

2013 ANNUAL REPORT

Y **OUR BIGGEST ASSET IS STILL** **U**



**CREDIT
UNION**

NEWFOUNDLAND AND LABRADOR

OUR VISION

Newfoundland and Labrador Credit Union will be the superior provider of the ideal financial service experience.

OUR MISSION

Our market will be all who share the ideals of integrity and excellence regardless of demographics or geography.

Our focus will be on gaining the complete trust and confidence of our members, including our employees, in everything we do.

We are committed to every member achieving personal financial success as they define it by:

- Listening
- Providing complete and accurate information
- Providing sound advice and personalized solutions
- Providing access to financial and related services as members' needs dictate, when members' needs dictate, where members' needs dictate

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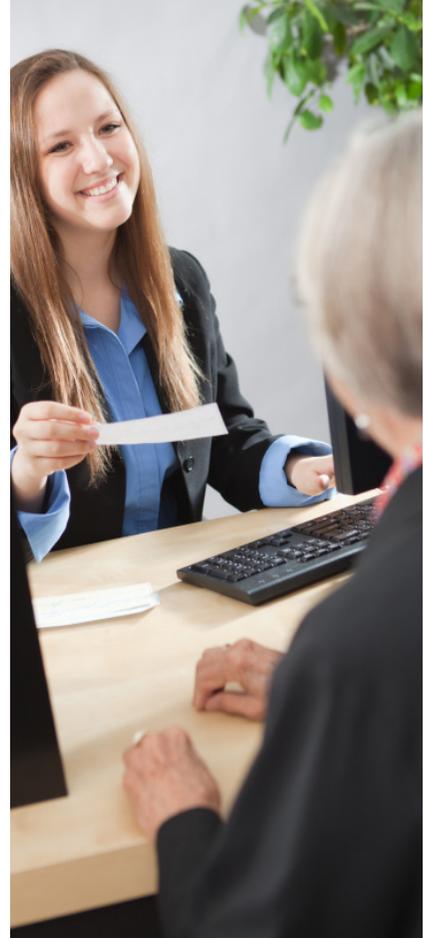
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EVERYTHING YOU NEED TO GET YOU THERE IS RIGHT HERE.



SOLUTIONS FOR A LIFETIME — No matter where you are in your life, Newfoundland and Labrador Credit Union has the products and services to get you where you want to be.

All of our experience, expertise and commitment to service is focused on YOU, our members. We are proud of the amount of assets we manage, yet, our biggest asset will always remain our members. This year, our annual report is a shout-out, if you will, to the people who keep us strong. People like the young newlyweds who have their first mortgage with us, or the middle-aged couple just about to enjoy retirement thanks to their smart planning, or the two seniors who were commercial members and now work harder at playing with their grandchildren and travelling the world. This is about you. And us. Together. We are Newfoundland and Labrador Credit Union.



**PERSONAL
SERVICE —**

Good communications
and a caring attitude
means service
on a first-name basis.



PRESIDENT'S REPORT

MICHAEL W. BOLAND – President and Board Chairman

INTRODUCTION

It is again my privilege to report to our membership on behalf of your Board of Directors regarding the activities and progress of Newfoundland and Labrador Credit Union (NLCU) throughout 2013. As a Board, we are satisfied that the diligent efforts throughout our Credit Union have enabled us to meet or exceed the majority of goals set out in last year's Business Plan and to develop the four main objectives of our 5-Year Strategic Plan.

The Board certainly recognizes the continued financial growth of the Credit Union. We are delighted to have surpassed the \$500 million mark in on-book assets. Details of all aspects of our financial progress form the substance of our Treasurer's Report, which illustrates the high levels of success we had in meeting the growth targets of our various portfolios in 2013. Our entire team is to be congratulated for their excellent service.

To further the progress of our current 5-Year Strategic Plan, we undertook several projects in 2013 that stemmed from the previous year's Member Insight Strategy Research led by Dr. Jim Barnes of BMAI Strategy. These projects were spearheaded by four working groups: Member Framework, Credit Review, Training, and Homeownership. To meet the ever-changing needs of you, our members, the work undertaken in these projects is ongoing and evolutionary. As our long-term Strategic Plan unfolds, we anticipate the commencement of new and exciting projects, particularly in the area of brand development and marketing.

GOVERNANCE

The Board of Directors and its Committees – Executive, Audit, Governance, and Human Resources – have met our annual schedule of meetings with excellent participation and attendance. We have achieved all of our statutory compliance requirements, completed the annual policy reviews as scheduled, and met regularly with internal and external auditors to ensure our compliance with the *Credit Union Act, 2009* and Regulations.

Our Scholarship Committee (a subcommittee of the Governance Committee) adjudicated the high-quality submissions to our three annual scholarships, valued at \$3,000 each. In 2013, these scholarships were awarded as follows:

- Outstanding School and Community Involvement Scholarship was won by Kayla St. Croix of Mobile Central High School.
- Outstanding School and Community Involvement Scholarship in Memory of Owen Grimes was won by Alana Loveys of Carbonear Collegiate.
- Brian F. McDonald Scholarship (eligible to children of the Board of Directors and NLCU employees) was won by Anna Thorne of Gonzaga High School, the daughter of Sherry Thorne, Training and Organizational Effectiveness Consultant, Human Resources Department.

On your behalf, I wish to acknowledge the hard work and dedication shown by Board and Committee members in 2013 and I thank them for their service. I also wish to congratulate our newest Board member, David Jerome, for his completion of the Basic 8 Modules of the Credit Union Director Achievement Program (CUDA) during his first year on the Board of Directors – no small task when you consider his challenging schedule as a Memorial University medical student.

