



2021 Annual Report

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Chair/CEO Message

As we continue to navigate another year of extraordinary times, our Team at Copperfin remains dedicated to our values of understanding our Members, providing trusted advice, convenient solutions, and always acting in the best interest of everyone. We stay true to our mission of advancing the lives of the people and communities we serve despite the challenges of COVID-19.

Continuing to find ways to help you, our Members, make informed money decisions has remained our top priority. We aimed to provide peace of mind during these times by listening, understanding, and empathizing, but also by doing whatever we can to make it as easy for you as possible. Launching our [online appointment booking](#) system allowed you to book telephone, virtual, or in person appointments anytime, anywhere with our Advisors. Although access to our branches may have been limited from time to time our services or our people never were.

[Strengthening our community](#) continues to be more important than ever. We shifted to focus more on what you, our Members, said you'd like us to support. Our approach is aligned to our priority pillars to build sustainable communities by supporting initiatives focused on social wellness, economic development, environmental, Indigenous, youth, and healthcare.

Not only have you and our communities demonstrated resiliency, but we'd be remiss to not thank our Team Members. They have adapted to our vision to transform the way we do business through this pandemic. We continued to invest in our people and technology to build more value for you, our Members.

Ensuring we're available, ready, and able to provide the advice you need to move your life forward is what we're here for, not even an ongoing global pandemic can change that. We look forward to strengthening your finances and hopefully seeing more of you as we start to come out of this.

Thank you for being a part of Copperfin.

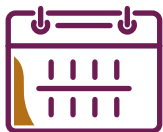
A handwritten signature in orange ink, appearing to read 'D. Alvestad', with a stylized flourish at the end.

Dennis Alvestad
CEO

A handwritten signature in orange ink, appearing to read 'S. Kennedy', with a stylized flourish at the end.

Scott Kennedy
Board Chair

What We Accomplished



Coconut Calendar

In October we launched an online appointment booking system that allows you to book appointments 24/7 with our Team Members. This convenient solution provides you with pre-thinking advice prior to your appointment and the opportunity to choose when and how (in-person, virtual or telephone) you interact with us.



Virtual Appointments

Your financial well-being is at the core of what we do and during these unprecedented times, sometimes in branch appointments weren't available. Not only did launching virtual appointments allow us to still provide the same great service while maintaining the health and safety of everyone, it's also a convenient option as life gets busier again.



Two-Step Authentication

Keeping your money safe is top of mind for us. We introduced a more secure way to log into your mobile and online banking – a security feature that added an extra layer of protection to your accounts in case your password was ever stolen.



COVID-19 Response

The impacts of the global pandemic have been immense on businesses across the world, Copperfin included. In a way, though, it provided us an opportunity to continue to better understand your changing needs and adapt to serve you better and quicker. And we did so while ensuring the health and well-being of our Members and Team Members remained our top priority.

We worked on enabling government assistance programs (CEBA and HASCAP) quickly to ensure Business Members impacted heavily by COVID-19 had financial supports in place. In addition, we put in place CRA Direct Deposit through Online Banking to allow Members to receive refunds and payments directly from CRA.



Member Experience Reviews

With a goal of being more proactive with advice to ensure our Members are making smart money decisions, we are committed to reviewing and improving our processes. In 2021, term renewals and business account opening were re-evaluated for efficiency and effectiveness.



Member Support Centre

Our focus continues to be providing you better access to us by phone and email by enhancing our Member Support Centre. This not only ensured an easier way for you to connect with us, but you can now complete even more transactions through these channels.



Engaged Team

To say our team went through some big changes this year would be an understatement. Surveys throughout the year indicated confidence with our response to change, that we're working well together, that we're open and transparent with Members, and that Copperfin's values are aligned with theirs.



A background image showing a close-up of several hands clasped together in a supportive grip. One hand is wearing a beaded bracelet. The image is slightly blurred, focusing on the texture of the skin and the fabric of the clothing.

Advancing Our Communities

When our communities prosper, we all benefit. Through volunteering, donations, and partnerships, we're committed to making our communities better for everyone. You, our Members, help decide our priority pillars, which include:

- Social Wellness
- Economic Development
- Healthcare
- Environmental Sustainability
- Indigenous
- Youth



