



ANNUAL REPORT 2015

CREDIT UNION SYSTEM
NEWFOUNDLAND AND LABRADOR

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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 2015 with combined and individual audited financial information for the year ended December 31, 2015.

2015 was another good year for the Newfoundland and Labrador Credit Union System. Asset growth was 7.0%, audited net income exceeded \$2.9 million after dividends and rebates in excess of \$800,000, liquidity remained strong and net delinquency remains low at 0.62%. System capital at 5.65% 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

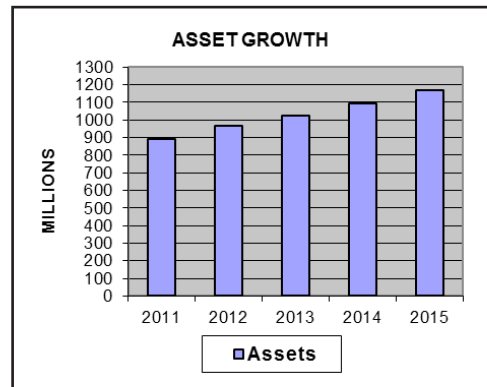
FINANCIAL PERFORMANCE

Credit Union & Branches

As at December 31, 2015 there were 9 credit unions with 37 service locations.

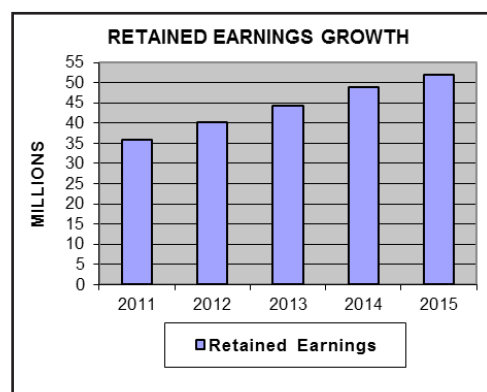
Assets

The Credit Union System continued to experience asset growth in 2015. Assets were \$1.169 billion at the end of 2015 compared to \$1.093 billion in 2014, a growth rate of 7.0% in 2015 as compared to 6.6% in 2014.



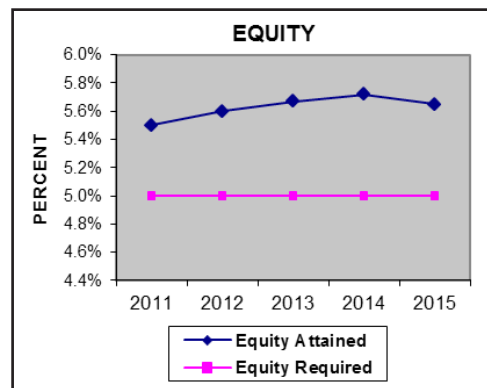
Earnings

System earnings at the end of 2015, net of dividends and rebates, were \$2,989,653 (26bp) as compared to \$4,466,208 (42bp) in 2014. Total system retained earnings at December 31, 2015 was \$51.9 million compared to \$48.9 million in 2014.



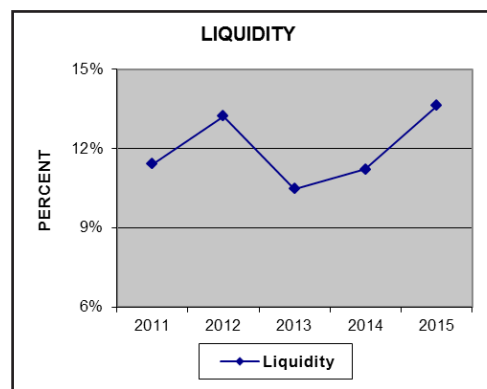
Equity

Total system equity comprising shares and retained earnings at the end of 2015 was \$66.1 million or 5.65% of assets compared to \$62.5 million or 5.72% at the end of 2014.



Liquidity

System liquidity was at 13.62% compared to 11.21% in 2014. The system's utilization of lines of credit is well managed. All credit unions were compliant with statutory liquidity as at December 31, 2015.



FINANCIAL PERFORMANCE

Delinquency

Credit Union delinquency continued to be well managed in 2015. Total delinquency represented by loans overdue 31 days or more was \$9.9 million or 1.05% of total loans as compared to \$6.8 million or 0.74% of total loans in 2014.

