

2020 ANNUAL REPORT

# Flexible solutions, solid advice



 SCU

WHERE SMART MONEY GROWS®

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**One member at a time, we're delivering flexible solutions and solid advice.**



## We're here for you

This year, COVID-19 created new and unexpected challenges across every aspect of our daily lives and surrounded all of us in a sea of uncertainty. Throughout this year, our members counted on us to provide essential services, along with providing the peace of mind that comes with knowing SCU will always be there—when and how they need us. We kept our branches open, creating a safe environment for members and our employees, then quickly shifted our efforts to expand the delivery of our products and services across more channels. We created credit payment relief programs in response to our members' needs, and in return, our members entrusted us to help them navigate the unknown and meet their financial obligations. What didn't change was our commitment to provide sound advice and guidance, along with the products and services that have helped members meet their current and future goals.

# Flexible solutions, solid advice

When strength and flexibility come together, movement has purpose. Nimble in response and firm in purpose, SCU is built on a foundation of offering our members the right product, at the right time, and this year—in the right way. Our low mortgage rates opened the door to homeownership for some, and others the opportunity to renovate or upsize for more elbow room. At the same time, we kept our deposit rates competitive to ensure members could save more for their future. A sturdy balance sheet and strong fiscal stability allowed us to continue to offer members the best of both worlds. One member at a time, we're delivering flexible solutions and solid advice to meet their shifting needs and goals.

# Success by the numbers



**98,265**

TOTAL MEMBERS



**7,280**

NEW MEMBERS



**7.44%**

ASSET GROWTH



**8.18%**

DEPOSIT GROWTH



**10.25%**

LOAN GROWTH



## Message from the CEO

Each year at this time, we take a moment to look back on the year that was, and forward to the future ahead. As I reflect on 2020, I look back with great appreciation, gratitude, and pride. I am incredibly proud of the SCU team, who has exhibited care, concern, and flexibility in supporting members through a challenging year. Since spring, we have focused on adapting to meet your evolving needs during a time of rapid and extraordinary change. At the same time, we worked together to ensure we maintained exceptional services and continued to serve each of you within the realities of a global pandemic.

2020 was the year of the unexpected as COVID-19 came upon us, making flexibility and the capacity to adapt to constant change a necessity. Some businesses struggled, and some didn't survive, while others flourished. Globally, supply chains were disrupted, as essential items such as personal protective equipment, surgical masks, and gloves were in short supply. Meanwhile, national and local supply chains were strained as the public flocked online and in stores to purchase household disinfectants, hand sanitizer, wipes, and of course, toilet paper. Like all large and small companies, SCU was continually challenged to find new and different ways to do business in shifting and uncertain market conditions. We face the ongoing crisis with a spirit of reinvention. We will continue to develop innovative member-focused products, services and solutions, while also exploring fresh ways to deliver an outstanding member experience.

SCU supported you by working collectively across the organization to launch a credit payment relief program designed to help consumer and business members affected by COVID-19. Our credit payment relief program offered term loan and mortgage payment deferral options for individuals and businesses, along with the opportunity to extend lines of credit to help manage cash flow difficulties. The program evolved

throughout the year to meet changing needs, starting first with a 6-month deferral option, and adapting to offer support on a case-by-case basis to ensure our members faced the least possible financial impact. Through this program, we were able to support over 5,500 members with much-needed credit relief.

In addition to our own credit payment relief program, we were pleased to offer our business members additional support through the federal government's Canada Emergency Business Account (CEBA) program. We provided support to nearly 1,300 members through the CEBA program, with a total value of more than \$54 million in funding.

Although the province did not officially recognize financial institutions as a critical service, I want to acknowledge that SCU, like all financial institutions, provides an essential service to our communities by ensuring people have access to their money and to support when needed. Throughout this pandemic, we have been fortunate to keep our doors open, and to keep all of our employees actively employed. Although we may have reduced our hours, we were able to reimagine our branches to continue serving you. Safety was, and continues to be, a top priority. We have taken strict measures to prevent the spread of COVID-19 in our branches. At times, this led to a longer wait for service, but ultimately ensured a safer environment for you, our employees, and their families. I want to thank our members for your patience and cooperation during this time.

Our stability as an organization was an immense contributor to our success in a year of constant change. I am humbled to work for an organization that rose to the occasion, meeting each challenge as it came. This allowed us to offer you more options, increased convenience, and to provide advice and guidance to help you make wise decisions with your money.

Because of your commitment and continued support of SCU, we delivered a strong fiscal performance in our loan and deposit portfolios this year. This year, our loan portfolio grew by 10.25%, and our deposit portfolio grew by 8.18%.

In 2020, we launched new youth and student accounts designed to help our youngest members learn the value of saving and spending wisely. These accounts provide an array of features and benefits that will help them kick-start their financial future.