Looking ahead to 2014, the Board of Directors plans to review Director training needs and options beyond the basic CUDA Program, and to update the tools used in Director, Board, and Committee performance evaluations.

GOVERNMENT RELATIONS

The rapid pace of political change in our province has given us the opportunity to welcome a new minister of Service NL, the Honourable Dan Crummell. Service NL is the department responsible for the regulation of credit unions in our province. We wish our newest minister well and offer our complete cooperation with his department during his tenure. Over the years, we have developed an excellent relationship with Service NL and with the Credit Union Deposit Guarantee Corporation (CUDGC), our deposit insurance corporation and regulator. In 2013, we also welcomed CUDGC in performing two branch examinations, which produced favourable results.

CREDIT UNION SYSTEM INVOLVEMENT

NLCU remains committed to the national credit union system through participation at annual conferences, training sessions, and Board Chairpersons' meetings, and at our Central's annual and semi-annual meetings. These various forums provide valuable networking opportunities to the Directors and Management employees who attend, and are insightful opportunities to see and discuss credit union issues in other provinces. They also form an important component of both Director and Management education and development.

Last year, NLCU was delighted to be asked to participate in a North American study conducted jointly by the Filene Research Institute and Credit Union Central of Canada that focused on knowledge transfer in credit unions. Participation in industry research and development projects of this nature is a hallmark of the spirit of cooperation and collaboration on which the credit union system is based.

AWARDS AND RECOGNITION

NLCU is proud of our standing in the business community and gratefully acknowledges the various rankings and awards we received.

In 2013, NLCU was:

- Selected as a finalist for the Atlantic Business Ethics Award in the category for over 100 employees, presented by the Better Business Bureau of the Atlantic Provinces, Inc.
- Selected as one of Atlantic Canada's Top 25 Employers for 2013 by *Atlantic Business Magazine* in partnership with Mediacorp Canada Inc.
- Shortlisted as an Employer of Distinction by the Newfoundland and Labrador Employers Council.
- Placed 7th in the Best Places to Work in Atlantic Canada by *Progress Magazine*. This marks the 6th consecutive year NLCU has received this honour.
- Ranked 54th in the Top 101 Companies in Atlantic Canada by *Progress Magazine*. This is the 16th consecutive year that NLCU has been named one of the Top 101 Companies in Atlantic Canada.
- The winner of four Achievement in Marketing Excellence Awards, presented by the Marketing Association of Credit Unions, in the following categories: Direct Marketing, Electronic Marketing, Point of Purchase and New Product Launch.



October 30, 2013, NLCU was selected as a finalist for the Atlantic Business Ethics Award in the category for over 100 employees, presented by Better Business Bureau of the Atlantic Provinces, Inc. There were 18 businesses nominated throughout Atlantic Canada in 6 different categories depending on the size — NLCU competed in the largest company category.

**NLCU OPENS
NEW BUILDING IN
CONCEPTION BAY SOUTH —**

On October 3rd, NLCU celebrated the opening of its new state-of-the-art branch located at 89 Conception Bay Highway.



NEW BRANCH GRAND OPENING

Our Board of Directors was proud and delighted to attend, and I to officiate, the grand opening of our newest branch location in Conception Bay South (CBS) on October 3, 2013. Our CBS branch has been established in this area since 1988, and we recognized it was time to build a new facility to accommodate future expansion and servicing requirements to continue to meet the needs of our membership in this rapidly growing area. Our CBS branch serves approximately 1,480 members in CBS and outlying communities. This new branch building portrays a professional image in the community and sends a strong message to the people of CBS that we are committed to growing our operations in this region. We thank all of our employees who worked so hard to make this plan a reality and offer our sincere congratulations and appreciation to our business partners for their work in this proud accomplishment. We trust this facility will keep pace with the exponential growth being experienced in CBS and surrounding communities and will meet our members' needs for many years to come.

CHARITABLE FOUNDATION

Our NLCU Charitable Foundation Corporation continues to donate to worthwhile charities in our province from the financial resources raised through efforts made by our employees, members, and volunteers. The main sources of revenue continue to be the pledges for our Annual Walk-A-Thon and the generous corporate sponsors and participants of our Annual Rod Benson Memorial Golf Tournament. In addition to these two main fundraising events, each of our branches and corporate departments show their support of the Foundation by holding a ticket draw or similar fundraiser in their local area. Through these many fundraising ventures, the commitment of corporate sponsors, the dedication of our employees who volunteer, and the generosity of private donors, our Foundation was able to donate \$111,000 to assist 104 charitable groups throughout the province in 2013. On behalf of the Foundation, the Board of Directors commends all who have aided in this magnificent accomplishment.



**METRO EMPLOYEES HELD A
FUNDRAISER AT THE RONA
REGATTA DAY SALE AND
RAISED OVER \$1,100 —**

Calvin O'Brien was the winner
of a \$500 RONA gift card.

ACKNOWLEDGMENTS

I would like to take the opportunity to thank all of the people who have made my role as Chairperson of the Board of Directors a great learning experience. In particular, I would like to thank: the members of Executive, and the Chairpersons Committee members and volunteers who have generously given of their time and talents in the service of members; our superb teams of employees throughout our branch network for their professionalism and dedication in helping you achieve your individual financial objectives; our superior corporate management group whose countless hours of dedicated leadership and tireless efforts have brought your plans to reality, and; the many business associates whose contributions of expertise, skills and experience have complemented our own work in making NLCU's achievements possible.

