

COMMUNITY CREDIT UNION OF CUMBERLAND COLCHESTER LIMITED
MINUTES OF ANNUAL GENERAL MEETING
April 20, 2016

The Annual General Meeting of Community Credit Union of Cumberland Colchester Limited was held on Wednesday, April 20, 2016 at the Nova Scotia Community College in Amherst, Nova Scotia.

Attendees were advised 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 Bev Cooke explained the voting procedure and the use of the green “Yes” cards and the red “No” cards.

Chair Bev Cooke confirmed the Parliamentarian for the meeting as Brian Creighton from the law firm of Creighton Shatford.

Determination of Quorum: Vice-Chair David Slade confirmed there were 38 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 David Slade declared that a quorum was present.

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

Call to Order: Chair Bev Cooke called the meeting to order at 7:05 p.m.

Agenda:

It was moved by Larry Legere, seconded by Roger MacIsaac, that the agenda be approved as presented.
Motion AGM-01-04-2016 carried.

Presentations:

Community Credit Union’s Staff Social Committee presented each of the following organizations with a donation of \$1,000:

- Cumberland Early Intervention Program
- Lillian Allbon Animal Shelter
- Bridge Adult Service Center
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In lieu of purchasing promotional materials and merchandise for the Annual General Meeting, Community Credit donated \$1,000 to KidsHelpPhone. Community Credit Union contributes \$100,000 annually to various organizations throughout Amherst and Truro.

Employee Service Awards:

President & CEO Darrell Kuhn and Chair Bev Cooke presented service awards to staff as follows:

Nancy Grant – 5 years service
Lynn Prime – 10 years service
Pam Richard – 15 years service
Cathy Walsh – 20 years service
Bev King – 30 years service

Nancy Corey – 10 years service
Bonnie Sellars – 15 years service
Trish Wright – 20 years service
Cheryl Gagnon – 25 years service

Approval of the Minutes:

*It was moved by Darrell Jones, seconded by Cheryl Gagnon that the minutes of the April 22, 2015 Annual General Meeting be approved as presented. **Motion AGM-02-04-2016 carried.***

Business arising:

No business arising from the minutes.

David Slade assumed the Chair.

Governance Report of the Board of Directors: Presented by Bev Cooke, Board Chair

Bev Cooke outlined the purpose, objectives and responsibilities of the Board. In the past year the Board continued its diligence governing within 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. Bev advised that six of Community's Directors have achieved their Accredited Director designation: David Slade, Roger MacIsaac, Ralph Wark, Bev Cooke, Faith Buott and Darrell Jones. 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.

Bev expressed her confidence in the leadership of the President & CEO, Darrell Kuhn, who was named a Top 50 CEO for a second time. Bev also expressed her thanks to the Board and employees for their assistance over the past year.

*It was moved by Bev Cooke, seconded by Howard Welch to accept the Governance Report of the Board of Directors. **Motion AGM-03-04-2016 carried.***

Bev Cooke resumed the Chair.

Audit & Operational Risk Committee Report: Presented by Darrell Jones

*It was moved by Darrell Jones, seconded by Charlotte MacVicar to accept the Audit & Operational Risk Committee Report. **Motion AGM-04-04-2016 carried.***

Credit & Market Risk Committee Report: Presented by David Slade

David Slade outlined the purpose and objectives of the Committee which met quarterly 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.

David outlined the 2015 results:

- Loan Portfolio – lending growth was nominal and more effort was placed on purchasing a mortgage portfolio to offset our excess liquidity position.

- 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.
- Credit Compliance Review – CUDIC completed a credit compliance review and overall strong oversight was noted, which is a result of our credit risk management activities implemented in 2009 which continue to evolve.
- Committee Development – the Committee participated in several governance development sessions to enhance credit oversight practices.
- Risk & Financial Dashboard – late in 2015 the Committee implemented a comprehensive quarterly Risk & Financial Dashboard Report that provides information on key risk-related leading indicators and financial related lagging indicators to enable the Committee to perform its mandate more effectively.

