

2021 ANNUAL REPORT

Explore the journey



 SCU

**Success is a journey,
not a destination** ●

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Explore the journey

In 2021, SCU pushed past the prolonged uncertainty of the pandemic and continued to focus our efforts on supporting our members on their financial journey. COVID-19 created an unexpected opportunity for many to take a moment to re-evaluate their life and priorities, gain reassurance on their course, or to explore new paths. We built a path forward by responding to our members' needs and providing flexible options and custom solutions to help them meet their financial goals.

We continued to serve our members in a safe and secure environment, online, in-person, and by phone, and provided members with more opportunities to explore their options. We offered custom mortgage and lending solutions, saving strategies, and improved investment product options.

We stayed financially strong, remained nimble, and strengthened our commitment to our members to be an experienced and trusted guide on their journey of saving and spending wisely. Fueled by this purpose, SCU continued to deliver products, services, advice, and solutions to help our members choose their best financial future. We invested in our employees and technology and worked collectively to provide a new online and mobile digital banking experience. We will continue to survey the landscape to find new ways to fulfill our purpose and support our members along their financial journey.

Explore your best financial future

This year SCU reached several milestones on our journey. In June of 2021, we celebrated 80 years of service in the communities where our employees and members work, live, and play. Our membership grew to over 100,000, and our assets to more than \$8.34 billion. And because our growth is organic—the result of solid relationships forged on trust and fostered over eight decades—we can learn from our past, build on our present, and explore opportunities for the future. At SCU, we leverage our financial strength to help our members get the most from their money so they can explore their best financial future.

Explore the opportunities

We continued to explore opportunities that facilitate growth and build financial strength so that our members can continue to trust SCU to safeguard their financial well-being.

Our strong balance sheet demonstrates SCU's commitment to inform, collaborate, and support our members as they make decisions about their financial future. Our increasing membership is evidence that business growth and member well-being are not mutually exclusive.

Explore success by the numbers



103,029

TOTAL MEMBERS



9,272

NEW MEMBERS



12.00%

ASSET GROWTH



11.11%

DEPOSIT GROWTH



16.25%

LOAN GROWTH



Message from the CEO

Each year at this time we take time to reflect on the previous year and explore the journey ahead. If there's one thing I can say for certain, it's that the more things change, the more they stay the same. In 1998, I was named General Manager. We began that year with approximately \$700 million in assets while serving nearly 41,000 members. In addition, we opened our very first call centre and agreed to pilot the launch of a new online banking system. Fast-forward 23 years, and in 2021 we opened a stand-alone location to house our growing Winnipeg call centre team. SCU was also part of the credit unions selected to launch a new digital banking platform.

2021 was a year of milestones as we reached more than \$8 billion in assets, 80 years of operation, and now serve more than 100,000 members. As I reflect on 2021, I look back with great appreciation, gratitude, and pride. SCU has experienced another successful year, despite COVID-19, market uncertainties, and global supply chain disruption. In 2022, we still face numerous challenges. Our cost of living is increasing as food, fuel, and housing costs have all risen significantly. We have faced a low interest rate market for some time and there is a great deal of uncertainty about what will happen with rates in the future. However, these challenges are not insurmountable, and we will continue to move forward and face them together.

We also recognize that in 2021 some businesses thrived, while others continued to struggle. We remained committed to providing business members the products, services, and financial solutions that best meet their needs. For some, that meant offering credit relief and additional support through the federal government's CEBA and HASCAP programs. Since 2020, nearly 1,400 of our business members have benefited from these loans valued at almost \$75 million. Now that the programs have ended, our focus has shifted to helping our members prepare for the CEBA loan repayment, so they can receive the maximum benefit from the program.

If one thing is clear, it's that people expect more from businesses than ever. Over the past couple of years, digital transformation and demand for digital solutions have accelerated at an unprecedented pace. We are committed to supporting your changing needs by continuing to invest in technology. In May 2021, we launched a new digital banking platform and though I want to acknowledge there have been some challenges with the technology, this new system allows us to continue to explore opportunities to improve and enhance your digital experience. Thank you for your patience as we go through these unfortunate, yet necessary, growing pains.

Other technology investments of note included adding GoToAssist, which provides screen sharing-capabilities to our member contact centre team so they can assist

members in real-time. And finally, we worked to enhance both our online account opening portal and our electronic document signing capabilities, so you can join SCU and open new accounts from the comfort of home.

