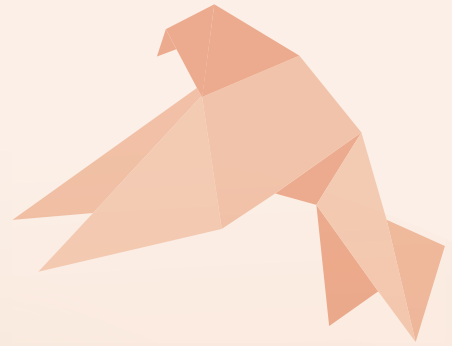


2016  
ANNUAL  
REPORT

# Roots and Wings

# Our vision and mission



*Seminar event at our Willoughby Branch*

## VISION

Together we enrich lives by creating and nurturing financially empowered communities.

## MISSION

We financially empower our members by connecting them to personalized advice and solutions. With passion and innovation, together we go beyond banking

to create a thriving credit union and build brighter futures.

## STRONG ROOTS & BRIGHT HORIZONS

From our roots as the first financial co-operative in Burnaby, over 75 years ago, G&F Financial Group has continued to put down strong and lasting roots across the Lower Mainland. Our focus is, and always has been, on people, and this is reflected in our investment in building unique and lasting relationships with our members to help them reach financial success.

With over 30,000 members, 14 locations, and over \$1.9 billion in total assets under administration, G&F proudly provides a full range of personal and business banking solutions to our credit union members. We have over 200 employees who work to embody our values every

single day, and everyone who works at G&F is strongly dedicated to supporting our members and the communities in which we all live, work and play.

We are proud to 'give where we live' and our employees continue to support local organizations and initiatives such as the United Way of the Lower Mainland, the BC Children's Hospital Foundation and the Richmond Hospital Foundation that help make a positive and lasting impact in our neighbourhoods.

The financial landscape is ever-changing, and G&F continues to evolve and innovate to keep pace with how our members wish to interact with us. From a boutique branch that merges technology with personal advice, to partnerships that give us access to the FinTech space, G&F strives to embrace change while staying true to our member-first values that set us apart from the rest.

From our deep roots that have grown from a 75 year legacy in our local communities, we have built a solid foundation of trust, collaboration and shared strength with our members. It is the strength we have in partnership with our members that gives us the momentum to reach higher than ever before. We have our eyes on the future and we are entering 2017 ready to grow, innovate, work with and empower our members to help them achieve *life beyond banking™*.



# Growth and innovation



## A MESSAGE FROM THE CHAIR AND OUR Co-CEOs

2016 will forever be remembered as our *Year of Sharing*, celebrating 75 years with our employees, members and communities, and we gave back in a number of ways throughout the year. To honour the outstanding academic and extracurricular achievements of our young members, we dispersed \$7,500 in Celebration Bursaries, to help these future leaders reach their educational goals and dreams. We also supported 10 local initiatives with funds from our G&F Financial Group Foundation to help these groups provide positive and lasting change in our communities.

Living the co-operative values and collaborating with our industry peers is an important part of who we are at G&F. In 2016, we partnered with a number of other credit unions in order to leverage experience, gain efficiencies and work to find solutions to mutual challenges within the financial space. We are excited to grow and deepen these relationships as we move into 2017 and use our collective strength to become leaders of influence in the credit union industry.



*Our new Brentwood Branch at Lougheed and Willingdon welcomes everyone with a bright and engaging atmosphere and knowledgeable employees.*

A key collaborative partnership is through the Back Office Collaborative – a group of 12 like-minded credit unions and industry partners who have come together to improve the competitive position of credit unions. A notable achievement in 2016 was the development of a Technology Roadmap to help credit unions in their planning to address technology trends effectively and efficiently in an environment of unprecedented change.

