

ANNUAL REPORT **2013**



CEO's Message

In 2013, Niverville Credit Union continued to make financial and operational progress.

Significant investment was made in technology by installing cash recyclers in the Niverville and Landmark branches in order to improve member service and improve security.

INTERAC e-Transfer, Mobile Web, and Mobile Alerts features were added to our product offerings. Member security was improved by introducing Increased Authentication on the NCU Internet Banking system.

The continued focus on profitable growth resulted in improved profitability and improved capital ratios.

Income before taxes was \$1,102,394, an increase of approximately 32.6% over 2012. Total capital increased to 6.46% and the retained earnings portion of total capital stands at 3.92% of assets, versus 3.64% in 2012.

Assets grew by 1.09% and loan growth was 6%. Our commercial portfolio continued to show strength, and improvements were made in our consumer mortgage segment. Our local deposit and mortgage business efforts resulted in a large increase in both these categories, as we continue to provide a competitive local option for people in our trading area.

A common share dividend of 3% was declared, a 9% increase over 2012, as improved profitability allowed us to increase the dividend.

Staff contributed approximately 650 hours of community service, reflecting our commitment to our local communities.

Although regulatory and compliance pressures continue to increase, Niverville Credit Union is fortunate to be located in a robust economic region such as Southeast Manitoba, which allows us the opportunity for profitable growth.

I would like to thank the Niverville Credit Union staff for their commitment and the NCU board of directors for their guidance and support this past year

On behalf of the entire NCU team, I thank you, our members, for choosing Niverville Credit Union as your financial services provider.

Ken Rempel



Niverville Branch Staff



Photos by Kathy Harder ~ Soul Pix Photography ©

(Left to Right)

Back Row: Leona Reimer, Dorothy Dyck, Christie Spencer, Leighton Reimer, Richard Pearse, Ty Wood, Ken Rempel, Ron Ashcroft, Darryl Rempel, Debbie Lamirande, Shauna Plett

Middle Row: Angela Vincent, Jackie Rasetti, Ashley Robidoux, Chris Abolade, Brigitte Simard, Marlene Carr, Nancy Penner, Cecile Gerardy

Front Row: Denise Stoesz, Rosemary Johnston, Norma Toews, Carroll Dyck, Stacy Hamm, Carmen Giesbrecht

Missing: Kristina Gerbrandt, Gabi Hiebert and Sarah Hiebert

Landmark Branch Staff



Photos by Kathy Harder ~ Soul Pix Photography ©

(Left to Right)

Back Row: Cynthia Kroeker, Leona Gerbrandt, Teresa Soper, Denise Collins, Denise McBurney, Shari Voth, Katherine Herrmann

Front Row: Brian Ryall

Board of Directors Report

2013 financial performance continued to improve vs. 2012. We continue to attract a greater share of local business and invest in technology to better serve our members.

During the past year, your directors took various courses in governance and financial management as part of the continuing director education process.

A number of directors and CEO Ken Rempel attended the World Conference of Credit Unions held in Ottawa this past summer. The conference included speakers on various topics such as technology, social media, board governance and financial management.



Photos by Kathy Harder ~ Soul Pix Photography ©

(Left to Right)

Back Row: Alexander Wallace, Carl Fast,
John Schmitke, Cal Schellenberg

Front Row: Libby Hanna, Stan Doerksen, Patricia Lewis

While in Ottawa we had the opportunity to meet with Senator Don Plett and voice our concerns regarding changes to the Canadian tax laws which will result in higher income taxes for credit unions.

While we continue to be challenged by increased compliance and regulations, information technology and a competitive market place, our operating principles set around providing service excellence, financial and social support to our membership have remained constant.

As a Board of Directors and on behalf of our membership we want to recognize Carl Fast, who is stepping down as a director. On behalf of our membership, thank you for your service and commitment to the Niverville Credit Union.

We want to thank Ken Rempel our CEO, his management team and employees for their continued support and drive for service excellence. In addition, we want to recognize and thank our staff, for their financial contributions, and volunteering more than 650 hours of their personal time to the communities we serve. The directors have also made personal financial contributions to the Co-operative Development Foundation of Canada, an organization working overseas in areas of need.

