



**Prosperity**  
CREDIT UNION

# 2025 Member Report

Driving Rural Prosperity



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# Message From the Board Chair and Chief Executive Officer

Dear Members,

It is with great pride and excitement that we present this Membership Report as a newly merged credit union, uniting three strong and trusted financial institutions into one. 2024 began with an important step toward our future. The Board of Directors of our three legacy credit unions, Cypress, Diamond North, and Prairie Centre, formed a Joint Partnership Committee to explore the possible benefits to our members of an amalgamation. This committee, made up of director representatives from each credit union, engaged in thoughtful discussions and thorough analysis. Through this process it became clear that coming together as one would create a stronger, more resilient financial institution dedicated to serving our rural communities for generations to come.

Through the summer months, we engaged extensively with our membership to provide information about the potential merger, answer questions, and address any concerns. We hosted open houses, held town hall meetings, and our team of dedicated employees had countless one-on-one conversations to ensure transparency and clarity. In September, our members voiced their overwhelming support, with a result of over 90% in favour of proceeding with the merger. This is an incredible testament to the trust and confidence our membership has in the future we are building together.

The decision to merge was rooted in a shared vision: to build a resilient, community focused credit union that

remains locally invested, financially strong, and member driven. By bringing together our expertise, resources, and people, we are better positioned to offer enhanced financial services, innovative solutions, and personalized support to help our members and communities thrive.

This past year has laid the foundation for our transformative journey, one that will strengthen our ability to serve our valued members and the rural communities of Saskatchewan that we call home.

On January 1, 2025, we officially became one legal entity, marking the beginning of a new chapter for Prosperity Credit Union. While this legal milestone is significant, we recognize that true integration goes beyond a single date. Throughout 2025, we will continue the important work of unifying our operations, aligning our services, and fostering a seamless experience for all members. Our goal is to ensure a smooth transition while preserving the trusted relationships and personalized service that our members have come to expect.

Throughout the integration process, our unwavering priority is to ensure a smooth transition while continuing to deliver the high-quality member experience our communities expect and deserve. We are incredibly proud of the dedication and collaboration demonstrated by our members, employees, leadership team, and directors as we embark on this exciting journey. Together, we are building a credit union that is not only strong today but also positioned for a sustainable and prosperous future.

We are incredibly proud of the community contributions made by our legacy credit unions in 2024. Our commitment to the communities we serve has always been a defining value and that remains true as we move forward together. In 2024, our dedicated staff collectively volunteered an astounding 10,578 hours to support important local initiatives, demonstrating their passion for making a difference. As we continue to grow as one, we remain steadfast in our mission to strengthen and support the communities that have always been at the heart of our credit union.

As we move forward, we remain deeply committed to our roots; supporting local businesses, family farms, and our members who form the backbone of our rural economy. Our commitment to community investment, member service, and financial well-being remains unchanged, and we are excited about the opportunities that lie ahead.

Throughout 2025 you can expect to see a few changes. You have probably noted new Prosperity signage in our service locations and in the latter part of the year, we will begin updating our exterior signage to reflect our new name. There will be enhancements to our offerings as we introduce some new products and services. Rates and pricing will be aligned to ensure we are providing consistent and competitive offerings to all 32,000 plus members. In November, we will consolidate all three legacy banking systems so that our members can seamlessly access in-branch services at all 30 locations throughout our province.

There will also be some behind-the-scenes activity as we form and meld our teams with the goal of maintaining and enhancing our members' experience, so we continue to be their first choice for financial services. With over 300

employees serving members across the province, we are positioning Prosperity Credit Union for growth and success. In turn, this will allow us to offer our members secure, innovative, and preferred products and services into the future.

On behalf of the Board of Directors and the Leadership Team, we extend our heartfelt gratitude to you, our members, for your trust, patience, and ongoing support. Your loyalty and engagement are what drive us to serve you better every day. We look forward to shaping the future of our credit union together. One that is built on strength, stability, and a shared commitment to rural Saskatchewan.

Thank you for being part of this exciting journey.



**Greg Hannay**

*Board Chair*



**Blair Wingert**

*Chief Executive Officer*

# Strategic Direction

Prosperity Credit Union was formed through the merger of three rural-based credit unions, each with deep-rooted legacies in serving their communities. This strategic partnership allows us to leverage our collective strengths, enhance service offerings, and create a resilient financial institution tailored to the unique needs of rural Saskatchewan. Our strategy is centered around four key pillars:



**Member Experience**



**Community Enrichment**



**Being an Employer of Choice**



**Long Term Sustainability**

Each of these areas is critical in shaping our path forward and ensuring that we continue to provide exceptional service and value to our members, employees, and communities.

## Enhancing Member Experience

Our members are at the heart of everything we do. The success of our credit union depends on our ability to deliver superior financial services that are accessible, personalized, and responsive to the evolving needs of our members.

To achieve this, our strategy focuses on these key areas.

- **Seamless integration of services:** Following the merger, we have prioritized harmonizing our products, services, and digital platforms to ensure a consistent and seamless banking experience for all members, regardless of their location.
- **Investing in digital innovation:** We recognize the increasing demand for convenient and secure digital banking solutions. Investments in online and mobile banking enhancements are a key focus, allowing members to access their finances anytime, anywhere.
- **Personalized member engagement:** Understanding our members' unique needs enables us to offer tailored financial advice, competitive products, and proactive support. By leveraging data insights and direct member feedback, we aim to provide personalized solutions that improve financial well-being.

- **Strengthening in-branch and remote services:** We believe in a balanced approach that prioritizes both in-branch advice and remote services for member convenience. While digital banking remains a priority, we continue to invest in our branch network to maintain personal relationships with our members, ensuring they receive expert financial guidance in a way that best suits their needs.

## Community Enrichment

Our credit union has always been deeply embedded in the communities we serve, and this commitment remains unwavering. We believe that strong, vibrant communities are essential to long term prosperity. Our strategies in this area focus on the following.

- **Supporting local businesses:** As a credit union serving rural Saskatchewan, we recognize the importance of local enterprises. We are dedicated to providing financial solutions that help small businesses grow, create jobs, and strengthen the local economy.
- **Supporting agriculture:** Agriculture is the backbone of our province, and we are committed to offering specialized financial products and services that cater to the unique needs of farmers and agribusinesses.
- **Investing in community initiatives:** We continue to allocate funds and resources toward projects that enhance quality of life, including youth programs, education, healthcare, and recreational facilities.

- **Volunteerism and partnership:** Our employees actively participate in community events, non-profit initiatives, and charitable causes. Through partnerships with local organizations, we amplify our impact and contribute to meaningful change.
- **Financial literacy and empowerment:** We are committed to educating our members on financial well-being, offering workshops, resources, and tools that help individuals and businesses make informed financial decisions.

## Being an Employer of Choice

Our employees are the foundation of our success. We are committed to fostering a workplace culture that attracts, retains, and empowers talented individuals. Our strategy focuses on the following key areas.

