

**M I N U T E S**  
**ANNUAL GENERAL MEETING**  
**of**  
**INTEGRIS CREDIT UNION**

Held Virtually via Zoom Webinar  
May 4, 2023

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**CALL TO ORDER:**

Jim Rivett, Board Chair, called the meeting to order at 6:40 p.m.

**REGISTRATION REPORT AND DECLARATION OF QUORUM:**

Chair J. Rivett declared quorum with 96 members in attendance with 6 guests. Special acknowledgement to a number of special guests in attendance from BCFSa, MNP, PRA Group, neighbouring Credit Unions and past Integris Directors.

**APPOINTMENT OF RECORDING SECRETARY:**

The Chair appoints Jennifer Lalonde of Integris Credit Union as Recording Secretary.

**APPOINTMENT OF PARLIAMENTARIAN:**

The Chair appoints Robin Craig of HSJ Lawyers as Parliamentarian.

**ADOPTION OF AGENDA and RULES OF ORDER:**

The Chair advised that Roberts Rules of Order would prevail unless otherwise directed by the Chair or the Parliamentarian of the meeting.

MOVED: that the Integris Credit Union Annual General Meeting Agenda for May 4, 2023, be adopted as presented

MOVED: K. MERCEDES    SECONDED: S. THOMPSON    STATUS: CARRIED

**APPROVAL OF THE MINUTES FROM THE 75<sup>th</sup> ANNUAL GENERAL MEETING on April 27, 2022**

MOVED: that the Integris Credit Union Annual General Meeting Minutes dated April 27, 2022, are approved as presented

MOVED: T. CATHCART    SECONDED: A. BLOOM    STATUS: CARRIED

**BUSINESS ARISING OUT OF THE MINUTES:**

There is no business arising from the minutes of the April 27, 2022, Annual General Meeting.

**DIRECTOR'S REPORT:**

Jim Rivett, Chair of the Board of Directors  
J. Rivett provides the following report:

Over 2022, the Board of Directors continued to work hard on enhancing our governance processes so that as the risks for financial institutions everywhere change, we have the structure in place to ensure that there is strong oversight over your financial assets. We attracted three diverse and talented leaders to our Board which rounded out a talented Board of Directors. Our Board continued to exercise oversight over how they govern, keeping travel costs to a nominal amount by holding 80% of the meetings virtually in 2022. Covid taught us how to run effective meetings in a virtual setting and with a geographic territory as vast as our members, we have opted to continue to hold virtual AGMs. These virtual AGMs enable our members all the way from as far south as Clinton to the west in Fraser Lake and north in Fort St. James can all opt to exercise their membership rights.

Following last year's AGM, the Board voted to permanently reduce their number of Director seats to 10. In June, the Board and the Executive Leadership team met for an all-day strategic planning session. 2022 was year 2 of the current strategic plan, which means the Board and the Executive will begin planning for the next 3-year plan for 2024 through 2026. In June, we published our Market Code of Conduct to ensure members have a transparent lens into how we act in your best interest, how we take care to protect vulnerable members, and how we demonstrate accountability to the code.

The Board continues to focus on recruitment of future Directors, to attract a diverse, knowledgeable, experienced Board to serve the future of Integris. The Annual Report is included on our Integris website for review, everyone is encouraged to review. The Chair Passes along congratulations to all Management and Staff.

**MOVED:** that the Director's Report be accepted as presented.

**MOVED:** J. ROBERTSON    **SECONDED:** K. KNOTT    **STATUS:** CARRIED

### **REPORT FROM THE CEO:**

Chair calls Alison Hoskins to deliver the CEO report.

A. Hoskins provides the following report:

Every year, the process of creating our Annual Report and preparing for our AGM provides an opportunity to reflect on the year behind us. It creates a space to give spotlight to our accomplishments and offers us time to give thanks to a system that honors its clients and customers as only members can be. As a member owned financial institution, how we celebrate and close our year – in an all members – all account holders – AGM is one of the truly unique differences of your cooperative financial institution.

Like so many industries, your Credit Union is changing. You notice it, you acknowledge it in your feedback, and like so many other things we have to change. You are asking us to change. We change to keep pace with your changing expectations, with the choices you have for your banking, your insurance and your wealth needs. We change because today the risks are different, and the opportunities are abundant. Although our world is far more complex than when credit unions and cooperatives entered the financial services playground. At our very heart and soul, we are still your Credit Union.

