

2015 Annual Report

Building Community Since 1939



10,000 members
40,000 clients
Serving 5 communities



Message from the Board Chair

First and foremost, I would like to thank all of the members and clients of the First Credit Union group of companies for their ongoing loyalty and support. As a board, we acknowledge this support as fundamental to our success. We know that in today's environment, the delivery of financial services is seemingly changing from day to day, yet our members and clients continually choose First Credit Union and Insurance, something we deeply appreciate. Second, I extend sincere appreciation to the employees of First Credit Union and its subsidiaries for their hard work and dedication to our members, clients, and community. It's through their knowledge and professionalism, as well as strong desire to make a difference that we're able to serve and give back to our communities in the ways that we do. On behalf of the Board of Directors of First Credit Union, I offer our gratitude to both our employees and our members for being a part of the success of our cooperative.

2015 was another very successful year from both a performance perspective, as well as community investment perspective. One of the benefits of this success is that with each year's growth, the organization is able to give back to the community in a variety of ways. Many of the Credit Union's contributions are tied to the size and success of the organization; programs such as scholarships, member patronage rebate, and community impact funds are all positively impacted by the growth of the Credit Union. This is yet another reason why being

a part of our credit union helps make a difference in the community, and another reason why we are grateful for our membership's ongoing support.

In addition to the many examples of financial successes and contributions, 2015 also marked the introduction of another new and exciting community initiative. This past year we were thrilled to host our first Community Impact Day, in which First Credit Union and its subsidiaries closed their offices for the afternoon to allow all 140 employees time to volunteer for various projects in the community. On this day alone, 420 hours of volunteer time were committed across four different communities, impacting 22 different organizations and projects. This is just another example of the impact our credit union is making, and one of the many reasons I'm proud to serve on your Board of Directors.

In 2015, your member-elected board continued to learn and grow together as a team. We were joined by three new directors and experienced the departure of two others. Each year this board commits to education and training, as well as numerous meetings and other planning sessions to further their individual growth and development as a team. As required by the Credit Union Incorporation Act of British Columbia, new Directors complete certain courses through the Credit Union Director Achievement (CUDA) Program within the first 12 months of joining the board. The CUDA program also offers elective courses to help Directors keep pace with the ongoing change and

complexity of our business and industry; last year our Directors took advantage of many additional courses to further advance their knowledge. Along with credit union specific training, each of our Directors also brings many years of personal and professional experience to their roles, which when combined with their commitment to continual learning, contributes positively to the ongoing strength of our organization.

In closing, I wish to encourage our employees and management to keep up the outstanding work they have been doing in building successful, loyal, and mutually beneficial relationships. And to our members and clients—I say a big thank you for the role you play in helping us serve our purpose and have a positive impact in our communities. Though the financial services industry will undoubtedly continue to face significant change in the future, I am confident that together we will continue to grow and succeed as we have done for decades.



Gerry Wray, Board Chair

Message from the CEO



Community Impact Day, 2015.



Our Vision

Building Successful Relationships.

After celebrating our 76th anniversary of incorporation in 2015, First Credit Union started off the new year looking ahead to the future of our organization with a strong sense of accomplishment. For more than 76 years we have thrived—in fact, the oldest credit union in British Columbia—withstanding the test of time as a community-owned financial institution in an era of rapid change and challenging economic circumstances. In past years, we reflected on the concept of resilience, which is one factor among many that have helped our credit union to be successful throughout the decades. In 2015, our focus shifted slightly with an increased emphasis on sustainability and ensuring that the organization would continue to endure for decades to come.

In the pursuit of long term success, it's essential that we look at our current state and clearly understand what is working well, before we look ahead to making change happen. One of the most integral aspects of a cooperative organization is the importance we place on building relationships and putting people first. When considering what is working well for our organization, the focus we place on the community and our membership can't be overlooked. This is one of the reasons I believe we've endured for so long, and will continue to be essential to the sustainability of our organization. Without the strong relationships we've built with our communities and our members, we would not

have achieved the success we enjoy today, and we certainly could not ensure a long and prosperous future for our credit union.

