

Annual General Meetings

Class A Shareholders:

May 12, 2011 7 PM Town Centre Hotel
Powell River, BC

Class E Shareholders:

April 26, 2011 7 PM BICS, Multi-Purpose
Room, Bowen Island, BC

Strengthening Our Communities

Our Mission Statement captures the heart of our organization. "We are an innovative, caring organization building relationships and opportunities for the future. We are responsive to the unique and changing needs of our members while building strength and spirit in the communities that we serve." Because we believe that happy, healthy children strengthen communities, First Credit Union proudly supports initiatives that nourish families and children. A few of these include:

Success By 6. First Credit Union continues to be a proud lead partner for the local Success By 6 program which supports early childhood development initiatives and the Orca Bus. In 2010 a \$5,000 donation was made to this worthwhile program.

Movie Under the Stars. The free Movie Under the Stars event was held again in Powell River, Bowen Island, and the Comox Valley. In 2010 this popular family event was expanded to also include the communities of Courtenay and Campbell River. Attendance at all events exceeded 12,000 people.

Read Program. First Insurance co-sponsored the 5th Annual READ program in Powell River schools. The PR Kings Hockey Team dedicated time every week to reading with students and students had opportunities to win prizes. Eight schools and hundreds of students participated in this well received program.

Auditors' Report

Auditors' Report on Summarized
Financial Statements

To the Members of First Credit Union:

The accompanying summarized balance sheet and statements of income and retained earnings and cash flows are derived from the complete financial statements of First Credit Union as at December 31, 2010 and for the year then ended on which we expressed an opinion without reservation in our report dated March 11, 2011. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

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 Canadian generally accepted accounting principles. 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 11, 2011

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Balance Sheet

Summary of the Consolidated Balance Sheet as
at December 31, 2010

ASSETS	2010	2009
Cash	\$8,067,642	\$3,680,923
Treasury Deposits	\$5,228,598	\$9,051,288
Accrued Interest	\$234,690	\$273,007
Loans and Notes Receivable (net of allowance)	\$146,998,835	\$134,706,846
Investments and Other Assets	\$3,026,228	\$2,896,349
Property and Equipment	\$4,701,103	\$4,793,969
Current Income Taxes	-	\$129,341
Intangible Assets	\$14,538,259	\$14,568,252
	\$182,795,355	\$170,099,975
LIABILITIES		
Demand Deposits	\$64,961,118	\$59,248,883
Equity Shares	\$5,728,708	\$5,800,178
Term Deposits	\$58,589,000	\$53,519,624
Registered Savings Plan Deposits	\$25,083,409	\$24,554,412
Other Liabilities	\$18,059,169	\$17,834,958
Future Income Taxes	\$133,898	\$145,165
Current Income Taxes	\$46,937	-
	\$172,602,239	\$161,103,220
RETAINED EARNINGS	\$10,193,116	\$8,996,755
	\$182,795,355	\$170,099,975

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, 2010

	2010	2009
Financial Income	\$6,876,461	\$6,686,790
Financial Expenses	\$2,446,978	\$3,174,004
Provision for Credit Losses	\$157,061	\$172,195
Financial Margin	\$4,272,422	\$3,340,591
Other Income	\$7,781,288	\$7,633,309
Operating Margin	\$12,053,710	\$10,973,900
Operating Expenses	\$9,946,200	\$9,305,354
Loss on Disposal of Assets	(\$13,989)	-
Net Income Before Income Tax	\$2,093,521	\$1,668,546
Provision for Income Tax	\$314,938	\$329,869
Net Income	\$1,778,583	\$1,338,677
Retained Earnings, Beginning of Year	\$8,996,755	\$7,797,387
	\$10,775,338	\$9,136,064
Dividends	(\$582,222)	(\$139,309)
Retained Earnings, End of Year	\$10,193,116	\$8,996,755

Statement of Cash Flows

Summary of the Consolidated Statement of Cash
Flows, December 31, 2010

	2010	2009
Cash Flows from Operating Activities	\$3,489,542	\$859,967
Cash Flows from Financing Activities	\$9,673,702	\$11,893,150
Cash Flows used in Investing Activities	(\$12,599,215)	(\$15,702,091)
Net Increase (Decrease) in Cash and Cash Equivalents	\$564,029	(\$2,948,974)
Cash and Cash Equivalents, Beginning of Year	\$12,732,211	\$15,681,185
Cash and Cash Equivalents, End of Year	\$13,296,240	\$12,732,211
Interest Paid	\$126,164	\$133,489
Income Taxes Paid	\$144,889	\$278,121



Board & Management Report

2010 was a very successful year for First Credit Union. The organization continued to focus on 'building successful relationships' with members. Staff provided professional service to members and clients in the areas of financial services, home and auto insurance, life insurance, and financial planning.

Early in the year, First Credit Union received the 2009 Analysis of Canada's Largest Credit Unions report. First Credit Union was awarded top rankings both provincially and nationally for income, growth and capital. First Credit Union had the highest 'total operating income' as a percentage of average assets in BC and Canada, the highest 'other income' as a percentage of average assets in BC and Canada, and the highest 'capital growth' in BC.

In May 2010, in light of an improved financial environment and very favorable first quarter results, First Credit Union was proud to be able to follow through on a commitment that had been made to members; which involved a decrease to line of credit interest rates.

One of First Credit Union's top three organizational goals is to make a positive difference in the communities it serves. In 2010 the organization

supported hundreds of community groups and initiatives through donations, sponsorships, and many volunteer hours. Of note were donations of \$10,000 each to the Haiti disaster relief effort, Powell River Youth Resource Centre, Bowen Island Golf Club Society, Comox Valley Transition Society, and the Campbell River SPCA. On Texada Island, \$4,300 was donated to the Texada Island Community Society, and \$3,500 to the Texada Food Bank. A \$5,000 donation was made to Success By 6. First Credit Union continues to be a proud lead partner for the local Success By 6 program which supports early childhood development and the CU Fly student leadership program. The very popular free family Movie Under the Stars event was held again in Powell River, Bowen Island, and the Comox Valley. In 2010 this fun family event was expanded to also include the communities of Courtenay and Campbell River. The events were great fun and exposure for First Credit Union and First Insurance Agencies Ltd. and the featured charities. Staff commitment and volunteer efforts to these and many other events held throughout the year is to be commended.

The audited year end net income for 2010 was \$1.778 million. There will be a 2010 dividend and patronage payment in excess of \$582,000. The loan portfolio saw an increase of \$12.2 million or 9.1%, with the deposit portfolio also experiencing an increase of \$11.1 million or 7.9%. The Insurance subsidiaries performed well as they produced an increase in revenues.

Two Directors were reelected at the 2010 AGM. Throughout the year the Board welcomed three appointed Directors, bringing the total number of Directors to nine. The Board of Directors take their responsibility as the Members' representatives seriously. In addition to attending Board meetings and monitoring capital and liquidity,

they participate in education sessions and attend Credit Union system meetings with peer groups and the provincial Central 1 Credit Union. In the fall of 2010, the Board undertook a comprehensive strategic planning process to set the direction and budget for 2011. The bulk of the 2011 business plan was created during four energetic and exciting strategic meetings, which began on September 16 at the Vision 20/20 Strategy Session. This session was an opportunity for the Board, Executive and managers to identify eight long term different possibilities of the future of First Credit Union. The scenarios created at this meeting served as a reference point during subsequent meetings.

In 2010 First Credit Union built strength, diversity and had a balanced approach. 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 2011 goals.

Patricia Salomi
Board Chair

Dave Craigen
CEO



Strengthening Our Communities

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