



2016 ANNUAL REPORT

Together through life



EKC STAFF



Jody Burk – CEO



Alan Fillis, CPA, CMA – Chief Financial Officer



Eric Johnstone, BBA
– Regional Branch Manager, Elk Valley



Pam Pinch – Executive Assistant



Corinne Neil
– Senior Manager, Information Systems



Harminder (Mindy) Atti
– Branch Manager, Cranbrook



Jason Fast, CPA, CGA – Controller



Ken Lo – Chief Operating Officer



Beth Cornelson, CPHR
– Senior Manager, Human Resources



Denise Graham, Certified Money Coach (CMC)
– Administration Supervisor



Accounting
(L-R) Angela, Sheri, Meghan, Jason, Alan



Administration
(L-R) Jen, Sheri, Chelsea, Denise, Wendy, Ellen



Trena Neid
– Mortgage Advisor



Colton Pliska
– Mortgage Assistant, Cranbrook



Human Resources (L-R) Debbie, Beth



Commercial Department
Ken Lo – Chief Operating Officer
Lana Sheppard – Manager Commercial Services
(L-R) Cindy, Lana, Tomoe, Ken



Cranbrook Branch
Harminder (Mindy) Atti – Branch Manager
Sharon Cameron – Assistant Branch Manager
Financial Service Department
(L-R) Rod, Angela, Sharon, Harminder (Mindy), Tanya, Lindsey



Member Services
Devin Solberg – Member Service Supervisor
(L-R) Michelle, Lorna, Tatiana, Tobin, Norma, Kelly, Devin



Elk Valley
Eric Johnstone, BBA – Regional Branch Manager, Elk Valley
Elkford Branch
Shawna Klein – Assistant Branch Manager
(L-R) Robyn, Jenn, Darla, Shawna, Christine, Laurie



Fernie Branch
(L-R) Rhonda, Noreen, Susan, Eric, Colleen, Agnes, Jody



Sparwood Branch
Tracey Brook-Baker – Assistant Branch Manager
(L-R) Dale, Holly, Tracey, Megan

AGENDA

67TH ANNUAL GENERAL MEETING FRIDAY APRIL 21, 2017 BEST WESTERN FERNIE MOUNTAIN LODGE

4

1. Call to order
2. Roll call (quorum 25 members)
3. Appointment of recording secretary
4. Appointment of parliamentarian
5. Adoption of agenda
6. Adoption of rules of order
7. Welcome by the Board Chair and introduction of guests
8. Acceptance of minutes of 66th AGM
9. Business arising from the minutes
10. Board Chair report – Jean-Ann Debreceni
11. CEO report – Jody Burk
12. Auditor's and the financial statement report – David Adams
13. Nominating committee report – Barb Nunes
14. Introduction of re-elected Directors
15. Appointment of auditors
16. Question period
17. New business
18. Good and welfare
19. Adjournment

RULES OF ORDER FOR EKC AGM

DEBATE

Speakers must approach a microphone and wait to be recognized by the chair before speaking. Upon recognition by the chair, the speaker will state his or her name.

Only members of East Kootenay Community Credit Union in good standing will be entitled to the floor.

No member may speak longer than two minutes at a time or more than twice on the same question without permission from the assembly.

A member who wishes to speak a second time on the same issue or ask more than one follow-up question at a time must wait until other members who wish to speak on the issue for the first time have spoken.

VOTING

Only a member in good standing under the rules of East Kootenay Community Credit Union may vote, and is entitled to one vote.

Voting shall be by show of hands. If the result is inconclusive, the chair may appoint scrutineers to assist in the counting of the votes.

REPORTING

Reports presented at the meeting for information only do not require a motion.

Where a report contains a recommendation for the AGM to consider, a motion to act on the recommendation will be presented, seconded, debated and voted on.

TIME MANAGEMENT

The chair may propose time limits on agenda items and may propose that these time limits be extended.

The meeting is scheduled to adjourn no later than 8:30 p.m. An extension of the meeting beyond this time will require approval by the assembly by a 2/3 vote.

GENERAL RULES

The current edition of *Roberts Rules of Order, newly revised*, shall govern the meeting in all cases to which they are applicable and in which they are not inconsistent with the rules of East Kootenay Community Credit Union or with any applicable legislation.

With the exception of motions that fit within the jurisdiction of the AGM, motions from the floor are generally considered advisory to the Board. To be considered, such motions must first be presented to the chair in writing.

MINUTES

EAST KOOTENAY COMMUNITY CREDIT UNION 66TH ANNUAL GENERAL MEETING FRIDAY, APRIL 22, 2016 HERITAGE INN, CRANBROOK

1 CALL TO ORDER

Jean-Ann Debreceni, Chair of the Board of Directors, called the 66th Annual General Meeting of EKC to order at 7:00 pm at the Heritage Inn in Cranbrook.

Video: Fernie Brewing Company

2 ROLL CALL (QUORUM 25 MEMBERS)

It was established there was a minimum quorum of 25 members with 68 members, 20 guests and 28 youth signing the registers.

3 APPOINTMENT OF RECORDING SECRETARY

Pam Pinch was appointed recording secretary.

4 APPOINTMENT OF PARLIAMENTARIAN

Roger Brown was appointed parliamentarian.

5 ADOPTION OF AGENDA

MOTION: THAT THE 2016 EKC AGM AGENDA BE ADOPTED AS PRESENTED. Moved by Anna-Mae Gartside; seconded by Eric Johnstone; AIF/CARRIED

6 ADOPTION OF RULES OF ORDER

MOTION: THAT THE RULES OF ORDER FOR THE 2016 AGM BE ADOPTED AS CIRCULATED. Moved by Eric Johnstone; Seconded by Mary Cullen; AIF/CARRIED

7 WELCOME BY BOARD CHAIR AND INTRODUCTION OF GUESTS

Jean-Ann welcomed all guests and thanked everyone for attending. She was especially pleased about our new Community Cash Award event taking place this evening where our guests get to choose which charity to donate "EKC" money to. Jean-Ann extended a special welcome to all of the youth and non members here tonight. Jean-Ann introduced the former Directors and guests present.

FORMER DIRECTORS PRESENT:

Kathleen Simon

GUESTS:

Adams Wooley – David Adams
MoneyWorks – Dave McCracken

8 ACCEPTANCE OF MINUTES OF 65TH AGM

MOTION: THAT THE MINUTES OF ANNUAL GENERAL MEETING HELD APRIL 10, 2015 BE ACCEPTED AS CIRCULATED. Moved by Kathleen Simon; seconded by Eric Johnstone; AIF/CARRIED

9 BUSINESS ARISING FROM MINUTES

There was no business arising from the minutes of the 65th AGM.

10 BOARD CHAIR REPORT – JEAN-ANN DEBRECENI

- Jean-Ann welcomed everyone to the meeting. She indicated that if any of the non members here tonight would like more information on becoming a member, to please speak to any of the staff or Directors present this evening;
- Jean-Ann wished to thank all staff and Directors for all of their hard work over the past year;
- Jean-Ann introduced all Directors sitting at the head table and extended congratulations to Russell Pask who completed his Level A courses in his first 8 months. She also extended a heartfelt thank you to Lynne Shewchuk who will be retiring from the Board after this evening;
- Jean-Ann spoke about the economic uncertainty regarding the oil industry and how many of our members are impacted from it from all over the Elk Valley and Cranbrook;
- Jean-Ann noted that if anyone is interested in being a member of our Board, to please get in touch with Diane Byford, current Chair of our Nominating Committee.

Video: EKC Welcome Video

11 CEO REPORT – JODY BURK

- Jody welcomed all of the new faces here to support the Community Cash Award event;
- All it takes is \$5 in a share account to become a member with the Credit Union which allows you to come to meetings and vote;
- The East Kootenay Community Credit Union (EKC) has a balanced approach to measuring success;
- 2015 was a challenging year with a combination of the economy, staffing shortages, collective agreement renewal and significant regulatory pressure;
- Even with these challenges, we maintained a high level of satisfaction with 97% of our members recommending us to their family and friends;
- All staff were thanked for their efforts throughout these challenges;
- The economic conditions of northern Alberta are having a large impact on us here in the East Kootenay and at the Credit Union;
- Mortgage sales are very important to EKC. Each of our branches have unique challenges. Cranbrook, with its diverse economy has steady real estate sales, as does Fernie with its' strong tourism industry and the influence of the remaining well-paying jobs in Alberta. In Elkford, real estate prices are falling due to less hiring at the mines. Sparwood, our newest branch, is performing as predicted in our original business plan concerning loan growth.

