



ANNUAL GENERAL MEETING

Northern Credit Union
Virtual through Zoom

MINUTES

April 8, 2022

Northern Credit Union's Virtual Annual General Meeting was held on **Friday, April 8, 2022** at Northern Credit Union through Zoom. The Moderator provided information on the meeting structure / protocol and instruction on the polling for passing of motions before turning the meeting over to the Board Chair.

A slide presentation was provided for each agenda item in order to facilitate the meeting and provide visual content for those members in attendance.

Director, Daniel McCoy, presented the following to provide ancestral land acknowledgement.

Aanii Boozhoo Daniel Niindijinikaaz, Batchewanung Niindoonjibaa, Tkronto Niindaa. Good Afternoon my name is Daniel McCoy and before we start today I would like to acknowledge the lands and waters that we are all collectively joining today's AGM from. I would like to thank our ancestors for caring for these lands and waters. I am joining you today from Toronto, Ontario – the traditional lands of the Mississaugas of the Credit First Nation and subject to the Toronto Purchase Treaty of 1805.

Northern Credit Union is headquartered in Bawaating (Sault Ste. Marie) on the traditional territories of Batchewana First Nation and Garden River First Nation and subject to the Robinson Huron Treaty of 1850. Our footprint spans the territories of many First Nations in Ontario and Quebec and includes territories subject to the Robinson Superior Treaty of 1850, Robinson Huron Treaty of 1850, Treaty 9, the Saugeen Tract Purchase of 1836 and Unceded Algonquin Territories. I would like to acknowledge all of the nations whose territories host our branches and thank them for welcoming us to their territories. Miigwetch.

1. Chair's Report on Registration, Determination of Quorum and Welcome

Jeannie Kilgour, Board Chair, called the virtual meeting to order at 3:04 PM. She reported that 697 votes had been cast electronically in advance of the AGM, which meets the quorum requirement of 35. There are 63 members registered to attend the AGM.

Board Chair welcomed everyone to the third year of holding a virtual AGM and having it open to 'one member one vote'. Members were thanked for their participation and it was recognized that there had been an increase in member voting response.

2. Motion to Approve Agenda

MOTION: **to approve the agenda for the 2022 AGM as presented**

Moved by Tim Foster & Seconded by Sue Klatt
CARRIED

3. Introductions

Board Chair, Jeannie Kilgour, introduced what would be the Head Table for the AGM as follows:

President & CEO – Richard Adam
SVP CFO – Tammy Buchanan
Audit Committee Chair – Max Liedke
Corporate Secretary and Chief Returning Officer – Vicki Caicco

The 2021 - 2022 Board of Directors were introduced as follows: Louise Ahrens, Peter Beaucage, Brian Cairns, Kevin Eccles, Tim Foster, Sue Klatt, Max Liedke, John Mangone, Lori Martin, Daniel McCoy, Cameron Ross.

Guests in attendance are: Mike Marinovich of KPMG LLP, Larry Swiniarski of FSRA, Mike Ivkovic from Concentra.

4. Moment of Silence for Deceased Members

A Moment of Silence was dedicated to members of Northern Credit Union who passed away in 2021.

5. Motion to approve minutes of the Annual General Meeting held April 16, 2021.

MOTION **to approve the minutes of the April 16, 2021 Annual General Meeting**

Moved by John Mangone & Seconded by Louise Ahrens
CARRIED

6. Reports

a) Board of Directors – Board Chair, Jeannie Kilgour

The following presentation was provided by the Board Chair:

It gives me great pleasure, on behalf of the Board of Directors to welcome you to Northern Credit Unions' virtual AGM 2022.

During this past year of unpredictability and challenges posed by COVID-19, your Board of Directors continued to show resilience in setting the direction for our organization and providing strategic oversight. Our Board's Committees consisting of Governance, Audit, Finance and Risk, Human Resources, and Nominating, carried out their fiduciary obligations and in the fall of 2020, our Board and Executive met for its annual strategic planning session to set the strategic direction that would guide us throughout the coming year.

During the past year, the Board continued its comprehensive review of its Governance policies and practices that was started in 2020. A new Mentorship program was developed with the intent of expediting new Directors' abilities to carry out their fiduciary role with guidance from committed, knowledgeable mentors. Director compensation was also reviewed to ensure that Directors were properly compensated for their time and commitment and commensurate with the size and complexity of our organization.

