2006
ANNUAL REPORT

GVC credit union

GREATER VANCOUVER COMMUNITY

For Real People

Our Purpose

GVC Credit Union is a member-owned financial co-operative which was founded in 1940 by members joining together to help one another. Its purpose is:

To offer savings and loan facilities oriented to the needs of individuals and families.

To provide members with financial services at competitive rates and in such a manner as to be able to deal personally with each individual member.

To assist members in prudently managing their financial affairs by providing timely and appropriate financial information and personal loans and deposit counseling.

To offer other financial services if (in the opinion of the policy makers) they provide a member benefit.

GVC's objective is to achieve the above while paying competitive dividends, providing good quality working conditions, salaries and benefits to employees, and earning sufficient surplus to provide for statutory reserves and other reserves as might be deemed prudent.

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Board & Staff*

2006 BOARD of DIRECTORS

Chair:	Glenn McLaughlin
1st Vice-Chair:	Herb Gill
2nd Vice-Chair:	Ken Sherwood
Directors:	Phil Beall
	Judi Corra
	Gilles Deschenes
	Les Hausch
	Tom O'Sullivan
	Jim Pope

Executive & Credit Committee
Chair:
Glenn McLaughlin
Members:
Ken Sherwood, Herb Gill, Gilles Deschenes

Conduct Review Committee
Chair:
Gilles Deschenes
Members:
Jim Pope, Phil Beall

Audit Committee
Chair:
Ken Sherwood
Members:
Herb Gill, Judi Corra, Les Hausch

Nominating Committee
Chair:
Phil Beall
Members:
Judi Corra, Tom O'Sullivan

Investment & Lending Committee
Chair:
Les Hausch
Members:
Herb Gill, Judi Corra

HEAD OFFICE

Phil Moore	General Manager
Balbir Bains	Operations Manager
Colleen Colonna	Controller
Kalvir Gill	Administrative Assistant
Jacqueline Griffin	Marketing Coordinator
Eman Raouf	Accounting Clerk
Theresa Van Grol	Banking Systems Officer
Todd Wade	Information Systems Officer
Harj Wahid	Accounting Officer
Eszter Nemeth	*Maternity Leave*
Linda Pereira	*Maternity Leave*

VANCOUVER

Richard Rochard	Branch Manager
Greta Munro	Assistant Branch Manager
Virginia Agujo	MSR
Michaela Costa	Office Manager
Michelle Dela Luna	MSR
Sandeep Grewal	Deposit Supervisor
Margaret Lau	MSR
Aaron Lumb	MSR
Gabriella Pasek	MSR
Nick Wong	Personal Loans Officer

LOUGHEED

Tracy Sparkes	Branch Manager
Cindy Candusso	Personal Loans Officer
Julian Beckett	Deposit Supervisor
Antoinette Hage-Moussa	MSR
Brad Menard	MSR
Chanda Tum	MSR
Valerie Yiu	MSR-Loans
Diana Leslie	*Maternity Leave*
Siobhan Lizee	*Maternity Leave*

BRENTWOOD

Paulette Antoniuk	Loans Manager
Julia Austine	Deposit Supervisor
Betsy Akhurst	MSR
Ilonka Lelkes	Senior MSR - P/T
Sarbjit Singh	Personal Loans Officer
Gary Thind	MSR
Jane Whittingham	MSR

SURREY

Bob Hattrick	Branch Manager
Mary van Someren	Personal Loans Manager
Nancy Brooks	MSR
Neena Grewal	MSR
Gurraj Khamba	MSR
Sara MacLeod	MSR
Jody Roxburgh	MSR
Kuldeep Sahota	Office Manager

**Full-time staff as at December 31st, 2006*
MSR - Member Service Representative

Board of Directors' Report

The British Columbia lower mainland economy continued to perform strongly in 2006. The real estate market also saw continued strength, partly reflecting the strong employment performance of our economy.

During the year Vancouver home prices continued to increase, with the MLS Housing Index Benchmark price of a detached home in Greater Vancouver reaching $643,790 in December of 2006. This was an increase of 13.5% over the previous year. This price was the average for the whole region, and some areas were substantially above this level. On the positive side the rate of increase was down from the 18.5% recorded for the year ending December 2005.