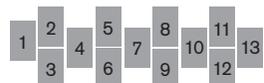
The continued, steady growth of NLCU is not the result of the efforts of any one individual or group, but of the synergy of our partnerships and collaborations. These strong partnerships and collaborative efforts enable us to develop and grow our biggest asset: at Newfoundland and Labrador Credit Union, our biggest asset was, is, and shall remain — you, our members.

Respectfully submitted,

MICHAEL W. BOLAND —
President and Board Chairman

BOARD OF DIRECTORS





1. **MICHAEL W. BOLAND** – President and Board Chairman
2. **RAYMOND PIERCEY** – 1st Vice President
3. **DAMIAN RYAN** – 2nd Vice President
4. **ALLISON CHAYTOR-LOVEYS** – Chief Executive Officer and Treasurer
5. **ELIZABETH DUFF** – Chief Financial Officer
6. **GLENN BOLGER** – Chief Operating Officer and Corporate Secretary
7. **PATRICK COLLINS** – Director
8. **RAYMOND HAWCO** – Director
9. **DANIEL LAVALLÉE** – Director
10. **ALLAN SKANES** – Director
11. **DAVID JEROME** – Director
12. **MAUREEN SINGLETON** – Director
13. **KELLY-ANNE MEADUS** – Recording Secretary

MANAGEMENT'S REPORT

TO THE MEMBERS OF NEWFOUNDLAND AND LABRADOR CREDIT UNION LIMITED

The financial statements and other financial information in the Annual Report were prepared by the management team of Newfoundland and Labrador Credit Union Limited and were approved by the Board of Directors.

Management is responsible for the preparation of the financial statements and believes that they fairly present the Credit Union's financial condition in accordance with the requirements of the *Credit Union Act, 2009* and Regulations thereunder and conform in all material aspects with International Financial Reporting Standards. To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established an appropriate system of internal audit and control which provides reasonable assurance at appropriate cost; that the assets are maintained and accounted for in accordance with its policies and procedures; and that transactions are recorded on the Credit Union's books and records.

Deloitte LLP, Chartered Accountants, has been appointed by the membership as independent auditors to examine and report on the financial statements. They have had full and free access to the Board of Directors and provide an objective independent review of the fairness of reported operating results and financial position. Their report outlines the scope of their examination and their opinion. Full financial statements are available upon request.

February 3, 2014



ALLISON CHAYTOR-LOVEYS
Chief Executive Officer and Treasurer



ELIZABETH DUFF
Chief Financial Officer



MANAGEMENT TEAM – *Front L-R:* JoAnne Ballard, Glenn Bolger, Allison Chaytor-Loveys, Elizabeth Duff, Margie Beaton; *2nd Row L-R:* Cathy Mattsson, Lisa Loveridge, Bill Farrell, Jackie Borden, Dana Thompson, Roxanne Downey, Michelle McGrath, Yvonne Parsons; *3rd Row L-R:* Janice Kennedy-Humber, Brian Beson, Fred Philpott, Jim Mayo, Shane Flight, Tony Young, Kelly-Anne Meadus, Sheila Hynes-Brenton; *Back L-R:* Shannon Goodyear, Laurie Roberts, Craig Penney, Shawn Loder, Lyndon Combdon, Mercedes Lafitte, David Smith, Kent Farrell.

Missing From Photo: Natasha Canning and Judy Abbott.



NEWFOUNDLAND AND LABRADOR CREDIT UNION LIMITED

2013 FINANCIALS

NEWFOUNDLAND AND LABRADOR CREDIT UNION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2013

(CAD dollars)

	2013	2012
	\$	\$
FINANCIAL REVENUE		
Members' loans and mortgages	20,948,370	21,365,368
Investment income	578,110	607,593
	21,526,480	21,972,961
Cost of funds		
Interest on members' deposits	6,566,050	7,399,407
Net financial income	14,960,430	14,573,554
Other income		
Service charges	2,538,237	2,636,987
Insurance commissions	898,599	836,722
Other	258,361	168,433
Rental	178,098	140,060
Financial margin and other income	18,833,725	18,355,756
OPERATING EXPENSES		
Personnel	9,648,479	9,449,419
General business	3,616,389	3,786,955
Occupancy	1,446,217	1,377,339
Members' security	1,110,643	899,845
Depreciation	1,007,056	966,715
Total operating expenses	16,828,784	16,480,273
Earnings before income taxes	2,004,941	1,875,483
Income taxes		
Current	494,185	471,553
Deferred (recovery)	(1,873)	(24,600)
	492,312	446,953
Net earnings	1,512,629	1,428,530
Retained earnings, beginning of year	17,487,460	16,171,350
Dividends	(118,500)	(112,420)
RETAINED EARNINGS, END OF YEAR	18,881,589	17,487,460

NEWFOUNDLAND AND LABRADOR CREDIT UNION LIMITED

STATEMENT OF FINANCIAL POSITION

As at December 31, 2013
(CDN dollars)

	2013	2012
	\$	\$
ASSETS		
Cash and cash equivalents	8,839,978	14,698,124
Investments	34,922,181	36,901,417
Loans and mortgages receivable		
Mortgage loans	323,210,206	292,918,492
Personal loans	94,308,939	97,720,271
Commercial loans and mortgages	34,598,514	25,522,641
	452,117,659	416,161,404
Less allowance for impaired loans and mortgages	(684,820)	(619,595)
	451,432,839	415,541,809
Capital assets	18,593,099	16,844,866
Derivative financial instrument	2,554,636	1,911,455
Other assets	2,947,720	3,086,774
	519,290,453	488,984,445
LIABILITIES		
Bank indebtedness	2,916,791	–
Accounts payable and accrued liabilities	1,403,428	1,501,071
Severance provisions	1,418,612	1,326,103
Members' deposits	492,115,397	466,758,356
Derivative financial instrument	2,554,636	1,911,455
	500,408,864	471,496,985
MEMBERS' EQUITY		
Retained earnings	18,881,589	17,487,460
	519,290,453	488,984,445

