



# One Member at a Time

*2017 Annual Report*



# Success by the Numbers

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88,358  
members



\$5.453 billion  
total assets



\$4.682 billion  
lending



\$4.940 billion  
deposits

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## ONE MEMBER, ONE PRODUCT, ONE SERVICE AT A TIME

Since first opening our doors in 1941, we have been guided by a single operating principle: To serve our members' needs first and foremost. From our rural beginnings, we have grown to become the largest credit union in Manitoba and the eighth largest in Canada. We've accomplished this one member at a time.

We know that you have come to expect our products and services to be of the highest quality and provide lasting value for you and your family. We promise to continue serving you this way, discovering the right products and best solutions that meet each of your unique financial and personal goals.

Our focus has always been on you, our members, and the relationships we build that not only help us build a successful organization, but also a strong community. Through our shared success, we will continue to grow and thrive, Stronger Together.

Stronger together.







# An Award Winning Year

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Each year, the Manitoba Chambers of Commerce (MCC) hosts an award gala, recognizing corporate and individual achievements in Manitoba. We attended the gala evening in October and were thrilled to be named Outstanding Large Business, as well as the MCC's inaugural Business of the Year. It was a spectacular night of entertainment and celebration!

Thank you to the Manitoba Chambers of Commerce for this recognition. We are honoured to be named alongside all of the evening's nominees and winners, each of whom has had a tremendous impact on our Manitoba community.



## MESSAGE FROM THE BOARD CHAIR

Steinbach Credit Union was founded with one simple operating principle – serve our members’ needs first and foremost. Our goal is the same today, as we strive to grow SCU one member at a time by offering the right product and the best service to each and every member, every day.

During my 17 years with the Board, I’ve witnessed significant growth and change within the organization. SCU holds a long-standing record of delivering strong fiscal performance year-over-year. I am pleased to report that 2017 was no exception, and we have further cemented our position as the largest credit union in Manitoba.

As a credit union, SCU’s profits have a higher purpose – to benefit the people we serve and the communities where we all live. Our core value of putting people before profits means that as an organization, we believe in sharing our success with our members to create a shared vision and a stronger community overall.

Our commitment to our members and our community has been recognized. I am pleased to announce that SCU was named both Outstanding Large Business and Business of the Year by the Manitoba Chambers of Commerce. SCU was named amongst a group of highly regarded nominees

for demonstrating not only fiscal success, but also our investments in technology, development, and innovation; our vision for sustainable growth; and our continuing positive impact on our community.

Continuing to invest in technology and expanding how we connect with our members will be critical to our future success as we move forward into 2018 and beyond. As an organization, we believe our role is to serve as a visionary among our peers, exploring new solutions and evolving our existing ones in order to meet the changing demands we all face. To that end, SCU remains focused on developing new channels to engage with our members, while enhancing our current offerings to ensure we are connecting with our members in the ways that serve them best.

I am deeply grateful for having been given the opportunity to serve as the Chair for the SCU Board of Directors. On behalf of the entire Board, I extend sincere thanks to SCU’s CEO, Glenn Friesen, the entire Executive Leadership Team, and the staff of SCU for their hard work, dedication, and tireless enthusiasm for going above and beyond for our members. To celebrate the success of SCU means to honour all of our members, who have helped us thrive for more than 75 years. Thank you for your commitment to Steinbach Credit Union.



*Reg Penner, Chair of the SCU Board of Directors*



# Board of Directors

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**REG PENNER**  
*Chairman*



**RUSS FAST**  
*1st Vice-Chair*



**HENRY VAN DE VELDE**  
*2nd Vice-Chair*



**DORIS MARTENS**  
*Director*



**ROBERT DUECK**  
*Director*



**ROBERT PENNER**  
*Director*



**MARIA REIMER**  
*Director*



**AMANDA PETERS**  
*Director*



**BRUCE PENNER**  
*Director*

# Stronger Together

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## GOING THE EXTRA MILE - EVERYDAY

When we help each other, we all succeed. Being your financial partner means we can help you discover the right solutions that will help you achieve your personal and financial goals. We do this for each and every member, everyday.

