



ANNUAL GENERAL MEETING

MEETING HELD VIA ZOOM

Wednesday, January 17, 2024, 7pm

1. Welcome, Introductions and Opening Remarks

Chair, K. Hughes, welcomed members to the Your Credit Union (YCU) Annual General Meeting (AGM) and confirmed quorum.

2. Call to Order

Chair opened the meeting at 7pm with a land acknowledgment and introduced the board of directors.

Chair advised the meeting is being recorded and provided guidance to the running of the meeting and member participation opportunities.

Chair stated that notice was sent to members via email on January 3, 2024, and presented the AGM agenda.

3. Adoption of the Previous Minutes - January 18, 2023

Chair moved that the Minutes of the January 18, 2023 AGM be adopted as tabled. M. Galvin seconded. Carried via Poll.

4. Report of the Nominating Committee - Acclamation of Directors

M. Nauth, Chair of the Nominating Committee, presented the report of the Committee, noting the Committee annually selects candidates for available Board positions, taking into account factors such as skills and knowledge that nominees can contribute. Members of Your Credit Union can become candidates by securing nominations from other credit union members using a provided form, which is then submitted to the Nominating Committee for consideration.

M. Nauth confirmed two positions were available at the AGM, and two candidates. Therefore, K. Hughes and E. Miner were acclaimed.

M. Nauth thanked retiring director, T. Otto, for his contributions.

5. Reports

a) Report of the Chair

Chair presented the report.

Key Achievements:

1. Community Engagement: YCU expanded outreach, actively supported the Ottawa Food Bank (OFB) through initiatives like the annual Christmas food drive. YCU raised over \$6,000, with \$3,500 from members and staff, and YCU matched \$2,500. The commitment to sponsor the 2023 holiday drive was affirmed. Support for the Agapè Centre in Cornwall included donations and volunteerism.

2. Financial Stability: YCU's financial position remained strong, with 2023 reports showcasing robust profitability and steady asset growth. Dedicated staff prioritized delivering value to members through services.

Challenges Faced: Acknowledgment of challenges included adapting to the evolving credit union landscape, emphasizing the need for enhanced agility and convenience in response to industry innovations, such as payments modernization and digital banking.

Upcoming Goals and Priorities: Future focus on improving member financial wellness by strengthening existing programs, exploring new opportunities, and ensuring sustainability. The prioritization of fixed-term rates for mortgage renewals aimed to provide stability and lower rates for members.

Gratitude was expressed to members, staff, and directors for their dedication and commitment, highlighting their instrumental role in achieving milestones.

Confident in making a positive impact on members and the community, the report concluded with a call to move forward with enthusiasm and determination to accomplish the shared vision. The Chair extended thanks for the continued support and trust in YCU's mission.

b) Report of the President & CEO

J. Lalonde, President & CEO, presented the report.



J. Lalonde opened by extending a warm welcome and expressing gratitude to the staff for their dedication and success in facing the challenges of 2023. Special appreciation was given for their care for each other and members, financial wellness efforts, and corporate contributions. J. Lalonde praised the YCU family for their impressive efforts.

Acknowledgments were also extended to the Board, emphasizing their leadership and commitment to improving YCU for its members. A special thanks was given to T. Otto for six years of contributions, with best wishes for the new Director, E. Miner.

The cooperative model and market conduct were highlighted in the context of the past year's challenges, particularly the surge in interest rates. J. Lalonde noted the impact on households with variable-rate mortgages across the country but emphasized that YCU members were shielded from monthly payment increases due to locked-in rates. The success of recommending fixed-term rates was credited to YCU's understanding of rate trends.

Looking forward to 2024, the focus will remain on members' financial wellness, with an emphasis on budgeting, planning, savings, investing, and reducing debt. J. Lalonde assured members that YCU staff will continue to provide the right advice during the rate changes. Trusted advice from the cooperative banking partner was highlighted as crucial for members' financial well-being.

In conclusion, J. Lalonde wished everyone an amazing 2024 and expressed anticipation for more quality conversations leading to the peace of mind members deserved.

c) Report of the Audit Committee

B. Keen, Chair of the Audit Committee, presented the report.

B. Keens advised that regulators meticulously monitored all financial institutions in Canada, including YCU. The Audit Committee and the Board vigilantly oversaw the activities of YCU to ensure that the necessary reporting met or exceeded regulatory standards. The Internal Auditor and the External Auditor played pivotal roles in supporting the Audit Committee and Board in fulfilling their duties, contributing to a robust control system. All statutory and regulatory requirements were met, and no significant anomalies were reported. Consequently, the Audit Committee, with the support of Management, successfully completed its 2023 work plan.



d) Report of the Auditor

M. Pharand, External Audit partner, presented the report.

M. Pharand discussed the completion of the audit for YCU Limited's financial statements. The audit covered the statement of financial position, the statement of comprehensive income, the statement of changes in Members' equity, and the statement of cash flows for the year that ended on September 30, 2023. Additionally, notes to the financial statements, including a summary of significant accounting policies, were included.