- **Employee development and growth:** We invest in training, leadership development, and continuous learning opportunities to help employees advance their careers and deliver exceptional service.
- **Workplace culture and engagement:** Creating an inclusive, supportive, and rewarding work environment is essential. We prioritize employee well-being, recognition programs, and opportunities for collaboration.
- **Competitive compensation and benefits:** Offering fair wages, comprehensive benefits, and performance-based incentives ensures that we remain an employer of choice in our region.
- **Diversity, equity, and inclusion:** We are committed to fostering a diverse and inclusive workplace where every employee feels valued, respected, and empowered to contribute.



## Ensuring Long Term Sustainability

Sustainability is a keystone piece of our strategic vision. Our objective is to build a credit union that is financially strong, operationally efficient, and positioned for future growth. We have identified the following key strategic initiatives.

- **Operational efficiencies and cost management:** By streamlining operations and leveraging economies of scale from the merger, we aim to maximize efficiency without compromising service quality.
- **Strategic growth and diversification:** Expanding our membership base, introducing innovative products, and diversifying our revenue streams will help us maintain financial strength and resilience.
- **Risk management and governance:** Prudent financial management, strong governance practices, and robust risk mitigation strategies ensure the long term viability of our institution.

Our strategic direction is designed to honour the legacy of our founding credit unions while positioning us for a strong and sustainable future. Through our focus on enhancing member experience, enriching our communities, being an employer of choice, and ensuring long term sustainability, we are building a credit union that will serve rural Saskatchewan with excellence for generations to come.



# In Our Communities

Our employees proudly give back to their communities through volunteerism and financial support, embodying our commitment to making a positive impact throughout rural Saskatchewan. In 2024, our staff volunteered over 10,500 hours in our communities. Here are just a few examples of the initiatives that our staff participated in.





# Long Service Employees

We celebrate and thank the following employees for their service.

<b>40 years</b>	Darren Wilkinson Lesley Carlson	<b>20 years</b>	Cynthia Hamilton Jill Parsonage
<b>35 years</b>	Joan Hobbins Larry Carnegie	<b>15 years</b>	Coralei Brown
<b>30 years</b>	Carlene Roh Carrie Cummings Randall Kerluke	<b>10 years</b>	Amanda Isberg Blair Wingert Crystal St. Germain Denise Tully Heidi Soggie Jerry Palagian Karen McFaul Kirk Friggstad Meagan Sparks Tracey Ricalton
<b>25 years</b>	Brandy Burka Joel Bilodeau Michelle Rawson	<b>5 years</b>	Blade Roh Holly Bellisle Jesse Kitchen Kayla Haines Lynden Paquette Shelly Dashney

# Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is provided to help members understand and assess the current financial position and future direction of Prosperity Credit Union Ltd, a newly formed credit union through a merger of Cypress, Diamond North, and Prairie Centre Credit Unions, as of January 1, 2025. All 2024 financial information is based on the combined results of the three legacy credit unions.

As we look to the future, we are making assumptions that are subject to risk and uncertainties and create the possibility that our predictions and projections will not prove to be accurate. Therefore, readers are cautioned to not place undue reliance on these statements.

## Economic Overview

Although Prosperity Credit Union is focused on serving the needs of our members in Saskatchewan, the economic and business conditions beyond our trading area impact our financial position. This includes national and international economic conditions as they influence currency and interest rates.

The Canadian dollar declined in 2024 and is expected to stay lower in 2025. Normally, when our dollar is low, we see an increase in exports. However, with tariffs announced by our largest trading partner that is not as likely going forward. In addition, this situation will put recessionary pressure on our export driven economy in Saskatchewan.

The Bank of Canada dropped interest rates throughout 2024 to assist in their goal of having inflation at or near their target of 2%. We expect to see continued drops in the interest rate, however it should moderate in 2025 as

we approach our target levels of inflation. There is upward pressure on inflation due to supply chain disruption and a change to protectionist trade policies.

The Canadian economy is expected to be less robust, as unemployment rose in 2024, and businesses have been hesitant to increase their workforce. The Canadian economy is projected to expand by 2% in 2025, however, given the change in government and increased uncertainty there is risk in this forecast due to trade tensions, slower population growth, and global unrest. With trade outside of our country being affected, removing interprovincial trade barriers through a mutual recognition agreement is once again being discussed by provincial leaders.

An increase in prosperity in the energy and potash sectors positively impacted Saskatchewan's economy in recent years. As our economy is highly dependent on exports and the United States is a main trading partner, Saskatchewan will be negatively affected by tariffs being introduced.

The extent of the impact will be determined by how easily U.S. producers could replace Saskatchewan’s resources. We expect Saskatchewan will adapt and remain resilient throughout the challenges.

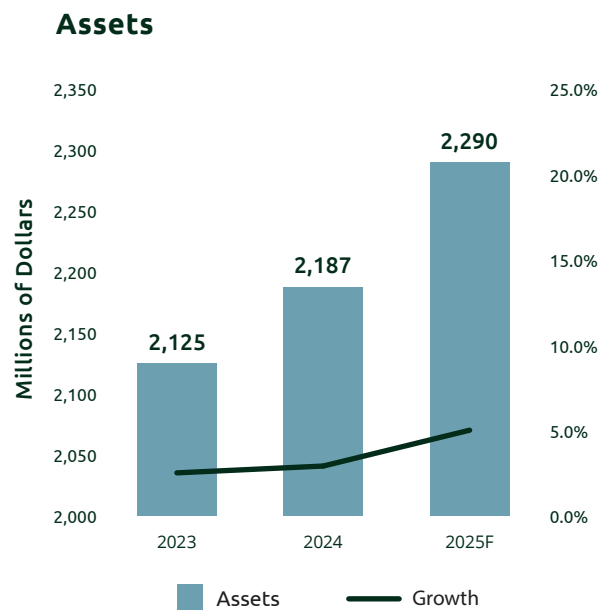
## Financial Position

Prosperity is the third largest provincially regulated credit union in the province and operates independently in rural Saskatchewan. Cypress, Diamond North, and Prairie Centre Credit Unions have come together with a shared partnership approach to form a strong credit union, focused on rural Saskatchewan. Prosperity Credit Union is designed for our rural ways of life and committed to the well-being of our members. We serve over 32,000 members and have 30 service locations operating in Saskatchewan. We have a diverse agricultural sector comprised of grain and oilseed producers along with honey, beef, exotic livestock, and forage producers. Commercial enterprises range from small local businesses to large manufacturing and processing operations in the agricultural, lumber, and natural resource industries. Healthcare, education, municipal governments, and First Nations are other major employers and industries in the area creating a diversified membership for the credit union. This allows the credit union’s risk exposure to be spread over many market segments.

Prairie Centre Insurance is our general insurance subsidiary. We have offices in Elbow, Eston, Harris, Kyle, Outlook, and Rosetown. We offer a full line of products including home, auto, farm, hail, and commercial insurance. Our agencies in Rosetown and Outlook also offer real estate services. Through acquisition of local companies, we are keeping these services in our communities while generating additional revenue for operations.

We have over 300 staff members working and living in our trading area who provide full financial services to our members with a focus on helping members meet their financial goals. We are committed to providing ongoing staff training and development sessions to improve our employees’ skills, which allows us to better assist and serve our members.

