



THAMESVILLE WARDSVILLE DUTTON

Your community credit union.
You belong with us.

56TH ANNUAL REPORT

FOR YEAR ENDED OCTOBER 31, 2010

Thamesville Branch

84 London Road
Thamesville, Ontario
N0P 2K0
Tel: 519.692.3855
Fax: 519.692.9532
Toll Free Tel: 1.866.810.8317
Toll Free Fax: 1.866.810.8318

Wardsville Branch

1789 Longwoods Road
Wardsville, Ontario
N0L 2N0
Tel: 519.693.9936
Fax: 519.693.9937
Toll Free Tel: 1.866.810.8315
Toll Free Fax: 1.866.810.8316

Dutton Branch

207 Currie Road
Dutton, Ontario
N0L 1J0
Tel: 519.762.6650
Fax: 519.762.6629
Toll Free Tel: 1.877.322.7750
Toll Free Fax: 1.888.322.4004

TABLE OF CONTENTS

	<u>PAGE</u>
Table of Contents.....	2
TCU Mission Statement, Vision of Success, Values, Cooperative Principles.....	3, 4
TCU Board of Directors and Staff.....	5
Agenda – 2011 Annual General Meeting	6
In Memoriam	7
55 th Annual Meeting Minutes.....	8-15
Report of the Board of Directors	16
Report of the Chief Executive Officer	17, 18
Report of the Manager of Lending and Wealth Management.....	19, 20
Report of the Audit Committee.....	21
TCU By-law # 1 Amendment.....	22
2011 Directors’ Election.....	23
Expression of Thanks.....	24
Notes.....	25

TCU MISSION STATEMENT

To be the primary provider of personalized quality financial services while maintaining a stable and strong business environment that adheres to credit union principles so that TCU will be the financial institution of choice for the communities we serve.

TCU VISION OF SUCCESS

TCU's Vision of Success is embodied in the following statements:

We will.....

- Create financial success for our members;
- Achieve long-term profitable growth;
- Build loyal relationships;
- Know our members better;
- Solve business challenges;
- Provide seamless solutions;
- Adapt & reinvent products & services;
- Build our capability & capacity;
- Follow sound financial practices to continue building stability, foster member confidence, and ensure the long range viability of the Credit Union;

This Vision of Success will be achieved through the co-operation and commitment of our members and staff.

TCU VALUES

Working hard

Ours is a company of talented, diverse individuals who are dedicated to continuously learning and improving our performance every day. We encourage ideas and recognize that both individuals and teams contribute to the success of TCU. We believe that having fun and working hard are not mutually exclusive.

Doing the right thing

We take responsibility for our actions and commitments. We respect each other, even when we disagree. We treat every dollar as if it were our own.

Understanding what's important

Our success depends on meeting and anticipating the needs of our members, our employees, and the communities we serve. We believe strongly that open communication and the co-operative principles are key to understanding and supporting these needs.

Our value proposition

Our value proposition for TCU lies in:

- Our knowledge of the community and its issues,
- Our commitment to and passion for member, and
- Our ability to offer products and services at a competitive price.

TCU COOPERATIVE PRINCIPLES

1. Voluntary and Open Membership

Membership in Thamesville Community Credit Union Limited is voluntary and open to all persons living in Thamesville, Wardsville, Dutton, and the surrounding communities who are able to use our services and willing to accept the responsibilities of membership—without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Thamesville Community Credit Union Limited is a democratic organization controlled by its Board members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights—one member, one vote.

3. Members' Economic Participation

Members democratically control and equally contribute to the capital of their credit union. Members may allocate surpluses for any of the following purposes: developing the credit union; setting up reserves; benefiting members in proportion to their transactions with the credit union; and supporting other activities approved by the membership.

4. Autonomy and Independence

Credit unions are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their credit union's autonomy.

5. Education, Training and Information

Credit Unions provide education and training for their members, elected representatives, management and employees. They inform the general public about the nature and benefits of cooperation.

6. Cooperation Among Credit Unions

Credit Unions serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international organizations.

7. Concern for Community

While focusing on members' needs, cooperatives work to develop their communities by encouraging economic development.

BOARD OF DIRECTORS

President: John de Vries
Vice President: Steve Pinsonneault
Directors: Thomas Chalmers
Terry Marsh
Robbie McNaughton
David Sherman
Graham Warwick

STAFF

Corporate Office: Mauro Ricordi, CEO.
Florence Chipp-Smith, Executive Assistant.
Gerald Delaey, Manager of Lending & Wealth Management.
Linda Hogg, Operations Manager.

Thamesville Branch: Dawn Lucier, Branch Manager.
Susanne Walker, MSO – Retail Lending.
Rebecca Wolfe, Member Services Representative
Tracey White, Member Services Representative.
Kerry Curtis, P/T Member Services Representative.
Gregory Hull, P/T Member Services Representative.

Wardsville Branch: Cindy Schieck, Member Services Representative.
Josephine Easton, P/T Member Services Representative.

Dutton Branch: Judy Green, Branch Manager.
Monica Bos, Member Services Representative.
Bonnie Chambers, P/T Member Services Representative.

