

**EQUITY CREDIT UNION INC.**

**Minutes of the Annual General Meeting  
April 17, 2019**

The 76th annual general meeting of the members of Equity Credit Union Inc. was held on Wednesday, April 17, 2019 at the McLean Community Centre, 95 Magill Drive, Ajax, Ontario.

**1. REGISTRATION OF MEMBERS**

The registration of members took place commencing at 6:30 p.m.

**2. CHAIR'S WELCOME**

The Chair of the Board of Directors, Larry Biancolin, presided as Chair of the meeting. He opened the meeting at 7:00 p.m. and introduced the members of the Board:

Larry Biancolin	Chair
Bonnie Downing	Vice-Chair
John Loreto	Corporate Secretary
Bill Downing	Director
Art Jessop	Director
Craig Nichols	Director
Adil Qureshi	Director
Jeannine Wilson	Director

Frank Hoday, a Director, was unable to attend.

The Chair then introduced the Credit Union's staff:

Tom Dimson	Chief Executive Officer
Paula Goncalves	Administration Manager
Nancy Smith	Manager, Lending Operations
Joanne Key	Mortgage and Loans Officer
Gaetane Gilbert	Administration Officer
Donna Raponi	Member Services Officer
Debbie Saboe	Member Services Officer
Jannette Pantalleresco	Member Services Officer

Gaetane Gilbert was unable to attend and had sent her regrets.

The Chair welcomed and introduced the following guests:

Joe Bates	Auditor; MNP LLP, Chartered Accountants
Roy Vanderkwaak	Chair, Oshawa Community Credit Union
Carol Lewis	Recording Secretary

### **Announcement of Quorum**

The Corporate Secretary, John Loreto, reported that in excess of 59 members were present and there being a quorum, the Chair declared the meeting duly constituted to conduct the business of the meeting. He called the meeting to order at 7:10 p.m. The final attendance was 74 members and 5 guests.

### **3. MINUTES OF THE 75th ANNUAL GENERAL MEETING, APRIL 18, 2018**

The minutes of the 75th annual general meeting had been distributed to the members at registration for their review in advance of the meeting.

On a **motion** by Gilbert Godfrey, **seconded** by Bill Downing, **it was resolved** to adopt the minutes of the annual general meeting held April 18, 2018 as written. **The motion was carried unanimously.**

### **4. REPORTS**

The formal reports of the Board of Directors, CEO, Manager of Lending Operations and the Audit Committee, as presented in the Credit Union's Annual Report, had been distributed to the members at registration for their review in advance of the meeting.

#### **Board of Directors' Report**

The Chair, Larry Biancolin, reporting on behalf of the Board of Directors, presented the following report:

“The credit union’s results for 2018 were excellent for the seventh consecutive year. We outperformed our Ontario peers in all financial measures that matter and did so while adding to our services, maintaining our community focus and No Fee banking. Our total assets grew by 21 percent to \$139 million. This is extraordinary when compared to Ontario credit unions with an average growth of 10 percent.

Our net profit decreased very slightly from \$1,663,033 in 2017 to \$1,616,910 in 2018 in part due to new IFRS reporting standards. Our profit is comparable to 2017.

Our loan portfolio continues to be almost exclusively mortgage-based resulting in a relatively stable and lower risk portfolio. Despite potential slowing global economic growth our business outlook continues to be strong.

Reported results are particularly impressive against a backdrop of a very competitive marketplace, rising interest rates and the growth of financial technology companies. All of this goes to support and actually bring to light the fact that against that backdrop we have such extraordinary results. Canada has more large national domestic retail banks actively competing against each other for customers than the majority of

European countries, Australia and the US (Canadian Bankers Association; “Focus: Competition in the Financial Services Sector”).

I am personally humbled to work with the Chief Executive Officer and Board of Directors who are focussed and diligent and paramount in making sure that things stay focussed on the members and the continuing growth of our credit union. I am constantly reminded when I walk into the credit union that it is our staff that makes a difference every single day and for that I thank them. They meet your needs today but will also do so into the future. Thank you to the Management, Staff and Board of Directors for the excellent work and exceptional results. I thank you all for being here and we will continue to meet your needs today and continue our journey to become the credit union that meets your needs today but also focus on meeting and anticipating your needs in the future. Thank you also to our loyal membership which continues to recommend our financial services to friends and family.”

