



Southwest

REGIONAL CREDIT UNION

— *Serving People with People Since 1939*

2016 ANNUAL REPORT



AGENDA



27th Annual Meeting of



JANUARY 24, 2017 • 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 26th 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:

- Karen De Bergh, President – Wallaceburg & District Chamber of Commerce
- Shirley De Silva, President and CEO – Sarnia-Lambton Chamber of Commerce

Adjournment

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

2015-2016 Board of Directors

Elected:

Rick Rule	2016	Bill Pollock	2017	Greg Agar	2018
Lorne Johnson	2016	Ben Dekker	2017	Darren Henderson	2018
Robert McNaughton	2016	Esther Waybrant	2017	Courtney Nutma	2018

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26TH ANNUAL MEETING MINUTES

January 19, 2016

The 26th Annual Meeting of Southwest Regional Credit Union Ltd. was held at the Royal Canadian Legion – Branch 62, 286 Front Street North, Sarnia, Ontario on January 19, 2016.

The meeting was called to order at 7:40 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; Pamela McLeod of Pamela McLeod Law Firm; Barbara Wing of Wing Consulting; Roman Sochaniwsky of DICO; Rod McLean of Scotia McLeod and Bill Baldock – Past President of Southwest Regional Credit Union.

Rick Rule passed on regrets from Dorothy Watson – Central 1; Rick Moeskops – CGI; Roman Prokaziuk – CUETS Financial; Jacqueline Smith – MC Business Solutions; Randy Hope – Mayor of Chatham-Kent; David Pearse – CUMIS; Dale Steeves, Shirley Eyre and Tony Doucette – Past General Managers of Southwest Regional Credit Union.

Chair Rick Rule acknowledged the Board of Directors for 2014 – 2015: Bruce Hyde – Board Member, Governance Committee Chairman and Board Vice-Chair; Dan O’Neil – Board Member and Marketing/AGM Committee Chairman; Lorne Johnson – Board Member and Audit Committee Chairman; Bill Hoad – Board Member, Personnel Committee Chairman and CEO Evaluation Committee Chairman; Bill Pollock – Board Member and Property/Premise Committee Chairman; Ben Dekker – Board Member and Future Direction Committee Chairman; Matt Pasut – Board Member; Rick Rule introduced himself as Board Chair and Executive Committee Chairman.

Chair Rick Rule thanked the members of the Board, on behalf of the Senior Management and Staff for the countless hours and dedication they have contributed for the benefit of the Credit Union and extended a special thank you to the Board Members leaving for the many years of participation, guidance and experiences and welcomed the new nominees to the Board.

Rick Rule asked Mr. Secretary, Tony Gioiosa if a quorum was present. Tony Gioiosa responded yes, there are 53 members and 13 guests present.

Following a request for appointment of a recording secretary, it was moved by Sherry Van Bilsen and seconded by Lorne Johnson to appoint Angela Gordon the Recording Secretary of the 26th 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:

Twenty Five (25) years of service:	Brenda Drouillard (Corunna Branch)
Fifteen (15) years of service:	Darragh Ginn (Corunna & Wyoming Branch)
Five (5) years of service:	Michelle Nicefield (Corunna Branch)
Five (5) years of service:	Michelle Seguin (Exmouth Branch)
Five (5) years of service:	Mary O’Neil (Wallaceburg Branch)
Sixteen (16) years of service:	Cathy Van Bunderen (Wallaceburg Branch)

There was one board member service award:

Twelve (12) terms of service:	Rick Rule
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Business Meeting

Rick Rule presented the Minutes from the 25th Annual Meeting. Noting that there were no errors or corrections to be made, it was moved by Bill Baldock and seconded by Matt Pasut to accept the Minutes of the 25th Annual Meeting as presented. Motion Carried.

