



# EQUITY

Credit Union

# 2022 ANNUAL REPORT

*Welcome to Equity. Where You Belong.*

[equitycu.com](https://equitycu.com)

## **What makes credit unions different?**

### **Ownership**

Any person can join the credit union and become a member. Membership in the credit union means you are a shareholder, and every member has one vote. As a shareholder in the financial institution, you have a right to a say in the overall direction of the credit union, run for election to the board and elect directors to the board.

### **Service**

Credit unions have served the financial needs of its members for a very long time, and they pride themselves on providing friendly and responsive service.

### **Choice**

Credit unions offer a wide range of financial products and services covering chequing accounts, credit cards to interac and internet banking.

### **Competitive prices**

Interest rates and service charges at credit unions are comparable and sometimes better than banks.

### **Commitment to the community**

Credit unions reinvest their profits in the credit union and the communities in which they operate in keeping with their co-operative principles.



## **80<sup>th</sup> Annual Meeting**

**Wednesday, April 12, 2023 - 7:30 pm**

Ajax Convention Centre  
550 Beck Crescent  
Ajax, Ontario

### **Agenda**

- Registration of members
- President's Welcome
- Minutes of 79<sup>th</sup> Annual Meeting
- Reports from:
  - Board of Directors
  - Gender Diversity Report
  - Chief Executive Officer
  - Senior Lending Officer
  - Audit Committee and Auditor
- Appointment of Auditors
- Unfinished Business
- Election of Directors
- Report of the Chairperson of Elections
- New Business
  - By-laws revised
- Other Business
- Adjournment
- Draw for prizes

## **EQUITY CREDIT UNION INC.**

### **Minutes of the Annual General Meeting April 13, 2022**

The 79th annual general meeting of the members of Equity Credit Union Inc. was held on Wednesday, April 13, 2022. 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. The registration of members had taken place prior to the meeting beginning at 6:40 p.m.

#### **1. OPENING OF THE MEETING**

The Chair, Mr. John Loreto, welcomed the members at 7:01 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. The members were instructed to use the chat feature to ask a question or send an e-mail to [agm@equitycu.com](mailto:agm@equitycu.com) and, in either case, provide their full name and the question during the meeting. With regard to voting and due to the stay-at-home regulations and no in-person attendance because of the Covid-19 virus, the names of Board members had been arranged as the movers and seconders of motions.

#### **Announcement of Quorum**

The Corporate Secretary, Art Jessop, reported that 28 members had registered which constituted a quorum. There being a quorum, the Chair declared the meeting legally constituted to conduct the business of the meeting and called the meeting to order at 7:04 p.m. The final attendance was 30 members and 2 guests.

#### **2. PRESIDENT'S WELCOME**

Mr. Loreto, President and Chair of the Board of Directors, introduced the members of the Board:

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

The Chair then introduced the Credit Union's staff:

Tom Dimson	Chief Executive Officer
Louise Robichaud	Finance Manager
Nancy Smith	Manager, Lending Operations
Paula Goncalves	Administration Manager
Joanne Key	Mortgage and Loans Officer
Mirella Rizzo	Mortgage Administrator
Gaetane Gilbert	Administration Officer
Debbie Saboe	Member Services Representative
Jannette Pantalleresco	Member Services Representative

The Chair welcomed and introduced the following guests:

Denise Jones	Auditor, Baker Tilly, Professional Accountants
Carol Lewis	Recording Secretary

Helen Thomas, the credit union's FSRA Representative, was unable to attend and had sent her regrets.

Mr. Loreto welcomed the members, the members of the Board, staff and guests to the credit union's 79th annual general meeting. Stating that the credit union had achieved another terrific year, he highlighted the significant growth in assets and profit which had out-paced asset growth and profit in 2020. He also advised that credit losses were nil and that the mortgage payment deferral program established to protect members from the impact of Covid-19 and its associated health and safety restrictions had been completed successfully. Mr. Loreto stated that the excellent results achieved in 2021 were due to the efforts of the staff who worked tirelessly throughout the pandemic and its impact on working conditions. He then drew attention to the Board's formal report in the Annual Report which had been posted on the website in advance of the meeting and which follows under the Report of the Board of Directors.

### **3. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING**

The minutes of the 78th annual general meeting held April 15, 2021 had been distributed to the members for their review in advance of the meeting.

On a **motion** by Art Jessop, **seconded** by Larry Biancolin, **it was resolved** to adopt the minutes of the annual general meeting held April 15, 2021 as written. **The motion was carried unanimously.**

### **4. REPORTS**

#### **Report of the Board of Directors**

The Chair, John Loreto, on behalf of the Board of Directors, presented the following report:

"As we enter into our 79th year and the credit union's 12th year in Durham Region, Equity Credit Union continues to grow at an exciting rate, while maintaining strong profits. The year 2021 was a record-breaking year even as we managed through strong uncertainties under pandemic conditions. Targets were exceeded

and the anticipated growth achieved was our highest ever. Profits exceeded expectations and our efficiency ratio remained one of the best in the Province.

In response to the ongoing Covid-19 outbreak, the credit union maintained its protocols to protect both its employees and its members. The hard work of Tom Dimson and his team continues to be one of the most valuable assets we have. The addition of Mirella Rizzo as the Mortgage Administrator after the departure of Shanique Wynter-Linton within our team has ensured that we continue to service our mortgage clients with superior member service.

The Board of Directors meetings continued to be conducted virtually in 2021. The Board members have worked hard to perform their duties so as to ensure that proper governance remains a priority.

2022 is now under way. We are appreciative of the confidence that our community of members has had and continue to have in the services and financial products we deliver. Your continued belief in Equity Credit Union is essential and greatly appreciated. We take our responsibility for the strategic direction of the Credit Union's affairs and our role as your "eyes and ears" very seriously and work our hardest to live up to that trust. We wish you a prosperous year."

On a **motion** by Bonnie Downing, **seconded** by Larry Biancolin, **it was resolved** to accept the Report of the Board of Directors for 2021. **The motion was carried unanimously.**

#### **Declaration of Dividend**

At this time, Mr. Loreto as Chair of the Board of Directors stated that he was very pleased to announce the declaration of a dividend in the amount of \$75 per member which will be paid to members as listed and in good standing as at December 31, 2021 by May 31, 2022.

#### **Team Update**

Mr. Loreto welcomed Mirella Rizzo as Mortgage Administrator who replaced Shanique Wynter-Linton in 2021. He then introduced Mr. Dimson to present the Chief Executive Officer's report.

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

Mr. Dimson's formal written report within the Annual Report had been posted on the website for the members to review in advance of the meeting. It will be appended to the official set of minutes.

Mr. Dimson welcomed the members to the credit union's third virtual annual meeting stating that he hoped the next annual meeting would be held in person. He thanked each and every member for their support and commitment to the credit union during 2021 which, as a result, had another very successful year. He stated that he was proud of what the credit union's employees and Board had achieved collectively and individually in 2021 and that, while the circumstances were very different from previous years, the credit union had not wavered in its focus to provide members with continued member service when they needed it most. He then thanked the staff and the Board for their support during the course of the past year and thanked John Loreto for having provided excellent leadership, governance, hard work and dedication as the Chair of the credit union for 2021. He then gave the following report:

"With 2022 upon us, it has now been two years since most of us first heard of Covid-19. Without a doubt, everyday life has changed and, in some ways, will never be the same. The impact has been felt across both our personal and professional lives. However, I'm sure you have heard enough about this pandemic; who

would have thought that this could have occurred in our world. I would like to thank you, the members, who have worked with us through these unprecedented times. Equity Credit Union was able to adapt and respond with resilience to these challenges from a position of strength. Our robust levels of liquidity and capital ensured we were well prepared to continue to operate under any circumstances. The pandemic created unprecedented challenges for people everywhere. Across Canada, governments, health care officials, policymakers and regulators have collaborated to respond with relief measures and assistance to reduce the financial stress on the people in our communities and we are very grateful that they stepped up and took action. At Equity the safety and security of all our staff and members have been our primary concern since day one and so we took a number of measures to “protect our home”. For members and partners, we have recognized that they have been navigating through a health crisis while feeling concern about their financial security. We want you to know that Equity Credit Union has been committed to doing what we were originally founded to do -- help our members. It appears that optimism will prevail in the “new normal”. We are here to help and will continue to work towards satisfactory solutions for our members.”

**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.

**Co-operative Principles Applied**

The pandemic affected many of our members in 2020 and 2021. We were proud to put our co-operative values to work and provided deferred payment arrangements to members affected. The lending department diligently and compassionately worked with the members in 2021 and assisted six members involving \$3.4 million in loans and representing two percent of all loans outstanding at the time (in 2020, 144 members involving \$64.6 million in loans had been assisted). As of December 31, 2021, no mortgages remained in a deferred payment status for a total of \$nil. Nancy Smith and her team, Joanne Key and Mirella Rizzo, were congratulated and thanked for doing an excellent job.

**Results of the 2021 Fiscal Year**

Mr. Dimson stated with regard to 2021 that he was proud to report that the credit union had continued to realize strong growth in assets, operating income and net income. The credit union had also continued to build on a foundation of strength while enjoying record performance in 2021 and had the capital, systems and staff in place to continue its growth. He stated that it had been a total team effort by the Board and staff and then reported the following financial results in 2021:

- Net membership had increased by 582 members.
- Assets had increased by \$71.7 million, a 34 percent increase. Over the past five years the credit union had increased its assets in excess of 20 percent per year which was well above the credit union system average in Ontario.
- Profit - net comprehensive income of \$2.9 million was an increase of approximately \$900,000 from 2020 and a 45 percent increase over the 2020 profit.
- Mix of assets indicated 84.7% in residential mortgages, 14.8% in cash, 0.3% in loans and 0.2% in other.

- Loans to members indicated conventional mortgages at 65.1%, insured mortgages 28.4%, merit lines 6.3% and loans 0.2%.
- The credit portfolio had increased by \$65.3 million, a 38% increase.
- Mortgages had increased by \$64.6 million, a 38% increase.
- Commercial mortgages had increased by \$862,000.
- Personal loans had decreased by \$123,000.
- Deposits had increased from \$194.1 million in 2020 to \$262.7 million in 2021 a 35% increase. Mr. Dimson thanked Paula Goncalves, Debbie Saboe, Gaetane Gilbert and Jannette Pantalleresco for their hard work in attracting and retaining deposits.
- Mix of liabilities: term deposits 64%, RRSPs 10%, TFSAs 7%, RRIFs 7 %, equity 5 %, other 3%.
- Income mix: the vast majority of income was 98.1% in mortgages with interest on loans, investments and other being 1.1% 0.4% and 0.4% respectively.
- Expense mix included term deposit interest 39.1%, TFSA interest 24.5%, operating 22.3%, RRSP interest 6.7%, RRIF interest 3.4%, TFSA interest 3.8%, savings interest 0.3%.

With regard to expenses, a key ratio is the efficiency ratio which is calculated by dividing the operating expenses by interest income less interest income expense and adding the non-interest income. Typically, a lower efficiency ratio is desirable. A higher or rising efficiency ratio means that the credit union is losing a larger share of income to overhead. At the end of 2021 the credit union's efficiency ratio was 33.8 percent versus 39.1 percent in the previous year; that is, it got better in 2021. Equity Credit Union has one of the lowest efficiency ratios in the Ontario credit union system which has an average efficiency ratio of approximately 69 percent.

- Bad debt expense: The credit union had written off only \$9,759 in bad debt expense in 2021 due to the prudent and solid loan business carried out by the Credit Department.
- Capital continued to increase and grow stronger at \$14.7 million up by \$2.9 million from 2020. The capital ratio of 5.44 percent was above the credit union's policy of 5.25 percent and above the regulatory requirement of a minimum of four percent. Mr. Dimson thanked Louise Robichaud for keeping the credit union on target to ensure that it maintained appropriate capital levels.

Mr. Dimson stated that growth in assets is a key driver for the credit union's long-term strength. Growth in members' deposits was also critical to the credit union's ability to finance members' borrowing needs.

With regard to deposit insurance, Mr. Dimson reminded the members that non-registered deposits are insured to a maximum of \$250,000 per member and that registered products including RRSPs, RRIFs and TFSAs carry unlimited insurance.

### **Outlook for 2022**

Mr. Dimson stated that Equity Credit Union in 2022 will continue to move forward with its business. The future employment situation appeared to be improving and the housing market was continuing to be very strong. Inflation however was heading upward for a variety of reasons and the Bank of Canada was considering increasing the overnight lending rate a few more times in 2022 to tame inflation. The credit union's strategic business plan has a goal to increase the balance sheet to over \$333 million by year end by way of a combination of mortgage growth and deposit growth by 20 percent, a challenging goal but the credit union is prepared to get there.



### **The First Three Months of 2022**

Mr. Dimson advised that for the first three months of 2022, the following strong results were positive and strong markers as the credit union continued to deal with uncertain issues.

- Net income was ahead of budget by approximately \$85,000.
- The balance sheet had increased since year end 2021 by approximately \$4 million.
- Liquidity levels had been increased in order to meet any unforeseen circumstances.