This year may have accelerated the demand for digital services, but we have always understood the importance of investing in technology to remain relevant and keep pace with demands. In 2020, we expanded our online account opening service by providing you with the ability to choose one to five-year term deposits for your RRSPs and TFSAs. We will continue to invest in technology, further enhancing our online banking platform, products, and service offerings. We're currently working toward launching our new digital banking platform, which will deliver an enhanced online and mobile experience for you.

In closing, I want to take the opportunity to thank the SCU Board of Directors for their continued support. To my Executive Leadership team, thank you for working through the endless amount of change as we sought to adapt to the realities presented by COVID-19. And to our employees, I want to extend my gratitude for your hard work and dedication to our members during these unpredictable and unprecedented times. We came together to tackle the challenges, adapted, and continued our focus on serving our members. To you, our members, I extend my sincere gratitude for your trust, commitment, and loyalty to SCU this year.



Glenn Friesen, Chief Executive Officer

## 2020 Executive Leadership Team



**GLENN FRIESEN**  
Chief Executive Officer



**AMANDA PETERS**  
Chief Financial Officer



**CELINA PHILPOT**  
Chief Retail and  
Brand Officer



**JAMES GOSSELIN**  
Chief Corporate  
Sales Officer



**TIM FRIESEN**  
Chief Risk Officer



**ANDY ALGUIRE**  
Chief Information and  
Technology Officer



**SHARON McMAHON**  
Chief Human  
Resources Officer

## 2020 Board of Directors



**REG PENNER**  
Chairman



**MARIA REIMER**  
First Vice-Chair



**BRUCE PENNER**  
Second Vice-Chair



**HENRY VAN DE VELDE**  
Director



**DORIS MARTENS**  
Director



**ROBERT PENNER**  
Director



**CHRIS GOERTZEN**  
Director



**JEREMY HILDEBRAND**  
Director



**DR. JAYSON BARKMAN**  
Director

## Message from the Chair

There is no doubt COVID-19 impacted every facet of our life in 2020.

The world is a different place than it was a year ago and will continue to be so into 2021. Even with a vaccine in place, the pandemic's effects will continue to impact businesses globally as cases persistently peak or return in some markets. While many industries were resilient to this crisis, it will also forever impact many others. However, we will all cherish a return to some semblance of normality.

During my 20 years on the Board of Directors, I have witnessed incredible and continuous year-over-year growth. Our determined focus on strong performance and exceptional organizational efficiency has allowed us to become a strong financial presence in the Manitoba market. But best of all, this strength provides us with the capability to support all of your financial needs.

Our team of deposit specialists and lending experts provides you with flexible solutions, guidance, and advice for every step of your financial journey. This year, the pandemic has made it more challenging for you to visit us face-to-face. However, employing public health recommendations as our guide, we initiated many safety protocols in our branches to safeguard our members and employees. Unlike many of our industry peers, we were very fortunate not to have to close any of our branches throughout this pandemic. We want to thank our members for their patience and understanding during this trying time.

Our ongoing investment in technology provided the tools we needed to provide continued support during a period of significant change and uncertainty. Our digital banking channels and online loan application portal allowed you to access services with the same support, confidence, and security you have come to expect. Throughout this crisis, you have also been able to rely on SCU to support business continuity today and into the future. We were able to meet you by phone and to provide additional online and member service support. As the influx of calls from members seeking help escalated, we unfortunately saw unacceptable wait times. Still, we came together and responded quickly to redeploy resources within the organization and focus on serving your needs.

This year also saw a dramatic decrease in interest rates, leading to some of the lowest mortgage rates in history, but we continued our commitment to offering strong deposit interest rates. Our strong balance sheet also allowed us to support you through credit relief programs and continue our commitment to help you save and spend wisely. The growth in our membership numbers is a testament to your confidence in us.

We continue to work through various scenarios for the Linden Ridge branch to better serve a growing market for SCU in the southwest area of Winnipeg. Already a leader in the business community, this branch's development will reinforce our commitment to making the spaces we work in cleaner, greener, and healthier for our members and employees.

I'm incredibly proud to announce that we have established the SCU Community Fund through the Winnipeg Foundation. A change to the way our regulatory capital is calculated has enabled us to contribute more towards this fund than we initially anticipated. The SCU Community Fund will provide an avenue for SCU to continue our financial commitment to the communities in which we serve, and will live on to support the values of our organization and to ensure that our communities continue to grow and thrive.

On behalf of the Board, I extend heartfelt thanks to CEO Glenn Friesen, the Executive Leadership team, and all SCU employees. I commend their dedication, adaptability, and tireless enthusiasm for going above and beyond. Last but not least, I would like to recognize you—our members, and thank you for your patience, your loyalty, and your continued support for SCU in 2020.