A G E N D A
56TH TCU ANNUAL MEETING

7:00 P.M. WEDNESDAY, JANUARY 12, 2011
THAMESVILLE UNITED CHURCH
107 ELIZABETH STREET
THAMESVILLE, ONTARIO

1. Call to Order.
2. Establish a quorum.
3. Welcome and Introductions.
4. Moment of Silence in Memory of Members who passed in 2010.
5. Approval of 55th Annual Meeting Minutes and Business Arising.
6. Report of Officials:
 - i. President on behalf of the Board of Directors.
 - ii. Chief Executive Officer.
 - iii. Manager of Lending Services & Wealth Management.
 - iv. Chairman of the Audit Committee.
7. 2010 Financial Statements and External Auditors' Report.
8. Appointment of Auditor.
9. TCU By-law No. 1 Amendments.
10. Appointment of Election Chair.
11. Directors' Election.
13. Other Business.
14. Adjournment.

"Your community credit union, You belong with us"



THAMESVILLE WARDSVILLE DUTTON

Your community credit union.
You belong with us.

IN MEMORIAM
OF OUR MEMBERS WHO PASSED IN 2010



YOUR PRESENCE WE MISS

YOUR MEMORY WE TREASURE

"Your community credit union, You belong with us"



THAMESVILLE WARDSVILLE DUTTON

Your community credit union.
You belong with us.

MINUTES OF 55TH ANNUAL MEETING WEDNESDAY, JANUARY 13, 2010

The 55th Annual Meeting was held at Thamesville United Church, 107 Elizabeth Street, Thamesville, Ontario.

CALL TO ORDER

Chairman John de Vries called the meeting to order at 7:10 p.m.

NOTICE OF ANNUAL MEETING AND QUORUM

The Chairman stated that Notice calling the Meeting was duly published and confirmed a quorum was present and declared the Meeting properly constituted for the transaction of business. Forty (40) members and five (5) guests were present.

ACCEPTANCE OF AGENDA

AGM: 2010-01-13.01
KEVIN BECHARD / PAUL HOGG

THAT the 55th TCU Annual Meeting Agenda be accepted.

CARRIED.

INTRODUCTION OF GUESTS AND HEAD TABLE

CEO Mauro Ricordi welcomed everyone and introduced the following:

GUESTS:

- Shawn Bustin, CEO, Unigasco Community Credit Union, Chatham, Ontario.
- Sandy Ferguson, VP of Operations, United Communities, Essex, Ontario.
- Lew Figol, CEO, London Civic Employees' Credit Union, London, Ontario.
- Janet Grantham, CEO, Sydenham Community Credit Union, Strathroy, Ontario.
- Paul Hogg, Account Manager, CUMIS Insurance.

HEAD TABLE:

- John de Vries, President.
- Steve Pinsonneault, Vice President.
- Tom Chalmers, Director.
- Terry Marsh, Director.
- Robbie McNaughton, Director.
- Dave Sherman, Director.
- Graham Warwick, Director.
- Jim Lane, Auditor of Retford Lane Bates LLP.
- Florence Chipp-Smith, Executive Assistant / Corporate Secretary.
- Jerry Delaey, Manager of Lending & Wealth Management.
- Mauro Ricordi, CEO.

"Your community credit union, You belong with us"

MOMENT OF SILENCE

CEO Mauro Ricordi asked for a moment of silence as a tribute to members who passed in 2009.

TCU MISSION, VISION, COOPERATIVE VALUES, COOPERATIVE PRINCIPLES

Mr. Ricordi highlighted TCU's Mission, Vision, Cooperative Values, and Cooperative Principles.

REVIEW AND ADOPTION OF 54TH ANNUAL MEETING MINUTES, JANUARY 14, 2009

AGM: 2010-01-13.02

JACK MORRISON / LINDA HOGG

THAT the January 14, 2009 54th TCU Annual Meeting Minutes be adopted as circulated.

CARRIED.

BUSINESS ARISING

None.

REPORT OF OFFICIALS

PRESIDENT'S ADDRESS

John de Vries reported on behalf of the Board of Directors and commented:

"2009 has been a very tough year for everyone. TCU has seen a small erosion of our asset base from 24.4 million dollars down to 24.1 million dollars; we continue to see some small growth in our profits. In spite of being forced to accept our share of Asset Backed Commercial Paper, and some loan losses we have seen light growth in our retained earnings.

TCU is hoping for more growth in all three branches which will help fuel further profits. Our Auditors have commented that it is unusual for a credit union our size to have three branches, and in these economic times it is unusual for a small credit union to not only make a profit but to also pay a dividend. This, I believe, makes a bold statement about our members, staff and management. This is simply that we will do what it takes to support our community and our community will do what it takes to support us.

While many factories, stores, and other places of employment are closing or cutting back, our members have continued to support us, and we will continue to support them through these tough economic times.

Remember; as long as the lines of communication remain open we will continue to work with our stakeholders and provide quality financial products and services. This will help us grow..... and grow we must if we expect to survive.

Remember, we must all do what it takes if we are to grow and survive."

AGM: 2010-01-13.03

DON NISBET / KEVIN BECHARD

THAT the President's report on behalf of the Board of Directors be accepted as presented.

CARRIED.

CHIEF EXECUTIVE OFFICER'S ADDRESS

Mr. Ricordi reported as follows:

In a recession year filled with more than its fair share of economic instability, I am pleased to report TCU's successes and operational achievements of 2009 and the financial challenges ahead.