- In 2015, EKC sold 32 million dollars in mortgages with 8% of those being syndicated. Our regulator FICOM was not comfortable with this and we had to make changes as dictated by them;
- When a mortgage gets sold from EKC to another credit union, it does not remain on our books but the member's support and dealings do remain with EKC;
- When a mortgage gets syndicated, it is sold to Central1;
- We gain revenue from selling mortgages whether to another credit union or to Central1;
- Our approach to deposits will be more aggressive in 2016;
- We paid out \$221,000 in patronage in 2015;
- We paid out \$72,000 in community giving in 2015;
- We currently have 17 million dollars in retained earnings which will ensure that EKC will be here for years to come. It is the Board's role to ensure that the credit union will survive for our future generations;
- Our collaboration efforts are paying off for us including CUPP services, Kootenay Insurance Services (KIS), Solutions Centre, MoneyWorks and Kootenay Risk Services (KRS);
- CUPP Services includes 49 other credit unions with 26 billion in assets to which Jody is the Chair. CUPP Services self insures credit unions and subsidiaries;
- KIS is owned with Nelson and District Credit Union (NDCU) and Kootenay Savings Credit Union (KSCU) and continues to generate value and profits;
- Solutions Centre has 32 credit unions involved and deals with our ATM machines and is an information hub for us;
- MoneyWorks is owned with NDCU and Grand Forks Credit Union (GDCU) with a partnership name agreement with KSCU. We have seen increased revenue from this subsidiary;
- KRS has recently hired a VP of Credit to join our VP of Risk Management. We partnered with NDCU and GFCU for quality risk management and commercial services;
- Our Insurance subsidiary, Kootenay Insurance Services (KIS) has had tremendous sales growth and
- Jody also thanked the Chair and Board for their support during the past year.

Video: "Some Choices Matter"

12 AUDITOR'S AND FINANCIAL STATEMENT REPORT – DAVID ADAMS

- Assets maintained at \$295 million for 2015
- Liabilities decreased to \$274 million in 2015
- Members' equity increased to \$20.8 million 2015
- Revenue increased to \$13.7 million in 2015
- Expense increased to \$12.8 million in 2015
- Net income was \$966,000 for 2015

MOTION: THAT THE AUDITOR'S REPORT AND THE FINANCIAL STATEMENTS FOR 2015 PRESENTED BY DAVID ADAMS BE ACCEPTED. Moved by Kathleen Simon; seconded by Eric Johnstone; AIF/CARRIED

13 NOMINATING COMMITTEE REPORT

- Jean-Ann explained that #13 and #14 on the agenda were to be combined;

- Diane Byford, Chair of the Nominating Committee, reported that nominations opened on January 18, 2016 and closed on February 18, 2016;
- Two of the three directors whose terms expired this year have agreed to let their names stand for re-election. The third, Lynne Shewchuk, will be retiring from the Board this evening.
- There were no other nominations received;
- Elected by acclamation for three year terms were: Mark Spittael Jose Galdamez
- Lynne Shewchuk was thanked for her years of service on the EKC Board of Directors, especially for her significant contributions to Audit Committee.

MOTION: THAT THE NOMINATING COMMITTEE REPORT BE ACCEPTED AS PRESENTED. Moved by Lana Sheppard; seconded by Anna-Mae Gartside; AIF/CARRIED

14 APPOINTMENT OF AUDITORS

MOTION: THAT ADAMS WOOLEY, CERTIFIED GENERAL ACCOUNTANTS, IS APPOINTED AUDITOR FOR 2016 WITH REMUNERATION TO BE DETERMINED BY THE BOARD OF DIRECTORS. Moved by Lynnette Wray; seconded by Roy Simon; AIF/CARRIED

15 QUESTION PERIOD Nil

16 NEW BUSINESS Nil

17 GOOD AND WELFARE

We took a different approach to our community giving this year to include the first ever Community Cash Award;

- We had 17 groups apply for this award and chose our diverse recipients based on the best suited needs of the community and promotion of a healthy life style;
- We will be repeating this event again in the Elk Valley;
- Each group will receive \$500 in addition to what is put into their cash buckets tonight. The group with the most money in their cash buckets at the end of the night will receive an additional \$500;
- The AGM attendees were given EKC money to place in the bucket of the charity of their choice. Local members were given \$40 each, Non members were given \$20 each, Out of Branch members were given \$50 and youth under 18 were given \$10;
- The total given out was \$7013
Rockies Rowing Club: \$942
Elk Valley Seniors Housing Society: \$990
Kimberley Alpine Team: \$1,000
Cranbrook Food Action Committee: \$1,020
KEYSA: \$1,211
Cranbrook and District Search and Rescue Society: \$1,850

18 MEETING ADJOURNMENT

MOTION: THAT THE 66TH EKC AGM BE ADJOURNED. Moved by Kathy Simon; seconded by Don Holt; AIF/CARRIED

- The meeting was adjourned at 7:57 p.m.

THE EKC BOARD OF DIRECTORS

Credit Union Director Achievement (CUDA®) Program

7

THE CUDA PROGRAM DELIVERS THE MOST CURRENT THINKING ABOUT CREDIT UNION CORPORATE GOVERNANCE.

Designed for credit union directors, the CUDA Program is a road map to the knowledge and skills required to effectively govern co-operative financial businesses.

LEVEL A: FOUNDATIONS OF GOVERNANCE

1. The 7 Modules (can be completed online or in a 2-day in-class session) Overview of the Credit Union System The Board's Roles and Responsibilities A Director's Roles and Responsibilities Legal Basics Financial Statements Asset-Liability Management Monitoring Credit Union Performance
2. Foundations of Governance in Theory and Action Workshop (1-day, in-class) Upon successful completion, you will be awarded with a Foundations of Governance Certificate.

LEVEL B: GOVERNANCE IN ACTION

Four In-Class Workshops Accountability and Risk Oversight (1-day) Strategy: Planning and Oversight (1-day) NEW Board Performance, Development, and Evaluation (half-day) Management Recruitment, Performance Planning, and Evaluation (half-day)

LEVEL C: GOVERNANCE APPLICATION

Four In-Class Workshops The Role of the Audit Committee (half-day) NEW Governing Credit Risk* (half-day) Plus two (2) courses from the Continuing Education section of the program, which can be a combination of 1-day or half-day sessions.

PROGRAM COMPLETION

Recognition for completing the CUDA Program will be given to directors who complete all of the courses described in Levels A, B, and C. CUDA Program graduates will receive a certificate from CUSOURCE Credit Union Knowledge Network (CUSOURCE Knowledge Network) to acknowledge their achievement.

CONTINUING EDUCATION

The Continuing Education section of the CUDA Program is comprised of a dynamic list of courses that cover current governance issues and further explore certain core governance subjects. For directors in the process of completing the CUDA Program, these courses count for credit in Level C and provide continuing education (CE) credits for Accredited Canadian Credit Union Directors.

Since September 2007, credit union Directors have been able to earn a credential that attests to their knowledge and understanding of board governance. The accreditation – **Accredited Canadian Credit Union Director (ACCUD)** – is jointly awarded by the Credit Union Institute of Canada (the designation arm of CUSOURCE Credit Union Knowledge Network) and Dalhousie University in Halifax, Nova Scotia.

GEORGE FREITAG IS A NATIONALLY ACCREDITED CREDIT UNION DIRECTOR BY DALHOUSIE UNIVERSITY.





