

14 Locations to serve you...

Brantford 7 Charlotte Street (at Colborne) T: 519.759.7550	Sebringville 268 Huron Road T: 519.393.6670
Brantford 403 Fairview Drive (at West Street) T: 519.759.1150	Shakespeare 6 Huron Road East T: 519.625.8400
Cambridge 385 Hespeler Road (at Cambridge Centre Mall) T: 519.622.3377	Stratford 1067 Ontario Street (in the Festival Marketplace Mall) T: 519.271.9083
Kitchener 685 Fischer-Hallman Road (at Ottawa) T: 519.744.5921	Uptown Waterloo 168 King Street South T: 519.579.1860
Kitchener 1334 Weber Street (across from old Hiway Market) T: 519.894.9700	Windsor 5415 Tecumseh Road East (at Rivard) T: 519.258.3890
LaSalle 5844 Malden Road (in the Town Centre Plaza) T: 519.250.0286	Woodstock 273 Ingersoll Avenue (in the Standard Tube Plant) T: 519.537.8121
Mitchell 105 Ontario Road T: 519.348.8448	And coming in Spring 2010...
Paris 75 Grand River Street North T: 519.442.2622	Waterloo Crossing Plaza (Erb and Ira Needles)

CORPORATE OFFICE: 38 Executive Place, Kitchener T: 519.804.9190

AGENDA

- 1 CALL TO ORDER
- 2 REPORT ON REGISTRATION AND ESTABLISHMENT OF QUORUM
- 3 WORDS OF WELCOME
- 4 ADOPTION OF THE AGENDA
- 5 COMMENTS BY JOHN HAINES, BOARD CHAIR
- 6 REPORT OF THE AUDITOR, COLLINS BARROW CHARTERED ACCOUNTANTS
- 7 ADDRESS BY NOMINEES AND ELECTION OF DIRECTORS
- 8 QUESTION PERIOD
- 9 NEW BUSINESS
- 10 ADJOURNMENT

www.yncu.com

Comments from John Haines Chair of the Board of Directors

Still Building, Still Getting Better...

I approach my annual task of summarizing for you the efforts and accomplishments of your Credit Union with confidence. Despite a year of economic turmoil and financial unrest, Your Neighbourhood Credit Union, driven by professionals dedicated to service, under the stewardship of a strong management team, and overseen by a seasoned Board of Directors, closed the year at 96.4% of our target net income before dividends and taxes.

While some may view that as a disappointment, I see it as a great achievement. It is not news to anyone that 2008 and 2009 brought some of the most trying times in recent memory. Plant closures, job losses, and big hits to savings and investments touched every community and sector. The prime interest rate dropped two and a half points in eight months, and remains at record lows. Despite this, through careful thought and quick action, your Credit Union was able to steer through these challenges and still deliver impressive results.

The enclosed financial reports tell only part of the story of fiscal 2009...

We laid the groundwork to partner with Standard Tube Employees' (Woodstock) Credit Union. Effective October 1st, our network grew to 14 branches. This long-standing employer's credit union, built by a fixture in the community, chose to open their bond and become part of something bigger. We look forward to serving the community of Woodstock, and thank you for welcoming us!

We broke ground and completed construction on a new corporate office, a cornerstone of our organization and milestone in our history. This building provides a bright, professional working space, and much-needed room for growth. We included meeting and training spaces that facilitate our staff getting together, even as our geography expands. We worked with local designers and builders, chose Canadian-made materials and fixtures whenever possible, and created jobs in our community. I look forward to welcoming you to this great space at our grand opening and ribbon-cutting in the New Year.

And we did what credit unions were made to do every day - we worked with members so they could maintain payments to keep their homes and credit in good order; created plans to preserve savings; and helped members achieve their financial goals.

Last year I said this to you:

We are a better place to save and invest; a better place to borrow; a better place to be a member and an employee. We are a better credit union today, and getting better all the time. We are well-positioned to meet head-on what the economy and the markets will bring our way.
This year proved it to be true.

This is a story worth sharing. While I remain in service to you as your representative on the Board, I also want to challenge you. Support your Credit Union. Think of us first when it's time for a mortgage, loan or investment. Make us your first choice for your everyday banking. Tell your family. Tell a friend. Tell three! Make sure more people know about the credit union alternative. Help us grow and offer more to our members.

As Chair of your Board of Directors, I extend my sincere thanks to the staff of Your Neighbourhood Credit Union for their hard work and service to our membership and to you as members, for entrusting us with your business. How could I not be proud to be a very small part in a very large success story?

I remain sincerely yours,



Report from Kerry Hadad Chief Executive Officer

I am writing my annual report to you from my new office, in our new building, at our new location, surrounded by the things that serve as reminders of where we came from, and what we all have been working toward for many years. By definition, growth means change. In a year of change and turmoil, this building represents stability, continuity, achievement and commitment.