The economic climate in Canada and the world has had a negative impact on all forms of business as well as consumers. For TCU this is most evident in our personal loans and mortgages which were down \$545 thousand or 4% year over year as members deferred purchases or major changes that impacted finances. Lower personal loan volumes in turn reduced interest income offset by the continued growth in the Agricultural and Commercial sectors.

Deposits were also down overall as members needed to tap into their savings or desired to move their investments to brokerage firms scrambling for higher returns as the Bank of Canada continues to hold interest rates at historically low levels. This in turn reduced our liquidity position throughout the year which was also impacted by higher Agricultural and Commercial demands. The latter half of the year; however, showed higher deposit growth resulting in an end of year liquidity ratio of 14.3% well above the 8% statutory requirement.

A major improvement was in loan delinquencies which decreased in the year but is still higher than expected although our loan allowances are better positioned for future operations. The lower delinquencies coupled with administrative cost efficiencies have resulted in a higher income from operations of \$56,055 as compared to \$33,413 last year despite a write-down of \$25,083 of the ABCP.

Our success in 2009 has enabled the Board to approve a 5.00% dividend on membership shares, a 2.50% loan interest rebate, and a 1.00% interest payment on Profit Savings deposits. This will have a positive effect on all TCU members, and in some way reward them for their continued loyalty and dedication depending on the amount of business conducted at TCU.

Our focus has been aimed at delivering better service, increased communication through effective advertising, membership surveys, and direct mailing of newsletters, coupled with lower operating costs and achieving better control over loan delinquencies.

While it is true that, in today's world our industry is even more heavily regulated requiring additional emphasis on assessing risk, I assure you that our commitment to working with you to find solutions for your financial wellbeing remains unchanged. And, we anticipate that with some of the new approaches we have implemented, our value to you will continue to increase.

Moving forward, I encourage all members to work with our knowledgeable TCU team who is eager to further reach out to you, our Member/Owner. I remain confident that TCU will thrive and continue to improve in 2010 by growing together to achieve financial success.

I express my sincere thanks to Tom CoDyre and John deVries as Chair of the Board of Directors and our dedicated TCU staff for their commitment towards making TCU your preferred financial institution. I'd also like to thank you, our valued Member/Owner, for your continued business and support. I look forward to the coming year.

AGM: 2010-01-13.04

JUDY GREEN / JACK MORRISON

THAT the CEO's report be accepted as presented.

CARRIED.

DISTRIBUTION TO MEMBERS

Chairman de Vries requested a motion on distribution to members.

AGM: 2010-01-13.05

JACK MORRISON / LINDA HOGG

THAT distribution to members be approved as follows:

- 5% dividend on membership shares.
- 2.5% loan interest rebate.
- 1.00% interest payment on Profit Savings deposits.

CARRIED.

MANAGER OF LENDING AND WEALTH MANAGEMENT REPORT

Mr. Gerald Delaey reported:

Overall, Thamesville Community Credit Union experienced a NET year over year growth in its loan portfolio of \$1.3 million or 7.4%. Of the total loan growth, \$1.8 million came from our Commercial and Agriculture products.

RETAIL PORTFOLIO

Our Mortgage portfolio experienced net negative growth of \$35,219 year over year while our personal loan portfolio (which includes lines of credit) decreased by \$509,773, for a total decrease of 4.14%.

While growth in our retail portfolio was negative in fiscal 2009, we expect that this trend will reverse in fiscal 2010 as economic conditions both locally, nationally, and globally start to show signs of improvement and individual's capacity to borrow strengthen.

COMMERCIAL/AGRICULTURE PORTFOLIO

Commercial and Agriculture generated a year over year growth of \$1.8 million or 46%. We expect that this sector will continue to experience growth in fiscal 2010 but at a much more manageable pace. Our decision to enter the Commercial and Agriculture marketplace has been and continues to be well received as illustrated.

LENDING ACTIVITY

Branch lending activity (in thousands) ending October 31:

	#	2009	#	2008	#	Variance
THAMESVILLE						
Retail - Loans	161	\$1,683	173	\$2,067	(12)	(\$ 384)
- LOC	27	\$ 289	33	\$ 286	(6)	\$ 3
- Mtg	8	\$ 865	20	\$1,660	(12)	(\$ 795)
- Heloc	3	\$ 100	7	\$ 282	(4)	(\$ 182)
Ag - Mtg	1	\$ 148	0	\$ 0	1	\$ 148
Com - Loan	4	\$ 99	0	\$ 0	4	\$ 99
- Mtg	6	\$ 503	1	\$ 44	5	\$ 459
	210	\$3,687	234	\$4,339	(24)	(\$ 652)

