



Giving you
more
this decade

2019 Annual Report



Dear Member-Owner,

Each year, our Annual General Meeting and Annual Report have been an important opportunity for us to celebrate the successes of the past twelve months while also setting the stage for the coming year. This year, as our communities face global and local challenges, we wanted to take a moment to highlight our continued belief in, and commitment to, the strength that comes from facing such challenges together.

Over the past two months as the world has faced unprecedented change, we have been proud to watch our communities and member-owners coming together to support each other in hundreds of new ways. From those of you helping at-risk neighbours pick up their groceries, to the parents who must now juggle working from home while supporting their children's learning, to those on the frontlines keeping essential businesses and services running, we have seen your hard work and know that because of it we will come through this stronger and closer than ever before.

If you need help

To support your financial health, Luminus has been working closely with government and regulatory bodies to identify ways to support our member-owners during this crisis through programs like:

- The Canada Emergency Business Account;
- Reduced credit card interest rates for up to 6-months; and,
- Our ongoing mortgage and loan payment deferral options.

Additionally, both Luminus branches remain open, via appointment only, to serve member-owners who need in-person support. As the situation progresses, we will continue to update you on any new programs and avenues for support. If you would like to speak to a Member Relations Representative about these or other options that may be available to you, please call 416.366.5534 or 1.877.782.7639 or email inquiries@luminusfinancial.com.

If you can help

For those member-owners who are able, we encourage you to consider increasing your membership shares and deposits. The credit union relies on having a strong capital base to support new and existing loans while providing consistent growth and returns on your deposits.

And now, through our MOR program, member-owners with at least \$1,000 in membership shares can take advantage of preferred rates and discounts on a variety of products. Increasing your deposits, by even a small amount, will help to bolster our financial base and reduce financial risk as we work to help those most vulnerable in our communities.

Protecting your funds

Additionally, Luminus Financial member-owners benefit from deposit insurance on all non-registered deposits, including those in GICs, chequing and savings accounts (up to \$250,000) by the Financial Services Regulatory Authority of Ontario (FSRA, previously known as DICO or the Deposit Insurance Corporation of Ontario). Registered deposits including RRSPs, RRIFs, RESPs, and TFSAs benefit from unlimited coverage. These protections well exceed the banks' coverage (limited to \$100,000 per product in most cases) and ensures your hard-earned money is safe and secure with Luminus Financial, no matter what.

Looking ahead

While we take this time to look to the year ahead, we may not know exactly what the future will hold, but we do know that none of us will be facing it alone. Because of this, we can be confident that our community, and our credit union, will come out of this stronger than ever before as we firmly believe that what ties us together is far stronger than what is keeping us apart.

Stay safe,

Luminus Financial

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History

While Luminus Financial is a comparably new brand within the Canadian credit union and banking sector, its origins date back to 1951.

At the time, it took the name Starnews Credit Union, founded by a group of Toronto Star employees who wanted a credit union to provide personal banking products and services.

In 2010, Starnews was granted a new status as an open bond credit union, allowing it to amalgamate with four other related credit unions and to serve any individual, business or organization in Ontario.

Luminus Financial was born the following year, with a mission to help its members achieve their financial goals while supporting the communities it served with a clearly better banking experience.

In 2017 another credit union joined Luminus Financial, and together we now serve over 5,000 members, with 2 locations across the GTA and with assets of over \$180 million.

Vision & Mission Statements

Vision Statement

To be our members' first choice for financial products, services and advice.

Mission Statement

WE ARE COMMITTED TO:

- Helping our members achieve their financial goals;
- Encouraging and facilitating the development of our team;
- Supporting our communities.

Values Statement

Luminus is Adaptable, Responsive, Committed and Co-operative (ARCC)

Adaptable

We will expand opportunities by recognizing and responding to changes.

We will position products and services to attract the family unit.

We will embrace and be open to competitive trends.

Committed

We are committed to service excellence.

We will encourage a team environment committed to open and honest communication at all levels to provide better service to our members.

We will embrace and be open to changes that will keep us competitive.

We will be committed to bringing financial awareness and understanding to members so they may be financially independent.

Responsive

We will treat everyone with respect and fairness.

We will be responsive and sensitive to the diverse needs of our members.

We will embrace and be open to changes that will keep us competitive.

