



# Always improving for our members

2018 ANNUAL REPORT

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## From the tiniest seed . . .

In 1941, a small group of entrepreneurs planted a seed that would eventually become SCU. From first opening our doors to becoming an organization with more than 91,000 members today, we have been growing and thriving in our Manitoba community for more than 75 years. Over that time, we've always focused on helping families grow roots, while supporting local businesses who provide a network of jobs and resources for those families.

Together, we've built a strong foundation for growth that has helped our organization - and our community - remain strong and resilient in a world of constant change. We will continue to evolve and grow, adding the right products and services at the right time in order to meet our members' ever-changing needs.

As we look to the future, our continued success won't require a complete transformation. Rather, we'll continue to build on our successes like a tree builds on itself each year, reaching just a little bit higher and spreading a bit further while developing a stronger network of roots to support our growth, and the growth of our members.

# Message from the CEO

Live life and save for it: It's not just a headline, it's our goal for our members. We achieve this by providing members with everything they need to be financially successful throughout their lives. From our everyday banking solutions that make life easier, to long-term savings strategies that set members on a path to retirement, we continue to look for ways to better serve their needs.

Living life today sometimes means our members need loans, mortgages, or lines of credit. With highly competitive interest rates, specialized solutions, and an SCU expert on hand, our members can make smart decisions that set them up for long-term success. This year, we partnered with Collabria to offer our members a new suite of personal and business credit cards, giving our members more choice than ever and the ability to decide what card is a fit for their unique needs.

Living in the moment also means having enough free time to enjoy life. We've actively worked to develop, enhance, and expand our digital solutions to make doing business with SCU easier than ever. This has included improving our everyday banking features by launching Apple Pay and Interac Online, as well as enhancing Interac e-Transfer. Interac e-Transfer is now a free-to-use feature in our Fat Cat Savings, and Headstart and Golden Chequing accounts. We also launched our online account opening, giving prospective members a new way to open select personal accounts from the comfort of their own home.

More than just living for today, we want to help our members save for their future. In the fall, we added two new services, Qtrade Investor and Virtual Wealth, which provide our members with new and exciting ways to manage their own wealth. And, we've nurtured our organization's specialized structure and tailored product offerings by introducing a new service channel. Our Member Financial Relationship Advisors fill an important gap in the market, and ensure we can provide sound advice and guidance to every level of investor.

This year, we continued to deliver solid earnings and made tremendous gains in our loan and deposit portfolios. Our work to deliver exceptional organizational efficiency has meant we've achieved strong fiscal performance throughout the year. This has given us a distinct competitive edge, allowing us to offer some of the best rates in the market, while continuing to invest in new technology, products, and services.

We recognize that change doesn't have to be all or nothing, and it doesn't mean always adding the latest and greatest. We believe that by constantly improving what we offer, adding new products and services to the mix, we can serve each and every member in a way that makes sense for them.

For 2019 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 online account opening experience, and launch new digital channels for members.

In closing, I want to take this opportunity to thank the SCU Board, the Executive Leadership Team, and all of our employees 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*



Glenn Friesen  
CHIEF EXECUTIVE OFFICER



Brent Turman  
CHIEF FINANCIAL OFFICER



Celina Philpot  
EXECUTIVE VICE PRESIDENT,  
MEMBER ENGAGEMENT & BRAND

2018  
EXECUTIVE  
TEAM



Tim Friesen  
EXECUTIVE VICE PRESIDENT,  
RISK MANAGEMENT



James Gosselin  
EXECUTIVE VICE PRESIDENT,  
CORPORATE SALES



Sharon McMahon  
VICE PRESIDENT,  
HUMAN RESOURCES



Andy Alguire  
CHIEF INFORMATION &  
TECHNOLOGY OFFICER



We believe that an important part of progress is refining, reshaping, and perfecting what we already offer. Through continuous change, we can build on our successes year-over-year, and expand our products and services to meet a dynamic market. Here's a sneak peek at how we've evolved this year.



