



# Annual Report 2012

## CREDIT UNION SYSTEM

NEWFOUNDLAND AND LABRADOR





# TABLE OF CONTENTS

---

Chief Executive Officer's Message.....	2
Financial Performance .....	3 - 4
Credit Union System Audited Information.....	5 - 11
Credit Union Branches.....	12

## CHIEF EXECUTIVE OFFICER'S MESSAGE

---

Dear Stakeholder

Please find enclosed an overview of the financial performance of the Newfoundland and Labrador Credit Union System for 2012 and combined and individual audited financial information for the year ended December 31, 2012.

2012 was another good year for the Newfoundland and Labrador Credit Union System. Asset growth exceeded 7.9%, audited net income exceeded 4.0 million dollars after dividends and rebates of 1 million dollars, liquidity remained strong and net delinquency remains low at 0.27%. System capital at 5.57% exceeded the minimum regulatory capital requirement of 5%. Credit unions are encouraged to continue to grow their capital positions greater than the minimum required by regulation.

Bill Langthorne  
Chief Executive Officer  
CUDGC

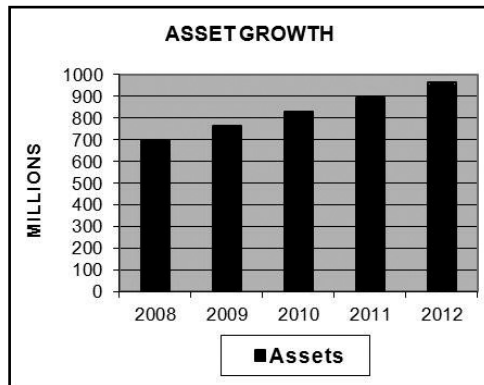
# FINANCIAL PERFORMANCE

## Credit Union & Branches

As at December 31, 2012 there were 10 credit unions with 40 service locations.

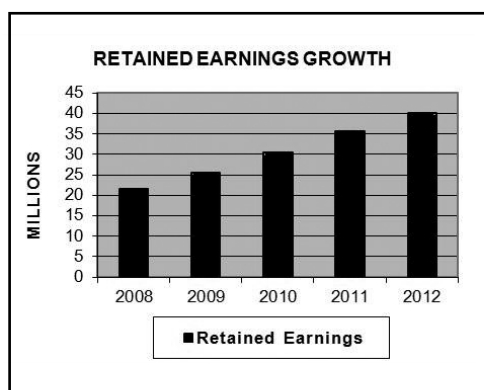
## Assets

The Credit Union system continued to experience asset growth in 2012. Assets were \$965 million at the end of 2012 compared to \$894 million in 2011, a growth rate of 8.0% in 2012 as compared to 8.1% in 2011.



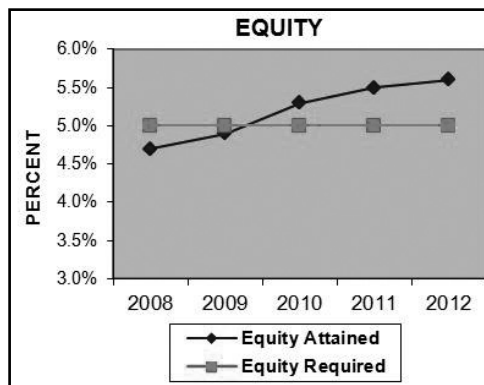
## Earnings

System earnings at the end of 2012, net of dividends and rebates, were \$4,428,597 (48bp) as compared to \$4,185,242 (49bp) in 2011. Total system retained earnings at December 31, 2012 was \$40.2 million compared to \$35.8 million in 2011.



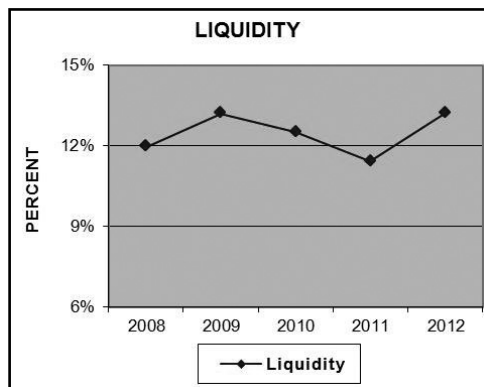
## Equity

Total system equity comprising shares and retained earnings at the end of 2012 was \$53.8 million or 5.57% compared to \$49.1 million or 5.49% at the end of 2011.



## Liquidity

System liquidity remains good at 13.22% compared to 11.41% in 2011. The system's utilization of lines of credit is well managed. All credit unions were compliant with statutory liquidity as at December 31, 2012.



