

2018 Corporate Annual Report





2018 Moments

- 1 Surprising the Elgin Street Mission with a donation on Giving Tuesday.
- 2 Seven young members entering university or college received bursaries of \$500 each.
- 3 Staff and board members ride the Big Bike to raise funds for the Heart and Stroke Foundation.
- 4 The South End branch team presents the Canadian Mental Health Association with \$3736 raised at the 6th annual charity BBQ.
- 5 The 25th annual Camp Quality BBQ hosted by the Minnow Lake branch team. This year \$8700 was raised.
- 6 International Credit Union Day celebrations included a total of \$10,000 donated to 8 local organizations.
- 7 The grand opening of the Sudbury Food Bank's Hot Dog cart, made possible by Concentra's Empowering Your Community program.

2



3



4



5



6



7



A Message from the CEO

2018 was another productive year that saw us add new products and services, and welcome new members, all while fully complying with the rules and regulations that govern our credit union. We operate in a very competitive market place, and member expectations are high. We are proud that we met their expectations, growing member deposits by \$8.3 million; and increasing loans outstanding by \$10 million.

At the start of the year we began offering a new credit card to our members. The credit card offers a large suite of personal and business card options, including a US dollar credit card. We also introduced Interac® Flash on our MemberCards®. The Interac® Flash feature allows you to pay for purchases up to \$100 easily by a simple 'tap and go'. Also, since we are a member of the EXCHANGE® Network, our members can use any EXCHANGE® Network ATM without having to pay an ATM surcharge fee. In the City of Greater Sudbury there are 19 ATM locations our members can use surcharge free, and there are over 3,300 ATM locations in Canada, coast to coast.

We updated a number of our branch locations with some minor renovations during the year, and plan to continue the updates into 2019. While we continue to maintain and support our branch network, we also continue to support and add functionality to our online and mobile services, as we see member usage of those services continually increasing. With secure MemberDirect® Online Banking members can view accounts, transfer money and pay bills from home, work or wherever there is Internet access, 24 hours a day, 7 days a week, 365 days a year. This can also be accomplished with our Mobile App, (SCU Mobile). Our app is fully optimized

for all Apple mobile platforms (iPhone, iPad and iPod Touch) and Android mobile platforms (Samsung, Nexus, and HTC). The SCU Mobile App puts secure online banking in the palm of your hand. Members can also use the Deposit Anywhere remote cheque depositing feature by simply taking a photo of their cheques with their smartphone or tablet. Each of our seven branch locations are now equipped with wifi, and our employees are happy to show members how to access their accounts.

We are also committed to our business members, and in 2018 we improved online access for business accounts; and also introduced a number of business account packages for their various banking needs. For our personal members we continue to offer our No Fee Account, saving our members thousands of dollars in service charges each year.

Our wealth management offering to members also improved during the year. At the end of 2017, Canada's five provincial credit union centrals, the Desjardins Group and The CUMIS Group agreed to merge the businesses of their subsidiaries, Credential Financial Inc., Qtrade Canada Inc. and NEI Investments. The transaction created one of Canada's largest independent wealth management firms with more than 500,000 clients across the country and over \$55 billion in combined client assets under administration and management. The new entity is called Aviso Wealth.

Aviso Wealth is positioned to be a Canadian financial services leader with notable strengths in wealth management, asset management, online brokerage and digital advice, mutual funds and correspondent services. Through its subsidiaries,

Aviso Wealth will offer a wealth management platform with the necessary scale and resources to meet the evolving needs of its credit union partners and their members. Also worth noting is the fact that for the fourth consecutive year, Qtrade Investor has been awarded top honours for Canadian self-directed brokerage customer service.

This is in addition to our Credential Financial Strategies office that we maintain in Lively. Credential Financial Strategies Inc. is a member company under Credential Financial Inc., offering financial planning, life insurance and investments to members of credit unions and their communities.

