

**WE BELIEVE
IN MAKING A
DIFFERENCE.**



5:12am The Milking Room



6:27am Mission to Vancouver



7:30am Start of the day at Prospera Centre, Kelowna



It's easy to make a buck but it's a lot tougher to make a difference.

We've never thought of ourselves as just your average credit union, but making a difference is not about being a big hero or shouting your praises from a soap box. For us, it's about greeting our members with a sincere smile and a friendly face. Or offering up some solid advice over a hot cup of coffee.

We understand that through our actions, great or small, we need to earn your trust, and during times like these, you are looking to us for options, guidance and the flexibility to make that happen in person, in-branch or online. For some, 7pm (your time) might just be the perfect time to chat across the fence.

And like any good neighbour, we have the time to listen. We can offer effective strategies to assist you in all aspects of your financial well-being, not to mention some handy tools to help get you on your way. From every-day banking to saving for your retirement, we have innovative ways to help you manage your money. We are here to give you a hand.

And that attitude extends into the greater community. Our neighbourhoods mean the world to us! We pride ourselves on collaborating with non-profit organizations and supporting grassroots initiatives that are having a positive impact in our communities; making our small towns and growing cities even better places to work and raise our families.

For more than sixty-six years, our corporate philosophy has supported a commitment to service, both in-branch and in our communities. Making meaningful differences and forging new relationships. It's what we do and it's why we are here.

Message from the Chair

2008 was certainly a year of change and challenge! The global market turbulence demanded a focused effort from both your Board and Management.

As Directors of Prospera Credit Union we 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, the Board dedicated resources and engaged in an extensive review of its corporate governance policies and procedures, and I am pleased to report that we are more committed than ever to provide the highest standard of governance and oversight.

We worked with Management in early 2008 to set a mission for Prospera that focuses on being memorable to our members and becoming a trusted source of advice. We redefined Values that have become the guiding principles that act as our moral compass and our new Vision defines what Prospera aspires to become, to achieve and to create.

Last year we revisited our strategy and set bold objectives in three key areas – Member Growth, Employee Engagement and Organizational Effectiveness. By setting clear goals, Management was able to develop meaningful services and products, and I am confident that with their leadership we are well on our way to growth and prosperity.

It is with regret that we say goodbye to Director Clayton Stampler this year and on behalf of us all I wish to thank him for his dedication and efforts over the past four years. We will be welcoming Larry Thurston to the Board in April.

We face the coming year with optimism and determination. The Board will stay diligent in strengthening its oversight. We will complete the revision of our governance practices that will see the streamlining of our committees and allow us to better focus on our work while creating efficiencies. We will continue to build relationships within the Credit Union system.

I wish to congratulate our CEO, Bruce Howell, his management team and the staff for their dedication and hard work, which was carried out under difficult conditions, some of which were well beyond our control. I am confident knowing that Prospera's future success is in the hands of such dedicated individuals.

To my fellow Board members, I would like to thank you for your tireless hard work and contributions over the past year. To you, our members, I sincerely thank you for your patronage and continued commitment to Prospera.



Karen Laing – Chair, Board of Directors



Message from the President and CEO

This past year has been one of significant progress at Prospera Credit Union. We followed through on our commitments: to sharpen our focus on being a credit union, to focus on making a meaningful difference in the financial well-being of our members, and to focus on the bottom line.

2008 was a year of extreme volatility globally, with the financial services industry going through considerable change. Prospera management and staff did and continue to do an admirable job in successfully navigating through the market turbulence.

We have experienced the largest stock market drop since the mid 1980's and are in the lowest interest rate environment ever experienced in Canada. These low interest rates combined with the flattening of the yield curve, lead to compressed margins on both deposits and loans.

Through all this, Prospera not only maintained but enhanced its liquidity position by raising \$137 million in deposits. I am also very pleased that we continued to add to our capital position.

Every organization goes through significant changes to keep pace with a changing world. Prospera is no different and must keep pace with these changes. Last year, we recognized that we needed to create a fresh roadmap for Prospera's future to guide us.

To enable this, we developed a new Mission and Vision Statement supported by redefined Values. The management team created and implemented Prospera's five-year strategic plan. Our strategic imperatives are Membership Growth, Employee Engagement, and increasing Organizational Effectiveness.

The success we enjoyed was, in very large part, due to staff that have a strong desire to serve and help make a meaningful difference in the financial well-being of our members. I am extremely proud and pleased of the commitment shown by all staff.

Equally important is our member loyalty. Prospera is a long established credit union where members have forged strong connections with us and the communities we serve recognize us as good corporate citizens. In 2008, members continued to be impressed by the level of service we provide and rated us with service quality ratings of best in class.