Though it's clear that in large part our future sustainability depends upon building strong relationships in our communities, we also understand that sustainability is dependent upon our ability to adapt and deliver the products and services that our members need to ensure their financial well-being. These two priorities—commitment to community and the financial well-being of our members—form the basis of our purpose, and ultimately underpin our vision of Building Successful Relationships.

In 2015, we set in motion many strategies aimed at delivering on our purpose as it relates to the financial well-being our members and clients. Examples include strategies to improve our members' service experience; enhancing or introducing new digital service delivery channels; contributing to financial literacy initiatives in our communities; and focusing on employee education and training at all levels to ensure our members and clients are receiving the very best in financial advice. Looking ahead to a vibrant and resilient future organization, we know that we will need to continue to adapt and change as these examples demonstrate, while at the same time maintaining the community-centered philosophy that has been the cornerstone of our past successes. >>

Message from the CEO

>> Our 2015 results indicate that this approach is working. In the past year we saw our lending portfolio grow by almost \$35 million, our largest annual increase to date, while our deposit portfolio grew by an outstanding \$36 million. Our wealth management division experienced 27% growth in operating income, and now manages \$128 million in assets for the credit union. This year our insurance division also achieved very positive results in terms of service standards and policy retention, and the division as a whole continues to make strong contributions to the income of the group. Overall, we finished the year right on par when compared to the BC system average return on assets for credit unions overall, and above average for credit unions of our asset size. A significant outcome of this successful year was our annual patronage payment to our members, one of the many benefits of belonging to First Credit Union. Based on 2015 results, we were able to distribute \$204,000 in profit-sharing funds to our members, which when combined with our annual dividend payments, resulted in over \$299,000 being given back to our membership.

Aside from the financial results, throughout this annual report you will read about the many ways in which First Credit Union is making a difference, both in terms of monetary and in-kind contributions to our membership and community. We can share financial positive results and talk about effective strategy, but ultimately, our membership and our



Community Impact Day, 2015.

communities are at the heart of our desire to create a sustainable future for the organization. We exist both for, and as a result of our membership and the communities we serve, and know that together we can build a strong cooperative for years to come.

Once again, it has been my pleasure to work with our Board of Directors, Management, and staff this year, and I look forward to continuing to build on the evolution and sustainability of our organization in 2016 and beyond.

A handwritten signature in black ink, appearing to read "David B. Craigen".

David B. Craigen, CEO



Our Purpose

To strengthen the well-being of our member-clients and make a meaningful community impact.

Community Impact Report



Community Impact Day, 2015.

First Credit Union is a community-owned financial institution where every member is a shareholder. When your customers are your shareholders, it changes the way you run your business. We don't ever have to choose between what's best for our business, what's best for our community, or what's best for our members; they are one and the same. This is the cooperative advantage, and the foundation of our organization.

Our Proud History

First Credit Union is the oldest credit union in BC, incorporated in 1939. We are proud of our roots; over 76 years ago we started in Powell River with a handful of members and less than \$10 on deposit. Today, we serve over 10,000 members with more than \$320 million in assets. First Credit Union now has five credit union branches, as well as five insurance offices that serve over 40,000 clients in Powell River, the Comox Valley, Bowen Island and Texada Island.

Over the past 76 years the way we do business has changed significantly, but what hasn't changed is our personalized, hands-on approach to helping our members and the community.

Community Impact Program

The purpose of our organization is to strengthen the well-being for our members and clients and make a meaningful community impact. Our comprehensive community impact program comprises four major initiatives: developing young leaders, building community relations, developing partnerships, and community investment. Each initiative contains activities and programs that positively contribute to the well-being of the communities we serve.

