

▶▶▶ EXPLORING OUR FUTURE



2018 ANNUAL REPORT

Together through life

Exploring strength and unity

The Boards of Directors and senior leaders of Columbia Valley, East Kootenay Community, Grand Forks, Heritage, Kootenay Savings and Nelson & District Credit Unions continue to explore the possibility of building one stronger, united credit union.

Having collaborated on many projects over the years, the six of the original seven partners are excited to see what we can do even better together. We see opportunities to share resources and expertise across the region to provide enhanced service to members, while improving our long-term sustainability.

Through an in-depth due diligence process, a comprehensive business case has been built. The Board of Directors from all six credit unions have considered this business case positive and worth moving to the next stage of the process, applying for consent from the provincial regulator. This phase is a very dynamic process with changing timelines; however, we are committed to keeping members updated. Lastly but critically important, is reaching the milestone of a member vote. In the end, it is you, our members, who will make the final decision on whether a merger is in the best interests of our communities, our employees and members.

**FOR MORE INFORMATION AND UPDATES, VISIT
WWW.EXPLORINGSTRENGTHANDUNITY.CA**

Exploring strength and unity



**LEARN MORE ABOUT
OUR POTENTIAL MERGER >**



STAFF LONG SERVICE COMMUNITY AND STAFF-RAISED DONATIONS \$80,000*



SERVICE AWARDS

5 YEARS

Pam Pinch
Agnes Scott

15 YEARS

Alan Fillis
Rhonda Pfeifer
Ellen Vandaele

20 YEARS

Robert Fournier
Don Holt

25 YEARS

Jody Burk
Christine Hoveling

30 YEARS

Tammy Boe



* \$1,257 raised and donated by staff

2018 RECIPIENTS



EKC has given back \$22,504 to Community Cash finalists since 2016



CRANBROOK GARDEN CLUB – \$1,949



ROTARY CLUB OF CRANBROOK SUNRISE – \$1,433



ROCKIES ROWING CLUB – \$994



SYMPHONY OF THE KOOTENAYS – \$946



CRANBROOK BOYS AND GIRLS CLUB – \$1,341



CRANBROOK COMMUNITY FOREST SOCIETY – \$1,110

CONGRATS GRADS! WE'RE WITH YOU AS YOU TAKE YOUR NEXT STEP

Student Awards 2018

...Cranbrook Branches



\$1000 Trades
Andrea Byford
Cranbrook – Nursing
COTR



\$1000 Trades
Jacynda Conroy
Cranbrook – Nursing
COTR



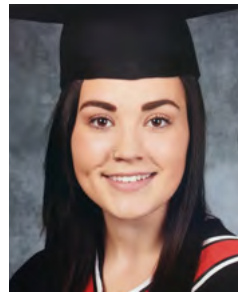
\$500 Staff
Adam Andersen
Selkirk Secondary



Fred Marasco \$1000
Spencer Gartside



Nelson Labonte Smith \$1000
Mackenzie Nelson



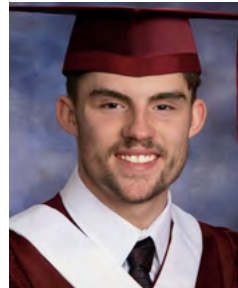
\$1000
Sidney Pinch
Mount Baker Secondary



\$1000
Olivia Sheppard
Selkirk Secondary

Student Awards 2018

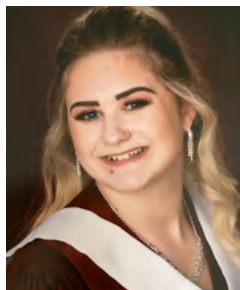
...Elk Valley Branches



\$1000
Jacob Zahn
Sparwood Secondary



\$500
Evan McCracken
Elkford Secondary



\$500
Dakota Laible
Sparwood Secondary



\$1000
Ethan Heavey
Kootenay Discovery School



\$1000
Rylee Whitson
Fernie Secondary



Wilf Molnar \$1000
Kelli Klein
Elkford Secondary



\$1000
Hannah Brewer
Fernie Academy

AGENDA

69TH ANNUAL GENERAL MEETING TUESDAY APRIL 30, 2019 CAUSEWAY BAY HOTEL, SPARWOOD

6

1. Call to Order
2. Introduction of Officers
3. Adoption of Agenda
4. Appointment of Recording Secretary
5. Appointment of Parliamentarian
6. Adoption of Rules of Order
7. Adoption of Minutes from the 68TH AGM, held April 27th, 2018
8. Business Arising from the Minutes
9. Board Chair Report – Jean-Ann Debrececi
10. CEO Report – Jody Burk
11. Auditor’s Report including overview of Financial Statements – David Adams
12. Nominating Committee Report including Director’s Election Results – Diane Byford
13. Special Resolution Results (Changes to Rules) – Jean-Ann Debrececi
14. Ordinary Resolution (Director Remuneration)

