



Making Money Better

2021 Annual Report



We're Making Money Better

MAKING MONEY BETTER | CEO MESSAGE

Maintaining Momentum and Making an Impact

Staying focused on the future can be tough, especially in the 2020s when we all face challenges that might feel overwhelming. At Libro Credit Union, we work with people to set and reach their goals, and we always take a long-term view. That means we know all about staying focused.

When I read through the stories of success and partnership in the pages that follow, I think about momentum. Look at what we have achieved together, even during these times, pushing forward as a cooperative with a social purpose and as a credit union that seeks to make an impact on communities and individuals in southwestern Ontario.

Following the work of 2021, Libro Owners – that's our customers, all of whom own a piece of the company – can access services more easily while remaining confident of our connections in our communities. We've continued our work in making sure we're a company with strong values and with the services they need, especially online. We have worked to promote good choices in public health, doing our part to control the spread of Covid and encouraging everyone to follow the science and get vaccinated.

We continue working towards our goal of growing as an organization so we can make a greater impact, and we are delighted to report strong growth and more.

But we know we need to grow in the right way, for the right reasons. We want to be bigger so we can make more impact on the people around us, especially in our chosen key areas of financial resilience; housing; local food accessibility; and employment. One important goal is to ensure we keep the essence of Libro: our values, our customer service, our personality as the banking institution that's there for you.



Our momentum is good. We're moving forward with our values close to our hearts and, as the world changes around us so quickly, we believe we're getting it right. At Libro, we are different from other financial institutions. We show people we are different, and better. We will keep growing for the right reasons, while sticking to those values that matter. We care about people and we'll never stop showing it.

This will always be true: at Libro, we set positive goals and work together to reach them. If you're an Owner, thank you. If you're not, [please join us](#).

We're focused on profitable growth and reinvesting our success into Owners, staff and communities. Let's embrace the momentum we've experienced in 2021 and keep surging forward.

A handwritten signature in dark ink, appearing to read 'Steve Bolton'.

Steve Bolton
President & CEO, Head Coach

Building on Resilience and Living Our Values

As 2021 draws to a close we are emerging from two years of pandemic solitude like butterflies cautiously emerging from confining cocoons. Southwestern Ontario has been profoundly and permanently impacted by the economic and health toll of COVID 19. Yet while it has been an extreme hardship for many, there have also been examples of deep resilience and overcoming. Communities are building on that resilience and building back better.

For Libro our mission is to Make Money Better for our owners. But what does better money look like? Making money better looks to improve financial knowledge through budgeting, saving and investing, all with the assistance of a knowledgeable coach who lives and plays in your community.

Making money better means that we would measure all people for their values, not the value of their assets.

Making money better means that the cost of doing business would include the impact on our environment and the cost of carbon.

Making money better means that those who have, share with those who need a helping hand, providing employment, food accessibility and housing stability.

Making money better means sharing profits with those who made it happen.

In 2021 the Be Libro principles and value proposition resounded with 6,470 new owners, propelling our credit union to \$6.8 billion in assets under management. Libro now stands as the third largest credit union in Ontario. Our continued growth results from Owners sharing their experiences with neighbours, and our staff providing exceptional customer service during challenging times.

Because of our profitable year, your board has approved a profit share of \$1 per \$1,000 to give back to our owners. Since our inception in 2013 Libro Credit Union has returned more than \$40 million in

profit shares and dividends directly to Owners.

As we look forward to 2022 we have challenges to navigate. As Chair I would like to thank our Owner representatives for their continued engagement and dedication over the past two years. I look forward to meeting in person during 2022. Thank you to my fellow Directors for your sound counsel during difficult conversations. And most importantly, thank you to our owners for believing in Libro and entrusting your business to us.

Here's to you in '22!

Jacqui Davison

Jacqui Davison
Chair, Board of Directors



We're Led by a Social Purpose

At Libro, we believe in using business as a force for good. We operate in a way that by the very act of conducting business we are a positive force in society. This is good for Owners, our communities, the planet, and it's good for business. We deliver on our purpose to grow prosperity by focusing on financial resilience, local food accessibility, housing and employment.

Helping Owners to be financially resilient is at the forefront of our coaching and our values as a business.

Certified B Corp

Libro has been a Certified B Corporation® (B Corp TM) since 2018. This means we meet stringent standards of verified social and environmental performance and that we are holding ourselves accountable to our purpose, measuring our progress, and living our values every day. In 2021, we underwent a rigorous process to verify the continued impact that our business practices have on our Owners, staff, communities, and environment. Highlights of our performance can be found [here](#).



Our pillars – we consider our impact in these areas whenever we make a decision. Our pillars guide everything we do.



Financial Resilience

Improving financial capacity and resilience of people, businesses and organizations.



Employment

Increasing productive employment and decent work and reducing talent shortages.



Housing

Enhancing access for all to adequate, safe and affordable housing.



Local Food Accessibility

Improving food systems to increase access to local food.

Why People Choose Libro

We love to talk about the credit union difference and we love to show it, too. This is cooperative banking where the customer is also the shareholder – everyone who joins Libro becomes an Owner, because everybody owns a piece of the company.

And that’s part of why our culture is different from big banks. We’ll treat you as a person first, and we’ll listen to you when we make our decisions. We’re grounded in communities and we want them to prosper. And, if you haven’t already, we’re asking you to join us, to help us to increase our impact where it matters.

In 2021, customers voted credit unions the best in Canada for customer service for the 17th year in a row in the Financial Service Excellence Awards, organized by research specialists at Ipsos.

Everybody Needs To Have A Plan

We work with Libro Owners to set and reach their goals. An important part of that is completing a Prosperity Plan with your Libro Coach, discussing what matters most to you – and you can get there.



110,425
Total Libro Owners at the end of 2021



6,470
New Owners in 2021
59% of the people we welcomed were younger than 50



10,234
Businesses bank with Libro
We support all types of business, from small ventures just starting out to large, multi-generational farms.



5,366
Prosperity Plans completed in 2021
And we had countless more coaching conversations, too



4.5/5
Owner Satisfaction
We measure Owner satisfaction through feedback surveys



Join Libro Today!

Responsible Investing

Our commitment with all new mutual fund accounts

In 2021, Libro became the first Canadian credit union to exclusively offer responsible investing options for all new mutual fund accounts utilizing NEI Investments through Credential Asset Management Inc.