These prices are making home ownership for many a challenge. Your credit union works with members to help them achieve ownership in a prudent manner that reflects their earnings capacity and the underlying value of the property being purchased. Often this means that the dream of owning a detached home is only achievable with support from the extended family.

Your credit union enjoyed a strong year with assets growing by just under $11 million to end the year at $152 million. While assets grew by 7.8%, our financial margin, the difference between the interest we earn on loans and pay on deposits, grew by $134,944 which was only 3.4% higher than last year. This was reflective of the very aggressive competition in the lower mainland for both loans and deposits, which saw interest rate spreads, tighten. This is great news for borrowers and depositors, but means your credit union has to operate more efficiently to meet the competition and provide for dividends and appropriate reserves.

As your credit union grows it requires a stronger and deeper management team in order to support our operations and growth. During the year we were pleased to see the promotion of Ms Balbir Bains to the position of Operations Manager. While initially this position is focused on Human Resources, we anticipate its focus will broaden later in the year when our Human Resources Officer returns from maternity leave.

We continue to support the Credit Union Foundation, which provides awards to British Columbia students needing financial assistance to complete their post secondary education. We also support The YES which resources five cooperative leadership camps a year for youth ages 14 to 18.

We also provided support for a number of charities and community initiatives including the UBC Centre for Depression Research, the Heritage Valley Railway Society and GVC's own Christmas Hamper Program that is a staff volunteer initiative which has been helping needy families at Christmas for almost 20 years.

In closing, I wish to thank my fellow board members for the time and effort they have devoted over the last year on behalf of our credit union. Further, on behalf of the directors. I wish to thank our dedicated employees for all the work they have done in providing service to our members.

Respectfully submitted on behalf of the Board of Directors,

Glenn McLaughlin, Chair

General Managers' Report

We responded to the aggressive competition in our market for deposits by introducing our Real People themed suite of attractively priced chequing, savings and term deposits. These new products helped us attain growth in deposits of $10.4 million or 7.4%. This growth has continued into 2007. Loan growth in 2006 was also strong at $9.8 million or 7.3%.

Aggressive competition for mortgages continued with some lenders offering attractive packages for borrowers with limited means. This may be fine in good times, but may pose problems in bad times. In the USA there has been a considerable disruption in the so called sub-prime mortgage market. This was caused in part by a slow down in the US housing market impacting borrower's ability to continue to finance their payments by taking out new home equity loans.

Our market is also due for a correction. In tough times lenders, such as your credit union, work with borrowers to find ways to help the borrower and mitigate the risk to the lender. GVC always meets with borrowing members and our goal is to develop a mutually beneficial partnership which will endure through good times and bad times.

As mentioned in our board report, our overall financial margin increased by 3.4% compared to an increase in assets of 7.8%. This placed pressure on your credit union to ensure operating expenses were controlled.

Overall operating costs increased by 5.8% or $232,461. Of this $66,527 related to the deposit insurance assessment by the Credit Union Deposit Insurance Corporation on all credit unions in British Columbia. In the past this was a regular annual assessment, however it was waived from 2002 to 2005. Excluding the deposit insurance assessment our operating costs increased by 4.1%.

Salary costs were higher by 4.9% for the year. This was impacted by the Stork! Our credit union enjoyed a very high birth rate with five of our 40 full time employees going on maternity leave during the year. We are pleased that all births were successful and mothers and babies are all doing well. However this did result in additional hires and training for the credit union and more new faces for our members.

Earnings from operations in 2006 were $600,855. Net earnings after dividends and taxes were $468,543 which when added to retained earnings brought them to $5,792,569, up 8.8% from last year.

Towards the end of the year new auditing standards were introduced by the Canadian Institute of Chartered Accountants. These are designed to bring Canadian standards into line with new global standards. While primarily aimed at companies using the capital markets, they also apply to our credit union. GVC has a very simple balance sheet and we do not anticipate significant changes to our reporting as a result of the standards announced to date.