On a **motion** by Art Jessop, **seconded** by Maureen Noonan, **it was resolved** to accept the Report of the Board of Directors for 2018. **The motion was carried unanimously.**

Mr. Biancolin stated that he wished to acknowledge the extra hard work by the staff through 2018. He then paid tribute to Mr. Frank Hoday who was retiring from the Board at this annual meeting. He stated that Mr. Hoday had been a valuable member of the Board for over 25 years and had held every position on the Board including Chair for multiple years. He commented on Mr. Hoday’s passionate management of money and attention to detail due, in part, to his training as a financial analyst. He also stated that Frank is personable and professional and expressed the credit union’s thanks to him for his contributions to the success of the credit union. He stated that he would be presenting him with a gift in appreciation of his service and will deliver it to him. He stated personally that he will miss him.

Mr. Biancolin then called upon Nancy Smith and paid special tribute to her as Manager of Lending Operations. He stated that over her 30 years in the employ of the credit union she had given dedicated service and commitment and upheld and delivered on the credit union’s customer promise every day, helping the credit union become the organization it is today. He stated further that the credit union’s success is certainly partially due to Nancy’s efforts, not only her dedication and commitment to detail but also to her personal professionalism and integrity which he stated is the differentiating factor that sets this credit union apart from its competition. On behalf of the Board of Directors, Mr. Biancolin presented an award and a gift in recognition of Nancy’s fine achievements over 30 years.

Mr. Biancolin called upon Tom Dimson to express the credit union’s very special appreciation for his loyalty over 25 years as Manager and subsequently as Chief Executive Officer of the credit union. He commented on Mr. Dimson’s leadership and his consistent and continuing success during his 25 years in office and thanked him for his hard work and for the thousand things he does everyday. Stating that the success of the credit union is a phenomenal feat, he presented Mr. Dimson with an award and gift in recognition of his fine achievements over 25 years.

The Chair then called upon Mr. Dimson to present the Message from the Chief Executive Officer for 2018.

### **Report of the Chief Executive Officer**

Mr. Dimson’s formal written report had been provided in advance of the meeting for the members’ review. The report covered service, trust and integrity, the credit union’s year-end review, its financial focus, the

credit union's exciting future and lastly, acknowledgements. He welcomed the members and guests and thanked them for their commitment and support stating that without them the credit union would not have succeeded to where it is now. He also thanked Nancy Smith for her 30 years of service and Larry Biancolin for his first year as Chair and both of them for their dedication and guidance.

Mr. Dimson noted that the credit union had relocated to Ajax nine-and-a-half years ago in July 2010 when, at that time, the credit union's assets were approximately \$34 million whereas, currently, assets were approximately \$139 million having grown substantially. Stating that there is a lot going on in the economy at this time, Mr. Dimson commented on the increasing number of players in the banking sector and the credit union's desire to ensure the right products and services available to members and to assist them. He commented generally with respect to real estate noting the issues of supply and demand, interest rates and the credit union's consistency in prudent lending resulting in a very safe and sound credit portfolio. Stating that he is delighted with the 2018 results, Mr. Dimson reviewed the following slides outlining the credit union's performance:

- Co-operative Principles:
  - voluntary and open membership
  - democratic member control
  - member economic participation
  - autonomy and independence
  - education, training and information
  - co-operation among co-operatives
  - concern for community.
- Asset growth had increased from \$62.7 million in 2014, \$76.2 million in 2015, \$96.8 million in 2016, \$115 million in 2017 and \$139.2 million in 2018.
- Profit growth had increased from \$236,200 in 2014, to \$618,500 in 2015, to \$1,035,800 in 2016, to \$1,663,000 in 2017 and to \$1,616,900 in 2018.
- The mix of assets in 2016, 2017 and 2018 were again very similar. Mortgages represented 90% of assets in 2018, cash 8.0%, loans 1.0% and other 1.0%.
- Loans to members were: conventional mortgages 50%, insured mortgages 32%, merit lines 17% and personal loans 1%.
- The mix of liabilities indicated term deposits at 62%, RRSPs 13%, savings 4%, equity in the credit union 6%, RRIFs 5%, TFSAs 5% and other 5%.
- Members' deposits had increased from \$57.8 million in 2014, to \$69.6 million in 2015, \$87.6 million in 2016, to \$103.1 million in 2017 and to \$126.9 million in 2018.
- Income mix indicated interest on mortgages at 94%, interest on loans 3%, investments 2% and from other sources 1%.
- Expense mix indicated operating costs lower at 31%, term deposit interest 47%, RRSP interest 9%, RRIF interest 2%, savings interest 1% and other 10%.

