

EQUITY CREDIT UNION INC.

Minutes of the Annual General Meeting June 23, 2020

The 77th annual general meeting of the members of Equity Credit Union Inc. was held on Tuesday, June 23, 2020. In compliance with public health Covid-19 regulations, this meeting was held with all participants located remotely and attending the meeting by way of a Zoom connection.

1. OPENING OF THE MEETING

The Chair, Mr. Larry Biancolin, welcomed the members at 7:05 p.m. He explained how the meeting would proceed including how and when to raise hands to ask a question or oppose a motion during the meeting. The members participating would stay muted with cameras off, controlled by the moderators if it were necessary to unmute for a question. Members were instructed to use the chat feature to ask a question or send an e-mail to agm@equitycu.com and in either case provide their full name and the question during the meeting.

Announcement of Quorum

The Corporate Secretary, John Loreto, reported that 27 members had registered which constituted a quorum. There being a quorum, the Chair declared the meeting duly constituted to conduct the business of the meeting and called the meeting to order at 7:10 p.m. The final attendance was 35 members and 3 guests.

2. BY-LAW AMENDMENT

The Chair explained the need to amend the credit union's By-law No. 1 to permit this annual general meeting to be held as an electronic meeting. The amendment, which reads as follows had been posted for members to view remotely. The Chair presented the amendment:

1. The credit Union's By-law No 1, as confirmed by the membership on June 23, 2010 (the "General By-law") be hereby further amended by deleting section 8.2 thereof, and replacing it with the following:
 - 8.2 Electronic Meetings: A membership meeting may, if the Board determines by resolution to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, be held by telephonic or electronic means. A member who, by such means, votes at the meeting or establishes a communications link to the meeting shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of quorum pursuant to section 8.7 hereof, to have been present at the meeting.

2. The General By-law be hereby further amended by deleting section 8.10 thereof, and replacing it with the following:

8.10 Mail, Electronic and Branch Balloting - Members may, if the Board determines by resolution to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, vote at meetings of members by mail, or by in-branch, telephonic, or electronic means. A Member who, by such means, casts a vote shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of quorum pursuant to section 7.07 hereof, to have been present at the meeting.

On a **motion** by Peter Sideris, **seconded by** John Loreto, **it was resolved** to amend By-law No. 1 to allow the virtual holding of the 2020 Equity Credit Union Inc. annual general meeting to proceed.

The motion was carried unanimously.

3. CHAIR'S WELCOME

The Chair of the Board of Directors, Larry Biancolin, presided as Chair of the meeting and introduced the members of the Board:

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

Bill Downing had sent his regrets due to business. The Chair then introduced the Credit Union's staff:

Tom Dimson	Chief Executive Officer
Nancy Smith	Manager, Lending Operations
Paula Goncalves	Administration Manager
Joanne Key	Mortgage and Loans Officer
Gaetane Gilbert	Administration Officer
Shanique Wynter-Linton	Mortgage Administrator
Debbie Saboe	Member Services Representative
Jannette Pantalleresco	Member Services Representative
Ruth Desroches	Member Services Representative

The Chair welcomed and introduced the following guests:

Helen Thomas	FSRA Representative
Joe Bates	Auditor; MNP LLP, Chartered Accountants
Carol Lewis	Recording Secretary

4. MINUTES OF THE 76th ANNUAL GENERAL MEETING, APRIL 17, 2019

The minutes of the 76th annual general meeting had been distributed to the members in advance of the meeting. An error in Mrs. Godfrey's name had been corrected.

On a **motion** by Art Jessop, **seconded** by Adil Qureshi, **it was resolved** to adopt the minutes of the annual general meeting held April 17, 2019. **The motion was carried unanimously.**

5. REPORTS

Board of Directors' Report

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

Once again the Equity Credit Union performed admirably. We grew our top line significantly, however, we also faced significant increased pressure on our costs. The net result in profit was similar to 2018--truly a success in light of the increasingly competitive mortgage market and attractive deposit rates.

Growth of assets increased 24 percent to \$173 million, significantly outpacing 2018. An impressive result on its own and more than double Ontario credit union results of 11 percent growth. Furthermore, our five-year average is greater than 20 percent versus 10 percent for all other Ontario credit unions in aggregate.

Our portfolio continues to be primarily mortgage based. While the benefit to this approach is lower credit risk, while maintaining an acceptable rate of return, there is increasing pressure on our margins.

The pandemic brought on by Covid-19 has had a dramatic impact on all of us. Many of us are unable to work and continue to be encouraged to remain in lockdown. We are concerned about our health, the health of our family and friends. With an interruption in our income stream we are expected to meet our current financial obligations, such as mortgages, loan payments, etc. The credit union established a mortgage deferral payment option to meet the needs of our members struggling to make payments. We continue to work with our members to provide assistance in meeting these obligations.

