



Southwest

REGIONAL CREDIT UNION

— *Serving People with People Since 1939*



2018
ANNUAL
REPORT

AGENDA

29th Annual Meeting of



JANUARY 22, 2019 • 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 28th 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:
- Ryan Feddes - Feddes Fabrications Inc.

Adjournment

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

2017-2018 Board of Directors

Elected:

Greg Agar	2018	Jim Maw	2019	Rudy Fischer	2020
Darren Henderson	2018	Lorne Johnson	2019	Wayne Freer	2020
Chris Courtis	2018			Ben Dekker	2020

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28TH ANNUAL MEETING MINUTES

January 23, 2018

The 27th Annual Meeting of Southwest Regional Credit Union Ltd. was held at the Holiday Inn –1498 Venetian Boulevard, Sarnia, Ontario on January 23, 2018.

The meeting was called to order at 7:40 p.m.

Board Chair, Bill Pollock welcomed members of Southwest Regional Credit Union Ltd. and guests; Laura Poland, Managing Partner and Cody Prorazyn, staff accountant of Collins Barrow Chartered Accountants; Pamela McLeod of McLeod Law Firm; Roman Sochaniwsky of DICO; Jodi Maroney of Chatham Kent Hospice; Melissa Vandermeer, Senior Employment Specials and Wendy Smith, Workforce development project coordinator of Goodwill Industries Essex-Kent-Lambton, past Board Members, Bill Hoad, Bruce Fisher, Bruce Hyde and Rick Rule, Bill Baldock, Joe Hill and Jim Foubister – Past Presidents of Southwest Regional Credit Union.

Bill Pollock passed on regrets from Vikalp Gujarati and Dorothy Watson – Central 1 Credit Union; Paul Hogg and Denise Milan – CUMIS; Debra Snowball – Gunnebo Canada; Michael Barr – The Exchange Network; Mike Quirke – Qtrade; Annette Kirk – Credential; Barbara Wing – Wing Consulting; Rod McLean, Ryan Webster and William Currie – Scotia McLeod and Shirley Eyre and Tony Doucette – Past General Managers of Southwest Regional Credit Union. Bill thanked guests and acknowledged that without their continued support, Southwest would struggle to continue.

Bill Pollock called on Bill Hoad, former long term Board Member, to deliver a tribute to Dale Steeves, a distinguished leader. Tony Gioiosa called on Brent and Scott Steeves to announce a Tree Planting in Dale's honor. Brent and Scott Steeves were given the opportunity to speak about their father.

Chair Bill Pollock acknowledged the Board of Directors for 2016 – 2017:

Ben Dekker	Board Member and Board Vice-Chair;
Jim Maw	Board Member and Audit Committee Chair;
Robbie McNaughton	Board Member. Governance Committee Chair and Property/ Premise Chair (regrets);
Lorne Johnson	Board Member and CEO Evaluation Committee Chair;
Darren Henderson	Board Member, Personnel Committee Chair;
Greg Agar	Board Member and Marketing/Nomination Committee Chair;
Chris Courtis	Board Member;
Esther Waybrant	Board Member (regrets);
Bill Pollock introduced himself as Board Chair and Executive Committee Chairman.	

Bill commented the Board is responsible for the performance of the Credit Union, providing direction to ensure we effectively respond to the ever changing environment we operate in, providing effective 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 significant time commitment and dedication they have contributed for the benefit of the Credit Union.

Bill Pollock asked Mr. Secretary, Tony Gioiosa if a quorum was present. Tony Gioiosa responded yes, there are 68 members and 10 guests present.

Following a request for appointment of a recording secretary, it was moved by Bill Hoad and seconded by Jim Maw to appoint Angela Gordon the Recording Secretary of the 28th Annual Meeting of Southwest Regional Credit Union Ltd. Motion Carried.

