

COMMUNITY CREDIT UNION OF CUMBERLAND COLCHESTER LIMITED
MINUTES OF ANNUAL GENERAL MEETING
April 19, 2017

The Annual General Meeting of Community Credit Union of Cumberland Colchester Limited was held on Wednesday, April 19, 2017 at the Millbrook Room at the Rath Eastlink Community Center in Truro, Nova Scotia.

Truro Mayor Bill Mills brought greetings on behalf of the Town of Truro. Mayor Mills complimented Community Credit Union for the significant contributions made to the local community, and in going above and beyond for the citizens of Colchester and Cumberland counties.

Chair Howard Welch thanked Mayor Mills and advised attendees that all of the reports covered during the meeting will be posted on the website this week and that members may request hard copies of reports from either branch.

Board Chair Howard Welch explained the voting procedure and the use of the green "Yes" cards and the red "No" cards.

Board Chair Howard Welch confirmed the Parliamentarian for the meeting as Brian Creighton from the law firm of Creighton Shatford.

Determination of Quorum: Vice-Chair Jean Costin confirmed there were 45 registered members in attendance. In accordance with by-law 4.13, the required number of members for determination of a quorum is 17. Vice-Chair Jean Costin declared that a quorum was present.

Minute of Silence: Chair Howard Welch asked attendees to bow their heads for a moment of silence in memory of deceased members.

Call to Order: Chair Howard Welch called the meeting to order at 7:05 p.m.

Agenda:

*It was moved by Charlotte MacVicar, seconded by Faith Buott, that the agenda be approved as presented. **Motion AGM-01-04-2017 carried.***

Presentations:

Community Credit Union presented each of the following organizations with a corporate donation of \$1,000, in support of the significant work they do within the community – President & CEO Darrell Kuhn presented to the following organization:

- Colchester Community Workshop
- Maggies Place
- Central Nova Women's Resource Center

Darrell Kuhn, President & CEO, along with Dianne Kelderman, presented Farida Gabanni, Executive Director, Marigold Cultural Center, with the inaugural Dianne Kelderman Women of Excellence Award, which included a \$1,000 donation to the charity of her choice.

As well, Chair Howard Welch, confirmed, as is customary, in lieu of purchasing promotional materials and merchandise for the Annual General Meeting, Community Credit donated \$1,000 to KidsHelpPhone.

Community Credit Union contributes \$250,000 annually to various organizations throughout Amherst and Truro.

Employee Service Awards:

President & CEO Darrell Kuhn and Chair Howard Welch presented service awards to staff as follows:

Lisa Gould – 10 years of service
Edith Doyle – 15 years of service
Mike Walker – 25 years of service

Approval of the Minutes:

*It was moved by Alan Baird, seconded by Ralph Wark that the minutes of the April 20, 2016 Annual General Meeting be approved as presented. **Motion AGM-02-04-2017 carried.***

Business arising:

No business arising from the minutes.

Jean Costin assumed the Chair.

Governance Report of the Board of Directors: Presented by Howard Welch, Board Chair

Howard Welch outlined the purpose, objectives and responsibilities of the Board. In the past year the Board continued its governance diligence, within the Credit Union's Act, the CUDIC Standards of Sound Business Practice, by-laws, policies and the Board's Terms of Reference. The Board engaged in continuous learning including enterprise risk and financial oversight. The changing financial service industry, a low interest rate environment and the potential risk of hacking threats have a significant impact on Board oversight responsibilities.

Community Credit Union, for the first time in its history, has exceeded \$100 million in assets as a result of unprecedented growth of 22% in our deposit business. Credit quality and compliance standards remain strong and well within acceptable regulatory standards. The Credit Union has continued its diligence in expense management. Community Credit Union maintains strong corporate social responsibility and in the past year and has contributed \$100,000 to community projects.

Howard expressed his confidence in the leadership of the President & CEO, Darrell Kuhn, who was named Atlantic Business Magazine's Top 50 CEO for a third time. Howard also expressed his thanks to the Board their assistance and to the employees for their work in serving our Members over the past year.

*It was moved by Howard Welch, seconded by Charlotte MacVicar to accept the Governance Report of the Board of Directors. **Motion AGM-03-04-2017 carried.***

Howard Welch resumed the Chair.

Audit & Operational Risk Committee Report: Presented by Phil Rafuse

Phil Rafuse outlined the purpose of the Audit & Operational Risk Committee, which is outlined in legislation (Credit Unions Act), by-laws, Terms of Reference and board approved policies.