To ensure that the Board continually improves and gains insight into their competencies, a new approach to the Director Assessment and Evaluation process was implemented to enhance it and reflect the needs of our organization and to be in line with the Financial Services Regulatory Authority of Ontario guidelines and expectations. Competency gaps and a new endorsement process were embedded into the nomination process to ensure a continuous improvement in the Board profile and keeping succession planning and diversity a priority.

Board members continued their personal training and development plans with several Directors successfully completing Credit Union Director's Association (CUDA) courses, which resulted in two Directors becoming accredited credit union directors and three who will achieve accreditation in 2022, while others maintained their accreditation through Continuing Education courses. Also of note, Director Brian Cairns was recognized at Director's Forum for his 9 years of service as a Credit Union Director.

While COVID-19 continued to be an issue, your Board successfully managed to perform their duties in a virtual environment. We continue to prove we can work together to help each other and serve our members with a high level of commitment and trust they have come to expect. We are hopefully optimistic that we will soon resume 'in person' meetings in the near future.

While 2021 proved to be challenging with the pandemic, our focus as we move into 2022 will be to remain vigilant in all our governance oversight responsibilities while providing more focus on the changing risks of IT and cyber security in our every changing financial institution environment, while serving our members through our co-operative principles.

In closing, I would like to thank our Board of Directors for their dedicated commitment, our CEO and Executive Team for their guidance and dedication, all of our employees for their positive endeavours meeting the needs of our members, and our members for entrusting us with the opportunity to provide beneficial financial services as we remain....TRUE NORTH STRONG!

It has been an honour and a privilege to have served as the Chair of your Board these last three years.

b) Chief Executive Officer – Richard Adam

The following presentation was provided by the President & CEO:

This is our 64th Annual General Meeting, and marks the third year that all of our members have had the opportunity to vote on our Board of Directors, By Laws and other matters coming before the membership. One member, one vote truly represents the cooperative values in which our credit union is governed.

We will continue to build awareness, of our cooperative roots and membership rights, across our membership, with the goal of continuing to see more and more members engaged in our democratic process.

This year marks two years since the start of the pandemic, as well, it marks two years of significant change and transformation of our credit union. I am incredibly proud of what we, our employees and our Board, have accomplished, together, to strengthen our credit union and make a lasting difference for members and the communities we serve.

I would like to take a moment to talk about how we got to where we are today. Reflecting on past performance and the pace of change occurring within the financial industry, we knew we had to make some fundamental changes to ensure our credit union was sustainable, and to ensure that we were in a position to continue to invest in our future, and live up to our Core Purpose of Making a Difference in People's Lives.

Our overall goal out to 2023, was to substantially increase our profitability and improve our efficiency through delivering a superior member experience, properly supporting our staff in delivering that experience, and, with the ultimate goal of giving back to our members and our communities. In addition, we need to ensure that as a business we continue to balance member experience with the changing regulatory environment.

A substantial analysis of our business was carried out in 2019 and 2020, with a number of changes taking place in 2020. As the external environment continued to change, we adjusted our focus to ensure that long-term sustainability of our organization and value for our members was always at the forefront. We set some lofty goals for 2021, which resulted in significant change with a wide range of impact.

2021 was all hands on deck for every one of our employees. As we navigated through significant change, employees were either involved in the change initiatives, or were ensuring our members' needs were being looked after.

One of the most significant changes we experienced in 2021, and for the first time in Northern's history, was the consolidation of six branch locations. We were proactive with our members and we worked with community leaders to minimize the impact. As a result of our engagement with our members and community leaders, we launched a first of its kind model for Northern, a Community Cooperative Branch Model in the community of Richards Landing. Through this partnership, we were

able to continue to provide financial services to an underserved market while supporting the local community.

In 2021, we also executed on a substantial organization structural change, shifting how and where work is done, to ensure that we are being as efficient as possible while improving on our member experience.

While undergoing these substantial changes, we also executed on several other changes that resulted in improved service for our members such as the rollout of new account packages providing better options for our members, a senior's priority line to address those with less comfort with technology, and we introduced our new chatbot Fred. All in all, providing our members with more options and convenience when they needed it.

Over the last couple of years, we have made a concerted effort to improve our work culture. Our culture is based on the foundational principles of respect, transparency and inclusivity. In building on these principles, we fostered open communication and welcomed feedback to help us improve.

