



Minutes of the Annual and Special Meeting
June 26, 2025
Held Via Teams and at Swift Current Advice Centre

Call to Order

R. Siemens, the board chair of Innovation Federal Credit Union, officially called the meeting to order. He welcomed everyone to the Annual and Special Meeting and expressed gratitude to those who joined. Russ noted the special relationship with Indigenous peoples and recognized the traditional territories of the First Nations, Métis, and Inuit and that Innovation Federal Credit Union has advice centers located on Treaties 4, 6, and 10 lands. He indicated that there are members residing on these lands across the nation. He acknowledged that the meeting was taking place on traditional territories.

R. Siemens emphasized the value Innovation Federal Credit Union places on diversity and mentioned the excitement to share details on the proposed merger with ABCU Credit Union, proposed bylaw changes, and highlights from 2024. He also noted the importance of diversity in people, backgrounds, and thought, and stated that the meeting would respect and encourage diversity.

Introduction

R. Siemens introduced the head table for the evening:

- Dan Johnson – Chief Executive Officer
- Sheldon Hess – Chief Finance Officer
- Emma de Waal – Corporate Secretary
- Emily Perehudoff – Recording Officer

R. Siemens also introduced the 2024 Innovation Federal Credit Union Board of Directors:

- Michele Wilde, Vice Chair and Chair of Community & Member Relations Committee
- Joan Baer, Chair of Risk Committee
- Liam Choo-Foo
- Mike Davis
- Brian Guillemain, Chair of Governance, People and Conduct Review Committee
- Karen McBride, Chair of Audit Committee
- Meagan Cockrill

- Bruce Sack
- Lisa Aurora
- Peter Brown
- Marty Meloche
- Dan Johnson, CEO

Privileges of the Meeting & Confirmation of Quorum

E. de Waal provided the privileges of the meeting and confirmed quorum of the meeting. It was indicated that voting on director elections, the proposed merger and bylaw changes would be open until 7:30 p.m. CST/SK time.

Approval of Agenda and Approval of 2024 AGM Minutes

Motion: THAT the agenda for the June 26, 2025, Annual General Meeting be approved as presented. **Carried.**

Motion: THAT the minutes from the April 25, 2024, Annual General Meeting be approved as presented. **Carried.**

CEO's Report

D. Johnson presented the 2024 CEO Report.

The CEO's report highlights several key areas of focus for Innovation Federal Credit Union:

- **Federal Credit Union Anniversary:** Celebrating the 2nd anniversary of becoming a Federal Credit Union and discussing the reasons behind the decision to go federal.
- **Growth Strategy:** Emphasizing the growth mindset and the expansion of locations in Saskatchewan and potentially Alberta if the merger is approved.
- **Membership Growth:** Highlighting the increase in membership, especially among young members, and the potential boost from the merger.
- **Responsible Banking:** Discussing the responsible banking platform, including the save, earn, and give components, and the success of the Member rewards program.
- **Indigenous Strategy:** Aligning authentically to truth and reconciliation and supporting Indigenous communities.
- **Legacy Fund:** Establishing a \$5,000,000 legacy fund for community projects, including a dedicated fund for Indigenous initiatives.
- **Team Growth:** Investing in the growth and development of the team to better serve members.

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- **Financial Strength:** Briefly mentioning the financial success and growth of the wealth division.
- **Digital Strategy:** Focusing on the importance of digitalization and the strong digital strategy to meet member needs.
- **National Reach:** Discussing the flexibility and opportunities provided by being a federally regulated entity and the potential for partnerships.
- **ABCU Merger:** Highlighting the value and opportunities of the proposed merger with ABCU Credit Union.

A member raised concerns about offering Class C shares, the risk of losing cooperative principles, and whether the credit union could end up like a publicly traded bank. Also questioned the need for raising capital given current profitability. Management explained that cooperative principles and one member one vote will remain, and any fundamental changes (like going public) would require member approval by a 2/3 majority. Protections are built into the bylaw changes to maintain cooperative control.

