



Annual Report 2013

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 2013 and combined and individual audited financial information for the year ended December 31, 2013.

2013 was another good year for the Newfoundland and Labrador Credit Union System. Asset growth exceeded 6.2%, audited net income exceeded 4.0 million dollars after dividends and rebates of 1 million dollars, liquidity remained strong and net delinquency remained low at 0.23%. System capital at 5.67% 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

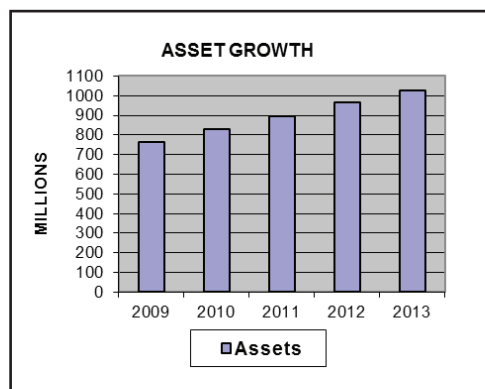
FINANCIAL PERFORMANCE

Credit Union & Branches

As at December 31, 2013 there were 10 credit unions with 39 service locations.

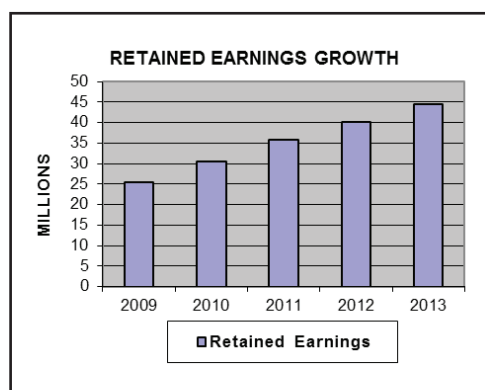
Assets

The Credit Union system continued to experience asset growth in 2013. Assets were \$1.025 billion at the end of 2013 compared to \$965 million in 2012, a growth rate of 6.2% in 2013 as compared to 8.0% in 2012.



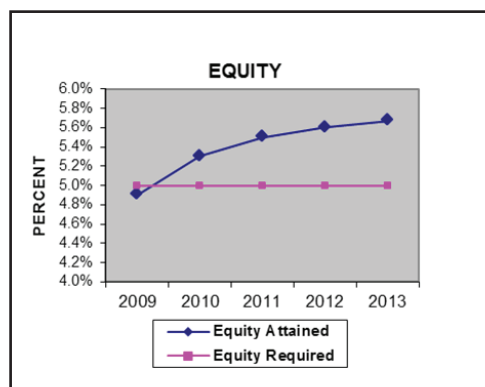
Earnings

System earnings at the end of 2013, net of dividends and rebates, were \$4,222,534 (42bp) as compared to \$4,428,597 (48bp) in 2012. Total system retained earnings at December 31, 2013 was \$44.4 million compared to \$40.2 million in 2012.



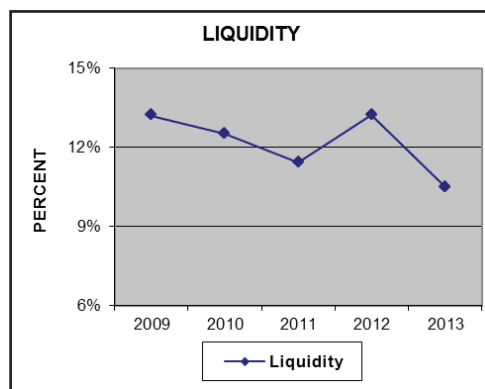
Equity

Total system equity comprising shares and retained earnings at the end of 2013 was \$58.1 million or 5.67% compared to \$53.8 million or 5.57% at the end of 2012.



Liquidity

System liquidity was at 10.47% compared to 13.22% in 2012. The decrease in liquidity was directly related to increased loan growth in 2013. The system's utilization of lines of credit is well managed. All credit unions were compliant with statutory liquidity as at December 31, 2013.



FINANCIAL PERFORMANCE

Delinquency

Credit Union delinquency continued to be well managed in 2013. Total delinquency represented by loans overdue 31 days or more was \$5.0 million or 0.59% of total loans as compared to \$5.3 million or 0.68% of total loans in 2012.