How do we accomplish this? We empower our staff with the ability to make decisions, to offer the products and solutions that will get the job done, and to foster strong relationships with our members. It means we can be there for you when we're needed, and find the right solution that works for your unique needs.

Each year, we monitor member satisfaction to ensure we are meeting your needs: The numbers tell a clear story. In 2017, seventy-four percent of SCU members said they were very satisfied with our services, compared to a fifty-two percent average among credit unions and thirty-five percent average for banks.

*“Our lender at SCU was tremendous at working with us during a financially challenging time for our family. She eased the burden and provided invaluable advice that helped us stay on track. You get the sense they really want to work for you, instead of simply following a set of rules. Working with SCU has been such a great experience, we can't imagine banking anywhere else but SCU.”*

*- Rachel, member since 2007*

# Financing Your Dreams

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## BORROWING AT SCU

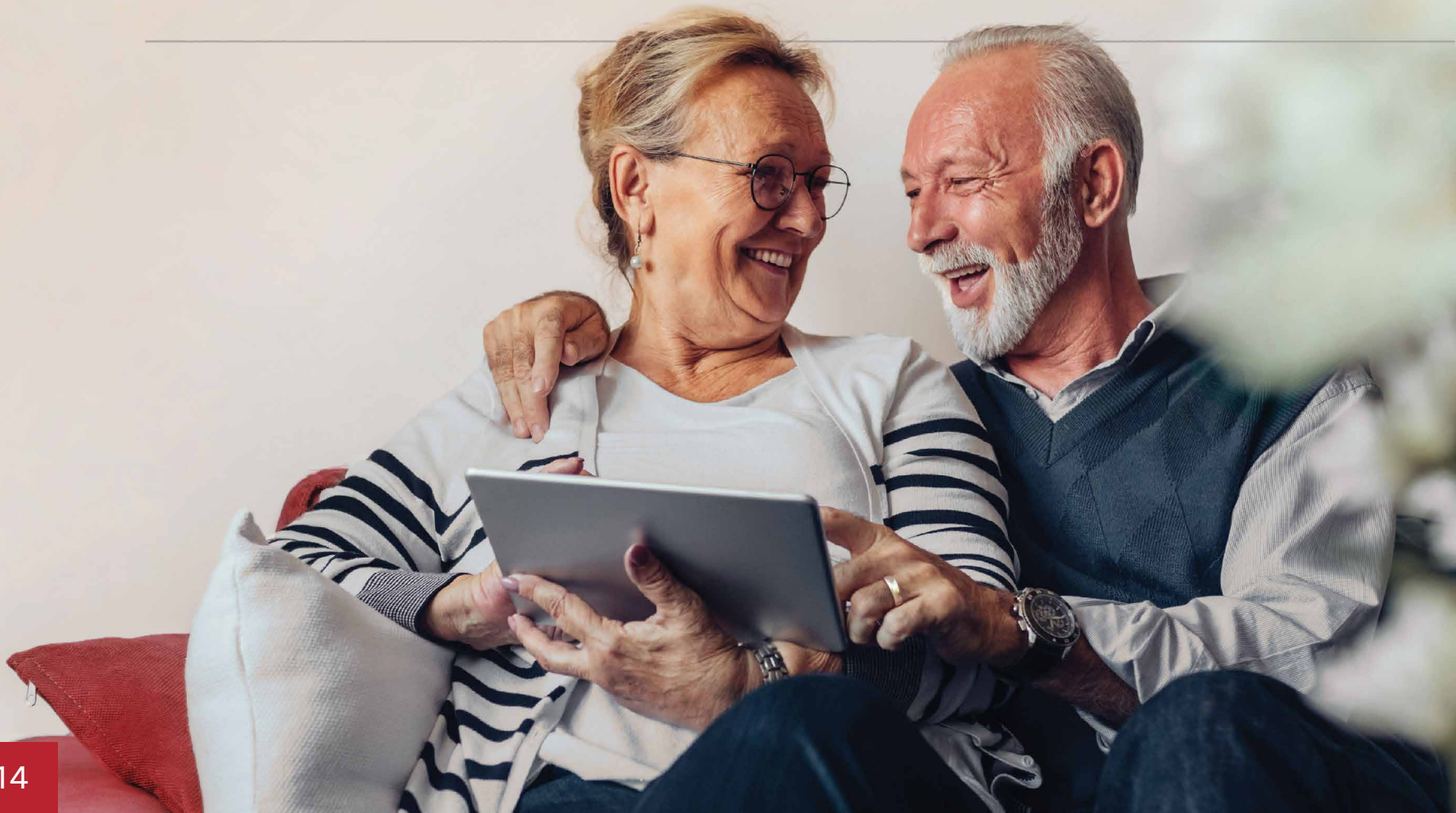
We offer creative lending solutions that help you make sound financial choices that will ensure you achieve your goals, both now and in your future. Talking with an SCU lender means you're in the hands of a caring expert who will help guide you every step of the way. And no matter what lending solution you choose, SCU always offers competitive rates, flexible payment options, and unparalleled service.