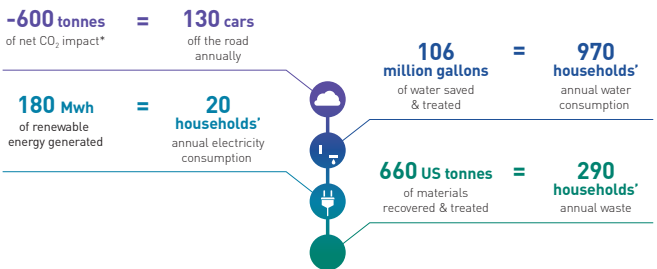
This bold statement came in response to Libro Owners asking for change. We know people want strong financial returns and to know their money is being used to create positive change.

Measuring the exact social and environmental impact of our decision on responsible investments is difficult. However, the examples below provide an idea of the significant impact:

- Libro Owners’ assets allocated to responsible investments increased 83% in 2021.
- As of December 31, 2021, Libro Owner investments in NEI’s Impact Suite were approximately \$26 million. Of those, \$10.8 million were invested in the Environmental Leaders fund.
- Here is the positive societal Impact of every \$10 Million invested in this fund over one year.

Impact beyond returns

Equities



Based on C\$10M investment over one year. Source: Impax Asset Management. Data as of December 31, 2020.
*The NET CO₂ impact number is derived from 1,400 CO₂ emitted minus 2,000 CO₂ avoided.

Mutual funds are offered through Credential Asset Management Inc. Northwest & Ethical Investments L.P (“NEI” or “NEI Investments”) is a subsidiary of Aviso Wealth; and NEI Funds are related issuers of Credential Asset Management Inc.



Boosting Technology in Agriculture

Libro is a founding investor in new venture capital fund Emmertech

We’re excited to say Libro is on board with a new way to fund good ideas in agriculture.

In 2021, Conexus Venture Capital Inc. announced a new fund, Emmertech, which is focused on innovation in agtech. Libro’s involvement means investment will include southwestern Ontario startups and support tech-savvy people involved in getting food to Canadians. Over the next 10 years, Emmertech will invest in a diversified portfolio of Canadian-based agtech companies, helping to drive the future of farming. To find out more, [click here](#).



LIBRO BUSINESS OWNER STORY

VG Meats

At Libro, we love to work with companies that are locally-owned and family-run. VG Meats, where four brothers are the latest generation to run the business, is centred on farms in Cayuga and Simcoe, where the brothers Van Groningen specialize in top-quality beef that's born, raised, fed, processed and packaged in Ontario. They also offer local chicken, pork and turkey, plus chef-inspired prepared meals.

“We are happy to have found a partner that values the same things we do. Holistic management is something we strive for every day in our operation and we can tell that the same purpose pervades the Libro organization. As we continue to live out our purpose while maintaining the quality of life we desire for our Ontario farm family suppliers, team members and customers we are thankful for the support that we get from Libro.”

- Cory Van Groningen



LIBRO BUSINESS OWNER STORY

The London and St. Thomas Association of REALTORS®

At Libro, we're proud to support The London and St. Thomas Association of REALTORS® with banking services, after recently transitioning their business to the credit union. LSTAR exists to provide its members with the support and tools they need to succeed, and Libro exists to support Owners in growing prosperity by setting and achieving their financial goals, so these two organizations have a lot in common and have quickly formed a strong, exciting partnership.

“The London and St. Thomas Association of REALTORS® selected Libro Credit Union because Libro is a thriving, local leader making great things happen all across southwestern Ontario. Big thanks to the entire team for making the new Owner experience so seamless and easy. LSTAR appreciates Libro's commitment to building strong communities with a higher purpose and is proud to call Libro a true collaborative partner.”



Bill Madder

CEO, The London and St. Thomas Association of REALTORS®

Our Success in 2021

SUCCESS IN 2021

Introducing Yooli, for you, from Libro

In 2021, we were excited to introduce Yooli, our new app that's all about YOU and LIBRO.

It's a friendly, secure and helpful way to manage your money, create a budget and monitor your financial wellbeing, all in one place. It makes it easier to plan for the future while managing your finances today. Run as a pilot program that we plan to roll out to more Owners in 2022, it's just another example of Libro's work to Make Money Better.

Finstrong

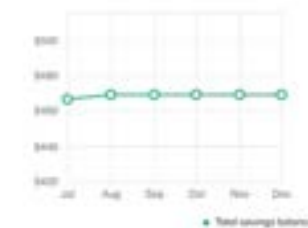
Receive a financial health score, tips on how to improve your finances, and become more financially strong.

Your FinStrong Score



Pulse

Tracks your money and gives you real time financial insights and advice.



Accounts and Transactions

Bring all your accounts and transactions (no matter where you bank) into one location.



Spending

Break down where you spend your money by categories include home, shopping, auto, utilities and more.



Net Worth

Yooli gathers all your finances in one place, to help you understand where you've reached in your financial journey.



Want to find out more?

[Click Here >](#)



yooli
Make friends with your money.

Support for Libro Owners

We know people expect seamless services in their banking, and they want a financial institution that shares their values. So we're continuously improving the products and services we offer, while looking for new, better ways to offer them. Here are just some of the steps forward we made in 2021.



Learn With Libro at libro.ca

We launched a new financial education centre in our website, to help people take control of their finances and Make Money Better. Learn With Libro gathers tools and resources including advice for first-time buyers, advice on paying with apps, fraud advice, budget planning, calculators and more. [Check it out.](#)

Payment solutions with Xe Currency

We seek out opportunities to partner with experts in subjects that matter, and 2021 included a new team-up with Xe Currency, providing Libro's Business Owners with global payment services. We know that securely and effortlessly transferring funds overseas is crucial to businesses, and we're offering a wide range of expert solutions. [Find out more here.](#)

Signing in, the easy and secure way

Tax season for Libro Owners became easier with Verified.Me, the ID-verification system for government websites. We signed up for the

commercial service in 2021, meaning Owners can sign into sites using their Libro online banking credentials. It's a simpler, yet secure, solution and another reason to rely on Libro's digital services.

Better data for businesses

Thanks to Libro's partnership with interVal, announced in 2021, Business Owners have access to better information about the value of their business. Launching this year, the new software platform will improve data analysis and lead to better decision-making and advice from Libro's Business Coaches. [Head here to find out more.](#)

And better online banking, too

We're always working to enhance our online support for Business Owners, and one of the steps forward in 2021 was an improved approach to overseeing transactions. We've developed a sophisticated service that matches a business's structure and workflow, allowing multiple users to approve payments, and more.