## GROWTH AND INNOVATION

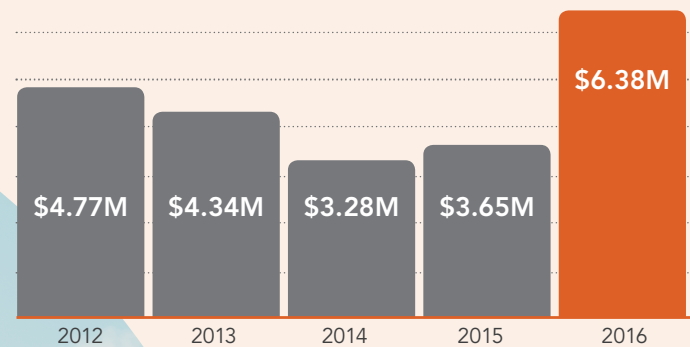
2016 saw exceptional growth in all areas for G&F. We successfully leveraged and capitalized on opportunities within the market in order to put down roots in the Brentwood neighbourhood of Burnaby and add tools and technology to support and improve how our members do their banking.

Our membership reached 30,027 as we welcomed 780 net new members into our network, and assets increased by a record \$303 million, or 21.6%, during the year to over \$1.7 billion. Our loan and deposit growth for the year also hit record highs of \$225 million, or 18.3%, and \$285 million, or 22.4%, respectively. In addition, wealth management assets under administration grew by a rate of \$18 million, or 10.0%.

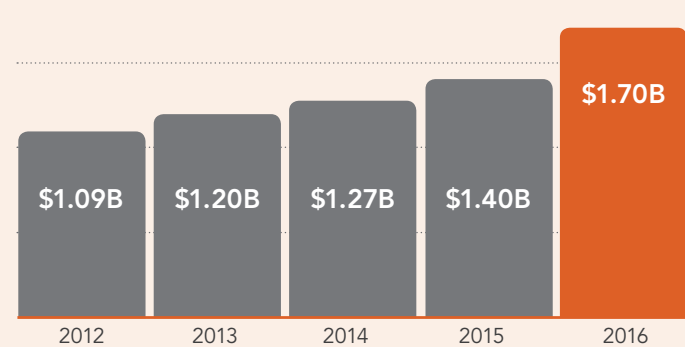
Our growth was supported by favourable results from our member survey. Our Member Hub and Wealth Management teams rated high with our members, and respondents also indicated a high level of satisfaction with the mobility, responsiveness and accessibility of our mobile team employees.

G&F Financial Group continues to be financially sound and profitable achieving record earnings from operations of

## Operating income (74.6% increase from 2015)

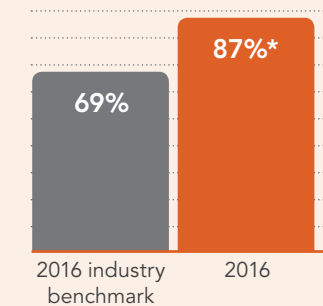


## Consolidated assets (21.6% growth in 2016)



## Employee engagement

*\*Results from annual Employee Survey, conducted by Sentis Market Research Inc.*



multi-language translation tool, the G&F website is a user-friendly and robust platform that offers future opportunities for growth in the online space.

We also launched a first-of-its kind technology partnership with Mobetize Corp., a local FinTech in 2016. This partnership, at the intersection of collaboration and innovation, will provide our members a fast and convenient personal lending solution in the

mobile environment and also opens doors for future development.

## COMMITMENT TO COMMUNITY

G&F is committed to giving back in meaningful ways to our members and in our communities. In 2016, we helped empower over 300 people to learn more about their personal finances through our free Smart Money sessions, held in our branches and out in local neighbourhoods.

We also launched a suite of Smart Money tools online, including podcasts, calculators and customizable brochures, on subjects ranging from buying a first home to understanding the differences between RRSPs and TFSAs. We're committed to providing our members with the knowledge they need in order to make educated financial decisions to reach their own personal goals.

Investing in local community is deeply engrained in our roots. In 2016 we invested \$384,747, or 6.0% of our earnings from operations, into our communities

through donations, sponsorships, educational bursaries, scholarships and through the G&F Financial Group Foundation. Employees also raised an additional \$101,919 in support of local charities.

