



2022 Annual Report



tandia[™]

financial credit union

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.



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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. Eligible deposits in registered accounts have unlimited coverage through the Financial Services Regulatory Authority (FSRA). Eligible deposits (not in registered accounts) are insured up to \$250,000 through the Financial Services Regulatory Authority (FSRA). For more information, visit www.fsrao.ca.

Board of Directors' Report



IVANA FORTINO
Board Chair

These past years have presented global challenges; however, it has also created an opportunity for credit unions such as Tandia to highlight the clear and compelling role for co-operatives. We have always kept the focus on how to be responsive and proactive in serving our members, in the most effective way. As we navigated through these uncharted waters, Tandia maintained its protocols to protect both its employees and its members. The commitment and service of the Leadership team and all the employees of Tandia were the key to maintaining the strength of the Credit Union and establishing a seamless and safe re-entry.

While the financial services landscape has always been competitive, there is now additional rigour that has become necessary as the complexity of our business has changed due to our growth and from additional regulatory requirements. To ensure our Board members are well positioned to provide oversight, on an annual basis individual development plans are created with sector courses identified for completion; in addition, full Board education sessions are provided throughout the year. It is imperative that Board members continue to develop their knowledge and skills so that they remain current and responsive to the changes in how financial institutions need to operate and to be well positioned for the economic conditions to stay strong and secure our future. Our Board continues to reflect gender diversity and our current Board composition consists of four (4) females and five (5) males.

As a co-operative, our members are key to our long-term success and we are thankful for your continued commitment and support. Your Board of Directors is elected by the membership and we always look forward to connecting with you. In 2020, we moved to a virtual Annual General Meeting that created a great opportunity for more members to participate from the comfort of their homes. This format proved to be more inclusive and accessible. Due to the resoundingly positive feedback we received, it was decided that

we will continue to host our Annual Meeting virtually, allowing greater opportunity for more members to participate. We also recognize the importance of connecting in person, and therefore there are plans underway to host an in-person event at our Burlington corporate office this Spring.

Our Board of Directors work diligently during the year through various committee and board meetings, ensuring we are providing insightful direction after careful consideration of feedback received from our members. The Board remained focused on ensuring the Credit Union continued to uphold its values, while staying on course with the pursuit of its strategic plan. In the Fall of 2021, the Board and Leadership team laid the groundwork for the next three-year strategic plan. This plan will be used by the Leadership team to develop the strategies and tactics to deliver on the objectives, with the Board's oversight in monitoring the progress and measuring success.

Despite the challenges over the past several years, the future looks bright. I would like to take the opportunity to thank you, our valued members, for your support and for allowing us to help shape your financial future. I would also like to express my gratitude to my fellow Board members who work diligently to ensure proper governance remains our priority while serving our members. Thank you for placing confidence in me as your Board Chair in 2022.

Ivana Fortino
Board Chair

BOARD OF DIRECTORS

Term
Expiry

Jacqueline Aird	2023
John Deven	2025
Nancy Di Gregorio	2023
Ivana Fortino, Chair	2024
Wayne Joudrie	2025
Bruce Neville, Vice Chair	2024
Sharon O'Driscoll	2023
Dan Popov	2024
Mike Veerman	2025

President & Chief Executive Officer's Report



RICHARD DAVIES
President & CEO

For more than eighty years, Tandia's members have entrusted us with providing professional and sound financial advice as they navigated their personal financial journey. Over the past few years, we have all had to manoeuvre through unprecedented times, from facing a global pandemic to changes in monetary policy and a rapidly increasing interest rate environment. These events can be extremely challenging and cause uncertainty, however, at Tandia we continue to look for ways to support our members and assist them as they adapt to these changes.

Innovation in the financial industry continues to evolve rapidly and to ensure that our Credit Union is well positioned to meet our members' future needs, we continue to invest in technology that will enhance the member experience, while capturing efficiencies and improving processes. In 2022, Tandia continued to leverage our partnership with ASAPP, as we launched technology that allowed our members to open accounts and apply for lending products online, from the comfort of their homes. This transition began in late 2021 and throughout this past year, we continued to grow our online product suite, which includes the ability to now offer insurance on credit products. In addition to providing our services to our members at any time and in any place, this technology also provides us with a channel that allows us to communicate special offers to our members that may fulfill their needs. For our Commercial clients, we have partnered with nCino and have introduced a robust new platform to adjudicate credit applications, support annual reviews and provide more comprehensive reporting. This technology will allow our Commercial team to be more agile when serving the complex needs of our Commercial members.

The Canadian financial services sector will be embarking on a significant evolution over the next few years as a new infrastructure is being developed, referred to as *payment modernization*. The introduction of these new processes and technologies will allow for instantaneous settlement between financial institutions. Due to the significant scope

and impact of these changes, there will be a staggered approach to the implementation.