Without a clear understanding of what the time line is in resuming a normal operating environment, 2020 will continue to be filled with uncertainty. The impact on profit, capitalization and specifically liquidity will likely be significant. We targeted 20 percent growth for 2020 with a projected asset growth target of \$183 million and pre-tax profit target of \$2.0 million. Our ability to meet these targets will be a challenge, however the solid financial foundation we have established since inception will serve us well in managing the economic turmoil.

The commitment and expertise of the management staff and the Board of Directors, continues to be a key contributor to the success of Equity Credit Union.

On a **motion** by Art Jessop, **seconded** by John Loreto, **it was resolved** to accept the Report of the Board of Directors for 2019. **The motion was carried unanimously.**

Mr. Biancolin paid sincere tribute to Donna Raponi who had retired at the end of 2019 after 35 years of service with the credit union. He praised her for accomplishing such an amazing feat. He then welcomed

two new staff members, Shanique Wynter-Linton, Mortgage Administrator, and Ruth Desroches, Member Services Representative.

Report of the Chief Executive Officer

Mr. Dimson welcomed the members to the credit union's annual general meeting and thanked each and every member for their support and commitment to the credit union during 2019 stating that, as a result of that commitment, the credit union had completed another very successful year. He also thanked the staff and the Board for their support during the past year. In addition, he thanked Larry Biancolin who had served as Chair in 2019 stating that he had provided excellent leadership, governance, hard work and dedication as Chair of the Board.

Mr. Dimson then addressed the current situation regarding the Covid-19 pandemic and thanked the members for having worked through these unprecedented times with the credit union. He stated that Covid-19 had created unprecedented challenges for people everywhere across Canada--governments, health officials, policymakers and regulators--who had collaborated to respond with relief measures and assistance to reduce the financial stress on the people in our communities. He expressed gratitude for their having stepped up and taken action in the wake of this dreadful pandemic. At Equity Credit Union the safety and security of the staff and members were the primary concern and in that regard a number of measures were taken to "Protect Our Home". For the employees, the credit union moved very quickly to create two teams which worked every other day at the office. On the days they were not at the credit union, they worked from their homes and all were in regular communication with each other to make sure the needs of members were addressed. For members and partners, it was recognized that they were navigating a health crisis while feeling concern about their financial security. The credit union had set up payment relief to assist those who had been adversely affected financially by Covid-19. He wanted the members to know that the credit union is committed to doing what it was originally founded to do: helping the members. Mr. Dimson stated that the credit union is there to help and will continue to work toward satisfactory solutions for all members until this situation has been resolved. He encouraged everyone to follow the public health guidelines and expressed his care and concern for their safety and well-being stating that we were in this together and will get through it.

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.

Stating that he was delighted to report the results for 2019, Mr. Dimson commented on the strong growth in assets, operating income and net income. The credit union had continued to build on a foundation of strength while enjoying record performance in 2019 and had in place the capital, systems and staff to continue its growth. Expressing his pride in the 2019 performance, Mr. Dimson stated that it had been a total team effort by the Board and staff. He then reviewed the following slides outlining the credit union's performance:

- Net membership had increased by 137 members.
- Asset growth had increased by \$34.5 million, a 25 percent increase.

- Deposits had increased by \$34.1 million, a 27 percent increase.
- The credit portfolio had increased by \$27.9 million, a 22 percent increase.
- Mortgages had increased by \$29.1 million, a 23 percent increase.
- Commercial mortgages had decreased by \$615,000.
- Personal loans had decreased by \$651,000.
- Net comprehensive income of \$1.6 million was marginally lower than the 2018 result.
- Capital remained strong at \$10.3 million and a capital ratio of 5.9 percent (the regulatory requirement is a minimum of 4 percent).

Mr. Dimson stated that growth in assets is a key driver for the credit union's long-term strength. In addition, growth in membership deposits is also critical in order to finance members' borrowing needs. He reminded the members that the deposit insurance limit per member is \$250,000.

Outlook for 2020

Mr. Dimson stated that in the current unprecedented times the credit union was taking a very cautious view looking ahead. He referred to such issues as future potential unemployment, housing market activity being down, the manufacturing slow down which has a negative effect on employment, the downward pressure on inflation and the Bank of Canada's decision to keep rates the same or make possible cuts if things grew worse. In addition, consumers were tightening their belts and, as a result, retail spending had stalled. Mr. Dimson stated, however, that for the first five months of 2020, the credit union had reported the following positive and strong results:

- Net income was ahead of budget by more than \$300,000.
- The balance sheet had increased since the end of 2019 by approximately \$3 million.
- Liquidity levels had been increased to meet any unforeseen circumstances.