## ROOTS AND WINGS

As we forge ahead into 2017, we enter with enthusiasm and will continue to work strategically to meet and exceed member expectations in a financial landscape that continues to drive us to evolve and grow.

We would like to take this opportunity to thank our Board of Directors for their direction and oversight throughout 2016, and a note of gratitude to all of our employees, for their steadfast commitment to our members and each other. G&F continues to be a welcoming and inclusive workplace, and our efforts in 2016 were rewarded by high employee engagement scores of 87%\* (well above the industry benchmark of 69%). We are truly proud of who we are and embody our values each and every day.

We would also like to thank our members for their continued support and trust. We had the privilege of empowering our members to reach their financial goals in 2016 and we look forward to growing and deepening these relationships, and welcoming new members in 2017.

Through scholarships, educational bursaries, sponsorships and donations in 2016 we invested \$384,747 or 6.0% of our earnings from operations into our communities.

even desks, with intimate seating areas to encourage and facilitate meaningful financial conversations.

## TAKING FLIGHT WITH TECHNOLOGY

With the advent of new technology within the financial industry, G&F has kept a competitive edge by launching a number of new advancements in 2016. We refreshed our online environment with a new website that has our member needs in mind. With clean and simple navigation, and a



*Pictured left to right: William Kiss, Co-Chief Executive Officer; Lewis Bublé, President and Chair, Board of Directors; Jeff Shewfelt, Co-Chief Executive Officer*

**Lewis Bublé**  
President and Chair,  
Board of Directors

**William Kiss**  
Co-Chief Executive  
Officer

**Jeff Shewfelt**  
Co-Chief Executive  
Officer



# Summarized consolidated financial statements

## 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.

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 Professional 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.



**William Kiss**  
Co-Chief Executive  
Officer

**Jeff Shewfelt**  
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 statement of financial position as at December 31, 2016, and the summarized consolidated statements of total comprehensive income and changes in members' equity for the year then ended 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 and for the year ended December 31, 2016.

We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 24, 2017.

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS) 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 and for the year ended December 31, 2016 are a fair summary of those consolidated financial statements, in accordance with the basis described in note 1.



Chartered Professional Accountants  
February 24, 2017  
Vancouver, Canada

## Gulf and Fraser Fishermen's Credit Union SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of dollars)

As at December 31, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Cash	\$ 28,587	\$ 32,347
Financial investments	209,666	128,653
Derivative assets	970	1,430
Loans	1,455,277	1,230,167
Premises and equipment	6,286	6,315
Intangible assets	685	404
Investment property	797	797
Deferred income tax asset	1,124	829
Other assets	2,218	2,127
	<b>\$ 1,705,610</b>	<b>\$ 1,403,069</b>
<b>Liabilities and Members' Equity</b>		
Deposits	\$ 1,557,016	\$ 1,271,819
Members' shares	3,522	3,547
Secured borrowings	49,758	37,459
Other liabilities	6,189	5,991
	1,616,485	1,318,816
Members' equity:		
Accumulated other comprehensive income	524	867
Retained earnings	88,601	83,386
	89,125	84,253
	<b>\$ 1,705,610</b>	<b>\$ 1,403,069</b>

See accompanying note to the summarized consolidated financial statements.

## APPROVED BY THE DIRECTORS:



**Lewis Bubl **  
President and Chair, Board of Directors



**Lee Varseveld**  
Chair of the Audit Committee

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, 2016. 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, 2016, together with the auditors' report thereon, were authorized for issue by the Credit Union's Board of Directors on February 24, 2017 and can be obtained at any of our branches.

The complete set of these financial statements, including notes, is available online at [gffg.com](http://gffg.com) and at all branches. The 2016 Community Investment, Governance, as well as the Management Discussion and Analysis Reports are also available online.