Over the past two years, we have been updating our retail locations as we began our evolution to a *collaborative service model*. This model allows for an enhanced member experience, as any in-branch team member has the ability to complete members' transactions from start to finish. Each of these locations has a dedicated workspace in the branch, providing our staff with the resources they need to reach members through outbound calling efforts, as well as to work on any member requests. Just one of the many enhancements that is provided in this model is that our members have the ability to quickly and conveniently book appointments online, and then may notify their advisor on the lobby iPad of their arrival. This quick and easy check-in process eliminates waiting time as our staff are quickly prompted by the member. Each of these collaborative spaces also offer our members a comfortable and private lounge area, where they can have a more relaxed meeting with their advisor, if they so choose.

During 2022, Tandia had leases at several retail locations up for renewal. The expiry of these leases provided us with the opportunity to assess our members' needs and find new opportunities to streamline retail operations, while remaining committed to fully servicing all our members. Following the pandemic, members served out of our Toronto branches transitioned to remote services, therefore it became evident that providing these members with a dedicated virtual branch was the best solution. The technology for the *MemberOne virtual branch* is now in place and our dedicated MemberOne team has made this transition seamless for those members. While performing this due diligence, it became apparent that there was also an opportunity to consolidate branches that were in close proximity of each other. Recent investments in renovating and relocating branches allowed us to better align service for our Hamilton Mountain members and improve the overall long-term performance of the Credit Union.



We continue to invest in technology that will enhance the member experience.





We value the unique contributions of each and every staff member and strive to create a positive and rewarding work environment.



We continue to strive to deliver unparalleled products and services and ensure that we remain your trusted financial partner into the future.



The occurrence of cyber attacks has escalated over the past several years, as criminals have become increasingly more sophisticated in their tactics to defraud consumers. To ensure that we continue to keep our members' assets safe and secure, it became necessary at the end of 2022 to introduce enhanced two-step verification (2SV) when logging into Tandia's online banking or mobile app. Our team quickly communicated these changes and provided insight to inquiring members about the tightening of this online security. These communications reminded our members of the importance of having strong passwords, while also providing them with information and tips on how to remain vigilant against all forms of cyber attacks.

Tandia remains committed to investing in our employees. As part of this investment, we gathered insightful feedback from our employees that would allow us to build a strong employer brand while enhancing employee engagement. Going into 2023, we continue to have these discussions with our team, as we value the unique contributions of each and every staff member and strive to create a positive and rewarding work environment. Early in 2022, those employees who had been working remotely returned to a hybrid model, allowing for greater collaboration and building relationships with peers. For those employees who have worked throughout the pandemic serving our members both in our branches, in our Member Solutions Centre and our administration offices, I would like to thank you for your commitment to our members, your teams and to Tandia.

I am very grateful for the opportunity to lead an extremely dedicated team of employees who have worked hard to navigate through a challenging and evolving environment, while continually contributing to Tandia's achievements in 2022.

I would like to thank our Board of Directors for their support and dedication to the success of Tandia. Their ever-growing time commitment is much appreciated and essential to the continued success of the Credit Union.

To our members, I would like to sincerely thank you for your ongoing support, as everything we do is a result of our commitment to you and our desire to assist you in reaching your financial goals. We continue to strive to deliver unparalleled products and services and ensure that we remain your trusted financial partner into the future.

Richard Davies
President and Chief Executive Officer

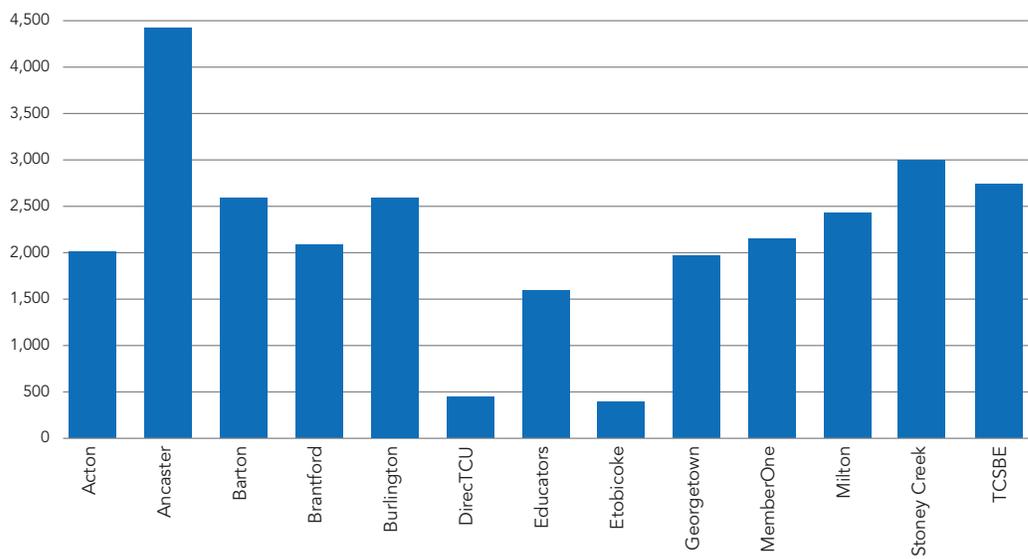
Membership Report

Tandia finished 2022 serving 28,364 members from across the Greater Toronto and Golden Horseshoe areas. Tandia continued to focus on supporting our employer partners by offering both virtual and in-person financial wellness seminars, covering topics from *First-time Home Purchases to Retirement Planning*. In addition, we were present in our communities promoting local campaigns to both build awareness and demonstrate our commitment to giving back to the communities we serve.