WHEREAS the members of East Kootenay Community Credit Union approved total director remuneration of \$42,000 in 2009, when the assets of EKC totaled \$202,363,179 and

WHEREAS in the calendar year 2018 the assets have increased to \$374,872,429

BE IT RESOLVED:

THAT DIRECTOR REMUNERATION BE RETROACTIVELY INCREASED FOR 2018 TO \$47,967.50.

MOTION: THAT THE RESOLUTION TO RETROACTIVELY INCREASE THE TOTAL DIRECTOR REMUNERATION FOR THE YEAR 2018 TO \$47,976.50 BE APPROVED AS PRESENTED.

AND, THAT TOTAL DIRECTOR REMUNERATION BE APPROVED NOT TO EXCEED \$77,000 IN ANY ONE CALENDAR YEAR.

MOTION: THAT THE RESOLUTION TO INCREASE THE TOTAL DIRECTOR REMUNERATION TO \$77,000 IN ANY ONE CALENDAR YEAR BE APPROVED AS PRESENTED.
15. Appointment of Auditors
16. New Business and Member Questions
17. Good and Welfare
18. 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 68TH ANNUAL GENERAL MEETING FRIDAY, APRIL 27, 2018 PRESTIGE ROCKY MOUNTAIN RESORT, CRANBROOK

1 CALL TO ORDER

Jean-Ann Debreceni, Chair of the Board of Directors, called the 68th Annual General Meeting of EKC to order at 7:00 p.m. at the Prestige Rocky Mountain Resort in Cranbrook.
Video: HART program donation

2 ROLL CALL (QUORUM 25 MEMBERS)

It was established there was a minimum quorum of 25 members with 71 members, 71 guests including youth signing the registers – 142 in total.

3 APPOINTMENT OF RECORDING SECRETARY

Pam Pinch was appointed recording secretary.

4 APPOINTMENT OF PARLIAMENTARIAN

Glen Purdy was appointed parliamentarian.

5 ADOPTION OF AGENDA

MOTION: THAT THE 2018 EKC AGM AGENDA BE ADOPTED AS PRESENTED. **MOVED** by S. Babich; seconded by R. Butalid; **AIF/CARRIED**

6 ADOPTION OF RULES OF ORDER

MOTION: THAT THE RULES OF ORDER FOR THE 2018 AGM BE ADOPTED AS CIRCULATED. **MOVED** by S. Babich; Seconded by K. Simon; **AIF/CARRIED**

7 WELCOME BY BOARD CHAIR AND INTRODUCTION OF GUESTS

Jean-Ann welcomed all guests and thanked everyone for attending. She extended a special thank you to the families and spouses of the Directors who make it possible for our Directors to participate in our board work. Jean-Ann extended a special welcome to all the youth and non-members here tonight. Jean-Ann introduced the guests, past Directors and current Directors present.

PAST DIRECTORS:

Kathy Simon
Walter Rechlin

GUESTS:

Karen Kraan – FICOM
Legal Counsel – Glen Purdy
Adams Wooley – David Adams

It was noted that Wayne Stetski, MP sends his regrets. Mr. Stetski was instrumental in assisting EKC with the campaign to use the terminology of bank, banking and banker with the federal government in mid 2017.

8 ACCEPTANCE OF MINUTES OF 67TH AGM

MOTION: THAT THE MINUTES OF ANNUAL GENERAL MEETING HELD APRIL 22nd, 2017 BE ACCEPTED AS CIRCULATED. **MOVED** by S. Babich; seconded by C. MacBride; **AIF/CARRIED**

9 BUSINESS ARISING FROM MINUTES

There was no business arising from the minutes of the 67th AGM.

