



Prospera Credit Union

Annual General Meeting

April 26, 2022

6 pm

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



Thank you for joining us for a review of your credit union's performance and highlights from 2021. At Prospera Credit Union, we exist to serve our members. As a credit union with deep roots in British Columbia, we are proud to be woven into the fabric of our local communities – in times of challenge, recovery and prosperity. And we are incredibly grateful to you – our members – for your loyalty and patience over the course of 2021.

Given the operating environment, we are pleased with Prospera's financial performance. Our financial position continues to hold strong, and these results have allowed us to support our members throughout the pandemic and make important investments in the business to ensure we can deliver member value for many years to come.

We made considerable progress in our integration journey in 2021, despite COVID-19 and several climate-related events in BC. This included opening our new White Rock branch, our first newly branded, full-service location. By the end of the year, we rebranded three more locations and completed plans for the rest of our branch network. We also launched our in-branch banking solution, allowing Prospera members to take care of their day-to-day transactions at any of our 26 locations – from Vancouver, through the Fraser Valley, and into the Okanagan.

Through all of our work, we've kept our focus on unlocking the many member benefits we envisioned arising from the merger. Among other things, this includes expanding and enhancing our digital banking capabilities, providing seamless member interactions across our branch network and other channels, increasing our capacity to help more members achieve their financial goals, enhancing the overall member experience and building greater organizational resilience, so Prospera can serve our members and local communities for many years to come. Through the Prospera Foundation and our direct credit union community programs, we also donated over \$1 million to our local communities this past year.

Art Van Pelt
Chair, Board of Directors

Gavin Toy
President and CEO



- Chair's Welcome
- Keynote Speaker – Lesley-Anne Scorgie
- 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 2021 Annual General Meeting
- Report of the Board of Directors
- Report of the Nominations Committee
- Report of the President and CEO
- Review of the 2021 Financial Performance
- Approval of the Independent Auditors' Report
- Appointment of the Auditors
- Prospera Foundation Report
- Prize Announcement
- 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 top 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 the credit union rules.

²Pursuant to section 2.2 of the credit union rules, the Board of Directors has determined the voting record date as November 15, 2021.

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

2021 Annual General Meeting Minutes



Date: Tuesday, April 20, 2021

Time: 5 pm

Location: Virtual Meeting

Chair's Welcome

The Chair, Art Van Pelt, welcomed the members and guests to the first Annual General Meeting (AGM) of Prospera Credit Union (Prospera) acknowledging the lands of the Kwantlen and Katzie 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 you live, work and play." The chair proceeded to review the AGM materials provided for the meeting, such as the AGM booklet, Annual Report, Management Discussion and Analysis and the Independent Auditor's Report, advising various other reports were also available for download from Prospera's website. The chair also reviewed the voting procedures for eligible voting members.

The chair introduced the external auditors from KPMG LLP in attendance, advising that they are available to answer questions during the meeting:

- Duane Tup Chong, Partner
- Ivan Wong, Manager

The chair announced that the new brand as a merged organization will be showcased during the meeting. The new brand was officially launched to members at the end of March. More information regarding the brand can be accessed at localbankingmeansmore.ca.

Call to Order

Chair, Van Pelt, called the meeting to order at 5:00 p.m. The chair introduced the presenters for the meeting:

- President and CEO, Gavin Toy, who will review Prospera's first year as an integrated organization;
- Nominations Committee Chair, Rod Thomson, who will provide the results of the Directors Election;
- Interim Audit Committee Chair, Colin MacKinnon, who will present two ordinary resolutions, the Auditor's Report, and the Appointment of the Auditor;
- Mary Falconer, Chief Financial Officer, who will provide an overview of Prospera's financial position for the fiscal year ended December 31, 2020; and
- 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 will be held at the end of the meeting hosted by moderator Elise Steeves, Director of Communications.