Throughout the year, we also leveraged our social media platforms (Instagram, Facebook, LinkedIn) as well as our podcast, *Tandia Talks Money* (available on tandia.com and most podcast streaming services), using industry experts and influencers to assist us in increasing our online presence.

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

VOTING TANDIA MEMBERS BY BRANCH



Heading into 2023 our focus will be on connecting with our existing members to ensure we are supporting their financial health journey. We will also be taking the opportunity to inform and educate our members on the many delivery channels that Tandia has to offer.

In late 2021, we took the opportunity to reintroduce a member survey facilitated by an independent third party. The survey is dynamic and responsive, adapting the series of questions based on the previous responses provided by the member. The survey provides Tandia with a Net Promoter Score (NPS) ranging between -100 and +100. The survey partner suggested that for the first year a score of zero would be a reasonable outcome; however, Tandia was confident in our service level and decided to set a goal of 25, demonstrating our ongoing commitment to member service excellence. After completing one full year of surveys, we are happy to share that our NPS was 26.5 and exceeded our initial goal. Thank you to those members that took the time to complete our survey, as the responses provide valuable feedback that allows us to celebrate our staff for great work, and to also look for areas where we could improve, with the goal of consistently meeting all our members' expectations.

2022 Community Impact Report

\$108,000

TOTAL SPONSORSHIPS AND DONATIONS

\$7,500

STAFF CHARITABLE GIVING

\$10,000

DIVERSITY AND INCLUSION TOTAL DONATIONS

\$15,000

HUMANITARIAN AID TOTAL DONATIONS

\$45,000

HELPING CHILDREN IN NEED TOTAL DONATIONS

\$15,000

FOSTERING EDUCATION TOTAL DONATIONS

In 2022, Tandia kicked off the year excited to reconnect with our members and continue to show our commitment and support to our local communities. We proudly invested over \$108,000 in virtual event sponsorships,

charitable initiatives, and donations. Our primary causes continue to be helping children in need and promoting financial literacy, while ensuring the initiatives we support benefit all the regions we so proudly serve.

Tandia is fortunate to have a team of compassionate employees who generously choose to contribute a portion of each pay to our Staff Charitable Giving Fund. Those donations add up, and each year those thoughtful dollars

make a significant difference by supporting local charities, causes and relief programs that impact our local communities. It's those small acts of kindness that contribute to major change and for this we are very proud.

DIVERSITY AND INCLUSION

At Tandia, we are committed to diversity and inclusion. We believe in cultivating an environment in which our staff, our members, and the partnerships are valued for their uniqueness. Our inclusive culture celebrates our diversity and makes everyone feel equally involved and supported, while embracing the different perspectives and innovative ideas that benefit and shape how we serve our communities.

As an organization, we continue to reflect on our need to learn, empathize and seek out opportunities to show our support to diverse communities and causes.

In 2022, Tandia demonstrated our commitment to building a stronger community by supporting the 2SLBTQ+ during Pride Month, launching a social media campaign called 'Rainbow Fridays.'

Donations were given to local youth programs which included: St. Joseph's Wellness Center, HWDSB Transcend Program, HDSB Positive Space, and Reach Out Centre for Kids (ROCK).



Tandia also embraced the 2nd annual Truth and Reconciliation Day by continuing to support a path forward by *Reflecting, Learning and Listening* to the legacy of the residential school experience. Tandia employees proudly wore orange shirts and took a moment of silence to stand with the community to honour the survivors, their families and communities to advance truth and reconciliation.



Giving Tuesday – Hamilton/Halton United Way – All That Kids Can Be with Tandia's President & CEO Richard Davies.



HUMANITARIAN AID

Tandia recognizes that humanitarian aid is important because it provides life-saving assistance to people affected by conflicts, disasters and poverty. By helping those in need, we hope that our actions help to improve lives, maintain human dignity and alleviate suffering not only to those directly affected by tragedy but also to the families and friends who may have been negatively impacted here at home. Some examples of humanitarian initiatives that we supported in 2022 include:

- Tandia showed support and solidarity for the people of Ukraine who were thrust into conflict, triggering an international crisis felt around the globe. We were quick to step-up along with the Canadian Credit Union Association (CCUA) and other credit unions

across Canada to help raise funds for the people of Ukraine in need of humanitarian aid.



