

▶▶▶ OUR CHANGING FUTURE

EKc

EKc

2019 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 >



COMMUNITY AND STAFF-RAISED DONATIONS \$62,000*



STAFF AWARDS FOR SERVICE

5 YEARS

Holly Gardiner
Russell Pask
Tobi Cumming

10 YEARS

Meghan Hatala

15 YEARS

Jen Neil
Jody Phillips

20 YEARS

Beth Cornelson

25 YEARS

Denise Graham
Sharon Cameron
Shawna Klein
Tomoe Surtees
Wendy Swanson

* \$1,500 raised and donated by staff

2019 RECIPIENTS



EKC has given back \$30,687 to Community Cash finalists since 2016

4



FRANK J. MITCHELL ELEMENTARY SCHOOL PAC (SPARWOOD) – \$2,363



ELKFORD ARTS COUNCIL – \$1,345



ELKFORD EARLY YEARS – \$1,185



SPARWOOD FARMER'S MARKET SOCIETY – \$1,133



FERNIE FAMILY COMMUNITY GARDEN BY THE HOLY FAMILY CHURCH – \$1,103



FERNIE PETS SOCIETY – \$1,054

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

Student Awards 2019 ...Cranbrook Branches

...Trades



Fred Marasco \$1000
Noah Samsonoff
Mt Baker Secondary



Nelson Labonte Smith \$1000
Madilynn Crozier
Mt Baker Secondary



\$1000
Chancey Olson
Fernie Secondary



\$1000 Trades
Brooke MacGregor
Fernie Secondary –
Dental Assisting COTR



\$1000 Trades
Kassidy Vinet
Sparwood Secondary –
Nursing LCC

Student Awards 2019 ...Elk Valley Branches



\$1000
Harlee Reghenas
Sparwood



\$1000
Cailey-Jo Degagne
Sparwood



\$1000
Sydney Hubbard
Elkford



Wilf Molnar \$1000
Evan Publicover
Elkford



\$1000
Ava Hozjan
Fernie



\$1000
Macdonagh Dressler
Fernie

Since 2011 EKC has supported 107 students with their education by giving back \$86,000 to students

AGENDA

70TH ANNUAL GENERAL MEETING WEDNESDAY JUNE 24, 2020 VIRTUAL MEETING VIA ZOOM

6

1. Call to Order
2. Roll Call (quorum 25 members)
3. Introduction of Officers
4. Adoption of Agenda
5. Appointment of Recording Secretary
6. Appointment of Parliamentarian
7. Adoption of Rules of Order
8. Adoption of Minutes from the 69TH AGM, held April 30, 2019
9. Business Arising from the Minutes
10. Board Chair Report – Jean-Ann Debreteni
11. CEO Report – Jody Burk
12. Auditor's Report including overview of Financial Statements – David Adams
13. Nominating Committee Report including Director's Election Results – Jose Galdamez
14. Appointment of Auditors
15. New Business and Member Questions
16. Good and Welfare
17. Adjournment

RULES OF ORDER FOR A VIRTUAL MEETING DEBATE:

1. Speakers will address the Chairperson at all times and must be recognized before speaking. Upon recognition by the Chairperson, the speaker will state clearly his or her name.
2. Only members of East Kootenay Community Credit Union in good standing will be entitled to the floor.
3. No member may speak longer than two minutes at a time or more than twice on the same question without permission from the Chairperson.
4. 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.
5. All other speakers must obtain the permission of the Chairperson and may speak once and then only provide information.

VOTING:

6. Only a member in good standing under the Rules of East Kootenay Community Credit Union may vote and is entitled to one vote.
7. Voting will be conducted by show of hands or such other electronic means as may be determined by the Chairperson.
8. After a vote at a meeting is taken, a declaration of the Chairperson that a motion or resolution has been carried by the majority shall be conclusive.

REPORTING:

9. Reports presented at the meeting for information only do not require a motion.
10. 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:

11. The Chairperson may propose time limits on agenda items and may propose that these time limits be extended.
12. The meeting is scheduled to adjourn no later than 8:30pm. An extension of the meeting beyond this time will require approval by the assembly by a 2/3 vote.

