This offering statement must be delivered to every purchaser of the securities described herein prior to the purchaser becoming obligated to complete the purchase and, upon request, to any prospective purchasing Owner.

No official of the Government of the Province of Ontario has considered the merits of the matters addressed in this offering statement.

The securities being offered are not guaranteed through the Financial Services Regulatory Authority of Ontario or any similar public agency.

The prospective purchaser of these securities should carefully review the offering statementand any other documents it refers to, examine in particular the section on risk factors beginning on page 28 and, further, may wish to consult a financial or tax advisor about this investment.

Libro Credit Union Limited

OFFERING STATEMENT

dated March 31, 2022

MINIMUM $10,000,000 -- MAXIMUM $100,000,000 LIBRO CLASS I SERIES 6 SHARES

(NON-CUMULATIVE, NON-VOTING, NON-PARTICIPATING, REDEEMABLE SPECIAL SHARES)

("Class I Series 6 Shares")

The subscription price for each Series 6 Share will be $1.00 per share, with a minimum of 1,000 shares per member which may be subscribed for $1,000.00, to a maximum of 1,000,000 shares per member which may be subscribed for $1,000,000.00.

There is no market through which these securities may be sold. Transfers of the shares may generally only occur to other members of the Credit Union.

The purchaser of these securities may reverse his/her/their decision to purchase the securities if he/ she/they provides notice in writing, or by facsimile, or by e-mail in combination with a telephone call, to the person from whom the purchaser purchases the security, within two days, excluding weekends and holidays, of having signed a subscription form.

The Class I Series 6 Shares are subject to the transfer and redemption restrictions under Credit Unions and Caisses Populaires Act, 2020 and the restrictions under this offering statement as set out on pages 24 and 25.

THE SECURITIES OFFERED ARE NOT DEPOSITS. THE SECURITIES OFFERED ARE NOT INSURED. THE DIVIDENDS ON THE SECURITIES ARE NOT GUARANTEED.

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OFFERING STATEMENT SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this offering statement. A "Glossary of Terms" can be found at the end of this summary, prior to the detailed offering statement.

Libro Credit Union Limited ("Libro")

Libro was formed by the amalgamation, on January 1, 2014, of Libro Credit Union Limited (operating up to that time as Libro Financial Group and incorporated on January 25, 1951 as Dutch Catholic Immigrants London Credit Union Limited) and United Communities Credit Union Limited. United Communities Credit Union Limited was itself created by amalgamation on January 1, 2006, amalgamating the former Woodslee Credit Union Limited (incorporated on May 22, 1943) and Heartland Community Credit Union Limited (incorporated as Clinton Community Credit Union Limited on June 26, 1952). Since January 2014, Kellogg Employees (London) Credit Union Limited joined Libro via an asset purchase agreement on April 1, 2014 and Hald-Nor Credit Union Limited similarly joined effective August 1, 2015.

All financial information for this offering was calculated with reference to the Act, 1994. The Act, 1994 was replaced by the Act on March 1, 2022. The Credit Union is now required to comply with the Act.

Further, the audited financial statements attached as Schedule A hereto have been approved by the Board, but not yet been presented to the Owner Representatives of the Credit Union for approval. This will occur at the Credit Union's annual general meeting on April 2, 2022.

As of December 31, 2021, Libro, with $5.4 billion in assets, is one of the largest credit unions in Ontario.

Libro's main Administration Office is located at 217 York Street, London, Ontario N6A 5P9 (telephone 519.672.0124) with additional administration staff also located in offices in the towns of Essex in Essex County, Clinton in Huron County and Caledonia in Haldimand County. See also "Business of the Credit Union" on pages 2 to 12.

As at December 31, 2021, Libro serves 110,425 owner-members ("owners") through its network of 34 branch locations across Southwestern Ontario, a contact centre operating on extended hours, online and mobile banking platforms supplemented by Automated Banking Machines across the region (and connected to the country-wide Exchange network). Libro provides a full range of retail and commercial credit and non-credit financial services and products. Libro's purpose is to build prosperity in Southwestern Ontario through transforming banking.

As evidenced above, Libro, in the ordinary course of business and from time to time, enters into combination discussions with neighbouring credit unions. As of the date hereof, no such discussions have resulted in the management or Board of Libro giving binding commitments to any third parties to complete a merger or acquisition.

The Offering

Libro offers for sale to its owners, at $1.00 per share, Libro Class I Investment Shares, Series 6 ("Class I Series 6 Shares") which are Non-Cumulative, Non-Voting, Non-Participating, Redeemable Special Shares in the capital of the Credit Union. Class I Series 6 Shares are special, non-membership shares and constitute part of the authorized capital of the Credit Union. Subscriptions will be accepted from owners of the Credit Union for a minimum of 1,000 to a maximum of 1,000,000 Class I Series 6 Shares. No owner will be allowed to purchase more than the maximum 1,000,000 Class I Series 6 Shares. Subscription, purchase and redemption of these shares are exclusively through Libro's offices. Class I Series 6 Shares are not redeemable at the shareholder's option for five years following their issuance, except upon the holder's death or expulsion from membership. All redemption requests after that date are subject to Board approval. The Board may, subject to applicable law, including regulatory approval if required pursuant thereto, approve or decline redemption requests. Redemption requests will be considered on a first come, first served basis and are also subject to an annual limit in a particular fiscal year of 10% of the number of the Class I Series 6 Shares issued and outstanding at the end of the prior fiscal year. Transfer of such shares will only be affected through Libro and transfers are generally restricted to other owners of Libro. Libro, at its option and, if required by applicable law, subject to obtaining approval of a regulatory body having jurisdiction over the Credit Union, may acquire the Class I Series 6 Shares, at the Redemption Amount, for cancellation after a period of five years following the issuance of the shares. The Act, through a rule passed under it, prohibits redemption unless the redeemed shares are replaced with capital of equivalent quality without substantial use of Libro's retained earnings, or Libro satisfies the Authority that its capital will remain substantially above minimum regulatory requirements. See "Description of Securities Being Offered" on pages 23 to 27.

Subscriptions for the Class I Series 6 Shares shall be accepted as of the date of this offering statement, and for a period of six months thereafter, or until the date on which subscriptions have been received for the maximum 100,000,000 Class I Series 6 Shares, or until the date on which the Board of Directors (the "Board"), having received subscriptions for at least the minimum 10,000,000 Class I Series 6 Shares but not for the maximum 100,000,000 Class I Series 6 Shares, and noting that six months has not yet passed since the date of this offering statement, resolves to close the offering, whichever shall occur first (the "Closing Date"). The shares so subscribed shall be issued within sixty days after the Closing Date (the "Issue Date").

The securities to be issued under this offering statement are not secured by any assets of Libro and are not covered by deposit insurance or any other form of guarantee as to repayment of the principal amount or dividends. The Class I Series 6 Shares will qualify as Regulatory Capital, to the extent permitted and as defined in the Act.

Dividend Policy

The dividend policy of Libro's Board, as it relates to Class I Series 6 Shares, is to apply a disciplined framework for the calculation of capacity, declaration and payment of dividends which ensures that Libro meets or exceeds both internal and regulatory requirements pertaining to Regulatory Capital and liquidity after dividends are paid, while providing a beneficial return to its owners who hold the shares upon which the dividends are paid. The objective of this policy is to provide a basis for confidence among Libro Owners, depositors, creditors and regulatory agencies that Libro will not make a distribution of dividends that would place Libro's financial position or ability to meet regulatory requirements in jeopardy.

The dividend rate shall be established by the Board, in its sole and absolute discretion, based on financial and other considerations prevailing at the time of the declarations, including, in particular, Libro's earnings. The Board shall consider whether or not a dividend shall be declared, the rate of that dividend (subject to the provisions on page 42 regarding the dividend rate) if such a dividend is declared and the manner in which it is paid, including whether in the form of additional Series 6 Shares, in cash, or partly in shares and partly in cash.

Subject to the above and subject to the full provisions outlined on pages 42 and 43, the Libro Board Policy will be to pay to the holders of Series 6 Shares a dividend at a rate, being the greater of 4.00% or a rate which exceeds by 125 Basis Points the simple average of the yields on the monthly series of the Government of Canada five-year bonds (CANSIM Identifier V122540) as published by the Bank of Canada on its website, www.bank-banque-canada.ca, during Libro's fiscal year, for fiscal years ending on or before December 31, 2026.

For fiscal years ending after that date, the Board has defined an appropriate dividend rate, being a rate equal to or greater than the rate which exceeds by 125 Basis Points the simple average of the yields on the monthly series of the Government of Canada five-year bonds (CANSIM Identifier V122540) as published by the Bank of Canada on its website, www.bank-banque-canada.ca, during the Credit Union's fiscal year.

The Board shall consider this at least annually, and any declared divided will be paid following each fiscal year end and before each Annual General Meeting. There can be no guarantee that a dividend will be paid each year. This dividend policy is subject to change or exception at any time, at the Board's discretion.

Dividends paid on Class I Series 6 Shares will be deemed to be interest and not dividends, and are therefore not eligible for the tax treatment given to dividends from taxable Canadian corporations, commonly referred to as the "dividend tax credit".

Use of Proceeds

If fully subscribed, the gross proceeds to be derived by Libro from the sale of the Class I Series 6 Shares shall be $100,000,000. The costs of issuing these securities are not expected to exceed $150,000, and these costs will be netted against the shares' value on the Balance Sheet. The estimated maximum net proceeds of this offering of securities are $99,850,000. The principal use of the net proceeds, and the purpose of this offering, is to add to the credit union's capital in order to provide for the future growth, development and stability of Libro, while maintaining a prudent cushion in the amount of capital above regulatory requirements.

For more details about Libro's business strategy, including plans for future growth, refer to the discussion beginning on page 8.

Based on the total assets and regulatory capital as presented in the audited financial statements as of December 31, 2021 attached hereto as Schedule A, Libro's Leverage Ratio would increase to 7.26% if this offering is minimally subscribed, and to 8.93% if fully subscribed. Based upon Libro's December 31, 2021 balance sheet, this offering would support additional asset growth of $250 million if minimally subscribed, and $2.5 billion if fully subscribed, while still maintaining the Leverage Ratio at no less than its current Board policy limit of 5.5%, well above the regulatory minimum requirement under the Act, 1994.

Risk Factors

Investments in the Series 6 Shares are subject to a number of risks, including those specific to the Series 6 Shares (regulatory redemption restrictions, capital adequacy requirements and the uncertainty of dividend payments), enterprise risks applicable to Libro (credit risk, market risk, liquidity risk, structural risk, operational risk, strategic risk) and other risks (potential regulatory actions, reliance on key management, geographic risk, economic risk, competitive risk, reputation risk). See "Risk Factors" on pages 28 to 40.

Summary Financial Information

This summary financial information contains financial information that is derived from the audited financial statements attached hereto as Schedule A, including the notes to those statements, and the "Management Discussion and Analysis" beginning at page 57.

SUMMARY BALANCE SHEETS

[thousands of dollars]	December 31, 2021	December 31, 2020	December 31, 2019
Assets			
Cash and cash equivalents	43,364	21,209	37,659
Accrued interest receivable	7,279	9,673	8,507
Investments	760,490	963,818	371,748
Other assets	32,669	31,145	32,605
Loans to owners	4,478,900	3,862,404	3,715,848
Derivative financial instruments	2,669	649	2,707
Property and equipment	57,926	58,299	57,398
Intangible assets	1,402	1,592	4,124
Deferred tax assets	5,470	6,725	4,636
Total assets	**5,390,169**	**4,955,514**	**4,235,232**
Liabilities and owners' equity			
Owners' deposits	4,893,683	4,410,760	3,722,786
Accrued interest payable	15,171	19,412	20,792
Accrued and other liabilities	20,962	17,734	16,735
Income taxes payable	136	945	79
Pension and other employee obligations	17,203	25,730	17,531
Derivative financial instruments	1,519	4,367	922
Securitization liabilities	72,651	140,617	127,177
	5,021,325	4,619,565	3,906,022
Liabilities qualifying as regulatory capital			
Owners' capital accounts	182,140	176,576	164,453
Stock dividends payable	13,959	7,712	14,690
	196,099	184,288	179,143
Total liabilities	5,217,424	4,803,853	4,085,165
Contributed surplus	60,998	60,998	60,998
Retained earnings	114,178	100,856	93,568
Accumulated other comprehensive loss	(2,431)	(10,193)	(4,499)
	172,745	151,661	150,067
Total liabilities and owners' equity	**5,390,169**	**4,955,514**	**4,235,232**

SUMMARY INCOME STATEMENTS

[thousands of dollars]	December 31, 2021	December 31, 2020	December 31, 2019
Interest Income			
Interest on loans	148,492	146,879	148,030
Investment income	6,570	6,836	7,092
	155,062	153,715	155,122
Interest expense			
Interest on owners' deposits	40,869	49,484	54,521
Dividends on Class I Investment shares	4,593	5,046	4,854
Interest on borrowings	3,909	4,320	3,123
	49,371	58,850	62,498
Net interest income	105,691	94,865	92,624
Non-interest income	26,917	14,194	20,125
Total revenue	132,608	109,059	112,749
Provision for (recovery of) credit losses	4,168	4,146	(2,087)
Non-interest expenses			
Salaries and employee benefits	66,768	58,969	55,691
General and administrative	11,488	9,690	10,293
Marketing and business development	3,605	3,744	3,956
Insurance	4,996	4,178	3,396
Systems and technology	6,758	5,661	5,001
Occupancy	8,285	7,934	7,378
Corporate and branch governance	763	753	980
Amortization of core deposit intangible	344	2,143	2,143
	103,007	93,072	88,838
Income before the undernoted	25,433	11,841	25,998
Dividends and profit sharing distributions	9,279	2,634	9,672
Income before income taxes	16,154	9,207	16,326
Provision for (recovery of) income taxes			
Current	3,702	2,741	3,524
Deferred	(870)	(822)	(370)
	2,832	1,919	3,154
Net income for the period	13,322	7,288	13,172

GLOSSARY OF TERMS

"Act" - the *Credit Unions and Caisses Populaires Act, 2020,* as enacted March 1, 2022 and its associated Regulations and Rules, as the same may from time to time be amended, re-enacted or replaced.

"Act, 1994" – the *Credit Unions and Caisses Populairs Act, 1994,* which was in force until it was replaced by the Act. For clarity, the Act, 1994 was in effect as at December 31, 2021.

"Agricultural Loan" - a loan to finance the production of cultivated or uncultivated field-grown crops; the production of horticultural crops, the raising of livestock, fish, poultry and fur-bearing animals; or the production of eggs, milk, honey, maple syrup, tobacco, wood from woodlots, and fibre and fodder crops.

"Administration" - a legal status ordered by the Chief Executive Officer of the Authority in any of the following circumstances: (1) the Chief Executive Officer of the Authority, on reasonable grounds, believes that a credit union is conducting its affairs in a way that might be expected to harm the interests of members, depositors or shareholders or that tends to increase the risk of claims against the Authority, but that Supervision by the Authority would, in the circumstances, not be appropriate; (2) A credit union has failed to comply with an order of the Chief Executive Officer of the Authority made while the credit union was subject to Supervision; (3) the Chief Executive Officer of the Authority is of the opinion that the assets of a credit union are not sufficient to give adequate protection to its depositors; (4) A credit union has failed to pay any liability that is due or, in the opinion of the Chief Executive Officer of the Authority, will not be able to pay its liabilities as they become due; (5) after a general meeting and any adjournment of no more than two weeks, the members of a credit union have failed to elect the minimum number of directors required under the Act (currently five); (6) the Authority has received a report from the Chief Executive Officer of the Authority that the Chief Executive Officer of the Authority has ordered a credit union to discontinue operations for a period; under which the Authority has the power to: (a) Carry on, manage and conduct the operations of that credit union; (b) Preserve, maintain, realize, dispose of and add to the property of that credit union; (c) Receive the income and revenues of that credit union; (d) Exercise the powers of that credit union and of its directors, officers, and committees; (e) Exclude the directors of that credit union and its officers, committee members, employees and agents from its property and business; The Authority has made an order under Section 207 to discontinue doing business for such time as the Chief Executive Officer determines if, after the receipt of verifiable information, the Chief Executive Officer is satisfied that the continuance in business of the credit union is not in the interest of members, depositors or shareholders; and (f) Require that credit union to, (i) amalgamate with another credit union, (ii) dispose of its assets and liabilities, or (iii) be wound up.

"Authority" - Financial Services Regulatory Authority of Ontario continued under subsection 21(2) of the *Financial Services Regulatory Authority Act, 2016.*

"Basis Point" - one-hundredth of one percent (0.01%).

"Branch" - every office of Libro established by the Board in accordance with Article IV of Libro By-laws with a defined group of Libro owners whose membership shares are registered as affiliated with that branch office.

"Bridge Loan" - a loan to an individual made under the following circumstances:

1. The loan is for the purchase of residential property in which the purchaser will reside.
2. The term of the loan is not greater than 120 days.
3. The funds from the sale of another residential property owned by the individual will be used to repay the loan.

4. The credit union must receive a copy of the executed purchase and sale agreement for both properties before the loan is made.
5. The conditions of each of the purchase and sale agreements must be satisfied before the loan is made.
6. The loan is fully secured by a mortgage on the residential property being sold or, before the loan is made, the borrower's solicitor has given the credit union an irrevocable letter of direction from the borrower stating that the funds from the sale of the residential property being sold will be remitted to the credit union.

"Capital Conservation Buffer" – Tier 1 Capital in excess of Tier 1 Capital required to meet the Tier 1 Capital Ratio.

"Capital Conservation Buffer Ratio" – Capital Conservation Buffer as a percentage of Risk-Weighted Assets.

"Commercial Loan" - a loan, other than any of the following types of loans, made for any purpose: an Agricultural Loan; a Bridge Loan; an Institutional Loan; a Personal Loan; a Mortgage Loan; an Unincorporated Association Loan; a loan that consists of deposits made by the credit union with a financial institution, Central 1 Credit Union or La Fédération des caisses Desjardins du Québec, a loan fully secured by a deposit with a financial institution (including the credit union making the loan), Central 1 Credit Union or La Fédération des caisses Desjardins du Québec, a loan fully secured by debt obligations guaranteed by a financial institution other than the credit union making the loan, Central 1 Credit Union or La Fédération des caisses Desjardins du Québec, a loan that is fully secured by a guarantee of a financial institution other than the credit union making the loan, Central 1 Credit Union or La Fédération des caisses Desjardins du Québec, an investment in a debt obligation that is fully guaranteed by a financial institution other than the credit union making the loan, fully secured by deposits with a financial institution (including the credit union making the loan), or fully secured by debt obligations that are fully guaranteed by a financial institution other than the credit union making the loan; an investment in a debt obligation issued by the federal government, a provincial or territorial government, a municipality, or any agency of such a government or municipality; an investment in a debt obligation guaranteed by, or fully secured by securities issued by, the federal government, a provincial or territorial government, a municipality, or by an agency of such a government or municipality; an investment in a debt obligation issued by a central, Central 1 Credit Union or La Fédération des caisses Desjardins du Québec, an investment in a debt obligation that is widely-distributed; an investment in shares or ownership interests that are widely-distributed; an investment in a participating share; or an investment in shares of a central, Central 1 Credit Union or La Fédération des caisses Desjardins du Québec. A Commercial Loan includes the supply of funds for use in automated bank machines not owned and operated by the credit union supplying the funds.

"Escrow" - a form of trust agreement in which funds are temporarily placed under the control of a third party (trustee) until specific conditions, set out in advance, are met.

"Institutional Loan" - a loan given to the federal government or a federal government agency, a provincial or territorial government or an agency of one, a municipality or an agency of one, a school board or college funded primarily by the federal or a provincial or territorial government, or an entity primarily funded by the federal government, a provincial or territorial government, or a municipality.

"Leverage Ratio" - total Regulatory Capital divided by total assets under the Act, 1994. The Act requires a similar but not identical calculation of Leverage Ratio.

"Membership Shares" - shares required, according to a credit union's By-laws, to maintain a membership in the credit union.

"Mortgage Loan" - loan that is secured by a mortgage on an individual condominium unit or a building with one to four units where at least one half of the floor area of the building is utilized as one or more private residential dwellings, and to which any of the following apply:

1. The amount of the loan, together with the amount then outstanding of any mortgage having an equal or prior claim against the mortgaged property, does not exceed 80% of the value of the property when the loan is made.
2. The loan is insured under the *National Housing Act* (Canada), or guaranteed or insured by a government agency.
3. The loan is insured by an insurer licensed to undertake mortgage insurance.

"Non-Cumulative" - dividends not declared or paid for one fiscal year are not carried forward or added to the dividend of a following year but are forever extinguished.

"Non-Participating" - in case of dissolution, shareholders receive only the Redemption Amount (see below) and do not participate in receiving any of the residual value of the credit union's assets.

"Non-Voting" - holders vote only at special meetings as required by the Act.

"Owner" - a person, company or formal organization holding the required number of Membership Shares of Libro, a member of Libro as defined in the Act and Libro By-laws.

"Owner Representative" - an individual Owner elected in accordance with Article IV of the By-laws to represent the Owners whose membership shares are recorded in the Branches within a given Region, and, collectively with the other elected Owner Representative for the same Region, exercise the powers of the Owners whose membership shares are recorded at Branches within or assigned to such Region at all meetings of the Owners, including annual and special meetings.

"Personal Loan" - loan given to an individual for personal, family or household use; or to an individual or entity for any other use if the loan, and all other loans outstanding to that individual or entity, does not exceed $25,000.

"Redemption Amount" - the amount a shareholder receives on redemption or at which shares are transferred from one member to another; this amount is equal to the issue price of the shares ($1 per share) plus any dividends which have been declared but not yet paid.

"Regulatory Capital" - Tier 1 Capital plus Tier 2 Capital.

"Risk-Weighted Assets" - the absolute value of assets in specified categories is multiplied by a percentage, varying between 0% and 100% under the Act, 1994, and between 0% and 1250% under the Act, depending on the risk attributed to each category. The sum of all the categories is the Credit Union's Risk-Weighted Assets.

"Risk-Weighted Assets Ratio" - total Regulatory Capital divided by Risk-Weighted Assets.

"Schedule I Banks" - Schedule I banks are domestic banks and are authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canada Deposit Insurance Corporation.

"Schedule II Banks" - Schedule II banks are foreign bank subsidiaries authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canada Deposit and Insurance Corporation. Foreign bank subsidiaries are controlled by eligible foreign institutions.

"Special Resolution" - a resolution passed by two-thirds or more of the votes cast by or on behalf of the persons who voted in respect of that resolution.

"Substantial Assets" - assets having an aggregate value equal to or greater than 15 per cent of a credit union's assets at the end of its previous fiscal year.

"Supervision" - a legal status ordered by the Chief Executive Officer of the Authority when: (1) A credit union asks, in writing, that it be subject to supervision; (2) A credit union is not in compliance with prescribed Regulatory Capital or liquidity requirements; (3) the Chief Executive Officer has reasonable grounds for believing that a credit union is conducting its affairs in a way that might be expected to harm the interests of members or depositors or that tends to increase the risk of claims against the Authority; (4) A credit union or an officer or director of it does not file, submit or deliver a report or document required to be filed, submitted or delivered under the Act within the time limits outlined under the Act; or (5) A credit union did not comply with an order of the Chief Executive Officer of the Authority under which the Chief Executive Officer of the Authority can: (a) order that credit union to correct any practices that the Chief Executive Officer feels are contributing to the problem or situation that caused it to be ordered subject to the Authority's supervision; (b) order that credit union and its directors, committee members, officers and employees not to exercise any powers of that credit union or of its directors, committee members, officer and employees; (c) establish guidelines for the operation of that credit union; (d) order that credit union not to declare or pay a dividend or to restrict the amount of a dividend to be paid to a rate or amount set by the Chief Executive Officer; (e) attend meetings of that credit union's board and its credit and audit committees; and (f) propose bylaws for that credit union and amendments to its articles of incorporation.

"Syndicated Loan" - a loan, including any related credit facilities, to which all of the following conditions apply:

1. The loan is made under a syndicated loan agreement.
2. The syndicating lead is one of the following institutions:
   i. A credit union, or a subsidiary of a credit union if that credit union is the only other party, other than the borrower, to the syndicated loan agreement.
   ii. A central.
   iii. Central 1 Credit Union.
   iv. Fédération des caisses Desjardins du Québec.
   v. A bank listed in Schedule I to the Bank Act (Canada).
3. The only parties to the syndicated loan agreement are the following entities:
   i. The syndicating lead.
   ii. A borrower from Ontario.
   iii. One or more of the following entities:
      A. A credit union or its subsidiary or affiliate.
      B. A central.
      C. Central 1 Credit Union.
      D. Fédération des caisses Desjardins du Québec.
      E. A financial institution other than a securities dealer.
      F. An extra-provincial credit union registered under clause 273 (2) of the Act.
4. Each of the parties to the syndicated loan agreement, other than the borrower, agrees to contribute a specified portion of the loan and to be bound by the terms and conditions of the syndicated loan agreement.
5. The syndicating lead contributes at least 10 per cent of the loans, including any related credit facilities, and underwrites, disburses and administers them on behalf of the parties to the syndicated loan agreement.