In closing, on behalf of myself and our staff, I wish to thank your elected representatives, our board of directors, for their dedicated service during the year.

Respectfully submitted,

Phil

Phil Moore, General Manager

Auditors' Report

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To the Members of
Greater Vancouver Community Credit Union

We have audited the balance sheet of Greater Vancouver Community Credit Union as at December 31, 2006 and the statement of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the credit union's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material aspects, the financial position of the credit union as at December 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
February 9, 2007

Grant Thornton LLP
Chartered Accountants

Balance Sheet

December 31	2006	2005
Assets		
Cash resources (Note 3)	$ **14,741,504**	$ 13,430,809
Loans (Note 4)	**135,649,054**	125,819,116
Investments and other (Note 5)	**659,897**	764,962
Premises and equipment (Note 6)	**1,001,622**	1,130,473
	$ **152,052,077**	$ 141,145,360
Liabilities and equity		
Deposits (Note 7)	$ **145,439,072**	$ 135,049,206
Payables and accruals	**333,438**	317,161
Equity shares (Note 9)	**486,998**	454,967
Retained earnings	**5,792,569**	5,324,026
	$ **152,052,077**	$ 141,145,360

Commitments (Note 16)

On behalf of the Board

Glenn McLaughlin
Chair of the Board

Ken Sherwood
Chair of the Audit Committee

See accompanying notes to the financial statements

Statements of Earnings and Retained Earnings

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Year Ended December 31		2006		2005
Financial income				
Loans	$	**7,967,964**	$	7,041,132
Cash resources and investments		**484,446**		446,239
		8,452,410		7,487,371
Financial expense				
Deposits		**4,202,917**		3,426,236
Share dividends		**124,654**		115,133
Other		**60,921**		17,028
		4,388,492		3,558,397
Financial margin		**4,063,918**		3,928,974
Provision for credit losses (Note 4)		**(82,835)**		(89,088)
Other income (Note 13)		**850,157**		790,859
Operating margin		**4,831,240**		4,630,745
Operating expense (Note 14)		**4,230,385**		3,997,924
Earnings from operations		**600,855**		632,821
Patronage rebates		**44,736**		44,346
Earnings before unusual items and income taxes		**556,119**		588,475
Unusual items		**-**		(17,021)
Earnings before income taxes		**556,119**		571,454
Income taxes (Note 15)		**87,576**		89,168
Net earnings	$	**468,543**	$	482,286
Retained earnings, beginning of year	$	**5,324,026**	$	4,841,740
Net earnings		**468,543**		482,286
Retained earnings, end of year	$	**5,792,569**	$	5,324,026

See accompanying notes to the financial statements

Statement of Cash Flows

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Year Ended December 31		2006		2005
Cash flows provided by (used in)				
Operating activities				
Net earnings	$	**468,543**	$	482,286
Adjustments to determine cash flows:				
Provision for credit losses		**82,835**		89,088
Amortization		**279,314**		262,325
Change in interest accruals		**485,734**		243,261
Future income tax		**1,282**		(13,000)
Other		**106,897**		86,641
		1,424,605		1,150,601
Financing activities				
Deposits, net of withdrawals		**9,855,845**		6,794,867
Equity shares		**32,031**		50,012
		9,887,876		6,844,879
Investing activities				
Loans, net of repayments		**(9,864,486)**		(9,215,218)
Purchase of investments		**13,163**		(20,588)
Premises and equipment		**(150,463)**		(226,302)
		(10,001,786)		(9,462,108)
Net increase (decrease) in cash resources		**1,310,695**		(1,466,628)
Cash resources, beginning of year		**13,430,809**		14,897,437
Cash resources, end of year	$	**14,741,504**	$	13,430,809

Supplemental cash flow information				
Interest paid	$	**3,668,896**	$	3,148,794
Taxes paid		**51,048**		88,668

See accompanying notes to the financial statements

Notes to the Financial Statements

1. Governing legislation

The credit union is incorporated under the Credit Union Incorporation Act of British Columbia; the operation of the credit union is subject to the Financial Institutions Act of British Columbia.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and contingent assets and liabilities. Actual results could differ from those estimates.

