



**CREDIT
UNION**

LEADING EDGE

2017
Annual Report

Vision

At Leading Edge Credit Union we strive to assist all our members to meet their financial goals by providing advice and services with a focus on our members' best interests.

Mission

To be the financial institution of choice by providing quality financial products and offering exceptional member value through knowledgeable and professional staff while adhering to the co-operative principles and values.

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Management and Staff

Corporate Office

Cory Munden
Chief Executive Officer

Terry Hardy
Manager of Accounting Services

Candace Matthews
Executive Assistant & Privacy Officer

Randi Alexander
Marketing Specialist

Roger Hardy
Manager of Operations

Trudy Skinner-Keeping
Manager of Lending Services

Renee Samms
Compliance & Administration Officer

Elaine Ingram
Accounting Officer

Jody King
Accounting Administrator

Luke Simms
Information Technologist

Corner Brook Branch

Donald Rideout
Branch Manager

Arwilda Brake
Financial Services Officer

Mindy Gillingham
Financial Services Officer

Holley Simmonds
Financial Services Representative II

Roxanne Jacobs
Financial Services Representative/Tax Associate

Sandra Brockway
Financial Services Representative

Sylvia Hynes
Financial Services Representative (Casual)

Doyles Branch

Tracy Keeping
Branch Manager

Terryl McArthur
Financial Services Officer

Selma Kilpatrick
Financial Services Representative

Patricia Cousins
Financial Services Representative

Brittany St. Croix
Financial Services Representative (Casual)

Dale Lomond
Financial Services Representative (Casual)

Bruce Samms
Tax Associate

Jeffrey's Branch

Rhoda Pumphrey
Branch Manager

Melanie Hulan
Financial Services Officer

Terri MacAuley
Financial Services Representative

April-Dawn Alley
Financial Services Representative

Amy Penney
Financial Services Representative (Casual)

Kara Gale
Financial Services Representative (Casual)

Morley Greening
Tax Associate

Port aux Basques Branch

Geneva Taylor
Branch Manager

Lisa Purchase
Financial Services Officer

Donna Bailey
Financial Services Officer

Martina MacDonald
Financial Services Representative

Vanessa Elms
Financial Services Representative

Kelly Thorne
Financial Services Representative

Elaine Vautier
Financial Services Representative (Casual)

Michele MacLean
Tax Associate

St. George's Branch

Tracy Keeping
Branch Manager

Jocelyn Deluney
Financial Services Officer

Lydia Bennett
Financial Services Representative

Aileen Lushman
Financial Services Representative

Roseanna Brake
*Financial Services Representative (Casual)/
Tax Associate*

Board of Directors and Committees

Board of Directors

Gary J. O'Brien, *President*
 Daniel Sheaves, *Vice-President*
 William H. Coates, *Corporate Secretary*
 Lyndon Combdon, *Director*
 John Healey, *Director*
 Tony Leamon, *Director*
 Jeff Patry, *Director*
 Barry Simms, *Director*
 Janet Willis, *Director*

Audit Committee

Janet Willis, *Chair*
 Lyndon Combdon, *Director*
 Tony Leamon, *Director*
 Jeff Patry, *Director*
 Barry Simms, *Director*

Credit Committee

Cory Munden, *Chair*
 Roger Hardy, *Employee*
 Terry Hardy, *Employee*
 Renee Samms, *Employee*
 Trudy Skinner-Keeping, *Employee*

Legislative Committee

William H. Coates, *Chair*
 Lyndon Combdon, *Director*
 John Healey, *Director*
 Barry Simms, *Director*

Social Responsibility Committee

John Healey, *Chair*
 Tony Leamon, *Director*
 Jeff Patry, *Director*
 Janet Willis, *Director*

Meeting Participation May 2017 - March 1, 2018

Name	Board	Executive	Audit	Legislative	Social Responsibility
Coates, W. H.	6/6	3/4	-	1/1	-
Combdon, L.	5/6	-	2/3	1/1	-
Healey, J.	6/6	-	-	1/1	2/2
Leamon, T.	6/6	-	2/3	-	2/2
O'Brien, G. J.	6/6	4/4	-	-	-
Patry, J.	6/6	-	3/3	-	2/2
Sheaves, D.	4/6	4/4	-	-	-
Simms, B.	6/6	-	3/3	1/1	-
Willis, J.	6/6	-	3/3	-	2/2



Co-operative Principles

These seven principles are founded in the philosophy of co-operation and its central values of equality, equity and mutual self-help. They express, around the world, the principles of human development through people working together to achieve a better life for themselves and their community.

1. Voluntary and Open Membership

Credit unions are voluntary, co-operative organizations, offering services to people willing to accept the responsibilities and benefits of membership, without gender, social, racial, political or religious discrimination.

Like credit unions, many co-operatives operate as not-for-profit institutions with volunteer Boards of Directors. In the case of credit unions, directors are drawn from defined fields of membership.

2. Democratic Member Control

Co-operatives are democratic organizations; owned and controlled by their members, one member one vote, with equal opportunity for participation in setting policies and making decisions.

3. Member Economic Participation

Members are the owners. As such, they contribute to, and democratically control, the capital of the co-operative. This benefits members in proportion to their transactions with the co-operative rather than on the capital invested.

Credit unions typically offer better rates, fees and service than for-profit financial institutions, and their members recognize benefits in proportion to the extent of their financial transactions and general usage.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If the

co-operative enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of the co-operative.

Credit unions place particular importance on educational opportunities for their volunteer directors, and financial education for their members and the public, especially the nation's youth. Credit unions also recognize the importance of ensuring the general public and policy makers are informed about the nature, structure and benefits of co-operatives.

6. Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, provincial, regional, national, and international structures.

7. Concern for Community

While focusing on member needs, co-operatives work for the sustainable development of communities, including people of modest means, through policies developed and accepted by their members.

Co-operative Values

The International Co-operative Alliance (ICA) has a set of values that help govern all decisions in co-operatives. According to the ICA, co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity and solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Special Recognition



Janet Willis - 5 years
Board of Directors



Dale Lomond - 5 years
Financial Services Representative
(Casual)
Doyles



Jocelyn Deluney - 5 years
Financial Services Officer
St. George's



Aileen Lushman - 5 years
Financial Services Representative
St. George's



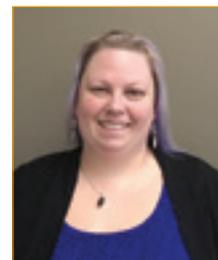
Vanessa Elms - 5 years
Financial Services Representative
Port aux Basques



Kelly Thorne - 5 years
Financial Services Representative
Port aux Basques



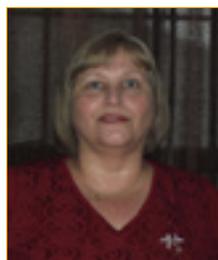
Mindy Gillingham - 5 years
Financial Services Officer
Corner Brook



Randi Alexander - 10 years
Marketing Specialist
Corporate Office



Jody King - 10 years
Accounting Administrator
Corporate Office



Lydia Bennett - 10 years
Financial Services Representative
St. George's



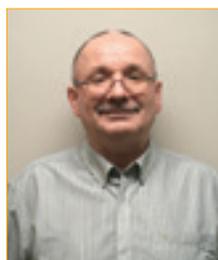
Geneva Taylor - 10 years
Branch Manager
Port aux Basques



Sandra Brockway - 10 years
Financial Services Representative
Corner Brook



Gary J. O'Brien - 15 years
President, Board of Directors



Terry Hardy - 15 years
Manager of Accounting Services
Corporate Office



Donald Rideout - 25 years
Branch Manager
Corner Brook

Social Responsibility

In the Credit Union world, we define Social Responsibility as the principle of considering the interests and welfare of communities in which we operate, extending well beyond direct business practices. As financial co-operatives, owned and controlled by their member-customers, credit unions bring fresh approaches to social responsibilities that are as individual and exceptional as the communities themselves.

