

Leading Edge Credit Union

# Board Highlights



## Your Credit Union's Performance

Just as in other corporations, the Board of Directors of LECU is accountable to you, the shareholders. The directors you have elected take seriously their fiduciary responsibility, to ensure that your credit union is acting in your best interest. The role of the CEO is to lead the management team to ensure your credit union performs in accordance with the direction of your Board. It is the duty of the Board to exercise oversight over the performance of your credit union. For this reason, in addition to annual internal and external audits and biennial reviews by our regulator, your Board receives at mid-year a semi-annual report. In this communication you will find data from the first half of the year that indicates your credit union is experiencing much success.

There are many ways to review and interpret data. One is to compare current results with those of previous periods. Another is generally to compare the outcomes of our credit union with other financial providers. In this message, to give you a broad picture, you will find both.

### Balance Sheet

Asset Growth Assets have grown to almost \$110 million. This represents a growth of almost \$5 million so far in 2016, about 2% better than the approved budget. Two points are notable: growth has been primarily in mortgage loans; the loan growth of over \$4 million in the first five months of the year is more than double of any previous year. Our loan growth of 4.7% to the end of May is significantly better than that for credit unions in Atlantic Canada and higher than that in Canada generally.

Deposit Growth Total deposits have reached over \$101 million. This represents a growth of upwards of \$5 million, more than 2% ahead of budget. While our assets per member (about \$13,000) are lower than those of both the region (\$15,600) and the nation (\$34,000), the trend is upward. Given the tight economic times, this is, "Good for you!"



*For your personal balance sheet, your deposits in your credit union are your assets; your loans are your liability. For LECU, your deposits are its liabilities; your loans are its assets.*

### Income

Both financial revenue (interest earned) and financial expense (interest paid out) are lower than budget. While the gross financial margin (the difference between the financial revenue and the financial expense) is about 3% lower than budget, LECU outperformed the region and the nation.

### Other Attributes

Member Growth During the first quarter, our membership increased by 0.59%. The rate of growth for LECU exceeded that of both the region (-0.25%) and the nation (0.20%). While this is most pleasing, directors remind you that your credit unions has the capability to serve many more members. The more business LECU does for both new and current members, the greater efficiency it attains.

Retained Earnings Because of the significant increase in assets, the level of retained earnings is trending downward. In this regard, at 4.9% of assets, LECU is lower than the region (6.7%) and the nation (5.6%). Even though this seems unfavourable, your Board firmly believes it is better to reward you for doing business with your credit union, through patronage and dividend distributions, and to build retained earnings slowly but steadily, than annually to retain excessive capital, and thereby, attract a higher rate of taxation. Please note, though, that LECU has added over the past five years in excess of \$2.25 million to retained earnings, which now stand at about \$5 million.