



Annual Report 2011

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 2011 and combined and individual audited financial information for the year ended December 31, 2011.

2011 was another good year for the Newfoundland and Labrador Credit Union System. Asset growth exceeded 8%, audited net income exceeded 4.0 million dollars after dividends and rebates of 1 million dollars, liquidity remained strong and net delinquency was low. System capital at 5.49% 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

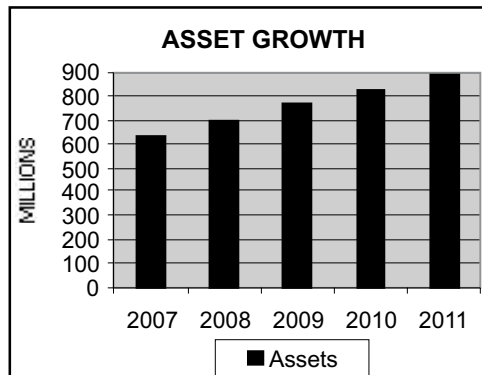
FINANCIAL PERFORMANCE

Credit Union & Branches

As at December 31, 2011 there were 10 credit unions with 39 service locations.

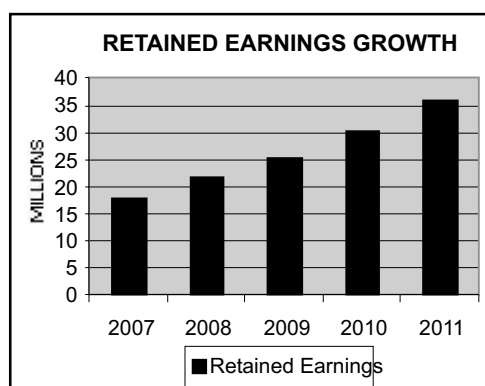
Assets

The Credit Union system continued to experience asset growth in 2011. Assets were \$894 million at the end of 2011 compared to \$827 million in 2010, a growth rate of 8.1% in 2011 as compared to 8.4% in 2010.



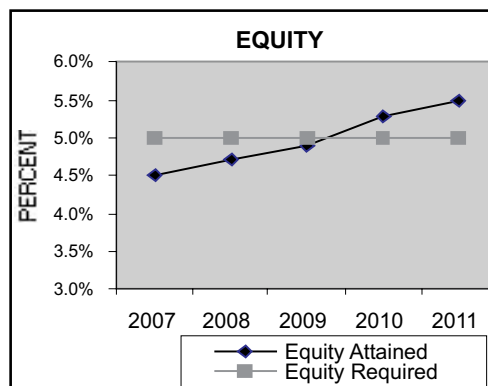
Earnings

System earnings at the end of 2011, net of dividends and rebates, were \$4,185,242 (49bp) as compared to \$5,034,475 (63bp) in 2010. Total system retained earnings at December 31, 2011 was \$35.8 million compared to \$30.5 million in 2010.



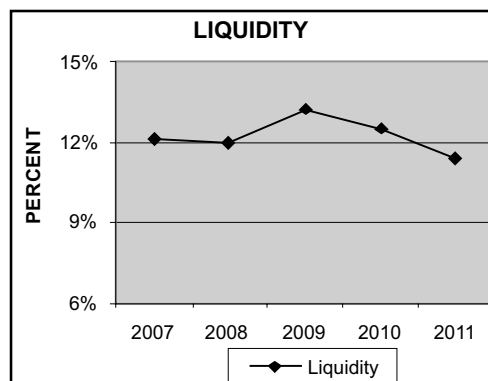
Equity

Total system equity comprising shares and retained earnings at the end of 2011 was \$49.1 million or 5.49% compared to \$43.5 million or 5.26% at the end of 2010.



Liquidity

System liquidity remains good at 11.41% compared to 12.5% in 2010. The system's utilization of lines of credit is well managed. All credit unions were compliant with statutory liquidity as at December 31, 2011.