Co-operative

We will operate in accordance with co-operative principals:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Co-operation among Co-operatives
- Concern for Community

We will recognize our social responsibilities within our environment and community.

Our Promise to our Members

We will...

Respond with your financial best interests as our priority

Offer a full range of competitive financial products & services

Exemplify all Credit Union principles

Make you glad to be a member, always

Share our profits with you

Treat you as the owner of our institution—because you are

Listen to you

70th Annual General Meeting Agenda

June 25, 2020

- 1 Call Meeting to Order
Confirmation of quorum
- 2 Approve Minutes of the April 4, 2019 Annual General Meeting
- 3 Reports
Board of Directors Chair and Chief Executive Officer
Executive Committee
Audit Committee
- 4 Review of the 2019 Financial Statements
- 5 New Business:
Appointment of External Auditors
- 6 Announcement of Election Results
- 7 Other Business
- 8 Adjournment

Report of the Board of Directors Chair & CEO

As we reflect on 2019 and step into a new decade, we're grateful for our member-owners and the communities we serve.

This time of year always provides a chance to reflect on what we've achieved and what we will set out to do. It's also a time to check those achievements against our four foundational pillars. These are:

1. **Be bold, innovative, and future-focused.**
2. **Grow to \$300-\$500 million in assets profitably.**
3. **Build, acquire, develop, sustain and reward a knowledgeable and passionate workforce.**
4. **Become an influencer within the system.**

Being bold, innovative and future-focused.

This past year we saw several innovations here at Luminus. We updated our security to keep our online banking at the forefront of cybersecurity recommendations, and we also developed one of our boldest, most future-focused initiatives to date. On the back of member surveys and extensive planning, we are now proud to launch that initiative: **MOR Rewards**.

MOR Rewards is a program designed to give more back to our members. It offers a mix of rewards including boosted rates on many deposits, reduced rates on certain loans, and more immediate rewards like gift cards. We've

tied this initiative into our Investment Shares Program and urge anyone interested in how it works to speak to a member of our team or check out our website (<https://campaigns.luminusfinancial.com/mor-program/>).

We are continually looking for new ways to reward our members and give back to the community. This rewards program is a result of those efforts, and we will continue to find new ways to support our member-owners. Which brings us to our second pillar:

Growing to \$300-\$500 million in assets profitably.

Our total assets continued to show welcome growth, from \$175.3 million in 2018 to \$181.2 million in 2019. Similarly, Net income jumped dramatically from \$107,000 to \$341,000. This growth means we will be sharing our revenue with members with a dividend payout of 3% on all investment and member shares. We believe our recent focus on education is a big part of this growth, bringing us to pillar three:

Build, acquire, develop, sustain and reward a knowledgeable and passionate workforce.

Rather than laying the onus for improvement on our individual employees, the board and leadership team decided to lead by example

from the top down. This focus on personal development at the highest level has trickled down with growth in numerous areas of Luminus Financial. It started with developing personal development and education plans for each board member and has expanded into a desire and passion to better understand the development needs of every member of the Luminus family with targeted plans to meet them.

Our investment in this highly individualized, strategic education reflects the growth of Net Income growth. When we pulled the numbers, we noticed that education costs with retention motivation saw a 483% increase (\$12,849) by 2019, and Net Income growth increased by 468% to \$341,000 in 2019.

Perhaps more compelling than this is how the board's education has led to a wholesale change to how we do work, such as creating a more flexible workplace with the introduction of wellness bonuses, flexible work hours, and many other new innovative and low cost policy initiatives. Discussing how we can make Luminus better through our people has now and will continue to be a priority in board meetings. The board sees the value added by continual personal development, including creating an authentic culture of learning and employee engagement at all levels of Luminus.



Jon Olinski
CHAIR, BOARD OF DIRECTORS

In 2020 we will see the launch of our Executive Coaching for the Senior Leadership Team, which will continue our efforts to surpass industry standards when it comes to our capabilities. Which brings us to pillar four:

Become an influencer within the system.

The year 2019 was another excellent year for Luminus, and our hard work was recognized with a Toronto Star Community Choice Award. The award reflects the hard work our team has put into creating a genuinely member-centric credit union that consistently puts our community first. We held multiple events in our Financial Hub, helping to support local businesses and bolster our services by providing excellent financial advice to anyone who walked through our doors. As we progress, we will continue to offer sound financial education both through our online marketing efforts and in person.