Chair Bill Pollock called on to recognize and present awards to the following staff for their service to the Credit Union:

Five (5) years of service:	Angela Gordon (Head Office)
Five (5) years of service:	Duston Courtney (Head Office)
Five (5) years of service:	Gina Savo (Exmouth Branch)

Southwest Regional Credit Union Ltd. 5

28TH ANNUAL MEETING MINUTES...Cont'd

January 23, 2018

Five (5) years of service:

Keith Rabidoux (Head Office)

Tony then announced Keith's intention to retire this year and acknowledged his contribution to Southwest in the short time he has been with the Credit Union.

Business Meeting

Bill Pollock presented the Minutes from the 27th Annual Meeting. Noting that there were no errors or corrections to be made, it was moved by Darragh Ginn and seconded by Karen McCall to accept the Minutes of the 27th Annual Meeting as presented. Motion Carried.

Tony Gioiosa presented the Report of the Board of Directors and Chief Executive Officer. Mr. Gioiosa stated that in 2017 the Board dedicated focus on developing an advanced strategic plan, including a short and long term vision for Southwest, all designed to keep us viable as consumer behaviors continue to evolve. Tony reported that effective January 1, 2018 insured deposit limits for non-registered investments will increase from \$100K to \$250K, while the unlimited guarantee remains in place for all registered deposits. Tony spoke about our continued efforts to reinvest in our communities and return our earnings to our membership. He also reported that 76% of respondents to our member survey returned to us last year rated us 9 out of 10 or higher. This encourages us to continue with our focused efforts to meet the needs of our members, building and maintaining member relationships and maintaining our personalized methods of delivering our products and services. 2018 will see new initiatives at Southwest, including introduction of a new contactless debit cards, new credit card options, and consideration of adopting Open/Borrow Anywhere offerings that will allow members and potential new members demanding convenience to conduct business through online processes. Tony acknowledged the loss of Dale Steeves, former General Manager and credited him for pulling Moore Credit union through a difficult financial era and the rebranding/expansion of our Credit Union into Southwest Regional that exists today. Tony thanked everyone for their support. Tony Gioiosa moved for acceptance of The Report of the Board of Directors and CEO as presented and Kelly Ash 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 nationally strong economic growth was realized during the first half of the year but is expected to subside as rapid job growth slows and wealth realized through house appreciation decelerated 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. Overall, our lending decreased \$3.8M or 3.0%. The loan department processed 317 loan applications for \$1,570,036 new money and 161 mortgage applications for \$12,647,274. Staff maintained tight control of delinquent loans with 1 reportable delinquent personal mortgage account with no probable loss and 1 commercial mortgage account for \$266,556 with an adequate loss provision set aside. Total charged-off accounts for the year totaling \$12,226 and Bad debts collected of \$4522. Scott Kilbride, Wallaceburg member, asked Sherry to expand on why the loan numbers are down. Sherry replied that there are a variety of reasons including interest rate competitiveness and debt loads. He asked if we track where the business goes once it leaves Southwest and if there are trends. Sherry responded that we do track and there are no specific trends. Keith added that we have also had significant Syndicated deals mature and pay off which would also contribute to the loan numbers being reduce although there are several authorized and not yet advanced amounts coming up that should bring our numbers back up in the near future. No other questions were asked. Sherry Van Bilsen moved for acceptance of the Report of the Director of Sales & Service and Darragh

28TH ANNUAL MEETING MINUTES...Cont'd

January 23, 2018

Ginn seconded. Motion Carried.

Jim Maw – Audit Committee Chairman, presented the Report of the Audit Committee. Mr. Maw explained the committee's function at the Credit Union. The committee met quarterly with the Internal Auditor, CEO, Accounting Manager and Fintrac Compliance Officer 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 to review internal controls, accounting policies, reporting procedures and audited financial statements. This year the Board decided to have the Audit Committee approve the larger loans so risk could be monitored and management could follow up in a timely fashion. This has worked well as a second check with Management. Jim reported that our Auditors have found no repeat or critical findings that requires reporting to the membership. There are no outstanding issues or concerns to report as required pursuant to the Act. Jim Maw moved for acceptance of the Report of the Audit Committee and Joe Hill seconded. No questions or concerns were brought forward. Motion carried.