GENERAL RULES:

13. The Annual General Meeting will be conducted in accordance with the Electronic Attendance at Credit Union Meetings (COVID-19) Order of the Minister of Public Safety and Solicitor General (Ministerial Order No. M138) and, to the extent not inconsistent therewith, the Credit Union Incorporation Act, the Rules of East Kootenay Community Credit Union and Robert's Rules of Order, Newly Revised.
14. The meeting shall be held solely by such electronic means as are made available by East Kootenay Community Credit Union.
15. No person may photograph, record or film the proceedings of the meeting by use of any camera or other electronic device, without the permission of the Chairperson or the consent of the meeting.
16. Except for 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 Chairperson in writing.

MINUTES

1 CALL TO ORDER

Jean-Ann Debrececi, Chair of the Board of Directors, called the 69th Annual General Meeting of EKC to order at 7:00pm at the Causeway Bay Hotel in Sparwood.

2 INTRODUCTION OF OFFICERS

Jean-Ann introduced the Directors and officers of East Kootenay Community Credit Union.

3 ADOPTION OF AGENDA

MOTION: THAT THE 2019 EKC AGM AGENDA BE ADOPTED AS PRESENTED. **MOVED** by D. Geter; seconded by M. Baker; **AIF/CARRIED**

4 APPOINTMENT OF RECORDING SECRETARY

Pam Pinch was appointed recording secretary.

5 APPOINTMENT OF PARLIAMENTARIAN

Glen Purdy was appointed parliamentarian.

6 ADOPTION OF RULES OF ORDER

MOTION: THAT THE RULES OF ORDER FOR THE 2019 AGM BE ADOPTED AS CIRCULATED. **MOVED** by F. Sigurdson; Seconded by M. Burk; **AIF/CARRIED**

7 ACCEPTANCE OF MINUTES OF 68TH AGM

MOTION: THAT THE MINUTES OF ANNUAL GENERAL MEETING HELD APRIL 27th, 2018 BE ACCEPTED AS CIRCULATED. **MOVED** by C. Neil; seconded by L. Holt; **AIF/CARRIED**

8 BUSINESS ARISING FROM MINUTES

There was no business arising from the minutes of the 68th AGM.

9 BOARD CHAIR REPORT 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. Our Directors sit on a minimum of two credit union Board committees, which specialize in further areas of governance for the Credit Union. Our Directors are also involved in many other directorships associated with the Credit Union, which add to their workloads. Jean-Ann spoke to the collaboration and cooperation of the Kootenay Columbia Boundary credit unions and the work to which they have been involved with.

Guests:

Legal Counsel – Glen Purdy
Adams Wooley – David Adams

EAST KOOTENAY COMMUNITY CREDIT UNION 69TH ANNUAL GENERAL MEETING TUESDAY, APRIL 30, 2019 CAUSEWAY BAY HOTEL, SPARWOOD

10 ROLL CALL (QUORUM 25 MEMBERS)

It was established there was a minimum quorum of 25 members with 94 members, 22 guests including youth signing the registers – 116 in total.

11 CEO REPORT – JODY BURK

- Jody welcomed everyone and thanked them for attending the 69th Annual General Meeting;
- Jody reviewed the economic changes over the past year including the diverse economies of our region;
- Assets, deposits and loans were reviewed compared to previous years as well as net income distribution;
- Net Operating Income was one of the best years on record for EKC;
- This resulted in our community giving increasing as well as our student awards and patronage to our members;
- Employee Engagement had three main focuses for 2018: Leadership and Communication, Work Environment and Culture, and Workplace Relationships and Collaboration;
- Jody gave an overview of the updated timeline to the merger exploration work that is continuing with open house information sessions to come up for members to attend and learn more.

12 AUDITOR'S REPORT INCLUDING AN OVERVIEW OF FINANCIAL STATEMENTS – DAVID ADAMS

- Assets increased to \$375 million for 2018
- Liabilities increased to \$350 million in 2018
- Members' equity increased to \$24.6 million 2018
- Revenue increased to \$14.7 million in 2018
- Expense increased to \$13.3 million in 2018
- Net income was \$1,400,000 for 2018

MOTION: THAT THE AUDITOR'S REPORT AND THE FINANCIAL STATEMENTS FOR 2018 PRESENTED BY DAVID ADAMS BE ACCEPTED. **MOVED** by A. Pollock; seconded by M. Baker; **AIF/CARRIED**