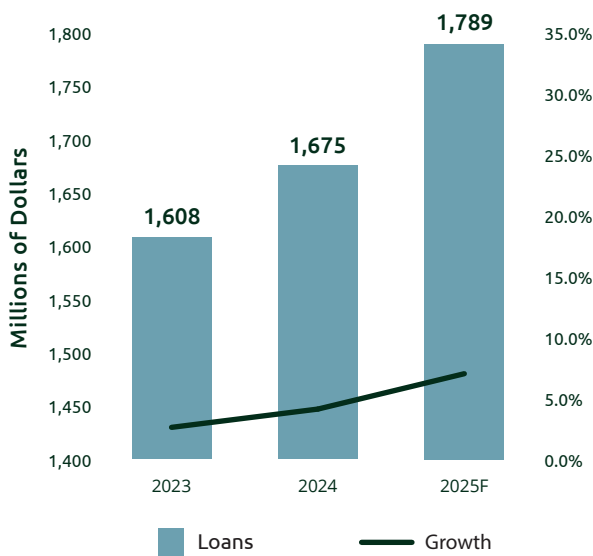
As the largest rural-based credit union in Saskatchewan, one of our main influences is the local farming economy. There was an improvement in farming conditions in 2024, however drought conditions were present in some of our regions. Our resilient members continue to adapt to the conditions.



We ended 2024 off with assets of \$2.19 billion and experienced growth of 3% which was similar to the 2023 growth of 2.5%. We expect Prosperity Credit Union's assets to be \$2.29 billion at the end of 2025, with growth of 5% throughout the year.

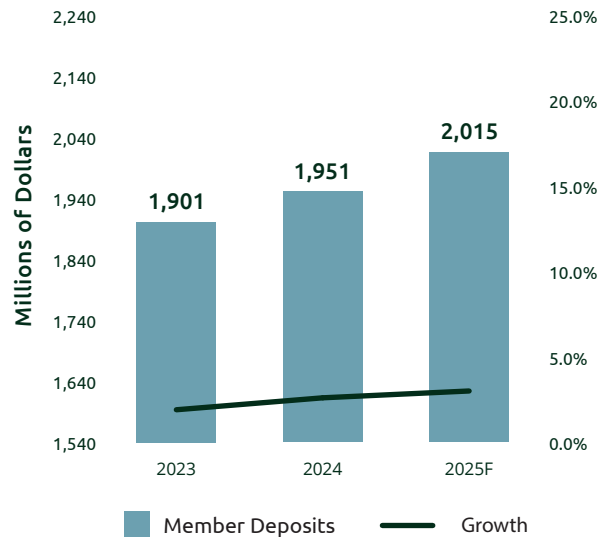
Loans grew 4% during the year, increasing from \$1.60 billion to \$1.67 billion. Growing our loan portfolio is a goal of the credit union and we are pleased with the progress. We are forecasting loans to be at \$1.79 billion at the end of 2025. More information on our loan portfolio can be found in the Credit Risk Management section of this report.

### Loans



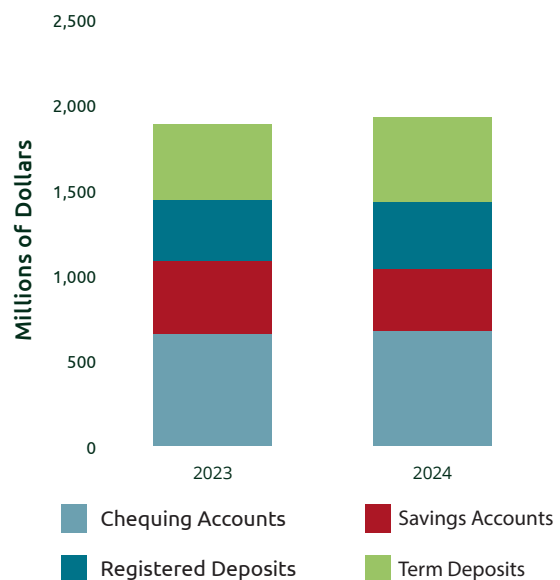
Member deposits grew around 2.5% in 2024. We ended the year at \$1.95 billion, up from \$1.90 billion the year before. We believe deposits will grow around the same amount in 2025 and reach approximately \$2.01 billion.

### Member Deposits



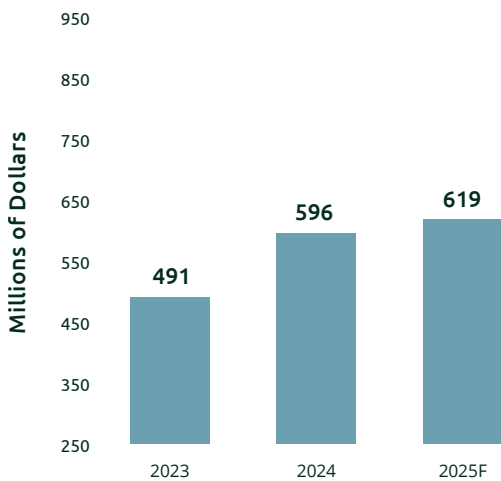
Our member deposit holdings by type of account are shown in this chart:

### Member Deposits



As we are a full-service financial institution, we offer brokerage and mutual fund accounts to help our members diversify their deposit holdings. Currently we administer additional deposits from members through our advisory services representatives, which we refer to as Off Balance Sheet Deposits. Our portfolio increased from \$491 million in 2023 to \$596 million at the end of 2024. Collectively member portfolios grew 22% in 2024 through a combination of market value increases and new deposits. We expect a more challenging environment in 2025 and are forecasting a year end position of \$619 million.

### Off Balance Sheet Deposits

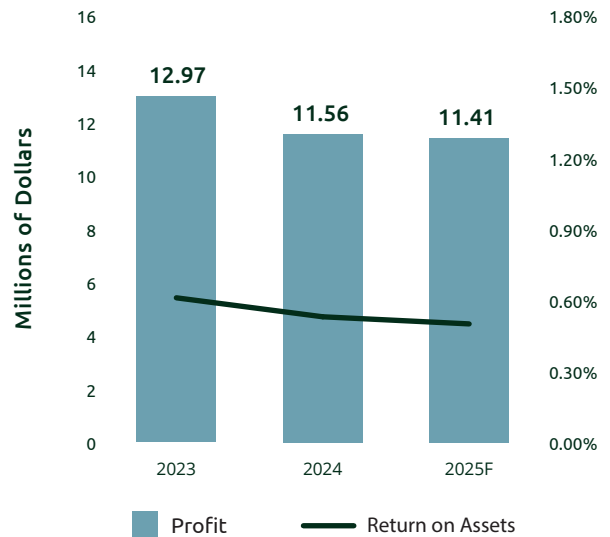


### Profitability and Equity

It is through profits that we build equity in the credit union. The retention of earnings builds equity, and a strong equity position builds a strong and resilient credit union.

We ended 2024 with profit of \$11.56 million and a return on assets of 53 basis points, which was very close to what we had forecasted. In comparison to 2023, our profit was slightly higher at \$12.97 million. We are forecasting profit for 2025 to be on par with 2024 at \$11.41 million, which will equate to a return on assets of 50 basis points. We will incur some additional one time expenses as we combine our operations.

