

LONDON CIVIC EMPLOYEES' CREDIT UNION

ANNUAL REPORT

2007



AGENDA

FOR THE 59TH ANNUAL GENERAL MEETING

1. Call Meeting to Order, Opening Comments and Introductions
2. Report on Registration
3. Adoption of the Agenda
4. Motion to Accept the Minutes of the 58th Annual General Meeting
5. Motion to Accept the Minutes of the Special Meeting of Class A Shareholder
6. Report of the Board of Directors
7. Loan Activity Report
8. Audit Committee Report
9. External Auditor Report
10. Presentation of the Financial Statements
11. Appointment of the External Auditor
12. Board Elections
13. Report of the CEO
14. Question Period
15. Adjourn Meeting



MINUTES

FROM THE 58TH ANNUAL GENERAL MEETING HELD ON
APRIL 10, 2007 AT THE BEST WESTERN LAMPLIGHTER INN, LONDON.

1. Call to Order

The meeting was called to order at 7:05 p.m. by Lyle McLean, Board Chair. Lyle welcomed those in attendance to the 2006 Annual Meeting and then introduced the Board, the CEO and the guests.

2. Report on Registration

Tom Jolliffe, Corporate Secretary, reported that 34 members and 5 guests were present. Lyle McLean declared that the meeting was duly constituted, as the minimum requirement of 20 members was present to establish a quorum.

3. Adoption of the Agenda

Motion: That the Agenda for the meeting as printed in the 2006 Annual Report be adopted.

J. Gillespie / J. Harwood....Carried

4. Minutes of the Previous Annual General Meeting

Lyle McLean presented the minutes from the 57th Annual General Meeting.

Motion: That the minutes of the 57th Annual General Meeting for London Civic Employees' Credit Union held at the Best Western

Lampighter Inn, 591 Wellington Road South in London, on Tuesday April 4, 2006 be accepted as

printed in the 2006 Annual Report.
J. Fitzgerald / Art Lake Carried

5. Board of Directors' and Management Report

Lyle McLean offered a few comments on the current financial landscape, the range of competition that is seeking to lure members, and the opportunity London Civic offers to build a sustaining financial relationship with our members.

Credit union members are being courted, by suave and debonair institutions, by slick advertisers, and by quick sales commissioned brokers, for their financial business. Unlike your credit union, competitors may offer gimmicks, but they do not always offer a satisfying long term financial relationship. London Civic will treat you like a true friend, we are down to earth, been-there, done-that people that just want to be your every day financial partner.

Mr. McLean stressed that the credit union can not be complacent, we must earn the right every day to be your financial partner. And we earn it when we have the products and services available to you on your terms. But we would like to be more. Our members can help us to keep your credit union fresh. Give us your feedback, your comments and wishes, so we can help deliver the products as you need them. We want to develop

a relationship that builds your financial goals with you.

Mr. McLean concluded by indicating that your credit union can not rely on the sporadic growth opportunities we have enjoyed from our recent mergers with London and District School Staff's Credit Union and Labatt Employees' (London) Credit Union. These are unpredictable. Growth must be organic, from within. By helping our members create wealth and to individually reach your financial goals, we can together strive to meet our collective goals.

6. Loan Activity Report

Jill Berg presented a brief summary of the loan activity that occurred in 2006. Ms. Berg stated that the credit union's loan portfolio grew by over \$2 million or 22.5% in 2006. Mortgages and Meritlines lead the way as members looked to London Civic for new home loans, home renovation loans and home equity loans. Total credit applications declined modestly, but total approvals were consistent with the previous year.

Motion: That the Report on Loan Activity as printed in the 2006 Annual Report and as presented at the Annual General Meeting be accepted.