Mr. Dimson stated that these were very positive markers as business would go ahead through difficult circumstances including higher inflation and increased interest rates. He emphasized that the credit union will continue to assist members by phone, in person with physical distancing, and through the internet adding that the Board and staff are fully committed to ensuring that the credit union continues to remain a strong and viable financial institution for years to come. Noting that financial institutions are very competitive he expressed confidence in the members' security and added the following commitments:

- continue to cultivate confidence to develop and maintain member loyalty with trust and security;
- continue to deal with the challenge of more players in the financial marketplace, that is, more banks and more alternatives for people; Equity Credit Union wants to be #1 with its members;
- continue to look at ways to provide friendly delivery channels to and for its members.

Because banking by convenience is critical and very important now, Mr. Dimson stated that the credit union must eliminate the geographical distance that may be a hurdle for members to do business – have no boundaries. The credit union had very recently introduced two new services-- remote cheque deposit and “link my accounts” (within the credit union and transferring to another financial institution). Further, The Exchange Network allows deposits and withdrawals at certain designated ATMs with no surcharge which is very positive for remote members. It is linked on the website and will show the ATMs in and around a member's home or workplace.

Mr. Dimson also advised that the credit union will continue to increase the virtual side of the business and, as well, continue electronic banking (24/7), telephone and internet banking all of which are free. It will continue to maintain no service charges (unlike competitors that boast billion dollar profits), competitive interest rates on deposits, mortgages and loans; increase Shareholders' wealth; examine new products and services and look at ways to be a one-stop supermarket for members. He noted further that by increasing membership, the overall asset size would enhance the credit union's overall stability and build relationships with the members. The members were encouraged to refer friends and family members to Equity which is a community credit union and financial cooperative owned by its members who are also the customers and owned and controlled by the people it serves unlike banks that have shareholders and customers.

Mr. Dimson stated that at the end of 2021 the credit union was in excellent financial shape which the members could be proud of and he invited questions, comments or concerns at any time and would be happy to chat with them on any issue.

Mr. Loreto invited questions regarding the CEO's report; none were received. He stated that the credit union had travelled an incredible path since making the decision in 2010 to relocate and stated that the decision had to made and history had proved that the move to Ajax produced great results. Of note, the credit union's credit losses in 2020 were only about \$9,000. He congratulated Mr. Dimson and all of the staff for this success.

On a **motion** by Larry Biancolin, **seconded** by Jeannine Wilson, **it was resolved** to accept the report of the Chief Executive Officer for 2021. **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 2021, the credit union received a total of 496 loan applications compared to 350 in 2020. Of these, 266 new loans totalling \$136 million were granted to members compared to 167 loans for \$67 million in 2020; 230 loans were denied compared to 183 in 2020. The loan categories were:

	2021		2020	
Category	# loans	\$ amounts granted	# loans	\$ amounts granted
residential mortgages/merit lines	247	\$ 133.0 million	149	\$ 65 million
commercial mortgages	2	\$ 1,010 million	1	\$ 175 thousand
personal loans and lines of credit	17	\$ 1,852 million	17	\$ 944 thousand

At year end, total loans outstanding were \$238 million compared to \$173 million in 2020. This resulted in an overall increase of \$65.3 million or 38 percent. As of December 31, 2021, there were no impaired loans compared to one in the prior year for \$860.00. There were no mortgages classed as impaired which was the same as the prior year.

In 2021, the credit union provided 6 deferred mortgage payment arrangements to members due to the impact of Covid-19 for a total mortgage loan amount of \$3.4 million (2020 - 144 for a total mortgage loan amount of \$64.6 million). As of December 31st, 2021 there were no mortgages under a deferred payment arrangement for a total of \$0.00 compared to 9 in 2020 for a total of \$2.6 million. The net delinquency ratio remained low at essentially zero. The credit union wrote off \$5,000 in loan bad debt compared to \$1,000 in 2020 and charged a provision of \$10,000 to operations compared to \$62,000 for the prior year. The credit union had set aside a provision for credit losses of \$480,000 which represented 0.20 percent of the total loans outstanding (in 2020, 0.28 percent). This provision is believed to be reasonable for the credit union's portfolio.

Mr. Loreto congratulated Ms. Smith and her team, Joanne Key and Mirella Rizzo, for their excellent work which he stated was a testament to their efficiency. 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 2021. **The motion was carried unanimously.**

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

Jeannine Wilson, Chair of the Audit Committee, advised that the Audit Committee, comprised of three Directors, herself, Larry Biancolin and Bill Downing, held five meetings during 2021. It arranges its agenda so that on an annual basis, the following duties are performed and appropriate action is taken as a result thereof:

- 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 to the 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 External 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 conducted its affairs in accordance with the Credit Unions and Caisses Populaires Act (the "Act") and regulations as well as the credit union's by-laws. The Audit Committee issued reports and made recommendations to the Board of Directors or senior management as appropriate with respect to the matters outlined above and followed up to ensure that the recommendations were considered and implemented.

The Audit Committee was pleased to report to the members that it received full co-operation and support from Management to enable it to play an effective role in improving the quality of financial reporting to the members and enhancing the overall control structure of the credit union. There were no significant recommendations made by the Audit Committee that had not been either implemented or were in the process of being implemented. In addition, there were no matters which the Audit Committee believed should be reported to members, nor were there any further matters which were required to be disclosed pursuant to the Act or the regulations thereto.

There were no questions or comments.

On a **motion** by Art Jessop, **seconded** by Bonnie Downing, **it was resolved** to accept the report of the Audit Committee for 2021. **The motion was carried unanimously.**

At this time, Jeannine Wilson, as Chair of the Audit Committee, introduced Denise Jones of Baker Tilly, Professional Accountants, to present the External Auditor's report.

### **Auditor's Report for 2021**

Ms. Jones advised that the credit union's financial statements for the fiscal year ended December 31, 2021 were free from material misstatement and in compliance with International Financial Reporting Standards (IFRS). The auditor had examined financial documents for 2021 and had considered the Internal Auditor's reports. All were satisfactory and without reservation. Ms. Jones stated that Mr. Dimson's report had been very detailed and she would therefore keep her report brief. She pointed out the following:

- Total assets including cash and investments were \$280,691,054 compared to \$209,022,568 in 2020.
- Total liabilities of \$265,962,050 included member deposits of \$265,062,026 compared to \$196,384,403 in 2020.
- Members' equity at \$11,808,130 in 2020 increased by \$2,920,884 in 2021 to \$14,729,014.

Referring to the Statement of Cash Flows, Ms. Jones pointed out that:

- \$3,042,699 had been used for operating activities;
- \$10,863,835 for investing activities;
- \$3,288,219 for financing activities.

The net result was an increase in cash and cash equivalents of \$4,392,042.

Ms. Jones invited questions. A member asked about the purpose of the investment at RBC-DS. Ms. Jones explained that it is a liquidity reserve that is needed to be held in reserve in accordance with FSRA regulations. The funds earn interest.

On a **motion** by Bill Downing, **seconded** by Bonnie Downing, **it was resolved** that the audited financial statements for the fiscal year ended December 31, 2021, be approved as presented.

**The motion was carried unanimously.**

## **5. APPOINTMENT OF AUDITOR**

Jeannine Wilson, Chair of the Audit Committee, stated that the committee wished to recommend the reappointment of Baker Tilly, Professional Accountants, for the fiscal year ending December 31, 2022.

On a **motion** by Jeannine Wilson, **seconded** by Larry Biancolin, **it was resolved** that Baker Tilly, Professional Accountants, be appointed as Auditor of Equity Credit Union Inc. for the fiscal year ending December 31, 2022.

**The motion was carried unanimously.**

Mr. Loreto thanked Ms. Jones and Baker Tilly for their fine service. He stated that the Credit Union's staff had worked well with Baker Tilly.

## **6. ELECTION OF DIRECTORS**

Bonnie Downing, Chair of the Nominating Committee, had presented the committee's report. On behalf of Ms. Downing and due to a technical problem, Jeannine Wilson advised that the voting to elect Directors to the Board had been carried out on line from April 8th to 21st in compliance with public health regulations concerning the Covid-19 pandemic. There were four candidates for three positions open on the Board, all for three-year terms: Art Jessop, Vishal Pua, Tim Watson and Jeannine Wilson.

As a result of the technical problem, the moderator reported that Jeannine Wilson, Vishal Pua and Art Jessop had been elected for three year terms. Mr. Loreto thanked Tim Watson for his interest in serving as a Director and invited him to stand for election again next year.

On a **motion** by Larry Biancolin, **seconded** by Adil Qureshi, **it was resolved** to destroy the ballots for the 2022 election of Directors.

**The motion was carried unanimously.**

**7. UNFINISHED BUSINESS**

There were no items of unfinished or other business.

**8. NEW BUSINESS**

There were no items to be discussed as new business.

**9. TERMINATION OF THE MEETING**

Mr. Loreto thanked the members for their loyalty and participation and the staff for making Equity Credit Union one of the most efficient in the Province. He thanked the Board for its governance and for ensuring a solid financial entity.

There being no questions or comments, and the business of the meeting having been completed, the Chair thanked the members and guests for attending this virtual annual meeting stating that, hopefully, the next annual general meeting would be in person. He then called for a motion to terminate the meeting.

On a **motion** by Adil Qureshi, **it was resolved** at 7:52 p.m. to terminate the 79th annual general meeting of Equity Credit Union Inc. **The motion was carried unanimously.**

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Chair  
CL/cl

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Corporate Secretary

**EQUITY CREDIT UNION INC.**

**LIST OF MOTIONS**  
**Annual General Meeting, April 13, 2022**

1. **Approval of Minutes**  
On a **motion** by Art Jessop, **seconded** by Larry Biancolin, **it was resolved** to adopt the minutes of the Annual General Meeting held April 15, 2021. **The motion was carried unanimously.**
2. **Approval of Report of Board of Directors**  
On a **motion** by Bonnie Downing, **seconded** by Larry Biancolin, **it was resolved** to accept the Report of the Board of Directors for 2021. **The motion was carried unanimously.**
3. **Approval of the Report of the Chief Executive Officer**  
On a **motion** by Larry Biancolin, **seconded** by Jeannine Wilson, **it was resolved** to accept the report of the Chief Executive Officer for 2021. **The motion was carried unanimously.**
4. **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 2021. **The motion was carried unanimously.**
5. **Approval of the Report of the Audit Committee**  
On a **motion** by Art Jessop, **seconded** by Bonnie Downing, **it was resolved** to accept the report of the Audit Committee for 2021. **The motion was carried unanimously.**
6. **Approval of Auditor's Report**  
On a **motion** by Bill Downing, **seconded** by Bonnie Downing, **it was resolved** that the audited financial statements for the fiscal year ended December 31, 2021 be approved as presented. **The motion was carried unanimously.**
7. **Appointment of Auditor**  
On a **motion** by Jeannine Wilson, **seconded** by Larry Biancolin, **it was resolved** that Baker Tilly Professional Accountants, be appointed as Auditor of the Credit Union for the fiscal year ending December 31, 2022. **The motion was carried unanimously.**

8. **Authorization to Destroy the Ballots**

On a **motion** by Larry Biancolin, **seconded** by Adil Qureshi, **it was resolved** to destroy the ballots for the 2022 election of Directors. **The motion was carried unanimously.**

9. **Termination of Meeting**

On a **motion** by Adil Qureshi, **it was resolved** at 7:52 p.m. to terminate the 79th Annual General Meeting of Equity Credit Union Inc. **The motion was carried unanimously.**

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## Board of Directors

Name	Position	Year appointed	Term year of expiration
Larry Biancolin	Chair	2015	2024
Bill Downing	Vice Chair	2008	2023
Art Jessop	Corporate Secretary	2007	2025
Bonnie Downing		2011	2023
Adil Qureshi		2018	2023
Craig Nichols		2009	2024
John Loreto		2009	2024
Jeannine Wilson		2016	2025
Vishal Pua		2022	2025

## Staff

Name	Position
Thomas Dimson	Chief Executive Officer
Paula Goncalves	Administration Manager
Nancy Smith	Manager, Lending Operations
Louise Robichaud	Finance Manager
Gaetane Gilbert	Administration Officer
Joanne Key	Loan/Mortgage Officer
Mirella Rizzo	Mortgage Administrator
Debbie Saboe	Member Services Officer
Jannette Pantalleresco	Member Services Officer

## Auditor

Baker Tilly – Licensed Public Accountants



## **REPORT FROM THE BOARD OF DIRECTORS**

As we enter our inaugural 80<sup>th</sup> year in business, we make a point to stop and reflect on how amazing that actually is for our credit union.

The past year has been challenging for all of us. The effects of the war in Ukraine, inflation and the ever-present effects of COVID-19 and its variants underpinned the difficulties we faced. However, 2022 was also the year of getting back to “normal”. At the year end, our members and our communities began to return to the workplace, the economic activity picked up and we grew hopeful that 2023 would be a better year.