Thank you, our membership for your continued support. We appreciate and always respect your thoughts and comments about how we can better serve you. Please feel free to approach the directors or management with any suggestions.

Thank You,

Niverville Credit Union Board of Directors



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Winnipeg MB R3C 4L5 Canada

Report of the Independent Auditor on the Summary Financial Statements

To the Members of NIVERVILLE CREDIT UNION LIMITED

The accompanying summary financial statement, which comprise the summary consolidated balance sheet as at September 30, 2013 and the summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' equity and summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of **Niverville Credit Union Limited** for the year ended September 30, 2013. We expressed an unmodified audit opinion on those financial statements in our report dated November 20, 2013.

The summary financial statements do not contain all the statements and disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Credit Union.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Audit Standard (CAS) 810, 'Engagements to Report on Summary Financial Statements'.

Opinion

In our opinion, the summary financial statements derived from the audited consolidated financial statements of **Niverville Credit Union Limited** for the year ended are a fair summary of those financial statements, on the basis described in Note 1.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
November 20, 2013

NIVERVILLE CREDIT UNION LIMITED
Summary Consolidated Balance Sheet

September 30 2013 2012

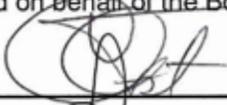
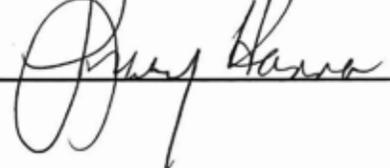
Assets

Funds on hand and on deposit	\$ 14,064,242	\$ 3,774,936
Other assets	259,409	495,086
Investments	22,865,454	42,127,727
Loans to members	211,922,074	199,992,324
Property, plant and equipment	2,678,858	2,599,319
Intangible assets	318,309	369,927
Investment property	242,763	254,226
	\$ 252,351,109	\$ 249,613,545

Liabilities and Members' Equity

Income taxes payable	\$ 9,902	\$ 84,640
Other liabilities	2,387,162	1,495,752
Members' deposits	233,421,893	232,263,787
Insurance reserve	239,572	257,572
Deferred income tax liability	59,200	28,300
Members' shares	1,114,278	1,233,922
	237,232,007	235,363,973
Commitments		
Members' Equity		
Members' shares	5,047,022	4,992,271
Provision for issue of shares	183,500	172,780
Retained earnings	9,888,580	9,084,521
	15,119,102	14,249,572
	\$ 252,351,109	\$ 249,613,545

Approved on behalf of the Board of Directors:


 _____ Director

 _____ Director

The accompanying notes are an integral part of these summary consolidated financial statements.

NIVERVILLE CREDIT UNION LIMITED

Summary Consolidated Statement of Comprehensive Income

For the year ended September 30	2013	2012
Revenue		
Interest on loans to members	\$ 8,755,736	\$ 8,990,927
Investment Income		
Liquidity deposits	865,779	1,132,066
CUCM shares	91,831	186,313
Debentures	25,166	-
	<u>9,738,512</u>	10,309,306
Cost of funds	<u>5,181,975</u>	5,928,168
Gross financial margin	<u>4,556,537</u>	4,381,138
Operating Expenses		
Personnel	2,047,764	2,046,192
Administrative	1,339,924	1,298,927
Occupancy	510,816	487,851
Members' security	258,921	243,617
Organizational	160,090	161,863
	<u>4,317,515</u>	4,238,450
Gross operating expenses	<u>4,317,515</u>	4,238,450
Less other income	<u>1,119,137</u>	1,100,818
	<u>3,198,378</u>	3,137,632
Gross operating income	1,358,159	1,243,506
Provision for impaired loans	<u>206,360</u>	351,170
	1,151,799	892,336
Other Items		
Donations	16,885	20,925
Distributions to members	32,520	40,147
	<u>1,102,394</u>	831,264
Income before income taxes	<u>1,102,394</u>	831,264
Provision for Income Taxes		
Current	142,234	127,201
Deferred	30,900	(34,200)
	<u>173,134</u>	93,001
Net and total comprehensive income for the year	<u>\$ 929,260</u>	<u>\$ 738,263</u>

The accompanying notes are an integral part of these summary consolidated financial statements.

