



2021 Annual Report





Our Vision

Tandia is driven to lead the credit union movement by delivering unparalleled products and services through a mutually rewarding relationship with our members and the communities within which we operate.

Our Values

■ Respect

Mutually rewarding and enduring relationships are at the core of who we are and how we operate. Our members come first and each member is unique. Your concerns are our concerns and we strive every day to gain and maintain your trust.

■ Integrity

We are committed to providing the highest level of service delivered with sensitivity and care. We also wholeheartedly embrace our role as a leading corporate citizen and endeavour to support the needs and interests of the wider community in everything we do.

■ Innovation

We welcome change and operate with a spirit of openness and flexibility. We don't accept the status quo. This means never resting on our laurels and always being responsive to the needs of our members and the communities in which we operate.

Table of Contents

2	Board of Directors Report
3-4	President & Chief Executive Officer's Report
5	Membership Report
6-8	Community Impact Report
9-12	Financial Performance Highlights
13	Audit and Operational Risk Committee Report
14	Financial Responsibility Report
15	Report of the Independent Auditor on the Summary Financial Statements
16	Summary Statement of Financial Position
17	Summary Statement of Comprehensive Income
18	Summary Statement of Changes in Members' Equity
19	Summary Statement of Cash Flows
20	Five Year Financial History

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Mutual funds and related financial planning services are offered through Credential Asset Management Inc. and Qtrade Asset Management (a tradename of Credential Asset Management Inc.).

Mutual funds, other securities and securities related financial planning services are offered through Qtrade Advisor, a division of Credential Qtrade Securities Inc.

Financial Services Regulatory Authority of Ontario's (FSRA) deposit insurance program protects insurable deposits held with Ontario credit unions and caisses populaires. Insurable deposits in registered accounts have unlimited coverage. Insurable deposits (not in registered accounts) are insured up to \$250,000. For more information, visit www.fsrao.ca.



NANCY DI GREGORIO
Board Chair

Board of Directors Report

COVID-19 has had an impact on every business in our communities and globally. Over the past two years we have taken many precautions to ensure the safety of our members and our employees. While it has been challenging at times, we have been committed to following the recommendations outlined by the provincial government and Public Health. Throughout 2021, we continued to navigate through the changing landscape and were extremely flexible as we adapted to the needs of our members and our staff. I would like to thank our Tandia members for their commitment to our Credit Union as we continued to embrace our co-operative values and worked tirelessly to meet the needs of our members in a safe and secure environment.

Over the last several years your Board of Directors has worked closely with our CEO, Richard Davies and the Executive Team to ensure that the 2019 three-year Strategic Plan was successfully executed. In order to continue on the direction that was set, last November we engaged the services of a consultant and, together the Board and the Executive Team, spent two days developing a new strategic plan that will guide us for the next three years as we set the future direction for Tandia.

Throughout 2021, the Board continued to meet virtually, leveraging the technology introduced at the start of the pandemic. I am pleased to say that the Board continued to conduct effective virtual meetings and found that the technology allowed for greater convenience and flexibility for many of the Directors, particularly those that face longer travel time to attend meetings. Board and Committee meetings continued to be conducted on a quarterly basis and, as required, additional meetings were scheduled based on the needs of the business.

Board governance was a priority for us in 2021, as we focused on the annual director assessment and the development of individual director training plans to ensure that all Board members continued to stay apprised of evolving trends within the financial services industry and at Tandia. In addition to these

initiatives the Board consulted with subject matter experts and invited them to attend Board meetings to share their insights and expertise on specific topics.

I would like to thank my fellow Board of Directors for their dedication to Tandia, as they worked to ensure the long-term strength and sustainability of our Credit Union.

Our sincerest thank you to the leadership team and our valued employees for your hard work and dedication to serving the needs of our members in this unprecedented environment. Your consistent and continuous efforts are greatly appreciated by the Board of Directors.

Lastly, thank you to our members for their unwavering support and entrusting Tandia to guide and assist you as you endeavour to reach all of your goals as you continue on your financial journey.

Nancy Di Gregorio
Board Chair

BOARD OF DIRECTORS

	Term Expiry
Jacqueline Aird, ACCUD	2023
John Deven	2022
Nancy Di Gregorio, Chair	2023
Ivana Fortino, Vice Chair	2024
Wayne Joudrie	2022
Bruce Neville	2024
Sharon O'Driscoll	2023
Dan Popov	2024
Mike Veerman	2022



RICHARD DAVIES
President & CEO

“We have been able to navigate our way very successfully through this pandemic.”

President & Chief Executive Officer's Report

As we reflect on 2021 it is important to acknowledge the impact the pandemic has had on all of us. I would like to thank our members and our employees for staying strong as we faced another year of restrictions and the impact COVID-19 has had on everyone. Throughout 2021, we continued to ensure the safety of our members and employees as we adhered to the direction provided by the Government of Ontario and Public Health. Ongoing communication to our members was a priority to keep everyone apprised of operational changes that were required as we reminded everyone of alternative means of banking with Tandia. Over the last two years, we continued to provide multiple channels to our members to assist them when seeking advice and allowing them to fulfill all their financial needs; this included increased usage of online banking, Interac® e-Transfers, Me2Me transfers, Remote Deposit Capture, our Tandia mobile app, as well as the opportunity to safely connect 'face-to-face' using virtual meetings. As an additional layer of support, our Member Solutions Centre actively responded to member inquiries and assisted in processing transactions.