\$163.5 Million

Total amount of CEBA loans

Helping get support to Owners

Government supports for businesses were still needed in 2021, with the pandemic continuing and disruption creating difficulties for so many. Libro again made sure Business Owners could access government programs. Libro Business Owners received almost 5,000 Canada Emergency Business Account loans from the government starting in March 2020.

Our new building in Watford

We were thrilled to open a new building in Watford during 2021, moving our existing location to a more flexible, more prominent building down the street. We're now welcoming Owners there and proud to have invested in the town.

We know that Libro being visible and present in communities is important to Owners, and that's a big part of why we have a network of 36 locations across southwestern Ontario. We know that sometimes a face-to-face conversation is needed to get the job done, when pandemic restrictions have allowed them, and we're always examining the best solutions for Owners and staff.

Look out in London in 2022 for more prominent spots for two locations. Our Downtown branch is moving from Central Avenue to Richmond Street right beside Victoria Park, and our London South branch, at Wellington and Southdale, will have a fresh look in a new building on the same site.



When you call, we answer

Libro Connect is here for you

Our vibrant contact centre, Libro Connect, is based in Essex, Ontario and staffed by people who live, work and play in our region. We're ready with a friendly ear – and we want you to know we've invested in new technology, staff training and more. At our contact centre, we will support you across our whole business as a full-service financial institution, and we'll do it fast. We really do pick up the phone in an average of 14 seconds – and we're proud of it.



Rhonda, Libro Connect Representative

14 Seconds

Average wait time for calls
from Jan. 1 - Dec. 31 2021

76,797

Total inbound calls in 2021

22,692

Total electronic messages
received by Libro Connect
in 2021

Covid-19 and Libro

Throughout the pandemic, we have worked hard to balance public health needs with providing the best possible Owner service. Sometimes that meant encouraging Owners to use alternative ways of accessing services, such as online, by phone or at ATMs. Thank you for your patience and understanding.

We have followed the science and expert advice at all times and have encouraged staff, Owners and the public to get vaccinated where possible, providing support for those who had exceptions. We send our thanks to all of our staff teams and all the Libro Owners joining daily efforts to reduce health risks for everyone.



Growth

We're growing so we can make a bigger impact

Libro has had another year of welcome success, increasing the size of our portfolio and assets. We're grateful to everyone who does business with Libro because it helps us to make an impact on individuals and communities across our service area. We're growing for a reason: we know that profitable growth at Libro creates opportunities for everyone. It's all part of Making Money Better for all of us.



Libro Owners, Dan and Nicole

\$10.9 Billion

Total portfolio



14% growth over 2021

\$483 Million

Increase in deposits



10.9% growth over 2021

\$6.8 Billion

Assets under management



11.2% growth over 2021



LIBRO BUSINESS OWNER STORY

JAAG Properties

Financial Coaches at Libro Credit Union are there to support entrepreneurs with good ideas, and London-based JAAG Properties is just one example of a business finding the right home early in its life.

The rent-to-own company is dedicated to helping future buyers to work towards owning their own home. JAAG's financial planners support with regular budget meetings, ongoing credit score monitoring and more, working with tenants, typically over three years, to move them towards qualifying for a mortgage.

“While starting a business and networking with other professionals, it was quickly brought to my attention that Libro should be our preferred financial institution. Not only would it be beneficial to our company to work with Libro but more importantly our core values and corporate pillars strongly align with Libro’s enthusiasm in helping people within the community and provide housing. Over the past few years, we have worked primarily with Libro to assist dozens of families with their dreams of home ownership.”

Adam Wissink

President, JAAG Properties and Libro Owner Representative, London Elgin Oxford South Regional Council

See page 20 for more about Libro’s Owner Representatives,
or [click here](#)



LIBRO BUSINESS OWNER STORY

General Coach

Huron County’s own General Coach makes headlines for sending RVs to movie sets, and that’s just part of its long history as the oldest RV manufacturer operating in Canada. Founded in 1950, General Coach has been owned by Faulkner Family since 2009 and their innovative approach has included more than a decade supplying the UK film industry. General Coach’s varied RV business includes building trailers for actors, production offices and make-up units, shipping them around the world.

“I tell all who will listen that without Libro we would not be where we are today! The folks at Libro immediately understood who we were and without doubt believed in our mission. Libro was the difference between success and failure. Libro’s attitude is likened to Bankers of yesteryear – if they believed in you and your mission, they became your partner and did everything to assist you in making things happen, moving forward.”



Roger Faulkner

President, General Coach



Investing in People

INVESTING IN PEOPLE

Culture Matters

At Libro, we consider our values as we do business every day, and we always seek to make a positive impact in all we do. Our shared culture drives us as we thrive together. The Be Libro statement expresses our values and guides us.

Be Libro



To grow prosperity in southwestern Ontario by transforming banking.



Be epic humans
Be passionately accountable
Be bold explorers
Be mutually inclusive



Inspiring financial happiness
Joyful in our work

Training

The Epic Humans who work for Libro Credit Union know that continuous improvement is vital. Libro works with all staff to ensure they have the training they need, and the professional development opportunities that will help them to excel. In 2021, we invested heavily in staff learning & development as we continued our work to make sure we're supporting Owners with the right skills and knowledge, when they need it. And we introduced Talent Cards, a quick and easy training app that reinforces important skills and knowledge, and is available when staff need it.

We know personal and professional development is important for every colleague. It's vital to have confident, well-trained leaders dedicated to coaching and guiding staff – and that's connected to our social purpose as a company. To support this we have invested more than \$200,000 into the development and pilot of a new leadership development program, with plans to roll it out to all leaders in 2022.