- Bad debt expense was lower in 2018 at \$49,666 on a credit portfolio of \$126,156,172.
- Credit Union Peer Comparison, Q4, 2018: This slide showed comparisons of Equity Credit Union with the other credit unions in Ontario as taken from the DICO Statistics Report dated December 31, 2018. Equity Credit Union was consistently better in all categories: efficiency ratio, return on capital, total operating expense and return on average assets.
- Outlook for 2019:
  - increase the balance sheet by \$14 million to \$153 million (10%);
  - personal loans remaining even; 2018 plan was \$0.9 million, actual achieved was \$1.5 million (67%);
  - increase deposits by \$13 million (10%);
  - increase the mortgage portfolio by \$12 million (10%); 2018 plan was \$10 million, actual achieved was \$21 million - 21%;
  - increase net membership by 100; 2018 plan 100, actual achieved 72;
  - continue to build community relationships;
  - continue to build brand awareness.

Mr. Dimson advised that in 2018, DICO had increased deposit insurance on a per member basis from \$100,000 to \$250,000 on eligible non-registered deposits. There would continue to be unlimited deposit insurance on all registered deposits including TFSAs, RRSPs and RRIFs. Referring to the global economy, he stated that it continued to be challenging given NAFTA fair-trade negotiations and tariffs, as well as slowing economic growth, the influence of Brexit, the Bank of Canada's hold on interest rates, slowing home sales and increased lending competition including the opening of schedule B banks. Noting that the use of personal cheques is on the decline, he stated that Equity Credit Union provides 24/7 convenience through its virtual banking and the popularity of e-transfers. Members were reminded that through The Exchange--the credit union network--members can bank at any other credit union, National Bank branch and HSBC using their member debit card and paying no fees. He also advised that the credit union would continue to offer no charge chequing, competitive interest rates on loans and deposits and chip debit cards. He invited the members to refer family members and friends and closed his remarks stating again that the credit union is in very good financial shape. The members applauded Mr. Dimson's report. He then invited questions from the members:

Gilbert Godfrey referred to the declining use of personal cheques noting that it appears that they are becoming extinct. He stated further that he is now in his 50th year as a member and had stayed with the credit union because he knew it would be where we are today. He added that he is proud of the credit union and will continue to support it.

There being no other comments or questions, the Chair called for a motion to accept the CEO's report.

On a **motion** by Gloria Gilbert, **seconded** by Donna Raponi, **it was resolved** to accept the report of the Chief Executive Officer for 2018. **The motion was carried unanimously.**

### **Report of the Manager of Lending Operations**

Nancy Smith, Manager of Lending Operations, presented the following report:

“During the year 2018, the credit union received a total of 462 loan applications. Of these, 234 new loans totalling \$50,460,732 were granted to members and 228 were denied. The loan categories were:

residential mortgages:	95 for \$39,607,248
residential Merit Lines:	83 for \$8,390,500
commercial mortgages:	1 for \$298,600
commercial Merit Lines:	4 for \$400,000
personal loans:	43 for \$905,384
lines of credit:	8 for \$859,000

At year end, total loans outstanding were \$126,586,542 compared to \$104,386,991 at the end of the previous year. This resulted in an overall increase of \$22,199,551 or 21.27 percent in the loan/mortgage portfolio for the year. As at December 31, 2018, there were four mortgages totalling \$2,298,288 considered impaired and reserved. Our net delinquency ratio remained at 1.82 percent.

Thank you to my partner, Joanne Key, for getting good results and all members who used our credit facilities in 2018. We always appreciate your business and hope you will continue to recommend our services to your family, friends and co-workers.”

There were no questions or comments.

On a **motion** by Bill Downing, **seconded** by Claire Hahn, **it was resolved** to accept the report of the Manager of Lending Operations for 2018. **The motion was carried unanimously.**

### **Report of the Audit Committee**

The committee’s written report had been provided in the annual report to members. Ms. Wilson, the committee’s Chair, read the report which reviewed the duties of the committee:

- review the policies, procedures and controls relating to legislative compliance with particular focus on capital adequacy, risk weighting of assets and liquidity;
- review the quarterly reports prepared by the Internal Auditor, Gary Jones, regarding internal controls and policy compliance;
- recommend the appointment of the External Auditor to the Board of Directors and the Equity Credit Union members at the annual general meeting;
- review the qualifications, independence and performance of the External Auditor;
- serve as the principle communication link between the External Auditor and the Board of Directors and, in particular, review and agree to the Auditor’s Terms of Engagement and Scope of Audit;
- review the requirements for adherence to the new accounting policies as they relate to International Financial Reporting Standards (IFRS).

