



THE POWER OF
LOCAL

Prospera Credit Union Annual General Meeting

April 23, 2024 | 2 pm



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Welcome to Prospera's Fourth Annual General Meeting (AGM)

The power of local. The theme of our annual report and our AGM speak to our unwavering commitment to supporting our local communities and our enduring purpose:

Together, we will build vibrant and healthy communities, thriving local enterprises and financially empowered people.

In support of our purpose, our team had a busy, productive year in 2023. Our primary focus was to foster strong, lasting relationships with our members and better understand their needs and goals, so we can help them to achieve financial success. For example, we conducted more than 7,600 Financial Health Checks. This complimentary discovery tool will continue to play an important role in building lasting relationships with our members as we help them to identify and achieve their financial goals.

We also introduced a call-quality program in our Member Service Centre focused on providing a consistent experience for our members that includes excellent service, proactive advice and first-call resolution.

In support of the **power of local**, in 2023 Prospera committed more than \$1 million to charitable organizations and community partners across British Columbia. This included more than \$480,000 in grants from the Prospera Foundation to eight local charities, including Special Olympics BC, the HeadHeartHand Foundation and Mamas for Mamas, Okanagan.

Another \$500,000 was distributed through corporate donations and sponsorships, supporting worthy causes and charitable organizations such as Big Sisters of BC Lower Mainland, Archway Community Services and Accelerate Okanagan. In addition, \$50,000 was dedicated to post-secondary students in BC through the Prospera Education Grants.

2023 saw continued cost-of-living increases for British Columbians, exacerbating the financial pressures of daily life and business sustainability, along with ongoing increases in lending rates. Against this backdrop, our team remained committed to delivering tailored advice and support, aimed at assisting you in navigating these complex times while keeping your financial goals on track. Our investments in technology and how we serve you by phone through our Member Service Centre and within our network of branches are all geared toward advancing our member experience.

Our commitment is to be your financial partner, assisting you in achieving your goals – whether it's buying your first home, expanding your business, supporting your family or developing your retirement plan.

Gina Arsens
Chair, Board of Directors

Gavin Toy
President and CEO



Agenda

- Chair's Welcome
- Call to Order
- Ascertainment of Quorum
- Appointment of Recording Secretary and Parliamentarian
- Adoption of Rules of Order
- Approval of Agenda
- Approval of the Minutes of the 2023 Annual General Meeting
- Report of the Board of Directors
- Report of the Governance and Nominations Committee (Results of the 2024 Directors Election)
- Report of the President and CEO
- Review of the 2023 Financial Performance
- Receive the Independent Auditors' Report
- Appointment of the Auditors
- Prospera Foundation Report
- Video Presentation – The Power of Local
- Prize Announcements
- Question Period
- Adjournment

Rules of Order

1. The annual general meeting will be run in accordance with the provisions of the Credit Union Incorporation Act (CUIA), Business Corporation Act (BCA), Rules of the credit union, and the current edition of Robert's Rules of Order Newly Revised.
2. As the virtual meeting format does not allow for live discussion with participants, members who wish to ask questions can do so by clicking "Ask a Question" at the bottom of the screen, providing their name and branch, and sending through their questions.
3. Questions will be addressed in the order that they are received during the question-and-answer period that will be held at the conclusion of the presentations.
4. Should the panelists receive more than two questions from the same member, the panelists will address questions from other members before proceeding to answer those additional questions.
5. Each member who has been a member in good standing¹ since the voting record date as determined by the Board of Directors² is entitled to one (1) vote (a junior member³ is not entitled to vote), to be cast by:
 - a) in the case of an individual, by the member; or
 - b) in the case of a society, corporation, partnership or any other legal entity, by its representative duly appointed in writing as provided in the CUIA.
6. No member shall cast more than one vote on a resolution, except in the case of an equality of votes, whether by show of hands, poll or ballot, the chair of the meeting shall have a second or deciding vote.
7. No member may vote by proxy.

¹A member in good standing is a member, including a Junior Member who, as at the voting record date has purchased, paid for and holds the number of Class A Membership Equity Shares required by these rules.