750

Employees at Libro
(and growing)



40%

of our colleagues have more
than 10 years of service

That's 294 people (and 45 of them have
been with us for more than 30 years)



75%

of Libro staff
are women

25%

of Libro staff
are men



45%

of Board
Members are
women

55%

of Board
Members
are men

We are proud to say our Board Chair and
Vice Chair are both women



\$1,511

Average invested per full-time
equivalent staff position in 2021
in learning and development



\$1.1 Million

Total investment in learning
and development

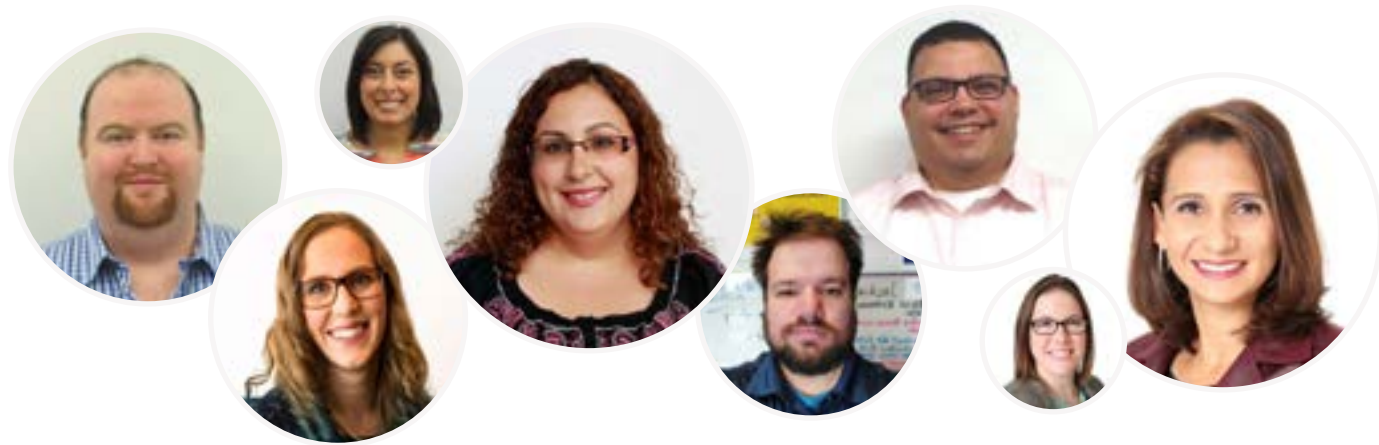
Increase of 33.3% over 2021



333

Libro staff use our proactive
wellness program

Culture and values make a difference



Diversity, equity and inclusion at Libro

At Libro, we understand social justice, equity and inclusion are integral components to delivering on our promise to grow prosperity in southwestern Ontario. We are committed to continue to strengthen DEI as part of our culture and operations.

In 2021 Libro's Diversity Equity and Inclusion Council launched a resource centre for staff and lead conversations across all levels of the organization to increase awareness and education.

With support from our Learning & Development team, all Libro staff completed unconscious bias training and had the 4 Seasons of Reconciliation training available to them. This training was also available to Owner representatives and directors.

Libro is committed to fair and equitable pay practices and has always worked to ensure our pay practices support the notion of "equal pay for work of equal value". For more than 25 years we have utilized job evaluation as part of the foundation for our pay programs.

A banking institution run democratically

Yes, a financial leader can be a democracy, too. Libro's Board of Directors is chosen by our Owner Representatives, who form 10 Regional Councils and are elected by Owners. Everyone banking at

Libro gets a say in how the credit union is run. For us, there's no difference between a customer and a shareholder, and that means customers come first when we make our decisions.

Libro is a Living Wage Employer

We agree everyone deserves a Living Wage. Libro guarantees to pay all staff at or above the highest Living Wage in southwestern Ontario, which is an hourly rate of \$17.95.

Using our resources to create a positive impact includes taking intentional action to improve the lives of staff, Owners and communities. We believe in the business, economic and social value of both paying and receiving a Living Wage, so everyone can meet basic costs such as shelter, food and transportation, and we encourage other employers to join the movement.

We're looking for more Epic Humans

Attracting talented, energetic people is always going to be part of our daily work, and we're actively recruiting as part of our ongoing growth strategy. [Head here](#) for more current opportunities, to create a profile, upload a resume and subscribe to job alerts. And we're hiring for the future, seeking out digital, data and customer service knowledge and skills to add to our credit union. We want Epic Humans to join us as Owner representatives and Directors, too. [Find out more here.](#)

The National Day for Truth and Reconciliation

Our commitment to diversity, equity and inclusion includes using our voice to support those who need it. This includes our ongoing commitment to observe the National Day for Truth and Reconciliation, closing all Libro locations and asking staff to learn about Indigenous culture and reflect on their role in reconciliation. First observed on September 30, 2021, and coinciding with Orange Shirt Day, which began in 2013, the national day recognizes Indigenous culture and history and the importance of honouring survivors of residential schools, their families, and communities.

Using our voice as advocates for our values

We believe a credit union is more than just a financial institution. As a successful business based locally, we know we have a voice – and we use it to speak out on issues that matter to us, especially on topics close to our purpose pillars of financial resilience, housing, local food accessibility and employment. For example, we will never stop saying #BuyLocal and we will always advocate for the businesses that help to make our communities so vibrant, in public and in our regular conversations with government and community leaders.

Award-winning staff

Sarah Taylor, Libro's Continuous Improvement Manager, represents just one of our individual staff successes this year. Congratulations to Sarah, who won the National Young Leaders Award run by the Canadian Credit Union Association. Recognizing excellence and talent in the next generation of leaders in our industry. It's a well-deserved accolade.



#Loyal2LocalChallenge

We're Loyal 2 Local, now and always

In response to tough times caused by the pandemic and more, Libro launched Loyal 2 Local, our public campaign asking people to support local business and share the love on social media. We started with our 700+ staff, supplying everyone with funding to spend locally and encouraging the public to join in. We've now done this three times, with our staff happily channelling at least \$215,000 into small and medium-sized businesses in southwestern Ontario.

In 2021, we extended the idea to new Owners. Over seven months, we supplied \$100 to people joining Libro and asked them to put it back into businesses owned locally. The total qualifying Owners put \$24,000 into local economies.

And the idea has been winning awards including, in 2021, being named the [Best Social Media Campaign in the Hashtag Awards](#).

Partnering with Libro pays off

In 2021, Libro contributed \$1,392,700 in direct funding to over 100 community organizations and 34 students across southwestern Ontario.

Pillar Nonprofit Network

Pillar Nonprofit Network strengthens individuals, organizations and enterprises invested in positive community impact. Libro has been a supporter of Pillar for more than 15 years as the platinum sponsor of the Pillar Community Innovation Awards, celebrating community impact in our region. Our partnership has grown over the years to create community impact in London & Middlesex and to be a catalyst for social innovation across southwestern Ontario.

Through the [Libro Social Enterprise Incubator](#) and our collaboration with [Verge Capital](#), together we are supporting social entrepreneurs that put people and planet first by providing the coaching, wraparound support, access to capital and a network that gives them the best chance of success.

