



Dreams
grow here.

Annual Report 2017

Our members *They*
don't just bank. Prosper.
^

Don't just bank. Prosper.

“The true measure

of our success will be the number of people touched and transformed by our success. — ANGELA AHRENDTS

Stacey Crawford Chair of the Board



Dreams grow here.

As a member of Prospera, we are excited to partner with you to support your financial wellness and we want you to know that you're in good hands. We understand that you have financial goals and needs that are deserving of personalized attention and because of that we are transforming the way we do business to put the tools you need to achieve your dreams at your fingertips.

Prospera has grown to become one of BC's largest credit unions as a result of our relationship-based approach to financial advice. This success is the result of the recognized difference we are making for every individual member, as well as the difference we are making in our communities. Because we are a member-owned, local, community-based organization, your business and deposits are thoughtfully re-invested right back into our local communities, which means as we continue to grow so does our ability to nurture prosperity for everyone.

Below are just a few of the ways we've focused on that goal in 2017:

CONCENTRA AWARD

Accountability, focus, teamwork, integrity, passion, member-first and community – these principles are the heart of Prospera's values and through our relationship with Do Some Good (formerly Volinspire), Prospera has been able to amplify these values to positively impact BC communities. In addition to being a founding supporter of the community engagement platform, more than 75% of Prospera staff are using the Do Some Good app to actively track their volunteer efforts and find new ways to connect and contribute in their community. These efforts were recognized on a national level

when Prospera was awarded a 2017 Concentra Empowering Your Community Award.

INVESTMENT IN DO SOME GOOD

Prospera is one of those organizations where contributing to our community is foundational. We talk about it when we hire, we talk about it at meetings, we even talk about it on our lunch breaks. But it's not just talk; as the saying goes, “we put our money where our mouth is!” As one of the founding community partners of Do Some Good, we're excited about using technology to bring people together for the betterment of our communities—and in 2017, we took our commitment one step further and invested in this platform because we believe it will be a key influencer to create positive social change.

BC CHILDREN'S HOSPITAL FOUNDATION + BATS FOR A CAUSE

In May, Prospera staff presented a cheque for \$60,000 to the BC Children's Hospital Foundation during Miracle Weekend. It's something the credit union has been doing for more than a dozen years with the proceeds from fundraising activities such as jeans days, raffles, bake sales and test drive events. Over time, those dollars have added up. Thanks to the generosity of members and staff, to date Prospera has raised \$541,000 for the BC Children's Hospital Foundation as their charity of choice. That's more than half a million dollars to support the purchase of life-saving equipment, research, prevention and cures for childhood diseases and educational programs across BC. Separate from our Miracle Weekend fundraising, for nine years Prospera has been hosting the Bats for a Cause slo-pitch tournament in Kelowna, BC, which has raised an additional \$492,000 for BC Children's Hospital, thanks in large part to Prospera's Regional

Director in the Okanagan, Angela Burnell, who is a co-founder of the tournament and it's most enthusiastic ambassador.

GOVERNMENT RELATIONS

2017 was a landmark year for credit union advocacy in Canada. As a result of the effort that has been invested in recent years, interest in credit union issues both at the provincial and federal level has never been stronger. Throughout 2017, Prospera actively participated in efforts that achieved the following:

- Reinstatement of a preferred “small business” tax rate for BC credit unions, which recognizes that credit unions are in a unique position to reinvest capital back into the provincial economy. Without the restoration of the credit union tax treatment, BC credit unions faced a tax increase of over \$26 million annually, which would have directly impacted our ability to loan money to individuals, local businesses and support community activities.
- The creation of an All Party Credit Union Caucus in Ottawa. This is a collaborative forum where MPs and Senators from all political parties can increase their awareness of the important work that credit unions and caisses populaires do as unique participants (being member owned and controlled) in the financial services industry.
- Direct action taken by Canada’s Finance Minister to review Bank Act restrictions when the Office of the Superintendent of Financial Institutions (OSFI) issued an advisory that credit unions would no longer be able to use the terms “bank, banker and banking” when describing their business. As a result, banking terminology has been included in a broader financial sector review that is currently underway.

LEADERSHIP AND INNOVATION

Last year Prospera introduced the Young Leaders of Prospera program (YLOP), aimed at giving staff aged 40 and younger the opportunity to develop their leadership skills and prepare for leadership roles in the future. In 2017, we continued to focus on leadership and innovation through various activities:

ProsBEARa’s Den

Based on the popular TV show Dragon’s Den, this competition had five teams vying for the opportunity to have their business idea implemented by Prospera in 2017. The Estate of the Union team came out ahead with their proposal to create a comprehensive estate information and education package for members that includes a Personal Records Organizer for members to

print and use, answers to frequently asked questions on estates and links to resources to help families through what can be a very difficult time.