- Tandia also showed unwavering support for disaster relief in 2022 when Canada’s Atlantic coast was hit by the remnants of hurricane Fiona causing massive damage and knocking out power to hundreds of thousands of residents in Nova Scotia, Newfoundland and Labrador.
- Tandia’s international outreach extended across the world to Pakistan, where heavy seasonal rainfall, made worse by global climate change caused severe flooding and impacted the country of approximately 220 million people.



HELPING CHILDREN IN NEED

Tandia is privileged to reside in and serve communities that are economically viable and offer accessible education and health care for all. We recognize this may not always be the case and when that happens, we choose to invest in partnerships that are active in our community, helping children or the less fortunate who may not have the same opportunities as others.

We believe that by assisting children and families with fundamental needs such as nutrition and financial education, it helps to break cycles of poverty and inequity, opening a door to a better and brighter future. Tandia was proud to support the following initiatives in 2022:

- Tandia continued to show our support of **Food4Kids** in the Hamilton and Halton regions. Every Friday, Food4Kids 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.



- We are proud to continue to support **The Darling Home for Kids** in Milton, a respite care facility for children with severe health complexities. Medically fragile children

receive specialized care in a beautiful, warm and home-like environment, which provides comfort to the child and a break to families facing the daily challenges of caring for a child with complex medical needs.



- As part of Giving Tuesday, we proudly supported the Hamilton/Halton United Way who are committed to helping children to reach their full potential at **All That Kids Can Be**. Tandia’s donation is an important investment in programs that increase health and wellness, promote inclusion through leadership and engagement and ensure educational success.



- Every year Tandia has been the lead corporate partner in the Hamilton area with Bell Media and the Salvation Army to support **Toy Mountain** – an initiative to help families in need in Hamilton and the surrounding region, so that their children can experience the joy of unwrapping a gift on Christmas morning.





International Credit Union Day - Dr. Bob Kemp Hospice.



Toy Mountain - Tandia's President & CEO Richard Davies and Darren B Lamb from Bounce Radio 102.9.

- As part of our staff Charitable Giving Funds, Tandia employees chose to support **The Bob Kemp Hospice** which provides palliative care to individuals and families living with a life-threatening illness, whether that be at home, in a hospital, a long-term care facility or at their very own residential hospice.



Additional Community Support

Other charitable initiatives Tandia supported in 2022 include:

- Burlington Green
- The Cure Breast Cancer Foundation
- Red Cross Bullying and Harassment Prevention Program
- HPFFA Local 288 Sirens for Life (Canadian Blood Services, Walk a Mile in Her Shoes YMCA Hamilton)

FOSTERING EDUCATION

Each year, Tandia is proud to give back generously to the education community - it's an important part of what Tandia stands for. We understand the value of post-secondary education for students, while recognizing the financial constraints that can burden a student's family or support system. Tandia offers various awards and scholarships to students who exemplify our values. Tandia has assisted many deserving students through the Lincoln Alexander Scholarship and Bursary Program. By continuing this long-standing tradition of recognizing students who are active volunteers in their community, Tandia considers these awards an investment in the future.

Tandia also believes that building a foundation of good financial habits at a young age is important to set our youth up for financial success. With that in mind, we developed an exclusive Digital Financial Literacy Workbook

that provides teachers with easy and fun-to-use lesson plans created within the guidelines of the Ontario Financial Literacy curriculum. The Digital Financial Literacy Workbook also provides an opportunity to review key financial concepts and helpful activities that highlight how financial literacy can be integrated not only in the classroom but also in the family household.

Tandia was delighted to reconnect with local schools as we once again offered our **Strive for Success Program** - an annual grant given to local schools in our communities who are in need of funds to assist with new or existing in-school programs. Recipients of our Strive for Success Grants used their winnings for literacy programs, entrepreneurial start-ups, student wellness programs and environmental studies.



Our Sincere Thanks

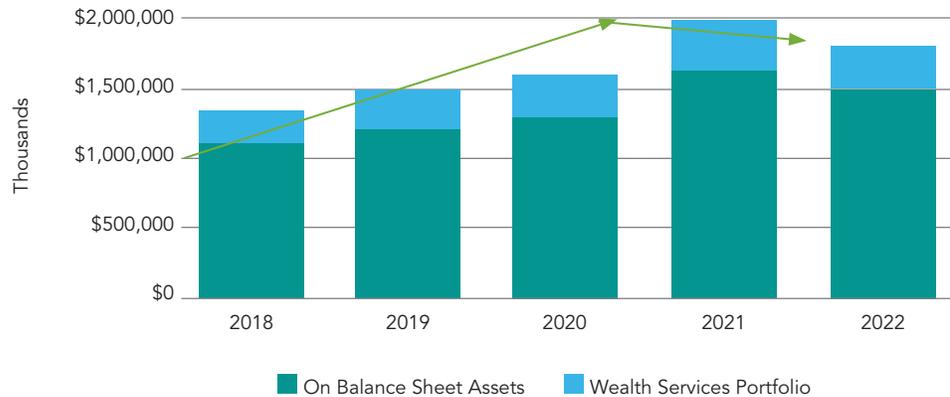
Every year, Tandia strives to look for new and innovative ways to have a positive financial, social and environmental impact in our communities. Actions speak louder than words, and the everyday demonstration of our commitment to making a difference is something we can all be proud of. We thankfully acknowledge the dedication and support of our Board of Directors, Management, employees, and our members who graciously supported us in our community investment efforts.