Each year, these four pillars allow us to check our progress against our goals, keeping us on track and reminding us of what truly matters. As we learn and grow, we will continue to look for innovative ways to support our community. We're confident that by doing so we will give you even more this decade.

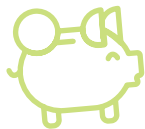
We are thankful for the opportunity to serve you, and we look forward to continuing to work together long into the future.



George De La Rosa
CHIEF EXECUTIVE OFFICER

2019 Financial Results

The following financial results were achieved in 2019



Net income was
\$341,000



Total assets
increased to over
\$181.1 Million



Members' deposits
increased to
\$169.5 Million



Financial expenses
increased to
\$4.1 Million



Financial income
increased to
\$7.2 Million



Total regulatory capital
to risk weighted assets
ratio was
11.80%



Loans to members
increased to
\$162.6 Million



Total regulatory capital
to assets ratio was
5.21%

Executive Committee Report

The Executive Committee continues to serve the members of Luminus Financial and is pleased to share the following information with its members. For the fiscal year of 2019, a total of 138 credit

applications were approved and funded with a value of \$40,795,450. The following chart details the net funded balances within the following loan classes and compares them to the previous two years*:

Loan Class	2019		2018		2017	
	#	\$	#	\$	#	\$
Residential Lending	60	\$33,110,721	56	\$33,110,721	77	\$32,012,481
HELOCs	26	\$4,184,841	27	\$4,178,967	74	\$15,006,700
Personal Loans	43	\$335,881	81	\$2,184,146	77	\$1,254,389
Personal LOCs	7	\$95,786	15	\$277,770	4	\$83,593
Commercial Lending	2	\$3,068,221	0	\$0	11	\$8,936,003
Total	138	\$40,795,450	179	\$39,751,604	243	\$57,293,166

*Overdraft accounts have not been included in the above table..

In 2019, a total of 71 applications were cancelled or declined compared to 111 applications in 2018 as they had rescinded their request or not met the criteria from a credit or policy perspective.

As at December 31, 2019 loans in arrears for 90 days or more amounted to a total exposure of \$682,000 compared with a total exposure of \$598,000 as at December 31, 2018. For those facilities that have been deemed impaired, the causes range from loss of income or employment, illness,

disability or passing away.

The Executive Committee continues its role of reviewing and approving all director and officer loans. The committee also provides management with valuable suggestions to apply to the everyday business of the credit union.

Respectfully presented this 2nd day of April 2020 by the Executive Committee:

Jonathan Bowness
Michael Mathieson
Jonathan Olinski

Audit Committee Report

Pursuant to section 125 of the Credit Unions and Caisses Populaires Act, 1994, the board of directors appointed a minimum of three (3) directors to the Audit Committee, a sub-committee of the board.

The Audit Committee met on a quarterly basis to carry out their duties as defined in the Act and as stipulated in the credit union's policies and procedures. The following were the duties performed by the Audit Committee during 2019:

- Reviewed complaints and issues concerning privacy and ensured compliance with the Personal Information Protection and Electronic Documents (PIPED) Act initiated in 2001. We can report that Luminus is in compliance with the legislation as of December 31, 2019.
- Reviewed results of the external audit services provided by Grant Thornton LLP.
- Developed and approved an internal audit plan in collaboration with PRA Canada.
- Reviewed the Luminus Disaster Recovery Plan that will ensure protection of the assets of Luminus and its members, in the event that unforeseen circumstances prevent normal operating conditions.
- Reviewed risk management policies and procedures of Luminus. This review pointed no major areas of weakness that require correction.
- Reviewed the policies, procedures and controls used by management to which relate to legislative compliance with particular focus on Capital, Liquidity Management, Investment and Interest Rate Risk.
- Reviewed regular reports provided by management to ensure that Luminus complies with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.
- On March 4, 2020, the Audit Committee met with the external auditors to review and discuss the draft financial statements for the year ended December 31, 2019. A report was presented to the Board of Directors for approval of the draft financial statements which was also held on March 4, 2020.