1. DEVELOPING YOUNG LEADERS

We believe that investing in our youth is key to the positive social and economic future of our communities. We are proud to have awarded over \$145,000 in scholarships to graduating high school students since 1999. We also offer a CULEAD young leaders program to grade 12 students in Powell River and the Comox Valley who are planning to further their education. Our CULEAD program



Bowen Island Leaders in Training 2015.

Community Impact Report

gives students the opportunity to gain practical experience and mentoring from successful business professionals on a wide range of topics that will help them prepare for future careers. Over 80 students have participated in the young leaders program since it was established in 2001.

Since 2014, First Credit Union has also been a major sponsor of Bowen Island Community Recreation's Leaders in Training program. Every summer Bowen's youth aged 12 – 16 have an opportunity to take part in the program and gain knowledge and skills while volunteering with summer day-camps and special events through Bowen Island Community Recreation and other clubs on the island.

2. BUILDING COMMUNITY RELATIONSHIPS

Our vision – building successful relationships – extends beyond our branch walls. We seek opportunities to build community relationships with outreach programs and events. In 2015 we celebrated our first annual Community Impact Day, where we closed all of our branches from 2 to 5pm to allow all 140 of our staff to work as volunteers in their community. In those three hours we volunteered a total of 420 hours and served 22 different non-profit organizations.

One of our favorite community outreach activities is our First Credit Union and Insurance Secret Santa program. Christmas can be a financial burden for many families. Secret Santa provides a means for community members to anonymously purchase a

gift from a real child's wish list, and have that gift delivered to the child's family in time for Christmas. Almost 8,000 children have been recipients of the Secret Santa program in the Comox Valley and Powell River since 2001.

We are committed to helping people engage with their communities; in addition to hosting some of our own flagship events like 'Movie Under the Stars', we look for opportunities to become involved in events that showcase our communities and bring people together.

3. FOSTERING PARTNERSHIPS

By partnering with organizations that share our values, we multiply the power of our efforts to build healthy, sustainable communities. Since 2001, First Credit Union has been a lead partner in Success By 6®, an early childhood development initiative dedicated to providing all children with a good start in life. Success By 6® works to ensure that children ages 0 to 6 develop the emotional, social, cognitive, and physical skills they need as they enter school by engaging citizens in early childhood development, and funding programs for young children and their families.

The READ program was developed in 2006 and is an example of a powerful partnership between our subsidiary company, Westview Agencies, and the Powell River Kings Junior A Hockey Club. The Kings players visit elementary schools once a week throughout the school year to read with students and then spend recess on the playground and hockey court with them. Over 1500 children participate in the program each year.



Westview Agencies READ team.

Community Impact Report

4. INVESTING IN COMMUNITY

Our annual Community Investment Funds give one-time financial support to local non-profit organizations that contribute to the long-term social, health, economic or environmental well-being of the communities we serve. Since we started the Community Investment Fund program in 2014, over \$30,000 has been awarded to various organizations; this is in addition to over \$860,000 that has been given back to our communities through donations and sponsorships since 1999.

We are very proud of our profit-sharing model. On average, we have paid over \$150,000 per year in patronage to First Credit Union members since 2011. Patronage is based on the credit union's financial results and calculated using members' loan interest, deposit interest, & service charges paid. Profit sharing is our credit union's way to reward our members for doing business with us, while also fulfilling the promise of one of the cooperative principles - member economic participation - meaning that members share in the opportunity to benefit from their credit union's success.

As a member-owned cooperative, commitment to community is at the heart of our business, but we can only do this work with the support of our membership. We'd like to thank our members and clients for doing business with us. As we grow and continue to get stronger, so does our capacity to positively impact our communities.



2015 Cumberland Community Investment Fund donation.

Board of Directors and Terms of Office



Community Impact Day, 2015.