It's been a busy year at SCU. We've completed numerous projects to improve our products, services, and internal processes, while also starting a new project to launch our customer relationship management tool. In 2021, we enhanced our Registered Disability Savings Plan product to provide more flexible savings options. In 2022, and beyond, we will continue to develop member-focused products and services that can help you do more with your money, while also exploring new ways to deliver outstanding service.

Our success is in no small part due to you, our loyal members. Because of your commitment, trust, and continued support, we delivered strong fiscal performance in our loan and deposit portfolios. In 2021, our loan portfolio grew by 16.25%, and our deposit portfolio grew by 11.11%. In all my years at SCU, I have rarely witnessed this level of growth. I firmly believe that our success is a result of high member satisfaction, competitive rates, and custom solutions that meet your savings and borrowing needs. Our purpose will always remain the same: to be financially strong so we can help our members on their journey of saving and spending wisely.

In closing, I want to take the opportunity to thank and congratulate Maria Reimer as her first successful year as our Board Chair and the SCU Board of Directors for their ongoing support. I also wish to thank our Executive Leadership team for your tireless efforts in supporting our employee and members' needs. And a sincere thank you to our employees for their steadfast dedication to serving our members during this incredibly busy year. It's always been the people that have made us great. I am incredibly proud of the entire SCU team who has exhibited care, concern, and a genuine passion for helping our members explore their financial journey. Thank you for your dedication to our members, and your spirit of teamwork among each other. I truly believe it is your commitment to going above and beyond that makes all the difference in SCU's success.

And to our members, thank you for your support, patience, the trust you place in us, and your loyal dedication to SCU.



Glenn Friesen, Chief Executive Officer

2021 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



STACEY McLEISH
Chief Human
Resources Officer

2021 Board of Directors



MARIA REIMER
Board Chair



BRUCE PENNER
First Vice-Chair



REG PENNER
Second Vice-Chair



DORIS MARTENS
Director



HENRY VAN DE VELDE
Director



ROBERT PENNER
Director



CHRIS GOERTZEN
Director



JEREMY HILDEBRAND
Director



JAYSON BARKMAN
Director

Message from the Chair

The world looks much different than two years ago, although we have reason to hope that we are returning to normal — albeit a new normal. People have found their own ways of participating in their daily lives. We have risen to the challenge of using technology in new ways to visit with our families or conduct our businesses. It's been a time of great learning, transformational change and for many, embracing that change has had a positive impact.

It is my privilege to be your new Board Chair. During my tenure on the Board, I've witnessed significant growth and change within the organization. SCU has risen to the challenge of that growth and change by being nimble and adaptable but at the same time holding firm to its traditional values of serving our community's needs first and foremost, one member at a time.

And, you have responded. Throughout 2021 and into 2022, SCU has seen tremendous growth in membership, as well as in our deposit and lending portfolios. Despite a highly competitive market and a year filled with uncertainty, people are choosing SCU as their financial institution of choice. In fact, in June of last year, SCU celebrated 80 years of business and now serves over 100,000 members. It's a testament to the work we do every day, and our commitment to providing you, our members, with the advice, guidance, and products and services that help you build your best financial future.

Since 1941, SCU has been recognized as a strong and steadfast organization that its members can count on. However, I also recognize that SCU's success doesn't come from its resoluteness alone; rather, our success comes from achieving a balance between strength and agility so we can continually serve your ever-changing needs. Over the past several years, this has meant investing in technology, which has allowed us to continue to serve you on whatever platform you prefer. Looking to the future, we will continue to invest in technology to remain relevant and provide you with convenient banking options.

At this time, I would like to provide you with a few updates on behalf of the Board of Directors.

Over the past year, SCU has expanded our footprint to create much-needed space in Winnipeg. Our new facility on Pembina Highway houses our SCU Business Lending Centre that provides a convenient option for business members to meet with their account managers. As our Winnipeg call centre continues to grow to serve you better, we've repurposed our building located on St. Mary's Road to accommodate this team. These facilities became necessary as our Winnipeg branches have reached physical capacity, and we are still in discussions over how to best proceed with reimagining our Linden Ridge location. The southwest area of Winnipeg continues to see strong membership growth, and we are committed to serving this growing market.