Bill Pollock 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, 2017 showing a slight revenue decrease year over year due to the ongoing low interest rate environment and the decrease in loans receivable in the year. Interest expense in 2017 has increased slightly because of higher deposits in the year which has resulted in a margin squeeze for the credit union. The 2016 margin was approximately 2.5% higher than the margin in 2017. Through careful diligence Management has kept expenses relatively stable year over year. During 2017 there was other income that represents a settlement that was received for unclaimed tax credits in prior years. The 2017 balance sheet showed cash and marketable securities are up significantly year over year to approximately \$41.7M from \$30M in the prior year. Loans to members is down, as discussed earlier. Members' deposits are up significantly by approximately \$7.6M largely due to the TD closure in Wyoming leaving Southwest as the only financial institution in town. Laura commented that this is where Credit Unions do well in remaining in the small towns. In combination with the high level of competition for lending business and the increase in the Wyoming deposits has resulted in a mismatch between the deposits and loans which will be a challenge for management to balance out in the upcoming year. The other item of note on the balance sheet is the increase in Capital Assets with the construction that occurred at the Exmouth branch this year. There was a slide presentation comparing Southwest to two other credit unions. No further questions were asked. The Report of the Auditors was moved for acceptance by Jim Foubister and seconded by Kelly Ash. No questions or concerns were brought forward. Motion Carried.

New Business

APPOINTMENT OF THE AUDITORS:

Bill Pollock 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. Kelly Ash motioned to appoint Collins-Barrow Chartered Accountants as the Credit Union Auditors for the fiscal year November 1, 2017 to October 31, 2018. The motion was seconded by Rick Rule. Motion carried.

ELECTIONS:

Bill Pollock called on Pamela McLeod to chair the elections. Ms. McLeod explained the procedure and announced that there are three available positions due to the expiration of the

28TH ANNUAL MEETING MINUTES...Cont'd

January 23, 2018

terms of Bill Pollock, Ben Dekker and Esther Waybrant. Two have chosen to run for re-election. Positions to be filled are three three-year terms. The secretary posted the "Call for Nominations to the Board of Directors" from November 23, 2017 to December 31, 2018 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. The nominating committee submitted the names of Bill Pollock, Ben Dekker, Rudy Fischer and Wayne Freer. Pamela McLeod explained that because there are four nominees for three positions a vote will take place. Each nominated member was given an opportunity to speak to the membership. Ballots were then cast, collected, counted twice under the supervision of Collins-Barrow and results were given to Pamela to announce to the membership that in accordance with the by-laws of Southwest Regional Credit Union, Ben Dekker, Rudy Fischer and Wayne Freer are declared elected to three year terms. Chairman Bill Pollock thanked Ms. McLeod for chairing the elections and congratulated the membership on three excellent choices.

BYLAW CHANGES/AMENDMENTS: Nil

Other Business

Bill called on Tony Gioiosa to introduce our guest speakers to make their presentations. Tony called on Teresa Acs to deliver her submitted entry to the "Helping Hands" campaign and presented the winner of the recipient of the CUETs award, the Chatham-Kent Hospice. Tony then called on Melissa Vandermeer, Senior Employment Specialist, from Goodwill Industries to speak on the programs and benefits in the community that Goodwill provides. Tony presented a donation check for Goodwill and their new mobility program.