Report of the Scrutineer

Bukkie Adewuyi, Director, Internal Audit, reported the attendance of 80 members and 23 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, Corporate Secretary of Prospera, as recording secretary and Barbara White, 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 2021 Annual General Meeting of Prospera Credit Union be adopted.

CARRIED

Approval of the Agenda

It being MOVED and SECONDED, that the Agenda for the 2021 Annual General Meeting of Prospera Credit Union be approved.

CARRIED

Introduction of the Board Of Directors

The chair introduced the current members of the board noting that each member was attending virtually.

Report of the Board of Directors

The chair presented the Report of the Board of Directors, highlighting the January 1, 2020, merger of Prospera and Westminster Savings. The chair noted that while the key focus for 2020 was integrating the two 75-year-old credit unions, assisting members through the emerging global pandemic and economic slowdown quickly became the top priority. The chair highlighted the organizational changes made from the board level to manage the impact of the pandemic on the business as well as the new products created to support members. The chair emphasized that despite the challenges of the pandemic, the board remained focused on its mandate and steered management to achieve several significant integration milestones. The chair provided an overview of some of the key integration successes for 2020.

The chair noted that despite the many challenges 2020 presented, the board and management worked in partnership to ensure the safety of Prospera members and employees, access to essential financial services, while still meeting internal integration targets.

The chair concluded its report by thanking the membership for its support, Prospera employees for supporting members through the pandemic, and invited Nominations Committee Chair, Rod Thomson to provide the report of the Nominations Committee and the results of the Directors Election.

Report of the Nominations Committee

The Chair of the Nominations Committee, Rod Thomson, presented the committee's report which included the committee's purpose and responsibilities and a summary of the nomination process undertaken to solicit nominations for the three available director positions.

The committee chair advised that the committee made the formal call for nominations in October 2020. The call advised members of the nominations period, the three director positions to become available in 2021, and the ideal candidate criteria. The committee chair provided an overview of the process undertaken by the committee to determine the ideal candidate criteria. The report advised that the committee engaged a governance consultant to manage the nomination and evaluation process of prospective candidates. At the close of the nominations period, ten members had submitted complete nomination packages, including the two incumbent directors. In partnership with the governance consultant, the committee

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. Based on the assessment process, which included interviews with a select number of prospective candidates, the committee selected three candidates for recommendation to the members. At the close of the evaluation process, five candidates chose to stand for election to the board: Stacey Crawford, Jill Donaldson, Colin MacKinnon, Lorraine Carruthers, and Alfredo Di Blasio, thereby necessitating a Directors Election.

Committee Chair Thomson, advised that the 2021 Directors Election launched in March, with voting taking place between April 1, and April 12, 2021.

Results of the Directors Election

Committee Chair Thomson, announced the results of the election, advising that Jill Donaldson, and incumbents Stacey Crawford, and Colin MacKinnon have been elected to the board. The committee chair thanked Lorraine Carruthers and Alfredo Di Blasio for their 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 the tireless efforts of the many volunteers and coordinators responsible for organizing the AGM.

The CEO reviewed the key priorities for 2020, highlighting that the key focus was initially on integrating and harmonizing the two 75-year-old legacy organizations' many policies, practices, and countless systems to unlock the value of the merger on behalf of the members. The report acknowledged the organizations need to pivot when COVID-19 was declared a global pandemic and highlighted the many ways Prospera supported both the members and employees through the pandemic. The CEO emphasized the importance of ensuring the health and wellbeing of employees and members and reviewed various initiatives undertaken in this regard. Being designated an essential service, the CEO reviewed the many ways the organization pivoted to ensure it could continue to serve members in a safe and reliable way.

The report reviewed the many ways the team supported members through the economic shutdown, including the launch of a unique interest free bridge financing solution to help members manage cash flow during the forced economic shutdown. For many members this provided the necessary support without taking on additional debt until the Federal and Provincial relief programs could be developed and launched. The CEO highlighted that deferred payment assistance was provided across all lines of business and numerous Canada Emergency Business Account loans were processed. The CEO acknowledged the tireless efforts of employees and particularly Prospera's frontline essential workers who continued to work each day supporting members through these challenging times.