This year, SCU's lending portfolio grew by 10.86%.

*“SCU financed my vacation property purchase, providing alternatives and solutions to help with my decision. The lending expertise and experience at SCU was at the top of the chart! The whole experience felt like how I expect banks were providing financing years and years ago...based on trust and relationships versus “lending formulas”. Our lender’s experience and passion shone through our transaction and I actually enjoyed dealing with her and SCU. Who can say that about most banking experiences that involve lending?”*  
- Scott, member since 2016

# Setting the Stage for Financial Success

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# SAVING WITH SCU

Diverse savings options that offer flexibility and simplify how you save, along with honest advice to inform your decision making. That's the SCU way. Because we understand that making sound financial decisions will help set you up for a lifetime of financial success, we are here to work with you to find the best way to live life and save for it – whatever that means for you.

In 2017, for the first time in nearly seven years, the Bank of Canada increased interest rates. And almost instantly, financial institutions followed suit by increasing lending interest rates. SCU was among the first of the financial institutions to also increase deposit interest rates, ensuring that you can continue to stretch your saving potential and increase your wealth.

What does this all mean? Simply put, whether you choose variable savings, term deposits, RRSPs, or TFSA's, at SCU your money grows faster with high interest rates that start right from dollar one. So you can enjoy today, knowing that we're here to help you take care of tomorrow.

This year, SCU grew deposits by 8.11%.

*“SCU helped me prosper. When I came to SCU to talk about how to reduce my debt, they took the time to sit down with me to understand my financial priorities, both at that time and into the future. SCU offered me a caring approach and worked hard to make my financial situation make sense. They made the whole process as easy as possible. Together, we found a solution that worked for my needs. I am debt free today: I'm not sure I would financially be where I am today without SCU's help.”*

*- Yanick, member since 2016*

# Supporting Local Business

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## BUSINESS ACCOUNTS AT SCU

Strong businesses create jobs, they offer essential products and services, and they provide the backbone from which a strong community can grow. We understand that helping all businesses thrive is an important way to make our communities stronger. That's why we've invested in new technology, products, and services that simplify how business gets done.

We also appreciate and understand what it takes to run a successful business in Manitoba: the hard work, dedication, and drive to succeed. Our account managers are a committed team of knowledgeable experts. Their goal is simple - be there when needed and always offer the best solutions.

*“ We were first attracted to SCU because of their reputation for excellent service. We weren't disappointed. SCU makes doing business easy, with a lot of online solutions that have saved us considerable time. Our account manager went the extra mile to really get to know our business and find the right products and solutions to manage our day-to-day financial needs. She is always extremely professional, well-prepared, and upfront about how SCU can help. SCU has gone way beyond our expectations and it's clear they always have the member experience at the top of their minds. ”*

*- Rafiq, owner of Anago Cleaning Systems, business member since 2017*

## MESSAGE FROM THE CEO

Since first opening our doors in 1941, Steinbach Credit Union has worked to grow organically, one member, one product, and one service at a time. It is a testament to the strength of our members, and SCU, that we have grown to become the largest credit union in Manitoba, and the eighth largest in Canada, without mergers or acquisitions. As the CEO of SCU, I am delighted and incredibly humbled by the support of our members, who have helped us continue to grow and thrive in a fiercely competitive marketplace.