Over half our membership chooses to bank digitally for some or all of your day-to-day banking. The Credit Union system is investing heavily in modernizing our payment platforms and our digital banking offerings. Whether you are one of those members choosing to bank through our app on your mobile device or our web-based offering on your personal computer, we are proud of the safety of the systems we provide. Our IT Security and Privacy Policies are under constant review and subject to independent audit to ensure that we have implemented an environment that we can assure you has the utmost level of care and attention to keep you and your finances safe.

If you are the other half of our members, you are likely seeing lots of changes in the front end of our business. Like most other organizations, since Covid, we have seen our fair share of staff come and go. However, we are proud of the team that we have in our member facing roles and all our roles, these people are passionate about your finances and making sure you get the experiences you are looking for when you come to see us in our branches.

And if you are in either of these categories and have an email on record with us, you will likely have received one or more survey links from us this year – these surveys are taken very seriously and give you an opportunity to help us better serve you whether you had a great experience and you want to make sure we keep on doing what makes you happy or if you have some feedback to help us be better, we are listening and striving to better with the feedback you provide.

With our roots in history, we acknowledge the important social value credit unions inherently bring to our communities and our members; this year we are proud to issue our first Environmental, Social and Governance (ESG) Impact Report a deliverable of a new Environment Social and Governance (ESG) Strategy approved by the Board at the end of 2021. Credit unions are founded in social purpose, and it is about time we tell you all and the rest of our communities about the great work we are doing to better your lives and the communities in which we live work and play.

With Community as a pillar of the Integris strategy, Integris has a long-standing history of engaging with strong social purpose through Community Engagement and Enrichment. The history of the work that Integris has done in supporting social impact has been extensive. Integris believes through the execution of holistic Environmental, Social, and Governance (ESG) considerations in all aspects of our strategy, we can better leverage our commitment to enriching community with a greater connection to growth and membership engagement. Through these outcomes, we can better ensure the longevity of the impact that Integris can make in our surrounding geographic region. Through collaboration with the Board, Executive and Senior Leadership, as well as other stakeholders, we have worked to capture the role Integris can have in guiding our operational execution of ESG. ESG can and does mean different things to different organizations so landing clearly on what it means at Integris is an important part of this strategic work. ESG is not about philanthropy, it's about business and the cooperative model is an excellent framework to leverage value through ESG for our members. Our commitment and work on ESG is an opportunity to do a better job of telling our members, and hopefully our prospective members through the broader community, all the ways in which we are enriching your community exists. And this inaugural ESG Impact Report is our first go at doing just that. The cooperative values that credit unions were founded on and continue to live today are a natural building block for better and more sustainable banking because where you bank

matters. Our ESG work is just one more reason to choose Integris. We expect to have reporting requirements in coming years, but for now, our version of ESG impact is about telling our story of enrichment. As we continue to build our internal systems to better capture and enable measurement over items of impact, our reporting will likely transform.

We are proud of what we do, so share this with your friends, your neighbours, and our members – together we can do more.

Chair thanks A. Hoskins and calls for the motion.

MOVED: that the CEO report be accepted as presented.

MOVED: T. ALLISON    SECONDED: C. WALLACE    STATUS: CARRIED

### **FINANCE REPORT:**

Chair calls VP, Finance, Amie O'Brien to deliver the Finance Report.

A. O'Brien provides the following report:

In 2022 the Bank of Canada increased the overnight rate by 4%, this in turn led to interest rates increases for loans and deposits. A high interest rate environment led to a lack of appetite for new investment through the utilization of credit. The retail housing market slowed down and investors needed to see a much larger return on investment to make leveraging financing worth their while. Integris did see retail mortgage growth of over \$8M, but saw reductions in the higher interest rate debt, retail loans and commercial loans.

Members used cash to pay down debt in many cases which impacted deposits.

In 2022 we saw a decline in member deposits of approximately \$46M. Although this sounds like a lot of money, the 2020 and 2021 Covid years were exceptionally good to our deposits, in those two years we saw deposits increase by \$89M and \$58.5M respectively and are therefore still hold \$101.5M or 13.6% more deposits than we did at the end of 2019, our pre-covid balance sheet.