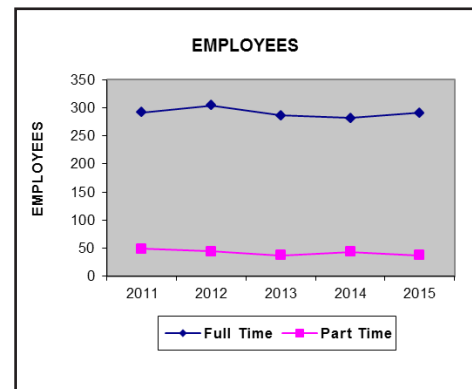
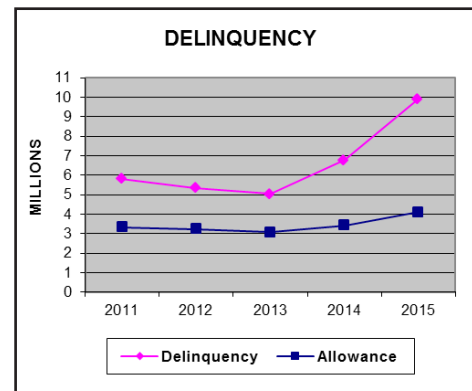
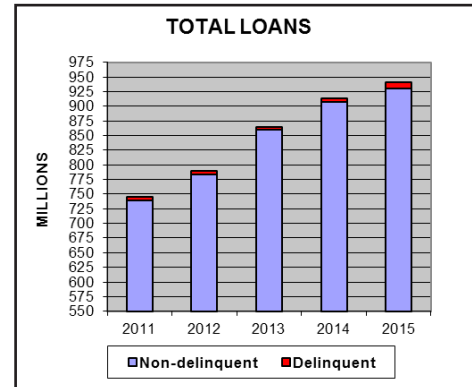
The net delinquency represented by deducting specific and non-specific loan loss provisions from total delinquency was at 0.62% in 2015 compared to 0.37% in 2014.

Membership

Membership dropped by 275 or 0.4% in 2015. Presently there are 61,194 members obtaining services from credit unions in the province. This represents approximately 12% of the population of Newfoundland and Labrador.

Employees

The credit union system experienced a net increase of 3 employees in 2015, an increase of 9 full time jobs and decrease of 6 part time jobs. At the end of 2015 there were a total of 328 credit union employees with 204 employed in credit union locations outside of St. John's and surrounding area. The salaries and benefits paid in 2015 totaled \$20,402,186 as compared to \$20,158,510 in 2014, an increase of \$243,676 or 1.21%. Approximately \$9.7 million was paid to employees living and working outside St. John's and surrounding area.



Audited Information

CREDIT UNION SYSTEM

Year Ended December 31, 2015

COMBINED BALANCE SHEET

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM
 Year Ended December 31, 2015
 (based on audited financial statements)

	2015	2014
Assets		
Cash	\$37,268,717	\$33,248,806
Investments	152,897,053	105,761,781
Loans (Net of Allowance)		
2015-(\$4,094,903)	936,661,397	910,309,382
2014-(\$3,420,544)		
Other Assets	5,729,254	7,362,295
Fixed Assets	<u>36,821,237</u>	<u>36,185,990</u>
Total Assets	<u><u>\$1,169,377,658</u></u>	<u><u>\$1,092,868,254</u></u>
Liabilities		
Borrowings	0	132,969
Payables	8,698,624	10,255,497
Members Deposits	<u>1,094,587,122</u>	<u>1,019,964,556</u>
Total	<u>1,103,285,746</u>	<u>1,030,353,022</u>
Member Surplus		
Shares	14,230,014	13,642,487
Retained Earnings (Deficit)	<u>51,861,898</u>	<u>48,872,745</u>
Total	<u>66,091,912</u>	<u>62,515,232</u>
Total Liabilities and Member Surplus	<u><u>\$1,169,377,658</u></u>	<u><u>\$1,092,868,254</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, 2015
(based on audited financial statements)

	2015	2014
Total Financial Revenue	\$47,558,680	\$48,051,745
Total Financial Expense	<u>13,413,925</u>	<u>13,502,322</u>
Financial Margin	34,144,755	34,549,423
Other Income	<u>12,695,211</u>	<u>12,933,329</u>
Gross Margin	46,839,966	47,482,752
Total Operating Expenses	42,256,554	40,682,187
Income Before Dividends & Taxes	4,583,412	6,800,565
Dividends	814,271	1,262,079
Taxes	<u>779,488</u>	<u>1,072,278</u>
Net Income	\$2,989,653	\$4,466,208
Retained Earnings (Deficit) & Other Reserves		
Beginning of Year	48,872,745	44,414,979
Prior period Adjustment	(500)	(8,442)
Retained Earnings (Deficit) & Other Reserves		
End of Year	<u>\$51,861,898</u>	<u>\$48,872,745</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, 2015
 (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	810,407	11,428,139	53,357,759	485,498	52,872,261	48,417	994,458	66,153,682
Eagle River	13,457,454	25,406,569	97,987,690	494,231	97,493,459	671,773	3,308,863	140,338,118
EasternEdge	1,070,357	11,638,269	60,309,526	793,039	59,516,487	174,574	2,615,524	75,015,211
Hamilton Sound	902,184	6,391,469	38,117,133	290,748	37,826,385	77,002	1,384,885	46,581,925
Leading Edge	3,063,921	15,146,139	84,584,480	378,579	84,205,901	245,321	1,511,326	104,172,608
Nfld. & Labrador	11,330,266	59,589,978	477,473,775	900,509	476,573,266	3,868,126	19,108,020	570,469,656
Public Service	3,136,606	3,852,906	45,759,148	190,575	45,568,573	116,750	1,435,359	54,110,194
Reddy Kilowatt	1,747,558	5,920,809	53,519,274	125,491	53,393,783	193,435	5,499,418	66,755,003
Venture	1,749,964	13,522,775	29,647,515	436,233	29,211,282	333,856	963,384	45,781,261
TOTAL SYSTEM	37,268,717	152,897,053	940,756,300	4,094,903	936,661,397	5,729,254	36,821,237	1,169,377,658