This year, we continued to deliver solid earnings, expanded our membership with the addition of 5,665 new members, and made substantial gains in our loan and deposit portfolios. However, bringing in new revenue is only half of the story. We also achieved important strategic goals in streamlining our operations and increasing our organizational efficiency. This continues to give us a competitive edge, providing the capital necessary to invest in new technology and deliver products and services that meet our members' diverse and changing needs.

In 2017, for the first time in nearly seven years, the Bank of Canada increased interest rates. Almost instantly, financial institutions followed suit by increasing lending interest rates. Our strong fiscal performance throughout the year allowed us to be among the first financial institutions to also increase deposit interest rates, ensuring our members can continue to stretch their saving potential and increase their wealth.

Evolving our technology solutions is pivotal to ensuring that SCU remains competitive. Our focus in 2017 was on introducing new digital channels, so that our members can choose how to do business with SCU in a way that makes sense for them.

Early in 2017, we were the first credit union in Manitoba to launch Mobile Pay for Android. Fast, convenient, and highly secure, Mobile Pay simplifies debit transactions as our members make their everyday purchases. We also introduced foreign exchange online services and a new online application process for our loan, mortgage, and line of credit products, all of which gives our members the ability to bank from the comfort of their own home.

For 2018 and beyond, we will continue to focus on growing SCU. Upcoming projects will make doing business with us even easier for all members, as we work to enhance our mobile app and online banking experiences, introduce online invoicing for small businesses, and launch new digital channels such as online account opening for new members.

In closing, I want to take this opportunity to thank the SCU Board, the Executive Leadership Team, and all of our staff for your hard work and dedication. To our members, I extend my sincere gratitude for your trust, commitment, and loyalty to SCU. We will continue to focus on serving each of you, one member at a time, with the right products and services that fit your unique needs and financial goals.



*Glenn Friesen, Chief Executive Officer*

# Executive Leadership Team

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**GLENN FRIESEN**  
*Chief Executive Officer*



**BRENT TURMAN**  
*Chief Financial Officer*



**CELINA PHILPOT**  
*Executive Vice President  
Member Engagement  
& Brand*



**JAMES GOSSELIN**  
*Executive Vice President  
Corporate Sales*



**TIM FRIESEN**  
*Executive Vice President  
Risk Management*



**ANDY ALGUIRE**  
*Vice President  
Information Technology*



**SHARON McMAHON**  
*Vice President  
Human Resources*

# A Legacy of Giving

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# SERVING THE NEEDS OF MANITOBANS

As a credit union, we are part of a cooperative ecosystem focused on civic leadership and community involvement. We support many special events and projects throughout the year that are imperative to growing strong communities and serving the needs of Manitobans. While too numerous to name them all, our involvement includes Summer in the City, Run at the Ridge, Habitat for Humanity special build days, and numerous charity BBQs and golf tournaments.

Our staff also live and breathe the SCU commitment to serving our community. They generously donate time and energy to raise funds, host events, and volunteer for local charities, both personally and as part of our staff-run Charity Committee. The Charity Committee alone raises more than \$25,000 for charities each year. In addition, as an organization, we support many initiatives to promote the spirit of giving.