2017 Credit Union NexGen Leadership Intensive

Prospera sent three young leaders to the 2017 Canadian Credit Union Conference in Halifax including Karen Moore, who was our nominee for the National Young Leader Award. Karen was chosen for her work developing, leading and delivering financial literacy initiatives for youth both in her community and within the credit union system.

Large Credit Union Coalition Innovation Challenge

This Hackathon, hosted in Vancouver at Microsoft’s Learning Lab, brought together 40 people from across Canada (including four Prospera staff) who were assigned to randomly selected teams of four. The teams spent two days brainstorming solutions to solve real member needs, during which time they had the support of over 10 Microsoft team members to ask questions, review ideas and talk through their potential solutions. At the end of the two days the teams pitched their idea to a small team from Microsoft for feedback. Teams then had two weeks to refine their idea and present to a panel of credit union CIO judges. The winning team will get to go to Microsoft’s facilities in Redmond, Washington in 2018 and work with Microsoft engineers to build a proof of concept of their solution and develop a prototype.

GROWING PROSPERITY FOR THE FUTURE

The scope, pace and volume of work that occurred in 2017 is nothing short of remarkable. This became even more apparent to me during the year as I represented Prospera in conferences, credit union meetings and CEO/ Board Chair forums across Canada, where it became increasingly clear to me how fortunate we are to be in a position where we have the talent, resources, willingness and strategic alignment to pursue what we believe is in the best interest of our members, our organization and our communities. Your Board of Directors, the CEO, senior management and the entire Prospera organization continue to work as a team to establish our future direction. This collaboration is an experience I am really proud of, and while we all have different roles and responsibilities, we are all enthusiastically aligned to our objective of making a meaningful difference for our members and our organization.



Stacey Crawford
Chair of the Board



Sheldon Gardiner
Founder, Do Some Good / Volinspire

“Prospera shares our values...

and the belief that business can be a force for good and they’ve been an integral partner of Volinspire from the start. As a leader in employer supported volunteerism, their employees are a force for good, helping countless non profits and charities in local BC communities.

“Starting with what

the [member] wants, and how they interact with money is not just the best way, it is the ONLY way.

— ROB FINDLAY, SVP OF EXPERIENCE DESIGN, NEXT BANK

Shawn L. Good President + CEO



Branches with tellers, drawers full of cash and a walk-in vault in the back, that’s the picture that comes to mind when we think of ‘traditional banking.’ Today, we talk about banking in terms of e-transfers, apps, mobile and tap. The way our members want to bank is changing and we’re changing too.

We are living in an exciting time when disruption has become a way of life. Operating in a more complex and rapidly changing environment brings both challenges and new opportunity. Leveraging new technology opens the door to create the online services members want while keeping traditional relationships strong. We are committed to supporting the personal member experience, not replacing it, maintaining the human connection that is at the heart of our credit union values while thriving in this new digital world.

As leaders, Prospera’s Board and Senior Leadership Team have a fiduciary responsibility to create value and ensure we have a relevant and sustainable business model to serve members today as well as the next generation of members. In 2016, we introduced Vision 2020, a plan to transform the way we do business in order to grow prosperity for our members, our credit union and our communities. In 2017, we began that transformation on many fronts.

Here are a few of the highlights:

Our Vision 2020 strategy calls for meaningful growth. In 2017, our credit union grew to more than 64,000 members strong and we exceeded our growth targets reaching \$4.46 billion in Assets Under Administration. These strong results will help fuel our transformation by funding investments in technology, innovation

and our communities. You can read more about our financial performance in the Management’s Discussion and Analysis and in the Consolidated Financial Statements.

Through Voice of the Member, we know you want your credit union to be more responsive and relevant to your needs and your lifestyle. In 2017, we invested in reducing friction points, streamlining procedures and enhancing the overall member experience. At the beginning of the year, we established a dedicated Process Innovation Team which has delivered on our promise to make it easier to do business with and within Prospera.

Technology is helping us reduce operating costs and eliminate work that doesn’t add value. It’s also enabling us to approach tasks differently, execute them more quickly and free up time for our staff to focus on building relationships with our members. And as we meet the demand for increasingly sophisticated digital capabilities, especially through the mobile channel, we’re attracting and retaining more members – resulting in growth that is vital to the health of our credit union.

Speaking of mobile, we want to enable members and prospective members to connect with us how, where, and when they prefer, whether that’s in a coffee shop, at their office, in one of our branches, through the Contact Centre or using our digital channels on their mobile phone or computer. In June 2017, Prospera became the first credit union in Canada to offer a fully integrated digital account opening experience, opening up memberships from anywhere in as little as five minutes.

By investing in technology and innovation to enhance the member experience, we're putting the tools members need to improve their financial well-being right at their fingertips. A great example is the online investing service Virtual Wealth, which was launched in early 2017 through our partnership with Qtrade Financial Group. We also introduced Mobile Pay for Android and expanded our suite of credit cards to offer more cash back and reward options through a partnership with Collabria.