“Increasingly, credit union social responsibility is less about changing what we do and more about changing how we think.”

Credit Union Central of Canada 's Position Statement on Credit Union Social Responsibility

- Demonstrating co-operative and sustainable governance
- Promoting social inclusion and diversity
- Fostering economic development
- Encouraging environmental sustainability

The 7th International Co-operative principle is Concern for Community and from the following pages it is quite evident that Leading Edge Credit Union (LECU) cares a great deal for the communities in which we operate. We are very pleased to see such involvement. Although these pages detail activities demonstrated by Leading Edge Credit Union as an organization, many of our employees demonstrate exceptional volunteerism in their personal lives as well.

There is no question that social responsibility is one of the ways credit unions differentiate themselves from the competition; it is one of our principles. To ensure that we keep abreast of what is happening throughout the credit union world in the area of social responsibility, LECU recently formed a social responsibility committee comprised of members of the board and our corporate staff.

As part of the social responsibility section in the AGM booklet, we wanted to showcase how each branch feels about social responsibility along with a list of activities that they partake in and a collage of pictures. Please keep in mind, as you go through the following pages, that this is just a sample of LECU's concern for community.

Corporate Office:

LECU demonstrates a strong commitment to socially responsible activities not only because it's a co-operative principle but because it's an important value that defines our culture. We take care to hire employees who represent our commitment to our vision and mission and who will support our tradition of contributing to the general wellbeing of our communities. Practicing social responsibility and being good corporate citizens is a genuine goal for Leading Edge Credit Union; it is not enforced, it is supported and encouraged. Our commitment to the co-operative principle concern for community makes LECU a great place to work and an even better place to bank.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$44.00	\$62.00	\$0.00	\$0.00	\$106.00
Community Involvement Contributions	\$298.00	\$74.00	\$165.00	\$183.00	\$720.00
Number of Employee Volunteer Hours - Personal	154.0	120.5	77.0	60.5	412.0
Number of Employee Volunteer Hours - LECU	40.0	69.5	72.0	32.0	213.5

Social Responsibility (con't)

Corner Brook:

The staff at Corner Brook Branch takes great pride in our year-round fundraising efforts which enables us to donate to several different organizations. Some of these are Pasadena Christmas Hampers, Forget-Me-Not campaign, the Breast Cancer Society as well as 12 months 12 miracles. We are also proud to donate new uniforms for CC Loughlin's grade 5 and 6 girls and boys' basketball teams. We sell tickets for different organizations in branch and they greatly appreciate our efforts in helping meet their goals. The Junior Achievement program is very important to us and we try to help whenever we can. We are also proud participants of the Ronald MacDonald House Red Shoe every year and have raised over \$1000.00 over the past few years.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$1,275.00	\$50.00	\$370.00	\$275.00	\$1,970.00
Community Involvement Contributions	\$250.00	\$600.00	\$750.00	\$302.00	\$1,902.00
Number of Employee Volunteer Hours - Personal	0.0	0.0	0.0	0.0	0.0
Number of Employee Volunteer Hours - LECU	0.0	3.0	12.0	2.0	17.0
Number of Member Education Events	0	0	1	0	1

Doyles:

The Doyles Branch is a proud member of the Codroy Valley family. For over a quarter of a century we have served generations of families while welcoming many new ones. The Doyles branch is honoured to support the members who have continued to support us throughout our illustrious inception. Being customer owned, the branch has a responsibility to be involved in our community and lend a hand in any way we can. In the past year alone, Leading Edge Credit Union proudly supported the Codroy Valley Come Home Year, Codroy Valley Volunteer Fire Department Fireman's Ball, Codroy Valley Folk Festival, Codroy Valley Winter Carnival, South Branch Summer Fest as well as various programs at Belanger memorial and Oceanview Seniors to name a few. We take pride in being there for our members as they have done for us for so long. Staff are active members on several committees of local community groups and we are proud to be a part of the Codroy Valley community!

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$1,535.00	\$1,817.00	\$2,082.00	\$924.00	\$6,358.00
Community Involvement Contributions	\$125.00	\$250.00	\$0.00	\$200.00	\$575.00
Number of Employee Volunteer Hours - Personal	35.0	42.0	87.0	36.0	200.0
Number of Employee Volunteer Hours - LECU	6.0	6.0	0.0	20.0	32.0
Number of School Savings Accounts*	28	28	32	32	32
Number of Member Education Events	0	2	1	0	3

Social Responsibility (con't)

Jeffrey's:

The Staff at Jeffrey's Branch of Leading Edge Credit Union are proud to be sponsors in our communities. Throughout the year we are active with various community organizations and we feel our contribution does make a difference. We support the children in our communities through donations to the School's "Kid's Eat Smart" breakfast program, all staff volunteer one morning a week preparing breakfast at E.A. Butler. We donate prizes and supplies for school initiatives and for the Youth Dart League. This past year we once again sponsored the annual "Winter Fest", consisting of four days of winter events including sliding, skating, games night, Sock Hop etc. for the children and suppers, card games etc. for the young at heart. Several staff volunteer each year at the School's Candle Light supper and Graduation Ceremonies. In addition, they also make donations towards for the cost of the meal. One or more of our staff were present at functions, volunteering throughout the 10 days of the "Come Home Year "event. This year we entered a float in the Annual Christmas parade and gave out candy to children on route. As part of our commitment to our members we hosted two information sessions in addition to our Winter Fest. Four of our staff are volunteers on different non-profit committees in the area and at any time you will find members of our staff at many events happening throughout the year.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$667.00	\$966.00	\$200.00	\$514.00	\$2,347.00
Community Involvement Contributions	\$0.00	\$550.00	\$0.00	\$0.00	\$550.00
Number of Employee Volunteer Hours - Personal	0.0	30.0	146.0	144.5	320.5
Number of Employee Volunteer Hours - LECU	45.0	33.0	6.0	58.0	142.0
Number of School Savings Accounts*	12	12	10	10	12
Number of Member Education Events	0	2	0	0	2

Port Aux Basques:

The staff of the Port aux Basques Branch take pleasure in not only serving our members at the counter, but also interacting and taking part in initiatives outside of the normal work day. In 2017, we partnered with schools regarding financial literacy with programs such as Entrepreneurial Adventures, the Junior Achievement Program and a weekly School Savings program. We volunteered with lunch warm ups at the Elementary School, the Santa Claus parade and many of us sit on various boards. This past year we also held a community swim and teamed up with City Chrysler to host a dance. In addition to the donation of our time, we also made countless donations of money and merchandise to various companies and organizations within our community. We feel it is the little things that make the biggest difference to our membership and cause the community's appreciation of the credit union to come full circle.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$556.00	\$907.00	\$650.00	\$1,070.00	\$3,183.00
Community Involvement Contributions	\$250.00	\$265.00	\$0.00	\$425.00	\$940.00
Number of Employee Volunteer Hours - Personal	33.0	41.0	18.0	42.0	134.0
Number of Employee Volunteer Hours - LECU	16.0	17.0	13.0	17.0	63.0
Number of School Savings Accounts*	34	34	37	65	65
Number of Member Education Events	0	0	1	1	2

Social Responsibility (con't)

St. George's:

The St. George's Branch of the Leading Edge Credit Union believes in giving back; our focus is not only to provide affordable products and services, but also to support our Credit Union family and the local communities in the area. We provide resources to our members in various forms, such as sponsoring events, supporting and donating to charities and volunteering at events. We are honored to have our member's appreciation and we feel that our contributions have enabled us to build strong relations in all surrounding communities.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$425.00	\$275.00	\$151.00	\$225.00	\$1,076.00
Community Involvement Contributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Number of Employee Volunteer Hours - Personal	50.5	66.0	5.0	3.0	124.5
Number of Employee Volunteer Hours - LECU	16.0	12.5	20.5	5.0	54.0
Number of School Savings Accounts*	12	10	0	13	13
Number of Member Education Events	0	1	0	0	1



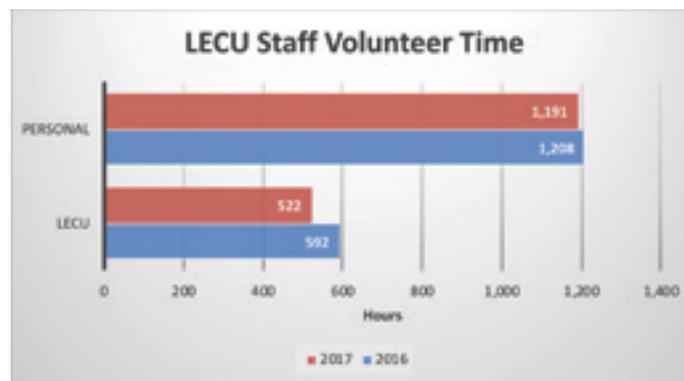
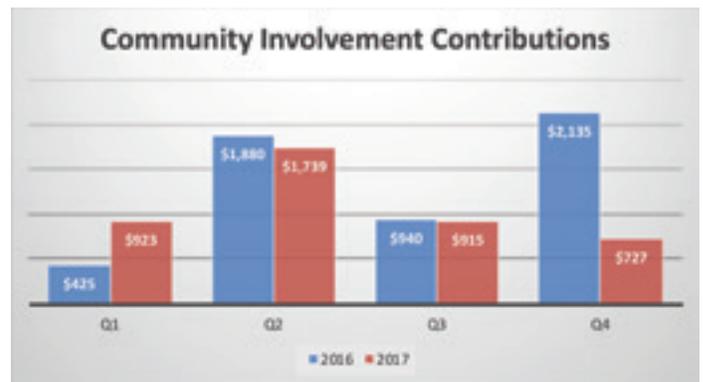
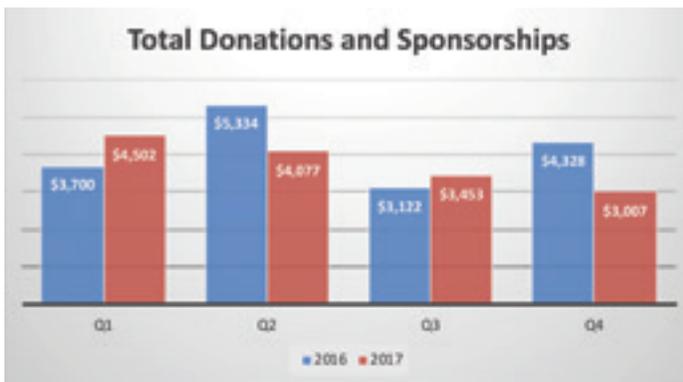
*Maximum number of students enrolled in the program at any point throughout the year.

Social Responsibility Performance Tracking

CATEGORY	2017	2016
Total Donations and Sponsorships	\$15,039.00	\$16,484.00
Community Involvement Contributions	\$4,304.00	\$5,380.00
Number of Employee Volunteer Hours - Personal	1,191	1,208
Number of Employee Volunteer Hours - LECU	522	592
Number of School Savings Program Participants	120	106
Number of Member Education Events	10	8
Small Business Credit Financing	\$2,156,362.00	\$1,045,700.00
Training Dollars Spent by CU	\$46,748.25	\$36,670.00
Employee Satisfaction*	N/A	89.00%
Trees Saved via Paper Shredding and Recycling Program**	151.33	N/A
Paper saving through online statement initiative (measured at year-end)	>104,500 pgs	>103,000 pgs
Number of Members with a Free Banking Package	1238	1219
Number of Non-profit Groups Availing of Free Banking	288	272

* Employee Satisfaction Survey not available in 2017.

** Shredding and Recycling Program began in 2017.



Social Responsibility Activities



Social Responsibility Activities (con't)



In 2011, Leading Edge Credit Union developed seven community scholarships to be presented in the schools in the areas in which we serve. We wanted to recognize the importance of education. These scholarships are valued at \$250 and each are open to all Level 3 students who are pursuing post-secondary education. The award recipients are selected by the school's scholarship committee, generally made up of Level 3 teachers. The recipient is a student who is pursuing post-secondary education, and demonstrates the values and principles of co-operatives. The awards are presented by a LECU representative at the respective ceremonies in December, with the exception of Corner Brook, who holds their ceremony in June.

A.F. Walker Scholarship

Leading Edge Credit Union administers a scholarship yearly on behalf of Mr. A.F. (Gus) Walker. This scholarship commemorates the unique contribution made by A.F. (Gus) Walker in the creation of Brook Street Credit Union. Gus Walker was a firm believer in the role that the co-operative movement could play in helping people become self reliant. During the more than forty years he worked at the Corner Brook Mill, he held every executive position, including President of the Paper Makers Union. For ten years he was President of the Bowater's Employee Benefit and Welfare Association which imported and sold coal to its members at a significant savings. Through careful management, the association accumulated a surplus of \$80,000.

When oil replaced coal as the preferred heat source, the coal yard went out of business and its two employees faced loss of their jobs. Gus Walker had the idea to use the surplus to start a credit union. Under his leadership, members were signed up. The staff, Walter Simms and James Dingwell, were trained in credit union management at St. Francis Xavier University in Nova Scotia and on November 21, 1963, the Brook Street Credit Union became a reality.

In July 2009, Brook Street Credit Union amalgamated with Codroy Valley Credit Union to form Leading Edge Credit Union. It was with great pleasure that the contact for this scholarship, Mr.

Michael Walker, extended the scholarship to all members of Leading Edge Credit Union's branches on the southwest coast.

The criterion set out by the Walker Family for this scholarship consists of the following:

- Students must be Leading Edge Credit Union members or children/dependents of members.
- The student must be beginning their 1st year of post-secondary studies at a recognized institution.
- Students must be registered in full time studies with a minimum duration of three years.
- Students must submit a final transcript of marks.
- Students must present proof of enrollment in a recognized post-secondary institution.
- Students must complete a brief application form including a brief description of financial needs (specifying other bursaries received for the current school year, contributions from summer employment, etc.)
- Students must provide a 200 - 500 word essay, with their application form, on one of the following topics:
 - A historical view of the Credit Union Movement in Newfoundland;
 - The difference between Credit Unions and Banks; or;
 - A description of the credit union and other co-operative organizations in your community.
- Award recipients must be willing to have their award acknowledged by Leading Edge Credit Union Limited and media.