NIVERVILLE CREDIT UNION LIMITED
Summary Consolidated Statement of Changes in Members' Equity

For the year ended September 30

2013

	Provision for Issue of Shares	Members' Shares	Retained Earnings	Total
Balance at September 30, 2011	\$ 154,620	\$ 4,876,336	\$ 8,462,050	\$ 13,493,006
Net income for the year	-	-	738,263	738,263
Distributions to members	170,250	-	(115,792)	54,458
Issue of members' shares	(152,090)	164,249	-	12,159
Redemption of members' shares	-	(319,135)	-	(319,135)
Transfer (to) from liabilities	-	270,821	-	270,821
Balance at September 30, 2012	\$ 172,780	\$ 4,992,271	\$ 9,084,521	\$ 14,249,572
Net income for the year	-	-	929,260	929,260
Distributions to members	179,814	-	(125,201)	54,613
Issue members' shares	(169,094)	179,471	-	10,377
Redemption of members' shares	-	(244,363)	-	(244,363)
Transfer (to) from liabilities	-	119,643	-	119,643
Balance at September 30, 2013	\$ 183,500	\$ 5,047,022	\$ 9,888,580	\$ 15,119,102

The accompanying notes are an integral part of these summary consolidated financial statements.

NIVERVILLE CREDIT UNION LIMITED

Summary Consolidated Statement of Cash Flows

For the year ended September 30	2013	2012
Cash Flows from Operating Activities		
Net income for the year	\$ 929,260	\$ 738,263
Adjustments for		
Interest and investment revenue	(9,738,512)	(10,309,306)
Interest expense	5,181,975	5,928,168
Depreciation expense	221,000	209,367
Provision for impaired loans	206,360	351,170
Loss on disposal of property, plant and equipment	-	15,027
Deferred income taxes	30,900	(34,200)
Insurance reserve	(18,000)	(6,574)
	<u>(3,187,017)</u>	<u>(3,108,085)</u>
Change in other assets and liabilities	1,127,087	(343,734)
Change in income taxes payable	(74,738)	67,887
	<u>1,052,349</u>	<u>(275,847)</u>
Changes in member activities (net)		
Change in loans to members	(12,122,581)	(3,007,797)
Change in members' deposits	1,750,796	5,466,984
	<u>(10,371,785)</u>	<u>2,459,187</u>
Cash flows related to interest, dividends, and income taxes		
Interest received on loans to members	8,742,207	9,174,016
Interest received on investments	1,131,504	1,318,613
Interest paid on members' deposits	(5,774,665)	(6,178,273)
	<u>4,099,046</u>	<u>4,314,356</u>
Total cash flows from operating activities	<u>(8,407,407)</u>	<u>3,389,611</u>
Cash Flows from Investing Activities		
Purchase of investments	(750,000)	-
Redemption of investments	991,620	1,623,230
Purchase of property, plant and equipment	(237,458)	(40,095)
Purchase of intangibles	-	(30,366)
Total cash flows from investing activities	<u>4,162</u>	<u>1,552,769</u>
Cash Flows from Financing Activities		
Issue of common and surplus shares	64,989	66,617
Redemption of common and surplus shares	(244,363)	(319,135)
Total cash flows from financing activities	<u>(179,374)</u>	<u>(252,518)</u>
Net increase (decrease) in cash and cash equivalents	<u>(8,582,619)</u>	<u>4,689,862</u>
Cash and cash equivalents, beginning of year	<u>42,793,261</u>	<u>38,103,399</u>
Cash and cash equivalents, end of year	<u>\$ 34,210,642</u>	<u>\$ 42,793,261</u>
Comprised of the following		
Funds on hand and on deposit	\$ 14,064,242	\$ 3,774,936
Credit Union Central of Manitoba term deposits	20,146,400	39,018,325
	<u>\$ 34,210,642</u>	<u>\$ 42,793,261</u>

The accompanying notes are an integral part of these summary consolidated financial statements.