Loans

Loans are stated net of unearned income and allowance for credit losses.

Loan interest
Interest income from loans is recorded on the accrual method, except where a loan is impaired. Interest received on an impaired loan is recognized in earnings only if there is no doubt as to the collectibility of the carrying value of the loan; otherwise, the interest received is credited to the principal.

Loan fees
Loan prepayment fees are recognized in interest income when received, unless they relate to a minor modification to the terms of the mortgage, in which case the fees are deferred and amortized over the remaining period of the original mortgage.

Allowance for credit losses
The credit union maintains allowances for credit losses that reduce the carrying value of loans indentified as impaired to their estimated realizable amounts. A loan is classified as impaired generally at the earlier of when, in the opinion of management, there is reasonable doubt as to the collectibility of principal and interest, or when interest is 90 days past due. Specific allowances are supplemented by general allowances determined by judgement of management based on historical loan loss experience, known risks in the portfolio and current economic conditions and trends.

Investments

Investments are recorded at the lower of cost and net realizable value.

2. Significant accounting policies (Continued)

Premises and equipment

Premises and equipment are recorded at cost less accumulated amortization. Amortization is recorded as follows:

Automated teller machines	5 years, straight line
Data processing equipment	10% per quarter, declining balance
Furniture and equipment	5% per quarter, declining balance
Vaults	10 years, straight line
Leasehold improvements	term of lease up to ten years

Income taxes

The credit union follows the asset and liability method of accounting for income taxes, whereby future tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Net future income tax assets and liabilities are included in other assets.

Financial instruments, hedges and comprehensive income

The Canadian Institute of Chartered Accountants has issued three new accounting standards: *Comprehensive Income*, Handbook Section 1530, *Financial Instruments - Recognition and Measurement*, Handbook Section 3855 and *Hedges*, Handbook Section 3865. These standards will be adopted by the credit union, effective January 1, 2007.

Under the new standards, all financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and all financial liabilities must be classified as held-for-trading and other. Financial instruments classified as held-for-trading will be measured at fair value with changes in fair value recognized in net income. Financial assets classified as held-for-trading will be measured at amortized cost. Available-for-sale financial assets will be measured at fair value with changes in fair value recognized in other comprehensive income (OCI).

2. Significant accounting policies (Continued)

Financial instruments, hedges, and comprehensive income (Continued)

All derivative financial instruments will be reported on the balance sheet at fair value with changes in fair value recognized in net income unless the derivative is part of a hedging relationship that qualifies as a fair value hedge or a cash flow hedge. In a fair value hedging relationship, the hedging item is recorded at fair value with the related gain or loss recognized in net income. The amounts recognized in accumulated OCI will be reclassified to net income in the periods in which net income is affected by the variability in the cash flows of the hedged item.

Commencing January 1, 2007, the credit union will be required to present OCI and its components as well as the components of accumulated OCI and its financial statements. Major components of OCI include changes in fair value of financial assets classified as available-for-sale and the changes in fair value of effective cash flow hedging items.

The credit union is assessing the impact that these sections will have on its 2007 financial statements.

Shares

Shares are classified as liabilities or as member equity according to their terms. Where shares are redeemable at the option of the member, either on demand or on withdrawal from membership, the shares are classified as liabilities. where shares are redeemable at the discretion of the creidt union board of directors, the shares are classified as equity.

Distributions to members

Patronage rebates and dividends on shares are charged against earnings.

Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's financial statement presentation.

Notes to the Financial Statements

December 31, 2006

3. Cash resources

	2006	2005
Cash and current accounts	$ 771,446	$ 1,507,069
Term deposits and accrued interest		
Callable or maturing in three months or less	3,960,035	2,979,576
Maturing after three months	10,010,023	8,944,164
	$ 14,741,504	$ 13,430,809

Under governing legislation, the credit union must maintain, for liquidity purposes, deposits with Credit Union Central of British Columbia (Credit Union Central) of at least 8% (2005: 9%) of deposit borrowings. At December 31, 2006, the credit union liquidity deposits exceed the minimum requirement by $2,973,000 (2005: $1,197,000).