Respectfully presented this 2nd day of April 2020 by the Audit Committee:

Paul Miller, Audit Committee Chair

Arnold Denton

Ashana Khanna

Jonathan Bowness

Independent Auditor Report

On the Summary Financial Statements



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To the Members of Luminus Financial Services & Credit Union Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2019, the summary statements of comprehensive income, changes in members' equity, and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Luminus Financial Services & Credit Union Limited as at December 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the financial statement, in accordance with the criteria disclosed in Note 1 to the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Credit Union's audited financial statements and the auditor's report thereon.

The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on those financial statements in our report dated March 4, 2020.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1 to the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

Mississauga, Canada
March 4, 2020

Grant Thornton LLP
Chartered Professional Accountants
Licensed Public Accountants

Investment Share Dividends

As with every year, Luminus Financial shares a portion of its profits with member-owners through dividends on investment and membership shares. This year we are pleased to announce the following:

Class A series 1 Investment Shares:

Member-owners that held Class A Series 1 Investment Shares as of December 31st, 2019 will receive a dividend of 3.00%.

Class A series 2 Investment Shares:

Member-owners that held Class A Series 2 Investment Shares as of December 31st, 2019 will receive a dividend of 3.00%.

Membership Shares

Member-owners that held membership shares as of December 31st, 2019 will receive a dividend of 3.00%.

SUMMARY FINANCIAL STATEMENTS

Luminus Financial Services & Credit Union Limited Summary Statement of Financial Position (in thousands) as of December 31, 2019

	2019	2018
Assets		
Cash	2,177	4,392
Investments	13,021	11,265
Loans to members	162,577	156,740
Other assets	750	685
Property and equipment	2,416	1,902
Intangible assets	239	285
	181,180	175,269
Liabilities		
Term Loan	1,000	5,000
Members' deposits	169,464	160,857
Other liabilities	517	281
Lease liability	845	-
Shares	453	469
	172,279	166,607
Equity		
Shares	5,640	5,637
Retained earnings	2,361	2,125
Contributed surplus	900	900
	8,901	8,662
	\$181,180	\$175,269

On behalf of the Board:



Jon Olinski



Paul Miller

Luminus Financial Services & Credit Union Limited

Summary Statement of Comprehensive income

(in thousands) year ended December 31, 2019

	2019	2018
Financial income		
Loans	6,839	5,970
Investments	347	239
	7,186	6,209
Financial expense		
Member deposits	4,030	3,174
External borrowings	45	99
	4,075	3,273
Financial margin	3,111	2,936
Provision for impaired loans	45	32
Net interest income after provision for impaired loans	3,066	2,904
Other income	744	694
Operating margin	3,810	3,598
Operating expenses		
Administrative expenses	1,605	1,798
Remuneration to staff	1,358	1,336
Depreciation	526	375
	3,489	3,509
Income before taxes	321	89
Income taxes		
Current	26	-
Deferred	(46)	(18)
	(20)	(18)
Net income and comprehensive income	\$341	\$107

Luminus Financial Services & Credit Union Limited Summary Statement of Changes in Members' Equity (in thousands) year ended December 31, 2019

	Shares	Retained Earnings	Contributed Surplus	Total
Balance at				
December 31, 2017	5,719	2,283	900	8,902
Adjustments from the adoptions of IFRS 9	-	(68)	-	(68)
Adjusted balance on January 1, 2018	5,719	2,215	900	3,834
Net Income	-	107	-	107
Redemptions of Class A				
Investment shares	(82)	-	-	(82)
Dividends paid on Class A				
Investment shares, net of tax	-	(197)	-	(197)
Balance at				
December 31, 2018	5,637	2,125	900	8,662
Net income	-	341	-	341
Issuance of Class A				
Investment shares	82	-	-	82
Redemptions of Class A				
Investment shares	(79)	-	-	(79)
Dividends paid on Class A				
Investment shares, net of tax	-	(105)	-	(105)
Balance at December 31, 2019	\$5,640	\$2,361	\$900	\$8,901

Luminus Financial Services & Credit Union Limited Summary Statement of Cash Flows (in thousands) year ended December 31, 2019

