

# 2017 ANNUAL REPORT





# AGENDA

## *28th Annual Meeting of*



JANUARY 23, 2018 • 7:30 P.M.

### **Registration**

- Call To Order By Chairperson
- Report On Registration Of Members
- Appointment Of Recording Secretary

### **Service Awards**

### **Business Meetings**

1. Minutes Of The 27th Annual Meeting
2. Report Of The Board Of Directors and The Chief Executive Officer
3. Report Of The Director of Sales & Service
4. Report Of The Audit Committee
5. Report Of The Auditors

### **New Business**

1. Appointment Of The Auditors
2. Elections

### **Other Business**

- Guest Presentations:
- Goodwill Industries – Kent - Essex - Lambton

### **Adjournment**

(Coffee & Desserts will be available after the adjournment of the Annual Meeting)

### **2016-2017 Board of Directors**

Elected:

Bill Pollock	2017	Greg Agar	2018	Robert McNaughton	2019
Ben Dekker	2017	Darren Henderson	2018	Jim Maw	2019
Esther Waybrant	2017	Chris Courtis	2018	Lorne Johnson	2019

# 4 Southwest Regional Credit Union Ltd.

## 27<sup>TH</sup> ANNUAL MEETING MINUTES

January 24, 2017

The 27th Annual Meeting of Southwest Regional Credit Union Ltd. was held at the Holiday Inn –1498 Venetian Boulevard, Sarnia, Ontario on January 24, 2017.

The meeting was called to order at 7:34 p.m.

Board Chair, Rick Rule welcomed members of Southwest Regional Credit Union Ltd. and guests; Bill Louks, Managing Partner and Laura Poland, Senior Manager of Collins Barrow Chartered Accountants; Sari Conter of Pamela McLeod Law Firm; Barbara Wing of Wing Consulting; Roman Sochaniwsky of DICO; Rod McLean, Ryan Webster and William Currie of Scotia McLeod, Rick Moeskops of CGI and Bill Baldock and Jim Foubister – Past President of Southwest Regional Credit Union.

Rick Rule passed on regrets from Dorothy Watson, Vikalp Gujarati and Don Wright – Central 1; Roman Prokaziuk – CUETS Financial; Randy Hope – Mayor of Chatham-Kent; Paul Hogg – CUMIS; Jeff Burchill – SunLife Financial; Pamela McLoed – McLeod Law Firm; Debra Snowball – Gunnebo; Dale Steeves, Shirley Eyre and Tony Doucette – Past General Managers of Southwest Regional Credit Union. Rick thanked guests and acknowledged that without their continued support, Southwest would struggle to continue.

Chair Rick Rule acknowledged the Board of Directors for 2015 – 2016:

Ben Dekker	Board Member, Governance Committee Chairman and Board Vice-Chair (regrets);
Robbie McNaughton	Board Member and Audit Committee Chairman (regrets);
Lorne Johnson	Board Member and CEO Evaluation Committee Chairman;
Darren Henderson	Board Member, Personnel Committee Chairman (regrets);
Bill Pollock	Board Member and Property/Premise Committee Chairman;
Greg Agar	Board Member and Future Direction Committee Chairman;
Courtney Nutma	Board Member (regrets);
Esther Waybrant	Board Member and Marketing/AGM Committee Chairman;
Rick Rule introduced himself as Board Chair and Executive Committee Chairman.	

Rick commented the Board ultimately is responsible for the strategic direction, governance and ensuring we remain compliant with all our regulators. With that he thanked the members of the Board, on behalf of the Senior Management, Staff and our Members for the countless hours and dedication they have contributed for the benefit of the Credit Union. A special thank you was extended to the newer Board Members for the extra commitment they made to achieve the Credit Union Director Accreditation.

Rick Rule asked Mr. Secretary, Tony Gioiosa if a quorum was present. Tony Gioiosa responded yes, there are 64 members and 8 guests present.

Following a request for appointment of a recording secretary, it was moved by Randy Maw and seconded by Keith Rabideau to appoint Angela Gordon the Recording Secretary of the 27th Annual Meeting of Southwest Regional Credit Union Ltd. Motion Carried.

Chair Rick Rule called on Ken Ritchie to recognize and present awards to the following staff for their service to the Credit Union:

Thirty (30) years of service:	Sherry Van Bilsen (Head Office)
Ten (10) years of service:	Karen Jenniskens (Wyoming Branch)

Ken then spoke about the contributions made to Southwest and previous connected Credit Unions by Rick, commenting his commitment stretches beyond 40+ years. With his announcement to retire from the Board, Ken presented Rick Rule a retirement gift from Board and Staff of Southwest.