26TH ANNUAL MEETING MINUTES...Cont'd

January 19, 2016

Tony Gioiosa presented the Report of the Board of Directors and CEO. Mr. Gioiosa stated that the 2015 market remained one of industry change and competitiveness; pricing incentives and technological advances are changing how businesses price products and services, as well as how they interact with consumers. Regulatory pressures continue to demand greater accountability of Management and Directing Boards to protect members' deposits in today's complex economy as fraud attempts that result in financial losses become increasingly sophisticated. Internal projections confirm the continuation of these stressors into 2016, which is likely to impact revenue negatively. Despite the competitive nature of the 2015 market, Southwest operated to produce net-positive results largely due to our solid capital base. As a result, Southwest was able to positively impact our communities through the continuation of programs such as the Student Bursary Program; the Community Reinvestment Program and by remaining a stable employer within the Sarnia, Wyoming, Corunna, and Wallaceburg communities. Tony reported that we were able to reinvest into the Credit Union as well as issue dividends and interest rebates. Moving forward into 2016, we will continue initiatives that show promise as well as introducing new initiatives. Phase 2 of the Exmouth Branch renovation will begin in the spring of the new year. Tony thanked the members for their continued support and determined to make the upcoming year another one of profit. Tony Gioiosa moved for acceptance of The Report of the Board of Directors and CEO as presented and Sherry Van Bilsen seconded. Motion Carried.

The Report of the Director of Sales & Service was presented by Tony Gioiosa, CEO. Mr. Gioiosa reported that the economic environment remains unstable and somewhat fragile. 2014/2015 produced good volumes but negative net results as we remain vigilant in booking profitable business furthering our member relationships. Decreases in our commercial lending portfolio is the result of payouts received on syndicated mortgages we are involved in. Overall, our lending decreased 3.2%. The loan department processed 439 loan applications for \$2,831,098 new money and 205 mortgage applications for \$17,003,479. Staff maintained tight control of delinquent loans with 2 delinquent mortgage accounts with no probable loss and 7 charged-off accounts for \$63,854. Tony Gioiosa moved for acceptance of the Report of the Director of Sales & Service and Darragh Ginn seconded. Motion Carried.

Lorne Johnson 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 to review internal controls, accounting policies, reporting procedures and audited financial statements. The committee advised the membership that Southwest, through its solicitors, filed a Statement of Claim against our former auditors, Hume, Mayer & McDonough LLP for not claiming tax credits the Credit Union would have been entitled to under Section 137 of the Income Tax Act (the "Federal Act") and Section 51 of the Corporations Tax Act (the "Provincial Act") for the 2001 - 2010 taxation years. The committee wishes to report that our litigation continues with the matter likely to be presented to the courts for resolution and that the committee continues to support Southwest's intent to pursue the matter. The Audit Committee reported there were no significant recommendations or outstanding issues to report to the membership. Lorne Johnson moved for acceptance of the Report of the Audit Committee and Ashleigh Syer seconded. Motion carried. Lorne asked if there were questions. Reg McCurdy of the Exmouth branch questioned if the amount of dollars claimed was a significant enough to pursue the matter. Tony addressed the member to confirm that the amount is still significant and unfortunately is likely to end up in court despite our attempt to reach a settlement.

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

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26TH ANNUAL MEETING MINUTES

January 19, 2016

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, 2015 showing revenue was slightly less than that of October 31, 2014 driven by a lower interest rate environment and changes in loan balances. The interest expenses were comparable to the previous year leaving the Credit Union with a financial margin of \$4.4M. Expenses were \$3.4M, up slightly reflecting Management and Board focus on maintaining costs. Net income for the 2015 year end was \$605K down \$105K from the previous year. The contingency reserve is higher than most competitors which is good. Laura commented that Southwest has strong equity position as a percentage of assets, a good financial margin and very low loan losses as a percentage of revenue. No questions were brought forward. The Report of the Auditors was moved for acceptance by Bill Hoad and seconded by Allie Karelsen. Motion Carried.

New Business

APPOINTMENT OF THE AUDITORS:

Rick Rule advised the membership that a proposal has been received from Collins-Barrow to continue their services into the next year and that the Board supports the proposal. Rick Rule motioned to appoint Collins-Barrow Chartered Accountants as the Credit Union Auditors for the fiscal year November 1, 2015 to October 31, 2016. The motion was seconded by Scott Kilbride of Wallaceburg. Motion carried

ELECTIONS:

Rick Rule called on Pamela McLeod to chair the elections. Ms. McLeod explained the procedure and announced that there are five available positions, two due to the expiration of the terms of Bruce Hyde and Matt Pasut, two by the expiring appointments of Dan O'Neil and Bill Hoad, and one vacant position. None of the four have chosen to run for re-election. The secretary posted the "Call for Nominations to the Board of Directors" from November 24, 2014 to December 31, 2014 at 3:00 p.m. The secretary, Tony Gioiosa, reported that five names were received from the Call for Nominations and were submitted to the Nomination Committee with requested terms. The nominating committee submitted the names of Darren Henderson seeking a three year term, Greg Agar seeking a three year term, Courtney Nutma seeking a three year term, Esther Waybrant seeking a two year term and Robert McNaughton seeking a one year term. Pamela McLeod cast a single ballot to elect the five by acclamation. Ms. McLeod explained that in accordance with the by-laws of Southwest Regional Credit Union, Darren Henderson, Greg Agar, Courtney Nutma are declared elected to three year terms, Esther Waybrant is declared elected to a two year term and Robert McNaughton is declared elected to a one year term. Chairman Rick Rule thanked Ms. McLeod for chairing the elections.

