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ANNUAL
REPORT

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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Your Board of Directors is tasked with working alongside management, seeking assurance that the credit union is acting prudently, that GVC's values are adhered to, and that our mission to empower people along their financial journeys is carried out with the best interests of our members in mind.

Forming strategy and driving decisions requires a clear vision and purpose, underpinned by strong and well articulated values. As part of its strategic planning for the year, your board worked with management to refresh GVC's vision, purpose, and belief statements, making them more concise, engaging, and memorable.

Among the governance related items undertaken by the Board this past year, the Board reviewed and updated the terms of reference of its Chairperson, Vice Chairperson, and Director positions, as well as its Audit, Nominating, Governance, and Investment, Loan & Risk Management Committees. It also reviewed and updated GVC's Investment and Lending Policy, and reaffirmed GVC's Enterprise Risk Management & Risk Appetite Framework, and Capital Management policies.

Developing GVC's ability to deliver digital services to its members in a safe and effective way continues to be a focus for the credit union. In 2023, your board reviewed GVC's Banking and Technology systems and Information Systems & Technology Use Policy, and oversaw updates to the credit union's website, online banking system, and mobile app platform.

In keeping with GVC's commitment to community values, your Board approved donations to a number of charitable efforts and family-oriented organizations where your board and senior management felt they would have the greatest impact. In 2023, that included the Mount Pleasant Neighbourhood House, Dixon Transition Society, the World Council of Credit Unions, and the Credit Union Foundation of British Columbia. Included with materials for this meeting is a Governance Report, which includes information about GVC's directors, officers, committees and their chairpersons, as well as the attendance and remuneration of directors in 2023.

Despite headwinds in the economic environment, GVC enters its 84th year of operations in a strong financial position. This is due in large part to the consistent application of effort, competence, and experience from GVC great team, and the Board owes its gratitude to management. Above all, the Board wishes to thank you, GVC's members, who have now and in the past supported GVC in its mission to provide great financial services in a way that values people and human relationships. I extend that gratitude to you now in closing.

Respectfully submitted
on behalf of the Board of Directors.

ANNUAL REPORT OF THE GENERAL MANAGER

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Greater Vancouver Community Credit Union's (GVC's) assets at the end of the year were \$223.5 million. The decline from the previous year is mainly driven by the decline in the deposit portfolio related to settlement of a few significant estate accounts.

As the global economy started to recover from the pandemic, inflation emerged as a major economic challenge. This affected a range of external factors, including pandemic-driven economic disruptions, such as lockdowns in China and manufacturing backlogs, as well as surging global commodity prices following Russia's invasion of Ukraine. After an easing of global supply side challenges and the swift increase in interest rates by central banks around the world, inflation decreased from its peak of 8.1 percent to 3.1 percent in Canada as of December 31, 2023.

In response to elevated inflation, the Bank of Canada increased, from historic lows, its benchmark interest rate by 475 basis points to 5 percent. The Bank began raising interest rates in March 2022, the beginning of an aggressive campaign to cool inflation that resulted in 10 rate hikes in less than two years. This was the fastest monetary policy tightening cycle since the early 1980's. Higher interest rates and weaker economic activity led to a slower pace of economic growth. The rapid pace of interest rate increases also negatively impacted the performance of the real estate market and earnings. The Real Estate Board of Greater Vancouver reported a decline of 23.4 percent below the 10-year annual sales average. Some other factors that contributed to the slower growth included a record-breaking wildfire season and labour market disruptions.

GVC's on-line banking platform, mobile app and website were upgraded in October. The upgrade offers a new look and more intuitive navigation. It also provides your credit union the ability to add new features as these become available. Several initiatives were undertaken with regards to Information Technology, including system and asset upgrades along with implementation of policies and procedures to align with regulatory requirements.

