



tandia™

financial credit union



# ANNUAL REPORT 2024



## 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.



## 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.



## 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.



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# BOARD OF DIRECTORS' REPORT



**Bruce Neville**  
Board Chair

The seven men and two women who make up Tandia's Board of Directors are committed to providing the strategic stewardship necessary for the credit union's future success.

The Board's steadfast commitment to our members and employees has been the guiding force when determining the strategic direction for Tandia and our path forward. Over the past two years, we have successfully navigated the lingering impacts of the pandemic, while also addressing the challenges posed by higher interest rates. These economic conditions have had a softening effect on the real estate market, making it difficult for many consumers to meet their financial obligations. Despite these challenges, we remained committed to supporting our members as we focused on providing the resources and guidance necessary to help them thrive in this ever-evolving economic landscape.

The valuable feedback received from our members helps ensure that we remain focused on being responsive and proactive in servicing our members, recognizing that each member has unique needs. We receive this feedback in various forms, including our member survey, conversations between our members and the Tandia team and, of course, direct feedback to Directors. Collectively, this feedback provides us with the knowledge we need to ensure that Tandia is working to meet the needs of both our current and future members.

Not only have we experienced an increase in competition within our sector, but we are also feeling the pressure of additional regulatory requirements and oversight. This enhanced regulatory oversight is prudent to ensure a strong and sustainable credit union system for the future and Tandia's Board of Directors is committed to doing their part. The Board and management committed to strengthening our governance model with a focus on risk, resulting in a full review of the board and committee structure in 2023. The introduction of the Credit and Market Risk Committee to complement the Audit and Operational Risk Committee ensured that all Directors were focused on the risks to our credit union. In 2024, to ensure effective oversight, the Board also executed a complete review of board policies and the subsequent operationalization of them.

In addition to enhanced governance, the Board has been working with management to develop a risk-based approach to oversight. An Enterprise Risk Framework has been established with regular reporting at both the Audit and Operational Risk Committee and the Board.

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 industry changes and are well positioned to navigate changing economic conditions, allowing Tandia to remain financially resilient and have a sustainable future.

Tandia has always been open to mergers that were in the best interests of our members. Our focus on risk has resulted in the Board changing strategic direction to prioritize growth through merger rather than growth through investment shares. Our focus is to find a potential merger partner that has a vision similar to ours (Respect, Integrity and Innovation) that will provide additional branches and services to our members, especially in underserved areas, and that will continue the innovation that our members expect from Tandia. It is important to find a partner that recognizes the value of our employees and provides opportunities for career development.

Our Board of Directors has worked diligently throughout 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 continues to uphold its values, while staying on course with the execution of its strategic plan. In the Fall of 2024, the Board and senior management laid the groundwork for the 2025 strategic plan. This plan will be used by the senior 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.

I am very fortunate to work alongside a dedicated group of board members who have worked diligently on behalf of our members, ensuring governance and the credit union's financial strength remain a priority.



“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 thank our employees who always strive to put the needs of our members first. Thank you for your continued support, now and into the future.”

# 2024 MEETING ATTENDANCE

	BOARD MEETINGS ATTENDED	COMMITTEE MEETINGS ATTENDED	HONORARIUM PAID	PLACE OF RESIDENCE
B. Neville, Board Chair	20/20	9/10	\$22,000	Pickering
W. Joudrie, Board Vice-Chair	18/18	9/10	\$18,500	Ancaster
M. Veerman, Chair, Audit & Operational Risk Committee	9/12	6/10	\$11,750	Burlington
M. Paron, Chair, Credit & Market Risk Committee	15/16	10/10	\$13,500	Ancaster
R. Foxcroft, Chair, Nominating Committee	8/9	10/10	\$16,435	Ancaster
J. Deven	5/8	5/10	\$10,250	St. Thomas
N. Di Gregorio	5/9	10/10	\$11,000	Binbrook
I. Fortino	13/15	9/10	\$15,000	Ancaster
J. Lamberink	6/6	7/7	\$7,250	Acton

Throughout 2024, the Board of Directors has worked diligently, meeting a total of 39 times, inclusive of both committee and board meetings, ensuring that we are providing strong strategic guidance that is reflective of both our members' values and their financial needs.

# BOARD OF DIRECTORS



**Bruce Neville**  
Chair



**Wayne Joudrie**  
Vice Chair



**John Deven**



**Nancy Di Gregorio**



**Ivana Fortino**



**Ronnie Foxcroft Jr.**



**John Lamberink**



**Mario Paron**



**Michael Veerman**



# PRESIDENT & CHIEF EXECUTIVE OFFICER'S REPORT

Tandia celebrated its 10-year anniversary in 2024 after the merger between Hamilton Teachers' Credit Union and Prosperity One Credit Union on January 1, 2014. There have been many accomplishments to celebrate over the past 10 years including the move to our new spacious corporate office which provides a flexible workspace, greater access to products and services and enhanced delivery channels for members, which included the introduction of software solutions that improved work processes and enhanced our member experience.



**Richard Davies**  
President & Chief Executive Officer

## NAVIGATING A CHANGING LANDSCAPE

These past several years have also presented challenges, not only for consumers but for financial institutions as we navigated the pandemic, faced dampening in consumer demand for residential mortgages, and worked to remain profitable despite compressed financial margins and significant inflation in costs. Tandia has worked diligently at all levels within the organization, from member facing staff to the Board, as we sought out ways to contain costs and pursued new revenue generation opportunities. While not unique to Tandia, the elevated interest rate environment meant that Tandia's funding sources became more costly, while we also faced pressure to keep our lending rates affordable for borrowers. This interest rate environment meant that members experienced higher

payments along with significant increases in their cost of living, which caused an increase in our delinquency rate requiring higher loan loss provisions. Collectively, these factors impacted Tandia's earnings in 2024, however, we still achieved \$2.6 million in net income.

While Tandia's earnings were negatively impacted by the increase in the loan loss provision, we looked at this as an opportunity to support and help our members navigate through these challenging economic conditions. Our member-facing teams were provided with additional training to support them as they had deeper conversations and offered debt restructuring to assist members facing challenges in meeting day to day obligations.

In addition to these strategic efforts, Tandia remained focused on enhancing our member experience. I would like to thank all the members who took the time to complete our survey; this member feedback is paramount to our business, as it allows us to continually find ways to improve our member experience and ensure that we are consistently meeting our members needs. Our 2024 survey results indicate that our member satisfaction not only remains strong but showed even further improvements over our 2023 results. This improvement is the result of diligently reviewing all feedback with consideration given to potential process changes or training opportunities that could improve our services or enhance the overall member experience.

## OPERATIONAL EFFICIENCY

During 2024, Tandia achieved a milestone with the launch of our on-line business banking platform. This new service provides our business members with improved functionality, allowing more flexibility and ease in accessing accounts, while providing opportunities to automate processing of daily banking needs. Coinciding with this enhancement was the promotion of Tandia's Business VISA product which also became available for our business members.

In 2020, Tandia introduced a risk-based culture to our organization, which included the creation of a dedicated team that was tasked with providing oversight for business risk. Over the last several years, the scope of work has evolved and become more sophisticated as the

team implemented processes and procedures to effectively minimize risk. All risk-based practices are fully aligned with regulatory requirements provided by Tandia's regulator. Moving into 2025 this team remains committed to actively monitoring and managing our risk and safeguarding our members' funds, while ensuring our staff are able to provide our members with the exceptional service they have come to expect at Tandia.