## Business Meeting

Rick Rule presented the Minutes from the 26th Annual Meeting. Noting that there were no errors or corrections to be made, it was moved by Jim Foubister and seconded by Duston Courtney to accept the Minutes of the 26th Annual Meeting as presented. Motion Carried.

Tony Gioiosa presented the Report of the Board of Directors and CEO. Mr. Gioiosa stated that 2016 brought with it a continually expanding and extremely competitive marketplace dominated by incentives designed to attract business from consumers, and Southwest was not immune to the negative impact this has had on our income and margins. We continue to benefit from our large capital base that has accumulated by our continued focus to reinvest earnings directly back into the Credit Union year after year. Our efforts remained focused as we adapted to market conditions and to meeting the demands of our membership. In return, we have been rewarded with strong financial results allowing us to declare both Dividends and Loan Interest Rebates for our members. We have continued to accept donation requests under the Community Reinvestment Program, offer student bursary programs to our members, and to support dress-down days where donations are directed to charities of the employee's choice. Looking ahead, we remain committed to offering initiatives to our members as we have done previously as well as introducing new incentives for the upcoming year. We are mindful of the regulatory pressures that remain in place to ensure greater accountability of management, staff, and Board of Directors to ensure member deposits are properly protected. Tony reported that Phase 2 of our renovation project at the Exmouth Branch is completed for the most part and plans are now being reviewed to move forward with completion of the final phase, which will see head office expanded and refreshed. Tony thanked everyone for their support and is looking forward to making 2017 another successful year. Tony Gioiosa moved for acceptance of The Report of the Board of Directors and CEO as presented and Esther Waybrant seconded. No questions or concerns were brought forward. Motion Carried.

The Report of the Director of Sales & Service was presented by Sherry Van Bilsen, Director of Sales & Service. Sherry reported that the region's economic recovery has been slowly grinding higher with few exceptions. The depreciated Canadian dollar, the pace of the U.S. Economic growth, and the lowest oil prices since 2008 have helped lift our regions outlook. Real Estate markets have seen record numbers due to continued low interest rates. A sudden change and increase is likely to result in a spike in borrowing cost in the near future. This combined with the recently announced mortgage eligibility requirements could slow borrowing activity. Although the Credit Union remains well position to meet lending demands, we anticipate another challenging year for growth. Overall, our lending increased \$4.9M or 5.0%. The loan department processed 410 loan applications for \$1,852,663 new money and 183 mortgage applications for \$20,656,653. Staff maintained tight control of delinquent loans with 1 delinquent mortgage account with an expected loss of \$3,702 and 8 charged-off accounts for the year totaling \$41,518. Scott Kilbride, Wallaceburg member, asked if the sales figures are in line with the projections, above or below. Sherry replied that they are below projections, more than anticipated. Sherry Van Bilsen moved for acceptance of the Report of the Director of Sales & Service and Darragh Ginn seconded. No other questions or concerns were brought forward. Motion Carried.

Lorne Johnson, on behalf of Robbie McNaughton – Audit Committee Chairman, presented the Report of the Audit Committee. Mr. Johnson explained the committee's function in the Credit Union. The committee met quarterly with the Internal Auditor, CEO and Accounting Manager to review work completed by Management, Staff, the Internal Auditor and External Auditors. In camera sessions with the Internal Auditor were also scheduled throughout the year. The committee worked closely with the Internal Auditor and Accounting Manager

January 24, 2017

to review internal controls, accounting policies, reporting procedures and audited financial statements. The Audit Committee reported there were no significant recommendations or outstanding issues to report to the membership other than our Statement of Claim that was reported on last year. Lorne Johnson moved for acceptance of the Report of the Audit Committee and Duston Courtney seconded. No questions or concerns were brought forward. Motion carried.

Rick Rule called on Collins-Barrow to give The Report of the Auditors. Laura Poland gave the Auditor's presentation to the membership. Laura stated that the audit was conducted in accordance to the Canadian Auditing Standards. A Summarized Audit Report was provided to the membership with a full report available at each branch on request. Laura summarized the Statement of Earnings for the year ending October 31, 2016 showing revenue was slightly less than that of October 31, 2015. Interest expense in 2016 was similar to 2015 as were most general and administrative expenses. Loan losses in 2016 were lower than 2015, indicating good credit management controls by the credit union. Taxes were lower than 2015. The 2016 balance sheet showed loan growth of approximately \$5M from 2015 and equity continues to rise. Laura commented that Southwest has strong equity position. There was a slide presentation comparing Southwest to two other credit unions. These slides confirmed that Southwest low loan losses, profitability and equity remains strong compared to the other unnamed credit unions. Scott Kilbride, Wallaceburg member, asked for clarification of the representation of a slide. No further questions were asked. The Report of the Auditors was moved for acceptance by Duston Courtney and seconded by Darragh Ginn. No other questions or concerns were brought forward. Motion Carried.