### ***Five years of performance***

The credit union’s performance over the past five years, both in absolute terms and relative to its peers, has been strong – and 2022 proved to be another good year. We are small but we deliver.

We saw in 2022 the most attractive deposit rates seen in the last decade but are mindful of the impact of higher interest rates on new and renewals of residential mortgages. Whether this is temporary, as the Bank of Canada is attempting to reign in inflation below a 3% target, or if this is a new norm in pricing, remains to be seen. The board was and continues to be particularly supportive of the team’s focus on living its cooperative values with members that are having difficulties.

### ***An effective board***

Our 9-member board comprises of 2 women and 7 men, and two of our board committee chairs are women. The board welcomed one new director, Vishal Pua, who was elected at the last Annual General Meeting. This year, we bid farewell to Bill Downing, as a long standing director who has decided to retire for good. We thank him for his service and will miss his no nonsense approach. The Board looks forward to working with the directors that will be elected this year. We see value in a diverse board. In that light, we continually look for opportunities to shape a diverse board to ensure that we have the full benefit of the varied talents, knowledge, and work and life experiences that only diversity can bring.

The Board members have worked diligently to perform their duties, so as to ensure that proper governance remains a priority.

### ***Changes to the CUCPA***

A new Credit Unions and Caisses Populaires Act, (CUCPA) became effective in 2022, with the Financial Services Regulatory Authority of Ontario (FSRA) busy issuing new rules and expectations for the credit unions and caisses populaires it regulates. The board and management of the Credit Union have worked to implement the changes that these new rules require. As a consequence, we are pleased to present for approval a fresh and revised set of By-Laws for the Credit Union.



On behalf of you, our members, we extend our thanks to Tom Dimson, Chief Executive Officer, and his team, who were behind our successful performance. And on behalf of the board, we extend our thanks to you, our members, for the trust you continue to place in us to represent your interests.

The year ahead promises to be one full of challenges and opportunities. We are confident that your credit union has the right strategy and the right team to take full advantage of these opportunities as they present themselves.

Respectfully,

Larry Biancolin  
Board Chair



## **MESSAGE FROM THE CHIEF EXECUTIVE OFFICER**

### **SERVICE, TRUST, AND INTEGRITY**

Equity Credit Union has a long history beginning in 1943 as an employee-based credit union focused on assisting the employees of Lever Brothers. It was housed in the plant located at the base of the Don Valley Parkway and Lakeshore Blvd in Toronto. It began with a part-time Lever Brothers' employee collecting deposits from the staff. Over the years, there have been a few name changes as well as location changes. The credit union opened membership to all residents of the community and made a new home in the Durham Region in 2010.

We are a credit union with relationships rooted in traditional values of service that still hold their worth today and those held by every new member we welcome through our doors. These are the values we know our members expect us to uphold as their financial institution.

At Equity, we have held on to this promise for over 80 years and it is through our commitment to provide our members with dependable service, a secure home for their finances, and a means for opportunity, that we remain grounded and determined in our mission to grow and prosper together.

The year 2022 saw a record-breaking rise in interest rates to the delight of some and the horror of others. Competition from our peers and banks for deposits has been the strongest seen in a while. Durham Region continues to grow and home prices in our area have seen some adjustments. We have confidence that our community continues to retain and attract newcomers. We look forward to working with families acquiring their first or a larger home in our community.

We are mindful that each of you is an individual with unique financial needs and goals. The satisfaction of our members is what motivates us year after year to strive for excellence in the service we provide and the products we deliver. While we operate as a business by providing products and services to individuals and collect revenue in the process, it is what we do with this revenue that makes the difference. The concept is simple. We return the profit we earn back to you in the form of great rates, enhanced products and services, no-fee banking, dividends and by doing right by the community we serve.

It is a long tradition of the credit union to put the needs of our members and the community as a whole, first and foremost.

### **OUR YEAR END REVIEW**

The credit union ended the year with strong financial results in net income and balance sheet growth.

To network amongst the local business community, we are members of the Pickering/Ajax Board of Trade as well as the Whitby Chamber of Commerce. We highlighted our initiatives through our regular marketing channels including our website, emails, in-branch marketing and with increased coverage through social media vehicles such as Facebook, Instagram and Twitter. We encourage our members to actively engage us through these social media platforms.

### **COMMUNITY SUPPORT**

We were pleased this year to again financially support and participate in the CU Succeed Youth Bursary Program through the Ontario Credit Union Foundation.

## FINANCIAL FOCUS

Our assets increased by \$61.7 million with a closing balance sheet size of \$342.4 million. We performed better than expected this year. This represents a 22% increase over 2021 assets.

Our deposit base, which reflects total member deposits, increased \$56.7 million or 22% in 2022. This reflects that our competitive rates continue to retain and attract members.

Total membership increased by a net 300 members. In 2022, we enjoyed a return of face-to-face services as we sure missed the broad smile of our members.

The credit portfolio increased by \$68.9 million or 29%. All of the growth came from residential mortgages. These loans are secured by mortgage registrations. Growth in loans was higher than expected this year even with much higher interest rates. We note that house prices have adjusted and that the size of a new mortgage continues to remain high.

Total regulatory capital increased at year end to \$18 million, or by 21%, and our leverage capital ratio decreased to 5.35% as a result of a substantial balance sheet growth of \$61.7 million. Our total risk weighted assets capital ratio was strong at 19.5%, slightly lower than 21.6% for 2021. The minimum regulatory capital requirement is 3% (2021 - 4%) and 10.5% (2021 - 8%) for the risk weighted assets capital ratio. Our policies set a minimum target for the capital ratio at 5.25% and 16% for the risk weighted assets capital ratio. Our position exceeds both our policies and regulatory minimum requirements.

Performance indicators	Minimum Regulatory Requirements	ECU Policy Requirements	2022	2021
Regulatory Capital \$			\$18.3 million	\$15.3 million
Leverage Capital Ratio	3.00% (2021 – 4%)	5.25%	5.35%	5.44%
Risk Weighted Assets Capital Ratio	10.50% (2021 – 8%)	16.0%	19.5%	21.6%

Interest income of \$13 million (2021 - \$10 million) was earned from loans which grew by 30% in the year as a result of an increase in the volume of issued loans. Rates for loans have risen through each quarter as the Bank of Canada raised rates throughout the year.

Investment income increased by 192%. This was as a result of the increase in market rates paid on our investments held in the liquidity portfolio. Liquidity investments must be maintained as a regulatory requirement and must be comprised of permitted assets that are highly liquid. These investments are subject to interest rate risk.

Generally, the credit union has a no-fee mandate thus it does not earn significant other income from members fees as compared to many other financial institutions. Other income includes that earned from collaborative arrangements with partners.

Members were allocated \$7.5 million (2021 - \$4.6 million) as interest on their deposits which represents growth of 64% compared to 2021. This net increase is a combination of higher interest expense paid tied to our increase in deposit balances and by the impact of higher rates paid on renewals and new

term deposits. Rates on term deposits rose through each quarter of the year in alignment with the Bank of Canada's rate increases.

A provision for credit losses of \$2 thousand was recognized this year compared to a provision of \$10 thousand in 2021. The credit union maintained a strong provision for credit losses with an ending balance of \$480 thousand. Our board and auditors support this amount as it is set aside against future loan loss contingencies.

Though the pandemic affected operations and many members, loan write offs this year was limited to \$2 thousand. This was much better than expected.

Our operating efficiency ratio sits at 35%<sup>1</sup> (2021 - 34%). This means that for every dollar of expenses \$3 (2021 - \$3) is earned in income. We have a very enviable efficiency ratio as compared to our peers in the credit union sector.

A total of \$3 million in profit was recognized in the year, this is \$0.1 million better than last year.

It is clear that rising interest rates are impacting our net interest margins. The credit union did, even under these conditions, retain its financial strength and prospered during the year. We are pleased to report our results to the membership this year.

### **OUR EXCITING FUTURE**

As we move forward in 2023, the credit union will reduce its growth expectation and be mindful of its pricing decisions. Our focus will be to balance capital and growth to ensure our adherence to key regulatory requirements. Throughout the year, the credit union will continue to review products and services which may be beneficial to the membership. The credit union is staffed with seasoned employees who are solid ambassadors and deliver superior member service.

We are humbled that this year the credit union will mark its 80<sup>th</sup> anniversary. The credit union was originally founded in 1943. It is incredible to see the results of our resilience through many economic cycles and market upheavals, and how much we have evolved since our modest beginnings. Working within this cooperative model, our members have remained central to every decision we make as an organization. The greatest testament to our legacy is that over all these years, we have held true to our founding principle of serving our members above all else. Creating a stable financial environment while delivering superior member service and upholding our cooperative banking principles is paramount to our continued success.

I emphasize that deposit insurance provided by our regulator, FSRA<sup>2</sup> covers registered deposits at 100%. This is not available at a bank. Unregistered deposits are covered up to \$250,000 per member. Note that the credit union contributed as part of its annual assessment under FSRA, \$199 thousand to the Deposit Insurance Reserve Fund in the year.

The credit union continues to offer no-fee banking and "keeps more money in our members' pockets."

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<sup>1</sup> Operating efficiency = Expenses / Total Income x 100, a lower number indicates a higher efficiency

<sup>2</sup> FSRA – Financial Services Regulatory Authority of Ontario – [www.fsrao.ca](http://www.fsrao.ca)



Our members can access our services and our team through various channels. We have added the semi-annual statements to our online services and encourage members to view their new eStatements. For your convenience we continue to offer you the opportunity to conduct your business online or by phone.

We ask that our members who experience difficulties to reach out to us and access our tools to assist you.

Our promise is that we will continue to live our co-operative values while protecting the capital that our depositors have entrusted to us.

### **ACKNOWLEDGMENTS**

I take this opportunity to recognize the efforts of our team. Their commitment to provide superior member service rewarded the credit union with growth above expectations. Their dedication to supporting our depositors virtually ensure that our members could access our services and financial product offerings.

I express my thanks on behalf of the team for the ongoing support and mentorship provided by our chair, Larry Biancolin, and the members of the board throughout this year. They have provided a solid foundation for our strong core governance framework adding value to the credit union. Our members confidence in our credit union is not misplaced.

Keeping the trust of our members is critical to the credit union's ongoing success. We recognize that trust is not something that is given easily, or that flows from a single interaction. Nowhere is trust more important than in the financial services business, where we make promises to our members everyday – promises you trust us to keep for years to come. The opportunity to serve our members in their financial transactions that supports their economic freedom and financial wellbeing is a privilege for myself and our team.

I along with my team, thank you, our members, for your trust and continued patronage.

Let your neighbour know about us, we would love to meet them and give them the opportunity to become members of your credit union.

Thomas Dimson  
Chief Executive Officer



## REPORT OF THE SENIOR LENDING OFFICER

During the year, the credit union received a total of 374 loan applications compared to 496 for the prior year. Of these, 226 new loans were granted for \$136 million compared to 266 for \$136 million for the prior year and 148 were denied compared to 230 for the prior year.

Loan categories were:

	2022		2021	
Category	# Loans	\$ amounts granted	# Loans	\$ amounts granted
Residential Mortgages/Merit lines	206	\$133 million	247	\$133 million
Commercial Mortgages	0	Nil	2	\$1 million
Personal loans and lines of credit	20	\$2.8 million	17	\$1.8 million

At year end, the total loans outstanding were \$309 million compared to \$238 million of 2021. This resulted in an overall increase of \$69 million or 29%.

As of December 31, 2022, and 2021, there was no impaired loans.

In the year, we provided Nil (2021 – 6) deferred payment arrangements to members due to the impact of COVID-19, for a total mortgage loan amount of \$Nil (2021 - \$3.4 million). As of December 31, there were Nil (2021 – Nil) mortgages under deferred payment arrangements for a total of \$Nil (2021 - \$Nil million).

Our net delinquency ratio remained low at essentially zero. We wrote off \$2 thousand (2021 - \$5 thousand) in loan bad debts and charged a provision of \$2 thousand to operations compared to \$10 thousand for the prior year. We have set aside a provision for credit losses of \$480 thousand (2021 - \$480 thousand) which represents 0.16% (2021 – 0.20%) of the total loans outstanding. We believe this provision is reasonable for our loan portfolio.

Always at your service

Nancy Smith  
Manager, Lending Operations



## REPORT OF THE AUDIT COMMITTEE

The Audit Committee, comprised of 3 directors, held four meetings this year. It arranges its agenda so that, on an annual basis, the following duties are performed, and appropriate action taken as a result thereof:

- Review the policies, procedures and controls relating to legislative compliance with particular focus on capital adequacy, risk weighting of assets and liquidity;
- Review 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 members at the Annual General Meeting
- Review the qualifications, independence, and performance of the auditors;
- Serve as the principal communication link between the External Auditor and the Board of Directors, and in particular, review and agree to the External Auditor's "Terms of Engagement" and "Scope of Audit";
- Review the requirements for adherence to the new accounting policies as they relate to the International Financial Reporting Standards

The Audit Committee conducted its affairs in accordance with the Credit Unions and Caisses Populaires Act (the "Act") and regulations as well as the credit union's by-laws.