This past year, our team has also prioritized several other initiatives that were focused on the long-term sustainability of our credit union and preparing us for future growth opportunities. Our Board of Directors has been working diligently on enhancing our governance practices to enhance transparency, accountability and decision-making at our credit union. By adopting best practices and continually evaluating effectiveness, our Board provides vigorous oversight, ensuring that we remain on course with our strategic direction and that the credit union continues to meet all compliance and regulatory requirements. In addition, our management team has formed committees that are focused on cost containment and enhancing efficiencies. These committees have uncovered opportunities to reduce costs and improve margin; this includes, identifying outsourced work that with some training could be performed in house, as well as reviewing all processes and finding ways to reduce or eliminate any redundant or imprudent costs (for example, transitioning members to electronic statements where feasible). In addition to these margin improvement plans our teams have also been paving the path for future growth and long-term financial sustainability. This includes continued investment in and training for the effective utilization of technology – ASAPP (our online account opening software, and customer relationship management tool), continues to provide us with enhancements that allow for an improved member experience, while creating more effective work practices for our staff.



“Our teams have also been paving the path for future growth and long-term financial sustainability.”

## SOUND FINANCIAL STEWARDSHIP

Tandia continues to place the highest priority on safeguarding our members' assets and personal information, recognizing that member trust is the foundation of our business. Robust security measures have been implemented to ensure that both our members' funds and personal information remain protected from unauthorized access or attempted fraud. The credit union continually updates our systems to stay ahead of emerging threats, ensuring members can conduct their transactions with confidence and peace of mind. The security of our members' assets and information is not just a priority but a core value that underpins Tandia's commitment to our members and their financial well-being.

## EXCEPTIONAL PEOPLE

At Tandia, our employees are the foundation of our credit union; their dedication allows us to differentiate ourselves from other financial institutions as we strive to assist each of our members in achieving their unique financial goals. The engagement of our Tandia employees continues to be a priority for our management team and the Board. Throughout the year we surveyed our team members to gain an understanding of what is important to them in a workplace and how they feel about being part of the Tandia team. I am delighted to share that our employees provided many valuable insights and reaffirmed that they are proud to work at Tandia, with an engagement score that exceeded 75%. This employee satisfaction score marks another consecutive year of improvement, as we listen to the feedback of our team members and continually strive to make meaningful improvements. The input from our staff is an important part of our strategic planning, as management is continuously seeking ways to improve overall engagement, while providing a workplace that enriches the lives of our employees.



"Thank you to our members for entrusting Tandia to help you on your financial journey; your unwavering support is the foundation for our business. Thank you to our employees whose dedication and commitment helps us meet the needs of our members every single day, and finally, I would like to express my gratitude to our Board of Directors for their commitment and oversight. Their guidance and support have allowed us to achieve our goals, while providing a rewarding experience for both our employees and our members."

# MEMBERSHIP REPORT

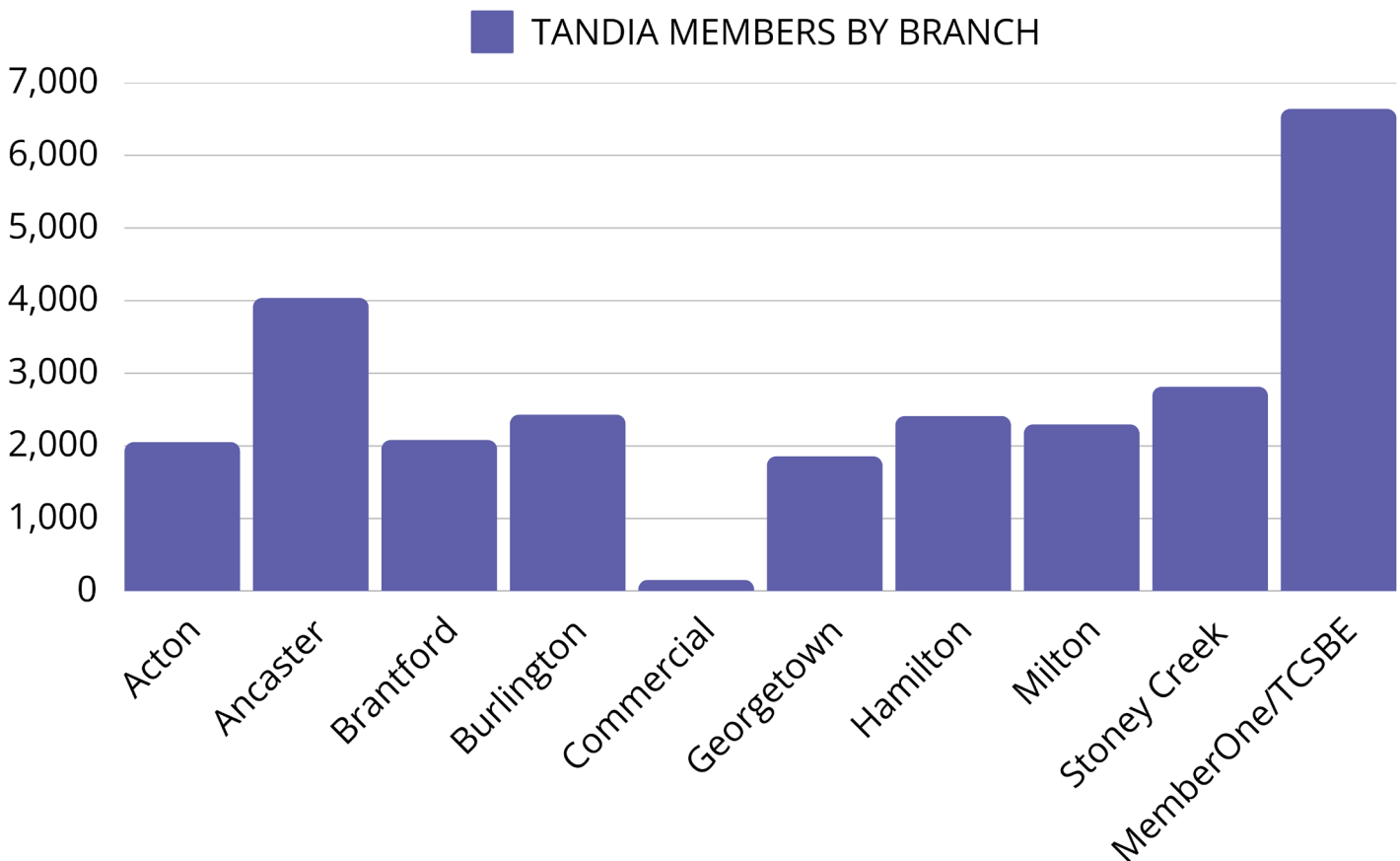
Tandia finished 2024 with 26,770 total members spanning across the Greater Golden Horseshoe area. During the year, we continued to increase brand awareness of the credit union through financial wellness seminars and webinars, our engaging and informative social media channels, as well as the continued promotion of our podcast series “Tandia Talks Money”.

2024 was a strong year with our business development activities that extended throughout our communities and included

several new partnerships with local businesses. In addition, we continued to have a strong presence within our local communities, demonstrating our commitment to giving back through volunteerism. Referrals are our strongest compliments, and we were fortunate to have 229 members refer their family and friends to the credit union through our Member Referral Program in 2024.

The chart below illustrates the distribution of our members across our branch locations.

## VOTING MEMBERS BY BRANCH





“As we move into 2025, we will continue to focus on leveraging technology to connect with our members, uncover new opportunities, and make banking easier and more convenient.”

We continue to find great value in developing new and convenient ways to connect with existing and new members, leveraging technology to make for an efficient and seamless process. These efforts include the creation of personalized email campaigns, virtual appointment booking software (available through our members' mobile devices) and online meeting capabilities. This involves increasing awareness of our virtual operations, in both Retail and Wealth, allowing members to access Tandia from the comfort of their home or mobile device, providing the flexibility to meet all of their needs remotely.

Advancements in banking technology, such as secure online account opening and lending applications, as well as e-signing capabilities have made this possible and align with changing member behaviour in today's modern world.