## Gulf and Fraser Fishermen's Credit Union SUMMARIZED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

(Expressed in thousands of dollars)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Interest income	\$ 47,735	\$ 43,265
Interest expense	18,917	17,204
<b>Net interest income</b>	<b>28,818</b>	<b>26,061</b>
Other income	7,792	7,549
Hedge ineffectiveness on cash flow hedges	(15)	3
Allowance for impaired loans	(600)	(1,320)
Operating margin	35,995	32,293
Operating expenses	29,613	28,638
Earnings from operations	6,382	3,655
Gain on sale of premises	-	3,348
Donation to G&F Financial Group Foundation	-	(1,000)
Distributions to members	(109)	(110)
Income before income taxes	6,273	5,893
Provision for income taxes	1,058	662
<b>Net income</b>	<b>5,215</b>	<b>5,231</b>
Net unrealized gain (loss) from cash flow hedges (net of tax)	(343)	549
<b>Total comprehensive income</b>	<b>\$ 4,872</b>	<b>\$ 5,780</b>

See accompanying note to the summarized consolidated financial statements.

## Gulf and Fraser Fishermen's Credit Union SUMMARIZED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(Expressed in thousands of dollars)

Year ended December 31, 2016, with comparative information for 2015

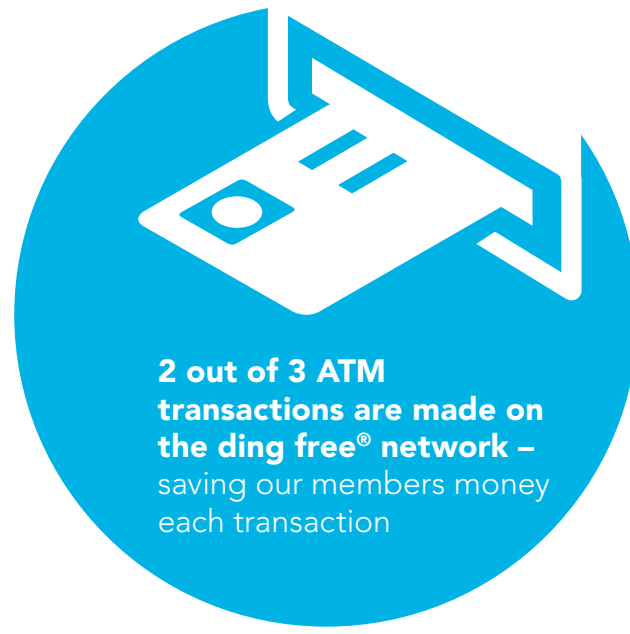
	Accumulated other comprehensive income	Retained earnings	Members' equity
Balance, December 31, 2014	\$ 318	\$ 78,155	\$ 78,473
Cash flow hedges	549	-	549
Net income	-	5,231	5,231
<b>Balance, December 31, 2015</b>	<b>867</b>	<b>83,386</b>	<b>84,253</b>
Cash flow hedges	(343)	-	(343)
Net income	-	5,215	5,215
<b>Balance, December 31, 2016</b>	<b>\$ 524</b>	<b>\$ 88,601</b>	<b>\$ 89,125</b>

See accompanying note to the summarized consolidated financial statements.



# Roots and Wings

## Banking made easy



**38k**  
2015 Transactions

### ELECTRONIC FUND TRANSFERS

**62k**  
2016 Transactions

More and more members are sending funds electronically, 2016 showed a **62% increase**

2 out of 3 ATM transactions are made on the ding free® network – saving our members money each transaction

ONLINE BANKING: DESKTOP, MOBILE AND APP USAGE

**68%**  
Desktop

**8%**  
Mobile site

**24%**  
G&F App

Mobile app activity is the fastest growing platform for member transactions

2 out of 3 members use e-Statements, saving 43 trees a year

## Brentwood, new concept branch

We designed our new Brentwood Branch to fit the evolving needs of our member and the financial landscape. By removing traditional banking fixtures and replacing them with areas that invite conversation and advice, we created a flexible and interactive space for our members.



Private meeting room with audio visual tools

Free WIFI (and in all of our branches)

Expert employees with advice to help you achieve *life beyond banking™*

Community board highlighting local events and initiatives

Complimentary coffee and water station

ding free® ATM, now providing US cash!