It was asked how much debt would be acquired from ABCU if the merger goes through. D. Johnson explained that all assets and liabilities from both credit unions would transfer to the new entity, with member deposits primarily funding the balance sheet.

Another member asked what would happen if Alberta breaks away from Canada. Response indicated that if Alberta were to separate, it is expected that federally regulated entities would still be allowed to operate, though the exact mechanism is unknown.

Lastly, a question was raised on what would happen to membership shares post-merger and if members will have a choice regarding which account excess shares are paid into. It was clarified that post-merger, excess membership shares above \$5 can be paid out, and that the share structure will be harmonized to one share for \$5.

Chair's 2024 Report

R. Siemens presented the Chair's 2024 report, highlighting several key points:

- Innovation Federal Credit Union's purpose is to simplify banking for Canadians, making banking easier and more accessible.
- In 2024, Innovation established an advice center in Lalosh, Saskatchewan, as well as an advice center located near the University of Saskatchewan.
- The credit union awarded over \$340,000 to 28 Saskatchewan organizations for major community projects.
- Innovation helped open the Regina Food Bank's Indigenous Food Hub and donated 50,000 meals across 12 communities in response to inflation challenges.

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- Innovation announced plans to explore the first-ever interprovincial merger with ABCU Credit Union in January 2024.
- Members earned \$5.3 million through the profit-sharing Member Rewards program in 2024.
- He thanked the Innovation Board members for their significant contributions and dedication to the credit union's success.

CFO's Report for 2024 Financials

S. Hess presented the 2024 Financials, emphasizing the financial strength and stability of the credit union. The CFO's report highlights the financial performance of Innovation Federal Credit Union for the year 2024. Key points include:

- **Capital Structure:** Proposed updates to bylaw #2 to add a new Class C non-voting, non-member equity share to diversify and strengthen the capital base.
- **Financial Performance:** Total assets grew by 12% to \$4.24 billion, with loans making up 88.1% of the asset base.
- **Loan Portfolio:** Loans grew by 16.9%, with a shift towards more commercial loans.
- **Deposits:** Total deposits grew by 9%, with 76.5% sourced from members.
- **Net Revenues:** Increased by 14.8% to \$139.6 million, driven by financial intermediation and non-interest revenues.
- **Operating Costs:** Increased by 7.5%, with an improved efficiency ratio of 68.45 cents per dollar of revenue.
- **Credit Losses:** Provision for credit losses increased by 129.3%, reflecting careful portfolio assessment.
- **Member Rewards:** Distributed \$5.3 million to members, a 24.3% increase from the previous year.
- **Net Income:** Reached \$24.7 million, with a return on equity of 7.31%.
- **Capital Adequacy:** Total regulatory capital grew by 7.7%, exceeding regulatory and internal targets.
- **Credit Rating:** Maintained a strong credit rating with DBRS Morningstar, indicating good credit quality.

Appointment of Auditors

K. McBride, Chair of Audit and Conduct Review Committee, thanked the team at Deloitte for their dedicated work in compiling and auditing our 2024 Financial Statements. The following motion was called.

Motion: THAT Deloitte be appointed as Innovation Federal Credit Union's External Auditor for 2025. **Carried.**

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Bylaw Amendments

S. Hess reviewed the recommended changes to the bylaws. The proposed amendments to the bylaws include:

- **Addition of Class C Shares:** The proposed change to bylaw #2 includes the addition of a new Class C non-voting, non-member equity share. This is intended to satisfy regulatory requirements and provide future flexibility in building and diversifying the capital base.
- **Non-Voting Nature:** The new Class C shares, along with existing Class A and B shares, are all non-voting. Membership shares will retain voting rights and governance control.
- **Governance Control:** The cooperative principle of one member, one vote will remain intact. Only membership shares will have the ability to vote on the Board of Directors and governance matters.
- **Future Flexibility:** The bylaw change aims to strengthen and diversify the credit union's capital position, benefiting all member owners.