BYLAW CHANGES/AMENDMENTS: Nil

Other Business

Rick addressed the membership on the Student Nutrition Program and their initiative. Rick reported that the programs are community-based and rely on volunteers whose commitment, dedication and support are essential to the ongoing operation and success of the programs. This year Southwest partnered with the Sarnia-Lambton and Chatham-Kent representatives to raise additional funding for the program. Our recent BBQ Tour was dedicated to assisting the Program. Through the generosity of our Members, we were able to raise a total of \$5,666. Rick called on Elaine Lewis & Mary Pat of the Wallaceburg Lend-A-Hand organization and Leslie Palimaka from the Sarnia-Lambton Program to speak further about the program. Following

26TH ANNUAL MEETING MINUTES...Cont'd

January 19, 2016

their presentation Ken Ritchie thanked Elaine, Mary Pat, and Leslie 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. Several door prizes were drawn: door prize winners were Lois Pollock – Lambs wool throw & grocery bag compliments of Cumis Insurance and also a \$25 Superstore gift card compliments of Southwest Regional Credit Union, Elaine Lewis – Cube Speakers, compliments of CGI as well as a \$25 Superstore gift card compliments of Southwest Regional Credit Union, Michelle Morin – Fleece Blanket compliments of CUETS and a \$25 Petro Canada gas card compliments of Central 1, Mary Pat – Tea Infuser & Tea compliments of MC Business Solutions and a \$25 Superstore gift card compliments of Southwest Regional Credit Union, Michelle Seguin – Wine Aerator & Journal compliments of Credential and \$25 Tim Hortons gift card compliments of Central 1, Cathy Van Bunderen – Car Care gift basket compliments of Southwest Regional Credit Union. Rick Rule invited everyone to stay for dessert and coffee.

Adjournment

Rick Rule asked for a motion for adjournment of the 26th Annual Meeting of Southwest Regional Credit Union Ltd., Darragh Ginn motioned and Lorne Johnson seconded at 8:40 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 24, 2017

2016 brought with it a continually expanding and extremely competitive marketplace. It was dominated by incentives designed to attract business from consumers, and we at Southwest Regional Credit Union were 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. While we expect discounted pricing and the pressures it brings to continue, we do anticipate change as financial institutions' pricing models factor in the costs of newly-introduced regulations.

Our efforts remained focussed as we adapted to market conditions and to meeting the demands of our membership. In return, we have been graciously rewarded with strong financial results, allowing us to once again reinvest into the Credit Union and declare both Dividends and Loan Interest Rebates for our members as follows:

• 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%

While we face our share of challenges, we are proud to remain a stable employer, to be financially strong, and of our continued ability to invest in the communities we serve. We have continued to accept donation requests under the Community Reinvestment Program, to 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 such as the member referral program and a competitive car loan and home improvement/construction program. Also, further investment in technology will allow us to:

- introduce a personal Financial Management product tool to our members;
- provide the ability to receive electronic statements rather than relying on mail delivery;
- and, enhance our online credit application.

Looking ahead to 2017, we are mindful of the regulatory pressures that remain in place to ensure greater accountability of management, staff, and Board of Directors. While this imposes heavier burdens, we recognize that in today's complex economy, it is essential in ensuring member deposits are properly protected.

Finally, we are happy to report that Phase 2 of our renovation project at the Exmouth Branch, which included re-facing the front of the building, construction of a new member entrance, and the installation of an elevator, is completed for the most part. Plans are now being reviewed to move forward with completion of the final phase, which will see the head office space expanded and refreshed.

With 2016 behind us, we eagerly look towards 2017 and all that it will bring! We remain incredibly grateful for your support and we look forward to meeting your future financial needs. Together, we hope to move forward by adapting and making this year another successful one.

Respectfully yours,



A handwritten signature in black ink that reads "RWRule".

Richard R. Rule
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 24, 2017

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

The region's economic recovery has been slowly but steadily 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 recently announced mortgage eligibility requirements could slow borrowing activity. The unemployment rate has continued to hover around 8% and not likely to change in 2017. Although the Credit Union remains well positioned to meet lending demands, we anticipate another challenging year for growth.