Looking ahead, Prospera is focused and ready to take on the challenges that we will face in 2009 and doing what we do best....making a meaningful difference in the financial well-being of our members.



Bruce Howell – Chief Executive Officer

Management's responsibility for financial reporting

February 19, 2009

Management is responsible for preparing the accompanying financial statements and is responsible for their integrity and objectivity. The financial statements are prepared in conformity with Canadian generally accepted accounting principles and include amounts based on informed judgments and estimates of the expected effects of current events and transactions.

The Board of Directors oversees management's responsibilities for financial reporting. An Audit Committee of non-management directors is appointed by the Board of Directors to review the financial statements and report to the directors prior to the approval of the financial statements.

Management is also responsible for maintaining systems of internal control that provide reasonable assurance that financial information is reliable, that all financial transactions are properly authorized, that assets are safeguarded, and that the Credit Union adheres to legislative and regulatory requirements. These systems include the communication of policies and the Credit Union's code of ethics and business conduct throughout the organization. Management continually monitors the systems of internal controls for compliance. In addition, internal controls are actively reviewed and evaluated by the Credit Union's internal auditors.

The Audit Committee also conducts such review and inquiry of management and the internal and external auditors as it deems necessary towards establishing that the Credit Union is employing appropriate systems of internal control, is adhering to legislative and regulatory requirements and is applying the Credit Union's code of ethics and business conduct. Both the internal and external auditors have full unrestricted access to the Audit Committee, with and without the presence of management.

The Financial Institutions Commission of British Columbia conducts a periodic review of the Credit Union's affairs to determine if the Credit Union has operated within the provisions of governing legislation and to ensure that the interests of members are safeguarded.

PricewaterhouseCoopers LLP has been appointed as independent auditors to examine and report on the financial statements and their report follows.



Bruce Howell
President and Chief Executive Officer



Waheed Hirji
Chief Financial Officer

Auditors' report

February 19, 2009

To the Members of Prospera Credit Union

The accompanying condensed consolidated balance sheet and condensed consolidated statements of income and comprehensive income and retained earnings are derived from the complete consolidated financial statements of Prospera Credit Union as at December 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated February 19, 2009. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of the Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying condensed consolidated financial statements fairly summarize, in all material aspects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These condensed consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the Credit Union's financial position and the results of operations and cashflows, reference should be made to the related complete consolidated financial statements.



Chartered Accountants
Vancouver, BC

CONDENSED CONSOLIDATED BALANCE SHEET

(EXPRESSED IN THOUSANDS OF DOLLARS)

	AS AT DECEMBER 31, 2008	AS AT DECEMBER 31, 2007
Assets		
Cash resources	139,230	132,519
Loans to members	1,607,015	1,525,902
Investments	5,732	6,223
Property, premises and equipment	13,598	16,724
Other assets	15,639	27,581
Total Assets	1,781,214	1,708,949
Liabilities		
Borrowings	63,500	131,800
Member deposits	1,634,385	1,497,204
Accounts payable and accrued liabilities	13,280	15,857
Total Liabilities	1,711,165	1,644,861
Members' Equity		
Members' equity shares	5,894	6,358
Retained earnings	64,155	57,730
Accumulated other comprehensive income	-	-
Total Members' Equity	70,049	64,088
Total Liabilities and Members' Equity	1,781,214	1,708,949

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME AND RETAINED EARNINGS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	YEAR ENDED DECEMBER 31, 2008	PERIOD FROM OCTOBER 1, 2006 TO DECEMBER 31, 2007
Interest income	94,286	124,060
Interest expense	51,958	71,595
Net interest income	42,328	52,465
Provision for credit losses	1,150	1,169
Net interest income after provision for credit losses	41,178	51,296
Other income	21,730	27,838
Net Interest Income and Other Income	62,908	79,134
Non-interest Expenses		
Salaries & employee benefits	29,540	37,350
Other non-interest expenses	24,458	31,876
	53,998	69,226
Income from Operations	8,910	9,908
Dividends on member deposit shares	1,159	1,395
Income before Income Taxes	7,751	8,513
Provision for income taxes	1,123	1,271
Net Income	6,628	7,242
Other comprehensive income	-	-
Comprehensive Income	6,628	7,242
Retained earnings, Beginning of the Period	57,730	50,847
Change in accounting policies	-	(46)
As restated	57,730	50,801
Net income and other comprehensive income	6,628	7,242
Dividends on members' equity shares, net of tax	(203)	(313)
Retained earnings, End of the Period	64,155	57,730

Approved by the Board of Directors:



Angela Kaiser



Karen Laing

Readers are cautioned that these condensed consolidated financial statements do not include all disclosures required for complete and fair presentation. A copy of the full complete Prospera Credit Union Consolidated financial statements will be available April 7, 2009 at www.prospera.ca or in-branch.