A woman with long dark hair tied back, wearing a black tank top and light-colored shorts, is running on a dirt trail. She is smiling and looking to her right. In the background, a man in a teal long-sleeved shirt and dark pants is also running. The background is a dense, green forest with sunlight filtering through the trees.

EVOLVE

EVOLVE





# Expanding everyday banking features

Helping our members keep up with the pace of life is always an area of focus. If we can make doing business with us a little easier by improving our everyday banking features, then we consider that a win.

This year, we've expanded our *Interac* e-Transfer<sup>†</sup> features to allow members to request money, and to make the process of accepting an *Interac* e-Transfer even easier. And, adding *Interac* Online<sup>®</sup> to our mix of online banking features means members can use their bank account to pay for online purchases, instead of using their credit card.

In late 2017 and early 2018, we launched our online account opening portal. This portal allows new members to open select personal accounts from the comfort of their own home.



# Launching Apple Pay<sup>®</sup>

Life's busy. Adding the ability to pay for everyday purchases with a tap of your iPhone<sup>®</sup> or Apple Watch<sup>®</sup> makes it all just a little bit easier. This year we launched Apple Pay, adding to our suite of mobile offerings that make sure members can pay on-the-go without missing a beat.



2018  
INTERAC ONLINE



2018  
APPLE PAY



2018  
ONLINE ACCOUNT  
OPENING



2017  
MOBILE PAY



2016  
ONLINE RSP &  
TFSA TRANSFERS



2014  
DEPOSIT ANYWHERE

<sup>†</sup>INTERAC e-Transfer is a registered trademark of Interac Corp.. Used under license. <sup>®</sup>INTERAC is a registered trademark of Interac Corp.. Used under license.  
<sup>®</sup>Apple, iPhone, and Apple Watch are trademarks of Apple Inc., registered in the U.S. and other countries.



## Serving every level of investor

Simply put, working with us means members are in the hands of experts who are committed to their success. This year, we've added Member Financial Relationship Advisors to our team of specialists. Their goal is to provide members with sound guidance and advice on our saving/investment products. They'll work closely with members to help meet their short and long-term financial goals, offering peace of mind in the process. Their addition to our team fills an important gap in the marketplace today, because we have the ability to provide in-person service and guidance for every level of investor.



## Growing our credit card line

At a time when there are more choices than ever in the market, we've partnered with Collabria to offer twelve new credit cards to our members to choose from. These new cards include both Visa\* and Mastercard®, along with a US Dollar card option, premium travel and rewards cards, a student card, and a whole line of business credit cards. Low interest rate, no annual fees, or amazing rewards - no matter what our members value most in a credit card, they'll find an option with our new SCU Collabria credit cards.



2018  
BOARD  
OF  
DIRECTORS



Reg Penner  
CHAIRMAN



Russ Fast  
1<sup>ST</sup> VICE-CHAIR



Henry Van de Velde  
2<sup>ND</sup> VICE -CHAIR



Doris Martens  
DIRECTOR



Robert Dueck  
DIRECTOR



Robert Penner  
DIRECTOR



Maria Reimer  
DIRECTOR



Amanda Peters  
DIRECTOR



Bruce Penner  
DIRECTOR

# Message from the chair

I am so proud to serve Steinbach Credit Union. We are an organization that has been built from the ground up to achieve tremendous success, while firmly holding on to our roots. From our founding leaders to the leadership team of today, we've held a common guiding principle - to serve our members' needs first and foremost. We've grown SCU one member at a time by offering unparalleled service and a commitment to each member, every day.

In today's ever-changing world, serving our members' needs means we must always strive to do more, to be better, and to offer only the best. Because, at SCU, we serve a higher purpose. We help members find a way to afford their dream homes. We help them spend and save wisely so they have enough for today and for their future. And, we help them save enough to care for their loved ones and their communities.