Syndicated loans can be made inside or outside Ontario, in which case a credit union incorporated pursuant to the laws of another Canadian province can be the syndicating lead, and the borrower can be located in another Canadian province.

"Tier 1 Capital" – had, with respect to the Act, 1994, the definition contained in a regulation passed pursuant to that legislation. The relevant Rule passed pursuant to the Act contains a similar but not identical definition in that it includes accumulated other comprehensive income.

"Tier 2 Capital" – had, with respect to the Act, 1994, the definition contained in a regulation passed pursuant to that legislation. The relevant Rule passed pursuant to the Act contains a similar but not identical definition.

"Tier 1 Capital Ratio" – Tier 1 Capital (as defined in the Act) as a percentage of Risk-Weighted Assets.

"Total Capital Ratio" – Regulatory Capital divided by Risk-Weighted Assets as defined in the Act (formerly Risk-Weighted Assets Ratio).

"Total Supervisory Capital Ratio" – the sum of Tier 1 Capital (as defined in the Act), including the Capital Conservation Buffer, and Tier 2 Capital (as defined in the Act), as a percentage of Risk-Weighted Assets (as defined in the Act).

"Unincorporated Association Loan" – loan to an unincorporated association or organization that is not a partnership registered under the *Business Names Act*, and that is operated on a non-profit basis for educational, benevolent, fraternal, charitable, religious or recreational purposes.

DETAILED OFFERING STATEMENT

The Credit Union

Libro Credit Union Limited, as it exists today ("Libro"), was formed by the amalgamation of Libro Credit Union Limited (then operating under the trade name of Libro Financial Group) and United Communities Credit Union Limited on January 1, 2014. Libro Financial Group was originally chartered as the Dutch Catholic Immigrants (London) Credit Union Limited on January 25, 1951 and subsequently changed its name to St. Willibrord (London) Credit Union in 1953 and again subsequently to Libro Credit Union in 2006. Several other smaller credit unions joined Libro by way of purchase and sale agreements over the years from 1977 to 2012. United Communities Credit Union Limited was formed on January 1, 2006 and was also the result of an amalgamation of Woodslee Credit Union Limited and Heartland Credit Union Limited, both of which were themselves the result of a series of purchases and amalgamations since their original incorporations dating back to 1943. Since January 1, 2014, Libro has successfully completed two asset purchase transactions. It purchased all of the assets and assumed all of the liabilities of Kellogg Employees Credit Union Limited, effective April 1, 2014, and completed a similar transaction with Hald-Nor Community Credit Union Limited, on August 1, 2015. Libro is, currently one of the largest credit unions in Ontario.

All financial information for this offering was calculated with reference to the Act, 1994. The Act, 1994 was replaced by the Act on March 1, 2022. The Credit Union is now required to comply with the Act.

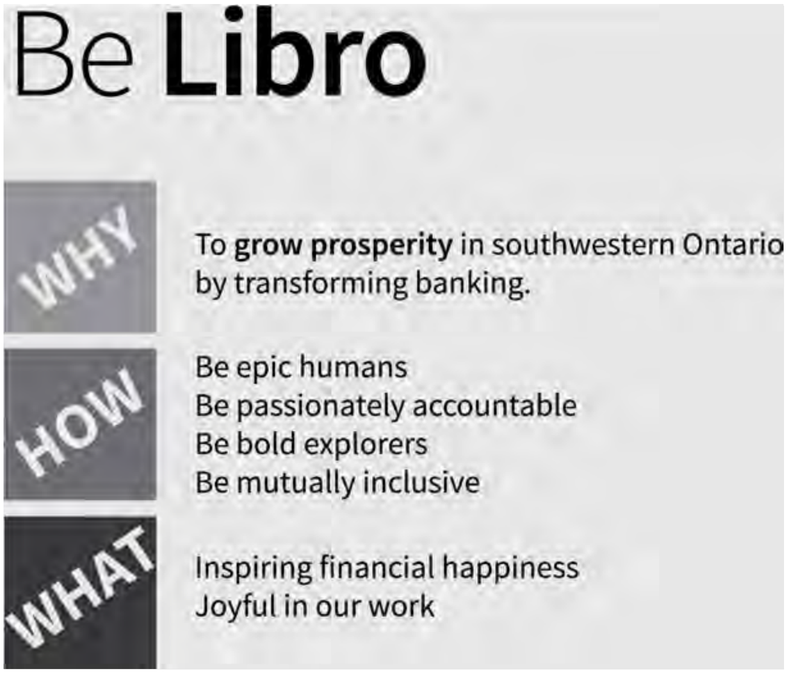
Further, the audited financial statements attached as Schedule A hereto have been approved by the Board, but not yet been presented to the Owner Representatives of the Credit Union for approval. This will occur at the Credit Union's annual general meeting on April 2, 2022.

As of December 31, 2021, Libro serves 110,425 Owners through 34 branches and throughout southwestern Ontario. Libro's head office is located at 217 York Street London, Ontario N6A 5P9, telephone: (519) 672-0130. In addition, certain corporate office functions are currently conducted in offices located in Essex, Clinton and Caledonia, Ontario. Libro offers a full range of personal and business financial products and services. See also "Business of the Credit Union", on pages 2 through 12.

Libro, as part of its ordinary course of business, from time to time enters into merger and acquisition discussions with neighbouring credit unions, financial institutions and providers of other financial services. As of the date hereof, no such discussions have resulted in the management or Board of Libro giving binding commitments to any third parties to complete a merger or acquisition.

The Prosperity Purpose

Libro exists to grow prosperity in southwestern Ontario by transforming banking, a vision that is clearly articulated in its Be Libro statement:



Libro delivers on that purpose by leveraging our assets, relationships, and influence to help people in the region be:

Libro is a certified B Corp, a "living wage" employer and member owned co-operative. Libro forms a virtuous circle that starts with 110,000 Owners, and includes more than 700 staff, elected Owner representatives, and communities in the region.

General Description of the Business

Over the past five years, Libro has grown significantly in size of portfolio, number of employees, and number of Owners. Since 2016, Libro has had significant portfolio growth. Loans to owners have increased $1.6 billion, or 53%, Owner deposits have increased $1.8 billion, or 61%, and the off-balance sheet wealth portfolio has grown by $538 million, or 78%. To support these increases, Libro has increased employment from 592 full-time equivalent staff ("FTE") in 2016 to 673 FTE in 2021, an increase of 81 or 14%.

During this time, Libro has focused on building prosperity in Southwestern Ontario through transforming banking. Libro has aligned its pursuit of this purpose as a Certified B Corporation, using its resources as a force for good, and in particular working to improve financial resilience, employment, housing, and local food accessibility.

Libro strives to provide the best advice and coaching to our Owners and has invested substantially in this goal through staff training and development programs and aligning the structure of delivery teams to better support the varied Owner segments who choose to do business with Libro. These initiatives have allowed Libro to streamline processes and improve the overall service experience through continuous improvement. Staff development and continued education builds strong advisory and service skills.

As consumer trends evolve, Libro has kept pace with expanded digital and remote service offerings including the ability to switch to Libro, connect remotely with a coach, and better track saving and spending behaviour to reach financial goals. Libro has also added three new branch locations in the past 5 years, in Old East Village in London, Downtown Kitchener and Woodstock.

Libro is the sole member of a newly created registered Canadian charity (Libro Foundation) that was formed to help carry out Libro's ambition to create vibrant, prosperous and sustainable communities. The foundation is designated by Canada Revenue Agency as a private foundation.

An overview of the products and services offered by Libro follows:

Personal Financial Services

Libro provides a broad range of personal financial products and services to its Owners. Retail financial products for individuals and businesses include Canadian dollar chequing and savings accounts, U.S. dollar chequing accounts and a variety of Canadian dollar term deposit products in long terms of one to five years and short terms of 30 to 365 days. Investment services include various types of investments, including mutual funds offered through an arrangement with Credential Asset Management Inc., and various managed equity and bond solutions offered through an arrangement with Credential Qtrade Securities Inc. (operating as Credential Securities) outlined at pages 55 and 56 hereof. Credential Securities also provides online brokerage services with both Qtrade Direct Investing and VirtualWealth. As at December 31, 2021, these arrangements had enabled Credit Union Owners to invest $1,223,908,000

In February 2018, Libro became a proud member of the Responsible Investment Association, and, in 2021, Libro announced that it would offer exclusively responsible investing options through NEI utilizing our Credential Asset Management Inc. mutual funds.

Additional Libro Credit Union registered investment options include registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), tax-free savings account ("TFSAs"), and registered education savings plans ("RESPs"). All registered investments are administered, held, and trusteed by Libro as applicable, with the exception of RRIFs, specific RRSPs containing Class P Profit Shares and Class I Investment Shares, specific TFSAs containing Class P Profit Shares and Class I Investment Shares and RESPs. RRSPs and TFSAs containing Class P Profit Shares and Class I Investment Shares and RRIFs are trusteed by Concentra Trust, a wholly owned subsidiary of Concentra Bank operating as Wyth Financial Services ("Concentra Bank"). RESPs are administered and trusteed by Concentra Trust or Credential Bank.

Libro owns 36 Automated Banking Machines ("ABMs") which are located throughout its branch network. There is at least one ABM at all but one Credit Union branch, as well as two ABM's at offsite locations. Libro is also linked to the Interac®, Cirrus®/Maestro®, and Accsys®/Plus®

system networks, and is a member of The Exchange® Network, giving Owners access to their accounts at point of sale terminals and ABMs throughout all of Ontario, Canada and internationally. In addition, Owners have the option of conducting transactions using Libro's internet, mobile and telephone banking channels.

Libro offers a Visa credit card through an arrangement with Collabria Financial Services Inc., outlined at pages 51 and 52 hereof. Libro does not hold the accounts receivable owing from its credit card holders. These credit cards are available to mobile wallets through Apple, Google, and Samsung Pay. Libro also offers a Debit MasterCard® through Everlink Payment Services Inc., combining the convenience and global acceptance of a MasterCard with the ability to pay directly from an Owner's demand account.

Libro offers robust online and mobile banking platforms that offer a full suite of services including bill payment services, digital cheque deposit, Interac e-transfer functionality, as well as personal financial management and budgeting tools.

Business Banking Services

Libro provides financial products and services to meet the needs of its business Owners. Commercial financial products for businesses include Canadian dollar chequing and savings accounts, U.S. dollar chequing accounts and a variety of Canadian dollar redeemable and non-redeemable term deposit products in both long terms of one to five years and short terms of 30 to 365 days.

Libro also provides a number of cash management solutions, such as an online banking platform with commercial specific design, and automated funds transfers to provide members with pre-authorized payments, electronic payroll and wire transfers, giving Owners the ability to send and manage payments in major currencies. Libro also offers merchant services to its business Owners, which allow business Owners to accept MasterCard®, VISA®, American Express® and INTERAC®, enabling them to provide their customers with a range of payment options.

Libro offers a Business Visa credit card through the same arrangement with Collabria Financial Services Inc. as discussed in the "Personal Financial Services" section. Similarly, Libro does not hold the accounts receivable owing.

Lending Services

Libro is permitted to offer Personal Loans, Mortgage Loans, Bridge Loans, Commercial Loans, Agricultural Loans, Institutional Loans, Syndicated Loans and Unincorporated Association Loans, up to limits defined in its lending policies, which are required by regulation to meet a "prudent person" standard. The Board has approved, and management follows, its lending policies in all areas to minimize the risk of loan losses. A variety of loan-related group insurance products are also available to Owners for all types of loans.

Personal Loans

Personal Loans consist of instalment loans, demand loans and lines of credit. Libro's lending policy prevents it from making aggregate unsecured Personal Loans of more than 40% of Libro's Regulatory Capital plus Owner deposits. As of December 31, 2021, Libro's Personal Loan portfolio (as defined in the Act, 1994) totaled $205,355,000 and represented 3.9 % of Libro's

Regulatory Capital plus Owner deposits.

Residential Mortgages

Libro offers Mortgage Loans and Bridge Loans to its Owners. It grants Mortgage Loans to individuals according to conventional mortgage lending standards for residential property. Libro's lending policy prevents it from making aggregate Mortgage Loans of more than 60% of Regulatory Capital plus Owner deposits. As of December 31, 2021, approximately 86% of Libro's portfolio of Mortgage Loans consists of conventional mortgages; the remainder are high-ratio mortgages insured by the Canada Mortgage and Housing Corporation and Sagen. Sagen is fully self-sustaining and maintains assets and capital which meet and exceed all regulatory requirements as regulated of the Office of the Superintendent of Financial Institutions. These assets are held in Canada for the Canadian mortgage insurance business. Both insurers are backstopped by a Government of Canada guarantee. As of December 31, 2021, Libro's portfolio of Mortgage Loans (as defined in the Act, 1994) totaled $1,644,627,000, and represented 31.2% of Libro's Regulatory Capital plus Owner deposits.

As of December 31, 2021, Libro's Owners had $90,448,000 outstanding in Mortgage Loans, included in the aforementioned portfolio total, which had been securitized by Libro through the securitization programs discussed at page 52 hereof. Libro participates in the National Housing Act Mortgage-Based Securities (NHA MBS) and Canadian Mortgage Bonds (CMB) CMHC government-sponsored securitization programs as a source of funding and to manage long term interest rate exposure.

Libro is currently assessed by the Authority's securitization risk framework as a Level 1 issuer and therefore limits securitization activities to government-sponsored securitization programs only. Each year, Libro can securitize a maximum of 5% of total assets and total securitizations cannot exceed 10% of total assets. No mortgages were securitized in 2021 and the outstanding balance of securitized loans at December 31, 2021 was $90,448,000, representing 1.7% of total assets. The related liability for securitization sold as of December 31, 2021 was $72,651,000. Libro is also required to perform regular stress testing over the securitization programs. As of December 31, 2021, Libro is in compliance with its securitization policy.

For more discussion about Libro's securitization and loan sale activity, refer to Note 3 [n](i) in the audited financial statements attached as Schedule A hereto, at page 17 thereof.

Commercial Loans

Commercial Loans consist of mortgages, term loans and operating lines of credit to small- and medium-sized businesses, and mortgages that do not meet the definition of a Mortgage Loan. Aggregate Commercial Loans to a related group of companies are limited to 20% of Libro's Regulatory Capital. The total portfolio of Commercial Loans and Agricultural Loans are limited to 55% of Libro's Regulatory Capital plus Owner deposits. As of December 31, 2021, Libro's Commercial Loan portfolio (as defined in the Act, 1994) totaled $1,632,976,000, and represented 31.0% of Libro's Regulatory Capital plus Owner deposits.

Agricultural Loans

Agricultural Loans consist of mortgages, term loans and operating lines of credit to all types of agricultural businesses. Aggregate Agricultural Loans to a connected group of companies are limited to 20% of Libro's Regulatory Capital. The total portfolio of Commercial Loans and Agricultural Loans are limited to 55% of Libro's Regulatory Capital plus Owner deposits. As of December 31, 2021, Libro's Agricultural Loan (as defined in the Act, 1994) portfolio totaled $1,010,652,000 and represented 19.2% of Libro's Regulatory Capital and Owner deposits. The aggregate of Libro's Commercial Loans and Agricultural Loans represented 50.2% of Libro's Regulatory Capital and Owner deposits.

Syndicated Loans

Syndicated Loans are loans made by Libro along with other financial institutions pursuant to a syndicated loan agreement, enabling several lenders to cooperate in making a larger loan than any one of them would have been able or willing to offer to the borrower individually. The maximum overall size of total syndications that Libro may participate in is 10% of Libro's Regulatory Capital plus Owner deposits. As of December 31, 2021, Libro's Syndicated Loan portfolio totaled $65,853,000, which is included in the aforementioned Commercial Loan portfolio total, representing 1.2% of Libro's Regulatory Capital plus Owner deposits.

Summary Lending Comments

For further information regarding any of these loan portfolios, see the "Management Discussion and Analysis" beginning on page 57, and note 5 in Libro's audited financial statements beginning on page 20 of Schedule A hereto.

Bond of Association and Ownership

Libro's by-laws specify that a bond of association must exist among Owners. Typically, such bonds of association may be community-based, employer-based, or otherwise based on a group of owners with a form of common association. Currently, Libro's bond of association is a broad geographic one, including everyone residing or working in the Province of Ontario.

Libro's bond of association also permits an Owner who once qualified under the bond of association but no longer does, to remain an Owner. Libro also permits those not qualifying for ownership under its bond of association to become an Owner, but the number of such Owners cannot exceed 3% of the ownership of Libro, and the admission of all such Owners must be approved by the Board. Certain entities (i.e., corporations, partnerships, and government ministries and agencies) may also become Owners.

Ownership in Libro is granted to applicants who are within the bond of association by enabling them to purchase and hold the required number of Membership Shares as specified in paragraph 3.04 of the By-laws of Libro. The membership By-law currently requires each Owner who is a person of the age of 18 years or older to hold 50 one-dollar Membership Shares of Libro, and each member who is under the age of 18 years to hold ten one-dollar Membership Shares of Libro.

Corporate Governance

The business of Libro is directed and governed by its Board, a group of 11 individuals who are elected by the Owner Representatives of Libro at the annual general meeting of Libro pursuant to a procedure outlined in Libro's By-laws. Owner Representatives, as contemplated in the Act, (section 193) are elected by the Owners pursuant to a procedure outlined in Libro's By-laws. Owner Representatives are an integral part of Libro's grassroots governance and are vested with the voting rights of the Owners when voting at annual and special general meetings, including in director elections. Each director is elected for a three-year term of office, on a staggered basis to provide for continuity of Board members.

The articles of amalgamation creating Libro permit a minimum of nine and a maximum of 17 directors. Libro's By-laws set the number of directors at 11.

The Board has overall responsibility for and authority within Libro, and it directs the activities of the President and Chief Executive Officer, to whom it has delegated certain responsibilities according to Board policies. Libro has an Executive Leadership Team as outlined on page 47 of the offering statement. Libro has, at December 31, 2021, 745 total employees, which represent 673 full-time equivalent positions. For the names, municipality of residence, offices with Libro and the present principal occupations of the directors, Executive Leadership Team and officers of Libro as of the date of this offering statement, see "Directors, Executive Leadership Team and Officers" beginning on page 46 of the offering statement.

The duties, powers and standards of care and performance for boards of directors, officers and committee members of credit unions are specified in the Act, the regulations passed pursuant to it, and the Sound Business and Financial Practices Rule and include a duty to act honestly, in good faith, and with a view to the best interest of Libro, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board has established three standing committees to assist in its effective functioning and to comply with the requirements of the Act and Regulations: the Audit and Finance Committee, the People and Culture Committee, and the Risk and Credit Committee. Each committee is comprised of no less than three and no more than five directors. The Board of Directors appoints directors to the committees annually, with at least one committee member returning to ensure continuity.

The Audit and Finance Committee is responsible for promotion and reinforcement of a clear understanding of the financial risks facing Libro to advance opportunities aligned with the stated risk appetite. Among other things, this includes reviewing any financial statements which are presented to the Owners, either at an annual general meeting or within an offering statement and making recommendations to the Board as to the approval of such financial statements. The Audit and Finance Committee also acts on behalf of the Board to ensure effective oversight of internal and external audit processes and monitoring the independence of the audit functions. The internal audit function has direct and unfettered access to the Audit and Finance Committee. The Audit and Finance Committee, on behalf of the Board, oversees the operating budget, capital plan and liquidity risk management plan of the credit union. The Audit and Finance Committee is also responsible for ensuring robust processes for identifying, managing and monitoring risks associated with its oversight responsibilities, and ensuring a balance between risks incurred and potential returns.

The People and Culture Committee is responsible for ensuring that Libro culture aligns with its strategy, to deliver on the strategy and achieve Libro's purpose. The People and Culture Committee monitors talent strategies, engagement levels and ethical standards of business conduct staff, directors and Owner Representatives. The Committee ensures that Libro Articles, By-laws and Board policies are appropriate for the size, scale and complexity of the credit union. The

Committee is responsible for assessing the performance of the Board and its committees, and the director nomination and election process as implemented by a Director Recruitment Sub-Committee. The People and Culture Committee additionally has oversight of the Chief Executive Officer's performance, compensation and succession planning. The People and Culture Committee is also responsible for ensuring robust processes for identifying, managing and monitoring risks associated with its oversight responsibilities, and ensuring a balance between risks incurred and potential returns.

The Risk and Credit Committee is responsible for ensuring Libro has in place robust processes for identifying, managing and monitoring its critical risks. The Committee also has oversight of enterprise risks (see discussion starting on page 30) to ensure they are at an acceptable level and the establishment and monitoring of a risk appetite framework (see discussion starting on page 28). The Risk and Credit Committee also provides oversight of the Market Code of Conduct as required by the Act. The Risk and Credit Committee is responsible for oversight of loans, credit granting, delinquency and collections. The Risk and Credit Committee reviews and recommends loans to restricted and related parties as required under the Act. Additionally, the Committee ensures Libro is compliant with the Act and Regulations, its By-laws, and its policies.

Other Board committees, panels and task forces formed from time to time have terms of reference outlining their responsibilities and accountabilities.

Business Strategy

Libro's purpose is to grow prosperity in southwestern Ontario by transforming banking. To achieve this, Libro has a well-defined and comprehensive business planning process with full engagement and ownership from the Board and the Executive Leadership Team. The planning process involves strategic planning sessions, strategic business plan updates, staff communication and the development of annual budget, capital and liquidity risk management plans.

Libro operates with a rolling three-year strategic business plan built within a ten year vision, providing a balanced short and long term perspective for future growth and success. Seven strategic priorities form the base of that business plan, with key initiatives ranging from one to three years in length and measured against key strategic performance indicators:

- **Purpose Driven Business:** Using a purpose beyond profit approach, Libro embeds this across the organization by identifying and leveraging opportunities to grow prosperity in alignment with Libro's purpose and pillars. Libro will further embed purpose in the organization, including advancing governance and metrics to support purpose driven objectives and reporting.

- **Owner Advice & Service:** Libro grows and protects Owner prosperity through coaching, advice, products, and services in a way that is meaningfully integrated across delivery channels. Libro focuses on Owner acquisition, increasing awareness of Libro, and building Owner relationships and financial resilience. Libro provides training, support, and resources to empower staff to develop, achieve and be effective.

- **Talent Management:** Libro will attract talent aligned with its purpose and pillars. Libro is accelerating talent development and creating a culture of curiosity and continuous learning focused on Owner advice, coaching, collaboration, digital fluency, and leadership skills. To enhance staff experience, Libro focuses on culture, diversity, equity & inclusion, rewards programs, and increasing growth opportunities for long term role and career development.

- **Data Foundations & Insights:** To grow prosperity at scale requires building robust data foundations, data governance and data insights to identify and leverage opportunities in real time, with a data-informed culture empowered to act. Libro's strength is people. It is developing data and tools to work in step and supercharge its people. Libro has a responsibility to maintain Owner trust with how it uses and safeguards their data.

- **Digital Delivery:** In pursuit of Owner prosperity, Libro must deliver a digital experience that highlights purpose, is simple, seamless, fosters coaching and builds financial resilience. Libro will continue to evolve its *Digital First, Coaching Everywhere* experience.

- **Operational Excellence:** To exceed Owner expectations and grow prosperity, Libro must execute consistently, effectively, and efficiently. Increasing capacity for growth requires focus on end-to-end Owner experiences, leveraging technology, transforming processes, and building change capabilities.

- **Market Development:** Libro invests in community locations to effectively engage Owners & target market segments. Libro anticipates staff, Owner and community needs, preferences, and behaviours in order to optimize its network to grow prosperity, as well as to increase its portfolio and pursue revenue opportunities that sustain Libro's prosperity.

In addition to the more detailed business strategy discussed above, Libro, as part of its ordinary course of business, from time to time enters into merger and acquisition discussions with neighbouring credit unions, financial institutions and providers of other financial services. As of the date hereof, no such discussions have resulted in the management or Board of Libro giving binding commitments to any third parties to complete a merger or acquisition.

