



# Annual & Special Meeting Materials

Because Innovation Federal Credit Union ("Innovation") is a federal credit union, you are entitled to receive paper copies of meeting materials, like this booklet, in advance of any member meeting.

To reduce paper, please consider giving your consent to receive future materials electronically. Give us a call at **1.866.446.7001** to go paperless today!

Dear Valued Member:

As a member of Innovation, you have a voice and vote in your credit union! One of the cooperative principles is democratic member control. The Annual General Meeting (AGM) is one of the ways you can participate and provide feedback on the services we provide and the future direction of your credit union. This is a great opportunity to interact directly with our Board and Executive as we provide you with an overview of the past year's results and discuss Innovation's strategy.

We are excited to provide you with the formal notice of our upcoming Annual and Special Meeting taking place on **June 26, 2025, at 7:00 PM CST**. The meeting will be held virtually and in person at the Swift Current advice centre. This package contains your official notice of meeting including important information about the Annual and Special Meeting such as the agenda, summary of financial statements, how to register, information on our upcoming director election, the anticipated ABCU Credit Union Ltd. merger, and proposed bylaw changes.

If you have any questions or comments about the Annual and Special Meeting package or the electronic delivery option, please do not hesitate to contact us at 1.866.446.7001 or [webmail@innovationcu.ca](mailto:webmail@innovationcu.ca). Thank you for choosing Innovation as your financial partner. We look forward to seeing you at the Annual and Special Meeting.

All the best,



Emma de Waal  
Corporate Secretary

## Notice of Annual & Special Meeting

The Annual and Special Meeting of the members of Innovation will be held on Thursday, June 26, 2025. The meeting time is set for 7:00 PM CST and will be held virtually and in person at our Swift Current advice centre.

Information on how to register and join this virtual meeting will be available by May 23, 2025, on our website at [www.innovationcu.ca](http://www.innovationcu.ca).

Meeting agenda items include:

- Report on 2024 Operations and Presentation of Financial Statements
- Appointment of Auditors
- Announcement of Elected Directors
- Proposed Bylaw Change Results
- Proposed ABCU Merger Voting Results
- Other Business

Highlights of the financial statements are included in this package. The full statements are available on our website at [www.innovationcu.ca](http://www.innovationcu.ca) or at any advice centre of Innovation.

## Director Election

Our 2025 Director Election runs from June 2 - 12, 2025, 1:00 PM CST. The following individuals are running for election:

- Joan Baer (Incumbent)
- Meagan Cockrill (Incumbent)
- Brian Guillemine (Incumbent)
- Karen McBride (Incumbent)
- Michele Wilde (Incumbent)

**Scan to Vote Online**



Because there are five candidates running for five positions (an Uncontested Election), you have a few voting options:

- You can vote "for" up to five (5) of the candidates
- You can "withhold" your vote (vote "against") up to five (5) of the candidates
- You can choose not to vote for any or all candidates

Directors must receive a majority of 'for' votes to be elected, unless the Board determines exceptional circumstances to warrant otherwise.

To view their bios and competencies, please visit [www.innovationcu.ca](http://www.innovationcu.ca).

# ABCU Credit Union Ltd. Proposed Merger

Innovation and ABCU Credit Union Ltd. (“ABCU”), with your support, would like to merge (the Proposed Merger). The Proposed Merger would involve ABCU becoming a federal credit union under the *Bank Act* (Canada), immediately following which ABCU and Innovation would amalgamate and continue to carry on business as one credit union under the legal name “Innovation Federal Credit Union” (the Merged Credit Union).



Scan to Learn More



## Proposed By-law Changes

The Board and management of Innovation consider and review various options to support Innovation’s growth, to meet the financial and lending needs of our members, and to make investments in our products, services and capabilities so that Innovation can better serve you. One such option is to issue instruments to raise additional capital (in the form of shares or debt). Innovation is proposing to update its capital structure through the creation of Class C Shares, which will provide additional options to raise capital when needed and the ability to develop instruments that are attractive to potential investors.

With the proposed changes to the By-laws, Innovation would also be able to create and issue instruments that receive desired capital treatment under OSFI’s Capital Adequacy Requirements Guideline (in particular, instruments qualifying as additional Tier 1 capital or Tier 2 capital).

## Special Resolutions & Voting Period

Leading up to the Annual and Special Meeting to the end of the voting period, we’re asking you to vote on the Special Resolutions detailed on page 4. A special resolution is a significant action or change by the credit union that must be approved by the Board, then voted on and passed by the general membership before adoption.

**The Board of Directors of Innovation recommends that our members vote in favor of the Special Resolutions.**

You will be able to vote on the Proposed Merger and By-law change electronically between June 2, 2025, and June 12, 2025.