APPROVED ON BEHALF OF THE BOARD:


Director


Director

NEWFOUNDLAND AND LABRADOR CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

Year ended December 31, 2013

(CAD dollars)

	2013	2012
	\$	\$
OPERATING ACTIVITIES		
Net earnings	1,512,629	1,428,530
Adjustments for:		
Provision for impaired loans and mortgages	149,415	51,206
Financial revenue	(21,526,480)	(21,972,961)
Cost of funds – interest on members' deposits	6,566,050	7,399,407
Depreciation	1,007,056	966,715
Current income taxes	494,185	471,553
Future income tax recovery	(1,873)	(24,600)
	(11,799,018)	(11,680,150)
Changes in operating assets/liabilities:		
Change in loans and mortgages receivable	(35,986,223)	(16,986,193)
Change in members' deposits	25,805,602	25,352,066
Change in other operating assets	140,927	(233,757)
Change in other operating liabilities	(101,682)	(263,138)
Cash used in operating activities before interest and taxes	(21,940,394)	(3,811,172)
Interest received	21,521,440	22,203,538
Interest paid	(6,871,451)	(7,558,242)
Income taxes paid	(397,637)	(537,614)
	(7,688,042)	10,296,510
INVESTING ACTIVITIES		
Increase (decrease) in bank indebtedness	2,916,791	(2,441,500)
Decrease in investments	1,930,054	795,698
Purchase of capital assets	(2,755,289)	(2,254,233)
	2,091,556	(3,900,035)
FINANCING ACTIVITIES		
(Decrease) increase in membership share capital	(149,240)	9,008
Dividends paid on membership shares	(112,420)	(109,150)
	(261,660)	(100,142)
Net (decrease) increase in cash and cash equivalents	(5,858,146)	6,296,333
Cash and cash equivalents, beginning of year	14,698,124	8,401,791
CASH AND CASH EQUIVALENTS, END OF YEAR	8,839,978	14,698,124



**CREDIT
UNION**

NEWFOUNDLAND AND LABRADOR



CEO / TREASURER'S REPORT

ALLISON CHAYTOR-LOVEYS – Chief Executive Officer and Treasurer

Newfoundland and Labrador Credit Union (NLCU) has been in operation for 56 years. We remain the largest credit union in Atlantic Canada and the 56th largest of 378 credit unions in the country as at the end of the second quarter 2013. Today, we operate 13 branches across the island from St. John's to Stephenville, and north into Labrador City and Churchill Falls. Our vision has been to provide you, our members, with superior financial services and advice, and we continually enhance these offerings to provide an even better experience for you.

In 2013, our Board of Directors and employee team embarked on the second year of our 5-year Strategic Plan. Guided by the overarching business strategy of "taking relationship banking to the next level," we progressed that objective by initiating several projects to strengthen the foundation of our corporate culture, which is grounded in providing exceptional service. These projects have focused on building more meaningful relationships with you, and on fostering a dynamic, proactive team that is passionate about providing quality service that speaks to your individual needs and lifestyles.

FOCUSING ON RELATIONSHIP-BASED SERVICE FOR MEMBERS

To take our relationship banking to the next level, we analyzed the findings of our extensive Member Insight Strategy Research Project undertaken in 2012 and began several new initiatives that were driven by working groups. These working groups examined the research and reviewed current practices to determine new ways to build on our strong corporate culture of service excellence, focusing on employee training, homeownership, in-house procedural efficiencies, and member relationships. Thanks to the efforts of these working groups, we have a stronger training component, a fantastic new product – our 5% Cash Back Mortgage – to help new homebuyers purchase their first home, streamlined procedures to provide faster service, and a new framework to better understand the needs of our members in differing life stages.

In particular, our 5% Cash Back Mortgage product has been a tremendous success. With this product, in 2013, we helped 46 members and joint members purchase their very first home. In addition, we provided financial counseling to those who applied but did not qualify for a mortgage to ensure they have a practical, achievable plan in place to help them qualify for a mortgage in the future.

12TH ANNUAL ROD BENSON MEMORIAL GOLF TOURNAMENT —

The 12th Annual Rod Benson Memorial Golf Tournament was held August 28, 2013, raising approximately \$34,000 for provincial charities. Funds raised will support the great work of a variety of charities in this province, including Camp Delight of The Candlelighters Association of Newfoundland and Labrador, the tournament's charity of choice.



Building strong member relationships means we must be proactive and reach out to our members. In 2013, we delivered 10 retirement-planning seminars in various locations across the province and conducted several seminars on behalf of the Newfoundland and Labrador Teachers' Association for retiring and pre-retirement teachers. Last year we also facilitated a mortgage webinar and provided educational presentations to new audiences, including a wealth management presentation to high school students, a wealth management presentation to Royal Newfoundland Constabulary cadets, and Lunch 'n Learns to employee groups eligible for severance pay.

Your feedback is our yardstick for how well we are doing, and in 2013, you told us we were getting things right. The average score you rated NLCU in our Annual Member Satisfaction Survey was 91.36%, a rating that has been consistently in the ninetieth percentile for many consecutive years.