Yearly, we ask our staff to provide actionable insights that help us to improve and continue to build a great company culture. We knew it had been a year of significant change and increased expectations, yet 85% of our staff responded to the survey, and their overall satisfaction went up from 68% in 2020 to 72% in 2021. Our employees shared over 200 comments providing both constructive feedback and confirmation of positive changes. We are proud that our employees feel comfortable in providing feedback and are committed to ensuring that Northern continues to create a great experience for all employees.

Employee empowerment was evident more than ever in 2021. Cross sections of our staff were involved in and launched the Northern Rangers which helped to produce several staff programs such as the fun troops, which helped keep our employees engaged and kept the morale and team spirit alive.

Our employees have been instrumental over the last couple of years, ensuring our success through disciplined execution and supporting each other through change. We sincerely owe them a debt of gratitude!

Throughout the last couple of years, COVID has accelerated the adoption of digital services and propelled all of us to adopt new ways of doing business. Our members embraced this inevitable change more than ever. Our staff were proactive in helping our members along the journey and we deployed new ways of doing business through technology. We were cognizant that some of our members had less comfort with technology, and we provided options for them.

In 2021, our members had to adapt to many changes that we were implementing in our business, as part of our quest to achieve long-term profitable growth and strengthen the member experience. As a result of some of the more significant changes, such as the consolidation of our branches, we did see attrition in membership, loans and deposits. As an organization we remain committed to supporting all our members and ensuring that as an organization we are able to meet their changing needs. We also remain entrenched in our northern roots and delivering on the community-based projects in all our "Northern" communities.

Along the way, we also gained over 3,000 new members, resulting in an overall improved wallet share. Our staff continue to work diligently across all member facing areas collaboratively to do what is best for our members.

Our 2021 member survey definitely saw an increase in the number of members participating across our foot print. We had 2277 Northern members or 3% of our overall membership respond. This is a larger number of respondents than seen in previous surveys. However, the current Net Promoter score, or the likelihood of Northern members to recommend, shows a significant decrease from a score of 52 in 2020 to a score of 27 in 2021. Although this is an indication that some members are less satisfied with their experiences at Northern, overall opinions of Northern are positive at 92%, and the net promoter score remains above the industry average.

With all of the changes to our business and the environment in 2021, we expected to see a decrease in this score. On a positive note, the survey also indicated that Northern employees continue to be a strong component of the overall member experience, not only in terms of their friendliness, but also in their ability to help members and make them feel important.

In 2021, we renewed our focus of giving back to our communities. Our employees, who are the flag bearers of our cause, continue to champion local initiatives, and work diligently to make a difference in the lives of their communities and the people that reside within them.

Northern introduced the Community Trailblazer Program to help employees become more engaged in our communities. In total, three programs were launched through the Trailblazers platform.

The 21 Community Charity Kickoff saw one employee from each of our 21 communities' picking a local charity to which a \$600 donation would be made. Through this initiative, we donated \$12,600 to local charities and organizations.

The Win/Win Payroll Donation Program allowed our employees to choose to opt-in for \$3 per pay and were entered into a monthly draw in which a portion of their payroll deduction supports a local charity of their choice, and the remainder of the donation supports ongoing fun initiatives within the organization. A Win/Win for all.

The third program we launched, was the Do Some Good Volunteer Program in which Northern employees are encouraged to get involved in their communities by allowing for three hours of paid volunteer time per year / per employee. When the employee completes those three hours of volunteer time within the year, Northern will donate \$100 to a charity of their choice. Through this program, our employees gave back countless volunteer hours to worthy causes in our local communities above and beyond the three hours.

I also wanted to highlight one other initiative. Understanding that the holiday season can be financially and emotionally hard for some families, Northern created the 12 Days of Giveaways – Making Spirits Bright Campaign, which ran throughout December. We asked our communities to nominate families whether Northern members or not, that could use a little extra help throughout the Christmas season. From all the nominations, Northern supported 12 families who each received a Christmas dinner basket of non-perishable food items, a \$250 PC grocery gift card and a \$500 deposit into a Northern Credit Union investment account. We were able to help families in need by giving them a glimmer of hope and joy during the holiday season.

As we strive to find the right balance, we continued with the transition of our Ambassador program establishing - the Northern Advisory Committee. This group will consist of a small team of our members from across the Northern footprint, who are community driven and want to make a bigger impact in Ontario. Advisors will have a say in the initiatives we participate in, the organizations we support, and how donations and funds are allocated. Through this program, we will strive to make significant impacts by focusing on a select number of charities and organizations based on causes that mean the most to our member and communities.