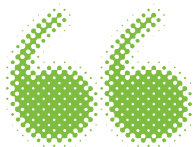
Thanks to the commitment of our members and the hard work of our teams we have been able to navigate our way very successfully through this pandemic, as we experienced unprecedented growth from both our Retail and Commercial teams. Tandia wrapped up 2021 reaching \$1.65 million in assets, with our wealth management portfolio topping \$362 million. Our member facing teams did an incredible job of maintaining and growing our business, while the Administration team provided a strong support system that allowed us to manage this rapid growth.

Our employees remain at the heart of our organization and to ensure that we continue to have a highly engaged workforce, an employee survey was conducted in 2021, with an additional survey planned for the upcoming year. Utilizing the survey responses our management team developed strategies to incorporate this feedback, while setting goals and striving for continuous improvement in areas that matter to our staff. A recurring theme in our

survey is staff development and future career opportunities. With our roots in education, professional development and continuous learning is the foundation on which we build our commitment to our Tandia team members. We continually seek out professional development opportunities and look for new and innovative ways to provide an environment of continuous learning for our staff. Over the course of the year, we also focused on delivering financial literacy webinars to our members and employer groups, giving them the tools and knowledge needed to assist them on their financial journeys. With employee wellness being of critical importance during these challenging times, our management team was focused on the well-being of our staff and provided various resources and initiatives to assist them in keeping both mentally and physically active and well. Just one example of this was our "June Step Challenge" with our staff completing more than nine (9) million steps!

As experienced by many employers across the province, recruitment remained challenging for our organization this past year. While our attrition rate was similar compared to industry standards, we did see staff movement due to retirements and staff taking on new opportunities within our organization. In addition to filling these roles, we have been adding resources to support key strategic growth in both our wealth management and commercial areas. To ensure that we have 'the right people in the right jobs' our Human Resources team continues to work with internal stakeholders to assess the skill sets required and look for innovative ways to elevate our brand and make Tandia an employer of choice in our industry.

Tandia has always taken pride in being a technology leader in the credit union system. In 2020, Tandia announced a new partnership with ASAPP Technologies and by leveraging their platform we became positioned to offer online account opening and online lending solutions to our members. As the pandemic changed our members' banking behaviours, it became even more critical to offer convenient solutions. In the third quarter of 2021, we launched this new



This pandemic did not stop us from moving forward.



technology, providing our members with the convenience of conducting more complex banking interactions, anytime and from anywhere. Last year Tandia also launched a partnership with nCino to automate our commercial adjudication and administration, making commercial underwriting more efficient and eliminating any room for potential errors and discrepancies. We are excited to officially roll out this new application in the second quarter of 2022.

Building our Tandia brand continued to be a focus for our business as we strove to become top of mind in the communities in which we serve. This not only encompassed developing our Retail brand but also focused on increasing recognition of our Commercial and Wealth Management services, as well as enhancing our Tandia Employer brand. As part of this brand building, Tandia undertook a card strategy which included updating Tandia's Member Card® debit card as well as the creation of a unique and customized suite of credit cards to meet each members' individual needs.

During the third quarter of 2021, we stepped into uncharted territory as we did something no other credit union or major bank has done – we launched 'Tandia Talks Money', a podcast series focused on financial wellness. Podcasts have grown in popularity and are an effective form of media to reach a large demographic, in an authentic and relatable manner. By creating and delivering this podcast, we will be enriching our relationships with our members while creating a digital connection with prospective members and the community. In addition to our new podcast, we also launched a short-form video series produced for Instagram 'Reels' with a Tandia brand ambassador who is very relatable. The intent of the video series is to gain attraction and bring in those 20-somethings who are just starting out on their financial journey while still appealing to our longer tenured members who will enjoy learning about new products and services in a fun and innovative way.

Tandia transformed our Online Banking solution, delivering enhanced features and services to carry out our members' day-to-day transactions and assisting our members as branches were closed or had limited access. In 2021, Tandia transitioned to Central 1's Forge 2.0 which provided us with feature-rich services that will see further development and new banking solutions into 2022. Time was also spent in 2021 developing mobile-friendly websites, mobile apps and a website chatbot that allows us to interact with our members 24/7. Our new chatbot "Andi", allows our members to ask questions and get resolutions to problems in a timely manner, even while on-the-go.

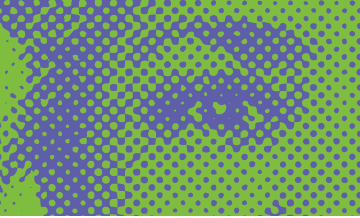
I am proud to say that this pandemic did not stop us from moving our organization forward, as we remained nimble and adjusted priorities as needed, to ensure we continued to deliver the high level of service and financial solutions you have come to expect from Tandia. I would sincerely like to thank the Board of Directors and leadership team for the commitment to ensuring Tandia's long term financial success. I would also like to thank our employees who have worked tirelessly to ensure our members' needs are met every single day. Lastly, I would like to thank you, our members, for entrusting us to support you on your financial journey, while allowing Tandia to continue to grow and prosper.

Richard Davies
President and Chief Executive Officer



We remained nimble and adjusted priorities as needed.



