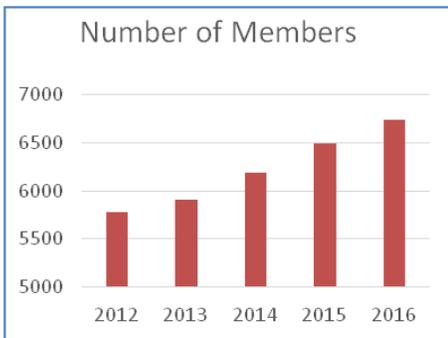




# Board Highlights

At this time of year your Directors look backwards and forwards. We review the year just past, to see how your credit union has performed, and we look forward, to ensure your LECU meets your expectations in the year ahead. It seems timely, therefore, to display a few salient bits of information, so you can see just how well your co-operative has performed during 2016. In order that you may have reference points, I am providing the relative data for the past five years. You will be able to receive more detailed results in the Annual Report, which will be available to you after the AGM. These graphs will primarily depict financial results, just one side of a co-operative enterprise.

The most basic of all information is the number of members. This is important because LECU must have the structure in place to meet your needs. The more members it serves, the more cost-effective the operation becomes. Also related to this is the use each shareholder makes of his/her company; the more business each one of you does with LECU, the more efficient and effective it becomes. From the graph, you can see that the number of members is increasing each year. This is especially gratifying, because the membership in our province generally is declining.

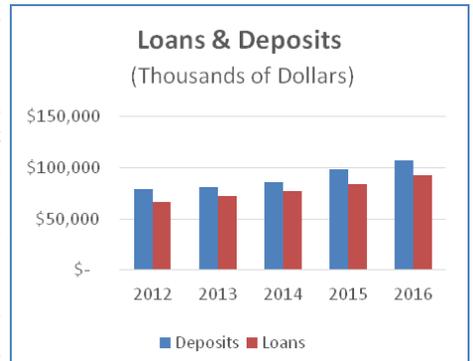


Your directors constantly monitor provisions to make sure LECU remains viable for the long-term. We observe two factors in this regard: that the asset base continues to grow, and that a sufficient portion of the profits for the year are set aside (Retained). The regulator specifies what the minimum amount of the latter is, and your credit union is comfortably within this limit. You can observe from the graph below that the assets of your credit union have grown nicely and at an even stride over the past five years. You can also note that the portion set aside has kept pace.



Your credit union works on the principle of promoting co-operation. It receives deposits from members who have cash they are not using and lends it to fellow members who require lending products.

Your credit union shares with you and your community the revenue earned on such transactions. It is critical, therefore, that a substantial amount of what members have deposited is put to work helping other members. You can see from the graph



on the right that your credit union has put to work roughly 80% of the deposits received. This relationship between depositors and borrowers underlines the importance of every member using his/her credit union to the fullest extent.

In the above note I drew attention to the fundamental financial purpose of a credit union. We all know, however, that a credit union does much more than just earn money from making financial transactions. Much more important for members is what it does with its earnings. In addition to retaining a portion of its profits to ensure its long-term viability, a credit also distributes its profits to its communities and to its member-users. The graph on the right displays the kind of amounts LECU has distributed to you and your communities over the past five years. You will observe that regardless of the level of profitability, each year LECU has distributed noteworthy amounts.



Again, as I pointed out earlier, these few graphs only display a small segment of the information that will be available during and after our AGM. It will take place on 2 April at the St. Kevin's Center, St. Andrews, the Codroy Valley. Plan to attend.

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