As we look to 2024, GVC will continue to enhance its services to members. Some of these enhancements may include:

- continuing to work with Central 1 on system initiatives such as Payment Canada's payments modernization;
- continuing to enhance GVC's IT infrastructure;
- continuing to ensure that GVC's physical footprint meets members' requirements and plan for future opportunities;
- continuing to review GVC's products to remain market competitive; and
- continuing to participate in credit union system collaboration efforts.

ANNUAL REPORT OF THE **GENERAL MANAGER**

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Continued...

GVC ended the year with a total comprehensive income of \$515,768. In a rising interest rate environment, the short-term impact on earnings is generally negative as the cost of funds increases considerably faster than earnings. GVC's capital base at year-end was \$21.40 million or 24.63 percent of its Risk Weighted Assets. This is considerably higher than the minimum regulatory requirement of 8 percent. GVC's retained earnings, as a percentage of assets, were 8.1 percent or \$18.13 million.

I would like to thank our employees for their dedication to our members and the Credit Union by providing exceptional service.

On behalf of our staff and myself, I wish to thank you, our members for your continued support, and your elected representatives, GVC's Board of Directors, for their dedicated service.

Respectfully submitted.

Balbir Bains, General Manager

GOVERNANCE REPORT

Credit unions are owned by those they serve. The Board of Directors is elected by the members and charged with providing governance to the credit union on behalf of the membership. The Chairperson of the Board reports out to the membership at the Annual General Meeting. The General Manager's report and the audited financial statements are also provided to give members additional details on the results of their credit union.

This report is designed to provide an update on governance. Accompanying this report is an organization chart showing the board members, elected officers, the board committees, and committee chairpersons. Members are situated at the top of the chart because they are our owners. On the left-hand side of the chart is our External Auditor, MNP LLP Chartered Accountants who audit our financial results to ensure they are correct and meet current accounting standards.

Currently all of our directors are elected for three-year terms of office and may be re-elected to a maximum of four consecutive terms. In 2023, your nine-person board received an aggregate remuneration of \$50,000 with individual board members receiving from \$1,070.81 to \$9,887.57, based on their role and attendance.

The following chart shows their individual attendance over the last year:

June 2023 to April 2024	Number of Meetings	Laurie Bachynski	Herb Gill	Doris Mah	Glenn McLaughlin	Shaun Olafson	Sarin Raj	Elaine Schretlen	Ken Sherwood	Richard Thomas
Board	9	9	9	8	9	9	5	8	4	9
Governance	4		4			4	2			4
Audit	6		6		6		4		2	4
Investment, Loan & Risk Management	4	4	4		4					4
Conduct Review	2		2					2		2
Nominating	2				2	2	2			
Credit	8		8			7	8			

GOVERNANCE REPORT

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GVC's Board Policy Manual states that no director may serve more than five consecutive years as Chairperson of GVC, or as the chairperson of a committee of the Board, except under extenuating circumstances.

The Board's Nominating Committee directs the election process. This starts with a review and analysis of the skill sets and competencies of the incumbent directors, allowing the Committee to identify any gaps and thus seek candidates, accordingly. A snapshot profile of each current board member accompanies this report.

The Nominating Committee endorses no more than one additional candidate than there will be vacancies on the board. Others may still stand for election but would not be endorsed by the Committee. If an election is required, it takes place over a one-week period in early March by way of in-branch voting and/or electronically. Members also have the option to request a mail ballot in advance of the voting period. Ballots are counted by our external auditor.

The combined salaries of our three senior managers in 2023 were \$430,344 (\$416,858 in 2022). These amounts are set out in note 17 to our audited financial statements. GVC does not have a variable rate or bonus compensation policy. Other than salary, the only other compensation is a modest Christmas bonus of up to \$500 for all employees with the exception of the General Manager.