Scholarship Winners for 2017 were as follows:

School	Recipient
Appalachia High	Anita Gough
Belanger Memorial	Rebecca Blake
Corner Brook Regional High	Abigail Companion
E.A. Butler All Grade	Jenna Morris
Grandy's River Collegiate	Julia Caines
St. James' Regional High	Kimberly Gale
Pasadena Academy	Hannah Jenkins
A. F. Walker Scholarship	Mia Francis

PRODUCTS

Lending Products

- Mortgages
- Secured Lines of Credit
- Personal Loans
- Personal Lines of Credit
- Vehicle Loans
- Investment Loans
- Student Loans
- Student Lines of Credit

Investment Products

- Variable Registered Retirement Savings Plans (RRSP)
- Fixed Registered Retirement Savings Plans (RRSP)
- Registered Education Savings Plans (RESP)
- Guaranteed Income Certificates (GIC)
- Registered Retirement Income Funds (RRIF)
- Tax Free Savings Accounts (TFSA)

Personal Banking

- Personal Savings Accounts
- Variety of Personal Canadian Chequing Accounts
- High Interest Savings Accounts
- US Chequing Accounts

Credit Products

- Mastercard® Credit Cards
- Global Payment Cards

Protection Products

- Life Insurance
- Overdraft Protection
- Credit Union Deposit Guarantee Corporation (CUDGC)

Business Banking

- Variety of Business Packages
- Community/Not-for-Profit Accounts
- Business Lines of Credit
- Business Loans

SERVICES

Online Services

- Email Money Transfers
- Mobile Banking
- Online Banking
- TeleService
- E-Statements
- Bill Payments
- Mobile Apps
- Deposit Anywhere™
- Lock 'N' Block

In-branch Services

- Income Tax Preparation and Filing
- Wealth Management Services
- Safety Deposit Boxes
- Bill Payments
- Money Orders
- Foreign Exchange
- Travellers' Cheques
- Payroll Deduction
- Financial Counselling

Programs

- Dealer Financing
- Mortgage Referral Program
- New Member Welcome
- School Savings Program
- Eco-Loans Program
- Each One, Teach One Financial Literacy Program

Notable Accomplishments

2012

- Celebrated the International Year of Co-operatives along with co-operatives around the world.
- Televisions were installed in all six locations to inform members of promotions, campaigns and news of LECU.
- E-documents were rolled out to help LECU cut back on our printing and be environmentally friendly.
- Safety deposit boxes became available in Doyles branch.
- Port aux Basques Branch and Corporate Office hosted Susan Lamunu, a female credit union leader from Africa, for 10 days showing her how LECU operates.
- CEO, Cory Munden, made his second trip to Africa as part of the Canadian Co-operative Association mentorship program.
- Named one of the “Best Places to Work in Atlantic Canada” by Progress Magazine for the second consecutive year.

2013

- Named one of the “Best Places to Work in Atlantic Canada” by Progress Magazine for the third consecutive year.
- Port aux Basques Branch and Corporate Office hosted a participant of the CCA program from Uganda, Solomon Mwongyere
- Corner Brook and Pasadena locations were consolidated into a single branch in Corner Brook.
- Adopted an Enterprise Risk Management framework.

2014

- Declared a dividend of \$279,731 back to our membership.
- Named one of the “Best Places to Work in Atlantic Canada” by Progress Magazine for the fourth consecutive year.
- Launched mobile applications for Apple and Android systems.
- Revamped our personal chequing accounts to be competitive.
- Took ownership of the Race to the Sea.
- LECU changed our equity share from \$100 to \$5.

2015

- Declared a dividend of \$178,699 back to our membership.
- Named one of the “Best Places to Work in Atlantic Canada” by Progress Magazine for the fifth consecutive year.
- Won the Dr. Moses Coady Award which recognizes an organization for their leadership, contribution and commitment to social action and the well-being of their communities.
- Launched Deposit Anywhere as an addition to their mobile applications.
- Port aux Basques Branch and Corporate Office hosted Lydia Sarpong Oforu, a female credit union leader from Ghana, for 10 days showing her how LECU operates.
- LECU changed our community accounts to include unlimited debit transactions to help our community and not-for-profit accounts.
- LECU reached \$100,000,000 in assets.

2016

- Declared a dividend of \$24,299 back to our membership.
- Named one of the “Best Places to Work in Atlantic Canada” by Progress Magazine for the sixth consecutive year.
- LECU welcomed Gilda Saunders as their Credential Financial Strategies Wealth Consultant.
- Introduced online voting for our Board of Directors election to decrease the paper trail and be more environmental friendly.
- Held five member engagement sessions in our respective locations to hear what our members have to say and what they are looking for.

2017

- Declared a dividend of \$87,825 back to our membership.
- Introduced Lock ‘N’ Block to our suite of products and services which allows a member to lock or block their card if they discover it is missing or skimmed.
- Achieved a 75 Net Promoter Score amongst our member satisfaction survey.



Leading Edge Credit Union (LECU) is continually seeking ways to add quality products, services and convenience to members' lives. In partnership with Eagle River Credit Union, we are pleased to continue to offer the services of Credential Financial Strategies Inc. to our members.

Gilda Saunders is your Credential Financial Strategies Wealth Consultant and is available to assist members of LECU with their insurance and retirement planning needs. Gilda is a Certified Financial Planner with a successful history of providing comprehensive financial planning advice for retirement, estate, investments and risk management. She possesses in-depth knowledge of industry products and services to deliver sound advice based on your financial goals. In addition, she also provides planning for businesses which includes succession, wealth, estate planning, as well as group and retirement benefits.

Gilda has over 20 years in the Financial Services Industry and will work with you at **no charge** to create a personal financial blueprint you can follow to help achieve your monetary objectives.

LECU is thrilled to have Gilda on the Credential Financial Strategies team, and is pleased to continue making this valuable service available to our members. You can reach Gilda at:

Credential Financial Strategies Inc.
2 Herald Ave. Millbrook Mall
Corner Brook, NL A2H 4B5

709-634-0405
709-640-8678

gsaunders@credential.com

Leading Edge Credit Union Limited
Annual General Meeting
April 15, 2018
Three Rivers Lion's Club, Jeffrey's , NL
1:00 p.m.

1. Establishment of Quorum
2. Adoption of Agenda
3. Adoption of Minutes of the 8th Annual General Meeting, April 2, 2017
4. Business Arising from Minutes
5. President's Report
6. Chief Executive Officer's Report
 - Community Impact Presentation
 - Awards
7. Audit Committee Report
8. Legislative Committee Report
 - Board Remuneration Rates
9. Greetings
10. New Business
 - Election Results
 - Dividend & Patronage Payouts
11. Adjournment

1.0 Establishment of Quorum

At 1:52 p.m. Gary O'Brien, President and Chair of the Board, called the Annual General Meeting (AGM) to order.

Gary welcomed special guests and representatives from LECU's branches. He then invited Tracy Keeping, Manager of the Doyles Branch of the Leading Edge Credit Union (LECU), to report attendance. Tracy confirmed that, of the 84 people in attendance, 66 were eligible shareholders. Therefore, pursuant to section 8.06 of the bylaws, the meeting was duly constituted.

Upon arrival, each attendee received the AGM Booklet containing a copy of the LECU's 2016 Annual Report, including the minutes of the 27 April 2016 AGM and the Agenda for this, the eighth AGM. Gary noted to attendees that the AGM Booklet was also posted on LECU's website prior to the meeting.

Gary acknowledged the presence of staff, Board and special guests. Gary extended a special welcome to a number of former Codroy Valley Credit Union board members in attendance, including Zita Muise, Bernie Benoit, Freida Bungay, Mary Aucoin and Carol MacIsaac. Gary also warmly welcomed MHA Scott Reid and Credit Union Deposit Guarantee Corporation representative, Brendan Doyle.

2.0 Adoption of the Agenda

No changes indicated.

17/04/02-01

MOTION: To adopt the agenda of April 2, 2017.

MOVED BY: John Healey

SECONDED BY: Barry Simms

MOTION CARRIED

3.0 Adoption of Minutes of 6th Annual General Meeting

Gary asked if there were any errors or omissions in the minutes. None indicated.

17/04/02-02

MOTION: To adopt the minutes of April 27, 2016.

MOVED BY: Selma Kilpatrick

SECONDED BY: Randi Alexander

MOTION CARRIED

4.0 Business Arising From Minutes

John Healey presented the business arising. He noted that during the 2016 AGM, the Chair of the Legislative Committee advised that the committee would not be proposing any resolution regarding remuneration for directors. It was further advised that, during 2016, in accordance with policy, there would be a survey of the remuneration that similar credit unions in Atlantic Canada grant to their directors. Based on this survey, the Board has concluded that no adjustment is required at this time. Consequently, no motion is required.