Year in Review

At Prospera Credit Union, we believe in making a difference. The world is going through a turbulent time that affects us as individuals, the places we work, and our communities. We understand what it feels like when every Monday brings new surprises in the community and markets.

This is where the strength of our roots as a credit union is so important. All the staff at Prospera live, breathe, and celebrate on a daily basis the fact that “we make a meaningful difference in the financial well-being of our members”.

2008 was a very exciting year for us as we carefully navigated the ever-changing financial landscape while staying true to our core values. As we reflect on the past year, let us celebrate some of the many business, staff, and community achievements that we are proud of.

We may not be comfortable singing our own praises but when it comes to our members, we are never at a loss for words! Every day, people of all ages and all walks of life come through our doors. When you spend as much time as we do with members who have a zest for life, it becomes infectious.

You believe in setting goals and sticking to them.

About eight months ago, Michael Lee and his wife Joanne moved back to his childhood home - a 4,400 square foot house overlooking the Fraser River and Matsqui Flats with Mt. Baker in the background.

“When my dad passed away, we decided to buy out my sister’s share of the house, renovate it and make it our own.”

The 50 foot tree in the front yard was a Christmas tree originally planted by Michael’s mother and the pool overlooking the valley is where his family spent many fun-filled days in the summer.

These days, every weekend seems to be filled with some new project. Whether it’s painting, landscaping, changing floors and walls - you name it, Michael and Joanne are doing it.

“The staff at Prospera are so personable. They know you and make a point of knowing you,” he says. “They actually call me to see how I’m doing on the house and spend time looking into my financial needs.”

An avid saver, Michael primarily looks to Prospera for investments. Where other financial service providers might just add his name to a direct mail list, or send out a generic letter, he’s found the team at Prospera has a different approach.

“If I have a term deposit coming due, they’ll come to me with some possibilities and rates,” he explains. “It’s so nice to have that personal touch. I’ve never experienced that anywhere else.”

And it doesn’t seem to matter which branch Michael visits, either. “I live in Mission, but I work in Abbotsford,” he says. “I’ve had great experiences at both branches.”

“From the management on down to the tellers, it’s just a different experience doing business with Prospera,” he says.

focus

Michael Lee – Mission



Staff – The strong relationship between our members and our sales and service professionals is vital to our success. That relationship is built on trust and on a thorough understanding of both our members’ needs and the best financial solutions to meet those needs. This year, we made a substantial investment in training and coaching to continue developing our staff.

We established Prospera Credit Union’s Volunteer Program which rewards and encourages staff to actively participate in their communities. This program was enthusiastically embraced, with more than 100 staff members signing up for the program and thousands of volunteer hours dedicated to community organizations.

We increased our focus on employee recognition and had several events to celebrate our successes.

Community – We supported students in our communities through our Jump Start Educational Award program. In 2008, Prospera awarded over \$20,000 in funding to deserving students in the communities we serve.

We endeavored to promote community togetherness. Last year, Prospera’s staff were actively involved in Canada Day activities, Vernon’s Paddle Against Cancer, Prospera’s Great Outdoor Film Festival in White Rock, Mission’s Candlelight Parade, the Kelowna Eat it to Beat it for cancer research, Abbotsford Outdoor Family Movie Night, and much, much more.

We are active with charitable organizations within our communities. Staff and corporate donations for the BC Children’s Hospital totaled \$42,000, our support to the United Way was \$52,000, and Prospera’s Golf Classic to date, has raised almost \$400,000. We are also actively involved with the Abbotsford Crystal Gala, Chilliwack Hospice Gala, Mission Hospice Gala, Team Alliance Ride for Hope in Surrey, and many more worthwhile causes that touch our members and staff everyday.

You believe in supporting each other to achieve success.

When Michelle and Jason Mailhot first decided they wanted to open a Subway restaurant in Agassiz back in 2004, they knew it wouldn’t be easy. They were young, inexperienced and seriously short on cash.

What they weren’t short on, however, was determination.

When they were finally able to strike a deal, the Mailhots found themselves selling their house, truck, camper and pretty much everything else they owned to make their dream come true. The couple moved into a one bedroom apartment across from the restaurant and prepared to kiss their social life goodbye for a while.

Today, however, the two say they couldn’t be happier with their decision.