The CEO highlighted the progress made on key integration initiatives and highlighted the many accomplishments of the past year, including key commitments as part of the merger, such as investments in digital capabilities and greater accessibility and increased digital solutions.

The CEO reported that Prospera received the national designation as a "great place to work," highlighting the dedication and resiliency of the employees.

The report also highlighted Prospera's commitment to community investment, noting that Prospera's Foundation at \$9.7M is one of the largest credit union endowment funds in Canada, ensuring that Prospera can continue to make meaningful contributions to its local communities.

The CEO touched on the many initiatives underway for 2021, highlighting the roll-out of the newly launched brand across the branch network over the coming months.

The CEO concluded his report by thanking the board for their support over the past year as well as the executive leadership team for their dedication and efforts. The CEO thanked and acknowledged all of the dedicated employees at Prospera and the members for their continued loyalty and support.

2020 Financial Performance

Chief Financial Officer (CFO), Mary Falconer provided an overview of Prospera's 2020 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 2020 was a milestone year and these results represent the first full year of operations as an amalgamated credit union. The CFO acknowledged, that in order to provide members with comparable prior year results in its presentation, 2019 pro forma financial information has been included which represents the combination of the unaudited consolidated 2019 results of both legacy credit unions.

Overall, 2020 was a strong financial year characterized by the effective execution of key strategic initiatives within an unprecedented and complex operating environment which resulted in solid operating results. The CFO advised that liquidity and capital levels were carefully managed during the pandemic, while ensuring that support was provided to members who were struggling with the economic implications of the pandemic. As a result, asset growth was intentionally limited, and operational efficiency and prudent cost management became necessary.

The CFO provided an overview of assets under administration, total assets, total assets by line of business, net interest income, operating and net income, capital and the importance of capital, and capital ratio. The report reflected the focus on providing sound banking solutions for members and making it easier and more convenient to conduct business by creating new products and member support with government loan programs. The report reviewed the four diverse lines of business and a further analysis of the assets under administration by division noting that during the pandemic steps were taken to intentionally slow down growth in 2020 to focus support on existing member relationships.

The CFO concluded the report advising that the credit was in a strong financial position after a successful first year of operations.

Approval of the Independent Auditors' Report

The Interim Audit Committee Chair, Colin MacKinnon, advised that the Independent Auditors' Report provided an unqualified audit opinion on the summarized consolidated financial statements for the year ending December 31, 2020, 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 are available to address them.

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 approve 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, 2020, be approved.

CARRIED

Appointment of the Independent Auditors

The interim audit committee chair reported that total fees to the external auditor for 2020 were \$934,541. This total includes the fees for the preparation and completion of the audit of the 2020 financial statements of \$768,872, and tax and engagements related to our securitization conduits of \$165,669.

As the members are required to appoint the external auditor each year at the AGM and authorize the directors to fix their remuneration, the committee chair entertained a motion to appoint KPMG LLP as the independent auditors for the year ended December 31, 2021, and that the directors be authorized to fix their remuneration.

The committee chair invited questions from the members regarding the appointment of KPMG LLP.

As a result of questions from the membership, the CFO provided insight into the selection process for the external auditor for the newly amalgamated credit union. Due to the complexities of the year one audit, Prospera evaluated both firms of the legacy organizations and selected KPMG for the review of the first year of operations. The CFO further noted that as part of the vendor management strategy, the Audit Committee evaluates the auditor's performance and regularly goes out to market for requests for proposals.

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 2021, and that the Board of Directors be authorized to set the remuneration of the auditor.