While these new product and services offerings kept us quite busy during the year, we didn't take our focus off our ongoing business. As you will see in our financial results, your credit union is on a solid foundation and is financially strong. As a Credit Union in Ontario, our member deposits are insured by the Deposit Insurance Corporation of Ontario (DICO). DICO is an Ontario Provincial Agency established under the Credit Unions and Caisses Populaires Act. Our member deposits are insured up to \$250,000, with unlimited insurance for deposits in registered plans. (For details, visit www.dico.com.) This is more insurance coverage than that of the federally regulated banks.

Behind all the numbers are people. As a locally owned operation, we proudly employ 72 Sudburians. We believe in providing our staff family with the knowledge and tools they need to be able to serve our members with pride and excellence. We also want employees to be prepared for other opportunities in our organization, as it is our preference to promote

from within when possible. We're pleased to say that during 2018, eleven existing employees received promotions. We are still able to onboard new employees on a regular basis, and currently 30% of our employees have been with us for less than five years. However the majority of our employees (57%) have been with us for ten years or more, and we know our members appreciate having the knowledgeable, familiar faces at their branch locations. We had 4 employees retire in 2018: collectively they had 136 years of credit union service. Sudbury Credit Union is a place where a person can have more than just a job. They have a career and meaningful work, as they help people with their financial well-being, and contribute to our community.

Being a member of Sudbury Credit Union is not just about having an account, a term deposit, a loan or mortgage. It's beyond the product and services. Being a member of Sudbury Credit Union is being a part of something much bigger. Members are supporting a local company that invests in their community. A company that supports other community minded organizations that together enrich the lives of the people of THIS community - OUR community.

Thank you to our members who have chosen us. You allow us to support organizations that provide services that we all need. Thank you to our SCU staff who work hard every day to look after the financial well-being of our members. Thank you to our directors who provide the stewardship and direction for this great, local organization.

Mimi Regimbal,
Chief Executive Officer



Our Vision

Committed to the well-being of our employees, our members and our community.



Executive Team



Chief Executive Officer
Mimi Regimbal



Chief Financial Officer
Debbie Korzeniecki



Chief Operations Officer
Michael Moore



Chief Credit Officer
Douglas Yeo



Human Resources Manager
Cheryl Whynott



"Our camp week each summer would not be possible without the support of groups like you. You should be very proud of the contribution you make to helping kids affected by cancer in our community."

**Camp
Quality
Northern
Ontario**



A Message From The Chair

This year has been another successful year for Sudbury Credit Union. And when I say this, I am not only referring to the financial statistics, although these do play a large role in our success.

This year has brought about more changes in the worldwide accounting standards. Interest rates have remained low and are expected to remain low for the next little while. Stiff competition from other financial institutions has meant that we have had a challenging year. But, with the expert work from everyone at Sudbury Credit Union, our assets grew by more than 2.5% to over \$418 million, while profit before taxes grew to over \$3.1 million. Our liquidity and capital are well above the regulated amounts. Our retained earnings remain strong, and our capital and liquidity ratios are well above regulation.

"SCU has always provided the personal assurance I was seeking, and I knew that I wanted to reciprocate the strong community spirit."

~ **David,**
SCU Board
Member

I have said this before, and I will say it again, while others are busy finding problems, we at Sudbury Credit Union are busy working on solutions. Our vision statement is simple, and reads as follows: *Sudbury Credit Union is committed to the well-being of our employees, our members and our community.* Our employees do a great job supporting each other. They work together toward one common goal; helping our members achieve their financial goals. It does not end there. Employees help to raise funds for many other organizations through special events such as barbecues and penny sales.

Without these positive financial results noted above, we would not be able to give back to our community as we did this past year. We strive to give 5% of our previous year's profit in the form of sponsorships and donations to the communities that we serve and the cooperative movement. The target for 2018 was \$115,000. We exceeded this amount by contributing \$124,000 through direct monetary donations, system partnership and fundraising efforts. This included a celebration on International Credit Union Day, where we recognized the efforts of eight community partners by donating a total of \$10,000. The eight organizations that benefited from these donations are:

- Habitat for Humanity Sudbury ReStore
- Maison McCulloch Hospice
- YES Theatre
- United Way Centraide North East Ontario
- SUN Co-operative Inc.
- Sudbury Food Bank
- Meals on Wheels
- The Salvation Army

In addition to these financial contributions, our employees and members of our Board of Directors contributed over 4,400 hours of volunteerism in our community in 2018.