In anticipation of the CFO's report, I want to quickly touch on our financial results. Certainly what we were expecting at the beginning of the year changed as a result of how COVID progressed or improved throughout 2021. I want to acknowledge the unprecedented level of net income for 2021, more than three times any previous year's net income. A number of COVID related circumstances had the biggest impact on driving this success, however, we would be remiss in not acknowledging the work of our staff that also directly contributed to this outcome.

In 2020, we were significantly impacted by the requirement to increase our loan provisions and with the improvement in economic outlook in 2021, these requirements have significantly reduced, having the most significant positive impact on net income. Our CFO will provide further details behind this year's net income and financial results.

As we seem to be coming out of the COVID crisis, we need to stay vigilant related to the impacts of having to live with COVID, and how that may impact our members and ultimately our credit union. And now, we are faced with a new challenge in the form of conflict between Russia and the Ukraine. As with COVID, we have seen supply chain issues, which seem to be getting worse with the conflict,

and is sending inflation higher. The Bank of Canada has already started to act with increasing interest rates; however, we are left with uncertainty as to how high inflation and interest rates will go. All of this will have an impact on our members and potentially our credit union.

We will be keeping a close eye on these emerging concerns and increasing our risk management focus in these areas. While we will be continuing our work on optimizing our efficiencies, our timing could not have been better knowing that we have created some resiliency to withstand any potential impacts.

Looking out at our prospects for 2022 and beyond, and not withstanding 2021, we can see the expected improved trend in profitability as a result of the changes we have been making over the last couple of years. This work has set the foundation for continuous improvement both in our business process and in delivering a better experience for you, our members. This work will continue in 2022.

We have made some very tough decisions over the last couple of years, and those decisions have been instrumental in moving us toward our goals.

As the financial industry continues to change at an increasingly rapid pace it will be essential for Northern to continue to evolve with it. This may include making difficult decisions that will make a lasting difference for our members and communities and position us for long term growth and prosperity.

The coming year will be very busy with lots to accomplish but we will continue to support each other and strive to reach our goal and become True North Strong.

Without the leadership and commitment, of our board and our staff, and the loyalty of our members, we simply would not exist. Thank you to all of you!

c) SVP & CFO Report – Tammy Buchanan

The SVP & CFO provided the following presentation:

Our audited financial statements, along with note disclosures, are on our website for you to review and I am pleased to provide you with a summary on the financial performance for the year ended 2021.

As was mentioned earlier, Northern experienced unprecedented levels of income in 2021. As you can see on this chart, income for previous years has been consistently under \$2.0 million. For the last few years, net income has been negatively impacted by higher loan provisions, due to the uncertainty in the economy around the pandemic and concern that we might see higher default levels. With the pandemic, we also experienced lower levels of lending as well as being impacted by multiple rate cuts from the Bank of Canada.

In 2021 though, we experienced a rebound with net income at almost \$8 million. Much of this, was the reversal of the expenses incurred for the loan provisions over the last few years, and the reason for this, is that the economy was not impacted by the pandemic, as much as economists initially thought. And with the government subsidies helping Canadians stay afloat and unemployment levels stabilizing, risk was reduced so we were able to bring this back into income.

Throughout the year, we continued to see members hold onto deposits, and we also experienced lower levels of lending throughout three quarters of the year. This had an impact on our margin, or interest income, which generates the majority of our revenue. To offset this reduction in revenue, Northern was able to keep operating costs lower and this led to our very favourable bottom line.

Breaking income down a bit further, we see that net financial income, which is comprised of the interest earned from loans and investments, less the interest paid on deposits, is slightly less than 2020.

Typically, we see net financial income increase, but with the pandemic, this has not been the case. Instead, we see the impact of a low interest rate environment, brought on by the Bank of Canada rate cuts in 2020.

On the interest revenue side, our lending was below plan earlier in the year, and it really wasn't until the 2nd half and even the last quarter, that we saw a great deal of loan growth. Because of this, the interest that we earned on those loans is only partially recognized in 2021, but we will see the benefit in future years.

To offset the low income and preserve margin, deposit rates were adjusted throughout the year. Since many members held their funds in low yielding chequing and savings accounts, this helped keep interest expenses low.