We have been fortunate to grow organically and remain strong and independent in a highly competitive financial services market. Our strength has positioned SCU well in the market today. Last year, as the Bank of Canada raised their benchmark rate on three separate occasions, many financial institutions chose to increase only their borrowing rates. Because of our strong financial position, we were able to increase our savings rates as well.

In September of 2018, we were able to increase our savings rates even without a Bank of Canada increase, maintaining our top spot in the market for variable savings rates. This has helped our members stretch their savings dollars, while ensuring our borrowing rates have remained very competitive. We want to be sure each and every member continues to benefit from choosing SCU as their financial partner.

During my 18 years with the Board, I've witnessed significant growth, as year after year we've delivered strong fiscal performance. I am pleased to report that 2018 was no exception, and we have further cemented our position as the largest credit union in Manitoba. In 2018, assets grew by 8.47%. We delivered deposit growth of 8.27%, and loan growth of 11.99%.

As we move into 2019 and beyond, we'll continue on this path of growth, investing in technology, products, and services that help us navigate change in an uncertain world. We're committed to evolving our current offerings, investing in emerging technology, and expanding the ways we can connect with our members.

I am deeply grateful for being 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 77 years. Thank you for your commitment to Steinbach Credit Union.



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

EMERGE





Over the past seven decades, the world has gone through a lot of change. Adapting to a changing market means adding new services and products that will change how business gets done.



## Introducing digital investing options

From the beginning, we have always believed in helping our members save for their future. This year, we launched Qtrade Investor and VirtualWealth™. These are new online investing options that give members more choice and more control over how they can invest their money. Because VirtualWealth and Qtrade Investor offer a digital portfolio management solution with minimal advisor interaction, members can enjoy lower fees while they blaze their own trail.



## Adding our Grow! Loan

We understand that growing a business means our community offers more jobs, more stability, and opportunities for families to prosper. We introduced our Grow! Loan and Line of Credit to provide our business members with a quick and simplified approval process, along with easy and flexible repayment options. It means that whether they need working capital, fixed asset purchases, or if they are just starting out, they'll have the funds they need when they need them.