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

David expressed his appreciation to the Committee for their diligence, attention and the significant work completed over the past year.

*It was moved by David Slade, seconded by Dianne Kelderman to accept the Credit & Market Risk Committee Report. **Motion AGM-05-04-2016 carried.***

Bursary Report: Presented by David Slade

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 President & CEO is directed 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 \$127,000. In 2015, the Committee received a significant number of applications and awarded nine \$1,000 bursaries to:

| | | |
|------------------|-----------------|-------------------|
| Mikaila Borgal | Laura Brenton | Lauren Chitty |
| Taylor Chitty | Ashley Grant | Madison Morrissey |
| Corinne Trottier | Victoria Varner | Rachel Wood |

David thanked the Committee and Lynn Prime for their support to this important program.

*It was moved by David Slade, seconded by Faith Buott to accept the Bursary Committee Report as presented. **Motion AGM-06-04-2016 carried.***

Nominations & Elections Committee Report: Presented by Darrell Jones

Darrell Jones 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 eight vacancies which necessitates a call for nominations at this Annual General Meeting of the membership. If nine or more total nominations are received, an election will be held this evening. The eight nominees receiving the most votes will be declared elected. If there are eight or fewer nominees, all nominees will be declared elected by acclamation.

Darrell Jones called three times for nominations. No nominations were received from the floor.

Five directors were elected by acclamation effective with this Annual General Meeting for three-year terms—Charlotte MacVicar, Howard Welch, Jean Costin, Faith Buott and Roger Maclsaac.

*It was moved by Darrell Jones, seconded by Sharron Byers to accept the Nominations & Elections Committee Report as presented. **Motion AGM-07-04-2016 carried.***

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

Darrell Kuhn reported that the Credit Union has introduced a new business plan concept to realize the transformational change necessary to meet the realities of technological advances, global activities, changing consumer preferences and economic trends. The Credit Union is impacted by low interest rates and intensified regulatory requirements which require increased efficiency, effectiveness and adaptability and will change how we operate and deliver services to the Membership.

Member

Canadian consumers including our Members demand services to be delivered expediently, competitively and in the manner they choose. The Credit Union is experiencing a new transactional norm whereby virtually all transactions can be completed outside of the branch through mobile and internet-based services. The change in transaction patterns requires a greater emphasis be placed on building strong relationships with our Members. Branches 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.

Team

Employee engagement remains an important priority and our Personal Learning & Development program will be revamped to enable our staff to transition to our new delivery model. Our brand, *Experience the Difference* and our brand promise to provide a “service experience unlike anywhere else” will require commitment, positive engagement and a new standard of performance from our team.

Brand Experience

Our new brand, Experience the Difference, and our objective to provide a service experience unlike anywhere else, is foundational to the Credit Union’s new business model and was designed to place greater emphasis on what being a member means and what being part of our Credit Union stands for. People, community and co-operation are the building blocks of our Credit Union and are closely aligned to our Vision and Mission. In 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.

Financial Performance

Financial results for 2015 were modest due the movement of surplus, low-return cash into a higher return mortgage pool and continued expense management. For the first time in its history, CCU exceeded \$100 million in assets due to an unprecedented 22% increase in deposits which demonstrates the continued confidence of our Members in our Credit Union. Continued diligence in our Member relationship, service delivery and expense management will be critical to meeting the challenges of an uncertain economy, a low interest rate environment and the constant barrage of competitive pressures.

Leadership

The changes implemented over the past several years 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 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 thanks to the Board of Directors for their continued stewardship, leadership, oversight and support through the many changes and challenges.