“Libro’s long time support of Pillar Nonprofit Network is critical in helping us put our mission in action through programs that invest in, catalyze and celebrate positive community impact. We’re grateful to have a partner who is value aligned in their commitment to community recovery, decent work and financial resilience through an equity lens.”

“EPICentre has been working with Pillar Nonprofit to support social enterprises in the Windsor-Essex region since 2017. Pillar’s knowledge and experience in coaching social enterprises have been instrumental in helping EPICentre develop our own Social Enterprise Program, which has supported over 15 social enterprises in the Windsor-Essex region in the past few years. As advocates for positive change, our partnership enables us to help changemakers achieve their social missions and make a real difference within the Windsor-Essex community.”
- Wen Teoh -Director, EPICentre

Libro Social Enterprise Incubator

\$232,500

in financial support from Libro + staff time

Collective Impact 2016-2021:

- 96 cohort participants
- 14 new businesses launched
- 38 full time jobs created
- 93 part time jobs created

VERGE Capital

\$265,000

invested by Libro in the [VERGE Breakthrough Fund](#).

Shared risk, loan administration and staff time in VERGE loan committee.

Verge Impact:

- Over \$4 million in loans to 43 local social enterprises since 2015
- [Investees](#) contribute to local economies and communities across southwestern Ontario as well as Equity & Justice, Climate Action, and Systemic Change.

Investment Shares and Profit Shares

We share our profits with our shareholders – that’s the people who bank with Libro, and absolutely no one else – and that means millions of dollars returned to customers every year. Here’s how we’re sharing our profits this year. We’re glad to have such success in challenging times, and of course we’re inviting you to join in!

Owning a share in your local credit union pays off: the more business you have with us, the higher the payment you receive at year-end. It’s all part of maintaining a solid capital base as our exciting growth continues. Come and join us! [Find out more.](#)

Join Libro Today!

Open Account ›

\$9.36 Million

Class P profit sharing and dividends

+

\$4.6 Million

Class I investment shares dividends

=

\$13.96 Million

Directly returned to Owners

\$25.43 Million

Net income before profit sharing and taxes





LIBRO OWNER STORY

The McNeil Family

Trevor and Julie McNeil are planning for the future with Libro's Wealth Team.

With the age of 50 approaching and retirement on his mind, Trevor had questions. When did he want to retire, and when could he afford to do it? He had questions about taxes and the transition from work investments into retirement investments. And, above all, he wanted to discuss it with experts.

Trevor said: "My wife Julie and I started to have these conversations and very quickly realized we were making a lot of assumptions and guessing.

"It was quite evident that this was something that we did not want to leave to chance. We made an appointment at Libro where we have been an Owner for over 25 years and met with Julie McLinchey and Phil Boglevsky who opened our eyes to where we actually were in our financial life.

"They reviewed not only our current financial situation but also our life situation. Then we discussed our future financial and life goals in five years, 10 years, 15 years and beyond. Julie and Phil put together a financial plan and life road map for the years ahead. Not only are our worries diminished, but now we know how to steer our future and how to stay on track. Being Libro is so much more than 'just a credit union'."



Trevor and Julie McNeil
Libro Owners



LIBRO BUSINESS OWNER STORY

Perpetually Innovative Homes

Libro is delighted to work with Perpetually Innovative Homes, a London company building energy-efficient, eco-friendly and premium-quality homes.

Founder Samy Bardaweel said: "My relationship with Libro started in 2017 when I was 27 years old and my company PI Homes was just over a year old. I had just built and sold my first house and I was feeling eager to scale at the time. I felt like I was in dire need of financing... financing that literally no one was willing to give me.

"In hindsight capital was not the only thing I needed. In reality I was in much more need of coaching and guidance to achieve my goals of becoming Canada's premier sustainable home builder.

"After a lot of very focused and personalized effort from Libro I felt ready to ask to be put in the game so I asked my coach, Jason Barber, to 'put me in coach'.

"Now PI Homes currently has seven homes under construction, another four starts next month, and another 28 presold homes in 2022 and 2023. We have also had the opportunities to dabble in other businesses such as owning and operating a golf course and most importantly we were fortunate to be involved in our community through our beloved Rotary Club.

"Now I feel that our company is on the verge of breaking into the higher density multi family sector of sustainable home construction. Are we ready? Not exactly. What I do know is that we will be ready if we can keep counting on our family at Libro. As I always love to demand from coach Jason: put me in coach!"

Making Money Better every day

We’re surging ahead, always improving our products and services while making an impact on the communities in which we live. Everyone at Libro knows Owners, and potential Owners, expect a seamless, high-quality service from a company with passion and values, and that’s what we aim to provide while we Make Money Better.

We’re staying focused on the future, whatever is happening around us, and we warmly invite you to join in. Join us in our momentum, our work towards profitable growth, and help us to grow prosperity for the people and organizations who make our communities strong.

Already an Owner, Thank you!

Not yet an Owner, what are you waiting for, it takes only 5 minutes to join Libro online right now!

Open Account ›



Management Discussion and Analysis

A Deeper Look at Libro

28.....	2021 Financial Overview
29.....	Financial Performance Summary
31.....	Financial Position Summary
32.....	Capital Liquidity Management
32.....	Enterprise Risk Management
33.....	2022 Economic Outlook

2021 Financial Overview

To **Be Libro** is to be passionate about growing prosperity for the people, families, businesses and organizations right across southwestern Ontario. As a certified B Corp and cooperative, Libro uses its resources for good, in pursuit of this purpose. This past year, Libro continued to lead through unique challenges balancing public health needs with delivering the best possible Owner service. We are focused on continuous improvement, making timely data-driven decisions, exploring for a strong future, and becoming even better-equipped to make money better for our Owners.

Some of our accomplishments included:

- Sharing \$13.9 million with Owners through dividends and profit-sharing distributions
- Surpassing \$6.8 billion in Assets Under Management (up 11.2%), including \$1.2 billion in wealth assets under management.
- Responding to the ongoing impacts of the COVID-19 pandemic with a commitment to staff and Owner safety, maintaining service, and administering government support programs such as the Canadian Emergency Business Account.
- Contributing \$1.4 million in direct funding through partnerships with over 100 community organizations and student scholars.
- Investing \$265,000 in the VERGE Breakthrough Fund for impact investing, reaching over \$4 million in loans to 43 local social enterprises since 2015.
- Committing exclusively to responsible investment options for all new mutual fund accounts, through NEI Investments – further aligning Libro’s pursuit of purpose and positive impact on environmental, social and governance factors.
- Expanded access to Yooli, our new app for Owners to manage their money, budget and overall financial well-being. We also expanded other digital offerings to learn about money, help businesses with foreign currency transactions, support business owners better understand the value of their business, and access government websites using Libro online banking ID through Verified.Me.
- Continuing our sales and service training to build and sustain a proactive advice and service culture that builds loyalty through positive experiences for Owners, piloting a new leadership development

program, and working to improved diversity, equity and inclusion through learning on topics such as unconscious bias and truth and reconciliation.