Finally, I would like to take a moment to thank our CEO Glenn Friesen for his continued commitment and dedication to SCU, as well as the Executive Leadership team, and all SCU employees for your enthusiasm, expertise, and the energy you bring to SCU everyday. A special thank you goes to my fellow Board Members for your service. I am grateful for the opportunity to represent you and serve as your Board Chair. I also offer my sincere appreciation to every SCU member. Thank you for your continued patronage and support.

Thank you.

Maria Reimer, Board Chair



Explore a smarter way to save

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 lower interest rates and staying the course.

Despite an unpredictable interest rate environment, we remained competitive across all savings products. We 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 **11.11%**

Explore the possibilities

Custom mortgage solutions

We provided members solid financial advice and expert guidance so they could choose the lending option that best fit their needs. We built our custom-designed mortgages around the needs and priorities of our members, recognizing that everyone is unique, and a mortgage that's a perfect fit for one member doesn't always fit the next. Historically low-interest rates made mortgages more affordable, but prudent lending became a greater priority as home prices grew. In 2021, exploring the possibilities meant providing members with custom mortgage solutions that fit their needs and budget today and, in the future, as the economic conditions change.



SCU's lending grew by
16.25%





Explore the horizon

Our members look to SCU for the expertise and knowledge to guide them along the journey toward their best financial future. With a foot firmly in the present and an eye to the horizon, in 2021, SCU helped members reach goals, build wealth, and protect what matters most.

The journey starts with a conversation. We work with our members to help them achieve their best financial future by understating their needs, identifying opportunities, and overcoming any obstacles.



Explore the potential

In 2021, we experienced significant growth in our commercial portfolio. SCU supports the expansion and development of businesses as they adapt to meet changing market needs in a challenging business landscape. We invest in people and companies, freeing them to pursue their passion and explore the potential of their dreams. In return, these businesses invest in the communities in which we live, work, and play.

In 2021, SCU continued to assist business members impacted by the pandemic. We helped them access federal incentive programs like the Canada Emergency Business Account (CEBA) loan assistance program to solve immediate cash flow needs. We also helped business members navigate the Highly Affected Sectors Credit Availability Program (HASCAP) offered through the Business Development Bank of Canada.

The CEBA program ended in June 2021 and HASCAP in December 2021. This year we will work with business members to develop repayment plans to benefit from the no-interest loan and the 20% to 33% loan forgiveness if paid by the end of 2023. SCU assisted nearly 1,400 business members in receiving almost \$75 million through the programs.

Explore the future

We explore the future by investing in technology that improves processes, creates efficiencies, and elevates member service and experience. Our investments enable us to deliver more products, services, and options for members to explore through more channels than ever before.

In the future, we will continue to expand our product and services across multiple channels providing members secure access to their accounts, however, whenever, and wherever they choose.

DIGITAL BANKING

In May 2021, we launched a new digital banking platform, providing members with a fresh online and mobile banking experience. We successfully onboarded 45,000 members as they logged in for the first time. Our previous banking program was at the end of its lifecycle. It could no longer support the upgrades or improvements needed to enhance the digital banking experience for members. Our new platform lays the foundation upon which to continually improve SCU's digital banking experience.

CEBA/HASCAP

Since 2020, nearly 1400 of our business members have benefited from these programs. Now that the programs have ended, our focus shifts to helping them prepare for the CEBA loan repayment to ensure they receive the maximum benefit possible from the program.

DOCUSIGN

DocuSign helps organizations connect and automate preparing, signing, acting on, and managing agreements. This enables SCU to respond to members' growing needs for digital options. This project continues today with a scheduled rollout into Corporate Lending, front line services, Wealth Management, and wherever there is a need for virtual signing options within SCU.

GOTOASSIST

GoToAssist is a remote support service that enables our member services team to use screen sharing, mouse and keyboard controls and other tools to resolve member issues with online banking or other service requests. The investment in GoToAssist was an invaluable resource for the team serving members as we transitioned through the launch of digital banking.

ENHANCEMENTS TO ONLINE ACCOUNT OPENING

This year, SCU further invested in enhancing the online experience for our members. With our new digital banking in place, we improved and expanded our online account opening capabilities. The upgrade also included the introduction of Jumio, a software with built-in biometric Artificial Intelligence functionality to validate the member's identity through a "selfie" photo that is then verified against a picture ID.



