

## Annual General Meetings

### Class A Shareholders:

May 9, 2013 7 PM Town Centre Hotel  
Powell River, BC

### Class E Shareholders:

April 23, 2013 7:30 PM BICS, Multi-Purpose  
Room, Bowen Island, BC

## Auditors' Report

Auditors' Report on Summarized  
Financial Statements

To the Members of First Credit Union:

The accompanying summary financial statements, which comprise the balance sheet as at December 31, 2012, and the summary statements of income and retained earnings and cash flows for the year then ended, and related notes, are derived from the audited financial statements of First Credit Union for the year ended December 31, 2012. We expressed an unmodified audit opinion on those financial statements in our report dated March 19, 2013. Those financial statements, and these summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of First Credit Union.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of First Credit Union for the year ended December 31, 2012 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards. In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on First Credit Union's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

**Powell River, BC  
March 19, 2013**

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## Balance Sheet

Summary of the Consolidated Balance Sheet as  
at December 31, 2012

ASSETS	2012	2011
Cash	\$4,031,531	\$428,933
Treasury Deposits	\$17,173,922	\$13,876,631
Income Taxes Recoverable	\$145,263	\$1,530
Investments and Other Assets	\$5,933,530	\$3,787,082
Loans and Notes Receivable (net of allowance)	\$190,271,878	\$156,342,831
Property and Equipment	\$5,962,285	\$5,202,725
Intangible Assets	\$1,001,412	\$937,460
Goodwill	\$12,370,036	\$13,567,953
	<b>\$236,889,857</b>	<b>\$194,145,145</b>
LIABILITIES		
Accounts Payable	\$2,239,611	\$2,175,555
Demand Deposits	\$109,885,460	\$72,353,870
Accrued Interest and Dividends	\$1,381,503	\$1,333,817
Deferred Income Taxes	\$349,662	\$182,268
Loan from Central 1	-	\$8,000,000
Term Deposits	\$59,424,048	\$62,751,081
Registered Savings Plan Deposits	\$38,411,809	\$30,057,764
Non Equity Shares	\$4,698,091	-
	<b>\$216,390,184</b>	<b>\$176,854,355</b>
MEMBERS EQUITY	<b>\$20,499,673</b>	<b>\$17,290,790</b>
	<b>\$236,889,857</b>	<b>\$194,145,145</b>

A complete set of financial statements is available from First Credit Union. Please contact your nearest branch for details.

## Statement of Income

Summary of the Consolidated Statement of  
Income and Retained Earnings for the year  
ended December 31, 2012

	2012	2011
Financial Income	\$7,378,744	\$7,123,930
Financial Expenses	\$2,730,895	\$2,282,178
Provision for Credit Losses	\$127,060	\$138,921
Financial Margin	\$4,520,789	\$4,702,831
Other Income	\$7,708,474	\$7,937,027
Operating Margin	\$12,229,263	\$12,639,858
Operating Expenses	\$10,851,521	\$10,421,874
Gain on Disposal of Assets	\$660,950	-
Net Income Before Income Tax	\$2,038,692	\$2,217,984
Provision for Income Tax	\$345,396	\$475,010
Net Income	<b>\$1,693,296</b>	<b>\$1,742,974</b>
Retained Earnings, Beginning of Year	\$11,603,288	\$10,193,115
	<b>\$13,296,584</b>	<b>\$11,936,089</b>
Dividends	(253,272)	(332,801)
Retained Earnings, End of Year	<b>\$13,043,312</b>	<b>\$11,603,288</b>

## Statement of Cash Flows

Summary of the Consolidated Statement of Cash  
Flows, December 31, 2012

	2012	2011
Cash Flows from Operating Activities	\$12,918,180	\$7,083,598
Cash Flows used in Financing Activities	(\$6,484,413)	(\$4,874,007)
Cash Flows from (used in) Investing Activities	\$466,122	(\$1,200,267)
Net Increase in Cash and Cash Equivalents	\$6,899,889	\$1,009,324
Cash and Cash Equivalents, Beginning of Year	\$14,305,564	\$13,296,240
Cash and Cash Equivalents, End of Year	\$21,205,453	\$14,305,564



## Board & Management Report

2012 was an exciting year for First Credit Union. The organization continued to focus on building successful relationships and making a difference in the lives of our members, staff and our community. Staff provided professional services to members and clients in the areas of financial services, insurance, and wealth management.

