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ANNUAL
REPORT

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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Each year brings new challenges and opportunities to GVC, and 2022 was no different. We meet today at the first in-person AGM since the onset of the COVID-19 pandemic, and as its impacts continue to recede, your directors continue to meet both remotely and in person, where prudent, to fulfill the Board's responsibility to oversee managerial efforts, work to mitigate risks, and shape GVC's strategy in the interests of GVC's members and other stakeholders.

GVC has been operating for 83 years. In that time, its focus has been to provide quality financial services to its members in a way that acknowledges them as individuals, and to do so while remaining relevant in an ever-changing financial landscape. GVC carries out that mission primarily through offering mortgages to our members to support home ownership and residential construction. This past year, your directors have worked along with management to preserve that focus through another year of increasing regulatory and technological complexity.

Among the material governance 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.

In 2021, GVC adopted its Market Conduct Code, which was designed in partnership with the Canadian Credit Union Association with the intention of enhancing member and consumer protection and confidence, and in 2022 GVC completed a self-assessment which it filed with the BC Financial Services Authority certifying adherence to the Code.

In 2022, the Board reviewed GVC's Rules, and as members will note from their agendas, a special resolution to amend GVC Rules which came out of that review is set out for member consideration this evening. Those proposed amendments will permit GVC to better plan for Director and Board succession and refreshment; they also include a number of house-keeping items intended to clarify and improve the technical precision of the Rules.

GVC continues to work towards effective and timely adaptation to technological change, and the meeting of members' needs which are increasingly electronic. In 2022, your directors worked with management to ensure those developments are happening with member safety in mind, reviewing GVC's Banking and Technology systems and Information Systems & Technology Use Policy.

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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 2022, 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 2022. 2022 was also an important year for GVCs branch operations with management successfully negotiating the renewal of both the Kingsgate and Royal Square branches, as well as successfully navigating the relocation of the Brentwood administrative headquarters, and the establishment of our new retail branch at 4493 Hastings Street in Burnaby. Ms. Bains will speak more to this in her own report, but I am happy to report that all four branches are operating smoothly.

The Board owes its gratitude to management, who have worked competently and consistently over this year to effect the achievements mentioned above, and to 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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GVC's assets at the end of the year were \$241.67 million. This was a decline of roughly 7% from year-end 2021. This decline is primarily attributable to a decline in the lending portfolio, largely due to the shift in the economic environment.

2022 started with a positive economic outlook; however, macro issues then took over and changed everything. Inflation, which had been stable for decades, was already on the rise, thanks to the pandemic. Disrupted supply chains and lower unemployment pushed food prices and wages higher. Russia's invasion of Ukraine led to a spike in oil prices, taking inflation to higher levels.

The Bank of Canada raised its overnight rate seven consecutive times during 2022, hammering the housing market and squeezing the finances of Canadians in an effort to cool demand in the economy and slow the pace of price growth. The Bank's overnight rate rose from 0.25% to 4.25% during a nine-month time span. This was the most aggressive interest rate hike cycle since the 1980's, pushing up the cost of borrowing.

After seeing record sales and price increases during the pandemic, Metro Vancouver's housing market experienced a year of caution in 2022. This was due to rising borrowing costs fueled by the Bank of Canada's ongoing battle with inflation. The interest rate hikes had a significant impact on the real estate market and on the lending portfolio. The Real Estate Board of Greater Vancouver noted a year over year sales decline of over 34%.

In 2021, our landlord sold the building that housed our Brentwood Branch and Administration Office to a developer. We are very pleased to have been able to relocate our Brentwood Branch to the new Forte Development on the corner of Hastings Street and Willingdon Avenue in Burnaby. Our Administration Office was relocated to an office building on Willingdon Green, very close to the main campus of BCIT. We would like to thank members for their patience and understanding during the relocations.

In addition to the relocation of the Brentwood Branch and Administration Office, a number of initiatives were completed in 2022, including the adoption of a Market Conduct Code, the implementation of a new telephone system and upgrades to GVC's information systems.

As we look to 2023, GVC will continue to enhance its services to our members. Some of these enhancements may include:

ANNUAL REPORT OF THE GENERAL MANAGER

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- Continuing to enhance online banking features;
- Working 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 and;
- Reviewing of GVC's products to keep competitive pace and to meet members' needs.