PROVIDING ACCESSIBLE, CONVENIENT SERVICE

One of our larger projects was the development and launch of Open Advantage software, which has created a more efficient means of opening new accounts. This is just one of many information system upgrades and enhancements we introduced in 2013 to provide you with service delivery that goes above and beyond. Other such projects included enhancements to our online banking system, *MemberDirect*[®] (including a pilot for a *MemberDirect* iPhone App), and the implementation of technology core upgrades.

After 15 years of continuous growth in Conception Bay South, we realized we needed more space to service our members; therefore, last October we celebrated the opening of our new state-of-the-art branch building. In addition, we completely renovated our branch on Freshwater Road, St. John's, to revitalize the look and feel of this busy location.

For those of you who may not be able to visit a branch during regular work hours, four of our branches are open for business on Saturdays – Freshwater Road, St. John's, Mount Pearl, Conception Bay South, and Corner Brook. Aside from our branches, we offer several other convenient methods for you to manage your finances: *MemberDirect* Online Banking, Mobile Alerts, text banking, email communications, a call centre and ATMs. Since we are part of one of the largest nationwide "Ding Free" ATM networks, our members do not have to pay any surcharges on withdrawals, deposits, and balance inquiries at participating credit union ATMs. Finally, we focused on gathering your email addresses so that we can provide you with prompt service and timely communications. Since our focus began on this email address project, we have gathered 10,716 member email addresses.

EMPOWERING OUR EMPLOYEES

One of the main pillars of our Human Resources philosophy is professional development and NLCU continues to invest in our people. In 2013, we received 63 educational requests for support and five post-secondary requests. We finalized the delivery of a customized Supervisory Skills Program through Memorial University's Gardiner Institute to the remaining half of our management team who did not receive this training in 2012. During the year, our employees received Proceeds of Crime (Money Laundering) and Terrorist Financing Act security and fraud training, as well as training on wealth management, retirement planning, and insurance solutions. Three orientation sessions were conducted for new employees. In addition, our Employee Working Group introduced many improvements to our overall training regimen, including an overhaul of our product and service training component, and the delivery of refresher training on member service.

As we have done for many years every February, our Chief Operating Officer and I visited all branches to share the successes of the previous year and the plans for 2013 during our Annual Fireside Chats. At our Annual General Meeting in March, we awarded our 2012 Katherine Seymour Excellence Award to our Labrador City branch, and our 2012 Innovation Award to our Information Systems and Credit departments for their combined efforts to design and implement the automotive dealer website.

Last year, we participated in a Knowledge Transfer Study conducted by Dr. Nick Bontis through the Filene Research Institute and Credit Union Central of Canada. The project was designed to assess and measure the relationship among knowledge-sharing behaviours and tools in credit unions, and their impact on organizational performance. A total of 15 credit unions from Canada and the United States took part in this study. The results were incredibly encouraging, revealing that NLCU ranked first or second in almost all categories. These results affirmed our effectiveness at sharing knowledge and skills through leadership, mentorship, coaching, educational opportunities, and training programs.

It also spoke to how well our efforts to transfer employee knowledge have been benefiting our Credit Union. In fact, in 2013, we offered 56% of our posted positions to internal candidates. Among these internal candidates, we welcomed to our management team: Roxanne Downey as Branch Manager, Member Service, Torbay Road, St. John's; Kim Hoskins as Assistant Branch Manager, Member Service, Churchill Falls; and David Smith as Assistant Branch Manager, Member Service, Freshwater Road, St. John's.



NLCU EMPLOYEES RAISE FUNDS FOR THE NLCU CFC —

Stephenville employees held their 7th NLCU CFC Sidewalk Fundraiser and raised \$1,700.

Our employees are the driving force behind our NLCU Charitable Foundation Corporation, which supports charitable organizations in our province and elsewhere. Last year, our employees volunteered a total of 4,200 hours to community efforts.

A new project of our charitable foundation in 2013 was the availability of in-memorial sympathy cards. These sympathy cards were distributed to many funeral homes across the province, bringing greater awareness of our Foundation and what it accomplishes, as well as providing an alternate way for members and others to make donations towards a good cause in a loved one's memory.

BUILDING AWARENESS

Our marketing strategy in 2013 focused on product-specific messaging delivered during product purchasing cycles to give timely information on the types of offerings we have that may be of benefit to you. In addition to these quarterly marketing campaigns, we maintained our website communications and our presence on Twitter, "NLCUTube", and Facebook. On Facebook, we hosted our 1st Annual Calendar Contest, which increased our exposure on this medium.

Since May 2012, NLCU has been included in the provincial Government's Fishery Loans Guarantee Program. As the 2013 pre-season approached, we invested in marketing collateral to spread the word about our inclusion in this program and our expertise as a financial institution with intimate knowledge of the local economy. We continue to move forward in this area to forge new relationships with fishers in Newfoundland and Labrador.