### Profitability



Beyond the dollars we earn, we watch our efficiency ratio closely as a measure of our profitability. The efficiency ratio is how much we spend to make a dollar, so a lower value indicates greater efficiency in operations.

In 2024 our efficiency ratio was 77.58%. For 2025, we expect our efficiency ratio to be 77.47% given additional expenses in the first year of merger. Our goal is to keep our efficiency ratio at a level that optimizes profitability while still providing quality service to our membership and continuing to invest in future operations.



## Capital Management

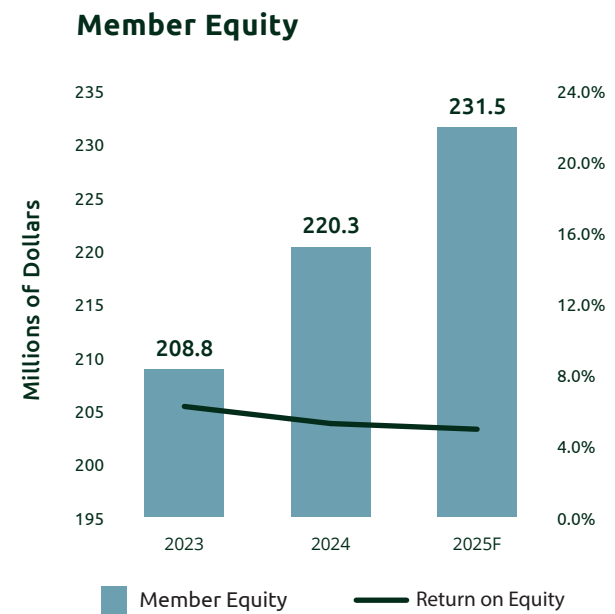
Worldwide, all financial institutions are tasked with building capital to ensure downturns in the economy can be withstood. Prosperity Credit Union builds capital through retaining our earnings. On our Consolidated Statement of Financial Position this is shown as Members' Equity.

The fundamental strength of a credit union is the level of capital it holds to protect against normal, anticipated, and unexpected business events. Our main objective remains to preserve and build equity and strengthen our capital position while growing our market share to achieve long term sustainability. It is our goal to provide our members with the best service possible and the products they require.

Credit unions operate in a highly regulated environment and the primary regulator is Credit Union Deposit Guarantee Corporation (the Corporation). The Corporation sets regulatory guidelines to which all Saskatchewan credit unions must adhere. To assess capital adequacy, the Corporation models standards adopted by financial institutions around the world, including Canadian banks. These standards continually evolve and promote the importance of a strong banking sector to withstand financial crisis.

The Board of Directors and Executive Management believe in maintaining a strong capital position. Our Capital Management Framework sets guidelines for capital and the need to assess capital adequacy through a formal process in accordance with the regulatory expectations. The goal of capital management is to achieve and exceed regulatory minimums, maintain an optimal level of capital, meet operational requirements, absorb unexpected losses, implement long term strategic plans, and signal financial strength.

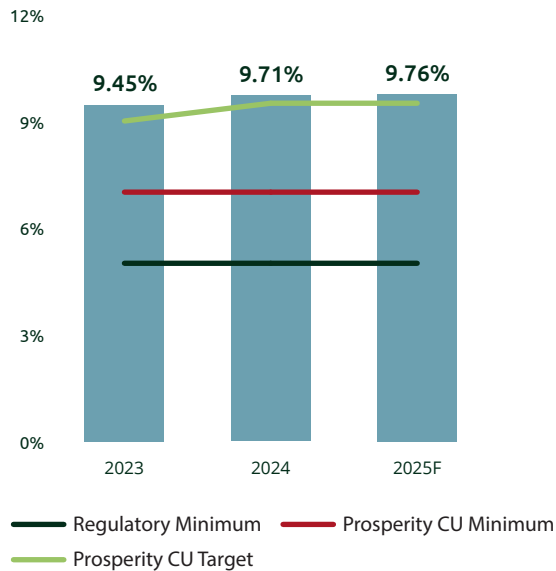
As our capital is comprised of our retained earnings, we rely on profitability to grow our capital position. The credit union retains its annual earnings to meet the capital requirements and maintain our independence. As the graph reveals, our retained earnings have been growing steadily, and our equity grew from \$208.8 million at the end of 2023 to \$220.3 million at the end of 2024. Looking ahead to 2025 for Prosperity Credit Union, we have budgeted equity to grow to \$231.5 million.



There are two main ratios used for measuring capital strength. The first is called the leverage test and this ratio divides eligible capital by leverage assets. The second measure is a risk-based capital test which compares eligible capital to risk weighted assets. Minimum and target measures are established in policy and regular reviews of capital requirements are completed.

The current regulatory requirement for the leverage ratio is 5.0%. Prosperity has established a minimum level for the leverage ratio of 7.0% and a long term target level to exceed 9.5%. We started 2024 at 9.45% and grew to 9.71% over the year. We expect the ratio to rise slightly in 2025 to 9.76%.

### Leverage Ratio

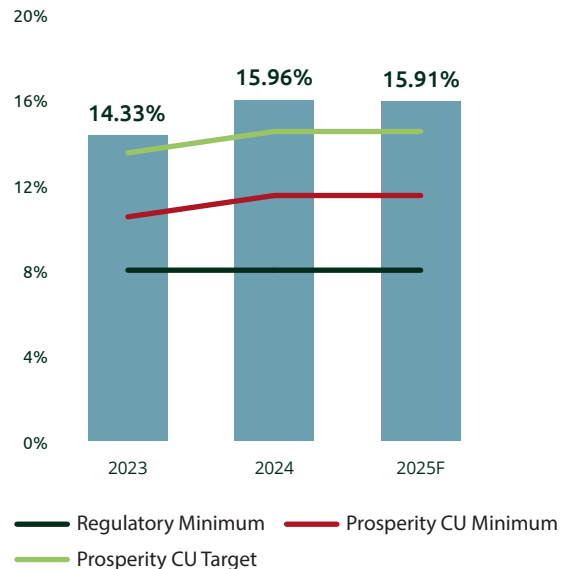


Credit unions assess capital requirements based on the risks and stressors faced by their individual operations using an Internal Capital Adequacy Assessment Process (ICAAP). ICAAP evaluates requirements for capital relative to strategic plans and the credit union’s risk appetite. The assessment of risks with assigned capital requirements is a key tool in making strategic business decisions. Enterprise-wide stress testing and scenario analysis are also used to assess the impact of various stress conditions on our risk profile and capital requirements. We monitor our

equity, profitability, and capital levels closely to ensure we continue to have adequate capital to continue our strategy to pursue mergers and acquisitions which will benefit the credit union in the long term.

The Corporation’s minimum ratio of eligible capital to risk weighted assets is 10.50% and this is our policy minimum for risk weighted capital. Our long term target level is to exceed 14.50% to ensure we have adequate capital relative to our risk profile. We started 2024 with a ratio of 14.33% and increased this ratio to 15.96% during the year. In 2025, we expect our risk weighted capital ratio to be close to 2024 level and be at 15.91% as we seek to grow our member loans throughout the year.