DON HOLT
Cranbrook

Start Date: 1999
Term Completed: 2017
Acclaimed to Next Term: 2020

Meetings attended: 43 of 43

Board of Directors – vice chair

Committees:

HR – chair
Management Credit – chair
Investment and Loan
Conduct Review
Building

Compensation Paid (including stipend and travel time): \$5,807.50

Expenses (including training and travel costs): \$4,038.14

Career: Teacher (retired in 1999) currently an EKC Specialist

Education: B.Ed (commerce and psychology)

Credit Union Director Achievement Program (CUDA) program completed - Levels A,B,C

Directorships (personal): Kootenay Insurance Services (KIS), Kootenay Kid’s Train Society, Success by 6

Other Community Involvement: Cranbrook and District Foundation, church

Credit union member since: childhood



JEAN-ANN DEBRECENI
Cranbrook

Start Date: 1997
Term Completed: 2018

Meetings attended: 39 of 39

Committees:

Board of Directors – chair
participates in all committee meetings as Board chair

Compensation Paid (including stipend and travel time): \$4,277.50

Expenses (including training and travel costs): \$11,315.28

Career: Manager costuming department for Fort Steele

Formerly a small business owner

Retired

Education: Small business courses including Simply Accounting

Credit Union Director Achievement Program (CUDA) program completed - Levels A,B,C

Directorships (personal): Past director at the CCT and the CAMEL (train)

Other Community Involvement: Theatre costuming and volunteering at CCT; volunteer at Key City Theatre

Credit union member since: 1965



RUSSELL PASK
Elk Valley

Start Date: 2015
Term Completed: 2018
Acclaimed to: 2020

Meetings attended: 27 of 30

Committees:

Audit
HR
Nominating
Conduct Review – chair

Compensation Paid (including stipend and travel time): \$3,949.92

Expenses (including training and travel costs): \$2,560.90

Career: Managed a mid-sized construction company for 35 years, retired 2011

Owner and president of Fernie Brewing Company

Education: Computer Technology Diploma from NAIT in Edmonton

Credit Union Director Achievement Program CUDA completed Level A, working on Level B

Directorships (personal): Past director of Fernie and District Hospital Association, including term as chair

Other Community Involvement: Member of Fernie Elks Lodge #81 for over 25 years, served term in all posts

Credit union member since: 2006



LYNNETTE WRAY
Cranbrook

Start Date: September 2016
Acclaimed to Next Term: 2019

Meeting attended: 8 of 8

Committees:

HR
Policy
Community Giving

Compensation Paid (including stipend and travel time): \$1,440.00

Expenses (including training and travel costs): Nil

Career: Executive Director of Cranbrook and District Community Foundation

Education: Masters of Education, Bachelors of Arts in Psychology

Credit Union Director Achievement Program (CUDA) program working on Level A

Credit union member since: 1997



GEORGE FREITAG
Cranbrook

Start Date: 2008
Term Completed: 2017
Stepping down April 2017

Meetings attended: 30 of 31

Committees:

Building – chair
Investment and Lending
HR
Policy
Community Giving – chair

Compensation Paid (including stipend and travel time): \$3,708.00

Expenses (including training and travel costs): \$7,544.84

Career: Proprietor of Elizabeth Lake Lodge

Education: BCIT Hotel Administration Diploma

ITM Hotel School Semmering Austria

Credit Union Director Achievement Program (CUDA) program completed - Levels A,B,C

Accredited Credit Union Director (ACCUD)

Credit union member since: 1986



JOSE GALDAMEZ
Cranbrook

Start Date: 2013
Term Completed: 2019

Meetings attended: 26 of 28

Committees:

Policy
Conduct Review
Building
Community Giving
Scholarship – chair

Compensation Paid (including stipend and travel time): \$3,555.00

Expenses (including training and travel costs): Nil

Career: GIS Analyst

Education: Credit Union Director Achievement Program (CUDA) program completed - Levels A,B,C,

Engineering Design and Drafting Technology Diploma

Other Community Involvement: Advisory role within the First Nations Technology Council, previously sat on the Cranbrook Youth Soccer board and was involved with rep, BC Summer Games and high school soccer, video/ photography production to not-for-profit organizations

Credit union member since: 2000



DIANE BYFORD
Cranbrook

Start Date: 2013
Term Completed: 2017
Acclaimed to Next Term: 2020

Meetings attended: 32 of 32

Committees:

Audit
Policy – chair
HR
Scholarship

Compensation Paid (including stipend and travel time): \$4,616.25

Expenses (including training and travel costs): \$496.88

Career: Heritage Resource Officer/
Consultant

Education: B.A. in Social Anthropology

Credit Union Director Achievement Program (CUDA) program completed - Levels A,B,C

Other Community Involvement: Has volunteered and served on the board of numerous community groups including the Cranbrook Garden Club, Kootenay Country Fair, Festival of the Performing Arts, City of Cranbrook Heritage Advisory Committee, S.D.5 DPAC and PAC

Credit union member since: 1984



BARB NUNES
Elk Valley

Start Date: 2011
Term Completed: 2018

Meetings attended: 30 of 31

Committees:

Investment and Loan
Audit – chair
Conduct Review
Nominating – chair

Compensation Paid (including stipend and travel time): \$4,423.26

Expenses (including training and travel costs): \$1,447.02

Career: Director of Finance of the District of Sparwood – retired in 2015

Education: Certified General Accountant designation received 1979

Credit Union Director Achievement Program (CUDA) program completed - Levels A,B,C

Credit union member since: 2005



MARK SPITTAEL
Elk Valley

Start Date: 2012
Term Completed: 2019

Meetings attended: 28 of 31

Committees:

Nominating
Audit
Conduct Review
Investment and Loan – chair

Compensation Paid (including stipend and travel time): \$4,255.38

Expenses (including training and travel costs): \$1,737.45

Career: owner operator of High Standard Contracting. Prior to 2005 Deutsche Bank AG, Brussels Branch

Education: Degree in modern languages

Credit Union Director Achievement Program (CUDA) program completed – Levels A,B,C

Directorships (personal): Director of the Elkford Youth Soccer Association, Coach and referee.

Credit union member since: 2005

TOGETHER WE ARE FINDING SOLUTIONS TO A STRONGER, LOCAL ECONOMY.

EKC has worked hard supporting our business members and investing in our communities through donations and employee involvement.

Members often tell their friends and family of how EKC has helped them reach their goals. This in turn helps EKC grow, resulting in creating more jobs in our communities. The circle of growth has helped EKC through tough economic times. This sets EKC apart from other financial institutions. We support strong communities and give our members assistance so they can achieve their financial goals. As we succeed we return profits back to our members in patronage rewards, invest more into our communities and grow our credit union.

Our values, service and communities are always the top priority. Together we can build better communities and lives for our members. Your success is our success.

FIVE REASONS TO JOIN.

A local credit union is a financial co-operative, owned by its members, who are also customers. It is owned and controlled by the people it serves, guided by the Board of Directors, voted for by our members.

Our financial expertise has led to finding innovative solutions. Sincere, professional service has led us to growing members.

Being part of Credit Union Central of Canada and Central1 gives a voice to advocate and promote the credit union system and utilize efficiencies and economies of scale. For an example, the ding-free ATM program throughout Canada.

EKC has been a member of the community since 1950. You have made us successful...thank you.

TOP 1 2 3 4 5 REASONS

to join 

- 1 **Together through life** At EKC we make sure you're ready for each stage of your life with products and services that help you achieve your goals. Anyone can join a credit union — 1 in 3 British Columbians already have!
- 2 **You're our bottom line** You own us, not the other way around. EKC leads other financial institutions by sharing profits with our members and our communities via patronage rewards, dividends, scholarships and donations.
- 3 **More local** EKC staff provide 100% of all approvals, including loans and mortgages. This flexibility allows unique products and services based on member needs — just ask any personal or business member. Any member can run for a seat on our local Board of Directors.
- 4 **100% deposit protection** At EKC, depositors are 100% protected* by the Credit Union Deposit Insurance Corporation of British Columbia.
- 5 **Excellent rates and low service charges** Enjoy earning patronage rewards on all your accounts. EKC's unique Community Bond has excellent rates with special redemption features. Loans and mortgages have competitive rates and we offer a special bonus for first time homeowners.

*B.C. Credit Union Deposits are 100% guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia.

EKC RULES

12

DEFINITIONS

In these rules, unless the subject or context is inconsistent therewith:

- (a) "credit union" means EAST KOOTENAY COMMUNITY CREDIT UNION;
- (b) Credit Union Incorporation Act means the Credit Union Incorporation Act of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (c) Company Act means the Company Act of British Columbia from time to time in force and all amendments thereto and regulations made pursuant thereto;
- (d) Financial Institutions Act means the Financial Institutions Act of British Columbia from time to time in force and all amendments thereto;
- (e) "director" mean a director of the credit union for the time being;
- (f) "directors", unless the context otherwise requires, means the board of directors of the credit union.
- (g) "chairman" means the chairman of the directors.