²Pursuant to section 2.2 of the credit union rules, the Board of Directors has determined the voting record date as February 28, 2024.

³A junior member means a member who is less than nineteen (19) years of age.

Approval of the Minutes of the 2023 Annual General Meeting

Date: Thursday, April 27, 2023

Time: 6:30 pm

Location: Virtual Meeting

Chair's Welcome

The Chair, Art Van Pelt, welcomed the members and guests to the 3rd Annual General Meeting (AGM) of Prospera Credit Union (Prospera), acknowledging the Traditional Territories of the Semiahmoo, Katzie, Kwikwetlem, Kwantlen, Qayqayt and Tsawwassen First Nations. As the meeting was being presented virtually and participants were joining from many different locations across British Columbia, the Chair encouraged everyone to reflect on the lands on which they live, work and play. The Chair proceeded to review the AGM materials provided for the meeting, including the AGM booklet, Annual Report, Management Discussion and Analysis and the Independent Auditor's Report and consolidated financial statements for the year ended December 31, 2022, advising that these reports were also available for download on the AGM Registration page by visiting Prospera's website. The Chair also reviewed the voting procedures for eligible voting members.

The Chair welcomed and acknowledged the external auditors from KPMG LLP who were in attendance, advising that they were available to answer questions during the meeting.

Keynote Speaker

The Chair introduced keynote speaker Roy Pogorzelski, an Indigenous educator, Associate at the Canadian Centre for Diversity and Inclusion and is working on his Ph.D. at the University of Lethbridge, where he is also a sessional instructor in the faculty of Indigenous Studies in addition to Selkirk College.

Keynote Speaker Presentation and Q&A

Call to Order

Chair Van Pelt called the meeting to order at 7:07 p.m. The Chair introduced the presenters for the meeting:

- President and Chief Executive Officer Gavin Toy, who will review highlights over the past year;
- Chief Financial Officer Jennifer Scarf, who will provide an overview of the Organization's Financial results for the fiscal year ended December 31, 2022;
- Governance and Nominations Committee Chair Jill Donaldson, who will provide a report on the results of the directors election;
- Audit and Conduct Review Committee Chair Rod Thomson, who will ask the members to vote on two ordinary resolutions, the Auditors' Report and the Appointment of the Auditor for the fiscal year ended December 31, 2022;
- Foundation Board Chair Rod Thomson who will provide a year-end review of the work of the Foundation.

The Chair advised that a question period, to be facilitated by Elise Steeves, Director of Communications, would be held at the end of the meeting.

Report of the Scrutineer

Dora Eross, Vice President, Internal Audit, reported the attendance of 62 members and 7 guests.

Ascertainment of Quorum

The Chair declared that in accordance with Prospera's Rules, a quorum was present, and the meeting was duly constituted for the conduct of business.

Appointment of Recording Secretary and Parliamentarian

The Chair appointed Sonia Mior, Director, Governance and Corporate Secretary of Prospera, as recording secretary and Andrew Guerra, Director, Legal Affairs of Prospera, as Parliamentarian.

Adoption of the Rules of Order

It being MOVED and SECONDED, that the Rules of Order for the 2023 Annual General Meeting of Prospera Credit Union be adopted.

CARRIED

Approval of the Agenda

It being MOVED and SECONDED, that the Agenda for the 2023 Annual General Meeting of Prospera Credit Union be approved.

CARRIED

Approval of the Minutes of the 2022 Annual General Meeting

It being MOVED and SECONDED, that the Minutes for the 2022 Annual General Meeting of Prospera Credit Union held on April 26, 2022, be approved as circulated.

CARRIED

Introduction of the Board Of Directors

The Chair introduced the board's current members, acknowledging that Ms. Donaldson and Mr. Thomson were in-person while also recognizing that all other board members were participating virtually.

The Chair recognized Rita Virk, who stepped down from the board in August due to a move out of province, and Eric Nadin, who has served the maximum term permitted as a director of 12 years. The Chair extended a heartfelt appreciation to Rita and Eric for their unwavering commitment and dedicated service on the Prospera Credit Union Board of Directors.