Overall the Committee was satisfied with the effectiveness of the Credit Union's financial management activities and is comfortable that appropriate risk controls are in place. Phil confirmed that the Committee met regularly as required, and confirmed that the financial statements as at December 31, 2016, present fairly, in all material respects, the financial position of Community Credit Union.

Phil expressed his appreciation to the Committee, and to Darrell Kuhn, President & CEO, for their diligence, attention and the significant work completed over the past year.

*It was moved by Phil Rafuse, seconded by Lynn Prime to accept the Audit & Operational Risk Committee Report. **Motion AGM-04-04-2017 carried.***

Credit & Market Risk Committee Report: Presented by Faith Buott

Faith Buott outlined the purpose and objectives of the Committee which met regularly as required, to discuss the Credit Union's risk management activities including monitoring of existing lending practices, policy and guidelines established by the Board of Directors. The Committee reported its findings and subsequent action plans to the Board of Directors.

Faith outlined the 2016 results:

- Delinquency – averaged under 1.0% was well within the regulatory benchmark 3.0% and under our internal benchmark of 1.5%. Low delinquency is attributable to strong lending diligence, credit management and recovery activities.
- Impaired Loans – loan loss experience has rebounded to a more respectable level from the significant increase in 2012. While experience in this directly attributed to the current environment, our credit risk management and recovery activities continue to mitigate adverse problems.

Overall the Committee was satisfied with the effectiveness of the Credit Union's credit risk management activities and is comfortable that appropriate risk controls are in place.

Faith expressed his appreciation to the Committee, and to Edith Doyle, VP Corporate & Lending Services, for their diligence, attention and the significant work completed over the past year.

*It was moved by Faith Buott, seconded by Mike Walker to accept the Credit & Market Risk Committee Report. **Motion AGM-05-04-2017 carried.***

Bursary Report: Presented by Faith Buott

Promoting education by providing financial assistance to qualified students is an important tool in achieving the Credit Union's goal of being a responsible, community-owned financial institution. The Board of Directors has directed the President & CEO to allocate funds from pre-tax annual profits for the provision of student bursaries to be granted annually to qualified students.

The Governance & Ethics Committee oversees the bursary process. Since inception, the Bursary Program has awarded \$139,000. In 2017, the Committee received a significant number of applications and awarded nine \$1,000 bursaries to:

Ashley Wry	Blake Thompson	Brian Beardsall	Thomas Adshade
Courtney Benjamin	Evan Davis	Hailey Hunt	Alyssa Millar
Madison Bennett	Marisa Simmonds	Ocean-Lee Burgess	

Faith thanked the Committee for their support and commitment.

*It was moved by Faith Buott, seconded by Ralph Wark to accept the Bursary Committee Report as presented. **Motion AGM-06-04-2017 carried.***

Nominations & Elections Committee Report: Presented by Jean Costin

Jean Costin reported that the nominations and elections process was carried out in accordance with Board approved policy, procedures and by-laws. Five nominations were received for five vacancies therefore all nominees were declared elected by acclamation.

Five directors were elected by acclamation effective with this Annual General Meeting for three-year terms — Dianne Kelderman, Jeff Yuill, Andre Myette, George Baker, and Donald Rogers.

*It was moved by Jean Costin, seconded by John Kelderman to accept the Nominations & Elections Committee Report as presented. **Motion AGM-07-04-2017 carried.***

Operations Report from Management: Presented by the President & CEO, Darrell Kuhn

Darrell Kuhn reported that the Credit Union began its transformational change, as reported last year. Darrell confirmed that the transformational change is necessary in order to meet the realities of technological advances, global activities, changing consumer preferences and economic trends. The Credit Union continues to be impacted by a low interest rate environment and intensified regulatory requirements which require increased efficiency, effectiveness and adaptability. This will change how we operate and deliver services to the Membership.

Canadian consumers including our Members demand services to be delivered expediently, competitively and in the manner in which they choose. The Credit Union is experiencing continued reductions in branch transactional traffic, and a corresponding increase in digital transactions, completed outside of the branch through mobile and internet-based services. Financial institutions with 9 to 5 business hours are no longer effective. The ability to provide digital service on a 24/7 basis will become our future business model.

Employee engagement and commitment to this transformation remains an important priority. Our brand, *Experience the Difference* and our brand promise to provide a “service experiences unlike anywhere else” will require a positive commitment and engagement and a new standard of performance from our team.

Our new brand awareness strategy is foundational to the Credit Union’s new business model and was designed to place greater emphasis on the communities we work and live within. People, community and co-operation are the building blocks of our Credit Union and are closely aligned to our Vision and Mission. In late 2015 we focused our attention on furthering our brand within our communities with targeted donations and sponsorships. These community partnerships are at the core of who we are and why we are different.