*It was moved by Phillip Rafuse, seconded by Dianne Kelderman to accept the Operations Report as presented. **Motion AGM-08-04-2016 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 represents 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 Darrell Jones, seconded by Faith Buott to accept the Auditors’ Report as presented. **Motion AGM-09-04-2016 carried.***

Reappointment of Auditors:

*It was moved by Phillip Rafuse, seconded by Roger Maclsaac to reappoint PriceWaterhouseCoopers as the financial auditors for 2016. **Motion-AGM-10-04-2016 carried.***

Financial Review: Presented by Darrell Kuhn, President & CEO

| EQUITY | 2015 | | 2014 | | CHANGE | |
|-------------------|-------------|-------|-------------|-------|---------------|----------|
| Total Equity | \$5,556,982 | 5.51% | \$5,495,362 | 6.66% | Increase | \$61,620 |
| | | | | | Decrease | 1.15% |
| Retained Earnings | \$5,523,512 | 5.48% | \$5,440,828 | 6.61% | Increase | \$82,684 |
| | | | | | Decrease | 1.13% |

| LENDING PORTFOLIO | 2015 | 2014 | CHANGE | |
|-------------------|--------------|--------------|----------|--------------------|
| Total Loans | \$79,074,03 | \$66,359,092 | Increase | \$12,714,021 19.2% |
| Mortgages | \$50,844,161 | \$37,810,513 | Increase | \$13,033,648 34.5% |
| Commercial Loans | \$13,690,122 | \$13,491,580 | Increase | \$198,542 1.47% |
| Personal Loans | \$14,539,730 | \$15,056,999 | Decrease | \$517,269 3.44% |

| LIQUIDITY POSITION | 2015 | 2014 | CHANGE | |
|--------------------------|--------------|-------------|----------|-------------|
| Liquidity - % of Assets | 11.7% | 11.9% | Decrease | 0.02% |
| Liquidity \$ | \$11,825,724 | \$9,075,281 | Increase | \$2,750,443 |
| Lent Out - % of Deposits | 83.6% | 86.7% | Decrease | 3.1% |

| CREDIT QUALITY | 2015 | 2014 | CHANGE | |
|--------------------------|-------|-------|----------|-------|
| Delinquency | 1.01% | 0.87% | Decrease | 0.63% |
| Impaired Loan Provision | 0.02% | 0.09% | Decrease | 0.07% |
| Allowance Impaired Loans | 0.22 | 0.40% | Decrease | 0.18% |

| FINANCIAL INCOME | 2015 | 2014 | CHANGE | |
|----------------------|-------------|-------------|----------|-----------|
| Loan Interest Income | 3.07% | 3.87% | Decrease | 0.80% |
| | \$3,093,353 | \$3,114,159 | Increase | \$20,806 |
| Investment Income | 0.23% | 0.35% | Decrease | 0.12% |
| | \$235,165 | \$266,695 | Decrease | \$31,530 |
| Interest Expense | 0.63% | 0.59% | Increase | 0.04% |
| | \$638,239 | \$471,666 | Decrease | \$166,573 |
| Financial Margin | 3.94% | 5.02% | Decrease | 1.08% |
| | \$3,969,650 | \$4,129,720 | Increase | \$160,070 |
| Other Income | 1.23% | 1.60% | Decrease | 0.37% |
| | \$1,245,388 | \$1,291,324 | Increase | \$45,936 |

| OPERATING EXPENSES | 2015 | 2014 | CHANGE | |
|---------------------------------|--------------------|--------------------|-----------------|-----------------|
| Salary & Benefits | \$1,789,712 | \$1,813,184 | Decrease | \$23,472 |
| General & Administrative | \$1,461,922 | \$1,500,751 | Decrease | \$38,829 |
| Occupancy | \$239,438 | \$225,428 | Increase | \$14,010 |
| Members Security | \$103,411 | \$99,790 | Increase | \$3,521 |
| Depreciation | \$215,670 | \$204,401 | Increase | \$11,269 |
| TOTAL OPERATING EXPENSES | \$3,810,153 | \$3,843,554 | Decrease | \$33,401 |
| Operating Surplus (BIT) | \$159,497 | \$286,166 | Decrease \$ | 126,669 |

New Business: None

Member, Leo Despres attempted to raise new business. However, he was declared out-of-order by the Board Chair, Beverley Cooke.

Adjournment: It was moved by Darrell Jones that the meeting be adjourned at 8:45 p.m.

Respectfully submitted,

Beverley Cooke
Chair

Lynn Prime
Recording Secretary