J. Gillespie / P. Fitzgerald... Carried



MINUTES

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7. Audit Committee Report

Kim Darling indicated that the Audit Committee had met on several occasions during 2006 to review, evaluate and recommend credit union policies in order to ensure that the policies of London Civic Employees' were in compliance with DICO's Standards of Sound Business and Financial Practices. The Audit Committee also met with Ann Marie Perry C.A. and Laura DeVrieze C.A. from the firm of Kee, Perry and Lassam, to review the results of the annual external audit.

Motion: That the Audit Committee Report as printed in the 2006 Annual Report and as presented at the Annual General Meeting be adopted.

P. Hearse / L. Dilling Carried

8. Report of the External Auditor

Ann Marie Perry C.A. from the firm of Kee, Perry and Lassam presented the Report from the External Auditor.

Motion: That the External Auditors' Report as printed on page 1 in the 2006 Financial Statements and as presented at the Annual General Meeting be accepted.

G. Brunton / T. Simpkin Carried

9. Financial Statements

Nancy Hindmarsh provided a brief summary of highlights from the 2006 financial statements. Ms. Hindmarsh commented that net income for 2006 was \$181,000 and that \$99,000 in patronage shares were distributed to the members. In addition, Nancy noted that the credit union experienced good growth in both member deposits and loans throughout 2006.

Motion: That the Financial Statements and Notes to the Financial Statements as printed on pages 2 to 13 in the 2006 Financial Statements and as presented, be accepted.

P. Hearse / J. Berg Carried

10. Appointment of the External Auditor

Nancy Hindmarsh thanked Ann Marie Perry C.A. and the firm of Kee, Perry and Lassam for their services offered to the credit union during the past year.

Motion: That the firm of Kee, Perry and Lassam Chartered Accountants be appointed as External Auditors for London Civic Employees' Credit Union for the year ended December 31, 2007.

R. Welch / J. Harwood..... Carried

11. Board Elections

Jim Morton indicated that the term for two positions on the Board of Directors had expired.

Two nominations were received during the advance nomination period for the two vacant positions on the Board of Directors. Nominations were received from Kim Darling and Terry Simpkin. Mr. Morton declared the two nominees acclaimed to the Board. Motion: To confirm the election by acclamation of Kim Darling and Terry Simpkin.

T. Jolliffe / J. Berg..... Carried
Kim Darling and Terry Simpkin each briefly addressed the meeting to introduce themselves and to thank the members for their support.

12. Presentation to Lou Rivard

Lyle McLean offered his sincerest appreciation to Lou for his 21 years of service to London Civic. Lou has been a staunch advocate of the credit union as both a member of the Board and as a bond employee. Lou was instrumental and unwavering in his promoting of the credit union to his fellow employees and much of our continued high level member participation from Police Services can be attributed to Lou. Lou was an active and vocal participant on the Board, in the District Chapter, at the Director's Forum and at CUCO annual meetings. His depth and wide ranging credit union experience will be missed.

Lou thanked Lyle for his kind comments and recounted some of his earlier experiences that



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influenced him to become a strong supporter of the credit union. Lou stated that it has been a privilege to serve the credit union system and that he will very much miss his role at London Civic.

13. Address from the CEO

Michael Knight also offered a special thanks to Lou for an exceptional period of dedicated service. Lou has been a conscientious Board member and London Civic is very indebted to him for his many years of service and sacrifice.

Mr. Knight then acknowledged and thanked the staff for their years of service and for their tremendous efforts at London Civic over the past year. He sincerely thanked the staff for their dedication, hard work and support.

Mr. Knight encouraged those in attendance to review the Board and Management Report as it provides an excellent recap of the highlights from 2006.

Over \$235,000 in patronage rebates have been awarded by London Civic. Last August, \$100,000 in patronage rebates were distributed to the members and a further \$100,000 may be distributed in 2007.

Recent online banking enhancements have been implemented. Members may now receive their statements and images of their cheques electronically by viewing E-Statements. The credit union is encouraging members to Go Green and to go online to view their statements and cheques. For every 100 members with Online Banking, London Civic will plant a tree in the Forest City.