Report of the Board of Directors

The Chair delivered a comprehensive report on behalf of the Board of Directors. The report highlighted the continuing economic challenges faced in the past year and the work involved in prioritizing the challenges members faced to stay on track and achieve their financial goals. Prospera understands the importance of providing valuable guidance to help members navigate these unprecedented times.

The Chair highlighted how diversity, equity, and inclusion are fundamental to our values. Prospera remains committed to reflecting the diversity of our membership and local communities, ensuring that our business is welcoming and accessible to everyone. The Chair emphasized that in 2022, Prospera's efforts in advancing diversity, equity, and inclusion gained momentum, reaffirming our dedication to serving and representing Prospera's diverse membership base.

The Chair highlighted that as a community-based credit union, Prospera embraces the responsibility of positively impacting our employees, members, communities, and the environment. The Chair noted that in 2022, Prospera took a deliberate and holistic approach to communicating and advancing the work in supporting strong environmental, social, and governance (ESG) practices. Prospera recognizes the importance of sustainability and responsible business practices and is committed to integrating these practices into its operations.

The Chair emphasized that Prospera is confident in Prospera Credit Union's financial soundness and strategic positioning. Prospera will continue to deliver exceptional support and advice, meeting and exceeding the high standards you have come to expect from us.

The Chair concluded the report by thanking the membership for its support.

Results of the Special Resolution

The Chair reviewed the special resolution, which considered amendments to Prospera's Credit Union Rules to align with Prospera's strategic direction and further enhance the foundation for sound governance practices. Before announcing the results of the special resolution vote, the Chair advised that for the special resolution to be approved, at least two-thirds of the votes cast by members eligible to vote had to be in favour of the special resolution. The Chair reported that 84% of the valid votes cast were in favour of the special resolution. Therefore, the special resolution was approved.

The Chair thanked the membership for attending and actively participating in Prospera's governance. The Chair then concluded the report and invited the Governance and Nominations Committee Chair, Jill Donaldson, to provide the Governance and Nominations Committee report and results of the directors election.

Report of the Governance and Nominations Committee

The Chair of the Governance and Nominations Committee, Jill Donaldson, presented the committee's report, which included the committee's purpose and responsibilities and a summary of the nomination process for the four available director positions.

The Committee Chair advised that the committee made the formal call for nominations in October 2022. The call advised members of the nominations period, the four director positions available in 2023, and the ideal candidate criteria. The Committee Chair provided an overview of the committee's process of determining the ideal candidate criteria. At the close of the nominations period, the committee, working with the governance consultant, reviewed all nomination submissions for eligibility and to identify those who best fit the ideal candidate criteria with respect to the skills and experience outlined in the call. The Committee Chair noted that as part of the overall evaluation process, the governance consultant met individually with each prospective candidate to review their skills and qualifications and how they would best complement our board. On completion of this work, the committee identified seven prospective candidates to move forward to the interview stage.

The Committee Chair noted that the committee approved four candidates for recommendation to our members at the conclusion of the interview process. Five eligible candidates chose to stand for election to the board: Gina Arsens, Ingrid Leong, Dan Parmar, Rod Thomson and Hari Sharma. As there were five eligible candidates for four director positions, the committee officially called a Directors Election in accordance with Prospera's Credit Union Rules.

In March 2023, a notice and mail-in ballot regarding the director's election were mailed to all eligible voters. This information included a directors election booklet containing a summary of each candidate, details of the voting period, nominations process, and eligibility requirements, together with other instructions regarding the various voting methods, including mail-in ballots, online voting, and in-branch voting. In accordance with Prospera's Credit Union Rules, the four candidates who receive the highest number of votes will be elected. Of these four, the candidate with the least number of votes will receive the two-year term.

Committee Chair Donaldson announced the election results, advising that Ingrid Leong, Dan Parmar, and incumbents Gina Arsens and Rod Thomson have been elected to the board. The committee chair thanked Hari Sharma for his interest in being on the board and for taking the time to stand for election.