## New Business

### **APPOINTMENT OF THE AUDITORS:**

Rick Rule advised the membership that we continue to have a strong working relationship, that a proposal has been received from Collins-Barrow to continue their services into the next year and that the Board supports the proposal. Darragh Ginn motioned to appoint Collins-Barrow Chartered Accountants as the Credit Union Auditors for the fiscal year November 1, 2016 to October 31, 2017. The motion was seconded by Keith Rabideau. Motion carried.

### **ELECTIONS:**

Rick Rule called on Sari Conter to chair the elections. Ms. Conter explained the procedure and announced that there are four available positions, three due to the expiration of the terms of Rick Rule, Lorne Johnson and Robert McNaughton, and one due to the resignation received from Courtney Nutma. Two have chosen to run for re-election. Positions to be filled are three three-year terms and one two-year term. The secretary posted the "Call for Nominations to the Board of Directors" from November 23, 2016 to December 31, 2016 at 3:00 p.m. The secretary, Tony Gioiosa, reported that four names were received from the Call for Nominations which were submitted to the Nomination Committee with requested terms. The nominating committee submitted the names of Lorne Johnson seeking a three year term, Robert McNaughton seeking a three year term, James Maw seeking a three year term and Christopher Courtis seeking a two year term. Sari Conter cast a single ballot to elect the four by acclamation. Ms. Conter explained that in accordance with the by-laws of Southwest Regional Credit Union, Lorne Johnson, Robert McNaughton, Jim Maw are declared elected to three year terms and Chris Courtis is declared elected to a two year term. Chairman Rick Rule thanked Ms. Conter for chairing the elections.

**BYLAW CHANGES/AMENDMENTS:** Nil

## Other Business

Rick addressed the membership on the Chamber of Commerce and their effect on our communities. Rick reported that the Chamber of Commerce is a not for profit agency governed by volunteers and Southwest is represented on the Board of the Wallaceburg and District Chamber of Commerce by Keith Rabidou, one of our staff members. Rick called on Karen Deberg, President of the Wallaceburg and District Chamber of Commerce and Shirley DeSilva, President and CEO of the Sarnia-Lambton Chamber of Commerce to speak further about their programs. Following their presentation Ken Ritchie thanked Karen & Shirley for their participation and made presentations to each of them.

Rick Rule asked the membership if there were any other items, which needed to be discussed. None were brought forward.

Rick Rule thanked staff for their help in coordinating the Annual Meeting and the Holiday Inn for their hospitality. Several door prizes were drawn: door prize winners were Bonnie Lavoie – Back Pack compliments of CGI and also a \$25 Superstore gift card compliments of Southwest Regional Credit Union, Marie Foubister – \$25 Starbucks gift card, compliments of Central 1 as well as a Journal compliments of Credential, Ryan Webster – Golf Shirt compliments of QTrade and a \$30 Dining gift Card compliments of Cumis, Scott Kilbride – Journal compliments of Credential and a \$25 Starbucks Gift Card compliments of Central 1, Bill Hoad – Bamboo Tablet/Recipe book & Electronic Diffuser with Peppermint oil compliments of CUETS and \$25 Superstore Gift Card compliments of Southwest Credit Union, Esther Waybrant - \$40 Superstore gift card compliments of Southwest Credit Union and a Laminator compliments of Gunnebo, Michelle Nicefield – Movie night Gift Basket compliments of Southwest Regional Credit Union. Rick Rule invited everyone to stay for dessert and coffee.

## Adjournment

Rick Rule motioned for adjournment of the 27th Annual Meeting of Southwest Regional Credit Union Ltd., Keith Rabideau seconded at 8:41 p.m. Motion Carried.

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Chair of the Board of Directors

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Secretary to the Board of Directors

## REPORT OF THE BOARD OF DIRECTORS & CHIEF EXECUTIVE OFFICER

January 23, 2018

The holiday season has come and gone, and now with the new year upon us we have the opportunity to reflect on the past year and the many highlights and challenges faced by Southwest Regional Credit Union.

In 2017, your Board gave a dedicated focus on developing an advanced strategic plan – a process which yielded a documented commitment to a short and long-term vision for Southwest designed to keep us viable as consumer behaviours continue to evolve. The process also included refinement of our Mission, Value, and Vision Statements with input provided from a staff Task Force. We will begin seeing some of these commitments become reality in 2018 and beyond.

