

2022

ANNUAL REPORT

valleycreditunion.com



**CREDIT
UNION**

VALLEY

Our Dedicated Team Service Awards



20 YEARS

Dwight Doherty

10 YEARS

Kelly Cook

15 YEARS

Christy Bishop
Jennifer DeAdder
Jean Gendre

5 YEARS

Keoni Walker
Elysia McKinnon



OUR MISSION

We will be the financial institution of choice for our members and prospective members and we are a valued contributor to our communities.

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**“ TAKE YOUR
MEMBERSHIP
WITH YOU ”**

We are here to serve our members across the valley, online, at any financial institution’s ATM through the INTERAC® or Cirrus® Network, and chequing services at over 1,500 Credit Union ATMs across Canada.

Meeting Agenda

As a member, you are a shareholder.

- > 1. Call to Order
- > 2. Motion to Approve the Agenda
- > 3. Introduction to the Board of Directors
- > 4. Report on Registration
- > 5. Adoption of Minutes
- > 6. Business Arising from Minutes
- > 7. Message from the Chair of the Board of Directors
- > 8. Message from the President and CEO
- > 9. Credit Committee Report
- > 10. CSER Committee Report
- > 11. Audit Committee Report
- > 12. Review of Financial Statements
- > 13. Appointment of Auditors
- > 14. Nomination Committee Report
- > 15. New Business
- > 16. Adjournment

2022 Annual General Meeting Minutes

To be reviewed and approved.

Call to Order

The Annual General Meeting (AGM), of the membership of Valley Credit Union Limited, was held at the Berwick Lions Hall in Berwick, NS on **Thursday, April 28, 2022.**

The meeting was called to order by the Chairman of the Board, Martin Gillis, at 6:04 pm.

The Chair welcomed everyone in the room and attending virtually. He gave instructions to those attending virtually how to ask questions and to vote, if needed.

Leigh Doucette, the new CEO, was introduced and welcomed all the attendees to the meeting.

The National Anthem was played. A moment of silence was observed to remember deceased Credit Union members and friends.

Motion to Approve the Agenda

Moved by Wayne Fowler, seconded by Brian Sturney, THAT the Agenda for Valley Credit Union's Annual General Meeting held on April 28, 2022, be approved. *Motion Carried.*

Introduction of the Board of Directors

The Chair of the Board, Martin Gillis, introduced the Board of Directors to the membership.

Report on Registration

There were 54 members registered and 6 guests reported. 43 members were in attendance and 11 were attending virtually.

25 members are required to establish a quorum, therefore Martin Gillis, Chair of the Board, declared a quorum present.

Adoption of Minutes - April 22, 2021

Moved by Reginald Rose, seconded by Wayne Fowler, THAT the minutes of the 2021 Annual General Meeting held on April 22, 2021, be accepted as included in the AGM meeting package. *Motion carried.*

Business Arising from the Minutes

None.

Message from the Chair of the Board of Directors

Martin Gillis, Chair of the Board, turned the meeting over to the Vice Chair, Andrea Martin. Andrea Martin introduced Martin Gillis, Chair of the Board.

Martin Gillis, Chair of the Board, gave his report to the membership which was included in the Annual Report for 2021.

The Chair welcomed everyone back to the first in person AGM in two years and welcomed Leigh Doucette to his first AGM as Valley Credit Union's CEO.

The Chair highlighted the major activities the Board performed during the 2021 year:

- Very busy year with the continued COVID restrictions, amalgamation vote and the retirement of Valley Credit Union's previous CEO Len Ells.
- The proposed amalgamation did not go through, however the strong vote in support is an indication of support for the decisions the Board makes for its members.

...continued

- After 10 years as CEO, Len Ellis retired in December 2021. The Chair thanked Len for his dedication to Valley Credit Union, our communities, and the regional system as a whole.
- In 2021 there were 10 regular Board meetings, mostly virtual, one Special Board Meeting, many Committee meetings and five Executive Committee meetings.
- 2021 was a successful year finishing with assets of approximately \$260 million.
- Work continued on the Business Continuity Plan. Keeping it up to date. This plan and following Public Health recommendations has helped us to continue to serve our members.
- Even during the uncertain times of COVID Valley Credit Union continues to have strong deposit growth and lending growth. Total asset growth was the second highest ever, and second only to growth in 2020.
- 2021 saw the launch of CU Financial Management (CUFM). A strong wealth offer owned by 16 credit unions. Valley Credit Union referred \$1.7 million in 2021.