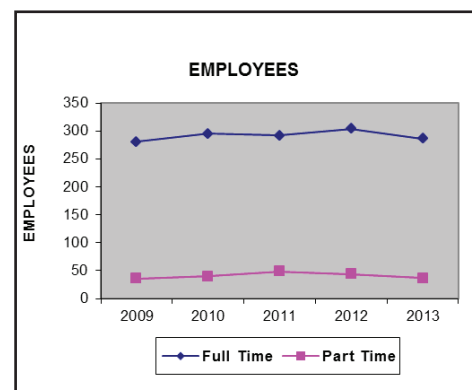
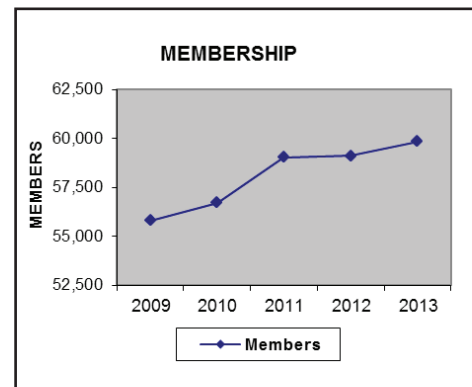
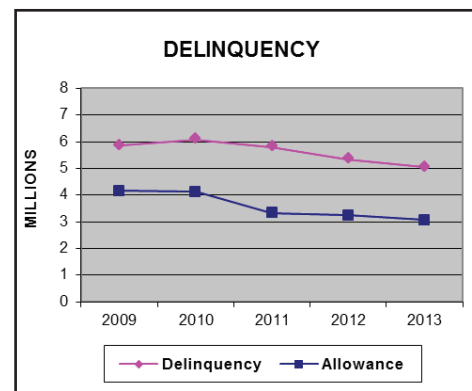
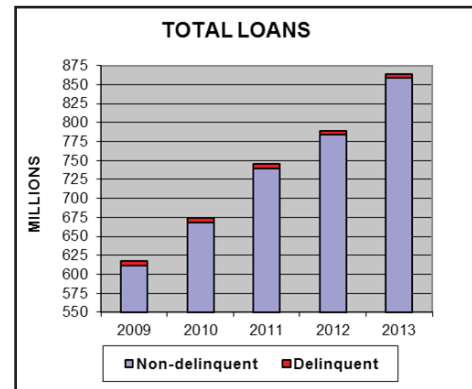
The net delinquency represented by deducting specific and non-specific loan loss provisions from total delinquency was at 0.23% in 2013 compared to 0.27% in 2012.

Membership

Membership grew by 734 or 1.2% in 2013. Presently there are 59,849 members obtaining services from credit unions. This represents approximately 11% of the population of Newfoundland and Labrador.

Employees

The credit union system experienced a net decrease of 25 employees in 2013, a decrease of 18 full time jobs and decrease of 7 part time jobs. At the end of 2013 there were a total of 323 credit union employees with 206 employed in credit union locations outside of St. John's and surrounding area. The salaries and benefits paid in 2013 totaled \$20,173,672 as compared to \$19,571,140 in 2012, an increase of \$602,532 or 3.1%. Approximately \$9.3 million was paid to employees living and working outside St. John's and surrounding area.



Audited Information

CREDIT UNION SYSTEM

Year Ended December 31, 2013

COMBINED BALANCE SHEET

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM
 Year Ended December 31, 2013
 (based on audited financial statements)

	2013	2012
Assets		
Cash	\$36,528,032	\$44,538,883
Investments	87,912,218	99,029,158
Loans (Net of Allowance)		
2013-(\$3,069,959)	861,248,977	785,754,078
2012-(\$3,234,658)		
Other Assets	7,036,941	6,918,066
Fixed Assets	<u>32,660,722</u>	<u>29,064,338</u>
Total Assets	<u>\$1,025,386,890</u>	<u>\$965,304,523</u>
Liabilities		
Borrowings	3,148,548	0
Payables	9,675,190	8,657,288
Members Deposits	<u>954,469,867</u>	<u>902,856,873</u>
Total	<u>967,293,605</u>	<u>911,514,161</u>
Member Surplus		
Shares	13,678,306	13,597,918
Retained Earnings (Deficit)	<u>44,414,979</u>	<u>40,192,444</u>
Total	<u>58,093,285</u>	<u>53,790,362</u>
Total Liabilities and Member Surplus	<u>\$1,025,386,890</u>	<u>\$965,304,523</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, 2013
(based on audited financial statements)

	2013	2012
Total Financial Revenue	\$46,984,300	\$46,614,565
Total Financial Expense	<u>13,285,869</u>	<u>13,964,231</u>
Financial Margin	33,698,431	32,650,334
Other Income	<u>11,917,020</u>	<u>12,089,779</u>
Gross Margin	45,615,451	44,740,113
Total Operating Expenses	39,297,988	38,174,108
Income Before Dividends & Taxes	6,317,463	6,566,005
Dividends	1,036,504	1,009,710
Taxes	<u>1,058,425</u>	<u>1,127,698</u>
Net Income	\$4,222,534	\$4,428,597
Retained Earnings (Deficit) & Other Reserves		
Beginning of Year	40,192,444	35,763,846
Prior period Adjustment	1	1
Retained Earnings (Deficit) & Other Reserves		
End of Year	<u><u>\$44,414,979</u></u>	<u><u>\$40,192,444</u></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, 2013
 (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	1,640,591	8,258,098	42,054,018	383,406	41,670,612	39,095	1,038,768	52,647,164
Eagle River	5,200,169	7,192,785	87,965,306	323,704	87,641,602	352,756	2,108,529	102,495,841
EasternEdge	606,052	4,828,273	53,174,669	278,829	52,895,840	82,657	2,711,178	61,124,000
Hamilton Sound	1,737,813	4,865,993	33,326,330	115,500	33,210,830	49,318	1,512,055	41,376,009
Humber Valley *	2,322,073	2,185,364	11,089,869	23,808	11,066,061	32,293	440,992	16,046,783
Leading Edge	5,375,439	7,844,499	72,634,424	528,963	72,105,461	212,301	1,579,525	87,117,225
Nfld. & Labrador	8,839,978	34,922,181	452,117,659	684,820	451,432,839	5,502,356	18,593,099	519,290,453
Public Service	6,412,541	3,459,085	40,309,501	133,089	40,176,412	87,177	1,482,300	51,617,515
Reddy Kilowatt	1,642,368	8,074,415	43,547,017	168,079	43,378,938	225,757	2,329,655	55,651,133
Venture	2,751,008	6,281,525	28,100,143	429,761	27,670,382	453,231	864,621	38,020,767
TOTAL SYSTEM	36,528,032	87,912,218	864,318,936	3,069,959	861,248,977	7,036,941	32,660,722	1,025,386,890