Based on these were very positive markers while wading through choppy and uncharted waters, Mr. Dimson stated that the credit union continues to assist the members on the phone, in person with physical distancing or through the internet. He added that the Board and staff are committed to ensuring that the credit union continues to be strong and continues to cultivate confidence in its members. With regard to the economic outlook at this point which was still very concerning, Mr. Dimson stated that the credit union will continue to deal with the challenges of more players in the financial marketplace -- there being more banks and more alternatives for people -- and he emphasized that Equity Credit Union wants to be #1 with its members. In that regard, it will continue to look at ways to provide friendly delivery channels for members, banking by convenience and eliminating geographical distance as a hurdle to doing business.

Mr. Dimson pointed out that the credit union's virtual side of the business has continued to grow more than ever with free electronic banking 24 hours a day, 7 days a week by telephone or internet. Further, the credit union is set up with The Exchange Network which members can use for to make deposits and withdrawals at certain designated ATMs without having to pay a surcharge which is very positive for members who do not live close to the credit union. Information of The Exchange network, which is linked to the credit union's website, will indicate the ATMs close to members' homes or workplaces. Mr. Dimson emphasized that the credit union will continue its no fee policy and no service charge policy unlike competitors that boast of billion dollar profits. It will also continue to provide competitive interest rates on deposits, mortgages and loans to increase our Shareholders' wealth. In addition, the credit union will:

- continue to examine new products and services;

- continue to look at ways to be a “1-stop” financial supermarket for members;
- continue to attract new members, increase mortgage and loan portfolios as well as deposits;
- increase membership to increase the overall asset size of the credit union to enhance overall stability;
- continue the credit union’s relationship with members in 2020, provide them with the professional, courteous service they deserve and build relationships for life.

Noting that the status quo is not an option and that standing still is like taking a step back, Mr. Dimson stated that the credit union must move forward and the best way to do that is for members to refer family members and friends – that is, “word of mouth” from satisfied members. He reminded the members that a credit union is a financial co-operative, owned by its members who are also its customers, owned and controlled by the people it serves, unlike a bank. In closing his report, Mr. Dimson thanked the members and reiterated that as at the end of 2019 the credit union was in excellent financial shape which all should be proud of. He added that, at any time during the year, if members had questions, comments or concerns, they should not hesitate to talk to him about them.

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

On a **motion** by Peter Sideris, **seconded** by Jeannine Wilson, **it was resolved** to accept the report of the Chief Executive Officer for 2019. **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 2019, the credit union received a total of 403 loan applications. Of these, 194 new loans totalling \$60,145,718 were granted to members and 209 were denied. The loan categories were:

residential mortgages:	116 for \$53,194,915
residential Merit Lines:	54 for \$6,288,995
commercial mortgages:	0 for \$ 00
commercial Merit Lines:	1 for \$80,000
personal loans:	17 for \$110,199
lines of credit:	6 for \$471,609

At year end, the total loans outstanding were \$154,497,461 compared to \$126,586,542 at the end of the previous year. This resulted in an overall increase of \$27,910,919 or 22.05 percent in the loan/mortgage portfolio for the year.

As at December 31, 2019, there was one impaired loan totalling \$3,183. There were two mortgages totalling \$1,026,266 considered impaired and reserved. Our net delinquency ratio remained low at 0.67 percent.

Thank you to all members who used our credit facilities in 2019. 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 Adil Qureshi, **seconded** by Craig Nichols, **it was resolved** to accept the report of the Manager of Lending Operations for 2019. **The motion was carried unanimously.**

Report of the Audit Committee

Mr. Loreto on behalf of the Audit Committee presented the following report:

The Audit Committee continued to carry out its duties as stipulated by the Credit Union Act and Regulations of 1994. Some of these duties included the following:

- 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 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 auditors;
- 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 met five times during 2019. The committee also met in February 2020 with the External Auditor to review and accept the 2019 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.

There were no questions or comments.

On a **motion** by Art Jessop, **seconded** by Adil Qureshi, **it was resolved** to accept the report of the Audit Committee for 2019. **The motion was carried unanimously.**

Auditor's Report for 2019

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 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 advised that for 2019 the credit union had a clear and unqualified report. He stated that the credit union's audited financial statement presents fairly in all material respects the financial position of the credit

union and its cash flows for the year then ended, December 31, 2019. He advised that the audit had been approved in principle by the Board on February 7, 2020.

There were no questions for the Auditor.

On a **motion** by Peter Sideris, **seconded** by Jeannine Wilson, **it was resolved** that the audited financial statements for the fiscal year ended December 31, 2019, be approved as presented.

The motion was carried unanimously.

6. APPOINTMENT OF AUDITOR

John Loreto, a member of the Audit Committee, stated that the committee wished to recommend the reappointment of MNP LLP, Chartered Accountants, for the fiscal year ending December 31, 2020.