Conveniently located in the heart of up-and-coming Brentwood and easily accessed by all forms of transit

Casual and comfortable spaces for conversations and advice

Interactive Smart Money Tools to empower you to better reach your financial goals

**30,027**  
MEMBERS

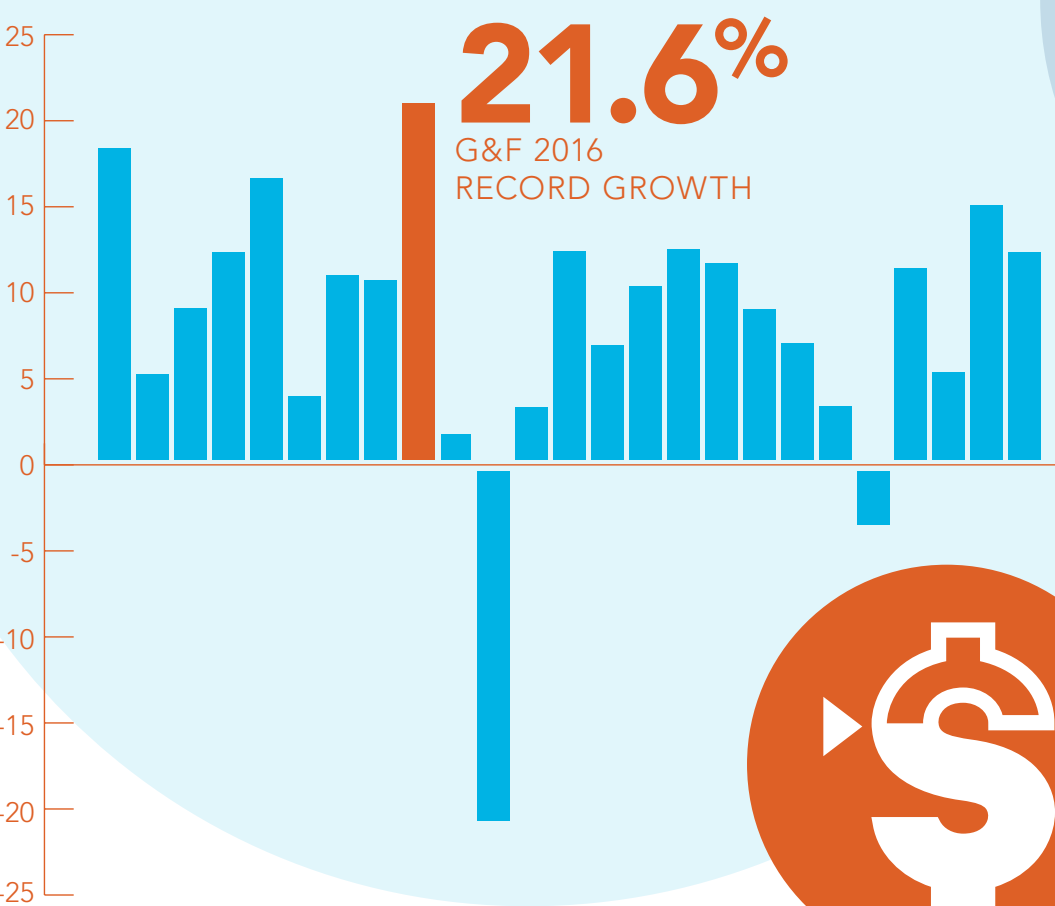
**575**  
OFF-SITE MEETINGS WITH MEMBERS

**449**  
FINANCIAL CALCULATOR USES

**1,062**  
SMART MONEY PODCAST LISTENS

## Financial strength

2016 ASSET GROWTH RATES FOR TOP 25 BC CREDIT UNIONS



## Working together

### BUSINESS TRANSFORMATION TEAM

We take pride in continuing to be ahead of the curve to anticipate and adapt to change. We created a Business Transformation team by bringing together our back office functions and creating new roles. Our objective is to empower our team to continuously improve, add value and transform how we deliver an exceptional experience.