The Audit Committee had met four times during 2018 and had also met in February 2019 with the External Auditor to review and accept the 2018 year-end audited financial statements. The committee received full co-operation and support from Management throughout the year. There were no matters of significance to be reported to the members. Ms. Wilson thanked her fellow committee members, Bill Downing, Bonnie Downing and John Loreto for their commitment over the past year.

The Chair called for a motion to adopt the Audit Committee's report.

On a **motion** by Maureen Noonan, **seconded** by Corrina Hamilton, **it was resolved** to accept the report of the Audit Committee for 2018. **The motion was carried unanimously.**

### **Auditor's Report for 2018**

The Chair called upon the Auditor, Joe Bates, representing MNP LLP, Chartered Accountants, to present the Auditor's Report. Mr. Bates thanked the Board for the invitation to present the audit and, in doing so, stated that the complete set of financial statements containing approximately 30 pages, most of which were notes to the statements, could be made available to members by contacting the credit union. The financial report provided in the meeting package included the Statements of Financial Position, Income, Comprehensive Income, Changes in Members' Equity, and Cash Flows, as well as the Schedules of Administration Expenses and Operating Costs. Mr. Bates explained that the credit union's Management is responsible for the financial statements which are then approved by the Board of Directors. The Auditor is to express an opinion on the statements according to Canadian Auditing Standards on a test basis as to whether they are free of misstatement. Mr. Bates then explained a change in auditing requirements which he stated did not apply to this credit union and he advised that for 2018 the credit union had a clear and unqualified report. He referred to the Auditor's opinion which stated that the credit union's audited financial statement presents fairly in all material respects the financial position of the credit union as at December 31, 2018. The audit had been approved in principle by the Board on March 4, 2019.

There being no questions for the Auditor, the Chair called for a motion to accept the Auditor's report.

On a **motion** by Bill Downing, **seconded** by Nancy Smith, **it was resolved** that the audited financial statements for the fiscal year ended December 31, 2018, be approved as presented.

**The motion was carried unanimously.**

## **5. APPOINTMENT OF AUDITOR**

Jeannine Wilson, Chair of the Audit Committee, stated that the Audit Committee wished to recommend the reappointment of MNP LLP, Chartered Accountants, for the fiscal year ending December 31, 2019.

On a **motion** by Jeannine Wilson, **seconded** by Art Jessop, **it was resolved** that MNP LLP, Chartered Accountants, be appointed as Auditor of Equity Credit Union Inc. for the fiscal year ending December 31, 2019.

**The motion was carried unanimously.**

## **6. UNFINISHED BUSINESS**

The Chair asked whether there were any items of unfinished or other business.

- Gloria Gilbert asked about the purpose of GIC alerts. Mr. Dimson explained that the alert system, which had been introduced in 2017, requires that any and all of a member's GICs be identified with respect to applying an alert for the purpose of notifying the member of maturity dates.

## 7. ELECTION OF DIRECTORS

The Chair called upon Bonnie Downing, Chair of the Nominating Committee, to present the committee's report. She reviewed the process and advised that three positions on the Board were to be elected--each for three years. Five nominations had been received:

Art Jessop	Chuck Lewis	Maureen Noonan
Peter Sideris	Jeannine Wilson	

Ms. Downing thanked the three Directors who had completed their terms of office: Art Jessop, Frank Hoday and Jeannine Wilson, for their service while Directors and then called upon all candidates to introduce themselves and speak for two minutes on their interest in being elected to the Board of Directors. The nominees addressed the members commenting on their experience and qualifications. The members were then instructed to mark their ballots with three names only. The ballots were marked and collected. Joe Bates and Donna Raponi served as scrutineers.

While the ballots were being counted, tickets were drawn for prizes including two \$250 GICs from the credit union. The list of donors was displayed and all were thanked for their contributions:

Equity Credit Union Inc.	Central 1
Credit Union Insurance Services	Concentra Financial Trust Company
Everlink Payment Services	Equifax Canada - Credit Reporting
Hub Creative Design	Chris Williams, mortgage broker
Smart Solutions Banking Systems	Carol Lewis, Recording Secretary
Monarch Wealth Management	RZCD Law Firm, Penny Rintoul, Geoff Cauchi
Freedom Lending	Merite Mortgage Brokers, Cheryl Geness
The Mortgage Market of Canada, ABM Khan	Genworth Mortgage Insurance Corporation
Dickson Printing	Centum Mortgage Company, Faruque Hasan
Collabria Visa Credit Card	

### **Report of the Chair of Elections**

Ms. Downing received the Scrutineers' Report and thanked all candidates for their willingness to serve on the Board of Directors. She advised that the following candidates had been elected for three-year terms: Art Jessop, Peter Sideris and Jeannine Wilson. The Chair thanked Chuck Lewis and Maureen Noonan for their interest in serving as Directors.