FINANCIAL PERFORMANCE

Delinquency

Credit Union delinquency continued to be well managed in 2011. Total delinquency represented by loans overdue 31 days or more was \$5.8 million or 0.78% of total loans as compared to \$6.1 million or 0.90% of total loans in 2010.

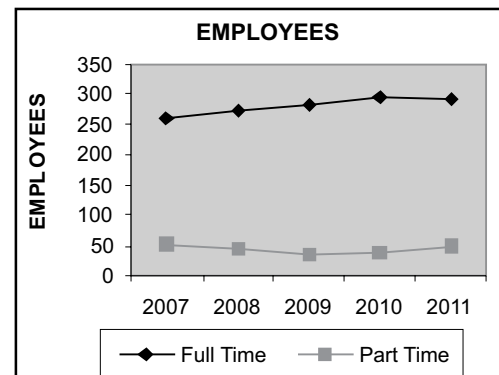
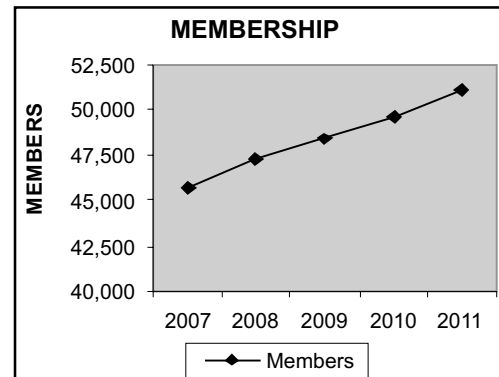
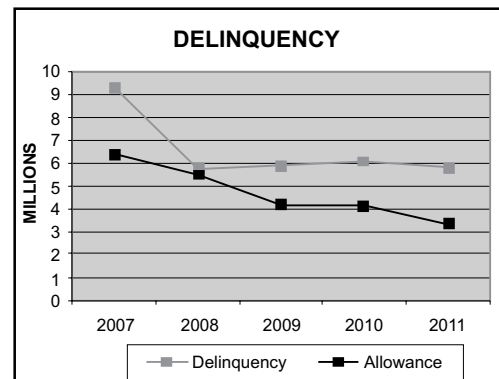
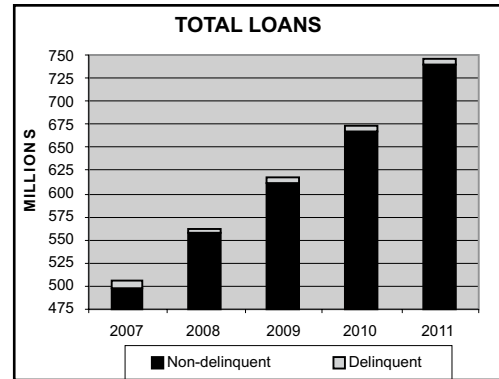
The net delinquency represented by deducting specific and non-specific loan loss provisions from total delinquency was at 0.33% in 2011 compared to 0.29% in 2010.

Membership

Membership grew by 1,413 or 2.8% in 2011. Presently there are 51,092 members (as defined by Regulations) obtaining services from credit unions. This represents approximately 10% of the Newfoundland and Labrador population.

Employees

The credit union system experienced a net increase of 6 employees in 2011, a decrease of 3 full time jobs and increase of 9 part time jobs. At the end of 2011 there were a total of 341 credit union employees with 217 employed in credit union locations outside of St. John's and surrounding area. The salaries and benefits paid in 2011 totaled \$18,629,936 as compared to \$16,868,744 in 2010, an increase of \$1,761,192 or 10%. Approximately \$9.8 million was paid to employees living and working outside St. John's and surrounding area.