The Audit Committee issues reports and makes recommendations to the Board of Directors or senior management, as appropriate, with respect to the matters outlined above and follows-up to ensure that the recommendations are considered and implemented.

The Audit Committee is pleased to report to the members that it receives full co-operation and support from management to enable it to play an effective role in improving the quality of financial reporting to the members and enhancing the overall control structure of the credit union.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to members, nor are there any further matters which are required to be disclosed pursuant to the Act or the regulations thereto.

Respectfully submitted by:

Jeannine Wilson  
Chair of the Audit Committee



**Equity Credit Union Inc.**  
**Summary Financial Statements**  
**For the year ended December 31, 2022**

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**EQUITY CREDIT UNION INC.**  
**SUMMARY TABLE OF CONTENTS**  
**December 31, 2022**

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**EQUITY CREDIT UNION INC.**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2022**

	2022	2021
<b>ASSETS</b>		
Cash	\$ 12,696,756	\$ 24,276,423
Investments	21,422,864	17,213,773
Member loans	307,420,738	238,305,631
Other assets	306,050	241,796
Deferred tax asset	136,000	140,000
Right-of-use asset	153,806	219,706
Property and equipment	194,899	210,735
Intangible asset	71,380	83,000
	<u>\$342,402,493</u>	<u>\$280,691,064</u>
<b>LIABILITIES</b>		
Member deposits	\$323,879,366	\$265,062,026
Other liabilities	512,927	592,059
Lease liabilities	167,519	234,705
Member shares	79,260	73,260
	<u>324,639,072</u>	<u>265,962,050</u>
<b>MEMBERS' EQUITY</b>		
Retained earnings	<u>17,763,421</u>	<u>14,729,014</u>
	<u>\$342,402,493</u>	<u>\$280,691,064</u>

**EQUITY CREDIT UNION INC.**  
**SUMMARY STATEMENT OF INCOME AND COMPREHENSIVE INCOME**  
**For the year ended December 31, 2022**

	2022	2021
<b>Interest and investment income</b>		
Member loans	\$ 12,928,036	\$ 10,124,598
Investment income	363,730	124,384
	<u>13,291,766</u>	<u>10,248,982</u>
<b>Interest expense</b>		
Member deposits	7,464,911	4,550,717
Dividend to members	245,928	267,300
External borrowings	11,423	10,455
	<u>7,722,262</u>	<u>4,828,472</u>
<b>Net interest income</b>	<u>5,569,504</u>	<u>5,420,510</u>
Provision for credit losses	918	9,168
<b>Net interest income after provision for credit losses</b>	<u>5,568,586</u>	<u>5,411,342</u>
<b>Non-interest income</b>		
Other income	39,527	42,099
Grants and subsidies	-	2,985
	<u>39,527</u>	<u>45,084</u>
<b>Net interest and non-interest income</b>	<u>5,608,113</u>	<u>5,456,426</u>
<b>Operating expenses</b>		
Salaries and benefits	777,514	742,943
Administrative expenses	942,451	879,636
Occupancy costs	66,319	64,389
Depreciation	161,447	158,815
	<u>1,947,731</u>	<u>1,845,783</u>
<b>Income before income taxes</b>	<u>3,660,382</u>	<u>3,610,643</u>
<b>Income taxes</b>		
Current	621,975	726,759
Deferred	4,000	(37,000)
	<u>625,975</u>	<u>689,759</u>
<b>Net income and comprehensive income for the year</b>	<u>\$ 3,034,407</u>	<u>\$ 2,920,884</u>

**EQUITY CREDIT UNION INC.**  
**SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**For the year ended December 31, 2022**

	2022	2021
<b>Balance, beginning of year</b>	\$ 14,729,014	\$ 11,808,130
Net income	3,034,407	2,920,884
<b>Balance, end of year</b>	<u>\$ 17,763,421</u>	<u>\$ 14,729,014</u>

**EQUITY CREDIT UNION INC.**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2022**

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Net Income	\$ 3,034,407	\$ 2,920,884
Adjustments for		
Depreciation	161,447	158,815
Deferred income taxes	4,000	(37,000)
	<u>165,447</u>	<u>121,815</u>
	<u>3,199,854</u>	<u>3,042,699</u>
 Change in non-cash working capital items		
Other assets	(64,254)	13,223
Other liabilities	(79,132)	122,939
Loan loss provision	317	4,713
	<u>(143,069)</u>	<u>140,875</u>
	<u>3,056,785</u>	<u>3,183,574</u>
 <b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(68,090)	(6,177)
Purchase of intangible assets	-	(83,000)
Net decrease (increase) in investments	(4,209,091)	(10,774,658)
	<u>(4,277,181)</u>	<u>(10,863,835)</u>
 <b>FINANCING ACTIVITIES</b>		
Increase in member loans	(69,115,425)	(65,336,455)
Increase in member deposits	58,817,340	68,677,622
Net change in lease liabilities	(67,186)	(64,588)
Net change in member shares	6,000	11,640
	<u>(10,359,271)</u>	<u>3,288,219</u>
 Increase (decrease) in cash and cash equivalents	(11,579,667)	(4,392,042)
 Cash and cash equivalents, beginning of year	<u>24,276,423</u>	<u>28,668,465</u>
Cash and cash equivalents, end of year	<u>\$ 12,696,756</u>	<u>\$ 24,276,423</u>
 <b>Supplementary information</b>		
Interest received	12,256,209	8,927,562
Interest paid	5,182,939	4,327,472
Dividend paid to members	260,850	223,650
Income taxes paid	631,975	724,425

**EQUITY CREDIT UNION INC.**  
**NOTES TO THE SUMMARY FINANCIAL STATEMENTS**  
**December 31, 2022**

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**Basis of presentation (Note 1)**

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as at December 31, 2022 and December 31, 2021 and for the years then ended.

The preparation of these summary financial statement requires management to determine the information that needs to be included so that they are consistent in all material respects with, or represent a fair summary of the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- a) The summary financial statements include a statement for each statement in the audited financial statements.
- b) Information in the summary financial statements agrees with the related information in the audited financial statements.
- c) Major subtotals, totals and comparative information from the audited financial statements are included; and
- d) The summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summary financial statements.

In addition, a copy of the audited financial statements is available to any member, upon request, at the branch of the credit union.



# **NEW BUSINESS REVISED BY-LAWS**



**BY-LAW NO.1**

2

**A By-law relating generally to the conduct of the affairs of  
Equity Credit Union Inc.**

**CONTENTS**

1. Interpretation
2. Membership
3. Business of the Credit Union
4. Directors
5. Committees
6. Officers
7. Meetings of Members
8. Protection of Directors, Officers & Others
9. Shares
10. Dividends and Rights
11. Meetings of Shareholders
12. Lending
13. Information to Members and Shareholders
14. Notices
15. Effective Date

BE IT ENACTED AND IT IS HEREBY ENACTED as a By-law of Equity Credit Union Inc. (hereinafter called the "Credit Union") as follows:

**ARTICLE ONE**

**INTERPRETATION**

**Definitions**

**1.01** In the By-laws of the Credit Union, unless the context otherwise requires:

- (1) “**Act**” means, unless the context otherwise requires, the aggregate of the *Credit Unions and Caisses Populaires Act, 2020* and the Regulations and Authority rules made pursuant thereto, as from time to time amended, and every statute, regulation or Authority rule that may be substituted therefor and, in the case of such substitution, any reference in the By-laws of the Credit Union to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes or regulations or Authority rules;
- (2) “**Appoint**” includes "elect" and vice versa;
- (3) “**Articles**” means the articles of incorporation or other instrument by which the Credit Union is incorporated;
- (4) “**Authority**” has the same meaning attributed to the term in the Act, from time to time;
- (5) “**Authority rules**” has the same meaning attributed to the term in the Act, from time to time;
- (6) “**Ballot**” includes either a paper ballot on which a Member indicates the Member’s vote, or an electronic ballot used by a Member to indicate the Member’s vote in the manner specified by the Returning Officer;
- (7) “**Board**” means the board of directors of the Credit Union;
- (8) “**Bond of Association**” has the meaning ascribed to it in clause (a) of Section 2.01 hereof;
- (9) “**By-laws**” means this By-law and all other By-laws of the Credit Union from time to time in force and effect;
- (10) “**CEO**” means the Chief Executive Officer of the Credit Union;

- (11) **“Chief Executive Officer”** means the Chief Executive Officer appointed under subsection 10(2) of the Financial Services Regulatory Authority of Ontario Act, 2016;
- (12) **“Corporate Governance Policy”** means a policy and procedure enacted by the Board to regulate director elections at the Credit Union;
- (13) **“Early Vacancy”**, in respect of the election of directors, means a vacancy occurring prior to the expected end of a director’s term, which is scheduled to occur at an annual general meeting beyond the next annual general meeting, and that has not been or will not be filled prior to the next annual general meeting;
- (14) **“Employee”** means any full time or part time employee of the Credit Union;
- (15) **“End of Term Vacancy”**, in respect of the election of directors, means a vacancy that is scheduled to arise as a result of the term of an existing director naturally expiring at the next annual general meeting of the Credit Union;
- (16) **“Indemnified Person”** means (i) a director, officer, or committee member of the Credit Union, (ii) a former director or officer or committee member of the Credit Union, (iii) a person who acts or acted at the Credit Union's request as a director or officer of a body corporate of which the Credit Union is or was a shareholder or creditor, and (iv) the heirs and legal representatives of any persons referenced in (i) to (iii) of this paragraph;
- (17) **“In Good Standing”** means that, with respect to the financial services received by a Member Connection from the Credit Union:
- (i) Cheques are not habitually issued without sufficient funds on deposit or an approved line of credit facility in place to cover the face amount of such cheques;
  - (ii) chequing accounts are not habitually overdrawn in material amounts;
  - (iii) the Credit Union is not in receipt of a garnishment or similar third-party demand for payment against any person;
  - (iv) all required mortgage and loan payments are paid on time, unless an extension has been granted;
  - (v) all conditions for financing prescribed by the Credit Union have been satisfied; and
  - (vi) the Member Connection, or any part thereof, is not asserting an unresolved claim against the Credit Union;
- (18) **“Member”** and **“Membership”** are defined under Section 2.01 hereof;

- (19) **“Member Connection”** means a Member, together with that Member’s “connected persons”, within the meaning of that term in the Act, who are also Members;
- (20) **“Nomination Period”** means that period of time designated by the Credit Union during which applications for nomination for election to the Board will be received by the Nominating Committee, or its designated person;
- (21) **“Nominee”** means a Member:
- (i) who has submitted an application for nomination as a director of the Credit Union that has been accepted in accordance with the nomination process prescribed in the Credit Union’s Corporate Governance Policy; and
  - (ii) whose name has been placed in nomination in accordance with the nomination process prescribed in the Credit Union’s Corporate Governance Policy after completion of the Nomination Period and, for greater certainty, includes, but is not limited to, a Recommended Nominee;
- (22) **“Non-business day”** means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Ontario);
- (23) **“Recipient”** means a Member, shareholder, director, officer, auditor or member of a committee of the Board;
- (24) **“Recommended Nominee”** means a Nominee who has received the recommendation of the Nominating Committee of the Credit Union, which oversees the nomination process for director elections;
- (25) **“Recorded Address”** means in the case of a Member or shareholder, that Member’s or shareholder’s address as recorded in the Members or securities register; and, in the case of joint Members or shareholders, the address appearing in the Members or securities register in respect of such joint holding, or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the Board, that person’s latest address as recorded in the records of the Credit Union;
- (26) **“Regulation”** means a regulation made pursuant to the provisions of the Act, from time to time;
- (27) **“Returning Officer”** means, where voting in director elections or on resolutions is permitted by the Credit Union in ways other than in-person voting during a meeting of Members at the location of the meeting, that person appointed by the Board as the senior official responsible for overseeing the election voting and resolution voting processes using all permitted methods for compliance with all legal, regulatory and By-law requirements, or, in the absence of a specific appointment, the Corporate Secretary of the Credit Union;

- (28) “**Shares**” means Membership shares and any other share issued by the Credit Union unless a form of share is specifically excluded in the By-laws or the context otherwise requires; and
- (29) “**Signing Officer**” means, in relation to any instrument, any person authorized to sign the same on behalf of the Credit Union by paragraph 3.03 or by a resolution passed pursuant thereto;

All other terms contained in the By-laws and which are defined in the Act shall have the meanings given to such terms in the Act.

#### **Gender, Plural, etc.**

**1.02** In these By-laws, the singular shall include the plural and the plural shall include the singular; reference to any gender shall be deemed to be a reference to all genders; and the word "person" shall include individuals, bodies corporate, corporations, cooperatives, companies, partnerships, syndicates, trusts, unincorporated organizations and any number or aggregate of persons.

