

Annual General Meeting



Class A Shareholders:

May 4, 2017 at 7 pm
Town Centre Hotel
Powell River, BC

Auditors' Report

Summary Consolidated Financial Statements

To the Members of First Credit Union:

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at December 31, 2016 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, 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 28, 2017. 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 Summary Consolidated Financial Statements

Management is responsible for the preparation of these summary audited 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, 2016 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

**Powell River, BC
March 28, 2017**
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**WHERE
YOU BANK
MAKES A DIFFERENCE!**



Balance Sheet

Summary of the Consolidated Balance Sheet as at December 31, 2016

ASSETS	2016	2015
Cash	\$43,947,582	\$23,022,157
Treasury Deposits	\$5,196,802	\$11,260,932
Income Taxes Recoverable	0	\$148,495
Investments and Other Assets	\$3,325,908	\$4,150,367
Investment in joint venture	\$9,629,849	0
Loans and Notes Receivable (net of allowance)	\$295,253,507	\$266,060,895
Property, Plant and Equipment (net of amortization)	\$5,130,695	\$5,019,473
Intangible Assets (net of amortization)	\$52,576	\$1,026,698
Goodwill	0	\$12,370,036
	\$362,536,919	\$323,059,053
LIABILITIES		
Accounts Payable	\$1,181,127	\$2,194,568
Demand Deposits	\$159,160,001	\$148,312,987
Accrued Interest and Dividends	\$1,364,003	\$1,264,553
Deferred Income	0	\$72,654
Income Taxes Payable	\$131,944	0
Deferred Income Taxes	\$120,257	\$127,432
Term Deposits	\$87,482,854	\$74,957,133
Registered Savings Plan Deposits	\$59,541,413	\$54,267,717
Securitized Loans Payable	\$21,153,027	\$19,443,958
Capital Lease Obligations	\$10,432	\$23,954
	\$330,145,058	\$300,664,956
MEMBERS' EQUITY		
	\$32,391,861	\$22,394,097
	\$362,536,919	\$323,059,053

Statement of Net and Comprehensive Income

Summary of the Consolidated Statement of Income and Retained Earnings for the year ended December 31, 2016

	2016	2015
Financial Income	\$9,870,326	\$9,081,786
Financial Expenses	\$3,255,688	\$3,279,218
Provision for Credit Losses	\$338,258	\$234,234
Financial Margin	\$6,276,380	\$5,568,334
Other Income	\$6,996,874	\$7,737,546
Operating Margin	\$13,273,254	\$13,305,880
Operating Expenses	\$12,182,909	\$12,119,720
Gain on Disposal of Assets	\$11,278,196	\$1,428
Income (Loss) from Joint Venture	(\$353,417)	0
	\$10,924,779	\$1,428
Net Income Before Income Tax	\$12,015,124	\$1,187,588
Provision for Income Tax	\$1,268,988	\$63,078
NET AND COMPREHENSIVE INCOME	\$10,746,136	\$1,124,510
Retained Earnings, Beginning of Year	\$15,968,719	\$15,136,734
	\$26,714,855	\$16,261,244
Dividends	(440,101)	(299,782)
Amortization of Contributed Surplus	\$86,797	\$7,257
RETAINED EARNINGS, END OF YEAR	\$26,361,551	\$15,968,719

Statement of Cash Flows

Summary of the Consolidated Statement of Cash Flows, December 31, 2016

	2016	2015
Cash Flows From Operating Activities	\$458,747	\$3,541,465
Cash Flows From Financing Activities	\$1,024,970	\$11,200,229
Cash Flows From (Used in) Investing Activities	\$13,377,578	(\$462,654)
Net Increase in Cash and Cash Equivalents	\$14,861,295	\$14,279,040
Cash and Cash Equivalents, Beginning of Year	\$34,283,089	\$20,004,049
CASH AND CASH EQUIVALENTS, END OF YEAR	\$49,144,384	\$34,283,089



A complete set of financial statements is available from First Credit Union.

Please contact your nearest branch for details.