First Credit Union's Board of Directors is elected by the membership at the Annual General Meeting. They are a dedicated group of individuals who live in our community and come together to represent the membership in setting the strategic direction of the organization. The background and position of each of the directors on the First Credit Union board in 2015 are outlined below:

Gerry Wray, Chair

May 12, 2009 - Current

Gerry was born and raised in New Westminster and moved to Powell River in 2005. She has over 30 years of experience working for financial institutions. Gerry volunteers for many organizations; she served as a director for the 2007 Disability Games and treasurer for three years for the non-profit charity responsible for nine Villages in Malawi, Africa. Gerry also volunteers at the Powell River Health Care Auxilliary, Kathaumixw, and Festival for Performing Arts on a regular basis. It is Gerry's passion for volunteering and community involvement that inspired her to become a First Credit Union board member in May 2009. She enjoys working in a dynamic environment, on a variety of projects, with a diverse group of people; all working on behalf of credit union members.

Alison Taplay

January 03, 2012 - May 12, 2015

Alison is an instructor currently coordinating the human services programs for Vancouver Island University, Powell River Campus. She brings nearly 30 years of experience in the community living sector in both BC and Ontario to her teaching practice. As part of the Leadership requirement for her Master's degree, Alison conducted community research in the area of innovation and organizational change. She is passionate about social justice, citizen engagement, and sustainable community development; she sees innovation as an essential tool for change in these areas. Alison joined the board in January 2012 because she believes in the credit union philosophy and values. Her personal interests include hiking, kayaking, gardening, and sustainability.

Bob Timms, Vice Chair, May 2011 - May 2015

May 18, 2010 - Current

Bob is currently the owner of Texada Vacation Rental in Van Anda, Texada. He has owned and operated several successful businesses, bringing over 40 years of entrepreneurial business experience to his role as a director. Bob was appointed as a First Credit Union director in 2010, and elected in 2011. He is involved with many local organizations and holds directorships with Texada Arts, Culture and Tourism Society, Tourism Powell River, and Van Anda Improvement District.

Jennifer Salisbury

September 26, 2012 - Current

Jennifer is a US Naval Academy Graduate and former nuclear engineer aboard USS Enterprise (CVN 65). You may have seen her on Discovery Channel's Canada's Greatest Know-it-All Season 1, but is a business developer in real life. Jennifer works at PRREDS as Business Development Officer, supporting local businesses through Business Retention & Expansion Program. Her company, Platinum Business Development, serves clients across North America. Earning a Doctorate in Education in Higher Education and Adult Learning, Jennifer is >>

Board of Directors and Terms of Office

>> studying Powell River retirees to find ways of improving pass-down of knowledge. She is a founding member of Powell River's newest toastmaster club, Toast to the Coast, and is a professional speaker on a variety of topics from leadership to networking to business development. Jennifer has been a First Credit Union board member since September 2012.

Bridget Andrews, Vice Chair, May - July 2015

November 28, 2012 - September 18, 2015

Bridget is currently employed as Corporate Officer for the Gillies Bay Improvement District (a local government). Her experience includes a diverse background in management, administration, and technology. In 2008 Bridget sold her small incorporated business before moving from Langley to Texada Island, where in addition to her role as Corporate Officer, she continues to provide graphic design and web development services to local businesses. Bridget joined the board in November 2012 because she was searching for a volunteer opportunity that would allow her to contribute to our coastal and island communities. Bridget is an outdoor enthusiast who spends her free time writing, adventuring, and enjoying as many outdoor activities as she can!

Arlo McCubbin,

May 09, 2013 - May 12, 2015

Arlo runs a CGA accounting practice in Cumberland, which focuses on serving small businesses, First Nations, and the art community. He is a dedicated volunteer and has served on several boards, including Victoria Cool Aid Society, the Comox Valley Art Gallery, and Cumberland and District Credit Union. Arlo spent 2 years working in Vanuatu as a CUSO volunteer setting up local councils on the Islands. Arlo is an avid world traveler and an enthusiastic squash and tennis player. Arlo joined the board in May 2013 because he is passionate about cooperative principals, community and business.