The Chair thanked the staff for their continued dedication during another year of dealing with COVID. He thanked the Directors for their hard work and dedication. The Chair also thanked the members for their support and commitment to Valley Credit Union which made us a success.

Moved by Jennifer DeAdder, seconded by Randy Kee, THAT the Chair's report be approved as presented for Valley Credit Union's AGM. *Motion Carried.*

The Vice-Chair, Andrea Martin, turned the meeting back over to the Chair, Martin Gillis.

Message from the President & CEO

Martin Gillis introduced Leigh Doucette,

Leigh Doucette, President & CEO reported on some of the highlights of 2021. His full report is in the Annual Report for 2021.

- Commented on the challenges staff and members have endured in the previous few years because of COVID.
- COVID impacted Valley Credit Union in many ways, including difficulties staffing vacant positions and reduced transactional volumes causing the difficult decision to reduce hours in Middleton, Bridgetown, Hantsport and Canning.

- Investment in technology was paramount as the pandemic continued. Valley Credit Union will continue to find solutions to evolve the way we do banking.
- Valley Credit Union continues to be involved in our communities. Staff participated in Coldest Night of the Year, School Breakfast Programs, Pay-it-Forward, Food Drives, SPCA, Make a Wish, and the Valley Regional Hospital Foundation.

The CEO thanked the Board and staff for their dedication and devotion to the membership. He thanked the members for being loyal and patient during these challenging times.

Moved by Rick Graham, seconded by James Bell, THAT the President & CEO report be approved, as presented, for Valley Credit Union's AGM. *Motion Carried.*

Credit Committee Report

Rick Graham gave the Credit Committee report as included in the AGM package.

Highlights:

Loan portfolio growth was approximately \$27 million or 15.1%. Loan loss provisions amounted to 0.03% of the total portfolio. Delinquency levels ended at 0.20% for the fiscal year end.

Moved by Wayne Fowler, seconded by Reginald Rose, THAT the Credit Committee report be approved, as presented, for Valley Credit Union's AGM. *Motion Carried.*

CSER Committee Report

Wayne Fowler gave the CSER Committee report as included in the AGM package.

Highlights:

The support criteria for 2021 were Education, Sports, and Health and Wellness. The Committee supported many community-minded organizations in 2021, in the total amount of \$12,000.

Moved by Brian Sturney, seconded by Jennifer DeAdder, THAT the CSER Committee report be approved, as presented, for Valley Credit Union's AGM. *Motion Carried.*

Audit Committee Report

Andrea Martin gave the Audit Committee report as included in the AGM package.

Highlights:

The Committee met three times virtually in 2021. PricewaterhouseCoopers (PwC) attended in March 2022 to review our annual audit. It was a clean audit and Valley Credit Union is in a good position.

Moved by Rick Graham, seconded by Reginald Rose, THAT the Audit Committee report be approved, as presented, for Valley Credit Union's AGM. *Motion Carried.*

Review of Financial Statements

Ian Wilkie, Vice President Finance, gave a brief overview of the Audited Consolidated Financial Statements for Valley Credit Union Limited for the year ended December 31, 2021.

Moved by Rick Graham, seconded by Jennifer DeAdder, to accept the report of the Audited Financial Statements, as of December 31, 2021, as included in the Annual Meeting package, and as presented. *Motion carried.*

Appointment of Auditors

Andrea Martin, Chair of the Audit Committee, recommended PwC to be the Auditors for the 2022 Year.

Moved by Wayne Fowler, seconded by Catharine Herber, that the firm of PwC be appointed as the auditing firm, for Valley Credit Union Limited, for the 2022 year. *Motion carried.*

Nomination Committee

Andrea Martin, of the Nomination Committee, gave the report. Two Directors' terms were up for renewal: Martin Gillis and Kathleen Hutchinson. One Director is re-offering: Martin Gillis. There are two nominations: Nancy Roscoe-Huntley and Jennifer Carey.