Your loan department processed 410 loan applications, rejecting and deferring 208 requests and making 202 new loans for \$1,852,663 new money. The number of personal loans outstanding at year-end was 390 for \$4,435,801 and 6 Commercial & Agricultural loans for \$114,078, an overall decrease of (\$462,418). The number of lines of credit outstanding at year-end was 1853 Personal for \$22,055,355 and 76 Business/Agricultural/Association Line of Credits for \$3,056,961, an overall decrease of (\$898,453). The authorized amount that could be utilized is \$36,471,969. The net decrease for the year was (\$1,360,871).

Your loan department processed 183 mortgage applications, rejecting and deferring 96 and booking 87 new mortgages for \$20,656,653. The volume outstanding at year-end was 443 Personal mortgages for \$46,197,890 and 66 Commercial & Agricultural mortgages for \$26,971,121. Total authorized but yet to be advanced is \$3,006,365. The net increase was \$6,241,484.

Staff maintained tight control of delinquent loans. At year-end the Credit Union had one (1) delinquent mortgage account with a loss written off as of October 31, 2016 of \$3,702. Total charge-off for 2015/2016 was eight (8) accounts for \$41,517.97. Bad Debt collections for the year totaled \$5,960.65. Your credit union maintains adequate allowance for future loss exposure.

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

Respectfully submitted,

2015-2016 LENDING ACTIVITY	INCREASE (DECREASE)
Personal Loans	(\$494,003.70)
Personal Lines of Credit	(\$223,343.38)
Lambton Line II (Secured Lines of Credit)	(\$646,961.93)
Residential Mortgages	(\$474,333.77)
Commercial and Agricultural Loans	\$31,586.09
Commercial and Agricultural Lines of Credit	(\$28,148.48)
Commercial and Agricultural Mortgages	\$6,713,993.96
TOTAL	\$4,878,788.79



Sherry Van Bilsen
Director of Sales & Service

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REPORT OF THE AUDIT COMMITTEE

January 24, 2017

Annually, the Board of Directors appoints three (3) Directors according to Section 125 of the Credit Union and Caisses Populaires Act, 1994, to a Committee known as the Audit Committee.

The Committee acts as liaison role between Management, the Board, Internal and External Auditors. For the purpose of performing its work and as mandated by the Act and Regulations, the Audit Committee critically reviews, discusses and takes action on any matters relating to the financial position of the Credit Union to ensure both compliance and fair reporting to the members. With this Report, the Audit Committee is meeting its legal and regulatory requirements to report to the Credit Union's members annually.

The Audit Committee:

1. Met on several occasions beyond its normal requirement to meet quarterly with the Chief Executive Officer, Accounting Manager, Director of Human Resources and the Internal Auditor.
2. Held separate in camera sessions with the Internal and External Auditors.
3. Reviewed, revised and recommended Board approval of assigned sections of the Board of Director's Policies and Resolutions.

Audit Committee Mandate:

As required by the Credit Union and Caisses Populaires Act, the Audit Committee is responsible for:

1. Reviewing the financial statements, internal controls, accounting policies and reporting procedures of the Credit Union.
2. Ensuring the integrity of the financial reporting.
3. Overseeing the management of significant operational risk.
4. Reviewing and recommending to the Board on capital, liquidity management and internal control policies for the Credit Union in addition to monitoring policy compliance.

Financial Reporting and Accounting Policies:

1. Review audited financial statements and recommend Board of Directors approval.
2. Ensure financial statements are presented in accordance with accepted accounting principles and recommend any significant changes in the accounting principles or policies followed by the Credit Union.
3. Serve as a Board resource on matters relating to the financial position of the Credit Union.
4. Review and improve the Audit Plan for the current year.
5. Review and discuss with the Auditors findings of any Audit.
6. Review with Management and the Auditors the relevance and appropriateness of the Credit Union's accounting policies and recommend to the Board all significant policy changes.
7. Ensure that the Credit Union has implemented appropriate systems of internal control over financial reporting and the safeguarding of the Credit Union's assets.
8. Review and recommend to the Board the approval of the risk policies and procedures.

Oversight of Audit Relationships:

1. Review the Auditors' performance and make any related recommendations to the Board of Directors.
2. Ensure that the audit function has been effectively carried out and that any matter the Auditors wish to bring to the attention of the Board of Directors has been addressed.
3. Review recommendations of the Internal Auditor.