The changes we have implemented, have provided the support required to protect our integrity, reputation and financial position well into the future. We will continue to do things that are more effective, efficient and creative. Darrell expressed his appreciation to the team and expressed

confidence in their ability to embrace the Credit Union's new direction, brand proposition, mission, vision and values. Darrell also expressed his appreciation to the Leadership Team and Board of Directors for their continued stewardship, leadership, oversight and support through the many changes and challenges.

It was moved by Dianne Kelderman, seconded by Faith Buott to accept the Operations Report as presented. Motion AGM-08-04-2017 carried.

Auditors' Report: Presented by Laura Lewis of PriceWaterhouseCoopers

Laura Lewis confirmed that the Auditors' Report is addressed to the membership and that the Audit Committee provides support to the Board on behalf of the membership. The auditors met with the Audit Committee in April to review the financial statements. The auditors provided the Credit Union with a clean report. Laura Lewis commended the Audit Committee on their work. She expressed appreciation to Phemie, Edith, Wil, Darrell and all the staff for their cooperation throughout the audit.

It was moved by Phil Rafuse, seconded by Roger MacIsaac to accept the Auditors' Report as presented. Motion AGM-09-04-2017 carried.

Reappointment of Auditors:

It was moved by Mike Walker, seconded by Phil Rafuse to reappoint PriceWaterhouseCoopers as the financial auditors for 2016. Motion-AGM-10-04-2017 carried.

Financial Review: Presented by Darrell Kuhn, President & CEO

EQUITY

ITEM	2016	2015	CHANGE
Total Equity	\$5,768,691 6.08%	\$5,556,982 5.51%	Increase \$211,709 Increase 0.57%
Retained Earnings	\$5,735,821 6.05%	\$5,523,512 5.48%	Increase \$212,309 Decrease 0.57%

LENDING PORTFOLIO

LENDING PORTFOLIO	2016	2015	CHANGE
Total Loans	\$77,004,395	\$79,074,013	Decrease \$2,069,618 2.6%
Mortgages	\$48,673,924	\$50,844,161	Decrease \$2,170,237 4.3%
Commercial Loans	\$13,163,780	\$13,690,122	Decrease \$526,372 3.8%
Personal Loans	\$15,166,691	\$14,539,730	Increase \$626,961 4.3%

LIQUIDITY

LIQUIDITY POSITION	2016	2015	CHANGE
Liquidity - % of Assets	9.5%	14.2%	Decrease 4.7%
Liquidity \$	\$9,043,652	\$14,322,553	Decrease \$5,278,901
Lent Out - % of Deposits	87.2%	83.5%	Increase 3.7%

CREDIT QUALITY

CREDIT QUALITY	2016	2015	CHANGE
Delinquency	0.27%	0.45%	Decrease 0.18%
Net Impaired Loans	0.5%	1.2%	Decrease 0.70%
Allowance Impaired Loans	0.1%	0.1%	No Change

FINANCIAL INCOME

FINANCIAL INCOME	2016	2015	CHANGE
Loan Interest Income	3.39% \$3,212,847	3.07% \$3,093,353	Increase 0.32% Increase \$119,494
Investment Income	0.22% \$210,861	0.23% \$235,165	Decrease 0.01% Decrease \$24,404
Interest Expense	0.71% \$677,569	0.63% \$638,239	Increase 0.08% Increase \$39,330
Financial Margin	4.46% \$4,229,019	3.94% \$3,969,650	Increase 0.52% Increase \$259,369
Other Income	1.52% \$1,441,880	1.23% \$1,245,388	Increase 0.29% Increase \$196,492

OPERATING EXPENSES & SURPLUS

OPERATING EXPENSES	2016	2015	CHANGE
Salary & Benefits	\$1,820,983	\$1,789,712	Increase \$31,271
General & Administrative	\$1,433,748	\$1,461,922	Decrease \$28,174
Occupancy	\$242,741	\$239,438	Increase \$3,303
Members Security	\$116,531	\$103,411	Increase \$13,120
Depreciation	\$257,976	\$215,670	Increase \$42,306
TOTAL OPERATING EXPENSES	\$3,871,979	\$3,810,153	Increase \$61,826 – 1.6%
Operating Surplus (BIT)	\$357,040	\$159,497	Increase \$197,543

New Business: None

Adjournment: It was moved by Alain Baird that the meeting be adjourned at 8:40 p.m.

Respectfully submitted,

Howard Welch
Board Chair

Lynn Prime
Recording Secretary