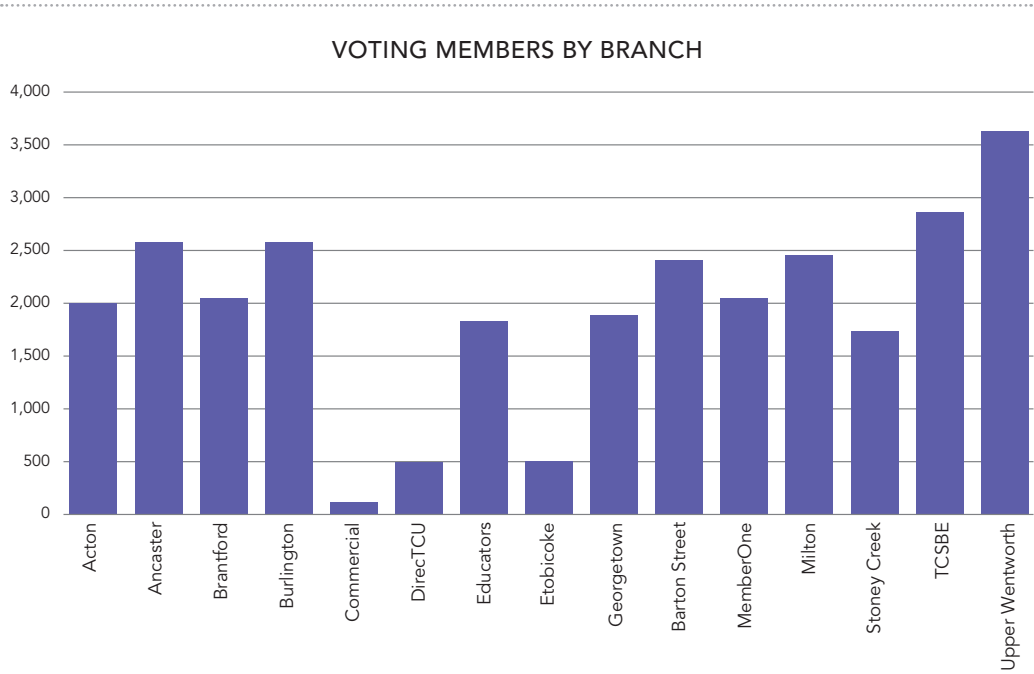


Membership Report

Tandia experienced positive member growth in 2021, ending the year with 29,164 voting members. The growth can be attributed to a number of focused initiatives throughout the year including aggressive deposit acquisition campaigns, a hot real estate market and a mobile mortgage specialist program. Additionally, we increased awareness of the Credit Union through our employer partner financial wellness seminars, localized membership campaigns, a podcast series and of course the continued encouragement for

our members to recommend Tandia to family and friends. The Credit Union was fortunate to have 360 member referrals during the year. Tandia continues to increase brand awareness and the benefits of membership through social media efforts, business development, branch initiatives and our members.

The chart below shares with you the distribution of our members across our branch locations.



Looking ahead to 2022, Tandia will be working to continue increased awareness of our relocated branches in Milton, downtown Hamilton (Barton Street) and more recently, the move of our Stoney Creek location to 1800 Stone Church Road East. Tandia launched a new online account opening platform in 2021 that permits members to open their memberships and products remotely from the comfort of home. While adding new members is important to help Tandia prosper, we must also ensure our existing members know how valuable their business is and that we are here to help them achieve their financial goals.

2021 Community Impact Report

\$85,000

TOTAL
SPONSORSHIPS
AND
DONATIONS

This was another challenging year due to government and health restrictions and mandates, however we are proud to say that we were able to adapt and remain creative and active to continue supporting our communities. Tandia proudly invested just over \$85,000

in virtual event sponsorships and charitable initiatives. Our primary causes continue to be helping children in need, promoting financial literacy and ensuring that our initiatives benefit all the regions we serve.

\$10,000

STAFF
CHARITABLE
GIVING

Tandia is privileged to have caring employees who generously choose to make a donation from each pay to our Staff Charitable Giving Fund.

Those donations add up, and each year those thoughtful dollars have a big giving impact.

DIVERSITY AND INCLUSION

As an organization we continue to reflect on our need to learn, empathize and seek out opportunities to show our support to Indigenous communities. To further our commitment, the focus and beneficiary of our Giving Tuesday charitable donation in early December was Indigenous learning.

Working with the Hamilton Wentworth District School Board (HWDSB), Tandia contributed

\$10,000 to be shared between The Learning Nest and SHAE (Strengthening Hamilton's Aboriginal Education) Indigenous learning programs. This donation includes \$5,000 generously provided by Tandia employees from their Charitable Giving Fund.

We will continue to evaluate our opportunities to offer support through the lens of equality, diversity, and inclusion.



Richard Davies (right) presents cheque to Manny Figueiredo, HWDSB Director of Education.

2021 COMMUNITY IMPACT HIGHLIGHTS

Strive for Success

Tandia was delighted to launch its Strive for Success Program in 2021, an annual grant award program for schools within the communities we serve. Ten grants of \$1,500 each were available to be awarded to help fund new or existing in-school programs. All schools/educators within the Hamilton, Halton, Brant Haldimand Norfolk regions and the TCDSB were eligible to apply. This included schools/educators belonging to Public and Catholic, English and Francophone School Boards and private and independent schools. Applications submitted in the fall required an outline of project details, including the number of students impacted and how Tandia's financial contribution would assist the project.

A selection committee reviewed numerous applications, and grants were awarded to the highest scoring submissions. For more information about Strive for Success, please visit tandia.com.



Second Harvest

Each Credit Union Day, Tandia has a tradition of including staff in choosing which charity to support, from a list of charities pre-screened for upholding and supporting Tandia's primary causes. In 2021, Tandia employees chose Second Harvest, the largest food rescue organization in Canada. They work across the supply chain from farm to retail to capture surplus food and redirect it to those in need. The \$10,000 donation included \$5,000 generously provided by Tandia employees from their Charitable Giving Fund.