Effective on January 1, 2018, insured deposit limits for non-registered investments will increase from \$100,000 to \$250,000, while the unlimited guarantee remains in place for all registered deposits. This combined with planned bank closures positions both Southwest and the entire Credit Union system well to capture a larger market share. An announced continuation of a province-wide advertising campaign under the “Some Choice Matters” platform supported by all Ontario Credit Unions hopes to bring additional awareness of what Credit Unions have to offer.

We will continue to reinvest in our communities and return our earnings to our membership. Our focused efforts included:

- Member donations raised through the 2017 BBQ Tour with proceeds going to the Wallaceburg Splash Pad, Wyoming Holy Rosary Student Nutrition Program, Sarnia Mental Health Association, and the Ontario Student Nutrition Program
- The introduction of an enhanced Student Bursary Program
- Various donations to several organizations throughout the Wallaceburg, Wyoming, Sarnia, and Corunna communities
- Announced Dividend and Rebates paid to our members, including:

- Dividend Savings	1.00%
- Dividend Term	1.25%
- Personal Loans	1.50%
- Lambton Line II	0.25%
- Personal Mortgages	0.50%
- Commercial Mortgages	0.25%

2017 brought with it some unique challenges, including transitioning to a new group of Directors after the loss of long-tenured and experienced past directors. We will continue to build and grow in the year ahead as we position ourselves for the future.

We are pleased to report that 76% of respondents to our member survey returned to us last year rated us at a 9 out of 10, or higher. This encourages us to continue with our focused efforts to meet the needs of our members, despite competitive pressures that remain in the marketplace and the regulatory requirements placed on us. Our focus remains on building and maintaining member relationships, and not aggressive selling practices – a focus which has landed some banks in hot water with the media this past year. Also, unlike many banks, we will maintain our personalized methods of delivering our products and services to our membership despite the efficiencies that could be realized by adopting electronic options.

In addition to these efforts, 2018 will see new initiatives at Southwest, including introduction of a new contactless debit card, new credit card options, and consideration of adopting Open/Borrower Anywhere offerings that will allow members and potential new members demanding convenience to conduct business through online processes.



**REPORT OF THE BOARD OF DIRECTORS  
& CHIEF EXECUTIVE OFFICER...Cont'd**

January 23, 2018

Lastly, we wish to acknowledge that in September we lost a former General Manager, Dale Steeves. Dale and the Board played a large role in our foundation, and is credited with pulling Moore Credit Union through a difficult financial era and with the rebranding/expansion of our Credit Union into Southwest Regional.

We are excited as we look forward to a new year at Southwest Regional Credit Union! We remain incredibly thankful for your support and we eagerly look forward to meeting your financial needs in the future! We hope that as we move forward together, we will make 2018 a very happy and successful year for you.

Respectfully yours,



A handwritten signature in black ink that reads "Bill Pollock".

**Bill Pollock**  
*Board Chair*



A handwritten signature in black ink that reads "Anthony Gioiosa".

**Anthony "Tony" Gioiosa**  
*Chief Executive Officer*

**REPORT OF THE  
DIRECTOR OF SALES & SERVICE**

January 23, 2018

On behalf of our Sales Department, I will report on the lending activity experienced throughout the year.

In concluding our report to you last year, we commented 2017 would be a challenging year.

Nationally strong economic growth was realized during the first half of the year. That growth is expected to subside as rapid job growth slows and wealth realized through house appreciation decelerates due to the introduction of new mortgage lending guidelines. High housing costs, associated debt loads and the overall level of consumer debt remains an ongoing concern.

Our region's economy has also slowed but continues to show steady improvement year-over-year as unemployment levels reduce and the benefits of higher housing prices are absorbed. The regions outlook remains positive despite concerns of high regulatory burden, high input costs and increased government policies that will impede accelerated growth.

Your loan department processed 317 loan applications, rejecting and deferring 151 requests and making 166 new loans for \$1,570,036 new money. The number of personal loans outstanding at year-end was 334 for \$3,602,403 and 3 Commercial & Agricultural loans for \$84,644 an overall decrease of (\$862,832). The number of lines of credit outstanding at year-end was 1785 Personal for \$21,199,209 and 72 Business/Agricultural/Association Line of Credits for \$3,214,539, an overall decrease of (\$698,568). The authorized amount that could be utilized is \$45,222,689. The net decrease for the year was (\$1,561,400).

