

partnerships

2011 ANNUAL REPORT





MISSION

G&F Financial Group is a progressive organization that creates opportunities by investing in our people, our members, and our communities. Together we make dreams happen.

SERVICE STATEMENT

We belong to a dynamic team, committed to building long-term relationships, providing exceptional personalized service and exceeding the expectations of the people and communities we serve.

ABOUT

G&F Financial Group is a member owned financial institution with over 26,000 members and over \$1.1 billion in assets under administration. We are comprised of numerous credit unions and have served the Lower Mainland of British Columbia for over 70 years. G&F Financial Group has 12 branches located in Vancouver, Burnaby, Richmond, New Westminister, Surrey and Port Coquitlam. In addition to personal banking, we offer insurance, investment advisory, and commercial services.

If we are
together,
nothing is
impossible.

- Winston Churchill

Message from the Board of Directors

BUILDING ON SUCCESS

Our financial success and our continuing support of the community is a testament to our solid financial strength, our determined management, and our partnerships with our stakeholders. As a credit union, we thrive on the success of our members and build on positive partnerships in communities. Making a difference for our members and communities is our promise and our purpose. We are deeply committed to these ideals, and sharing our success with others is what defines us as the credit union where members belong.

CELEBRATING SUCCESS AND PARTNERSHIP

On behalf of the Board of Directors, I am pleased to report that G&F Financial Group continues to maintain its pledge to be a financially sound, member focused, and community minded credit union. Based on our 2011 results, we are pleased to declare a 4.0% dividend on Membership Equity Shares and a 1.0% dividend on Non-Equity Shares – in addition to the great rates that characterize our product offerings.

By working together with our members, partners, and employees, G&F is helping Canadian communities grow stronger than ever before. In 2011, the credit union and its Foundation distributed more than \$200,000 to various groups in the support of athletics, youth, health, and community development. Over one hundred events were attended by and affiliated with G&F Financial Group's support this past year. We also raised a record breaking \$45,000 for SOS Children's Village BC. For the fourth consecutive year, BC Children's Hospital also benefited from the fundraising efforts of our employees and members, raising \$21,414 for BC's kids. Rounding out the year, employees and the Foundation contributed over \$64,000 in donations for the United Way of Lower Mainland through payroll and other contributions, receiving the Gold Level Award in recognition of this support level.



As a credit union, we thrive on the success of our members and build on positive partnerships in communities. Making a difference for our members and communities is our promise and our purpose.

Giving back through superior service, great rates and community engagement is our way of saying thanks for the support of our members who choose our credit union for their everyday financial needs. This year we also have more reasons to celebrate, as our efforts are being recognized by the Burnaby Board of Trade as winner of its Business Excellence Community Spirit Award, by the Richmond Chamber of Commerce as winner of its Business Excellence Award for Customer Service and our selection as one of BC's Top Employers.

GROWTH FOR THE FUTURE

As we move into a new fiscal year, I have great confidence in the momentum we've gathered and look forward to building on our successes for the credit union and our communities. Of course, our success would not be possible without the strength and passion of our staff. On behalf of the Board, I would like to thank our employees for their efforts in helping members achieve their goals of financial well-being and their dedication to the communities we serve. The Board would also like to thank the membership for their support and patronage in 2011 and are optimistic of the impact we will make in our communities for years to come.



Vince Fiamengo
President
Chair, Board of Directors



Message from the Chief Executives' Office

MAINTAINING MOMENTUM

For many, 2011 was a challenging year. Continued concerns in global economic markets put downward pressure on interest rates, creating a much different marketplace than was expected at the start of the year. In spite of this, G&F's disciplined approach in helping our members achieve financial excellence enabled us to respond well to these challenges. By working together, we were able to offer attractive products and expand our services, resulting in another successful year of growth for our credit union.

Our financial performance continues to be the driver of our credit union's progress. We achieved growth in key strategic areas such as deposit, loan, asset, and wealth management portfolios, while maintaining high levels in operating efficiency and margins. In the face of ongoing economic challenges, deposit growth increased 6.2%, compared to 2.6% in the previous year. Pressures on interest rates and an active real estate market in the Lower Mainland contributed to G&F's loan portfolio growth of 7.8%, versus an increase of 2.8% in 2010. Rounding out these results is asset growth of 6.1% for a total of \$1.049 billion.