As I mentioned earlier, the high level of loan costs experienced in 2020, essentially reversed in 2021 with the more favourable outlook in the economy and lower bankruptcies and consumer proposals compared to the past. This is why you see loan costs, much lower than the previous year on this chart.

Not only were loan costs more favourable in 2021, but our non-interest income or other revenue, was as well. Non-interest income is typically generated through fee income, but we also saw higher insurance revenue, and higher payout fees. As well, with the consolidation of some of our branches, we were able to earn income through the sale of property. All of this factors into increasing non-interest income by \$3.5 million compared to the previous year.

As part of our strategic direction on ensuring Northern is not only viable, but also sustainable in the future, we have been taking a close look at our operating expenses across our footprint. By being cautious in our spending, while ensuring the business is operating effectively, we were able to successfully reduce our expenses in 2021. This included savings in various areas, as well as right sizing and consolidating branches. All of this helped Northern achieve net income of just under \$8.0 million.

When we look at our balance sheet over the last few years, we see that asset growth is usually in the 7-8% range, and is typically the result of loan growth.

In this chart, you will see that our Balance Sheet assets have grown over the year, by just over \$40 million, which is only 2.5% - well shy of what we usually grow.

The reason for this is that as a result of the pandemic, we had a significant growth in deposits, which increased our cash and investments in 2020 - more than double compared to previous years.

In 2021 though, we see a shift in assets, where cash and investments decrease in order to fund loan growth, and this results in slower asset growth.

In 2020, we experienced a contraction (or reduction) in the loan portfolio of approximately \$21 million. This was a result of the pandemic, where members were not spending and instead they paid down debt.

We saw some of this consumer behavior continue into 2021, as a result of the pandemic and shutdowns. The impact of this was experienced in areas like personal loans and lines of credit, which decreased over the year. Other areas were not impacted as much, but as I mentioned earlier, lending growth was slow for almost 3 quarters of the year, and it wasn't until the last part of 2021, that we really saw lending take off.

In total, Northern had approximately \$90 million in loan growth in 2021, with the majority in mortgages. Now this isn't a surprise considering what we have heard in the news around the mortgage market. Our mortgage growth was around \$70 million and achieving this growth was challenging, since our footprint experienced an inventory shortage of homes on the market. As well, very aggressive rates were offered by the competition, and this had an impact not only on new mortgages, but also mortgage renewals where retention was a concern throughout the year.

Looking at commercial - Despite the pandemic covering 2 years and having an impact on businesses, commercial lending did grow almost \$30 million, and we started to see some real momentum in this area in the last half of the year. The growth in commercial is mostly organic, through our commercial account managers and branches, but we have also partnered with other credit unions to help fund larger deals, or deals that might be outside our footprint, that will help diversify our portfolio.

When we look at funding, we look at how do we fund loan growth, which is typically through deposits.

At the beginning of the pandemic, credit unions were expecting less deposits, but the opposite actually occurred. As you can see by this chart, deposit growth was significant in 2020 at almost \$160 million and was mostly in demand deposits. Typically, we see growth in the 3-5% range, but in 2020 it was over 12%.

In 2021, we were expecting members to use up some of their excess savings from the prior year, but what happened was that members continued to save – maybe not to the same extent as 2020, but the amount of growth was almost 6%. One thing I want to point out on this chart, is that terms or GICs, decreased over the year. As terms matured, members moved money into more liquid products such as their chequing or savings accounts. And this is why we see demand deposits increase, and end the year higher than terms.

Another way to increase funding to support loan growth, especially when deposit gathering is slow, is through securitization. Now, securitization involves obtaining a type of loan or line of credit that is backed by mortgages. While this has been increasing over the last several years, due to the excess amount of deposits in 2021, we were able to reduce our securitization program, which can save in margin and also administration time and cost.

Over the last two years, we have had significant growth in deposits, which resulted in our liquidity rising to almost 20%, whereas, we are typically 9-10%. The dark blue line is 2020, and you can see it continuing to climb as a result of the pandemic, and this makes sense since we were in lockdowns and members continued to save and not spend.

The green line is 2021, and we see that members are starting to spend a bit more, and liquidity decreases; but then it levels out for the 2nd half of the year and we start to see liquidity normalize. We end the year at just over 13%, which is higher than pre-pandemic levels, but less than 2020 levels.