## **ARTICLE TWO**

### **MEMBERSHIP**

#### **Eligibility for Membership**

**2.01** Subject to the Act and the Articles, Membership in the Credit Union shall be limited to:

- (a) persons, related persons and entities who come within a Bond of Association, the parameters of which are the following:
  - a. Persons who, if individuals, whether minor or adult, reside or are employed anywhere in the Province of Ontario;
- (b) Employees of the Credit Union;
- (c) the following persons, related persons and entities who do not come within the Bond of Association defined in clause (a):
  - a. Related persons or entities of such members qualified for membership under this section 2.01 and the Act;
  - b. His Majesty the King in right of Ontario or in right of Canada; corporations, including municipalities as defined in the *Municipal Affairs Act*; unincorporated associations; or partnerships registered under the *Business Names Act* or a predecessor thereof, subject to any conditions that may be imposed by the Act; and
  - c. Persons or entities not otherwise qualifying for membership under the Bond of Association, subject to any conditions and restrictions, including a limit on their

numbers, approved by the Board from time to time; and

- (d) Members who originally qualified for and became a member under clauses (a), (b) or (c) above but who no longer qualifies under clauses (a), (b) or (c) above.

#### **“Entity”**

**2.02** For the purposes of Article Two, “entity” means an unincorporated association, corporation or government agency that is not ineligible for Membership under the provisions of the Act.

#### **Minors**

**2.03** Notwithstanding any other provision of this Article Two, an individual under the age of 18 years may be admitted to membership only if the individual complies with the restriction in section 2.06 below.

#### **Membership Application**

**2.04** Application for membership shall be made in writing, and the Board may from time to time specify the form of such application.

#### **Membership Shares**

**2.05** (a) No person shall become a Member of the Credit Union until the Member has fully paid for four (4) five dollar (\$5.00) Membership Shares of the Credit Union, and that person's application for Membership has been approved by the Board or by an employee authorized by resolution of the Board to approve such applications on its behalf.

(b) Every Member shall maintain ownership of the required number of Membership Shares in order to retain the Member's voting rights.

(c) Any Member may also hold, at the Board's discretion, additional membership Shares, provided that the total number of discretionary membership Shares held pursuant to this paragraph 2.05(c) does not exceed Two Hundred (200) such Shares.

#### **Minors**

**2.06** Individuals under the age of eighteen (18) may become Members of the Credit Union, but may not receive any loan from the Credit Union unless a person of the age of eighteen years or more is jointly and severally liable for the repayment of such loan, or unless the loan is guaranteed by the government of Canada, the government of a Canadian province or territory, or the government of a Canadian municipality.

#### **Voting Rights**

**2.07** Each Member of the Credit Union who complies fully, as of the applicable record date for any Membership meeting of the Credit Union, with all requirements of Membership outlined herein, including, without limitation, the Membership Share requirements set out in section 2.05 hereof, and who, if applicable, has attained the age of eighteen (18) years, has one vote at a Membership meeting. No individual Member may cast the vote attached to their membership shares by proxy.

#### **Expulsion**

**2.08** Subject to the conditions and requirements prescribed in an applicable Authority rule, a Member may be expelled from Membership, in accordance with these By-laws, by a resolution of the Board, on one or more of the following grounds:

- (a) misconduct in the conduct of the Member's business with the Credit Union, including, without limiting the generality of the foregoing, the operation of any of the Member's accounts with the Credit Union;
- (b) a failure to continue, for any reason, to hold the required number of Membership Shares in the Credit Union;
- (c) a failure to comply with these By-laws; and
- (d) a failure to repay indebtedness to the Credit Union.

Subject to the limitations in subsection 54(3) of the Act in respect of the purchase or redemption of shares, the Credit Union shall forthwith pay to anyone so removed from Membership any balance standing to the Member's credit on the books of the Credit Union.

#### **Withdrawal**

**2.09** Where a Member wishes to withdraw from the Credit Union, the Member shall give to the Board at least ten (10) days' prior notice in writing of the Member's intention to withdraw from Membership. Subject to subsection 54(3) of the Act and the Articles, and compliance with any other conditions and requirements as may be prescribed by an applicable Authority rule, the Credit Union shall, after deduction of all amounts due from the Member to the Credit Union, remit the balance of the proceeds of the Member's Shares and deposits to such Member within ninety days of receipt of the Member's notice of intention to withdraw, or receipt of notice of the death of the Member (where applicable), which constitutes a deemed notice of intention to withdraw, and confirm the Member's withdrawal from Membership.

#### **Language**

**2.10** The Credit Union's language of operation shall be English.

#### **Records**

**2.11** Each Member is entitled to a record specifying the amount paid upon Membership and special Shares, deposits and loans by the Member.

### **ARTICLE THREE**

#### **BUSINESS OF THE CREDIT UNION**

##### **Corporate Seal**

**3.01** The Credit Union may have a corporate seal which shall be adopted and may be changed by resolution of the Board.

##### **Financial Year**

**3.02** Subject to Authority rules, the financial year of the Credit Union shall end on December 31 of each calendar year.

##### **Execution of Instruments**

**3.03** Contracts, documents or instruments in writing requiring the signature of the Credit Union may be signed on behalf of the Credit Union by any two officers or directors, and instruments in writing so signed shall be binding upon the Credit Union without any further authorization or formality. The Board shall have power from time to time by resolution to appoint any officer or officers or any person or persons on behalf of the Credit Union, either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The seal of the Credit Union may, when required, be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, or person or persons, appointed as aforesaid by resolution of the Board.

The term "contracts, documents, or instruments in writing" as used in this By-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of Shares, Share warrants, stocks, bonds, debentures, notes or other securities and all paper writings.

The signature or signatures of the Chair of the Board (if any), a Vice-Chair, the Corporate Secretary, an Assistant Corporate Secretary, or any director of the Credit Union and/or any other officer or officers, person or persons, appointed as aforesaid by resolution of the Board may, if specifically authorized by resolution of the Board, be printed, engraved, lithographed or otherwise reproduced upon instruments in writing or bonds, debentures, notes or other securities of the Credit Union executed or issued by or on behalf of the Credit Union, and all contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Credit Union on which the signature or signatures of any of the foregoing officers or directors or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the Board, shall be deemed to have been manually signed by such officers or directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually, and notwithstanding that the officers or directors or persons whose signature or

signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Credit Union.

#### **Banking Arrangements**

**3.04** Subject to section 3.05 and the Act, the banking business of the Credit Union, or any part thereof, including, without limitation, the borrowing of money and, subject to the Act, the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the Board may from time to time by resolution prescribe or authorize.

#### **Borrowing**

**3.05** The Credit Union shall be authorized to borrow money on the credit of the Credit Union at such rates of interest and on such conditions as the Board may determine, provided that the Credit Union shall not borrow in the aggregate an amount exceeding 50% of its regulatory capital and deposits, and shall not borrow from another credit union unless same is permitted by an applicable Authority rule.

### **ARTICLE FOUR**

#### **DIRECTORS**

#### **Number of Directors and Term**

##### **4.01**

- (a) The number of directors of the Credit Union shall be a specified number of directors within a range prescribed by an applicable Authority rule, from time to time. Subject to any further restrictions in the Articles, the specified number for the time being, until amended by any amending By-law, shall be nine (9).
- (b) Unless otherwise specified by an Authority rule, or unless the elected to fill an Early Vacancy, directors shall be elected for terms of 3 years.

#### **Director Eligibility Requirements**

**4.02** No person who is disqualified from being a director of a credit union under the Act is eligible for election as a director. Persons must also meet any supplementary eligibility requirements prescribed by Section 5.04 and prescribed by the Board from time to time in a Corporate Governance Policy.

#### **Election and Term**

##### **4.03**

- (a) At every annual general meeting of the Credit Union, after the first election of the Board, an election shall be held to fill the places of members of the Board whose terms of office have expired.
- (b) *Nomination Process* – Members seeking election to the Board must comply with the Credit Union's nomination process and the Director Elections Policy and Procedure, which are described more fully in Section 5.04. No Member shall become a Nominee unless and until the Nominating Committee has placed that Member's name in nomination in accordance with the committee's nomination process, following completion of the Nomination Period.
- (c) *Acclamation* – If the number of Nominees is equal to the number of vacancies to be filled, the Nominees shall be declared by the Chair of the relevant annual general meeting to be elected by acclamation. In the event the vacancies included both End of Term Vacancies and Early Vacancies, and in the absence of the agreement of all of the directors then elected, the Chair shall have the discretion to assign full terms or the balances of unexpired terms among the directors then elected; provided that the available full terms shall be filled, first, by the directors who were incumbents.
- (d) *Contested Election* – If the number of Nominees exceeds the total number of vacancies to be filled, then an election shall be held as provided in this Section and in accordance with the Credit Union's election process. In the case of a contested election, a tie vote resulting from Balloting shall be broken by the drawing of lots. Whether or not the vacancies included both End of Term Vacancies and Early Vacancies, the longer full terms and unexpired balances of terms shall be assigned by the Chair of the Board to the directors then elected on the basis of the directors who garnered the greater number of votes.
- (e) *Voting Eligibility* – Only a Member (other than an individual Member under the age of 18 years) as of the record date determined in accordance with section 7.04 of the By-laws is eligible to cast a Ballot in an election of a director or directors. Subject to the Act, in the case of an entity, its vote may be cast on its behalf through a written proxy produced at any branch or head office, signed by the president or other senior executive with signing authority of the Member, appointing one or more persons to vote on its behalf. Any person so appointed need not be a Member. Any such proxy shall cease to be valid on the day following the next annual general meeting of the Credit Union.
- (f) *Announcement of Results*: In the case of a contested election, the results of the election shall be announced at the annual general meeting, following the completion of the Balloting.

### **Vacation of Office**

**4.04** A director ceases to hold office in the circumstances prescribed by an applicable Authority rule. In the absence of any such Authority rule, a director ceases to hold office when the director dies, resigns in a manner permitted by an applicable Authority rule, becomes disqualified pursuant to the Act, is removed from office by the Board or by the Chief Executive Officer, or the director's term expires.

### **Vacancies**

**4.05** A vacancy in the Board created between annual general meetings may be filled in accordance with the provisions of an applicable Authority rule. In the absence of an applicable Authority rule, a quorum of the Board may fill a vacancy in the Board. In the absence of a quorum of the Board, the directors then in office shall forthwith call a special meeting of Members to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any Member may call the meeting.

### **Action by the Board**

**4.06** The Board shall manage or supervise the management of the business and affairs of the Credit Union. Subject to paragraphs 4.08 and 4.10, the powers of the Board may be exercised at a meeting at which a quorum is present.

### **Quorum**

**4.07** Unless prescribed otherwise by an applicable Authority rule, or by a Board resolution specifying a higher requirement, the quorum for the transaction of business at any meeting of the Board shall be a majority of the Board. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum of the Board remains in office.

### **Policy on Remote Meetings of Directors**

**4.08** Subject to compliance with an applicable Authority rule, the Credit Union's policy on remote meetings of directors is as follows: If all the directors of the Credit Union present or participating in the meeting consent, a director may participate in a meeting of the Board or of a committee of the Board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective with respect to all meetings of the Board and of committees of the Board in which a director holds office.

### **Place of Meeting**

**4.09** Meetings of the Board may be held at any place within Ontario.

### **Calling of Meetings**

**4.10** Subject to the Act, meetings of the Board shall be held from time to time on such day and at such time and at such place as the Board, the Chair of the Board, a Vice-Chair or any two directors may determine, and the Corporate Secretary, when directed by the Board, the Chair of the Board, a Vice-Chair or any two directors shall convene a meeting of the Board.

### **Notice of Meeting**

**4.11** Notice of the date, time and place of each meeting of the Board shall be given in the manner provided in paragraph 14.01 to each director not less than 48 hours (exclusive of any part of a Non-business day) before the time when the meeting is to be held. A notice of a meeting of the Board need not specify the purpose of or the business to be transacted at the meeting, except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the Board.

### **First Meeting of New Board**

**4.12** Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of Members at which such Board is elected.

### **Adjourned Meeting**

**4.13** Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

### **Regular Meetings**

**4.14** The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting, except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

### **Votes to Govern**

**4.15** At all meetings of the Board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

### **Conflict of Interest**

**4.16** Subject to the Credit Union's conflict of interest policy, a director, officer, or Employee who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, or is a spouse, parent or child of an individual who is a party to, a material contract or transaction or proposed material contract or transaction with the Credit Union shall disclose in writing to the Credit Union or request to have entered in the minutes of the meetings of the Board the nature and extent of the person's interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the Board for approval even if such contract is one that in the ordinary course of the Credit Union's business would not require approval by the Board, and a director interested in a contract so referred to the Board shall not vote on or be present at any resolution to approve the same except as permitted by the Act.

### **Remuneration and Expenses**

**4.17** The Board shall comply with the provisions of any Authority rule prescribing the procedures for setting, paying and disclosing remuneration and reimbursement for expenses. In the absence of any such Authority rule, the directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Members, shareholders or of the Board or any committee thereof, or otherwise in the performance of their duties.