London Civic's website was updated in 2006 with new Home and Auto Insurance and Mastercard service features. Members were also reminded to review the What's New section on the homepage, to keep up to date on new services and promotions offered by London Civic.

Mr. Knight concluded by thanking our members for their continued patronage. Our best ambassadors are our members and we are sincerely grateful for your continued endorsement of London Civic.

14. Resolution to Amalgamate London Civic and Labatt Employees'

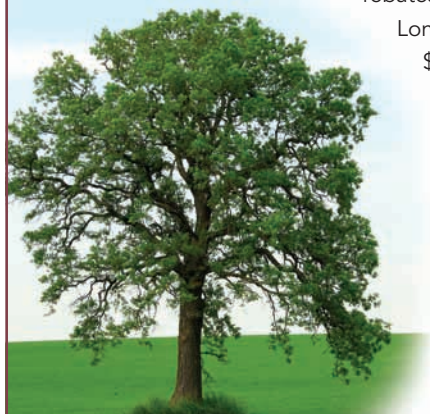
Michael Knight provided some background comments on the proposed merger of London Civic Employees' Credit Union and Labatt Employees' (London) Credit Union. Last November, London

Civic was approached by Labatt Employees' to inquire if they could join London Civic. We were very flattered and quite welcomed the opportunity to strengthen our respective credit unions.

Labatt Employees' is a closed bond credit union that has served its members for over 62 years. They offer their 425 members basic savings and loans services and have approximately \$1.9 million in assets.

London Civic management has undertaken due diligence and is very satisfied that the proposed merger is a good fit and presents opportunity with minimal risk for members of both credit unions. A merger application was submitted to FSCO and we have recently received their sanction, subject to member approval, to proceed with the merger.

Labatt members will be voting on the proposed merger on Saturday, April 14, and Mr. McLean will shortly be presenting a motion to approve a Resolution to Amalgamate London Civic Employees' Credit Union and Labatt Employees' (London) Credit Union to the members present this evening. Both members with \$50 shares and members with Class A Patronage Shares will each have a separate opportunity to vote on the Resolution to Amalgamate.



MINUTES

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Mr. McLean then presented the following motion.

Motion: To approve the Special Resolution of the Members of London Civic Employees' Credit Union Limited ("London Civic") as printed in the 2006 Annual Report.
T. Jolliffe / L. Dilling.....Carried

15. Question Period

Several questions were asked by the members and Michael Knight provided responses.

Are both credit unions closed bond?

Yes. Both London Civic and Labatt Employees' are closed bond credit unions and they will continue as a merged closed bond credit union.

Labatt is not a civic employees bond. Do London Civic members approve Labatt members joining our bond? If not, then who approves

Labatt members joining our bond?

The Bylaws of the newly merged credit union, to be known as London Civic Employees' Credit Union, were modified to expand the definition of a member to include current and retired employees of Labatts and their family members. This is consistent with the membership requirement

for current and retired employees and their family members from the City of London, affiliated organizations of the City of London and the Thames Valley and District School Board.

What will happen to Labatt members if Labatts leaves London?

Labatt members may continue to remain members of London Civic as long as they so choose.

Will the head office remain at 343 Dundas Street?

Yes. The merger will not affect the location of London Civic's office. The office at Labatt Employees' will remain open for the month of May 2007 and then it will be closed and integrated with London Civic's office at 343 Dundas Street.

Attendance at the Annual General Meeting is lower than in past years. Is the credit union doing anything to encourage members to come to the AGM?

The credit union contacts several members by phone or by special invitations. A notice of the Annual Meeting is posted on the website and is included in the winter newsletter. In addition, a general announcement is published in the London Free Press within thirty days of the Annual General Meeting. As a result of the pending merger, a notice was mailed to over 1,500

members with Class A Shares, advising them of the merger and inviting these members to attend a Special Meeting to be held after the Annual General Meeting. A modest increase in attendance at this year's meeting appears to have resulted.

