

GVC Credit Union's REAL TERM DEPOSITS

- Competitive Rates
- Available in 1-5 year terms
- Cashable on the anniversary*

*Subject to a 1st penalty

GVC Remembers Don McDonough



L to R: Don McDonough circa 1983; Don McDonough is thanked for his 16 years of service on GVC's Board at the 1994 AGM; Don McDonough and then-Mayor of Burnaby Doug Drummond about to cut the ribbon at the Brentwood branch official opening in November 2000.

Don passed away at his home on October 10th, 2008. He was 92 years of age. Born in Yorkshire England, Don came to Canada in 1924 with his widowed mother.

In 1940 Don was a founder member of GVC Credit Union. He moved away when he went overseas in the 2nd World War and served in the Canadian Army, seeing service in Italy and Holland. He joined St. Francis Xavier Credit Union upon his return. St. Francis Xavier subsequently merged with GVC.

Don was first elected to our Board in 1966 and was elected President in 1977. He served as President until 1992 and served on the Board until retiring at the 1996 Annual Meeting. He provided support and guidance to the credit union throughout the troubles of the 1980's when the BC economy suffered a severe contraction- interest rates that peaked over 20% and unemployment that was over 12% for many years.

Don was predeceased by his wife, Bernice, in 2007. Director Judi Corra, Richard Rochard, and Phil and Rose Moore attended his graveside service. Don left a \$50,000 bequest to the Credit Union Foundation to establish a memorial in his and Bernice's name to help students in need achieve their education goals.

Don will be missed by all who knew him.

RRSP Contribution Deadline

Monday March 2nd, 2009

If you're wanting to learn more about RRSP and RRIF plans, our free "Understanding the Basics" booklets are now available at all branches.

NEWS

ALL MEMBERS INVITED

69th Annual General Meeting Notice

Wednesday, April 29th, 2009
Executive Inn Burnaby
4201 Lougheed Highway
Burnaby BC

The meeting will commence at 7:30pm

2009 Board of Directors

In our October 2008 newsletter, nominations were invited to fill three positions available (each for a three year term of office) for the 2009 Board of Directors. The deadline for nominations was November 28th, 2008.

We are pleased to announce that we received nominations from incumbents Herb Gill, Les Hausch and member Rick Orford. Tom O'Sullivan will be stepping down after three years on the Board.

Because we received three nominations for three positions, they have been declared elected by acclamation.

These changes will take effect at the end of our 2009 Annual General Meeting.

SEE INSIDE
for an extensive 2009 Financial Outlook

Christmas Hamper Program



L: Linda Pereira and Jacqueline Griffin work out of GVC's boardroom filling the hampers full of food items. R: The Brentwood Branch tree with toys and food hampers ready to be delivered to families before Christmas.

Many thanks to our generous members and staff who helped raise over \$4,500 for our 2008 Christmas Hamper Program. Your generosity enabled our branch staff volunteers to prepare and deliver 50 hampers to those families in need who were recommended to us by you.

That brings the total to close to \$60,000 raised and over 650 hampers delivered since the program began in 1987.

Safety Deposit Box Fee Reminder!

Annual Safety Deposit Box fees will be debited from member's accounts on February 2nd, 2009.

Box Fees*: Small \$35 Medium \$45 Large \$65 Extra Large \$85

**Safety Deposit Box fee discounts apply for some accounts.*

Your Opinion Counts!

We would like to sincerely thank all members who took the time to complete our member satisfaction survey. Here is a small sample of some of the feedback we received:

"GVC has been my favourite bank since 1987. Great staff, great service. I always tell people how I'm on a first name basis with my bank."

"Thank you so much for providing personalized banking services; Banks still need to operate to a large degree on warm, personal touch. GVC I hope won't abandon this idea; it's what makes them unique."

"Hearing a 'human' voice when phoning; much appreciated."

"Would like to Bank by internet but do not know how to with your credit union."

Members who wish to sign up for online banking with GVC must first visit one of our branches so we can obtain a signature for this service and so you can set up your Personal Access Code (PAC) on our system.