Our Kids Count

THUNDER BAY

Sponsored
Chocolate Bar
Bonanza with
Member Businesses



Roots to Harvest

THUNDER BAY

Helped provide over
200 food packages
to seniors



Community Clothing Assistance

THUNDER BAY

Donation to purchase
socks and underwear
for children under 14



Thunder Bay Regional Health and Science Foundation

THUNDER BAY

Donation towards Our
Hearts at Home Campaign
for cardiovascular care



Miracle Marathon

KENORA

Purchased toys and gift from local businesses for families in need



Keewatin Public School

KENORA

Helped reduce the cost of hot lunches for children



Rotary Club of Kenora

KENORA

Donation to help cover costs for the development of a Peace Park

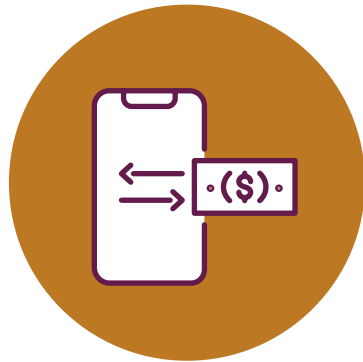


Canadian Mental Health Association

KENORA

Matched donation to help cover the cost for a new roof

Coming Up



New Mobile Banking App

With the digital transformation continuing to grow, it's more important than ever to adapt and bring our Members the digital experience they want and need. It is our goal to give our Members the ability to bank how they want, when they want, while we continue to deliver innovative digital services to make it easier. We plan to introduce the new mobile app later in 2022.



New Online Banking

2022 will bring a new, fresh, and responsive online banking experience. The new platform will allow us to streamline and adapt quickly as new digital banking features, functions, and Member expectations develop.



Continued Member Experience Improvements

As we become more knowledgeable, you'll continue to receive better and more frequent advice on things that matter to you. Our focus will continue to be on moving your life forward with proactive advice that is uniquely yours.

Board of Directors



Committed to the highest standard of corporate governance.



Represents the interest of all Copperfin Credit Union Stakeholders.



Plays a vital role in Copperfin's success by providing strategic direction.

Board Composition and Election

In accordance with our by-laws, Copperfin's Board is currently composed of 11 directors, elected by the Membership. In 2020, the Board reviewed its composition and committee structure, voting in favour to amend the by-laws to reduce the number of directors from 12 to 9 over a three-year period. This by-law amendment was ratified by the membership in 2020 and the Board has begun restructuring its committees and reducing Board size.

In accordance with our by-laws, Copperfin's Board is elected by the Membership through a comprehensive process that involves:

- An analysis of the Board competencies and expertise to identify any gaps
- The Nominating Committee is instructed to build a candidate pool based on skill gaps to ensure appropriate succession planning and the highest quality Board composition
- Candidates submit an application package and participate in a panel interview
- A list of qualified candidates is then put before the Membership with voting available in branch and online

Strategic Planning

The Board of Directors convene a spring and fall planning session to review and approve the strategic direction of the Credit Union. Subsequent to the fall planning session the Board approves the resulting annual financial plan and corporate scorecard. In 2021 the Board utilized these sessions to review the impact of COVID on Copperfin, the industry and our communities; and verified that our strategic direction remains relevant in supporting our Members.

Diversity, Equity, and Inclusion

The Board of Directors recognizes the benefits of Board diversity and aims to maintain a Board comprised of talented and dedicated directors with a diverse mixture of experience, skills, and backgrounds reflective of Copperfin's membership and communities. In 2021, the Governance Committee was tasked with development of a Board level Diversity, Equity, and Inclusion policy.



Board Development

The Governance Committee evaluates director training opportunities to ensure programs offer a broad spectrum of insights into corporate governance best practices.

- All directors are required to complete the CuSource Credit Union Director Achievement program. In addition, advanced education opportunities are available through the Institute of Corporate Directors and Directors College. As of 2021, six directors have completed the CuSource program, one of which has also attained a designation through the Directors College.
- The Board has an approved budget that supports individual director training, sessions for the full Board and director conference attendance.
- In 2021 over 340 hours were spent on training, an average of 30 hours per director.

As part of director development, the Governance Committee offers an orientation program designed to quickly familiarize new directors with the business and strategy.

Board Evaluations

The Board is committed to continuous improvement.

- The Board engages an external consultant to facilitate a governance assessment and peer assessments.
- The results of the assessments are utilized to improve Board governance practices and policies, and to provide constructive feedback for individual directors, taking them from good to great.

Board Committees

The Board delegates its powers and authorities from time to time, as permitted by the Credit Union and Caisses Populaires Act and Regulations, to ensure efficiency and that specific areas are handled with applicable expertise. Three standing committees, with the following primary accountabilities are as follows:

Audit Committee

- Oversight of operational risk, enterprise risk management framework and policy, securitization framework and policy, risk governance policies, financial reporting, and external and internal audit.
- Monitor and oversee level of market and credit risk categories, liquidity, structural risk, capital adequacy, and related governance policies.

Member and Community Relations Committee

- Nominating and elections including Director recruitment, election process, maximize Member participation and regulatory requirements.
- Oversight of community investment, Member complaints, policy, and trends.