	2019	2018
Increase (decrease) in cash and cash equivalents		
Operating		
Net income	341	107
Adjustments for:		
Provision for impaired loans	45	32
Accretion of interest on lease liability	(30)	-
Depreciation	491	375
Deferred income taxes	(46)	(18)
Changes in member activities:		
Increase in loans to members (net)	(5,879)	(13,629)
Increase in deposits of members (net)	8,600	14,488
Changes in other non-cash items:		
Other assets	(19)	(94)
Payables and accruals	236	(233)
	3,739	1,028
Financing		
Distribution to members	(23)	(197)
Repayment of external borrowing	(4,000)	(1,000)
Principle repayments of lease liability	(142)	-
Decrease in shares (net)	(13)	(108)
	(4,178)	(1,305)
Investing		
(Purchases)Proceeds from sale of investments (net)	(1,758)	218
Purchase of property and equipment	(8)	(10)
Purchase of intangible assets	(10)	-
	(1,776)	208
Net decrease in cash during the year	(2,215)	(69)
Cash, beginning of year	4,392	4,461
Cash, end of year	2,177	4,392
Interest received	7,146	6,137
Interest paid	3,795	2,834

Luminus Financial Services & Credit Union Limited

Notes to the Summary Financial Statements

as of December 31, 2019

Basis of presentation (Note 1)

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as at December 31, 2019 and 2018 and for the years then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be included so that they are consistent in all material respects with, or represent a fair summary, of the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- a) The summary financial statements include a statement for each statement included in the audited financial statements;**
- b) Information in the summary financial statements agrees with the related information in the audited financial statements;**
- c) Major subtotals, totals and comparative information from the audited financial statements are included; and**
- d) The summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summary financial statements.**

In addition, a copy of the audited financial statements is available to any member, upon request, at either branch of the credit union.

MOR PROGRAM

Get MOR from your membership with the Member-Owner Rewards program.

Do you want to get more from your investment portfolio? Get access to preferred investment rates, member-only perks, and special discounts on loans with the Member-Owner Rewards (MOR) program.

As a member-based organization, we are always looking for new ways to support your financial growth while strengthening the credit union as a whole.

The MOR program does just that, by giving you access to financial perks and discounts just for investing in Luminus' already high-performing Investment Shares offer.

With a minimum of \$1,000 purchase of Membership or Investments shares, you will be eligible for a range of rewards including:

- Investment bonuses of up to 0.25%*
- Special discounted rates on new loans* and services
- An average 3.11%** dividend on your Investment Shares each year
- A \$50 annual gift card of your choice from our list of preferred vendors

Just some of the products your MOR discount could apply to:

- New lines of credit
- Car loans
- Travel loans
- Business loans
- RSP rates and RSSP Loans

In addition, Luminus will cover the cost of mortgage appraisals for those eligible for MOR rewards.

Get MOR for your portfolio.

Don't miss out on this unique opportunity to take control and get MOR with your financial portfolio. Invest in the future of Luminus Financial and tap into a unique set of discounts on a number of our most popular loans and services. Become a MOR member today!



DETAILS: [Campaigns.luminusfinancial.com/mor-program](https://campaigns.luminusfinancial.com/mor-program)

TALK TO US: 416-366-5534 | inquiries@luminusfinancial.com

** Conditions apply. See online for details.*

**LUMINUS FINANCIAL SERVICES
MINUTES OF THE ANNUAL GENERAL MEETING
HELD ON APRIL 4, 2019 AT 6:30 P.M.
IN THE FINANCIAL HUB AT
1 YONGE STREET, TORONTO, ONTARIO**

CALL TO ORDER

Paul Miller, Chair, Board of Directors, welcomed everyone to the 69th annual general meeting of Luminus Financial Services. He noted that the theme for this year's AGM is to continue strengthening Luminus' foundation.

The Chair noted that this past year, the Board and the Executive team worked together to establish a detailed strategic plan for growth which includes the following four foundational pillars: Be bold, innovative, and future-focused; Grow to \$300-\$500 million in assets profitably; Build, acquire, develop, sustain and reward a knowledgeable and passionate workforce; and Become an influencer within the system.

The Chair confirmed that a quorum had been reached with 38 members in attendance and seven guests. The Chair declared the meeting duly constituted to conduct business. The meeting was called to order at 6:31 p.m.