Report of the President and Chief Executive Officer

President and Chief Executive Officer (CEO) Gavin Toy welcomed all attendees, congratulated the newly elected directors, and acknowledged Eric Nadin for his service to the Board and contributions over the past 12 years. The CEO also thanked the tireless efforts of the volunteers and coordinators responsible for organizing the AGM.

The CEO reviewed significant milestones for 2022. The organization introduced new features, including a mobile app, an online appointment booking solution, and a redesigned website, all aimed at improving the member experience and making it more convenient and accessible for members to bank at Prospera. Prospera branch locations now prominently showcase the new Prospera brand, reflecting a unified identity across branches. Additionally, the organization has started the process of introducing Prospera MemberCards, which signifies a key step towards consolidating the membership under a single brand. These achievements demonstrate Prospera's steadfast commitment to improving customer satisfaction and ensuring a seamless shopping experience.

The CEO continued his report with Prospera's focus on doing "Local Good"; with our member's support, Prospera made a significant local investment of over \$1.2 million. This funding was directed towards supporting crucial causes and charitable organizations within our community, including but not limited to Archway Community Services, Special Olympics BC, and Junior Achievement of British Columbia. Prospera allocated over \$700,000 for sponsorships and donations to support various community programs, and an additional \$550,000 in grants was provided to local not-for-profit organizations. These contributions demonstrate the commitment to positively and meaningfully impacting the community.

The CEO acknowledged that in 2022, British Columbians faced numerous challenges, including the high cost of living, inflationary pressures, and rising debt. Interest rates rose rapidly, particularly impacting members with variable-rate mortgages. Despite these difficulties, Prospera remained dedicated to supporting members, providing valuable advice, and helping navigate these unprecedented times. Prospera is proud of the significant support offered, including record lending volumes, conducting "health checks," and assisting members with inflation and rising rates.

The CEO noted that in 2022, Prospera employees faced challenges head-on, demonstrating their dedication to serving our members. Prospera has received the "Great Place to Work" designation consistently since our merger in 2020. This year, Prospera was honoured to be certified as a great place to work once again and recognized on the 2023 Best Workplaces in Canada List in the financial services and insurance sector. This achievement is based on feedback from our employees across Canada, reflecting their trust and engagement. We appreciate our employees' trust and remain committed to ensuring Prospera remains an exceptional workplace in the future.

The CEO discussed how Prospera takes pride in serving diverse communities. In 2021 and 2022, Prospera prioritized diversity, equity, and inclusion initiatives. Prospera proudly sponsored events like Surrey Pride and the Fraser Valley Cultural Diversity Awards. Prospera also observed the National Day for Truth and Reconciliation and launched employee resource groups for women and the 2SLGBTQ+ community. Additionally, Prospera committed to communicating and advancing ESG issues at Prospera by conducting a comprehensive audit, identifying over 80 ESG-related initiatives, and publishing our inaugural ESG Report. Our dedication to inclusivity and ESG remains unwavering.

The CEO noted that in 2022, Prospera proudly served over 100,000 members, completing more than one million transactions for personal banking alone. Prospera also catered to 13,000 business owners and 6,000 leasing customers and provided wealth planning services to over 16,000 clients. With over 160,000 calls and 18,000 emails handled through our Member Service Centre, Prospera prioritized exceptional service. Prospera welcomed over 5,000 new members, with the CEO expressing gratitude for their business and extending sincere thanks to our loyal, long-time members.

The CEO discussed looking ahead despite ongoing challenges and said Prospera is excited about the future. Prospera plans to replace our digital banking solution with a more advanced platform, positioning Prospera for opportunities in open banking and digital advancements. Prospera's focus remains on delivering holistic financial advice across all channels to meet your needs. Prospera eagerly anticipates the year ahead and remains committed to serving you with excellence.

The CEO concluded the report by thanking Prospera's leadership team and the Board of Directors for their support over the past year. The CEO extended special recognition to Art Van Pelt, who served as Prospera's Board Chair for the past five years. The Chair's exceptional contributions to Prospera and the wider system have been immeasurable and deeply appreciated.