	#	2009	#	2008	#	Variance
WARDSVILLE						
Retail - Loans	24	\$ 251	31	\$ 413	(7)	(\$ 162)
- LOC	5	\$ 24	4	\$ 7	1	\$ 17
- Mtg	1	\$ 85	3	\$ 237	(2)	(\$ 152)
- Heloc	0	\$ 0	0	\$ 0	0	\$ 0
Ag - Loan	0	\$ 0	3	\$ 124	(3)	(\$ 124)
- Mtg	0	\$ 0	1	\$ 48	(1)	(\$ 48)
Com - Loan	0	\$ 0	1	\$ 38	(1)	(\$ 38)
- Mtg	1	\$ 64	5	\$ 330	(4)	(\$ 266)
	<u>31</u>	<u>\$ 424</u>	<u>48</u>	<u>\$1,197</u>	<u>(17)</u>	<u>(\$ 773)</u>
DUTTON						
Retail - Loans	43	\$ 980	44	\$ 623	(1)	\$ 357
- LOC	12	\$ 128	20	\$ 380	(8)	(\$ 252)
- Mtg	3	\$ 334	3	\$ 340	0	(\$ 6)
- Heloc	2	\$ 198	3	\$ 601	(1)	(\$ 403)
Ag - Loan	2	\$ 68	4	\$ 200	(2)	(\$ 132)
- Mtg	8	\$1,495	3	\$ 781	5	\$ 714
Com - Loan	1	\$ 20	1	\$ 250	0	(\$ 230)
- Mtg	0	\$ 0	1	\$ 40	(1)	(\$ 40)
	<u>71</u>	<u>\$3,223</u>	<u>79</u>	<u>\$3,215</u>	<u>(8)</u>	<u>\$ 8</u>

DELIQUENCY REPORT

Delinquent accounts continue to put a strain on the overall performance of the Credit Union. Although we have seen substantial improvement in this area, we will continue to focus on reducing our delinquent accounts and do our due diligence on new credit requests to minimize the potential for new delinquencies amid the economic situation.

The Credit Union is committed to working towards growth in the loan portfolio as well as striving towards lower delinquency levels. We are cognizant of our economic environment, our challenges and our opportunities. We look forward to having a successful year with a strong workforce to support this.

Our emphasis at TCU has been to continue to communicate with our members and provide expertise financial advice at any of our three locations.

AGM: 2010-01-13.06

DON NISBET / DUNCAN MORRISON

THAT the Lending and Wealth Management Report presented by Gerald Delaey be accepted as presented.

CARRIED.

REPORT OF TCU AUDIT COMMITTEE

Audit Chairman Robbie McNaughton delivered the report of the Audit Committee.

The Audit Committee met quarterly with the Chief Executive Officer and held meetings with the External Auditor for a total of 4 meetings during the 2009 fiscal year.

The Committee reviewed policy, internal controls, operating procedures and Financial Statements. The Committee notes that there are fewer issues than in former years.

The Committee tendered the Internal Auditor Services for 2010 and appointed Mr. Maurice Turner of Turner & Co. Ltd., as Internal Auditor for the 2010 fiscal year.

The Audit Committee is confident that the Credit Union financial reporting systems and controls are adequate to meet its needs and are being complied with.

Mr. McNaughton thanked Committee Members, Corporate Secretary Florence Chipp-Smith, CEO Mauro Ricordi, Credit Union Staff, Internal and External Auditors and the Board of Directors for their efforts, comments and suggestions in the past year.

AGM: 2010-01-13.07

JACK MORRISON / CHERYL deVRIES

THAT the Audit Committee Report presented by Robbie McNaughton be accepted as presented.

CARRIED.

2009 FINANCIAL STATEMENTS AND EXTERNAL AUDITORS REPORT

Mr. James Lane of Retford Lane Bates LLP, Chartered Accountants, presented the Auditors Report. He commented that the Canadian Accounting Standards Board announced that Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 and will be applicable to TCU for the year ended October 31, 2012. The credit union is currently evaluating the impact of adopting IFRS.

He stated that TCU Financial Statements were an accurate reflection of the financial position of Thamesville Community Credit Union as at October 31, 2009.

Mr. Lane highlighted a few items on the financial statements and answered questions put forth by members.

Dan Sinasac questioned if the credit union was obliged to invest in Asset-Backed Commercial Paper. Mr. Lane responded: "yes the credit union did not have an option".

Paul Hogg questioned "Is there a time when the credit union can sell those?"

Mr. Lane: "As instruments mature, hopefully they will be paid out and the credit union will receive a cheque."

AGM: 2010-01-13.08

CHERYL de VRIES / DAN SINASAC

THAT TCU Financial Statements as at October 31, 2009 is approved and adopted.

CARRIED.

APPOINTMENT OF EXTERNAL AUDITOR FOR 2010

Chairman de Vries stated that TCU Board of Directors and Audit Committee are recommending Members appoint the firm of Retford Lane Bates LLP as external auditors for TCU for 2010.

AGM: 2010-01-13.09

DON NISBET / JUDY GREEN

THAT the firm of Retford Lane Bates LLP be, and are appointed the external auditor of Thamesville Community Credit Union to hold office until the date of the next Annual Meeting.

CARRIED.

TCU BY-LAW #1 AMENDMENTS

CEO Mauro Ricordi highlighted Board recommendations of amendments to TCU By-law #1 as follows:

ITEM 1

AGM: 2010-01-13.10

JUDY GREEN / JACK MORRISON

THAT TCU By-law#1 Article 2.03 Shares be amended as presented.

CARRIED.

ITEM 2

AGM: 2010-01-13.11

REBECCA WOLFE / SUSANNE WALKER

THAT TCU By-law #1 Article 4.03 Election, Term, and Voting be amended as presented.

CARRIED.