Regulatory Compliance:

1. Ensure that all regulatory compliance issues have been identified and addressed in a timely fashion.
2. Review and make recommendations concerning the approval of annual reporting requirements.
3. Monitor and report adherence of the Credit Union's Directors, Officers and employees to the Code of Conduct.

The Audit Committee is pleased to report that there are no recommendations that have not been implemented and the only outstanding issue is the settlement of the Statement of Claim that was reported in the last year's Audit Report.

I would like to thank the Chief Executive Officer, members of the Senior Management Team, all the Credit Unions' staff and my fellow Board Members for their continued dedication and assistance.

Respectfully submitted,



A handwritten signature in black ink that reads "Robbie M. Naughton".

Robbie McNaughton
Audit Committee Chairman

IN THE COMMUNITY

SYDENHAM CHALLENGE
DRAGON BOAT FESTIVAL



YMCA BRIDGE RACE

2016 BBQ TOUR



CONGRATULATIONS!

\$50 ATM

GIVEAWAY WINNERS



Southwest Regional Credit Union Ltd.

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

October 31, 2016



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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, 2016, 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, 2016. We expressed an unmodified audit opinion on those statements in our report dated December 19, 2016. 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, 2016 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Collins Barrow CK, LLP

Chatham, Ontario
 December 19, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS
 LICENSED PUBLIC ACCOUNTANTS

SUMMARIZED STATEMENT OF EARNINGS

Year Ended October 31, 2016

	2016	2015
REVENUE		
Interest from personal loans	\$ 494,083	\$ 553,813
Interest from mortgage loans	2,452,416	2,612,981
Interest from commercial loans	724,580	694,389
Interest from agriculture loans	396,268	389,664
Interest from investments and short-term deposits	392,980	435,502
Service charges	626,674	555,740
Other revenue	10,113	31,149
	<u>5,097,114</u>	<u>5,273,238</u>
INTEREST EXPENSE		
Interest on term deposits	389,930	349,177
Interest on demand deposits	39,227	36,988
Interest on Registered Retirement Savings Plans	300,401	360,995
Interest on Registered Retirement Income Funds	149,153	132,405
	<u>878,711</u>	<u>879,565</u>
FINANCIAL MARGIN	<u>4,218,403</u>	<u>4,393,673</u>
EXPENSES		
Administrative	641,932	624,946
Occupancy	559,206	550,808
Salaries and benefits	1,822,653	1,812,962
Computer and network fees	405,330	364,960
Provision for impaired loans	63,000	94,000
	<u>3,492,121</u>	<u>3,447,676</u>
EARNINGS BEFORE INCOME TAXES AND DISTRIBUTION TO MEMBERS	<u>726,282</u>	<u>945,997</u>
Interest rebate	12,276	13,873
Dividend on dividend savings accounts	125,844	149,156
	<u>138,120</u>	<u>163,029</u>
EARNINGS BEFORE INCOME TAXES	<u>588,162</u>	<u>782,968</u>
INCOME TAXES		
Current	91,374	174,157
Deferred	(9,104)	3,946
	<u>82,270</u>	<u>178,103</u>
NET EARNINGS	<u>\$ 505,892</u>	<u>\$ 604,865</u>

SUMMARIZED STATEMENT OF COMPREHENSIVE INCOME AND MEMBERS' EQUITY

Year Ended October 31, 2016

	<u>2016</u>	<u>2015</u>
Net earnings for the year	\$ 505,892	\$ 604,865
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale financial assets arising during the year	-	(13,277)
Income tax effect	-	3,014
Other comprehensive income (losses)	-	(10,263)
Comprehensive income	<u>\$ 505,892</u>	<u>\$ 594,602</u>
 CONTINGENCY RESERVE		
Balance, beginning of the year	\$ 17,804,724	\$ 17,177,606
Net earnings for the year	505,892	604,865
Reclassification adjustment for gains and losses previously included in accumulated other comprehensive income	-	22,253
Balance, end of the year	<u>\$ 18,310,616</u>	<u>\$ 17,804,724</u>
 ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of year	\$ -	\$ 32,516
Other comprehensive income (losses) for the year	-	(10,263)
Reclassification adjustment for gains and losses realized and included in contingency reserve	-	(22,253)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

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SUMMARIZED BALANCE SHEET
 October 31, 2016