Directors have been busy representing Sudbury Credit Union in all that we participate in: director training to assure that we remain current in our education; community events where we represented Sudbury Credit Union; and attending all of our scheduled and special board meetings and committee meetings to name a few. We continually ensure that we are in compliance with the regulations that dictate how we operate Sudbury Credit Union, making sure we have policies in place and

that we are in compliance with these policies. Attending conferences and meetings that are directly related to our business, as well as working with internal and external auditors to ensure compliance and long term sustainability. We are committed to providing meaningful employment to our staff as well as improving the financial well being of our members.

On behalf of the board, I want to thank our CEO Mimi, senior management, as well as all managers and staff for the excellent work they have done these many years.

Leo Racette,
Chairperson



4400

Hours our staff and board members spent
volunteering in our community.



Board of Directors



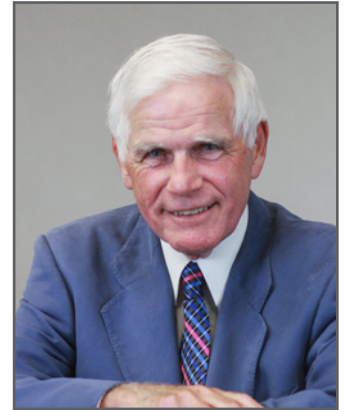
Leo Racette
Chairperson



Grant Howard
Vice-Chairperson



Jane Dupuis
Corporate Secretary



Floyd Laughren
Past Chairperson



Jamie Conroy
Director



Bette Choquette
Director



David Vares
Director



Michael Bellmore
Director

How Do Board Members Help?

The Board of Directors plays an important role in the current and future success of our credit union.

Board members are responsible for setting Sudbury Credit Union's strategic direction and providing guidance to the management team. Their contributions ensure that the credit union maintains a strong corporate governance structure, while remaining focused on the financial needs of our members.



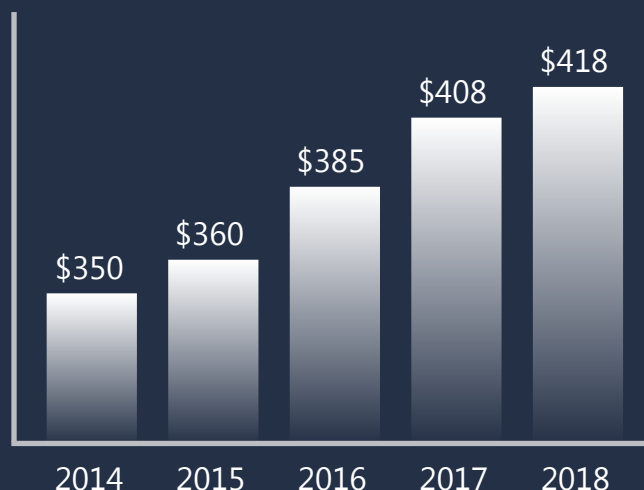
Key Financial Results

Assets

2018 was a solid but modest growth year for Sudbury Credit Union with assets increasing \$10.5 million to \$418 million. Heavy rate competition in the market provided unique challenges for which we were able to overcome. We focused on building relationships with Sudbury businesses and residents and as a result, increased our presence in the community.



Assets (in millions)



Loans and Deposits

Loans to members increased \$10.1 million with \$9.9 million in growth coming from personal home mortgages. Business and commercial lending increased \$1.5 million. As has been seen in the past several years, personal loans declined.



Member deposits increased \$8.3 million, demonstrating a continually growing relationship between Sudbury Credit Union and our community. Our advisors worked hard to have meaningful conversations with as many new and potential members possible and the results are beginning to show as more investment is made in our organization.