The Regulatory Framework

As a financial institution, Libro is subject to the oversight of a number of regulators. Ontario credit unions are regulated through a comprehensive regulatory framework which involves the Ministry of Finance and the Financial Services Regulatory Authority of Ontario ("the Authority"). The credit union sector is governed by the Act. Other regulators include, but are not limited to, the Financial Transactions and Reports Analysis Centre ("FINTRAC") and Canada Revenue Agency ("CRA").

The Ministry of Finance is responsible for developing and proposing the legislation and regulations that credit unions must follow.

The Authority is responsible for ensuring that credit unions operate in accordance with the requirements of the Act, including market conduct relating to members and the general public. The Authority is responsible for incorporating credit unions and caisses populaires, approving changes to their articles of incorporation, and issuing certain approvals under the Act, and for reviewing complaints against credit unions and caisses populaires.

The Authority is also responsible for overseeing compliance with sound business and financial practices, capital, and liquidity rules and for providing deposit insurance protection for deposits held in Ontario credit unions up to prescribed limits. As part of this responsibility, the Authority has the authority to issue rules to ensure that insured institutions operate in accordance with sound business and financial practices.

The Authority may place a credit union or caisse populaire in a depositor protection program such as Supervision or Administration, or cancel its deposit insurance, in the circumstances outlined in the definitions of these terms in the "Glossary of Terms" section of this document. The Authority has rated the Credit Union on its differential premium system, enabling calculation of the Credit Union's deposit insurance premium for its fiscal year ending December 31, 2021, and its insurance is in place and in good standing regarding that fiscal year. The Credit Union is required to report to the Authority immediately any actual or anticipated event which is likely to have a material impact on the Credit Union's financial position and increase the Authority's insurance risk. In that event, the Authority reserves the right to impose other terms, conditions, or requirements as the Authority deems appropriate.

Central 1 Credit Union and the Canadian Credit Union Association ("CCUA")

Each province in Canada has one or more credit union associations that serve their member credit unions in the province, and, in Ontario, one of these bodies is Central 1 Credit Union ("Central 1"). As an incorporated association owned by its 100 (as of December 31, 2020) member credit unions in Ontario (60 member credit unions) and British Columbia (40 member credit unions), Central 1 provides wholesale financial, digital banking, and payments economic forecasting services to its member credit unions.

As the central banker for its member credit unions, Central 1 provides, through an arrangement with a third party, centralized cheque clearing, and itself provides lending services to member credit unions. Lending services include overdraft facilities, demand loans, and term loans at fixed and variable rates.

To become a member of Central 1, the Credit Union must purchase membership shares calculated based on the percentage of its total assets relative to the system's total assets as of the preceding calendar year end. The Credit Union must also pay membership dues which are calculated using a formula which is based on the Credit Union's membership. As at December 31, 2021, the Credit Union's membership in Central 1 is in good standing.

Canadian Credit Union Association ("CCUA") serves as the trade association for credit unions and leads national government relations efforts, national marketing and research, and is a voice in the World Council of Credit Unions, a world-wide association of national credit union associations.

Tier I and Tier II Regulatory Capital

Capital is defined by its relative permanence (i.e., inability to be redeemed quickly), freedom from mandatory fixed charges against the earnings of Libro (i.e., cumulative dividends), and subordinateposition to the rights of depositors and other creditors of Libro, who are paid the sums they are duebefore the holders of capital receive any funds.

Tier I capital qualifies as Regulatory Capital under all three definitions (i.e., is permanent, creates no fixed charges against Libro's income, and is subordinate to its members' deposits). Tier II capital, in general, meets only two of the three definitions (i.e., it might be permanent, and subordinate to the members' deposits, but have a cumulative dividend feature). Included in Tier I capital are Libro's Membership shares, retained earnings, contributed surplus and that portion of the Class P shares, Class I shares series 1, 2, 3, 4, 5 and Class I Series 6 Shares which are not eligible to be redeemed in the twelve months following the date of the determination (i.e., 90% of the Class P shares, Class I shares Series 1, 2, 3, 4 and 5 due to the 10% maximum redemption feature, and 100% of the Class I Series 6 Shares due to the five year restriction on redemptions). Effective March 1, 2022, the definition of Tier 1 Capital in the definitions section of this offering statement applies.

The Tier 2 capital of Libro includes the Class P shares, Class I shares Series 1, 2, 3, 4, 5 and Class I Series 6 Shares which are eligible for redemption in the twelve months following the date of determination (i.e., 10% of the Class P shares, and 10% of the Class I shares series 1, 2, 3, 4 and 5), and a portion of Libro's non-specific loan loss allowance. Effective March 1, 2022, the definition of Tier 2 Capital in the "Glossary of Terms" section of this document applies.

In accordance with the Act, the Authority developed rules, including the Capital Adequacy Requirements for Credit Unions and Caisses Populaires ("new capital rule"), which also went into force on March 1, 2022. The new capital rule modifies the calculation of the Risk-Weighted Assets Ratio (referred to as the Total Capital Ratio in the new capital rule) and the Leverage Ratio. The minimum Leverage Ratio is adjusted from 4% to 3% in the new capital rule, with the denominator including elements of both on and off balance sheet assets.

The new capital rule introduces minimum requirements for retained earnings, Tier 1 Capital Ratio, Capital Conservation Buffer Ratio, and Total Supervisory Capital Ratio.

There is a risk Libro may fall below the required Capital Conservation Buffer Ratio and Total Supervisory Capital Ratio before Class I Series 6 Shares are issued. If this occurs, Libro is required to immediately implement an action plan to restore compliance and provide the plan to the Board and the Authority under Section 14 of the new capital rules. The issuance of the Class I Series 6 Shares is expected to restore compliance with all ratios.

Capital Adequacy

As of December 31, 2021, 2020 and 2019, Libro was in compliance with the Regulatory Capital adequacy requirements of the Act, 1994, as indicated under Note 12[a] "Regulatory Capital" of the audited financial statements attached hereto as Schedule A, at page 32 and 33 of that schedule.

Based on the total assets and regulatory capital as presented in the audited financial statements as of December 31, 2021 attached hereto as Schedule A, Libro's Leverage Ratio (as defined in the Act, 1994) would increase to 7.26% if this offering is minimally subscribed, and to 8.93% if fully subscribed. Based upon Libro's December 31, 2021 balance sheet, this offering would support additional asset growth of $250 million if minimally subscribed, and $2.5 billion if fully subscribed, while still maintaining the Leverage Ratio at no less than its current Board policy limit of 5.5%, well above the regulatory minimum requirement at December 31, 2021 of 4% under the Act, 1994. The Act uses a similar but not identical calculation, and reduces the regulatory minimum requirement to 3%.

The growth possible for Libro, if this offering is fully or minimally subscribed, is calculated as follows.

If this offering is fully subscribed, Libro will have Regulatory Capital of $481 million. Dividing this amount of Regulatory Capital by the current Board policy limit on Leverage Ratio of 5.5% reveals that Libro would then have sufficient Regulatory Capital to support assets of $8.7 billion. Subtracting from this level of assets Libro's total assets as reported on its audited December 31, 2021 balance sheet indicates that Libro could grow by $3.4 billion if this offering is fully subscribed while maintaining current Board-required levels of Regulatory Capital.

If this offering is only minimally subscribed, however, Libro will have Regulatory Capital of $391 million. Dividing this level of Regulatory Capital by the current Board policy limit on Leverage Ratio of 5.5% reveals that Libro would then have sufficient Regulatory Capital to support assets of $7.1 billion. Subtracting from this level of assets Libro's total assets as reported on its audited December 31, 2021 balance sheet indicates that Libro could grow by $1.7 billion if this offering is minimally subscribed while maintaining current Board-required levels of Regulatory Capital.

Libro also manages capital as a percentage of risk-weighted equivalent value. This is calculated by applying risk-weighted percentages as prescribed by the Act to various assets, operational and interest rate risk criteria. As at December 31, 2021, Libro's total risk-weighted equivalent value was $3,535,593,000. Libro's Risk Weighted Capital Ratio would increase to 11.06% if this offering is minimally subscribed, and to 13.61% if fully subscribed. Based upon Libro's December 31, 2021 balance sheet, this offering would support additional risk weighted equivalent value growth of $95 million if minimally subscribed, and $952 million if fully subscribed, while still maintaining the Ratio at no less than its current Board policy limit of 10.50%, well above the regulatory minimum requirement at December 31, 2021 of 8% under the Act, 1994. The Act uses a similar but not identical calculation for Total Capital Ratio, and leaves the regulatory minimum requirement unchanged at 8% .

Additional Information

For more information regarding Libro's operations, see "Management Discussion and Analysis" beginning on page 57, and the audited financial statements for the fiscal year ended December 31, 2021 attached hereto as Schedule A.

CAPITAL STRUCTURE OF THE CREDIT UNION

Libro has three classes of shares in its capital structure: Membership Shares, Class P Profit Shares (the "Class P Shares"), and Class I Investment Shares (the "Class I Shares"), of which Class I shares are issuable in series. Libro has created and authorized six series of Class I Shares (the "Class I Investment Shares, Series 1", the "Class I Investment Shares, Series 2", the "Class I Investment Shares, Series 3", the "Class I Investment Shares, Series 4", the "Class I Investment Shares, Series 5", and the "Class I Series 6 Shares").

The following represents a summary of the rights of the Membership Shares, the Class P Profit Shares, and the Class I Investment Shares, Series 1 through 6, inclusive, in the capital structure of the Credit Union regarding dividends, return of capital on dissolution, redeemability at the holder's initiative, redeemability at Libro's initiative, voting, and treatment of shares as Regulatory Capital. The rights of the Class I Series 6 Shares are further discussed under the heading "Description of Securities Being Offered", beginning at page 23 hereof.

Right: Dividends

Membership Shares	Class P Profit Shares	Class I Investment Shares, Series 1	Class I Investment Shares, Series 2	Class I Investment Shares, Series 3	Class I Investment Shares, Series 4	Class I Investment Shares, Series 5	Class I Series 6 Shares
The holders of Membership Shares are entitled, after payment of dividends to holders of the Class I Investment Shares, Series 1 through 5, and the Class I Series 6 Shares, and of the Class P Profit Shares, to receive Non-Cumulative	The holders of Class P Profit Shares are entitled, in preference to the holders of the Membership Shares, but junior to the holders of the Class I Investment Shares, Series 1through 5, and	The holders of Class I Investment Shares, Series 1 are entitled, in preference to holders of the Class P Profit Shares and of the Membership Shares, but equally with holders of the Class I	The holders of Class I Investment Shares, Series 2 are entitled, in preference to holders of the Class P Profit Shares and of the Membership Shares, but equally with holders of the Class I	The holders of Class I Investment Shares, Series 3 are entitled, in preference to holders of the Class P Profit Shares and of the Membership Shares, but equally with holders of the Class I	The holders of Class I Investment Shares, Series 4 are entitled, in preference to holders of the Class P Profit Shares and of the Membership Shares, but equally with holders of the Class I	The holders of Class I Investment Shares, Series 5 are entitled, in preference to holders of the Class P Profit Shares and of the Membership Shares, but equally with holders of the Class I	The holders of Class I Series 6 Shares are entitled, in preference to holders of the Class P Profit Shares and of the Membership Shares, but equally with holders of the Class I Investment

cash or share dividends if, as and when declared by the Board. Dividends are taxed as interest income and not as dividends.	the Class I Series 6 Shares, to receive Non-Cumulative cash or share dividends if, as, and when declared by the Board. Dividends are taxed as interest income and not as dividends.	Investment Shares, Series 2 through 5, and the Class I Series 6 Shares, to receive Non-Cumulative cash or share dividends if, as and when declared by the Board. The credit union's dividend policy for the Class I Investment Shares, Series 1 is to pay a rate equal to the year-end Government of Canada 3-5 year marketable bond rate plus 100 Basis Points. Dividends are taxed as interest income and not as dividends.	Investment Shares, Series 1 and Series 3 through 5, and Class I Series 6 Shares, to receive Non-Cumulative cash or share dividends if, as and when declared by the Board. The credit union's dividend policy for the Class I Investment Shares, Series 2 is to pay a rate equal to the average posted 5 year GIC rate of the National, RBC, TD, Scotia and CIBC banks plus 100 Basis Points. Dividends are taxed as interest income and not as dividends.	Investment Shares, Series 1, Series 2, Series 4 and Series 5, and the Class I Series 6 Shares, to receive Non-Cumulative cash or share dividends if, as and when declared by the Board. The credit union's dividend policy for all Class I Investment Shares, Series 3 is to pay a rate equal to the 12 month average Government of Canada 3-5 year marketable bond rate plus 100 Basis Points. Dividends are taxed as interest income and not as dividends.	Investment Shares, Series 1, Series 2, Series 3 and Series 5, and the Class 1 Investment Shares, Series 6, to receive Non-Cumulative cash or share dividends if, as and when declared by the Board. The credit union's dividend policy for all Class I Investment Shares, Series 4 is to pay a rate equal to the 12 month average Government of Canada 3-5 year marketable bond rate plus 100 Basis Points. Dividends are taxed as interest income and not as dividends.	Investment Shares, Series 1 through 4, and the Class I Series 6 Shares, to receive Non-Cumulative cash or share dividends if, as and when declared by the Board. The credit union's dividend policy for all Class I Investment Shares, Series 4 is to pay a rate which exceeds equal to the 12-month average of the Government of Canada 5-year marketable bond rate plus 125 Basis Points. Dividends are taxed as interest income and not as dividends.	Shares, Series 1 through 5, and the Class I Series 6 Shares, to receive Non-Cumulative cash or share dividends if, as and when declared by the Board. The credit union's dividend policy for all Class I Investment Shares, Series 4 is to pay a rate which exceeds equal to the 12-month average of the Government of Canada 5-year marketable bond rate plus 125 Basis Points. Dividends are taxed as interest income and not as dividends.

Right: Return of capital on dissolution

Membership Shares	Class P Profit Shares	Class I Investment Shares, Series 1	Class I Investment Shares, Series 2	Class I Investment Shares, Series 3	Class I Investment Shares, Series 4	Class I Investment Shares, Series 5	Class I Series 6 Shares
The holders of Membership Shares are entitled, on dissolution of the Credit Union, to receive an amount representing equal portions of the assets or property of the Credit Union remaining after payment of all of its debts and obligations, including redemption of the Class I Investment Shares, Series 1 through 5, the Class I Series 6 Shares, and the Class P Profit Shares.	The holders of Class P Profit Shares are entitled, in preference to the holders of the Membership Shares, but junior to the holders of the Class I Investment Shares, Series 1 through 5, and the Class I Series 6 Shares, to receive the Redemption Amount for each share held upon the liquidation, dissolution, or winding up of the Credit Union, after payment of all of its other debts and obligations.	The holders of Class I Investment Shares, Series 1, are entitled, in preference to the holders of the Class P Profit Shares and the Membership Shares, but rateably with the holders of the Class I Investment Shares, Series 2 through 5, and the Class I Series 6 Shares, to receive the Redemption Amount for each share held upon the liquidation, dissolution, or winding up of the Credit Union, after payment of all of its other debts and obligations.	The holders of Class I Investment Shares, Series 2, are entitled, in preference to the holders of the Class P Profit Shares and the Membership Shares, but rateably with the holders of the Class I Investment Shares, Series 1and Series 3through 5, and the Class I Series 6 Shares, to receive the Redemption Amount for each share held upon the liquidation, dissolution, or winding up of the Credit Union, after payment of all of its other debts and obligations.	The holders of Class I Investment Shares, Series 3, are entitled, in preference to the holders of the Class P Profit Shares and the Membership Shares, but rateably with the holders of the Class I Investment Shares, Series 1, Series 2, Series 4 and Series 5, and the Class I Series 6 Shares, to receive the Redemption Amount for each share held upon the liquidation, dissolution, or winding up of the Credit Union, after payment of all of its other debts and obligations.	The holders of Class I Investment Shares, Series 4, are entitled, in preference to the holders of the Class P Profit Shares and the Membership Shares, but rateably with the holders of the Class I Investment Shares, Series 1, Series 2, Series 3 and Series 5, and the Class I Series 6 Shares, to receive the Redemption Amount for each share held upon the liquidation, dissolution, or winding up of the Credit Union, after payment of all of its other debts and obligations.	The holders of Class I Investment Shares, Series 5, are entitled, in preference to the holders of the Class P Profit Shares and the Membership Shares, but rateably with the holders of the Class I Investment Shares, Series 1 through 4, and the Class I Series 6 Shares, to receive the Redemption Amount for each share held upon the liquidation, dissolution, or winding up of the Credit Union, after payment of all of its other debts and obligations	The holders of Class I Series 6 Shares, are entitled, in preference to the holders of the Class P Profit Shares and the Membership Shares, but rateably with the holders of the Class I Investment Shares, Series 1 through 5, and the Class I Series 6 Shares, to receive the Redemption Amount for each share held upon the liquidation, dissolution, or winding up of the Credit Union, after payment of all of its other debts and obligations.

Right: Redeemability at the holder's initiative (Retraction)

Membership Shares	Class P Profit Shares	Class I Investment Shares, Series 1	Class I Investment Shares, Series 2	Class I Investment Shares, Series 3	Class I Investment Shares, Series 4	Class I Investment Shares, Series 5	Class I Series 6 Shares
Membership Shares are not redeemable at the Owner's initiative. See below, however, regarding the Credit Union's obligation to redeem the Membership Shares at its initiative in certain circumstances.	Holders may request that the Credit Union redeem up to 20% of their Class P Profit Shares per financial year five or more years after the issuance of these shares. Holders may request that the Credit Union redeem all of their Class P Profit Shares on or after the holder reaches the age of 65 years, or upon termination of their membership in the Credit Union, or any time after the death of the holder. Redemption	Holders may request that the Credit Union redeem the Class I Investment Shares, Series 1 they hold, at any time five years or more after the issuance of these shares. Redemption requests are processed on a first come, first served basis, and any shares not redeemed in a particular fiscal year are the first shares redeemed in the next fiscal year. All redemptions are at the discretion of the Board. In no case shall the total number of	Holders may request that the Credit Union redeem the Class I Investment Shares, Series 2 they hold, at any time five years or more after the issuance of these shares. Redemption requests are processed on a first come, first served basis, and any shares not redeemed in a particular fiscal year are the first shares redeemed in the next fiscal year. All redemptions are at the discretion of the Board. In no case shall the total number of	Holders may request that the Credit Union redeem the Class I Investment Shares, Series 3 they hold, at any time five years or more after the issuance of these shares. Redemption requests are processed on a first come, first served basis, and any shares not redeemed in a particular fiscal year are the first shares redeemed in the next fiscal year. All redemptions are at the discretion of the Board. In no case shall the total number of	Holders may request that the Credit Union redeem the Class I Investment Shares, Series 4 they hold, at any time five years or more after the issuance of these shares. Redemption requests are processed on a first come, first served basis, and any shares not redeemed in a particular fiscal year are the first shares redeemed in the next fiscal year. All redemptions are at the discretion of the Board. In no case shall the total number of	Holders may request that the Credit Union redeem the Class I Investment Shares, Series 5 they hold, at any time five years or more after the issuance of these shares. Redemption requests are processed on a first come, first served basis, and any shares not redeemed in a particular fiscal year are the first shares redeemed in the next fiscal year. All redemptions are at the discretion of the Board. In no case shall the total number of	Holders may request that the Credit Union redeem the Class I Series 6 Shares they hold, at any time five years or more after the issuance of these shares. Redemption requests are processed on a first come, first served basis, and any shares not redeemed in a particular fiscal year are the first shares redeemed in the next fiscal year. All redemptions are at the discretion of the Board. In no case shall the total number of Class I Series 6 Shares redeemed in any fiscal year exceed 10% of the issued and outstanding Class I Series 6 Shares

	requests are processed on a first come, first served basis, and any shares not redeemed in a particular fiscal year are the first shares redeemed in the next fiscal year. All redemptions are at the discretion of the Board. In no case shall the total number of Class P Profit Shares redeemed in any fiscal year exceed 10% of the issued and outstanding Class P Profit Shares issued and outstanding at the end of the immediately-preceding fiscal year.	Class I Investment Shares Series 1 redeemed in any fiscal year exceed 10% of the issued and outstanding Class I Investment Shares Series 1 issued and outstanding at the end of the immediately-preceding fiscal year.	Class I Investment Shares Series 2 redeemed in any fiscal year exceed 10% of the issued and outstanding Class I Investment Shares Series 2 issued and outstanding at the end of the immediately-preceding fiscal year.	Class I Investment Shares Series 3 redeemed in any fiscal year exceed 10% of the issued and outstanding Class I Investment Shares Series 3 issued and outstanding at the end of the immediately-preceding fiscal year.	Class I Investment Shares Series 4 redeemed in any fiscal year exceed 10% of the issued and outstanding Class I Investment Shares Series 4 issued and outstanding at the end of the immediately-preceding fiscal year.	Class I Investment Shares Series 5 redeemed in any fiscal year exceed 10% of the issued and outstanding Class I Investment Shares Series 5 issued and outstanding at the end of the immediately-preceding fiscal year.	issued and outstanding at the end of the immediately-preceding fiscal year.

Right: Redeemability at the Credit Union's initiative

Membership Shares	Class P Profit Shares	Class I Investment Shares, Series 1	Class I Investment Shares, Series 2	Class I Investment Shares, Series 3	Class I Investment Shares, Series 4	Class I Investment Shares, Series 5	Class I Series 6 Shares
Upon withdrawal or expulsion from membership in the Credit Union, the Credit Union must redeem the Owner's Membership Shares held at the Redemption Amount each such Share.	The Credit Union may at its initiative redeem at the Redemption Amount, all or any portion of the Class P Profit Shares outstanding at any time five years or more after the shares were issued.	The Credit Union may at its initiative redeem at the Redemption Amount, all or any portion of the Class I Investment Shares, Series 1 outstanding at any time five years or more after the shares were issued.	The Credit Union may at its initiative redeem at the Redemption Amount, all or any portion of the Class I Investment Shares, Series 2 outstanding at any time five years or more after the shares were issued.	The Credit Union may at its initiative redeem at the Redemption Amount, all or any portion of the Class I Investment Shares, Series 3 outstanding at any time five years or more after the shares were issued.	The Credit Union may at its initiative redeem at the Redemption Amount, all or any portion of the Class I Investment Shares, Series 4 outstanding at any time five years or more after the shares were issued.	The Credit Union may at its initiative redeem at the Redemption Amount, all or any portion of the Class I Investment Shares, Series 5 outstanding at any time five years or more after the shares were issued	The Credit Union may at its initiative redeem at the Redemption Amount, all or any portion of the Class I Series 6 Shares outstanding at any time five years or more after the shares were issued.