- To learn more about the Proposed Merger and how you can vote, please visit <https://www.innovationcu.ca/abcu-innovation-merger.html>
- To learn more about the proposed By-law changes and how you can vote, please visit <https://www.innovationcu.ca/about-us/annual-general-meeting.html>.

The full By-laws with the proposed amendments are also available to review on our website at <https://www.innovationcu.ca/content/dam/innovationcu/en/resources/2025-bylaws.pdf>

## ABCU Merger Special Resolution

“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.
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.”

## By-Laws Special Resolution

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.

In order to pass, each Special Resolution must be approved by a majority of at least 66 <sup>2/3</sup> of the votes cast by or on behalf of members who cast valid votes on that resolution.

# By-law Change FAQs

**What is capital?**

Capital refers to the net worth of an institution, representing the difference between assets and liabilities. It acts as a cushion or safety net to absorb potential losses from bad loans, investments or other unexpected events.

Capital is made up of profits that have been earned and kept, money invested by shareholders as well as other long-term financing, such as debt instruments issued to investors. Innovation’s current capital is made up primarily of retained profits and membership shares.

**Why is capital important?**

It supports both existing and future business and provides a safety net for a variety of corporate risks. It is a critical component of financial strength and stability that instills confidence in the organization. It promotes responsible governance. Capital is regulated by the Office of the Superintendent of Financial Institutions (OSFI).

**Who are Innovation’s current shareholders?**

Currently, Innovation only has membership shares, which cost \$5 each.

**Why does Innovation need a By-law change?**

Innovation strives to be adequately capitalized at all times and to maintain a capital buffer to support future growth.

By-Law No. 2 must be revised to include a new share class if Innovation decides to issue capital to investors outside of membership shares that would qualify for certain regulatory capital treatment. Issuing capital means raising funds by selling new capital to investors.

**Does Innovation plan to issue capital?**

Innovation has a strong capital base, with all capital ratios exceeding regulatory guidelines and internal risk appetite minimum targets. Augmenting the current capital structure with a capital market issuance may be considered

in the future to diversify the existing capital base as well as support existing and future growth initiatives. Any new issuance would be supported by a business case and Board of Directors (Board) approved Resolution.

**Why does Innovation need Class C Shares?**

By-law No. 2 is being amended to add an unlimited number of non-voting Class C Equity Shares, which could be used to satisfy OSFI requirements that certain instruments must convert into Class C Equity Shares (in order for those other instruments to qualify as regulatory capital) in the highly unlikely event that Innovation becomes non-viable. This is referred to as non-viability contingent capital (NVCC).

The NVCC requirements aim to ensure that investors in non-membership shares bear losses before taxpayers where the government determines it is in the public interest to rescue a non-viable institution. This is an unlikely scenario as Innovation maintains healthy capital levels and meets applicable regulatory capital requirements.

**How is the membership impacted?**

Membership shares are the only voting share class. They retain voting rights and governance control. The Class C Equity Shares will rank junior (lower rank) to the Class A Preferred Member Shares and Class B Preferred Shares (currently none have been issued of either class) and rank equally with the membership shares in terms of priority of payout in the event of a liquidation, dissolution or winding up of Innovation.

Dividends on the Class C Shares can only be declared at the sole discretion of the Board and there is no guaranteed dividend rate on these shares. If the Class C Shares are issued and a dividend is declared on the membership shares, a dividend must also be declared on the Class C Shares that is at least equal to the dividend declared on the membership shares.

Except as may be required by law, the Class C Equity Shares will not have the right to attend or vote at any meeting of Innovation’s members. Non-voting shares generally have no rights to vote; however, under the *Bank Act*, non-voting shares would have the ability to vote separately as a class on certain fundamental transactions, such as amalgamation, a conversion to a bank with common shares, or the sale of all of Innovation’s assets.

In the unlikely event that a separate class vote is required, holders of non-membership shares would receive one vote per share (as opposed to the typical one vote per member). However, it is important to note that any investor, whether it be a person, group of connected persons, or company, is not permitted to hold more than 10% of any share class unless granted prior approval from the Minister of Finance.

**Who elects the Board of Directors?**

As a retail financial cooperative, only those who hold a membership share have the ability to elect the Board of Directors. One member, one vote, providing an equal say in the governance of Innovation. The Board of Directors has ultimate accountability for Innovation’s governance and risks, based on governing legislation and by-laws.