We remain committed to providing exceptional member service. As such, we thank those members who took the time to complete our member survey in 2024. Throughout the year, several enhancements were made to our products and services as a direct result of the feedback that you provided to us. This included faster e-transfer transaction times and higher ATM access limits. In 2025, we will also be using a pulse survey which allows us to gain feedback immediately after an appointment with one of our branch advisors via text or email. We appreciate you taking the time to complete these surveys as they will assist us in further enhancing our product offering, while allowing us to provide an exceptional standard of member service across all of Tandia's channels.

# COMMUNITY IMPACT REPORT

In 2024, we strengthened our commitment to the communities we serve by investing in education, financial literacy, local businesses, and through charitable giving. Through meaningful partnerships, strategic initiatives, and direct community support, we provided **\$100,000 in funding** to critical programs, participated in Chamber of Commerce events, and supported many education sector initiatives.

From launching new financial literacy programs for youth to sponsoring a family room at Ronald McDonald House Charities® South Central Ontario (RMHCSCO), our efforts were rooted in making a tangible difference in the lives of young people and their families. This report highlights our commitment to our communities and our continued efforts to make an impact in each of the regions we serve.



## STRENGTHENING BUSINESS & CHAMBER PARTNERSHIPS

Strong relationships with local businesses and economic leaders are vital to thriving communities. In 2024, we participated in over **40 Chamber of Commerce events** in the Greater Hamilton, Halton and Brantford areas, strengthening partnerships and supporting business growth.

A highlight of the year was hosting a **Business After 5 event at our corporate office** in collaboration with the Burlington

Chamber of Commerce. This provided us with an opportunity to welcome local business leaders, showcase our corporate space, and speak to the ways we support businesses and professionals.

Through continued engagement with Chambers of Commerce, we remain committed to fostering economic growth, providing financial expertise, and ensuring businesses have the resources they need to succeed.





# COMMUNITY



## INVESTING IN EDUCATION

Direct partnerships with the Halton District School Board (HDSB), Halton Catholic District School Board (HCDSB), Hamilton-Wentworth District School Board (HWDSB), Hamilton-Wentworth Catholic District School Board (HWCDSB), Grand Erie District School Board (GEDSB), and the Brant Haldimand Norfolk Catholic District School Board (BHNCDNB) has allowed us to make a meaningful difference in the lives of students and educators.

In 2024, Tandia awarded our **Strive for Success Grants**, which help fund school programs and other education-focused initiatives that would otherwise go unfunded. These grants enhance learning experiences, support student well-

being, and provide educators with vital resources. Additionally, we continued our legacy support of initiatives such as the **HWDSB Prom Project** ensuring students have access to formal attire for this milestone event, removing financial barriers, and making prom an inclusive experience for all. We were also proud to continue our support of the **HDSB Business Leadership Program**, an initiative within Notre Dame High School focused on developing leadership skills and business acumen among high school students.

By directly supporting schools and students, we are investing in the future of our communities.

## EXPANDING FINANCIAL LITERACY

Financial literacy is essential to long-term financial well-being. This past year, we expanded our educational efforts by developing **interactive workshops, webinars, and a focused video series** tailored to the unique needs of our communities. We also provided customized financial literacy sessions to help **WSIB Employees** navigate financial planning during their careers and beyond.

Recognizing the need for multi-channel education opportunities, our podcast **“Tandia Talks Money”** remains a key platform in reaching a broader audience. Covering a wide range of financial topics in an engaging and relatable format, it allows listeners to learn about money management, homeownership, investing, and more – all on their own schedule.

By making financial literacy accessible, engaging, and relevant, we continue to empower individuals and families to build stronger financial futures.

## COMMUNITY IMPACT & GIVING BACK

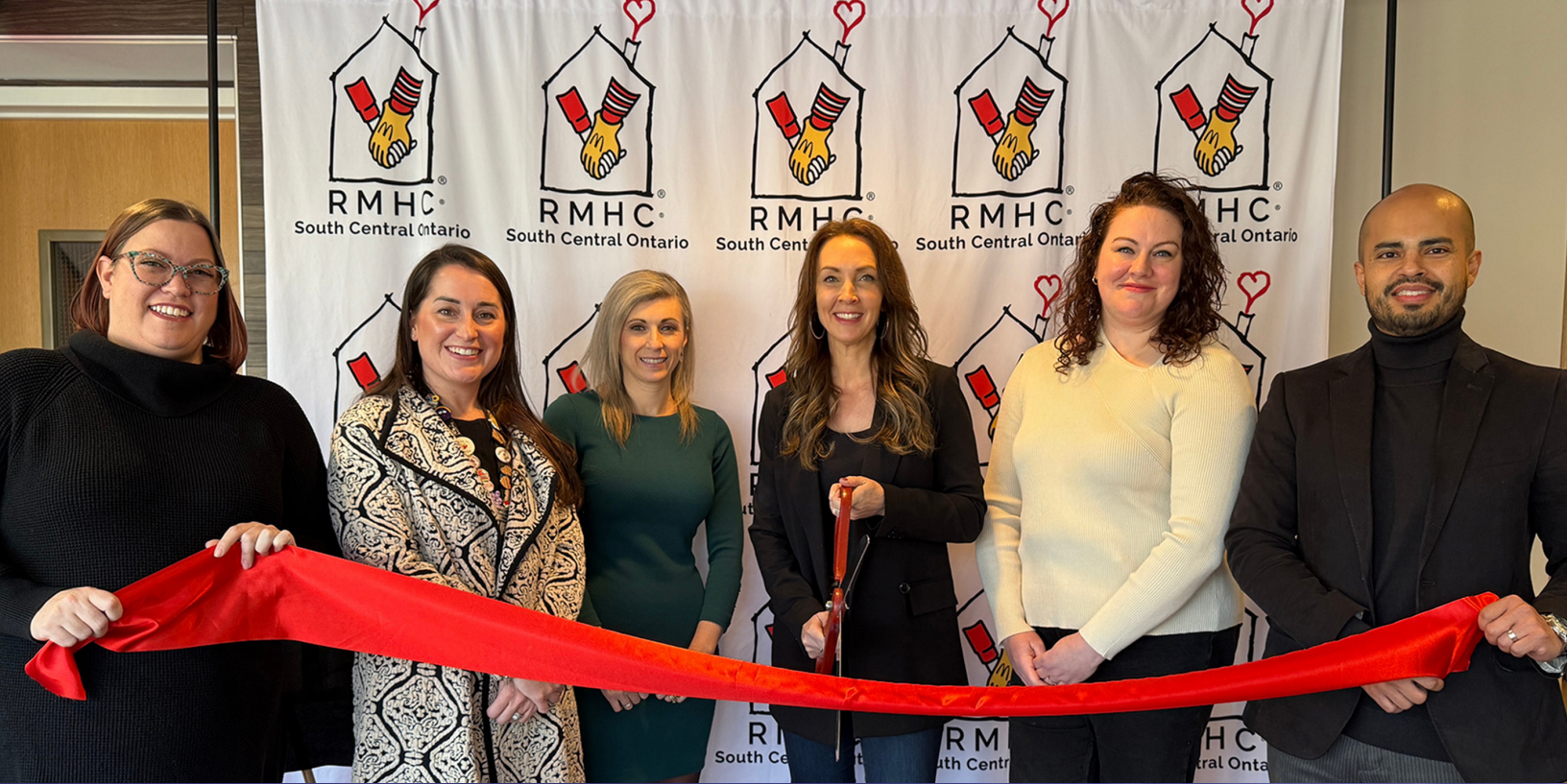
Giving back is at the heart of everything we do. In 2024, we proudly contributed \$100,000 to our communities, supporting initiatives that make a significant impact in the lives of others.