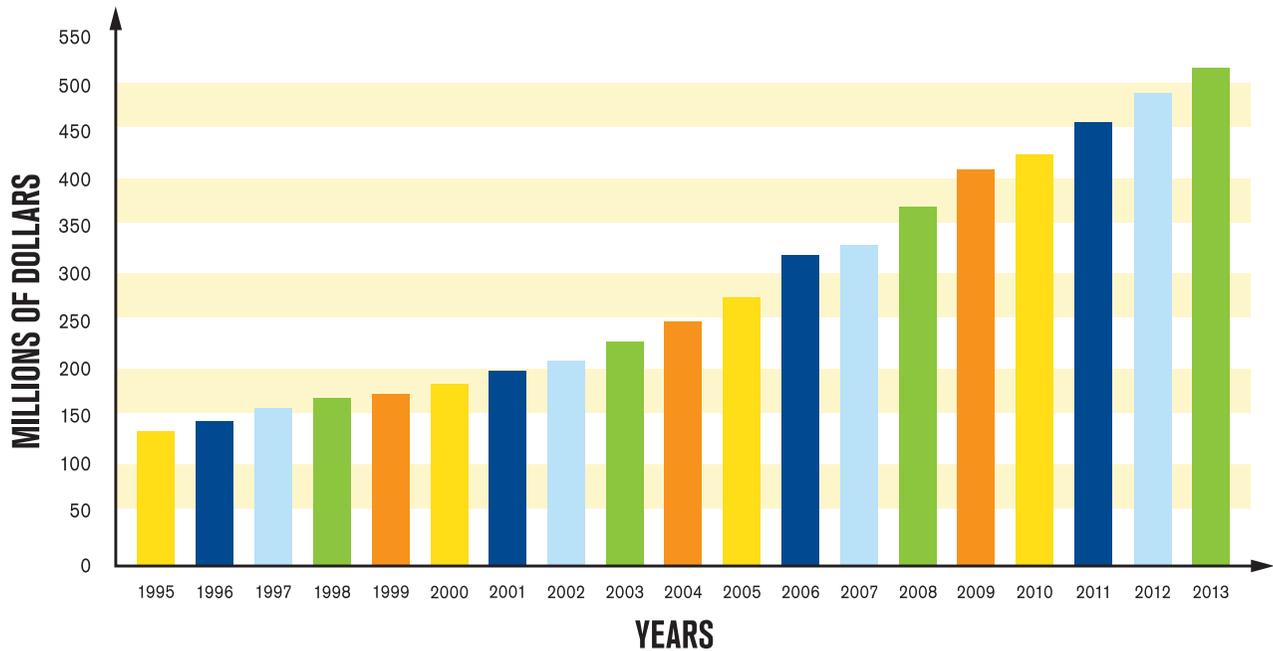
As was noted in the President's Annual Report, NLCU received awards and recognition in the business community as a best employer and one of the top companies in the region. Of special note were our four awards at the Marketing Association for Credit Unions Marketing Awards in Vancouver, a welcomed industry testament to the strengths of our new marketing strategy, which focused on NLCU-specific products and services.

To maintain our connections to, and our support of, the communities where we live and work, we provided meaningful sponsorships to organizations and events such as Junior Achievement, Newfoundland and Labrador Organization of Women Entrepreneurs, Fresh Fish Award for Emerging Writers, Canadian Red Cross Humanitarian Dinner, and Focus on Youth Awards. We also received National recognition from The Canadian Red Cross for our work with the RespectEd anti-bullying program.

FINANCIAL HIGHLIGHTS

At the end of 2013, we reported year-end assets of \$519,290,453, an increase of \$30,306,008 or 6.2% over 2012 figures. Loan portfolios totaled \$451,432,839, an increase of \$35,891,030 or 8.6% and deposit balances increased by 5.4% or \$25,357,041, leaving year-end totals of \$492,115,397. As in the past several years, we paid a member dividend of 5.0% on equity shares. Net earnings after tax totaling \$1,512,629 was transferred to retained earnings, which resulted in a balance of \$18,881,589. There were 21,522 Newfoundlanders and Labradorians doing business with NLCU as at year-end, marking a net member growth of 256. The dollar value of these financial relationships increased to \$24,128 per member at year-end.

ASSET GROWTH



In 2013, NLCU continued to remain innovative and service-oriented in a competitive industry operating in a province that has been experiencing tremendous growth. Sincere thanks must go to our dedicated Board of Directors, our amazing professional team, and you, our valued members. At Newfoundland and Labrador Credit Union, we remain committed to providing you with products and services that meet your individual needs. As you move forward, we move with you.

Respectfully submitted,

ALLISON CHAYTOR-LOVEYS

Chief Executive Officer and Treasurer

AWARDS

KATHERINE SEYMOUR EXCELLENCE AWARD



Michael W. Boland, President (Left) and Glenn Bolger, Chief Operating Officer (Right) of Newfoundland and Labrador Credit Union, present Natasha Canning (Centre), Assistant Branch Manager, Member Service, Labrador City, with the Katherine Seymour Excellence Award in recognition of service excellence.

INNOVATION AWARD

Allison Chaytor-Loveys, Chief Executive Officer (Centre Left) and Michael W. Boland, President (Centre Right) of Newfoundland and Labrador Credit Union, present Shane Flight, Director, Information Systems (Far Left) and Kent Farrell, Director, Credit (Far Right) with the Innovation Award, which recognizes units, departments and branches that have generated and implemented innovative ideas and strategies.



OUTSTANDING SCHOOL AND COMMUNITY INVOLVEMENT SCHOLARSHIP WINNERS



Winner of the Outstanding School and Community Involvement Scholarship in memory of past Director, Mr. Owen Grimes, Alana Loveys of Carbonear Collegiate, Carbonear. Presenting the cheque is Allison Chaytor-Loveys, Chief Executive Officer.



Winner of the Outstanding School and Community Involvement Scholarship, Kayla St. Croix of Mobile Central High School, Mobile. Presenting the cheque is Allison Chaytor-Loveys, Chief Executive Officer.