NIVERVILLE CREDIT UNION LIMITED

Notes to Summary Consolidated Financial Statements

For the year ended September 30, 2013

1. Management is responsible for the preparation of summary financial statements. The summary presented includes only the summary consolidated balance sheet and the summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' equity and summary consolidated statement of cash flows. It does not include any other schedules or the notes to the financial statements. The summary consolidated balance sheet and summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' equity and summary statement of consolidated cash flows are presented in the same detail as the audited financial statements except the note referencing has been removed.

Copies of the September 30, 2013 audited consolidated financial statements are available at the Credit Union's head office at 62 Main Street, Niverville Manitoba and online at www.nivervillecu.mb.ca.

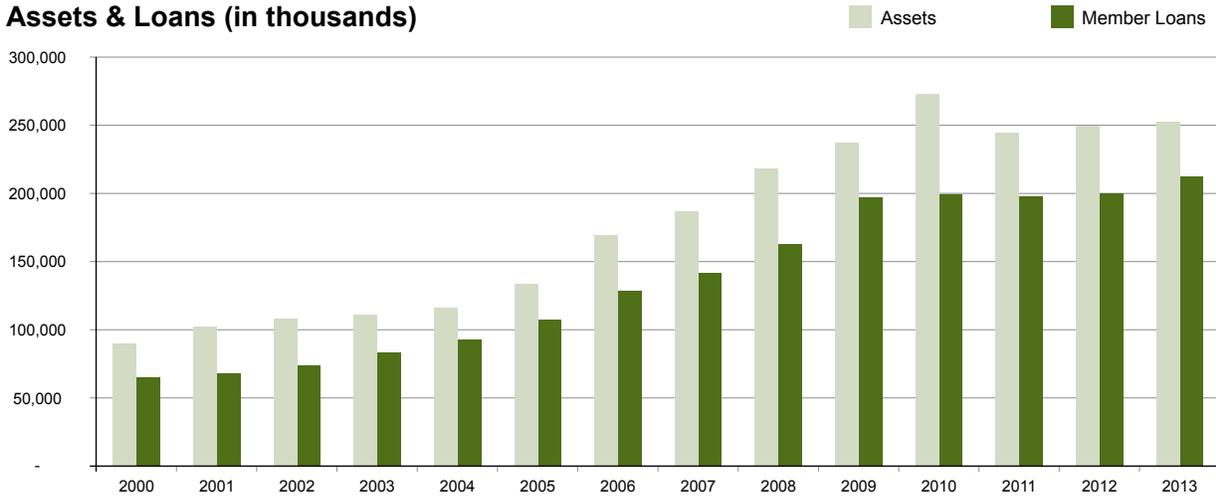
2. Compliance with Minimum Capital and Liquidity Requirements

The Credit Union is in compliance with the capital and liquidity reserve requirements at September 30, 2013 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

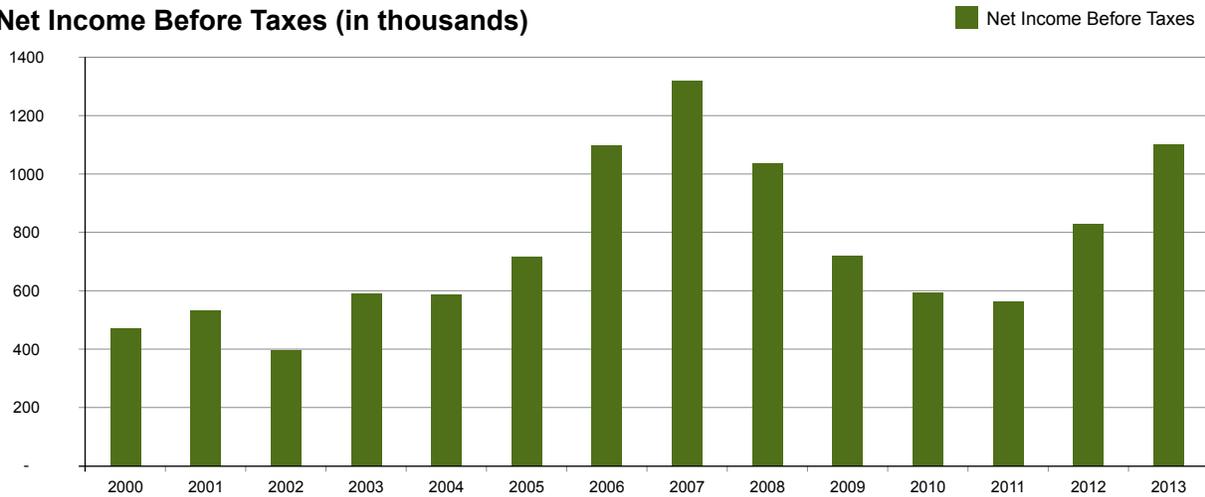
Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity, the reader must refer to the audited consolidated financial statements including notes for the year ended September 30, 2013, which contain the information detailing the calculations.

