

REPORT FROM THE CEO & CHAIRPERSON, BOARD OF DIRECTORS

Leading with Values.

It is a privilege and an honour to serve the members of Sunshine Coast Credit Union, and a responsibility that we fulfill with enormous pride and care, as do every one of our dedicated staff and board members. As co-owners, we are grateful for your continued support.

2018 was another successful year and we continue to perform very well relative to our industry peers. Total assets grew by 10.46%, reaching a milestone mark of \$704 million at the end of 2018. Both lending and deposit goals were exceeded, with deposits growing by \$58 million (10.56%) ensuring our ability to meet lending demand and fueling loan growth of \$55.3 million (9.72%). Exceptional growth and a slight widening in interest rate spreads resulted in an operating margin of \$18.1 million. Capital adequacy remained strong at 16.3%, well above the regulatory requirement of 8%, while net new membership growth came in at 2.62%, making your credit union 17,251 members strong. Further, SunCu Financial Services, SCCU's wealth management subsidiary, grew a notable \$8.5 million or 5.5% in 2018.

In today's competitive environment, your voice is essential to our success. We are pleased that 80% of our members rate SCCU as outstanding or very good when compared to other organizations, 86% of our members enjoy doing business with us, and 85% rate our community support as excellent or very good. As always, thank you for taking the time to share your feedback through our surveys.

We are committed to maintaining the values and integrity we've built in the past 78 years. We also realize that as the world changes around us, we need to evolve too. We're excited that our institution is in the champion seat for the national credit union transition to digital service delivery and will be one of the first to launch in the marketplace. Leading with new value and new technology, we took a massive stride forward in 2018 by introducing online account opening, which was a collective effort of several credit unions, made possible through formal collaboration. Building an eco-system that strengthens our members' financial health is a key focus for us today and in the future. Collaborating with organizations such as Qtrade Advisor, The Co-operators and Rhiza Capital ensures that what we deliver to you is robust, competitive and holistic – from wealth management and insurance to social impact investing.

As our industry transforms, we're continuously assessing our environment for new opportunities and potential threats. Our robust reporting and risk management framework allows management and the board to monitor and mitigate potential industry risks, all the while keeping key performance indicators top of mind. 2019 will mark a strong investment year for your credit union, with the goal of elevating our members' experience no matter how you prefer to do business with us - digitally, in branch, or in the comfort of your own home. We will be asking for your input and inviting members to test new offerings along the way so that we can gain your first-hand feedback.

We are passionate about the journey we're on together, and proud to provide industry-leading advice and expertise, with people in the community who care. Leading with values.

Shelley McDade
CEO, Sunshine Coast Credit Union



John Wiseman
Chairperson, Board of Directors



BOARD OF DIRECTORS

John Wiseman
Chairperson
Richard Wilson*
1st Vice Chairperson
Sue Anne Linde
2nd Vice Chairperson

Manjit Kang*
Member at Large
Tim Anderson
Betty Baxter
Chris Fawcus
Cheryl McNicol

*Terms expire at the 2019 Annual General Meeting

2018 ANNUAL REPORT



YOU ARE INVITED TO ATTEND OUR 78TH ANNUAL GENERAL MEETING

AGM AGENDA

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|---|--|
| 1. Call to Order | 9. Adoption of Reports |
| 2. Introduction of Officers | 10. Report on Attendance |
| 3. Adoption of Agenda | 11. Directors' Election Results |
| 4. Appointment of Recording Secretary | 12. New Business |
| 5. Adoption of Minutes of the 77 TH AGM, held April 24, 2018 | 13. Appointment of Auditors |
| 6. Business Arising Out of the Minutes | 14. Motion to Authorize the Directors to Set the Audit Fee |
| 7. Directors', CEO and Financial Report | 15. Member Questions and Comments |
| 8. Auditors' Report | 16. Good and Welfare |
| | 17. Adjournment |