The Bylaws state the Board can consist of up to 12 members and the nominations bring the Board to 10, so there is no need for a vote and all nominees are in by acclamation.

Moved by Jenna States, seconded by Wayne Atwater, to accept the Nomination Committee report, as presented, for Valley Credit Union's Annual General Meeting. *Motion carried.*

New Business

None.

Adjournment

Moved by Jenna States, that the April 28, 2022, Annual General Meeting be adjourned at 6:32 pm. *Motion carried.*

Board of Directors

Your board are members, just like you.



**Andrea
Martin**
Chair 9/10



**Rick
Graham**
Vice Chair 9/10



**Martin
Gillis**
Past Chair 9/10



**Reginald
Rose**
Secretary 10/10



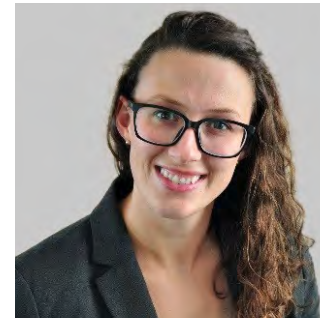
**Carol
Tobin**
Board Member 9/10



**Brian
Sturney**
Board Member 10/10



**Wayne
Fowler**
Board Member 6/10



**Kathleen
Hutchinson**
Board Member 2/4



**Nancy
Roscoe-Huntley**
Board Member 6/6



(Resigned in 2022, due to other commitments)

**Jennifer
Carey**
Board Member 2/6

Chair of the Board Report

2022 brought some change to the board, as I was elected the new Chair. The previous one, Martin Gillis, let us know that while he would remain on the board, he was not interested in continuing as Chair. I was very honored to be chosen in April and knew I had extremely large shoes to fill. Marty was Chair of the Board for over 14 years, and his guidance and knowledge are very much valued.

2022 was also the first full year with our new CEO, Leigh Doucette, who started in the fall of 2021. On behalf of the Board, I want to thank Leigh for his assistance during that period.

I want to thank all the Board Members for their hard work and commitment in 2022. I also want to express my gratitude to them, and any management I have worked with, for their patience and understanding in dealing with a new Chair.

The board met 10 times in 2022, along with many Committee meetings and Executive meetings. We met in person, for the most part, and were happy to be back in the boardroom. Two of our Committees merged into one Committee last year.

We decided the Board Succession Committee and Nomination Committee essentially had the same goal – striving to have your board made up of devoted, knowledgeable Directors, who reflect the membership's demographic.

Some initiatives supported by the Board finally came to fruition in 2022 and early in 2023. We were happy to see the breaking of sod at the Flower Cart's new facility in New Minas. A large donation of \$100,000 to their building project was made in 2020 as part of a total commitment of \$250,000 but, like many things, COVID

delayed the start of the project. In the fall I, along with our CEO Leigh, was able to take a tour of the building site and see the beginning of the facility. They expect to be moved into the building later this year.

A move that was even more exciting for Valley Credit Union was the opening of the new branch location in Middleton. A new location had been in the plans for a while and the grand opening was held in March of this year. Those who have had a chance to visit or work in the new location can appreciate the large and bright branch. Those who have yet to see it, should check it out. It is a wonderful example of our investment in premises and technology for our members. This shows our commitment to being a presence in our communities.

Valley Credit Union had a very successful year, ending with assets of over \$280 million. This is due in large part to our hard working, dedicated staff and management. Your commitment to the Credit Union is very much appreciated and recognized by the Board and the members.

To the members – thank you!

Without you we would not be here. Valley Credit Union is your financial institution of choice and your support is very important to its success.

Sincerely,



Andrea Martin, Board Chair



CEO Report

A member first approach.

While COVID has lingering impacts on the Valley and on the World, it certainly still exists in our communities. We have moved past it for the most part, certainly from a restrictions standpoint. At Valley Credit Union, there are no longer masking mandates, and it's nice to see everyone's faces again. COVID has, however, had some lingering impacts beyond health. The landscape of the world's workforce has changed, perhaps forever, with mass retirements and remote workers. In financial institutions remote working is more difficult to implement with the need to be member-facing, but the overall workforce situation has changed. We continue to modernize and find new and creative solutions to attract and retain our staff.