At Prospera, one of our core beliefs is that everyone deserves financial well-being, but we also know it can be difficult to find a balance between planning for the future and living the life you want right now. Through our partnership with Qtrade, in 2017, we introduced a Personal Investment Plan (PIP) that significantly simplifies the discovery and wealth recommendation process for our members, making it easier than ever to get started with a financial plan. We're also very proud to share that eight of Prospera's Wealth Advisors were named to Qtrade's Top Advisor Program. This is a great distinction awarded to advisors who not only achieve outstanding results, but more importantly, consistently exhibit sound sales and business practices. Practices that include providing relevant investment/financial planning advice; implementing appropriate risk management based on the member's needs and goals; and adherence to regulatory and compliance requirements; all of which are necessary components to deliver an excellent member experience.

Our priority as a financial partner to local business owners is to find innovative ways to free up more of their time to focus on business, so we're very excited to be the first financial institution in Canada to offer an invoicing solution for business that is fully integrated into online banking. As of October, Prospera's business members have access to an invoicing tool that enables them to quickly and easily create invoices using customized templates and email them directly from their online business banking account. They can also manage and edit customer information, view the status of accounts receivable and reconcile accounts for better cash flow management.

Leadership development continues to be a priority for every member of the Prospera team. In addition to defining competencies and introducing leadership guides for both personal leaders and people leaders, 2017 saw the formation of Prospera's Women in Leadership Group. This employee-led program

started with a small group of women who began meeting in 2016 to enhance their existing leadership skills and support each other in the development of new skills. This year, they opened up the program to all women at Prospera based on the foundational belief that a fulfilling career adds value to all aspects of life—confidence, professional development, continuous learning and leadership.

2017 brought some unexpected challenges for many BC communities, from unprecedented flooding in the Okanagan in the spring to the wildfires that ravaged many parts of the province throughout a long hot summer. Adversity has a way of bringing people together and reminding us that we are all in this together and I was very proud of our Okanagan staff, who saw an opportunity to do their part by delivering lunch to the workers and volunteers who were busy filling sandbags for the residents of Kelowna. Many of those same staff also took shifts filling sandbags. Prospera donated \$10,000 to provide assistance to those affected by the flooding as well as \$10,000 to help victims of the wildfires.

While we're on the subject of volunteering, Prospera staff joined in the celebration of Canada's 150 birthday in 2017 by participating in the Canada 150 Volunteer Challenge. As a credit union, we pledged to contribute 5,000 volunteer hours in our communities throughout the year. Staff participating in the challenge set up a profile on the volunteer app Do Some Good, which tracked participation in the challenge right across the country. In total, I'm excited to report 5,590 hours were logged by Prospera staff on Do Some Good. That time is worth \$111,795.

My sincere appreciation to our members for their continued trust and support of our credit union and to our Board of Directors and staff for their dedication to helping "dreams grow here."

With courage,



Shawn L. Good
President
& Chief Executive Officer



Lindsay + Jordan Theis

Port Moody

“The kind of personal attention...

and customer service we’ve received from everyone on the team at Prospera is second to none. Being treated like part of the family by your bank is not something anyone would expect but is so appreciated as we no longer stress about our finances or our future, knowing we’re well taken care of.



Board of Directors

Prospera Credit Union's Board of Directors and Management are committed to acting responsibly, ethically and with the highest standards of integrity to ensure that Prospera's activities are continually structured and delivered in a manner that allows us to meet the needs of our members.

To achieve this, sound corporate governance business practices and policies have been adopted by the Board and cascaded throughout all levels of the organization. The Board of Directors strives to ensure that its governance is of the highest standard, while at the same time practical and transparent to Prospera members.

The Board's governance responsibilities include, but are not limited to:

- Managing the Board's affairs including recruitment, development, evaluation, Board composition and committee structure;
- Approving and monitoring the strategic plan, annual business plan and budgets;
- Selection, evaluation, development and succession planning of the President and Chief Executive Officer (CEO);
- Establishing standards of ethical business conduct and obtaining assurances that they are being adhered to;

- Ensuring compliance with applicable laws, regulations and guidelines;
- Approving and implementing a risk governance framework; and
- Ensuring accountability and transparency mechanisms are appropriate and effective.

The Board's governance model has been developed over time and is a blending of practices that are deemed to be most appropriate for Prospera. These practices include the following principles, which have been adopted by the Board:

- The Board governs and Management manages. The Board's role is to ensure that Prospera has the appropriate Management in place. Day to day management is the responsibility of the CEO, who reports to the Board of Directors.
- The Chair and the CEO are the official spokespersons for the Credit Union and a decision made by the Board is a decision that is publicly supported by all Directors.
- Only the Board can make decisions that are binding on the organization; however, the Board may elect to delegate these responsibilities to its standing and ad hoc committees.
- The Board has committed to transparency in its overall governance of Prospera.
- The Board's Governance Manual which outlines philosophies, structures and methods by which the credit union is governed is reviewed biennially and amendments are reviewed and approved by the Board.