### Risk Weighted Capital Ratio



## Enterprise Risk Management

As a financial institution, we are exposed to a variety of risks. Business strategies incorporate decisions regarding risk and how we will manage and mitigate risk. Managing and appropriately balancing risk with business opportunities is the top priority for the Board of Directors and Executive Management of Prosperity Credit Union.

Our risk philosophy is that we will proactively manage risk ensuring we respond to uncertainty, reducing unexpected outcomes and strengthening the confidence of our stakeholders. We utilize a risk informed decision-making model to take on a moderate amount of risk to generate adequate profitability to support our business growth, member commitment, and fulfill our capital plan, without exposing Prosperity Credit Union to undue loss.

We have internal controls and compliance requirements that help us establish processes to mitigate risk. Internal and external audits are performed regularly to test the effectiveness of the controls. Our regulator also performs reviews of the organization.

Our primary risk offset is our capital position. An adequate amount of capital allows the credit union to absorb unexpected losses, implement long term strategic plans, and signal financial strength. As discussed earlier, we utilize a Capital Management Framework to assess capital adequacy and set targets for capital. Prosperity has a moderate level of capital and therefore takes a moderate approach to risk.

Prosperity utilizes an enterprise-wide risk management (ERM) system to identify, analyze, monitor, and report risk which is detailed in an ERM Framework. The ERM Framework categorizes risks and explains how risk management functions at Prosperity. We have established

that we have a moderate risk appetite and have defined the amount and type of risk we are able and willing to accept in pursuit of business objectives.

The Board of Directors is ultimately responsible for risk oversight. To better fulfill this responsibility, a Board Risk Committee consisting of five (six with Board Chair as ex-officio) directors reviews audit reports, establish the risk and compliance frameworks, and review controls at a high level. Members of Executive Management provide additional support to the committee. Internal Audit also attends these meetings and provides the committee with independent analysis of how risk is managed for the Credit Union. An Enterprise Risk Management Committee has also been established to assist the Board of Directors and Risk Committee through ensuring managing and monitoring risk in the organization receives a high priority.

Executive Management is responsible for implementing strategies and policies approved by the Board, and for developing processes that identify, measure, monitor, and control risks. To achieve this objective, Executive Management undertakes continuous risk identification and engages management and staff in risk identification and control. For optimal risk management we establish sound policies and operational processes throughout the credit union. Annually, in conjunction with the Business Plan, Executive Management reviews emerging risks from planned activities, and from changes occurring in the marketplace. Required actions are built into the Budget and Business Plan for the upcoming year.

All employees incorporate risk management principles into their work and act as a risk manager, knowledgeable in how to manage risks inherent in their day-to-day activities.

## Key Risks

The following key risk categories form part of the credit union's overall Enterprise Risk Management system.

## Strategic Risk

Strategic risk is the risk that business decisions or plans could be flawed, which will impact the ability of the credit union to meet objectives. To manage this risk, the credit union engages in formal planning processes, which result in a three-year strategic plan and the formulation of annual business plans. The credit union uses a comprehensive process to ensure appropriate business plans and strategies are chosen, resources are allocated appropriately, and implementation is measured relative to established goals with regular updates to the Board of Directors. As described above, the ERM process further identifies emerging risks and formulates plans as risks are identified.

## Market Risk

Market risk is the risk that the financial position or earnings will be adversely affected by changes in market conditions such as interest rates and foreign exchange rates. Prosperity's market risk primarily arises from movements in interest rates and is caused specifically by timing differences in the re-pricing of assets and liabilities. The credit union employs comprehensive management processes around our market exposures and risk-taking activities.

An Asset Liability Committee (ALCO), comprised of Executive Management and members of our Leadership Team, meet regularly to monitor present and potential

exposure in the areas of interest rate risk, credit risk, operations risk, liquidity risk, and currency risk. ALCO reviews short-term and long term interest rate trends and outlines the corrective action to control risk.

There is defined policy around numerous interest rate risk measures, which is then compared to our current and expected future situation through dynamic modeling. We also utilize income simulation for scenario and stress testing based on changes in interest rates.

Regular reporting of these risk measures and how they compare to credit union policy and industry standards is provided to the Audit and Finance Committee, Risk Committees, Board of Directors, and system regulators. We assess the need for mitigating activities and implement appropriate risk mitigating strategies where and when deemed necessary.

## Liquidity Risk

Liquidity is a measure of our ability to meet our financial obligations and our members' day-to-day cash needs and loan demands without incurring unacceptable losses. Adequate liquidity is dependent upon our ability to efficiently meet both expected and unexpected cash flows and collateral needs without adversely affecting either daily operations or our financial condition.

The primary role of liquidity risk management is to proactively assess the need for funds to meet obligations and ensure the availability of cash or collateral to fulfill those needs at the appropriate time by coordinating the various sources of funds available to the institution under normal and stressed conditions.

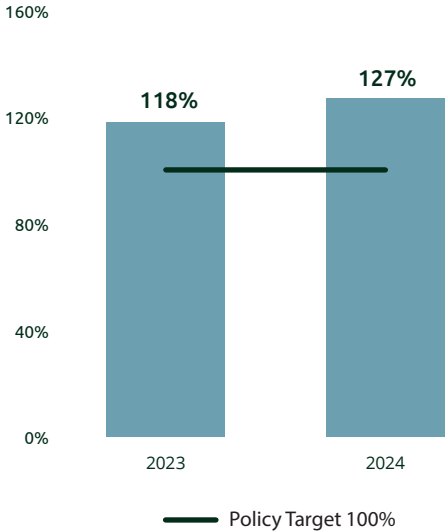
We manage liquidity in accordance with our Liquidity Risk Management Framework. The credit union’s Framework outlines policy and regulatory requirements and includes strategies to maintain sufficient liquid resources to continually fund our commitments and respond to member demand. For our operating liquidity requirements, we hold a portfolio of liquid assets and have established borrowing facilities. Actual and anticipated inflows and outflows of funds are calculated daily to allow us to detect a potential liquidity event at the earliest possible stage. We also have a comprehensive liquidity crisis management plan to follow in the unlikely event that this occurs.

Our operating liquidity ratio is an internal measure which considers projected cash inflows as a percentage of projected cash outflows. Our Board of Directors has defined our target as 100%, with a minimum level of 50%. Operating liquidity levels and policy requirements are provided with the prior year for comparative purposes.

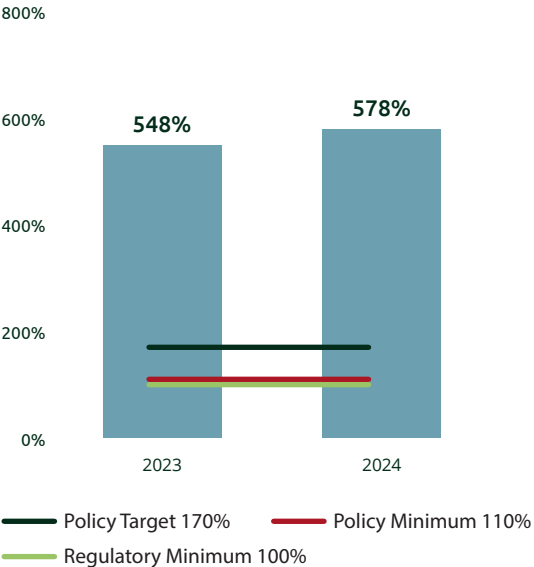
We also evaluate liquidity using the liquidity coverage ratio (LCR), which assesses liquidity in a stressed situation, comparing the value of our high-quality liquid assets to potential net outflows. We have set policy requirements above the regulatory standard for the liquidity coverage ratio. The finance division provides quarterly liquidity reports to the Asset and Liability Committee (ALCO), who oversee liquidity risk exposure and management.