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BALANCE SHEET BY CREDIT UNION

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM
 Year Ended December 31, 2015
 (based on audited financial statements)

Borrowings \$	Payables \$	Member Deposits \$	Total Liabilities \$	Share Capital \$	Retained Earnings (Deficit) & Other Res. \$	Member Surplus (Deficiency) \$	Total \$
0	424,190	59,581,906	60,006,096	442,865	5,704,721	6,147,586	66,153,682
0	1,751,257	129,928,283	131,679,540	1,845,101	6,813,477	8,658,578	140,338,118
0	243,478	70,965,892	71,209,370	1,340,847	2,464,994	3,805,841	75,015,211
0	124,752	43,782,013	43,906,765	590,850	2,084,310	2,675,160	46,581,925
0	557,855	97,194,190	97,752,045	1,285,883	5,134,680	6,420,563	104,172,608
0	4,403,300	538,203,351	542,606,651	6,557,820	21,305,185	27,863,005	570,469,656
0	756,973	47,599,098	48,356,071	471,633	5,282,490	5,754,123	54,110,194
0	252,169	62,480,675	62,732,844	1,306,185	2,715,974	4,022,159	66,755,003
0	184,650	44,851,714	45,036,364	388,830	356,067	744,897	45,781,261
0	8,698,624	1,094,587,122	1,103,285,746	14,230,014	51,861,898	66,091,912	1,169,377,658

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, 2015
 (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	2,956,719	633,358	2,323,361	743,029	3,066,390	104,012	955,175	969,809	200,759
Eagle River	6,051,530	991,522	5,060,008	2,494,205	7,554,213	452,355	3,010,535	2,729,445	320,214
EasternEdge	2,872,459	1,264,369	1,608,090	576,086	2,184,176	137,088	849,578	800,052	90,165
Hamilton Sound	2,891,635	817,771	2,073,864	863,179	2,937,043	108,750	962,213	1,213,495	228,336
Leading Edge	4,566,665	1,212,828	3,353,837	1,451,116	4,804,953	172,838	1,442,684	2,141,407	338,458
Nfld. & Labrador	20,767,011	6,230,933	14,536,078	4,278,219	18,814,297	1,036,969	4,687,875	9,620,836	1,533,736
Public Service	2,423,071	427,976	1,995,095	526,963	2,522,058	95,486	811,848	1,079,557	65,087
Reddy Kilowatt	2,856,975	1,465,400	1,391,575	823,716	2,215,291	197,129	725,050	869,662	227,493
Venture	2,172,615	369,768	1,802,847	938,698	2,741,545	109,424	877,900	977,923	138,078
TOTAL SYSTEM	47,558,680	13,413,925	34,144,755	12,695,211	46,839,966	2,414,051	14,322,858	20,402,186	3,142,326

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, 2015
 (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
\$	\$	\$	\$	\$	\$	\$	\$
155,000	2,384,755	681,635	125,000	85,499	471,136	5,233,585	5,704,721
335,038	6,847,587	706,626	356,572	96,821	253,233	6,560,244	6,813,477
570,180	2,447,063	(262,887)	0	(40,420)	(222,467)	2,687,461	2,464,994
236,515	2,749,309	187,734	0	25,453	162,281	1,922,029	2,084,310
25,500	4,120,887	684,066	178,699	71,037	434,330	4,700,350	5,134,680
195,502	17,074,918	1,739,379	124,000	449,018	1,166,361	20,138,824	21,305,185
105,553	2,157,531	364,527	0	50,249	314,278	4,968,212	5,282,490
156,952	2,176,286	39,005	30,000	(20,235)	29,240	2,686,734	2,715,974
194,893	2,298,218	443,327	0	62,066	381,261	(25,194)	356,067
1,975,133	42,256,554	4,583,412	814,271	779,488	2,989,653	48,872,245	51,861,898

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

CREDIT UNION BRANCHES

Credit Union	Branches
Community Credit Union Ltd.	Marystown Witless Bay Hermitage
Eagle River Credit Union Ltd.	L'Anse au Loup Mary's Harbour St. Anthony Port Au Choix Happy Valley - Goose Bay Deer Lake
EasternEdge Credit Union Ltd.	Mount Pearl
Hamilton Sound Credit Union Ltd.	Carmanville Triton Gander
Leading Edge Credit Union Ltd.	Corner Brook 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
Public Service Credit Union Ltd.	St. John's
Reddy Kilowatt Credit Union Ltd.	Mount Pearl
Venture Credit Union Ltd.	Eastport Gambo Glovertown Catalina Twillingate