Our strong balance sheet and prudent management allow us to continue to support lending to members while other financial institutions impose restrictions. Our liquidity will help us keep operating costs low and provide flexibility to meet opportunities without taking on unnecessary risk.

Despite the fact that we did not achieve our target net income this year, we did see growth in assets under administration of 15%. I would like to point out that our results are very impressive as we did not foresee (nor did anyone else, for that matter) the meltdown that affected every economy around the world. This downward economic trend started in the financial services industry, but YNCU has weathered this storm and come out in a positive financial position. In fact, our growth over the past five years places us among the leaders in our industry as well as among our peers.

As a result, Your Neighbourhood Credit Union remains on track with our plans for ongoing re-investment in our people, our branches, our technology, and our markets. This past year we made significant investments in training, in systems, and in facilities. Fiscal 2009 was a good year for us both despite and because of the challenges and change we experienced.

Having said that, let me make it clear we don't take anything for granted; each and every one of us at YNCU knows we have to earn your trust and business every day. As a member and an owner, you have the right to expect the best from us. When we make a change, you can trust that it is because we have identified a need, recognized an opportunity, or are required to be compliant. Our goal is to make change as easy as we can for you, and the benefits of it as obvious as possible.

Your Neighbourhood Credit Union is growing and changing, and you can expect to hear more about our efforts in the coming year. The new corporate office is just the latest in a series of changes that will ensure we remain among the leaders in our industry. Yes, it is bricks and mortar, but this is much more than a completed construction project; I know we have created something that will stand here long after I am gone. In no time at all this building will be home to history in the making.

Let me close, as usual, with an invitation for you to contact me and let me know what matters most to you, because that's what matters most to me.

Cordially,




YNCU - LENDING SERVICES REPORT FOR FISCAL 2009*

Category	Total Personal Loans & Lines of Credit	Total Residential Mortgages & Meritlines	Total Small Business Banking	Total Agricultural	Total Corporate Commercial Lending	YNCU Total
Number of Loan applications received	1,552	1247	63	56	93	3,011
Number of Loan applications granted	1,053	737	32	31	22	1,875
Number of loan applications withdrawn or declined	499	510	31	25	71	1,136
\$\$\$ Gross Value of Loans granted	\$13,870,722	\$110,578,780	\$3,313,400	\$4,328,380	\$28,016,647	\$160,107,929
Number of delinquent loans over 90 days	83	19	2	0	1	105
\$\$\$ Value of delinquent loans over 90 days	\$573,678	\$2,893,533	\$116,558	0	\$750,000	\$4,333,769

The information outlined represents the **CONSOLIDATED** number of loan applications received, granted and declined/withdrawn by applicants by Your Neighborhood Credit Union Limited, **FOR THE 12 MONTH PERIOD COMMENCING OCT 1, 2008 TO SEPT 30, 2009** and, reports the number and dollar extent of loans (all lending types) 90 days or more in arrears as at SEPT 30, 2009. Value of delinquency reported is gross dollar delinquency, as per DICO by-law 6, prior to any adjustments for security held in support of those advances. The lending application process adheres to the Credit Management and Operational Policies of Your Neighborhood Credit Union Limited and is subject to review by the Audit Committee and Risk Management Committee on behalf of the Board of Directors. The report is issued in compliance with the requirements of the Credit Unions and Caisses Populaires Act, 1994 (Ontario) under subsection 120 (2).
Respectfully submitted by: Hugh L. Terry, Manager, Retail Lending Services, Sandra Eedy, Manager, Agricultural & Small Business Lending and Larry J. Kelly, Manager Commercial Lending
Approved for issuance: G. Wilson, Vice President Lending Services
* Source reports - compilation of YNCU Lending Services monthly Board reporting.

CONDENSED FINANCIAL STATEMENT

Balance Sheet	September 30, 2009	September 30, 2008
Cash and Investments	69,679,239	45,892,785
Loans and Mortgages	426,019,387	405,037,047
Other Assets	11,178,333	9,697,260
Total Assets	506,876,959	460,627,092
Member Deposits	439,787,430	405,408,253
Other Liabilities	37,257,698	26,235,391
Share Capital	4,609,842	4,707,759
Retained Earnings	25,221,989	24,275,689
Total Liabilities and Members' Equity	506,876,959	460,627,092
Statement of Income and Expense	September 30, 2009	September 30, 2008
Interest Earned	24,199,469	24,374,509
Other Income	2,733,969	2,628,496
Total Revenue	26,933,438	27,003,005
Interest Paid to Members	12,393,540	12,857,855
Class B Investment Share Dividend	135,199	223,967
Other Interest	387,165	450,885
Financial Expenses	12,915,904	13,532,707
Financial Margin	14,017,534	13,470,298
Loan Allowance Costs	941,566	449,118
Personnel Costs	6,466,259	5,990,132
Operating Costs	4,962,973	5,344,532
Expenses	12,370,798	11,783,782
Income Before FMV Adjustments	1,646,736	1,686,516
Fair Market Value Adjustments	135,336	-116,366
Income before Income Taxes and Patronage dividend	1,511,400	1,802,882
Income Taxes	385,100	34,559
Patronage dividend paid to members	180,000	245,500
Net Income	946,300	1,522,823