Right: Voting

Membership Shares	Class P Profit Shares	Class I Investment Shares, Series 1	Class I Investment Shares, Series 2	Class I Investment Shares, Series 3	Class I Investment Shares, Series 4	Class I Investment Shares, Series 5	Class I Series 6 Shares
Holders of Membership Shares receive notice of and attend annual and general meetings of the members of the Credit Union, but shall not be entitled to vote thereat. All voting rights of holders of Membership Shares at annual and general meetings of the members of the Credit Union are vested in the Owner Representatives.	Class P Profit Shares do not carry any voting rights, except when authorizing the dissolution or winding up of the Credit Union; a sale or purchase of assets by the Credit Union as described in section 174 of the Act; the Credit Union taking any of the actions specified in respect of a continuance as contemplated in sections 316.1 or 316.2	Class I Investment Shares, Series 1 do not carry any voting rights, except for authorizing the dissolution or winding up of the Credit Union; a sale or purchase of assets by the Credit Union as described in section 174 of the Act; the Credit Union taking any of the actions specified in respect of a continuance as contemplated in sections 316.1 or 316.2 of the Act and which each give rise to the need for the	Class I Investment Shares, Series 2 do not carry any voting rights, except for authorizing the dissolution or winding up of the Credit Union; a sale or purchase of assets by the Credit Union as described in section 174 of the Act; the Credit Union taking any of the actions specified in respect of a continuance as contemplated in sections 316.1 or 316.2 of the Act and which each give rise to the need for the	Class I Investment Shares, Series 3 do not carry any voting rights, except for authorizing the dissolution or winding up of the Credit Union; a sale or purchase of assets by the Credit Union as described in section 174 of the Act; the Credit Union taking any of the actions specified in respect of a continuance as contemplated in sections 316.1 or 316.2 of the Act and which each give rise to the need	Class I Investment Shares, Series 4 do not carry any voting rights, except for authorizing the dissolution or winding up of the Credit Union; a sale or purchase of assets by the Credit Union as described in section 174 of the Act; the Credit Union taking any of the actions specified in respect of a continuance as contemplated in sections 316.1 or 316.2 of the Act and which each give rise to the need for the approval by way	Class I Investment Shares, Series 5 do not carry any voting rights, except for authorizing the dissolution or winding up of the Credit Union; a sale or purchase of assets by the Credit Union as described in section 174 of the Act; the Credit Union taking any of the actions specified in respect of a continuance as contemplated in sections 316.1 or 316.2 of the Act and which each give rise to	Class I Series 6 Shares do not carry any voting rights, except for authorizing the dissolution or winding up of the Credit Union; a sale or purchase of assets by the Credit Union as described in section 174 of the Act; the Credit Union taking any of the actions specified in respect of a continuance as contemplated in sections 316.1 or 316.2 of the

	of the Act and which each give rise to the need for the approval by way of special resolution of the holders of each class of shares of the Credit Union; the amalgamation of the Credit Union with another credit union; or, an amendment to the articles of the Credit Union which will have a direct effect on the terms and conditions of the Class P Profit Shares. When the Class P Profit Shares carry voting rights,	approval by way of special resolution of the holders of each class of shares of the Credit Union; the amalgamation of the Credit Union with another union or, an amendment to the Articles of the Credit Union which will have a direct effect on the terms and conditions of the Class I Investment Shares, Series 1. When the Class I Investment Shares, Series 1 carry voting rights, each share carries one vote.	approval by way of special resolution of the holders of each class of shares of the Credit Union; the amalgamation of the Credit Union with another union or, an amendment to the Articles of the Credit Union which will have a direct effect on the terms and conditions of the Class I Investment Shares, Series 2. When the Class I Investment Shares, Series 2 carry voting rights, each share carries one vote.	for the approval by way of special resolution of the holders of each class of shares of the Credit Union; the amalgamation of the Credit Union with another union or, an amendment to the Articles of the Credit Union which will have a direct effect on the terms and conditions of the Class I Investment Shares, Series 3. When the Class I Investment Shares, Series 3 carry voting rights, each share carries one vote.	of special resolution of the holders of each class of shares of the Credit Union; the amalgamation of the Credit Union with another union or, an amendment to the Articles of the Credit Union which will have a direct effect on the terms and conditions of the Class I Investment Shares, Series 4. When the Class I Investment Shares, Series 4 carry voting rights, each share carries one vote.	the need for the approval by way of special resolution of the holders of each class of shares of the Credit Union; the amalgamation of the Credit Union with another union or, an amendment to the Articles of the Credit Union which will have a direct effect on the terms and conditions of the Class I Investment Shares, Series 5. When the Class I Investment Shares, Series 5 carry voting rights, each share carries one vote.	Act and which each give rise to the need for the approval by way of special resolution of the holders of each class of shares of the Credit Union; the amalgamation of the Credit Union with another union or, an amendment to the Articles of the Credit Union which will have a direct effect on the terms and conditions of the Class I Series 6 Shares. When the Class I Series 6 Shares carry

	each share carries one vote.						voting rights, each share carries one vote.

Treatment as Regulatory Capital

Membership Shares	Class P Profit Shares	Class I Investment Shares, Series 1	Class I Investment Shares, Series 2	Class I Investment Shares, Series 3	Class I Investment Shares, Series 4	Class I Investment Shares, Series 5	Class I Series 6 Shares
The Credit Union includes all of its membership Shares as Tier I Regulatory Capital.	The Credit Union includes 90% of the Class P Profit Shares as Tier I Regulatory Capital, and includes the remaining 10% of the Class P Profit Shares as Tier II Regulatory Capital.	The Credit Union includes 90% of the Class I Investment Shares, Series 1 as Tier I Regulatory Capital, and includes the remaining 10% of the Class I Investment Shares, Series 1 as Tier II Regulatory Capital.	The Credit Union includes 90% of the Class I Investment Shares, Series 2 as Tier I Regulatory Capital, and includes the remaining 10% of the Class I Investment Shares, Series 2 as Tier II Regulatory Capital.	The Credit Union includes 90% of the Class I Investment Shares, Series 3 as Tier I Regulatory Capital, and includes the remaining 10% of the Class I Investment Shares, Series 3 as Tier II Regulatory Capital.	The Credit Union includes 90% of the Class I Investment Shares, Series 4 as Tier I Regulatory Capital, and includes the remaining 10% of the Class I Investment Shares, Series 4 as Tier II Regulatory Capital.	The Credit Union includes 90% of the Class I Investment Shares, Series 5 as Tier I Regulatory Capital, and includes the remaining 10% of the Class I Investment Shares, Series 5 as Tier II Regulatory Capital.	The Credit Union includes 90% of the Class I Series 6 Shares as Tier I Regulatory Capital, and includes the remaining 10% of the Class I Series 6 Shares as Tier II Regulatory Capital.

DESCRIPTION OF SECURITIES BEING OFFERED

Class I Series 6 Shares

The Class I Series 6 Shares, issuable at $1.00 each, will only be issued to Owners of Libro, to Registered Retirement Savings Plans ("RRSPs") with an individual Owner of Libro as the annuitant, or to Tax Free Savings Accounts ("TFSAs") with an individual Owner of Libro as the holder. An individual Owner must be at least 18 years of age to purchase Class I Series 6 Shares. For clarity, legal persons (i.e., corporations, partnerships, and trusts) who are Owners of Libro may purchase Class I Series 6 Shares.

Dividends

The holders of Class I Series 6 Shares, are entitled, in preference to the Class P Shares and to the Membership Shares, but equally with the holders of all other series of Class I Shares, including the Class I Investment Shares, Series 1 through 5 inclusive, to receive dividends if, as and when declared by the Board. Holders of the Class I Series 6 Shares, may, however, by majority vote at a special meeting, consent to the prior payment of dividends to holders of a junior class of shares.

The payment of such dividends will be in cash, in additional Class I Series 6 Shares, or in a combination of both, and on such terms as may be determined from time to time by the Board, subject to applicable law. The payment of dividends in additional Class I Series 6 Shares shall be permitted even if such payment of dividends shall result in the holder having beneficial ownership of more than 1,000,000 Class I Series 6 Shares, which is the maximum number of these shares that an Owner may acquire pursuant to this initial offering or in any subsequent purchase of these shares from another Owner. Dividends will be paid in whole dollar amounts (rounded down to the nearest dollar).

For more details about Libro's dividend policy regarding Class I Series 6 Shares, see the discussion under Risk Factors on page 30.

RRSP and TFSA Eligibility

Concentra Trust will accept Class I Series 6 Shares, purchased in this offering to be contributed to an Owner's RRSP or TFSA. The proceeds of redemption or transfer of Class I Series 6 Shares held in an RRSP or TFSA will remain inside that RRSP or TFSA unless the annuitant or holder specifically requests otherwise in writing.

Class I Series 6 Shares are also acceptable investments for RRIF's. Because of potential adverse tax consequences to the holder, however, Libro will not knowingly sell Class I Series 6 Shares to be held in the shareholder's RRIF.

Libro will permit purchasers to hold Class I Series 6 Shares inside an RRSP only if they have not yet attained the age of sixty-six years as of the Issue Date. Owners intending to hold Class I Series 6 Shares in an RRSP should carefully review the transfer and redemption restrictions of those shares.

Rights on Distributions of Capital
On liquidation or dissolution, holders of Class I Series 6 Shares, will be paid the Redemption Amount for each such share held, in priority to the Class P Shares, and to the Membership Shares, and rateably with the holders of all other series of Class I Shares, including the Class I Investment Shares Series 1 through 5, inclusive, but after provision for payment of all Libro's other debts and obligations. Holders of Class I Series 6 Shares, shall not thereafter be entitled, as holders of Class I Series 6 Shares, to participate in the distribution of Libro's assets then remaining, but will retain any rights they may have to such a distribution as holders of Class P Shares, or Membership Shares. Distributions regarding Class I Series 6 Shares held in an RRSP or TFSA will remain in that RRSP or TFSA unless the annuitant or holder specifically requests otherwise in writing.

Voting Rights
The Class I Series 6 Shares, are Non-Voting for the purposes of annual or special meetings of the Owners of Libro. In the event of a proposed dissolution, amalgamation, purchase of assets representing a Substantial Portion of Libro's assets, the sale, lease or transfer of a Substantial Portion of its assets, the proposed continuance of Libro as another type of Ontario entity or an entity under the laws of another jurisdiction, or a proposed resolution which affects the rights attaching to the Class I Series 6 Shares, Libro shall hold a special meeting of the holders of Class I Series 6 Shares, which may be held separately from the special meeting of the holders of any other series of Class I Shares, including the Class I Investment Shares, Series 1 through 5, inclusive, if their rights are affected differently from those of the holders of any other series of Class I Shares. The holders of Class I Series 6 Shares, shall have one vote per Class I Series 6 Shares held at such meetings to consider such an event or resolution, which requires approval by Special Resolution.

Approval at a meeting of the Owners of Libro, and at meetings of the holders of all other classes ofshares in Libro's capital structure, will also be required.

Redemption and Purchase for Cancellation
Holders of Class I Series 6 Shares, may not request that Libro redeem the shares they hold until six months prior to the fifth anniversary of the Issue Date. Furthermore, no redemptions may occur until the fifth anniversary of the Issue Date, except in the case of the death of a holder of the shares or the expulsion of an Owner from Ownership, in which case the executors or personal representatives of the deceased holder or the expelled Owner shall be entitled to request redemption. All redemptions are subject to the aggregate limits detailed below and applicable law.

Approval of any redemption request is subject to approval by the Board, and subject to any approvalby a regulator required pursuant to applicable law. Note that the new capital rule prevents Libro from redeeming shares unless the shares are replaced with capital of equivalent quality without significant reduction in Libro's retained earnings, or satisfies the Authority that its capital will remain, after the redemption, significantly in excess of minimum regulatory requirements. The Board may not approve a request if, in the opinion of the Board, honouring such redemption request will cause Libro to be unable to comply with the Regulatory Capital and liquidity requirements of section 77 of the Act.

In no case shall total redemptions approved for holders of Class I Series 6 Shares, in any fiscal year exceed an amount equal to 10% of the total Class I Series 6 Shares, outstanding at the end of the previous fiscal year. The Board will approve redemption requests monthly on a first come, first served basis, as evidenced by the time and date to be marked on each request when received by Libro, subject to applicable law. Redemption requests not fulfilled during one fiscal year will be carried forward and considered in the following fiscal year.

At any time after the fifth anniversary of the Issue Date, Libro has the option of purchasing for cancellation, at the Redemption Amount, all or any portion of the Class I Series 6 Shares then outstanding, subject to applicable law, after giving at least 21 days' notice of its intent to purchase for cancellation. If Libro purchases for cancellation only a portion of the Class I Series 6 Shares then outstanding, Libro must purchase for cancellation such Class I Series 6 Shares, pro rata from all holders of such shares at that time. The proceeds of any purchase for cancellation of Class I Series 6 Shares held inside an RRSP or TFSA will remain inside the RRSP or TFSA unless the annuitant or holder specifically requests otherwise in writing.

Purchasers of Class I Series 6 Shares, who are intending to include such shares in an RRSP contract should carefully review the above redemption and purchase for cancellation provisionsbefore proceeding.

Restrictions on Transfer

Class I Series 6 Shares, may not be transferred except to another Owner of Libro. Transfers will be subject to the approval of the Board and applicable law. Transfer requests must be in writing, using a form approved by the Board. Transfer requests will be tendered to the registered office of Libro.

Class I Series 6 Shares will be transferred to other Owners at a price equal to the then current Redemption Amount. The proceeds of disposition of Class I Series 6 Shares held inside an RRSP orTFSA will remain inside that RRSP or TFSA unless the annuitant or holder specifically requests otherwise in writing.

No Owner, through transfers of Class I Series 6 Shares from other Owners, will be permitted to hold more than 1,000,000 Class I Series 6 Shares, which is the maximum number of these shares that an Owner may acquire pursuant to this initial offering. **There is no external market for the Class I Series 6 Shares issued by Libro.** Libro may, however, choose to maintain a list of willing buyers, and attempt to facilitate a transfer to a willing buyer rather than process a redemption when a holder of Class I Series 6 Shares requests redemption; this procedure will not apply when a holder of Class I Series 6 Shares, or his/her/their estate, is required by law to transfer the shares to another Owner of Libro (i.e., by the Will of a deceased shareholder).

Articles of Amalgamation
Prospective purchasers of Class I Series 6 Shares may obtain, on request at the registered office ofLibro, a copy of the articles of amalgamation, and the Special Resolutions of the Owners and the resolutions of the Board which amended its articles of amalgamation. These documents define its share capital structure, including the full terms and conditions of the Class I Series 6 Shares.

The following summary, prepared by management, outlines the principal Canadian federal income tax consequences applicable to a holder of a Class I Series 6 Shares who acquires the shares pursuant to this offering and who, for the purposes of the Income Tax Act (Canada) (the "Income TaxAct"), is resident in Canada and holds the shares as capital property.

Income Tax Consequences
This summary is based on the facts contained in this offering statement and based upon management's understanding of the provisions of the Income Tax Act and the regulations thereunder as they currently exist and current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary takes into account specific proposals to amend the Income Tax Act and the regulations thereunder that have been publicly announced by the Ministerof Finance (Canada) prior to the date hereof. There can be no assurance that these proposals will be enacted in their current form or at all, or that the CRA will not change its administrative and assessing practices.

This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action. This summary does not take into account provincial, territorial or foreign tax legislation or considerations. No advance income tax ruling has been requested or obtained in connection with this offering statement, and there is a risk that the CRAmay have a different view of the income tax consequences to holders from that described herein.

INVESTORS ARE CAUTIONED THAT THIS COMMENTARY IS OF A GENERAL NATURE ONLY AND ISNOT INTENDED TO CONSTITUTE ADVICE TO ANY PARTICULAR INVESTOR. INVESTORS SHOULDSEEK INDEPENDENT ADVICE FROM THEIR OWN TAX ADVISORS.

Dividends
A holder of a Class I Series 6 Shares, will be required to include in computing income the dividends paid on the shares, whether paid in cash or in the form of additional shares. Dividends paid to a holder of a Class I Investment Share are deemed to be interest for Canadian income tax purposes.This income will be subject to income tax in the same manner as other interest income.

Redemption
On redemption of a Series 6 Share, to the extent that the redemption proceeds exceed the paid-up capital of the share, the excess is deemed to be interest received by the holder of the Series 6 Share. This interest must be included in computing the income of the holder in the year of redemption. Due to the redemption features of the Class I Series 6 Shares, it would be highly unlikely for the redemption proceeds to exceed the paid-up capital of the share. In this situation, the holder of the

shares is encouraged to seek independent tax advice. To the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base and reasonable disposition costs, a capital gain (or capital loss) may be realized and taxed as described below.

Other Dispositions

The disposition of a Class I Series 6 Shares to another Owner may give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of the Class I Series 6 Shares and reasonable disposition costs. One-half of the capital gain is included in computing the income of the holder of the Class I Series 6 Shares and one-half of any capital loss may be deducted but only against capital gains of the holder. Unused capital losses may be carried back to the three preceding taxation years to offset capital gains in those years and they may be carried forward indefinitely. Under certain specific circumstances, the capital loss may be denied and therefore not available to offset capital gains of the holder. In addition, if certain criteria are met, an allowable loss may be considered a business investment loss an allowable business investment loss [ABIL] is equal to one-half of a business investment loss. A business investment loss is any capital loss incurred on the disposal of shares or certain debts of a small business corporation to a person or corporation with which the taxpayer is dealing at arm's length. ABIL realized in a year reduces an individual's annual gains limit for the year. In addition, the amount of an ABIL is reduced as a result of previous capital gains exemptions claimed.

Unlike allowable capital losses, which may be deducted only against taxable capital gains, an ABIL may be claimed to offset income from any source in the year in which the loss is incurred. If the ABIL is not fully claimed in the year incurred, it may be claimed as a non-capital loss that may be carried backthree years and forward 10 years to offset income from any source. Although the carryforward period for non-capital losses has been extended to 20 years, the carryforward period for ABILs as non-capital losses remains 10 years. To the extent an ABIL is not used in that carryforward-carryback period, it reverts to a net capital loss, which may be carried forward indefinitely.

The Class I Series 6 Shares, will be a qualified investment for registered plans (i.e., RRSP, RRIF or TFSA but note, however, that Libro will not offer nor operate RRIF contracts holding Class I Series 6 Shares). The transfer of any shares by a holder to a registered plan constitutes a disposition of the shares by the holder for income tax purposes. In such circumstances, the holder is deemed to receive the proceeds of disposition for the shares equal to their fair market value at that time of such transfer,and this amount is included in computing the capital gain or loss from the disposition. Any capital loss arising on such disposition is denied to the shareholder until the share is disposed to an arm’s length person. Interest expense related to shares transferred to an RRSP is not deductible for income tax purposes.

RISK FACTORS

Enterprise Risk Management

Libro's activities expose it to a number of risks in all aspects of operations. These risks are generally shared by all deposit-taking financial institutions. Libro's risk framework highlights the financial, operational, regulatory and reputational risks that are realities in its industry and displays how it proactively identifies and manages them. Knowing this, Libro tolerates and does not shy away from risk. Libro has a moderate risk appetite. Libro will accept risks which support achievement of purpose, strategies, and align with core values; are supported by available capital; comply with applicable laws and regulations; can be managed given technical and technological competence and sophistication; and protect and build sound reputation and culture. Where it furthers prosperity, Libro will embrace some levels of uncertainty and take smart risks for its stakeholders. Libro's Enterprise Risk Management Framework is intended to provide appropriate and independent risk oversight across the entire enterprise and is essential to building competitive advantage and stability. The foundation of Libro's Enterprise Risk Management Framework is a governance structure that includes a robust committee structure at the Board and Executive Leadership Team levels.

Libro considers it critical to regularly assess its operating environment and highlight key and emerging risks. Many of the risks are beyond Libro's control and their effects, which can be difficult to predict, could cause Libro's results to differ significantly from the plans, objectives, and estimates or could impact its reputation or the sustainability of its business model. Risks are identified, discussed, and actioned by Owners on the Leadership Team and metrics regarding key risks are reported quarterly to the Asset & Liability Management & Risk Committee ("ALCO & Risk Committee) and the Risk and Credit Committee of the Board.

The following risk factors should be considered in making a decision to purchase Class I Series 6 Shares.

Risks Specific to the Class I Series 6 Shares

Transfer and Redemption Restrictions

There is no market through which the Class I Series 6 Shares may be sold. Further, it is not expected that any external market will develop. These securities may only be transferred to another Owner of Libro. Note that such a transfer is not treated as redemption and is therefore not limited as outlined below. See "Restrictions on Transfer", on page 25, for a further discussion of transfers of Class I Series 6 Shares.

The Act prohibits redemption of shares if the Board has reasonable grounds to believe that Libro is, or the payment would cause it to be, in contravention of prescribed liquidity and Regulatory Capital adequacy tests for credit unions.

Redemptions of Class I Series 6 Shares are not permitted during the first five years following the Issue Date. Redemptions thereafter are limited in any fiscal year to 10% of the Class I Series 6 Shares outstanding at the end of the previous fiscal year and are subject to approval by the Board of Directors, exercising its discretion under the Act, and subject to applicable law, including regulatory approval if required pursuant thereto. Consequently, holders of Class I Series 6 Shares may not beable to sell or redeem their securities when they wish to do so.

Note that the new capital rule prevents Libro from redeeming shares unless the shares are replaced with capital of equivalent quality without significant reduction in Libro's retained earnings, or satisfies the Authority that its capital will remain, after the redemption, significantly in excess of minimum regulatory requirements.

Owners who intend to hold Class I Series 6 Shares in an RRSP or TFSA contract should carefullyreview this risk factor before proceeding.

Capital Adequacy

As of December 31, 2021, 2020 and 2019, Libro was in compliance with the Regulatory Capital adequacy requirements of the Act, 1994 in effect at December 31, 2021, as indicated under Note 12[a] "Regulatory Capital" of the audited financial statements attached hereto as Schedule A, at page 32 of that schedule.

Libro follows an Internal Capital Adequacy Assessment Process ("ICAAP") and Stress Testing program. The purpose of the ICAAP is to determine the adequate capitalization of Libro given its current risks and future risks arising from growth, new markets and expansion of the product portfolio. Through its assessment of capital adequacy, Libro will either determine that no additional Regulatory Capital is necessary, or that additional Regulatory Capital is required above the regulatoryminimums, and appropriate plans will be established. Stress testing forms an integral part of Libro's ICAAP and is used to identify severe events or changes in market conditions that could adversely impact the capital position of Libro.

Holders of these shares need to be aware of the restriction on the credit union to redeem their shares if the capital levels of the credit union fall below the required minimum levels. For further informationregarding Libro's Regulatory Capital adequacy, see "Capital Adequacy" at pages 11 and 12 hereof.

In accordance with the Act, the Authority developed rules, including the Capital Adequacy Requirements for Credit Unions and Caisses Popularies ["new capital rule"]. The new capital rule modifies the calculation of the Risk-Weighted Assets Ratio (referred to as the Total Capital Ratio in the new capital rule) and the Leverage Ratio. The minimum Leverage Ratio is adjusted from 4% to 3% in the new capital rule, with the denominator including elements of both on and off balance sheet assets.

The new capital rule introduces minimum requirements for retained earnings, Tier 1 Capital Ratio, Capital Conservation Buffer Ratio, and Total Supervisory Capital Ratio.

There is a risk Libro may fall below the minimum Capital Conservation Buffer Ratio and Total Supervisory Capital Ratio before Class I Series 6 Shares are issued. If this occurs, Libro is required to immediately implement an action plan to restore compliance and provide the plan to the Board and the Authority under Section 14 of the new capital rule. The issuance of the Class I Series 6 Shares is expected to restore compliance with all ratios.

Payment of Dividends
There is no record of dividend payments to the holders of Class I Series 6 Shares, since this is Libro's first issuance of such shares. Libro has, however, established a record for the payment of dividends on its Class I Investment Shares, Series 1 through 5, inclusive, in its last five fiscal years, detailed on page 41.

Past payment of dividends or other distributions in no way indicates the likelihood of future paymentsof dividends. The payment of dividends to the holders of Class I Series 6 Shares is dependent on the ability of Libro to meet the requirements of the Act and on the availability of earnings.

Dividends on Class I Series 6 Shares are taxed as interest and not as dividends, and are therefore not eligible for the tax treatment given to dividends received by individuals from taxable Canadian corporations, commonly referred to as the "dividend tax credit".

The Board has stated a dividend policy for Class I Series 6 Shares, as outlined beginning on page 42, this policy may be changed at any time, at the discretion of the Board, and the Board may atany time approve exceptions to this policy. Dividends paid may therefore not be in accordance with this policy.

Libro Enterprise Risks

Risk Oversight
The ALCO and Risk Committee is responsible for providing management oversight of key risks. The ALCO and Risk Committee has oversight of the ERM framework; the major financial risk components relating to balance sheet structure, capital adequacy, liquidity, and investment and market risk; credit risk management; and operational risk and regulatory compliance.

Credit Risk
Credit risk is the risk of financial loss resulting from the failure of another party [debtor, guarantor, counterparty] for any reason, to fully honor its financial or contractual obligation to Libro. The lendingpolicies of Libro, the care and attention of staff and management in applying such policies to loan applications and loans granted, and the security taken in connection with such applications, will affect the future profitability of Libro and impact on its ability to pay dividends and redeem Class I Series 6 Shares when the Owners wish it to do so.

A discussion of Libro's accounting policies regarding its loans to its Owners is found in Notes 3(e) to the audited financial statements (Schedule A, pages 10 through 13.

Further discussion of the composition of Libro's loan portfolio, and its allowance and provision for impaired loans, appears in Note 5 to the audited financial statements (Schedule A, pages 20 and 21) and also in the table of financial performance indicators at page 58.

Investment and Market Risk
Libro is exposed to a risk of loss due to a market value decline in its investments. Libro's investment and market risk policy addresses the market risks related to counterparties, types of investments andundue concentration of the investment portfolio to any one single investment or type of investment. The policy is approved by its Board and permits Libro to invest its capital and deposits in a variety of financial instruments, so long as such investment is undertaken in the best interests of Owners and Libro, and in accordance with strict performance tests and prudent standards.

As part of its overall risk appetite, Libro is willing to put investment amounts at risk to participate in impact investing and other non-traditional investments that align to Libro's strategy, purpose and pillars with the intent to create a blend of social/environmental and financial return. The aggregate portfolio limit for impact and non-traditional investments are 1.75% of Regulatory Capital.

