

2013 Annual Report

Here's to your wealth



**HERE'S TO
YOUR WEALTH**

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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 seize 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

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

We will develop products and services for members and their families

Committed:

We are committed to excellence in service

We will encourage a team environment committed to open and honest communication at all levels

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

Co-operative:

We operate in accordance with co-operative principles:

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 the community



Our Promise to our Members



64th Annual General Meeting Agenda

April 2, 2014



What is Co-Operative Banking?

Co-operative banking at a credit union is banking that offers you all the products, services and security you need to successfully manage your banking life.

With one very powerful difference.

Co-operative banking is based on the idea that profits should have a higher purpose. They should be returned to you in the form of great rates and better service. And they should be put back into the community where you live to do good.

Benefits of working with a Credit Union includes:

- financial freedom for members, who are also owners of their credit unions
- banking profits are reinvested back into the communities that credit unions serve to do good things for everyone
- banking services that are customized to members' needs rather than focused on what can be sold to them, and
- localized decision making



Report of the Board of Directors Chair and Chief Executive Officer

Here's to your wealth

Over 60 years ago, a group of employees from the Toronto Star decided to pool their money and form a credit union that could provide banking products and services for people who needed help obtaining a mortgage or personal loan. Today you, our member-owners, have various institutions that can assist you with your banking and lending; however you've chosen to increase your wealth with Luminus Financial. Why? Because as a member-owner of our organization, you profit by banking with us. We offer a full range of products and services with rates that are unbeatable. For example, our investment savings account pays a rate of 1.50%, which is over one-third higher than the average. Some of you have even purchased investment shares with Luminus, earning a total of 15% return in five years.

Your board of directors and management work very hard to offer the best for you – not just in rates but in products and technology. During 2013 we implemented various changes to the way we provide services to our member-owners. We launched our e-statements, email money transfers, mobile website, instant cheque orders, online membership application, and introduced our “Remit Now, Pay Later” program in partnership with one of the largest banks in the Philippines. With this program we introduced Luminus Financial to the Filipino community of Ontario with various events across Toronto, including the Mabuhay Festival at Harbourfront Centre.

Last year also saw the creation of our Business Relationship Manager position, which serves as the primary contact for business accounts. This new position helps us maintain closer liaison with all business accounts at Luminus Financial. Business accounts represent a good portion of our asset mix and membership, which is why we've launched various solutions to help businesses with their banking and payment processing needs, including electronic fund transactions, foreign exchange wires, credit, debit and online merchant services.

Next year, Luminus Financial plans to implement eSignatures to facilitate the signing of documents from the comfort of your own computer. We will launch our mobile smartphone application and potentially the Deposit Anywhere application – both of which will make it easier for you to do your banking from anywhere at any time. Finally, we will partner with various businesses in order to launch a prepaid debit-credit card that brings many benefits to businesses and members.

Conclusion

We would like to take this opportunity to thank our staff and board members for their continued commitment to providing our member-owners with “clearly better banking.” To our members-owners, a big thank you goes out to you all for trusting us with your wealth. Remember, the more you bank with us, the more rewarding it is. This year, we will once again share our profits with you. The member rebates and dividends will be posted to all eligible accounts no later than April 4th, 2014.

Respectfully presented this 2nd day of April 2014.

Paul Miller
Chair, Board of Directors

George De La Rosa
Chief Executive Officer

2013 Financial Results

The following financial results were achieved between 2012 and 2013:



CASH RESOURCES
DECREASED TO
APPROXIMATELY
\$3.2 million



LOANS TO MEMBERS
INCREASED TO OVER
\$68.3 million



MEMBER DEPOSITS
INCREASED TO OVER
\$70 million



TOTAL ASSETS
GREW TO OVER
\$78 million



INTEREST INCOME
WAS STEADY AT
APPROXIMATELY
\$2.9 million



NET INTEREST INCOME
INCREASED TO CLOSE TO
\$2 million



MEMBERS' EQUITY
INCREASED TO OVER
\$5.1 million



TOTAL ELIGIBLE CAPITAL
TO ASSETS RATIO
REMAINED CONSISTENT AT
7%



TOTAL ELIGIBLE CAPITAL
TO RISK WEIGHTED
ASSETS RATIO DECREASED TO
15.1%

Member Rebates and Investment Share Dividends

As always, Luminus Financial shares a portion of its profits with members through our Member Rebate Program as well as Investment Shares.



1.0%



Member Rebates:

Members that held a Luminus Mortgage or Meritline during 2013 will receive a rebate on the interest paid for those products of 1.0%.

Investment Shares:

Members that held Investment Shares during 2013 will receive a dividend of 3.0%



3.0%

The rebates and dividends will be made to each eligible account no later than April 4th, 2014.

Credit Committee Report

The Credit Committee continued to serve the members of Luminus Financial and is pleased to share the following information with its members.

For the fiscal year of 2013, a total of 401 credit applications were approved and funded with a value of **\$15,369,711.99**. The following chart details the specific loan class and compares them to last year:

2013	2012
100 Personal Loans for \$1,005,716.85	211 Personal Loans for \$2,076,759.99
50 Mortgages for \$11,050,628.65	44 Mortgages for \$ 9,576,195.33
4 Meritlines (Equity Lines of Credit) for \$710,000.00	21 Meritlines (Equity Lines of Credit) for \$1,846,600.00
35 Personal Lines of Credit for \$244,500.00	55 Personal Lines of Credit for \$316,025.00
203 Overdrafts for \$101,500.00	30 Overdrafts for \$15,000
4 Bridge Financing for \$435,300.00	2 Bridge Financing for \$307,400.00
4 Syndicated Mortgages & Loans for \$822,066.49	2 Syndicated Mortgages & Loans for \$1,500,000.00
1 Commercial Mortgages & Loans for \$1,000,000.00	0 Commercial Mortgages & Loans
Total Applications: 401	Total Applications: 365
Total Value: \$15,369,711.99	Total Value: \$ 15,637,980.32

In 2013, a total of 144 applications were declined, compared to 117 applications in 2012. The reasons for the decline ranged from credit history to the inability to pay.