No further questions were raised. Mr. Knight then thanked the members for their questions.

16. Adjourn Meeting

Lyle McLean offered a few closing comments; he also indicated that a Special Meeting of the Class A Members of London Civic Employees' Credit Union would commence immediately following the adjournment of the Annual General Meeting.

Motion: To adjourn the 2006 Annual General Meeting.

R. Welch / J. FitzgeraldCarried



MINUTES

FROM THE SPECIAL MEETING OF THE CLASS A SHAREHOLDERS HELD ON APRIL 10, 2007 AT THE BEST WESTERN LAMPLIGHTER INN, LONDON.

1. Call to Order

The meeting was called to order at 8:00 p.m. by Tom Jolliffe, CEO and Corporate Secretary of London Civic Employees' Credit Union. Tom welcomed those in attendance to the Special Meeting of the Class A Shareholders.

2. Report on Registration

Tom Jolliffe, Corporate Secretary, reported that 38 members with Class A shares were represented at the meeting, either by their attendance or by previously received proxies. Tom declared that the meeting was duly constituted, as the minimum requirement of 20 Class A shareholders was present to establish a quorum.

3. Resolution to Amalgamate London Civic and Labatt London

Mr. Jolliffe provided some comments regarding the reasons for the Class A Shareholder vote on the Special Resolution to Amalgamate London Civic Employees' Credit Union and Labatt Employees' (London) Credit Union.

The Credit Union Bylaws and articles of Class A Patronage Share require that members holding Class A Shares be offered the right to vote for any potential merger of London Civic with any other credit union. All Class A Shareholder members were notified

of their right to cast their votes at a Special Meeting of the Class A Shareholders to be held this evening, on Tuesday, April 10, 2007.

A Class A Share counts as one vote and each member may cast all their respective Class A Shares votes. Class A Shareholders may vote by proxy. The Corporate Secretary has received proxies from 15 members that represent 4,692 votes. These votes will be combined with the votes received from Class A Shareholders at tonight's meeting.

Members were provided with another opportunity to ask questions regarding the proposed merger. No further questions were raised. Mr. Jolliffe then presented the following motion.

Motion: To approve the Special Resolution of the Class A Shareholders of London Civic Employees' Credit Union Limited ("London Civic") as printed in the 2006 Annual Report.

L. Rivard / J. Fitzgerald.....Carried

4. Question Period

Mr. Knight then addressed the meeting and asked if members had any additional questions about their credit union. No further questions were raised.

5. Door Prizes

Michael Knight and Brenda Harwood conducted the draw for several door prizes.

6. Resolution Approval

Mr. Jolliffe then addressed the meeting to announce the results of the balloting for the Special Resolution of the Class A Shareholders. Mr. Jolliffe reported that a total of 7,355 votes had been cast by members present and by proxy and that the vote was unanimously in favour of the Resolution. Mr. Jolliffe declared that the motion to approve the Special Resolution of the Class A Shareholders of London Civic Employees' Credit Union Limited ("London Civic") as printed in the 2006 Annual Report was duly approved.

Mr. Jolliffe thanked the members for their strong endorsement of the merger. He also expressed his thanks to the Board and staff members of Labatts and London Civic for their commitment and support in striving to make this a successful merger.

7. Adjourn Meeting

Mr. Jolliffe offered his appreciation to the members and guests for attending tonight's meeting and encouraged them to come to London Civic's next Annual General Meeting in April 2008.

Motion: To adjourn the 2006 Annual General Meeting.