Food4Kids

Tandia remains a steadfast supporter of Food4Kids in Hamilton and Halton. On Fridays at local schools, this charity discreetly provides a generous bag of healthy food that kids in need can take home – kids who otherwise have little or no food available to them on weekends. When schools were shut down due to COVID-19, Food4Kids quickly adapted to safely distributing grocery gift cards. In 2021, Tandia contributed \$7,000 to this charity, including participation in an innovative social media fundraising initiative called 'Eat a Beet' with the Hamilton Professional Fire Fighters' Association.



Logan Horncastle (centre), Upper Wentworth Branch Manager presents cheque to Sherwood Secondary School staff and students.



Tandia employee volunteers help assemble Holiday Cheer Bags.

The Darling Home for Kids

Tandia is proud of its continuing support of The Darling Home for Kids in Milton, a respite care facility for children with severe health complexities. These children receive wonderful care in a warm and home-like environment, which provides comfort and a break to families facing the daily challenges of caring for a child with complex medical needs. Tandia helped support The Darling Home's Holiday Family Party to celebrate the festive season. Families received a contactless delivery of a Holiday Cheer Bag full of treats and activities assembled by Tandia volunteers. In total, Tandia contributed \$5,000 to The Darling Home for Kids in 2021.



Toy Mountain

Toy Mountain helps families in need in Hamilton and the surrounding region, so that their children can experience the joy of unwrapping a gift on Christmas morning. Tandia has been the lead corporate partner in the Hamilton area for the last seven years in partnership with Bell Media and the Salvation Army, and we were glad to support this cause once again. In early December, 102.9 Bounce FM held a live on-location broadcast from CF Lime Ridge, and we were delighted to take part. We had the opportunity for an on-air interview where we explained the differences between banks and credit unions, as well as the difference Tandia makes in our local communities.



Scholarships

Tandia presented the following scholarships and awards in 2021:

- Tandia Post-Secondary Scholarships – \$5,000
- Tandia 'Buy My Books' social media campaign – \$2,000
- Brock University Financial Literacy Challenge – \$2,000
- Angel Foundation for Learning (TCDSB) Scholarship – \$1,000

Additional Community Support

Other charitable initiatives Tandia supported in 2021 include:

- ROCK – Reach Out Centre for Kids (Halton)
- The SPACE Youth Centre
- Terry Fox Run (Acton)
- The Baby Depot (Hamilton)
- Hamilton Foundation for Student Success (HWDSB Foundation)
- Walk a Mile in Her Shoes YWCA
- Threshold School of Building
- Sirens for Life – Canadian Blood Services



Tandia presents \$3,000 donation to The SPACE Youth Centre.



Tandia supports the Threshold School of Building with a \$1,500 donation.



Tandia partners with HPFFA for a \$5,000 donation to Walk a Mile in Her Shoes.

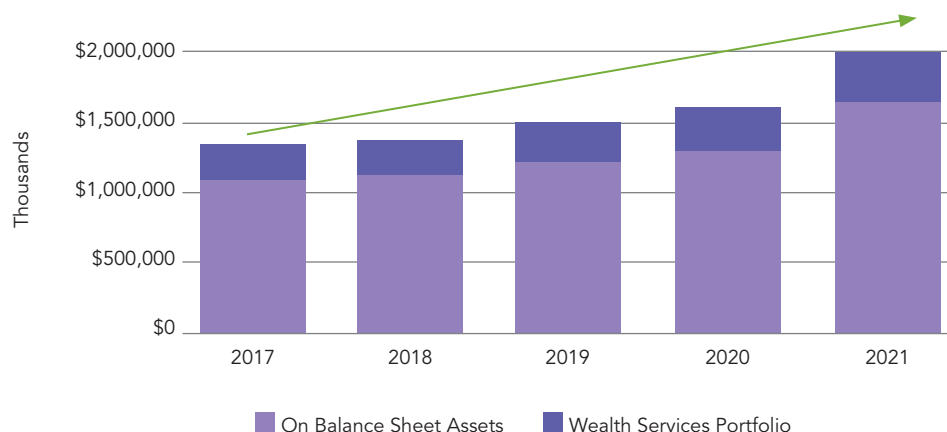
Our Sincere Thanks

Together we overcame the pandemic challenges of 2021 and continued to have a positive social impact in our communities. That's something we can all be proud of. We thankfully acknowledge the unwavering support of our Board of Directors, management, employees, and the members who steadfastly supported us in our community investment efforts.



BARB DUFFIELD
Interim SVP, Finance
& Administration

Financial Performance Highlights



2021 Financial Performance

Despite the continuous volatility caused by the pandemic and the extraordinary operational challenges it presented, in 2021 Tandia delivered exceptional financial performance. Growth in both assets and income was strong against the prior year and budget expectations.

Total assets under administration that include both on balance sheet assets and wealth management deposits ended at \$2.0 billion, increasing 25% (or \$403 million) in the year. Tandia experienced unprecedented loan and deposit growth during 2021. Tandia's members contributed to the robust housing market with overall lending growth of \$297 million which was largely retail mortgage lending and investment mortgages. This loan growth was funded by member and brokered deposits and secured borrowings.

