

.....

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

February 9, 2015



**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, 2014 and the summary statements of net income and comprehensive income, and changes in members' 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, 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 9, 2015.

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, 2014 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 Accountants

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	December 31 2014	December 31 2013
Assets		
Funds on hand and on deposit	\$ 25,543,221	\$ 4,730,791
Investments	490,353,944	498,615,245
Loans to members	3,829,789,210	3,602,119,455
Income tax recoverable	319,147	–
Other assets	7,285,282	3,646,914
Investments in associates	4,227,537	5,156,595
Property, equipment and intangible asset	68,487,149	47,908,648
Deferred income tax assets	1,884,875	2,034,875
	<u>\$ 4,427,890,365</u>	<u>\$ 4,164,212,523</u>
Liabilities		
Members' deposits	\$ 4,125,379,953	\$ 3,887,829,040
Line of credit payable	–	8,272,333
Accounts payable	22,173,467	13,586,529
Income tax payable	–	4,251,532
Secured borrowing	2,543,923	–
	<u>\$ 4,150,097,343</u>	<u>\$ 3,913,939,434</u>
Members' Equity		
Members' shares	\$ 415,265	\$ 403,500
Retained surplus	277,377,757	249,869,589
	<u>\$ 277,793,022</u>	<u>\$ 250,273,089</u>
	<u>\$ 4,427,890,365</u>	<u>\$ 4,164,212,523</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 2014	December 31 2013
Income		
Interest from loans to members	\$ 134,370,825	\$ 125,148,470
Investment income	9,989,161	13,012,870
	<u>\$ 144,359,986</u>	<u>\$ 138,161,340</u>
Cost of funds		
Interest paid to members	\$ 73,260,403	\$ 70,458,648
Interest paid – other	57,559	11,975
	<u>\$ 73,317,962</u>	<u>\$ 70,470,623</u>
	<u>\$ 71,042,024</u>	<u>\$ 67,690,717</u>
Financial margin		
Operating expenses		
Administrative	\$ 13,279,845	\$ 13,841,304
Member security	4,065,466	4,325,051
Occupancy	3,633,854	3,652,010
Organizational	1,816,784	1,902,908
Personnel	25,798,064	25,512,481
	<u>\$ 48,594,013</u>	<u>\$ 49,233,754</u>
Less: Other income	20,629,257	19,218,791
	<u>\$ 27,964,756</u>	<u>\$ 30,014,963</u>
Net income before provision for doubtful loans, patronage refund and income taxes	<u>\$ 43,077,268</u>	<u>\$ 37,675,754</u>
Provision for (recovery of) doubtful loans	(30,900)	2,379,311
	<u>\$ 43,108,168</u>	<u>\$ 35,296,443</u>
Patronage refund	7,500,000	—
Net income before income taxes	<u>\$ 35,608,168</u>	<u>\$ 35,296,443</u>
Provision for income taxes	8,100,000	7,521,000
Net income and comprehensive income for the year	<u>\$ 27,508,168</u>	<u>\$ 27,775,443</u>

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

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31

	Members' shares	Retained surplus	Total members' equity
Balance at January 1, 2014	\$ 403,500	\$ 249,869,589	\$ 250,273,089
Net income and comprehensive income for the year	–	27,508,168	27,508,168
Common shares issued, net of redemptions	11,765	–	11,765
Balance at December 31, 2014	\$ 415,265	\$ 277,377,757	\$ 277,793,022
Balance at January 1, 2013	\$ 388,170	\$ 222,094,146	\$ 222,482,316
Net income and comprehensive income for the year	–	27,775,443	27,775,443
Common shares issued, net of redemptions	15,330	–	15,330
Balance at December 31, 2013	\$ 403,500	\$ 249,869,589	\$ 250,273,089

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

NOTES TO SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

1. Basis of the summary consolidated financial statements

Management has prepared the summary consolidated financial statements from the December 31, 2014 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 online at 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, 2014 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, 2014, which contain the information detailing the calculation.