Another impact of COVID has been the lasting effect on the economy due to supply chain issues, caused in large part by labour shortages. This has resulted in customer demand exceeding overall supply and therefore huge price increases that haven't been seen in more than a generation. These are affecting everyone, not just in the Valley. During June of 2022 inflation hit a 39 year high at 8.1%, with food inflation hitting as high as 11.4%. The Bank of Canada has been trying to cool spending to allow supply to catch up to the demand. This was done with interest rate hikes of which there were 7 in 2022, 6 of which were large (*½ point to 1 full point*). In total, prime rate increased by 4% in 2022 alone. The last time the prime rate was where it is today was March 2001. And the last time prime rate increased so significantly over such a short period of time was 1988-1989.

A couple of years ago Valley Credit Union made the decision to begin preparing to invest heavily in technology. We continue to upgrade and invest in our IT infrastructure, as well as develop more ways that members can access services and solutions electronically. In 2022 we started taking the first steps towards a complete Banking System upgrade. Our existing banking system is now approaching its End-of-Life. This simply means it's time for us to move on to a new system, similar to what you would have to do with an old computer or iPhone. Although this upcoming system conversion won't happen until the Spring of 2024, in mid-2022 we began preparing for this exciting step by creating a Project Manager role to manage this change, applying significant updates to cyber security, as well as data clean-up. This is the most significant single investment in Valley Credit Union's history. The new system will modernize the way we and our members do in-person and electronic banking. It will be more user friendly and intuitive and will allow us to better develop future products and solutions, as well as allow us to remain competitive and compliant on a larger scale with ongoing changes to the industry.

In speaking more specifically to Cyber Security, in the fall of 2022 we implemented 2SV (*2-step verification*) for our online banking system. This is a very important and crucial step to safeguard access to our members' accounts. This will then be followed in 2023 by changes to strengthen passwords for logins. Although these steps are a transitional change for our members, I can't stress how paramount they are for the ongoing and future security for members.

We opened a new branch of Valley Credit Union in Middleton. Although the formal opening was in February of 2023, the first steps happened all the way back in March of 2022. I want to thank



**Risk management.
Data security.
Member protection.**

Our employees care, that's our biggest impact.

everyone for their hard work in making this happen, and I want to thank all the members who were patient with us during this transition. This new branch will show Valley Credit Union's dedication and loyalty to the valley and to our membership, at a time when other financial institutions are closing and moving.

This past year was another year where Valley Credit Union and its staff were very involved in organizing, raising funds for, and/or donating to various organizations and events in the community. We have a strong belief that we should be involved in our community, and sometimes we need to do more than simply give money. Please refer to our Community Support Report and our CSER Committee Report for more details on our involvement in the community. Some of the larger commitments include: The Flower Cart Group, Credit Union Rec Complex (*Kentville*), Credit Union Centre (*Kingston*), Lawrencetown Exhibition, Valley Regional Hospital Foundation's Comfort Care Program, Coldest Night of the Year and the New Minas Volunteer Fire Department.

I wanted to specifically mention that, in 2022, Valley Credit Union staff voted to have a strong focus on Mental Health in the community on a go-forward basis, and we spent a lot of time and resources organizing a large event in Greenwood for September. But Hurricane Fiona made an unfortunate visit to Nova Scotia that weekend and we had to cancel the event. We hope to re-visit that opportunity again in the future.

Staffing has been challenging over the last few years, as mentioned previously, particularly due to COVID. But throughout 2022 we started making in-roads on some vacant roles, thanks in part to our ongoing partnership with NSCC and

Acadia University. We are very excited about many new staff who have joined Valley Credit Union in the past year, and also about new roles that have been added to our organization, which will benefit members as well as staff.

In the fall of 2022 the Leadership Team and the Board updated our latest Strategic Plan which will run until the end of 2025. The most paramount focus is for us to all be better at what we do in order to better serve our members. That means we will be analysing our branches and markets, and our products and services, to ensure that we have it right. That we have the right solutions, the right roles and the right processes in place, so we can be more innovative and meet the diverse and changing needs of our members and communities.