AS SPECIFIED IN THE CREDIT UNION'S RULES, Prospera's Board of Directors is comprised of nine shareholding members each elected by the membership for a three-year term. As a whole, the Board is accountable for the stewardship and oversight of the management of the Credit Union. Although the Directors may have special expertise and points of view, they do not represent a particular constituency.

Collectively, the Board has over 87 years of Director experience specific to Prospera Credit Union and its predecessors (Fraser Valley and Edelweiss Credit Unions). Individual Director tenure ranges from just under one year to 26 years.

“Reflecting on 2017,

I am truly proud of the contribution every member of our organization has made to ensure Prospera is positioned for long-term sustainable success. We are fortunate to be in a position where we have the talent, resources, willingness and strategic alignment to pursue what is in the best interest of our members, our organization and our communities.



Stacey Crawford

MA, CCD (Certified Credit Union Director)

Board Chair

Director Since 2012

Stacey holds a diploma in Business Management and a Master of Arts in Leadership and Training and also studied the management of cooperatives at the University of Bologna, Italy. In 2016, Stacey attended the Governance Leadership Institute offered by the Rotman School of Business in Toronto and received his Certified Credit Union Director (CCD) designation. Currently the Economic Development Officer for the District of Mission, Stacey is responsible for managing the economic, tourism and film development portfolios of the municipality.

He has an extensive background as a community volunteer that includes past and current board governance with the Kinsmen Club of Mission, the Mission Regional Chamber of Commerce, Community Futures Development Corporation and the Rotary Club of Mission Midday. His professional background also includes commercial lending, real estate and community economic development, where he managed environmental, First Nations and business services programs.

Stacey is an avid supporter of the philosophy that local decision-making and local development are the most effective means for communities to shape their future. He believes this approach creates the greatest sense of ownership and empowerment for communities and organizations.

EDUCATIONAL PURSUITS IN 2017

- CUES Leadership Symposium
- FICOM 2017 Credit Union Industry Conference
- Canadian Credit Union Association – National Conference
- IEDC Economic Development Credit Analysis
- ICD Culture in the Boardroom

“I am proud of the progress

that the Prospera team made in 2017 enhancing products and services for our valued members. To those new members that joined this year, I hope we have met your expectations and earned your trust.



Eric Nadin

BASc., P.Eng., ICD.D (Institute of Corporate Directors)

Vice Chair

Director Since 2011

Eric has over 30 years of business experience as a professional engineer, business manager and leader. After spending a number of years in construction for BC Hydro, he retired from the organization as the Operations Training Program & Strategy Manager. In 2015, Eric earned his ICD.D designation (Institute of Corporate Directors Education Program).

Eric's community involvement includes serving as the Chair of the Association of Professional Engineers and Geoscientists BC Mentoring Committee, helping to mentor engineers as they work towards their professional designation. He is also a classroom volunteer with Junior Achievement and a graduate of the Vancouver Leadership Program, which involved participation in a year-long community project for KindActs Network Association of BC. In 2010, Eric was nominated for the BC Hydro Business Mentor Award.

Eric is a strategic thinker with strong business acumen who enjoys building valued working relationships in a team environment and developing innovative solutions based on a set of core values. He believes in setting clear vision, goals and direction and providing responsible oversight that helps the Board and executive create a sense of purpose, passion and engagement.

EDUCATIONAL PURSUITS IN 2017

- Canadian Credit Union Association – National Conference
- FICOM 2017 Credit Union Industry Conference
- DNA of a Top Performing Credit Union Director
- Human Resources CEO Competencies Workshop

“Credit unions are co-operatives

with a focus on sustainability. I believe our values should always reflect the importance of putting people before profits and our members should always come first as together we build a prosperous and sustainable local community.



Angela Kaiser

B. Comm, CPA, CGA, CFP, ICD.D (Institute of Corporate Directors)

Director Since 2001

Angela’s financial background, governance experience and passion are just some of the attributes that enable her to provide valuable input to the Board. In 2010, she obtained her ICD.D (Institute of Corporate Directors) designation which supports her other director roles at Central 1 Credit Union, CUPP Services Ltd., BC Cooperative Association and Delta Police Board. She also served 11 years on the Board of Stabilization Central Credit Union. As a Director she has held the role of Board Chair, Vice Chair, as well as Chair of the Audit and Conduct Review and Governance committees

Angela holds designations as a Chartered Professional Accountant as well as a Certified Financial Planner. She currently operates a public practice accounting firm that focuses on the financial, tax and accounting needs of individuals and small business corporations.

Outside of her career as an accountant and her board work, Angela maintains a strong profile in the local community. She acts as a Program Facilitator for Junior Achievement of British Columbia and is the Director of Finance for not-for-profit organizations including Agape Street Ministry and Sancta Maria House.