NOTICE OF AGM

78TH ANNUAL GENERAL MEETING OF SUNSHINE COAST CREDIT UNION
TUESDAY, APRIL 30TH, 2019, 7:00 PM
RAVEN'S CRY THEATRE
5555 SUNSHINE COAST HWY
SECHLT, BC

ISSUED: March 2019



Discover our complete Annual Report online at www.sunshineccu.com/Report or in-branch:

Governance Report
Management Discussion and Analysis
Consolidated Financial Statements
Community Enrichment Report
Credit Union Rules

AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITOR
ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Sunshine Coast Credit Union,

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2018, the summary consolidated statements of earnings and consolidated statement of changes in members' equity, and consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Sunshine Coast Credit Union as at December 31, 2018.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the consolidated financial statement, in accordance with Article 128 of the Financial Institutions Act of BC.

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 Credit Union's audited consolidated financial statements and the auditor's report thereon.

The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects 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 those consolidated financial statements in our report dated February 27, 2019.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with Article 128 of the Financial Institutions Act of BC.

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*.

Vancouver, Canada
February 27, 2019

Grant Thornton LLP

Chartered Professional Accountants
Audit • Tax • Advisory
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FINANCIAL RESULTS

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31	2018	2017
Assets		
Cash and cash equivalents	\$ 13,704,912	\$ 14,532,962
Loans	624,231,941	568,929,540
Investments and other assets	61,043,535	48,794,357
Property, equipment and intangible assets	5,189,955	5,208,082
Total assets	\$ 704,170,343	\$ 637,464,941
Liabilities and members' equity		
Borrowings	\$ -	\$ 2,000,000
Secured borrowings	50,751,396	44,692,812
Deposits	607,149,814	549,069,649
Payables and accruals	3,931,382	3,132,246
Patronage and investment shares	2,631,897	2,640,209
Retained earnings	40,277,817	36,695,842
Accumulated other comprehensive loss	(571,963)	(765,817)
Total liabilities and members' equity	\$ 704,170,343	\$ 637,464,941

Signed on behalf of the Board of Directors by:



John Wiseman
Chairperson



Richard Wilson
1st Vice Chairperson

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2018				
	Patronage and Investment Shares	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
Balance on December 31, 2017	\$ 2,640,209	\$ 36,695,842	\$ (765,817)	\$ 38,570,234
Adjustment from the adoption of IFRS 9	-	(23,850)	(30,955)	(54,805)
Adjusted balance on January 1, 2018	2,640,209	36,671,992	(796,772)	38,515,429
Net earnings	-	3,705,624	-	3,705,624
Other changes	(8,312)	(99,799)	224,809	116,698
Balance on December 31, 2018	\$ 2,631,897	\$ 40,277,817	\$ (571,963)	\$ 42,337,751

SUMMARY CONSOLIDATED STATEMENT OF EARNINGS & COMPREHENSIVE INCOME

Year ended December 31	2018	2017
Financial income	\$ 24,021,098	\$ 19,611,163
Financial expense	9,176,380	6,311,225
Financial margin	14,844,718	13,299,938
Provision on loans	584,759	391,034
Other income	3,886,640	3,322,233
Operating margin	18,146,599	16,231,137
Operating expenses	13,554,855	12,413,750
Earnings from operations	4,591,744	3,817,387
Distributions to members	15,212	9,157
Earnings before income taxes	4,576,532	3,808,230
Provision for income taxes	870,908	511,787
Net earnings for the year	3,705,624	3,296,443
Other comprehensive income (loss)	224,809	(970,255)
Total comprehensive income for the year	\$ 3,930,433	\$ 2,326,188

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31	2018	2017
Cash derived from (applied to):		
Operating	\$ 8,075,653	\$ (19,368,438)
Investing	(12,854,176)	(4,843,314)
Financing	3,950,473	22,677,789
Net decrease in cash resources	(828,050)	(1,533,963)
Cash resources, beginning of year	14,532,962	16,066,925
Cash resources, end of year	\$ 13,704,912	\$ 14,532,962

Any member or auxiliary member may obtain a free copy of the full financial statements at any branch of the credit union or through our website at www.sunshineccu.com/Reports.