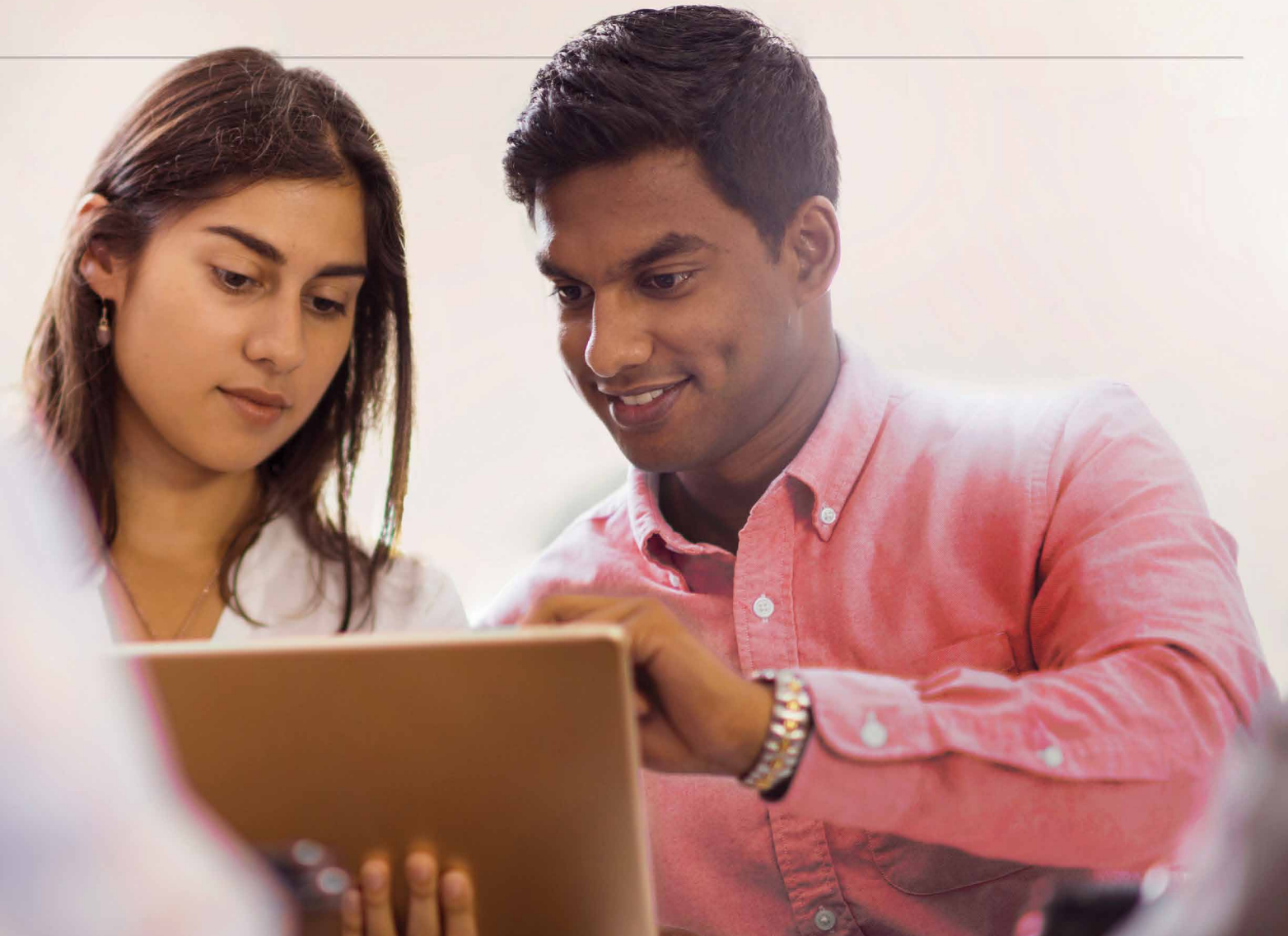
**Let it Shine:** In 2016, we launched our Let it Shine initiative, which put giving in the hands of our staff and gave them the opportunity to truly make an impact in their community, one person or family at a time. Our staff have risen to the occasion: Over the past two years, we have been able to help more than 300 families with monetary gifts that offered a hand up for those struggling to make ends meet, coping with sick children, or just in need of a brighter day.