Investments in real estate and subsidiaries for purposes of an investment yield are not presently permitted. Real estate investments to support administration and branch office locations are deemed not to be for investment yield purposes.

The policy restricts the authorized investment dealers from which Libro may purchase investments, and imposes limits on the amount which may be invested in any one type of investment, and the maximum term length for each type of investment. As of December 31, 2021, Libro was in compliance with this investment policy.

The risk of loss due to interest rate, foreign exchange, equity or liquidity risks are addressed within the "Structural Risk" section hereof beginning at page 32 and the "Liquidity Risk" section immediately below.

Liquidity Risk
Liquidity risk arises from the potential inability to generate or obtain sufficient funding in a timely manner to meet both operational and statutory requirements, without incurring unacceptable losses.

Libro may select third-party discretionary asset managers to maintain a portfolio of high quality liquid assets ("HQLA"). The assets managed must be available on demand, unencumbered, and held in a structure that is bankruptcy remote and creditor proof. Individual investments within the discretionary portfolio have been delegated to the asset manager and are governed by a statement of investment policies and procedures.

Libro maintains prudent levels and forms of liquidity that are sufficient to meet its cash flow needs, including depositor withdrawals and all other obligations as they come due. An encumbered asset will not be used to satisfy the requirements for adequate liquidity. Libro's liquidity policy provides that it should maintain not less than 8% of total assets as unencumbered qualifying liquid assets. Provided Libro is not experiencing a liquidity shortfall, management may reduce the minimum level ofunencumbered qualifying assets by 1% of Libro's total assets, if anticipating an immediate increase in liquidity from the exchange of non-qualifying assets (mortgages) for cash. The Board must approve in advance any reduction in liquidity below Libro's policy limit. Libro will invest regulatory and operating liquidity with an objective of optimizing yields in investment instruments, providing a high level of security and liquidity. As an operating guide, Libro shall seek to achieve an average return at least equivalent to the Central 1 Credit Union Discount Deposit yields.

Libro also has a detailed liquidity stress testing framework, regularly measuring and monitoring a variety of metrics against potential scenarios and extreme events, periodically testing liquidity risks against credit union specific, systemic and market-related events.

The Authority has enacted, pursuant to the Act, a new Rule with respect to liquidity adequacy. The board and management believes its liquidity risk management policy is consistent with this new Rule.

Libro maintained an average liquidity position of 19.91% in its fiscal year ended December 31, 2021.

Libro has access to a $141 million CAD credit facility from Central 1 which is available to cover shortfalls in cash resources and for liquidity purposes if warranted. Included in the Central 1 credit facility is a capital markets line which provides for any derivative exposure (forward FX contracts and interest rate swaps) Libro has with Central 1.

As part of its liquidity management practices, Libro occasionally securitizes Mortgage Loans or completes whole loan sales of Agricultural Loans, the details of which are provided on page 52.

Total outstanding securitization liabilities as of December 31, 2021 are $72,651,000 in Mortgage Loans. For more discussion about Libro’s securitization and loan sale activity, refer to Note 20in the audited financial statements (Schedule A, pages 45 and 46).

Libro is also required to maintain and review quarterly a liquidity contingency plan. As of December 31, 2021, Libro is in compliance with its liquidity management and funding policy.

Structural Risk

Structural risk is the risk that the terms, yields and maturities of assets and liabilities are not effectively managed. This includes interest rate risk and market risk. This could result in large deposit maturities not renewing and/or the inability to attract new loans, possibly resulting in liquidity and capital risk. Libro’s structural risk management policy is designed to provide appropriate, effective and prudent management of structural risk. Structural risk emanates from the asset liability components of Libro and is represented by interest rate risk and foreign exchange risk. The terms "structural risk" and "asset liability management" are synonymous and are both used to describe how interest rate risk is managed. The Structural Risk Management Policy also governs Libro’s use of derivative instruments.

Structural risk comprises exposure to interest rate movements (basis risk, mismatch risk, yield curve risk and optionality risk), and exposure to foreign exchange rate movements.

a) Basis risk is the risk to income from variable rate deposits funding variable rate loans that change at different speeds.

b) Repricing or mismatch risk is the risk to income from variable rate deposits funding fixed rate loans or variable rate loans funded by fixed rate deposits.
c) Yield curve risk is the risk to income from fixed rate deposits funding fixed rate loans of a differentterm.
d) Optionality risk is the risk to income from options embedded in many deposit or loan products.

The structural risk management policy addresses each component risk of overall structural risk as follows.

Interest Rate Risk
On a monthly basis, Libro measures and reports on the sensitivity of its short-term and long-term interest rate risk.

Short-term interest rate risk is measured by forecasting the net interest margin for the next 12 month period using most likely forecast assumptions (MLF). Most likely assumptions include management's best estimates for planned growth rates and the use of future interest rates. The net interest income determined by the most likely forecast is then compared to the net interest income, subject to 100 Basis Points and 200 Basis Points immediate and sustained increases and decreases in interest rates, using static income simulation modelling. The amount of any decrease in net income represents the earnings at risk (EAR) for that specific rate shock scenario. Limits are expressed as earnings at risk over the next twelve calendar months. Libro limits this risk to 5% for 100 Basis Points rate shocks and 10% for 200 Basis Points rate shocks, calculated as the earnings at risk expressed as a percentage of the most recent forecast of financial margin presented to the Board.

Long-term interest rate risk is measured by determining the sensitivity of its economic value of equity,subject to 100 Basis Points immediate and sustained increases and decreases in interest rates. The amount of any decrease in economic value of equity measured against the current interest rates is the economic value at risk (EVaR). Limits are expressed as economic value at risk. Libro limits this risk to 7.5% of Regulatory Capital for a 100 Basis Points rate shock, calculated as the change in economic value expressed as a percentage of regulatory capital.

As at December 31, 2021, Libro is positively exposed to an increase in interest rates of 100 Basis Points, of 1.53% of projected net interest income and trailing non-interest income and negatively exposed to a decrease in interest rates of 100 Basis Points, or -2.32% of projected net interest income and trailing non-interest income over a one year time horizon. Libro's balance sheet is exposed to falling interest rates, implying that when interest rates decrease, the asset side of the balance sheet reprices faster and to a greater magnitude than the liability side. The reverse is true of the long-term measure of interest rate risk, economic value of equity. Libro is negatively exposure to rising rates of 100 Basis Points, or -6.83% of economic value of equity, and positively exposed to a decrease in interest rates of 100 Basis Points, or 6.62% of economic value of equity. Under this measure, the net present value of the assets changes more than the net present value of the liabilities.

In some circumstances, reported results from calculating EAR and EVaR may result in a conflicting strategy or action plans. When this outcome is observed, the primary focus will be based on income sensitivity measures and related short term interest limits. Short term interest rate risk management will be favored in order to protect income. In addition, longer term risk exposures can be managed/mitigated in future periods as necessary.

Foreign Exchange Risk

On a daily basis, Libro will measure and report on the sensitivity of its foreign exchange risk, measured as the net US dollar foreign exchange exposure (US dollar-denominated assets less US Dollar-denominated liabilities). Foreign exchange exposures in currencies other than the US dollar are not allowed, other than the position required to provide inventories of foreign denominated cash for normal Owner transactions.

Libro's investment and market risk policy outlines USD foreign exchange maximum exposure of up to $500,000, as reported on the financial statements of Libro, without further approval. More restrictive foreign exchange exposure authorizations exist at various levels below this limit.

Libro may use foreign exchange (FX) derivative instruments as a hedge to manage foreign currency interest rate risk. FX derivatives will consist of FX swap transactions which are the simultaneous sell and buy or buy and sell of an identical amount of foreign currency over two different business days at agreed upon exchange rates. The FX swap does not create a foreign exchange position. The size of the FX derivatives will not exceed the foreign currency exposure volume.

Libro may also use foreign exchange (FX) forward contracts to manage foreign currency rate risk. FX forward contracts will consist of FX forward spot transactions which are the simultaneous sell and buyor buy and sell of an identical amount of foreign currency over two different business days at agreed upon exchange rates. One counter party is a Libro Owner, and the other is Central 1 Credit Union, where contracts represent offsetting dollar amounts. The FX forward does not create a foreign exchange position. The size of the FX derivatives will not exceed either the foreign currency exposure volume or its term structure.

As at December 31, 2021, Libro is in compliance with its policy limits pertaining foreign exchange riskmanagement.

Equity Risk

Equity risk is the risk that a change in stock market indices will adversely affect assets, liabilities, capital, income or expense. Libro's sole exposure to equity risk arises as a result of product features embedded within its equity index linked term deposits. It is Libro's philosophy to eliminate this risk bypurchasing equity options in the market that completely offset any exposure.

Derivatives

Libro may enter into certain derivative transactions to manage Libro's exposure to interest rate risk and foreign exchange risk but no derivatives are permitted for speculative or investment purposes. Eligible counter parties are Central 1 and the top six (6) Canadian banks. Investments in derivatives are placed only to hedge the negative impact on net income potentially caused by a change in interest rates and foreign currency.

Libro currently employs derivative financial instruments to manage its exposure to interest rate, foreign exchange and equity risk. See note 15 of Schedule A, at pages 38 through 40, for further information related toLibro's use of derivatives.

Operational Risk
Operational risk arises from problems in the performance of business functions or processes. Exposure to this risk can result from deficiencies or breakdowns in internal controls or processes, orhuman errors or dishonesty. All Libro's business activities are susceptible to operational risk, including the practices for managing other risks such as credit, structural, market and liquidity.

Although operational risk can never be fully eliminated, it can be managed to create and enhance Owner value, successfully execute business strategies, operate efficiently and provide reliable, secure and convenient access to financial services. Libro is exposed to potential losses from a variety of operational risks, including process and technology failure, theft and fraud, regulatory non-compliance, business disruption, information security breaches and damage to physical assets. In order to mitigate these operational risks, Libro has implemented a number of programs as follows:

a) Information Technology ("IT") Governance – This program establishes a governance frameworkto develop and assess the maturity of all IT functions, including planning for technology requirements consistent with business strategies and activities. Technology service delivery, project management and information security practices will leverage industry proven techniques, best practices, standards and processes to meet established service standards and availability expectations. Libro establishes appropriate oversight to manage the risk of external parties gaining access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption (cybersecurity risk).

b) Business Continuity Management and Disaster Recovery – Libro has establishedbusiness continuity plans to mitigate the risk of loss due to the inability of Libro to maintain continuity of service in a timely and effective manner, and the risk that currently installed operational technology is not available due to a system outage or shutdown.

c) Fraud Management Program – Libro's anti-fraud philosophy extends beyond that of a typical employer in that it is also exposed to greater fraud by way of being a financial institution. Its accountability is therefore extended to preventing, detecting, and mitigating the misappropriation of assets and misuse of products and services from both internal and external parties. A fraud prevention framework has been established to ensure Libro has policies, procedures, and internal controls to manage and minimize the financial losses and non-financial impact of fraudulent activities.

d) Corporate Insurance Program – Libro has established a Corporate Insurance Program to provide a second level of mitigation of certain operational risk exposures. A portfolio of business insurance is managed to provide Libro with additional protection from loss.

e) Employee Code of Conduct – Libro has a code of conduct framework that helps staff at all levels set the tone for how we operate and behave. It helps Libro staff to guide their actions in a way that reflects the integrity, image, and reputation of the Credit Union. Libro staff are responsible to our Owners, suppliers, the public, and to each other and must work to promote trust and confidence in all activities, exercise their duties honestly, in good faith, and in the best interest of Libro Credit Union in a way that abides by any legislation that governs staff actions and compliance with the Market Code of Conduct. Such legislation includes for example, the Act, the Ontario Health & Safety Act (Harassment, Violence and Respect in the Workplace policies) and rules of the Financial Services Regulatory Authority of Ontario. These guidelines are signed by every employee at time of hire and annually thereafter.

f) Integrity in Action Program – The Integrity in Action program, offered through Libro's insurance provider, provides a private, confidential, anonymous way of reporting theft, fraud, unethical practices, misuse of information and assets, insider trading, improper dealing with members and code of conduct violations.

g) Market Code of Conduct – Libro has adopted a Market Code of Conduct as required by the Act. The code is comprised of five key principles including business practices, fair treatment and fair sales practices, access to banking services, transparency and disclosure, and complaint handling.

Fiduciary Risk

Libro defines a fiduciary as an individual or entity who owes a duty of loyalty to safeguard the interests of another person or entity. The duty required in fiduciary relationships exceeds that which is acceptable in many other business relationships because the fiduciary is in a position of trust. The fiduciary duty to individual Owners is especially imperative because the knowledge and information of the professional are likely to be greater than that of the Owners. This disparity places an Owner in a vulnerable position. Fiduciary risk is defined in Libro's Enterprise Risk Management [ERM] framework as the risk of inappropriate or imprudent advice concerning the assets of others. The Board expects Libro staff are accountable to the values and outcomes inherent in the "Be Libro" statements when dealing with Owners regarding products and services.

The management of fiduciary risk is achieved through ongoing engagement of Owners and the development of initiatives which will deepen Owner relationships and grow the Ownership. The responsibility for fiduciary risk management resides primarily with Libro's Advice and Service Deliveryand Brand & Digital Delivery teams, which work together to engage Owners, determine their wants and needs and develop the appropriate products and services to meet both current and anticipated expectations.

Given the importance of meeting Owner expectations and providing a superior level of service, initiatives related to addressing fiduciary risk are designated as strategic and awarded a high priority for completion. An example of a key strategic initiative in recent years is the implementation of relationship building training and skills for all Libro staff. Libro's Executive Leadership Team provides direct oversight to strategic initiatives and the Board of Directors provides oversight to the strategic direction of Libro and therefore approves the strategic plans developed by management to manage fiduciary risk.

Strategic Alignment and Execution Risk

Strategic risk is the risk that arises from Libro's inability to implement appropriate business plans, strategies, decision-making, resource allocation, and its inability to adapt to changes in its business environment.

Libro manages strategic risk by effectively adhering to their comprehensive strategic planning policy, which encompasses financial and strategic planning requirements at business unit and enterprise-wide levels. Libro's Executive Leadership Team, led by the CEO, is responsible for developing and recommending strategies as well as operational and financial plans for the Board's approval, and to report to the Board, in a timely and accurate manner, on Libro's performance against stated objectives. In developing its strategic plans, management engages the Board, as appropriate, at such points in the planning process where perspectives on Owner and larger system issues are desired.

The Board is responsible for setting a mission and vision for Libro that meet the needs of the stakeholders and ensures the organization operates with values consistent with stakeholder expectations. In fulfilling these responsibilities, the Board provides input to, and approves the annual strategic, operational, and financial plans and regularly reviews Libro's progress towards achieving the priorities and performance expectations established in the plan.

This integrated financial, strategic and operational planning process considers business unit strategies and key initiatives, and ensures alignment between business unit and enterprise strategic priorities. Following the approval of the strategy by the Board of Directors, performance relative to the strategic plan is monitored and reported, including effectiveness and risks.

Other Risk Factors

Regulatory Risk and Action

As a financial institution, Libro is subject to the oversight of a number of regulators. Libro is subject to regulatory compliance risk as a result of changes to rules, policies and/or expectations that could increase costs or negatively impact performance.

In accordance with the Act, the Authority developed rules, including the Sound Business and Financial Practices Rule, the Capital Adequacy Requirements for Credit Unions and Caisses Popularies Rule, and the Liquidity Adequacy Requirements for Credit Unions and Caisses Populaires Rules. To support the new framework, the Authority continues to release new guidance. Libro will continue to make revisions to terms of reference, policies, and procedures to respond to the changing regulatory landscape and requirements. Given the pace and extent of change, regulatory compliance risk is elevated.

Under the Act, the Authority has the authority to place a credit union under Supervision or Administration as outlined in the definition of these terms found in the Glossary of Terms at page ix and beginning on page xi hereof. Libro is not under Supervision, or Administration.

The Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”) regularly audits the Credit Union’s compliance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (“PCMLTF”). In the event that the Credit Union was found not be in compliance with these requirements, the Credit Union could be fined amounts ranging from $1 to $500,000 per violation depending on the seriousness of the violation. In the event of extensive non-compliance or little expectation of immediate or future compliance, the Credit Union could be subject to criminal penalties.

On September 7, 2021 FINTRAC issued a Notice of Violation and levied an administrative monetary penalty against Libro of $156,750. This related to two violations of the PCMLTF that were noted during an examination conducted in September 2019. On September 22, 2021, Libro filed a self-disclosure to FINTRAC regarding challenges it was experiencing in the timeliness of submission of suspicious transaction reports and completion of enhanced measures for high-risk owners. Libro developed and submitted to FINTRAC an action plan to address these issues, including external assistance, recruiting staff, and additional automation of these tasks. FINTRAC has expressed satisfaction with the action plan provided and Libro is complying with the timelines set out in the action plan.

Talent Management Risk and Reliance on Key Management
The success of Libro’s business strategy is dependent on the ability of Libro to attract and retain its senior management personnel. The inability to retain such persons, or replace them with individualsof equal competence, could adversely affect Libro’s financial performance.

Libro does not have employment contracts with any of its senior managers that require such personsto provide Libro with notice, longer than that which would be ordinarily required by law, of the termination of his/her/their employment relationship with Libro. Libro also does not carry “key person” life insurance on any of its senior managers.

Libro has a CEO Succession Planning Policy to ensure that effective leadership is in place at the CEOlevel and to provide a necessary back up plan in the event the CEO is not able to fulfill their duties. Libro also has succession plans in place for all key management positions to address long-term absences of incumbents in those positions.

Talent management risk also includes the risk of Libro being unable to recruit and retain the necessary talent and cultural fit, including the risk of key talent leaving the credit union due to disengagement or changes to the organization structure.

Libro has information systems competence risk due to a risk of inadequate required skill, knowledge, qualification, or capacity of information systems resources to meet Owners’ needs.

Environmental Risk
Libro considers environmental risk the act of Libro failing to identify and/or act on trends or emergingrisks caused by environmental changes. This includes the actions of competitors or new entrants, systemic wide failure, local political changes, economy or Owner sentiments,

slowdown in the housing market, increase in unemployment rates, etc. This could result in financial loss and/or reputational damage.

Like every other financial institution, Libro is affected by periods of economic downturn that result ina lack of consumer confidence, a drop in demand for loans and mortgages, or a reduction in the levelof savings. Libro, as a community-bond credit union, is dependent to a significant degree on the economic performance of the communities it serves. This risk is mitigated to a certain degree by the geographic dispersion of both the personal and commercial business lines, which are concentrated primarily in Essex, Middlesex, Lambton, Chatham-Kent, Elgin, Huron, and Perth counties and in the Region of Waterloo.

The Canadian economy continues to recover from the COVID-19 pandemic as strong growth continues to drive GDP recovery. Looking forward, inflation is expected to remain inflated for a period of one to three years increasing costs of household staples including food, transportation and housing costs. Unemployment is expected to remain low as labour markets continue to tighten. Finally, the Bank of Canada ("BoC") has already increased on one occasion, and is expected to increase multiple times in 2022 and 2023, its overnight rate, to return to and exceed pre pandemic levels. The investment market in Canada continues to see significant fluctuation as the market adjusts to these expectations. Libro's interest rate risk is subject to extensive risk management controls and is managed within a framework of policies and limits approved by the Board. Refer to page 47 and 48 in the audited financial statements in Schedule A for more discussion on Market Risk at Libro. Potential purchasers of Series 6 Shares should note that forecasts can vary widely and are therefore encouraged to consult additional sources as they deem necessary or prudent.

The financial services industry is also highly competitive and the level of competition can directly impact Libro's performance. The attraction and retention of Owners is influenced by a number of factors including product/service offerings, pricing and service experience; deterioration in these factors can impact Libro's financial and operational performance. Libro is a full-service financial institution offering a broad range of financial products and services, has developed strategic objectives which will enhance its competitive position among all types of financial institutions and utilizes a comprehensive Owner satisfaction and brand awareness research program to continually understand the wants and needs of current and prospective Owners.

Part of growing prosperity in southwestern Ontario means that Libro is committed to investing primarily in our local communities and ensuring our profits stay in the geographic area we serve. Typically, the larger the geographic area served, the lesser the concentration risk given the decreased exposure to environmental factors and/or economic downturns in specific geographic areas. Potential purchasers of Series 6 Shares need to be aware of the fact that while they are helping to grow prosperity in southwestern Ontario they are also vulnerable to the potential risk of geographic concentration.

Reputation Risk

Reputation risk is the risk that arises from a lack of confidence in Libro by its stakeholders. Exposure to this risk can lead to litigation, financial loss, or damage to Libro's brand equity. Libro's reputation isone of its most valuable assets and protecting and enhancing this reputation will increase Owner value and improve employee engagement. Reputation risk can arise as a consequence of any activity; however, it usually relates to ethics and integrity or quality of products and services, and frequently arises as a by-product of another risk management control failure. As a result, reputation risk cannot be managed in isolation from other forms of risk. The key to effectively protecting and enhancing Libro's reputation is by fostering a business culture in which integrity and ethical conduct are core values.

The ongoing low interest rate environment, which originated with the collapse of the US housing market in 2008 and spread globally in the following years, has created a heightened awareness of the safety and security of financial markets and institutions in Canada and around the world. The confidence of depositors is critical to the long-term viability of all financial institutions. The failure of amajor credit union or a large number of credit unions could place Libro at significant reputational risk.

Reputation risk could result in a reduction of Ownership or Owners not taking advantage of product and service offerings by Libro, which would impact Libro's profitability or liquidity. In order to mitigate this risk, Libro maintains robust corporate governance practices, a Code of Conduct and a risk management framework and exercises prudent and proactive financial management and sound financial and business practices.

DIVIDEND RECORD AND POLICY
Libro has declared and paid the following dividends with regard to its last five fiscal years:

	Class P Profit Shares *				Class I Investment Shares, Series 1**		Class I Investment Shares, Series 2***		Class I Investment Shares, Series 3****		Class I Investment Shares, Series 4*****		Class I Investment Shares, Series 5	
Year Ended December 31,	Profit Distribution ($000's)	Rate ($/$)	Dividend Amount ($000's)	Rate	Amount ($000's)	Rate	Amount ($000's)	Rate	Amount ($000's)	Rate	Amount ($000's)	Rate	Amount ($000's)	Rate
2021	9,068	1.00/ 1,000	296	0.70%	128	3.50%	126	3.50%	328	3.50%	828	3.50%	3,185	3.50%
2020	2,369	0.30/ 1,000	294	0.72%	141	4.00%	139	4.00%	360	4.00%	910	4.00%	3,499	4.00%
2019	9,321	1.32/ 1,000	513	1.43%	135	4.00%	133	4.00%	347	4.00%	876	4.00%	3,365	4.00%
2018	6,609	1.00/ 1,000	357	1.15%	130	4.00%	129	4.00%	333	4.00%	842	4.00%	3,235	4.00%
2017	5,707	0.95/ 1,000	196	0.75%	126	4.00%	124	4.00%	325	4.00%	814	4.00%	3,111	4.00%

*formerly Class A shares prior to amalgamation between Libro Financial Group and United Communities Credit Union on January 1, 2014. Class P Profit shares receive profit share distributions in addition to dividends. Both amounts have been included above
**issued in 2014 to facilitate amalgamation with United Communities Credit Union
***issued in 2014 to facilitate amalgamation with United Communities Credit Union
****formerly Class B Shares, Series 95 shares prior to amalgamation between Libro Financial Group and United Communities Credit Union on January 1, 2014
*****formerly Class B Shares, Series 2004 prior to amalgamation between Libro Financial Group and United Communities Credit Union on January 1, 2014

Please note that all dividends paid as outlined above were paid in the form of additional shares of the same class and series.

Past payment of dividends is in no way an indicator of the likelihood of payment of future dividends. For a discussion of the priority of the various classes of shares in the payment of dividends, and the restrictions placed on the Board in the declaration of dividends, see pages 13, 14, 23, 26 and 30.

The dividend policy of Libro's Board for Series 6 Shares shall be to pay a dividend or dividends in every year in which there are sufficient profits to do so while still fulfilling all Regulatory Capital, liquidity, and operational requirements. The dividend rate shall be established by the Board, in its sole and absolute discretion, based on financial and other considerations prevailing at the time of the declarations. The Board shall consider whether or not a dividend shall be declared, and at what rate and in which manner, including whether in the form of additional Series 6 Shares, in cash, or partly in shares and partly in cash. Fractional shares will not be issued; dividends, paid in the form of shares will be truncated to the closest whole dollar amount before payment. The Board shall consider this at least annually, and any declared dividend will be paid following each fiscal year end and before each annual general meeting of Owners. There can be no guarantee that a dividend will be paid each year.