The meaning of any words or phrases defined in the Credit Union Incorporation Act, the Financial Institutions Act and, to extent that it relates to the credit union, the Company Act shall, if not inconsistent with the subject or context, have the same meaning in these Rules.

RULE 1 - MEMBERSHIP

1.1 Every application for membership shall be in writing and shall be accompanied by payment in full of the number of Class "A" Membership Equity Shares required to be held by a member on the date of application for membership, together with a membership fee as determined from time to time by the directors.

1.2 A member may withdraw from membership, and the membership of any person may be terminated, in accordance with the Credit Union Incorporation Act.

1.3 A member in good standing is a member, including a junior member, who, at the date on which good standing is determined:

- (a) has purchased, paid for and holds the number of Class "A" Membership Equity Shares required by these Rules;
- (b) Is not more than 90 days delinquent in any obligation to the credit union or its insurance subsidiary and;
- (c) has not had any obligation written off by the Credit Union or its insurance subsidiary in the last seven years, which obligation remains unpaid, whether the obligation was incurred as principal debtor, coventor, guarantor, indemnitor or otherwise; and
- (d) Has paid an annual membership fee as determined from time to time by the directors.

1.4 Subject to the provisions of the Credit Union Incorporation Act that specify the minimum number of membership shares for which a member must subscribe and pay, the directors may establish policies to waive or delay purchase, payment, redemption, and ownership in whole or in part of equity shares as required by these Rules.

RULE 2 - SHARES AND DEPOSITS

2.1 The directors may determine the forms by which a person may withdraw monies on deposit or request redemption of shares.

2.2 Interest on deposits, in the absence of an express contract or agreement, shall be paid or credited at times, intervals, and in a

manner determined by the directors and directors may delegate the power to make such determinations.

2.3 The shares of the credit union shall be divided into the following classes of shares, each consisting of an unlimited number of shares: Class "A" Membership Equity Shares; Class "B" Transaction Equity Shares; Class "C" Voluntary Equity Shares; and Class "D" Non-Equity Shares.

2.4 All shares shall have a par value of One Dollar (\$1.00) each.

2.5 All shares issued and outstanding on the date this Rule comes into effect shall be deemed to be Class "D" Non-Equity Shares.

2.6 Subject to the Credit Union Incorporation Act and these Rules, the credit union may, by resolution of the directors, redeem or purchase any of its shares.

2.7 If the credit union proposes, at its option, to redeem some but not all of the shares of any class, the directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed shall be selected.

2.8 Monies invested in equity shares and dividends thereon shall not be guaranteed by the fund administered by the Credit Union Deposit Insurance Corporation of British Columbia.

2.9 Class "A" Membership Equity Shares have attached thereto the following rights and restrictions:

(a) Ownership, assignment, transfer and issue of Class "A" Membership Equity Shares is limited as set out in the Credit Union Incorporation Act;

(b) Subject to the Credit Union Incorporation Act, the credit union shall redeem the Class "A" Membership Equity Shares held by a member if:

- (i) the member is a natural person and dies, subject to Rule 2.21 and subject to any contrary instruction of the personal representative of the deceased member to transfer the shares to a person entitled to hold the same pursuant to the Credit Union Incorporation Act and these Rules;
- (ii) the member is an incorporated company and is dissolved or wound up;
- (iii) the credit union terminates the membership of the member;
- (iv) the member withdraws from membership in the credit union;
- (v) the member is a partnership which dissolves; or
- (vi) the member, in any other case, ceases to be a legal entity according to the statute by or pursuant to which it was created.

(c) Subject to the Credit Union Incorporation Act, the credit union may redeem the Class "A" Membership Equity Shares held by a member on such terms and conditions and at such times as the directors, in their discretion, resolve.

(d) Notwithstanding the foregoing but subject to the Credit Union Incorporation Act, the amount of Class "A" Membership Equity Shares that the credit union may be required to redeem in any financial year is limited to 10% of the amount of such shares issued and outstanding on the last day of the immediately preceding financial year.

(e) Any redemption or purchase of Class "A" Membership Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.10 Class "B" Transaction Equity Shares have attached thereto the following rights and restrictions:

- (a) Class "B" Transaction Equity Shares may only be issued to a member of the credit union.
- (b) Subject to the Credit Union Incorporation Act, the credit union may, but shall not be required to redeem the Class "B" Transaction Equity Shares held by a member if all indebtedness of the member to the credit union has been fully paid and discharged and:
 - (i) The member is an individual and dies, subject to Rule 2.21;
 - (ii) The member is an incorporated company and is dissolved or wound up;
 - (iii) The member is a partnership which dissolves;
 - (iv) The member, in any other case ceases to be a legal entity according to the stature by or pursuant to which it was created; or
 - (v) The member requests, in writing, that the Class "B" Transaction Equity Shares be redeemed.
- (c) The credit union may redeem any Class "B" Transaction Equity Shares held by a member on such terms and conditions and at such a times as the directors, in their discretion, resolve.
- (d) Notwithstanding the foregoing, but subject to the Credit Union Incorporation Act, the amount of Class "B" Transaction Equity Shares that the credit union may be required to redeem in any financial year is limited to 10% of the total amount of such shares issued and outstanding on the last day of the immediately preceding financial year.
- (e) Any redemption or purchase of Class "B" Transaction Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.11 Class "C" Voluntary Equity Shares have attached thereto the following rights and restrictions:

- (a) The credit union may redeem any Class "C" Voluntary Equity Shares on such terms and conditions and at such times as the directors in their discretion resolve.
- (b) Any redemption or purchase of Class "C" Voluntary Equity Shares shall be at par value plus any dividends declared but unpaid thereon.

2.12 The credit union may require evidence as to the events described in Rule 2.9 or 2.10 before redeeming equity shares.

2.13 Each member of the credit union, at the time this Rule comes into force shall subscribe, fully pay for, and hold the following number of Class "A" Membership Equity Shares:

- (a) Each member - 5 shares

2.14 Subject to Rule 2.20, Rule 2.13 shall come into force and effect on a date stated in a notice given to all members of the credit union, which date shall be not less than thirty (30) days following the date on which the notice is deemed to have been received by the members.

2.15 The directors may, by resolution, determine that the number of Class "A" Membership Equity Shares required to be owned by a member shall be increased, PROVIDED THAT:

- (a) The directors may not determine that the total number of Class "A" Membership Equity Shares required to be owned by a member shall exceed 1000 Class "A" Membership Equity Shares;
- (b) On any occasion, the directors may not determine to increase the number of Class "A" Membership Equity Shares required to be owned by more than 100 Class "A" Membership Equity Shares;
- (c) A determination by the directors pursuant to this Rule may be made no more frequently than once per financial year;
- (d) A subsequent determination by the directors shall not be made to have effect within six (6) months of the last determination; and
- (e) Subject to Rule 2.20, a determination by the directors pursuant to this Rule shall not be effective until the expiration of not less than ninety (90) days after notice of a determination is deemed to have been received by the members.

2.16 If, on the expiration of not less than 30 days after the deemed receipt of the notice described in Rule 2.14 or 2.15 a member does not hold the required number of Class "a" Membership Equity Shares,

the credit union may apply any money on deposit and interest thereon or invested in Class "C" Voluntary Equity Shares or Class "D" Non-Equity Shares and dividends created thereon in the name of the member so that the member shall hold the number of Class "A" Membership Equity Shares required by Rule 2.13 or Rule 2.15

2.17 If, on the expiration of the period of notice described in Rule 2.14 or 2.15, a member does not hold the required number of Class "A" Membership Equity Shares and the member has insufficient monies on deposit or invested in Class "C" Voluntary Equity and Class "D" Non-Equity Shares to permit the purchase of sufficient Class "A" Membership Equity Shares pursuant to Rule 2.16, the directors may terminate that member's membership unless that membership shall terminate in accordance with the Credit Union Incorporation Act.