Kate Wetherell

August 29, 2014 – Current

Kate started her career in Canada as a chartered accountant working in public practice. Following a move to sunny southern California and later to Washington State, she transitioned into business and finance roles in the higher education sector (both public and private), where she worked for over 25 years. Kate was born in Vancouver and her family has been part or full-time residents on the lower Sunshine Coast since WWII. She is active on several boards, including Boucher Institute of Naturopathic Health in New Westminster. She currently works in business and finance consulting, both locally and nationally.

Dan Dyble

August 29, 2014 – Current

Dan Dyble works as a consultant to small and mid-sized organizations implementing strategies through start-up or growth phases. His background in industry and conflict resolution across cultures serves a growing portion of clients as smaller firms globalize. Prior to his consulting practice, Dan spent many years working in the oil and gas industry in a variety of roles including both manager and advisor, managing projects designed to increase operational efficiency, review and implement policy, and standardize procedures. Dan is also an Executive member of the Powell River Yacht Club and a Director of the Fermenters Guild BC.

Guy Chartier

May 12, 2015 – Current

Guy is an executive leader with extensive experience in organizational management and innovation. He has been the Executive Director for the Powell River Division of Family Practice since 2013. Prior to healthcare management, Guy held various positions in international education in the Middle East and Asia-Pacific. He earned a bachelor's degree in Education at University of Montreal and a master's degree in Business Administration at Royal Roads University. He is an active member of the Institute of Corporate Directors (ICD) and the Canadian Society of Association of Executives (CSAE). Guy served on the board of Powell River Community Futures and is passionate about community development for a sustainable future. Guy brings strong financial literacy and risk management experience, along with experience working in the highly complex healthcare sector as well as commitment of service to First Credit Union.

Michael Matthews

May 12, 2015 – Current

Michael grew up and was educated in Oxford, UK. After university, he taught Physics and Philosophy in the UK and Belgium before coming to Canada and taking Canadian citizenship. His career has been spent in leadership positions in independent schools in Canada and the UK, and international schools in Brussels, New York, Bangkok and Zurich. He sat on the Board of the International Baccalaureate organization, and chaired the World Council of IB Heads. Michael is also a Director of the Johanna Heumann Foundation, a Swiss charity that funds university education in developing countries. Michael and his wife retired to Powell River in January 2012; since then he has continued to lead accreditation teams >>

Board of Directors and Terms of Office

>> to schools around the world on a pro bono basis on behalf of the Council of International Schools. He has been looking for opportunities to contribute to his adopted community, and in 2014 he joined the board of the Pacific Region International Music Academy (PRISMA). Michael brings strengths in organizational structure, financial management and strategic planning to the First Credit Union board.

Ron Woznow, Vice-Chair, July - December 2015

May 12, 2015 - December 15, 2015

Dr. Woznow is a resident of Powell River, British Columbia. He is currently an Adjunct Professor in the College of Management and Economics at the University of Guelph, President of the Verna J. Kirkness Education Foundation (a registered Canadian charity), a member of the Powell River Library Board of Trustees and chair of the Advisory Board for Area 51 Machine Design. He has served in executive positions in both the for-profit and non-profit sectors including CEO of the BC Hazardous Waste Corporation, Executive Director of The Arthritis Society-BC and Yukon, CEO of the Canadian Genetic Diseases Network and Senior Associate with Coopers and Lybrand. Ron Woznow has over 30 years of board experience with Canadian charitable organizations including Science World BC, the BC Children's and Family Research Institute, the North South Institute, The Healthy Heart Society of BC and the VanDusen Botanical Garden Association.



Community Impact Day, 2015.