Members are increasingly recognizing the value of our advisers in areas such as insurance and financial planning, contributing to the growth of our Wealth Management portfolios by an additional 6.0%. In this extended low interest rate environment, diversification and holistic financial management are important considerations to ensure investment decisions continue to support financial goals.

COMMITMENT TO MEMBER NEEDS

In addition to a healthy financial outlook, our credit union is committed to delivering positive returns to our members through excellence in service. The announcement of a West Richmond location and our partnership with the City of Burnaby to introduce three additional ATMs are two of the many steps we've taken to increase our accessibility and enhance our level of service.

G&F is also developing a more flexible approach to our member interactions by introducing Mobile Relationship Managers and adding Life Insurance Specialists in the areas of mortgages and financial planning. Our successful implementation of the CHIP debit card offers enhanced security to our members' transactions and reflects our determination to use technology to strengthen the value G&F offers.

As a credit union, we're also mindful of members' expectations in operating in a socially and environmentally responsible manner. Our ongoing efforts have earned G&F the Climate Smart designation in measuring and reducing our



As we move into a new year, we will continue to embark on plans to grow membership while addressing the changing needs of current members.

organizational carbon footprint. Employees are our members too, and investing in their health and well-being is another way we support the communities in which we operate. Our recognition as one of BC's Top Employers for 2012 is a great achievement for G&F as it further demonstrates our commitment to providing our members with the best service possible.

MOVING FORWARD, BUILDING ON PARTNERSHIPS

On the horizon, advancements in technology will continue to enable us to enhance our service offerings and the quality of our interactions with you. We will be introducing a centralized multichannel contact point to give you more convenient ways to interact with us for all of your financial needs by telephone, email, instant messaging, and even video technology. The launch of a new Intranet site for staff is another exciting service development that will better allow our employees to share the information we need to serve you better, and to continue to develop our industry knowledge and expertise.

The growth and evolution of our credit union remain another important priority. This fall, we will be opening a new branch in North Burnaby to better serve our members in the area, and enhance the overall level of convenience we offer the community at large. We will also continue to investigate new locations that allow us to fully partner with our members and bring us closer to the communities we built together.

In closing, we would like to thank the Board of Directors, management and staff for their hard work and support this past year. Looking ahead, our success will hinge on our ability to build on partnerships by delivering excellent service, expert advice, and offering support to the community. By working together, this is a task we are confident in achieving for the future of G&F.

A handwritten signature in black ink, appearing to read 'J Shewfelt'.

Jeff Shewfelt
Co-Chief Executive Officer



A handwritten signature in black ink, appearing to read 'W Kiss'.

William Kiss
Co-Chief Executive Officer



Partners in the Community

We're strong believers in helping people and communities succeed. When a community thrives, its growth gives our credit union the opportunity to build better relationships with our partners and members.

We support four main pillars that make a great community: athletics, youth, health, and community development. In 2011, we donated:

21,096

*dollars to support **Athletics***

45,910

*dollars to support **Youth***

30,163

*dollars to support **Health***

112,193

*dollars to support
Community Development*







200,000+

dollars total returned to communities

We are passionate about the communities we serve. In total, over \$200,000 was returned to communities throughout 2011. Beyond dollars, we also invest our time into making a difference for a variety of charities and causes.

100+

community events attended by G&F Financial Group employees

100+

community organizations donated to or sponsored

21,900

dollars donated through **G&F Financial Group Foundation Grants**

45,000

dollars raised for **SOS Children's Village BC** from our Golf Tournament

64,000

dollars raised for **United Way** through our Employee Campaign

21,414

dollars raised for **BC Children's Hospital** through our Corporate Campaign

14,000

dollars raised for **Japanese earthquake and tsunami relief efforts**

FAR LEFT: staff at the 41st Avenue Branch serve up hot dogs at their Annual Neighbourhood BBQ.

LEFT TOP-BOTTOM: balloons at the Vancouver City Workers Family Day Truck Roadeo; musical performance at Mount Pleasant Day; BC Children's Hospital cheque presentation; SOS Children's Village of BC cheque presentation; United Way cheque presentation; Surrey Lions Field Hockey Club Tournament sponsorship acknowledgement

Partners in Business

We're excited by the prospects of growth and are making preparations for expansion. Technology is also impacting our member interactions, and we're committed to seizing the opportunities it provides by delivering better ways to serve our members:

- streamlining operations and placing experienced leadership in key areas of member experience and service
- focusing on wealth management and estate planning with the addition of Life Insurance Specialists
- increasing convenience for members by introducing our team of Mobile Relationship Managers
- reflecting changing member needs with the adoption of new and updated branch designs



three

*new ATMs in partnership with the
City of Burnaby*

10,000+

*new CHIP cards to enhance security
and convenience*

two

*new locations in West Richmond
and North Burnaby*





Throughout the year, we support hundreds of events and charities with donations and volunteerism. Our hard work in creating better communities to live and work is gaining recognition. Here are some of the highlights:



ACCOLADES

- BC's Top Employers
- Richmond Chamber of Commerce Business Excellence Award: Outstanding Customer Service
- Burnaby Board of Trade Business Excellence Award: Community Spirit
- Burnaby Newsleader "A-List" Nomination: Best Place To Get A Mortgage
- Business in Vancouver's Book of Lists 10th Largest Credit Union in BC
- Business in Vancouver's Book of Lists 19th Largest Financial Planning Firm
- United Way Gold Level Award, achieved when employee giving equals 80% or greater of an organization's payroll for one day
- Climate Smart Designation



TOP-BOTTOM: Steveston Branch Manager, Judy Lau, accepts the Outstanding Customer Service Award at the Richmond Chamber of Commerce Business Excellence Awards; Burnaby Mayor, Derek Corrigan, presents the Community Spirit Award to South Burnaby Branch Manager, Gill Sherwood, at the Burnaby Board of Trade Business Excellence Awards; United Way; Climate Smart Business 2011

Partners at the Workplace

We value strong relationships with our employees. That's why we're dedicated to fostering growth through teamwork and partnership. Passion in our work results from open communication and rewarding opportunities, with health and well-being a top priority. 2011 was a year of new initiatives and employee success:

the quay

*our staff intranet, where significant progress was made on its development to enable more **information sharing***

SpeakUp

*program launched to **recognize employee suggestions** that could lead to meaningful improvements in the organization*

5,927

*hours of **training and development** logged by our employees*

TOP-BOTTOM: Manager, Treasury, Don Liang, at bat during the Annual Slo-Pitch Event for BC Children's Hospital; staff in costume at the 2011 Employee Recognition Night; decorations from the 2011 Annual General Meeting; 41st Avenue Branch staff at Fiji Festival; more staff in costume at the 2011 Employee Recognition Night





Management's Responsibility for Financial Reporting

These summarized consolidated financial statements have been prepared by the management of Gulf and Fraser Fishermen's Credit Union who are responsible for their reliability, completeness and integrity. The summarized consolidated financial statements were prepared in accordance with requirements of the Financial Institutions Act of British Columbia. The financial information presented in the annual report is consistent with the consolidated financial statements.

Systems of internal control and reporting procedures are designed to provide reasonable assurance that financial records are complete and accurate so as to safeguard the assets of the Credit Union. These systems provide assurance that all transactions are authorized and proper records are maintained. Internal audit procedures provide management with the ability to assess the adequacy of these controls. In addition, they are reviewed by the Credit Union's external auditors.

The Board of Directors has approved the consolidated financial statements. The Audit Committee of the Board has reviewed the statements with the external auditors, in detail, and received regular reports on internal control findings. KPMG LLP, Chartered Accountants, the independent external auditors appointed by the membership, examined the consolidated financial statements of the Credit Union in accordance with Canadian generally accepted auditing standards. They have had full and free access to the management and staff of the Credit Union and the Audit Committee of the Board.



Jeff Shewfelt
Co-Chief Executive Officer



William Kiss
Co-Chief Executive Officer



Ron Lee
Vice President, Finance

Report of the Independent Auditors on the Summarized Consolidated Financial Statements

TO THE MEMBERS OF GULF AND FRASER FISHERMEN'S CREDIT UNION

The accompanying summarized consolidated financial statements of Gulf and Fraser Fishermen's Credit Union, which comprise the summarized consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the summarized consolidated statements of comprehensive income and members' equity for the years ended December 31, 2011 and December 31, 2010 are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, of Gulf and Fraser Fishermen's Credit Union as at December 31, 2011, December 31, 2010 and January 1, 2010 and for the years ended December 31, 2011 and December 31, 2010.

We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 23, 2012.

