

16 Locations

to serve you...

Brantford
7 Charlotte Street
(at Colborne)
T: 519.759.7550

Brantford
403 Fairview Drive
(at West Street)
T: 519.759.1150

Cambridge
385 Hespeler Road
(at Cambridge Centre Mall)
T: 519.622.3377

Guelph
T: 519.824.2212
SERVING FIBREGLAS
EMPLOYEES ONLY,
until further notice.

Kitchener
685 Fischer-Hallman Road
(at Ottawa)
T: 519.744.5921

Kitchener
1334 Weber Street East
(across from old Hiway Market)
T: 519.894.9700

LaSalle
5844 Malden Road
(in the Town Centre Plaza)
T: 519.250.0286

Mitchell
105 Ontario Road
T: 519.348.8448

Paris
75 Grand River Street North
T: 519.442.2622

Sebringville
268 Huron Road
T: 519.393.6670

Shakespeare
6 Huron Road East
T: 519.625.8400

Stratford
1067 Ontario Street
(in the Festival Marketplace Mall)
T: 519.271.9083

Uptown Waterloo
168 King Street South
T: 519.579.1860

Windsor
5415 Tecumseh Road East
(at Rivard)
T: 519.258.3890

Woodstock
273 Ingersoll Avenue
(in the E&E
McLaughlin Building)
T: 519.537.8121

**Waterloo
Commons Plaza**
655 Erb Street West
(at Ira Needles Blvd.)
T: 519.804.9040

CORPORATE OFFICE: 38 Executive Place, Kitchener T: 519.804.9190

AGENDA

1. CALL TO ORDER
2. MOMENT OF SILENCE
3. REPORT ON REGISTRATION AND ESTABLISHMENT OF QUORUM
4. WORDS OF WELCOME
5. ADOPTION OF THE AGENDA
6. MINUTES OF THE ANNUAL GENERAL MEETING OF JANUARY 26, 2011
7. REPORT OF THE BOARD OF DIRECTORS, JOHN HAINES
8. BUSINESS REPORTS
REPORT OF THE AUDITOR, MNP
REPORT OF THE CEO, KERRY HADAD
REPORT OF THE AUDIT COMMITTEE, PETER MUISE
9. APPOINTMENT OF AUDITORS
10. ADDRESS BY NOMINEES AND ELECTION OF DIRECTORS
11. GUEST SPEAKER DR. KEN SHONK, 'THE HEALTH BENEFITS OF HUMOUR'
12. QUESTION PERIOD
13. STAFF RECOGNITION
14. NEW BUSINESS
15. ADJOURNMENT

www.yncu.com

Report from John Haines

Chair of the Board of Directors

There is a classic novel that opens with the words, 'It was the best of times, it was the worst of times....'

Those words certainly capture the essence of the year just past. Both at home and abroad we have been witness to some of the most amazing events in recent history. Politically, socially and economically the world is a very different place than it was just one year ago.

Who could have imagined the popular tide that swept through many countries in the world, changing the face of entire nations and making major issues the subject of casual talk?

Markets reflected the changes happening in the streets and in homes around the world. For savers, investors and those living on retirement incomes it was yet another cycle that tested the mettle of even the most optimistic.

Close to home, we experienced the realization of how much is truly beyond our control. Our friends and neighbours in Goderich felt the impact of a most unpredictable and indiscriminate event – a tornado. In a matter of minutes the town was devastated, the historic downtown left unrecognizable.

But it is what happened next that was the real test of what people are made of. Everyone rallied to help and support one another. Friends and strangers alike aided in emergency response, shelter, and the initial stages of clean-up. Donations poured in.

Included in those donations were dollars offered and raised by our own staff and members, and matched 2 to 1 by your Credit Union.

Life-changing events come in many forms. Yet our response remains the same – to help one another and to carry on.

It is precisely because of events like this that I remain energized and committed as the Chair of your Board of Directors. I believe in the co-operative movement, in the co-operative spirit. I believe that, together, we can accomplish great things.

Looking back over the accomplishments of Your Neighbourhood Credit Union, I know you will share with me the pride that comes with being a part of something great. This year was truly an extraordinary year, and it served to prove that good things happen here.

It remains my pleasure and honour to be a Member, and to serve you as your Board Chair.



Report from Kerry Hadad

Chief Executive Officer

As CEO of Your Neighbourhood Credit Union, I am tasked with always looking forward, being visionary and looking for where the Credit Union will be, not just tomorrow, but the day after tomorrow. At this time of year, however, I cast my thoughts back to the past fiscal year.