13 NOMINATING COMMITTEE REPORT INCLUDING DIRECTOR'S ELECTION RESULTS – DIANE BYFORD

- Diane Byford, Chair of the Nominating Committee, reported that nominations opened on January 8, 2018, and closed on February 7, 2019;
- Two of the two Directors whose terms expired this year agreed to let their names stand for re-election;
- There was one nomination for the vacant Cranbrook directorship received;
- It was noted that we are still looking for a Director for the current vacant position in Elkford.
- Elected by acclamation for three-year terms were:
Lynnette Wray, Jose Galdamez

- Elected for a two-year term was: George Freitag
- MOTION:** THAT THE NOMINATING COMMITTEE REPORT BE ACCEPTED AS PRESENTED. **MOVED** by C. Neil; seconded by D. Gerter; **AIF/CARRIED**

14 SPECIAL RESOLUTION RESULTS (CHANGES TO RULES) – JEAN-ANN DEBRECENI

- The results of the special resolution voting that took place in branch between April 8-13 were shared with the membership;
- 95% of the membership that voted, voted yes;
- 5% of the membership that voted, voted no;
- There was only one spoiled ballot.

15 ORDINARY RESOLUTION (DIRECTOR REMUNERATION) – LYNNETTE WRAY

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.

- Members In Favor – 62 / Members Opposed – 0

CARRIED

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.

- Members In Favor – 62 / Members Opposed – 0

CARRIED

16 APPOINTMENT OF AUDITORS

MOTION: THAT ADAMS WOOLEY, CERTIFIED GENERAL ACCOUNTANTS, IS APPOINTED AUDITOR FOR 2019 WITH REMUNERATION TO BE DETERMINED BY THE BOARD OF DIRECTORS. **MOVED** by L. Holt; seconded by M. Burk; **AIF/CARRIED**

17 NEW BUSINESS AND MEMBER QUESTIONS

Member F. Sigurdson:

Q: How many not for profits does EKC have as members as their primary financial institutions?

A: Jody: Probably close to over 200.

Q: Account fees are \$7.25 per not for profit member, and that is taking away funds that the groups work hard for. That money could be going to their work in the community. Why aren't these groups ding free?

A: Jody: There is a form on the website that can be completed in order to get your account fees back, and this is for all not

for profit members. Please ask your branch managers where to find it.

Member S. Fairbairn:

Q: How many Directors will represent Elkford if the merger goes through?

A: Jody: It has been determined that there will be three representatives from EKC to move forward if the merger goes ahead. We would look to ensure there is representation from the Elk Valley in those three elected. Currently, Barb Nunes from Sparwood sits on the Group of 18 as the representative from EKC that is from the Elk Valley.

Member J. Doherty:

Q: Is EKC still selling mortgage accounts?

A: Jody: Yes, we are; however, there are many coming back on the books of EKC as of 2020. In the new credit union, there should not be as much of a need to do that as with EKC. At EKC, we have a lot of demand for loans. Selling mortgages is a normal practice within the credit union system.

Member D. McKerracher:

Q: What is the greatest risk of merging?

A: Jody: the complexity of the merger itself is the biggest risk. This has never been done in Canada. The proposed model will keep jobs in the communities with no job loss, as we will need to hire.

18 GOOD AND WELFARE

- We had 11 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 4th year of the Community Cash Program. Last year our Cranbrook 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, Cranbrook branch members were given \$50, and youth under 18 were given \$10;
- The total given out was \$8,183.00.
 1. Fernie Pets Society \$1,054
 2. Fernie Family Community Garden \$1,103
 3. Sparwood Farmer's Market Society \$1,133
 4. Elkford Early Years \$1,185
 5. Elkford Arts Council \$1,345
 6. Frank J. Mitchell Elementary School PAC (Sparwood) \$2,363
- A long-time service award was also given out to 30-year employee, Tammy Boe.

19 MEETING ADJOURNMENT

MOTION: THAT THE 69TH EKC AGM BE ADJOURNED. **MOVED** by T. Hansen; seconded by S. Cameron; **AIF/CARRIED**

- The meeting was adjourned at 8:18pm.