Loans and deposits grew at a similar pace in 2018. Loans continue to be fully funded by member deposits eliminating any need for long term borrowings. Because of this, it can be said that our borrowing members are able to do so fully because of the support of those in our community that invest in us and what we do. The true spirit of what a co-operative is.

Earnings

Net income for the year was \$2.4 million, a return on average assets of 0.58%. This was an improvement from 2017's return of 0.47% primarily as a result of three increases in the prime rate (affects our variable rate lending), improved returns on our investments, contained operating expenses and decreased loan losses.

**Return on
Average Assets
0.58%**

Capital

With modest growth and a solid return, capital leverage increased from 9.10% in 2017 to 9.43%, above the regulatory requirement of 4%. Not only is the capital level strong but so is its composition which is 84% retained earnings and contributed surplus, the strongest forms.

**Capital
9.43%**

Risk weighted capital which relates capital to assigned risk levels of assets also increased to 22.39% from 21.10%. The regulatory minimum as set by the Deposit Insurance Corporation of Ontario is 8% with ratings above 14% being considered the lowest risk tier. Overall, Sudbury Credit Union's sturdy capital position creates a foundation for future growth and long term sustainability.

"The Business Banking team met with us, saw our work ethic, took us under their wing and from there made us feel like part of the family. They helped us grow our business and buy our own building, and continue to support us with lower bank fees and a line of credit. They have gone above and beyond and it will never be forgotten."

**Ron &
Jennifer,
Members and
Small Business
Owners**





Audit Committee Report and Financial Statements

Sudbury Credit Union Limited's Audit Committee was formed pursuant to the Credit Unions and Caisses Populaires Act, 1994 (Ontario) ("Act"). The committee, composed of Board of Director members, has oversight responsibility for the Credit Union's financial reporting, risk management, ethics and compliance requirements. Written terms of reference prescribe the committee's objectives and responsibilities and how it functions. The committee met throughout the year to receive reports from management, internal audit, and KPMG LLP, our external auditors.

The committee met 4 times in 2018, and reviewed and approved:

1. Audited Financial Statements and notes,
2. Audited Management and Employee Pension Plan Financial Statements and notes,
3. The Annual Internal Audit Plan,
4. Internal Audit Reports,
5. The Credit Union's risk management policies, and
6. Updates related to the scope and impact of International Financial Reporting Standards (IFRS).

These reviews were performed to ensure proper safeguarding of the Credit Union's assets and adherence to policies. Based

on its reviews and findings, the Audit Committee made recommendations to the Board of Directors and Senior Management, and followed up to ensure that the recommendations were considered and implemented, as appropriate.

The Audit Committee is pleased to report to the members that the committee is functioning in accordance with the Act. Through the full co-operation and support of management, it continues to play an effective role in assuring the quality of financial reporting, risk management, ethics and compliance requirements, thus, enhancing overall operational control of the Credit Union.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. There are no issues the committee believes should be reported and no matters that would require disclosure pursuant to the Act or the Regulations.

A handwritten signature in black ink that reads "Jamie Conroy". The signature is written in a cursive, flowing style.

Respectfully submitted on behalf of the Audit Committee,
Jamie Conroy (Chair), Floyd Laughren,
Grant Howard and Bette Choquette

Sudbury Credit Union Limited

Summarized Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 7,387,099	\$ 8,218,770
Loans to members	361,586,580	351,440,998
Investments	44,040,112	42,393,343
Other assets	438,958	615,644
Deferred income taxes	331,000	344,000
Property and equipment	4,606,680	4,847,578
	\$ 418,390,429	\$ 407,860,333
Liabilities and Members' Equity		
Members' deposits	\$ 378,176,786	\$ 369,856,820
Accounts payable and accrued liabilities	1,421,724	1,634,847
Liabilities qualifying as regulatory capital	5,913,770	6,021,901
	385,512,280	377,513,568
Contributed surplus	5,484,655	5,484,655
Retained earnings	27,588,043	25,396,248
Accumulated other comprehensive loss	(194,549)	(534,138)
	32,878,149	30,346,765
	\$ 418,390,429	\$ 407,860,333