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements of Gulf and Fraser Fishermen's Credit Union. Reading the summarized consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Gulf and Fraser Fishermen's Credit Union.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the summarized consolidated financial statements in accordance with the basis described in Note 1.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the summarized 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 summarized consolidated financial statements derived from the audited consolidated financial statements of Gulf and Fraser Fishermen's Credit Union as at December 31, 2011, December 31, 2010 and January 1, 2010 and for the years ended December 31, 2011 and December 31, 2010 are a fair summary of those consolidated financial statements, in accordance with the basis described in Note 1.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that underlines the text.

Chartered Accountants
February 23, 2012
Vancouver, Canada

Summarized Consolidated Financial Statements

GULF AND FRASER FISHERMEN'S CREDIT UNION
 SUMMARIZED CONSOLIDATED
 STATEMENT OF FINANCIAL POSITION
 (Expressed in thousands of dollars)

	December 31, 2011	December 31, 2010	January 1, 2010
Assets			
Cash and cash equivalents	\$ 23,099	\$ 21,831	\$ 19,980
Financial investments	97,568	105,528	127,704
Loans	911,815	845,574	822,447
Assets held-for-sale	6,036	5,743	-
Premises and equipment	5,406	5,666	5,825
Intangible assets	503	831	1,290
Investment property	803	805	801
Deferred income tax asset	1,093	575	329
Other assets	2,833	2,158	2,303
	\$ 1,049,156	\$ 988,711	\$ 980,679
Liabilities and Members' Equity			
Deposits	\$ 976,154	\$ 919,450	\$ 895,896
Members' shares	3,818	3,987	4,187
Borrowings	1,196	1,780	23,043
Other liabilities	3,201	3,242	2,367
	984,369	928,459	925,493
Members' equity			
Retained earnings	64,787	60,252	55,186
	\$ 1,049,156	\$ 988,711	\$ 980,679

See accompanying note to the summarized consolidated financial statements

APPROVED BY THE DIRECTORS,



Vince Fiamengo,
 Chair of the Board



Tim Major,
 Chair of the Audit Committee

GULF AND FRASER FISHERMEN'S CREDIT UNION
SUMMARIZED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME AND MEMBERS' EQUITY
(Expressed in thousands of dollars)

Year ended December 31, 2011, with comparative information for 2010

	2011	2010
Interest income	\$ 39,807	\$ 39,258
Interest expense	15,357	15,303
Net interest income	24,450	23,955
Other income	7,250	7,193
Allowance for impaired loans	(256)	(203)
	31,444	30,945
Operating expenses	25,197	24,578
Donations to G&F Financial Group Foundation	-	25
Distributions to members	114	114
Income before income taxes	6,133	6,228
Provision for income taxes	1,293	1,102
Net income from continuing operations	4,840	5,126
Net loss from assets held-for-sale	(305)	(60)
Total comprehensive income	4,535	5,066
Retained earnings - beginning of year	60,252	55,186
Retained earnings - end of year	\$ 64,787	\$ 60,252

See accompanying note to the summarized consolidated financial statements

NOTE 1: BASIS OF PREPARATION The accompanying summarized consolidated financial statements have been prepared in accordance with Section 128 (4) of the Financial Institutions Act and are derived from the complete audited consolidated financial statements of Gulf and Fraser Fishermen's Credit Union, prepared in accordance with International Financial Reporting Standards (IFRS), as at and for the year ended December 31, 2011. Readers are cautioned that these summarized consolidated financial statements do not include all the disclosures necessary for complete and fair presentation. Complete audited consolidated financial statements for the year ended December 31, 2011, together with the auditors' report thereon, were authorized for issue by the Credit Union's Board of Directors on February 23, 2012 and can be obtained at any of our branches.

The complete audited consolidated financial statements are the Credit Union's first consolidated financial statements prepared in accordance with IFRS, and IFRS 1 *First-Time Adoption of International Financial Reporting Standards* has been applied. The Credit Union previously prepared its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP). The first date at which the Credit Union has applied IFRS was January 1, 2010 (the transition date). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Credit Union was December 31, 2011. An explanation of how the transition from Canadian GAAP to IFRS has affected the Credit Union's consolidated financial position, consolidated financial performance and consolidated cash flows is presented in the disclosures to the complete audited consolidated financial statements.