We are going to push hard to ensure that we are an employer of choice, and a prominent financial institution where members choose to bank with pride.

I would like to thank all of our members for their continued loyalty to Valley Credit Union. I would like to thank the Board for their support of our efforts. And I would finally like to thank our staff for their dedication and focus on ensuring members have a fantastic experience.

Regards,



*Leigh P Doucette,
President & CEO*



Credit Committee Report

As a standing committee of your Board of Directors, the Credit Committee's mandate is as stipulated in the Credit Union Act; that being to "ensure the compilation, clarity and accuracy of the data required by the Act, while recommending policies and procedures for approving and granting credit at the Valley Credit Union".

For the fiscal 2022, your Credit Committee, consisting of Rick Graham (Chair), Brian Sturney and Reg Rose, and assisted by Glenn Jordan (Manager of Credit Risk), met 6 times; where loan activity was examined, reviewed and compared to budgets and targets, while ensuring the ratio of personal, mortgage and business lending in the credit portfolio is maintained within the concentration ranges as approved by your Board. In addition, our regular reviews included examination of delinquency causes and remedial actions undertaken so to:

Identify trends that may be reflective of the economic uncertainties, and

Ensure members are assisted in managing their obligations,

While concurrently ensuring that our efforts are demonstrated to be timely and diligent, so to protect your Credit Union's assets.

We are pleased to report the following:

- With the persistence of the Covid pandemic throughout the year and the subsequent adverse economic and geo-political developments globally, consequential realities remain far from clear. Happily, the impact on our credit portfolio has thus far been nominal. Lending activity remained very strong, in accordance with our strategies despite the impacts referred to above. The solutions provided to our members were diverse and well-suited to meet the member needs. This is especially

true of our Commercial offer, where our growth for 2022 clearly demonstrates the quality of our strategy, our Team and our offerings when compared to our competitors. Loan portfolio growth amounted to approximately \$29MM, representing 14.4% during the year under review;

- The impact of increasing interest rates on our overall financial situation has thus far remained nominal. However, it does require enhanced monitoring so to attend to any mismatching situations that may arise across the portfolio;
- Loan loss provisions in 2022 amounted to 0.04% of the total portfolio and 51.1% of the approved budget for the year;
- Delinquency levels remained at 0.20% on average for the year and 0.40% as at fiscal year end;
- Our liquidity position remains strong and as such we have ample capacity to continue with our growth strategy and meet our Members' needs.

In all and as evidenced by the above, our lending portfolio remains of very good quality. All staff are to be congratulated on our lending and loan management successes in 2022; through continuous focus on our Members and appropriate levels of Risk Management, with continued investment in staff skill development through 2023.

*On behalf of the
Credit Committee,*



Rick Graham, Chair



CSER Committee Report

Corporate Social and Environmental Responsibility (CSER)

The CSER Committee has been established by Valley Credit Union to ensure that we are allocating financial support to our members and community non-profit groups to assist them with unique institutional goals and allow their programs to thrive and prosper.

Valley Credit Union's Board of Directors would certainly like to take this time thank the members of the CSER Committee for making the time and effort to meet virtually to ensure the benefits to the communities we represent were conducted as mandated by the Board of Directors.

Our Priority Areas of Focus

The CSER Committee is committed to the long-term wellbeing of our members and the communities we serve. Our priority areas of focus for 2022 were based on the following support criteria:



Education

to sponsor events and activities that support youth and life-long education



Sports

to support community strength and healthy living



Health & Wellness

to support organizations and events that benefit the community

The CSER Committee is comprised of representatives from the Board of Directors and the Valley Credit Union staff, who act as a resource and give valuable input and guidance to the Committee. In keeping with our mandate, we offered financial support to the following community-minded organizations during 2022:

Allocated Budget \$12,000

Acadia U13-AA Team	\$500
Big Brothers / Big Sisters	\$500
Blomindon Naturalists Society	\$1,000
Bridgetown Elementary School Breakfast Program	\$500
Gaspereau Valley Elementary Breakfast Program	\$500
Jijuktu'kwejk WaterShed Alliance	\$1,000
Kings County 4-H	\$1,000
Kings County Museum	\$500
N.S. Secondary School Association	\$500
North Mountain United Tapestry & Culture	\$1,000
Pine Ridge Middle School Breakfast Program	\$500
Stockings Were Hung	\$1,000
V Star Hockey Development	\$500
Valley And District Soccer Association	\$500
Valley Learning Association	\$1,500
Western Valley Minor Hockey Association	\$1,000

Sincerely,

Wayne Fowler, Chair





Assets Under Management

2022	\$280,109,831
2021	\$260,410,443
2020	\$232,571,751
2019	\$199,525,526
2018	\$176,898,469
2017	\$171,591,058
2016	\$154,151,945
2015	\$152,503,506
2014	\$141,389,505



Approved Credit

Residential Mortgages	\$100,465,648
Commercial Loans / LOC	\$97,665,349
Personal LOC	\$15,302,046
Personal Loans	\$14,734,017
Commercial Mortgages	\$4,742,905



59,988
Mobile Wallet



374,848
INTERAC e-Transfer®



1,138,878
INTERAC Flash®

Audit Committee Report

The 2022 Audit Committee was comprised of Carol Tobin, Nancy Roscoe-Huntley and the Chair of the Committee, Martin Gillis. We were supported in our duties by Ian Wilkie.

The Committee met 3 times in 2022 and met in March 2023 with our auditors from PricewaterhouseCoopers (PwC). All meetings were held virtually.

The committee has a responsibility to review the financial position of the Credit Union. We meet twice a year with PwC to review the audit plan and receive the results of the yearly audit as well as review any recommendations the auditors may make.

The Committee also reviews the results of internal audits, both operational and Anti-Money Laundering and any recommendations made to address deficiencies. The Committee also reviews the results of CUDIC audits and addresses any issues which come from these audits. We have adopted a mandate which covers all the duties specified to be performed by Audit Committees in the Credit Union Act, 1994.

I would like to thank Ian Wilkie and his staff for their support over the past year.

The Audit Committee is pleased to report to the members of Valley Credit Union that your Credit Union continues to meet the requirements within the policies established by the Board of Directors and is well positioned for 2023.

Sincerely,

Martin Gillis, Chair



Community Support Report

Caring for our members and community.

The experiences the Kindness Crew, volunteers, and staff participated in affected how they continued their community involvement and influenced their professional development and extracurricular roles throughout the year. We want to thank the many volunteers, members, residences, organizations and staff who made these experiences happen in 2022 and are committed to building a stronger support community. Let's continue to work together with you, our members.

Learn more about our programs and stay connected with us!

valleycreditunion.com/home/InOurCommunity



\$110K
Contributed Back into
Our Local Community



SKIP A PAY
FOR SCHOOL BREAKFAST PROGRAMS



Photo Caption (top to bottom, left to right): Breast Cancer Awareness and Fundraiser May 2022. The Red Door - Youth Health and Support Centre, in partnership with NSCC Kingstec Campus, \$600 donation March 2022. James Redmond, Fire Chief at New Minas Volunteer Fire Department and two volunteers accepting a donation from Valley Credit Union staff in March 2022. All Branches 5K Virtual Walk for the Coldest Night of the Year raised \$15,000 in support of Open Arms in Kentville, February 2022. School breakfast programs being presented with donations collected from the Holiday Campaign "Skip-a-Pay", July 2022. Proud 5 Star sponsor for the horse pull event at the Annapolis Valley Exhibition August 2022.

Let's stay in touch.

Bridgetown Branch

256 Granville Street, Bridgetown
902-665-2545

Cambridge Branch

5670 Hwy 1, Waterville
902-538-3905

Canning Branch

969 Seminary Ave, Canning
902-582-7655

Greenwood Branch

780 Central Ave Greenwood
902-765-3342

Hantsport Branch

24 William Street, Hantsport
902-684-3274

Middleton Branch

301 Main Street, Middleton
902-825-6876

New Minas Branch

9237 Commercial Street, New Minas
902-681-6884

Head Office and Commercial Team

5682 Hwy 1, Waterville
902-538-4510



vcu.admin@valleycreditunion.com