Sudbury Credit Union Limited

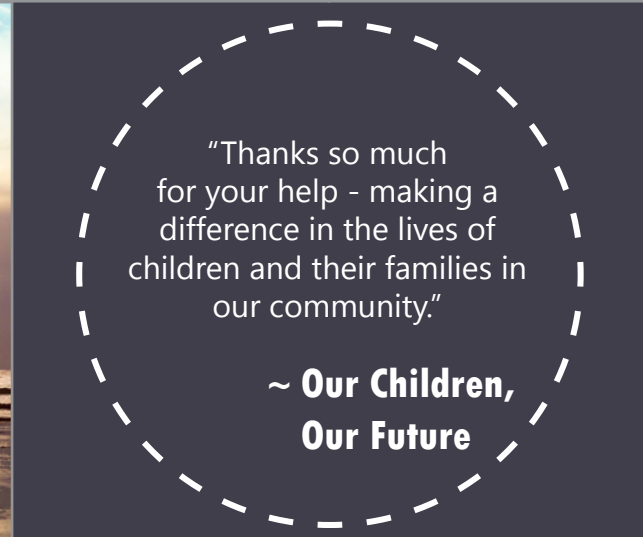
Summarized Statement of Comprehensive Income

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Interest Income	\$ 13,645,420	\$ 12,848,191
Investment income	927,779	656,094
	14,573,199	13,504,285
Interest expense	3,745,911	3,699,892
Interest on borrowings	6,207	9,257
Dividends paid on investment shares	182,301	139,888
	3,934,419	3,849,037
Net interest income	10,638,780	9,655,248
Provision for impaired loans	294,001	652,014
Net interest income after provision for impaired loans	10,344,779	9,003,234
Non-interest revenue	1,851,714	1,887,467
	12,196,493	10,890,701
Operating Expenses:		
Personnel	5,146,311	5,046,340
General	2,456,438	2,263,221
Occupancy	780,248	762,844
Organization	215,028	202,980
Insurance	453,698	399,506
	9,051,723	8,674,891
Operating income	3,144,770	2,215,810
Other revenue	-	85,339
Income before income taxes	3,144,770	2,301,149
Income taxes	755,000	425,000
Net income for the year	2,389,770	1,876,149
Other comprehensive income (loss), net of tax	339,589	(275,991)
Total comprehensive income for the year	\$ 2,729,359	\$ 1,600,158

Your Stories Are Our Story

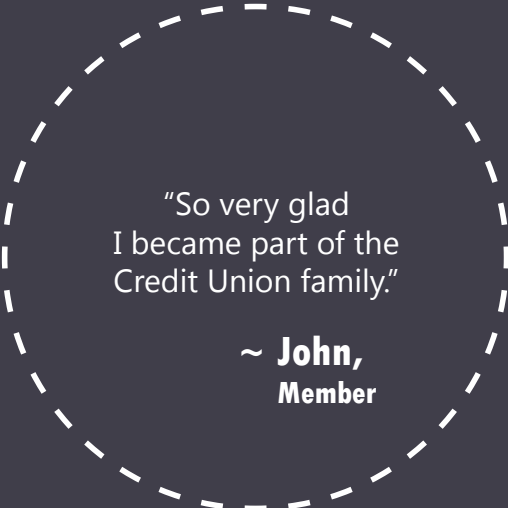
Our members, our community and our employees are the reasons we have a history, the reasons we celebrate our successes today, and the reasons we strive to do more in the future. Here are a few of our successes for 2018.





6403

Members
banking through
online channels.



"So very glad
I became part of the
Credit Union family."

~ **John,**
Member



148

Local organizations
helped through financial
donations this year.



276

Parents saving
for their child's
education.




148,996

Transfers conveniently
sent or received through
Interac® e-Transfer.



209

Members
behind the wheel
of a new car.