GVC ended the year with a net income of \$824,057. Its capital base was \$21.34 million or 23.03% of its Risk Weighted Assets. This is considerably higher than the minimum regulatory requirement of 8%. GVC's retained earnings, as a percentage of assets, were 7.4% or \$17.91 million.

Our employees' collaboration, resilience and dedication to deliver exceptional service to our members during these unprecedented times is much appreciated.

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 2022, your nine person board received an aggregate remuneration of \$50,000 with individual board members receiving from \$1,209.95 to \$9,769.34, based on their role and attendance.

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

June 2022 to April 2023	Number of Meetings	Laurie Bachynski	Herb Gill	Glenn McLaughlin	Shaun Olafson	Sarin Raj	Elaine Schretlen	Ken Sherwood	Richard Thomas	Stacy Wilson
Board	9	9	9	9	9	9	9	8	9	6
Governance	3			3	3	2			3	
Audit	5		5	5		4		3		
Investment, Loan & Risk Management	4	4		4		3		3		
Conduct Review	1						1		1	1
Nominating	1		1				1		1	
Credit	3				3	3			3	

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. This allows 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 2022 were \$416,858 (\$404,135 in 2021). These amounts are set out in note 18 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, 2022

	2022	2021
Assets		
Cash and cash equivalents	17,914,593	21,516,455
Investments and other	36,309,184	33,748,241
Member loans receivable	182,212,130	204,449,918
Income taxes recoverable	215,236	11,560
Prepaid expenses and deposits	608,291	692,278
Property, plant and equipment	3,912,172	1,027,741
Deferred income tax assets	397,000	267,000
	241,568,606	261,713,193
Liabilities and Members' equity		
Member deposits	219,501,586	242,683,619
Payables and accruals	775,609	872,947
Lease liability	3,348,657	815,978
Equity shares	363,092	368,429
Retained earnings	17,908,236	17,084,179
Accumulated other comprehensive loss	(328,574)	(111,959)
	241,568,606	261,713,193

Summarized Statement of Comprehensive Income December 31, 2022

	2022	2021
Financial income	8,051,423	8,252,471
Financial expense	2,520,635	2,135,537
Financial margin	5,530,788	6,116,934
Other income	436,701	457,493
	5,967,489	6,574,427
Operating expenses	5,337,424	4,895,999
Operating income	630,065	1,678,428
Provision for (recovery of) credit losses	(290,000)	90,000
Patronage rebate	9,600	6,105
Income before income taxes	910,465	1,582,323
Income taxes	86,408	378,472
Other comprehensive loss	(216,615)	(111,959)
Comprehensive income	607,442	1,091,892

Summarized Statement of Changes in Members' Equity December 31, 2022

	Equity shares	Retained earnings	Accumulated other comprehensive loss	Total members' equity
Balance, December 31, 2020	379,921	15,880,328		16,260,249
Net income		1,203,851		1,203,851
Other comprehensive loss for the year			(111,959)	(111,959)
Net redemption of equity shares	(11,492)			(11,492)
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

Summarized Statement of Cash Flows December 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities	1,553,833	997,312
Financing activities	(24,122,255)	12,942,460
Investing activities	18,966,560	(39,519,543)
Decrease in cash and cash equivalents	(3,601,862)	(25,599,771)
Cash and cash equivalents, beginning of year	21,516,455	41,116,226
Cash and cash equivalents, end of year	17,914,593	21,516,455

Approved on behalf of the Board of Directors
Shaun Olafson, Chairperson and Sarin Raj, Director

A copy of the full financial statements can be obtained at any GVC Credit Union branch or viewed online [here](#).

Report of the Independent Auditor on the Summarized Financial Statements

To the Members of Greater Vancouver Community Credit Union:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2022, and the summary statements of comprehensive income, changes in members' equity and cash flows for the year then ended are derived from the audited financial statements of Greater Vancouver Community Credit Union (the "Credit Union") for the year ended December 31, 2022.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary 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 22, 2023.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary 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 22, 2023
Abbotsford, British Columbia


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