5.0 President's Report

Gary O'Brien delivered the President's report. The report, in its entirety, was included in the AGM Booklet. Gary noted, in particular, the following items:

- 2016 was a very successful year for LECU; the credit union's asset size increased to over \$113,000,000.00.
- LECU experienced the most significant increase in asset and deposit size of all the credit unions in the province.
- LECU experienced a membership growth of over 200 members, which is contrary to membership trends both regionally and across the country.
- LECU held Member Engagement Sessions in all branch area locations in late 2016 to hear directly from our members about what is important to them about the services we deliver and the work we do in the communities. We have incorporated the feedback from our members into our 2017 business plan.

17/04/02-03

MOTION: To adopt the President's Report for 2016, as per the Annual Report book circulated.

MOVED BY: Randi Alexander

SECONDED BY: Jeff Patry

MOTION CARRIED

6.0 Chief Executive Officer's Report

Cory thanked the members for attending the Annual General Meeting. He noted that it was March 1st, 1999 that he began his career with Codroy Valley Credit Union, and he remembered fondly how the people of the Codroy Valley area welcomed and supported him. Cory Munden presented the CEO's Report with the aid of a PowerPoint presentation. The following points were noted in the CEO's report:

- Products and services added in 2016: overdraft protection, Interac Flash technology, wealth management delivery model;
- LECU staff and Board completed 275 courses in 2016 alone at a cost of \$36,670;
- LECU's member satisfaction rating is 96% and our Net Promoter Score (a score that measures how likely a member is to recommend your organization to another person) is 75.
- LECU placed 12th in Best Place to Work in Atlantic Canada. People want to work for LECU because it is a great place to work;
- Social Responsibility Key Performance Indicator (KPI) chart was presented. In particular it was noted that our free banking packages add up to be \$196,812 per year back into the pockets of our community organizations and senior members;
- LECU's youth council continued to be active in 2016. Cory introduced youth council chair Mia Francis. He noted that youth interests are best represented by their peers so it is through the youth council that LECU stays connected to our younger members from a business and social perspective;
- We continue on a path of growth. LECU's current asset size is \$113M. Our loan portfolio has grown to \$94.97M. Our credit union held 55% of the total asset growth for the province's nine credit unions;
- Our year-end 2016 membership stood at 8382 members. Credit union membership throughout Atlantic Canada is declining however LECU's membership continues to grow;
- As noted in the presentation, LECU's income, after dividends remains in a downward trend.

Cory presented some financial data specific to the Doyles branch:

- The Doyles branch issued \$12.85 million in loans in 2016. This is money that is injected into the Codroy Valley community and into the local economy;
- \$15.45 million in deposits within the Doyles branch. This does not include deposits with our wealth management advisor;
- Net income continues to trend downwards however our lending portfolio is actually \$3 million higher. This is a result of the interest rate environment but also a result of our increased competitiveness;
- LECU has a market penetration rate of 75% in the Codroy Valley area. There is room to grow and this will be our goal going forward. We are competitive, we are local and we are better for the community;
- Doyles represented 16% of all new members for LECU in 2016;
- LECU has more members in the Doyles area borrowing than depositing; this is a reverse trend from several years ago;
- At 2.18, the products per member rate in Doyles is nearly double that of other branches and the highest in the organization;
- Overall member satisfaction rates at the Doyles location were 84% 'very satisfied', 14% 'satisfied', and 2% 'neither satisfied not dissatisfied'. This is a testimony to the excellent quality of service provided by the local branch staff;
- The average member age continues to climb;
- On November 8th, 2016, a member engagement session was held in the Doyles area. The data from the session was shared with members and is posted on LECU's website. As promised during the session, we will be addressing many of the suggestions in our 2017 business plan.

Cory concluded his presentation by asking for questions. A member questioned our mortgage business practices. Cory noted that over 55% of our total portfolio is mortgages which have contributed to our reduced profitability due to the lower average margin on mortgages. The member noted that, in his case, LECU could not compete with the rate offered at a competitor. Cory noted that although this does happen at times, more often than not, LECU can compete with chartered banks when it comes to mortgage and other lending rates. Cory noted the structure of banks' access to capital versus credit unions' access to capital as well as our practice of putting our members' best interests first.

07/04/02-04

MOTION: To approve the Chief Executive Officer's Report as presented.

MOVED BY: Barry Simms

SECONDED BY: Renee Samms

MOTION CARRIED

PRESENTATIONS:

Staff Awards – presented by Cory Munden and Randi Alexander:

- Training Award – Martina MacDonald
- Individual Community Impact Award – Jody King
- Branch Community Impact Award – Port aux Basques

Years of Service Awards – presented by Cory Munden and Randi Alexander:

- Five years of service – Selma Kilpatrick, Candace Matthews
- Ten years of service – Terri MacAuley
- Ten years of service (Board) – John Healey, Dan Sheaves
- Twenty-five years of service (Board) – Barry Simms

Other recognitions – presented by Cory Munden and Randi Alexander:

- Annual Member Protection Award – Mindy Gillingham
- Hubert Hall Memorial Staff Award – Ruby Bennett

Gary thanked Cory for his presentation.

7.0 Audit Committee Report

The Chair noted the Audit Committee Report on page 26 of the AGM booklet.

07/04/02-05

MOTION: To adopt the Audit Committee Report, as presented in the AGM booklet.

MOVED BY: Jeff Patry

SECONDED BY: Barry Simms

MOTION CARRIED

8.0 Legislative Committee Report

Gary presented the Legislative Committee report on behalf of William H. Coates, Chair of the Legislative Committee, who could not be present at the meeting. He noted that the report, in its entirety, is included in the AGM Booklet.

07/04/02-06

MOTION: I move the adoption of the Legislative Committee Report, as presented in the AGM Booklet.

MOVED BY: John Healey

SECONDED BY: Barry Simms

MOTION CARRIED

9.0 Greetings

The Chair invited MHA Scott Reid to bring greetings on behalf of the Government of Newfoundland and Labrador. Mr. Reid noted that he enjoyed hearing from some members in attendance about the history of the credit union in the Codroy Valley. He wished the organization well in the future as it continues to serve and give back to the community. He acknowledged that the co-operative model works well and impacts the community in a very significant way.

Gary thanked Mr. Reid for this remarks and invited Brendan Doyle, Member of the Board of the Credit Union Deposit Guarantee Corporation (CUDGC), to address the meeting.

Greetings: Address from Brendan Doyle, CUDGC
Brendan brought greetings on behalf of the Minister of Service NL, Hon. Perry Trimper, and the Board of Directors of the Credit Union Deposit Guarantee Corporation (CUDGC). Brendan stated that CUDGC is responsible for the regulation of nine credit unions in 37 locations with over 60,000 members and over \$1.2 billion in assets in Newfoundland and Labrador. Though CUDGC, credit members in Newfoundland and Labrador are protected with deposit coverage up to \$250,000 per account type. This is much more protection than is offered through the chartered banks where deposits are only covered up to \$100,000 per account type.

Brendan noted the challenges faced by the credit union system in 2016 and acknowledged the success of LECU in terms of their asset and loan growth. He also informed the meeting that CUDGC performed a bi-annual examination of LECU in 2016. LECU met the corporation's requirements in all areas and no major exceptions were noted.

Brendan stated that it is a common myth that credit unions don't need to make a profit. In fact, credit unions must make a profit to be sustainable. The difference between credit unions and our competition is that credit unions prioritize member service and values over the maximization of profits. Chartered banks have been able to report record profits in difficult financial times. Recent news sources have reported that much of this can be attributed to unethical, high-pressure selling tactics which do not put the interests of the customer first. Leading Edge Credit Union lives the co-operative principles and, therefore, will always put the members' best interests first.