"My credit union is made
up of wonderful people
who care about their
community."

~ **Andrée,**
Member



2638

Members saving for their
retirement dreams.

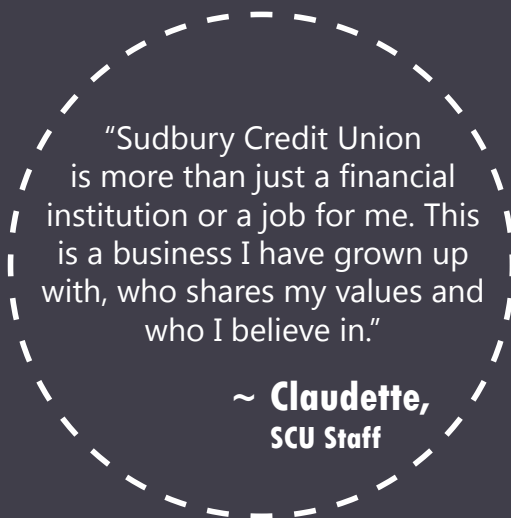
2018 Achievements

Our amazing team of staff accomplish so much in a year, all in an effort to improve the service we provide to our members. Here are a few of the achievements we're so proud of.



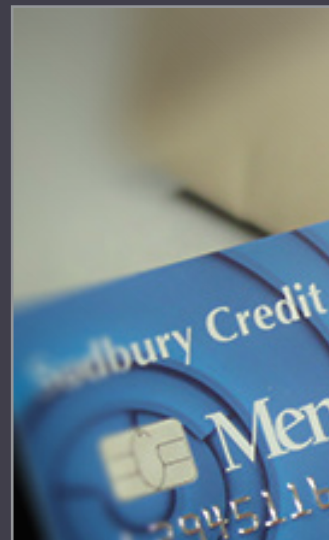
11

Internal staff promotions.



"Sudbury Credit Union is more than just a financial institution or a job for me. This is a business I have grown up with, who shares my values and who I believe in."

~ **Claudette,**
SCU Staff



4

Long time staff members now enjoying retirement.



e-Transfers

Introduction of new Interac® e-Transfer features.

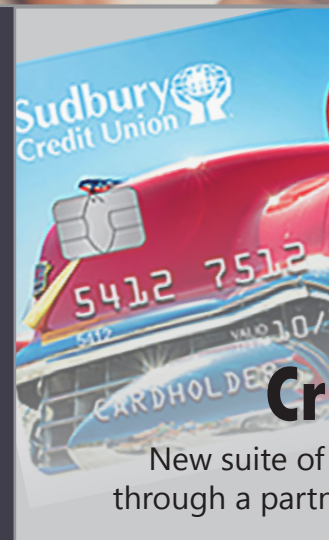
Business Banking

New Small Business Online Banking platform introduced with enhanced features to simplify business banking.



"Thank you greatly for your sponsorship. This week helped me learn to be a better leader and, more importantly, a better person."

~ **Cody,**
Member & CYL
Camp Attendee



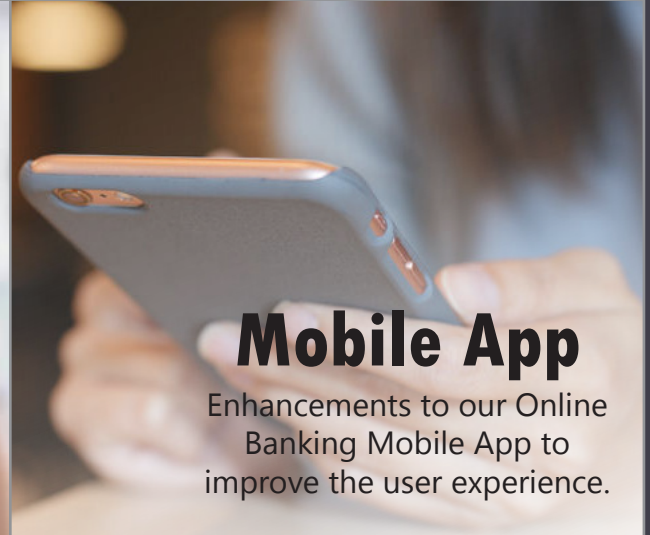
New suite of
through a partn

Tap & Go

Introduction of
Flash MemberCard®
Debit Cards.