We maintained our commitment to organizations that provide essential services, including:

- **Food4Kids Hamilton & Halton** – Providing weekend food packages to children facing food insecurity.
- **Halton Food 4 Thought** – Supporting in-school nutrition programs to ensure students have access to healthy meals.
- **ROCK (Reach Out Centre for Kids)** – Providing critical mental health services for children, youth, and families.
- **Conservation Halton, Toy Mountain, and the Darling Home for Kids** – Partnering with organizations that enhance well-being and provide vital resources to our communities.







## A SPECIAL PARTNERSHIP WITH RONALD MCDONALD HOUSE

One of our most meaningful new partnerships this past year was with the **Ronald McDonald House Charities® South Central Ontario (RMHCSCO)**. 2024 marked our first year supporting this organization which provides accommodations and support for families with seriously ill children receiving medical care. RMHCSCO is devoted to keeping families together during challenging times without the added burden of hotel or travel expenses.

On several occasions, Tandia staff members visited the Ronald McDonald House and assisted in preparing meals for the families.

After witnessing the incredible impact that this home was having on the lives of these families, the staff came together and donated funds to **sponsor a family suite for an entire year**. This sponsorship ensures families have a comfortable space to stay during their child's treatment, offering stability and support during a difficult time.

To commemorate this partnership, we participated in a special **ribbon-cutting ceremony**, reinforcing our commitment to making a lasting difference in the lives of families who rely on Ronald McDonald House's essential services.

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## LOOKING AHEAD

As we move into 2025, our focus remains on being a leader in financial literacy, a trusted community partner, and a strong advocate for local businesses and families. By continuing to invest in **education, financial well-being, and impactful community initiatives**, we will ensure our contributions create lasting change.

Together, we are building stronger, more connected communities - one initiative at a time.

# FINANCIAL PERFORMANCE HIGHLIGHTS



**Barbara Duffield**  
SVP, Finance & Administration

## 2024 FINANCIAL PERFORMANCE

While the challenging financial landscape that existed in 2023 continued throughout 2024, we are pleased to share that with the steadfast commitment and support of our Board, management and staff the profits achieved were sufficient to find a sizable dividend and contribute to our capital for future stability and growth. This report will provide a comprehensive overview of our financial performance and position over the last year, while explaining the economic and consumer markets within which we conducted our business, providing an overview of our operations and key financial metrics.

Since 2022, the Canadian economy has been characterized by relatively low unemployment and persistently high inflation, coupled with high interest rates as the Bank of Canada attempted to take the steam out of consumer spending and curtail inflation. As a result

of these economic conditions, housing affordability remains a significant issue and has had a dampening effect on the Ontario real estate market and demand for residential mortgages. This high interest rate environment also incited Tandia members to use savings to pay off or pay down their mortgage, rather than facing steep mortgage payments. As a result of these shifts in member behavior, our balance sheet reduced, and overall lending declined.

During 2024, we began to see signs of inflation slowing and subsequently the Bank of Canada began easing its monetary policies, making cuts to interest rates. While the prime lending rate remains relatively elevated, economists are forecasting further decreases over the next 12 months. This expected decline in interest rates should allow more first-time home buyers and former homeowners to return to the market, creating greater real estate demand and growth in retail mortgage lending.

In recent years, Tandia has strategically focused on increasing the commercial loan portfolio relative to the total assets of the credit union. This growth goal was achieved in 2023, and in 2024 we strived to maintain our commercial portfolio at that level. The favourable shift on our balance sheet toward a higher commercial loans balance allowed us to boost financial margin as we earned increased commercial interest revenue and fee income.

Tandia's team remained committed to sound risk management, consistently maintaining strong financial ratios and effectively managing the balance sheet, ensuring that Tandia is strategically positioned to capitalize on opportunities for profitable growth in the future.