Some term deposits did transfer, at some points during the year deposit rates being offered outside of Integris were more beneficial to members, but our Financial Planning office was able to consistently get the best rates for our members. Approximately \$26M, 57% of the outgoing deposits, moved over to the financial planning assets under management with members best interest in mind. The connections made between members with the financial planning staff resulted in deepening relationships between members and our subsidiaries and positive financial impact for the members, all in one place. The change in derivative financial instruments is due to fair market value fluctuations and significant due to the large increase in rates in 2022. Lease liabilities were reduced as the leases were paid down over the course of the year. Deferred tax liabilities were reduced due to the tax treatment of other comprehensive income.

Liquidity is an important measure for any financial institution, liquidity metrics are monitored to ensure that an FI has adequate funds available to fund loans and provide members with their deposits when they are needed. The minimum liquidity required to be held by Canadian Financial Institutions is 8% of deposits. The liquidity available for members needs at Integris is more than 3x the required minimum at 30.31% of deposits at the end of 2022. Integris holds excess liquidity in high quality liquid assets to ensure that they are quickly available for our members.

Retained earnings went up by \$1.255M in 2022, this is earnings after dividends and tax. Member shares were down \$357,500, however the dividend distribution for 2022 was more than 2x higher than the previous year and contributed over \$600,000 to member shares through divided re-investment. Accumulated Other Comprehensive Income (AOCI) is the measure of unrealized losses on investments and financial contracts, which were impacted by the significant change in interest rates in 2022. These losses are not expected to be realized and have already seen improvements of nearly \$1.1M in the first quarter of 2023.

Capital is another very important ratio and requirement for credit unions. Capital, especially in the form of retained earnings provides a buffer and protects members and our system against negative risks in our industry. The minimum required capital adequacy ratio is 8% and as of Dec 2022 Integris holds more than double that amount for Tier 1 or core capital. Providing a solid buffer from losses and a base for continued growth. This excess capital could be seen as a negative, in that it could be leveraged for greater return on investment. While we do have a plan to deploy capital and bring greater benefit to our members, it will be done on the back end of the current challenges. In this uncertain environment we feel that additional capital is prudent in managing any risk to the credit union.

Interest income on loans dropped year over year due to a decline in the high interest rate portfolios, retail loans & LOCs as well as commercial loans and LOCs, even though we did see some retail mortgage growth the portfolio yields are lower due to the security and the net result is a reduction in interest. The interest on member loans is also down due to a significant number of mortgages re-pricing in 2021 at the bottom of the curve for interest rates, for which this is the first year that we have seen 12 months of impact on that re-pricing. This is beneficial for the members with lending, and also means that a large portion of members won't see their mortgages re-pricing in 2023, reducing the impact that the higher rates will have on our members. Interest on investments went up as the interest rates rose throughout the year, despite a reduction in investments the 4% increase in yield offset the reduction in investments providing some positive impact to interest income. Interest on member deposits was down due to a reduction in deposits held on book at the credit union, utilizing the financial planning subsidiary to place our members deposits into high rate GIC's without the cost to the credit union. Before provision or recovery of impairment charges on member loans, the financial margin was just under \$100k less than 2021. In 2021 the recovery of a high-risk commercial account resulted in a large recovery of provisioning that had been set up resulting in a bit of an anomaly. In 2022 with high interest rates and potential increases in unemployment, Integris set up additional buffers in case of credit losses. Other operating income was slightly higher than the previous year. Operating expenses were slightly lower than the previous year as management and staff worked to reduce expenses in a tight margin environment. Distributions to members were up over 100% year over year, rewarding our members for their continued support of Integris and reflecting a rate in line with market rates on other investments. Integris' investment shares provide an opportunity for our members to invest in their credit union, it is yet another way you can directly enable a stronger community - something you can be very proud of and is an ethical investment option. Income taxes are reflective of both a reduction in net income year over year and the tax provisions on other comprehensive losses in 2022.

Profitability is important for sustainability and future growth of the credit union and Integris has been consistent in its earnings over the last five years. As we start to see the impacts of very low mortgage rates and increasing rates on deposits the return on assets did decline slightly in 2022 and we expect that this trend will continue for another year. Integris' balance sheet is more sensitive to short term rates due to the tendency for our members who prefer to keep their funds in short term deposits, average 1-2 years, while stretching out the terms of their debt on average 5 years. This means that while short term rates are high interest expense will rise faster than interest income.