“We took a risk and it ended up working out,” says Jason.

Working out indeed. The store’s net revenue has increased every year. The couple has moved to a larger home in Harrison, and even bought a vacation property late last year.

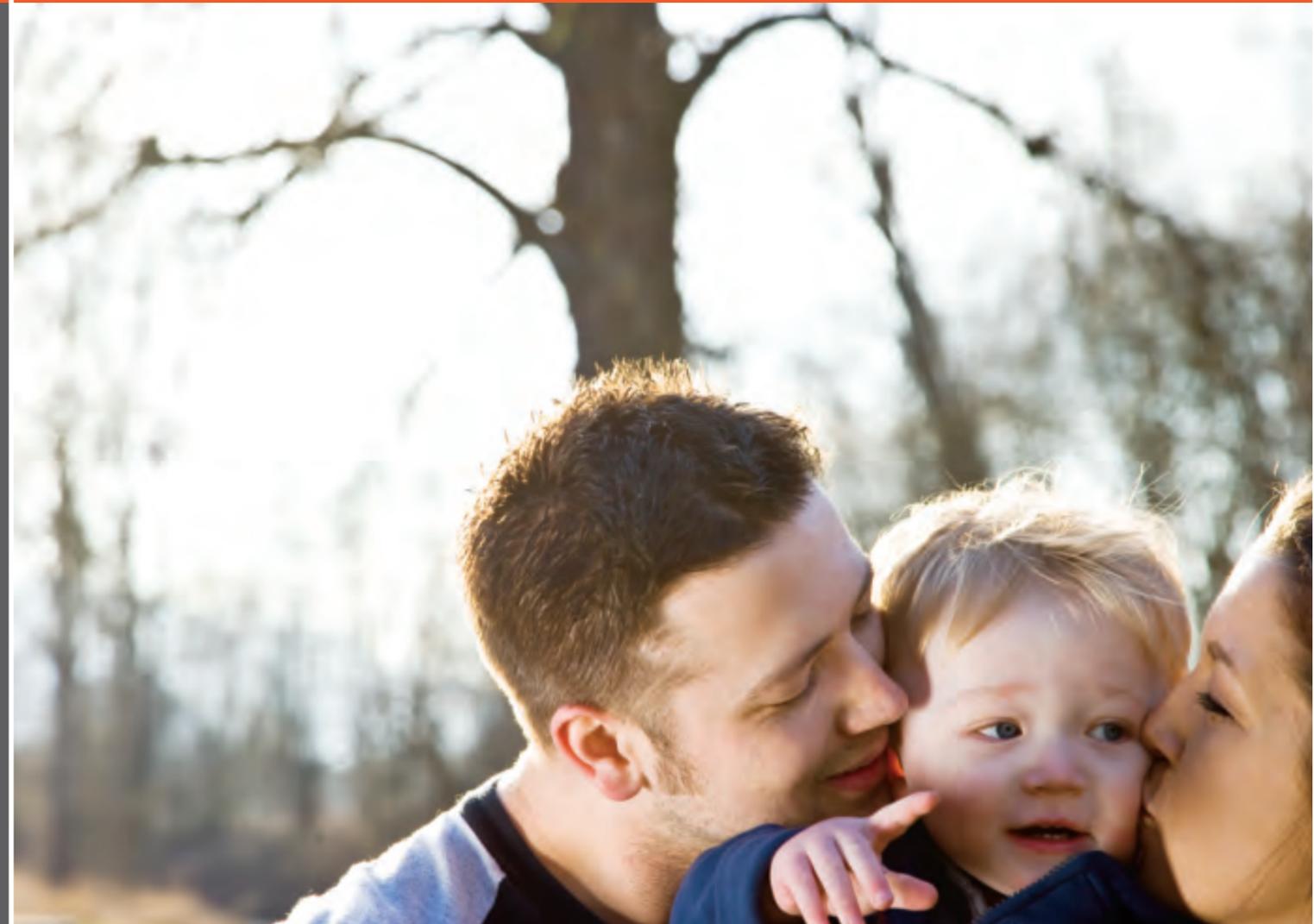
“Prospera was willing to take a chance on us. They seemed as excited about our venture as we were,” says Michelle. “Without their help, there’s no way we’d be where we are today.”

During the first six months the store was open, Michelle worked 7 days a week, 16 hours a day. “Now I’ve got a really great team of staff so I’m down to spending only two or three days a week at the store,” she says. The rest of the time she’s able to stay at home with her son, Blake, who’s now 15 months old.