R. Welch / A. LakeCarried



A MESSAGE FROM YOUR BOARD AND MANAGEMENT

OUR SUCCESS IS YOUR SUCCESS – THE CREDIT UNION DIFFERENCE

BOARD OF DIRECTORS

Kim Darling, Chair
Lyle McLean, Vice Chair*
Brenda Harwood
Nancy Hindmarsh
Jim Killin
Jim Morton*
Terry Simpkin

AUDIT COMMITTEE

Nancy Hindmarsh, Chair
Brenda Harwood
Jim Morton
Terry Simpkin

CORPORATE GOVERNANCE COMMITTEE

Terry Simpkin, Chair
Kim Darling
Lyle McLean

* Term expires

London Civic's primary focus and mission is to serve the financial needs of all our members.

This past year, your Board and management were keenly focused on this mission. We added new online banking features, we implemented electronic cheque imaging and electronic member statements; we also expanded our home, auto and critical illness insurance product lines. The credit union also invested in member services by further increasing our staff complement. This was all with the aim of meeting the financial service needs of our members.

Throughout 2007, financial markets were volatile, secondary credit markets seized, interest rates quickly fluctuated, bank losses escalated to billions in loan write-offs and some financial institutions actually went bankrupt. And what did London Civic do? We stayed true to our mission. We stayed the course and served our members well.

London Civic will not emulate a bank. The credit union does not undertake risky investments to enhance shareholder returns. We stay true to our mission. We offer core financial services, at competitive savings and lending rates; further we demonstrate our appreciation for our members' patronage by returning profits to our members, not to shareholders.

Yet, our most significant achievement in 2007 was the combined integration of London Civic and Labatt Employees' (London) credit unions. Considerable Board, management and staff attention was directed towards providing a smooth transition and a warm welcome to our new members from Labatt Employees'. We are extremely gratified, that after almost one year since our merger, over 90% of the members from Labatt Employees' have chosen to remain with us.

While pleased with our successes, we cannot be complacent. The financial services landscape continues to shift, to evolve and to transform itself.

Your Board and management met on

several occasions during 2007 to assess, evaluate, discuss and hone our longer-term strategic direction. The credit union must be adept at change.

We enjoy a core loyal constituency. However, within our bond, a potential membership remains detached from their credit union. In 2008:

- We shall strive to reach out to all employees within the bond.
- We shall create a strong brand identity.
- We shall seek to be viewed by all bond employees as a viable and competitive financial service provider.

We plan to meet these objectives with one unified aim: to better serve our members. Our success is indeed your success! Now that's unique!



Tom Jolliffe
CEO



Kim Darling
Board Chair



Jim Morton, Terry Simkin, Nancy Hindmarsh, Brenda Harwood, Kim Darling (Chair), Lyle McLean, Jim Killin

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

THE ACCOMPANYING FINANCIAL STATEMENTS OF LONDON CIVIC EMPLOYEES' CREDIT UNION LIMITED ARE THE RESPONSIBILITY OF MANAGEMENT AND HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS.

Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles. Financial statements are not precise, as they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management has prepared the financial information presented elsewhere in the annual report, and has ensured that it is consistent with that in the financial statements.

Management is responsible for maintaining systems of internal accounting and administrative controls to provide reasonable assurance as to the reliability of financial information, and to ensure that the Credit Union's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board carries out this responsibility principally through its Audit Committee. The Audit Committee meets periodically with Management and the external auditors throughout the year, and reports its findings to the Board for its consideration.

The financial statements have been audited by Kee, Perry & Lassam, the external auditors, in accordance with Canadian generally accepted auditing standards. The external auditors have free and independent access to the Audit Committee.



Tom Jolliffe
CEO



REPORTS

LOAN ACTIVITY REPORT

In their meetings, the Board of Directors reviewed and approved the New Loan Activity Report. To ensure quality in loan underwriting, all lending officers have a specified lending limit. Personal loans in excess of their limit are

reviewed and approved by the Senior Account Manager. In addition, all Mortgage and Meritline loans are reviewed and approved by the Senior Account Manager. Loans in excess of the Senior Account Manager's lending

limit are forwarded to the Chief Executive Officer for approval prior to their submission to the Board of Directors. The table below summarizes the lending activity for the year ended December 31, 2007.