Due to the significant changes in Accumulated Other Comprehensive Income (AOCI) and Other Comprehensive Income (OCI) A. O'Brien explains what this means to Integris. AOCI and OCI reflect the accounting treatment of changes in market values of financial instruments. In 2022 the rapid increase in rates had a negative impact on any investments or derivatives contracts that were not variable rate in nature. It is important to note that these are expenses or losses that have not been realized. There are two financial instruments that are contributing to these unrealized losses. Derivative contracts, these are contracts whereby we have agreed to pay Central 1 based on a variable rate and they have agreed to pay Integris based on a fixed rate. The intent of this contract is to smooth out the variability of earnings on our variable rate assets (variable rate loans and investments). If the interest rates are low, these contracts pay Integris, but when they increase over the contracted rate, we start to pay Central 1. Increasing interest rates also means that the variable rate loans and investments are paying more, increasing our interest income and offsetting the cost of the swap contract with Central 1. High Quality Liquid Investments, these investments are primarily in bonds which have a set interest rate and time frame. The sustainability of the bonds changes when market rates change and in order for a purchaser to get the same interest rate as they would on another investment in the market the price of the bond needs to be reduced, which would result in a loss. Each of the financial instruments has a large or similar, invested contractual value. The difference in the unrealized losses at the end of Dec 2022 is due to the duration of the portfolio and the starting dates of the investments. The investment portfolio has an average duration of less than 1 year, while the derivative portfolio has a remaining duration of 2-4 years. The unrealized losses are due to a change in market expectations between the time that Integris purchased or entered into these agreements and the market expectations as of Dec 31, 2022. Integris takes a hold to maturity approach with its investments and has entered the derivative contracts to reduce interest rate risk that is inherent in the portfolio. The value of the swap moves inversely to the value of the variable rate assets that Integris holds, the combination provides for stable earnings from those sources. There is no expectation that Integris will need to realize these losses and in the first Quarter of 2023 have seen improvements of almost \$1.1 million in AOCI as a result of the stabilization of interest rates. As interest rates come down and as these financial instruments move towards maturity the AOCI and OCI will reduce to zero.

Member's equity reduced in 2022 by \$4.13M, primarily due to the impact of the comprehensive loss, which includes unrealized losses of just over \$5M through OCI. Member share investments were lower this year with interest rates on short term investments at upwards of 5%, the trend was to place money in GIC's not equity shares. Redemption of shares was similar to the previous year with some requests to move money to different investments to take advantage of better yields.

The dividend rates on equity and member shares are not know until the board passes the resolution, normally in the last quarter of the year and is based on factors including Profitability, Current Market Rates and Capital Requirements. The board did pass a resolution for dividend rates of 3% and 4% on A Shares and C Share respectively, the rates are backdated to January 1<sup>st</sup> of that year, providing a yield that would have been better than a short-term rate on those funds invested at the beginning of the year. The C Share (investment shares) have historically received rates in excess of the 10 year non-redeemable rate, rewarding those who invest in the credit union for their investment. Credit Union Shares are only available to members, they do have redemption restrictions in order to ensure that there is stability of capital, but the invested dollars are held at par value and do not fluctuate with the market. For these reasons it is important to the board and the credit union that members are rewarded for their investment in their credit union and make these decisions with that in mind.

Credit Unions are different, we are community based, from here, all in, for you. The three pillars of our model are Members, Community, and Staff. In 2022 we increased the financial contributions to community and to members by way of dividend distributions. Integris supports our communities by investing in infrastructure and banking services to small communities in our region, by providing local staff on the phones and at the branches who know that you, our members, are the reason we are here.

Chair thanks A. O'Brien and calls for the motion. Chair asks for any questions from the floor.

**MOVED:** that the Finance Report, including the 2022 Financial Statements be approved as presented.

**MOVED:** M. WILSON    **SECONDED:** V. TAY    **STATUS:** CARRIED

### **AUDITORS REPORT:**

Chair calls Cindy Thomson, MNP LLP to deliver the Auditors Report.