The Chair introduced the members of the Board in attendance:

Paul Miller	Chair
Jon Olinski	Vice-Chair
Michael Mathieson	Corporate Secretary
Jonathan Bowness	Director
Arnold Denton	Director
Colleen Gray	Director
Ashana Khanna	Director
Andrew Maund	Director
Kevin Maisonville	Director
George De La Rosa	Chief Executive Officer

The Chair introduced the following people:

Penny Rintoul	Solicitor, RZCD Law Firm
Filip Curovic	Auditor, Grant Thornton LLP
Janelle Greenidge	Recording Secretary, Minutes Solutions Inc.

The Chair welcomed various representatives from the Financial Hub collaborators, regulators and other service providers who help Luminus serve its member-owners.

APPROVAL OF THE AGENDA

The Chair directed the member-owners' attention to the proposed agenda included in the meeting materials.

The Chair proposed that the discussion on Special Business, which is the by-law amendment, be dealt with after approving last year's minutes. There were no concerns voiced.

MOTION to approve the agenda as amended.

Moved by: Miguel Garcia

Seconded by: S. Taheri

Carried

MINUTES OF THE MEETING HELD ON APRIL 5, 2018

Corporate Secretary, Michael Mathieson, directed owner-members' attention to the minutes of the annual general meeting held on April 5, 2018. Everyone having a copy, he asked for a motion to dispense with the reading of the minutes.

MOTION to dispense with the reading of the minutes of the annual general meeting held on April 5, 2018.

Moved by: Kevin Maisonville

Seconded by: Linda Larson

Carried

The Corporate Secretary asked if there were any amendments required. None being requested, he asked for a motion to approve the minutes.

MOTION to approve the minutes of the annual general meeting held on April 5, 2018, as presented.

Moved by: Glenn Pollinger

Seconded by: Colleen Gray

Carried

Amendment to Luminus' By-Law

The Chair called on Penny Rintoul to present the proposed Special Business, which is the amendment to Luminus' By-Laws.

P. Rintoul explained the reason for the change to the By-Law noting the amendment as follows:

To consider as special business an amendment to the Credit Union's by-laws where the Board may fix, in advance, a date preceding the date of any meeting of members by no more than fifty (50) days and not less than ten (10) days, as a record date for the determination of the members entitled to notice of the meeting, provided that notice of such record date shall be given not less than seven (7) days before such record date by newspaper advertisement. If no record date is fixed, the record date for determining the members entitled to notice of any annual general meeting of the members shall be the last day, other than a Non-Business Day, of the fiscal year of the Credit Union to which that annual general meeting pertains, and for any other meeting of the members shall be at the close of business on the day immediately preceding the day on which the notice is given.

MOTION to approve the Amendment to Luminus By-Laws as presented.

Moved by: Glenn Noble

Seconded by: Diane Pollinger

Carried

ELECTION OF DIRECTORS

Jonathan Bowness, Chair of the Nominating Committee, advised those present that the Committee comprised of Michael Mathieson, Kevin Maisonville and himself had met on March 7, 2019, to review the nominations.

The goal of the Committee was to ensure that the governance structure remains strong to guide Management in the continued growth of Luminus for the benefit of the member-owners and the community.

As announced earlier in the year, three positions on the Luminus Board of Directors were available.

The nominating committee confirmed that five nominations were received. However, after further reviews two nominees were not eligible for election under the by-laws of the credit union. Three nominations were accepted, approved and recommended to the Board of Directors on March 7, 2019. The nominees were as follows:

- Arnold Denton
- Jon Olinski
- Glenn Pollinger

In light of the fact that there are three vacant positions, and three qualified applicants, J. Bowness advised that an election will not take place. The three candidates will be acclaimed.

J. Bowness announced that Arnold Denton, Jon Olinski and Glenn Pollinger were elected to the Board of Directors by acclamation.

The Chair congratulated the three nominees.

REPORT OF THE BOARD OF DIRECTORS' CHAIR AND THE CHIEF EXECUTIVE OFFICER

Chair Paul Miller presented the Board's report as follows:

P. Miller noted that as they reflect on 2018, they are grateful for the impact Luminus' services have had on the members and the communities throughout the year. With the new financial year, it is important to acknowledge the work that was done but also to look at this year as an opportunity to strengthen the foundations of the credit union while seeking new opportunities for growth.