ITEM 3

AGM: 2010-01-13.12

DAWN LUCIER / SUSANNE WALKER

THAT TCU By-law #1 Article 6.02 Chair of the Board, be amended as presented.

CARRIED.

ITEM 4

AGM: 2010-01-13.13

DAN SINASAC / SUSANNE WALKER

THAT TCU By-law #1 Article 6.03 Board Vice Chair, be amended as presented.

CARRIED

APPOINTMENT OF ELECTION CHAIR

CEO Mauro Ricordi recommended appointment of Mr. James Lane as Election Chair and; Linda Hogg, Dawn Lucier, and Susanne Walker as Election Scrutineers.

AGM: 2010-01-13.14

LOUIS SHERMAN / JACK MORRISON

THAT Mr. James Lane is appointed as Election Chair; and

FURTHER THAT Linda Hogg, Dawn Lucier and Susanne Walker be scrutineers.

CARRIED.

ELECTION OF DIRECTORS

Mr. Lane reported that three (3) candidates for the Board are to be elected. By the close of nominations it was determined that 6 candidates were eligible for nomination for the position of Director. Individual presentations were made by the following eligible candidates.

1. John de Vries.
2. Robbie McNaughton.

“Your community credit union, You belong with us”

3. Daniel Sinasac.
4. Bert Van Raay.
5. Graham Warwick.

Ballots were distributed and collected. Mr. Lane commented that voting results will be communicated at the end of the meeting.

DOOR PRIZES

CEO Mauro Ricordi conducted draws for door prize packages.

VOTE RESULTS

Mr. Lane reported the results of the vote. The following members were elected as Directors for a three-year term on the Board:

1. John de Vries.
2. Robbie McNaughton.
3. Graham Warwick.

MOTION TO DESTROY BALLOTS

Mr. Lane asked for a motion to destroy the ballots.

AGM: 2010-01-13.15

CHERYL de VRIES / SUSANNE WALKER

THAT voting ballots be destroyed.

CARRIED.

John de Vries resumed as Chair.

PRESENTATION TO FORMER DIRECTORS

Mr. Ricordi commented that Thomas CoDyre resigned from the Board of Directors on August 22, 2009 after 12 years and 8 months service. Kevin Bechard whose term of office expired served on the Board for 12 years.

Mr. CoDyre was not in attendance but a presentation was made to Mr. Bechard.

Mr. Ricordi thanked them for their service and contributions towards the success of the Credit Union.

OTHER BUSINESS

Chairman de Vries opened the floor for other business.

There being no other business, Chairman de Vries informed those present that everyone is welcome to meet in the Gathering Room for snacks and refreshments.

ADJOURNMENT

AGM: 2010-01-13.16

DON NISBET / JUDY GREEN

THAT the 55TH Annual Meeting adjourns. Time: 8:45 p.m.

CARRIED.

REPORT OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors and staff of Thamesville Community Credit Union I would like to welcome everyone to TCU 56th Annual Meeting. While we still seem to be enjoying recessionary times in our area things are getting better at TCU; loan volumes are up, membership is up and both Ag and Commercial Lending are growing.

We have updated all our ATMS to be chip card compatible. We have also purchased the building that we have been renting in Wardsville and that should convince everyone that we are there to stay. We are planning to renovate that Branch very soon and have revamped the landscaping.

We continue to update our computer systems and Website to better serve our members and we continue to seek growth in all areas. Until we get volumes higher we will find it difficult to provide more services.

We continue to adapt to changing times and this seems to cause concern for many of our members but we must do this to survive.

Thank you all for your patronage and support and we hope we will continue to have your support in the future.

Respectfully submitted on behalf of Directors

John de Vries
President

REPORT OF THE CEO

I am pleased to report another successful year for TCU despite some continuing economic challenges facing our communities. A year over year comparison will show significant improvement in total Loans growing by 13.8% or \$2.5 million reflective of continued interest in the Agricultural and Commercial Products that were introduced early in 2008, as well as increased activity in Retail Lending during the latter part of the year. This growth has directly contributed to the increase in total Assets of \$2.4 million or 9.85%, in-line with a similar growth in deposits which, of course, is a direct reflection of the on-going and much needed support by you, our member/owners.

Capital Assets also grew with the purchase of the Wardsville building that we have been leasing since we first branched out to the community in 1998. We look forward to improving the branch early in 2011 with some much needed renovations as part of our continued commitment to service the community and surrounding area.

The Statement of Operations also indicates positive results for the year in that, although Investment Income decreased by \$24 thousand through liquidity management, the combination of interest and other income grew by \$135 thousand. This, along with an offsetting 4.1% or \$47.5 thousand increase in Operating expenses due to higher advertising, community donations, banking, and bonding insurance charges, allowed the Board to increase distribution to members by 30.4% and further reward your dedication and support by declaring \$134 thousand to be paid in the form of loan interest rebates (2.5%), profit savings interest (1.25%), and a share dividend (5.0%). The end result is that Net Income for the year after taxes amounted to \$155.7 thousand, an increase of 178% over 2009! Although I do not anticipate this high percentage increase for future years, I do feel we can maintain the pace with increased service opportunities at all of our locations.