C. Thomson advised the accounting firm MNP LLP audited the financial statements for 2022. The same locally based team has worked with Integris for many years. C. Thomson thanked the staff for great cooperation while completing the audit. The Auditors are required to conduct the audit in accordance with generally accepted auditing standards, and as the Auditor, it is important they remain independent of Integris. C. Thomson referred to the Summary Consolidated Financial Statements for the year ending December 31, 2022, advising that the statements present fairly the operations and financial position of Integris Credit Union, and that the Auditor's Report contains an unmodified audit opinion. The full set of financial statements are available upon request at Integris Credit Union.

C. Thomson thanked the Board and staff for their cooperation and looks forward to continuing the relationship with Integris in the future.

Chair thanks C. Thomson and calls for the motion.

**MOVED:** that the Auditor's Report be accepted as presented for 2022.

**MOVED:** D. NOEL    **SECONDED:** T. BENNETT    **STATUS:** CARRIED

### **APPOINTMENT OF AUDITORS:**

Chair calls Director Wendy Fellers, Chair of the Audit Committee.

W. Fellers provides the following report:

One of the main purposes of the Audit Committee is to oversee Integris' financial reporting process and to review with the external auditors the audited financial statements that are submitted to the membership at the annual general meeting.

W. Fellers puts forward a resolution on behalf of the Audit Committee, to recommend the accounting firm of MNP be appointed as the external auditor for 2023 and the Board of Directors be authorized to fix the remuneration of these auditing services.

**MOVED:** that the accounting firm of MNP be appointed as auditors for 2023 and that the Board of Directors be authorized to fix the remuneration of auditing services.

**MOVED:** W. FELLERS    **SECONDED:** C. RAMSAY    **STATUS:** CARRIED

### **NOMINATING COMMITTEE REPORT:**

Chair calls Director Wendy Fellers, Chair of the Nominating Committee

W. Fellers provides the following report:

One of the responsibilities of the Nominating Committee is to facilitate the process for nominating and electing Directors to the Board of Integris Credit Union. In January 2023, the Integris Board of Directors Nominating Committee issued a call for nominations seeking member candidates to fill four director seats. During the fall of 2022, the Nominating Committee hosted a Director Information session. This was a continuation of the session we hosted in 2021. The sessions are aimed at educating members that may be interested in becoming a Director for Integris.

With a large election year of having 4 seats eligible, the Nominating Committee accepted the nomination papers from 3 members, one being our incumbent, and 2 experienced members. As we only received 3 eligible applications this year, the Board will have one remaining seat, in which has been decided that the Board will appoint a member into a one-year seat, effective until next year's AGM.

Congratulations to Cheryl Wallace returning to the Board, she will sit in the 3-year term. Cheryl will begin her 3<sup>rd</sup> term with Integris. The Board will appoint Norm Schmitz back to the Board for a one-year term. Norm will be completing his 10<sup>th</sup> year with the Board this year. Both of them join us from Prince George, together they bring over 15 years' experience to the Integris Board.

Announced 2 new members that will join the Board effective after the AGM. The new Directors are Gerry Thiessen and Darren Ditto. Gerry joins us from the community of Vanderhoof, and brings years of experience in Board governance, real estate knowledge and local community. Darren joins us as a new director from Prince George. Darren brings a wealth of knowledge in IT and leadership.

Chair thanks W. Fellers and calls for the motion.

MOVED: that the Nominating Committee Report be accepted as presented.

MOVED: K. CARVER    SECONDED: J. WILCZEK    STATUS: CARRIED

**NEW BUSINESS:**

No new business.

**GOOD AND WELFARE:**

The Chair spoke about the 2 Directors that will retire from the Board this year. Jennifer Wilczek and Jillian Merrick were thanked for their years of dedication and service.

The Chair thanked everyone in attendance this evening. Thanked the staff, Directors, and all members of Integris.

Two members were randomly selected to receive tokens of gratitude from Integris.

**ADJOURNMENT:**

The Chair called for a motion to adjourn the meeting at 7:48pm.

MOVED: that the meeting is adjourned at 7:48pm

MOVED: N. SCHMITZ    SECONDED: C. WALLACE    STATUS: CARRIED

Respectfully submitted,

Approved by:

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Jennifer Lalonde  
Recording Secretary

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Jim Rivett,  
Board Chair

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Wendy Fellers,  
Corporate Secretary