Reg Penner, Chairman



# Save smarter and stay the course

Our members make smart decisions with their money because they want their money to work for them. They understand the value of hard work and perseverance, and depend on SCU to provide the right advice at the right time. This year, saving smarter meant weathering the storm and staying the course.

Despite the unpredictability of the market, we remained competitive across all savings products and continued to provide members with great reasons to save, along with the comfort of knowing that SCU will be here to help them achieve their financial goals.

 SCU's deposits grew by **8.18%**



# Custom lending solutions designed for the times

Providing guidance in unprecedented times means asking the right questions to understand each member's individual needs. Many of our members worked with us to build custom mortgage solutions as they explored the world of homeownership, or chose to renovate their current home. Others needed guidance and solutions to help ensure they could stay on track while facing financial challenges resulting from the pandemic. Whether it was offering our flexible credit payment relief programs or building custom mortgage solutions, we delivered on our commitment to helping members on their financial journey.



SCU's lending grew by **10.25%**





## Looking to the horizon

Solid financial advice stands the test of time. Our members look to our expertise and knowledge to lead them toward their best financial future, even in times of turbulent and uncharted waters. Our wealth team provided that expert advice—they were the calm in the storm providing insights and guidance along the way. It is during these most challenging of times when experience, knowledge, and compassion all play a role in helping members take their next step.

## Smarter business banking

Our business members make our communities stronger, offering products and services that people need, along with meaningful employment opportunities upon which families depend. The financial hardship caused by COVID-19 and the restrictions taken to keep the pandemic in check took a toll on all businesses, but were particularly challenging for smaller, locally-owned operations. Our credit payment relief program offered principal and payment deferrals, extensions to lines of credit, and customized solutions based on the needs of each business.

In addition, we helped these members access federal incentive programs like the Canada Emergency Business Account (CEBA) loan assistance program to help with cash flow to pay for immediate operating costs.

Our business account managers take the time to get to know their members, understand their business goals, and deliver the right products and services. These are just some of the many ways we deliver smarter business banking.

# Flexible solutions for a safer experience

Offering flexible solutions took on a new meaning in 2020. In response to public health directives we shifted quickly to create a safe environment in our branches for members and employees, including the installation of plexi glass shields. We provided options for members to meet with us by phone, electronically, or virtually. In addition, safe meeting rooms were created in branches along with pathways to direct traffic flow and meet physical distancing requirements.

We kept our branches open, our essential services flowing, our members and employees safe, and our attention focused on meeting our members' changing needs.

# The path forward

The cornerstones of our organization grow from a culture of commitment to serving the needs of our members. This year, existing plans were quickly replaced by the more immediate desire to deliver the products and services needed most. We increased member support online by expanding the number of products that members could open, and we created a robust COVID-19 help centre on our website to provide timely information for those seeking much-needed answers.



## GOOD HABITS START EARLY

We all know that good financial habits start early, and to encourage our youngest members to become good savers, we launched two new youth accounts this year — the SaveWise™ account, for members 14 and under, and the SpendWise™ account, for members 18 years and younger. We introduced our StudentFLEX™ Daily and Infinite Daily accounts to provide post-secondary students with affordable day-to-day banking options.



## INVESTING TODAY FOR THE FUTURE

We continue our commitment to investing in digital technology to enhance our full suite of products and services, ensuring all members have easy access to their banking needs. In 2021 and beyond, we'll continue to bring new ideas to life, keeping pace with technology while ensuring we protect the safety and security of our members.



## BUILDING NEW DIGITAL EXPERIENCES

We are working toward the launch of our new digital banking platform and mobile app. This exciting change will provide members with increased security features and greater control of their digital banking experience. In addition, this work will open the door to new online product and service offerings and will become a cornerstone of future operations.

# Serving our communities

This year left us fondly remembering when serving our community meant gathering and coming together in support and celebration. But times like these call for agility, creativity, and compassion, so where we could, we adapted and found new ways to reach out to members.



## INCREASING ENGAGEMENT

Connecting through technology played an immense role as we engaged with our member community in new and different ways. We expanded our communications through social media, offering support, advice, timely information, and some fun. This year we also used webinars to bring added-value and expert advice to our members. We continued to help members on their journey of saving and spending wisely, and members responded by telling us what they needed and how we could help.



## SHARE THE LIGHT

Share the Light is an opportunity for SCU members and our social media followers to nominate Manitoba-based charities for a chance to receive one of two donations. This year was our fourth and most successful year yet. From a list of 763 nominations and 298 different charities, the two organizations selected to receive a cash donation were South East Helping Hands and Safe Families Winnipeg.

# 2020 Summary Consolidated Financial Statements

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

To the Members of Steinbach Credit Union Limited

### Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2020, and the summary consolidated statements of net income and comprehensive income and members' equity for the year then ended, and related notes, are derived from the audited consolidated financial statements of Steinbach Credit Union Limited and its subsidiaries (the "Credit Union") for the year ended December 31, 2020.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited consolidated financial statements, on the basis described in Note 1 to the summary consolidated financial statements.

### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

### The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 22, 2021.

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

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

### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited 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.

Winnipeg, Manitoba  
February 22, 2021

*MNP LLP*

Chartered Professional Accountants

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31

### Assets

Funds on hand and on deposit	\$ 73,900,049	\$ 31,324,417
Investments	930,550,129	1,057,909,626
Loans to members	6,331,062,134	5,742,268,131
Other assets	9,618,066	7,524,556
Investments in associates	21,926,666	16,709,611
Property, equipment and intangible assets	75,864,399	77,983,639
Deferred income tax assets	6,920,875	–
	<b>\$ 7,449,842,318</b>	<b>\$ 6,933,719,980</b>

### Liabilities

Members' deposits	\$ 6,831,196,839	\$ 6,314,452,456
Accounts payable	34,694,613	34,477,728
Income tax payable	3,803,291	371,240
Secured borrowing	121,463,706	155,229,483
Deferred income tax liabilities	–	2,315,125
	<b>\$ 6,991,158,449</b>	<b>\$ 6,506,846,032</b>

### Equity

Members' shares	\$ 491,325	\$ 473,950
Retained surplus	458,192,544	426,399,998
	<b>\$ 458,683,869</b>	<b>\$ 426,873,948</b>
	<b>\$ 7,449,842,318</b>	<b>\$ 6,933,719,980</b>

Approved by the Board of Directors

  
Director

  
Director

A full set of audited financial statements is available from the Credit Union

## SUMMARY CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME

For the year ended December 31

	2020	2019
<b>Income</b>		
Interest from loans to members	\$ 196,986,132	\$ 205,639,126
Investment income	17,968,832	20,384,218
	\$ 214,954,964	\$ 226,023,344
<b>Cost of funds</b>		
Interest paid to members	\$ 106,582,074	\$ 134,160,795
Interest paid—other	2,973,215	3,130,301
	\$ 109,555,289	\$ 137,291,096
<b>Net interest income</b>	\$ 105,399,675	\$ 88,732,248
<b>Credit impairment losses</b>	(11,139,297)	(3,130,907)
<b>Other income and fees</b>	29,072,981	22,344,720
<b>Net other operating income</b>	\$ 123,333,359	\$ 107,946,061
<b>Operating expenses</b>		
Administrative	\$ 31,898,059	\$ 16,223,204
Member security	5,729,471	5,049,822
Occupancy	5,654,763	5,828,532
Organizational	2,377,586	2,215,127
Personnel	31,742,068	29,926,346
	\$ 77,401,947	\$ 59,243,031
<b>Net income before patronage refund and income taxes</b>	\$ 45,931,412	\$ 48,703,030
<b>Patronage refund</b>	10,092,866	8,009,708
<b>Net income before income taxes</b>	\$ 35,838,546	\$ 40,693,322
<b>Provision for income taxes</b>	4,046,000	10,100,000
<b>Net income and comprehensive income for the year</b>	\$ 31,792,546	\$ 30,593,322

A full set of audited financial statements is available from the Credit Union

## SUMMARY CONSOLIDATED STATEMENT OF MEMBERS' EQUITY

For the year ended December 31

	Members' shares	Retained surplus	Total members' equity
<b>Balance at January 1, 2019</b>	\$ 457,620	\$ 395,806,676	\$ 396,264,296
Net income and comprehensive income for the year	–	30,593,322	30,593,322
Common shares issued—net of redemptions	\$ 16,330	\$ –	\$ 16,330
<b>Balance at December 31, 2019</b>	\$ 473,950	\$ 426,399,998	\$ 426,873,948
<b>Balance at January 1, 2020</b>	\$ 473,950	\$ 426,399,998	\$ 426,873,948
Net income and comprehensive income for the year	–	31,792,546	31,792,546
Common shares issued—net of redemptions	17,375	–	17,375
<b>Balance at December 31, 2020</b>	\$ 491,325	\$ 458,192,544	\$ 458,683,869

A full set of audited financial statements is available from the Credit Union

### Notes to Summary Consolidated Financial Statements

December 31, 2020

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

Management has prepared the summary financial statements from the Credit Union's December 31, 2020 audited consolidated financial statements which can be obtained at the Credit Union or online 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.

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

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2020 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, 2020, which contain the information detailing the calculation.



## BRANCH LOCATIONS

333 Main St  
Steinbach, MB R5G 1B1  
204.326.3495

2100 McGillivray Blvd  
Winnipeg, MB R3Y 1X2  
204.222.2100

1575 Lagimodiere Blvd  
Winnipeg, MB R3W 0B9  
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

[scu.mb.ca](https://scu.mb.ca)



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