibility of a pre-approved loan and allow immediate withdrawal of funds as required. The Credit Union offers two types of lines of credit: an unsecured line of credit, to a maximum of \$10,000 and a home equity line of credit secured with an Alberta property.

Mortgages

The Credit Union offers Alberta property mortgages for primary residences, townhouses, or condominiums. We offer competitive rates for open and closed term mortgages. Closed term mortgages are available up to 5 years. Mortgage transfers from other financial institutions are processed at no cost to applicants.

Auto and Property Insurance

Group rates are available to members through The Personal Insurance Company of Canada, BrokerLink and Bow Valley Insurance. Monthly premiums can be set up through payroll deduction.

Looking for Information?

Information on loan rates, products and services, promotions, along with forms are available on our web site. www.transcanadacreditunion.com.

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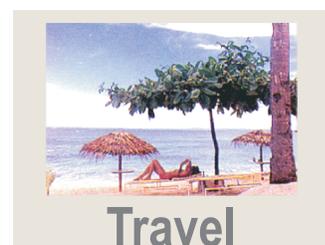
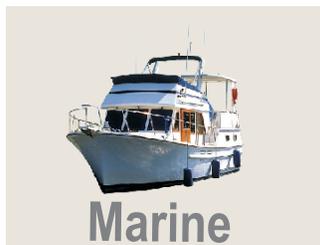
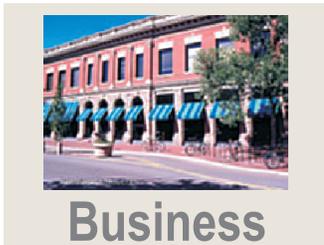



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TransCanada Credit Union Limited

2012 Annual Report

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