Director Compensation Disclosure 2015

First Credit Union provides directors with the following remuneration:

- \$300 monthly honorarium to the Board Chairperson; \$200 monthly honorarium to Directors
- \$50 stipend for each half-day Board or committee meeting or attendance at a webinar;
- \$100 stipend for each full-day Board meeting or attendance at a conference or education session
- Reimbursement of expenses such as accommodation, travel, mileage, and other applicable expenses when travelling to attend meetings or approved conference and education sessions

For fiscal year 2015, the compensation received for each director is summarized at right.

Director Compensation Table 2015

| | Honorarium | Electronic Access Stipend | Board & Committee Meetings Attended | Full Day Board Strategic Planning, Director Orientation, Conferences, Education, & Webinars Attended | Meeting & Education Stipends | Expense Reimbursement Including Travel & Conference & Education Fees |
|--------------------|--|---------------------------|-------------------------------------|--|------------------------------|--|
| Gerry Wray | \$3,600 | \$1,080 | 23 | 28 | \$2,850 | \$168.16 |
| | \$2,650* | | | | | |
| Bob Timms | * Vice Chair honorarium decreased from \$250 to \$200 effective May 13, 2015 | \$1,080 | 14 | 13 | \$1,650 | \$1,348.11 |
| Alison Taplay | \$1,000 | \$450 | 8 | 3 | \$600 | \$0 |
| Jennifer Salisbury | \$2,400 | \$1,080 | 20 | 14 | \$1,950 | \$1,715.57 |
| Bridget Andrews | \$1,800 | \$810 | 15 | 5 | \$1,050 | \$225 |
| Arlo McCubbin | \$1,000 | \$450 | 7 | 2 | \$500 | \$173.82 |
| Kate Wetherell | \$2,400 | \$1,080 | 14 | 16 | \$1,950 | \$2,245.25 |
| Dan Dyble | \$2,400 | \$1,080 | 13 | 17 | \$2,050 | \$3,294.98 |
| Guy Chartier | \$1,600 | \$720 | 10 | 14 | \$1,600 | \$4,369.90 |
| Michael Matthews | \$1,600 | \$720 | 10 | 11 | \$1,350 | \$2,358.28 |
| Ron Woznow | \$1,600 | \$720 | 9 | 13 | \$1,500 | \$4,440.76 |

Performance and Compensation

For over 76 years, First Credit Union has been committed to strengthening the communities it serves through the growth of its locally owned financial cooperative. By taking a balanced approach to growth and achievement, the organization is able to fulfill its purpose: to strengthen the well-being of its members and make meaningful community impact. Balanced growth and achievement is accomplished by focusing on our four organizational pillars: meeting financial goals, developing leadership in everyone, making a difference in the community, and providing excellent service. These pillars form the framework for our organizational scorecard, around which we set goals and measure success. These four principles also form the basis for each individual staff member's development plan for the year, ensuring that each member of our team is focused on the same strategic priorities.

Beyond just sharing in a common purpose and developing smart plans to achieve our goals, First Credit Union recognizes that attracting and retaining talented individuals is imperative to our success. We believe that a fair and equitable compensation program is integral to building a team that can effectively carry out our objectives. Our compensation program, which reflects internal equity, external competitiveness, and individual contribution, is designed to include an appropriate balance of cash compensation and a wide range of benefits.

The purpose of First Credit Union's compensation philosophy is to:

- Recognize and reward excellent performance and reinforce the connection between performance and pay;
- Attract, motivate and retain highly skilled employees by taking a total rewards approach to all cash compensation and benefits;
- Align employees with the company's objectives by linking employee contribution to organizational achievements;
- Foster fair and equitable pay practices; and
- Promote a sense of shared accountability for the success of First Credit Union.

First Credit Union's salary administration program* provides the guidelines for compensation grids, salary ranges, and job evaluations in order to achieve internal equity and external competitiveness.