Having this cushion is good, but we don't want it too high, otherwise it puts some pressure on earnings, because having it sit in lower yielding products rather than in loans to our members, generates less income for the credit union.

Since the current environment still has some uncertainty, we want to see liquidity be maintained around 12-14%, which is a bit higher than pre-pandemic levels.

This still provides a comfortable cushion, and will help improve financial income; but we also have to be aware that the levels of liquidity required in the future, will be dependent on the environment, which can change quickly.

Capital is very important for any organization because it helps get us through turbulent times and it helps support growth.

Capital is essentially made up of retained earnings, which is the purest form of capital, member and investment shares, and also a portion of the loan provision.

For Northern, since net income improved significantly, this increased our retained earnings, and helped increase our overall capital.

This resulted in the regulatory capital ratio, or what we call the leverage ratio, increasing to 5.62% in 2021 which is higher than the regulatory minimum of 4%.

Looking at risk weighted capital, which assigns different levels of risk to various assets, we see that it decreased throughout the year.

The reason for this is that assets such as cash, which has very low risk, decreased over the year to help fund loan growth in areas such as mortgages, car loans, and commercial.

Essentially, this results in our asset composition being slightly riskier than the previous year, and the overall ratio decreases to 11.81%, which is still higher than the regulatory minimum though.

That concludes the report on the 2021 Financial Results.

d) Audit Committee Chair – Max Liedke

Audit Committee Chair presented as follows:

Northern Credit Union Limited's Audit Committee is a committee of the Board of Directors pursuant to Section 125 of the Credit Unions and Caisses Populaires Act, 1994 and Section 27 of Ontario Regulation 237/09. The committee consisting of five directors has adopted a mandate that comprises all of the duties specified to be performed by Audit Committees in the Regulations to the Act.

The Audit Committee is pleased to report to the members of Northern Credit Union that it is functioning pursuant to the requirements of the Act, and that it has fulfilled its annual mandate. The Audit Committee held five meetings during the year and completed the following significant activities:

- Served as the liaison between the Board of Directors and the external auditors;
- Reviewed and recommended to the Board of Directors, the terms of engagement for the external auditors and their remuneration;
- Reviewed and approved the external auditors' scope and audit plan;
- Reviewed the audited financial statement of the Credit Union and recommended their acceptance to the Board of Directors;
- Served as the liaison between the Board of Directors and the internal auditors;
- Received and reviewed and approved the internal audit scope and plan;
- Received and reviewed all Internal Auditor activities and reports;
- Received and reviewed reports of regulatory compliance audits, including the Credit Union's response and progress on management's action plans;
- Held in camera sessions with both the external and internal auditors;
- Reviewed the committee's mandate and annual work plan to ensure compliance with our responsibilities;

Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or Senior Management, as appropriate, with respect to the matters outlined above, and follows up to ensure that the recommendations are considered and implemented.

The Committee received full co-operation and support from the CEO and Management enabling it to play an effective role in improving the quality of financial reporting to the members and enhancing the overall control structure of Northern Credit Union. The Audit Committee demonstrated a respectful and professional relationship with all parties.

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

Respectfully submitted, Chair of the Audit Committee, Max Liedke and Committee Members John Mangone, Cameron Ross, Peter Beaucage and Kevin Eccles.

MOTION

to approve the Report of the Audit Committee

Moved by Peter Beaucage & Seconded by Louise Ahrens
CARRIED

e) External Auditor – Mike Marinovich, KPMG LLP

The External Auditor from KPMG LLP presented as follows:

I am Michael Marinovich, an Audit Partner from KPMG in Sault Ste. Marie who is responsible for the audit of the financial statements of Northern Credit Union Limited.

It is KPMG's pleasure to continue to serve the members of Northern Credit Union and present our auditors report to you. This report will be my last report to members as I am retiring later this year after 38 years as an auditor. Northern has been one of my most interesting clients. Our KPMG audit team will continue to serve Northern as in the past.

We have issued an unqualified (clean) audit opinion on the December 31, 2021 financial statements of Northern, our opinion is dated March 2, 2022.

The financial statements have been prepared in accordance with International Financial Reporting Standards and the audit that we performed was in accordance with Canadian generally accepted auditing standards.