The Board has defined an appropriate dividend rate to be the greater of 4.00% or a rate which exceeds by 125 Basis Points the simple average of the yields on the monthly series of the Government of Canada five-year bonds (CANSIM Identifier V122540) as published by the Bank of Canada on its website, www.bank-banque-canada.ca, during Libro's fiscal year, for fiscal years ending on or before December 31, 2026.

For fiscal years ending after that date, the Board has defined an appropriate rate to be a rate equal to or greater than the rate which exceeds by 125 Basis Points the simple average of the yields on the monthly series of the Government of Canada five-year bonds (CANSIM Identifier V122540) as published by the Bank of Canada on its website, www.bank-banque-canada.ca, during Libro's fiscal year.

The dividend, in the fiscal year Series 6 Shares sold pursuant to this offering statement are issued, shall be pro-rated for the number of days the Series 6 Shares were issued and outstanding in that fiscal year.

Dividends paid on Series 6 Shares will be taxed as interest and not as dividends, and are therefore not eligible for the tax treatment given to dividends received from taxable Canadian corporations, commonly referred to as the "dividend tax credit".

The dividend policy followed by Libro is at the discretion of the Board, and is subject to change or exception at any time. Dividends paid may therefore not be in accordance with the policy outlined above.

Following consideration and payment of a dividend on the Class I Investment Shares, Series 1, 2, 3, 4, 5 and 6, the latter series being the Series 6 Shares, the Board may decide to pay a dividend on shares ranking junior to those shares, including the Class P Profit Shares and the Membership Shares.

USE OF PROCEEDS FROM SALE OF SECURITIES

The principal uses of the net proceeds and purpose of this offering will be to enable Libro to add to its Regulatory Capital to provide for future growth, development and stability, while maintaining a prudent cushion in the amount of Regulatory Capital above regulatory requirements.

PLAN OF DISTRIBUTION

1. The price to Owners for each Series 6 Share will be $1.00.
2. There will be no discounts or commissions paid to anyone for the sale of these securities.
3. One hundred percent (100%) of the proceeds of the sale of these securities will go to Libro, which will then be responsible for the payment of the costs associated with this offering statement.

Class I Series 6 Shares will be available for purchase in Libro branches.

Subscriptions for the Class I Series 6 Shares shall be accepted as of the date hereof, and for a period of six months thereafter, or until the date on which subscriptions have been received for the maximum 100,000,000 Class I Series 6 Shares, or until a date, after Libro has received subscriptions for the minimum 10,000,000 Class I Series 6 Shares, but before Libro has received subscriptions for the maximum 100,000,000 Class I Series 6 Shares and before six months have passed from the date hereof, on which the Board in its sole and absolute discretion shall determine to close the offering, whichever shall occur first (the "Closing Date"). Subscriptions will be accepted on a first come, first served basis, and subscription forms will be marked with the time and date accepted.

Libro will closely monitor subscriptions being received as total subscriptions approach the maximum. Potential purchasers making subscription requests at that time may not be allowed to subscribe for the full number or amount of shares they desire, or their subscription request may be refused. This offering may not be over-subscribed, and subscriptions will not be pro-rated.

If the funds to be used by a subscriber to pay for shares subscribed are on deposit at Libro, the subscriber will authorize Libro to place these funds, in the amount equal to the issue price of the number of shares for which the Owner subscribes “on hold” to guarantee payment of these shares. These funds will continue to bear interest at the same rate and/or same rate arrangement as in place on the date the Owner subscribes for the shares. If the offering is completed, the authorized amount will be released from hold and used to pay for the shares for which the Owner subscribed. Funds held as a deposit under an RRSP or TFSA registered contract will be transferred to another RRSP or TFSA contract under which the Class I Series 6 Shares will be held. Interest earned to the date of funds transfer will be paid at the rate applicable to the deposit into the deposit account.

If the offering is withdrawn or if the decision to buy is reversed by the subscriber (as described on thecover of this offering statement), the hold on the deposit funds will be released immediately and the deposit account will continue to operate under the terms and conditions and interest rate arrangement as in place prior to the share subscription.

If the funds to be used by a subscriber to pay for shares subscribed are coming from outside Libro, such funds will be held in Escrow in accounts to be trusteed by Concentra Trust until theoffering is completed or withdrawn or until the subscriber exercises the right to reverse the decision to purchase these securities (as described on the cover of this offering statement). If the offering is completed, the proceeds will be released from Escrow and used to pay for the shares for which the Owner subscribed. If the offering is withdrawn, or if the subscriber reverses the decision to buy, the proceeds will be refunded in full, plus interest calculated at therate of 0.7% per annum, pro-rated for the number of days the funds were in Escrow, to those who subscribed.

The above-noted terms and conditions regarding holds on respective deposit accounts and regarding Escrow accounts are detailed on Libro's Authorization to Place Funds on Hold form and Authorization to Place Funds in Escrow form for Class I Series 6 Shares and on separate agreements, to be signed by subscribers, authorizing transfers and holds on deposit accounts and/or placement of proceeds in Escrow accounts. Copies of the subscription form and the forms for authorization of a hold on funds in deposit accounts and/or placement of funds in Escrow accounts are printed on pages 72 through 75 herein.

If fully subscribed, the gross proceeds to be derived by Libro from the sale of the Class I Series 6 Shares shall be $100,000,000. The costs of issuing these securities are not expected to exceed $150,000, and these costs will be netted against the shares' value on the Balance Sheet. The estimated maximum net proceeds of this offering of securities are $99,850,000.

If, after six months from the date of this offering statement, subscriptions received for the Class I Series 6 Shares amount to less than $10,000,000 in the aggregate, this offering for Series 6 Shares will either be renewed with the approval of the Chief Executive Officer of the Authority, or be cancelled and withdrawn, and all funds "frozen" or held in Escrow to support subscriptions will be returned to the respective members within 30 days thereof, with applicable interest, without shares being issued. If at that time, however, sales amount to at least $10,000,000 but do not amount to $100,000,000, Libro may proceed to close the offering, or apply to the Chief Executive Officer of the Authority for a renewal of the offering for a period not exceeding six months. After the Closing Date, the shares for which subscriptions have been received will be issued within sixty business days after the Closing Date (the "Issue Date").

The Class I Series 6 Shares will not be sold by underwriters or other dealers in securities. The minimum subscription per member shall be $1,000 for 1,000 Class I Series 6 Shares. The maximum subscription per Owner shall be $1,000,000 for 1,000,000 Class I Series 6 Shares. Shares will only be issued subject to the full price of such securities being paid.

MARKET FOR THE SECURITIES

There is no external market for the Class I Series 6 Shares. These securities may only be transferred to another Owner of the Credit Union.

SENIOR DEBT (RANKING AHEAD OF SERIES 6 SHARES)

The Credit Union has arranged a credit facility with Central 1 Credit Union totaling $144 million.

The facility includes total liquidity facilities of $133 million consisting of:
- a Canadian-dollar operating line of credit of CDN $45,000,000
- a US-dollar operating line of credit of USD $3,000,000,
- a demand loan facility of CDN $35,000,000 and
- a term loan facility (requiring 30 days' notice) of CDN $50,000,000.

The facility also includes contingency facilities of CDN $11 million consisting of CDN $5 million for letters of credit and a CDN $6 million capital markets line.

The purpose of the facility is to cover fluctuations in daily clearing volume on the Canadian-dollar chequing accounts of Libro owners and to provide liquidity if warranted. As security for these credit facilities, Libro has given Central 1 an assignment of book debts and a general security agreement. The credit facility is reviewed annually and will next be reviewed in July 2022.

The balances outstanding on the credit facilities of Libro with Central 1 during the year ending December 31, 2021 and its fiscal years ending December 31, 2020, December 31, 2019 are shown below:

Year Ended (in millions)	CDN $ Operating Line			US $ Operating Line			Demand Loan Facility			Term Loan Facility			Letters of Credit Line		
	High	Low	Year End	High	Low	Year End	High	Low	Year End	High	Low	Year End	High	Low	Year End
December 31, 2021	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
December 31, 2020	26.1	0.0	0.0	0.9	0.0	0.0	40.0	0.0	0.0	35.0	0.0	0.0	0.0	0.0	0.0
December 31, 2019	32.4	0.0	0.0	0.0	0.0	0.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Libro has no other debt or credit facilities arranged with any other financial institutions or lenders.

Owners' deposits in Libro, as well as its other liabilities, including unsecured creditors, rank prior to Libro's obligations to the holders of any class or series of its shares, including the Series 6 Shares.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditor of the Credit Union is Ernst & Young LLP (EY) , One London Place, 255 Queens Avenue (23rdFloor), London, Ontario N6A 5S7 (phone 519.672.6100, website www.ey.com/ca) . The auditor is independent with respect to Libro within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The registrars and transfer agents for the Class I Series 6 Shares are designated staff of Libro.

DIRECTORS, EXECUTIVE LEADERSHIP TEAM AND OFFICERS

Board of Directors

The following table sets forth the Board of Directors of Libro:

Name	Municipality of Residence	Principal Occupation	Position/Office
Bryan Aitken	Watford, Ontario	Retired, College Dean of Technology	Vice Chair, People & Culture Committee; Member, Risk & Credit Committee
Jacquie Davison	London, Ontario	Municipal Administrator	Chair, Board of Directors
Alan DeVillaer	London, Ontario	Retired, Fire Chief	Chair, People & Culture Committee; Member, Director Recruitment Committee
Marycatharine Kusch	London, Ontario	Partner, Accounting Firm	Vice Chair, Board of Directors, Chair, Audit & Finance Committee; Member, Director Recruitment Committee
Jeff McCallum	Fergus, Ontario	Business Owner	Member, Audit & Finance Committee; Member, Risk & Credit Committee
Chris Mendes	Windsor, Ontario	Business Development	Chair, Risk & Credit Committee;
Jodi Simpson	London, Ontario	Business Owner, Realtor	Member, Audit & Finance Committee; Member, Risk & Credit Committee
Chris Smith	Caledonia, Ontario	Public Service, Real Estate Broker	Vice Chair, Audit & Finance Committee; Member, People & Culture Committee

Stephanie Soulis	Kitchener, Ontario	Business Owner	Member, People & Culture Committee; Member, Director Recruitment Committee
Donna Taylor	Central Huron, Ontario	Retired Business Owner	Vice Chair, Risk & Credit Committee; Member, Audit & Finance Committee
Garrett Vanderwyst	Dutton, Ontario	Business Owner	Member, People & Culture Committee; Member, Director Recruitment Committee

Executive Leadership Team (ELT) and Officers

The following table sets forth the ELT and officers of Libro:

Name	Municipality of Residence	Position/Title
Brian Aalbers	Thamesford, Ontario	Executive Vice President (EVP) People & Culture
Stephen Bolton	Middlesex Centre, Ontario	Head Coach, President & Chief Executive Officer
Rhonda Choja	Ilderton, Ontario	EVP Operations
Scott Ferguson	London, Ontario	EVP Information Systems
Tania Goodine	London, Ontario	EVP Strategy & Innovation
Janet Johnson	London, Ontario	EVP Finance & Chief Financial Officer
Carol Normandeau	London, Ontario	EVP Advice & Service
Michael Smit	London, Ontario	EVP Brand & Digital Delivery
Janet Taylor	London, Ontario	Corporate Secretary

Mr. Bolton was appointed President and CEO of Libro effective February 1, 2012 and was confirmed in that position for the newly amalgamated Libro effective January 1, 2014. He joined Libro in 1988 and became Vice President Advice and Service Delivery in 1995.

Ms. Johnson was appointed Executive Vice President Finance and Chief Financial Officer for Libro in August 2021. Janet joined Libro in December 2018 and served as a Financial Reporting Manager in her first year with the credit union. She was promoted to Vice President of Finance & Risk in July 2019. Prior to 2018, Janet held several management positions at the firm of Ernst & Young LLP.

Ms. Taylor was appointed Corporate Secretary for Libro in March 2020. Janet joined Libro in 1999 and served in successively progressive governance positions until her promotion to Assistant Corporate Secretary in October 2015.

A brief description for the other members of the Executive Leadership Team:

- Brian Aalbers was appointed EVP People & Culture in January 2020. He joined Libro in 2006 and has served Libro in successively progressive positions in the areas of personal and business lending, branch leadership, strategy & innovation, and engagement, including several Vice President roles.
- Rhonda Choja was appointed EVP Operations in January 2020. Rhonda joined Libro in 2015 where she has served at the Vice President level in the areas of enterprise risk management, compliance, corporate services, and operations. Prior to 2015, she worked in management roles in the financial services industry.
- Scott Ferguson was appointed EVP Information Systems in January 2014. He joined Libro in 1986 and served in a variety of successively progressive lending, finance and technology positions, including Vice President Information Systems from 2008 to 2013.
- Tania Goodine was appointed EVP Strategy & Innovation in January 2020, prior to which she served as EVP Engagement from 2014 to 2019. She joined Libro in 1990 and served in successively progressive marketing and communication positions, including Vice President Brand from 2008 to 2013.
- Carol Normandeau was appointed EVP Advice and Service in January 2014. She joined the former United Communities Credit Union (subsequently amalgamated with Libro) in 2003 and served as United Communities' Vice President Credit from 2008 to 2013. Prior to joining the credit union, she worked in management roles in the financial services and hospitality industries.
- Michael Smit was appointed EVP Brand & Digital Delivery in January 2020. He joined Libro in 2013 having worked in the credit union system since 2005 in successively progressive roles in commercial, agricultural and personal lending, and brand, including Vice President Brand from 2017 to 2019.

LAWSUITS AND OTHER MATERIAL OR REGULATORY ACTIONS

As at December 31, 2021, Libro is not aware of any material pending or contemplated legal proceedings, including actions that may be used to recover delinquent loans where the Credit Union is the plaintiff, to which it is a party.

The Credit Union is not aware of any regulatory actions pending or contemplated against the Credit Union.

MATERIAL INTERESTS OF DIRECTORS, OFFICERS AND EMPLOYEES

All loans to the directors, officers and employees of Libro and their spouses and immediate dependent family members are made in the normal course of business, using standard credit granting criteria. However, loans to restricted parties (directors, officers and persons and companies connected to directors and officers) are subject to an additional level of oversight as they receive review and require approval of the Board's Risk and Credit Committee and/or the full Board of Directors, depending on the size and type of loan.

Libro's employee benefit program, available to officers and employees of Libro, includes a financial services program whereby full-time and part-time employees are eligible to receive discounted interest rates on mortgages, personal loans and lines of credit. With the exception of pricing, the loansto officers and employees are made on the same terms and conditions as loans are made to the general Ownership. Under the program, staff may borrow up to a maximum $500,000 for loans secured by a first mortgage on their principal residence, or up to a maximum of $50,000 for an unsecured line of credit or retail instalment loan at the discounted rate. The discounted rate equals Libro's cost of funds. Any loans to officers or employees in excess of the maximums noted above are at conventional market rates of interest.

The aggregate value of loans in all categories to restricted parties of Libro, as of December 31, 2021, amounted to $5,091,000. In addition, unused lines of credit to restricted parties of Libro, as of December 31, 2021, amounted to $2,175,000. No allowance was required in respect of these loans.

As Owners of Libro, directors, officers and employees each hold 50 $1.00 Membership Shares ($50.00), the number required to maintain membership in Libro. Accordingly, each director, officer and employee may subscribe for the Class I Series 6 Shares, should any of such persons wish to do so.

MATERIAL CONTRACTS

The following material contracts have been entered into by Libro during the last three years or were entered into by Libro or one of its predecessors prior to that time but remain in force. The contracts are presented in the following categories:

- Banking and Treasury Services
- Credit and Card Related Services
- Software, Communication and Information Services
- Wealth Management Related Services
- Other

BANKING AND TREASURY SERVICES

Credit Union Banking and Credit Services Agreement Form of Adhesion with Credit Union Central of Ontario Limited ("CUCO"), dated January 1, 2007

This agreement was assigned to Central 1 on CUCO's merger with CUCBC and regulates all aspects of the Credit Union's relationship with Central 1: banking services, credit facilities, clearing and settlement services, bill payment services, direct deposit services, pre-authorized debit services, money orders, US retail services, swaps, securities trading, custodial services, structured products services, index-linked term deposits, pooled liquidity, on-line delivered services, and fees. The agreement may be terminated by Central 1 without notice at any time if any of the Credit Union's representations or warranties are untrue, or if the Credit Union breaches any term of this agreement and such breach is not cured within 30 days after notice. The Credit Union also has the right to terminate the agreement without notice if Central 1 breaches any term of this agreement and such breach is not cured within 30 days after notice. The Credit Union also has the right to terminate the agreement by paying its indebtedness, terminating any other lending or credit agreement it has with Central 1, paying in full the amount of any guarantee it has given of the indebtedness of another person, and performing its obligations under any security agreement granted by the Credit Union in favour of Central 1.

General Security Agreement with Central 1 Credit Union, dated February 11, 2010

The Credit Union has granted to Central 1 a general security interest in all of its assets to secure its obligations under the credit facility. This security interest does not extend to assets which the Credit Union is holding to meet its regulatory liquidity requirements. The agreement outlines certain defaults; when a default has occurred, Central 1 is permitted to withhold further advances and demand repayment of all sums owing.

Liquidity Agreement with Credit Union Central of British Columbia ("CUCBC"), dated July 4th, 2007

Libro entered into this Agreement in order to receive services from Central 1 after the combination of CUCBC and CUCO (Credit Union Central of Ontario Limited). This agreement reflects the Credit Union's commitment to depositing its investments required for statutory liquidity with Central 1 for ten years and withdrawing after that date only after giving five years notice on subsequent five-year anniversary dates. As part of this agreement, the Credit Union also consents to the assignment of any agreements entered into by Libro and CUCO or CUCO and others without the necessity for further written approval by the Credit Union. Central 1 may terminate any existing contract upon 30 days' notice, at any time 18 months after the closing date provided such notice shall not affect the terms and conditions relating to any transaction between the parties. A Liquidity Termination Agreement was signed October 13, 2020, coming into effect with changes to Central 1's Constitution and Rules to migrate the Mandatory Liquidity Pool into a portfolio of marketable securities. This migration was further facilitated by the Transfer and Waiver Agreement signed October 15, 2020, with the transfer and settlement occurring January 4, 2021.

Investment Management Agreement with Credential Qtrade Securities, dated November 26, 2020.

This agreement enables the Credit Union to receive asset management and custodial services with this counterparty and was entered to facilitate the migration of the Mandatory Liquidity Pool after the termination of the statutory requirements in the Liquidity Agreement. Services are subject to an approved Investment Policy Statement and management fees are paid based on a tiers fee schedule based on assets under management. This Agreement may be terminated by the Investment Manager upon 270 days' written notice to the Client, except where the Client is in material breach of this Agreement, in which circumstance the Investment Manager may terminate the Agreement immediately if such breach is not cured within 30 days of the provision of written notice by the Investment Manager to the Client.

ISDA (International Swaps and Derivatives) 2002 Master Agreement with Central 1 Credit Union, dated May 26, 2010.

This agreement enables the Credit Union to enter into derivative contracts with this counterparty.

As at December 31, 2021, the Credit Union had 1 fixed pay amortizing interest rate swaps outstanding with a total notional value of $260 thousand maturing October 2022. Under the terms of these agreements, the counterparty to the swap is obligated to pay the Credit Union a variable rate and the Credit Union is obligated to pay the counterparty a fixed rate, with both payments based upon the notional value of the underlying swap. The variable rate is repriced monthly by the counterparty to the swap. The Credit Union is currently paying fixed rates in the range of 2.09% and is receiving a variable rate as at December 31, 2021 of 0.44%.

As at December 31, 2021, the Credit Union had 5 fixed pay non amortizing interest rate swaps outstanding with a total notional value of $250 million and maturing between May 2024 and June 2028. Under the terms of these agreements, the counterparty to the swap is obligated to pay the Credit Union a variable rate and the Credit Union is obligated to pay the counterparty a fixed rate, with both payments based upon the notional value of the underlying swap. The variable rate is repriced monthly by the counterparty to the swap. The Credit Union is currently paying fixed rates in the range of 1.38% to 1.825%and is receiving an average variable rate as at December 31, 2021 of 0.444%.

The Credit Union has also entered into equity-linked purchase option agreements with this counterparty to eliminate the risk involved in its equity-linked term deposit products. The Credit Union pays a fixed amount based on the notional amount at the inception of the equity-linked purchase option contract. At the end of the term the Credit Union receives, from the counterparties, payments equal to the amount that will be paid to the depositors based on the performance of the respective indices.

Master Service Agreement with Thirdsteam Inc. dated February 14, 2020 and Software License Agreements dated April 14th, 2016 and November 24, 2021.
Libro has agreements with Thirdstream to use their digital account origination services for consumers and business transactions. The service includes identity verification capabilities, product selection, approval capabilities and account funding. The solution enables consumers from across Ontario to join Libro, from anywhere, anytime, with full security, complying with banking regulations.

Payment Modernization Processing Commitment Letter of Central 1 Credit Union, dated September 11, 2020.
This commitment letter obligates Libro to continue using the payments services of Central 1 Credit Union for a period of seven years, commencing on the date that Central 1 executes an agreement with Fiserv to provide Central 1 new payments processing and cloud hosting services to support new Payments Canada requirements.

CREDIT AND CARD RELATED SERVICES

National Program Agreement (NPA) with Central 1 Credit Union (Central1) effective August 2, 2019; Master Services Agreement (MSA) between Central 1 and Collabria Financial Services Inc. (Collabria) dated March 1, 2018 as amended by First Amendment Agreement dated May 10, 2018 and Second Amendment Agreement dated June 20, 2019; Credit Union Participation Agreement with Collabria effective August 2, 2019.
The Credit Union is part of a National Credit Card Program (NCCP) with Collabria; administered and governed by Central1. Combined, these agreements permit the Credit Union to offer Collabria Visa card products and optional services to its Owners. As well, they provide for other

services from Collabria which support Owner relationship building strategies for proactive advice, personalized solutions and use of digital payments. The Credit Union receives revenue for its efforts in marketing these products and its role in new account generation and cardholder support; pays Collabria for any optional services provided; and pays Central1 a standard levy on revenues received for their administration and governance of the NCCP. The NPA sets out the arrangements between the Credit Union and Central1 with respect to the NCCP. The MSA forms part of the NPA and covers revenue distribution, fees and costs, auditing rights by Central 1, proper marketing materials, service standard, Program governance and other terms and conditions. The usual representations and warranties and indemnification clauses are discussed. The Credit Union Participation Agreement sets out individualized arrangements between the Credit Union and Collabria including payments to Central1, optional services, customized marketing materials, guaranteed accounts and termination. The initial term of the NCCP and related agreements ends December 31, 2022; at expiry, the agreements automatically renew for successive one year terms unless Central1 gives Collabria 180 days notice of its intention to terminate the MSA or new renewal arrangements are agreed upon. Independently, the Credit Union has the right to provide Collabria and Central1 with 270 days notice of intention to terminate participation in the NCCP. Negotiations are currently underway for a new five year agreement with Collabria.

Distribution Agreement (Creditor's Group Insurance) between CUMIS Life Insurance Company and Libro Credit Union, effective March 1, 2021 – February 28, 2026; Schedule "A" – Experience Refund Program; Schedule "B" – Enhanced Compensation Program
This agreement enables the Credit Union to offer creditor life and disability insurance products to its borrowing owners. This agreement is exclusive. CUMIS pays the Credit Union distribution fees for its efforts in promoting the product to its borrowing owners and for administering the application and claims process. This agreement has an initial term of five years and will be automatically renewed for an additional one-year term unless the agreement is terminated in accordance with its terms. Either party can terminate the agreement for cause or require the other party to enter into negotiations regarding the early termination of the agreement on a date not less than 180 days in the future. In addition to distribution fees, the Credit Union also participates in a profit -sharing program (Experience Refund Program Schedule) where insurance premiums and claims are pooled and surplus/deficit shared between participating credit unions. The Credit Union is also eligible to participate in enhanced compensation (Schedule "B") when net written premium exceeds targets set.

Central 1 Master Loan Participation and Servicing Agreement, dated November 26, 2018
This agreement outlines the terms and conditions for participating in loan syndications with Central 1 if Libro is to purchase and / or sell all or a portion of a loan(s). This allows Libro opportunities to diversify our loan portfolio by participating in loans outside our network originated loans and to transfer credit risk of all or a portion of a loan with owners when deemed appropriate, due to size or concentration.