2022 Financial Performance

Chief Financial Officer (CFO) Jennifer Scharf provided a high-level overview of Prospera's 2022 financial performance, referencing the summarized consolidated financial statements and the comprehensive Management Discussion and Analysis that accompanied the full, consolidated financials and related note disclosure. The CFO noted that Prospera's financial results for the year were very strong overall.

The CFO highlighted record net income of \$29 million, improved efficiency ratio, and increased return on equity. These strong financial results strengthened the capital base and supported investments for members. Comprehensive income, including fair value adjustments, reached \$35.7 million, driven by changes in the defined benefit pension liability.

The CFO accentuated that Prospera saw a 12.7% increase to \$160.6 million in 2022, attributed to the unprecedented interest rate environment caused by the Bank of Canada raising rates to combat inflation. Despite the challenges posed by high inflation and interest rates, Prospera's branch teams provided personalized assistance, particularly with mortgage renewals and variable-rate resets. The significant loan and lease activity with members also contributed to the higher net interest income.

The CFO highlighted that Prospera's on-balance sheet assets rose to \$6.9 billion, supporting diverse member needs and adapting to different operating conditions. Off-book assets, such as wealth management, are held separately through a third-party custodial arrangement.

The CFO emphasized the significance of a strong capital level, supporting lending, reinvestment, community support, and resilience against unexpected events. Prospera's capital ratio for 2022 was 13.4%, exceeding regulatory thresholds and internal targets. This slight decrease from the previous year was primarily due to the higher-risk weighting in the growing business banking line, balanced by strong earnings.

Approval of the Independent Auditors' Report

The Audit and Conduct Review Committee Chair, Rod Thomson, advised that the Independent Auditors' Report provided an unqualified audit opinion on the summarized consolidated financial statements for the year ended December 31, 2022, and advised that these statements, as well as the full audited consolidated financial statements, which include full note disclosure, are available online.

The Committee Chair then invited questions from the members regarding the Independent Auditors' Report and advised that the auditors were available to address questions.

There were no questions from the membership.

It being MOVED and SECONDED, that the following resolution be approved:

WHEREAS it is the practice of Prospera Credit Union to annually receive the Independent Auditor's Report at the Annual General Meeting;

RESOLVED THAT the Independent Auditors' Report for Prospera Credit Union for the year ended December 31, 2022, be received.

CARRIED

Appointment of the Independent Auditors

The Audit and Conduct Review Committee Chair reported that total fees to the external auditor for 2022 were \$1,072,746. This total includes the fees in preparation for the audit of the 2022 financial statements of \$930,090 and tax and engagements related to our securitization conduits of \$142,656.

As the membership is required to appoint the external auditor each year at the AGM and authorize the directors to fix the auditors remuneration, the Committee Chair put forward a motion to appoint KPMG LLP as the independent auditors for the year end December 31, 2023, and that the directors be authorized to fix the auditors remuneration.

The Committee Chair invited questions from the members regarding the appointment of KPMG LLP.

There were no questions from the membership.

It being MOVED and SECONDED, that the following resolution be approved:

WHEREAS pursuant to the Rules of Prospera Credit Union (PCU) an auditor must be appointed at each Annual General Meeting (AGM) to hold office until the close of the next AGM and, if at that meeting a new appointment is not made, the auditor in office shall continue as auditor until a successor is appointed, and

WHEREAS pursuant to the Credit Union Incorporation Act, the members of PCU must appoint an auditor each year at the AGM and authorize the directors to fix their remuneration.

RESOLVED THAT KPMG LLP be appointed as the auditor of Prospera Credit Union for the fiscal year 2023, and that the Board of Directors be authorized to set the remuneration of the auditor.

CARRIED

Foundation Report

The Chair of the Prospera Foundation (Foundation), Rod Thomson, presented the Community Investment Report on behalf of the Foundation. The report outlined the many ways the Foundation supported its local communities over the past year through its community investment program.

In 2022, Prospera Foundation further reinforced its dedication to serving the communities in which we live, work, and play. As one of Canada's largest credit union foundations, boasting assets exceeding \$9.1 million, the Foundation remains steadfast in its mission to support local charities that contribute to the strength and inclusivity of our communities.