- Moved to a newly-built modern location in the Watford community, and committed to new locations that will better meet community needs for both our London Downtown and London South locations.

These accomplishments happened in a year when nearly every aspect of how we live, work and connect is rapidly changing. Libro and everyone around us is adapting to and impacted by the uncertainty connected to the COVID-19 pandemic and the need to protect both health and prosperity.

From an economic perspective, there continues to be significant stress on revenue and profitability for many businesses, stress on income for families, and reduced spending due to both lower income and reduced access to goods and services. In the southwestern Ontario market, the unemployment rate continued to decline, housing demand continued to grow, market supply remained tight, and the average sales price for a home in southwestern Ontario continued to rise.

The Bank of Canada and Government of Canada responded to the pandemic by implementing various measures to stabilize the economy and assist families. Throughout 2021, the Bank of Canada maintained their policy rate at an all-time low of 0.25%. The Government also invested heavily and broadly to support people, businesses and communities. Libro played our part through the continued administration of loans to businesses through the Canada Emergency Business Account Program (“CEBA”) and other government programs, bringing total loans funded through Libro up to \$168 million.

\$5.4 Billion

Total Assets
Growth of 9%

\$6.8 Billion

Total Assets Under Management
Growth of 11%

\$25.4 Million

Net Income (Pre-tax)
Increase of 115%

Libro ended the year with \$6.8 billion assets under management. Assets under management include on and off-balance sheet loans and investments managed by Libro’s wealth advisors.

Reflecting on growth in 2021, Libro reached a total year-end portfolio of \$10.9 billion. Portfolio represents the total of all on-balance sheet loans and deposits as well as funds under administration. Total loans grew 15.9%, a significant increase from the 4.0% growth experienced in the prior year. In 2021, deposit growth was 10.9% compared to 18.5% in 2020. This reduction in the pace of growth was expected as 2020 was a significant growth year for deposits due to government stimulus and a change in savings behaviour. The imbalance between loan and deposit growth this year helped lower liquidity however, liquidity is still considered elevated above ideal levels.

Libro ended the year with net income, before distributions and tax, of \$25.4 million compared to prior year of \$11.8 million. The increased net income was due to a significant one-time investment gain, improvements in financial margin mentioned above, and unrealized gains on the valuation of our interest rate swaps.

Financial Performance Summary

Net Interest Income

Net interest income is the largest component of revenue for Libro. It represents interest earned from Owners on loans and our investment portfolio, less interest paid to Owners on their deposits and investment shares, and interest paid on debt obligations, including securitization financing costs. Libro continued to experience compression in its net interest margin in 2021, where net interest income as a percentage of total assets increased slightly from 1.9% in 2020 to 2.0% in 2021. Interest income increased \$1.3 million to \$155.1 million driven by strong loan growth and a gain on investments of \$3.5 million. As a result of regulatory changes, the liquidity reserve deposits we held at Central 1 were discharged at fair value in exchange for financial assets. The fair value gain was considered realized at transition and recorded in investment income. We now maintain a portfolio of marketable securities that meet the definition of high-quality liquid assets and are managed by Central 1.

Interest expenses decreased by \$9.5 million or 16% from 2020. For the year, net interest income increased \$10.8 million to \$105.7 million, an increase of 11%. Libro’s Prime rate was constant at 2.45% all year.

Non-Interest Income

Non-interest income includes income from service fees, commissions from mutual funds, insurance, and credit cards, foreign exchange, income from property, and mark to market valuation adjustments on interest rate swap agreements. Total non-interest income was \$26.9 million in 2021, an increase of \$12.7 million from 2020. Included in non-interest income is a gain on the mark to market valuation of Libro’s interest rate swaps of \$5.0 million, compared with a \$5.1 million loss in 2020. The accounting treatment for interest rate swaps contributes to some volatility in our earnings each year.

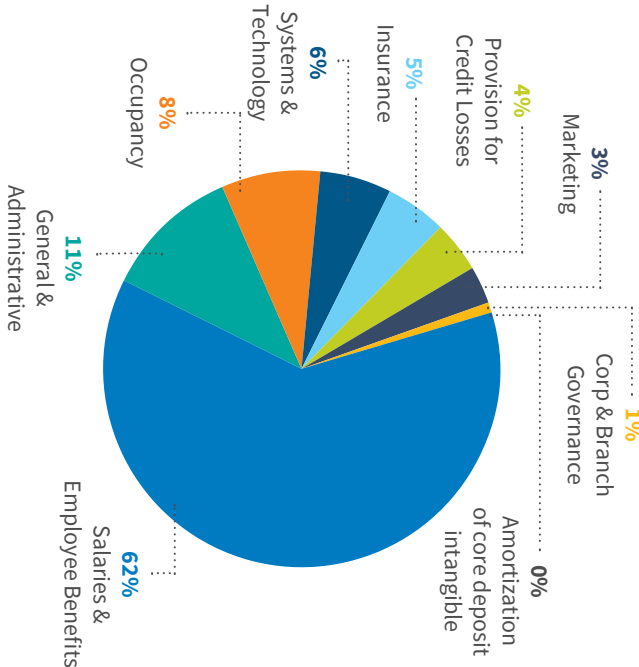
Credit Loss Provision

The provision for credit losses represents management’s best estimate of potential loss during the year. In accordance with IFRS 9, Financial Instruments, Libro uses a data model with various inputs including historical loan data, industry data, and forward-looking macro-economic assumptions to calculate the allowance for impaired loans. Libro also considers management’s assessment of watch list accounts, delinquencies, and relevant market information in the assessment of expected credit losses. Due to limitations of the model in the context of the pandemic and the high level of uncertainty for the future, management felt an additional judgmental overlay was necessary to include in the provision in 2021.

The provision for credit losses in 2021 ended the year at \$4.2 million compared to \$4.1 million in the prior year. While delinquencies and write offs remain low in 2021, the provision for credit losses is primarily driven by the increased expected credit losses on credit impaired loans.