On a **motion** by Adil Qureshi, **seconded** by Nancy Smith, **it was resolved** to accept the report of the scrutineers. **The motion was carried unanimously.**

Ms. Downing then called for a motion to destroy the ballots and to discharge the scrutineers.

On a **motion** by Bill Downing, **seconded** by Adil Qureshi, **it was resolved** to destroy the ballots and discharge the scrutineers. **The motion was carried unanimously.**

**8. OTHER BUSINESS**

There were no items of other business.

**9. NEW BUSINESS**

1. A member asked when the credit union will make its next expansion and suggested adding a location in the east, perhaps Oshawa. Mr. Biancolin advised that, in fact, the Long Term Planning Committee looks at such opportunities as they may arise. Mr. Dimson added that a member of Equity Credit Union, Roy Vanderkwaak, is also Chair of the Oshawa Community Credit Union and he introduced him at this time. Mr. Vanderkwaak stated that he considers Equity Credit Union a real success and commented on a possible association.

**10. TERMINATION OF THE MEETING**

There being no other questions or comments, and the business of the meeting having been completed, the Chair thanked the members for attending and called for a motion to terminate the meeting.

On a **motion** by Adil Qureshi, **it was resolved** at 8:35 p.m. to terminate the 76th annual general meeting of Equity Credit Union Inc. **The motion was carried unanimously.**

---

Chair  
CL/cl

---

Corporate Secretary

**EQUITY CREDIT UNION INC.**

**LIST OF MOTIONS  
Annual General Meeting, April 17, 2019**

1. **Approval of Minutes**  
On a **motion** by Gilbert Godfrey, **seconded** by Bill Downing, **it was resolved** to adopt the minutes of the Annual General Meeting held April 18, 2018 as written.  
**The motion was carried unanimously.**
  
2. **Approval of Report of Board of Directors**  
On a **motion** by Art Jessop, **seconded** by Maureen Noonan, **it was resolved** to accept the Report of the Board of Directors for 2018.  
**The motion was carried unanimously.**
  
3. **Approval of the Report of the Chief Executive Officer**  
On a **motion** by Gloria Gilbert, **seconded** by Donna Raponi, **it was resolved** to accept the report of the Chief Executive Officer for 2018.  
**The motion was carried unanimously.**
  
4. **Approval of the Report of the Manager of Lending Operations**  
On a **motion** by Bill Downing, **seconded** by Claire Hahn, **it was resolved** to accept the report of the Manager of Lending Operations for 2018.  
**The motion was carried unanimously.**
  
5. **Approval of the Report of the Audit Committee**  
On a **motion** by Maureen Noonan, **seconded** by Corrina Hamilton, **it was resolved** to accept the report of the Audit Committee for 2018.  
**The motion was carried unanimously.**
  
6. **Approval of Audited Financial Statements**  
On a **motion** by Bill Downing, **seconded** by Nancy Smith, **it was resolved** that the audited financial statements for the fiscal year ended December 31, 2018 be approved as presented.  
**The motion was carried unanimously.**
  
7. **Appointment of Auditor**  
On a **motion** by Jeannine Wilson, **seconded** by Art Jessop, **it was resolved** that MNP LLP, Chartered Accountants, be appointed as Auditor of the Credit Union for the fiscal year ending December 31, 2019.  
**The motion was carried unanimously.**

8. **Approval of the Scrutineers' Report**

On a **motion** by Adil Qureshi, **seconded** by Nancy Smith, **it was resolved** to accept the report of the scrutineers. **The motion was carried unanimously.**

9. **Authorization to Destroy the Ballots and Discharge the Scrutineers**

On a **motion** by Bill Downing, **seconded** by Adil Qureshi, **it was resolved** to destroy the ballots and to discharge the scrutineers. **The motion was carried unanimously.**

10. **Termination of Meeting**

On a **motion** by Adil Qureshi, **it was resolved** at 8:35 p.m. to terminate the 76th Annual General Meeting of Equity Credit Union Inc. **The motion was carried unanimously.**

\* \* \*