EMERGE



91,524

**NUMBER OF  
MEMBERS**

8.47%

**ASSET  
GROWTH**

11.99%

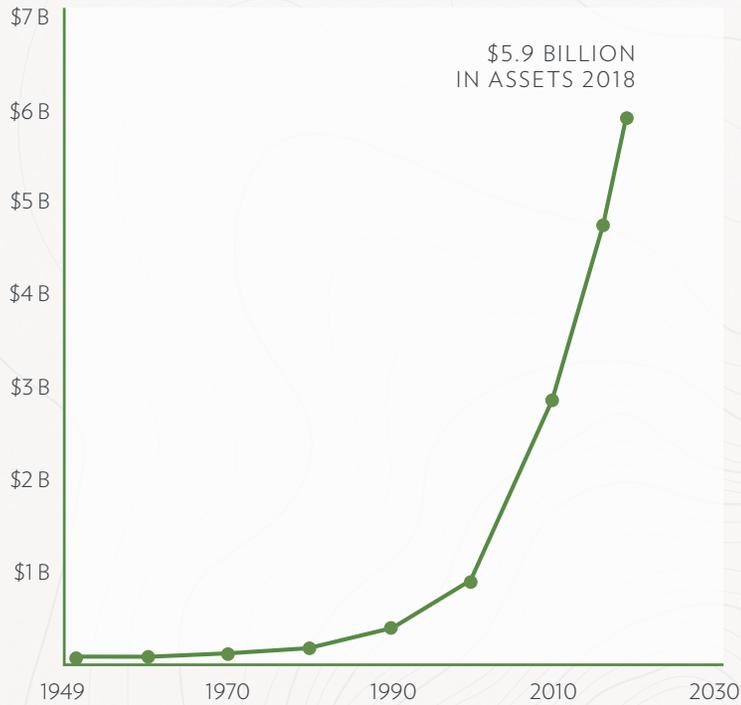
**LENDING  
GROWTH**

8.27%

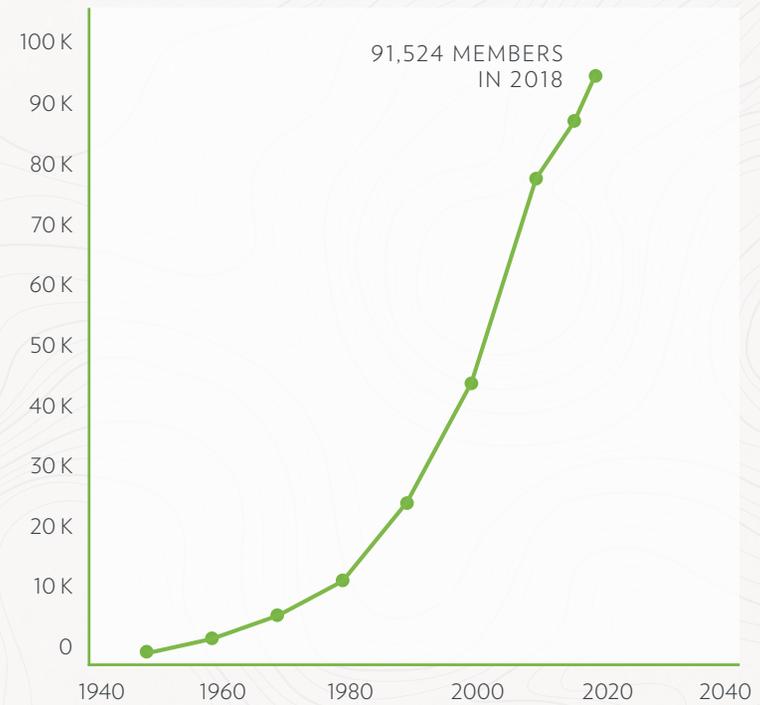
**DEPOSIT  
GROWTH**



# Our success is growing



ASSET GROWTH BY TIME



MEMBER GROWTH BY TIME



## Lending

We're experts when it comes to offering tailored lending solutions that help our members make sound financial choices, both now and in the future. No matter what lending solution members choose, we always offers competitive rates, flexible payment options, and personalized service.

**This year, our lending portfolio grew by**

**11.99%**



## Saving

Our goal is simple: we want to help our members live life and save for it. That's why we offer diverse savings options, to provide our members with the very best savings options that set them up for a lifetime of financial success.

**This year, our deposit portfolio grew by**

**8.27%**





We recognize the need for ongoing investment in developing new technologies, services, and products 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 that help our members connect with us in the way that makes sense for them.

By listening to our members' needs, and finding ways to transform their ideas into unique solutions, we are building a strong ecosystem of services and products. These services and products are like a network of roots, strengthening our foundation so we can continue to serve you better.

A person is shown from the back, wearing a tan beanie, a green hooded sweatshirt, and a maroon jacket. They are carrying a large, dark blue and grey backpack. The background is a scenic mountain landscape with a river or stream in the foreground, all bathed in the warm, golden light of a sunset or sunrise. The word "EXPLORE" is overlaid in the upper right corner in a white, thin, sans-serif font.

EXPLORE



2018  
CONSOLIDATED  
FINANCIAL  
STATEMENTS



# Report of the independent auditor on the summary consolidated financial statements



February 25, 2019

To the Members of Steinbach Credit Union Limited

## Our Opinion

In our opinion, the accompanying summary consolidated financial statements of Steinbach Credit Union and its subsidiaries (together, the Credit Union) are a fair summary of the audited consolidated financial statements, on the basis described in Note 1 to the summary consolidated financial statements.

## The summary consolidated financial statements

The Entity's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2018 comprise:

- the summary consolidated statement of financial position as at December 31, 2018;
- the summary consolidated statement of net income and comprehensive income for the year then ended;
- the summary consolidated statement of retained earnings for the year then ended; and
- the related notes to the summary consolidated financial statements

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

consolidated financial statements, do not reflect the effect of events that occurred subsequent to the date of our report on the audited financial statements.