Besides purchasing the Wardsville building, a capital expenditure was required to upgrade our ATM's for CHIP technology and will soon be needed to replace your member cards to allow for better protection and stem any loses against the possibility of fraudulent use. In the latter part of the year we also introduced our new and improved website to enhance communication and hopefully provide a more user friendly way to access any of our services which, by the way, now includes Mobile Banking.

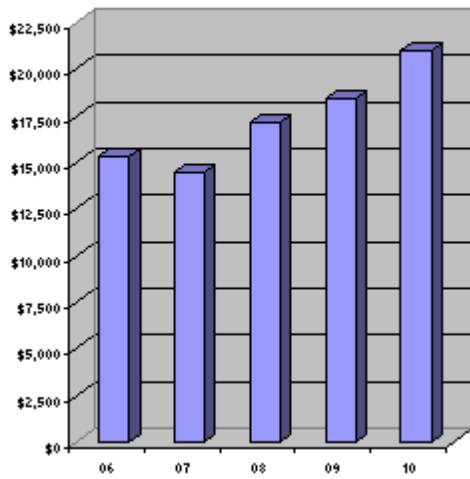
Moving forward, we will focus on completing the Wardsville Branch renovations, as mentioned, introduce a loans origination system through our partnership with CUMIS in an effort to increase delivery efficiency, re-evaluate our Corporate Structure which was introduced in our Business Plan at the recent Board Planning Session, and readdress the hours of operations in an effort to provide you with added convenience of service delivery to keep pace with our growth expectations.

Of course I would be remiss in not giving credit where credit is due for the efforts put forth by the President, John deVries, the rest of the Board and Staff who consistently provide their constant dedication, support and commitment. To them, and to you, our member/owners, I owe a great deal of gratitude and appreciation in making such strong results possible so that, in turn, TCU can continue to grow and support all the communities we are so proudly dedicated to serve.

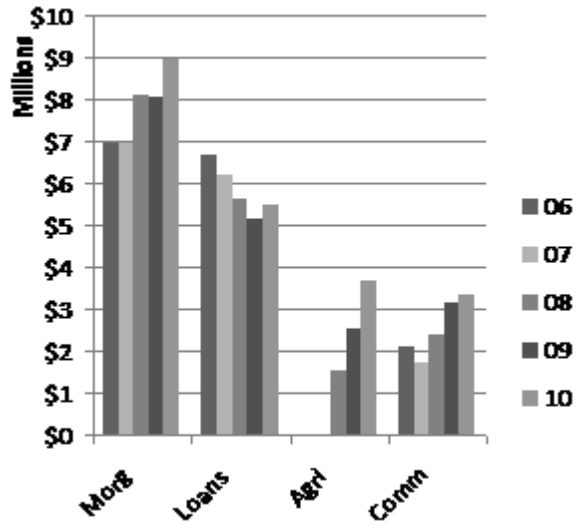
Respectfully submitted,

Mauro Ricordi, CEO

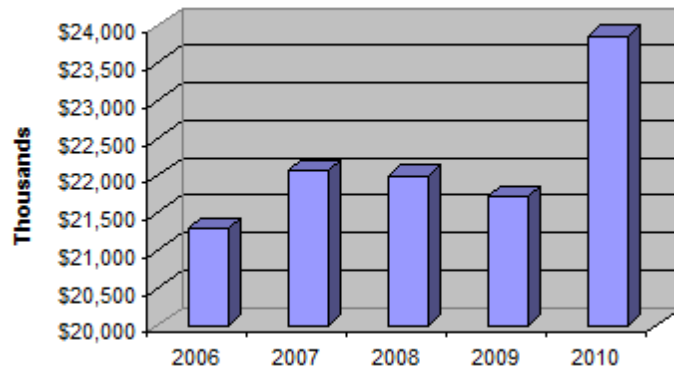
Lending (000's)



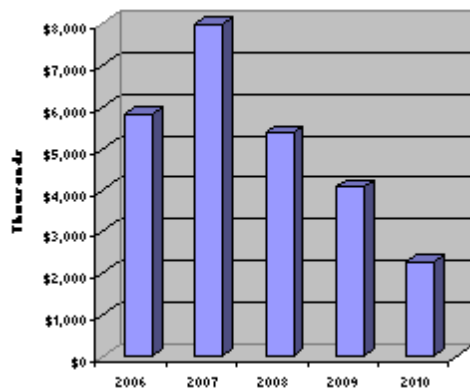
LENDING PRODUCTS



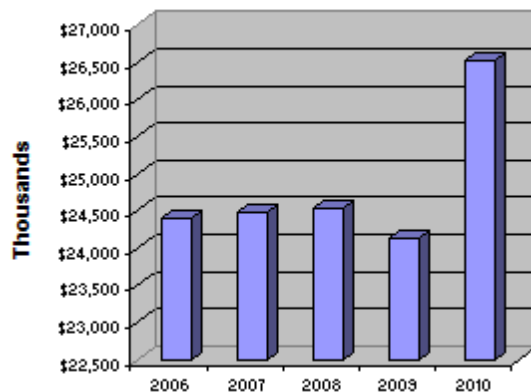
DEPOSITS



INVESTMENTS



ASSETS



MANAGER OF LENDING AND WEALTH MANAGEMENT

I am pleased to report that overall, Thamesville Community Credit Union experienced a NET year over year growth in its loan portfolio of \$2.5 million or 13.8% with each sector, notably personal, commercial, and agricultural experiencing an overall increase.