BRIAN F. MCDONALD SCHOLARSHIP WINNER



Winner of the Brian F. McDonald Scholarship, Anna Thorne (Centre) of Gonzaga High School, St. John's, the daughter of Sherry Thorne, Training and Organizational Effectiveness Consultant. Presenting the cheque is Margaret Ann McDonald (Left), wife of the late Brian McDonald and Allison Chaytor-Loveys (Right), Chief Executive Officer.

NLCU CHARITABLE FOUNDATION CORPORATION

2013 DONEES



AIDS Committee of Newfoundland & Labrador
 Air Cadet League of Canada (NF) Inc.
 ALS Society of Newfoundland & Labrador
 Alzheimer Society of Newfoundland & Labrador, Inc.
 Association for New Canadians
 Autism Society of Newfoundland & Labrador
 Bay of Islands SPCA
 Bay St. George Literacy Council, Inc.
 Bay St. George Sick Children's Foundation Inc.
 Bay St. George Special Olympics Newfoundland & Labrador Inc.
 Beagle Paws
 Bridges to Hope Inc.
 Canadian Cancer Society, Newfoundland & Labrador Division
 Canadian Coast Guard Auxiliary Newfoundland & Labrador
 Canadian Diabetes Association, Newfoundland & Labrador Division
 Canadian Hard of Hearing Association Newfoundland & Labrador
 Canadian Liver Foundation, Newfoundland Chapter
 Canadian Mental Health Association, Newfoundland & Labrador Division
 Canadian Red Cross, Newfoundland & Labrador Region
 Cara Transition House
 Caribou Group of Rotary
 Children's Wish Foundation of Canada, Newfoundland & Labrador Chapter
 Choices for Youth
 CNIB Newfoundland & Labrador
 Community Food Sharing Association
 Community Youth Network
 Computers for Schools
 Co-operative Development Foundation of Canada
 Corduroy Brook Enhancement Association
 Discovery Health Care Foundation
 Dr. H. Bliss Murphy Cancer Care Foundation
 Easter Seals Newfoundland & Labrador
 Eastern Education Foundation, Inc.
 Eating Disorder Foundation of Newfoundland & Labrador
 Epilepsy Newfoundland & Labrador
 Faith Haven Animal Shelter
 Festival 500 Corporation
 Foundation for the Rotary Club of St. John's
 Gander & Area Food Bank
 Gander Heritage Memorial Park
 Gander Military Family Resource Centre
 Goose Bay Military Family Resource Centre
 Grand Falls-Windsor Heritage Society
 Habitat for Humanity Newfoundland & Labrador
 Heart and Stroke Foundation of Newfoundland & Labrador
 Heavenly Creatures
 Home from the Sea Sealers Memorial
 Iris Kirby House Foundation, Inc.
 Janeway Children's Hospital Foundation
 Kids Eat Smart Foundation
 Kids Help Phone, Atlantic Region
 KidSport Newfoundland & Labrador
 Lady Cove Women's Choir
 Literary Arts Foundation of Newfoundland & Labrador, Inc.
 MADD Newfoundland & Labrador
 Manuels River Natural Heritage Society
 Marguerite's Place
 Mazol Shriners
 MS Society of Canada
 Muscular Dystrophy, Newfoundland & Labrador Chapter
 Newfoundland & Labrador Association for Community Living
 Newfoundland & Labrador Brain Injury Association
 Newfoundland & Labrador Down Syndrome Society
 Newfoundland & Labrador Folk Arts Society
 Newfoundland & Labrador Foster Families Association
 Newfoundland & Labrador Prostate Cancer Support Groups
 Newfoundland & Labrador Sexual Assault Crisis & Prevention Centre
 Opera on the Avalon
 Parkinson Society Canada, Newfoundland & Labrador
 Peter Barry Duff Memorial Park Commission
 Project Grace
 Prostate Cancer Canada
 Psoriasis Society Newfoundland & Labrador
 Rainbow Riders, St. John's Therapeutic Riding Association
 Riddle Fence, Inc.
 Ronald McDonald House Newfoundland & Labrador
 School Lunch Association Inc.
 Scouts Canada, Newfoundland & Labrador Council
 Seniors' Resource Centre
 Shallaway
 Single Parent Association of Newfoundland
 Special Olympics Newfoundland & Labrador Inc.
 St. John's Military Family Resource Centre
 St. John's SPCA
 St. Kevin's Food Bank
 Stella Burry Community Services and Foundation
 Teachers on Wheels
 Team Broken Earth
 The Arthritis Society, Newfoundland & Labrador Division
 The Brother T.I. Murphy Learning Resource Centre
 The Candlelighters Association of Newfoundland & Labrador
 The Duke of Edinburgh's Award Programme, Newfoundland & Labrador Division
 The Gathering Place Inc.
 The Lung Association Newfoundland & Labrador
 The Royal Canadian Legion, Grand Falls (NFLD No. 12) Branch Poppy Fund
 The Salvation Army
 The Society of St. Vincent de Paul
 Thrive Community Youth Network
 Tourette Syndrome Foundation of Canada, Newfoundland & Labrador
 Toys for Joy
 Trinity-Conception-Placentia Health Care Foundation
 Turnings
 Vera Perlin Society
 Western Regional Hospital Foundation