4. Loans

	2006	2005
Personal loans		
Residential mortgages	$ 105,105,700	$ 99,478,526
Other	5,488,582	5,708,929
Commercial loans		
Mortgages	24,475,274	20,015,078
Other	787,213	894,438
Accrued interest	389,981	341,694
	136,246,750	126,438,665
Allowance for credit losses		
Specific	97,696	139,549
General	500,000	480,000
	597,696	619,549
	$ 135,649,054	$ 125,819,116

Allowance for credit losses

	Beginning balance	Provision	Write-offs less recoveries	2006 Ending balance	2005 Ending balance
Personal loans					
Mortgages	$ 360,691	$ 23,000	$ -	$ 383,691	$ 360,691
Other	245,043	55,835	104,688	196,190	245,043
Commercial loans	13,815	4,000	-	17,815	13,815
	$ 619,549	$ 82,835	$ 104,688	$ 597,696	$ 619,549
Percentage of total loans and accrued interest				0.44%	0.49%

December 31, 2006

4. Loans (Continued)

Impaired loans and related allowances

	2006			2005
	Loan balances	Specific allowances	**Carrying amount**	Carrying amount
Personal loans				
Mortgages	$ 1,419,497	$ -	**$ 1,419,497**	$ 1,059,939
Other	395,739	97,696	**298,043**	39,152
	$ 1,815,236	$ 97,696	**$ 1,717,540**	$ 1,099,091

5. Investments and other

	2006	2005
Shares		
Credit Union Central	**$ 444,075**	$ 468,478
Stabilization Central	**204**	204
BC Cooperative Association	**1,200**	1,200
CUPP Services Ltd.	**43,081**	31,841
Receivables and prepaids	**92,821**	183,441
Future income taxes	**78,516**	79,798
	$ 659,897	$ 764,962

Investment in shares of Credit Union Central is required by governing legislation and as a condition of membership in Credit Union Central.

6. Premises and equipment

			2006	2005
	Cost	Accumulated amortization	**Net book value**	Net book value
Data processing and licenses	$ 786,333	$ 572,176	**$ 214,157**	$ 233,595
Furniture and equipment	1,072,418	840,350	**232,068**	252,350
Leasehold improvements	1,439,262	883,865	**555,397**	644,528
	$ 3,298,013	$ 2,296,391	**$ 1,001,622**	$ 1,130,473

Notes to the Financial Statements

December 31, 2006

7. Deposits

	2006	2005
Demand	$ **31,261,188**	$ 29,464,632
Membership equity shares (Note 9)	**1,960,923**	1,953,051
Term	**85,051,389**	78,597,720
Registered savings plans	**25,005,023**	23,407,275
Accrued interest and dividends	**2,160,549**	1,626,528
	$ **145,439,072**	$ 135,049,206

Demand deposits include $819,609 (2005: $788,877) of class "A" savings shares.

Under agreements with the trustee of the registered savings plans, members' contributions to the plans are deposited with the credit union at rates of interest determined by the credit union.

8. Borrowings

The credit union has an operating line of credit and a term loan arrangement with Credit Union Central. A debenture charge on certain assets of the credit union has been provided as security.

9. Equity shares

Capital of the credit union is divided into three classes of equity shares designated as follows:

Class "B" equity shares (membership)
Class "C" preferred equity shares (voluntary)
Class "P" patronage equity shares

The credit union is authorized to issue an unlimited number of non-transferable, voting equity shares, with a par value of $1. With certain exceptions, all members are required to own twenty-five membership equity shares which, under certain occurrences, are redeemable.

Equity shares are not guaranteed by the Credit Union Deposit Insurance Corporation of British Columbia; class "P" shares are redeemable only with the consent of the Board of Directors of the credit union.