Your loan department processed 161 mortgage applications, rejecting and deferring 83 and booking 78 new mortgages for \$12,647,274. The volume outstanding at year-end was 432 Personal mortgages for \$47,384,210 and 64 Commercial & Agricultural mortgages for \$23,539,365. Total authorized but yet to be advanced is \$4,587,205. The net decrease was (\$2,243,613).

Staff maintained tight control of delinquent loans. At year-end the Credit Union had one (1) delinquent personal mortgage account for 118,109.28 with no probable loss and one (1) Commercial mortgage account for \$266,555.97 with an adequate loss provision set aside. Total charge-off for 2016/2017 was eight (4) accounts for \$12,226.09. Bad Debt collections for the year totaled \$4,522.13. Your credit union maintains adequate allowance for future loss exposure.

The following is a breakdown of the distribution of loans by purpose:

2016-2017 LENDING ACTIVITY	INCREASE (DECREASE)
Personal Loans	(\$833,397.93)
Personal Lines of Credit	(\$105,400.25)
Lambton Line II (Secured Lines of Credit)	(\$750,745.27)
Residential Mortgages	\$1,188,143.94
Commercial and Agricultural Loans	(\$29,434.89)
Commercial and Agricultural Lines of Credit	\$157,577.61
Commercial and Agricultural Mortgages	(\$3,431,756.21)
<b>TOTAL</b>	<b>(\$3,805,013.00)</b>

Respectfully submitted,



**Sherry Van Bilsen**  
Director of Sales & Service

Your Audit Committee is elected each year by your Board of Directors. This year we have our veteran Lorne Johnson, our rookie Chris Courtis and myself elected. As we started the year we were a little limited on experience but had a keen interest in having the Credit Union's best interest in our hearts.

We started the year with a work plan that the former Audit Committee created and passed to us. We decided to use it with a few additions. Timeliness and training were our main objectives. We also were trying to improve the profitability of our Credit Union while maintaining regulatory compliance.

During the year Chris and I did many training sessions as close as our home computers and as far away as nights spent in Toronto. We were determined to be the best we can be. We were only limited by training availability.

The Audit committee works closely with the Auditors to look after the interests of the Credit Union and the owners. We have a good working relationship with the Internal Auditor and the External Auditor as well.

This year the board decided to have the Audit Committee approve the larger loans so management could follow up timely. This has worked well as we have been able to respond appropriately when needed. We normally agree with management's opinion but is a good second check.

I am proud to report that our Auditors have found no repeat or critical findings that requires reporting to the membership, only minor housekeeping issues that we are addressing. I can also confirm there are no outstanding issues or concerns to report as required pursuant to the Act. Management are committed to making a more profitable and friendly environment for all involved.



A stylized, handwritten signature in black ink, consisting of a large, looped 'J' followed by a horizontal line that tapers to the right.

**Jim Maw**  
*Audit Committee Chairman*



# *In Loving Memory*

## Dale Steeves 1939 - 2017

This past fall, the Board and Staff at Southwest was saddened to hear of the loss of Dale Steeves, who passed away on September 10, 2017. Dale played a large role in setting the foundations of Southwest Regional Credit Union, and we wish to recognize and remember him with gratitude for his many significant contributions.

Dale was born and raised on a farm in Albert County, New Brunswick and his career included District Manager responsibilities in banking and finance in Dartmouth, Nova Scotia. He moved to Sarnia with his young family to work alongside his brother Don Steeves at Steeves and Rozema. In time, he transitioned back into the banking industry having obtained a position with Moore Credit Union. Dale spent many years at Moore Credit Union, working as the General Manager. Through his leadership, with the support of the Board and membership, he navigated the organization through a difficult financial period that resulted in restructuring of the organization. In 1995, he played an integral part in transforming Moore Credit Union into Southwest Regional Credit Union. Dale always found inspiration in finding ways to better serve members, making decisions based on sound financial practices and maintaining the financial stability of the Credit Union. Dale retired in 2002, but his work is still seen today as we continue to grow and build on the foundations he helped put in place.

Dale lived out the community focus we so highly value here at Southwest in his everyday life. He served as executive of numerous minor hockey and baseball associations in the Sarnia area, and also participated by playing on teams and coaching as well. He was fiercely dedicated to his family, and was an outspoken supporter for his sons, their spouses, his grandchildren and their various activities. Dale was truly a family and community man, and his valuable skills and abilities in the banking industry helped pave the way for Southwest to continue thriving.

We will always remember Dale and the legacy he has left behind. We will continue to reflect on his work and use his dedication as inspiration as we move forward in looking for ways to better serve our community and members.