The Foundation Chair highlighted that in 2022, the Prospera Foundation focused on supporting programs aligned with local business, preventative health, and education, investing over \$554,000. Funding aided charitable organizations in expanding their reach and impact, particularly in helping families and youth facing financial barriers. Each year, the Foundation carefully selects partners aligned with our mission, including those supporting diversity and inclusion. Despite rising needs, Prospera supported ten organizations and achieved a total community giving of over \$1.2 million. Prospera also partnered with the BC Lions to sponsor the Indigenous Youth Football Program and Orange Shirt game day to support the Orange Shirt Society at BC Place. The Foundation Chair then introduced a video presentation highlighting the significance of the partnership with the BC Lions.

Video presentation

Other Business

The Chair announced the winners of the prize draws and congratulated all the winners.

The Chair called to the floor for questions or comments from the members, reminding attendees of the Rules of Order.

Based on questions from the membership, the board and management provided the following information:

- The Chair reported that as part of the merger approved by our members, the credit union rules would be reviewed every five years, and initially within two years of the merger date. A review of the rules was initiated in 2021 and voted on by the member earlier this month.
- The CEO acknowledged an inquiry about recent events involving regional banks and global acquisitions. The CEO noted that the United States of America does not have direct parallels to the Canadian credit union system, including the BC credit union system. Prospera is financially secure, well-capitalized, and regulated by the BC Financial Services Authority. Prospera's focus on diversifying funding sources ensures long-term support for our members.
- The Chair emphasized that Prospera places a significant priority on ESG and has taken concrete steps in advancing ESG principles by including ESG in our Governance and Nominations Committee's terms of reference and providing quarterly progress reporting.
- The CEO reported that Prospera has around 650 employees, considering full-time, part-time, and seasonal positions. Harmonization work continues on Prospera's membership due to the merger. Prospera is proud to serve over 100,000 members, and our goal is to expand this number and deepen our relationships with British Columbians.
- The CEO emphasized that Prospera strives to be an inclusive organization, valuing diversity, equity, and inclusion. Prospera's focus extends to areas like truth and reconciliation, unconscious bias, and fostering a welcoming environment for all employees and members. Our Diversity, Equity, and Inclusion Council, composed of employees, drives initiatives and brings valuable ideas. As this is an ongoing journey, Prospera's inaugural ESG report helps monitor progress. We appreciate input from employees, members, and partners, making this a collective effort.
- The CEO reported that Prospera diligently monitors liquidity ratios and stress scenarios, ensuring reserves for day-to-day operations and unforeseen circumstances. Prospera maintains diverse funding sources, including lines of credit, securitization conduits, and syndication partners. Managing liquidity prudently is a top priority. While there was a decline year over year, our cash and short-term liquidity position is strong. Prospera's liquidity levels remain robust.

At the AGM's conclusion, the CEO and Chair provided closing remarks, expressing gratitude to the members for their unwavering support.

Adjournment

There being no further business, the meeting adjourned at 7:57 p.m.

Art Van Pelt

Chair, Board of Directors

Gavin Toy

President and CEO

Ordinary Resolutions

The following ordinary resolutions will be voted on at the meeting. The virtual meeting format will allow for online voting by all eligible voting members.

2024 - 01

WHEREAS it is the practice of Prospera Credit Union to annually receive the Independent Auditors' Report at the Annual General Meeting;

RESOLVED THAT the Independent Auditors' Report for the year ended December 31, 2023, be received.

Submitted by the Board of Directors, April 23, 2024

2024-02

WHEREAS pursuant to the Rules of Prospera Credit Union an auditor must be appointed at each Annual General Meeting (AGM) to hold office until the close of the next AGM and, if at that meeting a new appointment is not made, the auditor in office shall continue as auditor until a successor is appointed; and

WHEREAS pursuant to the Credit Union Incorporation Act, the members of Prospera Credit Union must appoint an auditor each year at the AGM and authorize the directors to fix their remuneration;

RESOLVED THAT KPMG LLP be appointed as the auditor of Prospera Credit Union for the fiscal year 2024, and that the Board of Directors be authorized to set the remuneration of the auditor.

Submitted by the Board of Directors, April 23, 2024