- Internal Equity:* First Credit Union maintains systems to ensure that the relative value of all jobs, roles and functions are correctly ranked in relation to one another in an equitable, gender neutral, consistent, and effective manner, and properly recognize those aspects of work which are valued by the organization.
- External Competitiveness:* In order to establish and/or verify the competitive position of its salary ranges, First Credit Union regularly

participates in external surveys and acquires other available compensation data.

In 2015, the total compensation of key management personnel† (including salaries and other short-term benefits, total pension and other post-employment benefits) was \$787,455.

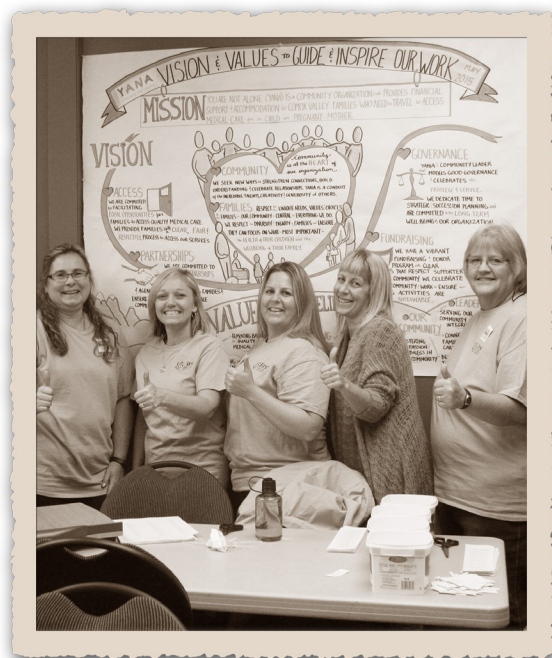
When determining CEO compensation, the same philosophy and salary administration principles apply, along with other added considerations. First Credit Union's Board of Directors is responsible to review and assess the CEO's performance annually based on the organization's annual scorecard. The Board is also responsible for setting and reviewing the compensation of the CEO. The approach taken by the Board is to target overall CEO compensation at the median of the BC Market (comparing credit unions of similar size and scope.) On an annual basis, the Board of Directors receives an independent analysis of CEO remuneration and uses that, along with the following additional considerations, to determine the final compensation of the CEO:

- Economic health of the credit union;
- The presence (and design) of incentive, profit sharing, and other packages which may be added to the base salary paid;
- Perquisites and pension plan arrangements;
- The incumbent's performance, years of experience, and qualifications; and
- The credit union's overall compensation philosophy.

* The wages and the administration of wages of Union employees are governed by the provisions of the applicable collective agreement.

† Key management personnel are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including directors and management.

Auditors' Report



Community Impact Day, 2015.

To the Members of First Credit Union:

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at December 31, 2015 and the summary consolidated statements of income and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of First Credit Union for the year ended December 31, 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 22, 2016. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

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

Management's Responsibility for the Summarized consolidated Financial Statements

Management is responsible for the preparation of these summary consolidated financial statements in accordance with International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on these summary consolidated 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 consolidated financial statements, derived from the audited consolidated financial statements of First Credit Union for the year ended December 31, 2015 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Powell River, BC March 22, 2015

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Balance Sheet

Summary of the Consolidated **Balance Sheet** as at December 31, 2015

| ASSETS | 2015 | 2014 |
|--|----------------------|----------------------|
| Cash | \$23,022,157 | \$4,084,149 |
| Treasury Deposits | \$11,260,932 | \$15,919,900 |
| Income Taxes Recoverable | \$148,495 | - |
| Investments and Other Assets | \$4,150,367 | \$3,957,868 |
| Loans and Notes Receivable (net of allowance) | \$266,060,895 | \$231,876,874 |
| Property, Plant and Equipment (net of amortization) | \$5,019,473 | \$5,271,474 |
| Intangible Assets (net of amortization) | \$1,026,698 | \$971,522 |
| Goodwill | \$12,370,036 | \$12,370,036 |
| | \$323,059,053 | \$274,451,823 |