Southwest Regional Credit Union Ltd.  
**AUDITOR'S REPORT**  
**AND SUMMARIZED FINANCIAL STATEMENTS**  
October 31, 2017



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### Independent Auditor's Report

To the Members of Southwest Regional Credit Union Ltd.

The accompanying summarized financial statements of Southwest Regional Credit Union Ltd., which comprise the summarized balance sheet as at October 31, 2017, and the summarized statements of earnings, comprehensive income and members' equity for the year then ended are derived from the audited financial statements of Southwest Regional Credit Union Ltd. for the year ended October 31, 2017. We expressed an unmodified audit opinion on those statements in our report dated December 19, 2017. Those financial statements and the summarized financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements of Southwest Regional Credit Union Ltd.

#### Management's Responsibility for the Summarized Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these summarized financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

#### Opinion

In our opinion, the summarized financial statements derived from the audited financial statements of Southwest Regional Credit Union Ltd. for the year ended October 31, 2017 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

*Collins Barrow CK, LLP*

Chatham, Ontario  
 December 19, 2017

**CHARTERED PROFESSIONAL ACCOUNTANTS  
 LICENSED PUBLIC ACCOUNTANTS**

Southwest Regional Credit Union Ltd. 15

**SUMMARIZED STATEMENT OF EARNINGS**  
Year Ended October 31, 2017

	2017	2016
<b>REVENUE</b>		
Interest from personal loans	\$ 425,455	\$ 494,083
Interest from mortgage loans	2,411,095	2,452,416
Interest from commercial loans	822,480	724,580
Interest from agriculture loans	297,094	396,268
Interest from investments and short-term deposits	333,813	392,980
Service charges	599,197	626,674
Other revenue	<u>10,669</u>	<u>10,113</u>
	<u>4,899,803</u>	<u>5,097,114</u>
<b>INTEREST EXPENSE</b>		
Interest on term deposits	484,343	389,930
Interest on demand deposits	42,992	39,227
Interest on Registered Retirement Savings Plans	276,398	300,401
Interest on Registered Retirement Income Funds	<u>169,459</u>	<u>149,153</u>
	<u>973,192</u>	<u>878,711</u>
<b>FINANCIAL MARGIN</b>	<u>3,926,611</u>	<u>4,218,403</u>
<b>EXPENSES</b>		
Administrative	616,074	641,932
Occupancy	562,770	559,206
Salaries and benefits	1,879,038	1,822,653
Computer and network fees	402,403	405,330
Provision for impaired loans	<u>33,000</u>	<u>63,000</u>
	<u>3,493,285</u>	<u>3,492,121</u>
	433,326	726,282
<b>OTHER REVENUE</b>	<u>144,183</u>	<u>-</u>
<b>EARNINGS BEFORE INCOME TAXES AND DISTRIBUTION TO MEMBERS</b>	<u>577,509</u>	<u>726,282</u>
<b>DISTRIBUTION TO MEMBERS</b>		
Interest rebate	10,688	12,276
Dividend on dividend savings accounts	<u>106,191</u>	<u>125,844</u>
	<u>116,879</u>	<u>138,120</u>
<b>EARNINGS BEFORE INCOME TAXES</b>	<u>460,630</u>	<u>588,162</u>
<b>INCOME TAXES</b>		
Current	21,539	91,374
Deferred	<u>29,021</u>	<u>(9,104)</u>
	<u>50,560</u>	<u>82,270</u>
<b>NET EARNINGS</b>	<u>\$ 410,070</u>	<u>\$ 505,892</u>

**SUMMARIZED STATEMENT OF  
COMPREHENSIVE INCOME AND MEMBERS' EQUITY**

Year Ended October 31, 2017

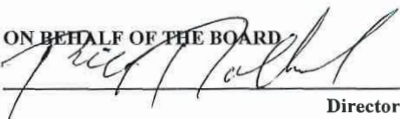
	2017	2016
<b>Net earnings for the year</b>	<u>\$ 410,070</u>	<u>\$ 505,892</u>
<b>Other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Comprehensive income</b>	<u>\$ 410,070</u>	<u>\$ 505,892</u>
<b>CONTINGENCY RESERVE</b>		
<b>Balance, beginning of the year</b>	\$ 18,310,616	\$ 17,804,724
<b>Net earnings for the year</b>	<u>410,070</u>	<u>505,892</u>
<b>Balance, end of the year</b>	<u>\$ 18,720,686</u>	<u>\$ 18,310,616</u>