## 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 25, 2019.

## 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.

## 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 Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

*PricewaterhouseCoopers LLP*

*Chartered Professional Accountants*

# Summary consolidated statement of financial position

AS AT DECEMBER 31

	<b>DECEMBER 31, 2018</b>	<b>DECEMBER 31, 2017</b>
<b>Assets</b>		
Funds on hand and on deposit	\$ 25,775,484	\$ 61,475,143
Investments	542,290,182	602,607,847
Loans to members	5,243,677,449	4,682,169,390
Other assets	5,302,203	7,069,200
Investments in associates	17,515,887	17,939,910
Property, equipment and intangible assets	77,877,450	80,630,246
Deferred income tax assets	2,884,875	1,584,875
	<b>\$ 5,915,323,530</b>	<b>\$ 5,453,476,611</b>
<b>Liabilities</b>		
Members' deposits	\$ 5,348,441,092	\$ 4,939,828,929
Accounts payable	20,175,470	22,201,884
Income tax payable	760,638	1,810,250
Secured borrowing	149,682,034	125,628,151
	<b>\$ 5,519,059,234</b>	<b>\$ 5,089,469,214</b>
<b>Equity</b>		
Members' shares	\$ 457,620	\$ 441,790
Retained surplus	395,806,676	363,565,607
	<b>\$ 396,264,296</b>	<b>\$ 364,007,397</b>
	<b>\$ 5,915,323,530</b>	<b>\$ 5,453,476,611</b>

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

## Income

Interest from loans to members  
Investment income

## Cost of funds

Interest paid to members  
Interest paid – other

## Net interest income

## Credit impairment losses

## Other income and fees

## Net other operating income

## Operating expenses

Administrative  
Member security  
Occupancy  
Organizational  
Personnel

## Net income before patronage refund and income taxes

## Patronage refund

## Net income before income taxes

## Provision for income taxes

## Net income and comprehensive income for the year

	<b>DECEMBER 31, 2018</b>	<b>DECEMBER 31, 2017</b>
	\$ 177,876,520	\$ 145,064,432
	14,014,980	11,882,685
	\$ 191,891,500	\$ 156,947,117
	\$ 104,683,847	\$ 77,197,815
	2,048,976	1,865,138
	\$ 106,732,823	\$ 79,062,953
	\$ 85,158,677	\$ 77,884,164
	(4,468,053)	(1,758,991)
	22,826,472	22,707,999
	\$ 103,517,096	\$ 98,833,172
	\$ 16,134,539	\$ 15,470,051
	4,533,186	4,222,781
	5,446,908	5,445,138
	2,243,976	2,215,640
	28,119,014	27,441,117
	\$ 56,477,623	\$ 54,794,727
	\$ 47,039,473	\$ 44,038,445
	7,516,082	7,524,303
	\$ 39,523,391	\$ 36,514,142
	7,530,000	4,250,000
	\$ 31,993,391	\$ 32,264,142

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

# Summary consolidated statement of retained earnings

FOR THE YEAR ENDED DECEMBER 31

	<b>MEMBERS' SHARES</b>	<b>RETAINED SURPLUS</b>	<b>TOTAL MEMBERS' EQUITY</b>
<b>Balance at January 1, 2017</b>	\$ 430,275	\$ 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, 2018</b>	\$ 441,790	\$ 363,565,607	\$ 364,007,397
Changes on initial application of IFRS 9	-	247,678	247,678
<b>Rested balance at January 1, 2018</b>	\$ 441,790	\$ 363,813,285	\$ 364,255,075
Net income and comprehensive income for the year	-	31,993,391	31,993,391
Common shares issued – net of redemptions	15,830	-	15,830
<b>Balance at December 31, 2018</b>	\$ 457,620	\$ 395,806,676	\$ 396,264,296

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

## NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

**1. Basis of the summary consolidated financial statements:** Management has prepared the summary consolidated financial statements from the December 31, 2018 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 requirement:** The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2018 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, 2018, 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