Our liquidity coverage ratio position, policy, and regulatory requirements are included with the prior year for comparative purposes indicating we are well above required levels.

### Operating Liquidity



### Liquidity Coverage Ratio (LCR)





## Credit Risk

Credit risk originates primarily from our direct lending activities and syndicated loans (credit products purchased but not administered by Prosperity Credit Union) and, to a lesser extent, our holdings of investment securities. Credit risk is the risk of financial loss resulting from a borrower's or counterparty's inability to meet its obligations.

Credit risk management focuses on underwriting, pricing loans according to their level of risk, and ensuring the overall portfolio is well diversified. There are five parts to credit risk management including policy, credit granting, monitoring and exposure, portfolio management, and audit.

The Board of Directors provides overall direction through Board policies, which are put into practice through operating policies and procedures set by Executive Management. All credit granting is performed in accordance with approved policies, procedures, and applicable legislation. This includes credit analysis, pricing, terms, and documentation of loans. Pricing parameters are in place to support lenders in pricing decisions and to ensure risk is being offset by rates while remaining competitive in the market.

Concentration regarding industry and size of loans reflects our risk tolerance. Credit risk is further mitigated through in-depth and ongoing training of lending personnel, independent adjudication of larger risk loan applications, and regular monitoring and reporting.

Our credit portfolio and lending practices undergo regular and ongoing independent assessment through external audit, internal audit, and regulatory reviews. Reports are provided to Executive Management and the Board of Directors through our risk committees.

The credit union monitors its exposure to potential credit losses and maintains both specific and collective loan allowances. A loan is classified as impaired (higher risk) when we determine we may suffer a loss. The Credit Department continually reviews delinquent loans and loans that have been identified as higher risk and assesses the adequacy of allowances on a quarterly basis. Our level of loans that were delinquent more than 90 days net of allowance increased from the prior year, moving from 0.84% of our overall loan portfolio to 1.02%. We continue to work with our members and expect to see this decline in 2025.

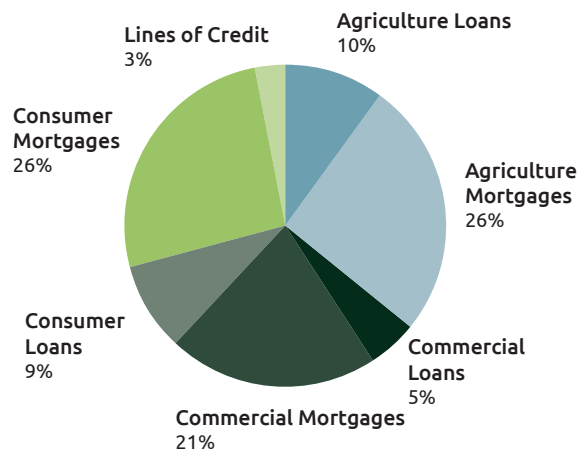
Specific allowances are reviewed regularly by examining the individual loans and estimating the value we will receive versus the full carrying value. Our collective allowance is calculated by taking into consideration current economic conditions, historical losses, and delinquency in our loan portfolio. We also consider forward-looking, future information when establishing the value of the collective loan allowance. The value of our member loans is presented in the table on page 20.

The loan portfolio shows the type of loans we hold. The prior year is provided for comparative purposes. As a rural based credit union, it is no surprise that the largest portion of our loan portfolio is made up of agriculture loans and mortgages.

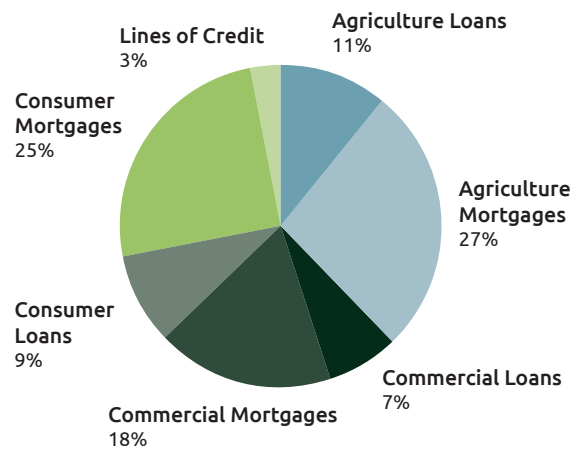
To manage the risk associated with lending we take a balanced approach to structuring the portfolio. We diversify our risk by lending to a variety of borrowers, as evidenced by the total loans by borrower type. We have a strong focus on mortgage lending and review security carefully when making lending decisions.

Member Loans (in thousands) at December 31, 2024	Performing Loans	Impaired Loans	Specific Loans Allowance	Collective Loans Allowance	Net Loans
Agriculture Loans	660,157	204	–	853	659,508
Commercial Loans	431,210	24,073	5,948	2,184	447,151
Consumer Loans	146,980	1,273	949	584	146,720
Consumer Mortgages	409,048	2,605	254	355	411,720
Total Loans	1,647,395	28,156	7,151	3,975	1,664,425

### 2023 Loan Portfolio



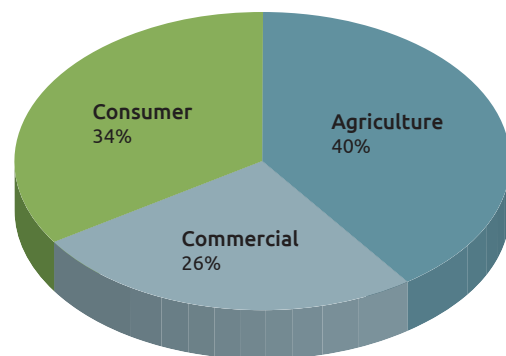
### 2024 Loan Portfolio



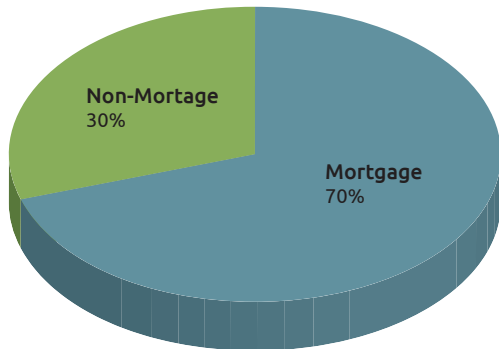
For consumers, we utilize both insured and uninsured mortgages in financing home purchases and provide lines of credit to members using home equity as security. Insured residential mortgages are mortgages whereby our exposure to default is mitigated by insurance through the Canada Mortgage and Housing Corporation (CMHC) and Sagen.