Scoring Services – Specific Service Agreement with Equifax Canada Inc., dated June 14, 2021; Price Agreement – Credit Reporting Services with Equifax Canada Co., dated June 14, 2021.
This agreement provides the Credit Union with access to Equifax credit scores for the purposes

of evaluating an owner's request for credit in return for provision of certain related information of its owners. The agreement also governs the use of the information by Equifax. The agreements remain in force and can be cancelled with 60 days' notice by either party as outlined in the agreements.

Mortgage Insurance Policies with Sagan and Canada Mortgage & Housing Corporation; various effective dates.
The Credit Union has access to mortgage insurance on residential first and second mortgages through both Sagen formerly known as Genworth Financial Mortgage Insurance Company directly and through Canada Mortgage & Housing Corporation ("CMHC") by way of a partnership agreement with Central 1. Libro Credit Union is listed as an NHA (National Housing Act) approved lender. Mortgage loan insurance is required when homebuyers make a down payment of less than 20% of the purchase price. Mortgage loan insurance helps protect lenders against mortgage default and enables consumers to purchase homes with a minimum down payment of 5%.

Master Subscription and Services Agreement (Hosted Services) Software Services Agreement with Moody's Analytics Solutions Inc ("Moody's") dated December 27, 2018; Order form for Subscriptions and Related services with Moody's dated December 27, 2018.
Moody's provides software used by business lenders to prepare credit presentations, analyze credit requests, manage adjudication and administration of loans. Libro entered into a 5-year agreement after which they are automatic 1-year renewals subject to cancellation with minimum 30-day notice prior to new 1 year term.

Master Commercial Title Insurance Policy from First Canadian Title Insurance Company Limited (FCT), dated November 5, 2018.
FCT provides insurance when registering mortgage security to ensure Libro has proper legal title to the property free from any liens or encumbrances which might impact the priority of mortgage security subject to the terms, conditions and limitations as outlined in the policy.

SOFTWARE, COMMUNICATION AND INFORMATION SERVICES

Service Level Agreement with Cogeco Connexion Inc. ("Cogeco"), dated September 12, 2018
Libro uses Cogeco for data network services. The agreement outlines service quality standards including maintenance, bandwidth and availability clauses. The terms of this agreement shall continue in perpetuity unless terminated and maintenance services automatically renew on an annual basis.

Software Management Services Agreement with CDSL Canada Limited ("CDSL"), dated March 1, 2013.
CDSL operates as a subsidiary of CGI Group Inc. and this agreement was entered into jointly by Libro and a group of additional credit unions who are also Co-Payors under the Source Code License Agreement with Open Solutions (now Fiserv Solutions). Under the terms of this agreement CDSL will provide support for Libro's banking software in exchange for fees which are payable on a semi-annual basis. The agreement has a term of 61 months. Clients, collectively only, are entitled to terminate the Agreement in its entirety upon six months prior written notice.

Master Services Agreement with Everlink Payment Services Inc. ("Everlink"), dated February 17, 2009; Adhesion Form for Client Switching Services Agreements with Everlink, dated December 2, 2009; Debit Mastercard Affiliate Program agreement with Everlink and Servus Credit Union ("Servus"), dated December 23, 2020
The Masters Services agreement is a joint agreement with various Credit Union Centrals is for the provision of switching services for shared-cash dispensing and point-of-sale services. Optional services provided under the adhesion form include ATM driving services, standard ATM monitoring and daily customer extract file (CEF). This agreement expires on April 30, 2024. This Agreement may also be terminated for cause upon written notice of at least thirty days by the non-defaulting party. The Debit Mastercard agreement authorizes Libro to issue debit Mastercard services to Owners. This agreement expires on December 31, 2025.

License & Service Agreements with Fiserv Solutions, dated October 20, 2006
Libro has licensing agreements with Fiserv Solutions to operate the IPS-Sendero Risk Manager software and the Prologue Financial Accounting Solutions software. The Sendero software enables Libro staff to aggregate data regarding deposit and loan balances, yields and maturities generate multiple scenario and status reports as well as back testing to properly manage rate risk and assist with product pricing decisions. The Prologue software includes Libro's General Ledger, Investment and Accounts Payable accounting and processing systems. The terms of this agreement and licenses granted shall continue in perpetuity unless terminated and maintenance services automatically renew annually.

Microsoft Volume Licensing Enterprise Enrollment (Direct) – Business with Microsoft Licensing, GP ("Microsoft"), effective June 30, 2021.
This agreement procures for Libro all of its licenses to use the various Microsoft software programs it uses in its business. The agreement has a three-year term, and the licensing fees are paid in three annual payments.

Service Agreement with Neocog Technologies Inc. ("Neocog") for ACE Support and Maintenance, dated December 15, 2020; Service Agreement with Neocog for Intellilender License, Support and Maintenance, dated May 1, 2021; Service Agreement with Doxim for Customer Relationship Management ("CRM") License, Support and Maintenance, effective January 1, 2022.
Automated Contact Expert (ACE) is a unique customer relationship management (CRM) solution that enables Libro to operate an owner-centric strategy for householding, segmentation, owner communication, sales, profitability management and electronic documentation storage. This service agreement provides Libro with maintenance and support for the ACE software to ensure the ongoing success of the product and continues in perpetuity until written notice of termination. Intellilender supports Libro's lending operations by providing a working interface with Equifax, CUMIS, Genworth, PPSA (Personal Property Security Act), Canadian Black Book and Libro's banking system. This agreement includes a licensing arrangement as well as maintenance and support provisions which expire on May 1, 2024 with one year auto renewals until written notice of termination thereafter. Both agreements require renegotiation at the time of expiry and Neocog may terminate either of these agreements if Libro is in breach of its obligations and incapable of a cure after receiving 30 days written notice of such breach.

Private Cloud on Premise SaaS Software Provisioning Agreement with DLGL Technologies Corporation [DLGL] – dated April 1, 2017.
This agreement provides the Credit Union a non-exclusive and non-transferable license to use DLGL's integrated human resources, payroll, time capture and scheduling, and pension software system known as ViP. DLGL maintains a security program in accordance with industry standards that ensures the security and integrity of customer data, while protecting against threats, hazards and unauthorized access. Premiums are paid monthly, and the initial subscription term was five years, with subsequent renewal terms of a minimum of three years. The contract may be terminated by either party by written notice as outlined in the agreements.

Service Agreement with F5 Networks, Inc., dated June 8, 2021.
This agreement allows Libro to utilize Shape Security's application security and fraud prevention services through their SaaS offering to provide Botnet and fraud protection against Online Banking. The agreement may be terminated with 30 days' notice while accepting penalties for the remainder of the contract length.

License Agreement with Apple Canada Inc., dated November 20, 2019; License Agreement with Google LLC, dated November 26, 2019; Participation Agreement with Samsung Electronics Canada Inc., dated October 19, 2019.
These license agreements provide mobile debit services to support Apple Pay, Google Pay, and Samsung Pay functionality for member to use make every day purchases using their mobile device. Both contracts terminated after a three-year term, or earlier with written notice of termination.

<u>WEALTH MANAGEMENT RELATED SERVICES</u>

Credit Union Shares Registered Plans Agency Agreement with Concentra Trust, effective March 5, 2012; Concentra Financial Services Association Deposit Agency Agreement, dated November 1, 2006.
These agreements enable the Credit Union to offer to its Owners, as the agent for Concentra Bank, various deposit products offered by Concentra Bank in return for the payment to the Credit Union by the Association of a commission. Products offered include guaranteed investments (GICs), Retirement Savings Plans, Tax-Free Savings Plans, Retirement Income Funds and Education Savings Plans; including locked-in plans in the Ontario and federal jurisdictions. Regarding the registered plans, the Credit Union pays Concentra Trust a fee for the performance of the trustee's duties; including the set-up fees of each plan. The Credit Union administers the registered plans as the agent of Concentra Trust. The agreements shall automatically renew for the renewal term, until the agreements are terminated. Either party, upon giving appropriate notice to the other party, may terminate the agreements at any time.

Master Operating Agreement (MOA) with Credential Securities Inc. (SecuritiesCo) and Credential Asset Management Inc. (Asset Management) and Libro Credit Union Limited, dated March 31, 2018
SecuritiesCo. and Asset Management (AM) entered into this Agreement, replacing the previous 2003 agreement, to provide full brokerage services, online brokerage services, and mutual fund dealer services to the Credit Union. SecuritiesCo. and AM provide policy and procedure manuals outlining compliance and sales expectations. They share revenue with the Credit Union based on

a formula set out in the Business Pricing Model found in Schedule E of the MOA. The usual representations and warranties, indemnity clauses, confidentiality, and the importance of protecting client information is discussed. Each party retains all rights and interests in its own website, trademarks, copyright, and other intellectual property rights. Any party can terminate the agreement immediately upon written notice if there is a breach and that breach has not been resolved within 30 days of the notice of breach. Other reasons for termination include receivership, bankruptcy, etc. If terminating for convenience, then 180 days written notice is required. Early termination means the Credit Union will pay an amount equal to 50% of the gross revenue during the most 12 month period. The Agreement define Brokerage services, mutual fund services; and Service Level Standards.

Amended and Restated Limited Partnership Agreement, dated April 1, 2020.
On August 11, 2017, CUMIS and the Centrals formed the Partnership as an equity holder of AVISO Wealth. The General Partners and the Limited Partners entered into a Limited Partnership Agreement dated March 22, 2018. The usual representations and warranties and indemnity clauses apply.

The Partnership cannot carry on any activities other than the holding of the Partnership Assets.

The Partnership exists from the date of filing the Declaration to the date of dissolution. The Capital of the Partnership consists of the aggregate of all sums of money or property contributed by the Partners.

Limited Partners are not entitled to any privilege, priority or preference in relation to other Limited Partners. Limited Partners cannot act as agent for the Partnership nor use their names nor conduct any business on the Partnership's behalf. The liability of a Limited Partner is limited to its Capital Account. The General Partner, on the other hand, has full, exclusive and complete right to operate, manage and control the affairs of the Partnership and make any decision using its sole discretion (Article 7). Its liability, however, is unlimited.

OTHER MATERIAL CONTRACTS

Statement of Investment Policies and Procedures for the Retirement Pension Plan for Employees of Libro Credit Union Ltd., dated October, 2021.
This statement is adopted by Libro and sets out policy guidelines as to how the Fund shall be invested in a reasonable, prudent and effective manner. It has been prepared in accordance with any relevant legislation affecting the Plan, the Pension Benefits Standards Act, 1985 and the Regulations to ensure assets are invested in accordance with the "prudent person portfolio approach". The assets of the Plan are held in the CUMIS Balanced Fund (Mawer), the CUMIS Tactical Balanced Fund (Addenda), and CUMIS Select Balanced RS Portfolio (NEI). Libro is the legal Administrator of the Plan and is responsible for the Fund. Libro acts through its Board of Directors (the "Board") which has overall responsibility for the Fund. The Board has delegated certain duties and responsibilities to the Investment Managers, to a Trustee/Custodian and to various staff and advisors retained to assist the Board in carrying out its duties.

Group Benefits Agreement with Sun Life Assurance Company of Canada [Sun Life], a member of the Sun Life Financial Group of Companies – dated March 19, 2015.
This agreement provides all Staff [full time and part time] at the Credit Union with group benefits in the areas of extended health care, dental care, emergency travel assistance, prescription drugs, paramedical services, and short- and long-term disability. Premiums are paid monthly, and the contract is not entitled to participate in any distribution of Sun Life surplus. Sun Life complies with all relevant legislation protecting personal information, and the agreement continues in effect for successive 1-year periods, unless terminated by either party by written notice outlined in the agreements.

Various Leases for Premises and Equipment
Libro has various leases in place for most of its branches, commercial business centers and office locations as well as certain equipment used in its operations. Details of the assets leased are disclosed in note 7 to the audited financial statements at pages 28 and 29 of Schedule A hereto.

MANAGEMENT DISCUSSION AND ANALYSIS

The purpose of this report is to provide readers of this offering statement with Management's insight into Libro Credit Union Limited's [Libro's] strategy and financial performance for the years ending December 31, 2021 December 31, 2020, and December 31, 2019. The audited financial statements for the years ended December 31, 2021 and December 31, 2020 are attached. This report will provide an overview of strategy, growth and profitability along with an overview of key inherent risks that Libro faces as a financial institution and how those risks are managed.

Strategic Overview
Libro is a credit union that brings more than 75 years of history serving the families, farms and enterprises of southwestern Ontario. Libro is a certified B Corporation, committed to using its resources for good – for the purpose of growing prosperity in southwestern Ontario by transforming banking. Libro makes positive impact on financial resilience, adequate housing, meaningful employment, and food security. Libro is proud to be named as one of the 2019 "Best for The World" honorees for being in the top 10% of all B Corps because of Libro's positive impact on its workforce, its local communities, its suppliers, its Owners and the environment, and its corporate governance.

Serving over 110,000 Owners as one of Ontario's largest credit unions, Libro's 700+ employees support the well-being of people, businesses and communities by providing high-quality financial coaching, advice and a personalized experience. Libro shares its profits with Owners, offers a full range of financial products and services for consumers, businesses and farms, including savings and chequing, investments, and borrowing. Service is accessible through 34 locations, online, telephone, mobile devices and a network of 4,000 surcharge-free ATMs across Canada.

Libro operates with a rolling three-year strategic business plan built within a ten-year vision, providing a balanced short and long term perspective for future growth. Seven strategic priorities form the basis of our business plan – strengthen our purpose-driven approach to business, grow prosperity through strong Owner advice and service, sustain culture and skills through talent management, benefit and protect Owner outcomes through solid data foundations and insights, evolve digital first - coaching everywhere delivery and market development, and ensure operational excellence through agility, effective and efficient ways of working.

Financial Overview

The following table presents financial performance indicators for the years ended December 31, 2021, December 31, 2020, and December 31, 2019. The table contains financial information that is derived from the audited financial statements attached hereto as Schedule A.

FINANCIAL PERFORMANCE INDICATORS	2021	2020	2019
Total Assets (000's)	5,390,169	4,955,514	4,235,232
Average Assets (000's)	5,172,842	4,594,328	4,008,449
PROFITABILITY			
Pre-tax Net Operational Income (000's)	15,987	18,103	27,213
Pre-tax Net Income before Distributions (000's)	25,433	11,841	25,998
Indicators (% of Average Assets)			
Net Interest Income	2.04%	2.06%	2.31%
Non-Interest Income	0.52%	0.31%	0.50%
Provision for Credit Losses	0.08%	0.09%	-0.05%
Operating Expenses	1.99%	2.03%	2.22%
Pre-tax Net Income before Distributions	0.49%	0.26%	0.65%
LOAN COMPOSITION & QUALITY			
Total (Gross) Loans	4,493,609	3,873,051	3,722,850
Loans by Category (% of Total Loans):			
Residential Mortgage Loans	1,644,627	1,492,787	1,419,307
Personal Loans	205,355	201,631	218,858
Agriculture Loans	1,010,651	930,885	961,468
Commercial Loans	1,632,976	1,247,748	1,123,217
Allowance for Credit Losses	14,709	10,647	7,002
Allowance by Loan Category (% of Total Loans):			
Residential Mortgage Loans	0.02%	0.02%	0.02%
Personal Loans	0.41%	0.42%	0.31%
Agriculture Loans	0.02%	0.02%	0.02%
Commercial Loans	0.81%	0.74%	0.82%
COMPLIANCE WITH CAPITAL REQUIREMENTS			
Minimum Leverage Ratio Requirement	4.00%	4.00%	4.00%
Leverage Ratio	7.07%	7.00%	7.93%
Minimum Risk Weighted Assets Ratio	8.00%	8.00%	8.00%
Risk Weighted Assets Ratio	10.78%	11.35%	12.02%
OTHER INDICATORS			
Total Owners' Deposits (000's)	4,893,683	4,410,760	3,722,786
Liquidity as a % of Owners' Deposits and Borrowings	16.25%	21.85%	11.20%
Assets Growth (%)	8.78%	17.01%	9.94%
Total Regulatory Capital ($000's)	381,153	346,839	335,742
Regulatory Capital Growth (%)	9.89%	3.31%	6.67%

[1] *Pre-tax net operational income excludes the impact of fair market value adjustments to Libro's*

financial instrument swaps, and the amortization of fair market valuations of Libro's business combinations.
[2] *Indicators are reported as a percentage of average assets on an annualized basis.*

Further information is available in the audited financial statements for the year ended December 31, 2021 that are attached hereto as Schedule A.

FINANCIAL HIGHLIGHTS

Year ended December 31, 2021

Overview

We navigated 2021 and the ongoing global pandemic with continued focus on the health and wellbeing of our staff and Owners and providing essential service. Libro continued to see compressed interest rate margins throughout 2021 as a result of the COVID-19 pandemic, however, we also saw significant growth in both our Loans to Owners and Owners' deposits balances. The financial results of the year are summarized below.

Financial Performance Review

Libro's pre-tax operating income for the year ended December 31, 2021 was $16.0 million, down from $18.1 million in 2020. As a percentage of average assets, pre-tax operating income was 0.31% down 0.08% from 0.39% in 2020. To assess Libro's financial performance from core business operations, earnings have been normalized to exclude the following adjustments:

i. Accounting adjustments relating to the amortization of fair market valuation gains that were recorded to contributed surplus as part of the 2014 and 2015 business combinations with United Communities and HaldNor. This amortization totaled $344 thousand in the year;
ii. The increase in the market value of Libro's interest rate swap agreements related to the volatility in interest rates, resulting in unrealized gains of $5.0 million; and
iii. The funding received from the Canadian Emergency Wage Subsidy Program in the year, totaling $1.3 million.
iv. The non-recurring investment gain of $3.5 million as a result of regulatory changes requiring a restructuring of Libro's Liquidity asset holdings.

Libro's pre-tax net income before profit sharing for the fiscal year was $25.4 million, up $13.6 million from $11.8 million in 2020.

Net Interest Income 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 experienced continued compression in its net interest margin in 2021, where net interest income as a percentage of average assets decreased from 2.06% in 2020 to 2.04% in 2021. Interest income increased $1.3 million to $155.1 million. Interest expenses decreased by $9.5 million or 16.1% from 2020. For the year, net interest income increased $10.8 million to $105.7 million, an increase of 11.4%. Our Prime rate was at 2.45% for the entire year, however we saw high growth in loans balances which drove the increase from 2020. More significantly, continued high deposit balances resulted in Libro holding $760 million in investment balance that earned an effective rate of less than 1%.

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 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 credit risk due to the COVID-19 pandemic.

Operating expenses in 2021 were $103.0 million, an increase of $9.9 million or 10.7% 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, 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. Other operating expenses include general and administrative, marketing and business development, systems and technology, and occupancy costs.

Balance Sheet Summary

In 2021, Libro experienced significant deposit and loan growth. 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 million, or 16.0%, to $4.5 billion. Loan growth was driven by increased commercial loans which grew 30% and residential mortgage loans which grew 10% over prior year. 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 $483 million, or 10.9% compared to the previous year. This significant deposit growth was driven by increased savings rates and continued stimulus money Owners received from the Government of Canada in response to the pandemic.

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 the continued volatility of the equity markets in 2021. In addition, assets under management at the end of December include $156 million of loans administered on behalf of the Government of Canada. Total assets under administration were $6.8 billion at December 31, 2021, up 13% over the previous year.

Year ended December 31, 2020

Overview

2020 was defined by the COVID-19 pandemic, which was declared by WHO on March 11, 2020. This declaration was quickly followed by a decline in the key lending rate by Bank of Canada by a total of 150 basis points. As discussed above, Libro reacted to the pandemic with a focus on health and safety of our staff and Owners. Below is a summary of the financial performance for the year.

Financial Performance Review

Libro's pre-tax operating income for the year ending December 31, 2020 was $18.1 million, down from $27.2 million at December 31, 2019. As a percentage of average assets, pre-tax operating income was 0.26%, down from 0.65% for the prior year. This decrease was due to lower interest rates as a result of the pandemic. Earnings have been normalized in order to assess Libro's financial performance from core business operations, and exclude the following:

i. Accounting adjustments relating to the amortization of fair market valuation gains that were recorded to contributed surplus as part of the 2014 and 2015 business combinations with United Communities and HaldNor. This amortization totaled $2.1 million in the year;
ii. The decrease in the market value of Libro's interest rate swap agreements related to the volatility in interest rates, resulting in unrealized losses of $5.1 million; and
iii. The income received from the Canadian Emergency Wage Subsidy Program in the year, totaling $1.0 million.

Libro's pre-tax net income before profit sharing, factoring in these adjustments, was $11.8 million, down $14.2 million from $26.0 million in the prior year.

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 experienced increasing compression in its net interest margin in 2020, where net interest income as a percentage of average assets decreased from 2.31% in 2019 to 2.06% in 2020. Interest income decreased $1.4 million to $153.7 million. Interest expenses decreased by $3.6 million or 5.8% from 2019. For the year, net interest income increased $2.2 million to $94.9 million, an increase of 2.4%. The Bank of Canada reduced the policy rate in three successive cuts totaling 150 basis points in March 2020. As a result, our Prime rate was reduced from 3.95% in February 2020 to 2.45% in April 2020 and for the remainder of the year. The reduction in prime reduces the interest income earned on loans. More significantly, the surge in deposits resulted in Libro holding $963.8 million in investment balance that earned an effective rate of less than 1%.

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 $14.2 million in 2020, a decrease of $5.9 million from 2019. Included in non-interest income is a loss on the mark to market valuation of Libro's interest rate swaps of $5.1 million, compared with a $1.0 million gain in 2019.

The provision for credit losses in 2020 ended the year at $4.1 million compared to a recovery position of $2.1 million in the prior year. While delinquencies and write offs remain low in 2020, the provision for credit losses is primarily driven by the increased credit risk due to the COVID-19 pandemic.

Operating expenses in 2020 were $93.1 million, an increase of $4.2 million or 4.8% over 2019. 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, 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. Other operating expenses include general and administrative, marketing and business development, systems and technology, and occupancy costs. The COVID-19 pandemic contributed to a decline of various expenses categories relative to plan as we navigated through 2020.

Balance Sheet Summary

In 2020, Libro experienced significant deposit growth and tepid loan growth. On-balance sheet assets grew to $4.96 billion from $4.2 billion in the prior year. This was driven by increased net loans to Owners, which grew by $146.6 million, or 3.9%, to $3.9 billion. Loan growth was driven by increased commercial loans which grew 10.9% and residential mortgage loans which grew 5.1% over prior year. The increase in assets was also due to over $963 million of investments due to higher liquidity as a result of deposit growth. 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 $688.0 million, or 18.5% compared to the previous year, over double the rate of growth of 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.

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, 2020 were $1 billion up from $896.6 million in 2019. Sales of mutual funds continue to be strong and are measured at their market value and have been impacted by the resilience of the equity markets in 2020. In addition, assets under management at the end of December include $122.9 million of loans administered on behalf of the Government of Canada. It also included $3.2 million of loans administered under the Business Development Corporation Co-Lending loan program. Total assets under administration were $6.1 billion at December 31, 2020, up 18.6% over the previous year.

Year ended December 31, 2019

Financial Performance Review

Libro's operational pre-tax operating income for the fiscal year ending December 31, 2019 was $27.2 million, up $6.3 million the prior year. As a percentage of average assets, operational pre-tax operating income 0.68%, up 8 basis points from 0.57% in 2018. Earnings have been normalized in order to assess Libro's financial performance from core business operations, and exclude the following:

i. Accounting adjustments relating to the amortization of fair market valuation gains that were recorded to contributed surplus as part of the 2014 and 2015 business combinations with United Communities and HaldNor. This amortization totaled $2.3 million in the year;
ii. The increase in the market value of Libro's interest rate swap agreements related to the volatility in interest rates, resulting in unrealized losses of $1.0 million; and

Pre-tax net income before profit sharing for the fiscal year was $26.0 million, an increase of $18.5 million in 2018.

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 experienced increasing compression in its net interest margin throughout 2019 due to the maintenance of competitive rates for owners on both loans and deposits coupled with the Bank of Canada holding prime rates steady. Net interest income as a percentage of average assets decreased from 2.35% to 2.31% in 2019. Interest income increased $18.5 million to $155.1 million, fueled by loan growth and investment income. Interest expenses increased by $12.6 million or 25.3% from 2018, primarily due to the increase in deposit growth at competitive rates as well as continued utilization of securitization in 2018. For the year, net interest income increased $5.9 million to $92.6 million, an increase of 6.7%.

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 $20.1 million in 2019, an increase of $1.4 million from 2018. Included in non-interest income is a gain on the mark to market valuation of Libro's interest rate swaps of $1.0 million, compared with a $66 thousand loss in 2018.