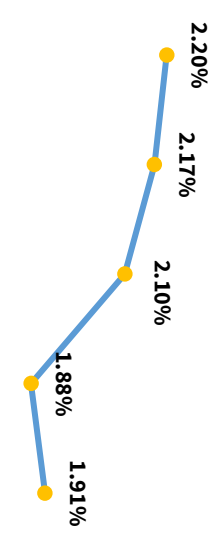
Operating Expenses

Operating expenses in 2021 were \$103.0 million, an increase of \$9.9 million or 11% over 2020. Throughout the year, we continued our commitment to investing in strategic initiatives that position Libro for future growth and success. Libro’s largest operating expense continues be the ongoing investments in our employees of \$66.8 million, including competitive salaries and commitment to paying a Living Wage, providing comprehensive benefits and pension, and training programs dedicated to helping staff deliver the best service for owners. In addition to salaries and benefits, there were also increases from prior year in systems and technology expenses as we invest in our digital delivery strategy, insurance premiums, general and administrative expenses, and occupancy costs to maintain and protect staff and Owners in our various locations.



Libro’s continued commitment to its employees and Owners meant that operating expenses as a percentage of total assets was 1.9% in 2021. In 2021, this metric was also influenced by the growth of assets driven by higher investment balances and loan growth.

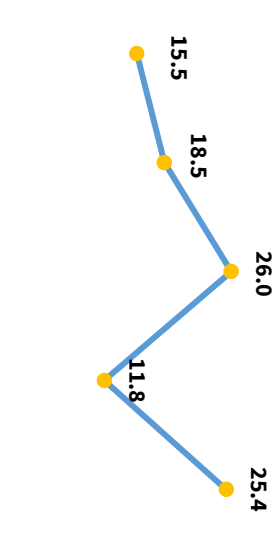
Operating Expenses
% of Total Assets



Net Income

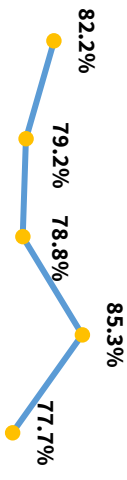
Net income (before profit sharing and taxes) was \$25.4 million, an increase of \$13.6 million or 115% over 2020. Total revenue increased by \$23.5 million or 22% compared with 2021. Income was positively impacted by increased interest income driven by strong loan growth and the gains on investments and interest rate swaps mentioned in the non-interest income section.

Net Income
In Millions



The operating efficiency ratio is calculated by dividing operating expenses by revenue and represents how many cents it costs to earn one dollar of revenue. A lower ratio indicates a more efficient business operation. In 2021, operating efficiency was 77.7% compared to 85.3% in 2020. This ratio is inclusive of the non-operating gains on swaps and investments mentioned above. Libro continues to focus on improving efficiency of core operations by growing organically and gaining the benefits of our scale.

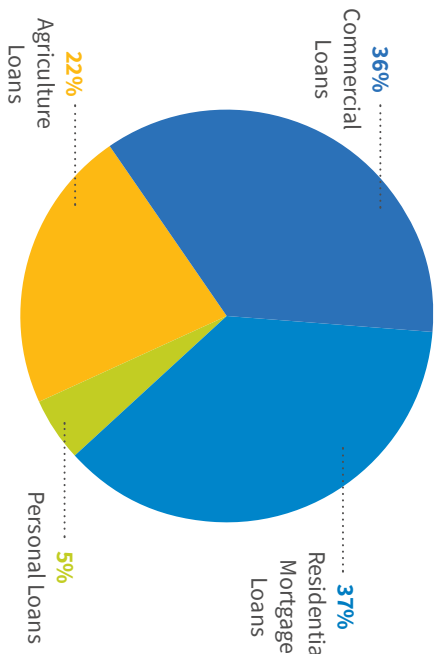
Efficiency



Financial Position Summary

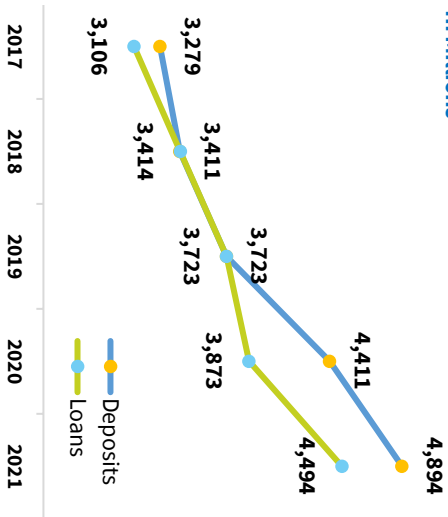
In 2021, Libro experienced strong growth on both sides of our balance sheet – but certainly stronger on the loan side. On-balance sheet assets grew to \$5.39 billion from \$4.96 billion in the prior year. This was driven by increased net loans to Owners, which grew by \$616.5 million, or 15.9%, to \$4.5 billion. Loan growth was driven by increased commercial loans which grew 30.8% and residential mortgage loans which grew 10.1% over prior year.

Loans to Owners by class
% of Total Loans



Libro’s investments in businesses and organizations in southwestern Ontario are financed primarily through Owners entrusting their money to Libro in the form of deposits. Deposits grew by \$482.9 million, or 11% compared to the previous year. This significant deposit growth was driven by increased savings rates and the influx of stimulus money Owners received from the Government of Canada in response to the pandemic.

Deposits & Loans
In Millions



Securitization

Libro securitizes a portion of its loan volumes through Canada Mortgage and Housing Corporation sponsored programs. This is used by Libro to access cost-effective funding to supplement growth and manage liquidity. At the end of 2021, Libro had liabilities associated with securitized consumer mortgage loans of \$72.7 million.

Assets Under Management

Libro’s off-balance sheet assets consist of our wealth portfolio, which is comprised largely of mutual fund assets held by Owners. Owner balances at December 31, 2021 were \$1.2 billion up from \$1.0 billion in 2020. Sales of mutual funds continue to be strong and are measured at their market value and have been impacted by increases in the equity markets in 2021. In addition, assets under management at the end of December include \$153 million of loans administered on behalf of the Government of Canada. It also included \$2.9 million of loans administered under the Business Development Corporation Co-Lending loan program.

Total assets under administration were \$6.8 billion at December 31, 2021, up 11% over the previous year.