In 2021, home sales exceeded pre-pandemic levels which helped the overall total loan portfolio grow by 28% or \$297 million

to reach \$1.3 billion at December 31, 2021. Tandia continued to run off the brokered line of business resulting in personal loans contracting by 25% or a decline by \$8 million. The second year into the pandemic, members continued to hold high liquidity to pay down their personal lines of credit. In the commercial lending portfolio, Tandia had significant construction draws of \$16 million, growth in term debt loans of \$125 million and \$12 million growth in investment mortgages which increased commercial lending by \$153 million. This growth was reduced by the significant number of payouts which resulted in an increase in the commercial lending portfolio by 17% or \$51 million.

The following chart summarizes our total loan growth percentage change over 2020 and the portfolio mix is the ratio of a category to the total loan portfolio. Overall, the asset mix is consistent from the prior year, with a small shift between the retail and commercial portfolios.

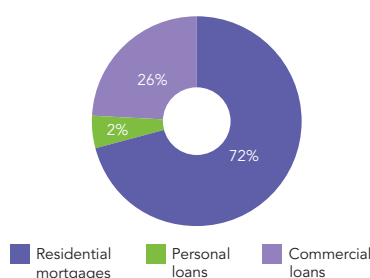


Tandia
had record
breaking
deposit
growth in
2021.



	2021 Growth	Portfolio Mix	2020 Growth	Portfolio Mix
Personal Loans	(25%)	2%	(19%)	3%
Residential Mortgage Loans	35%	72%	6%	68%
Commercial Lending	17%	26%	(3%)	29%
Total	28%	100%	2%	100%

LOAN MIX



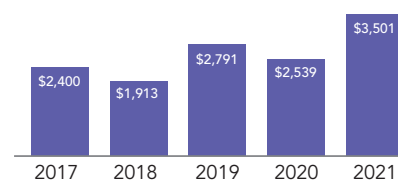
Total recovery of the provision for credit losses was \$1.9 million, compared with a provision for credit losses of \$1.7 million in the prior year. The total recovery of credit losses as a percentage of loans was -14 bps, compared with a provision for credit losses of 16 bps in 2020. The \$1.9 million recovery during 2021 largely reflects an improving economic outlook as all the economic indicators used to calculate the expected credit losses have improved over 2020.

Tandia had record breaking deposit growth in 2021 and grew by more than budget expectations which was required to help fund the explosion in lending. Our members and brokered depositors entrusted an additional \$220 million with us, largely in our chequing and savings accounts. Tandia ended the year with a very successful deposit campaign acquiring funds through our digital channel. Similarly, our members accepted advice and expertise from Tandia's Wealth Management Advisors to grow our off-book deposits by \$61 million or 20%.

At the beginning of the year, the Credit Union sold its liquidity reserve deposits held with Central 1 and purchased high quality liquidity assets (HQLA) which meet regulatory requirements. At December 31, 2021 Tandia holds 6.3% of assets in HQLA and also has excess investments held for contingency funding as required by board policies. The cash and investment portfolio increased by \$39 million or 18% over 2020 but the interest revenues from investments decreased by 71%. This is because the investments were sold off in the first half of the year to fund the lending growth and with the successful deposit campaign during December, the investment portfolio grew again. All investments made were in accordance with Board approved Investment Policies.

Securitization continues to be a very important part of our funding strategy and, during 2021, secured borrowings increased by \$98 million or 39%. The mortgages were securitized into the NHA MBS program and were sold to help fund the lending growth.

TOTAL COMPREHENSIVE INCOME
(NORMALIZED, 000's)



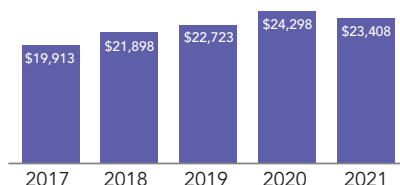


Total financial revenues decreased largely related to lower revenues earned from investments.



Throughout 2021 the Bank of Canada kept its overnight interest rate at 0.25%. With a stronger labour market recovery, this puts the Bank of Canada in a position to begin raising interest rates earlier and some economists are predicting increases as early as the first quarter in 2022 which will ease some pressure on the financial margin. Total financial revenues decreased by 5% or \$2.4 million largely related to lower revenues earned from investments and the financial expense also declined by 8% or \$1.5 million. As a result, the financial margin slightly weakened (financial revenues minus financial expenses) by 4% or \$890 thousand and ended the year at 1.59% of average assets.

FINANCIAL MARGIN
(000's)



Other (non-interest) Income, which consists of service charges, insurance commissions, foreign exchange, lending fees and wealth management services ended at \$5 million, a 17% increase over 2020. Both Wealth Management and the Commercial team were very successful in 2021 by outperforming budget expectations and supporting the credit union's strategic goals.

Total operating expenses (Opex) of the Credit Union increased by 9% or \$2.3 million over 2020 with every expense category increasing except in Occupancy costs which had a small savings of \$43 thousand or 1%. The highest year-over-year increases were in Personnel costs and Computer, office, and other equipment costs, 8% and 19% respectively. Personnel costs were higher in 2021 related to general wage increases and higher sales commissions paid. The Credit Union's technology infrastructure, network capacity and enterprise cloud capabilities have remained stable throughout the pandemic to support our employees and the high level of mobile and online traffic from our members. Tandia has adopted new technologies that support improving the member's digital experience and security.



Other income ended at a 17% increase over 2020.



The Credit Union has remained in compliance with all legal requirements for Regulatory Capital. The following chart summarizes Tandia's capital position at the end of 2021 in comparison to 2020.