December 31, 2006

9. Equity shares (Continued)

Equity shares issued	2006	2005
Class "B" shares	$ 535,295	$ 520,863
Class "C" shares	1,425,628	1,432,188
Class "P" shares	486,998	454,967
	2,447,921	2,408,018
Class "B" and "C" shares included as liabilities (Note 7)	(1,960,923)	(1,953,051)
Equity shares	$ 486,998	$ 454,967

10. Capital requirements

The credit union is required under governing legislation to maintain a capital base equal to 8% of the total risk-weighted value of assets; each asset being assigned a risk factor based on the probability that a loss may be incurred on ultimate realization of that asset. At December 31, 2006, the credit union had a capital base approximating 14.7% (2005: 14.9%) of the risk-weighted value.

11. Interest rate sensitivity

The credit union is exposed to interest rate risk as a consequence of the mismatch, or gap between the assets and liabilities scheduled to reprice on particular dates.

Maturity dates substantially coincide with interest adjustment dates. Amounts with floating interest rates, or due on demand, are classified as maturing within one year, regardless of maturity. Amounts that are not interest sensitive are grouped together, regardless of maturity.

The table below does not incorporate management's expectation of future events where repricing of maturity dates of certain loans and deposits differ significantly from the contractual dates.

December 31, 2006

11. Interest rate sensitivity (Continued)

	Interest sensitive balances				
	Within 3 months	4 months to 1 year	Over 1 to 5 years	Not interest sensitive	Total
Assets					
Cash resources	$ 4,699,157	$ 8,030,500	$ 1,800,000	$ 211,847	$ 14,741,504
Yield	3.90%	4.21%	4.09%		
Loans	34,461,766	19,264,092	81,533,219	389,977	135,649,054
Yield	7.14%	6.08%	5.66%		
Other	444,075	-	-	1,217,444	1,661,519
Yield	5.33%	-	-		
	39,604,998	27,294,592	83,333,219	1,819,268	152,052,077
Liabilities					
Deposits	57,879,400	59,937,708	25,461,726	2,160,238	145,439,072
Yield	1.76%	4.16%	4.01%		
Other	-	-	-	6,613,005	6,613,005
	57,879,400	59,937,708	25,461,726	8,773,243	152,052,077
Interest sensitivity position 2006	**$ (18,274,402)**	**$ (32,643,116)**	**$ 57,871,493**	**$ (6,953,975)**	**$ -**
Interest sensitivity position 2005	$ (14,906,414)	$ (23,896,650)	$ 44,612,798	$ (5,809,734)	$ -

12. Fair values of financial instruments

The estimated fair values of financial instruments are designed to approximate values at which these instruments could be exchanged in a current market. However, many of the financial instruments lack an available trading market and therefore fair values are based on estimates.

No fair values have been determined for premises and equipment or any other asset or liability that is not a financial instrument. The fair values of cash resources, variable rate loans and deposits, other assets and liabilities are assumed to equal their book values. The fair values of fixed rate loans and deposits are determined by discounting the expected future cash flows at the estimated current market rates for loans and deposits with similar characteristics.

Changes in interest rates are the main cause of changes in the fair value of the credit union's financial instruments. The majority of the credit union's financial instruments are carried at historical cost and are not adjusted to reflect increases or decreases in fair value due to interest rate changes.

December 31, 2006

12. Fair values of financial instruments (Continued)

	2006			2005
	Book value	Fair value	Difference	Difference
Assets				
Cash resources	$ 14,742,000	$ 14,742,000	$ -	$ -
Loans	135,649,000	135,184,000	**(465,000)**	(155,000)
Investments	660,000	660,000	-	-
			(465,000)	(155,000)
Liabilities				
Deposits	145,439,000	145,452,000	**(13,000)**	(427,000)
Net difference			$ **(478,000)**	$ (582,000)

13. Other income

	2006	2005
Account service fees	$ **548,122**	$ 538,828
Other	**78,169**	73,453
Foreign exchange	**90,021**	75,882
Loan administration fees	**83,403**	70,354
Insurance commissions and fees	**50,442**	32,342
	$ **850,157**	$ 790,859