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

Bill Pollock 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 Janet Vandeguchte – Nike dryfit golf shirt compliments of Qtrade, Deb McLachlin – Rock it Waterbottle & Wireless Bluetooth speaker, compliments of MC Business Solutions, Gina Savo – Zenergy ball chair compliments of Manleys, Jasmine Rudrum – \$25 Walmart gift card with a blanket and grocery bag compliments of CUMIS, Donna Ferguson – \$25 Tim Hortons gift card compliments of Central 1, Ann Wieringa - \$25 Starbucks gift card compliments of Central 1, Kelly Ash – Pen set & \$25 Starbucks gift card compliments of Ficanex, Karen McCall - \$50 LCBO gift card compliments of Credential, Luanne Rummerfield – 32 Piece Highway kit compliments of Southwest Regional Credit Union, Lois Pollock - \$50 Superstore gift card compliments of Southwest Regional Credit Union, Mary Byne – Heated foot massager compliments of Gunnebo and Bruce Hyde – Movie night Gift Basket compliments of Southwest Regional Credit Union. Bill Pollock invited everyone to stay for dessert and coffee.

Adjournment

Bill Pollock motioned for adjournment of the 28th Annual Meeting of Southwest Regional Credit Union Ltd., Jim Foubister seconded at 9:32 p.m. Motion Carried.

Chair of the Board of Directors

Secretary to the Board of Directors

REPORT OF THE BOARD OF DIRECTORS & CHIEF EXECUTIVE OFFICER

January 22, 2019

Another busy holiday season has past us by and we are now ready to face the new year with the chance to contemplate upon the highs and lows that impacted Southwest Regional Credit Union throughout 2018. During this, the year of our 80th birthday, we will strive to continue the development of new products and technologies while giving our members the same sense of community that they have come accustomed to.

Over the last year, we became aware of the technological advances that could negatively impact the Credit Union system as we know it today. With consumers heightening their expectations and the influx of non-traditional banking providers, it is time to be vigilant and act upon what we know. While others are preparing themselves by developing their business' digitization and closing branches, the Credit Union system has been generally slow to adapt. With this looming threat becoming a reality as we move forward, we are seeing testing in the system of cashless environments and restricted staffing with overhauls of the current branches structures. Our goal remains to provide both full member service while maintaining momentum in adopting technological advances. While this will come with a cost, resources remain in place.

A Market Conduct Questionnaire was initiated by our Regulator to determine sales practices of Credit Unions as a result of sales issues at other institutions as reported in the media. Credit Unions continue to argue that they don't operate as the others do and prefer a self-regulated solution versus a legislated one. Although a business plan is in place, we remain committed serving the financial needs of our members for the benefit of our members and not catering to the needs of shareholders.

The Canadian Credit Union Association, an organization charged with representing the needs of the system, is pressing forward with the current provincial government to modernize the Credit Union Act by getting the previous governments Albanese Report back on the agenda. We believe ignoring these recommendations will put the system at a disadvantage. Increased insured limits to \$250,000 for non-registered investments was included in the report and has been adopted. This has been well received by the membership.

2018 also brought us the creation of the Financial Services Regulatory Authority (FSRA). This new regulatory body will control the insurance sector, pension plans, loan and trust companies, Credit Unions, the mortgage broker sector, and co-operative corporations in Ontario. Fee structure is currently under discussion and at this point we are not aware of how this may directing impact us. Putting the future aside, we continue to enjoy the lowest premium rate available which supports the soundness of our credit union.

We reached all our goals during last year. This is something to be proud of on every level within our organization. New products implemented in 2018:

- Flash Debit Cards for transactions to be conducted on a contactless basis with upgraded security features.
- Collabria Credit Cards providing for more benefits and features than previous cards. Our enhanced offering includes a US\$ card as well as VISA and MasterCard options.
- Conducting our "Fund Your Hustle" Campaign that provided an additional opportunity to continue fostering a sense of community in the areas we operate within.

2018 also saw the start of the final phase of our Exmouth renovation. The expanded workspace and upgraded 2nd floor will be beneficial to our Southwest members and employees as we continue to expand with a sense of community and trust.