Audited Information

CREDIT UNION SYSTEM

Year Ended December 31, 2011

COMBINED BALANCE SHEET

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM
 Year Ended December 31, 2011
 (based on audited financial statements)

	2011	2010
Assets		
Cash	\$31,153,691	\$33,309,918
Investments	86,937,798	88,288,687
Loans (Net of Allowance)		
2011-(\$3,328,981)	741,667,445	670,100,981
2010-(\$4,121,554)		
Other Assets	6,693,526	10,088,616
Fixed Assets	<u>27,555,609</u>	<u>25,477,804</u>
Total Assets	<u><u>\$894,008,069</u></u>	<u><u>\$827,266,006</u></u>
Liabilities		
Borrowings	3,453,563	2,609,806
Payables	8,800,753	5,949,888
Members Deposits	<u>832,680,667</u>	<u>775,218,771</u>
Total	<u><u>844,934,983</u></u>	<u><u>783,778,465</u></u>
Member Surplus		
Shares	13,309,240	12,955,427
Retained Earnings (Deficit)	<u>35,763,846</u>	<u>30,532,114</u>
Total	<u><u>49,073,086</u></u>	<u><u>43,487,541</u></u>
Total Liabilities and Member Surplus	<u><u>\$894,008,069</u></u>	<u><u>\$827,266,006</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, 2011
(based on audited financial statements)

	2011	2010
Total Financial Revenue	\$45,895,277	\$42,908,034
Total Financial Expense	<u>13,716,660</u>	<u>12,991,870</u>
Financial Margin	32,178,617	29,916,164
Other Income	<u>11,119,159</u>	<u>10,773,970</u>
Gross Margin	43,297,776	40,690,134
Total Operating Expenses	36,902,429	33,258,863
Income Before Dividends & Taxes	6,395,347	7,431,271
Dividends	977,397	1,069,193
Taxes	<u>1,232,708</u>	<u>1,327,603</u>
Net Income	\$4,185,242	\$5,034,475
Retained Earnings (Deficit) & Other Reserves		
Beginning of Year	30,532,114	25,505,321
Prior period Adjustment	1,046,490	(7,682)
Retained Earnings (Deficit) & Other Reserves		
End of Year	<u>\$35,763,846</u>	<u>\$30,532,114</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, 2011
 (based on audited financial statements)

Credit Union	Cash and Cash Equivalents	Investments	Loans	Allowance	Net Loans	Other Assets	Fixed Assets	Total Assets
				For Doubtful Loans				
	\$	\$	\$	\$	\$	\$	\$	\$
Community	1,124,319	10,964,943	31,066,164	391,645	30,674,519	110,825	1,176,473	44,051,079
Eagle River	7,453,681	8,071,796	77,170,947	172,766	76,998,181	417,606	1,672,329	94,613,593
EasternEdge	744,397	3,700,574	43,787,847	274,769	43,513,078	95,853	2,462,141	50,516,043
Hamilton Sound	1,559,830	3,002,610	25,640,001	219,725	25,420,276	77,152	1,657,513	31,717,381
Humber Valley	2,618,858	928,815	9,684,730	140,910	9,543,820	48,671	482,211	13,622,375
Leading Edge	2,479,757	7,917,554	62,660,751	426,751	62,234,000	199,359	1,972,079	74,802,749
Nfld. & Labrador	8,401,791	37,825,877	399,450,919	742,282	398,708,637	4,798,042	15,557,348	465,291,695
Public Service	2,048,616	3,045,494	36,877,876	221,643	36,656,233	109,004	1,561,944	43,421,291
Reddy Kilowatt	1,757,822	3,725,423	34,785,679	204,148	34,581,531	96,271	56,959	40,218,006
Venture	2,964,620	7,754,712	23,871,512	534,342	23,337,170	740,743	956,612	35,753,857
TOTAL SYSTEM	31,153,691	86,937,798	744,996,426	3,328,981	741,667,445	6,693,526	27,555,609	894,008,069

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, 2011
 (based on audited financial statements)