Brendan commended LECU's Chair, Gary O'Brien, for his dedication to the credit union movement and his work with the Chairs of the provinces other credit unions. He also acknowledged Gary's presence on the Boards of the Atlantic central and the Newfoundland and Labrador Federation of Co-operatives.

Brendan thanked LECU for the invitation to the AGM. He ended his address by wishing LECU a successful 2017.

10.0 New Business

MOTION: Pursuant to Section 29 of The Credit Union Act, I move that members approve a distribution to members, in the form of a dividend and/or a patronage refund, an amount up to twenty-five thousand dollars (\$25,000).

MOVED BY: John Healey

SECONDED BY: Barry Simms

MOTION CARRIED

John Healey presented the following announcement on behalf of the Legislative Committee:

At the end of the 2016-2017 year, in accordance with By-law 9.01, the term of office of three directors concluded. The three persons whose terms were concluding were the only nominees. I am pleased to announce Janet Willis, Daniel Sheaves and William H. Coates have each accepted three-year terms, and that the Board of Directors is complete.

11.0 Adjournment

With the stated business of the eighth Annual General Meeting completed, the Chair declared the meeting adjourned at 3:07 p.m.

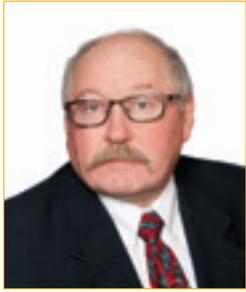
Duly Signed:

Gary J. O'Brien, President

William H. Coates, Corporate Secretary

Director

Director



Welcome, fellow members, to our 9th Annual General meeting.

I'm very proud to report to you, the owners and members of Leading Edge Credit Union (LECU), on the performance of our co-operative (Leading

Edge Credit Union Ltd.). The year ending 2017 was most satisfying, and quite successful for our co-operative. The major financial targets were met and the key areas of lending and deposit growth remain progressive. Membership growth continues to be positive for LECU. However, management & your Board of Directors, feel that it will be imperative to direct greater attention to the products and services we provide you, the member, to assure we maintain your trust to be your financial institution of choice.

LECU's strategic direction:

The plan presented in 2016 demonstrated positive results for 2017 fiscal. We continue to stay positive in all key areas of growth. As a result we will be declaring a patronage return of 2% & a dividend of 1% on profits for this fiscal. This has been the 8th consecutive year that your board has declared patronage & dividend rewards. Your board takes great pride in returning a portion of our profits to our full membership while assuring fair and equitable access to our products & services continues to be a priority. Can our competition in our marketplace make the same commitment? Our testimony is demonstrated via the funds distributed to your share accounts.

However, we feel we have room for improvement. As members you express strong satisfaction (via our surveys) for the incredible services we provide, yet we are disappointed with the number of our products utilized on average by the 8600 plus members of LECU. The vision of LECU is to be the financial service provider of choice to you the member and the communities we serve. How can we be better? Our CEO & his team have

submitted a robust business plan for 2018 and beyond. Through this initiative we are counting on significant gains to many key areas such as:

- members utilizing more of the products and services offered by LECU (wallet share)
- competitive rates & fees that are equal to, if not better than the top 3 banks

Growth in a member's wallet share at LECU from all your aggregate financial business can produce significant financial gain for your credit union and ultimately to (you) the owner member. In essence, by increasing the number of products you utilize with your credit union will reflect in greater returns to members, greater ability to improve our co-operative social responsibility investment in our communities serviced by LECU, and make your credit union a stronger, & a more vibrant financial service provider that will continue to prosper well into the future.

Additionally, you, the members and owners of this credit union, have told us through the membership surveys, that you are more than satisfied with the performance of the Board, management and staff of your credit union. We are pleased to hear this and we will ensure that we maintain your trust and confidence in the future. In our 2017 planning process, your Board spent a considerable amount of time reflecting on who we are as a co-operative and how we can enhance our contributions to the co-operative movement. A huge example of this commitment took place in 2017, with the commencement of construction of a new building for our newest co-operative in Channel-Port aux Basques. The 'Growing our Future Childcare Co-operative' (GOFCC). A partnership (a co-operation) lead by LECU, and supported by the Government of Newfoundland & Labrador, the Government of Canada, the Town of Channel-Port aux Basques, and the Newfoundland & Labrador Federation of Co-operatives. An investment of close to a million dollars in this community! We anticipate the center opening in the spring of 2018. The leadership of Cory and Candace from our corporate office with

Message from the President (con't)

significant support from Janet who represents the board of LECU has to be acknowledged for their timeless & selfless commitment to bring this project successfully to fruition. They displayed resilience and tenacity in assuring the success of this initiative. It's an initiative such as GOFCC that showcases LECU as a leader in Co-operative Social Responsibility in Atlantic Canada.

Your Board of Directors recognizes that, to remain relevant in today's financial industry, we will have to be innovative. LECU is a leader and we intend to live up to the leadership required to successfully implement a robust plan that assures us growth, stability and financial strength. Through this plan we strive to make our membership proud of their financial co-operative in all of the communities in which we serve.

Board Governance

As part of our responsibilities, the Board of Directors met six (6) times last year. In addition to these board meetings, your Directors also met numerous times to attend to committee matters. Each Director was responsible to serve on at least two of the following committees: Executive, Audit, Legislative, and Social Responsibility. Annually, the Board participates in at least one strategic planning session. The credit union's business plan is reviewed and updated at this planning session and, as indicated, we have committed to continuing to 'think outside the box' when planning our future.

The future presents us with many important options as the credit union system transforms. We are determined to remain strong and to be a well-managed Credit Union; we will continue to be a leader in the Atlantic system. I'm proud to represent your credit union through my positions on the boards of our two credit union Atlantic companies, Atlantic Central and League Savings and Mortgage. A key component to LECU's vision and mission is our commitment to the co-operative principles and values. My election to the board of the Newfoundland and Labrador Federation of Co-operatives helps to position Leading Edge Credit Union as leaders in the provincial co-operative movement.

I want to extend a special thank you to John Healey

who has been a board member with LECU since inception. John has decided not to run for re-election this year for personal reasons. John has been a considerable contributor to the success that LECU has achieved these past 9 years. I want to thank him personally, and on behalf of the board and senior management for his commitment.

As a Board, we continue to be extremely active in our professional development. We recognize that such an investment better prepares us for the fiduciary responsibilities we have assumed for our credit union. In 2017, members of the Board completed a total of 13 training courses. With six of our nine directors fully trained in the Credit Union Director Accreditation Program, LECU is well above average in board development within the Atlantic Credit Union system.

LECU Corporate Performance

We, the Board, on your behalf, congratulate our entire team of professional staff on their superb performance in fiscal 2017. We had a great year and we are quite pleased with the ability of staff to keep pace with the demands of growing your credit union.

The board would, also, like to congratulate our CEO for graduating from St. Mary's University with his Masters of Management Co-operatives and Credit Unions with honors. We are most proud of his accomplishment.

Let me close by saying a huge thank you to our entire LECU team. LECU's employees, directors and members can be proud of another successful fiscal year. Your patronage of LECU for your financial needs will enable us to attain on-going financial success by achieving all our goals; this ultimately leads to a sharing of that success through dividends and patronage to you, the owner-member. Working together, we can be the community financial institution of choice, meeting your every financial need.

Co-operatively yours,

Gary J. O'Brien
President



I am honoured to bring forth a report on the success of Leading Edge Credit Union for year ending 2017.