	2021	2020	Change
Regulatory Capital (000's)	\$94,081	\$77,381	\$16,700
Leverage Ratio (% of total assets)	5.73%	5.96%	(0.23%)
Minimum Regulatory Limit	4.00%	4.00%	
Risk Weighted Assets Ratio (% of total risk-weighted assets)	13.27%	13.29%	(0.02%)
Minimum Regulatory Limit	8.00%	8.00%	
Retained Earnings & Contributed Surplus	\$44,011	\$41,819	\$2,192
% of Total Capital	47%	54%	(7%)



Tandia continues to focus on maintaining strong capital ratios by building our capital base.



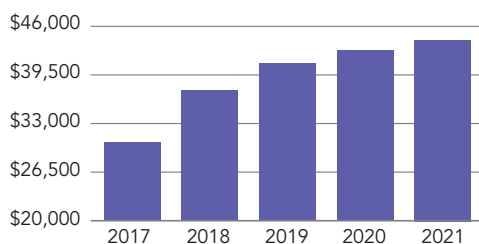
Regulatory capital has increased by almost \$17 million over 2020 and the leverage ratio at 5.73% remains well in excess of the minimum regulatory limit of 4.00%. A significant portion of this increase in regulatory capital (\$15 million) is related to the successful sale of Class B Investment Shares Series 2021. Tandia continues to focus on maintaining strong capital ratios by building our capital base with high quality retained earnings by producing higher income levels. We have grown our retained earnings and contributed surplus by \$2 million over 2020. The Risk Weighted Ratio has slightly decreased in 2021 to 13.27%.

Retained Earnings is an important component of Members' Equity as it is used to reinvest in your Credit Union to ensure we meet our members' priorities and is one of the least expensive forms of capital. Retained earnings and contributed surplus increased by \$2.2 million over 2020. The graph below depicts the growth in Retained Earnings and Contributed Surplus, an increase of 46% since 2017.

growth with the commitment to provide a positive member experience and strengthening our employee engagement. Most recently, Ontario has re-opened and begun easing restrictions on non-essential businesses which will help boost the economic recovery and we will continue to position Tandia for profitable growth with the ensuing economic recovery.

Barbara Duffield
Interim SVP, Finance & Administration

RETAINED EARNINGS AND
CONTRIBUTED SURPLUS



On the heels of our strong performance in 2021, we look to the future with cautious optimism and move our focus to executing on our new three-year Strategic Plan (2022-2024). The strategic campaigns within the new plan will set Tandia apart from its competitors and focus on areas where we can differentiate ourselves and put us in a strong position for the future. Each campaign ensures that Tandia repositions itself for long term sustainable and profitable



MIKE VEERMAN
Audit and
Operational Risk
Committee Chair

Audit and Operational Risk Committee Report

Tandia has maintained an Audit and Operational Risk Committee whose members are appointed by the Board of Directors from among the directors. The Audit and Operational Risk Committee met ten (10) times during 2021 to complete its responsibilities. It does this by reviewing the financial information and reporting processes including the risks and controls related to those processes which Management and the Board have established.

The Audit and Operational Risk Committee is comprised of four directors and has a mandate that includes all the tasks specified for the Audit Committee in the Credit Unions and Caisse Populaires Act, 1994 and the associated regulations. The 2021 Audit and Operational Risk Committee members were: Mike Veerman (Chair), John Deven, Bruce Neville and Wayne Joudrie. Nancy Di Gregorio attends meetings as Ex-Officio.

The Audit and Operational Risk Committee's oversight role encompasses four critical responsibilities:

1. Review of financial reporting
2. Risk management and controls
3. Audit activities
4. Compliance activities

At the start of each year the Audit and Operational Risk Committee develops a plan that addresses all the areas to ensure that it achieves its mandate of responsibility. Oversight by the Committee relates to monthly financial reporting, quarterly internal audit reporting to evaluate internal controls and review of the Enterprise Risk Management (ERM) framework. In addition, any ongoing emerging risks or compliance issues are reviewed and reported to the Board of Directors. It is the responsibility of the Audit and Operational Risk Committee to report any updates, recommendations or reviews to the full Board of Directors in a timely fashion.

Highlights from 2021 are as follows:

- Confirmed that for year ended December 31, 2021 there were no material findings outstanding

- Prepared and reviewed the annual evaluations of the External and Internal Auditors
- Received updates on the FSRA Action Plan – Third Party Examination
- Quarterly reviewed the goals, objectives and results by the Internal Auditor. 2021 audits included: Commercial Credit File Review, Cyber Security and IVA Follow-up, Securitization, Mobile Mortgage Specialist Program and AML Biennial Effectiveness Review
- Credit Union Services Association (CUSA) Audits specifically the external Vulnerability Scan
- Receive and review quarterly Enterprise Risk Management and IT Governance reports
- Receive and review quarterly Fraud Reports and Anti-Money Laundering Reports
- Receive and review quarterly Credit Risk Management and Insurance Management Services review and report
- Review and approve Board Policies pertaining to the Audit and Operational Risk Committee
- Grant Thornton LLP – Audit Plan 2021

The Audit and Operational Risk Committee is not aware of any other material matters that are required to be disclosed pursuant to the Act or Regulations. It is effectively conducting its affairs in accordance with the Act and Regulations and has received, and continues to receive, full cooperation from Management.

With the 2021 Audit Plan concluded, the Audit and Operational Risk Committee is satisfied with the policies, procedures and internal controls engaged by management in conducting the business of Tandia Financial Credit Union.