2009 Financial Outlook

From time to time we write our thoughts as to the financial outlook. Writing this year is a challenge. The last year, especially the last three to four months, have seen unprecedented change in the world financial scene. Will change continue at this pace or calm down? Either way, in what direction will it head?

The problems of the American sub-prime mortgage market and the structured debt instruments that were developed around them first came to international attention in the summer of 2007. For the next twelve months banks around the world were busy writing down their investments in these instruments.

In Canada, the Montreal Accord was formed to re-structure around \$32 billion in Asset Backed Commercial Paper (ABCP), most of which was held by banks, investment dealers and small to medium sized businesses.

In September 2008 we watched incredibly as the famous names on Wall Street fell like dominoes: Lehman Brothers went bankrupt; Merrill Lynch sold itself to Bank of America, which only a few months earlier bought Countrywide Mortgages; Washington Mutual was placed into receivership and sold to JP Morgan Chase – almost overnight! And AIG, the largest insurer in the world, needed \$80 billion of federal government money to survive, and even that was not enough as more was needed a few weeks later.

The contagion spread. Soon European banks were in trouble. The banks themselves were so concerned about each others credit worthiness that they stopped lending to each other and the credit markets went into deep freeze.

The Central banks rushed to the rescue. Central bank interest rates headed down to levels not seen since....well, to levels never seen before in North America – although Japan has seen these rates, and recently. In fact Japan has experienced these levels of Central bank rates since 1990 when their

economy hit a wall following a huge stock market correction that saw the Nikkei Dow drop from 38,957 December 29th, 1989 to 10,000. It has never recovered.

As all the Wall Street problems were unfolding the media reports were speculating what would happen to Main Street. In other words, were these merely paper losses or would they impact the real economy? In one area, Main Street had triggered the implosion as default rates on the sub-prime mortgages set the ball rolling, but for a time the Main Street impact seemed to be limited to the housing market.

The US housing market has been in trouble for two to three years. Housing starts, which were at 2 million a year back around 2005, are now running at 600,000 a year. Canada supplies about 1/3 of the timber used in the US market – our forest industries have been hurting far longer than the auto industry.

Yes, the contagion has now spread to the US Main Street. Auto sales nose dived in the fall. Layoffs are mounting and the unemployment rate is rising on both sides of the Canada/US border. Ontario, the industrial centre of Canada, became a “have not province” in the summer, entitled to equalization payments from the federal government. The crash in the price of oil – from \$147 to \$40 a barrel in a few short months - has put the Alberta oil sands developments at risk.

So where do we head in 2009?

Home prices peaked in Vancouver in May of 2008 and fell by 12% to November. Other than home prices, and industries directly connected to them, Vancouver had yet to experience the full impact of the recession every media outlet was talking about during the fall. However it is likely on its way.

There are holes in the ground which were to have seen condominium developments spring out of them. The skier traffic to Whistler is reported to be down from previous years – but the lower mainland stores were reported to be doing good business.

In the 1980's we suffered through a

major recession. Home prices in Vancouver fell by 27% in 1982 and it took seven years for them to recover. Unemployment jumped from 6.4% in May 1981 to 12.4% in June 1982. However interest rates were very different. The Central banks were fighting inflation which was running at over 14% per year. They pushed the bank prime rate up to 21.25% in Canada in September 1981! BC's economy took a hit – it contracted by more than 6% in 1982.

Will it happen again? We think not. In the 1980's BC homeowners were hit with a payment shock. The sudden rise in interest rates meant that their mortgage payments doubled, or tripled, when their renewal date came around. This meant that families that had not been affected by unemployment still had to find the money for hugely increased mortgage payments. Some could not and lost their homes.

Increased mortgage payments is the problem with some of the sub-prime mortgages in the US. Interest rates were set artificially low for the first 2 or so years only to re-set at two to three times the level for the balance of the term. These types of contracts were not used extensively in Canada, and not at all at GVC, and thus the payment shock will not have a huge impact in Canada.