# FINANCIAL PERFORMANCE

## Delinquency

Credit Union delinquency continued to be well managed in 2012. Total delinquency represented by loans overdue 31 days or more was \$5.3 million or 0.68% of total loans as compared to \$5.8 million or 0.78% of total loans in 2011.

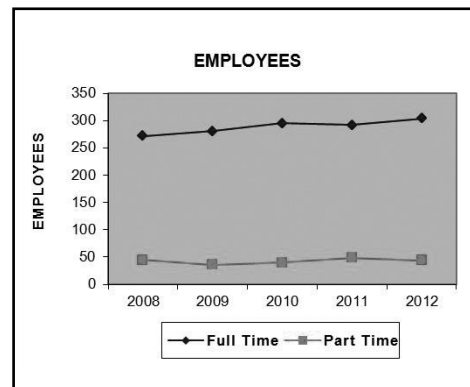
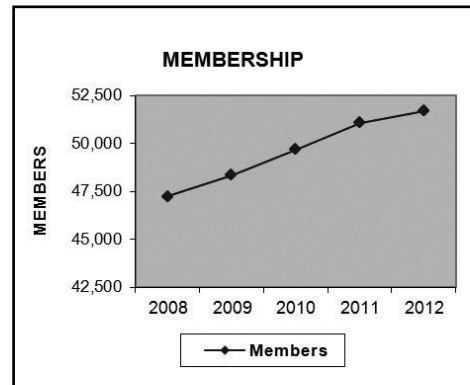
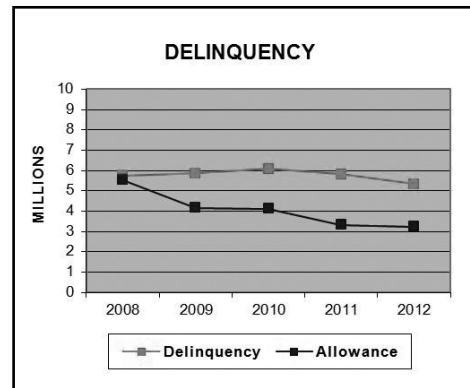
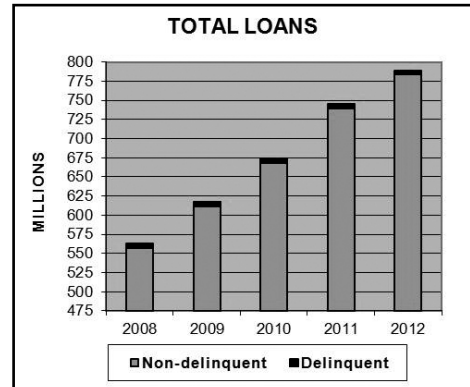
The net delinquency represented by deducting specific and non-specific loan loss provisions from total delinquency was at 0.27% in 2012 compared to 0.33% in 2011.

## Membership

Membership grew by 621 or 1.2% in 2012. Presently there are 51,713 members (as defined by Regulations) obtaining services from credit unions. This represents approximately 10% of the population of Newfoundland and Labrador.

## Employees

The credit union system experienced a net increase of 7 employees in 2012, an increase of 12 full time jobs and decrease of 5 part time jobs. At the end of 2012 there were a total of 348 credit union employees with 223 employed in credit union locations outside of St. John's and surrounding area. The salaries and benefits paid in 2012 totaled \$19,571,140 as compared to \$18,629,936 in 2011, an increase of \$941,204 or 5.1%. Approximately \$10.7 million was paid to employees living and working outside St. John's and surrounding area.



---

*Audited Information*

**CREDIT UNION SYSTEM**

*Year Ended December 31, 2012*

# COMBINED BALANCE SHEET

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
Year Ended December 31, 2012  
(based on audited financial statements)

	2012	2011
<b>Assets</b>		
Cash	\$44,538,883	\$31,153,691
Investments	99,029,158	86,937,798
Loans (Net of Allowance)		
2012-(\$3,234,658)	785,754,078	741,667,445
2011-(\$3,328,981)		
Other Assets	6,918,066	6,693,526
Fixed Assets	<u>29,064,338</u>	<u>27,555,609</u>
Total Assets	<u><u>\$965,304,523</u></u>	<u><u>\$894,008,069</u></u>
<b>Liabilities</b>		
Borrowings	0	3,453,563
Payables	8,657,288	8,800,753
Members Deposits	<u>902,856,873</u>	<u>832,680,667</u>
Total	<u>911,514,161</u>	<u>844,934,983</u>
<b>Member Surplus</b>		
Shares	13,597,918	13,309,240
Retained Earnings (Deficit)	<u>40,192,444</u>	<u>35,763,846</u>
Total	<u>53,790,362</u>	<u>49,073,086</u>
Total Liabilities and Member Surplus	<u><u>\$965,304,523</u></u>	<u><u>\$894,008,069</u></u>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation



# COMBINED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
Year Ended December 31, 2012  
(based on audited financial statements)

	<b>2012</b>	<b>2011</b>
Total Financial Revenue	\$46,614,565	\$45,895,277
Total Financial Expense	<u>13,964,231</u>	<u>13,716,660</u>
Financial Margin	32,650,334	32,178,617
Other Income	<u>12,089,779</u>	<u>11,119,159</u>
Gross Margin	44,740,113	43,297,776
Total Operating Expenses	38,174,108	36,902,429
Income Before Dividends & Taxes	6,566,005	6,395,347
Dividends	1,009,710	977,397
Taxes	<u>1,127,698</u>	<u>1,232,708</u>
Net Income	\$4,428,597	\$4,185,242
Retained Earnings (Deficit) & Other Reserves		
Beginning of Year	35,763,846	30,532,114
Prior period Adjustment	1	1,046,490
Retained Earnings (Deficit) & Other Reserves		
End of Year	<u>\$40,192,444</u>	<u>\$35,763,846</u>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

## BALANCE SHEET BY CREDIT UNION

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2012  
 (based on audited financial statements)

Credit Union	Cash and Cash Equivalents \$	Investments \$	Loans \$	Allowance For Doubtful Loans \$	Net Loans \$	Other Assets \$	Fixed Assets \$	Total Assets \$
Community	1,435,491	10,262,753	35,789,885	390,948	35,398,937	56,634	1,090,912	48,244,727
Eagle River	5,812,553	12,159,400	80,931,098	282,268	80,648,830	529,089	1,663,302	100,813,174
EasternEdge	614,257	8,716,718	46,716,899	251,635	46,465,264	86,127	2,378,876	58,261,242
Hamilton Sound	2,675,799	5,487,959	28,903,048	159,179	28,743,869	93,447	1,617,557	38,618,631
Humber Valley	3,082,879	2,085,231	10,157,553	114,543	10,043,010	32,706	464,535	15,708,361
Leading Edge	6,519,898	7,754,036	67,279,614	478,245	66,801,369	319,889	1,797,856	83,193,048
Nfld. & Labrador	14,698,124	36,901,417	416,161,404	619,595	415,541,809	4,998,229	16,844,866	488,984,445
Public Service	4,719,953	3,214,052	38,354,235	188,064	38,166,171	80,194	1,503,862	47,684,232
Reddy Kilowatt	2,057,132	5,671,730	38,744,791	245,431	38,499,360	105,863	769,590	47,103,675
Venture	2,922,797	6,775,862	25,950,209	504,750	25,445,459	615,888	932,982	36,692,988
<b>TOTAL SYSTEM</b>	<b>44,538,883</b>	<b>99,029,158</b>	<b>788,988,736</b>	<b>3,234,658</b>	<b>785,754,078</b>	<b>6,918,066</b>	<b>29,064,338</b>	<b>965,304,523</b>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

# BALANCE SHEET BY CREDIT UNION

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2012  
 (based on audited financial statements)

Borrowings	Payables	Member Deposits	Total Liabilities	Share Capital	Retained Earnings (Deficit) & Other Res.	Member Surplus (Deficiency)	Total
\$	\$	\$	\$	\$	\$	\$	\$
0	325,872	43,252,234	43,578,106	373,609	4,293,012	4,666,621	48,244,727
0	1,291,176	93,479,733	94,770,909	1,466,799	4,575,466	6,042,265	100,813,174
0	290,438	54,735,986	55,026,424	1,082,392	2,152,426	3,234,818	58,261,242
0	237,057	36,131,942	36,368,999	586,365	1,663,267	2,249,632	38,618,631
0	40,996	14,670,790	14,711,786	92,710	903,865	996,575	15,708,361
0	405,756	77,616,773	78,022,529	1,196,120	3,974,399	5,170,519	83,193,048
0	4,738,629	459,744,407	464,483,036	7,013,949	17,487,460	24,501,409	488,984,445
0	577,990	42,361,536	42,939,526	493,100	4,251,606	4,744,706	47,684,232
0	491,888	43,425,494	43,917,382	924,305	2,261,988	3,186,293	47,103,675
0	257,486	37,437,978	37,695,464	368,569	(1,371,045)	(1,002,476)	36,692,988
0	8,657,288	902,856,873	911,514,161	13,597,918	40,192,444	53,790,362	965,304,523