10 BOARD CHAIR REPORT – JEAN-ANN DEBRECENI

- Jean-Ann asked that any questions please be brought forward during our Question Period;
- We have a vibrant and growing credit union that is due to our environment but mostly due to our dedicated staff at all levels and the foresight of our boards over the years;
- It is important to note that the board performs its role with one main consideration: is this a good decision for our members? We take this very seriously especially when discussing a potential amalgamation which we do at each board meeting;
- If discussions with the amalgamation continue, the final decision will be brought forward for our members to vote on;
- There were principles developed at the beginning of the amalgamation discussions that the business case must present in order for our boards to vote favorably for this initiative. If it does not meet those principles, we will not vote in favor;
- Jean-Ann then spoke to the presentation for Exploring Strength and Unity;
- Discussions started with our Peer Group (7 credit unions = 24 branches and over 500 employees) discussing various ways of collaboration;
- Discussions began approximately 2 years ago;
- Why would we do this? We feel there is strength in numbers within our local banking economy;
- All partners are healthy on their own currently;
- The Group of 21 (2 Directors and the current CEO of each credit union) are working diligently to review complied due diligence reports and those results are being developed into a business case. The boards will use the business case to vote on this potential amalgamation;
- This has never been done in the history of BC credit unions.

11 CEO REPORT – JODY BURK

- Jody welcomed everyone and thanked them for attending the 68th Annual General Meeting;
- Last year, our Community Cash program gave away approximately \$7,700 in the Elk Valley and we are excited to replicate that this year here in Cranbrook again;
- Jody explained that EKC has had a very good year and is a very strong and healthy credit union;
- Jody gave an overview of the region's economy in 2017 and the resulting impact on real estate numbers and employment figures;
- In 2017 we performed an employee engagement survey which we scored lower than the industry average. We are working hard to increase this number and improve our employee engagement. We look forward to reporting next year that we have increased from our current rating;
- We performed a member satisfaction survey this year of which we scored 84% which is substantially higher than the industry average of 76%;
- We are listening to our members suggestions on what they would like to see to make their banking experience easier with us. We hope to implement some of those suggestions in 2018;
- The board is dedicated to making decisions regarding the Exploring Strength and Unity amalgamation based on the principles agreed upon and that the membership should have faith in their Board that any decision will be in their best interest;
- Jody thanked the Board members on the Exploring Strength and Unity committee as well as the senior management team for their extra work on this initiative.

12 AUDITOR'S AND FINANCIAL STATEMENT REPORT – DAVID ADAMS

- Assets increased to \$340 million for 2017
- Liabilities increased to \$318 million in 2017
- Members' equity increased to \$22.1 million 2017
- Revenue decreased to \$13.5 million in 2017
- Expense decreased to \$12.4 million in 2017
- Net income was \$1,000,000 for 2017

MOTION: THAT THE AUDITOR'S REPORT AND THE FINANCIAL STATEMENTS FOR 2017 PRESENTED BY DAVID ADAMS BE ACCEPTED. **MOVED** by R. Rogers; seconded by K. Simon; **AIF/CARRIED**

13 NOMINATING COMMITTEE REPORT

- Lynnette Wray, Chair of the Nominating Committee, reported that nominations opened on January 9, 2017 and closed on February 8, 2018;
- Three of the three Directors whose terms expired this year agreed to let their names stand for re-election;
- There were no other nominations received;
- Elected by acclamation for three year terms were:
Barb Nunes
Jean-Ann Debreceni
- Elected by acclamation for two-year terms was:
Russell Pask

MOTION: THAT THE NOMINATING COMMITTEE REPORT BE ACCEPTED AS PRESENTED. **MOVED** by S. Babich; seconded by C. Rothwell; **AIF/CARRIED**

14 APPOINTMENT OF AUDITORS

MOTION: THAT ADAMS WOOLEY, CERTIFIED GENERAL ACCOUNTANTS, IS APPOINTED AUDITOR FOR 2018 WITH REMUNERATION TO BE DETERMINED BY THE BOARD OF DIRECTORS. **MOVED** by S. Babich; seconded by L. Roxas-Butalid; **AIF/CARRIED**

15 QUESTION PERIOD

Member C. Rothwell:

Q: Will EKC be getting technology to have a card reader at the teller counter wickets like some banks?

A: Jody responded that we will take that back and look at it this year. We have had feedback from other members that they do not want that technology as it deters from the personal service they receive from EKC and they would not want to lose that.