Governance, Ethics, and Human Resources Policy Committee

- Evolve governance practices, structure, and policies.
- Director orientation, development, director compensation, Board, and Director performance.
- Governance policies on employment principles and compensation philosophy.
- Restricted party transactions and related policy.

Director Annual Retainer

Copperfin's Governance, Ethics, and Human Resources Committee is responsible to recommend director compensation. The annual retainer for 2021 was:

| | |
|------------------|---------|
| Board Chair | \$9,763 |
| Vice Chair | \$7,505 |
| Committee Chairs | \$7,505 |
| Director | \$6,304 |



Director Attendance

| Director | Committee(s) | Board and Committee Meetings Attended |
|--|---|---------------------------------------|
| Beach, Erin* | Governance, Ethics, & HR Policy Committee | 8/8 |
| Brookes, Tina* | Member & Community Relations Committee | 8/8 |
| Carfagnini, Tony | Audit Committee | 12/15 |
| Drotar, Joan | Governance, Ethics, & HR Policy Committee | 15/15 |
| Fregeau, Paul , Committee Chair | Member & Community Relations Committee | 13/13 |
| German, Colt* | Audit Committee | 9/9 |
| Kennedy, Scott , Board Chair | | 25/25 |
| Moscall, Dave , Vice Chair, Committee Chair | Audit Committee | 17/18 |
| Penfold, Brandon | Governance, Ethics, & HR Policy Committee Member & Community Relations Committee | 16/19 |
| Squissato, Kevin | Audit Committee | 15/15 |
| Tarrant, Simone , Committee Chair | Governance, Ethics, & HR Policy Committee | 13/13 |

*Elected in April 2021 – Partial Term Reported

Audit Committee Report

The Audit Committee of the Board of Directors fulfills the responsibilities of the Audit Committee as set out in the Credit Unions and Caisses Populaires Act (Ontario)(the "Act") and conducts its affairs in accordance with the requirements of Section 125 of the Act and Section 27(2) of Ontario Regulation 237/09. The committee which consists of four directors, has a mandate to cover all duties, which are specified to be performed by Audit Committees in the Act and accompanying Regulations.

We would like to report that we have reviewed the audited financial statements for the year ending 2021 and confirm that they fairly represent Copperfin's position and comply with International Financial Reporting Standards. We have met with the external auditors both before and after the preparation of the statements to review the scope of the audit and any findings brought forth on the completion of the audit.

We have received confirmation that there are no outstanding legal actions involving Copperfin from our lawyers.

It has been a challenging and busy year for the Audit Committee. The following activities were undertaken in 2021:

- Education and training on the roles and responsibilities of the Audit Committee and best practices, as well as a self-evaluation on the performance of committee members, internal Auditor, and external Auditor.
- Reviewed and made appropriate changes to policies and procedures to ensure internal controls were in place.
- Education and training on securitization provided by a securitization expert acting as a resource for the Audit Committee.
- Received and reviewed quarterly and annual reports.
- Reviewed and updated the Disaster Recovery Plan.
- Reviewed all Audits by external stakeholders and approved management's response to them for any identified areas of risk.
- Provided oversight of the examination report completed by the Financial Services Regulatory Authority of Ontario and verified completion of the resulting action plan.

During the year, the Audit Committee held six meetings, arranging the agenda to fulfill the annual mandate.

We report that all significant recommendations made by the Audit Committee have been or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to the Members, nor are there any further matters that are required to be disclosed pursuant to the Act or the Regulations thereto.

The Audit Committee had the full co-operation of Copperfin's senior leadership team, MNP, and especially Dennis Alvestad, Wendy Fulton, and Allison Kasper. We thank them and all members of Senior Leadership for their dedication to ensure Copperfin adequately monitors and protects the assets of our Members. I also would like to take this opportunity to thank all the members of the committee who worked so diligently this past year to achieve so much.



Dave Moscall
Chair, Audit Committee



Report of the Independent Auditor on the Summary Financial Statements

To the Members of Copperfin Credit Union Limited:

Opinion

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

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described 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 audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 10, 2022.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described 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 Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