## **ARTICLE FIVE**

### **COMMITTEES**

#### **Committees of Directors**

**5.01** To the extent permitted by an applicable Authority rule, the Board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the Board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise. In the absence of an applicable Authority rule, the Board may presume that the establishment and delegation of authority to the committees specified in this Article are permitted.

#### **Transaction of Business**

**5.02** The powers of a committee of directors may be exercised by a meeting at which a quorum is present.

### **Audit Committee**

#### **Appointment**

**5.03** (a) The Board shall elect annually from among its number an audit committee to be composed of at least three (3) directors. The audit committee shall have the powers prescribed by the Act and these By-laws.

#### **Chair and Meetings**

(b) The audit committee shall elect a Chair, and meetings of the audit committee shall be at the call of the Chair, the Credit Union's auditor or a Director, provided that the audit committee shall meet at least quarterly.

#### **Duties**

(c) The audit committee shall perform such duties as are set out in the Act and these By-laws. Without limiting any of the foregoing, the audit committee shall monitor compliance by Employees, Directors and officers with the Board's conflict of interest policy.

### **Nominating Committee**

#### **Appointment and Number**

**5.04** (a) In each year, following the annual general meeting of Members, the Board shall Appoint a nominating committee of three (3) directors whose terms of office do not expire until an annual general meeting that follows the immediately upcoming scheduled annual general meeting.

#### **Mandate**

(b) The nominating committee shall supervise the election of directors to be held at or prior to the next annual general meeting, in compliance with the terms and conditions of the Director Election Policy and Procedure passed by the Board, as amended from time to time. Prior to each annual general meeting, the nominating committee shall name at least one (1) Nominee to fill each Director position that is scheduled to become vacant at the annual general meeting, and recommend to the Board a person to be appointed to act as Returning Officer for the upcoming election, if applicable. It may, but need not, name Recommended Nominees.

### **Corporate Governance Policy**

The Board shall pass and maintain in force at all times a Director Election Policy and Procedure that complies with the Act and these By-laws, prescribes the Credit Union's nomination process, and contains Director eligibility standards that supplement the qualifications and disqualifications prescribed in the Act.

At a minimum, the Director Election Policy and Procedure shall:

- i. prohibit the nominating committee from naming a Nominee who:
  - a. is not a Member In Good Standing;
  - b. completed a period of fifteen (15) consecutive years of service as a Director less than one year before the meeting at which the person will be a candidate for election as a Director; or
  - c. if elected to fill a vacancy for a 3-year term, would otherwise have the right to serve as a Director continuously for a period exceeding fifteen (15) consecutive years;
- ii. deem, for the purposes of paragraph i.b. above, a Director who resigns in the final year of the Director's current term as if the Director had completed that term;
- iii. prescribe the form and content of the applications to be submitted by Members seeking nominations; and
- iv. prescribe the process by which submitted applications will be reviewed by the nominating committee.

#### **Advisory Committee**

**5.05** The Board may from time to time Appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

#### **Procedure**

**5.06** Subject to this By-law and unless otherwise determined by the Board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

## **ARTICLE SIX**

### **OFFICERS**

#### **Appointment**

**6.01** The Board shall appoint a Chair of the Board, a Corporate Secretary, and a Chief Executive Officer, and may Appoint, from time to time, one or more Vice-Chairs (to which title may be added words indicating seniority or function), and such other officers as the Board may determine or as the Act may require, and including one or more assistants to any of the officers so appointed. Subject to the provisions of the Act, the Board may specify the duties of and, in accordance with this By-law, delegate to such officers powers to manage the business and affairs of the Credit Union. Subject to paragraphs 6.02 and 6.03, an officer may but need not be a director and one person may hold more than one office. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability to act of any officer or for any other

reason that the Board may deem sufficient, the Board may delegate all or any of the powers of such officer to any other officer or to any Director for the time being.

#### **Chair of the Board**

**6.02** The Chair of the Board shall be a Director who has not, at the time of election or appointment, served as Chair for longer than two (2) consecutive one-year terms, and shall, when present, preside at all meetings of the Board. The Chair shall be an *ex officio* non-voting member of all committees of the Board other than the audit committee and the nominating committee. The Chair of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to the director by the Board. During the absence or disability or refusal to act of the Chair of the Board, the Chair's duties shall be performed and the Chair's powers exercised by the Vice-Chair.

#### **Vice-Chair**

**6.03** Each Vice-Chair shall be a Director, and shall have such powers and duties as the Board or the Chair may specify. The Vice-Chair or, if more than one, the Vice-Chair designated from time to time by the Board or by the Chair, shall be vested with all the powers and shall perform all the duties of the Chair in the absence or inability or refusal to act of the Chair.

#### **Chief Executive Officer**

**6.04** The Chief Executive Officer of the Credit Union must be an Employee of the Credit Union and shall be charged, subject to the authority of the Board, and the Act and these By-laws, with the general supervision of the business and affairs and other Employees of the Credit Union. The Chief Executive Officer shall perform all duties incident to the Chief Executive Officer's office, and shall have such other powers and duties as may from time to time be assigned by the Board.

#### **Corporate Secretary**

**6.05** The Corporate Secretary shall give or cause to be given as and when instructed, all notices to Members, shareholders, Directors, officers, auditors and members of committees of the Board; shall be the custodian of all books, papers, records, documents and instruments belonging to the Credit Union, except when some other officer or agent has been appointed for that purpose; shall ensure that the records of the By-laws of the Credit Union and the minutes of meetings of the Board, the membership and shareholders are kept up to date; and shall have such other powers and duties as the Board may specify.

#### **Powers and Duties of Other Officers**

**6.06** Subject to the provisions of the Act, the powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board otherwise directs.



### **Variation of Powers and Duties**

**6.07** The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

### **Term of Office**

**6.07** The Board shall comply with any restriction on the term of office of any officer that may be prescribed by the Act, but otherwise has the discretion to fix the term of office of any officer. If no term of office is fixed, each officer appointed by the Board shall hold office until that officer's successor is appointed or until the earlier of the officer's resignation or death. The Board, in its discretion, may remove any officer of the Credit Union from that officer's office with or without cause, without prejudice to such officer's rights under any employment contract.

### **Terms of Appointment and Remuneration**

**6.08** The Board shall comply with any procedures for setting, paying and disclosing the remuneration and reimbursement of expenses of officers established by the Act. Subject to the provisions of the Act, the terms of employment and the remuneration of an officer appointed by the Board shall be settled by it from time to time. The fact that any officer or employee is a shareholder of the Credit Union shall not disqualify that person from receiving such remuneration as may be so determined.

### **Conflict of Interest**

**6.09** An officer shall disclose that officer's interest in any material contract or transaction or proposed material contract or transaction with the Credit Union in accordance with paragraph 4.16.

### **Agents and Attorneys**

**6.10** The Board shall have power from time to time to appoint agents or attorneys for the Credit Union in or outside Canada with such power of management or otherwise (including the powers to subdelegate) as may be thought fit.

### **Bonding Insurance**

**6.11** Subject to the Act, the Board shall require officers, employees and agents of the Credit Union to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board, the CEO, and the Act may from time to time require, but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Credit Union to receive any indemnity thereby provided.

## **ARTICLE SEVEN**

### **MEETINGS OF MEMBERS**

#### **Annual Meeting**

**7.01** Subject to the Act, meetings of the Members shall be held at times and places in Ontario as the Board may determine from time to time, and shall be conducted in accordance with the Act.

#### **Notice of All Meetings of Members**

**7.02** Subject to the Act, notice of all meetings of the Members of the Credit Union shall be given by the Corporate Secretary, who shall, not later than ten days before the date of the meeting or earlier than fifty days before the date of the meeting, give notice of the meeting to each Member of the Credit Union who is, as of the record date for notice of the meeting, determined in accordance with section 7.03 hereof, a Member, by posting a notice of the meeting in each office of the Credit Union, and doing one of the following:

- (a) sending the notice by electronic mail to Members who have authorized the Credit Union to communicate with them in this fashion and provided the Credit Union with an electronic mail address to which to send such electronic communications, and otherwise sending the notice by prepaid mail to the Recorded Address of the Member;
- (b) including the notice with a mailing of physical or electronic statements to each Member; or
- (c) publishing the notice on the Credit Union's website and social networking sites.

The notice shall specify that copies of the financial statements and the reports of the audit committee and the auditor shall be available at the meeting and at the offices of the Credit Union ten days before the date of the meeting. The notice shall also specify that a report on the gender diversity of the Board shall be presented to the meeting.

The contents of the notice shall comply with the requirements of the Act.

#### **Record Date**

**7.03** The Board may fix in advance a date preceding the date of any meeting of Members by no more than 50 days and not less than 10 days, as a record date for the determination of the Members entitled to notice of the meeting, provided that notice of such record date shall be given not less than seven days before such record date by any method not prohibited by the Act. If no record date is fixed, the record date for determining the Members entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given.

### **Accidental Omission**

**7.04** Where notice of a meeting is received generally by Members, the accidental omission to give notice to any Member, or the non-receipt of the notice by any Member, shall not invalidate any resolution passed or any proceedings taken at the meeting.

### **Quorum**

**7.05** At all meetings of the Members, twenty-five (25) Members shall constitute a quorum, but, if no quorum is present, the presiding officer of the meeting shall adjourn the meeting to a date not less than seven or more than fifteen days thereafter, and the decision of the adjourned meeting shall be binding upon the Credit Union regardless of the number of Members then present, provided that notice of the adjourned meeting shall be given by the Corporate Secretary in the manner herein provided, at least seven days prior to the date of the adjourned meeting.

### **New Business**

**7.06** At all meetings of Members, only the business stated in the notice calling such meeting may be transacted. In particular and without limiting the generality of the foregoing, due notice shall be given of any amendments to the By-laws.

### **Elections of Directors**

**7.08** Elections of Directors shall be held in accordance with the provisions of Article 4.03 hereof.

### **Voting or Balloting in Respect of All Questions Other Than the Election of Directors**

**7.09** The Board has the discretion to determine whether some or all of the questions for decision at a meeting of Members, other than voting in respect of a director election, shall be decided, during the meeting, by in-person voting at the physical location of the meeting, or remote, telephonic or electronic Balloting, or both; or by pre-meeting in-branch (in-person) Balloting or remote, electronic or mail Balloting, or any combination of one or more of the three methods; provided that, in all cases, the option of in-person balloting is always made available to every Member. Every Member who receives notice of the meeting of Members shall be entitled to one vote thereat, in respect of any such question for decision to be made (or the results of the Balloting announced) at such a meeting.

### **Joint Members**

**7.10** (a) Where two or more persons hold the same Membership Share or Shares jointly, any one of such persons present at a meeting of Members has the right, in the absence of the other or others, to vote in respect of such Share or Shares, but, if more than one of such persons are present, they shall vote together as one on the share or shares jointly held by them.

(b) Two or more persons jointly holding enough Membership Shares to entitle each of them to be a Member in each person's own right are all considered as separate Members.

### **Proxies**

**7.11** A Member of the Credit Union which is the Majesty the King, a corporation, a partnership or an unincorporated association shall only cast its vote as a Member through a written proxy produced at the meeting, signed by the president or other head officer or by the vice-president or secretary or treasurer of such entity and appointing some one or more persons to vote on its behalf. Any person so appointed need not be a Member of the Credit Union. Any such proxy shall cease to be valid at the conclusion of any meeting of the Members for which it was specifically granted, or after the expiration of one year from its date.

### **Show of Hands at Exclusive In Person Balloting at the Location of the Meeting, During the Meeting**

**7.12** Where the Board permits only in-person voting at the location of the meeting on a question (other than an election of directors) submitted to any meeting of Members, the question shall be decided in the first instance by a show of hands, unless a poll is demanded or required, when the question shall be decided by Ballot. In the case of an equality of votes, the chair of the meeting shall both on a show of hands and at a poll have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a Member. Unless a poll is demanded, a declaration by the chair of the meeting that a resolution has been carried or carried unanimously or by a particular majority, or lost or not carried by a particular majority, shall be conclusive evidence of the fact.

### **Remote, Electronic or Telephonic Balloting During the Meeting**

**7.13** Prior to sending out the required notice of a specified meeting of Members, the Board may determine that Members shall be permitted to cast Ballots in respect of specified questions (other than director elections) submitted to the Members at the meeting, remotely, by telephonic or electronic means, during the meeting, in addition to the option to vote in-person at the location of the meeting. If the Board takes this action, any Member who, by such means, casts a vote or Ballot remotely shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of the quorum pursuant to section 7.05 hereof, to have been physically present at the location of the meeting.

### **Pre-Meeting In-Person, In-Branch Balloting**

#### **Generally**

**7.14** (a) Prior to sending out the required notice of a specified meeting of Members, the Board may determine that Members shall be permitted to cast Ballots in respect of specified questions (other than director elections) submitted to the Members at the meeting, by in-Branch, in-person Balloting during a period of time preceding the time of the meeting, either in lieu of, or in addition to, in-person Balloting at the location of the meeting during the meeting. If the Board takes this action, any Member who, by such means, casts a vote or Ballot shall be deemed for all purposes, including, without limiting the generality of the foregoing, the calculation of the quorum pursuant to section 7.05

hereof, to have been physically present at the location of the meeting, for voting in respect of the specified questions.