BARB DUFFIELD
SVP, Finance &
Administration

Financial Performance Highlights



**\$1.5
BILLION**
TOTAL ASSETS

**\$49
MILLION**
REVENUE

**\$1.3
BILLION**
LOANS

**\$1.1
BILLION**
DEPOSITS

**\$269
MILLION**
WEALTH
DEPOSITS

**\$1.8
MILLION**
INCOME

2022 Financial Performance

In 2022, we experienced a year of rapid economic change that impacted both our members and the Credit Union. Following a year of substantial asset growth in 2021, Tandia changed its growth objectives and instead focused on increasing the Commercial loans portfolio relative to total assets. This shift allowed us to improve financial income in 2022 and for years to come. In addition, we focused on improving our financial ratios and balance sheet, so that the Credit Union is well positioned to take advantage of opportunities for profitable growth when they arise.

Total assets under administration, which include both on balance sheet assets and Wealth Management deposits, ended at \$1.8 billion, representing a decrease of 10% (or \$196 million) for the year. Tandia experienced unprecedented loan and deposit growth during 2021, with overall lending growth of \$297 million largely in Retail and Investment mortgages. In 2022, as interest rates increased, members' ability to take on debt at the higher rates resulted in a slowdown in member demand for Retail lending. However, demand for Commercial loans continued to increase, building on the strength of 2021, adding \$84 million in net new loans for the

year. On a net basis overall, total loans grew by \$2.5 million, which was funded by excess investments.

In 2022, the previously red-hot housing market experienced a rapid decline, resulting in reduced demand for Retail mortgages. However, this was offset by the success of the Commercial team who generated significant growth from member referrals, new opportunities from our centres of influence and referrals from our Retail teams. In the Commercial lending portfolio, Tandia had significant construction draws of \$16 million and growth in term debt loans of \$133 million which increased Commercial lending by \$149 million. The growth of these Commercial loans allowed Tandia's loan portfolio to grow to \$1.35 billion by year end, with an overall net increase in our Commercial portfolio by 27% or \$84 million.

The following chart summarizes our total loan growth percentage change in comparison to 2021, with the portfolio mix representing the ratio of a category to the total loan portfolio. Overall, the portfolio mix changed significantly from the prior year, with a substantial and favourable shift from Retail lending to Commercial loans.

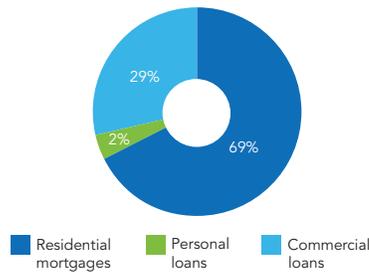


Overall financial margin improved by 8% or \$1.9 million.



	2022 Growth	2022 Portfolio Mix	2021 Growth	2021 Portfolio Mix
Personal Loans	(13%)	2%	(25%)	2%
Residential & Investment Mortgage Loans	(8%)	69%	35%	75%
Commercial Lending	27%	29%	17%	23%
Total	.1%	100%	28%	100%

LOAN MIX



The allowance for expected credit losses at the end of 2022 increased from the prior year by 59%, with an additional \$989 thousand added to the provision in 2022, compared to a recovery of \$1.9 million in the prior year. The total provision for credit losses as a percentage of loans in 2022 was 7 bps, compared to a recovery for credit losses of -14 bps in 2021. The increase in the allowance for expected losses reflects the economic pressures placed on consumers as they manage through higher inflation.

The cash deposits that resulted from the successful online flash sale at the end of 2021 were no longer required in early 2022 as mortgage demand slowed; therefore, the strategic decision was made to allow \$60 million of these funds deplete, improving both our margin and cash position. Excluding these deposits, Tandia's deposits were flat for 2022. Unlike the previous two years where members chose to keep their deposits liquid, in 2022 member sentiment changed as they chose to take advantage of higher interest rate term deposits and lock in their deposits. With a turbulent stock market, our members continued to accept advice and expertise from Tandia's Wealth Management Advisors. A decline

in market values and the option to move to higher rate term deposits for the first time in several years meant that our off-book deposits decreased by \$92 million or 25% for the year.

Tandia's cash and investments portfolio decreased by \$99 million or 38% compared to 2021, with these funds being used to fund modest loan growth, repay borrowings, and offset the decline in member deposits. Despite the decline in investments in 2022, the interest revenues from investments increased by 54% due to the increase in interest rates earned by Tandia's investments. All investments were in accordance with Board approved investment policies.