EDUCATIONAL PURSUITS IN 2017

- ICD/KPMG Webinar – Data Breach Webinar
- Central 1 Credit Union Conference and AGM
- Canadian Credit Union Association – National Conference
- Central 1 - Directors Forum
- PWC – Hedge Accounting /IFRS Impairment
- ICD Webinar – Social License – Who Defines It?
- ICD /KPMG Webinar – Fundamentals of IT Oversight
- CUSource – Navigating Difficult Decisions
- KPMG / Executive Roundtable – Shifting Tides
- ICD Session Culture in the Boardroom
- ICD Webinar – Identifying, Monitoring and Overseeing Insider Threats
- Webinar – Corporate Governance Best Practice

“Long term financial security

for you and your family requires a blueprint for success. I have been a member of Prospera Credit Union for more than 30 years and through all the stages of my life the simple, thoughtful and responsible advice that we have received at Prospera has allowed us to make our financial dreams become reality.



Karen Laing

ICD.D (Institute of Corporate Directors)
Director Since 1991

Karen’s long experience with effective governance started during her career as a journalist, where she learned the art of asking the tough questions and demanding accountability. Her current position is Manager of Governance and Resource Development for Mission Community Services Society, a not-for-profit agency responsible for delivering a variety of social programs. As a senior leader at MCSS, Karen manages an overall budget in excess of \$4 million and is accountable to federal, provincial and local funding sources.

In past years, Karen spent more than 10 years with Community Futures North Fraser and was responsible for marketing, promotion and community development initiatives. She has extensive experience in the conception and execution of major provincial events and has worked as Campaign Manager in two successful municipal elections.

Karen holds the ICD.D designation for corporate governance from the Rotman School of Business at the University of Toronto.

Karen has served as a volunteer for a number of community organizations and is a strong believer in the power of cooperatives and works diligently to promote that business model in the community.

EDUCATIONAL PURSUITS IN 2017

- Canadian Credit Union Association – National Conference
- Human Resources CEO Competencies Workshop

“It is a privilege to be part of

an organization which helps not only its members realize their financial dreams but also works a lot with the community to support worthwhile efforts.



Manpreet Grewal

MA, C. Dir.

Director since 2017

Manpreet holds a Master's degree from the University of Delhi and a Diploma in Journalism from the London School of Journalism. Most recently, she earned the designation of Chartered Director, a program delivered through a partnership between McMaster University, the Director's College and UBC's Sauder School of Business.

Currently the Director of Multicultural and Immigrant Services at Abbotsford Community Services, Manpreet has overseen the establishment of several community-based programs including services to immigrants, pre-arrival services, crime prevention, and diversity education for the community at large.

As a freelance journalist, Manpreet has been a contributing writer for the Vancouver Sun, Vancouver Province and the Abbotsford News as well as producing and hosting shows with CBC radio, Channel M and Shaw television.

Manpreet has served on several non-profit and government boards, including the Vancouver Foundation Health and Social Advisory Committee, AMSSA (Affiliation of Multicultural Societies and Service Agencies of BC) and undertaken professional development in the areas of leadership and governance.

Manpreet joined Prospera's Board in 2017 and brings with her a passion for community development and engagement.

EDUCATIONAL PURSUITS IN 2017

- Credit Union Director Achievement Program - Foundations of Governance
- Human Resources CEO Competencies Workshop

“I am proud to be a member

of Prospera who supports one of the key co-operative principles of helping individuals and business members achieve their financial goals and is recognized as a strong community supporter.



Pauline Havelock

CCD (Certified Credit Union Director)
Director Since 2013

Pauline is passionate about the cooperative principles and the credit union movement and the philosophy of “People helping People” and putting members first by focusing on “Members before Profit.” She has over 36 years of experience in the financial industry.

As Corporate Secretary and Chief Governance Officer of Prospera for 23 years, Pauline has a comprehensive understanding of the Financial Institutions Act and regulatory requirements. During this time, Pauline developed strong leadership, communication and people skills. In 2017, Pauline attended Rotman’s School of Management and earned her CCD designation (Certified Credit Union Director).

Pauline volunteered on the Board for The Centre for Child Development (The Centre) and the Child Development Foundation of BC. She was ultimately hired as a consultant to assist the CEO in revising governance policies and the strategic planning process for the Board and continues to be involved with fundraising for the Foundation.

Prior to joining The Centre, Pauline spent six years on the Board of the United Way of the Fraser Valley, serving as president for two of those years. Pauline supports the Mental Health Society and is a member of Communitas Supportive Care Society which provides educational sessions and helps people with disabilities to find part-time work.

EDUCATIONAL PURSUITS IN 2017

- CUES Governance Leadership Institute - Certified Credit Union Director
- Central 1 - Directors Forum
- Canadian Credit Union Association – National Conference
- Webinar – Corporate Governance Best Practice
- DNA of Top Performing Credit Unions Directors

“All financial institutions

look to provide reasonable products and services for their customers/members. Prospera looks beyond this, taking the time to create relationships and help members to build their dreams and achieve financial well-being.