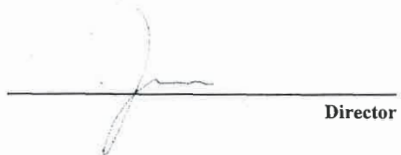


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**SUMMARIZED BALANCE SHEET**  
 October 31, 2017

	2017	2016
<b>ASSETS</b>		
Cash and marketable securities	\$ 31,809,274	\$ 20,081,451
Investments	9,906,092	9,882,169
Loans to members		
Personal	4,959,001	5,741,812
Mortgage	47,384,210	46,163,155
Home Equity Line of Credit	19,524,144	20,274,889
Commercial	19,853,395	19,573,091
Agricultural	6,820,152	10,593,812
Capital assets	6,739,786	6,575,738
Other assets	<u>535,843</u>	<u>581,024</u>
	<u>\$ 147,531,897</u>	<u>\$ 139,467,141</u>
<b>LIABILITIES</b>		
Members' deposits	\$ 127,640,890	\$ 119,999,355
Other liabilities	1,019,636	1,007,275
Members' share capital	<u>150,685</u>	<u>149,895</u>
	<u>128,811,211</u>	<u>121,156,525</u>
<b>MEMBERS' EQUITY</b>		
CONTINGENCY RESERVE	18,720,686	18,310,616
ACCUMULATED OTHER COMPREHENSIVE	<u>-</u>	<u>-</u>
	<u>18,720,686</u>	<u>18,310,616</u>
	<u>\$ 147,531,897</u>	<u>\$ 139,467,141</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**NOTE TO SUMMARIZED  
FINANCIAL STATEMENTS**

October 31, 2017

**1. APPLIED CRITERIA IN THE PREPARATION OF THE SUMMARY FINANCIAL STATEMENTS**

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The criteria applied by management in the preparation of these summary financial statements are as follows:

- a) Commencing with the 2014 fiscal year, management has adopted the International Financial Reporting Standards (IFRS);
- b) the information in the summary financial statements is in agreement with the related information in the complete financial statements;
- c) a summary statement of cash flows has not been presented, as the relevant information can be obtained from the complete financial statements; and
- d) the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete financial statements, including the notes thereto.

# SERVICES OFFERED BY OUR CREDIT UNION

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January 23, 2018

## BANKING SERVICES

STUDENT/YOUTH ACCOUNTS  
HERITAGE 60/SENIOR ACCOUNTS  
PERSONAL CHEQUING ACCOUNTS  
PERSONAL CHEQUING PLUS ACCOUNTS  
REGIONAL ACCOUNT  
REGIONAL ACCOUNT PLUS  
MAXIMIZER ACCOUNTS  
PLAN 24 SAVINGS ACCOUNTS  
U.S. PLAN 24 SAVINGS ACCOUNTS  
PROPERTY TAX SAVINGS ACCOUNTS  
ASSOCIATION ACCOUNTS  
COMMUNITY ACCOUNTS  
TERM DEPOSITS  
BUSINESS/CURRENT ACCOUNTS  
(FLAT FEE or PAY-PER-USE)  
AGRICULTURAL ACCOUNTS  
(FLAT FEE or PAY-PER-USE)  
AGRI-INVEST ACCOUNTS

## OTHER SERVICES

LOAN & MORTGAGE LIFE INSURANCE  
LOAN DISABILITY INSURANCE  
CRITICAL ILLNESS INSURANCE  
HOME & AUTO INSURANCE  
TRAVEL INSURANCE  
TRAVELLERS CHEQUES  
WIRE TRANSFERS  
ELECTRONIC BILL/UTILITY PAYMENTS  
CERTIFIED CHEQUES  
MONEY ORDERS  
FOREIGN CURRENCY  
INTER-BRANCH BANKING  
SAFETY DEPOSIT BOX RENTAL  
MERCHANT MASTERCARD  
CREDIT UNION MASTERCARD  
PASSBOOK  
NIGHT DEPOSITORY

## ELECTRONIC SERVICES

ABM'S AT ALL BRANCH LOCATIONS  
MEMBERCARD – DEBIT CARD (POINT OF SALE)  
ON-LINE BANKING  
TELEPHONE BANKING  
TEXT MOBILE BANKING  
E-TRANSFER  
MOBILE BANKING  
E-DEPOSITS

## LENDING SERVICES

PERSONAL LOANS – FIXED AND VARIABLE RATE  
RESIDENTIAL MORTGAGES  
HIGH RATIO MORTGAGES  
LINES OF CREDIT – OVERDRAFT PROTECTION  
HOME EQUITY LINES OF CREDIT  
STUDENT LOANS & LINE OF CREDITS  
RRSP LINE OF CREDITS  
COMMERCIAL LOANS, OPERATING LINES & MORTGAGES  
AGRICULTURAL LOANS, OPERATING LINES & MORTGAGES  
BRIDGE/INTERIM FINANCING  
LETTERS OF CREDIT  
MERCHANT FINANCING