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

# STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2012  
 (based on audited financial statements)

Credit Union	Total Financial Revenue \$	Total Financial Expense \$	Financial Margin \$	Other Income \$	Gross Margin \$	Member Security \$	General \$	Personnel \$	Occupancy \$
Community	2,303,032	479,853	1,823,179	503,227	2,326,406	73,559	728,559	788,843	188,176
Eagle River	5,124,208	771,062	4,353,146	2,078,720	6,431,866	191,295	2,385,148	2,505,796	201,767
EasternEdge	2,590,161	990,006	1,600,155	504,945	2,105,100	99,983	690,379	847,676	129,147
Hamilton Sound	2,468,320	789,941	1,678,379	952,006	2,630,385	72,687	1,033,462	1,024,489	89,414
Humber Valley	718,449	313,947	404,502	269,650	674,152	30,748	284,361	238,046	59,931
Leading Edge	4,630,958	1,322,833	3,308,125	1,359,673	4,667,798	135,142	1,386,802	2,052,646	385,211
Nfld. & Labrador	21,972,961	7,399,407	14,573,554	3,782,202	18,355,756	848,639	4,410,588	9,449,419	1,720,421
Public Service	2,367,337	407,315	1,960,022	572,422	2,532,444	76,660	728,110	1,106,357	137,689
Reddy Kilowatt	2,488,868	1,081,975	1,406,893	596,255	2,003,148	136,589	519,840	631,703	43,678
Venture	1,950,271	407,892	1,542,379	1,470,679	3,013,058	93,047	817,143	926,165	143,454
<b>TOTAL SYSTEM</b>	<b>46,614,565</b>	<b>13,964,231</b>	<b>32,650,334</b>	<b>12,089,779</b>	<b>44,740,113</b>	<b>1,758,349</b>	<b>12,984,392</b>	<b>19,571,140</b>	<b>3,098,888</b>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

# STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2012  
 (based on audited financial statements)

Provision For Loan Loss (Recovery)	Total Operating Expenses	Income Before Dividends And Taxes	Dividends	Taxes	Net Income	Ret. Earnings (Deficit) & Other Res. Beginning of Year	Ret. Earnings (Deficit) & Other Res. End of year
\$	\$	\$	\$	\$	\$	\$	\$
0	1,779,137	547,269	100,000	65,965	381,304	3,911,708	4,293,012
144,409	5,428,415	1,003,451	485,450	79,408	438,593	4,136,873	4,575,466
78,235	1,845,420	259,680	0	56,485	203,195	1,949,231	2,152,426
93,411	2,313,463	316,922	0	44,261	272,661	1,390,606	1,663,267
39,923	653,009	21,143	0	4,219	16,924	886,941	903,865
222,997	4,182,798	485,000	11,840	96,679	376,481	3,597,918	3,974,399
51,206	16,480,273	1,875,483	112,420	446,953	1,316,110	16,171,350	17,487,460
10,107	2,058,923	473,521	0	69,258	404,263	3,847,343	4,251,606
63,657	1,395,467	607,681	300,000	52,705	254,976	2,007,012	2,261,988
57,394	2,037,203	975,855	0	211,765	764,090	(2,135,135)	(1,371,045)
<b>761,339</b>	<b>38,174,108</b>	<b>6,566,005</b>	<b>1,009,710</b>	<b>1,127,698</b>	<b>4,428,597</b>	<b>35,763,847</b>	<b>40,192,444</b>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

## CREDIT UNION BRANCHES

<b>Credit Union</b>	<b>Branches</b>
Community Credit Union Ltd.	Marystown Witless Bay Hermitage
Eagle River Credit Union Ltd.	L'Anse au Loup Mary's Harbour Cartwright St. Anthony Port Au Choix Happy Valley - Goose Bay
Eastern Edge Credit Union Ltd.	Mount Pearl
Hamilton Sound Credit Union Ltd.	Carmanville Triton Gander
Humber Valley Credit Union Ltd.	Deer Lake
Leading Edge Credit Union Ltd.	Corner Brook Pasadena Doyles Jeffrey's St. Georges Port Aux Basques
Newfoundland & Labrador Credit Union Ltd.	Freshwater Road, St. John's Water Street, St. John's Torbay Road, St. John's Mount Pearl Conception Bay South Carbonear Clarenville Gander Grand Falls Corner Brook Stephenville Labrador City Churchill Falls
Public Service Credit Union Ltd.	St. John's
Reddy Kilowatt Credit Union Ltd.	St. John's
Venture Credit Union Ltd.	Eastport Gambo Glovertown Catalina Twillingate