14. Operating expense

	2006	2005
Salaries and benefits	$ **2,010,559**	$ 1,915,178
Premises, equipment and supplies	**761,650**	748,685
Data processing	**285,305**	300,313
Amortization	**279,314**	262,325
Advertising and member relations	**215,673**	190,689
Other	**205,924**	183,349
Service charges	**166,022**	163,846
Dues and assessments	**144,906**	70,898
Meetings	**80,590**	77,365
Professional services	**80,442**	85,276
	$ **4,230,385**	$ 3,997,924

December 31, 2006

15. Income taxes

The components of income tax expense are as follows:

	2006	2005
Current	$ 86,294	$ 102,168
Future	1,282	(13,000)
	$ 87,576	$ 89,168

The total income taxes in the statement of earnings is at a rate less than the combined federal and provincial statutory tax rates for the following reasons:

	2006	2005
Combined federal and provincial statutory income tax rate	34.1 %	34.9 %
Credit union rate reduction	(16.5)%	(17.3)%
Other	(1.9)%	(2.0)%
	15.7 %	15.6 %

The components of future income tax balances are as follows:

	2006	2005
Allowance for credit losses	$ 90,108	$ 97,300
Premises and equipment	(25,862)	(34,000)
Other	14,270	16,498
	$ 78,516	$ 79,798

December 31, 2006

16. Commitments

Premises

The credit union leases branch premises. Minimum lease payments under existing lease contracts for each of the next five years are:

2007	$	442,000
2008		442,000
2009		442,000
2010		442,000
2011		442,000

Banking system

The credit union is committed to acquire on line data processing services until November 2009. Data processing charges are based on the level of equipment and services utilized and on the number of credit union members.

17. Other information

At December 31, 2006, loans to employees, directors, officers and members of a committee of the credit union amounted to $1,048,700 (2005: $1,150,500). Directors, in their capacity as directors, received $20,250 (2005: $14,000).

Notes

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5 Year Comparison of Annual Audited Financial Statements

Balance Sheet	2006 $	Increase	2005 $	Increase	2004 $	Increase	2003 $	Increase	2002 $	Increase
Assets:	**$ 152,052**	**7.73%**	**$ 141,145**	**5.74%**	**$ 133,484**	**9.41%**	**$ 122,002**	**5.78%**	**$ 115,335**	**12.63%**
Loans:										
Mortgages	$ 129,581	8.44%	$ 119,494	9.09%	$ 109,534	15.17%	$ 95,107	1.08%	$ 94,088	18.04%
Other security	$ 6,068	- 4.07%	$ 6,326	-11.22%	$ 7,125	- 0.23%	$ 7,141	- 2.54%	$ 7,327	18.69%
Total loans	**$ 135,649**	**7.81%**	**$ 125,819**	**7.85%**	**$ 116,659**	**14.09%**	**$ 102,248**	**0.82%**	**$ 101,414**	**18.08%**
Deposits:										
Demand	$ 31,261	6.10%	$ 29,465	8.32%	$ 27,201	- 2.23%	$ 27,820	10.55%	$ 25,165	22.87%
Term	$ 85,051	8.21%	$ 78,598	5.56%	$ 74,460	16.82%	$ 63,741	4.53%	$ 60,982	9.82%
Registered	$ 25,005	6.83%	$ 23,407	1.62%	$ 23,034	3.97%	$ 22,155	5.06%	$ 21,088	8.64%
Total Deposits	**$ 141,318**	**7.49%**	**$ 131,470**	**5.43%**	**$ 124,695**	**9.65%**	**$ 113,717**	**6.04%**	**$ 107,235**	**12.38%**
Capital:										
Retained Earnings	$ 5,793	8.80%	$ 5,324	9.96%	$ 4,842	13.81%	$ 4,254	9.32%	$ 3,891	12.54%
Equity Shares	$ 2,448	1.66%	$ 2,408	3.00%	$ 2,338	4.86%	$ 2,229	28.45%	$ 1,736	2.82%
Total Capital	**$ 8,240**	**6.58%**	**$ 7,732**	**7.69%**	**$ 7,180**	**10.73%**	**$ 6,484**	**15.22%**	**$ 5,627**	**9.35%**