A breakdown of our residential mortgages is provided in the chart below. Mortgages primarily consist of uninsured mortgages at 73% of our consumer mortgage portfolio.

### Total Loans by Borrower Type



### Loan Breakdown

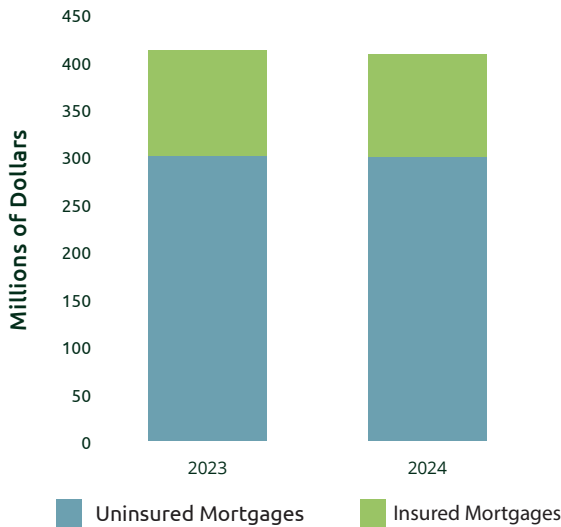


of an economic downturn, the lower loan to value ratio provides a cushion of equity which incents homeowners to maintain payments and retain their property.

New Uninsured Mortgages Granted in 2024	Loan to Value
Uninsured Mortgages	61%
Home Equity Line of Credit	28%

The chart below provides a breakdown of the remaining length of time consumers have for paying their mortgages.

### Consumer Mortgages



Consumer Mortgages Remaining Amortization Period	%
10 years and less	9%
10 to 20 years	47%
20 to 25 years	44%
Greater than 25 years	0%
<b>Total</b>	<b>100%</b>

To reduce the risk on uninsured mortgages we require members to have more equity in their home through a larger down payment, resulting in a lower loan to value ratio. The following table provides the average loan to value ratio for new uninsured residential mortgages and home equity line of credits granted in 2024. In the event

### Legal and Regulatory Risk

Legal and regulatory risk is the risk to earnings or capital arising from violations of, or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards. The financial institution industry is highly regulated therefore Prosperity Credit Union is also closely regulated. Policies and procedures, as well as the structure of the organization, assist us with complying with regulatory demands. There are prescribed processes that allow us to review and report on compliance matters regularly. In addition to this we also undergo regular internal, external, and regulatory audits and examinations.

All employees are accountable for compliance within the scope of their responsibilities and complete annual training to stay up to date on the requirements. Specialized departments are knowledgeable in the regulations that pertain to their areas. We consult experts for situations where legal precedence or opinion has yet to be established. Our structure, policies, and procedures aid us in complying with laws and regulations.

## Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, controls, and systems, or from external events including the risk of fraud. Exposure to this risk arises from deficiencies in internal controls, technology failures, human error, employee integrity, or natural disasters. Operational risks could be identified as unplanned operational situations.

Operational risk is managed using preventative measures including policies and procedures, controls, monitoring, and performing self-assessments to identify and assess risk exposures. Risk is managed through segregation of duties, employee training, performance management, and a structured internal audit program. We have a system to assess risk associated with our vendors as well.

Operational risk is mitigated with the implementation of business continuity and disaster recovery planning, appropriate and robust insurance coverage, proper structure, and staff training. Internal Audit provides an independent review of operational processes and disaster recovery plans.

## Technology Risk

Technology risks are the threat to credit union business data, critical systems, and business processes that would negatively impact earnings, capital, or image. Technical failure has the potential to disrupt our business, resulting in potential legal liability in the event of data theft, causing reputation and compliance issues. Exposure to this risk arises from hardware and software failures, human error, deficiencies in internal controls, inadequate employee training, natural disasters such as fires and floods, and reliance on third party service partners.

Technology risk is top of mind for Prosperity Credit Union and to minimize this risk we have developed an Information Technology Framework with underlying policies, procedures, and plans, to prevent and recover in the event of failure or cybersecurity incident. Through our staff training and testing process we have created a culture of strong awareness of acceptable cybersecurity practices. Prosperity Credit Union uses a combination of in-house and third-party service partner expertise to continually monitor and update systems. Contracts negotiated with third party service partners undergo a comprehensive review and risk analysis process. In addition to regular reviews of policies, procedures, and practices by Internal Audit, Prosperity Credit Union also contracts independent firms to test system security.



## Summary

As we reflect on 2024, and look ahead to 2025, we are proud of the accomplishments of our predecessor credit unions, Cypress, Diamond North, and Prairie Centre. We have successfully joined forces and are establishing a sustainable rural footprint for Prosperity Credit Union. While we continue to focus on serving the needs of our members, the economic and business conditions we face have an impact. We have been able to grow our organization, expand the service delivery provided to our members, and find efficiencies that could be reinvested back into our organization and our communities for the benefit of our member owners.

Thank you to our Board of Directors and staff for their commitment and hard work. We also want to acknowledge and show appreciation to our members for your continued support as our organization evolves. We look forward to meeting all your financial needs in the future.



# Prosperity Credit Union Financial Position

## Balance Sheet (unaudited)

(in thousands)	2024	2023
<b>Assets</b>		
Cash & cash equivalents	\$ 253,260	\$ 223,724
Investments	225,734	258,789
Member loans receivable	1,673,984	1,608,190
Other assets	5,598	4,610
Intangible assets	4,784	4,445
Property plant & equipment	23,817	25,155
	<u>\$ 2,187,177</u>	<u>\$ 2,124,913</u>
<b>Liabilities</b>		
Member deposits	\$ 1,950,528	\$ 1,900,801
Other liabilities	16,152	14,376
Membership shares	163	961
	<u>1,966,843</u>	<u>1,916,138</u>
<b>Members equity</b>		
Retained earnings	220,334	208,775
	<u>\$ 2,187,177</u>	<u>\$ 2,124,913</u>

The above information combines the financial position of the predecessor credit unions.

Financial Statements of each credit union are available upon request.

# Prosperity Credit Union Financial Position

## Income Statement (unaudited)

(in thousands)	2024	2023
<b>Interest Income</b>		
Loans	\$ 86,309	\$ 75,043
Investments	18,028	19,484
	<b>104,337</b>	<b>94,527</b>
<b>Interest Expense</b>		
Member deposits	46,943	39,841
Borrowed money	21	31
	<b>46,964</b>	<b>39,872</b>
<b>Gross financial margin</b>	<b>57,373</b>	<b>54,655</b>
<b>Other income</b>	<b>13,096</b>	<b>12,308</b>
	<b>70,469</b>	<b>66,963</b>
<b>Operating Expenses</b>		
Personnel	30,686	27,444
Security	1,828	1,787
Organizational	847	652
Occupancy	3,377	3,342
General business	17,347	14,350
	<b>\$ 54,085</b>	<b>\$ 47,575</b>
<b>Income before provision for impaired loans and income tax</b>	<b>16,384</b>	<b>19,388</b>
<b>Provision for impaired loans</b>	<b>529</b>	<b>1,685</b>
<b>Income tax</b>	<b>4,296</b>	<b>4,734</b>
<b>Comprehensive income</b>	<b>\$ 11,559</b>	<b>\$ 12,969</b>

The above information combines the financial position of the predecessor credit unions.  
Financial Statements of each credit union are available upon request.