“I got to a point where I didn’t want to work for anyone else anymore,” she recalls. “My parents had their own business and, over the years, I saw the flexibility it gave them. Though it’s a lot of hard work, I love it. This is what I’ve always wanted to do—and Prospera helped us do it.”

teamwork

Jason, Blake and Michelle Mailhot – Agassiz



Business – We conducted member and staff surveys to identify opportunities, which we used to guide the creation of our 5-year strategic plan.

We achieved a solid capital position increasing retained earnings by \$6.4 million to \$64.2 million. We enjoyed one of our strongest years ever for retail and commercial deposit growth, with growth of \$137 million.

We continued to focus on organizational effectiveness and trimmed \$1.4 million in expenses. This was achieved by making discretionary spending decisions very carefully and not spending unless absolutely necessary to achieve results. We also focused on streamlining processes that better enhanced the service to our members while avoiding unnecessary expenses.

We increased member convenience by launching three new online options. Prospera became the first credit union in Canada to introduce INTERAC Email Money Transfer – which provides members the ability to send money in real time to anyone with an email address and a Canadian deposit account. We also introduced Direct to Me - which provides members the ability to transfer funds between their accounts at any financial institution and their Prospera account and Mobile Banking – which allows members to check their account balance from their cell phone.

You believe in treating others as you would like to be treated.

Penticton's Joe Morelli knows the value of getting good coaching in life—whether it's in a hockey rink or in the business arena. If there's one thing his involvement in minor sports has taught him over the years, it's when the coach talks, you pay attention. It's about respect.

So when Bob Van Balkom, one of Prospera's Commercial Account Managers, challenged him to be more aggressive in his plans to develop a hotel property in Penticton 10 years ago, Joe listened.

"We were looking at buying a property that was old and run down," explains Joe, a former autobody mechanic. "There were two buildings and we knew it would take millions to renovate. Our original plan was to do the work in two phases to create cash flow. When we talked to Bob about it, he brought us to the table and

said, There's no half-way. If you're going to do it, do it all right."

It was good advice, and today, Joe and his family own and operate one of the most respected hotel properties in the Okanagan: the Penticton Days Inn and Conference Centre. What started as a tired 28-room hotel has now grown to be a 104-room, full-service convention centre—complete with two pools, a children's splash park, and a renowned restaurant, the Black Iron Grill and Steakhouse. In fact, the property has won the Chairman's Award from Days Inn Canada for seven straight years.

"Bob has always seen our potential and believed in us," says Joe. "He understands the business cycle here, there have been very few times when we've had to convince him of our vision."

With the Morelli's financial success has come more opportunities to give back to the community—something Joe is unapologetically passionate about. He loves being able to invest in local minor sports programs, and has been an active part of the Chamber of Commerce and Tourism Penticton.

respect

Joe Morelli – Penticton



We believe that too.

We continued to provide our retail members with loans as the financial landscape became challenging, especially in November and December. We lend in the communities where we are based, and this local knowledge allows us to better understand what is happening in those communities and ensure that our lending practices meet the local needs.

This year, we made a concerted effort to develop our Wealth Management area starting with creating and introducing the appropriate financial planning tools, hiring wealth management professionals and establishing a relationship with Qtrade Asset Management, our mutual fund provider. This has allowed us to report overall positive net sales in mutual funds. By comparison, the majority of mutual fund companies are experiencing significant redemptions.

Whether it is working through your financial roadmap to define your family's successes or providing solid advice to establish goals that will get you to the finish line, Prospera Credit Union is here to support you. Throughout every stage of your lives, we have the financial tools and professionals to help you stay the course. We believe in making a difference in *your* lives. It's what we do.



JM, TC, SS, LC

Prospera's Board of Directors

Karen Laing - Board Chair
Angela Kaiser - 1st Vice Chair
Larry McLellan - 2nd Vice Chair
John Charlesworth
Karl Noordam
Adrian Parsons
Sylvia Pranger
Clayton Stamler
Ron Sweeney

OUR VISION

Our members cherish the financial and emotional connections forged with us.

OUR MISSION

We make a meaningful difference in the financial well-being of our members.

OUR VALUES

integrity

We keep our word and do the right thing. We are honest, sincere, and trustworthy.

respect

We earn it through our actions. We honour people's opinions and differences. We treat others as we would like to be treated.

accountability

We take ownership. We fix the problem and do not blame. We empower each other to make decisions.

teamwork

We support each other to achieve success. We work together to fulfill our members' needs. We take pride in each others victories. We have fun.

focus

We set goals and stick to them. We have a clear vision of where we want to go. We stay the course.

innovation

We bring forward new ideas. We find a way to say yes. We are original and value creative solutions.

Don't just bank. Prosper.

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