**\$1.46 Billion**  
Total Assets

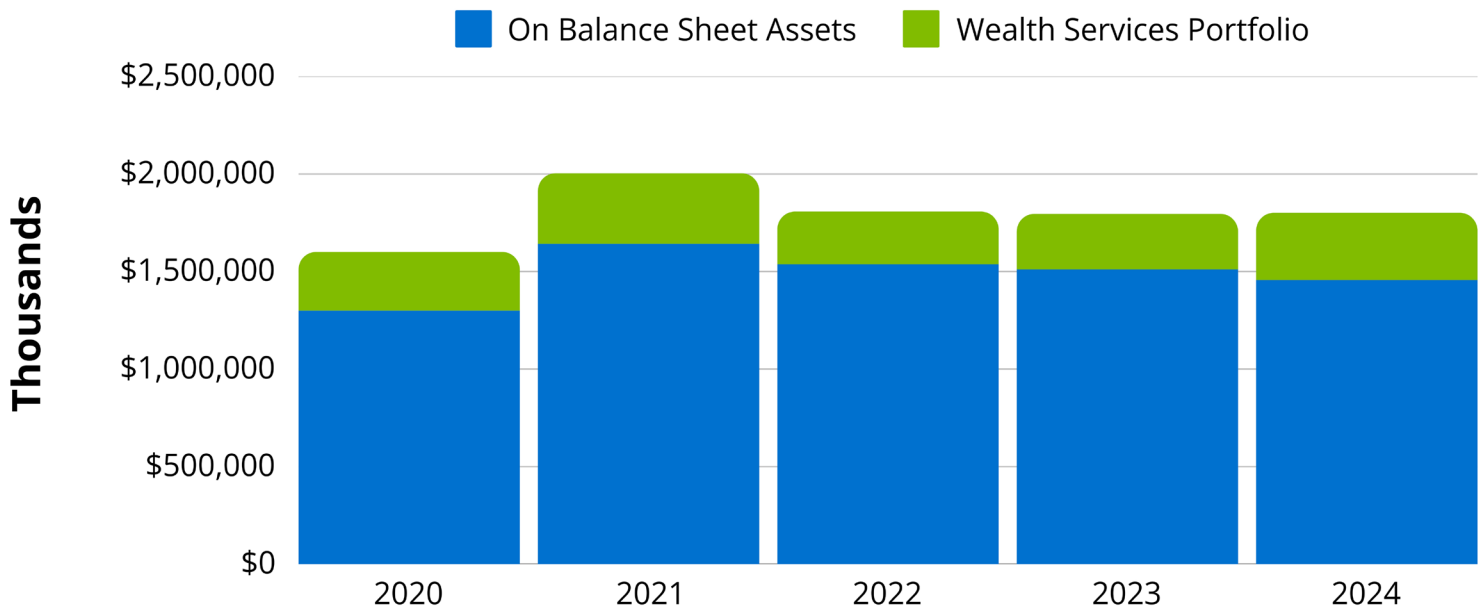
**\$68 Million**  
Revenue

**\$2.6 Million**  
Income

**\$1.1 Billion**  
Deposits

**\$345 Million**  
Wealth Deposits

**\$1.3 Billion**  
Loans

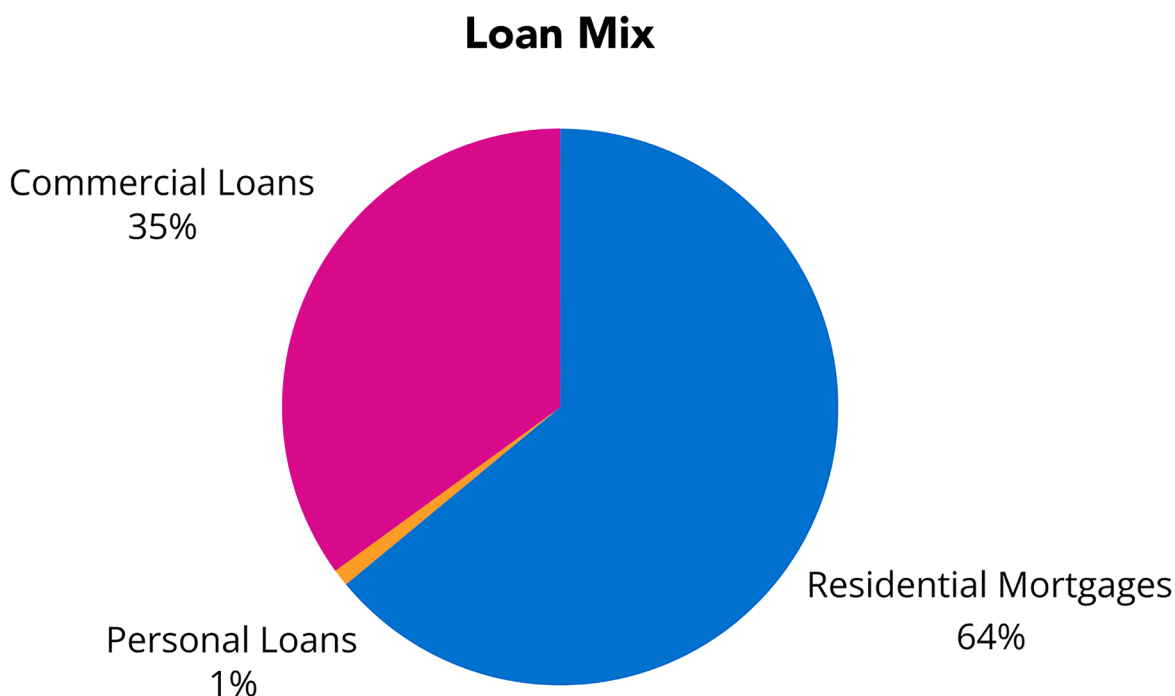


Total Assets under Administration, which includes both on-balance sheet assets and wealth management deposits, was consistent at \$1.8 billion at the end of 2024, with growth of \$5 million or 31 basis points (bps) for the year. On-balance sheet assets decreased by \$55 million (4%) over the year, while off-balance sheet assets, primarily comprised of Tandia's wealth management portfolio, saw significant growth, increasing by \$60 million (21%) to reach \$345 million by year-end. The growth in the wealth services portfolio can be attributed largely to the hard work and ongoing dedication of our wealth team in serving our members and expanding our business, along with the favorable market performance of 2024. Another key factor in this success was the retail team's dedication to identifying new opportunities

and making valuable referrals to the wealth team. By working together, both teams have been able to extend our exceptional wealth advisory services to more members, while also increasing wallet share with existing clients.

In 2024, consumers continued to experience financial pressure due to inflation and high interest rates, resulting in limited demand for new residential mortgage lending. The decline in Tandia's credit portfolio was primarily due to the reduction in retail mortgages, and the commercial lending portfolio experienced a small decrease of approximately \$4 million. At year-end, Tandia's total lending portfolio declined by just under \$56 million, or 4% to \$1.26 billion on a net basis.

The following chart summarizes Tandia's total loan mix percentages, illustrating the ratio of a loan category to the total loan portfolio. Overall, the 2024 portfolio mix was consistent with the prior year.



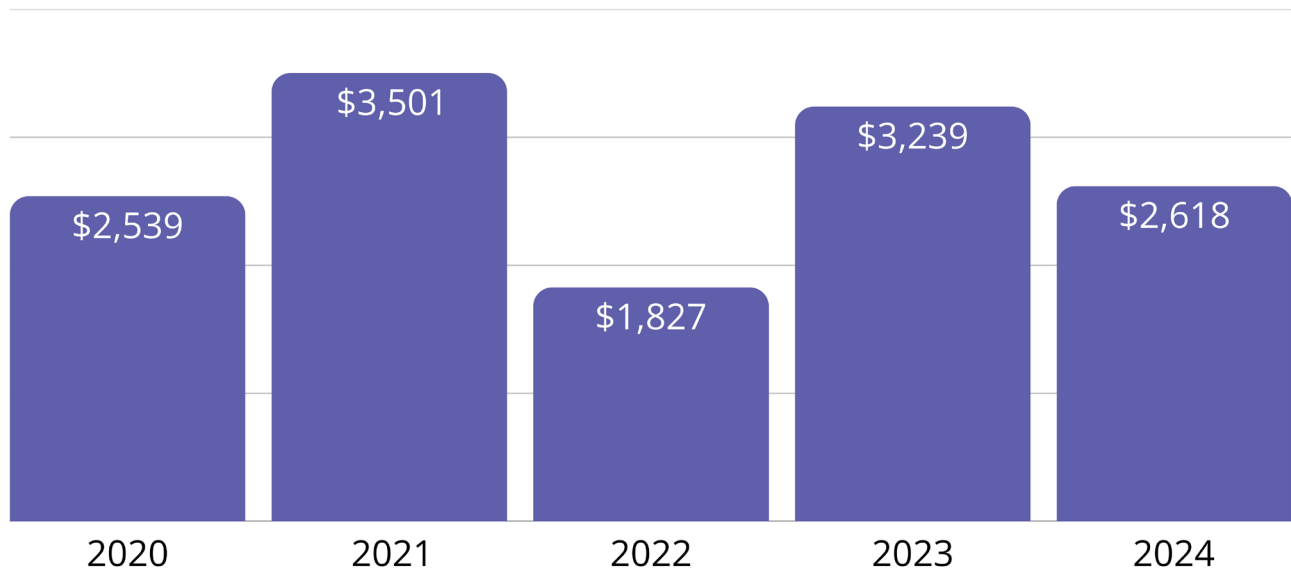
The allowance for credit losses increased by \$903 thousand in 2024 compared to \$258 thousand in the prior year. The total provision for credit losses at the end of 2024 was 29 bps of loans, compared to 22 bps in 2023. This increase in the allowance for expected losses reflect both the expected loss for a commercial loan, along with the continued economic pressures faced by consumers and commercial borrowers as they managed through this period of high inflation and interest rates.

Tandia's deposits grew by \$10 million or 1% during the year. In 2024, members continued to take advantage of higher interest rates by moving their savings into GICs, resulting in an increase in term and registered deposits. In addition, we continued to see decreases in demand balances (chequing and savings) as inflation persisted and members needed to draw on savings to pay for day-to-day expenses.

In 2024, Tandia's cash and investments portfolio grew by \$3 million or 2%. This increase provided liquidity, enabling funding for future lending growth and the repayment of borrowings. Interest revenue from investments rose by 34%, reflecting the careful and strategic management of Tandia's investment portfolio. All investments were in accordance with Board approved Investment Policies.

Securitization continues to play a key role in our funding strategy; however, in 2024, secured borrowings decreased by \$64 million or 24% on a net basis. Despite this decrease, \$16 million in mortgages were securitized into the NHA MBS and CMB programs.

## TOTAL COMPREHENSIVE INCOME



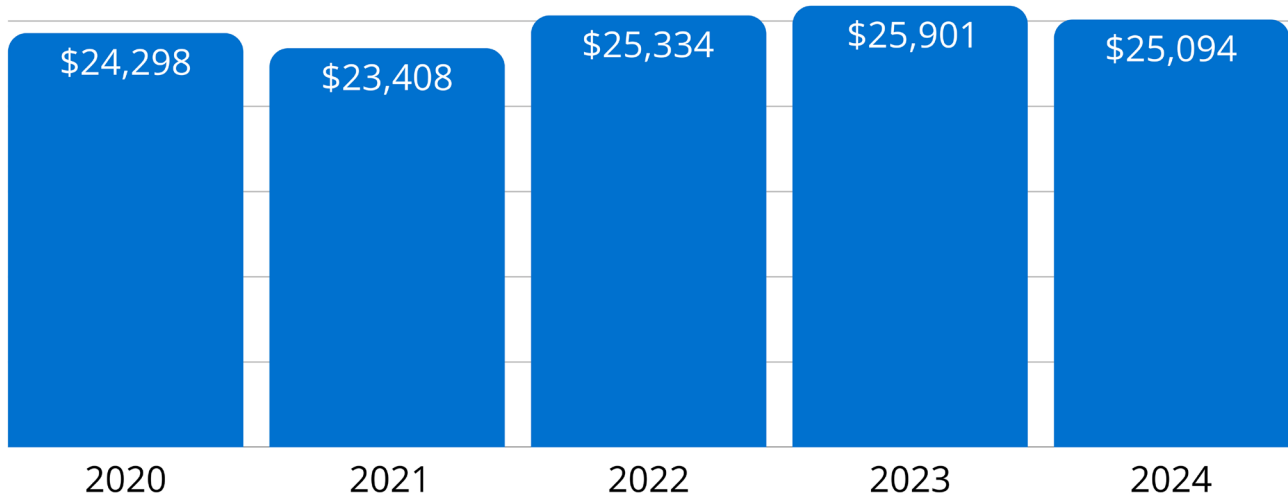
Tandia achieved total comprehensive income of \$2.6 million by the end of December 31, 2024, representing a decrease of \$621 thousand or 19% from the previous year. Despite the decline, this level of income represents a substantial return in a challenging economic environment, where financial institutions are facing similar pressures. This income level adequately covered the requirements for funding the investment and profit share dividends.