The most significant change in 2017 was the modification of the vision and mission statements for Leading Edge

Credit Union. The Board of Directors were tasked with answering two fundamental questions:

1. What does success look like for our credit union?
2. How can we work towards success differently than other organizations?

The purpose of the credit union is to provide all the tools necessary for members to reach their financial goals. As a member-owned financial co-operative, our successes are realized when our members meet their financial goals. A unique difference between the credit union and a competing financial institution is the concept of ownership. The co-operative model allows those who utilize the co-op to become owners, therefore the staff employed at the credit union essentially work for their customers. Given this unique arrangement, the business model places the emphasis on doing what is right for the owners of the co-operative. In this industry there have been many examples of banks focusing more on driving profit than on doing what is in their customers' best interests. Branch closures, opening unauthorized accounts, and the selling of unnecessary products to customers have been a major focus of headlines in the past few years. Recognizing our unique model and our purpose, a new vision was created to more accurately represent our organization and to make the commitment to the member more accountable.

Vision: At Leading Edge Credit Union, we strive to assist all our members to meet their financial goals by providing advice and services with a focus on the members' best interests.

The Business Plan of 2017 was designed to find ways to improve on meeting the new vision. From

a personnel perspective, your credit union invested in its staff by providing Member First training. Staff also participated in an all-staff training weekend to cover various topics about providing superior service and advice to members. Training on products and services such as investments and insurance products was also implemented with the goal of building a more knowledgeable and professional team. A member's introduction to the credit union is considered a critical time to make a first impression and a prime opportunity to discuss our unique operating model. Additional training and support was provided in this area; in our most recent survey, 98% of new members said they were completely satisfied with our member onboarding process.

The adoption of technology in the financial industry is rapidly changing the ways in which members access and avail of products and services. This brought forth a new challenge to ensure members have the same positive experience they've grown accustomed to at the branch level when they begin using more technological tools. In 2017, more security measures were put in place allowing members to protect their online transactions. Online banking software now includes the ability to turn on notifications or alerts so that a member can be advised if certain functions were changed on their account. As well, the ability to lock or disable a debit card was introduced to protect members in the event that a debit card might be lost or stolen. These services provide security and a level of comfort to members, so they know that their online transactions are as secure as in-branch transactions.

In 2017, we also entered into an agreement with Eagle River Credit Union to share the services of their IT professional and our accounting clerk. This partnership provided both credit unions access to professional services through a more efficient solution. Members can further rest assured that their credit union has taken great measures to protect their privacy and any confidential information. In 2017, your credit union continued to focus on being a more socially responsible organization. It was important to determine how well your credit union ranks in the socially responsible department within corporate Canada, and to seek ways in

Message from the CEO (con't)

which we could improve. Your credit union has now partially completed a B-Corp certification, to be a certified Beneficial company, but most importantly we have learned new ways in which we can improve our socially responsibility. In 2017, a stronger effort was made to be more environmentally conscious and we took steps to reduce our collective carbon footprint through creating more recycling within the branches while also creating an eco-loan program to encourage members to make more environmentally sustainable purchases. So far there have been 13 loans completed for \$85,048 in new heat pump installations. More importantly, 13 members will now enjoy lower light bills while reducing the electrical demand on the provincial power grid. The biggest project that LECU participated in for 2017 was the assistance in the formation of the Growing our Future Childcare Co-operative in Port aux Basques. To assist the formation of this co-operative service, LECU provided guidance, meeting space, office supplies and financing to compliment funds provided by all levels of government. This new center has the capacity to provide affordable

childcare services to 38 children and employ 7 people within the community. It also provides an opportunity for parents to return to the workforce, seek subsidization for childcare services, and provide an enhanced learning environment for children.

An organization is only as good as its people and I would like to thank the board of directors and employees of LECU for another successful year. As indicated in this report, a strong focus on ownership and community value would not be possible without the hard work and dedication of those intimately involved in the operation of your credit union. I would also like to thank the owners of LECU as, without your continued commitment to your financial co-operative, our people and communities would not have the services provided today.

Co-operatively yours,

Cory Munden
Chief Executive Officer



Audit Committee Report



To all Member-Owners of
Leading Edge Credit Union,

The Audit Committee was active over the past year, having met on several occasions to perform its duties on behalf of the Board of Directors. The core function

of the Audit Committee is to be the liaison between the Auditor and the Board of Directors.

All audits completed by Mr. Smith and his team have been reviewed by the Audit Committee and presented to the Board. I am pleased to say that both audits went well and there were no items that were of great concern reported to the Audit Committee. The 2017 audited financial statements are included in this AGM booklet and I encourage you to review them.

As part of its duties, the Audit Committee works with the management team to address any recommendations provided by the auditors. There were very few recommendations in the Audits this year and we have worked with the management team to implement any changes that were necessary. This is a testament to the strength of processes, procedures and controls that have been implemented by LECU. The Audit Committee also oversees LECU's Enterprise Risk Management (ERM) strategy. ERM is a framework to assess the risks inherent in our business and ensure there are appropriate controls in place to offset this risk. LECU owes a duty to its members to manage the money that it holds on deposit appropriately.

At the time of writing of this report, there were no unresolved issues between the Committee, the Credit Union Deposit Guarantee Corporation and the external auditor. Any concerns that arose during the year were addressed in a professional and satisfactory manner by management.

I would like to take this opportunity to thank the Management and Staff of LECU. We remain successful as a Financial Institution because of your diligence in all you do; the hard work you do each day; your willingness to embrace change; and your dedication and support to the company.

I would also like to thank everyone for their involvement in the Community. At community events in each of our locations I see pictures of our LECU team both in attendance and helping out. It is through the support of our community that we promote our co-operative roots and help to make a difference. Well done everyone.

Co-operatively yours,

Janet Willis, CPA-CGA
Chair, Audit Committee

Lending Committee Report



To the Member-Owners of Leading Edge Credit Union,

In 2017, the Lending Committee continued to be very active in fulfilling its roles and responsibilities. The committee delivered a number of reports to the Board of Directors outlining required

disclosure items such as total delinquency, write-off's, loans with total debt service ratio (TDSR) over 40%, and bankruptcies. The committee recommended the write-off of loans in the amount of \$116,251.

The Manager of Lending Services provides critical support to the Lending Committee by ensuring all financial industry trends and best practices are considered for implementation. The monitoring and supervision of the lending portfolio is managed through monthly audits. This position also assists in the management of the delinquency portfolio and collection processes.

The Lending Committee is also responsible for reviewing all credit requests for staff, board and committee members. In 2017, there were 12 approvals totalling \$502,044 of credit for these members.

The committee would like to outline the following loan report for the year ending December 31, 2017:

Type of Loan	Total Number	Total Value
Current Loans and Mortgages	2846	98,362,226
Impaired Loans and Mortgages	60	1,347,805
TOTAL	2906	99,710,031

We would like to take the opportunity to thank our staff for their co-operation and assistance in performing the mandate of the Lending Committee.

Co-operatively yours,

Trudy S. Keeping
Manager Lending Services



To the Member-Owners of
Leading Edge Credit Union,

Leading Edge Credit Union (LECU) is a financial co-operative; our co-operative values and principles provide the lens through which we filter all our operational decisions.

As a member-owned co-operative, LECU has built our commitment to socially responsible operations directly into our vision and mission statements. This represents a significant shift for our organization, one which we are excited to build on in the coming years.

The Social Responsibility Committee (SRC) members make recommendations to the Board of Directors with respect to LECU's overall social responsibility strategy. LECU is very proud of its commitment to be a socially responsible co-operative and we would like to extend our deepest thanks to our communities and our members for their continued support. Our ability to support our communities is a direct result of your commitment to us, as a member. When LECU makes money, the profit goes directly back to our members and their communities in the form of dividends, patronage, product and service enhancements and socially responsible initiatives.