Summarized Statement of Financial Position December 31, 2023

	2023	2022
Assets		
Cash and cash equivalents	15,587,036	17,914,593
Investments and other	22,897,902	36,309,184
Member loans receivable	180,879,480	182,212,130
Income taxes recoverable	67,552	215,236
Prepaid expenses and deposits	541,150	608,291
Property, plant and equipment	3,231,244	3,912,172
Deferred income tax assets	349,000	397,000
	223,553,364	241,568,606
Liabilities and Members' equity		
Member deposits	201,693,883	219,501,586
Payables and accruals	554,000	775,609
Lease liability	2,858,341	3,348,657
Equity shares	351,710	363,092
Retained earnings	18,134,765	17,908,236
Accumulated other comprehensive loss	(39,335)	(328,574)
	223,553,364	241,568,606

Summarized Statement of Comprehensive Income December 31, 2023

	2023	2022
Financial income	10,071,336	8,051,423
Financial expense	5,210,567	2,520,635
Financial margin	4,860,769	5,530,788
Other income	349,910	436,701
	5,210,679	5,967,489
Operating expenses	4,920,679	5,337,424
Operating income	290,000	630,065
Provision for (recovery of) credit losses	(24,074)	(290,000)
Patronage rebate	6,046	9,600
Income before income taxes	308,028	910,465
Income taxes	81,499	86,408
Net income	226,529	824,057
Other comprehensive income (loss)	289,239	(216,615)
Comprehensive income	515,768	607,442

Summarized Statement of Changes in Members' Equity December 31, 2023

	Member shares	Retained earnings	Accumulated other comprehensive loss	Total members' equity
Balance, December 31, 2021	368,429	17,084,179	(111,959)	17,340,649
Net income		824,057		824,057
Other comprehensive loss for the year			(216,615)	(216,615)
Net redemption of equity shares	(5,337)			(5,337)
Balance, December 31, 2022	363,092	17,908,236	(328,574)	17,942,754
Net income		226,529		226,529
Other comprehensive income for the year			289,239	289,239
Net redemption of equity shares	(11,382)			(11,382)
Balance, December 31, 2023	351,710	18,134,765	(39,335)	18,447,140

Summarized Statement of Cash Flows December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities	2,045,894	1,553,833
Financing activities	(19,512,021)	(24,122,255)
Investing activities	15,138,570	18,966,560
Decrease in cash and cash equivalents	(2,327,557)	(3,601,862)
Cash and cash equivalents, beginning of year	17,914,593	21,516,455
Cash and cash equivalents, end of year	15,587,036	17,914,593

Note to Summarized Financial Statements December 31, 2023

1. Basis of the Summarized Financial Statements

Management has prepared the summarized financial statements from the December 31, 2023 audited financial statements, which are prepared in conformity with International Financial Reporting Standards. A full set of audited financial statements is available from the Credit Union. The detailed notes included in the audited financial statements are not included in these summarized financial statements.

The criteria developed by management for the preparation of the summarized financial statements is as follows: that the information included in the summarized financial statements is in agreement with the related information in the full set of financial statements, and that the summarized financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related full set of financial statements, including the notes thereto, in all material respects.

Approved on behalf of the Board of Directors


Shaun Olafson, Chairperson and Sarin Raj, Director

A full set of financial statements is available for viewing at each branch or by visiting <https://www.gvccu.com/about/who-we-are>

Report of the Independent Auditor on the Summarized Financial Statements

To the Members of Greater Vancouver Community Credit Union:

Opinion

The summarized financial statements, which comprise the summarized statement of financial position as at December 31, 2023, and the summarized statements of comprehensive income, changes in equity and cash flows for the year then ended, and the related note, are derived from the audited financial statements of Greater Vancouver Community Credit Union (the "Credit Union") for the year ended December 31, 2023.

In our opinion, the accompanying summarized financial statements are a fair summary of the audited financial statements, in accordance with the basis described in Note 1.

Summarized Financial Statements

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 20, 2024.

Management's Responsibility for the Summarized Financial Statements

Management is responsible for the preparation of the summarized financial statements in accordance with the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarized financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

MNP LLP

Chartered Professional Accountants
March 20, 2024
Abbotsford, British Columbia

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