Niverville Credit Union Growth

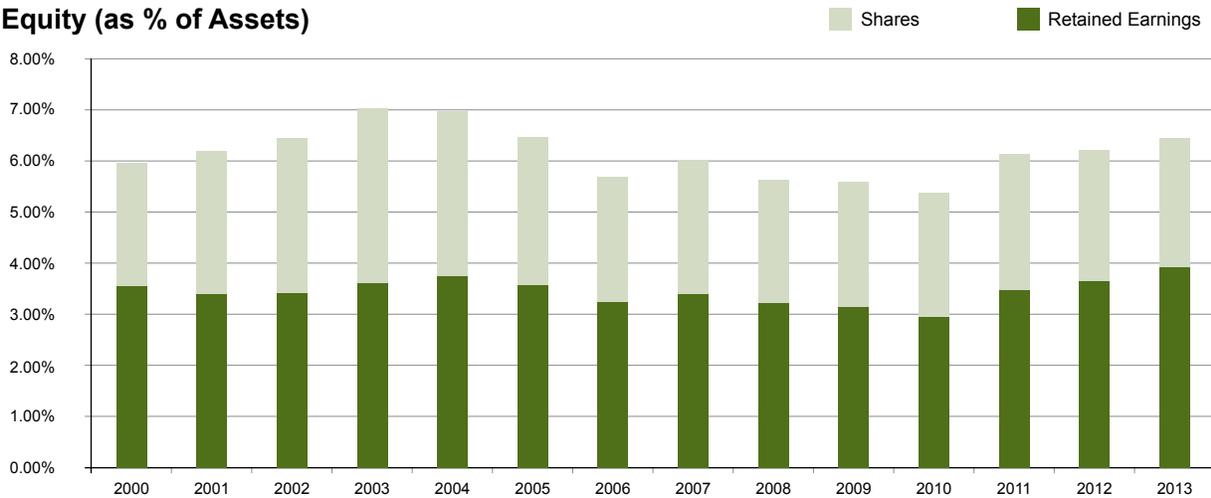
Assets & Loans (in thousands)



Net Income Before Taxes (in thousands)



Equity (as % of Assets)



650 hours
of Community Service

\$2,000 in Scholarships

Improved your Service
with New Cash Recyclers/Dispensers for the Tellers
& with e-transfer and mobile web banking to name a few

36 full-time and part-time Employees
Participating in Training to Better Serve You

Our Staff Contributions to the Communities We Live and Work In for 2013

100 hours of Actively Participating in the 2 Trade Shows held in Niverville

\$183,500 to our Members
in Dividends on Shares

Hosting Community BBQ's
in Niverville & Landmark

\$25,000 Sponsorships and Donations

Mission:

Through lasting relationships and competitive, value-added financial solutions, we help our members realize their goals and dreams while enhancing the communities we serve.

Vision:

To be a neighbourly, people-focused, and financially successful Credit Union.

Values:

People First: our employees, our members of our communities.

Leadership: lead by example in everything we do.

Integrity and Trust: strong professionalism and confidentiality.

Financial Success: yours and ours.



Come on over.

Niverville Branch

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