2.18 Without precluding any other method of giving notice, a notice under Rule 2.14 or Rule 2.15 sent by post, addressed to the member at the member's address shown on the register of members shall be deemed to have been received on the 4th day, Saturdays and holidays excepted, following the date of mailing.

2.19 A junior member becomes a member with full membership rights and obligations on attaining the age of majority, provided that such member then holds the number of Class "A" Membership Equity Shares required to be held by a member of the age of majority.

2.20 A person who becomes a member of the credit union at any time after notice is given under Rule 2.14 or Rule 2.15 shall, as a condition of membership, subscribe and fully pay for the number of Class "A" Membership Equity Shares required to be held by a member.

2.21

(a) Equity shares may be held jointly, but nothing in this Rule diminishes the number of Class "A" Membership Equity Shares that a member must hold.

(b) All jointly held equity shares shall carry the right of survivorship unless a contrary statement, in writing, is given at the time of subscription and signed by all parties jointly holding the shares.

(c) The credit union shall not be required to redeem any equity share that is jointly held, until the death of the last joint holder.

2.22 Where required by applicable legislation, the credit union shall issue share certificates for equity shares, each of which shall state on its face the words "NOT GUARANTEED BY THE CREDIT UNION DEPOSIT INSURANCE CORPORATION."

2.23 Every share certificate issued by the credit union shall be in such form as the directors approve and shall comply with the Credit Union Incorporation Act and the Company Act.

2.24 If any share certificate is worn out or defaced, then, on production of that certificate to the credit union, the certificate may be cancelled and a new certificate issued in place of that certificate; and if any share certificate is lost or destroyed, then, on proof of the loss or destruction to the satisfaction of the directors, on paying to the credit union a fee not exceeding that prescribed under the Company Act, and on giving such indemnity as the directors deem adequate, a new certificate shall be issued to the party entitled to it.

2.25 A share certificate registered in the names of two or more persons shall be delivered to the person first named on the register of members.

2.26 No equity shares shall be transferred without the previous consent of the directors expressed by a resolution of the directors, and the directors shall not be required to give any reason for refusing to consent to any such proposed transfer.

2.27 No transfer or assignment of equity shares is effective until the register of members of the credit union is completed, indicating the transfer or assignment.

2.28 No transfer of equity shares shall be registered unless a proper instrument of transfer has been delivered to the credit union, but an instrument of transfer is not required for the credit union to register a transmission of shares in compliance with the Credit Union Incorporation and the Company Act.

2.29 Subject to the Credit Union Incorporation Act, the Company Act, its constitution, and these Rules, the credit union shall, on application

of the transferor, or transferee of an equity share, enter the name of the transferee on its register of members.

2.30 The instrument of transfer of any equity share shall be in writing in the form, if any, on the back of the credit union's share certificates or any other form that the directors may approve.

2.31 If the directors so require, each instrument of transfer shall be in respect of only one class of shares.

2.32 Every instrument of transfer shall be executed by the transferor and left at the registered office of the credit union for registration, together with the share certificate, if any, for the shares to be transferred and such other evidence, if any, as the directors may require to prove the title of the transferor of his right to transfer the shares. All instruments of transfer which are registered shall be retained by the credit union but any instrument of transfer that the directors decline to register shall be returned to the person depositing the same, together with the share certificate which accompanies the same when tendered for registration.

2.33 The signature of the registered owner of any equity shares or of his duly authorized attorney on the form of transfer constitutes an authority to the credit union to register the shares specified in the form of transfer in the name of the person named in that form as transferee.

2.34 Neither the credit union nor any director, officer or agent is bound to inquire into the title of the transferee of those equity shares to be transferred or is liable to the registered or any intermediate owner of those shares, for registering the transfer.

2.35 Subject to these Rules and the Credit Union Incorporation Act, a person who becomes entitled to an equity share as a result of the death or bankruptcy of any member or auxiliary member, on producing the evidence required by the Company Act, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, on producing such evidence as the directors think sufficient that he is so entitled, may be registered as holder of the share or may transfer the share to a person entitled by these Rules and the Credit Union Incorporation Act to hold such share.

2.36

(a) A member may subscribe for a maximum of 1000 Class "A" Membership Equity Shares.

(b) A member may subscribe for a maximum of 1000 Class "B" Transaction Equity Shares.

(c) A member may subscribe for a maximum of 25,000 Class "C" Voluntary Membership Equity Shares.

2.37

(a) Dividends, patronage refunds, or bonuses declared, if any, at the discretion of the directors may be paid as an allocation of Class "A" Membership Equity Shares, Class "B" Transaction Equity Shares, Class "C" Voluntary Equity Shares, or Class "D" Non-Equity Shares.

(b) Dividends declared, if any, may at the discretion of the directors, be at a different rate for different classes of shares.

(c) Subject to the provisions of the Company Act, the Financial Institutions Act, and the Credit Union Incorporation Act, the credit union, or the directors on behalf of the credit union, may pay a commission or allow a discount to any person in consideration of that person subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the credit union, or procuring or agreeing to procure subscription, whether absolutely or conditionally, for any such shares, provided that the rate of the commission and discount shall not in the aggregate exceed the amount permitted by the Company Act.

2.38 Subject to the Credit Union Incorporation Act, Financial Institutions Act, and the Company Act, the directors may develop and offer such participation programs as they deem in the best interest of the credit union.

2.39 Class "D" non-equity shares shall be redeemed by the credit union upon the written request of the member.

RULE 3 - BORROWING AND LENDING

3.1 Subject to the Credit Union Incorporation Act, Financial Institutions Act, and the Company Act, the directors of the credit union may raise and borrow money for the purposes of the credit union upon such terms and conditions as to interest, terms of repayment, and security as they determine by resolution.

3.2 Subject to the Credit Union Incorporation Act, Financial Institutions Act, and the Company Act, the directors shall determine the terms and conditions of loans as to interest and other charges, terms of repayment and security, and may require that a number of Class "B" Transaction Equity Shares be subscribed for and purchased by a member as a condition of a loan to that member and may, by resolution, delegate the power to make loans and to make the determination aforesaid.

RULE 4 - DIRECTORS & MANAGEMENT

4.1 Each year, directors shall be elected to replace those whose terms expire and a director whose term expires is eligible for re-election.

4.2 Except as to the first election of directors or where an election is held to fill the unexpired portion of a term, directors shall be elected to hold office for 3 years.

4.3 Where any offices of directors being filled at any election are for different lengths of terms, the term of each person shall be determined in proportion to the number of votes he receives, the person receiving the greatest number of votes to hold office for the longest term, provided that if there are 2 or more persons having an equal number of votes their election or terms of office as the case may be shall be determined by lot; but if there is an election by acclamation, the chairman of the nominating committee shall either determine the respective terms of the persons so elected or direct that the terms be determined by lot. In the event of a tie the chairman of the meeting shall have a second or deciding vote.

4.4 Every member, other than a member disqualified by Rule 4.5, who has been a member in good standing continuously for at least one year prior to the close of nominations, shall be eligible to be nominated for election as a director of the Credit Union."

4.5 A person who:

(a) is a person disqualified from becoming or acting as a director pursuant to the Company Act, the Financial Institutions Act or the Credit Union Incorporation Act;

(b) is or becomes a paid employee of the credit union or an affiliate of the credit union or the spouse, child, or step-child, of a paid employee of the credit union or an affiliate of the credit union;

(c) was an employee of a credit union or an affiliate of a credit union during the one-year period prior to the date that nominations for the office of director under these Rules closed;

(d) is an employee, officer or director of a bank, trust company, savings and loan association, deposit-taking institution, lending institution or another credit union (other than a director of a central credit union) or a subsidiary of any of them except where that person has been requested or authorized in writing by the directors to serve as a director of a bank, trust company, loan company, savings and loan association, deposit-taking institution, lending institution, other credit union or a subsidiary of any of them;

(e) is not eligible to be nominated for election or to hold office as a director and, if holding office as a director, shall vacate office forthwith. If a director ceases to be a member in good standing or if a director fails, without being excused, to attend regular meetings of directors for three consecutive months in which meetings are held, that director shall vacate office forthwith.

4.6 Before commencing duties, a director shall complete and submit to the superintendent the personal information return in the form prescribed by the Financial Institutions Act, disclosing the prescribed information.