We continue to rise to every challenge and surpass the odds. Both the Chatham-Kent and Sarnia-Lambton communities showed limited economic growth in comparison to the rest of the province. Despite this, we prevailed by continuing to generate proven financial and

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

January 22, 2019

impressive growth results. With this I'm glad to announce this year's Dividend and Rebates for our members included:

- Dividend Savings 1.20%
- Dividend Term 1.45%
- Personal Loans 1.70%
- Lambton Line II 0.35%
- Personal Mortgages 0.60%
- Commercial Mortgages 0.40%

As always, we graciously receive survey responses from our dedicated members. This year, 89% of participants rated our level of service at 90% or better. 78% indicated our products and services work well for their individual financial needs. 76% said there was nothing negative to report, and most said they were happy with our staff's ability to meet member needs. There was also a strong response showing an interest in becoming a Board Member. We thank you for your continued support.

Using all the knowledge we've learned from our successful year in 2018, we've developed a set of goals to move forward with in 2019. We will continue to treat our members with a personal sense of community rather than focus on selling practices. Seeing how these techniques have brought other entities under scrutiny shows us what an undesirable mode of business sales-oriented practices would be for Southwest. We will develop new technologies with the changing industry but not at the expense of face-to-face values our members have come to know and love.

We eagerly await what 2019 will bring to Southwest Regional Credit Union! Our gracious attitude prevails evermore with the support of our talented staff and respectful members. We hope to continue to exceed your financial needs for the future! Let's make 2019 another amazingly successful year together.

Respectfully yours,



Ben Dekker
Board Chair



Anthony "Tony" Gioiosa
Chief Executive Officer

REPORT OF THE DIRECTOR OF SALES & SERVICE

January 22, 2019

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

The year started very strong with the Real Estate market being quite active and multiple offers pushing housing prices to all-time highs. This trend did not hold as sales, and the market as a whole, cooled down somewhat as the year progressed. The effects of implementation of the B20 Guidelines have now stabilized with notable affect being growth in the private lending market. High consumer debt load continues to be a concern, as well as the possibility of further Bank of Canada Prime lending rate increases as governments attempt to maintain inflation within desired ranges.

The Ontario Unemployment rate is at an all-time low. With a new Provincial Government in place and their pending policy changes, we remain uncertain of the impact to the provincial economy. A renegotiated NAFTA Agreement and introduction of tariffs warrants some concern at a national level.

Southwest has maintained its liquidity level at the higher end of its desired range despite focusing most our efforts toward lending activities. We were rewarded handsomely with record setting growth this past year – most notably in the residential mortgage area. We look forward to another successful year in 2019.

Your loan department processed 367 loan applications, rejecting and deferring 136 requests and making 231 new loans for \$2,182,601 new money. The number of personal loans outstanding at year-end was 312 for \$3,514,678 and 5 Commercial & Agricultural loans for \$119,777 an overall decrease of (\$52,592). The number of lines of credit outstanding at year-end was 1776 Personal for \$20,540,841 and 72 Business/Agricultural/Association Line of Credits for \$3,468,146, an overall decrease of (404,761). The authorized amount that could be utilized is \$40,389,051. The net decrease for the year was (\$457,353).

Your loan department processed 184 mortgage applications, rejecting and deferring 59 and booking 125 new mortgages for \$25,261,964. The volume outstanding at year-end was 467 Personal mortgages for \$55,194,565 and 64 Commercial & Agricultural mortgages for \$28,620,643. Total authorized but yet to be advanced is \$4,951,065. The net increase was \$12,891,633.

Staff maintained tight control of delinquent loans. At year-end the Credit Union had no delinquent personal mortgage accounts and no Commercial mortgage accounts delinquent. Total charge-off for 2017/2018 was one (1) Commercial account for \$294,756.99 Bad Debt collections for the year totaled \$2,045.11. Your credit union maintains adequate allowance for future loss exposure.