	2007		2006	
Loans Approved				
Personal Loans	319	\$ 3,326,033	380	\$ 3,658,521
Line of Credit	216	1,230,900	204	949,750
Mortgages	31	3,543,567	36	4,234,632
Meritline	34	2,384,849	33	2,427,205
Total	600	10,485,349	653	11,270,108
Loans Declined	60		48	
Total Loan Applications	660		701	

AUDIT COMMITTEE REPORT

The Audit Committee consists of a standing committee of four members from the Board of Directors, as recommended by Section 125 of the Credit Union and Caisses Populaires Act, 1994. The mandate of this committee is to review, recommend and ensure adherence to the administrative and regulatory policies that have been developed for London Civic Employees' Credit Union.

In the course of their quarterly meetings, the Audit Committee reviewed policies and procedures

to ensure that the Credit Union adhered to the Deposit Insurance Corporation of Ontario's Standards of Sound Business and Financial Practices. The Audit Committee also reviewed and discussed with Management, the results of any internal reports regarding the Credit Union's compliance to policies and procedures. In addition, the Audit Committee met with the external auditor to review the terms and results of the annual external audit.

Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors.

The Audit Committee receives the full support of Management and plays an effective role in monitoring and improving the control structure at London Civic. Submitted on behalf of the Audit Committee.

Nancy Hindmarsh
Audit Committee Chair



FIVE YEAR REVIEW

	2007	2006	2005	2004	2003
Balance Sheet	\$	\$	\$	\$	\$
Cash and investments	3,506,763	2,599,481	2,337,311	2,529,701	2,164,416
Loans to members	29,336,006	26,980,697	24,096,334	23,396,966	21,253,050
Less: Loan allowance	138,153	112,186	101,889	115,402	110,491
Fixed & other assets	1,503,648	793,120	793,207	887,988	865,015
Total assets	34,208,264	30,261,112	27,124,963	26,699,253	24,171,990
Members' deposits	29,821,320	25,487,847	23,708,854	23,725,493	22,071,951
Other liabilities	1,994,184	2,627,398	1,385,688	1,078,815	414,926
Membership shares	185,175	166,450	166,760	297,114	263,830
Class A patronage shares	112,132	132,659	197,978	150,306	105,278
Members' equity	2,095,453	1,846,758	1,665,683	1,447,525	1,316,005
Total capital	2,392,760	2,145,867	2,030,421	1,894,945	1,685,113
Regulatory capital ratio	7.22%	7.04%	7.43%	7.07%	6.93%
Income Statement					
Interest income	1,934,321	1,670,880	1,460,253	1,372,148	1,361,334
Investment and other income	281,582	234,282	222,732	205,164	195,264
Total revenue	2,215,903	1,905,162	1,682,985	1,577,312	1,556,598
Interest paid to members	816,774	617,334	519,625	509,756	530,830
Borrowing costs	135,035	72,907	16,194	27,838	4,730
Operating Spread	1,264,094	1,214,921	1,147,166	1,039,718	1,021,038
Salaries and benefits	589,345	480,817	453,197	464,999	375,692
Other operating costs	549,940	472,661	464,211	366,217	363,216
Income before undernoted	124,809	261,443	229,758	208,502	282,130
Gain (Loss) on sale of capital asset	(3,447)	-	77,836	-	-
Patronage rebates and dividends	(25,490)	(38,889)	(50,488)	(46,779)	(45,928)
Income before taxes	95,872	222,554	257,106	161,723	236,202
Income taxes	18,155	41,479	38,948	30,203	51,770
Net income	77,717	181,075	218,158	131,520	184,432
Number of members	3,836	3,444	3,439	3,524	2,733
Growth in member deposits	17.0%	7.5%	-0.1%	7.5%	11.4%
Liquidity	10.8%	8.9%	8.9%	9.2%	8.8%
Asset growth	13.0%	11.6%	1.6%	10.5%	13.4%