Borrowings	Payables	Member Deposits	Total Liabilities	Share Capital	Retained Earnings (Deficit) & Other Res.	Member Surplus (Deficiency)	Total
\$	\$	\$	\$	\$	\$	\$	\$
0	348,398	39,434,281	39,782,679	356,692	3,911,708	4,268,400	44,051,079
0	1,203,191	87,895,171	89,098,362	1,378,358	4,136,873	5,515,231	94,613,593
0	189,970	47,346,975	47,536,945	1,029,867	1,949,231	2,979,098	50,516,043
0	141,210	29,609,896	29,751,106	575,669	1,390,606	1,966,275	31,717,381
0	40,792	12,604,252	12,645,044	90,390	886,941	977,331	13,622,375
1,012,063	390,135	68,574,886	69,977,084	1,227,747	3,597,918	4,825,665	74,802,749
2,441,500	5,125,998	434,550,365	442,117,863	7,002,482	16,171,350	23,173,832	465,291,695
0	661,991	38,407,757	39,069,748	504,200	3,847,343	4,351,543	43,421,291
0	451,303	36,973,276	37,424,579	786,415	2,007,012	2,793,427	40,218,006
0	247,765	37,283,808	37,531,573	357,420	(2,135,136)	(1,777,716)	35,753,857
3,453,563	8,800,753	832,680,667	844,934,983	13,309,240	35,763,846	49,073,086	894,008,069

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, 2011
 (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	2,118,946	447,860	1,671,086	477,557	2,148,643	72,149	677,403	735,667	181,225
Eagle River	5,048,650	705,474	4,343,176	1,883,837	6,227,013	171,953	2,057,722	2,483,016	287,208
EasternEdge	2,415,855	917,599	1,498,256	527,863	2,026,119	92,779	685,821	743,559	184,055
Hamilton Sound	2,221,146	549,132	1,672,014	836,766	2,508,780	65,369	945,876	1,016,888	170,657
Humber Valley	724,567	255,081	469,486	269,478	738,964	27,071	263,474	271,142	66,166
Leading Edge	4,626,681	1,159,867	3,466,814	1,451,459	4,918,273	133,837	1,395,957	1,832,427	410,977
Nfld. & Labrador	22,287,314	7,784,024	14,503,290	3,081,712	17,585,002	852,210	3,996,352	8,884,557	1,657,916
Public Service	2,367,184	410,515	1,956,669	598,812	2,555,481	75,983	768,714	1,143,043	130,966
Reddy Kilowatt	2,303,027	1,000,029	1,302,998	587,301	1,890,299	126,490	527,670	602,858	11,535
Venture	1,781,907	487,079	1,294,828	1,404,374	2,699,202	93,095	811,476	916,779	136,574
TOTAL SYSTEM	45,895,277	13,716,660	32,178,617	11,119,159	43,297,776	1,710,936	12,130,465	18,629,936	3,237,279

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STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM
 Year Ended December 31, 2011
 (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	1,666,444	482,199	100,000	57,339	324,860	3,586,848	3,911,708
68,905	5,068,804	1,158,209	465,992	170,912	521,305	3,615,568	4,136,873
124,210	1,830,424	195,695	0	19,786	175,909	1,773,322	1,949,231
50,135	2,248,925	259,855	0	43,526	216,329	1,174,277	1,390,606
243,060	870,913	(131,949)	0	(24,128)	(107,821)	994,762	886,941
377,511	4,150,709	767,564	13,255	189,136	565,173	3,032,745	3,597,918
94,924	15,485,959	2,099,043	109,150	552,708	1,437,185	14,734,165	16,171,350
63,035	2,181,741	373,740	24,000	52,504	297,236	3,550,107	3,847,343
89,453	1,358,006	532,293	265,000	40,650	226,643	1,780,369	2,007,012
82,580	2,040,504	658,698	0	130,275	528,423	(2,663,559)	(2,135,136)
1,193,813	36,902,429	6,395,347	977,397	1,232,708	4,185,242	31,578,604	35,763,846

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 Au Choix 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 Water Street Torbay Road 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

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