Commercial and Agriculture generated a year over year growth of \$1.3 million or 23%. We expect that this sector will continue to experience growth in fiscal 2011 but at a much more moderate pace. Our decision to enter the Commercial and Agriculture marketplace has been and continues to be well received as illustrated below:

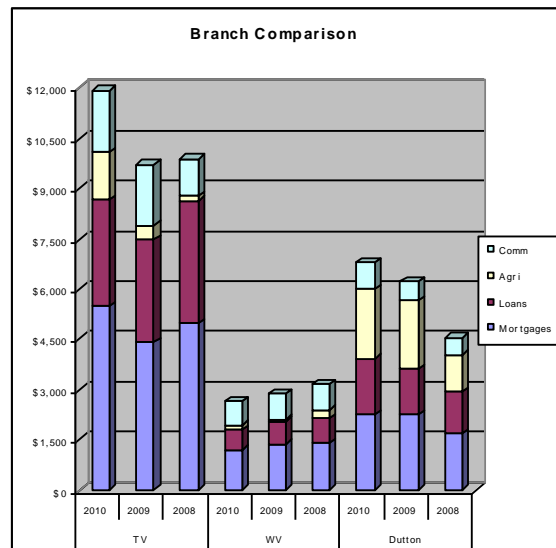
(In 000's)	2010	2009	2008
Commercial - Loans	\$ 258	\$ 362	\$ 268
-Mtg	\$1,730	\$1,717	\$1,215
-LOC	\$1,356	\$1,076	\$ 889
AG-			
-Loans	\$ 204	\$ 251	\$ 277
-LOC	\$ 496	\$ 321	\$ 438
-Mtg	\$2,948	\$1,953	\$ 811
	\$6,992	\$5,680	\$3,898

RETAIL PORTFOLIO

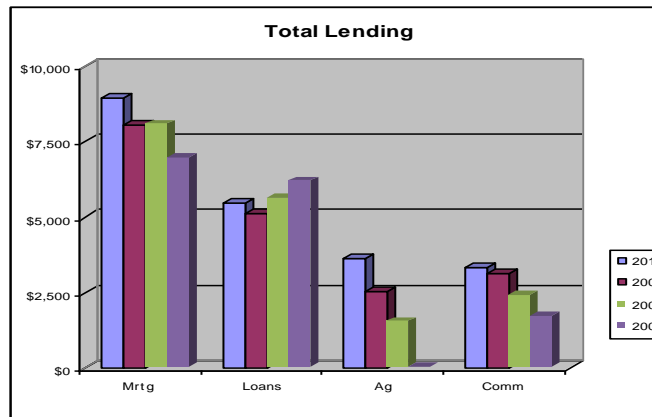
Our Mortgage portfolio experienced net growth of 11.1% or \$895,543 year over year while our personal loan portfolio (which includes lines of credit) increased by 6.8% or \$336,560 for a total increase of 9.4% or \$1,232,103.

As economic conditions continue to show signs of improvement both locally and nationally, we expect continued strong results in our retail portfolio as individual's capacity to borrow continue to strengthen.

(In 000's)	2010	2009	2008
Mortgages	\$8,937	\$8,041	\$8,077
Loans & LOC's	\$5,475	\$5,123	\$5,608



COMMERCIAL/AGRICULTURE PORTFOLIO



LENDING ACTIVITY

The following illustrates the branch lending activity **(in thousands)** ending October 31:

THAMESVILLE	#	2010	#	2009	#	2008
Retail -Loans	177	\$1,802	161	\$1,683	173	\$2,067
-LOC	24	\$ 99	27	\$ 289	33	\$ 286
-Mtg	22	\$1,930	8	\$ 865	20	\$1,660
-Heloc	1	\$ 11	3	\$ 100	7	\$ 282
AG -Mtg	3	\$ 937	1	\$ 148	0	\$ 0
-Loans	1	\$ 35	0	\$ 0	0	\$ 0
COMM-Mtg	1	\$ 127	6	\$ 503	1	\$ 44
-Loans	<u>2</u>	<u>\$ 16</u>	<u>4</u>	<u>\$ 99</u>	<u>0</u>	<u>\$ 0</u>
	230	\$4,957	210	\$3,687	234	\$4,339

WARDSVILLE	#	2010	#	2009	#	2008
Retail - Loans	26	\$ 318	24	\$ 251	31	\$ 413
- LOC	4	\$ 2	5	\$ 24	4	\$ 7
-Mtg	1	\$ 63	1	\$ 85	3	\$ 237
-Heloc	0	\$ 0	0	\$ 0	0	\$ 0
AG -Mtg	1	\$ 112	0	\$ 0	1	\$ 48
-Loans	0	\$ 0	0	\$ 0	3	\$ 124
COMM -Mtg	0	\$ 0	1	\$ 64	5	\$ 330
-Loans	<u>0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>1</u>	<u>\$ 38</u>
	32	\$ 495	31	\$ 424	48	\$1,197