| LIABILITIES | 2015 | 2014 |
|----------------------------------|----------------------|----------------------|
| Accounts Payable | \$2,194,568 | \$2,033,097 |
| Demand Deposits | \$148,312,987 | \$130,003,216 |
| Accrued Interest and Dividends | \$1,264,553 | \$1,369,156 |
| Deferred Income | \$72,654 | \$68,937 |
| Income Taxes Payable | - | \$74,600 |
| Deferred Income Taxes | \$127,432 | \$213,297 |
| Term Deposits | \$74,957,133 | \$67,094,236 |
| Registered Savings Plan Deposits | \$54,267,717 | \$43,333,640 |
| Secured Loans Payable | \$19,443,958 | - |
| Loan from Central1 | - | \$7,800,000 |
| Capital Lease Obligations | \$23,954 | \$46,036 |
| Non Equity Shares | - | \$697,101 |
| | \$300,664,956 | \$252,733,316 |
| MEMBERS' EQUITY | \$22,394,097 | \$21,718,507 |
| | \$323,059,053 | \$274,451,823 |

Income and Cash Flows

Summary of the Consolidated Statement of Net and Comprehensive Income and Retained Earnings for the year ended December 31, 2015

| | 2015 | 2014 |
|---------------------------------------|---------------------|---------------------|
| Financial Income | 9,081,786 | \$8,525,603 |
| Financial Expenses | \$3,279,218 | \$3,194,975 |
| Provision for Credit Losses | \$234,234 | \$138,488 |
| Financial Margin | \$5,568,334 | \$5,192,140 |
| Other Income | \$7,737,546 | \$7,959,227 |
| Operating Margin | \$13,305,880 | \$13,151,367 |
| Operating Expenses | \$12,119,720 | \$11,412,346 |
| Loss on Disposal of Assets | \$1,428 | (\$98,690) |
| Net Income Before Income Tax | \$1,187,588 | \$1,640,331 |
| Provision for Income Tax | \$63,078 | \$240,647 |
| NET AND COMPREHENSIVE INCOME | \$1,124,510 | \$1,399,684 |
| Retained Earnings, Beginning of Year | \$15,136,734 | \$14,002,848 |
| | \$16,261,244 | \$15,402,532 |
| Dividends | (\$299,782) | (\$273,055) |
| Amortization of Contributed Surplus | \$7,257 | \$7,257 |
| RETAINED EARNINGS, END OF YEAR | \$15,968,719 | \$15,136,734 |

Summary of the Consolidated Statement of Cash Flows, December 31, 2015

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Cash Flows From (Used In) Operating Activities | \$3,541,465 | (\$15,392,257) |
| Cash Flows From Financing Activities | \$11,200,229 | \$7,193,767 |
| Cash Flows Used In Investing Activities | (\$462,654) | (\$537,527) |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$14,279,040 | (\$8,736,017) |
| Cash and Cash Equivalents, Beginning of Year | \$20,004,049 | \$28,740,066 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$34,283,089 | \$20,004,049 |

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



Building Community Since 1939



10,000 members

40,000 clients

Serving 5 communities

Powell River
4721 Joyce Avenue
Powell River, BC
V8A 3B5
Tel: 604-485-6206
1-800-393-6733

Texada Island
2021 Legion Road
Van Anda, BC
V0N 3K0
Tel: 604-486-7851
1-800-361-9933

8th Street Location
426 – 8th Street
Courtenay, BC
V9N 1N5
Tel: 250-334-3443
1-800-655-5255

Bowen Island
106-996 Dorman Road
PO Box 190
Bowen Island, BC
V0N 1G0
Tel: 604-947-2022
1-866-947-2022

Cumberland
2717 Dunsmuir Ave.
PO Box 138
Cumberland, BC
V0R 1S0
Tel: 250-336-2272



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www.firstcu.ca