4.7 At least one hundred twenty (120) days before an annual general meeting, the directors shall appoint a nominating committee of not

less than three members, who shall be natural persons and not junior members, and who may, but need not be directors, provided however, that no director whose term of office is expiring at the annual general meeting next following the appointment of the committee may serve as a member of the committee.

4.8 At least ninety (90) days before an annual general meeting, the nominating committee shall:

- (a) notify all members of the credit union that an election of directors is to take place, specifying the number of positions which are to be filled;
- (b) advise all members that, for purposes of being eligible to vote in the election, a person must be a member, other than a junior member, in good standing 90 days prior to the date on which balloting is to commence; and
- (c) invite the submission to it, in writing, for consideration, the names of proposed candidates prior to the date on which nominations shall close which shall be specified in the notice, and which date shall not be less than thirty (30) days from the date of the notice.

4.9 No member, unless he is a member of the nominating committee, may nominate more than one (1) candidate in respect of an election of a director or directors.

4.10 Only a member in good standing who is not a junior member is eligible to cast a ballot in an election of a director or directors.

4.11 A member of a credit union who is not an individual may vote in an election of directors by an individual who:

- (a) is not a member, and
- (b) by written authorization deposited with the credit union, is authorized to vote on behalf of that member.

4.12 Before the name of a person is placed in nomination as a candidate for election as a director, that person shall deliver to the nominating committee a declaration, in writing, stating that the member is willing:

- (a) to stand for election, and if elected, to serve as a director;
- (b) to observe the provisions of the Credit Union Incorporation Act, the Financial Institutions Act and the Company Act, as applicable;
- (c) to comply with the directors' conflict of interest guidelines adopted by the directors, from time to time; and
- (d) to observe the Rules of the credit union and procedures relating to the election and the conduct thereof.

4.13.1 The nominating committee shall examine each nomination received and determine whether the nomination complies with the Financial Institutions Act and these Rules, and shall accept each nomination of a member qualified to be a candidate whose nomination is in order and reject each nomination which is not in order or that does not comply and notify each nominee accordingly and, forthwith after the date on which nominations close:

- (a) place in nomination the names of qualified candidates at least equal to the number of vacancies to be filled in the election;
- (b) place in nomination the names of other candidates nominated in writing by at least three (3) members in good standing of the age of majority;
- (c) inform each candidate of the provisions of these Rules with respect to the conduct of the election and provide to each candidate a copy of the Rules of the credit union and any determinations of the directors relating to elections and the conduct thereof;
- (d) request that each candidate complete the personal information required to be submitted to the superintendent pursuant to the Financial Institutions Act.

4.14 If the number of qualified persons nominated for the offices for which the election is to be held is less than or equal to the number of offices to be filled, the persons so nominated shall be declared by the nominating committee to be elected by acclamation.

4.15 Where an election is to be held, the nominating committee shall forward, at least 21 days before the annual meeting, to all members of the credit union entitled to vote:

- (a) advice of the date (or dates) and time(s) during which voting in the election shall take place;
- (b) advice of the place or places at which polling in the election shall take place;
- (c) a photograph, resume and policy statement if submitted by a candidate for election pursuant to rule 4.28;
- (d) clear precise instructions for voting.
- (e) advice of the date (or dates) and time(s) during which voting in election shall take place.

4.16 Voting in an election of directors shall be in person on five (5) business days, ending not less than ten (10) days before the Annual General Meeting at any branch office of the credit union.

4.17 The directors may appoint a returning officer.

4.18 A returning officer appointed under Rule 4.17 may, but need not, be a member of the credit union but the returning officer shall not be an employee of the credit union.

4.19 Where a returning officer is appointed, he shall be appointed at least 60 days prior to the date on which voting in an election is to commence.

4.20 The nominating committee and, where applicable, the returning officer may engage such other resource persons as the directors and the nominating committee or returning officer agree are required to conduct the election in a proper manner.

4.21 A completed ballot must contain votes up to, but not more than, the number of persons to be elected and any ballot indicating another intention is void.

4.22 If a member who is entitled to receive a ballot does not receive a ballot or loses or destroys his ballot before it is cast, then, prior to the close of balloting, on declaration by the member that the ballot was not received or has been lost or destroyed and the member has not cast a ballot in the election, a new ballot shall be made available to that member, together with such information as was provided to other members entitled to vote in that election.

4.23 The returning officer or, if there is no returning officer, the nominating committee shall supervise the election of directors and:

- (a) may require a member to provide proof and particulars of membership and may require a member to provide a declaration that the member has not previously cast a ballot in the election then in progress;
- (b) shall obtain all ballots and, after the close of balloting, shall cause a tally to be made of all ballots, such tally to be made in a manner that ensures the secrecy of the balloting;
- (c) shall determine whether a ballot is to be accepted or rejected and, such determination is final and not open to review;
- (d) following the completion of voting, inform the candidates and the Board of Directors of the results; and
- (e) shall announce at the Annual General Meeting next following the completion of voting, results of the election including the total number of ballots cast and the number of spoiled ballots.

4.24 An alphabetic listing of the candidates and the number of votes received by each shall be posted in each office of the credit union as soon as the results of the ballot have been announced and shall remain posted for three clear business days.

4.25 Subject to the Financial Institutions Act, a person elected as a director shall take office at the annual general meeting at which he was elected or, if the election results with respect to the election of that person are not determined by the close of the annual general meeting, then as soon thereafter as the results are determined provided that, for the purpose of determining that person's length of term, he shall be deemed to have taken office at the close of the annual general meeting.

4.26 The directors, may from time to time, determine the method and manner in which candidates shall be permitted to campaign

for election and candidates shall campaign in accordance with the methods and manner as determined by the directors.

4.27 No candidate shall interfere with the election process or seek assistance in connection with the election from any employee of the credit union.

4.28 A candidate may submit a photograph of the candidate, a resume and a statement not exceeding, in the aggregate, two hundred and fifty (250) words, setting forth the candidate's biographical information, occupation, credit union affiliation, experience and qualifications, which statement shall be reviewed by the nominating committee and may be rejected by the committee if the committee considers it to be lacking in good taste, defamatory, injurious to the reputation of the credit union, or if it exceeds two hundred and fifty (250) words.

4.29 Every director shall, forthwith after his election as a director of the credit union, file with the conduct review committee a statement of disclosure in the form established by the conduct review committee disclosing any conflicts of interest which he may have.

4.30 For the purposes of these Rules, there shall be two regions called Representative Regions which shall be as follows: (a) Cranbrook Representative Region; and (b) Elk Valley Representative Region.

4.30.1 The directors may, by resolution, establish and, from time to time, alter the boundaries of the Elk Valley Representative Region or the Cranbrook Representative Region but no such alteration shall affect the term of a director then serving.

4.30.2 The number of directors of the Credit Union shall be nine (9), of which at least one (1), but not more than three (3), shall be an Elk Valley Member and of which at least six (6) shall be Cranbrook Members. If the number of directors is reduced to fewer than nine (9) by death, resignation, disqualification or removal from office or by failure to elect or appoint a director pursuant to these Rules, the remaining directors, save as provided by any other provision of these Rules, shall have the power of the directors until the vacancy or vacancies caused have been filled by appointment or election.

4.30.3 For the purposes of these Rules:

(a) "Elk Valley Member" means a member of the Credit Union whose principal residence is in the Elk Valley Representative Region and who has maintained his or her account at a branch of the Credit Union in the Elk Valley Representative Region for at least twelve months immediately prior to the close of nominations;

(b) "Cranbrook Member" means a member of the Credit Union whose principal residence is in the Cranbrook Representative Region and who has maintained his or her account at a branch of the Credit Union in the Cranbrook Representative Region for at least twelve months immediately prior to the close of nominations.

4.30.4 Whenever it shall be necessary to determine whether a person is an Elk Valley Member or a Cranbrook Member, the nominating committee shall make that determination, which determination shall be final and conclusive.

4.30.5 If, after this Rule takes effect, there are more than three Elk Valley Members serving as directors, then the Elk Valley Members most recently elected or appointed shall forthwith vacate office until there are no more than three Elk Valley Members serving, and the remaining directors may appoint qualified persons to fill the vacancy or vacancies created thereby. If more than one Elk Valley Member was elected or appointed on the same day, then the Elk Valley Members to vacate office shall be determined by the number of votes received, with those receiving the fewest votes to vacate office first. If it is not possible to determine the number of votes received, the offices to be vacated shall be determined by lot.