Since our appointment as your auditors we have attended two Audit Committee meetings and presented and reviewed the following key audit deliverables:

- Audit Planning Report
- Annual Engagement Letter
- Independence Letter, with a summary of all services provided by our firm
- Audit Findings Report, including a summary of key accounting, audit, taxation and other financial matters
- Management Representation Letter
- Letter of Compliance under Section 172 of the Credit Union and Caisses Populaires Act to the regulator DICO

Each of our reports and letters have been reviewed and approved by the Audit Committee and we confirm that KPMG remains independent of Northern and no services have been performed or relationships that exist that would impair upon our independence as external auditors of Northern Credit Union under the Canadian Independence Standards.

We received full cooperation from management in completing the 2021 external audit. All matters relating to the annual audit and the financial statements have been appropriately addressed and there are no additional matters requiring follow-up or discussion with the Members of Northern Credit Union

MOTION

to approve the External Auditor's Report

Moved by Max Liedke & Seconded by Cameron Ross
CARRIED

7. New Business

(a) Motion to appoint external auditors for 2022

Audit Committee Chair stated as part of the Audit Committee's work, we conduct an assessment of the external auditors each year. The assessment is conducted twice during the year and includes a review of several different elements to assess the external auditor's independence from management and the credit union, the quality of their work and working relationship with management and the Audit Committee. A more in depth review is conducted every five years.

Based on the review of the Audit Committee, we are recommending KPMG as our external auditors for 2022.

MOTION

to appoint KPMG LLP as External Auditors for 2022

Moved by Max Liedke & Seconded by Daniel McCoy
CARRIED

(b) Formal Announcement of Voting Results – Election & By-Laws

The Chief Returning Officer provided the following announcement of election results.

The voting for the one proposed by law change was conducted through electronic voting in advance of the AGM. There were 697 votes cast of which 2/3 of the votes are required to pass the resolution to amend the by-law.

On this proposed by-law amendment, dealing with housekeeping changes, there were 634 in favour votes and 63 not in favour votes. Therefore, the proposed by-law amendment passes.

For our Director elections, there were 4 positions on Northern's Board of Directors available to be filled. All 4 positions are for a 3-year term.

We had 5 candidates who had properly filed nomination forms with the Corporate Secretary, and each person has disclosed any legal direct conflict of interest. The nominees all meet the conditions under the Act and Northern's By-Laws to stand as Directors.

Amber Aird Williams
Peter Beaucage
Kevin Eccles
John Mangone
Reg St-Amour

There were 697 votes cast by members of which the results were provided to me, as the Chief Returning Officer.

Each director nominee was personally contacted to inform them of their results

The top 4 director nominees who will have a 3-year term are:

1. Amber Aird Williams
2. John Mangone
3. Reg St-Amour
4. Peter Beaucage

Board Chair congratulated and welcomed the elected candidates, as well as thanking all candidates for putting their name forward to represent Northern on our Board of Directors.

Thank you to directors Brian Cairns and Kevin Eccles for their commitment to Northern at our Board table these past number of years. Your presence will be missed, however, we wish you well in your future endeavors.

MOTION

to destroy the electronic voting information

Moved by Lori Martin & Seconded by Louise Ahrens
CARRIED

8. Question Period

The President & CEO opened the floor for member questions relating to credit union matters. Direction was provided to have questions typed into the Q&A tab found at the bottom right hand corner of the screen. Members were asked to provide their name and branch with the question.

There were no questions or comments brought forward and the CEO turned the floor back to the Board Chair to resume the meeting after waiting for a period of time.

One question came through after the CEO had determined there wasn't any questions forthcoming. This question will be addressed with the member directly.

9. 2023 AGM Date

The Board Chair announced that the date for the 2023 AGM is scheduled for April 14, 2023. Further details would be provided on Northern's website.

10. Adjournment

Board Chair concluded - On behalf of the Board I thank all our members who joined us today in this new virtual environment and look forward to seeing more member engagement at our next AGM.

I thank our guests, Mike Marinovich, external auditor from KPMG LLP; Larry Swiniarski from Financial Services Regulatory Authority (FSRA) and Mike Ivkovic from Concentra.

It has been an honour and a privilege to serve as your Board Chair these last three years. As we move into 2022, I remind us all to 'take care and be safe' as we make our way back to a new normal way of life and of doing business.

We have a motion in front of us to adjourn the meeting

The meeting was adjourned at 3:50 pm on a motion moved by Brian Cairns and seconded by Daniel McCoy.

CARRIED



Jeannie Kilgour – Chair of Board



Victoria Caicco – Corporate Secretary