16 NEW BUSINESS Nil

17 GOOD AND WELFARE

We had 14 groups apply for this award and we would like to thank all the community groups for what you do in our communities. Projects like what we have seen require hours of volunteer work and a passion to see it through;

- This our 3rd year of the Community Cash Program. Last year our Elkford, Fernie and Sparwood community groups showed an overwhelming response to our Community Cash Program;
- 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, Elk Valley branch members were given \$50 and youth under 18 were given \$10;
- The total given out was \$7,773
Cranbrook Boys and Girls Club – \$1,341
Cranbrook Garden Club – \$1,949
Rockies Rowing Club – \$994
Rotary Club of Cranbrook Sunrise – \$1,433
Cranbrook Community Forest Society – \$1,110
Symphony of the Kootenays – \$946

18 MEETING ADJOURNMENT

MOTION: THAT THE 68TH EKC AGM BE ADJOURNED. **MOVED** by C. Rothwell; seconded by L. Roxas-Butalid; **AIF/CARRIED**

- The meeting was adjourned at 8:02 p.m.

THE EKC BOARD OF DIRECTORS

Credit Union Director Achievement (CUDA®) Program

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.





DON HOLT
Cranbrook

Start Date: 1999
Term Completed: 2020

Meetings attended: 32 of 34

Merger Discussion meetings attended: 13

Committees:
Nominating
Management Credit – Chair
Conduct Review
Investment and Lending – Chair

Compensation Paid (including stipend and travel time): \$6,452.06

Expenses (including training and travel costs): \$1473.42

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: 2021

Meetings attended: 47 of 50

Merger Discussion meetings attended: 23

Committees:
Board of Directors – Chair
participates in all committee meetings as Board Chair

Compensation Paid (including stipend and travel time): \$11,977.06

Expenses (including training and travel costs): \$9,494.32

Career: 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

Accredited Canadian Credit Union Director

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: 2020

Meetings attended: 30 of 31

Merger Discussion meetings attended: 2

Committees:
Nominating
Audit
Conduct Review

Compensation Paid (including stipend and travel time): \$4,339.32

Expenses (including training and travel costs): \$1,004.46

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 - Levels A, B, C

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
Term Completed: 2019
Acclaimed to Next Term: 2022

Meeting attended: 30 of 36

Merger Discussion meetings attended: 4

Board of Directors: Secretary

Committees:
Governance
Conduct Review
Audit – Chair
Management Credit

Compensation Paid (including stipend and travel time): \$5,078.56

Expenses (including training and travel costs): \$577.54

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 completed - Levels A, B, C

Accredited Canadian Credit Union Director

Credit union member since: 1997



JOSE GALDAMEZ
Cranbrook

Start Date: 2013
Term Completed: 2019
Acclaimed to Next Term: 2022

Meetings attended: 29 of 32

Merger Discussion meetings attended: 1

Committees:
Audit
Conduct Review – Chair
Governance
Investment and Lending

Compensation Paid (including stipend and travel time): \$3,953.06

Expenses (including training and travel costs): \$120.00

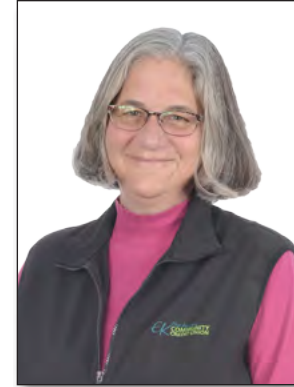
Career: GIS Analyst

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: 2020

Meetings attended: 41 of 42

Merger Discussion meetings attended: 2

Board of Directors: Vice Chair

Committees:
Nominating – Chair
Governance – Chair
Investment and Lending

Compensation Paid (including stipend and travel time): \$8,726.56

Expenses (including training and travel costs): \$3,286.03

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: Volunteered/served on board of 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;
Chair of UCCC: 2017

Credit union member since: 1984



BARB NUNES
Elk Valley

Start Date: 2011
Term Completed: 2021

Meetings attended: 33 of 35

Merger Discussion meetings attended: 4

Committees:
Investment and Loan
Audit
Governance

Compensation Paid (including stipend and travel time): \$5,336.58

Expenses (including training and travel costs): \$2,307.16

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

Accredited Canadian Credit Union Director

Credit union member since: 2005



MARK SPITTAEL
Elk Valley

Start Date: 2012
Resigned from Board: November 2018

Meetings attended: 16 of 25

Committees:
Governance
Audit
Investment and Loan

Compensation Paid (including stipend and travel time): \$3,077.22

Expenses (including training and travel costs): \$1289.06

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

EKC is a community based financial cooperative that offers a full range of banking, financial planning (EKC MoneyWorks) and general insurance (KIS Ltd) services

SURVEY FEEDBACK

Thank you to members for completing the various EKC surveys. Your feedback has resulted in several updates for members.