THE EKC BOARD OF DIRECTORS

Credit Union Director Achievement (CUDA®) Program

9

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
Acclaimed to next term: 2023

Meetings attended: 24 of 28

Merger Discussion meetings attended: 5

Committees:
Governance – Chair
Management Credit – Chair
Conduct Review

Compensation Paid (including stipend and travel time): \$4,790.60

Expenses (including training and travel costs): \$6,658.45

Career: Teacher (retired in 1999)

Education: B.Ed (commerce and psychology)

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

Affiliate and Subsidiary directorships: Kootenay Insurance Services (KIS) – Chair, EKC Property Holdings Ltd. director

Directorships (personal): Past director Cranbrook and District Foundation, Kootenay Kid's Train Society, Success by 6

Credit union member since: childhood



JEAN-ANN DEBRECENI
Cranbrook

Start Date: 1997
Term Completed: 2021

Meetings attended: 29 of 33

Merger Discussion meetings attended: 13

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

Compensation Paid (including stipend and travel time): \$9,090.60

Expenses (including training and travel costs): \$11,671.24

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 CU Director

Directorships (personal): Past director Cranbrook Community Theatre (CCT) and Cranbrook and District Foundation

Other Community Involvement: CCT – theatre costing and volunteering, Key City Theatre volunteer

Credit union member since: 1965



RUSSELL PASK
Elk Valley

Start Date: 2015
Acclaimed to next term: 2023

Meetings attended: 24 of 25

Committees:
Investment and Lending
Audit
Conduct Review – Chair

Compensation Paid (including stipend and travel time): \$3,927.40

Expenses (including training and travel costs): \$705.86

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

Affiliate and Subsidiary directorships: EKC Property Holdings Ltd. director

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: 2016
Term Completed: 2022

Meeting attended: 30 of 30

Merger Discussion meetings: 13

Committees:

Governance
Conduct Review
Investment and Lending – Chair
Management Credit

Compensation Paid (including stipend and travel time): \$7,590.60

Expenses (including training and travel costs): \$11,865.86

Career: ED Community Foundation of the Kootenay Rockies since 2017

Education: Masters of Education, BA

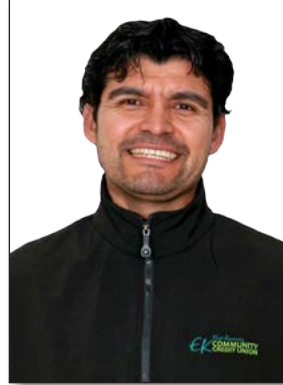
Credit Union Director Achievement Program (CUDA) program completed - Levels A, B, C

Accredited Canadian CU Director

Directorships (personal): Past president of Cranbrook Boys and Girls Club; past director of Cranbrook Women's Resource Society

Other Community Involvement: Cranbrook Sunrise Rotary incoming president 2020–2021

Credit union member since: 1997



JOSE GALDAMEZ

Cranbrook

Start Date: 2013
Term Completed: 2022

Meetings attended: 22 of 25

Committees:

Nominating – Chair
Governance
Investment and Lending

Compensation Paid (including stipend and travel time): \$3,375.00

Expenses (including training and travel costs): \$6,052.62

Career: Procurement and Business Development Officer and GIS Coordinator – Ktunaxa Nation Council

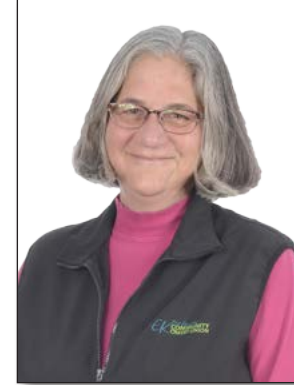
Education: Engineering Design and Drafting Technology Diploma

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

Directorships (personal): Past director Cranbrook Youth Soccer

Other Community Involvement: Advisory role within the First Nations Technology Council; photography production for not-for-profit organizations

Credit union member since: 2000



DIANE BYFORD

Cranbrook

Start Date: 2013
Acclaimed to next term: 2023

Meetings attended: 25 of 28

Committees:

Conduct Review
Governance
Audit – Chair

Compensation Paid (including stipend and travel time): \$5,510.60

Expenses (including training and travel costs): \$7,364.78

Career: Heritage Resource Officer/ Consultant

Education: B.A. in Social Anthropology

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

Affiliate and Subsidiary directorships: UCCC Chair 2017–2019

Directorships (personal): Past director Cranbrook Garden Club, Kootenay Country Fair, Festival of the Performing Arts, City of Cranbrook Heritage Advisory Council and SD5 PAC

