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2018

ANNUAL REPORT

Annual Report of the Board of Directors to the Members of GVC

On behalf of the members of Greater Vancouver Community Credit Union, your board of directors is collectively responsible for providing guidance and oversight to management, as our credit union strives to adhere to its values and achieve its purposes in a changing economic environment.

Those values include seeking to enhance the quality of our members' lives by providing quality financial services; promoting self-reliance and self-help; innovation; relevance; membership participation; democratic control and community involvement.

Your directors, last year, identified measures that we need to take to further promote those values. Those include expanding the products and services that we offer, the ways in which we serve our members, growing our membership and operating more efficiently.

In 2018, your Board adopted revised lending policies and a risk appetite statement to appropriately manage risk and reaffirmed GVC's Enterprise Risk Management Policy. Your Board also adopted a new Information Systems and Technology Use Policy and charged its Executive Committee with oversight of GVC's technology.

As interest rates rose and as the Bank of Canada and regulators focused on house prices in Metro Vancouver, your Board planned to diversify our loan portfolio and to expand our use of technology. At year-end, amendments to our rules to permit GVC to conduct more business with members, electronically, were under development.

Your Board and management continued to liaise with like-sized credit unions in developing submissions to

government concerning proposals to revise legislation under which credit unions operate in B.C.

Triennially, your Board of Directors conducts a board assessment, to evaluate its performance and to identify ways in which that performance might be improved. That assessment was performed, last year, and the results are being factored into the board's governance.

Consistent with our commitment to community, GVC continued to support organizations supporting our target market. Among those were Burnaby Seniors Outreach, Marguerite Dixon Transition Society, Mount Pleasant Neighbourhood House and L'Arche Vancouver Society. GVC also supported the World Council of Credit Unions, the Credit Union Foundation of British Columbia, B.C. Young Leaders and The Youth Excellence Society. Again, our staff delivered GVC's own Christmas Hamper program.

On your behalf, I am pleased to express appreciation to my colleagues for their tireless commitment to GVC's governance and, in particular, to Director McLaughlin, for his service as Chairperson from 2013 to 2018. I wish to extend the board's appreciation to our management and staff, for their continued dedication to serving you, while ensuring GVC's financial well-being. In closing, let me thank you, GVC's members, for your continued support of your credit union.

Respectfully submitted on behalf of the Board of Directors,

Richard J. Thomas, Chairperson
May 2019

Report of the General Manager

I am pleased to announce GVC Credit Union's financial results for 2018. We ended the year with total assets of \$250.1 million, which is an increase of 1.4% over 2017. The rate of growth slowed during the second half of 2018, with the lending portfolio declining by \$4.2 million or 1.9%. The deposit portfolio had an increase of \$2.4 million.

The real estate market started to shift downward over the last year. The depth of this slowdown was more than the economists predicted. The downturn is triggered, in large part, by the various levels of government implementing policy measures. Some of these measures include the speculation tax and the foreign home-buyers tax. The federal government's stress testing is, in our estimation, the policy measure that is having the most considerable impact on prospective homebuyer's purchasing power. This stress test means the prospective borrowers need to qualify at an interest rate 200 basis points higher than the contract rate.

We are pleased to note that in 2018, the chequing account packages were simplified and monthly service charges were reduced. The Tax Free Savings Accounts were transferred in-house, and these accounts now appear on your regular statement. In addition, a new credit card product owned by the credit union system was launched.

Technology changes continue to evolve and we are continuing to upgrade GVC's IT infrastructure. Future service delivery options and internal processes are frequently being monitored and assessed. We continue to adapt to the changing reality of our market with the continued low interest rate environment, regulatory requirements and technology changes.

In 2019, the credit union will continue to monitor the changing landscape. The long term objectives of investing in our employees, technology, payments and future service delivery options were reaffirmed by your Board of Directors at its strategic Board Planning meeting in the fall of 2018.

GVC Credit Union ended 2018 with net earnings of \$952,237, which is very similar to the earnings in 2017. Earnings in 2018 were positively affected by prudent steps taken by the credit union to control costs. Earnings received an additional boost from the redemption by Central 1 of some of GVC's investment in Class E Shares of Central 1 and from the growth experienced during the first half of the year.

Our capital position at the end of 2018 was \$18.62 million or 17.26% of total risk weighted assets. This far exceeds the regulatory requirements of 8%. We ended the year with retained earnings of \$14.38 million or 5.75% of total assets.

On behalf of myself and our staff, I wish to thank you, our members, for your support and your elected representatives, our Board of Directors, for their dedicated service.