In August our organization grew significantly when members of Cumberland and District Credit Union unanimously voted YES to a merger with First Credit Union. On September 1, we officially welcomed Cumberland and District members to First Credit Union. The merger has expanded product and service offerings for Cumberland members, enabled First Credit Union to expand geographically, and harnessed the financial strength of a larger asset base.

One of First Credit Union's organizational goals is to make a positive difference in the communities we serve. In 2012 we supported hundreds of community groups and initiatives through donations, sponsorships, and many volunteer hours. Donations and sponsorships in excess of \$1,000 included: the PR Permaculture Garden Project, PR Family Literacy Day, Success By 6, Kathaunmixw, YES Leadership Camp, Townsite Heritage Society, the Abundance Initiative, Rotary, Classic Cruisers, Secret Santa, Comox Valley Chamber of Commerce, Comox Valley Community Foundation, Campbell River Citizens on Patrol, Comox Valley Bike Ambulance Squad, Saratoga Speedway, Festival for Families, and Vanier School Athletics. First Credit Union continues to be a proud lead partner for the local Success By 6 program which supports early childhood development. In 2012 First Credit Union provided a Young Leaders scholarship

program to four grade 12 students. In exchange for a 30 hour commitment these students gained valuable leadership, work experience, and they each received a \$1,000 scholarship.

In October our organization was proud to host retired hockey legend Trevor Linden. Trevor spent an eventful two days in Powell River and Courtenay, playing road hockey with local children and sharing his insight on leadership and teamwork with the business community.

The very popular free family 'Movie Under the Stars' event was held again in Powell River, Bowen Island, and the Comox Valley. These events positively touch the lives of thousands of people, build community and provide excellent exposure for First Credit Union, First Insurance Agencies Ltd. and the featured charities.

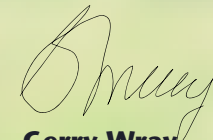
April marked another patronage profit share payout for members of First Credit Union. Based on the 2011 financial year \$175,000 was shared with members.

The audited year end net income for 2012 was \$1.693 million which will allow a 2012 dividend and patronage payment in excess of \$250,000. The loan portfolio saw an increase of \$34.0 million or 21.8%, of which \$19.5 million came from the Cumberland merger. The deposit portfolio experienced an increase of \$47.0 million or 28.6%, of which \$25.1 million came from the Cumberland merger. First Credit Union's capital increased significantly year over year as a result of our net earnings, plus the merger of Cumberland and District Credit Union, and the sale of our Campbell River general insurance office. As a result, capital ended the year at 15.73%.

Two Directors were elected and one Director

was re-elected at the 2012 AGM. Two Directors were appointed later on in the year. The Board of Directors takes their responsibility as the members' representatives seriously; in addition to attending board meetings and monitoring all key aspects of Credit Union operations, they participate in mandatory and optional education sessions. Directors also attend Credit Union regional, provincial, and national meetings on our behalf. In the fall of 2012 the board participated in comprehensive strategic planning for 2013. This session was an opportunity for the board, executive, and managers to plan for the upcoming year.

In 2012 First Credit Union continued to build strength and diversity. This strategy proved its ability to endure adversity. The board wishes to extend its thanks to the CEO, management, and staff for a job well done and is looking forward to the success and achievement of future goals.



**Gerry Wray**  
Board Chair



**Dave Craigen**  
CEO

## Discover the **impact** of First Credit Union

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