CARRIED

Foundation Report

The Chair of the Foundation Board Rod Thomson, presented the Community Investment Report on behalf of the Foundation, which outlined the many ways the Foundation helped to support its local communities over the past year through its community investment program. The Foundation board chair highlighted that through its community investment program, the Foundation puts much needed financial support into BC communities, enriching lives, and making local neighborhood's a healthier and more inclusive place to live.

In 2020, the Foundation extended its funding to support families and youth in need across its new trade areas, reaching from Metro Vancouver to the Fraser Valley, and the Okanagan. The report highlighted the Foundation's commitment to supporting arts and active living programs for families and youth facing financial barriers. The Foundation board chair advised that the Foundation invested more than \$334,000 into local communities in 2020.

The report highlighted Foundation's three main partners: Arts Umbrella, Kid Sport BC, and Special Olympics BC. The Foundation also partnered with other organizations that focused on bringing the arts, active programs along with community services to the lives of much deserving families, individuals, and youth.

The Foundation board chair reviewed the adjustments many of the Foundation's funding partners had to make to their programs to continue to offer valuable resources to families in need during the pandemic.

The Foundation board chair provided a brief overview of the legal and governance structure of the Foundation and advised that since its incorporation in 1992, it has contributed more than \$4.8 million in financial support to local organizations and has \$9.7 million in assets on December 31, 2020.

The Foundation board chair highlighted that, although there were very few in-person fundraising events held last year due to COVID-19 restrictions, Prospera was able to host the Easter Seals Drop Zone, while following all health and safety guidelines. The Foundation board chair introduced the video presentation from the first event as a newly merged credit union.

Video presentation

Other Business

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 CEO highlighted the expanded access to the broader branch network as a key benefit of the amalgamation. The CEO advised that the integration of the banking systems is a key priority and integral to providing members access across all branches. The CEO noted that the new White Rock location is the first to offer dual access for both legacy credit union members.
- The chair advised that as Prospera amalgamated effective January 1, 2020, it was not required by legislation to hold an AGM until 2021. The chair noted that Prospera held a webinar in 2020 to present the audited financial statements of both legacy organizations for the year ended December 31, 2019.
- The CFO provided extensive commentary on the need to apply business combination accounting treatment to the amalgamated entity's first year financial statements in order to demonstrate some level of comparability of legacy organizations.
- The CEO shared that executive development and succession planning are ongoing priorities for the board and organization.
- The CFO provided further insight regarding the increase in deposits and the decrease on loan growth. The CFO explained that this trend was a result of the impact of the pandemic as Prospera took a prudent approach to managing credit during this time and its key focus was on existing member needs and not driving growth. The CFO provided further commentary on the complexities of the impact of interest rates on deposits in the current environment.
- The CFO reviewed the comparative process for credit union peer financials. The CFO advised that due to the different business models of each credit union and the implications of the costs related to the merger, there are challenges with a direct comparison to our peers. However, taking everything into consideration, Prospera performed well and in line with our peers.
- The CEO advised that Diversity, Equity, and Inclusion (DEI) are a priority at Prospera for both the board and the executive team. The CEO stressed the importance of creating an organization rich in diversity of thought, skill, and experience and advised that Prospera is actively creating DEI programs to rollout to the organization in the coming months. The chair further noted that DEI was a key focus in the nominations process for the 2021 Directors Election.
- The chair and CEO assured the members that the attendance and marketing of the AGM is always on top of mind.
- The chair concluded by confirming that despite the pandemic emerging three months into the operations of the newly amalgamated Prospera, integration projects are on schedule and the financial performance was better than expected.

Adjournment

There being no further business, the meeting adjourned at 6 pm.



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.

2022 - 01

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

RESOLVED THAT the Independent Auditors' Report for Prospera Credit Union for the year ended December 31, 2021, be approved.

Submitted by
the Board of Directors
April 26, 2022

2022-02

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 2022, and that the Board of Directors be authorized to set the remuneration of the auditor.

Submitted by
the Board of Directors
April 26, 2022