EASIER TO BANK AT EKC

Service changes that make it easier to bank at EKC include:

- new credit card portfolio including personal, commercial and U.S. dollar
- Tap & Pay *MEMBER CARD*
- easily switch direct deposits and automated payments with ClickSWITCH
- scheduled extra staff time for members requiring immediate service

IMPROVED SERVICE

- member focus training – additional 350 hours delivered of training plus annual training of at least 700 hours
- review and improve information for members (personal and commercial)
- review errors and action plan to improve services

FUTURE ACTIONS

- improve after hours and weekend phone answering, and service availability
- improved ATM services

EKC will continue to survey members to assist in providing the best possible service.

EKC'S SUBSIDIARY AND AFFILIATE COMPANIES, AND JOINT VENTURES

SUBSIDIARY COMPANY: WHERE EKC OWNS A MAJORITY OF THE COMPANY SHARES.

- ▶ EKC Property Holdings Ltd. – Directors are Russell Pask, Don Holt and Jody Burk

- Jointly owned with Kootenay Savings Credit Union, Nelson and District Credit Union and Summerland and District Credit Union
- Chair is Don Holt, East Kootenay Community Credit Union

AFFILIATE COMPANY: WHERE EKC OWNS A MINORITY OF THE COMPANY SHARES.

- ▶ Kootenay Risk Services Ltd.
 - EKC's ownership is 25%
 - Jointly owned with Grand Forks Credit Union, Nelson and District Credit Union and Columbia Valley Credit Union
 - Chair is Michael Strukoff, Grand Forks Credit Union

- ▶ 0948859 BC Ltd. operating as MoneyWorks
 - EKC owns 100% of East Kootenay Community Financial Services Ltd. (EKCFs) which owns 33% of 0948859 BC Ltd. operating as MoneyWorks
 - Jointly owned with Nelson and District Credit Union and Grand Forks Credit Union
 - Chair is Michael Strukoff, Grand Forks Credit Union

- ▶ Kootenay Insurance Services Ltd.
 - EKC owns 100% of East Kootenay Community Insurance Services Ltd. (EKClS) which owns 25% of Kootenay Insurance Services Ltd.

JOINT VENTURE:

Where EKC enters into an agreement with other Credit Unions or businesses for a specific project. There is a time limit and we have a clear stated limit on their purpose.

- ▶ No joint ventures to date



EKC EXECUTIVE COMPENSATION POLICY

Excerpt taken from HR Policy 201 Salaries and Compensation

14

CEO COMPENSATION

The EKC Credit Union CEO is employed under an Employment Agreement contract for a five-year term. This contract is reviewed annually as part of the Governance 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 Credit Union CEO's in Western Canada, placing the Credit Union CEO in the 75th percentile. A regression analysis is a report of all Credit Union 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 the EKC Credit Union CEO on the grid based upon on/off book assets, and determining an annual pay for that position based upon their peer credit unions' size and Credit Union CEO pay. EKC places the incumbent Credit Union 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 Credit Union CEO, in relation to the Central1 Executive Compensation Survey. The Credit Union 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 Governance Committee annually.

CEO AND EXECUTIVE BENEFITS

The Credit Union CEO and Executive benefits are reviewed annually by the Governance 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

They EKC 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 Credit Union 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.

The EKC Variable Pay Plan is reviewed at a minimum every five years with outside expertise, as part of the Governance Committee Terms of Reference, to ensure the plan drives balanced strategic success for EKC and is within credit union industry standards and competitiveness.

BOARD – 102 PATRONAGE, PROFIT ALLOCATION AND COMMUNITY GIVING POLICY

(Issued November 2002, Revised September 20, 2018)

PATRONAGE

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 and Profit Allocation Policy is as follows:

Payout Trigger: All three of the following criteria will be met for patronage rewards to be paid. The Board of Directors reserves the right to review patronage in the event the triggers are not met.