**What is the proposed By-law change?**

By-law No. 2 is being amended to add an unlimited number of non-voting Class C Equity Shares. If approved, there would be four share classes versus the existing three:

Description	Voting Rights	Status
Membership Shares	Yes	Existing
Class A Non-Voting Preferred Member Share	No	Existing
Class B Non-Voting Non-Member Preferred Share	No	Existing
Class C Non-Voting Non-Member Equity Share	No	New

**If additional capital is to be issued in the future, what approvals are required?**

In the event additional capital is required in the future, Board policy requires management to prepare and present a detailed business plan for approval by the Board. The Board is required to formally approve any new capital issuance. Regulatory bodies would also be consulted throughout the process.

**How will Innovation ensure cooperative principles are maintained if new capital is required in the future?**

Innovation firmly believes in and is driven by cooperative principles. One member, one vote. Members retain ultimate governance control and have the ability to vote for the Board. The Board provides oversight of governance and management. From a cooperative ownership lens, additional capital issuances of non-voting shares, which encompasses Class A Preferred Member Shares, Class B Preferred Shares or Class C Equity Shares, is beneficial as it strengthens the capital position of the credit union, while members retain the voting rights and governance control.

# 2024 Highlights

## \$1.4 Million to Local Organizations

In 2024, we invested \$1.4 million into our communities in the form of sponsorship, naming rights, community development, legacy funds, grants, and scholarships. This is a contribution of 4.53% of our pre-tax profits.

### Indigenous Connections

In collaboration with Jade Roberts, a Saskatchewan-based First Nations artist, Innovation created a logo representing the Indigenous Connection Strategy and Connector Group.



The logo honours and respects existing and new relationships with Indigenous Peoples, communities, businesses and organizations.



### Food Security Campaign

We donated 20,000 meals to the underserved for a total of 50,000 meals since 2021.

## 67,562 Members Across Eight Provinces



### Assets Under Administration

+\$576.2 million (+11.7%) to end the year at \$5.506 billion.



Total Innovation Wealth assets grew by \$1.1 billion



Innovation achieved 12.0% on-balance sheet asset growth.

## \$5,270,892

Being an Innovation member means sharing in the success of your credit union.

For simply doing business with us, we approved \$5,270,892 in member distributions in 2024, an increase of 24.3% over 2023.


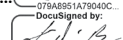


INNOVATION FEDERAL CREDIT UNION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(In thousands of Canadian \$)  
As at December 31, 2024

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 220,178	\$ 356,779
Investments	233,066	181,396
Loans	3,733,405	3,193,839
Accounts receivable	6,687	6,231
Prepaid expenses	16,209	16,274
Derivative assets	748	1,617
Property and equipment	13,940	13,768
Investment property	1,100	1,086
Right of use assets	817	749
Intangible assets	1,237	1,384
Deferred income tax asset	12,568	12,060
	<u>\$ 4,239,955</u>	<u>\$ 3,785,183</u>
<b>LIABILITIES</b>		
Deposits	\$ 3,601,175	\$ 3,305,029
Securitized borrowings	110,210	69,016
Accounts payable and accrued liabilities	16,690	35,532
Short-term notes payable	109,518	-
Derivative liabilities	177	191
Lease liabilities	867	769
Income taxes payable	4,266	3,656
Deferred income tax liabilities	3,519	3,799
Deferred revenue	388	392
Membership shares and distributions	31,154	29,482
	<u>3,877,964</u>	<u>3,447,866</u>
Commitments		
<b>EQUITY</b>		
Retained earnings	361,991	337,317
	<u>361,991</u>	<u>337,317</u>
	<u>\$ 4,239,955</u>	<u>\$ 3,785,183</u>

The accompanying notes are an integral part of the summary consolidated financial statements