Rowland Kelly

BA Econ/Comm, CPA, CGA
Director Since 2015

Rowland has dedicated the majority of his career to the credit union/co-operative sector. Most of this career has been spent with Central1 Credit Union, the wholesale banker and trade association for credit unions in British Columbia and Ontario. His background is in finance and investment management. He retired from Central1 Credit Union in 2011 as Chief Operating Officer and Chief Financial Officer, a position that he held for over 12 years.

Rowland has also worked in the retail credit union sector and understands the challenges of retail banking and the financial and regulatory issues faced by credit unions today.

Rowland has served on a number of credit union affiliated Boards, the most recent being The Co-operators Insurance Group (2008-2012), where he served as Chair of the Audit Committee. He has also served on the Boards of Credit Union Central of Canada, Ethical Funds, Inc., and the Credential Group.

In his 30-year career, he has seen significant changes in the credit union sector. Credit unions have evolved into major players in the financial services sector and major contributors to the financial health and well-being of their members and their local communities. Rowland is dedicated to seeing these positive trends continue.

EDUCATIONAL PURSUITS IN 2017

- Central 1 Credit Union Conference and AGM
- Canadian Credit Union Association – National Conference

“2017 offered a great example

of how Prospera continues to be a community builder, with more than 5,590 volunteer hours donated to local organizations. This dedication to volunteerism helps to ensure that we are working together, making our communities stronger and a better place to live.



Sylvia Pranger

Director Since 1996

Sylvia’s extensive community experience on numerous Boards and committees has provided a solid foundation of skills for the credit union role. These skills include budgeting and financial management, leadership and communication skills, sound decision making abilities and the capacity to contribute effectively as part of a team.

Sylvia served for 15 years on the District of Kent municipal council including six years as Mayor and recently served seven years as a Vice Chair Commissioner with the Agricultural Land Commission. In 2014, she was appointed by Premier Christy Clark as a member of the Provincial Rural Advisory Council and was successfully re-elected to the Kent Council.

Past volunteer activities include serving on the fundraising committee for the new emergency room at the Chilliwack General Hospital, the Healthy Communities Committee for Kent/Harrison, founding member of the Kent Harrison Foundation, past President of the Harrison/Agassiz Rotary Club, Vice Chair of the RVRD Hospital Board and Director of the Fraser Basin Council.

Serving the membership in an active and accountable manner is Sylvia’s goal. This involvement has strengthened her resolve to ensure Prospera continues to be strong, vibrant and relevant to our staff and members.

EDUCATIONAL PURSUITS IN 2017

- ICD Webinar – Fundamentals of IT Oversight

“Everyone has dreams,

regardless of what stage in life you may be. I’m proud to be part of an organization which has educated and passionate team members in all departments who can help our members grow their dreams.



Tracy Gray

ICD.D (Institute of Corporate Directors)
Director Since 2010

Tracy has sat on most committees, chairing Governance and Conduct Review, Member Relations, and Nominations and Elections Committees. Her strengths include operations, human resources, media relations and sales and marketing. Tracy has earned many business accolades including a Chamber of Commerce Business Excellence Award-Kelowna and an RBC Canadian Women Entrepreneur of the Year-Toronto. Tracy was also listed as one of the “100 New Women Pioneers in BC” by the Women’s Enterprise Centre.

In 2003, Tracy founded Discover Wines Ltd. in Kelowna which was the number one BC VQA Wine Retail Store in British Columbia in sales for thirteen years, opening a second location in Kamloops. She sold the rights to the VQA Licenses in 2015 to Save on Foods as part of the BC wine industry’s desire to move VQA licenses into grocery stores. Tracy lived in Vancouver for four years in the mid 90’s and held various business consultant and upper management positions, gaining experience with unions, governments and non-government organizations. She is currently involved in the operation of five small businesses.

Tracy gives back to the community by volunteering with mentoring programs for women who are starting new businesses and guest lectures at UBC Okanagan and Okanagan University College. She has been invited to sit on many government and economic development round table discussions. She has served as Director on many not for profit boards and one term on the provincial government-appointed tribunal for the Passenger Transportation Board. She currently serves on five Boards, including the Central Okanagan Regional District, and was elected as a Kelowna City Councillor in 2014. In May 2017, Tracy earned her ICD.D designation for corporate governance from the Haskayne School of Business, University of Calgary.

EDUCATIONAL PURSUITS IN 2017

- Institute of Corporate Directors – Director Education Program
- ICD Webinar - Successful Integration of People, Teams and Culture

DIRECTOR COMPENSATION

Prospera offers a level of remuneration that both reflects its co-operative heritage and satisfies the market reality in order to attract and retain Directors with the business experience and skills required to achieve the Credit Union's strategic plan.

The Director Remuneration Policy is reviewed every three years by the Conduct Review and Governance Committee which may, from time to time, retain the services of an independent remuneration consultant.