Securitization continues to be a very important part of our funding strategy. During 2022, secured borrowings decreased by \$40 million or 11% on a net basis. Despite the net decrease, \$46 million in mortgages were securitized into the NHA MBS and CMB programs and were sold to help fund lending activities.

TOTAL COMPREHENSIVE INCOME (NORMALIZED, 000's)



Throughout 2022 the Bank of Canada chose to combat a high inflation rate by raising interest rates. The Bank of Canada raised its overnight interest rate eight times in 2022. The rate began the year at 0.25% and rose to 4.5% by year end. The rapidly increasing interest rates had a significant impact on financial margin. With members keeping funds liquid and relatively



The Commercial and Wealth Management teams were successful in 2022 and exceeded budget expectations, supporting Tandia's strategic goals.

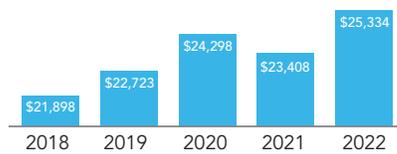


Tandia continues to adopt new technologies that support improving the member's digital experience and security.



short term prior to 2022, a large volume of deposits repriced at higher rates faster than interest rates changed on the loan side, adding pressure to our margin. Total financial revenues increased by 16% or \$6.8 million largely due to higher yields earned from loans and investments; however, financial expenses also increased by 26% or \$4.9 million. As a result, the overall financial margin improved (financial revenues minus financial expenses) by 8% or \$1.9 million. Financial margin as a percentage of average assets was consistent with 2021 and ended the year at 1.59%.

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 \$5.3 million, a 6% increase over 2021. The Commercial and Wealth Management teams were successful in 2022 and exceeded budget expectations, supporting Tandia's strategic goals.

Total operating expenses of the Credit Union increased by 7% or \$1.7 million over 2021 with every expense category increasing except Advertising and Communications, which had a savings of \$118 thousand or 13%. The highest year-over-year increases were in Personnel costs and Occupancy costs, 4% and 14% respectively. Personnel costs were higher in 2022 because Tandia received the Canada Emergency Wage Subsidy (CEWS) which reduced expenses in 2021, and a subsidy did not occur in 2022; in addition, general wage increases, and higher sales commissions added to these expenses for the year. The Credit Union's technology infrastructure, network capacity and enterprise cloud capabilities continued to be stable and were used to support both our employees and the high level of mobile and online activity from our members. Tandia continues to adopt new technologies that support improving the member's digital experience and security.

On March 1, 2022, the new Credit Unions and Caisses Populaires Act, 2020 (the "Act") was approved and enacted by the Minister of Finance. The new Act included new capital rules. Under the previous Act, credit unions were required to maintain a capital ratio of not less than 4.00% and a risk-weighted capital ratio of not less than 8.00%. The new Act amends the capital rules and establishes several new ratios that must be met. The following chart summarizes Tandia's capital position at the end of 2022 in comparison to 2021.

	2022		2021	
	Minimum	Actual	Minimum	Actual
Tier 1 Capital Ratio	6.50	12.33	-	-
Retained Earnings to Risk-Weighted Assets Ratio	3.00	6.00	-	-
Capital Conservation Buffer Ratio	2.50	5.10	-	-
Total Supervisory Capital Ratio	10.50	13.10	8.00	13.27
Total Capital Ratio (Risk-weighted capital ratio)	8.00	13.10	8.00	13.27
Leverage Ratio	3.00	6.22	4.00	5.73
Retained Earnings & Contributed Surplus		\$43,939		\$44,011
% of Total Capital		48%		47%



Tandia continues to focus on maintaining strong capital ratios by generating higher income levels which build our capital base with high quality retained earnings.



Regulatory capital increased by almost \$2.2 million over 2021 and the leverage ratio grew to 6.22%, remaining well above the minimum regulatory limit of 3.00%. This increase in regulatory capital is attributed to higher dividends paid on our investment shares in 2022 due to rising interest rates and the successful sale of Class B Investment Shares Series 2021 that occurred last year. Tandia continues to focus on maintaining strong capital ratios by generating higher income levels which build our capital base with high quality retained earnings. Retained Earnings is an important component of Members' Equity as it is used to reinvest in your Credit Union, allowing us to continue to meet members' needs, while providing us with one of the least expensive forms of capital.

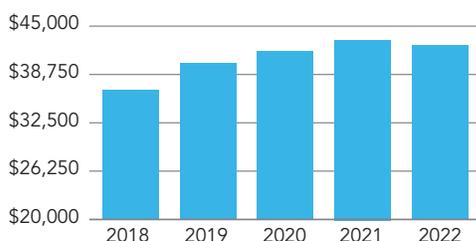
Retained Earnings and Contributed Surplus declined slightly in 2022 due to one-time costs incurred related to branch consolidations and the increased investment share dividends paid to members; however, our Retained Earnings as percentage of risk weighted assets was well in excess of the regulatory minimum. The total capital ratio, also known as the risk-weighted ratio, decreased in 2022 to 13.10% from 13.27% in 2021. This change was expected with the continued focus on expanding the Commercial loans portfolio and the ratio continues to meet all Board and regulatory requirements.