MEMBER RELATIONS COMMITTEE

The Member Relations Committee is a standing committee of the Board with a mandate to build strong member relations, facilitate effective communication between the Members and the Board and administer the Charitable Donations Policy.

Members can share thoughts and suggestions by attending the MRC meeting held quarterly, or by completing comment cards available at all branches. All cards are forwarded to the Committee for review and follow-up. Whenever a comment refers to facilities or services the matter is addressed by the Branch Manager and the response is noted. Many comments are words of appreciation for the effective and thoughtful manner staff fulfilled their responsibilities. Members are encouraged to continue to take the time to complete the comment cards. In 2010 the Committee plans to introduce direct communication through the YNCU website.

Each year your credit union contributes one percent of the pre-tax profits earned during the previous year to local community charities and organizations, youth initiatives and sponsorships. During the 2009 fiscal year Your Neighbourhood Credit Union donated a total of \$24,000. The complete list of donations and sponsorships follows this report. Once again we were pleased to help support the Dog Guides Foundation and to provide the opportunity for two youths to attend the Cooperative Young Leaders (CYL) Camp.

On behalf of Directors Jacqueline Bester, John Crowley, Diane Snyder-Hilts, and Mike Walsh, I respectfully submit this report.

Submitted by Scott Richards
Member Relations Committee Chair

- Alzheimer Society
- Assumption Catholic High School
- Bereaved Families of Ontario, Midwestern Region
- Brant Food for Thought
- Cambridge Boys Under 16 Soccer Team
- Centre in the Square
- Community Support Connections - Meals on Wheels
- CYL sponsorship
- Dog Guide Training sponsorship
- Doon-Pioneer Christmas Food Hamper
- Every Kid Counts
- Brantford Food Bank
- Cambridge Self Help

- Stratford House of Blessing
- Food Bank of Paris
- Food Bank of Waterloo Region
- Greenway Chaplin Community Centre
- Habitat for Humanity Brant
- Brantford General Hospital
- Cambridge Memorial Hospital
- Grand River Hospital
- Hôtel Dieu Grace Hospital
- St. Mary's Hospital
- Stratford General Hospital
- Willett Centre
- Windsor Regional Hospital
- Kitchener Junior Rangers Hockey
- Mitchell District High School bursary
- MS Sponsorship
- Perth County Historical Foundation
- Self Help Alliance - Waterloo/Wellington
- Sports for Special Athletes
- St. David's High School
- Timothy Rose Memorial Fund
- Walk to End Breast Cancer sponsorships
- Waterloo Community Arts Centre
- Waterloo County English awards
- Windsor Essex Care for Kids Foundation
- Windsor Minor Midget AE Travel
- Windsor Wildcats PeeWee Travel



LINDA & PINA

Our sponsored dog, Pina, is now a full-fledged Dog Guide in service! At her graduation November 12th, we presented a cheque for \$10,005.08 raised from member, staff and public donations. Pina and her partner, Linda, live in Kitchener. You'll be hearing more about them in the future — watch the website!

AUDIT COMMITTEE REPORT

The Audit Committee of Your Neighbourhood Credit Union (YNCU) is comprised of four members and has met, as per policy, quarterly over the last fiscal year.

The Audit Committee reviewed YNCU's Disaster Recovery Plan with management and recommended approval of the plan to the Board of Directors.

The Audit Committee also met with the CFO and Compliance Officer to discuss and review the internal audit program and results for the credit union.

The Audit Committee met twice with the external auditors this fiscal year. The first meeting was to confirm the audit fees and to confirm the terms of engagement for the audit of YNCU's financial statements for the year ended September 30, 2009. At the second meeting the Audit Committee reviewed, discussed and recommended for approval the audited financial statements of Your Neighbourhood Credit Union.

These audited financial statements were then presented to the Board and are now prepared for approval by the membership. The external auditors also confirmed to the Audit Committee that no items of concern came to their attention during their audit.

The Committee is pleased to report that there are no outstanding matters which are required to be disclosed pursuant to the Act or Regulations.

Submitted by Peter Muise
Chair, Audit Committee