* Humber Valley Credit Union amalgamated with Eagle River Credit Union January 1, 2014.

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, 2013
 (based on audited financial statements)

Borrowings	Payables	Member Deposits	Total Liabilities	Share Capital	Retained Earnings (Deficit) & Other Res.	Member Surplus (Deficiency)	Total
\$	\$	\$	\$	\$	\$	\$	\$
0	384,134	47,114,875	47,499,009	394,920	4,753,235	5,148,155	52,647,164
0	1,359,109	94,739,527	96,098,636	1,565,409	4,831,796	6,397,205	102,495,841
231,757	298,379	57,134,084	57,664,220	1,053,923	2,405,857	3,459,780	61,124,000
0	204,782	38,722,355	38,927,137	592,023	1,856,849	2,448,872	41,376,009
0	145,273	14,871,884	15,017,157	91,910	937,716	1,029,626	16,046,783
0	356,986	81,377,385	81,734,371	1,162,855	4,219,999	5,382,854	87,117,225
2,916,791	5,376,676	485,245,153	493,538,620	6,870,244	18,881,589	25,751,833	519,290,453
0	641,730	45,838,823	46,480,553	479,799	4,657,163	5,136,962	51,617,515
0	787,353	51,259,969	52,047,322	1,091,265	2,512,546	3,603,811	55,651,133
0	120,768	38,165,812	38,286,580	375,958	(641,771)	(265,813)	38,020,767
3,148,548	9,675,190	954,469,867	967,293,605	13,678,306	44,414,979	58,093,285	1,025,386,890

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, 2013

(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	2,478,156	478,590	1,999,566	517,132	2,516,698	87,948	751,020	819,607	197,707
Eagle River	5,179,574	803,107	4,376,467	1,987,771	6,364,238	213,221	2,375,511	2,597,305	250,003
EasternEdge	2,703,550	994,614	1,708,936	550,646	2,259,582	116,021	762,867	834,141	119,465
Hamilton Sound	2,647,209	820,542	1,826,667	970,107	2,796,774	90,426	1,026,093	1,167,808	151,268
Humber Valley	722,354	328,538	393,816	287,194	681,010	51,518	295,720	305,235	57,576
Leading Edge	4,591,930	1,284,543	3,307,387	1,345,767	4,653,154	160,742	1,402,520	2,023,700	475,514
Nfld. & Labrador	21,526,480	6,566,050	14,960,430	3,873,295	18,833,725	961,228	4,221,078	9,648,479	1,848,584
Public Service	2,390,685	397,890	1,992,795	524,053	2,516,848	87,263	767,296	1,090,785	102,892
Reddy Kilowatt	2,717,432	1,238,686	1,478,746	624,553	2,103,299	160,202	548,327	743,271	6,094
Venture	2,026,930	373,309	1,653,621	1,236,502	2,890,123	102,403	824,550	943,341	141,781
TOTAL SYSTEM	46,984,300	13,285,869	33,698,431	11,917,020	45,615,451	2,030,972	12,974,982	20,173,672	3,350,884

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STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM
 Year Ended December 31, 2013
 (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	1,856,282	660,416	125,000	75,193	460,223	4,293,012	4,753,235
135,867	5,571,907	792,331	481,857	54,144	256,330	4,575,466	4,831,796
114,955	1,947,449	312,133	0	58,702	253,431	2,152,426	2,405,857
133,435	2,569,030	227,744	0	34,162	193,582	1,663,267	1,856,849
(69,052)	640,997	40,013	0	6,164	33,849	903,867	937,716
290,585	4,353,061	300,093	11,147	43,346	245,600	3,974,399	4,219,999
149,415	16,828,784	2,004,941	118,500	492,312	1,394,129	17,487,460	18,881,589
(8,864)	2,039,372	477,476	0	71,919	405,557	4,251,606	4,657,163
52,226	1,510,120	593,179	300,000	42,621	250,558	2,261,988	2,512,546
(31,089)	1,980,986	909,137	0	179,862	729,275	(1,371,046)	(641,771)
767,478	39,297,988	6,317,463	1,036,504	1,058,425	4,222,534	40,192,445	44,414,979

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 Cartwright St. Anthony Port Saunders 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 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