#### ***Interpretation***

- (b) In this section 7.14,

"**Form of ballot**" means a written or printed form that, upon completion and execution by a Member, becomes a Ballot; and

"**Chair of In-Branch Balloting**" shall mean the person appointed by the Credit Union to preside over the election of directors.

#### ***Voting by Pre-Meeting In-Branch Balloting***

(c) Every Member entitled to vote at a meeting of Members may by means of Ballot vote in-person at a designated branch location of the Credit Union on any matter properly coming before a meeting of Members and specified as one in respect of such means of Balloting is permitted by the Board.

#### ***Mandatory Solicitation Ballot***

(d) The Board shall, concurrently with or prior to sending notice of a meeting of Members, send a form of Ballot, in the same manner as the notice of meeting is sent, to each Member who is entitled to receive notice of the meeting.

#### ***Execution***

(e) A Ballot executed by the Member or the Member's attorney authorized in writing shall be counted by the Credit Union's scrutineers as a vote in any matter indicated by the Ballot maker.

#### ***Form of Ballot***

(f) Every Form of ballot shall comply with this By-law and the authorizing resolution passed by the Board. It shall contain:

- (i) the text of all resolutions to be submitted to the Members at the upcoming meeting for approval by the Members, in respect of which pre-meeting Balloting is authorized;
- (ii) a means by which a Member may specify that the Member's vote shall be registered for or against each matter identified in the notice of the meeting;

- (iii) instructions on how the Member can personally deliver the Member's Ballot at a branch location of the Credit Union, in-person; and
- (iv) the final date that such Ballots cast in this way will be accepted by the Credit Union.

#### ***Formal Validity***

(g) Ballots submitted in this way, to be valid must:

- (i) be on the pre-printed Form of ballot designated by the Credit Union; and
- (ii) be received by a designated branch, of the Credit Union prior to 4:59 p.m. on the last date for the receipt of Ballots as designated by the Credit Union and indicated on the Form of ballot.

In the case of more than one Ballot being received from a voting Member on a question submitted to the Members for decision at a meeting, the Ballot received by the Credit Union during pre-meeting, in-branch Balloting, shall be considered the Ballot for the meeting, and, if the Member attends at the meeting in person, that Member shall not be permitted to vote on the question at the location of the meeting.

#### ***Counting Procedure***

(h) At the meeting at which the results of pre-meeting Balloting are to be announced, the Chair of Pre-Meeting Balloting shall appoint scrutineers who will:

- (i) have the skills required and may, but need not be, Members;
- (ii) under the supervision of the Chair of Pre-Meeting Balloting and with access to a complete list of Members, their addresses and signature cards, verify that the persons purporting to be a member of the Credit Union, and whose name is listed on the Ballot as the Member voting the Ballot, is a Member qualified to vote at the meeting and following such verification, separate the portion of the Ballot on which the Member's name, address and signature is marked from the sealed portion of the Ballot upon which the Member's votes are indicated;
- (iii) under the supervision of the Chair of Pre-Meeting Balloting, count all of the verified Ballots received during the pre-meeting Balloting period;
- (iv) render any decisions as to any questionable Ballots and selections thereon, by majority vote;

- (v) provide the Chair of the meeting with the total number of votes represented by verified Ballots cast during the pre-meeting Balloting period, which the chair shall then announce to the Membership at the meeting of Members; and
- (vi) where applicable, count the votes of the Members cast at the meeting, during the meeting, on the same question on which pre-meeting Balloting was permitted.

#### ***Tie Votes***

- (i) In the case of a tie vote resulting from the combined votes from the pre-meeting and in-meeting Balloting, the Members in physical attendance at the meeting shall vote by Ballot to break the tie, regardless of whether they had voted in the pre-meeting Balloting or not.

#### **Adjournment**

**7.15** The chair of a meeting of Members may, with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place. If a meeting of Members is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting which is adjourned. If a meeting of Members is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same way the original notice of meeting was given.

#### **Proposals**

**7.16** If the Credit Union receives a written proposal from a Member to raise an issue at the annual meeting, and the proposal complies with all of the requirements of the Act, the Credit Union shall attach a copy of the written proposal to the notice of the annual meeting, in accordance with the Act.

#### **Requisitions**

**7.17** Upon the written request of 5% of the Membership stating the general nature of the business to be presented at the meeting, signed by all of the requisitioning Members, and deposited at the head office of the Credit Union, the Board shall call and deliver notice of a general meeting of the Credit Union, for the transaction of that business, not later than 21 days from the date the written request was deposited at the Credit Union's head office, and such meeting shall be held within 60 days from the date of the deposit of the requisition. Requisitions may be signed in counterpart.

## **ARTICLE EIGHT**

### **PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

#### **Submission of Contracts or Transactions to Shareholders for Approval**

**8.01** The Board, in its discretion, may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the Members or shareholders called for the purpose of considering the same, and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Articles or any other By-law) shall be as valid and as binding upon the Credit Union and upon all the Members and shareholders as though it had been approved, ratified or confirmed by every Member or shareholder of the Credit Union.

#### **Indemnity**

**8.02** Subject to the limitations contained in the Act, the Credit Union shall indemnify an Indemnified Person against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Indemnified Person in respect of any civil, criminal or administrative action or proceeding to which that person is made a party by reason of being or having been a director or officer of the Credit Union or a body corporate referred to in the definition of Indemnified Person, if the person:

- (a) acted honestly and in good faith with a view to the best interest of the Credit Union; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the person's conduct was lawful.

The Credit Union shall also indemnify such person in such other circumstances as the Act permits or requires.

#### **Insurance**

**8.03** Subject to the Act, the Credit Union may purchase and maintain insurance for the benefit of any person referred to in paragraph 8.02 against such liabilities and in such amounts as the Board may from time to time determine.

## ARTICLE NINE

### SHARES

#### Allotment

**9.01** The Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Credit Union at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid for, as required by the Act. The Board is also authorized to determine the maximum number of shares that may be allotted to a Member seeking to purchase shares issued pursuant to a receipted offering statement issued by the Credit Union.

#### Commissions

**9.02** Except in respect of Membership Shares and subject to the Act, the Board may from time to time authorize the Credit Union to pay a reasonable commission to any person in consideration of that person's purchasing or agreeing to purchase Shares, whether from the Credit Union or from any other person, or procuring or agreeing to procure purchasers for any such Shares.

#### Transfers and the Registration of Transfers

**9.03** The Credit Union and the shareholders shall comply with the provisions of the Articles, if any, relating to transfers of Shares other than Membership Shares. The Board may pass policies and procedures that supplement any such provisions, as long as they are not contrary to the Articles, in connection with any relevant receipted offering statement, and the Credit Union and shareholders shall comply with any such policies and procedures. Notwithstanding the above, any such policies and procedures shall provide that restrictions in the relevant offering statement on the maximum number of shares that may be allotted to any individual Member shall also apply to any subsequent proposed transfer of shares to a transferee in any case other than a testamentary gift of the shares from a transferor. Subject to the Act, no transfer of Shares shall be registered in a securities register except upon presentation of the certificate representing such Shares with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board, upon compliance with such restrictions on transfer as are authorized by the Articles and upon satisfaction of any lien referred to in paragraph 9.05.

#### Transfer Agents and Registrars

**9.04** The Board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Credit Union issued by it in registered form, a securities register and one or more branch securities registers. Such a person may be designated as transfer agent and registrar according to the person's functions, and one person may be designated both registrar and transfer agent. The Board may at any time terminate such appointment.

#### Lien for Indebtedness

**9.05** The Credit Union shall have a lien on any Share registered in the name of a shareholder or that shareholder's legal representatives for a debt of that shareholder to the Credit Union, provided that if the Shares are listed on a stock exchange recognized by the Ontario Securities Commission, the Credit Union shall not have such lien. The Credit Union may enforce any lien that it has on Shares registered in the name of a shareholder indebted to the Credit Union by the sale of the Shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law and, pending such enforcement, the Credit Union may refuse to register a transfer of the whole or any part of such Shares.

#### Non-recognition of Trusts

**9.06** Subject to the Act, the Credit Union may treat as absolute owner of any Share the person in whose name the Share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Credit Union's records or on the Share certificate.

#### Share Certificates

**9.07** (a) The Credit Union shall not issue certificates for Membership Shares, provided that a Member shall be entitled to a statement of the number of Membership Shares held by the Member upon request.

(b) Subject to paragraph (a) hereof, every holder of one or more Shares shall be entitled, at the shareholder's option, to a Share certificate, or to a non-transferable written acknowledgement of the shareholder's right to obtain a Share certificate, stating the number and class or series of Shares held by that shareholder as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a Share certificate, respectively, shall be in such form as the Board shall from time to time approve. Any Share certificate shall be signed in accordance with paragraph 3.03 and need not be under the corporate seal; provided that, unless the Board otherwise determines, certificates representing Shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of Share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon such Share certificates, and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Credit Union. A Share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

### **Replacement of Share Certificates**

**9.08** The Board or any officer or agent designated by the Board may in its or the officer's or agent's discretion direct the issue of a new Share certificate in lieu of and upon cancellation of a Share certificate that has been mutilated or in substitution for a Share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

### **Joint Shareholders**

**9.09** If two or more persons registered as joint holders of any Share, the Credit Union shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

### **Deceased Shareholders**

**9.10** In the event of the death of a holder, or of one of the joint holders, of any Share, the Credit Union shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Credit Union and its transfer agents.

## **ARTICLE TEN**

### **DIVIDENDS AND RIGHTS**

#### **Dividends**

**10.01** Subject to the Act, the Board may from time to time declare dividends payable to Members and the shareholders according to their respective rights and interest in the Credit Union, and may on such terms as it deems fit from time to time declare a patronage return to its Members in proportion to the business done by each Member with or through the Credit Union. Dividends and patronage rebates may be paid in accordance with the Act.

#### **Dividend Cheques**

**10.02** A dividend or patronage rebate payable in cash may be paid by cheque drawn on the Credit Union's bankers or one of them to the order of each Member or registered holder of Shares of the class or series in respect of which it has been declared, and mailed by prepaid ordinary mail to such registered holder at that holder's Recorded Address or credited to the Member or shareholder's account with the Credit Union, unless such Member or holder otherwise directs. In the case of joint

Members or shareholders, the cheque shall, unless such joint Members or shareholders otherwise direct, be made payable to the order of all of such joint Members or shareholders and mailed to them at their Recorded Address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend or patronage rebate to the extent of the sum represented thereby plus, the amount of any tax which the Credit Union is required to and does withhold.

### **Non-receipt of Cheques**

**10.03** In the event of non-receipt of any dividend or patronage rebate cheque by the person to whom it is sent as aforesaid, the Credit Union shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.

### **Record Date for Dividends and Rights**

**10.04** The Board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Credit Union, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven (7) days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Credit Union shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

### **Unclaimed Dividends and Patronage Rebates**

**10.05** Any dividend or patronage rebate unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Credit Union.

## **ARTICLE ELEVEN**

### **MEETINGS OF SHAREHOLDERS**

#### **Not to Govern Certain Meetings**

**11.01** This Article Eleven is not to govern meetings of Members, which are governed by Article Seven hereof.

#### **Meetings**

**11.02** Subject to the Act, meetings of shareholders shall be held at such time as the Board or the Chair of the Board may from time to time determine, for the purpose of transacting any business

required by the Act to be placed before the shareholders and for the transaction of such other business as may properly be brought before the meeting.

### **Special Meetings**

**11.03** The Board or the Chair of the Board shall have power to call a special meeting of shareholders at any time.

### **Place of Meetings**

**11.04** Meetings of shareholders shall be held at such place in Ontario as the Board may by resolution determine.

### **Notice of Meetings**

**11.05** Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 14.01 not less than ten (10) days nor more than fifty (50) days before the date of the meeting to each Director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more Shares carrying the right to vote at the meeting. Notice of a meeting of shareholders shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and the text of any special resolution to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

### **List of Shareholders Entitled to Notice**

**11.06** For every meeting of shareholders, the Credit Union shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of Shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to paragraph 11.07, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or, where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Credit Union or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

### **Record Date for Notice**

**11.07** The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, as a record date for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date shall be given not less than seven (7) days before such record date by any method not prohibited by the Act and, if any Shares of the Credit Union are listed for trading on a stock exchange

in Canada, by written notice to each such stock exchange. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

### **Chair, Secretary and Scrutineers**

**11.08** The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the Chair, or a Vice-Chair. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the Corporate Secretary of the Credit Union is absent, the chair shall Appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one (1) or more scrutineers who need not be shareholders, may be Appointed by a resolution or by the chair with the consent of the meeting.