The graph below illustrates the changes in Retained Earnings and Contributed Surplus, showing an increase of 16% since 2018.

Despite a challenging year that included significant economic uncertainty and lower than planned net income, Tandia made significant changes to the asset mix that are expected to improve results going forward. As Canada edges closer to a recession, there are concerns regarding the impact the declining economy will have on our members. We look toward the future with cautious optimism and continue to focus on executing our three-year strategic plan (2022-2024) that was finalized and approved by our Board in 2022. The strategic campaigns are expected to put us in a strong position with respect to resiliency and financial sustainability. Each campaign contributes to these goals and includes a continued commitment to provide positive member experiences and deeper employee engagement. Most recently, after an additional 25 basis points increase in the Bank of Canada overnight rate, economic reports indicate that inflation is decreasing, and the job market is tightening. Tandia will be mindful of all economic factors as we navigate 2023 and continue to position Tandia for profitable growth despite uncertain economic conditions.

Barbara Duffield
SVP, Finance & Administration

RETAINED EARNINGS AND CONTRIBUTED SURPLUS



Audit and Operational Risk Committee Report



MIKE VEERMAN
Audit and
Operational Risk
Committee Chair

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 12 times during 2022 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, and the associated regulations. The 2022 Audit and Operational Risk Committee members were: Mike Veerman (Chair), John Deven, Nancy Di Gregorio and Wayne Joudrie. Ivana Fortino attends 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 2022 are as follows:

- Confirmed that for year ended December 31, 2022 there were no material findings outstanding

- Prepared and reviewed the annual evaluations of the External and Internal Auditors
- Received the FSRA audit results
- Quarterly reviewed the goals, objectives and results by the Internal Auditor. The 2022 audits included: Forge implementation, treasury management, cyber vulnerability assessment, branch compliance framework, remote work audit, retail loan, business continuity plan, securitization, and operational efficiency
- Credit Union Services Association (CUSA) Audits specifically the External Vulnerability Scan
- Received and reviewed quarterly Enterprise Risk Management and IT Governance reports
- Received and reviewed quarterly Fraud Reports and Anti-Money Laundering reports
- Received and reviewed quarterly Credit Risk Management and Insurance Management Services report
- Reviewed and approved Board policies pertaining to the Audit and Operational Risk Committee
- Grant Thornton LLP – Audit Plan 2022

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 2022 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 2022, the Audit and Operational Risk Committee met 12 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
March 2, 2023

Richard Davies
President and Chief Executive Officer

Barbara Duffield
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, 2022, 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, 2022.

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 March 2, 2023.

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
March 2, 2023



Chartered Professional Accountants
Licensed Public Accountants

Summary Statement of Financial Position

December 31	2022	2021
	(in thousands)	
Assets		
Cash and cash equivalents	\$ 30,273	\$ 44,387
Investments	129,336	213,975
Loans to members	1,346,329	1,344,578
Other assets	6,069	9,825
Income taxes receivable	230	-
Prepaid securitization fees	1,725	2,328
Derivative financial instruments	168	298
Property and equipment	23,008	26,558
Deferred income taxes	334	-
	\$ 1,537,472	\$ 1,641,949
Liabilities		
Secured borrowings	\$ 310,880	\$ 350,871
External borrowings	3,000	5,700
Payables and accruals	1,517	3,240
Income taxes payable	-	161
Deposits of members	1,114,151	1,173,738
Derivative financial instruments	123	318
Lease liability	13,885	15,319
Deferred income taxes	-	16
Shares	3,950	3,901
	\$ 1,447,506	\$ 1,553,264
Equity		
Shares	46,027	44,674
Retained earnings	29,573	29,645
Contributed surplus	14,366	14,366
	89,966	88,685
	\$ 1,537,472	\$ 1,641,949

On behalf of the Board

Ivana Fortino,
Chair, Board of Directors

Mike Veerman,
Chair, Audit and Operational Risk Committee

Summary Statement of Comprehensive Income

December 31	2022	2021
	(in thousands)	
Financial income		
Interest on member loans	\$ 37,196	\$ 31,691
Interest on securitized loans	8,617	8,380
Other interest revenue	3,008	1,959
	48,821	42,030
Financial expense		
Interest on member deposits	16,725	12,608
Securizations expense	6,341	5,540
Other interest expense	421	474
	23,487	18,622
Financial margin	25,334	23,408
Other income	5,345	5,039
	30,679	28,447
Provision for (recovery of) impaired loans	989	(1,913)
Operating margin	29,690	30,360
Operating expenses		
Salaries and benefits	14,694	14,109
Computer, office and other equipment	4,477	4,112
Occupancy	3,881	3,401
Administration	1,819	1,690
Advertising and communications	817	936
Member security	1,321	1,185
Other	1,033	859
	28,042	26,292
Net income before taxes	1,648	4,068
Income taxes	(179)	567
Net income and comprehensive income for the year	\$ 1,827	\$ 3,501