### APPROVED BY THE BOARD

Signed by:  Director  
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Declassified by:  Director  
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INNOVATION FEDERAL CREDIT UNION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (In thousands of Canadian \$) Year ended December 31, 2024			
	2024	2023	
<b>INTEREST INCOME</b>			
Loans	\$ 214,427	\$ 163,230	
Investments	21,440	21,593	
Derivative instruments	820	823	
	<u>236,687</u>	<u>185,646</u>	
<b>INTEREST EXPENSE</b>			
Deposits	104,903	73,283	
Borrowings	4,676	2,432	
Member distributions	5,271	4,241	
	<u>114,850</u>	<u>79,956</u>	
<b>REALIZED GAIN ON FVTPL INVESTMENTS</b>	<b>240</b>	<b>444</b>	
<b>NET INTEREST INCOME BEFORE CREDIT LOSSES</b>	<b>122,077</b>	<b>106,134</b>	
<b>PROVISION FOR CREDIT LOSSES</b>	<b>9,553</b>	<b>4,166</b>	
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES</b>	<b>112,524</b>	<b>101,968</b>	
<b>UNREALIZED GAIN ON FVTPL INVESTMENTS</b>	<b>3,355</b>	<b>2,588</b>	
<b>UNREALIZED LOSS ON DERIVATIVES</b>	<b>(855)</b>	<b>(323)</b>	
<b>OTHER INCOME</b>	<b>17,494</b>	<b>15,424</b>	
<b>NET INTEREST AND OTHER INCOME</b>	<b>132,518</b>	<b>119,657</b>	
<b>OPERATING EXPENSES</b>			
Personnel	57,822	50,739	
Security	2,420	2,824	
Organizational	1,301	964	
Occupancy	4,257	3,959	
General business	33,351	33,746	
	<u>99,151</u>	<u>92,232</u>	
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<b>33,367</b>	<b>27,425</b>	
<b>PROVISION FOR (RECOVERY OF) INCOME TAXES</b>			
Current	9,480	5,124	
Deferred	(787)	2,073	
	<u>8,693</u>	<u>7,197</u>	
<b>NET INCOME AND COMPREHENSIVE INCOME</b>	<b>\$ 24,674</b>	<b>\$ 20,228</b>	

The accompanying notes are an integral part of the summary consolidated financial statements

INNOVATION FEDERAL CREDIT UNION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (In thousands of Canadian \$) Year ended December 31, 2024		
	2024	2023
<b>RETAINED EARNINGS</b>		
Balance, beginning of year	\$ 337,317	317,089
Net income and comprehensive income	24,674	20,228
Balance, end of year	<u>\$ 361,991</u>	<u>337,317</u>

The accompanying notes are an integral part of the summary consolidated financial statements

INNOVATION FEDERAL CREDIT UNION CONSOLIDATED STATEMENT OF CASH FLOWS (In thousands of Canadian \$) Year ended December 31, 2024			
	2024	2023	
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 24,674	\$ 20,228	
Adjustments for non-cash items:			
Net interest income before credit losses	(122,077)	(108,971)	
Provision for credit losses	9,553	4,166	
Unrealized gain on financial instruments	(2,500)	(2,265)	
Loss (gain) on disposal of property and equipment	35	(39)	
Depreciation - property and equipment	2,247	2,026	
Depreciation - right of use assets	327	210	
Depreciation - investment property	224	183	
Securitized borrowings	(153)	1,341	
Amortization - intangible assets	147	178	
Current income tax expense	9,480	5,124	
Deferred income tax (recovery) expense	(787)	2,073	
Changes in non-cash working capital			
Loans	(538,383)	(528,941)	
Accounts receivable	(456)	29,116	
Prepaid expenses	65	(2,709)	
Deposits	281,065	431,340	
Accounts payable and accrued liabilities	(18,842)	16,322	
Deferred revenue	(4)	(22)	
Dividends received	1,173	884	
Interest received	223,744	181,945	
Interest paid	(93,175)	(52,318)	
Income taxes received	(8,870)	(577)	
	<u>(232,513)</u>	<u>(706)</u>	
<b>INVESTING ACTIVITIES</b>			
Purchases of investment securities	(116,987)	(515,150)	
Proceeds on sale of investment securities	69,946	766,990	
Purchase of property and equipment	(2,586)	(2,908)	
Purchase of investment property	(238)	(187.00)	
Proceeds from disposal of property and equipment	132	125	
	<u>(49,733)</u>	<u>248,870</u>	
<b>FINANCING ACTIVITIES</b>			
Repayment of lease liabilities	(298)	(212)	
Payment of membership distributions	(5,271)	(4,241)	
Proceeds on membership distributions	1,672	1,997	
Repayment of securitized borrowings	(39,233)	(16,341)	
Proceeds from securitized borrowings	80,580	3,524	
Repayment of short term deposit notes	(75,000)		
Proceeds of short term deposit notes	183,195		
	<u>145,645</u>	<u>(15,273)</u>	
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(136,600)</b>	<b>232,891</b>	
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>356,779</b>	<b>123,888</b>	
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 220,178</b>	<b>\$ 356,779</b>	

The accompanying notes are an integral part of the summary consolidated financial statements

INNOVATION FEDERAL CREDIT UNION  
NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended December 31, 2024

1. SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

These summary consolidated financial statements are derived from the complete audited consolidated financial statements, prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, as at and for the year ended December 31, 2024.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected in the summary consolidated financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited consolidated financial statements.

The complete audited consolidated financial statements of Innovation Federal Credit Union are available upon request.



**innovation**  
FEDERAL CREDIT UNION

[www.innovationcu.ca](http://www.innovationcu.ca) | 1.866.446.7001