Mike Veerman
Chair, Audit and Operational Risk Committee



Financial Responsibility Report

The information in this annual report and the accompanying summarized financial statements are the responsibility of Management and have been approved by the Board of Directors.

Management is responsible for preparing the financial statements and for ensuring their reliability and accuracy. These financial statements have been prepared in accordance with International Financial Reporting Standards. When required to make estimates, management did so to the best of its knowledge.

The accounting system of Tandia Financial Credit Union Limited and related internal controls and procedures are designed to ensure the reliability of financial information and, to a reasonable degree, safeguard assets against loss or unauthorized use. These procedures include standards in hiring and training employees, an organizational structure with clearly defined lines of responsibility, written and updated policies and procedures, planning and follow-up of projects and budget controls. In addition, in the course of carrying out duties, the Internal Auditor may confer at any time with the Audit and Operational Risk Committee. Composed entirely of directors of Tandia, this Committee ensures that management has fulfilled its responsibilities with respect to financial information and the application of internal controls. During 2021, the Audit and Operational Risk Committee met ten (10) times.

The Financial Services Regulatory Authority (FSRA) of Ontario will examine the affairs of Tandia to ensure that the provisions of its constituent legislation, particularly with respect to the protection of depositors, are duly observed and that Tandia is in sound financial condition.

The independent auditors appointed annually, Grant Thornton LLP, have the responsibility of auditing the financial statements in accordance with Canadian generally accepted auditing standards and of expressing their opinion. Their report follows. They may, at any time, confer with the Audit and Operational Risk Committee on all matters concerning the nature and execution of their mandate, particularly with respect to the accuracy of financial information provided by Tandia and the reliability of its internal control systems.

Tandia Financial Credit Union Limited

Burlington, Ontario
February 23, 2022

Richard Davies
President & CEO

Barbara Duffield
Interim SVP, Finance & Administration



Report of the Independent Auditor on the Summary Financial Statements

**To the Members of
Tandia Financial Credit Union Limited:**

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2021, the summary statement of comprehensive income, summary statement of changes in members' equity, and summary statement of cash flows for the year then ended, are derived from the audited financial statements of Tandia Financial Credit Union Limited as at December 31, 2021.

In our opinion, the accompanying summary financial statements are a fair summary of the financial statements, in accordance with the criteria disclosed in Note 1 to the summary financial statements.

Summary Financial Statements

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

The summary financial statements and the audited 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 Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on those financial statements in our report dated February 23, 2022.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1 to the summary financial statements

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

Mississauga, Canada
February 23, 2022



Chartered Professional Accountants
Licensed Public Accountants

Summary Statement of Financial Position

December 31	2021	2020
	(in thousands)	
Assets		
Cash and cash equivalents	\$ 44,387	\$ 31,752
Investments	213,975	187,580
Loans to members	1,344,578	1,047,360
Other assets	9,825	3,285
Prepaid securitization fees	2,328	1,980
Derivative financial instruments	298	137
Property and equipment	26,558	26,939
Deferred income taxes	-	182
	\$ 1,641,949	\$ 1,299,215
Liabilities		
Secured borrowings	\$ 350,871	\$ 252,912
External borrowings	5,700	-
Payables and accruals	3,240	1,799
Income taxes payable	161	672
Deposits of members	1,173,738	954,225
Derivative financial instruments	318	206
Lease liability	15,319	14,919
Deferred income taxes	16	-
Shares	3,901	2,143
	\$ 1,553,264	\$ 1,226,876
Equity		
Shares	44,674	30,520
Retained earnings	29,645	27,453
Contributed surplus	14,366	14,366
	88,685	72,339
	\$ 1,641,949	\$ 1,299,215

On behalf of the Board

Nancy Di Gregorio,
Chair, Board of Directors

Mike Veerman,
Chair, Audit and Operational Risk Committee

Summary Statement of Comprehensive Income

December 31	2021	2020
	(in thousands)	
Financial income		
Interest on member loans	\$ 31,691	\$ 29,431
Interest on securitized loans	8,380	8,218
Other interest revenue	1,959	6,793
	42,030	44,442
Financial expense		
Interest on member deposits	12,608	14,228
Securitizations expense	5,540	5,741
Other interest expense	474	175
	18,622	20,144
Financial margin	23,408	24,298
Other income	5,039	4,322
	28,447	28,620
(Recovery) provision for impaired loans	(1,913)	1,723
Operating margin	30,360	26,897
Operating expenses		
Salaries and benefits	14,109	13,055
Computer, office and other equipment	4,112	3,428
Occupancy	3,401	3,444
Administration	1,690	1,506
Advertising and communications	936	681
Member security	1,185	1,147
Other	859	773
	26,292	24,034
Net income before taxes	4,068	2,863
Income taxes	567	324
Net income and comprehensive income for the year	\$ 3,501	\$ 2,539

Summary Statement of Changes in Members' Equity

December 31

(in thousands)

	Shares	Retained earnings	Contributed surplus	Total
Balance at December 31, 2019	\$ 29,757	\$ 26,108	\$ 14,366	\$ 70,231
Net income	-	2,539	-	2,539
Distributions to members	-	(1,194)	-	(1,194)
Issue of profit shares	8	-	-	8
Issue of investment shares	874	-	-	874
Redemption of profit shares	(119)	-	-	(119)
Balance at December 31, 2020	30,520	27,453	14,366	72,339
Net income	-	3,501	-	3,501
Distributions to members	-	(1,309)	-	(1,309)
Issue of profit shares	4	-	-	4
Issue of investment shares	14,278	-	-	14,278
Redemption of profit shares	(125)	-	-	(125)
Redemption of investment shares	(3)	-	-	(3)
Balance at December 31, 2021	\$ 44,674	\$ 29,645	\$ 14,366	\$ 88,685

Basis of presentation (Note 1)

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as at December 31, 2021 and 2020 and for the years then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be included so that they are consistent in all material respects with, or represent a fair summary, of the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- The summary financial statements include a statement for each statement included in the audited financial statements;
- Information in the summary financial statements agrees with the related information in the audited financial statements;
- Major subtotals, totals and comparative information from the audited financial statements are included; and
- The summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summary financial statements.