Financial Income & Expense	2006	% of av. Assets	2005	% of av. Assets	2004	% of av. Assets	2003	% of av. Assets	2002	% of av. Assets
Loan Interest	$ 7,968	5.44%	$ 7,041	5.13%	$ 6,470	5.06%	$ 6,464	5.45%	$ 6,057	5.56%
Investment Income	$ 484	0.33%	$ 446	0.32%	$ 437	0.34%	$ 486	0.41%	$ 525	0.48%
Total Interest Income	**$ 8,452**	5.77%	**$ 7,487**	5.45%	**$ 6,907**	5.41%	**$ 6,951**	5.86%	**$ 6,582**	6.05%
Interest Expense	$ 4,264	2.91%	$ 3,443	2.51%	$ 3,232	2.53%	$ 3,324	2.80%	$ 3,142	2.89%
Share Dividends	$ 125	0.09%	$ 115	0.08%	$ 105	0.08%	$ 107	0.09%	$ 88	0.08%
Financial Margin	**$ 4,064**	**2.77%**	**$ 3,929**	**2.86%**	**$ 3,571**	**2.80%**	**$ 3,520**	**2.97%**	**$ 3,352**	**3.08%**
Other Income	$ 850	0.58%	$ 791	0.58%	$ 852	0.67%	$ 785	0.66%	$ 937	0.86%
Provision for credit losses	$ 83	0.06%	$ 89	0.06%	$ 127	0.10%	$ 221	0.19%	$ 164	0.15%
Operating Margin	**$ 4,831**	**3.30%**	**$ 4,631**	**3.37%**	**$ 4,296**	**3.36%**	**$ 4,085**	**3.44%**	**$ 4,125**	**3.79%**
Non Financial Expense										
Salaries	$ 2,011	1.37%	$ 1,915	1.39%	$ 1,818	1.42%	$ 1,813	1.53%	$ 1,745	1.60%
Premises & Supplies	$ 762	0.52%	$ 749	0.55%	$ 723	0.57%	$ 642	0.54%	$ 636	0.58%
Administration	$ 894	0.61%	$ 771	0.56%	$ 717	0.56%	$ 678	0.57%	$ 756	0.69%
Data Processing	$ 285	0.19%	$ 300	0.22%	$ 241	0.19%	$ 250	0.21%	$ 213	0.20%
Depreciation	$ 279	0.19%	$ 262	0.19%	$ 235	0.18%	$ 224	0.19%	$ 215	0.20%
Total	**$ 4,230**	**2.89%**	**$ 3,998**	**2.91%**	**$ 3,734**	**2.92%**	**$ 3,605**	**3.04%**	**$ 3,565**	**3.27%**
Operating Income	**$ 601**	**0.41%**	**$ 633**	**0.46%**	**$ 562**	**0.44%**	**$ 479**	**0.40%**	**$ 560**	**0.51%**
Unusual item	$ -	0.00%	$ (17)	- 0.01%	$ 188	0.15%	$ -	0.00%	$ -	0.00%
Patronage rebates	$ 45	0.03%	$ 44	0.03%	$ 46	0.04%	$ 48	0.04%	$ 45	0.04%
Income Tax	$ 88	0.06%	$ 89	0.06%	$ 116	0.09%	$ 68	0.06%	$ 82	0.08%
Net Earnings	**$ 469**	**0.32%**	**$ 482**	**0.35%**	**$ 588**	**0.46%**	**$ 363**	**0.31%**	**$ 434**	**0.40%**

	2006	2005	2004	2003	2002
Equity Share Dividend	10.00%	10.00%	8.00%	8.00%	6.00%
Membership	6607	6519	6541	6381	6381
Staff	46.3	44.1	43.4	40.2	41.5
Branches	4	4	4	4	4

VANCOUVER	100 - 4088 Cambie Street	604 876 7101
BRENTWOOD	1801 Willingdon Avenue	604 298 3344
LOUGHEED	9608 Cameron Street	604 421 3456
SURREY	1 - 9989 152nd Street	604 584 4434
HEAD OFFICE	1801 Willingdon Avenue	604 298 3344
ONLINE	www.gvccu.com	
BY PHONE	604 444 5250