### **Persons Entitled to be Present**

**11.09** The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Credit Union and others who, although not entitled to vote are entitled or required under any provision of the Act or the Articles or the By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

### **Quorum**

**11.10** (a) Subject to paragraph 11.11 and 11.12, regarding special shares issued by the Credit Union or any of its predecessors pursuant to a receipted offering statement ("Investment Shares"), two (2) persons present in person, each being a shareholder of such Investment Shares entitled to vote at the meeting, or a duly appointed proxyholder for an absent shareholder entitled to vote at the meeting shall be a quorum at any meeting of the shareholders for the choice of a chair of the meeting and the adjournment of the meeting; for all other purposes a quorum at any meeting of such shareholders, unless a greater number is required to be present or a greater number of Shares are required to be represented at the meeting by the Act or by the Articles or the By-laws, shall be persons present in person, each being a shareholder entitled to vote at the meeting or a duly appointed proxyholder for an absent shareholder entitled to vote at the meeting, not being less than two (2) in number and holding or representing by proxy not less than fifty-one percent (51%) of the total number of the issued Shares of the Credit Union for the time being enjoying voting rights at such meeting.

(b) Subject to sections 11.11 and 11.12, regarding any class of special Shares, other than Investment Shares, issued by the Credit Union, two (2) persons present in person, each being a shareholder of such Shares entitled to vote at the meeting shall be a quorum at any meeting of such shareholders for the choice of a chair of the meeting and the adjournment of the meeting; for all other purposes a quorum at any meeting of such shareholders, unless a greater number is required to be present or a greater number of Shares are required to be represented at the meeting by the Act or by the Articles or the By-laws, shall be persons present in person, each being a shareholder entitled

to vote at the meeting or a duly appointed proxyholder for an absent shareholder entitled to vote at the meeting, not being less than twenty-five (25) in number.

(c) If there is no quorum at any meeting of shareholders of the Credit Union, then the meeting shall be adjourned to such date not being less than ten (10) days later, and to such time and place as may be announced by the chair at the meeting, and, subject section 11.18 hereof, it shall not be necessary to give notice of the adjourned meeting.

At such adjourned meeting, the persons present at such meeting, provided that there are at least two (2) such persons present in person, each being a shareholder entitled to vote at the meeting or a duly appointed proxy-holder for an absent shareholder entitled to vote at the meeting, shall be a quorum for the transaction of business for which the meeting was originally called.

#### **Right to Vote**

**11.11** Subject to the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Credit Union has prepared the list referred to in paragraph 11.06, every person who is named in such list shall be entitled to vote the Shares shown opposite that shareholder's name, except to the extent that such person has transferred any of that shareholder's Shares after the record date determined in accordance with paragraph 11.07, and the transferee, having produced properly endorsed certificates evidencing such Shares or having otherwise established that the transferee owns such Shares, has demanded not later than ten (10) days before the meeting that the transferee's name be included in such list. In any such case the transferee shall be entitled to vote the transferred Shares at the meeting. At any meeting of shareholders for which the Credit Union has not prepared the list referred to in paragraph 11.06, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more Shares carrying the right to vote at such meeting.

#### **Proxies**

**11.12** Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one (1) or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the shareholder's attorney authorized in writing and shall conform to the requirements of the Act.

#### **Time for Deposit of Proxies**

**11.13** The Board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than forty-eight (48) hours exclusive of any part of a Non-Business Day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Credit Union or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Corporate Secretary or by the chair of the meeting or any adjournment thereof prior to the time of voting.

#### **Joint Shareholders**

**11.14** If two (2) or more persons hold Shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the Shares; but if two (2) or more of those persons are present in person or represented by proxy and vote, they shall vote as one the Shares jointly held by them.

#### **Votes to Govern**

**11.15** At any meeting of shareholders every question shall, unless otherwise required by the Articles or By-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a Ballot, the chair of the meeting shall not be entitled to a second or casting vote.

#### **Show of Hands**

**11.16** Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a Ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a Ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

#### **Ballots**

**11.17** On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a Ballot. A Ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a Ballot may be withdrawn at any time prior to the taking of the Ballot. If a Ballot is taken each person present shall be entitled, in respect of the shares which the person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the Ballot so taken shall be the decision of the shareholders upon the said question.

#### **Adjournment**

**11.18** The chair at the meeting of shareholders may with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the Act, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by



one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for an original meeting.

## ARTICLE TWELVE

### LENDING

#### Lending

**12.01** The Credit Union may make loans in accordance with the Act and its lending policies and procedures as adopted by the Board from time to time.

## ARTICLE THIRTEEN

### INFORMATION AVAILABLE TO MEMBERS AND SHAREHOLDERS

#### Annual Audited Statements

**13.01** Every Member or shareholder applying in writing therefor shall be entitled to receive a copy of the Credit Union's last annual audited financial statements without charge. Copies of the last annual audited statements of any subsidiaries of the Credit Union shall be open to inspection by the Members and shareholders and to make extracts thereof during normal business hours free of charge.

#### Information Available to Members and Shareholders

**13.02** Except as provided by the Act, no Member or shareholder shall be entitled to access information regarding the Credit Union, its business, the Membership, any Member, or any shareholder.

#### Board Determination

**13.03** The Board may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Credit Union or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Credit Union except as conferred by statute or authorized by the Board or by a resolution of the shareholders in general meeting.

#### Copy of By-laws

**13.05** A Member of the Credit Union shall be entitled to an electronic copy of the by-laws, free of charge, and to a paper copy of same upon payment of a fee not exceeding the amount prescribed by Regulation, or equal to such lesser amount as the Board may from time to time establish.

## ARTICLE FOURTEEN

### NOTICES

#### Method of Giving Notices

**14.01** Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the Articles, the By-laws or otherwise to a Member, shareholder, (unless the Credit Union has obtained an exemption from the requirement in s. 184 of the Act to deliver an information circular to Shares other than Investment Shares, in which case the Credit Union can give notice of a meeting of the holders of such Shares as section 7.02 applied) director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to that person's Recorded Address or if mailed to the shareholder at that shareholder's Recorded Address by prepaid mail or if sent to the Recorded Address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the Recorded Address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Corporate Secretary may change or cause to be changed the Recorded Address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by the Corporate Secretary to be reliable.

#### Signature to Notices

**14.02** The signature of any Director or officer of the Credit Union to any notice or document to be given by the Credit Union may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

#### Proof of Service

**14.03** A certificate of the Chair, a Vice-Chair, the Corporate Secretary or the Chief Executive Officer, or of any other officer of the Credit Union in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Credit Union as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, Director, officer or auditor or publication of any notice or other document shall be

conclusive evidence thereof and shall be binding on every shareholder, Director, officer or auditor of the Credit Union as the case may be.

#### **Notice to Joint Shareholders**

**14.04** All notices with respect to Shares registered in more than one name shall, if more than one address appears on the records of the Credit Union in respect of such joint holdings, be given to all of such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to the holders of such shares.

#### **Computation of Time**

**14.05** In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event both the date of giving the notice and the date of the meeting or other event shall be excluded.

#### **Undelivered Notices**

**14.06** If any notice given to a Member or shareholder pursuant to paragraph 14.01 is returned on three (3) consecutive occasions because that Member or shareholder cannot be found, the Credit Union shall not be required to give any further notices to such Member or shareholder until the Member or shareholder informs the Credit Union in writing of a new address.

#### **Omissions and Errors**

**14.07** The accidental omission to give any notice to any Member, shareholder, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

#### **Deceased Members or Shareholders**

**14.08** Any notice or other document delivered or sent by post or left at the address of any Member or shareholder as the same appears in the records of the Credit Union shall, notwithstanding that such Member or shareholder be then deceased, and whether or not the Credit Union has notice of that Member's or shareholder's death, be deemed to have been duly served in respect of the Shares held by such Member or shareholder (whether held solely or with any person or persons) until some other person be entered in that Member's or shareholder's stead in the records of the Credit Union as the holder or one of the holders thereof, and such service shall for all purposes be deemed a sufficient service of such notice or document on the Member's or shareholder's heirs, executors, administrators or successors and on all persons, if any, interested with the Member or shareholder in such shares.

#### **Persons Entitled by Death or Operation of Law**

**14.09** Every person who, by operation of law, transfer, death of a Member or shareholder or any other means whatsoever, shall become entitled to any Share, shall be bound by every notice in respect of such Share which shall have been duly given to the Member or shareholder from whom the person derives the person's title to such Share prior to the person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which the person became so entitled) and prior to the person furnishing to the Credit Union the proof of authority or evidence of the person's entitlement as prescribed by the Act.

#### **Waiver of Notice**

**14.10** Any Member or shareholder (or the Member's or shareholder's duly appointed proxyholder), Director, officer, auditor or member of a committee of the Board or advisory committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under any provision of the Act, the Articles, the By-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of Members or shareholders or of the Board or of a committee of the Board which may be given in any manner.

**ARTICLE FIFTEEN**

**EFFECTIVE DATE**

**Effective Date**

**15.01** Subject to the Act, this By-law shall come into force upon being passed by the Board and confirmed by a special resolution of the Members.

**Repeal**

**15.02** All By-laws previously enacted are revoked upon the coming into force of these By-laws.

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**Chair**

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**Corporate Secretary**

**PASSED by the Board of Directors of the Credit Union this \_\_th day of April, 2023.**

**WITNESS the corporate seal of the Credit Union**

**CONFIRMED by two thirds of the votes cast at an annual general meeting of the Members**

**of the Credit Union duly held at Ajax, Ontario, this \_\_th day of April, 2023.**

**FILED with the CEO this \_\_\_\_ day of \_\_\_\_\_, 2023.**

## PRODUCTS AND SERVICES

<b>EVERYDAY BANKING</b>	<b>ELECTONIC SERVICES</b>
<ul style="list-style-type: none"> <li>Personal chequing account</li> <li>Fatcat account (12 years old and under)</li> <li>Head start account (13 – 17 years old)</li> <li>Daily interest savings account (interest paid quarterly)</li> <li>Regular savings account (interest paid semi-annually)</li> </ul>	<ul style="list-style-type: none"> <li>Website <a href="https://equitycu.com">https://equitycu.com</a></li> <li>Online (internet) banking</li> <li>Telephone banking line 1-800-378-4899</li> <li>Toll free credit union number 1-800-263-9793</li> <li>THE EXCHANGE Network of ATMs Canada wide – no surcharge fees</li> </ul>
<ul style="list-style-type: none"> <li>High Interest Savings Account (interest paid monthly)</li> <li>Commercial banking accounts</li> <li>US dollar savings account</li> </ul>	<ul style="list-style-type: none"> <li>Interact Flash debit card (tap payments)</li> <li>Online bill payments</li> <li>E-money transfers</li> <li>Mobile banking</li> <li>Pre-authorized payments</li> </ul>
<b>BORROWING – PERSONAL LENDING</b>	<b>INSURANCE</b>
<ul style="list-style-type: none"> <li>Personal loans</li> <li>Personal lines of credit</li> <li>New and used car loans</li> <li>Overdraft protection</li> <li>RRSP and Investment loans</li> </ul>	<ul style="list-style-type: none"> <li>Credit life and disability insurance</li> <li>Mortgage life insurance</li> <li>Critical illness insurance</li> <li>Mortgage title insurance</li> </ul>
<b>MORTGAGES</b>	<b>INVESTING WITH CONFIDENCE</b>
<ul style="list-style-type: none"> <li>First mortgages</li> </ul>	<ul style="list-style-type: none"> <li>Deposits insured by the Financial Services Regulatory Authority of Ontario (FSRA)</li> </ul>
<ul style="list-style-type: none"> <li>Second mortgages and Bridge financing</li> <li>High ratio mortgages (CMHC/Genworth)</li> <li>Merit line – home equity line of credit</li> <li>Closed and open mortgages</li> <li>Rental property mortgages</li> <li>Fixed and variable rate mortgages</li> <li>Cashback mortgages</li> <li>Collateral mortgages</li> </ul>	See <a href="https://fsrao.ca">https://fsrao.ca</a>
<b>INVESTING</b>	<b>REGISTERED PLANS</b>
<ul style="list-style-type: none"> <li>Term deposits (30-364 days)</li> <li>Guaranteed investment certificates (GIC's)</li> </ul>	<ul style="list-style-type: none"> <li>Registered retirement savings products (RRSP)</li> <li>Registered retirement income products (RRIF)</li> <li>Tax Free Savings Products (TFSA's)</li> </ul>
<b>OTHER SERVICES</b>	
<ul style="list-style-type: none"> <li>In branch teller operations</li> <li>Semi-annual statements</li> <li>Regular e-mail news communications</li> <li>Wire transfers</li> </ul>	<ul style="list-style-type: none"> <li>Automated banking machine onsite</li> <li>Safety deposit boxes</li> <li>Corporate drafts</li> <li>Visa credit card</li> </ul>

## HOURS

Monday – Friday      **Normal hours**  
9:30 am – 5:00 pm

## CONTACT INFORMATION

**Telephone**                      (905) 426-1389  
1-800-263-9793

**Fax**                                (905) 428-1590

**Telephone Banking**        1-844-378-4899

**Website**                        <https://equitycu.com>

**Address:**                        Whitetail Centre  
299 Kingston Road East, Unit #1  
Ajax, Ontario L1Z 0K5