The audit was conducted in accordance with generally accepted auditing standards and international financial reporting standards. M. Pharand expressed the opinion that, based on their work, the accompanying financial statements fairly presented the financial position of the Credit Union as of September 30, 2023, and the results of its operations and cash flows for the year ended.

e) Report on Financial Statements – September 30, 2023

D. Williams, Chief Financial Officer, presented the report.

YCU had achieved solid financial results despite the challenging rising interest rate environment of 2023. The full, audited financial statements were made available on the website. A brief overview of the 2023 results revealed total income of \$9.3M and total expenses of \$7.8M, resulting in income before taxes just under \$1.5M for the year. Notably, this marked the third consecutive year of positive and sustainable financial results, during which retained earnings improved from \$8.7M to \$11.9M.

Ongoing trends in the 2023 results included tighter net interest margins due to the rising cost of funds, driven by increases in term deposits and higher interest rates. Meanwhile, the improvement in loan loss provisions was attributed to a strong loan portfolio and a continued shift from personal and commercial loans to retail mortgages. Operating expenses remained consistent with the previous year, reflecting efforts to control costs amid a challenging business environment.

Total assets had increased just over 3% to \$385M, driven by an \$8M increase in the loan portfolio and a \$3M increase in treasury assets. Deposits had improved by \$5M, with a notable shift of



new and existing depositors into term deposits, capitalizing on higher rates not seen in several years.

The overall impact of these results was an enhancement of the regulatory capital ratio from 12.52% to 12.68%, concurrently improving the quality of the capital. In summary, despite the challenging environment, YCU demonstrated solid financial results and ongoing enhancements to regulatory capital.

Chair moved to approve the reports, including the Auditor's Report and the Audited Financial Statements as presented. K. Jeffrey seconded. Carried via Poll.

6. Appointment of Auditors

Chair moved to approve the appointment of MNP LLP as auditors for the fiscal year ending September 30th 2024. G. Huot seconded. Carried via Poll.

7. Report on the gender diversity of the Board

Chair presented the report.

Ontario Credit Unions and Caisses Populaires are governed by the *Credit Unions and Caisses Populaires Act, 2020*, which outlines the objectives, powers, and duties of the Financial Services Regulatory Authority of Ontario (FSRA). The Act also established general terms for deposit insurance and other governing parameters. In compliance with the updated Act, Ontario credit unions and caisses populaires were required to report on the gender diversity of their boards.

Regarding board diversity, the Nominating Committee periodically review the size and composition of the Board to ensure effective discussion and decision-making. The focus was on enhancing diversity in skills, expertise, and perspectives through a structured approach, taking potential conflicts of interest into consideration.

Chair advised YCU is committed to fostering a diverse, inclusive, and collaborative culture, recognizing the benefits of diversity on the Board for strategic objectives and sustainable development. The commitment to diversity included the consideration of various factors such as skills, experience, background, gender, age, and ethnicity during the review of Board composition and succession planning. The goal was to achieve 30% women on the Board by 2030.



To implement diversity plans, the Board acknowledged gender as a crucial aspect and committed to including female candidates in director recruitment briefs, considering them whenever a new Director was sought, and ensuring significant and appropriate female representation on the Board.

As of 2023, the YCU Board comprised nine men, totaling nine directors. The Nominating Committee played a key role in establishing and reviewing the profile required of Board members and suggesting appointments, nominations, and retirements. The selection process considered competencies, skills, experience, diversity, independence, conflicts of interest, and time commitments.

Chair invited those interested in becoming a board member to contact YCU and explore available opportunities.

8. Question Period

During the meeting, the Chair addressed the Members of the Credit Union, emphasizing the importance of hearing their thoughts and feedback. J. Lalonde provided responses to several pre-submitted questions:

1. ATM Denominations: There were concerns about ATM denominations. The existing ATMs were at the end of their life, and new ATMs were being considered that would allow for different denominations and even different currencies.

2. Digital Currency: A member raised questions about digital currency, and J. Lalonde clarified the Credit Union's stance, stating they currently do not open accounts or allow trading of cyber currency.

3. Digital Banking and Competing with Digital Banks: The Credit Union is aware of the rise of digital banks but remains focused on its traditional approach of deposit gathering and offering mortgages. The pricing and approach of digital banks may differ, but the Credit Union aims to maintain consistency.



4. Financial Results and Regulatory Capital: The financial results for 2023 showed positive outcomes despite challenges. Total income was \$9.3M, expenses were \$7.8M, and total assets increased to \$385M. The regulatory capital ratio improved from 12.52% to 12.68%.

Chair shared positive feedback from members about the service at the Chamberlain branch. A member expressed appreciation for the staff and helpful service at the branch and during phone calls.

During the Q&A session, J. Garlough raised concerns about diversity reporting, suggesting that more detailed information about diversity efforts be included in the annual report. Chair acknowledged the importance of broader diversity and committed to exploring ways to enhance diversity and reporting.

The meeting also included compliments from long-time members about the consistently good service they had received over the years.

9. Adjournment

There being no further business, Chair closed the meeting at 7:44pm.

Endorsed by the Board for presentation to Membership February 12, 2024.