OUR CONTACT AND LOCATIONS

Michael W. Boland – President* and Board Chairman

Raymond Piercey – 1st Vice President*

Damian Ryan – 2nd Vice President*

Daniel LaVallée*

Maureen Singleton

Patrick Collins

Allan Skanes

Raymond Hawco

David Jerome

Allison Chaytor-Loveys, CEO and Treasurer†

Glenn Bolger, COO and Corporate Secretary†

Elizabeth Duff, CFO†

Kelly-Anne Meadus, Recording Secretary

*Executive Committee †Appointed

MANAGEMENT, CORPORATE OFFICE

Allison Chaytor-Loveys – CEO

Glenn Bolger – COO

Elizabeth Duff – CFO

Kelly-Anne Meadus – Executive Assistant

Shane Flight – Director, Information Systems

Shannon Goodyear – Director, Marketing and Communications

Kent Farrell – Director, Credit

Tony Young – Director, Wealth Management Services

Jim Mayo – Director, Accounting and Corporate Governance

Laurie Roberts – Director, Human Resources

Michelle McGrath – Regional Director, Branch Sales and Service,
Eastern Region

Judy Abbott – Regional Director, Branch Sales and Service, Western Region

Jackie Borden – Manager, Risk and Internal Audit

Cathy Mattsson – Manager, Lending

BRANCH MANAGERS, MEMBER SERVICE

Fred Philpott – Freshwater Road, St. John's

Lyndon Combdon – Corner Brook

Lisa Loveridge – Grand Falls-Windsor

Yvonne Parsons – Labrador City

Craig Penney – Carbonear

Sheila Hynes-Brenton – Mount Pearl

Brian Beson – Gander

Roxanne Downey – Torbay Road, St. John's

Dwayne Gaulton – Conception Bay South

Shawn Loder – Clarenville

Mercedes Lafitte – Stephenville

Sandra Healey – Water Street, St. John's

Kim Hoskins – Churchill Falls

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Grand Falls-Windsor, NL A2A 2S8
489-9051

Labrador Mall, 500 Vanier Avenue
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944-7701

119 Columbus Drive
Carbonear, NL A1Y 1A6
596-5044

51 Commonwealth Avenue
Mount Pearl, NL A1N 1W7
747-9415

6 Roe Avenue
Gander, NL A1V 1W5
256-3537

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St. John's, NL A1A 5B5
726-4013

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Conception Bay South, NL A1W 3A3
834-9520

10 Shoal Harbour Drive
Clarenville, NL A5A 2C4
466-4590

69 Main Street
Stephenville, NL A2N 1H9
643-2111

Town Centre, Ressigieu Drive
Churchill Falls, NL AOR 1A0
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Website: www.nlcu.com

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OUR SERVICES

YOUR MONEY

CHEQUING SERVICES

Personal Chequing Accounts
MasterPlan™ Chequing Packages
Prime Account
U.S. Dollar Chequing Accounts
Student Chequing Accounts
Electronic Transaction Account Packages

SAVINGS

Plan 24® Account
Advantage
FAT CAT® Account
HEADSTART™® Account
Monthly Savings Plan
Online Savings Account
Tax-Free Savings Account

ELECTRONIC SERVICES

Automated Teller Machines
INTERAC⁺/Cirrus® Network
INTERAC⁺/Debit
THE EXCHANGE® Network
ACCULINK®
Automated Teleservice®
MemberDirect® Online Banking
Credential Direct®* Online Brokerage
eSwitch®
E-Statements
MemberDirect® Mobile Banking
INTERAC⁺/ e-Transfers

MASTERCARD®

GLOBAL PAYMENT™ MasterCard®
Gold GLOBAL PAYMENT MasterCard®
CHOICE REWARDS® MasterCard® Points Program

ADDITIONAL SERVICES

Travellers' Cheques
Safety Deposit Boxes
Payroll Deduction/Direct Pay
Legal Witnessing
World Currency Centre
Night Depository
Bill Payment
Safekeeping
Teleservice
Graduate Package

YOUR FINANCING

LOANS AND MORTGAGES

Personal Loans
Mortgage Loans
Energy-Efficient Mortgages
NLCU Student Loans & Education Lines of Credit
Graduate Vehicle Loan Rebate
Home Equity Loans
Personal Lines of Credit
Chequing Overdraft Protection
RRSP Loans and RRSP Lines of Credit

YOUR FUTURE

INVESTMENT PRODUCTS AND SERVICES

Debentures
Term Deposit Receipts
Registered Retirement Savings Plans
Group Registered Retirement Savings Plan
Self-Directed Registered Retirement Savings Plans
Registered Retirement Income Funds
Registered Education Savings Plans
Registered Disability Savings Plans
Monthly Registered Retirement Savings Plans
Tax-Free Savings Account
Segregated Funds
Mutual Funds* (available through Credential Asset Management Inc.)
S&P/TSX 60 Index Linked Term Deposits
Canada Savings Bonds

INSURANCE

Credit Term Life Insurance
Credit Life and Disability Insurance
Mortgage Insurance (including job loss, disability and critical illness)
Travel Insurance
Home/Auto Insurance (available through The Co-operators Group Insurance)
Life Insurance
Critical Illness Insurance
Long-Term Care Insurance
Disability Insurance
Personal and Family Medical/Dental Benefits
Group Benefits
Group Retirement Services

FINANCIAL MANAGEMENT

Trust Services
Income Tax Preparation
Wealth Management Financial Planning and Insurance Services

YOUR BUSINESS

COMMERCIAL SERVICES

Commercial Leasing through Concentra Financial
Commercial Chequing
Commercial Accounts
Commercial Loans
Commercial Lines of Credit
Business MasterCard
Small Business Insurance
MEMBERPLAN™ Group Insurance
Income Tax Preparation
MemberDirect® Business Online Banking
Commercial Mortgages
Fisheries Loan Guarantee Program

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