DUTTON	#	2010	#	2009	#	2008
Retail -Loans	48	\$ 733	43	\$ 980	44	\$ 623
-LOC	21	\$ 112	12	\$ 128	20	\$ 380
-Mtg	0	\$ 0	3	\$ 334	3	\$ 340
-Heloc	2	\$ 328	2	\$ 198	3	\$ 601
AG -Mtg	0	\$ 0	8	\$1,495	3	\$ 781
-Loans	0	\$ 0	2	\$ 68	4	\$ 200
COMM -Mtg	0	\$ 0	0	\$ 0	1	\$ 40
-Loans	<u>0</u>	<u>\$ 0</u>	<u>1</u>	<u>\$ 20</u>	<u>1</u>	<u>\$ 250</u>
	71	\$1,173	71	\$3,223	79	\$3,215

DELIQUENCY REPORT

Delinquent accounts continue to put a strain on the overall performance of Thamesville Community Credit Union. Although we have seen substantial improvement in this area, we will continue to focus on reducing our delinquent accounts and do our due diligence on new credit requests to minimize the potential for new delinquencies amid the economic situation.

DELIQUENCY REPORT

Delinquent accounts continue to put a strain on the overall performance of Thamesville Community Credit Union. Although we have seen substantial improvement in this area, we will continue to focus on reducing our delinquent accounts and do our due diligence on new credit requests to minimize the potential for new delinquencies amid the economic situation.

CLOSING REMARKS

Thamesville Community Credit Union is committed to working towards growth in the loan portfolio as well as striving towards lower delinquency levels. We are cognizant of our economic environment, our challenges and our opportunities. We look forward to having a successful year with a strong workforce to support this.

Our emphasis at TCU has been to continue to communicate with our members and provide expertise financial advice at any of our three locations.

Respectfully submitted, Jerry Delaey.

REPORT OF THE AUDIT COMMITTEE

Audit Committee Members

Chairman.....Robbie McNaughton
Corporate Secretary.....Florence Chipp-Smith
Committee Member.....Thomas Chalmers
Committee Member.....Steve Pinsonneault
Committee Member.....David Sherman
Committee Member.....Graham Warwick

The Audit Committee met quarterly with the Chief Executive Officer and held meetings with the External Auditor for a total of 4 meetings during the 2010 fiscal year.

The Committee reviewed policy, internal controls, operating procedures and Financial Statements. The Committee notes that there are fewer issues than in former years.

The Committee also met with the Internal Auditor to discuss the 2011 audit process.

The Audit Committee is confident that the Credit Union financial reporting systems and controls are adequate to meet its needs and are being complied with.

I thank my fellow committee members, Corporate Secretary Florence Chipp-Smith, CEO Mauro Ricordi, Credit Union Staff, Internal and External Auditors and the Board of Directors for their efforts, comments and suggestions in the past year.

Respectfully submitted on behalf of the Audit Committee.

Robbie McNaughton
Chairman

PROPOSED TCU BY-LAW #1 AMENDMENTS

BOARD RECOMMENDED AMENDMENTS / ADDITIONS TO TCU BY-LAW #1

DECEMBER 15, 2010

ARTICLE 1.01 DEFINITIONS

(6) “Committee” means a Committee of the Board. (*addition*)

ARTICLE 2.01 MEMBERSHIP

(5) Suspension

A member that ceases to hold the minimum number of membership shares required by Section 2.03 may not exercise any rights a member may exercise under these By-laws or the Act. (*addition*)

ARTICLE 4.03 ELECTION, TERM, AND VOTING

(2.2) Disclosure of Interest

Prior to each election to be held pursuant to Section 4.03(1), the Board shall make available, with the notice of the annual general meeting, a copy of every candidate for a director position’s disclosure made pursuant to section 94.1 and 146 of the Act. (*addition*)

ARTICLE 6 OFFICERS

6.01 “Chief Executive Officer”. (*add*)

6.04 Chief Executive Officer

The Chief Executive Officer shall or shall cause to be carried out the strategic plans and policies as established by the Board and he shall have such other powers and duties as the Board may specify. (*addition*)

ARTICLE 10 DIVIDENDS AND RIGHTS

Amend to “Dividends, Rights, and Patronage Returns”.

10.06 Patronage Returns

Subject to the provisions of the Act, the Board, on such terms as it deems fit, may from time to time declare a patronage return to its members in proportion to the business done by each member with or through the Credit Union. A patronage return shall be paid in accordance with the Act. (*addition*)



THAMESVILLE WARDSVILLE DUTTON

Your community credit union.
You belong with us.

2011 DIRECTORS ELECTION
(2 Directors required for 3 year terms)

QUALIFIED CANDIDATES

- 1. THOMAS CHALMERS**

- 2. DAVID SHERMAN**

EXPRESSION OF THANKS TO THE FOLLOWING:

Norine Walker and Thamesville United Church Women Unit 1
for preparation of food.

DOOR PRIZE DONATORS

BALLMARK.cc

CENTRAL 1 CREDIT UNION

COMPREHENSIVE BENEFIT SOLUTIONS LIMITED

CONCENTRA FINANCIAL

CUMIS INSURANCE, PAUL HOGG

DESJARDINS

INFONANCIAL

MAPLE CITY OFFICE EQUIPMENT LTD.

MONARCH OFFICE SUPPLY INC.

PRO*forma* R.J. PRINT SOLUTIONS INC.

STANDARD LIFE

THE CUMIS GROUP LIMITED

WHEELERS PRINTING & COPYING