What was it that defined last year? From my vantage point, it was the unprecedented focus on personal and global finance. I would hazard a guess that most of us know more about the global economy and international markets than we ever have.

More extraordinary to me was the attention our own Mark Carney, the Governor of the Bank of Canada, earned both at home and abroad. Mr. Carney has been visible everywhere, and everyone is listening. In fact, he was named one of the most trusted Canadians in the Reader's Digest third annual Trust Poll. And what has been Mr. Carney's message?

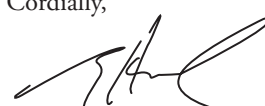
While the role of the Governor is to guide our fiscal policy, Mr. Carney made himself at home with Canadians, giving friendly, wise and in some cases, much-needed counsel – get your financial house in order. What does a shift in message and approach like this signal? It underlines the fact that finances are not something to be treated as a spectator sport, or to be taken lightly. Knowledge is power, and participation is mandatory.

That's where we come in. At YNCU, we have been focused on finding, creating and providing the tools our members need to better understand their financial situation and, perhaps more importantly, to feel in control of it. Our website is better than ever, and a new suite of tools complement the professionals at YNCU who are here to support and guide as needed, and then to share in the success of achieving a goal. It's what we do best.

In reviewing the financials, you'll note there are other areas where we excel. Net income, dividends to shareholders and patronage dividends to members continue at a strong level despite fragile markets and significant investment on our part to grow your Credit Union. It's been an unusual year in many ways, but we remain steady and predictable in others.

I close, as I always do, with an invitation for you to let me know what matters most to you, because that's what matters most to me.

Cordially,



YNCU - LENDING SERVICES REPORT FOR FISCAL 2010 - 2011

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	2,088	1,274	91	70	56	3,579
Number of Loan applications granted	1,337	804	22	39	17	2,219
Number of loan applications withdrawn or declined	751	470	69	31	39	1,360
\$\$\$ Gross Value of Loans granted	\$18,427,905	\$110,830,800	\$3,267,416	\$5,675,884	\$21,519,457	\$159,721,462
Number of delinquent loans over 90 days	46	26	1	0	1	74
\$\$\$ Value of delinquent loans over 90 days	\$286,227	\$3,541,375	\$4,551	\$0	\$750,000	\$4,582,153

The information outlined represents the **CONSOLIDATED** number of loan applications received, granted and declined/withdrawn by applicants by the Your Neighborhood Credit Union Limited, **FOR THE 12 MONTH PERIOD COMMENCING OCT 1, 2010 TO SEPT 30, 2011** as well as, reports the number and dollar extent of loans (all lending types) 90 days or more in arrears as at SEPT 30, 2011.

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 the review of the Audit Committee and Governance Committee on behalf of the Board of Directors.

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: Glenn Wilson, Vice President, Lending Services

* Source reports - compilation of YNCU Lending Services monthly Board reporting.

CONDENSED FINANCIAL STATEMENT

Balance Sheet	September 30, 2011	September 30, 2010
Cash and Investments	54,092,614	53,151,618
Loans and Mortgages	492,780,129	465,696,424
Other Assets	13,440,434	13,425,444
Total Assets	560,313,177	532,273,486
Member Deposits	494,721,532	468,384,948
Other Liabilities	32,947,620	32,659,898
Share Capital	4,368,193	4,529,312
Retained Earnings	28,137,832	26,699,328
Total Liabilities and Members' Equity	560,175,177	532,273,486
Statement of Income and Expense	September 30, 2011	September 30, 2010
Interest Earned	24,801,651	23,813,716
Other Income	3,166,551	2,937,231
	27,968,202	26,750,947
Interest Paid to Members	10,542,163	10,839,717
Class B Investment Share Dividend	114,500	131,151
Other Interest	195,618	559,256
	10,852,281	11,530,124
Financial Margin	17,115,921	15,220,823
Provision for Impaired Loans, Net of Recoveries	447,789	543,550
Personnel Cost	8,187,119	7,455,388
Operating Cost	6,544,733	5,584,244
Expenses	15,179,641	13,583,182
Income Before FMV Adjustments	1,936,280	1,637,641
Fair Market Value Adjustments	(18,830)	225,064
Income Before Income Taxes and Patronage Dividend	1,917,450	1,862,705
Income Taxes	379,500	332,500
Patronage Dividend Paid to Members	180,000	180,000
Net Income	1,357,950	1,350,205

MEMBER RELATIONS COMMITTEE REPORT

The Member Relations Committee is an Ombudsman that uniquely represents members by reacting to their comments and/or requests. We also administer the Charitable Donations Policy, through which 1% of pre-tax profits are allocated to community charities and youth initiatives. From October 1, 2010 to September 30, 2011, \$23,000 was distributed to the groups listed below this report.