1. Net operating income as a percentage of average assets greater than or equal to 90% of system average ROA
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 a 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

Patronage Entitlement:

1. All members of EKC are entitled to receive a patronage reward excluding non-lead lender syndicated mortgages, and the large negotiated deposit accounts.
2. A member will not receive a patronage reward if their account, where their patronage allocation has been calculated, has been closed at the time of payout.
3. A member will not receive a patronage reward if:
 - they have been on the watch list during the calculation period
 - they have been risk rated unsatisfactory during the current calculation period
 - they have been overdrawn for more than 30 days during the current calculation period
 - they have not made their loan payment for more than 90 days during current calculation period

Annual Process: Management will recommend annually in November, a patronage reward payout. Also, to be included is a projected year-end financial review. The Board will approve patronage rewards based upon this policy and the Capital Policy ensuring solid financial management.

PROFIT ALLOCATION

Profit allocation 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 that Retained Earnings are used 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.

COMMUNITY GIVING

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 aligned with our primary target markets and business development focuses.

BUDGET

The Annual Budget for donations will be established in during the budget planning season of each year for the upcoming year. It will be up to a maximum of 5% of the average of the projected operating income for the current year and projected operating income for the next year, utilizing the 5-year business plan operating income.

(Approved by Board of Directors on April 21, 2016)

Branch budgets are based on assets.

GUIDELINES:

From each donation we are looking for a return back to EKC in the form of advertising, promotion or direct business. Management will seek input from staff and directors through committees in each community and will seek balance in the community giving strategy. Each donation shall follow the credit union values, mandate and shall be of an important topic in today's world focusing on social responsibility and sustainability. Giving should be disbursed as much as possible around the following themes:

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 Community Giving plans for the coming year to EKC Board. Large donations >\$10,000 will be excluded from this budget and presented to the Board for approval.

CAMP YES

Camp YES is a cooperative youth leadership training camp where participants from all over British Columbia go to gain awareness of co-operatives and credit unions and to develop future leaders.

EKC will sponsor a minimum of two approved applicants from Cranbrook, one from Elkford, one from Fernie and one from Sparwood, to attend the Basic Summer Camp. Cost of camp registration is to be paid by EKC and return bus fare from Cranbrook, Elkford, Fernie or Sparwood to Kelowna (where a bus will be provided by Camp YES) will also be provided by EKC. If driven by parents, reimbursement for the amount of a return bus ticket from Cranbrook, Elkford, Fernie or Sparwood to Kelowna will be provided. (Present practice approved by Board)

- Participants who attended the summer camp who wish to attend the fall reunion camp will have camp registration costs but not travel paid by EKC.
- Participants who attended the summer camp who wish to attend the advance camp will have camp registration costs but not travel paid by EKC.
- Participants who have successfully attended the summer camp and advanced camp who wish to attend the graduate camp will have camp registration costs but not travel paid by EKC.

STUDENT AWARDS

Effective, February 21, 2017, the Governance Committee will oversee the details pertaining to all Student Awards distributed by EKC. The Student Awards shall be budgeted for within the Administration budget.

One member of the Governance Committee will be present at the Cranbrook scholarship selection meeting. The Elk Valley branches include their area directors in the selection meetings.

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 6 Capital Management Policy.

COMMUNICATION

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

At the end of 2018, 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	\$85,781,566	\$4,214,524
2009	9,500	\$202,363,179	\$9,983,174
2018	11,400	\$374,872,429	\$20,292,781



All EKC Branches received Platinum Best of Business Awards

- All EKC branches (Cranbrook, Elkford, Fernie and Sparwood) are award winners of Kootenay Business Magazine's 2018 Platinum Award for credit unions in the East Kootenay
- Thanks to members for your support!

#1

Customer Service EXCELLENCE

14 consecutive years

#1

Branch Service EXCELLENCE

14 consecutive years

#1

Values My BUSINESS

11 consecutive years

#1

Online Banking EXCELLENCE

4 consecutive years

Canada's credit unions received nine Best Banking Awards in 2018

Ipsos 2018 Best Banking Awards are based on ongoing quarterly Customer Service Index (CSI) survey results. More at EKCCU.COM

Better than a bank: Credit unions lead Canadian financial institutions for customer service excellence 14 years in a row

Try less, live more. Together through life.