### BACK OFFICE COLLABORATION

This collaborative group of 12 like-minded credit unions and industry partners – has a vision to engage in initiatives that benefit and improve the competitive position of Canadian credit unions that will increase value to members and meet rapidly evolving member needs with market leading technology solutions.

### CYBER SECURITY



## Financial literacy empowers

### GFFG.COM

2016 saw the relaunch of the G&F website. The new design and improved functionality created a site that was more robust, easier to navigate, and showcased our expert advisors. The website also showcases our new resources section, translate tool, branch locator and our LiveChat function.

### TRANSLATING FINANCIAL LITERACY

"With the multi-language widget on the G&F website, my students can easily access the financial tools and resources they need without worrying about a lack of English holding them back. My students are amazed, and are now getting the information they need in fifty languages!"  
~ Susan Fugman  
Financial educator

### G&F FINANCIALLY EMPOWERED

**875**  
PEOPLE THROUGH FREE FINANCIAL SEMINARS

**35%**  
INCREASE OF MOBILE CHEQUE DEPOSITS

**850,369**  
ONLINE BANKING LOGINS

**14**  
INHOUSE DIGITAL TOOLS CREATED TO FOSTER FINANCIAL EMPOWERMENT

## Board of Directors



First row, seated, left to right: Lewis Bubbé, President and Chair; Vila Nova Carvalho, Director; Samia Virk, 2nd Vice President; Ian Daniel, Director; Jennifer Phipps, Director • Back row, standing, left to right: Howard Normann, 1st Vice President; Christine Dacre, Director; Bill Nohr, Director; Lee Varseveld, Director • Absent from photo: Joe Borovitch, Director; Brian Hamaguchi, Director; Floyd Yamamoto, Director

## Senior management team



First row, seated, left to right: Nelson Sandhu, Vice President, Member Experience; Diane Sullivan, Vice President, Human Resources; Bobby Dillon, Vice President, Marketing; Juliana Yung, Executive Vice President, Credit • Back row, standing, left to right: Lisa Boyle, Board Secretary, Executive Assistant; Peter Unadkat, Associate Vice President, Retail Banking; Michael Szeto, Associate Vice President, Retail Banking; Ron Lee, Vice President, Finance; Andrew Solnordal, Associate Vice President, Retail Banking; Chris Goodman, Vice President, Information Technology; Ranjit Sandhu, Associate Vice President, Retail Banking; Michael Atkinson, Vice President, Wealth Management; Bill Kiss, Co-Chief Executive Officer; Jason Kitamura, Associate Vice President, Commercial Credit; Jeff Shewfelt, Co-Chief Executive Officer; Peter Kobayashi Associate Vice President, Retail Credit





G&F Financial Group is committed to providing convenient and secure access to banking services locally and globally. Be it through mobile banking, online banking, by phone with our Member Hub or face-to-face, we're ready to partner with you.

#### VANCOUVER

**41st Avenue**  
2735 East 41st  
Avenue

**Main Street**  
1-2949 Main Street

**West Broadway**  
2951 West Broadway

#### BURNABY

**South Burnaby**  
7375 Kingsway

**North Burnaby**  
105-4191  
Hastings Street

**Brentwood**  
3-4465 Skyline  
Drive

#### NEW WESTMINSTER

**New Westminister**  
760 6th Street

#### PORT COQUITLAM

**Port Coquitlam**  
400-2748 Lougheed  
Highway

#### RICHMOND

**Richmond Centre**  
7971 Westminister  
Highway

**West Richmond**  
120-8900  
No. 1 Road

#### SURREY

**Cloverdale**  
500-6456  
176th Street

**Fleetwood**  
101-15910  
Fraser Highway

**Nordel Crossing**  
101-12020  
Nordel Way

#### LANGLEY

**Willoughby**  
120-20780  
Willoughby Town  
Centre Drive

**WEBSITE**  
gffg.com

**MEMBER HUB**  
604-419-8888

**CORPORATE**  
7375 Kingsway  
Burnaby BC V3N 3B5  
604-517-5100

#### SOCIAL MEDIA

 GFFGcu

 @gffg

 gffgcu

 g&f-financial-group