However it is hard to see how Canada can avoid a recession. That R word again. The media almost makes one think a recession is the end of the world as we know it. We beg to differ. True, the deceleration from annual growth rates of 4 to 5% to perhaps plus or minus 1% will be painful, but Japan has been in a rolling recession for 18 years! It's people still go to work, buy homes and enjoy life. True, their expectations have perhaps shifted since the late 1980's, but the country is healthy and by most international standards the people are prosperous.

Some suggest we are witnessing a tectonic shift in the economic structure of the world. This writer tends to this view. Since WW2 the USA has been the primary world economic power, just as the UK was in the latter part of the 19th century. Perhaps we

are witnessing a shift to the east. This does not mean lower standards of living, rather slower growth, at least by the materialistic standards of economics. But life is about more than Gross Domestic Product. The major European economies are still reckoned to be behind the US, but their people enjoy far greater leisure time, use cars less often and have a different life style.

Back to 2009. We do expect a recession, but as long as governments intervene to help the employment markets (infrastructure projects in BC) we believe the recession will be relatively mild – but we may not see a return to the recent growth rates for many years to come. Our trading partners may continue to experience slow growth. Further, in spite of low interest rates, we anticipate savings rates will increase in North America as consumers attempt to repair the damage to their personal balance sheets wrought by the stock market and housing declines.

Where does GVC sit in all this? Well, we do not have any of the ABCP type investments on our balance sheet. Further we never changed our mortgage lending procedures, so do not expect a flood of problem loans. But we are a member owned cooperative institution and if our members hurt, so will we. We will do as we have since we were established in 1940 – we will work with any member that has problems to the extent that the member will work with us.

GVC has a strong balance sheet and has enjoyed a good year in 2008. We are especially proud of the progress of our new branch, opened in late 2007, in the Royal Square Mall in New Westminster. It has seen great growth this year and we congratulate the branch team for the work they have done.

We expect and are preparing for slower growth in 2009. Being small we have the advantage of being able to adjust our plans quickly to changed circumstances. In 2009 we will continue to monitor the financial and BC markets and adjust our plans for the benefit of our credit union and members...and prepare to write another Financial Outlook in December 2009.

Phil Moore
December 18, 2008

Branch Hours

	MON	TUES	WED	THU	FRI	SAT
Vancouver	9:30-5	9:30-5	9:30-5	9:30-5	9:30-6	10-2
Brentwood	9:30-5	9:30-5	9:30-5	9:30-5	9:30-6	10-2
Lougheed	CLOSED	9:30-5	9:30-5	9:30-5	9:30-6	9:30-3
New West	9:30-5	9:30-5	9:30-5	9:30-5	9:30-6	10-2
Surrey	CLOSED	9:30-5	9:30-5	9:30-5	9:30-6	9:30-3
Head Office	8-5	8-5	8-5	8-5	8-5	CLOSED

24/7
SERVICE

www.gvccu.com
604 444 5250

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

Mission Statement

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

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 counselling.

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.

Board of Directors

Elected by you, the members, representing your interests and guiding the future of your credit union are:

Herb Gill	Chair of the Board
Glenn McLaughlin	1st Vice-Chair
Jim Pope	2nd Vice-Chair
Judi Corra	Director
Gilles Deschenes	Director
Les Hausch	Director
John Schretlen	Director
Ken Sherwood	Director
Tom O'Sullivan	Director

2008 Dividends Declared

We are pleased to announce the Board of Directors have declared the following dividends for 2008:

Class C Preferred Equity Shares

The average dividend for Class C Preferred Equity Shares in 2008 was 4.85%.

The 2009 dividend will be set quarterly in advance, as the higher of 3.5% per annum or .5% of 1% above GVC's highest yielding listed term deposit as of the first day of the quarter.

Patronage Dividends

Rebate of one months (June 2008) Personal Chequing account service charges.

Class B Membership Equity Shares 6%

Life Insured Share Savings 1.75%

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