



STRATHCONA CREDIT UNION

NEWSLETTER

January 2004



AGM SPECIAL REPORT

This issue of the newsletter contains information and reports from the Annual General Meeting held on December 2, 2003. On this page is the report of the Audit and Ethics Committee and the President's Report is found on page 2.

The AGM approved unchanged the recommendations of the Board of Directors to rebate to members a total of \$184,000. Your statement which accompanies this newsletter will show the deposit of rebates you earned in the past year. They are coded "DIVIDEND" and were paid on December 16th for Lines of Credit; the 17th for PCAs and Savings Accounts; the 18th for Personal Loans and on the 19th for Mortgages.

Report of the Board of Audit and Ethics

We, the undersigned, members of the Board of Audit and Ethics, submit the following report:

It is our mandate to ensure that our Credit Union manages its business in a sound and prudent manner. We have met seven times during the fiscal year 2002/2003, from September 1st, 2002 to August 31st, 2003. Throughout our term of office, we have endeavoured to enforce the Articles and By-laws of the Strathcona Credit Union.

We have reviewed the minutes and suggestions of our governing bodies to make sure the resolutions have been applied. Following that review, we observed that our Credit Union is functioning smoothly. A supervision was exercised regarding respect for the rules of ethics. We are aware that the Board of Directors has an agreement concluded with interested parties concerning the production and printing of the monthly newsletter. We have examined the processing of complaints and are satisfied by the way they have been handled. A member of the Board of Audit and Ethics has usually been present at each monthly meeting of the Board of Directors this past year. For this reason we can affirm that our directors and our personnel always keep in mind that our Credit Union is a cooperative organization devoted to give the best service to all of its members.

Along with our usual responsibilities, we collated the responses to a Survey of Member Satisfaction distributed in October 2002. We are happy to report that our members in general are happy with our services and appreciate our staff and monthly newsletter. Our members told us to continue to give them the best of all services provided by the banks of our regions and to do it at more advantageous rates than other financial organizations. We wish to thank all the members who took the time and care to reply to the survey. We will continue to study with interest every administrative decision to make sure it conforms to the needs of our members and to our usual standards.

The Board of Audit and Ethics would like to thank the Credit Union employees, the Manager, and the officers of the Board of Directors for their devotion and their support, which is necessary to carry out our mandate.

Respectfully submitted,

Chairperson

Fernand Jacques

Secretary

Graeme Sutherland

Member

Kenneth Carpenter

Member

Bruce Garland

Member

Peter Mitchell

Credit Report

During the fiscal year 2002-2003, ended August 31st 2003, the Strathcona Credit Union approved 845 loan applications for a total amount of \$6,064,544.00 as follows:

760 personal loans for a total of	\$3,991,032.00
28 mortgage loans for a total of	\$1,953,477.00
57 lines of credit for a total of	\$ 120,035.00
74 loan applications were refused.	

We declare that no loans were extended to non-members and in no instance was the official ceiling on loans in relation to liabilities exceeded.

Loans granted to restricted persons or those associated to the officers totalled \$197,389.00, on August 31st, 2003.

On August 31st, 2003, the distribution of the loan portfolio was as follows:

935 personal loans for a total of	\$ 4,766,380.50
139 mortgage loans for a total of	\$ 8,047,930.04
356 lines of credit for a total of	\$ 293,146.87
1430 Total Loans	\$13,107,457.41

Diane Lauzon

General Manager

CURRENT RATES

PERSONAL LOANS	8.75 %
CONSOLIDATION LOANS	10.75 %
LINE OF CREDIT	7.00 %
MORTGAGES	
1 year term (open)	5.75 %
2 year term (closed)	4.50 %
3 year term (closed)	4.65 %
4 year term (closed)	4.85 %
5 year term (closed)	5.35 %
TERM DEPOSITS *	
6 months	1.75 %
1 year	2.50 %
2 years	2.75 %
3 years	3.00 %
4 years	3.25 %
5 years	3.75 %

* \$2,000 minimum. Rate subject to change without notice.