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

2017-2018 LENDING ACTIVITY	INCREASE (DECREASE)
Personal Loans	(\$87,725.43)
Personal Lines of Credit	(\$182,668.02)
Lambton Line II (Secured Lines of Credit)	(\$475,700.32)
Residential Mortgages	\$7,810,355.12
Commercial and Agricultural Loans	\$35,133.50
Commercial and Agricultural Lines of Credit	\$253,607.10
Commercial and Agricultural Mortgages	\$5,081,278.15
TOTAL	\$12,434,280.10

Respectfully submitted,



Sherry Van Bilsen
Director of Sales & Service

REPORT OF THE AUDIT COMMITTEE

January 22, 2019

Your Audit Committee is elected each year by your Board of Directors. This year your elected Committee members were Lorne Johnson, Chris Courtis and myself. This year Chris and I have spent a lot of time continuing our required training. As of now we have finished everything required or available. It has been both trying and enjoyable. We have learned a lot to make us more qualified to serve the members. Hopefully now we are better able to ensure the Credit Union will continue to be a safe and viable operation. Lorne certainly has the training and experience to help us out.

The Audit Committee met quarterly through the year. Our work plan for the year was to review and update all procedures as necessary and required. Our plan also included keeping Southwest Regional Credit Union as compliant with DICO standards as possible. I believe we were successful. Timeliness and training were our main objectives. With the rest of the board we helped with strategic planning.

Again Chris and I spent time to improve our knowledge level. We were determined to be the best we can be. A thanks to my other committee members. They certainly have put their best effort forward. I also believe the board supports the efforts of the Audit Committee

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.

I am proud to report that our Auditors nor the Audit Committee have found any repeat or serious findings that need to be reported to the membership only minor housekeeping issues that we are addressing.

It is nice for the Credit Union to report a profitable year better than the last year. I congratulate the staff for a great year.



A handwritten signature in blue ink, appearing to read 'Jim Maw'. The signature is stylized and fluid, with a long horizontal stroke at the end.

Jim Maw
Audit Committee Chairman

FUND YOUR Hustle

**Southwest Regional
Credit Union** is here
to support our local
communities and
our memberships!

Congratulations to the **WINNER** of #FundYourHustle:
Ryan Feddes of Feddes Fabrications Inc.



Southwest Regional Credit Union Ltd.

**AUDITOR'S REPORT
AND SUMMARIZED FINANCIAL STATEMENTS**

October 31, 2018



Independent Auditor's Report

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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, 2018, 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, 2018. We expressed an unmodified audit opinion on those statements in our report dated December 18, 2018. 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, 2018 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Chatham, Ontario
December 19, 2018

A handwritten signature in black ink that reads 'Collins Barrow CK, LLP'.
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

SUMMARIZED STATEMENT OF EARNINGS

Year Ended October 31, 2018

	2018	2017
REVENUE		
Interest from personal loans	\$ 377,792	\$ 425,455
Interest from mortgage loans	2,628,807	2,411,095
Interest from commercial loans	962,299	822,480
Interest from agriculture loans	285,883	297,094
Interest from investments and short-term deposits	567,176	333,813
Service charges	670,210	599,197
Other revenue	<u>5,550</u>	<u>10,669</u>
	<u>5,497,717</u>	<u>4,899,803</u>
INTEREST EXPENSE		
Interest on term deposits	485,175	484,343
Interest on demand deposits	62,830	42,992
Interest on Registered Retirement Savings Plans	276,994	276,398
Interest on Registered Retirement Income Funds	<u>169,858</u>	<u>169,459</u>
	<u>994,857</u>	<u>973,192</u>
FINANCIAL MARGIN	<u>4,502,860</u>	<u>3,926,611</u>
EXPENSES		
Administrative	633,076	616,074
Occupancy	558,112	562,770
Salaries and benefits	1,952,899	1,879,038
Computer and network fees	451,269	402,403
Provision for impaired loans	<u>212,000</u>	<u>33,000</u>
	<u>3,807,356</u>	<u>3,493,285</u>
	695,504	433,326
OTHER REVENUE	<u>-</u>	<u>144,183</u>
EARNINGS BEFORE INCOME TAXES AND DISTRIBUTION TO MEMBERS	<u>695,504</u>	<u>577,509</u>
DISTRIBUTION TO MEMBERS		
Interest rebate	12,738	10,688
Dividend on dividend savings accounts	<u>117,597</u>	<u>106,191</u>
	<u>130,335</u>	<u>116,879</u>
EARNINGS BEFORE INCOME TAXES	<u>565,169</u>	<u>460,630</u>
INCOME TAXES		
Current	146,822	21,539
Deferred	<u>(15,385)</u>	<u>29,021</u>
	<u>131,437</u>	<u>50,560</u>
NET EARNINGS	<u>\$ 433,732</u>	<u>\$ 410,070</u>