Since 2023, the Bank of Canada attempted to combat inflation by increasing interest rates. At the beginning of 2024, the Bank of Canada's overnight interest rate was at a high of 5%, where it remained for the first half of the year. In June, the Bank began making cuts to the overnight rate, with the rate settling at 3.25% by year-end. As interest rates remained elevated throughout the year, Tandia continued to experience increases in both financial income and financial expense; however, the increase

in financial expense exceeded that of financial income and subsequently resulted in a modest decrease in financial margin. Members continued to secure their savings in higher interest rate term deposits, moving funds from liquid deposits; this resulted in a significant portion of our deposit book repricing at higher rates. This repricing of deposits occurred at a more rapid rate than interest rate changes on the loan portfolio, compressing the financial margin.

Total financial revenues increased by 8% or \$5 million, largely due to higher yields earned on loans; however, financial expenses also increased by 16% or \$6 million. The net result was an overall reduction in financial margin (financial revenues minus financial expenses) of 3% or \$807 thousand. Financial margin as a percentage of average assets was consistent when compared to the previous year and ended 2024 at 1.69%, down one basis point from 2023.

■ 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 \$4.9 million in 2024, an 11% decrease over the prior year. This decline was anticipated due to the planned reduction in commercial lending activities for the year, as Tandia achieved the total targeted growth in 2023. The Commercial and Wealth Management teams achieved remarkable success in 2024, making significant contributions to Tandia's strategic objectives and overall income.

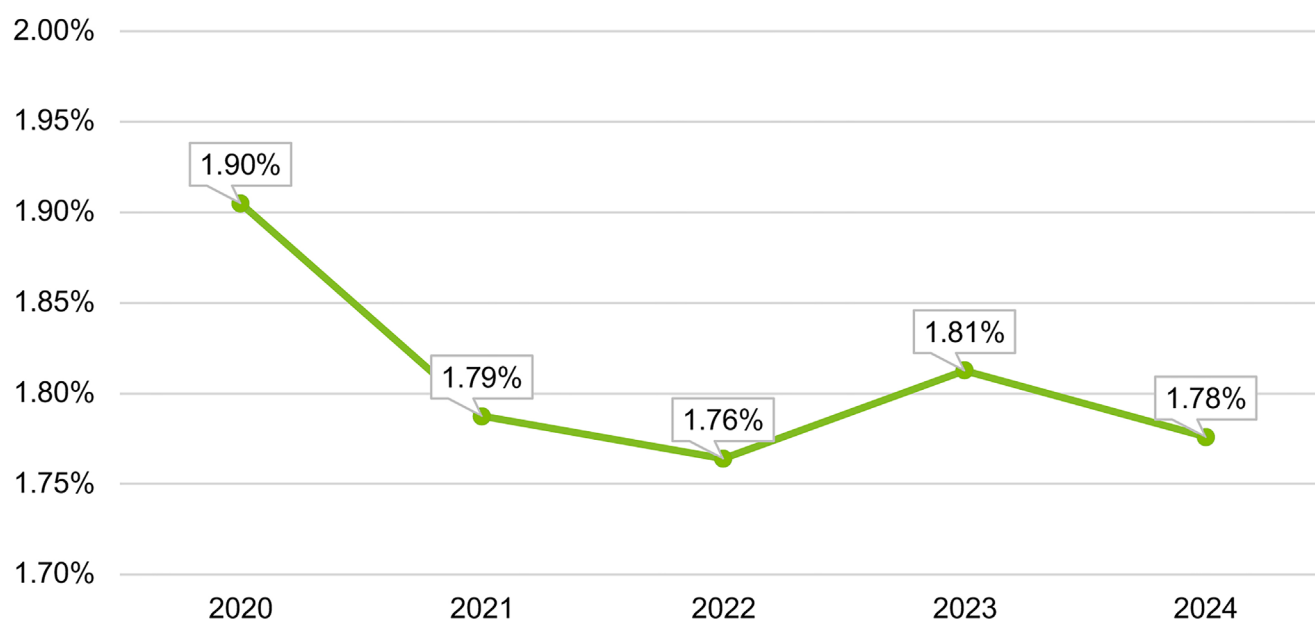
In 2024, Tandia's operating expenses decreased by 5% or \$1.3 million compared to the previous year. Operating expenses expressed as a percentage of average assets achieved a record low in 2022 at 1.76%. Throughout this past year, operating expenses were carefully managed, allowing us to bring operating expenses expressed as a percentage of average assets down to 1.78% from 1.81% in the 2023.

The Occupancy and Member Security expense categories experienced increases at 11% and 10% respectively, while all other expense categories had cost reductions. Occupancy costs increased by 11% due to expenses related to IFRS 16 adjustments that occurred in 2023. Member Security costs increased by 10% or \$122 thousand due to higher deposit insurance premiums charged by our regulator, the Financial Services Regulatory Authority of Ontario.



"The Commercial and Wealth Management teams achieved remarkable success in 2024, making significant contributions to Tandia's strategic objectives and overall income."

## Operating Expenses as a % of Average Assets



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 2024 in comparison to 2023.

	MINIMUM	2024	2023	CHANGE
<b>Leverage ratio</b>	3.00%	6.45%	6.27%	0.18%
<b>Total capital ratio (Risk-weighted capital ratio)</b>	8.00%	12.84%	12.85%	(0.01%)
<b>Tier 1 capital ratio</b>	6.50%	12.17%	12.19%	(0.02%)
<b>Retained earnings to risk-weighted assets ratio</b>	3.00%	6.17%	6.04%	0.13%
<b>Capital conservation buffer ratio</b>	2.50%	4.84%	4.85%	(0.01%)
<b>Total supervisory capital ratio</b>	10.50%	12.84%	12.85%	(0.01%)
<b>Regulatory capital</b>		\$94,528	\$95,185	(\$657)
<b>Retained earnings &amp; contributed surplus</b>		\$45,193	\$44,585	\$608
<b>% of Total capital</b>		48%	47%	1.00%