As of December 31, 2013, there were 8 loans in arrears for 90 days or more for a total of **\$53,317.09**, compared to 12 loans in arrears for a total of **\$551,054.07** in 2012. The reasons for not paying debt ranged from accumulated debts or bankruptcy to lack of income due to unemployment.

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

Respectfully presented this 2nd day of April 2014.

Credit Committee

Paul Miller, Chair Jmee-Lynn Widjaya Andrew Maund

Report of the Audit Committee

Pursuant to section 125 of the Credit Unions and Caisses Populaires Act, 1994, the board of directors appointed a minimum of two (2) 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 2013:

- 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, 2013.
- Reviewed results of the external audit services provided by MNP LLP.
- 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 that 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 February 26, 2014 the Audit Committee met with the external auditors to review, discuss and recommend approval of the draft financial statements for the year ended December 31, 2013. A report was presented at the next regular meeting of the Board of Directors.

Respectfully presented this 2nd day of April 2014.

Audit Committee

Adam Kirilo, Audit Committee Chair

Andrew Maund

Glenn Pollinger

Jmee-Lynn Widjaya

Our Products

PERSONAL BANKING

Chequing Accounts:

- FiveStar Chequing Account
- CUSAVE Package
- The Personal 1

Savings Accounts:

- Investment Savings Account
- Tax-Free Savings Account
- Plan 24 Daily Interest Savings Account

Other Services:

- Wire Transfers, Traveler's Cheques & Foreign Currencies
- Remit Now, Pay Later

PERSONAL BORROWING

- Mortgage
- Personal Loans
- RRSP Loans
- Lines of Credit
- Luminus
- MasterCard®

PERSONAL INVESTING

- Term Deposits
- Mutual Funds
- Retirement Savings Plan (RRSP)
- Registered Education Savings Plan (RESP)
- Retirement Income Fund (RRIF)
- Online Brokerage
- Luminus Financial Investment Shares

PERSONAL INSURANCE

- Life and Sickness & Accident Insurance
- Group Mortgage Protection
- Auto Insurance
- Buyer Insurance
- Home Insurance
- Travel Insurance

For more information on our product and services, please visit www.luminusfinancial.com or call our financial professionals at 1.877.782.7639.

BUSINESS BANKING

- Business Full Service Chequing Account
- Organization/Club Account

BUSINESS BORROWING

- Commercial Loans, Mortgages and Lines of Credit
- Luminus Business MasterCard

BUSINESS INVESTING

- Luminus Financial is a great place to start if you're new to investing, and a great way to build, diversify and also protect your investments.



For more information on our product and services, please visit www.luminusfinancial.com or call our financial professionals at 1.877.782.7639.

Luminus Financial Services & Credit Union Limited Statement of Financial Position

As at December 31, 2013

In \$	2013	2012
Assets		
Cash	3,208,823	7,567,066
Investments	5,693,657	5,392,671
Member loans	68,347,888	63,516,533
Other assets	222,498	302,995
Property and equipment	537,262	542,894
	78,010,128	77,322,159
Liabilities		
Term loan	2,200,000	2,100,349
Member deposits	70,036,367	69,567,405
Other liabilities	379,047	342,955
Membership shares	240,109	282,751
	72,855,523	72,293,460
Members' Equity		
Class A investment shares	1,731,589	1,731,589
Contributed surplus	738,532	738,532
Retained earnings	2,575,952	2,468,093
Accumulated other comprehensive income	108,532	90,485
	5,154,605	5,028,699
	78,010,128	77,322,159

Management financial statements. Full set of audited financial statements are available upon request.

Luminus Financial Services & Credit Union Limited

Statement of Income

For the year ended December 31, 2013

In \$	2013	2012
Interest income		
Loans	2,764,632	2,767,668
Investments	133,928	149,279
	2,898,560	2,916,947
Interest expense		
Member deposits	881,533	950,720
Distributions to members	10,678	15,045
External borrowings	18,227	31,280
	910,438	997,045
Net interest income	1,988,122	1,919,902
Provision for impaired loans	56,482	41,997
Net interest income after provision for impaired loans	1,931,640	1,877,905
Other income	1,004,742	1,091,814
Net interest and other income	2,936,382	2,969,719
Operating expenses		
Administrative expenses	1,399,424	1,496,506
Remuneration to staff	1,240,136	1,302,564
Depreciation and amortization	107,044	115,866
	2,746,604	2,914,936
Income before other items and taxes	189,778	54,783
Income taxes		
Current	10,841	3,645
Deferred	24,940	5,450
	35,781	9,095
Net income	153,997	45,688

Management financial statements. Full set of audited financial statements are available upon request.

Luminus Financial Services & Credit Union Limited
Statement of Comprehensive Income

For the year ended December 31, 2013

In \$	2013	2012
Net income for the year	153,997	45,688
Other comprehensive income		
Unrealized gain on investments	21,357	107,083
Income tax relating to components of other comprehensive income	(3,310)	(16,598)
Total other comprehensive income	18,047	90,485
Total comprehensive income	172,044	136,173




Management financial statements. Full set of audited financial statements are available upon request.

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Membership open to anyone living or working in Ontario.