Credit union member since: 1984



BARB NUNES

Elk Valley

Start Date: 2011

Term Completed: 2021

Meetings attended: 25 of 25

Merger Discussion meetings attended: 12

Committees:

Investment and Lending
Audit
Nominating

Compensation Paid (including stipend and travel time): \$7,008.60

Expenses (including training and travel costs): \$9,201.19

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 CU Director

Affiliate and Subsidiary directorships: MoneyWorks director

Directorships (personal): Director of Community Foundation of the Kootenay Rockies; Elk Valley Seniors Housing Society (treasurer)

Credit union member since: 2005



GEORGE FREITAG

Cranbrook

Start Date: 2019

Term Completed: 2021 – Previous Term 2008–2017

Meetings attended: 16 of 16

Committees:

Audit
Conduct Review
Nominating

Compensation Paid (including stipend and travel time): \$3,130.60

Expenses (including training and travel costs): \$3,606.47

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 Canadian CU Director

Affiliate and Subsidiary directorships: EKC Property Holdings Ltd. director

Credit union member since: 2005



STEVE FAIRBAIRN

Elk Valley

Start Date: October 3, 2019

Acclaimed to next term: 2022

Meetings attended: 8 of 8

Committees:

Governance
Audit

Compensation Paid (including stipend and travel time): \$1,776.80

Expenses (including training and travel costs): \$1,750.75

Career: Municipal Councillor, teacher and small business owner

Education: Masters of Education, Bachelors of Arts in Geography, Bachelors of Education, Specialist Qualification in Special Education (Ontario)

Credit Union Director Achievement Program (CUDA) program completed – Level A

Accredited Canadian CU Director

Directorships (personal): Founding board member, Elkford Housing Society and GracieLou Foundation (treasurer)

Other Community Involvement: Elected Councillor, District of Elkford since 2012, Canadian Adaptive Snowsports (CADS) ski instructor

Credit union member since: 1994

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, George Freitag, Don Holt and Jody Burk

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
 - In process of reporting quarterly financials as per shareholder agreement
- Kootenay Insurance Services Ltd.
 - EKC owns 100% of East Kootenay Community Insurance Services Ltd. (EK CIS) which owns 25% of Kootenay Insurance Services Ltd.
 - 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
 - Reporting quarterly financials to owner credit union as per shareholder agreement

- 0948859 BC Ltd. operating as MoneyWorks
 - EKC owns 100% of East Kootenay Community Financial Services Ltd. (EK CFS) 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
 - In process of reporting quarterly financials as per shareholder agreement

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*

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CEO COMPENSATION

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 EKC Credit Union 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 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 relations 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

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 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.

EKC Variable Pay Plan is reviewed at a minimum every 5 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 PROFIT ALLOCATION POLICY

To be reviewed semiannually by the Governance Committee
(Issued November 2002, Revised April 2020)

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.

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.

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.

COMMUNITY GIVING

Contributing to the growth and vitality of our communities is a core value of East Kootenay Community Credit Union. EKC is a secular, non-religious financial institution. EKC does not support campaigns/activities which promote the adoption of a specific religion (e.g. Christmas Shoebox program) or which primarily benefit the membership of a specific religious institution. EKC does, however, support campaigns/activities which are offered/organized by a specific religious institution(s), are non-religious in nature, and broadly benefit the community-at-large (e.g. Salvation Army food programs). EKC’s community giving will prioritize local, sustainable, and culturally appropriate community giving. 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 if requested, a onetime \$200 payment will be made to the parents to go towards travel costs to Kelowna so that campers can catch the bus to camp. This will be provided after the camper has returned from camp.

- 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.

COMMUNICATION

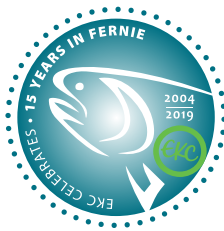
This policy will be communicated to our members annually through the EKC annual report and the EKC website.

POLICY REVIEW

This policy will be reviewed biennially by the Governance Committee.

At the end of 2019, EKC had given back over **\$4.4 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
2019	11,034	\$405,523,607	\$21,407,548



What I have noticed about everyone I have dealt with at EKC is that I'm not just a customer. I feel more like a friend than a client or customer. Everyone I meet there is kind, respectful and truly genuine. In fact, it's like being treated as 'one of the family.'

— Sherryl