	2016	2015
ASSETS		
Cash and marketable securities	\$ 20,081,451	\$ 24,913,350
Investments	9,882,169	9,748,930
Loans to members		
Personal	5,741,812	6,565,289
Mortgage	66,438,044	67,592,251
Commercial	19,573,091	11,819,116
Agricultural	10,593,812	11,516,814
Capital assets	6,575,738	6,249,004
Other assets	<u>581,024</u>	<u>671,965</u>
	<u>\$ 139,467,141</u>	<u>\$ 139,076,719</u>
LIABILITIES		
Members' deposits	\$ 119,999,355	\$ 120,270,698
Other liabilities	1,007,275	852,462
Members' share capital	<u>149,895</u>	<u>148,835</u>
	<u>121,156,525</u>	<u>121,271,995</u>
MEMBERS' EQUITY		
CONTINGENCY RESERVE	18,310,616	17,804,724
ACCUMULATED OTHER COMPREHENSIVE	<u>-</u>	<u>-</u>
	<u>18,310,616</u>	<u>17,804,724</u>
	<u>\$ 139,467,141</u>	<u>\$ 139,076,719</u>

ON BEHALF OF THE BOARD

R.W. Kule
 Director

Lorne Johnson
 Director



SERVICES OFFERED BY OUR CREDIT UNION

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January 24, 2017

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)
PC 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

DONATIONS AND SPONSORSHIPS

November 2015 to October 2016

BDO Canada Ladies
Invitational Bonspiel
SPONSOR

Breast Cancer Society
DONATION

Brian Fox Memorial
Agriculture Scholarship
BAR-N-BQ DONATION

Canadian Cancer Society
MEMORIAL DONATION

Canadian Cancer Society
MEMORIAL DONATION

Chatham-Kent Pork Producers
DONATION

Children's Health Foundation
DONATION

Christmas for Everyone
DONATION

Corunna United Church
MEMORIAL DONATION

Courtright United Church
AUCTION DONATION

Covenant Christian
Church Mission
DONATION

Dante Club
DONATION

Diabetes Association
MEMORIAL DONATION

Dresden Saddle Club
SPONSOR

Fort McMurray Wildfire
Fundraiser
DONATION

Grain Farmers of Ontario
SPONSOR

Inn of the Good Shepherd
DONATION

Jillian Drouin, Olympic Hopeful
CORUNNA BBQ

John Knox Christian School
DONATION

Kinsmen Club of Wallaceburg
PUMPKINFEST SPONSOR

Lambton College SAC
HANDBOOK

Lambton County
Development Services
CHRISTMAS PARTY SPONSOR

Lambton County
Pork Producers
SPONSOR

LKAITC Action Committee
A TASTE OF LAMBTON-KENT

Mooretown International
Juvenile Silverstick
PROGRAM

Ontario Charitable Foundation

Ontario Sheep
Marketing Association
SPONSOR

Ontario Student
Nutrition Program
WYOMING BBQ

Ontario Sugarbeet
Growers Association
ANNUAL MEETING SPONSOR

Petrolia Optimist Club
DONATION

Plympton-Wyoming
Agricultural Society
FALL FAIR DONATION

Plympton-Wyoming
Agricultural Society
TALENT CONTEST DONATION

Plympton-Wyoming
Tri-Club Tractor Pull
DONATION

Police Retirees
TEDDY BEARS

Rotary Club of Sarnia
DONATION

Rotary Club of Sarnia
TV AUCTION

Royal Canadian Legion Corunna
DONATION

Royal Canadian
Legion Wallaceburg
GOLF TOURNAMENT SPONSORSHIP

Salvation Army
MEMORIAL DONATION

Sarnia Girls Soccer Club
SPONSOR

Sarnia Business Week
SPONSOR

St Patrick's High School
SNOEZELEN ROOM

Sydenham Challenge Dragon
Boat Festival

United Church of Canada
MEMORIAL DONATION

United Way of Chatham-Kent
GOLF HOLE SPONSORSHIP

Wallaceburg & District
Chamber of Commerce
TOY DRIVE

Wallaceburg & District
Chamber of Commerce
AWARD SPONSOR

Wallaceburg Splash Pad
DONATION

Wallaceburg Splash Pad
WALLACEBURG BBQ

Wyoming Lioness
AUCTION DONATION

Wyoming Wee Ones
DONATION

YMCA Bridge Race
SPONSOR

Total Amount of Donations or Sponsorships \$13,531.24

DIVIDEND REBATES 21

January 24, 2017

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%



Southwest

REGIONAL CREDIT UNION

— *Serving People with People Since 1939*

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