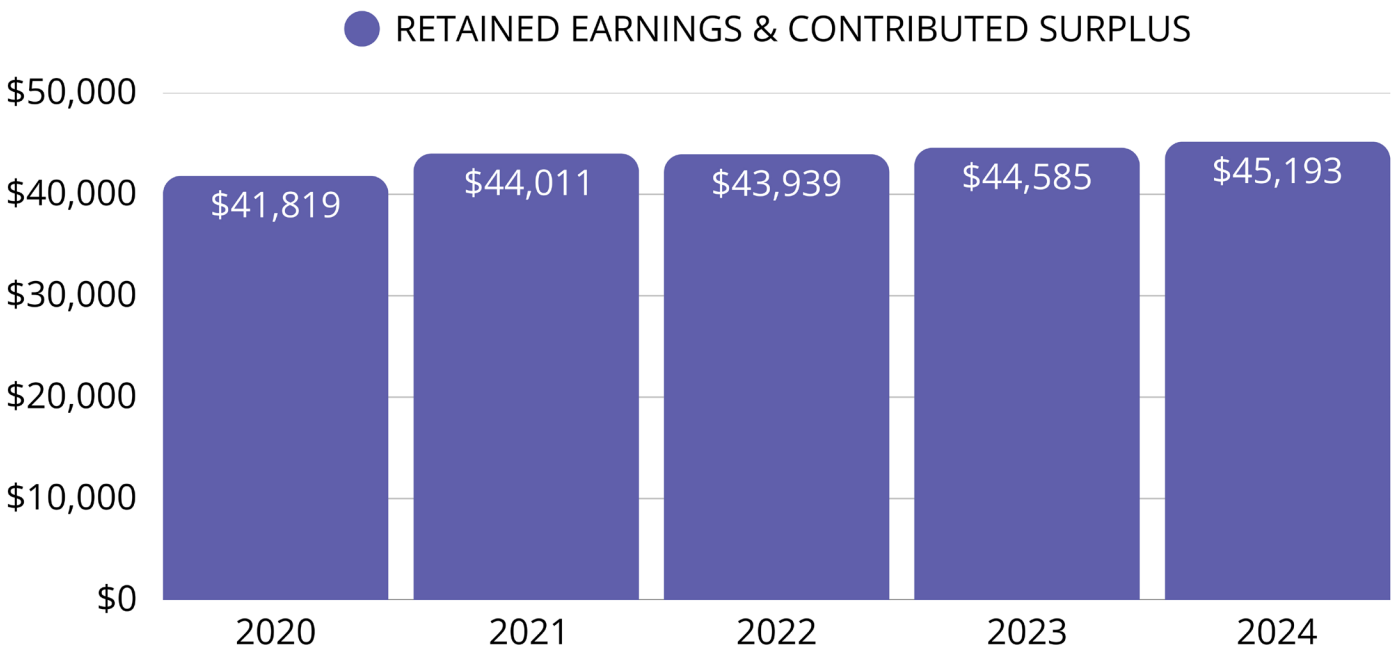
Regulatory capital declined by \$657 thousand as a result of investment share redemptions throughout the year. Members requiring access to their savings, along with the competitive rate market, resulted in requests for redemptions of member investment shares. Total shares redeemed during the year was in compliance with the offering statements and Board approved investment share policies. Over the last several years, Tandia has worked to strategically reduce our reliance on investment shares, as it is a costly form of capital; this reduction in investment shares in 2024 was aligned with this strategy.

In 2024, our leverage ratio grew to 6.45%, remaining well above the minimum regulatory limit of 3.00%. The total capital ratio, also known as the risk-weighted ratio, decreased

slightly in 2024 to 12.84% from 12.85% the prior year. This change was anticipated due to the reduction in total regulatory capital resulting from investment share redemptions. The total capital ratio continues to meet all board and regulatory requirements.

Tandia continues to focus on maintaining strong capital ratios by generating higher income levels, allowing us to build our capital base with high quality retained earnings. Retained earnings is a key component of members' equity as it is used to reinvest in Tandia, thereby allowing us to continue to meet members' needs, while utilizing one of the least expensive forms of capital. Retained earnings increased in 2024 by \$608 thousand and our retained earnings as percentage of risk weighted assets exceeded the regulatory minimum.

The graph below illustrates the changes in retained earnings and contributed surplus, showing an increase of 8% since 2020.



In an economic environment that was characterized by compressed financial margins, Tandia was able to achieve sufficient net income to fund the annual dividend and contribute to retained earnings for the future. Our asset mix not only aligned with our targets, but it also continued to contribute to strong financial margin. We remain dedicated to delivering a positive member experience and fostering

a strong employee culture. As we enter 2025, we are committed to consistently providing exceptional service to our members, creating a positive and rewarding work environment for our employees, and ensuring full compliance with all regulatory requirements, while striving to maintain our financial strength as a credit union.



# 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 seven times during 2024 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 2024 Audit and Operational Risk Committee members were: Mike Veerman (Chair), Wayne Joudrie, John Deven, Ronnie Foxcroft, and Bruce Neville attending 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 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. The Audit and Operational Risk Committee undertook a Request For Proposal, assessment and selection of an external audit firm.



**Mike Veerman**  
Chair, Audit and  
Operational Risk Committee

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 2024 are as follows:

- Confirmed that for the year ended December 31, 2024 there were no material findings outstanding.
- Prepared and reviewed the annual evaluations of the External and Internal Auditors.
- Quarterly reviewed the goals, objectives and results by the Internal Auditor. The 2024 audits included: Treasury Management, Commercial Lending, Securitization, IT Governance, IT Change Management, Third Party Risk Framework, Enterprise Risk Management and Centralized Branch Functions.



- 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.
- Reviewed and approved board policies pertaining to the Audit and Operational Risk Committee.
- KPMG LLP – Audit Plan 2024.

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 2024 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.



“At the start of each year the Audit and Operational Risk Committee develops a plan that addresses all areas to ensure that it achieves its mandate of responsibility.”

# 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 2024, the Audit and Operational Risk Committee met seven 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, KPMG 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 5, 2025

### **Richard Davies**

President & 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 of Tandia Financial Credit Union Limited (the Credit Union), which comprise:

- the summary statement of financial position as at end of December 31, 2024
- the summary statement of comprehensive income for the year then ended
- the summary statement of changes in members' equity for the year then ended
- the summary statement of cash flows for the year then ended
- and related note

are derived from the audited financial statements of Tandia Financial Credit Union Limited as at and for the year ended December 31, 2024 (the "audited financial statements").

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 1 in the summary financial statements.

### **SUMMARY FINANCIAL STATEMENTS**

The summary financial statements do not contain all of 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 auditor's report thereon.

The summary financial statements and audited financial statements do not reflect the effects of events that have occurred subsequent to the date of our report on the audited financial statements.

### **THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON**

On our report dated March 5, 2025, we expressed an unmodified opinion on the audited financial statements.

### **OTHER MATTER – COMPARATIVE INFORMATION**

The summary financial statements as at and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 28, 2024.

### **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 in the summary financial statements.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, Engagements to Report on Summary Financial Statements.

Hamilton, Ontario  
March 5, 2025

**Chartered Professional Accountants  
Licensed Public Accountants**

# SUMMARY STATEMENT OF FINANCIAL POSITION

**(IN THOUSANDS)**

Year ended December 31, 2024	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 63,186	\$ 85,026
Investments	113,232	87,968
Loans to members	1,255,540	1,311,368
Other Assets	2,757	4,287
Income taxes receivable	109	-
Prepaid securitization fees	806	1,235
Derivative financial instruments	221	167
Property and equipment	20,029	20,779
Deferred income taxes	484	294
	<u>\$ 1,456,364</u>	<u>\$ 1,511,124</u>
<b>Liabilities</b>		
Secured borrowings	\$ 202,897	\$ 266,576
Payables and accruals	3,947	4,986
Income taxes payable	-	7
Deposits of members	1,142,601	1,132,354
Derivative financial instruments	307	506
Lease liabilities	14,046	13,197
Shares	3,608	3,844
	<u>1,347,406</u>	<u>1,421,470</u>
<b>Members' Equity</b>		
Shares	43,765	45,069
Retained earnings	30,827	30,219
Contributed surplus	14,366	14,366
	<u>88,958</u>	<u>89,654</u>
	<u>\$ 1,456,364</u>	<u>\$ 1,511,124</u>