Our committee is your direct line to the Board of Directors and Management. We meet four times a year, so please share your thoughts and ideas with us. **THEY ARE IMPORTANT!** Complete a comment card in the branches or send us an e-mail from home or work. We receive many positive comments about our staff and they are always happy to hear about your appreciation. This is one thing that sets us apart from ordinary financial institutions. Our reactions to your comments and requests are meant to ensure your continued loyalty and understanding. Thanks for your interest in Your Neighbourhood Credit Union.

Jacqueline Bester - Director
Diane Snyder-Hilts - Director
Stan Hazle - Director, Committee Chair

- Bereaved Families of Ontario Midwestern Region
- Big Brothers Big Sisters Waterloo Region
- Birthright of Kitchener Waterloo
- Brant County 4-H club
- Brant Men of Song
- Brantford Pipe & Drums
- Cambridge United Under 18 Boys Soccer Team
- Cardiac Fitness Association, The
- Catholic Youth Organization
- Community Support Connections - Meals on Wheels
- CYL sponsorship
- Doon-Pioneer Christmas Food Hamper
- Every Kid Counts
- Food Bank - Brantford
- Food Bank - Cambridge Self Help
- Food Bank - Stratford House of Blessing
- Food Bank of Paris

- Food Bank of Waterloo Region
- Grand River Imaging & Photographic Society
- Guelph Giants Special Hockey Foundation
- Help a Child Smile
- Hope Spring Cancer Support Centre
- Hospitals (Brantford General Hospital)
- Hospitals (Cambridge Memorial)
- Hospitals (Grand River General)
- Hospitals (Hôtel-Dieu - Windsor)
- Hospitals (St. Mary's - Kitchener)
- Hospitals (Stratford General)
- Hospitals (Willett Centre - Paris)
- Hospitals (Windsor Regional)
- Kitchener Junior Rangers Hockey
- Kitchener Waterloo Minor Boys Softball Assoc.
- Kitchener Waterloo Track & Field Association
- Kitchener-Waterloo Cdn Cystic Fibrosis Foundation
- LaSalle Police Service
- Lynden Canada Day
- Perth County Historical Foundation
- Riverside Rangers Pee Wee Major '98 Hockey Team
- Shakespeare OptiMrs Club
- Southwestern Ontario Fiddle & Stepdance Assoc.
- SS Sabres Football
- Stratford-Huron-Perth Sunshine Foundation
- Timothy Rose Memorial Fund
- Woolwich Wolfpack U16 Girls Soccer Team



REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Your Neighbourhood Credit Union (YNCU) is a committee of four directors, appointed by the Board of Directors pursuant to Section 125 of the Credit Unions and Caisse Populaires Act, 1994 (Ontario) and Section 27 of Ontario Regulation 237/09.

The Board of Directors has approved a mandate which specifies the duties to be performed by the committee. The committee is pleased to report that during the past fiscal year the committee has fulfilled the requirement of the mandate.

The committee met four times during the 2011 fiscal year and completed the following key activities:

- Served as liaison between the Board of Directors and the external auditors;
- Reviewed and recommended to the Board of Directors about the terms of engagement of the external auditors and their remuneration;
- Reviewed and approved the external auditors' scope and audit plan;
- Reviewed the audited financial statements of the Credit Union and recommended their acceptance to the Board of Directors;

- Reviewed the Credit Union's disaster recovery plan;
- Reviewed reports of regulatory compliance audits;
- Reviewed the Credit Union's plan and progress for implementing International Financial Reporting Standards ("IFRS");
- Reviewed internal audit activities with the CFO and Compliance Officer.

There are no significant recommendations made by the committee that have not been implemented by the Credit Union. As well, the committee is pleased to report that there are no outstanding matters which are required to be disclosed pursuant to the Act or Regulations.

Respectfully submitted,

Peter Muise – Committee Chair

Frank Burgund, William Klooster, Doug Patton – Committee Members