4.30.6 If a director changes his or her residence or the location of his or her account from one Representative Region to another, that director shall not, for that reason only, be disqualified from serving the balance of his or her term.

4.31 Where a casual vacancy occurs among the directors or, for any reason, the office of director is not filled in an election, the remaining directors may appoint a qualified person to fill the vacancy. Any person so appointed shall hold office until the close of the next annual general meeting.

4.32 Where the number of directors of a credit union is reduced below the number fixed by, or pursuant to, Rule 4.38 as the quorum for directors, the continuing directors may act for the purpose of filling the vacancies up to that number, or of summoning a general meeting of the credit union, but for no other purpose.

4.33 The directors shall meet within 30 days after each annual general meeting and shall elect from their own numbers a chairman and vice-chairman and, subject to Rule 4.40, may appoint such additional officers as they consider necessary.

4.34 The directors shall meet at least 9 times in each year and not less frequently than once in each quarter.

4.35 The chairman may call a meeting of the directors at any time and shall, within 14 days of receipt of a written request of three directors, call a meeting of the directors.

4.36 Reasonable notice of a meeting of directors specifying the place, day and hour of such meeting shall be given by mail, postage prepaid, addressed to each of the directors at his address as it appears on the books of the credit union or by leaving it at his usual business or residential address or by telephone, telegram, telex, or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of directors to any director:

- (a) who is at the time not in the Province of British Columbia; or
- (b) if such meeting is to be held immediately following a general meeting at which such director shall have been elected or is the meeting of directors at which such director is appointed.

Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any director shall not invalidate the proceedings at that meeting.

4.37 A director may waive, in writing, notice of any past or present meeting of the directors.

4.38 A majority of the directors shall constitute a quorum but a lesser number may adjourn from time to time until a quorum is obtained.

4.39 A director who is interested, directly or indirectly, in a proposed contract or transaction with the credit union may be counted for the purposes of the quorum required by rule 4.38.

4.40 The directors shall appoint the president, the secretary, the general manager, and may appoint or authorize the appointment of such additional employees as may be required for the proper operation of the credit union.

4.41 In the absence of the chairman or his inability for any cause to act or in case the office of the chairman becomes vacant, the vice-chairman shall discharge the duties of the chairman.

4.42 Subject to the Credit Union Incorporation Act and the Financial Institutions Act, the directors may adopt rules of order governing their conduct but, where no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.

4.43 A director or a committee member may participate in a meeting of the directors or any committee of the directors by means of conference telephones or other communications facilities by means of which all directors or committee members participating in the meeting can hear each other, provided that all such directors or committee members agree to such participation. A director or committee member participating in accordance with this Rule shall be deemed to be present at the meeting and to have so agreed and shall be counted in a quorum therefore and be entitled to speak and vote thereat.

4.44 A resolution, whether or not in counterpart, consented in writing by all directors or all the members of a committee, duly called and constituted.

4.45 The directors shall annually appoint three of their number as the Audit Committee.

4.46 The directors shall annually appoint an Investment and Loan Committee.

4.47 The directors shall annually elect 5 of their number as the Conduct Review Committee.

4.48 Subject to the Credit Union Incorporation Act, the Financial Institutions Act, and the Company Act, the directors may delegate any of their powers to committees consisting of such persons as the directors think fit, and to such officer or officers as the directors think fit, and may from time to time revoke such delegation.

4.49 Any committee formed under Rule 4.48 shall, in the exercise of the powers so delegated, conform to any terms and conditions that may from time to time be imposed upon it by the directors.

4.50 The meetings and proceedings of any committee consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the directors so far as the same are applicable thereto and are not superseded by any regulations made by the directors under Rule 4.49.

4.51 Every committee shall report to the next succeeding meeting of the directors all business dealt with by the committee since the last preceding meeting of the directors.

4.52 Subject to the limitations contained in the Financial Institutions Act, the credit union shall indemnify:

- (a) each director and officer of the credit union;
- (b) each former director and officer of the credit union;
- (c) each person who acts or who has acted at the request of the credit union as a director or officer of a corporation of which the credit union is or was a member or creditor; against all costs, charges and expenses, including an amount paid to settle any action or satisfy any judgement, reasonably incurred by the director or officer or person for any civil, criminal or administrative action or proceeding to which the director or officer or person is made a party by reason of being or having been a director or officer of the credit union or corporation if the director or officer of the credit union or corporation acted honestly and in good faith with a view to the best interests of the credit union and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the director or officer of the credit union or corporation had reasonable grounds for believing that his conduct was lawful.

RULE 5 - GENERAL MEETINGS

5.1 The annual general meeting of the credit union shall be held on a date to be fixed by the directors and shall be convened and held in accordance with the provisions of the Credit Union Incorporation Act.

5.2 Other general meetings may be convened and held in accordance with the provisions of the Credit Union Incorporation Act.

5.3 Subject to the Credit Union Incorporation Act, a general meeting may adopt rules of order for its conduct, but if no rules are adopted, the current edition of "Robert's Rules of Order Newly Revised" shall be used.

5.4 At a general meeting of the credit union 25 members shall constitute a quorum, but a lesser number may adjourn from time to time until a quorum is obtained.

5.5 So far as is practical, the order of business at an annual meeting shall be as follows:

- call to order,
- ascertainment of quorum,
- appointment of recording secretary,
- appointment of parliamentarian,
- adoption of agenda,
- approval of minutes,
- business arising out of minutes
- report of the directors,
- report of management,
- presentation of financial statements,
- report of the auditor,
- approval of auditor's report,
- report of other committees,
- elections,

- appointment of auditor,
- unfinished business,
- new business,
- good and welfare,
- adjournment

5.6 Each person desiring to cast a vote on any issue or a ballot in person in an election shall, on request, present evidence of age, identity and membership, and a declaration that the member has not previously voted or cast a ballot on the issue or in the election then in progress.

5.7

(a) Only a member in good standing who is not a junior member may vote on a resolution.

(b) A member of a credit union who is not an individual may be represented and vote at meetings of the credit union by an individual who:

(i) Is not a member, and

(ii) by written authorization deposited with the credit union, is authorized to vote at the meeting on behalf of the member.

5.8 The chairman or a director designated by the chairman shall chair general meetings of the credit union.

5.9 Subject to the Credit Union Incorporation Act the chairman shall determine the manner by which voting shall be undertaken at a meeting of the credit union.

5.10 Neither a member nor an auxiliary member shall vote by proxy.

5.11 Voting on a special resolution shall be in person on five (5) business days, ending not less than ten (10) days before the Annual General Meeting at any branch office of the credit union and the Nominating Committee shall determine the record date for entitlement to vote on a special resolution, and shall announce at the Annual General Meeting next following the completion of voting, results of the ballot, including the total number of ballots cast and the number of spoiled ballots.

RULE 6 - SEAL

6.1 The credit union may have a corporate seal.

6.2 If the credit union has a corporate seal, the directors shall provide for its safe custody at the registered office of the credit union or such other place as the directors determine it shall be kept for safekeeping and shall provide for its use

RULE 7 - ALTERATION

7.1 Subject to the Credit Union Incorporation Act, the Financial Institutions Act and the Company Act, the credit union may alter its constitution or these Rules from time to time.

RULE 8 - FINANCIAL YEAR END

8.1 The financial year end of the credit union is December 31.

BOARD - 120 PROFIT ALLOCATION POLICY

(Issued July 2015 – Revised March 22, 2017)

PURPOSE

The Profit Allocation Policy is focused on the long term success of EKC and delivering on EKC Mission of “providing our communities with quality service from a secure financial base in a professional and caring manner”. The policy ensures profit allocation is distributed to our members, community and retained earnings in a balanced method to deliver long term success for EKC and that this policy is communicated to our members.

MEMBERS

Dividends:

The dividends are paid on the minimum quarterly balance in the share account. The payment of the dividend is effective dated to the 1st of the month following the end of the quarter.

Class “A” Membership Equity Shares	2.5%
Class “C” Voluntary Equity Shares	4.0%
Class “D” Non-Equity Shares	0.5%

This took effect July 1st, 2014 which was the start of the 3rd quarter of 2014.

