

Board Chair and General Manager Report

On behalf of the Board of Directors and our employees, we would like to extend our appreciation to you, our Members, for your continued support.

Columbia Valley Credit Union had another successful year in 2016. Our local economy improved and the housing market saw good activity resulting in an increased demand for mortgages and good growth for our loan products. This complemented our strategy to lend out our excess liquidity for a better return on our investments.

As an independent, community based Credit Union, we shared our profits with our Members and community. We were able to return \$390,000 in shareholders' interest and loan rebates. The loan rebates represented a 7% return to Commercial and Retail borrowers. Over \$70,000 was also donated this year to support organizations, events, and non-profits in our community, including school bursaries of \$10,000 to assist our youth with their education expenses. Our staff continues to be involved in our community through active participation in service clubs, organizations and local schools.

Our employees are key to our Credit Union's success and we would like to thank them for all their efforts in 2016. We will continue to invest in our employees to support their commitment in delivering an excellent service experience.

We would also like to recognize our Board for their continued direction and dedication to Columbia Valley Credit Union. This past year the Board continued their training to provide strong governance and to ensure regulatory requirements were met.

The Columbia Valley Credit Union continues to be at the forefront of technology, enhancing our existing banking systems, allowing for improved access and additional services to our membership including smart phone banking, e-transfers, deposit anywhere and Interac Online.

Our economic challenges continue both globally and regionally resulting in continued low interest rates and compressed profit margins. Increased governance in these volatile economic times also continues to add to our costs. We will continue to ensure financial stability is strong and within required regulations.

We are looking forward to continuing to serve you, our Members, and to your continued support and patronage.



Paul Ricard
Board Chair



Sharon Eddy
General Manager

Vision Statement

To be the best at what we do by successfully engaging our employees, to provide our Members with exceptional service. To be the community's financial services provider of choice and a respected leader and partner for positive impact.

Mission Statement

Providing trusted financial services for Members and investing in our community.

Guiding Principles

Serving Members is the primary purpose of our existence.

We provide exceptional, customized service.

We act with integrity and sincerity.

We never stop learning.

We continuously innovate.

E-mail: cvcu@cvcu.bc.ca
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2016 Annual Report

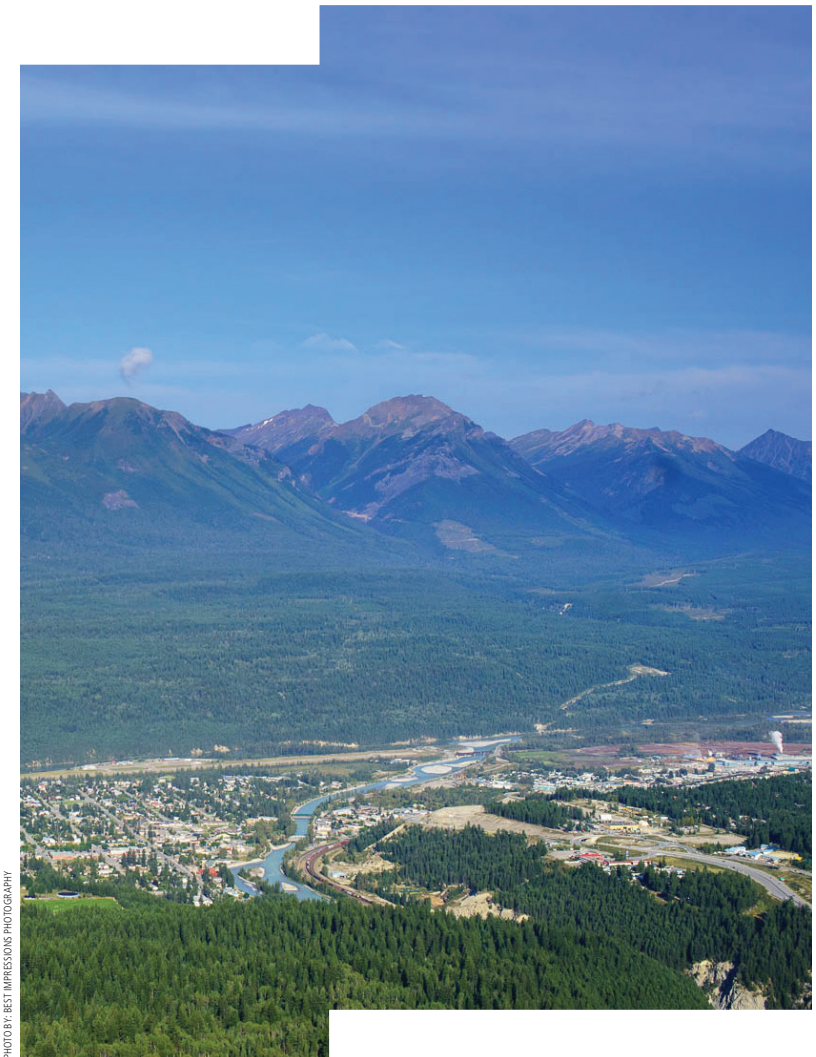


PHOTO BY: BEST IMPRESSIONS PHOTOGRAPHY



2016 Donations

We are proud to support local events and projects that enhance the social, economic and cultural vitality of the Columbia Valley. In 2016, Columbia Valley Credit Union donated over \$70,000 to organizations in the Columbia Valley:

- Alexander Park Elementary Grade 1 Class
- Canadian Ski Patrol
- Childrens Miracle Network
- Columbia Basin Alliance for Literacy
- Community Safety Net
- Friends of Golden Hospital
- Golden Chamber of Commerce
- Golden Childcare Resource and Referral
- Golden Community Foundation
- Golden Community Resources Society
- Golden Cycling Club
- Golden Dolphin Swim Club
- Golden Food Bank
- Golden Golf Club
- Golden Light Horse Club
- Golden Metis Youth Fiddle Program
- Golden Minor Hockey
- Golden Museum
- Golden Nordic Ski Club
- Golden Rod & Gun Club
- Golden Snowmobile Society
- Golden Special Olympics
- Golden Ultra
- Golden Women's Resource Centre
- Graduation Bursaries (4 x \$2,500)
- Kicking Horse Culture
- Kicking Horse Embroidery
- Lady Grey Elementary
- Little Mittens
- Mountain Shrine Club
- RCMP Annual Golf Tournament
- Red Line Car Show
- Rotary Club of Golden
- Royal Canadian Legion
- School District 6 - Japan Cultural Trip
- Stars
- Success by 6
- The Grass Family
- Town of Golden - Youth Swim Sponsor

Independent Auditor's Report

To the Members of Columbia Valley Credit Union

We have audited the accompanying financial statements of Columbia Valley Credit Union, which comprise the statement of financial position as at December 31, 2016 and the statements of income and comprehensive income, retained earnings and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Columbia Valley Credit Union as at December 31, 2016 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

Adams Wooley

Adams Wooley
Chartered Professional Accountants

Cranbrook, BC
February 27, 2017

Summary Consolidated Statement of Financial Position

December 31, 2016

	2016	2015
Assets		
Cash and Term Deposits	\$ 33,326,498	\$ 43,501,068
Investments	857,165	1,022,672
Members' Loans	106,463,323	95,812,060
Property, Plant and Equipment	2,189,322	2,326,342
Intangible Assets	48,469	25,490
Other Assets	56,822	316,017
	<u>\$ 142,941,599</u>	<u>\$ 143,003,649</u>
Liabilities and Members' Equity		
Accounts Payable and Accrued Liabilities	\$ 300,955	\$ 255,161
Members' Deposits	127,574,925	128,196,612
Deferred Income Taxes	4,601	10,676
	<u>127,880,481</u>	<u>128,462,449</u>
Members' Equity		
Share Capital	105,346	105,288
Retained Earnings	14,955,772	14,435,912
	<u>15,061,118</u>	<u>14,541,200</u>
	<u>\$ 142,941,599</u>	<u>\$ 143,003,649</u>

On behalf of the board,

Atma Sandher

Atma Sandher, Director

Connie Barlow

Connie Barlow, Director

Statement of Income and Retained Earnings

Year Ended December 31, 2016

	2016	2015
Interest Income		
Interest from Loans	\$ 3,581,151	\$ 3,442,830
Interest from Investments	730,012	913,007
	<u>4,311,163</u>	<u>4,355,837</u>
Expenses		
Interest and Loan Related Expenses	1,275,419	1,428,904
Financial Margin	3,035,744	2,926,933
Operating Expenses	2,853,906	2,785,238
Income from Operations	<u>181,838</u>	<u>141,695</u>
Other Income (Expenses)		
Service Fees, Commissions and Rental	625,010	657,800
Recoveries on Loans and Property for Resale	115,318	126,968
Processing and Handling Fees	(90,085)	(82,862)
	<u>650,243</u>	<u>701,906</u>
Income Before Income Taxes and Rewards to Members	832,081	843,601
Income Taxes		
Current	99,088	93,992
Deferred	(6,075)	(19,655)
	<u>93,013</u>	<u>74,337</u>
Income before Rewards to Members	739,068	769,264
Rewards to Members	219,208	325,886
Net Income	<u>519,860</u>	<u>443,378</u>
Retained Earnings - Beginning of Year	14,435,912	14,349,750
Retained Earnings - End of Year	<u>\$ 14,955,772</u>	<u>\$ 14,435,912</u>

Full financial statements with accompanying notes and a comprehensive annual report are available in branch or upon request.