Approval of All Reports

Motion: THAT the Board of Directors and Operations reports, including the Financial Statements, be adopted as presented. **Carried.**

Community Presentation

The Swift Current SPCA presented to the membership the ways in which the grant would be utilized by the non-profit specifically in the manner of shelter capacity and additional services. They thanked Innovation for the grant and expressed excitement for the new shelter which is under construction.

Returning Officer Report, Director Election Results

L. Choo-Foo, Returning Officer, presented the Returning Officer Report which included the results of the Director Elections. He congratulated the following nominees and their successful election:

- Brian Guillemin
- Joan Baer
- Karen McBride
- Meagan Cockrill
- Michele Wilde

Motion: THAT the Returning Officer Report be approved, as presented. **Carried.**

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Bylaw Amendment Results

R. Siemens provided that 84.8% of the membership that voted, voted in favour of the proposed bylaw changes.

Motion: BE IT RESOLVED, as a Special Resolution, that:

1. The members of Innovation Federal Credit Union (the “Credit Union”) hereby approve and confirm the amendments to the Credit Union’s By-Law No. 2 (the “By-laws”) to create a new class of shares, namely an unlimited number of non-voting Class C Equity Shares (the “Class C Shares”) without par value.
2. The members also hereby approve and confirm the corresponding amendments made to the By-laws in connection with the creation of the Class C Shares as set out in the version of the By-laws made available at <https://www.innovationcu.ca/content/dam/innovationcu/en/resources/2025-bylaws.pdf>.
3. Any one or more directors or officers of the Credit Union, for and on behalf of the Credit Union, is authorized and directed to take all necessary steps and proceedings and to execute, deliver and file any and all applications, declarations, documents and other instruments and do all such other acts or things that may be necessary or desirable to give effect to the provisions of this Special Resolution. **Carried.**

ABCU Merger Results

R. Siemens thanked all who took the time to vote on the merger. ABCU Members voted on the merger at their Special General Meeting, which was 96% in favour of the merger. We are thrilled to announce that our preliminary results indicate that 82% of the votes cast by Innovation’s membership have also voted in favour of the merger. He indicated this is history in the making as the first ever inter-provincial merger in Canada and that Innovation is excited to be forging this path in the credit union system with ABCU.

Motion: BE IT RESOLVED, as a Special Resolution, that:

1. (a) Innovation Federal Credit Union (Innovation) is authorized to apply to the Minister of Finance (Canada) to amalgamate (the amalgamation) with ABCU Credit Union Ltd. (ABCU) in accordance with and subject to the terms and conditions set forth in the amalgamation agreement between ABCU and Innovation dated May 8, 2025, included as Schedule A to the voting information package, as the same may be modified or amended in accordance with its terms, (the Amalgamation Agreement); and (b) the Amalgamation Agreement and all transactions contemplated therein, including the Amalgamation in accordance with and subject to the terms and conditions set forth therein, are hereby authorized, approved and adopted.

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2. Any director or officer of Innovation is authorized and directed, for and on behalf of Innovation, to do, or cause to be done, all such acts and things and to execute and deliver, or cause to be delivered, such other applications, documents, agreements, certificates, undertakings and statements, as any such director or officer may deem necessary or desirable in order to carry out this resolution and the transaction contemplated hereby, the authority for the execution of such documents, agreements, certificates, undertakings and statements, and the doing of such other acts or things, to be conclusively evidenced thereby.

3. All actions previously taken by any directors, officers, employees or agents of Innovation in connection with the Amalgamation are approved, ratified and confirmed effective as at the date such action was first taken.

4. Notwithstanding that this resolution has been passed by Innovation members, the directors of Innovation are hereby authorized and empowered, at their discretion, without further notice to or approval of the members, but subject to the terms of the Amalgamation Agreement, not to proceed with the Amalgamation. **Carried.**

Other Business

No other business was brought forward.

Thank you

R. Siemens thanked everyone for attending and acknowledged the contributions of the technology staff and others who assisted in making the AGM a success.

Adjournment

Motion: **THAT** the Annual General Meeting be terminated. **Carried.**

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