Patronage Rewards:

As set out under Section 69 of the Credit Union Incorporation Act (CUIA) and the deductibility of patronage allocations from income, for income purposes, governed by Section 137 of the Income Tax Act, East Kootenay Community Credit Union Patronage Rewards Policy is as follows:

Payout Trigger: All three of the following criteria must be met for patronage rewards to be paid.

1. net operating income as a percentage of assets greater than or equal to .90%
2. Capital Adequacy rate greater than or equal to 13%
3. Retained Earnings as a percentage of risk weighted assets greater than or equal to 8%

Payout Amount:

90% System ROA	Meets 100% System Average ROA	Meets 110% System Average ROA	Meets 120% System Average ROA	Over 120% System average ROA
5.0%	9.0%	12.0%	15.0%	Board Discretion

Payout Amount: is a percentage of Net Operating Income, not percentage of Patronage as a percentage of Assets

Payout Method: members’ equity share accounts will be credited within the month of December of each year.

Calculation Period: January 1 to October 31 for each year

Patronage Allocation: Interest paid on personal and commercial borrowings
Interest earned on savings, term and RRSP accounts
Service charges paid

COMMUNITY

Contributing to the growth and vitality of our communities is a core value of East Kootenay Community Credit Union. Through our Community Giving Strategy, we provide support and funding to numerous charities and non-profit organizations through the communities we serve. Our donations are focused primarily on health, education, sports and projects that benefit our communities as a whole.

The Annual Budget for donations will be up to a maximum of 5% of the average of the previous year’s operating income and the current year’s budgeted operating income to be charged to administration.’

Branch budgets allocated on assets.

Example is as follows:

• Scholarships/Bursaries	10%
• Community Programs	20%
• Youth Education/Services	20%
• Festivals and Tournaments	15%
• Health Initiatives	15%
• Recreation Programs	10%
• Philanthropy	10%

Approval Process:

As part of the annual business plan approval process, management will recommend the branches Goodwill plans for the coming year to EKC Board. Large Donations of \$10,000+ will be excluded from this budget and presented to the Board for approval.

RETAINED EARNINGS

At all times EKC will comply fully with all regulatory capital requirements. EKC will follow its strategic objectives in arranging its capital structure, including Retained Earnings. Exposure to capital inadequacy will be properly assessed. The capital requirements of the EKC’s new business ventures and its expected growth and expansion will form an integral part of the planning process. Such ventures will not go ahead unless capital support has been identified. Adequate monitoring and reporting on capital position and adequacy will be maintained and compliance responsibilities will be adhered to. For further detail on EKC Retained Earnings guidelines, compliance and reporting, see ERM Policy 6 – Capital Management Policy.

COMMUNICATION

This policy will be communicated to our members annually through the EKC annual report and the EKC website.

EKC EXECUTIVE COMPENSATION POLICY

CEO COMPENSATION

EKC CEO is employed under an Employment Agreement contract for a five year term. This contract is reviewed annually as part of the Human Resource Committee terms of reference and the Board of Directors determines renewal/negotiation in the fourth year of the contract term. Remuneration is based upon an annual "Market Place Value", as determined by Central1 credit union, based upon a regression analysis of CEO's in Western Canada, placing the CEO in the 75th percentile. A regression analysis is a report of all CEO's in western Canada (from reporting credit unions) on a grid with the on/off book assets for their credit union, with their level of pay, then placing EKC CEO on the grid based upon on/off book assets, and determining a annual pay for that position based upon their peer credit unions size and CEO pay. EKC places the incumbent CEO at the 75th percentile. This is in recognition of the unique business model and size of EKC, performance expectations required from the organization, as well the age and performance record of the incumbent, and leadership competitiveness in the credit union industry.

EXECUTIVE COMPENSATION

Executive compensation will be reviewed annually by the CEO, in relations to the Central1 Executive Compensation Survey. The CEO will use comparison data for all participating like sized BC credit unions in the survey and EKC Executive to be paid at the average of those credit unions. EKC Executive annual Cost Of Living Allowance (COLA) increase to base salary will be paid annually utilizing Central1's Executive Salary Survey's upcoming year "Forecasted Increases to Actual Base Salary". Executive compensation is reported to the HR committee annually.

CEO AND EXECUTIVE BENEFITS

The CEO, Executive benefits are reviewed annually by the Human Resource committee. This review is done in consultation with Central1 benefit survey, and management benefits in general are within the average of credit union industry average and Kootenay credit union benefit averages.

CEO AND EXECUTIVE VARIABLE PAY

EKC's Variable Pay Program subscribes to a philosophy of valuing, motivating and rewarding managers and non-union employees who influence organizational success. This Program is a pool of money each non-union employee can earn, over and above their base pay. It is measured on the success of the credit union along with individual, organizational and departmental performance. EKC's Board of Directors, as part of their planning process, regularly reviews the strategic direction for the credit union. From this, the Board then determines Key Performance Indications (KPIs) which describe what the Credit Union needs to achieve in order to be successful. The CEO and Executive are responsible for achievement of these KPIs and are reflected in their variable pay targets as well as individual performance; payout/non payout of the plan is approved annually by the Board of Directors.

EKC Variable Pay Plan is reviewed at a minimum every 5 years with outside expertise, as part of the Human Resource committee terms of reference, to ensure the plan drives balanced strategic success for EKC and is within credit union industry standards and competitiveness.

AT EKC BEING A MEMBER MEANS MORE THAN HAVING AN ACCOUNT...

Are you looking for genuine, personal service and accountability? If so you may want to consider EKC. Kootenay born and raised we find ways to make things happen, work out solutions together and reflect the meaning of the words, 'together through life' in everything we do. You become a member – an owner and together we work with you to achieve your goals. We work with you to build budgets so you can buy your first truck, purchase your home, send your kids to college, and save for retirement. We recognize it isn't always easy but after years of helping our members succeed we are pretty good at it.



GET YOUR SHARE

Every customer is a shareholder at a credit union. Every customer. A small difference with massive impact. When your customers are your shareholders, it changes the way you run your business. You don't ever have to choose to do what's best for one over the other; they are one and the same. This is the cooperative advantage.

Keep your profits local where they can echo and amplify for everyone that contributed to their creation. This is why Some Choices Matter.



EKC IS GROWING LOCAL PROSPERITY

► EKC, like other local businesses, employs local staff – creating jobs and opportunities for youth to stay in our communities

► when you bank at EKC, profits are returned to your community and to you, the member, by way of **patronage rewards and dividends**.

► \$1 spent locally is worth at least 10X more to the local community than if it were to be spent elsewhere



► for every dollar you spend locally 50 – 70 cents recirculates back into our local economy

► **get into the loop...the local loop at EKC offering a better way to bank!**

► over \$4 million has been given back to Cranbrook and Elk Valley communities since 2000

► EKC, like other local businesses, offers unique and innovative products and services based on local needs – creating local character; the heart of the community

At the end of 2016, EKC had given back over **\$4.1 million** in total community investment since 2000

YEAR	MEMBERS	ASSETS	RETAINED EARNINGS
1993	7,279	\$44,671,510	\$2,438,680
1999	9,408	\$85,831,347	\$4,214,524
2009	9,500	\$202,363,179	\$9,983,174
2016	11,480	\$333,265,466	\$17,975,054



BEST OF BUSINESS AWARDS
PLATINUM
2016 Best of Business Award Winner!
PRESENTED TO
EAST KOOTENAY COMMUNITY CREDIT UNION
CRANBROOK

Worry less, live more.
Together through life.

BEST OF BUSINESS AWARD

- EKC Cranbrook is once again the recipient of Kootenay Business Magazine’s Platinum Award for credit unions in the East Kootenay
- Thanks to members for your support!



WHY EKC?

- In total, Canada’s credit unions received a record number of nine awards*
- Forrester Ranks Credit Unions Mobile Banking #1 in North America
- If you’re new to BC Credit Unions, open an account and receive up to \$200* full details at EKCCU.COM

Worry less, live more.
Together through life.

*Ipsos 2015 Best Banking Awards are based on ongoing quarterly Customer Service Index (CSI) survey results. More at EKCCU.COM