# SUMMARY STATEMENT OF COMPREHENSIVE INCOME

**(IN THOUSANDS)**

Year ended December 31, 2024	2024	2023
<b>Financial income</b>		
Interest on member loans	\$ 52,053	\$ 48,430
Interest on securitized loans	7,261	7,913
Other interest revenue	8,397	6,245
	<u>67,711</u>	<u>62,588</u>
<b>Financial expense</b>		
Interest on member deposits	36,891	29,827
Securitizations expense	5,575	6,696
Other interest expense	151	164
	<u>42,617</u>	<u>36,687</u>
<b>Financial margin</b>	25,094	25,901
<b>Other income</b>	4,852	5,435
<b>Provision for impaired loans</b>	903	258
<b>Operating margin</b>	<u>29,043</u>	<u>31,078</u>
<b>Operating expenses</b>		
Salaries and benefits	14,871	15,365
Computer, office and other equipment	3,915	4,340
Occupancy	3,485	3,128
Administration	1,428	1,617
Advertising and communications	430	752
Member security	1,402	1,280
Other	818	1,147
	<u>26,349</u>	<u>27,629</u>
<b>Net income before taxes</b>	2,694	3,449
<b>Income taxes</b>	76	210
<b>Net income and comprehensive income for the year</b>	<u>\$ 2,618</u>	<u>\$ 3,239</u>

# SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY

**(IN THOUSANDS)**

**Year ended December 31, 2024**

	<b>Shares</b>	<b>Retained Earnings</b>	<b>Contributed Surplus</b>	<b>Total</b>
Balance at December 31, 2022	\$ 46,027	\$ 29,573	\$ 14,366	\$ 89,966
Net income	-	3,239	-	3,239
Distributions to members	-	(2,593)	-	(2,593)
Issue of profit shares	30	-	-	30
Issue of investment shares	1,846	-	-	1,846
Redemption of profit shares	(110)	-	-	(110)
Redemption of investment shares	(2,724)	-	-	(2,724)
Balance at December 31, 2023	\$ 45,069	\$ 30,219	\$ 14,366	\$ 89,654
Net income	-	2,618	-	2,618
Distributions to members	-	(2,010)	-	(2,010)
Issue of profit shares	-	-	-	-
Issue of investment shares	1,573	-	-	1,573
Redemption of profit shares	(116)	-	-	(116)
Redemption of investment shares	(2,761)	-	-	(2,761)
<b>Balance at December 31, 2024</b>	<b>\$ 43,765</b>	<b>\$ 30,827</b>	<b>\$ 14,366</b>	<b>\$ 88,958</b>

## **BASIS OF PRESENTATION (NOTE 1)**

The summary financial statements are derived from the audited financial statements, prepared in accordance with IFRS Accounting Standards, as at December 31, 2024 and for the year than ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with the audited financial statements.

Management has 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

**(IN THOUSANDS)**

<b>Year ended December 31, 2024</b>	<b>2024</b>	<b>2023</b>
Cash provided by (used in):		
<b>Operating activities:</b>		
Net income	\$ 2,618	\$ 3,239
Provision for impaired loans	903	258
Depreciation and amortization	2,767	2,501
Loss on disposal of capital assets (net)	25	-
Deferred income taxes	(190)	40
Fair value of interest rate swap contracts	(253)	384
Interest paid on lease liabilities	490	355
Changes in members' activities:		
Decrease in loans to members (net)	54,925	34,780
Increase in deposits of members (net)	10,247	18,203
Other non-cash items	804	2,481
	<u>72,336</u>	<u>62,241</u>
<b>Financing activities:</b>		
Distributions to members	(2,010)	(2,593)
Repayment of external borrowings	-	(3,000)
Decrease in secured borrowings	(63,679)	(40,884)
Principal repayments of lease liabilities	(1,315)	(1,043)
Decrease in shares (net)	(1,540)	(1,064)
	<u>(68,544)</u>	<u>(48,584)</u>
<b>Investing activities:</b>		
(Purchase of) proceeds from investments (net)	(25,264)	41,368
Purchase of property and equipment	(368)	(272)
	<u>(25,632)</u>	<u>41,096</u>
(Decrease) increase in cash and cash equivalents	(21,840)	54,753
Cash and cash equivalents		
Beginning of year	85,026	30,273
End of year	<u>\$ 63,186</u>	<u>\$ 85,026</u>
Supplementary cash flow information:		
Interest received	\$ 67,006	\$ 62,482
Interest paid	41,271	30,718
Income taxes paid	614	139
Patronage dividends paid	-	33



# FIVE YEAR FINANCIAL HISTORY

(IN THOUSANDS)

Year End Balances	2024	2023	2022	2021	2020
<b>Statement of Financial Position</b>					
Personal loans and lines of credit	\$16,014	\$18,638	\$20,812	\$24,068	\$32,107
Mortgage loans & meritlines	806,362	855,438	934,382	1,007,305	717,329
Commercial loans	434,067	437,882	391,924	313,541	299,656
Less expected credit loss	(3,617)	(2,840)	(2,636)	(1,657)	(3,295)
Less allowance for loan losses					
Accrued interest receivable	2,714	2,250	1,847	1,321	1,563
<b>Total Loans</b>	<b>1,255,540</b>	<b>1,311,368</b>	<b>1,346,329</b>	<b>1,344,578</b>	<b>1,047,360</b>
Chequing and savings	316,123	336,539	389,613	491,667	373,171
Term and other deposits	622,266	592,754	531,638	495,477	389,924
Registered savings plans	182,143	182,482	178,187	174,374	177,782
Other registered deposits	6,983	6,839	6,942	6,994	6,872
Accrued interest on deposits	15,086	13,740	7,771	5,226	6,476
Shares	47,373	48,913	49,977	48,575	32,663
<b>Total Deposits and Shares</b>	<b>1,189,974</b>	<b>1,181,267</b>	<b>1,164,128</b>	<b>1,222,313</b>	<b>986,888</b>
<b>Total Balance Sheet Assets</b>	<b>1,456,364</b>	<b>1,511,124</b>	<b>1,537,472</b>	<b>1,641,949</b>	<b>1,299,215</b>
Annual % (Decrease) Increase	-4%	-2%	-6%	26%	6%
<b>Total Other Assets and Other Services Under Administration</b>	<b>344,770</b>	<b>284,511</b>	<b>269,807</b>	<b>361,898</b>	<b>300,871</b>
Annual % (Decrease) Increase	21%	5%	-25%	20%	9%
<b>Total Assets Under Admin.</b>	<b>1,801,134</b>	<b>1,795,635</b>	<b>1,807,279</b>	<b>2,003,847</b>	<b>1,600,086</b>
Annual % (Decrease) Increase	0%	-1%	-10%	25%	7%
<b>Statement of Income</b>					
Financial income	67,711	62,588	48,821	42,030	44,442
Financial Expense	42,617	36,687	23,487	18,662	20,144
Other income	4,852	5,435	5,345	5,039	4,322
Provision for impaired loans	(903)	(258)	(989)	1,913	(1,723)
Operating margin	29,043	31,078	29,690	30,360	26,897
<b>Total Operating Expenses</b>	<b>26,349</b>	<b>27,629</b>	<b>28,042</b>	<b>26,292</b>	<b>24,034</b>
Income from operations before patronage distributions and income taxes	2,694	3,449	1,648	4,068	2,863
Distribution to members	(2,010)	(2,593)	1,899	1,309	1,194
Income taxes	76	210	(179)	567	324
<b>Retained Earnings and Contributed Surplus</b>	<b>45,193</b>	<b>44,585</b>	<b>43,939</b>	<b>44,011</b>	<b>41,819</b>
Annual % (Decrease) Increase	1%	1%	-0%	5%	3%

In addition, a copy of the audited financial statements is available to any member.



**tandia**<sup>tm</sup>  
financial credit union

**2024 ANNUAL REPORT**  
**TANDIA FINANCIAL CREDIT UNION LIMITED**  
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