Explore a brighter path

This year, we explored the path forward to a brighter future for all in the community. SCU is committed to supporting communities through the sponsorship, participation, and organization of events and programs throughout the year. For the fifth year, our Share the Light program invited members and Facebook followers to nominate worthy charities to receive one of two donations. And throughout December, SCU was a gold sponsor of the Zoo Lights Festival, a family-friendly event at the Assiniboine Park Zoo. We offered children the chance to write their wish on a tag and hang it on the SCU Wishing Tree and be one of six kids to have their wish granted.

2021 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, 2021, 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, 2021.

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 14, 2022.

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 14, 2022

MNP LLP

Chartered Professional Accountants

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31

	2021	2020
Assets		
Funds on hand and on deposit	\$ 90,679,378	\$ 73,900,049
Investments	742,917,122	930,550,129
Loans to members	7,360,015,705	6,331,062,134
Other assets	15,426,687	9,618,066
Inventory	31,485,849	–
Investments in associates	21,120,992	21,926,666
Property, equipment and intangible assets	78,375,031	75,864,399
Deferred income tax assets	3,958,875	6,920,875
	\$ 8,343,979,639	\$ 7,449,842,318
Liabilities		
Members' deposits	\$ 7,589,848,937	\$ 6,831,196,839
Accounts payable	44,454,940	34,694,613
Income tax payable	532,878	3,803,291
Due to non-controlling interest	10,533,033	–
Secured borrowing	184,634,781	121,463,706
	\$ 7,830,004,569	\$ 6,991,158,449
Equity		
Members' shares	\$ 515,145	\$ 491,325
Retained surplus	513,802,245	458,192,544
Non-controlling interest	(342,320)	–
	\$ 513,975,070	\$ 458,683,869
	\$ 8,343,979,639	\$ 7,449,842,318

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

	2021	2020
Income		
Interest from loans to members	\$ 199,891,302	\$ 196,986,132
Investment income	12,766,522	17,968,832
	\$ 212,657,824	\$ 214,954,964
Cost of funds		
Interest paid to members	\$ 94,851,951	\$ 106,582,074
Interest paid — other	3,442,634	2,973,215
	\$ 98,294,585	\$ 109,555,289
Net interest income	\$ 114,363,239	\$ 105,399,675
Credit impairment recovery (loss)	7,976,144	(11,139,297)
Other income and fees	30,158,967	28,940,920
Net other operating income	\$ 152,498,350	\$ 123,201,298
Operating expenses		
Administrative	\$ 22,759,068	\$ 16,898,059
Member security	6,377,069	5,729,471
Occupancy	6,006,910	5,654,763
Organizational	2,393,350	2,377,586
Personnel	35,785,939	31,742,068
	\$ 73,322,336	\$ 62,401,947
Net income before patronage refund, donations, unrealized gains on derivatives and income taxes	\$ 79,176,014	\$ 60,799,351
Patronage refund	(9,995,422)	(10,092,866)
Donation to SCU Community Fund	(3,000,000)	(15,000,000)
Unrealized gains on derivatives	4,722,762	132,061
Net income before income taxes	\$ 70,903,354	\$ 35,838,546
Provision for income taxes	15,636,000	4,046,000
Net income and comprehensive income for the year	\$ 55,267,354	\$ 31,792,546
Net income (loss) and comprehensive income attributable to:		
Steinbach Credit Union	\$ 55,609,701	31,792,546
Non-controlling interest	(342,347)	—
	\$ 55,267,354	31,792,546

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	Non-controlling interest	Total members' equity
Balance at January 1, 2020	\$ 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
Balance at December 31, 2020	\$ 491,325	\$ 458,192,544	\$ —	\$ 458,683,869
Balance at January 1, 2021	\$ 491,325	\$ 458,192,544	\$ —	\$ 458,683,869
Non-controlling interest on formation of subsidiary	—	—	27	27
Net income and comprehensive income for the year	—	55,609,701	(342,347)	55,267,354
Common shares issued — net of redemptions	23,820	—	—	23,820
Balance at December 31, 2021	\$ 515,145	\$ 513,802,245	\$ (342,230)	\$ 513,975,070

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

Notes to Summary Consolidated Financial Statements

December 31, 2021

1. Basis of the summary consolidated financial statements

Management has prepared the summary consolidated financial statements from the Credit Union's December 31, 2021 audited consolidated financial statements which can be obtained at the Credit Union 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.

2. Compliance with minimum capital and liquidity requirements

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2021 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, 2021, 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

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