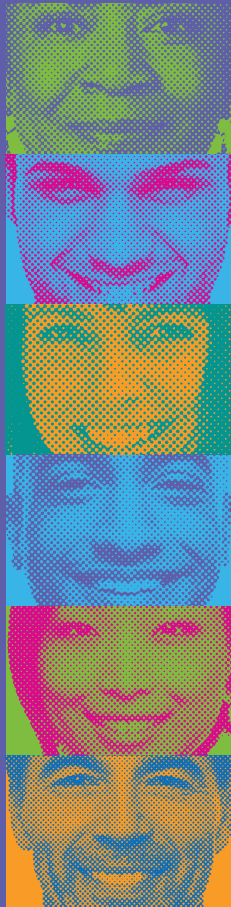
In addition, a copy of the audited financial statements is available to any member, upon request, at any of the credit union branches.

Summary Statement of Cash Flows

December 31	2021	2020
Increase (decrease) in cash and cash equivalents	(in thousands)	
Operating		
Net income	\$ 3,501	\$ 2,539
Provision for impaired loans	(1,913)	1,723
Depreciation and amortization	3,225	3,000
Deferred income taxes	198	(200)
Fair value of interest rate swap contracts	(49)	(174)
Interest paid on lease payments	404	394
Changes in members' activities:		
Increase in loans to members (net)	(295,296)	(22,955)
Increase in deposits of members (net)	219,513	74,706
Other non-cash items	(5,958)	4,540
	(76,375)	63,573
Financing		
Distributions to members	(1,309)	(1,194)
Proceeds from (repayment of) external borrowing	5,700	(8,000)
Increase in secured borrowings	97,959	2,316
Principal repayments of lease liability	(1,225)	(1,389)
Increase in shares (net)	15,912	779
	117,037	(7,488)
Investing		
Purchase of investments (net)	(26,395)	(22,740)
Proceeds from tenant inducement	-	1,813
Purchase of property and equipment	(1,632)	(4,791)
	(28,027)	(25,718)
Net increase in cash and cash equivalents	12,635	30,367
Cash and cash equivalents		
Beginning of year	31,752	1,385
End of year	\$ 44,387	\$ 31,752
Interest received	\$ 42,095	\$ 44,763
Interest paid	\$ 19,872	\$ 20,747
Income taxes paid	\$ 459	\$ 277
Patronage dividends paid	\$ 4	\$ 7

Five Year Financial History

Year End Balances	2021	2020	2019	2018	2017
	(in thousands)				
Statement of Financial Position					
Personal Loans and Lines of Credit	\$ 24,068	\$ 32,107	\$ 39,609	\$ 44,577	\$ 46,968
Mortgage Loans & Meritlines	970,018	717,329	679,800	677,072	670,911
Commercial Loans	350,828	299,656	308,183	297,158	265,472
Less expected credit loss	(1,657)	(3,295)	(3,163)	(1,952)	
Less allowance for loan losses					(1,799)
Accrued Interest Receivable	1,321	1,563	1,690	1,415	1,227
Total Loans	1,344,578	1,047,360	1,026,119	1,018,270	982,779
Chequing and Savings	491,667	373,171	307,532	290,169	295,171
Term and other Deposits	495,477	389,924	381,212	340,127	286,900
Registered Savings Plans	174,374	177,782	177,236	165,526	165,413
Other Registered Deposits	6,994	6,872	6,512	6,231	5,593
Accrued interest on deposits	5,226	6,476	7,079	5,076	3,739
Shares	48,575	32,663	31,883	31,075	30,481
Total Deposits & Shares	1,222,313	986,888	911,454	838,204	787,297
Total Balance Sheet Assets	1,641,949	1,299,215	1,223,473	1,125,452	1,087,635
Annual % Increase	26%	6%	9%	3%	13%
Total Other Assets and Other Services Under Administration	361,898	300,871	275,596	241,380	250,509
Annual % Increase	20%	9%	14%	-4%	9%
Total Assets Under Admin.	2,003,847	1,600,086	1,499,069	1,366,832	1,338,144
Annual % Increase	25%	7%	10%	2%	12%
Statement of Income					
Financial Income	42,030	44,442	44,012	39,108	34,114
Financial Expense	18,622	20,144	21,289	17,210	14,201
Other Income	5,039	4,322	5,242	9,508	5,777
Provision for impaired loans	1,913	(1,723)	(1,403)	(448)	(300)
Operating Margin	30,360	26,897	26,562	30,958	25,390
Total Operating Expenses	26,292	24,034	22,640	22,869	21,536
Income from operations before patronage distributions and income taxes	4,068	2,863	3,922	8,089	3,854
Distribution to members	1,309	1,194	1,160	1,128	1,097
Income Taxes	567	324	161	1,587	252
Retained Earnings and Contributed Surplus	44,011	41,819	40,474	37,860	30,119
Annual % Increase	5%	3%	7%	26%	9%





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