Respectfully submitted,

Balbir Bains, General Manager
May 2019

BOARD OF DIRECTORS (2018 to 2019)

Richard Thomas, *Chairperson*
Shaun Olafson, *1st Vice Chairperson*
Herb Gill, *2nd Vice Chairperson*

Argundas Bartas
Judi Corra
Glenn McLaughlin

Elaine Schretlen
Ken Sherwood
Stacy Wilson

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Shaun Olafson
Herb Gill
Stacy Wilson

AUDIT COMMITTEE

Glenn McLaughlin, *Chairperson*
Judi Corra
Shaun Olafson
Ken Sherwood

NOMINATING COMMITTEE

Stacy Wilson, *Chairperson*
Glenn McLaughlin
Elaine Schretlen

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Richard Thomas, *Chairperson*
Herb Gill
Shaun Olafson
Balbir Bains

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Judi Corra
Glenn McLaughlin
Shaun Olafson

CONDUCT REVIEW COMMITTEE

Argundas Bartas, *Chairperson*
Richard Thomas
Stacy Wilson

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AUDITOR

MNP LLP
Chartered
Accountants

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Victoria Kowalski, *Manager - Administration & Marketing*

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Pouneh Hakimi-Sohrabi
Amber Marcheen
David Masi

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Eszter Nemeth
Chanda Salazar
John Szucs
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Julian Beckett, *Retail Credit Manager*
Anna Camele, *Office Manager*
Keziah Bull
Dinece Lau
Margaret Lau
Anna Necka
Kabita Pathak
Harj Wahid

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Yogita Tiwari, *Deposit Supervisor*
Monira Ahmadi
Marisa Freitas
Wayne Huynh
Sukhviri Lail
Amanda Waymen

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Sandeep Grewal, *Office Manager*
Virginia Agujo
Michelle Dela Luna
Yanthi Linawaty
Don Murray
Lenny Tica
Michael Tran

SURREY BRANCH

Mary van Someren, *Branch Manager*
Neena Grewal, *Deposit Supervisor*
Hyacinth David
Coy Guerrero
Melissa Lavergne
Kuldeep Sahota
Shaf Satari

Summarized Statement of Financial Position December 31, 2018

	2018	2017
Assets		
Cash and cash equivalents	35,772,395	28,240,832
Investments and other	1,445,002	1,359,085
Member loans receivable	212,187,812	216,389,914
Property, plant and equipment	372,036	355,864
Intangible assets	138,650	257,493
Deferred income tax assets	194,000	168,000
	250,109,895	246,771,188
Liabilities and Members' equity		
Member deposits	234,835,233	232,423,559
Income taxes payable	11,152	28,485
Payables and accruals	483,893	483,941
Equity shares	396,130	403,953
Retained earnings	14,383,487	13,431,250
	250,109,895	246,771,188

Summarized Statement of Comprehensive Income December 31, 2018

	2018	2017
Financial income	9,248,795	8,306,918
Financial expense	3,634,485	2,983,829
Financial margin	5,614,310	5,323,089
Other income	517,781	611,550
	6,132,091	5,934,639
Operating expenses	4,912,964	4,688,437
Operating income	1,219,127	1,246,202
Provision for credit losses	60,000	65,000
Patronage rebate	10,072	12,703
Income before income taxes	1,149,055	1,168,499
Income taxes	196,818	195,700
Comprehensive income	952,237	972,799

Summarized Statement of Changes in Members' Equity December 31, 2018

	Equity shares	Retained earnings	Total
Balance, December 31, 2016	410,978	12,458,451	12,869,429
Comprehensive income	-	972,799	972,799
Net redemption of equity shares	(7,205)	-	(7,025)
Balance, December 31, 2017	403,953	13,341,250	13,835,203
Comprehensive income	-	952,237	952,237
Net redemption of equity shares	(7,823)	-	(7,823)
Balance, December 31, 2018	396,130	14,383,487	14,779,617

Summarized Statement of Cash Flows December 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities	1,491,427	1,340,876
Financing activities	2,074,319	14,554,025
Investing activities	3,965,817	(12,779,025)
Increase in cash and cash equivalents	7,531,563	3,115,876
Cash and cash equivalents, beginning of year	28,240,832	25,124,956
Cash and cash equivalents, end of year	35,772,395	28,240,832

Approved on behalf of the Board of Directors
Richard Thomas, Chairperson and Glenn McLaughlin, 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, 2018, and the summary statements of comprehensive income and 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, 2018.

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 20, 2019.

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 20, 2019, Abbotsford, BC

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