Monthly interest payment less 0.25 % . (014)

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THE PRESIDENT'S REPORT TO THE FOURTH ANNUAL GENERAL MEETING

As of August 31, 2003 the Strathcona Credit Union has completed its third full year of operation. In those three years we have seen our assets grow from \$26,671,127.00 to \$32,634,901.00 and our rebates have grown from \$86,818.00 to \$184,000.00. Member surveys have shown almost unanimous satisfaction with our credit union. Thanks to a committed and hardworking staff and a dedicated group of Board and Committee members, our credit union continues to grow and expand.

On the financial side, last year was another good year. As of August 31, 2003 our assets stood at \$32,634,901. Surplus earnings after taxes were \$230,307.00 and undistributed surplus earnings of \$59,667.00 will be allocated to the general reserve, bringing the total reserves to \$2,040,243.00. It is always a pleasure to announce that later this evening the Board of Directors will be recommending to this AGM that they vote to rebate \$184,000.00 to our members for the fiscal year 2002–2003. It is an even greater pleasure to note that the amount rebated continues to grow – last year's rebate was \$96,341.00.

Let's take a closer look at this rebate. Last year we held mortgages worth \$8,047,930.04 in total. We earned \$474,362.24 in interest from our members who were repaying these mortgages. As a result of the rebate (assuming the AGM approves the recommendation of the Board) 18% of this interest earned will be rebated to our mortgage holders. So a member holding a mortgage at, say, 6.5% will have his/hers real mortgage cost further reduced by 18% of the interest originally paid to service that mortgage. Considering the very low rates that we are already charging and the other many advantages gained by being a member, this is not a bad deal! A similar situation holds for those having loans, lines of credit, savings accounts etc., although the per cent of rebate in different categories is different. Let's see the banks top that.

Desjardins is now insisting that all of its member institutions have a common fiscal year, namely, the calendar year. Our fiscal year is presently September 1 to August 31, since it more accurately reflects the needs of our members and therefore the work cycle of our offices. We will therefore be forced to change our fiscal year. Consequently, we are going to have two year ends and two AGMs within the span of a few months. At tonight's AGM we will close our regular (September 1, 2002 – August 31, 2003) fiscal year and elect members to the Board and BAE as usual. We will then have a shortened fiscal year from September 1, 2003 to December 31, 2003 to bring us in step with the entire Desjardins system. We will then hold another AGM in April 2004 to close out this "shortened" fiscal year. It has been decided that no new elections to the Board or the BAE will be held at the time of this second AGM. All Board and BAE members that are presently part way through their terms and all those elected tonight to a new term will therefore have their existing terms effectively increased by four months.

During this past year the Board and BAE have developed a three years action plan with the aim of attracting new members. The objectives of this plan during the first phase are i) to focus on having existing members become "full service" members ii) to focus on recruiting new teachers iii) to focus on expanding our mortgage portfolio and iv) to encourage the greater use of ATM/internet/electronic banking.

In the face of continuing pressure from Desjardins, the Board has been unanimous in its determination to maintain our present policy of having very minimal service charges. We never fail to take every opportunity to remind Desjardins representatives that we are a credit union and not a bank and that we work for the benefit of our members, not shareholders, whose only concern is to maximize profits.

William Holowka retired from our Board in mid term this past year. The Board appointed Eric Martin to replace him for the duration of his term. Eric is a retired administrator and has a long association with credit unions, having served on the executive of the "old" FESCT Credit Union for many years. I am sure that you all join me in welcoming Eric to the Board of the "new" Strathcona Credit Union.

As has been mentioned many times before, now more than ever, there is virtually no reason for members not to do all of their banking with their credit union and there are many very good reasons why they would benefit from doing so. A complete line of financial products and services, great service, low rates, very low service charges, and rebates are just a few of the most obvious. Almost all new members come to us as a result of word of mouth and so each and every one of us has an important role to play in attracting new members. Take every opportunity to extol the virtues of being a member of the SCU to colleagues and family members. In recent years there has been a large number of retirements in the teacher population and also a large number of new hirings. The SCU has plenty to offer both groups.

I would like to conclude by thanking all members of the Board of Directors and the Board of Audit and Ethics, the office staff and the manager, Diane Lauzon, for all of their hard work. The members of the Strathcona Credit union are indeed fortunate to have such a hardworking and dedicated group of people working on their behalf.

Respectively submitted,
David Oram, President