# Market Code

Market code is the standards we embrace as an organization, the way we conduct ourselves, and how we will treat existing and potential members.

## Fair Sales

Prosperity Credit Union is committed to providing clear, relevant, and meaningful information about products and services to enable members to make informed decisions.

## Transparency and Disclosure

Prosperity Credit Union is open and honest in its dealings. We provide information about the rights and obligations that arise out of a relationship with us.

## Professional Standards for Employees

Prosperity Credit Union promotes employee development and professional designations. Our employees are accountable to professional ethical standards.

## Privacy

Prosperity Credit Union protects the interests of members by ensuring all member/client information is kept confidential and used only for the purpose for which it was gathered.

## Problem Resolution

Prosperity Credit Union has an established internal problem resolution process that provides timely and responsive service to member's concerns.

Visit our website, [prosperitycu.ca](https://prosperitycu.ca) for more information on market code, privacy, and problem resolution.

# Board of Directors



**Greg Hannay**

*Board Chair  
Audit and Finance Committee (Ex officio)  
Governance and People Committee (Ex officio)  
Risk Committee (Ex officio)*



**Kelly Bakanec**

*Board Vice Chair  
Risk Committee Chair  
Conduct Review Committee Member  
Governance and People Committee Member*



**Greg Pagan**

*Board Vice Chair  
Governance and People Committee Chair  
Audit and Finance Committee Member  
Nominations and Elections Committee Member*



**Kevin Angerman**

*Nominations and Elections Committee Member  
Risk Committee Member*



**Charissa Bosch**

*Audit and Finance Committee Member  
Conduct Review Committee Member*



**Barry Elderkin**

*Audit and Finance Committee Member  
Governance and People Committee Member*



**Norm McIntyre**

*Conduct Review Committee Member  
Risk Committee Vice Chair*



**Kent Nickel**

*Conduct Review Committee Chair  
Risk Committee Member*



**Leslee Serack**

*Audit and Finance Committee Chair  
Governance and People Committee Member*



**Karen Sinclair**

*Governance and People Committee Vice Chair  
Nominations and Elections Committee Chair*



**Evan Sjovold**

*Audit and Finance Committee Vice Chair  
Conduct Review Committee Member*



**Christopher Warriner**

*Nominations and Elections Committee Member  
Risk Committee Member*

# Corporate Governance

Rooted in the cooperative principle of democratic control, Prosperity Credit Union is led by a member elected Board of Directors. The Board is entrusted with setting the strategic vision, ensuring long term financial sustainability, and creating lasting value for both members and the communities we serve. Operating within a robust regulatory framework, the credit union adheres to *The Credit Union Act, 1998*, *The Credit Union Regulations, 1999*, and the *Standards of Sound Business Practice* established by The Credit Union Deposit Guarantee Corporation. Furthermore, we uphold our own bylaws and policies to maintain compliance and operational excellence.

The Board of Directors of Prosperity Credit Union was formed through the integration of leadership from the legacy credit unions. To ensure balanced representation and continuity, four directors from each of the former credit unions were selected to serve on the inaugural Board. This structure fosters collaboration, leverages the collective experience of our leadership, and ensures that the interests of all members across our service areas are well represented.

Our commitment to corporate governance is rooted in transparency, accountability, and integrity. We voluntarily adhere to a Market Code that ensures ethical business conduct, fair sales practices, reliable banking and payment systems, and the protection of member information. We maintain a culture of professionalism, treating all member interactions with the highest standards of integrity.

## Mandate and Responsibilities

The Board of Directors governs on behalf of the members with an emphasis on strategic leadership, diversity in viewpoints, and clear role distinction between the Board and Executive Management. The Board establishes policies that align with the financial success of the credit union, the needs of its members, and the long term viability of the organization. It is also responsible for monitoring performance, ensuring compliance with regulatory standards, and keeping members informed about key developments.

## Board Composition and Elections

The Board consists of independent directors elected by members to serve three-year terms on a rotational basis. Directors may serve a maximum of four consecutive terms before requiring a one-year break before re-nomination. The Board is structured to ensure representation across the regions we serve, providing a balanced perspective on governance decisions. In addition to regional representation, the Board is committed to maintaining a diverse range of skills and competencies, ensuring that governance decisions are informed by expertise in areas such as finance, risk management, community development, and strategic planning.

## Board Committees

For enhanced efficiency and oversight, appointed Board committees focus on key governance areas. Each committee has a clear mandate and meets regularly to fulfill its responsibilities. The following committees are established:

- **Audit and Finance Committee** – Oversees financial reporting, internal controls, and compliance with regulatory and legal requirements to ensure financial integrity and sustainability.
- **Conduct Review Committee** – Ensures that governance practices are transparent and fair, particularly in managing conflicts of interest and related party transactions.
- **Governance and People Committee** – Provides oversight on governance policies, Board effectiveness, director development, succession planning, and strategic direction for people and culture.
- **Nomination and Election Committee** – Manages the nomination and election process for Board members, ensuring a fair and transparent process while fostering member engagement in governance.
- **Risk Committee** – Identifies, assesses, and monitors risks, ensuring the implementation of effective risk management frameworks and strategies.

## Director Training and Development

Prosperity Credit Union is committed to the ongoing professional development of its directors to ensure they remain current with governance best practices

and industry trends. Directors participate in a variety of educational opportunities, including formal training programs, workshops, webinars, and industry conferences. Ongoing learning enhances their ability to provide effective oversight, adapt to regulatory changes, and address emerging challenges in the financial sector. The Credit Union provides the necessary resources to support continuous development, reinforcing its commitment to strong and informed governance.

## Board Evaluation

Board evaluations are a way for the Board of Directors to assess whether they are meeting expectations, making progress toward their goals, and adhering to policies and bylaws. It also provides an opportunity to gather feedback on future development and training needs.

To ensure policies align with expectations, the Board regularly reviews policies related to Board behavior and performance on a set schedule. Compliance with these policies is also evaluated periodically throughout the year.

## Governance Investment

In 2024, our legacy credit unions invested in Board governance through honorariums, per diems, training, travel, and other governance-related expenses. These investments reflect our commitment to maintaining a highly effective and knowledgeable Board.

Director Honorariums and Meeting Per Diems	Training	Travel	Office/Other Costs	Total
242,998	9,264	46,103	6,138	324,503

# Executive Management



**Blair Wingert**  
*Chief Executive Officer*



**Kevin Isaacson**  
*Chief Risk Officer*



**Glen Goddard**  
*Co-Chief Executive Officer*



**Adam Jobb**  
*Chief Retail Officer*



**Colleen Harmatiuk**  
*Co-Chief Executive Officer*



**Randall Kerluke**  
*Chief Credit Officer*



**Jillian Carlson**  
*Chief Wealth Officer*



**Brenda Lehmann**  
*Chief Projects Officer*



**Lesley Carlson**  
*Chief Financial Officer*



**Michelle MacDonald**  
*Chief Innovation Officer*





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