**Share the Light:** Donating to local charities over the Christmas season is a long-standing SCU tradition. This year, we turned to our social media followers to help us identify deserving charities that really make an impact in our community. From the list of the many deserving charities, we chose three to receive a cash donation: Habitat for Humanity Manitoba, Siloam Mission, and Manitoba All Shepherd Rescue.

**Sabres Credit Union:** In 2016, we partnered with Hanover School Division to create Sabres Credit Union, a student-run credit union set up within Steinbach Regional Secondary School. Each year, Sabres Credit Union presents students with a unique opportunity to fulfill their educational needs while receiving invaluable hands-on experience in a professional setting. We support this program through curriculum development and ongoing training, both in our Steinbach branch and at the high school.

# Building for the Future

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# EVOLVING TECHNOLOGY, PRODUCTS, AND SERVICES TO MEET YOUR NEEDS

We recognize the need for ongoing investment in developing new technologies, products, and services to remain competitive in today's market. To achieve this, we are actively developing, expanding, and evolving our suite of digital solutions and product offerings, bringing to market the best new ideas to simplify how we do business together.

We inform our decision making by listening to your needs and finding ways to transform your ideas and unique needs into processes and solutions that work for other members, too. This year, we formed an Innovation Team, a diverse group of thought leaders who investigate new technology and emerging trends. The Innovation Team works alongside our Project Management Office to lead technology projects that enhance member experience and improve business processes.

This year, we introduced a number of digital solutions to simplify how banking gets done: online account opening; online loan, mortgage, and line of credit applications; and Mobile Pay for Android, to name a few!

Into 2018 and beyond, we are committed to bringing new ideas to life with all of the due diligence necessary to protect the safety and security of our organization and you, our members.

# REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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February 22, 2018



## **To the Members of Steinbach Credit Union Limited**

The accompanying summary consolidated financial statements, which comprise the summary statement of financial position as at December 31, 2017 and the summary statements of net income and comprehensive income, and changes in equity for the year then ended, are derived from the audited consolidated financial statements of Steinbach Credit Union Limited for the year ended December 31, 2017. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 22, 2018.

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

## **Management's Responsibility for the Summary Consolidated Financial Statements**

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

## **Auditor's Responsibility**

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

## **Opinion**

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Steinbach Credit Union Limited for the year ended December 31, 2017 are a fair summary of those consolidated financial statements, on the basis of the summary consolidated financial statements described in Note 1.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**



# SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	December 31 2017	December 31 2016
<b>ASSETS</b>		
Funds on hand and on deposit	\$ 61,475,143	\$ 23,609,637
Investments	602,607,847	688,448,946
Loans to members	4,682,169,390	4,223,594,929
Income tax recoverable	-	576,121
Other assets	7,069,200	6,691,816
Investments in associates	17,939,910	10,690,898
Property, equipment and intangible asset	80,630,246	83,480,369
Deferred income tax assets	1,584,875	84,875
	<u>\$ 5,453,476,611</u>	<u>\$ 5,037,177,591</u>
<b>LIABILITIES</b>		
Members' deposits	\$ 4,939,828,929	\$ 4,569,275,647
Accounts payable	22,201,884	23,728,018
Income tax payable	1,810,250	-
Secured borrowing	125,628,151	112,441,736
	<u>\$ 5,089,469,214</u>	<u>\$ 4,705,445,401</u>
<b>EQUITY</b>		
Members' shares	\$ 441,790	\$ 430,725
Retained surplus	363,565,607	331,301,465
	<u>\$ 364,007,397</u>	<u>\$ 331,732,190</u>
	<u>\$ 5,453,476,611</u>	<u>\$ 5,037,177,591</u>

A full set of consolidated financial statements is available from Steinbach Credit Union Limited.