This past year, the Board and the Executive Team worked together to establish a detailed strategic plan for growth, which includes four foundational pillars. These are:

- Be bold, innovative, and future-focused.
- Grow to \$300-\$500 million in assets profitably.

- Build, acquire, develop, sustain and reward a knowledgeable and passionate workforce.
- Become an influencer within the system.

“Being bold, innovative and future-focused:

2018 saw a number of exciting opportunities moved ahead for Luminus Financial. Off the back of its success with the Victory Community Credit Union merger, we continue to look outwards for other potential opportunities. Such partnerships help strengthen the brand and asset base while supporting the growth of Ontario credit union partners as well as their communities.

2018 also saw plenty of new product offerings with the Interac Flash card, new Visa credit cards, and streamlined online banking taking center stage. Going forward, Luminus will continue to build on the success of tools like these that make everyday banking simple for our member-owners.

One feature we are excited to see launched is Enhanced User Functionality from Interac which allows members to request payments online, not just make them.

When we talk about staying future-focused, we are continually looking for new ways to leverage technology and improve member communication. You may have noticed that we have started sending regular newsletters, email blasts and use our social media accounts to educate and inform members and the community. We will continue to use these tools to throw open the doors and invite more people from our communities into the Luminus conversation. So, if you have not already, we urge you to sign up. You will get updates that cover everything from fraud prevention to the latest tools we have built to help you secure your financial future.

Growing to \$300-\$500 million in assets profitably:

Nothing speaks louder than the numbers when it comes to summing up a financial year, and we are proud to report that Luminus Financial grew its assets in 2018 by close to \$13 million. We also earned over \$6.2 million in revenue for the year, which is a growth of \$1.5 million compared to the prior year, and we don't intend to stop there. This result helps us set realistic goals for growth, and is a trend that we have budgeted for in 2019. The key to reaching these goals at Luminus is our workforce. Which brings us to our third pillar.

Build, acquire, develop, sustain and reward a knowledgeable and passionate workforce:

Central to what we do is who we are. In 2018, we took a more in-depth look at our workforce to see where we can improve, launching our inaugural Employee Voice Engagement Survey. With 78% overall engagement, there was plenty of food for thought and a long list of what we are doing well and where we can do even better. We want to provide a great work/life balance for our staff and this feedback will help make that goal a reality.

Become an influencer within the system:

We are constantly looking to build brand awareness and become a prominent voice in the credit union system. Our board participates in various networking events within the

industry, including meetings with Central 1, the Canadian Credit Union Association, as well as local and provincial government representatives. Our CEO is also a director on the Credit Union Council and the Credit Union Services Association, actively participating in the working group that is providing feedback to the new Financial Services Regulatory Authority of Ontario as it begins to form in 2019."

P. Miller noted that at Luminus, these pillars allow them to create a future-focused strategy in a quickly changing world.

"We constantly look to innovate, learn and influence, while keeping our community values at the core of everything we do. We are confident that the work we have done is only the beginning and 2019 will be full of opportunities to grow. By building on our past successes, and never losing sight of the future, we will work together to strengthen Luminus' foundations.

As we look back on another rewarding year, we are thankful for the opportunity to serve you, and look forward to continuing to create unique financial solutions to help you achieve your goals."

Chief Executive Officer, George De La Rosa, highlighted the following 2018 financial highlights in his report:

G. De La Rosa stated that this past year came with many challenges and many changes, but with the assistance of the senior management and all staff they have kept the pace going to ensure that Luminus achieved the results proposed to the Board of Directors in the fall of 2017.

- *"The net income for the year was \$107,000, which was about \$12,000 more than was budgeted for the year.*
- *Total assets increased from 2017 to \$175.2 million; however, that was under budget by approximately \$7.8 million. The main reason was to ensure that we maintained a slower growth for the year in order to ensure increased profitability, proven by our net income results, and keeping a good level of regulatory capital.*
- *Members' deposits increased to \$160.9 million, which was approximately \$6.0 million below budget for the same reasons as our miss on the asset growth.*
- *High Interest Savings Account rates at 1.75% which is double the average of the posted rates offered by other financial institutions.*
- *The total regulatory capital to risk weighted assets was 12.1% which was approximately 1% higher than budget, and 4% above the regulatory minimum required.*
- *The total regulatory capital to assets ratio was 5.3% which was approximately .50% higher than budget, and 1.3% above the regulatory minimum required."*

The Chair asked if there were any questions. There being none, he asked for a motion to approve the reports.