7
Branches now
have Free Wifi for
members



Mobile App

Enhancements to our Online
Banking Mobile App to
improve the user experience.



\$124,159

Donated to charities
and organizations in our
community.

"If it takes a village to raise
a child, I suggest to you it
takes a Credit Union to build a
community."

~ **Gerry Loughheed Jr.**



Credit Cards

Mastercards® offered
partnership with Collabria.



4
New staff joined
the SCU team.



New Accounts

New Small Business Banking account
packages launched.



Our Staff

New Sudbury

Branch Manager
Robert Rachkowski

Financial Advisors
Kelly Ball
Amy Bertrand
John Dainton
Nadine Landry

Front Line
Lisa Hack*
Barbara Ashick
Judi Brabant
Gwen Levac
Linda O'Donnell
Stephan Quesnel

Lively

Branch Manager
Claudette Strom

Financial Advisors
Cindy DiFilippo
Sue Whealon

Front Line
Tina Dolphin*
Diane Jack
Cheryl Kluge
Stephanie Loiselle
Hellen Plouffe

Copper Cliff

Branch Manager
Karen Mathes-Cornell

Front Line
Laura Lacaille*
Lisa Genno
Julie Larochelle
Amber McNamara

Minnow Lake

Branch Manager
Pat Brady

Financial Advisors
Kim Goegan
Carla Harrison

Front Line
Marlene Teskey*
Terry Kohls
Lisa Stringer
June Ward

Levack

Branch Manager
David Blackburn

Front Line
Celina Martel*
Abigail Beauregard
Amanda Holmes

South End

Branch Manager
David Blackburn

Financial Advisors
Erin Martin
Taryn Stuart
Front Line
Sarah Gillingham*
Christine McQueen
Lindsay Rantala
Tom Yeo

Downtown

Branch Manager
Claudette Strom

Front Line
Carrie Calvano*
Laurie Holmberg
Margot Landry

Commercial Department

Commercial Manager
Paul Mainville

Commercial Account Specialists
Bruno Fortin
Sean Spencer
Kristy Tedford

*Supervisor

Corporate

Chief Executive Officer
Mimi Regimbal

Chief Financial Officer
Debbie Korzeniecki

Chief Operations Officer
Michael Moore

Chief Credit Officer
Douglas Yeo

Human Resources Manager
Cheryl Whynott

Operations Manager
Debbie Sokoloskie

Information Technology Manager
Rhéal Paquette

Information Systems Manager
Gary Blondin

Risk and Compliance Manager
David Lepage

Corporate Staff
Darlene Beaudoin
Doris Cook
Kathy Diakow
Lindsay Elliott
Cristina Falcioni
Simmi Gaind
Abby Huynh
Adam Richardson
Nadine Sauter
Nancy Stenabaugh
Korrie Tyres
Kary Vellow
Edith Villeneuve
Terry Xilon
Kathy Zuliani

Branches

Copper Cliff

1 Gribble Street
Copper Cliff, ON P0M 1N0
Phone: 705-682-0645

Downtown

50 Lisgar Street
Sudbury, ON P3E 3L8
Phone: 705-674-7526

Levack

37 Levack Drive
Levack, ON POM 2C0
Phone: 705-966-3451

Lively

16 Jacobson Drive
Lively, ON P3Y 1C3
Phone: 705-692-3635

South End

469 Bouchard Street
Sudbury, ON P3E 2K8
Phone: 705-522-5550

Minnow Lake

9 Second Avenue
Sudbury, ON P3B 3L7
Phone: 705-566-8540

New Sudbury

1048 Barrydowne Road
Sudbury, ON P3A 3V3
Phone: 705-566-2931



 www.sudburycu.com

 @sudburycu