Annual Compensation levels are as follows:

Board Chair	\$31,000
Vice Chair	\$20,500
Committee Chairs	\$19,500 (excluding Nomination & Elections Committee Chair)
Nomination & Elections Committee Chair	\$16,500
All other Directors	\$15,500

In addition to the honorarium noted above, Directors receive a \$500 per diem for attendance at Board meetings and a \$300 per diem for Committee meeting attendance.

DIRECTOR EXPENSES

Directors are reimbursed for mileage, travel and business expenses incurred on Credit Union business. Directors are expected to provide receipts for all expenses and reimbursement is based on reasonable and accountable out of pocket expenses.

EDUCATION

In accordance with the Credit Union Incorporation Act, all Directors are required to complete Level A of the Credit Union Director Achievement (CUDA) Program – 'Foundations of Governance.'

Additionally, Directors are required to engage in learning activities that will expand their knowledge and enhance their role as a Credit Union Director.

Ongoing professional development is supported by providing periodic special presentations in-house with subject matter experts at Board and Committee meetings. Presentations over the past year included:

- Liquidity and Swaps
- Lobbying
- Cloud Computing
- Liquidity Risk Measures
- Cyber Security Awareness – Annual Training and Testing
- Anti-Money Laundering and Counter Terrorist Financing – Annual Training and Testing

To further encourage active participation with individual continuous learning, Prospera provides funding up to \$15,000 per Director for each three-year term. This allowance covers registration, travel, accommodation and meal costs for attendance at conferences and seminars. (Required and optional CUDA modules are available to all Directors and are not included in the \$15,000 allowance.)

SUMMARY OF COMPENSATION AND EXPENSES FOR 2017

'Gross Remuneration' includes annual honorariums as well as meeting and education session per diems. 'Expenses & Education' figures include mileage, conference and education session registration fees with related expenses (i.e. travel, accommodation and meals), data plan costs for a Prospera issued iPad for Board use as well as a nominal telecom allowance.

DIRECTOR	2017 GROSS REMUNERATION	EXPENSES & EDUCATION	TOTAL
Stacey Crawford - Board Chair	53,919	15,664	69,583
Eric Nadin - Vice Chair	36,735	7,908	44,643
Angela Kaiser	29,008	2,931	31,939
Karen Laing	31,077	3,997	35,074
Tracy Gray	24,915	27,091	52,006
Pauline Havelock	33,607	7,233	40,840
Karl Noordam	7,358	421	7,779
Manpreet Grewal	19,731	2,360	22,091
Sylvia Pranger	24,985	3,440	28,425
Rowland Kelly	33,027	6,821	39,848
Total	294,362	77,866	372,228

BOARD AND COMMITTEE MEETING ATTENDANCE

There were 11 regularly scheduled Board meetings in 2017 for which there was 98% attendance with only two directors missing one meeting each in 2017.

Much of the Board's groundwork takes place at the Committee level. Each spring following the Annual General Meeting, Committees are realigned and Directors are strategically rotated through different Committees to provide experience while preserving continuity and developing leadership. During 2016 and early 2017 the Board engaged the services of an external facilitator (Watson) to undertake a full Committee review and restructure. The new structure took effect in the spring of 2017.

2017 Board and Committee attendance was as follows:

JANUARY – MAY 2017 | COMMITTEE MEMBERS + ATTENDANCE (COMMITTEE CHAIRS ARE ITALICIZED)

CONDUCT REVIEW + GOVERNANCE	INVESTMENT + LENDING	AUDIT + RISK	NOMINATIONS + ELECTIONS	HUMAN RESOURCES	MEMBER COMMUNITY RELATIONS
100% ATTENDANCE	100% ATTENDANCE	100% ATTENDANCE	83% ATTENDANCE	100% ATTENDANCE	100% ATTENDANCE
<i>Eric Nadin</i>	<i>Rowland Kelly</i>	<i>Karl Noordam</i>	<i>Pauline Havelock (-1)</i>	<i>Angela Kaiser</i>	<i>Karen Laing</i>
Pauline Havelock	Karen Laing	Angela Kaiser	Rowland Kelly	Rowland Kelly	Sylvia Pranger
Sylvia Pranger	Karl Noordam	Eric Nadin	Stacey Crawford (-1)	Stacey Crawford	Tracy Gray
			Tracy Gray		

MAY – DECEMBER 2017 | COMMITTEE MEMBERS + ATTENDANCE (COMMITTEE CHAIRS ARE ITALICIZED)

CONDUCT REVIEW + GOVERNANCE	RISK MANAGEMENT /INVESTMENT + LENDING	AUDIT	NOMINATIONS + ELECTIONS (SUB COMMITTEE OF GOVERNANCE)	HUMAN RESOURCES
100% ATTENDANCE	100% ATTENDANCE	100% ATTENDANCE	100% ATTENDANCE	89% ATTENDANCE
<i>Pauline Havelock</i>	<i>Karen Laing</i>	<i>Rowland Kelly</i>	<i>Tracy Gray</i>	<i>Eric Nadin</i>
Sylvia Pranger	Angela Kaiser	Angela Kaiser	Pauline Havelock	Karen Laing (-1)
Tracy Gray	Rowland Kelly	Eric Nadin		Manpreet Grewal
		Sylvia Pranger		