SUMMARIZED STATEMENT OF COMPREHENSIVE INCOME AND MEMBERS' EQUITY

Year Ended October 31, 2018

	2018	2017
Net earnings for the year	\$ 433,732	\$ 410,070
Other comprehensive income	-	-
Comprehensive income	<u>\$ 433,732</u>	<u>\$ 410,070</u>
 CONTINGENCY RESERVE		
Balance, beginning of the year	\$ 18,720,686	\$ 18,310,616
Net earnings for the year	<u>433,732</u>	<u>410,070</u>
Balance, end of the year	<u>\$ 19,154,418</u>	<u>\$ 18,720,686</u>

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SUMMARIZED BALANCE SHEET

October 31, 2018

	2018	2017
ASSETS		
Cash and marketable securities	\$ 25,230,809	\$ 31,809,274
Investments	10,022,931	9,906,092
Loans to members		
Personal	5,041,616	4,959,001
Mortgage	55,194,565	47,384,210
Home Equity Line of Credit	18,740,679	19,524,144
Commercial	24,816,774	19,853,395
Agricultural	7,242,686	6,820,152
Capital assets	6,554,675	6,739,786
Other assets	<u>480,762</u>	<u>535,843</u>
	<u>\$ 153,325,497</u>	<u>\$ 147,531,897</u>
LIABILITIES		
Members' deposits	\$ 132,590,699	\$ 127,640,890
Other liabilities	1,429,585	1,019,636
Members' share capital	<u>150,795</u>	<u>150,685</u>
	<u>134,171,079</u>	<u>128,811,211</u>
MEMBERS' EQUITY		
CONTINGENCY RESERVE	19,154,418	18,720,686
ACCUMULATED OTHER COMPREHENSIVE	<u>-</u>	<u>-</u>
	<u>19,154,418</u>	<u>18,720,686</u>
	<u>\$ 153,325,497</u>	<u>\$ 147,531,897</u>

ON BEHALF OF THE BOARD

B. Skelton
Director

[Signature]
Director

NOTE TO SUMMARIZED FINANCIAL STATEMENTS

October 31, 2018

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

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 19

January 22, 2019

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

ELECTRONIC SERVICES

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

OTHER SERVICES

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

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
NEW CONSTRUCTION FINANCING
LETTERS OF CREDIT
MERCHANT FINANCING

INVESTMENT SERVICES

RRSP, RRIF, LIRA, LIF
REGISTERED DISABILITY SAVINGS PLANS
REGISTERED EDUCATION SAVINGS PLANS
MUTUAL FUNDS OFFERED THROUGH AVISO WEALTH
S&P/TSE 60 INDEX-LINKED TERM DEPOSITS
SHORT & LONG TERM – TERM DEPOSITS
TAX FREE SAVINGS ACCOUNT
DISCOUNTED TRADING SERVICES THROUGH AVISO WEALTH



80 YEARS



Southwest
REGIONAL CREDIT UNION

— *Serving People with People Since 1939*

2019 brings with it the
80TH ANNIVERSARY
of Southwest Regional Credit Union!

DIVIDEND REBATES 21

January 22, 2019

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%
OCT. 31, 2018	1.20%	1.45%	1.70%	0.60%	0.35%	0.50%

Southwest

REGIONAL CREDIT UNION

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