Capital And Liquidity Management

Capital Management

Libro’s capital management objectives are to maintain appropriate capital levels to ensure compliance with regulatory requirements under current and projected economic conditions, and to provide an appropriate cushion to ensure its ongoing stability. The principles and key elements of Libro’s capital management framework are outlined in the Board Capital Management Policy.

Libro’s regulatory capital ratios remain strong and above the requirements of the Credit Unions and Caisses Populaires Act, 1994 (the “Act”), and Ontario Regulation 237/09, the regulations in effect at December 31, 2021. Libro’s capital adequacy ratio was 7.07% as of December 31, 2021, (7.00% at the end of 2020), in excess of the 4.0% stipulated in the Act. Libro’s risk weighted capital adequacy ratio was 10.78% at the end of 2021, (11.35% at the end of 2020), in excess of the 8.0% stipulated in the Act. In addition, Libro’s capital quality also exceeds regulatory minimum requirements. Total regulatory capital at the end of 2021 was \$381 million (\$347 million at the end of 2020).

CAPITAL (\$000)	2021	2020	2019
Leverage Ratio	7.07%	7.00%	7.93%
Risk Weighted Ratio	10.78%	11.35%	12.02%
Total Tier 1 Capital	354,150	329,298	325,615
Total Tier 2 Capital	27,003	17,541	10,127
Total Regulatory Capital	381,153	346,839	335,742

Internal Capital Adequacy Assessment Process

Libro annually performs an Internal Capital Adequacy Assessment Process (ICAAP), in line with Financial Services Regulatory Authority (FSRA) requirements. The ICAAP ensures that Libro has adequate capital in relation to its risk profile, has a strategy for maintaining its capital levels, and develops and employs appropriate risk management techniques. Libro’s ICAAP naturally aligns with the strategic planning process and the Enterprise Risk Management (ERM) program to ensure that enough capital is set aside for ongoing operations, future development, and any key risks that may materialize during the course of business. Libro’s growth projections, current asset-liability management

risk measurement techniques, and the capital impact from various stress testing scenarios have been utilized to determine capital requirements. In 2021, care was taken to consider the impacts of the COVID-19 pandemic within the various stress tests in the ICAAP.

Liquidity Management

Libro carefully manages its liquidity to ensure that Owners’ requirements are met at all times. By ensuring that sufficient, readily accessible or liquid assets are available, Libro is able to meet Owner demand for withdrawals and deposit redemptions, fund loans and business operations. Libro must meet the liquidity requirements outlined in the Act and the related liquidity requirement regulations. Generally, Libro targets liquidity levels in the 9% to 11% range.

Libro’s liquidity ratio was 16.25% at December 31, 2021, compared with 21.85% at December 31, 2020. The significant loan growth was the primary driver to reduce liquidity from 2020, although liquidity still remains well above target.

Libro continues to participate in securitization programs issuing mortgage-backed securities and participating in the Canada Mortgage Bond program. This is used by the credit union to access cost-effective funding and to manage liquidity risk, credit risk and interest rate risk.

Libro maintains a borrowing facility with Central 1 Credit Union. Libro can draw on these facilities as required to finance operations. Our core facilities provide borrowing capacity of \$85 million CAD and \$3 million USD in addition to other loan facilities of \$45 million CAD. As at year-end, no amounts were drawn on the borrowing facility.

Enterprise Risk Management

Overview

Libro recognizes that managing risk, not avoiding risk, is required to operate a successful financial institution. We consider risks from the perspective of living our values and fulfilling our business objectives as expressed through our strategic business plan. Libro’s Board of Directors and all employees are responsible for ensuring that the risks to which we are exposed are aligned to the Board-approved risk appetite. A clear risk appetite enables Libro to make better strategic and tactical decisions on a risk-

reward basis with consideration for its capacity to manage associated risks. We use our ERM framework to consider risk in decision-making and ensure that the risk exposures for Libro are mitigated effectively.

Risk Principles & Culture

Libro’s risk-management culture is embedded throughout the organization. Employees at all levels of the organization share a common risk philosophy. Every employee is accountable for achieving the best results for his or her business unit and for Libro as a whole. Business decisions are made at all levels of the organization and every team member has a role in managing risk, including identification, communication and escalation of risk concerns. Libro applies seven key principles to how risk is managed for our credit union.



Create a risk aware culture



Reinforce that risk is a lens we use to look at our business



Be consistent with our principles based approach



Use clear language that all staff understand



Ensure we’re not complicating our business



Provide comfort to the Board that we’re “in-control”



Easily meet regulatory requirements

Risk Governance Model

Libro operates within a Three Lines of Defence model to help provide a consistent, transparent, and clearly documented allocation of accountabilities and segregation of functional responsibilities. This segregation of responsibility helps to establish a robust control framework and encourages the continuous improvement of risk management at Libro.

- Libro’s business units form the First Line of Defence, performing daily risk management activities.

- Risk and compliance functions form the Second Line of Defence, providing oversight and offering independent, effective challenge to first line risk management actions.
- Internal Audit forms the Third Line of Defence, providing independent, objective assurance to the Board of Directors.

Risk governance also includes determining an appropriate organizational structure, and clearly defining authority and responsibility for risk decisions.

2022 Economic Outlook And Looking Ahead

Libro’s results and operations have been and will continue to be impacted by the COVID-19 pandemic and related uncertain macroeconomic environment. Two key elements of uncertainty remain the behaviour of the virus itself and its variants as well as the timeline for economic recovery.

The Bank of Canada overnight benchmark rate was at an all-time low of 0.25% throughout 2021. The Bank of Canada’s has removed its forward-looking guidance and signalled its expectation to raise rates in 2022 to manage inflation. Thus, Libro is forecasting Prime rate to increase slowly throughout 2022 and 2023. This may lead to some moderation in the pace of growth. We also expect to see continued indications of recovery, and the gradual easing of supply chain disruptions and re-balancing of supply and demand pressures and continued challenge in attracting and retaining talent in certain industries.

Libro continues to look forward to our Libro 20.0 vision, focusing energy on initiatives that will ensure our long-term sustainability and relevance in our sector. We are living in a period with an unprecedented pace of change, with opportunities and challenges presented by economic and societal impacts of the pandemic, accelerated digital advances, and changing customer expectations. To remain strong and relevant in the future, we are increasing investment in digital development to utilize technology to make better, faster decisions for the benefit of Owners. At the same time, we continue to invest in Libro’s staff, so they are confident and knowledgeable in delivering service to Owners within a safe and supported workplace.



Let's make money better.

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