## INVESTMENT SERVICES

RRSP, RRIF, LIRA, LIF  
REGISTERED DISABILITY SAVINGS PLANS  
REGISTERED EDUCATION SAVINGS PLANS  
MUTUAL FUNDS OFFERED THROUGH CREDENTIAL ASSET MANAGEMENT INC.  
S&P/TSE 60 INDEX-LINKED TERM DEPOSITS  
SHORT & LONG TERM – TERM DEPOSITS  
TAX FREE SAVINGS ACCOUNT  
LICENCED FINANCIAL PLANNING SERVICES  
QTRADE DISCOUNTED TRADING SERVICES



# Southwest

## REGIONAL CREDIT UNION

— *Serving People with People Since 1939*

### MISSION STATEMENT

“To provide quality financial solutions to our owners and help our communities thrive and grow.”

### VISION STATEMENT

“To be the trusted financial institution of choice in our communities and to empower our owners to be successful in achieving their life goals.”

### CORE VALUES:

#### **Quality, Respect & Integrity**

Taking accountability and maintaining a high level of ethical, moral, co-operative values by providing unbiased financial support.

#### **Owner Satisfaction**

Striving to exceed our owners’ expectations and making a positive difference in our owners’ lives.

#### **Our Future**

Investing in our youth and embracing change and the opportunities it brings.

#### **Employee Engagement**

Committed to cultivating and retaining highly knowledgeable staff.

#### **Corporate Social Responsibility**

Actively participate and reinvest in our local communities.

January 23, 2018

DATE OF YEAR-END	DIVIDEND PAID	DIVIDEND TERM	LOAN INTEREST REBATE PAID	MORTGAGE REBATE PAID	LAMBTON LINE II REBATE PAID	BUSINESS LOC INTEREST REBATE
OCT. 31, 1993	5.00%	N/A	NIL	NIL	NIL	N/A
OCT. 31, 1994	3.75%	N/A	3.50%	1.75%	1.75%	N/A
OCT. 31, 1995	5.00%	N/A	4.25%	2.125%	2.125%	N/A
OCT. 31, 1996	4.25%	N/A	3.50%	1.75%	1.75%	N/A
OCT. 31, 1997	4.00%	N/A	3.50%	1.75%	1.75%	N/A
OCT. 31, 1998	4.35%	N/A	4.25%	2.00%	2.00%	N/A
OCT. 31, 1999	4.80%	N/A	5.00%	2.50%	2.50%	N/A
OCT. 31, 2000	4.75%	N/A	5.00%	2.40%	2.40%	N/A
OCT. 31, 2001	4.00%	N/A	5.25%	2.625%	2.625%	N/A
OCT. 31, 2002	3.40%	N/A	6.25%	3.00%	3.00%	N/A
OCT. 31, 2003	3.25%	N/A	7.25%	3.40%	3.40%	N/A
OCT. 31, 2004	3.00%	N/A	7.25%	3.40%	3.40%	5.50%
OCT. 31, 2005	3.00%	N/A	12.00%	3.75%	3.75%	5.00%
OCT. 31, 2006	3.25%	N/A	15.00%	5.00%	5.00%	5.00%
OCT. 31, 2007	3.70%	N/A	16.00%	6.00%	6.00%	5.00%
OCT. 31, 2008	3.50%	N/A	16.00%	5.00%	5.00%	5.00%
OCT. 31, 2009	1.70%	N/A	10.00%	3.50%	2.00%	3.00%
OCT. 31, 2010	1.05%	N/A	5.50%	1.75%	1.00%	1.50%
OCT. 31, 2011	1.15%	1.40%	4.00%	1.50%	0.75%	1.00%
OCT. 31, 2012	1.25%	1.50%	4.00%	1.50%	0.75%	1.00%
OCT. 31, 2013	1.00%	1.25%	3.00%	1.00%	0.40%	0.50%
OCT. 31, 2014	1.10%	1.35%	3.00%	1.00%	0.40%	0.50%
OCT. 31, 2015	1.00%	1.25%	1.50%	0.50%	0.20%	0.25%
OCT. 31, 2016	1.00%	1.25%	1.50%	0.50%	0.25%	0.25%
OCT. 31, 2017	1.00%	1.25%	1.50%	0.50%	0.25%	0.25%







# Southwest

## REGIONAL CREDIT UNION

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