Approved by the Board of Directors



Director



Director

## SUMMARY CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME *For the year ended December 31*

	December 31 2017	December 31 2016
<b>INCOME</b>		
Interest from loans to members	\$ 145,064,432	\$ 132,101,625
Investment income	11,882,685	12,108,573
	<u>\$ 156,947,117</u>	<u>\$ 144,210,198</u>
<b>COST OF FUNDS</b>		
Interest paid to members	\$ 77,197,815	\$ 71,020,272
Interest paid - other	1,865,138	1,365,384
	<u>\$ 79,062,953</u>	<u>\$ 72,385,656</u>
<b>FINANCIAL MARGIN</b>	<u>\$ 77,884,164</u>	<u>\$ 71,824,542</u>
<b>OPERATING EXPENSES</b>		
Administrative	\$ 15,470,051	\$ 14,352,873
Member security	4,222,781	4,060,149
Occupancy	5,445,138	5,304,891
Organizational	2,215,640	2,192,801
Personnel	27,441,117	26,605,394
	<u>\$ 54,794,727</u>	<u>\$ 52,516,108</u>
Less: Other income	22,707,999	21,334,352
	<u>\$ 32,086,728</u>	<u>\$ 31,181,756</u>
<b>NET INCOME</b> <i>before provision for doubtful loans, patronage refund and income taxes</i>	<u>\$ 45,797,436</u>	<u>\$ 40,642,786</u>
<b>PROVISION FOR DOUBTFUL LOANS</b>	1,758,991	1,114,959
	<u>\$ 44,038,445</u>	<u>\$ 39,527,827</u>
<b>PATRONAGE REFUND</b>	7,524,303	7,508,983
<b>NET INCOME</b> <i>before income taxes</i>	<u>\$ 36,514,142</u>	<u>\$ 32,018,844</u>
<b>PROVISION FOR INCOME TAXES</b>	4,250,000	5,075,000
<b>NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 32,264,142</u>	<u>\$ 26,943,844</u>

A full set of consolidated financial statements is available from Steinbach Credit Union Limited.

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES EQUITY

For the year ended December 31

	Members' shares	Retained surplus	Total members' equity
<b>Balance at January 1, 2017</b>	\$ 430,725	\$ 331,301,465	\$ 331,732,190
Net income and comprehensive income for the year	-	32,264,142	32,264,142
Common shares issued, net of redemptions	11,065	-	11,065
<b>Balance at December 31, 2017</b>	\$ 441,790	\$ 363,565,607	\$ 364,007,397
<b>Balance at January 1, 2016</b>	\$ 422,745	\$ 304,357,621	\$ 304,780,366
Net income and comprehensive income for the year	-	26,943,844	26,943,844
Common shares issued, net of redemptions	7,980	-	7,980
<b>Balance at December 31, 2016</b>	\$ 430,725	\$ 331,301,465	\$ 331,732,190

A full set of consolidated financial statements is available from Steinbach Credit Union Limited.

### NOTES TO SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

#### 1. Basis of the summary consolidated financial statements

Management has prepared the summary consolidated financial statements from the December 31, 2017 audited consolidated financial statements, which are prepared in conformity with International Financial Reporting Standards (IFRS). The audited consolidated financial statements can be obtained at any Steinbach Credit Union branch or on line at [www.scu.mb.ca](http://www.scu.mb.ca). The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information included in the summarized consolidated financial statements is in agreement with the related information in the complete consolidated financial statements, and that the summarized consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete consolidated financial statements, including the notes thereto, in all material respects.

#### 2. Compliance with minimum capital and liquidity requirements

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2017 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary consolidated 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 and notes for the year ended December 31, 2017, which contain the information detailing the calculation.

### **BRANCH LOCATIONS**

#### **Steinbach**

333 Main St, Steinbach  
204.326.3495

#### **Linden Ridge**

2100 McGillivray Blvd, Winnipeg  
204.222.2100

#### **Lagimodiere**

1575 Lagimodiere Blvd, Winnipeg  
204.661.1575

### **DRIVE THRU ATMS**

#### **Steinbach**

Clearspring Mall

#### **Winnipeg**

2100 McGillivray Blvd  
1575 Lagimodiere Blvd  
1665 Henderson Hwy  
997 St. Mary's Rd

### **DRIVE THRU TELLERS**

333 Main St, Steinbach

1575 Lagimodiere Blvd, Winnipeg