CEO COMPENSATION DISCLOSURE

Our Total Rewards Philosophy

At Prospera, we provide a comprehensive and competitive total rewards programs for our employees. Our programs are designed to ensure we act with members' best interests in mind and perform as a team to the best of our capability. Our total rewards programs:

- Align the interests of our employees with the organization's business goals and interests of our clients/members.
- Are competitive within the regions/markets where we compete for talent.
- Provide clear and consistent communication to all stakeholders.
- Support the transformation and changes at Prospera.
- Enable Prospera's go-forward culture.
- Recognize differentiated levels of individual performance within the same role.
- Are comparable externally and internally.
- Are flexible in aligning with our changing business conditions and growth needs.

Our goal is, for most positions, to target the median (also known as 50th percentile or P50; it is the value in which one-half of the observations included in the sample are above and one-half are below) for all of our cash compensation programs. We may target at higher than the median (P50) for certain positions due to market conditions or strategic intent. We will review the external marketplace on a continuing basis through the use of published and custom surveys. We will look for data which matches the appropriate organization size, geographic region and industry in which we recruit.

Compensation Programs

Prospera reviews compensation programs for all employees with the Human Resources Committee of the Board on an annual basis. The Board of Directors is responsible for CEO compensation and for determining any specific elements for the CEO.

Prospera has defined salary structures and we have published salary ranges up to senior management levels. We have a flexible benefits program and a defined benefit pension plan that is offered to eligible part-time employees and all full-time employees. We have a short term incentive plan that applies to all non-wealth management employees, and has targeted eligibility levels based on position complexity, responsibility and market practices.

CEO Compensation Summary

The CEO's compensation package is reviewed by the Board of Directors annually, based on the Central 1, Korn Ferry industry survey and Mercer industry survey for executive compensation in credit unions. Prospera targets the 50th percentile for total target cash in the comparator market.

For the fiscal year ending December 31, 2017, the CEO earned the following compensation:

DESCRIPTION	AMOUNT
Base Salary	\$ 358,750.08
Variable Pay <i>(*paid in 2018 for 2017 fiscal year performance)</i>	\$ 71,875.00
Benefits, Pension and Perquisites	Please see descriptions on next page

CEO Short-Term Incentive

The CEO's Short Term Incentive (STI) is the same Prospera Variable Pay Plan that applies to all non-wealth management employees in the organization, with a target commensurate to the employee's level of responsibility and influence. The STI is based on the achievement of both organizational goals and individual performance objectives and leadership competencies. The target for the CEO has been established at 40% of base salary.

In fiscal year 2018, the CEO received \$71,875.00 based on the achievement of 2017 organizational performance, and factored with individual performance and the overall funding available for the total organization. The STI plan specifies that all payments under the plan are contingent on audited financial results and final Board approval. While the STI was earned for performance in fiscal year 2017, actual payment is made in fiscal year 2018, once fiscal year 2017 results are finalized.

Benefits, Pension and Perquisites

The group benefits provided to the CEO are consistent with those received by all other employee groups within Prospera. As part of the standard coverage, the CEO participates in the flexible benefit plan that provides plan credits to the participant in order to select a custom benefits package that is aligned with their life situation (e.g. single/married, dependent/spousal coverage) and which offers plan credits based on a defined formula.

The CEO is eligible for retirement benefits through the BC Credit Union Employees Pension Plan – 1.75% Division, as well as the Prospera Credit Union Supplemental Pension Plan (SERP). The SERP is a supplemental pension that mirrors the base plan and is in place for certain executive employees whose benefits are restricted by reason of limits on retirement benefits prescribed under the Income Tax Act.

Under the 1.75% pension plan both the employee and the employer are required to contribute in an amount set by the Trustees of the Plan, in consideration of the recommendations from a qualified actuary regarding the total required level of contributions to ensure that the plan will be able to meet future obligations. Plan members are not required to contribute to the SERP.

The pension formula used for both plans to determine the annual pension is 1.75% of average earnings multiplied by years of service. For the purpose of calculating contributions to the SERP for the CEO, earnings including the STI payment.

Additional benefits and perquisites are also provided to the CEO. These include a car allowance and flexible perquisite account. The combined value of both is equivalent to 10% of base salary.

Severance

The CEO has a severance agreement of 18 months' base salary. The CEO would be entitled to STI for service up to the last day worked in a calendar year. The agreement does not provide for benefits continuation.



Senior Leadership Team

PROSPERA SENIOR LEADERSHIP TEAM

Senior Leadership Team bios are available on prospera.ca

Shawn L. Good

President & Chief Executive Officer

Diane Dou

Chief Operating Officer

Michael Kerdachi

Chief Financial Officer

Greg Dyck

Chief Information Officer



Annual Report 2017

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