MNP LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 10, 2022

Copperfin Credit Union Limited

Summary Statement of Financial Position

December 31, 2021

| | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash | \$ 28,758,033 | \$ 30,136,740 |
| Investments - deposits | 82,902,233 | 72,734,846 |
| Investments - other | 1,015,060 | 2,458,623 |
| Income taxes receivable | 280,995 | - |
| Other assets | 1,038,892 | 391,078 |
| Derivative financial instruments | 82,888 | 205,552 |
| Member loans | 437,890,663 | 423,434,412 |
| Deferred income tax asset | 506,000 | 618,000 |
| Property, plant, and equipment | 6,087,466 | 6,453,552 |
| Intangible assets | 249,729 | 307,580 |
| Total Assets | \$ 558,811,959 | \$ 536,740,383 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 1,595,407 | 1,312,485 |
| Income taxes payable | - | 132,439 |
| Members' deposits | 483,432,808 | 446,412,311 |
| Securitized mortgages under administration | 32,977,456 | 49,394,849 |
| Lease liability | 603,506 | 737,122 |
| Derivative financial instrument | 58,244 | 89,965 |
| Total Liabilities | 518,667,421 | 498,079,171 |
| Members' Equity | | |
| Members' shares | 2,981,556 | 4,021,108 |
| Retained earnings | 37,162,982 | 34,640,104 |
| Total Members' Equity | 40,144,538 | 38,661,212 |
| | \$ 558,811,959 | \$ 536,740,383 |

Signed on behalf of the Board of Directors by:



Director



Director

Copperfin Credit Union Limited

Summary Statement of Comprehensive Income For the Year-Ended December 31, 2021

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Interest revenue | | |
| Interest on Member loans | \$ 16,387,584 | \$ 17,793,089 |
| Other interest revenue | 504,625 | 727,532 |
| Total interest revenue | 16,892,209 | 18,520,621 |
| Interest and loan related expenses | | |
| Interest on Members' deposits | 1,902,675 | 2,769,478 |
| Other interest expense | 1,173,876 | 1,618,044 |
| Impairment on Member loans | 173,040 | 1,123,949 |
| Total interest and loan related expenses | 3,249,591 | 5,511,471 |
| Financial margin | 13,642,618 | 13,009,150 |
| Other income | 3,296,673 | 3,830,861 |
| | 16,939,291 | 16,840,011 |
| Non interest and operating expenses | | |
| Deposit insurance | 356,897 | 320,433 |
| Depreciation and amortization | 912,794 | 912,780 |
| Director and committee expense | 66,876 | 104,367 |
| Distributions to Members | 200,000 | - |
| Employee salaries and benefits | 7,633,271 | 7,407,591 |
| Other operating and administrative | 3,988,606 | 3,806,808 |
| Lease costs | 92,748 | 77,722 |
| Occupancy | 483,167 | 550,064 |
| Total non-interest expenses | 13,734,359 | 13,179,765 |
| Income before income taxes | 3,204,932 | 3,660,246 |
| Provision (recovery) for income taxes | | |
| Current income tax | 544,134 | 830,759 |
| Deferred income tax (recovery) | 112,000 | (190,000) |
| Net provision for income tax | 654,134 | 640,759 |
| Net income and comprehensive income for the year | \$ 2,548,798 | \$ 3,019,487 |

Copperfin Credit Union Limited

Summary Statement of Changes in Members' Equity For the Year-Ended December 31, 2021

| | Members' Shares | Retained Earnings | Total |
|-------------------------------------|---------------------|----------------------|----------------------|
| Balance at January 1, 2020 | \$ 4,255,074 | \$ 31,682,254 | \$ 35,937,328 |
| Net income | - | 3,019,487 | 3,019,487 |
| Distributions to Members | - | (61,637) | (61,637) |
| Members' shares issued | 18,475 | - | 18,475 |
| Members' shares redeemed | (252,441) | - | (252,441) |
| Balance on December 31, 2020 | \$ 4,021,108 | \$ 34,640,104 | \$ 38,661,212 |
| Net income | - | \$ 2,548,798 | \$ 2,548,798 |
| Distribution to Members | - | (25,920) | (25,920) |
| Members' shares issued | 20,325 | - | 20,325 |
| Members' shares redeemed | (1,059,877) | - | (1,059,877) |
| Balance on December 31, 2021 | \$ 2,981,556 | \$ 37,162,982 | \$ 40,144,538 |

Notes to Summary Financial Statements

December 31, 2021

1. BASIS OF PREPARATION

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

The preparation of these summary financial statements requires management to determine the information that needs to be reflected 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 the statement of financial position, the statement of comprehensive income and the statement of changes in Members' equity;
- Management determined that the statement of cash flows does not provide additional useful information and as such, has not included it as part of the summary financial statements;
- Information in the summary financial statements agrees with the related information in the audited financial statements including comparative information and all major subtotals and totals; and
- In all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related audited financial statements, including significant account policies and notes thereto.

Copies of the December 31, 2021 audited financial statements are available at Copperfin Credit Union Limited.

2. COMPLIANCE WITH MINIMUM CAPITAL AND LIQUIDITY REQUIREMENTS

The Credit Union is in compliance with the capital and liquidity reserve requirements as at December 31, 2021 established by the provisions of the Credit Union and Caisses Populaires Act, 1994 of Ontario.



Life Forward