Five Year Financial Review

GULF AND FRASER FISHERMEN'S CREDIT UNION FIVE YEAR FINANCIAL REVIEW

(Expressed in thousands of dollars)

Year ended December 31, 2011, with comparative information for 2007-2010

	IFRS	IFRS	CGAAP	CGAAP	CGAAP
Consolidated Statement of Financial Position (Unaudited)	2011	2010	2009	2008	2007
Cash and investments	\$ 120,667	\$ 127,359	\$ 147,683	\$ 85,352	\$ 73,199
Loans	911,815	845,574	819,404	896,493	841,629
Other assets	16,674	15,778	10,699	15,984	12,207
Total Assets	\$ 1,049,156	\$ 988,711	\$ 977,786	\$ 997,829	\$ 927,035
Member deposits and members shares	\$ 979,972	\$ 923,437	\$ 900,082	\$ 892,127	\$ 812,938
Other liabilities	4,397	5,022	22,393	54,003	63,969
Members' equity	64,787	60,252	55,311	51,699	50,128
Total Liabilities and Members' Equity	\$ 1,049,156	\$ 988,711	\$ 977,786	\$ 997,829	\$ 927,035
Consolidated Statement of Income (Unaudited)	2011	2010	2009	2008	2007
Interest income	\$ 39,807	\$ 39,258	\$ 40,785	\$ 52,507	\$ 52,646
Interest expense	15,357	15,303	20,640	30,916	30,000
Other income and allowance for impaired loans	6,994	6,990	8,234	4,958	4,732
Operating expenses	25,197	24,578	23,943	23,836	23,162
Earnings before income tax and distributions	\$ 6,247	\$ 6,367	\$ 4,436	\$ 2,713	\$ 4,216
Selected Statistical Data (Unaudited)					
(as a percentage of average assets)	2011	2010	2009	2008	2007
Net Interest Income	2.41	2.43	2.07	2.21	2.50
Other income	0.69	0.71	0.85	0.51	0.52
Operating expenses	2.48	2.50	2.46	2.44	2.56
Income before distribution and taxes	0.61	0.65	0.46	0.28	0.47
Allowance for impaired loans	2011	2010	2009	2008	2007
Closing Balance	\$ 3,321	\$ 3,621	\$ 3,714	\$ 4,067	\$ 3,763

Board of Directors



VINCE FIAMENGO
PRESIDENT



LEWIS BUBL 
1ST VICE PRESIDENT



HOWARD NORMANN
2ND VICE PRESIDENT



JOSEPH BOROEVICH
DIRECTOR



VILA NOVA CARVALHO
DIRECTOR



BRIAN HAMAGUCHI
DIRECTOR



TIM MAJOR
DIRECTOR



BILL NOHR
DIRECTOR



AUBREY SEARLE
DIRECTOR



JOHN SECORD
DIRECTOR



GARY WILLIAMSON
DIRECTOR



FLOYD YAMAMOTO
DIRECTOR

Contact

CORPORATE OFFICE

7375 Kingsway
Burnaby BC, V3N 3B5
604-517-5100

GULF AND FRASER INSURANCE SERVICES LTD.

803 East Hastings Street
Vancouver BC, V6A 1R8
604-254-8224

SENIOR MANAGEMENT TEAM

William Kiss Co-Chief Executive Officer
Jeff Shewfelt Co-Chief Executive Officer
Juliana Yung Executive Vice President, Credit
Chris Goodman Vice President, Information Technology
Ron Lee Vice President, Finance
Nelson Sandhu Vice President, Member Experience
Andrew Solnordal Vice President, Western Region
Steven Comin Associate Vice President, Marketing
Margot Davis Associate Vice President, Corporate Planning and Projects
Peter Kobayashi Associate Vice President, Retail Credit
Kashif Mian Associate Vice President, Wealth Management
May Wong Associate Vice President, Business Solutions

BRANCH LOCATIONS

Burnaby

South Burnaby Branch
7375 Kingsway
604-521-2315

Southpoint Branch
6911 Southpoint Drive
604-528-8383

New Westminster

New Westminster Branch
760 6th Street
604-526-2122

Port Coquitlam

Port Coquitlam Branch
400-2748 Lougheed Highway
604-941-8300

Richmond

Richmond Centre Branch
7971 Westminster Highway
604-278-0220

Steveston Branch
3471 Chatham Street
604-271-5911

Surrey

Cloverdale Branch
500-6456 176th Street
604-575-3900

Fleetwood Branch
101-15910 Fraser Highway
604-599-6177

Nordel Crossing Branch
101-12020 Nordel Way
604-507-8688

Vancouver

41st Avenue Branch
2735 East 41st Avenue
604-437-4774

Main Street Branch
1-2949 Main Street
604-879-7131

Hastings Branch
803 East Hastings Street
604-254-9811