On a **motion** by John Loreto, **seconded** by Craig Nichols, **it was resolved** that MNP LLP, Chartered Accountants, be appointed as Auditor of Equity Credit Union Inc. for the fiscal year ending December 31, 2020.

The motion was carried unanimously.

7. ELECTION OF DIRECTORS

Jeannine Wilson, Chair of the Nominating Committee, presented the committee's report. She advised that the voting to elect Directors to the Board had been carried out on line in compliance with public health regulations concerning the Covid-19 pandemic. There were six candidates for three positions all for three-year terms:

Bill Downing	Adil Qureshi	Bonnie Downing
Vishal Pua	Adnan Malik	Frank Chomicz

Ms. Wilson advised that the following candidates that had been elected for three year terms: Bill Downing, Adil Qureshi and Bonnie Downing and congratulated them. She then thanked Vishal Pua, Adnan Malik and Frank Chomicz for their interest in serving as Directors.

On a **motion** by Peter Sideris, **seconded** by Art Jessop, **it was resolved** to destroy the ballots for the 2020 election of Directors.

The motion was carried unanimously.

8. UNFINISHED BUSINESS

There were no items of unfinished or other business.

9. NEW BUSINESS

There were no items to be discussed as new business.

10. TERMINATION OF THE MEETING

There being no further 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 John Loreto, **it was resolved** at 7:38 p.m. to terminate the 77th 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, June 23, 2020**

1. **Motion that** the credit Union’s By-law No 1, as confirmed by the membership on June 23, 2010 (the “General By-law”) be hereby further amended by deleting section 8.2 thereof, and replacing it with the following:

8.2 Electronic Meetings: A membership meeting may, if the Board determines by resolution to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, be held by telephonic or electronic means. A member who, by such means, votes at the meeting or establishes a communications link to the meeting shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of quorum pursuant to section 8.7 hereof, to have been present at the meeting.

The General By-law be hereby further amended by deleting section 8.10 thereof, and replacing it with the following:

8.10 Mail, Electronic and Branch Balloting - Members may, if the Board determines by resolution to do so, and pursuant to such conditions, rules and procedures which may be approved by the Board, vote at meetings of members by mail, or by in-branch, telephonic, or electronic means. A Member who, by such means, casts a vote shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of quorum pursuant to section 7.07 hereof, to have been present at the meeting.

On a **motion** by Peter Sideris, **seconded** by John Loreto, **it was resolved** to amend By-law No. 1 to allow the virtual holding of the 2020 Equity Credit Union Inc. annual general meeting to proceed.

The motion was carried unanimously.

2. **Approval of Minutes**

On a **motion** by Art Jessop, **seconded** by Adil Qureshi, **it was resolved** to adopt the minutes of the Annual General Meeting held April 17, 2019. **The motion was carried unanimously.**

3. **Approval of Report of Board of Directors**

On a **motion** by Art Jessop, **seconded** by John Loreto, **it was resolved** to accept the Report of the Board of Directors for 2019. **The motion was carried unanimously.**

4. **Approval of the Report of the Chief Executive Officer**
On a **motion** by Peter Sideris, **seconded** by Jeannine Wilson, **it was resolved** to accept the report of the Chief Executive Officer for 2019. **The motion was carried unanimously.**

5. **Approval of the Report of the Manager of Lending Operations**
On a **motion** by Adil Qureshi, **seconded** by Craig Nichols, **it was resolved** to accept the report of the Manager of Lending Operations for 2019. **The motion was carried unanimously.**

6. **Approval of the Report of the Audit Committee**
On a **motion** by Art Jessop, **seconded** by Adil Qureshi, **it was resolved** to accept the report of the Audit Committee for 2019. **The motion was carried unanimously.**

7. **Approval of Auditor's Report**
On a **motion** by Peter Sideris, **seconded** by Jeannine Wilson, **it was resolved** that the audited financial statements for the fiscal year ended December 31, 2019 be approved as presented. **The motion was carried unanimously.**

8. **Appointment of Auditor**
On a **motion** by John Loreto, **seconded** by Craig Nichols, **it was resolved** that MNP LLP, Chartered Accountants, be appointed as Auditor of the Credit Union for the fiscal year ending December 31, 2020. **The motion was carried unanimously.**

9. **Authorization to Destroy the Ballots**
On a **motion** by Peter Sideris, **seconded** by Art Jessop, **it was resolved** to destroy the ballots for the 2020 election of Directors. **The motion was carried unanimously.**

10. **Termination of Meeting**
On a **motion** by John Loreto, **it was resolved** at 7:38 p.m. to terminate the 77th Annual General Meeting of Equity Credit Union Inc. **The motion was carried unanimously.**

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