LECU uses a tracking system to measure Key Performance Indicators (KPIs) for social responsibility reporting. The results of LECU's performance in 2017 can be found in the social responsibility section of this report as well as on LECU's website. I encourage you to closely examine all the ways in which LECU contributes to your community. We are proud to be strong community partners in each of our areas of operation. We believe that collaboration and engagement are the key factors in building lasting community partnerships. In 2017, we built on the relationships we have in each of our communities but we can, and will, do better. We are excited to pursue new community enhancement opportunities in the coming year. The following are

some things we are proud to have accomplished in 2017:

Dividends and Patronage Rebates.

Over \$644,000 has been returned to LECU members since 2010 in the form of dividends and patronage rebates. This money is returned directly to LECU's members based on the number of products and services they use. It is important to highlight that the more support the credit union gets from its members, the more we can return to them through our community support and our direct rebates.

Jeffrey's Community Enhancement Fund.

In 2017, our Jeffrey's branch began a fundraising initiative in partnership with the Three Rivers Lion's Club to assist community groups in the Jeffrey's area. The fund is built through a weekly 50/50 draw which is open to all shareholders of the Jeffrey's branch of Leading Edge Credit Union. The fund is designed to continually build to support various community causes. To be eligible to access the fund, applicants must be not-for-profit community organizations in the Heatherton to Highlands area and they must clearly demonstrate how the fund will be used to benefit the community. The inaugural success of the fund was demonstrated in December when both the 50/50 draw winner and the community fund received over \$1,300 each.

The Race to the Sea.

The ongoing success of The Race to the Sea, a flagship relay running event owned and operated by LECU, is a source of great pride for our members. This event has been steadily growing each year, thanks, in large part, to the staff and volunteers who dedicate their time and talents to this unique event.

Newfoundland and Labrador Federation of Co-operatives (NLFC).

Over the past several years, the CEO, the Chair of the Board of Directors, and the Social Responsibility Committee has formed a valuable partnership with the NLFC. Much of the work has focused on building relationships with other co-operatives and supporting co-op sector growth in the province. LECU strongly believes in co-operative principle

Social Responsibility Committee Report (con't)

number six, co-operation among co-operatives. We feel that the co-operative business model has the power to transform our communities for the better.

Growing our Future Childcare Co-operative (GOFCC).

The GOFCC facility was born of a group of dedicated individuals sharing a common goal: to create an affordable and sustainable childcare centre in Port aux Basques. LECU has played an essential role in the development of this initiative. We are very proud to announce that this state-of-the-art facility will open this month to provide full-time, regulated childcare services to 38 children in the Port aux Basques area. On behalf of the Board, staff and membership of LECU, I thank all the community stakeholders who have volunteered time and resources to this incredible initiative.

LECU is proud of the role that we play in each of our communities and in the co-operative and credit union sectors. We will continue to seek out ways in which to improve our world and we look to you, our member-owners, to help us. Thank you to my fellow committee members for their support during the past year. I would also like to thank the Board of Directors, the CEO and the LECU staff for their continued support and co-operation.

Co-operatively yours,

John Healey
Chair, Social Responsibility Committee





To all Member-Owners of
Leading Edge Credit Union,

Although the Legislative
Committee of your Board
met during 2017 on only one
occasion, fundamental policy
considerations demanded a
great deal of attention of the

whole Board. As the governance of your credit union continues to mature, one would expect the Legislative Committee and the Board to focus primarily on high-level internal principles of policy and external governance issues, especially any the Minster or the Superintendent may propose. Nonetheless, it is the responsibility of the Committee to maintain oversight of all policies pertaining to the governance of your credit union, including the election of members of the Board.

The most critical question over which the Board agonized for many months was the most beneficial operational relationship for all stakeholders your credit union should establish with the Atlantic Central and its members. In the end, by focusing on co-operative principles, LECU determined not to participate in the proposed defined suite of services. Recognizing the value of the work the Atlantic Central had completed and the importance for all credit unions of seeking means of improvements for member-owners, LECU recommended an alternative path forward, which many other CUs has endorsed.

With respect to internal responsibilities, the committee was disappointed to record that Members proposed only sufficient nominees to fill the vacancies created by the ending of the three-year terms of three members. Despite the increased encouragement through various media, inviting all shareholders to participate in the governance of their credit union, there was no need to hold an election. Members of the Committee hope this outcome indicates the level of support for current members of the Board.

Finally, the Committee considered amendments to our Commercial Lending Policy designed to give us more flexibility in our commercial lending opportunities. The Board accepted the recommendations of the committee and they were incorporated into operations.

The most outstanding task of the Committee is the up-dating of the Board Policy Manual. The decision taken is to engage the consulting services of Atlantic Central to draft a full Board policy manual for the consideration of the Legislative Committee. The Committee looks forward to concluding this task in 2018.

Co-operatively yours,

William H. Coates
Chair, Legislative Committee

To the Members of Leading Edge Credit Union,

Report on the Financial Statements

I have audited the accompanying financial statements of the Leading Edge Credit Union Limited, which comprise the statement of financial position as at December 31, 2017, and the statements of comprehensive income, statement of changes in members equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Leading Edge Credit Union Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Spaniard's Bay, NL
February 24, 2017

Byron D. Smith Professional Corporation
Chartered Professional Accountant

Balance Sheet

Leading Edge Credit Union Limited Statement of Financial Position

As of December 31,	2017	2016
Assets		
Cash	\$ 2,286,694	\$ 3,431,845
Cash – required liquidity	13,300,865	12,156,154
Investments	3,007,039	3,056,477
Income taxes receivable		20,854
Loans and mortgages receivable	99,288,032	92,922,343
Other assets	148,409	131,984
Property, Plant and Equipment	<u>1,330,102</u>	<u>1,421,185</u>
	\$ 119,361,141	\$ 113,140,842
Liabilities		
Members deposits	\$112,886,167	\$ 107,170,075
Accounts payable and accrued liabilities	385,030	379,956
Dividends payable	87,825	24,299
Current income tax	18,524	
Future income tax	23,038	24,672
Non-members' deposits	<u>30,864</u>	<u>27,804</u>
	113,431,448	107,626,806
Members' Equity		
Retained earnings	<u>\$ 5,929,693</u>	<u>\$ 5,514,036</u>
	<u>\$ 119,361,141</u>	<u>\$ 113,140,842</u>

Income Statement

Leading Edge Credit Union Limited Statement of Comprehensive Income

For the Year Ended December 31,	2017	2016
Financial Revenue		
Interest	\$ 4,711,675	\$ 4,568,661
Investment income	<u>167,308</u>	<u>129,021</u>
	4,878,983	4,697,682
Cost of funds		
Interest on members' deposits	1,298,941	1,266,890
Dividends paid to members	<u>87,736</u>	<u>23,179</u>
	1,386,677	1,290,069
Financial margin	3,492,306	3,407,613
Other income	<u>1,456,513</u>	<u>1,488,656</u>
	4,948,819	4,896,269
Operating Expenses		
Members' Security	414,111	328,081
General business	1,835,590	1,865,362
Personnel	<u>2,217,717</u>	<u>2,265,743</u>
	4,467,418	4,459,186
Net income before income taxes	481,401	437,083
Income taxes		
Current tax expense	67,378	58,352
Future tax recovery	<u>(1,634)</u>	<u>(625)</u>
Total Comprehensive Income	<u>\$ 415,657</u>	<u>\$ 379,356</u>

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*Ipsos 2017 Best Banking Awards are based on ongoing quarterly Customer Service Index (CSI) survey results. Sample size for the total 2017 CSI program year ended with the August 2017 survey wave was 47,813 completed surveys yielding 68,744 financial institution ratings nationally.

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