MOTION to approve the Board of Directors Report and the Chief Executive Officer Report as presented.

Moved by: Miguel Garcia

Seconded by: Dave Bennett

Carried

EXECUTIVE COMMITTEE REPORT

Paul Miller presented the Executive Committee Report. Members of the Committee are Paul Miller, Jon Olinski and Michael Mathieson. The following items were highlighted for the fiscal year of 2018:

- A total of 179 credit applications were approved and funded with a value of \$39,751,604
- There were 112 Personal Loans for \$2,291,427
- There were 70 Residential Lending Loans for \$33,890,645
- There were 51 HELOCs for \$6,400,313

The Chair asked if there were any questions. There being none, he asked for a motion to approve the report.

MOTION to approve the Executive Committee Report as presented.

Moved by: Carlo Polidoro

Seconded by: Glenn Pollinger

Carried

AUDIT COMMITTEE REPORT

Jon Olinski, Chair of the Audit Committee, presented the report. The following items were highlighted:

Jon Olinski noted that Pursuant to the Credit Unions and Caisses Populaires Act, the Board of Directors appointed a minimum of three (3) Directors to the Audit Committee, a sub-committee of the Board. However, the Board of Directors appointed four members to the Committee. The members of the Audit Committee are: Jonathan Bowness, Ashana Khanna, Andrew Maund and Jon Olinski.

- The Audit Committee meets quarterly to carry out their duties as defined in the Act and stipulated in the credit union's policies and procedures.
- Review of complaints and issues concerning privacy, a review of the results from the external audit services provided by Grant Thornton LLP, a review of the Luminus Disaster Recovery Plan, as well as risk management policies and procedures.
- Review of the policies, procedures and controls used by Management that relate to legislative compliance with particular focus on capital, liquidity management, investment and interest rate risk.
- Review of regular reports provided by Management to ensure that Luminus complies with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

- Met with the external auditors on March 7, 2019 to review, discuss and approve the draft financial statements for the fiscal year ending December 31, 2018. A copy of the audited financial statements was included in the meeting materials.

Jon Olinski asked if there were any questions. There being none, he asked for a motion to approve the report.

MOTION to approve the Audit Committee Report as presented.

Moved by: Kevin Maisonville
Seconded by: Jonathan Bowness
Carried

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

Filip Curovic of Grant Thornton LLP presented a review of the audited financial statements for 2018. He concluded by stating that in his opinion, the financial statements derived from the audited financial statements of Luminus Financial Services & Credit Union Limited for the year ended December 31, 2018, were a fair summary of those financial statements in accordance with the criteria disclosed in Note 1.

The Chair asked if there were any questions. There being none, he asked for a motion to approve the audited financial statements for 2018.

MOTION to approve the audited financial statements for the fiscal year ending December 31, 2018, as presented.

Moved by: Carlo Polidoro
Seconded by: Michael Mathieson
Carried

APPOINTMENT OF THE AUDITOR

The Chair called on the membership to approve Grant Thornton LLP as the auditors for 2019.

MOTION to appoint Grant Thornton LLP as the auditors for 2019 and to authorize the Board of Directors to fix the remuneration of such auditor.

Moved by: Miguel Garcia
Seconded by: Linda Larson
Carried

OTHER BUSINESS

Presentation from Weston Minor Hockey League

Dave Bennett expressed thanks to Luminus for the support they provide to the Weston Minor Hockey League. With Luminus' sponsorship they are able to keep the fees under \$600.

Door Prizes

The Chair acknowledged the generous donations by Luminus partners who have helped Luminus to continue to serve the membership. The partners include:

- CUMIS
- RZCD Law Firm
- Spectrum Canada
- Luminus Financial
- Grant Thornton LLP

ADJOURNMENT

MOTION to adjourn the annual general meeting at 7:11 p.m.

Moved by: Diane Pollinger

Seconded by: Ann Noble

Carried

With no further business to discuss, the meeting adjourned at 7:11 p.m.

Chair

Secretary

Date

Date



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Memberships are open to anyone living or working in Ontario.