Summary Statement of Changes in Members' Equity

December 31

(in thousands)

	Shares	Retained earnings	Contributed surplus	Total
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
Net income	-	1,827	-	1,827
Distributions to members	-	(1,899)	-	(1,899)
Issue of profit shares	18	-	-	18
Issue of investment shares	1,448	-	-	1,448
Redemption of profit shares	(113)	-	-	(113)
Balance at December 31, 2022	\$ 46,027	\$ 29,573	\$ 14,366	\$ 89,966

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, 2022 and 2021 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	2022	2021
Increase (decrease) in cash and cash equivalents	(in thousands)	
Operating		
Net income	\$ 1,827	\$ 3,501
Provision for (recovery of) impaired loans	989	(1,913)
Depreciation and amortization	3,286	3,225
Loss on disposal of capital assets (net)	75	-
Deferred income taxes	(350)	198
Fair value of interest rate swap contracts	(65)	(49)
Interest paid on lease payments	396	404
Changes in members' activities:		
Increase in loans to members (net)	(2,740)	(295,296)
(Decrease)/increase in deposits of members (net)	(59,587)	219,513
Other non-cash items	2,245	(5,958)
	(53,924)	(76,375)
Financing		
Distributions to members	(1,899)	(1,309)
(Repayment of)/proceeds from external borrowing	(2,700)	5,700
(Decrease)/increase in secured borrowings	(39,991)	97,959
Principal repayments of lease liability	(1,192)	(1,225)
Increase in shares (net)	1,402	15,912
	(44,380)	117,037
Investing		
Proceeds from (purchase of) investments (net)	84,639	(26,395)
Proceeds from tenant inducement	59	-
Purchase of property and equipment	(508)	(1,632)
	84,190	(28,027)
Net (decrease)/increase in cash and cash equivalents	(14,114)	12,635
Cash and cash equivalents		
Beginning of year	44,387	31,752
End of year	\$ 30,273	\$ 44,387
Interest received	\$ 48,249	\$ 42,095
Interest paid	\$ 20,942	\$ 19,872
Income taxes paid	\$ 563	\$ 459
Patronage dividends paid	\$ 18	\$ 4

Five Year Financial History

Year End Balances	2022	2021	2020	2019	2018
	(in thousands)				
Statement of Financial Position					
Personal loans and lines of credit	\$ 20,812	\$ 24,068	\$ 32,107	\$ 39,609	\$ 44,577
Mortgage loans & Meritlines	928,895	970,018	717,329	679,800	677,072
Commercial loans	397,411	350,828	299,656	308,183	297,158
Less expected credit loss	(2,636)	(1,657)	(3,295)	(3,163)	(1,952)
Less allowance for loan losses					
Accrued interest receivable	1,847	1,321	1,563	1,690	1,415
Total Loans	1,346,329	1,344,578	1,047,360	1,026,119	1,018,270
Chequing and Savings	389,613	491,667	373,171	307,532	290,169
Term and other deposits	531,638	495,477	389,924	381,212	340,127
Registered savings plans	178,187	174,374	177,782	177,236	165,526
Other registered deposits	6,942	6,994	6,872	6,512	6,231
Accrued interest on deposits	7,771	5,226	6,476	7,079	5,076
Shares	49,977	48,575	32,663	31,883	31,075
Total Deposits & Shares	1,164,128	1,222,313	986,888	911,454	838,204
Total Balance Sheet Assets	1,537,472	1,641,949	1,299,215	1,223,473	1,125,452
Annual % (decrease) increase	-6%	26%	6%	9%	3%
Total Other Assets and Other Services Under Administration	269,807	361,898	300,871	275,596	241,380
Annual % (decrease) increase	-25%	20%	9%	14%	-4%
Total Assets Under Admin.	1,807,279	2,003,847	1,600,086	1,499,069	1,366,832
Annual % (decrease) increase	-10%	25%	7%	10%	2%
Statement of Income					
Financial income	48,821	42,030	44,442	44,012	39,108
Financial expense	23,487	18,622	20,144	21,289	17,210
Other income	5,345	5,039	4,322	5,242	9,508
Provision for impaired loans	(989)	1,913	(1,723)	(1,403)	(448)
Operating margin	29,690	30,360	26,897	26,562	30,958
Total Operating Expenses	28,042	26,292	24,034	22,640	22,869
Income from operations before patronage distributions and income taxes	1,648	4,068	2,863	3,922	8,089
Distribution to members	1,899	1,309	1,194	1,160	1,128
Income taxes	(179)	567	324	161	1,587
Retained Earnings and Contributed Surplus	43,939	44,011	41,819	40,474	37,860
Annual % increase	0%	5%	3%	7%	26%