The provision for credit losses in 2019 ended the year in an income position of $2.1 million compared to an expense position of $3.4 million in the prior year. The 2019 provision is due to higher than normal recoveries on commercial loans, lower than normal write offs, and consistently low delinquency throughout the year.

Operating expenses in 2019 were $88.8 million, an increase of $5.4 million or 6.4% over 2018. Throughout the year, we continued our commitment to investing in strategic initiatives that position Libro for future growth and success.

Balance Sheet Summary

In 2019, Libro experienced strong and balanced growth. On-balance sheet assets grew to $4.2 billion from $3.9 billion in the prior year. This was driven largely by increased loans to Owners, which grew by $312.8 million, or 9.2%, to $3.7 billion. Loan growth was driven by significant increases in commercial and agricultural loans, with combined growth of 11.6%. Libro also continues to increase market share in residential mortgages, which grew by 7.7% over the prior year.

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, 2019 were $925.2 million, up from $734.6 million in 2018. Sales of mutual funds continue to be strong and are measured at their market value and have been impacted by the strength of the equity markets in 2019 compared to the lows experienced in late 2018. Total assets under administration were $5.2 billion at December 31, 2019, up 12.5%.

RISK MANAGEMENT

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 Governance Model

Libro operates within a Three Lines of Defense 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.

1. Libro's business units form the First Line of Defense, performing daily risk management activities.
2. Risk and compliance functions form the Second Line of Defense, providing oversight and offering independent, effective challenge to first line risk management actions.
3. Internal Audit forms the Third Line of Defense, 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.

Libro's approaches to managing and mitigating specific risks are as follows:

Credit Risk

Credit risk is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms and arises from the credit union's direct lending, trading, investment and hedging activities. Granting loans to owners is one of the credit union's primary sources of income and Libro grants credit through consideration of an owner's credit history, character, collateral, and capacity for debt. Owners' financial situations are monitored through the life of the loan and all current receivables are expected to be collected. Debt that appears to be in arrears is impaired to the extent that a loss is expected.

Libro uses internal risk scoring measures to assess the credit quality of commercial and agricultural borrowers. These measures are derived from the underlying credit experience, collateral, management expertise, and other objective financial measures. Credit quality of retail borrowers is measured in part by a standardized credit rating system, which considers payment history, current debt, age of accounts, type of credit and credit enquiries.

To manage credit risk, Libro secures collateral against all types of loans. In the event that an owner is unwilling or unable to meet their obligations as a borrower, security is liquidated to repay the obligation to Libro. Collateral is taken on each loan funded with regard to the owner's overall credit worthiness including credit history, character, capacity for debt, and type of loan granted.

Liquidity Risk

Liquidity risk is defined as the risk that the credit union will be unable to pay obligations when they fall due, or become unable to repay depositors when funds are withdrawn, or become unable to meet commitments to lend money. Libro manages liquidity risk within Board Policy limits to ensure the credit union has sufficient liquidity to meet its obligations. This is managed by monitoring cash flows and cash forecasts, maintaining a portfolio of high quality liquid financial assets, monitoring and managing the remaining contractual term to maturity of its loan and deposit portfolios, and maintaining access to credit facilities through Central 1. Libro achieves this through a combination of active management of organic balance sheet growth, borrowing, whole loan sales, and loan securitization.

Market Risk

Market risk is defined as the risk that the credit union's ability to meet business objectives will be adversely affected by volatility in market rates. Libro manages market risk using an earnings at risk approach. The primary objective of this approach is to maximize earnings on a consistent basis while minimizing reductions to net income resulting from changes in future interest rates.

Libro uses income simulation modeling to measure exposure to changes in interest rates over short-term periods. Earnings at risk is calculated by forecasting the net interest margin for the next 12 month period using most likely assumptions. Most likely assumptions include management's best estimates for planned growth rates and the use of future interest rates. Planned growth rates are recorded at the start of the fiscal period as initially set out in the budget and modified to actual experience through the fiscal period. Future interest rates on new business and product renewals are determined using the future interest rates derived mathematically based on the term structure of interest rates. The impact of rate shock scenarios are measured against the most likely forecast ("MLF") as defined above. The resulting change in the forecast as a result of interest rate shocks is then compared to the MLF to determine the earnings at risk amount. Maximum change limits under these interest rate scenarios have been set out by the Board of Directors. These scenarios are based on hypothetical simulations assuming the markets are shocked with 100 or 200 basis point volatility. At the current time, Libro is in compliance with all limits set by the Board of Directors Policy.

Capital Risk

Capital is monitored monthly on both a capital leverage and a risk weighted basis. Capital adequacy is assessed during the annual planning process. Future capital requirements are based on planned asset growth and investments in fixed assets. As of December 31, 2021, Libro was in compliance with the Regulatory Capital adequacy requirements of the Act, 1994 in effect at December 31, 2021.

Libro's capital management plan is designed to establish a strong base for future growth, the payment of dividends and profit sharing, as well as provide a cushion in the event of market volatility. Libro's capital plan requires Libro to maintain regulatory capital levels in compliance with the Act, and applicable regulations, and rules. The risk-weighted equivalent value of assets is calculated by applying risk-weighted percentages to various assets, operational and interest rate risk criteria. As at December 31, 2021, the total risk-weighted equivalent value for Libro was $3,535,593,000 [$3,056,903,000 in 2020].

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for the preparation, presentation and consistency of the financial statements. This responsibility includes selecting appropriate accounting principles consistent with International Financial Reporting Standards and the Credit Unions and Caisses Populaires Act, 1994 (Ontario). The preparation of the financial statements necessarily involves the use of estimates and approximations which are made using careful judgment. Management is responsible for maintaining a system of internal controls designed to provide reasonable assurance as to the reliability of financial information and to ensure assets under the control of the Credit Union are safeguarded and accurate records are maintained.

The Audit and Finance Committee of the Board meets periodically with management and the external auditors to review the internal accounting controls and the quality of the financial reporting process. The committee reviews the financial statements and the management letter with management and the external auditors, and reports to the Board on its findings prior to the Board's approval of the audited financial statements. The committee then ensures that appropriate and timely action is taken to address any identified exposures in the management letter. The Audit and Finance Committee's role is discussed further at page 7.

The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and meets at least quarterly to review and approve management's financial reports.

The Authority conducts a periodic examination of the financial conditions and affairs of the Credit Union. The examination includes a review of the Credit Union's compliance with the provisions of the Act.

The Owners' external auditors conduct an independent examination of the financial statements and report on the fairness, in all material respects, of the statements and the application of international financial reporting standards in their preparation. The auditors have free and independent access to the Audit and Finance Committee.

Stephen Bolton Head Coach, President and Chief Executive Officer	Janet Johnson Executive Vice President Finance and Chief Financial Officer

Auditor’s consent

March 31, 2022

To the Board of Directors of
Libro Credit Union Limited

We consent to the use of our report to the Owners of **Libro Credit Union Limited** [“Libro”] on the statement of financial position of Libro as at December 31, 2021 and the statements of income and other comprehensive income, changes in members’ equity and cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory information, in the offering document of Libro dated March 31, 2022 relating to the issue and sale of Libro Class I Series 6 Shares. Our report is dated March 8, 2022.

Ernst & Young LLP

London, Ontario
March 31, 2022

Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF OTHER MATERIAL FACTS

There are no other material facts relating to the issues of securities in this offering statement which have not been suitably disclosed herein.

BOARD RESOLUTION

February 11, 2022

"The Board of Directors of Libro Credit Union Limited approves the issue of Class I Investment Shares Series 6 (Class I Series 6 Shares), subject to the Articles of Amalgamation of Libro Credit Union Limited and as described in the Offering Statement to be dated March 31, 2022"

I certify the above to be a true copy of a resolution adopted by the Board of Directors of Libro CreditUnion Limited at their meeting of February 11, 2022.

Janet Taylor

Janet Taylor, Corporate Secretary

CERTIFICATE OF DISCLOSURE

Section 70(4), *Credit Unions and Caisses Populaires Act, 2020*

The foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Offering Statement as required by Part IV of the Credit Unions and Caisses Populaires Act, 2020, and the regulations thereunder.

Dated at London, Ontario, March 31, 2022

Stephen Bolton, Head Coach, President and Chief Executive Officer

Jacquie Davison

Jacquie Davison, Chair of the Board

SERIES 6 SHARES
SUBSCRIPTION FORM
OFFERING STATEMENT SERIAL NUMBER ________

Part 1 – Owner / Subscriber / Subscription Information

Libro Home Branch: ____ Share Purchase Amount $______________

(Minimum $1,000 / Maximum $1,000,000)

Purchaser Libro Owner Number:_________________

Name ____ Social Insurance Number:____ ____ ____

Joint Purchaser (if applicable) Libro Owner Number:_________________

Name ____ Social Insurance Number:____ ____ ____

Address to be Affiliated with Shares ….____

Part 2 – Source of Funds (Check all that Apply)

___ $___________ is on deposit at Libro. I/We have signed a separate Hold Authorization Form to be effective until this offering is completed or withdrawn.

___ $___________ has coming from outside Libro and is held in Escrow. I/We have signed a separate Transfer and Escrow Authorization Form to place these funds in Escrow, trusteed by Concentra Trust, until this offering is completed or withdrawn.

Intended Use: ____

Is this at the request of a third party? ___Yes ___No If "Yes", also complete the Intended Use Form.

Part 3 – Type of Share Ownership (Check all that Apply)

___ $___________ of the shares being subscribed are to be held by me/us in my/our name outside any RRSP(s) or TFSA(s) that I/we may have.

___ $___________ of the shares being subscribed are to be held by me/us as Trustees in trust for ____________________. I/We have completed and signed a separate Libro Declaration of Shares Held In Trust form.

___ $___________ of the shares being subscribed are to be put into my RRSP at Libro. I have completed and signed a separate Concentra Trust RRSP Contract Application Form.

___ $___________ of the shares being subscribed are to be put into my TFSA at Libro. I have completed and signed a separate Concentra Trust TFSA Contract Application Form.

Part 4 – Authorization

1. By signing this form, I/we hereby acknowledge that I/we are Owners of Libro Credit Union ("Libro") and I/we hereby subscribe for the number of Series 6 Shares specified above. I/We have received and read, in its entirety, a copy of the Offering Statement dated 31 March 2022 for Libro's Series 6 Shares bearing the Serial Number noted above. I/We have noted, in particular, the Description of Securities Being Offered as set out on page 23 and the Risk Factors starting on page 28.
2. I understand that, even after I sign this Subscription Form, I have the rights outlined on the cover of the Offering Statement
3. I/We understand that the securities being purchased are NOT deposits, are NOT insured by the Financial Services Regulatory Authority of Ontario and that dividends on these securities are NOT guaranteed.
4. I/We have considered whether or not I/we should obtain independent advice on the suitability of this investment to my/our particular financial situation and have either obtained such advice or determined I/we do not require such advice.

Part 5 – Signatures

____________________	____________________	____________________
Date (yyyy-mmm-dd)	Signature of Purchaser	Signature of Witness
____________________	____________________	____________________
Date (yyyy-mmm-dd)	Signature of Joint Purchaser (if any)	Signature of Witness

Part 6 – Libro Staff Use Only

Date Subscription Received: ________________ *Time Subscription Received:* ________ __*AM* __*PM*

Name of Staff Member Accepting Subscription: ___________________ *Signature:* __________________

SERIES 6 SHARES
AUTHORIZATION TO PLACE FUNDS ON HOLD
OFFERING STATEMENT SERIAL NUMBER ________

Part 1 – Owner / Subscriber / Subscription Information

Libro Home Branch: ______________________________ Share Purchase Amount $__________

(Minimum $1,000 / Maximum $1,000,000)

Purchaser
Name ____ Libro Owner Number:____________

Joint Purchaser (if applicable)
Name ____ Libro Owner Number:____________

Part 2 – Deposit Accounts and Related Balances to be Placed on Hold (Complete for all Accounts that Apply)

Branch	Folio Number	Deposit Account Type	Sub	Amount to be on Hold
Total Deposit Balances to Be Placed on Hold to Guarantee Payment for Shares Subscribed >>				

Part 3 – Hold Authorization

I/We, the undersigned, have subscribed today to buy Libro Series 6 Shares at $1.00 per share for a total amount as specified in Part 1 above. By signing this form below, I/we hereby authorize Libro to place a hold on the deposit accounts and in the amounts as specified above in Part 2 of this form to guarantee payment for these shares. These deposit accounts will continue to operate under the same terms and conditions and earn interest at the same rates as already currently in place as of today.

This hold will be released in only one of the following three manners:

1. Upon the Series 6 Share Offering ("the Offering") being closed, Libro will release the funds from the account to pay for the Shares on the Issue Date and the interest earned to that date will be paid into that same deposit account.
2. If the Offering is withdrawn or cancelled for any reason, Libro will release the hold and the deposit account will continue to operate as before.
3. If I/we exercise the right to reverse my/our decision to purchase these shares within two business days, excluding weekends and holidays, following receipt of a copy of the Offering Statement dated 31 March 2022 for the Series 6 Shares, Libro will release the hold and the deposit account will continue to operate as before.

Part 4 – Signatures

Date (yyyy-mmm-dd)	Signature of Purchaser	Signature of Witness
Date (yyyy-mmm-dd)	Signature of Joint Purchaser (if any)	Signature of Witness

INVESTMENT SHARES, SERIES 6
AUTHORIZATION TO PLACE FUNDS IN ESCROW
OFFERING STATEMENT SERIAL NUMBER ________

Part 1 – Subscriber / Subscription Information

Libro Home Branch: ____ Share Purchase Amount $______________

(Minimum $1,000 / Maximum $1,000,000)

Purchaser Name ____

Joint Purchaser (if applicable) Name ______________________________

Part 2 – Sources of Funds to be Placed in Escrow (Complete for all Sources that Apply)

Company Name	Reference Number	Type of Deposit or Investment	Amount to be Placed in Escrow
Total of Funds from External Sources to be Placed in Escrow >>			

Part 3 – Designation of Accounts at Libro to Receive Escrow Account Balances and/or Interest

Types of Funds Held in Escrow	Instructions for Recipient Account at Libro
Non-registered Funds	
Registered Retirement Savings Plan	
Tax Free Savings Account	

Part 4 – Authorization to Place Funds in Escrow

I/We, the undersigned, have subscribed today to buy Libro Series 6 Shares at $1.00 per share for a total amount as specified in Part 1 above. All or part of the total share purchase amount is intended to be funded by a transfer of funds from a source or sources external to Libro. By signing this form below, I/we hereby authorize Libro to place the funds, as specified in Part 2 of this form above and as soon as the funds are made payable to Libro in each case, into one or more Escrow Accounts to be trusteed by Concentra Trust and to guarantee payment for the shares subscribed. The Escrow Accounts will bear interest at the rate of _____, prorated for the number of days the funds are on deposit in the Escrow Account.

These funds will be released from Escrow by Concentra Trust in only one of the following three manners:

1. Upon the Series 6 Share Offering ("the Offering") being closed, Concentra Trust will release the funds from the Escrow Account to Libro to pay for the Shares on the Issue Date. The interest earned to that date by the Escrow Account will be paid into a deposit account at Libro as I/we have specified above in Part 3 of this form.
2. If the Offering is withdrawn or cancelled for any reason, Concentra Trust will immediately release any unregistered funds from Escrow and pay them to me/us, together with interest earned, to the account at Libro I/we have specified above. If all or part of such funds intended for the purchase of subscribed shares are part of an RRSP or TFSA contract, the RRSP or TFSA funds will be transferred directly into an RRSP or TFSA contract held in Escrow at Libro under the control of Concentra Trust and will remain in such until I have given additional direction to Concentra Trust as to their disposition.
3. If I/we exercise the right to reverse my/our decision to purchase these shares within two business days, excluding weekends and holidays, following receipt of a copy of the Offering Statement dated 31 March 2022 for the Series 6 Shares, Concentra Trust will immediately release any unregistered funds from Escrow and pay them to me/us, together with interest earned, to the account at Libro I/we have specified above. If all or part of such funds intended for the purchase of subscribed shares are part of an RRSP or TFSA contract, the RRSP or TFSA funds will be transferred directly into an RRSP or TFSA contract held in Escrow at Libro under the control of Concentra Trust and will remain in such until I have given additional direction to Concentra Trust as to their disposition.

Part 5 – Signatures

Date (yyyy-mmm-dd)	Signature of Purchaser	Signature of Witness
Date (yyyy-mmm-dd)	Signature of Joint Purchaser (if any)	Signature of Witness

SCHEDULE A

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Libro Credit Union Limited

Financial statements
December 31, 2021

Building a better
working world

Management's Responsibility for Financial Reporting

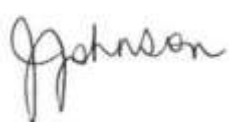
The accompanying financial statements of Libro Credit Union Limited and all the information in this annual report are the responsibility of Management and have been approved by the Board of Directors (the "Board").

The financial statements have been prepared by Management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial information presented in the financial statements.

Libro maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the credit union's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee. The Audit and Finance Committee is appointed by the Board. The Audit and Finance Committee meets periodically with Management, and the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Audit and Finance Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the owners.

The financial statements have been audited by Ernst & Young LLP, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the owners. Ernst & Young LLP has full and free access to the Audit and Finance Committee.



Stephen Bolton
President and
Chief Executive Officer

Janet Johnson
Executive Vice President Finance and
Chief Financial Officer

March 8, 2022

INDEPENDENT AUDITOR'S REPORT

To the Owners of **Libro Credit Union Limited**

Opinion

We have audited the financial statements of Libro Credit Union Limited, (the "Credit Union"), which comprise the balance sheet as at December 31, 2021, and the statement of income, statement of comprehensive income, statement of owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Credit Union's 2021 Annual Report

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report and Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report and Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
March 8, 2022

Libro Credit Union Limited

Balance Sheets

As at December 31

[thousands of dollars]	Note	2021	2020
Assets			
Cash and cash equivalents	10	**43,364**	21,209
Accrued interest receivable		**7,279**	9,673
Investments	4	**760,490**	963,818
Other assets	9	**32,669**	31,145
Loans to owners	5, 6	**4,478,900**	3,862,404
Derivative financial instruments	15	**2,669**	649
Property and equipment	7	**57,926**	58,299
Intangible assets	8	**1,402**	1,592
Deferred tax assets	19	**5,470**	6,725
Total assets		**5,390,169**	4,955,514
Liabilities and owners' equity			
Owners' deposits	16	**4,893,683**	4,410,760
Accrued interest payable		**15,171**	19,412
Accrued and other liabilities	22	**20,962**	17,734
Income taxes payable	19	**136**	945
Pension and other employee obligations	13	**17,203**	25,730
Derivative financial instruments	15	**1,519**	4,367
Securitization liabilities	20[a]	**72,651**	140,617
		5,021,325	4,619,565
Liabilities qualifying as regulatory capital	12		
Owners' capital accounts	11	**182,140**	176,576
Stock dividends payable	11	**13,959**	7,712
		196,099	184,288
Total liabilities		**5,217,424**	4,803,853
Contributed surplus		**60,998**	60,998
Retained earnings		**114,178**	100,856
Accumulated other comprehensive loss		**(2,431)**	(10,193)
		172,745	151,661
Total liabilities and owners' equity		**5,390,169**	4,955,514

See accompanying notes

On behalf of the Board of Directors:

Jacquie Davison

Ms. J Davison, Chair of the Board

Maryeathanne Kusch

Ms. M Kusch, Vice Chair of the Board

Libro Credit Union Limited

Statements of Income

Years ended December 31

[thousands of dollars]	Note	2021	2020
Interest income			
Interest on loans	**17**	**148,492**	146,879
Investment income		**6,570**	6,836
		155,062	153,715
Interest expense			
Interest on owners' deposits	**17**	**40,869**	49,484
Dividends on Class I Investment shares	**11**	**4,593**	5,046
Interest on borrowings		**3,909**	4,320
		49,371	58,850
Net interest income		**105,691**	94,865
Non-interest income	**17**	**26,917**	14,194
Total revenue		**132,608**	109,059
Provision for credit losses	**6**	**4,168**	4,146
Non-interest expenses			
Salaries and employee benefits		**66,768**	58,969
General and administrative		**11,488**	9,690
Marketing and business development		**3,605**	3,744
Insurance		**4,996**	4,178
Systems and technology		**6,758**	5,661
Occupancy		**8,285**	7,934
Corporate and branch governance	**12**	**763**	753
Amortization of core deposit intangible	**8**	**344**	2,143
		103,007	93,072
Income before the undernoted		**25,433**	11,841
Dividends and profit sharing distributions	**11**	**9,279**	2,634
Income before income taxes		**16,154**	9,207
Provision for (recovery of) income taxes			
Current	**19**	**3,702**	2,741
Deferred	**19**	**(870)**	(822)
		2,832	1,919
Net income for the year		**13,322**	7,288

Libro Credit Union Limited

Statements of Comprehensive Income

Years ended December 31

[thousands of dollars]	2021	2020
Net income for the year	**13,322**	7,288
Other comprehensive income (loss)		
Items that will not be reclassified to income:		
Actuarial gain (loss) in employee defined benefit plans	**11,678**	(6,961)
Related income taxes	**(2,125)**	1,267
	9,553	(5,694)
Items that may be subsequently reclassified to income:		
Unrealized loss on investments	**(2,189)**	-
Related income taxes	**398**	-
	(1,791)	-
Other comprehensive income (loss) for the year, net of income taxes	**7,762**	(5,694)
Total comprehensive income for the year, net of income taxes	**21,084**	1,594

See accompanying notes

Statement of Owners' Equity

Years ended December 31

[thousands of dollars]	2021	2020
Contributed surplus	**60,998**	60,998
Retained earnings		
Balance as at beginning of year	**100,856**	93,568
Net income for the year	**13,322**	7,288
Balance as at end of year	**114,178**	100,856
Accumulated other comprehensive income (loss), net of income taxes		
Balance as at beginning of year	**(10,193)**	(4,499)
Other comprehensive loss for the year	**7,762**	(5,694)
Balance as at end of year	**(2,431)**	(10,193)
Total owners' equity as at end of year	**172,745**	151,661

See accompanying notes

Libro Credit Union Limited

Statements of Cash Flows

Years ended December 31

[thousands of dollars]	Note	2021	2020
Cash provided by (used in)			
Operating activities			
Net income for the year		**13,322**	7,288
Add (deduct) non-cash items:			
Depreciation and amortization		**8,315**	9,310
Provision for credit losses		**4,168**	4,146
Gain on disposal		**(142)**	-
Deferred income taxes		**1,255**	(2,089)
Unrealized loss (gain) on interest rate swap agreements		**(4,868)**	5,503
Changes in operating assets and liabilities:			
Increase (decrease) in stock dividends payable		**6,247**	(6,978)
Decrease (increase) in accrued interest receivable		**2,394**	(1,166)
Increase (decrease) in income taxes payable		**(809)**	866
Decrease (increase) in other assets		**(1,524)**	1,460
Increase in loans to owners		**(620,664)**	(150,702)
Increase in owners' deposits		**482,923**	687,974
Decrease in accrued interest payable		**(4,241)**	(1,380)
Increase in accrued and other liabilities		**3,228**	999
Increase (decrease) in pension and other employee obligations		**(765)**	2,505
Proceeds from securitization of loans	**20**	**-**	60,135
Repayments of securitization liabilities		**(67,966)**	(46,695)
Cash provided by (used in) operating activities		**(179,127)**	571,176
Financing activities			
Increase in owners' capital accounts		**5,564**	12,123
Cash provided by financing activities		**5,564**	12,123
Investing activities			
Decrease (increase) in investments		**203,328**	(592,070)
Purchase of property and equipment		**(5,672)**	(6,600)
Purchase of intangible assets		**(1,938)**	(1,079)
Cash provided by (used in) investing activities		**195,718**	(599,749)
Net increase (decrease) in cash during the year		**22,155**	(16,450)
Cash and cash equivalents as at beginning of year		**21,209**	37,659
Cash and cash equivalents as at end of year		**43,364**	21,209

See accompanying notes

1) REPORTING ENTITY

Libro Credit Union Limited ("Libro" or the "credit union") is incorporated under the *Credit Unions and Caisses Populaires Act* (Ontario) (the "Act") in Canada, is a member of Central 1 Credit Union ("Central 1") and the activities of the credit union are regulated by the Financial Services Regulatory Authority ("FSRA"). The corporate office is located at 217 York Street in London, Ontario.

The credit union is primarily involved in providing a full range of retail, commercial and agricultural financial services to its Member/Owners in southwestern Ontario. The credit union has 36 locations across southwestern Ontario.

2) BASIS OF PREPARATION

[a] Statement of compliance

Libro follows accounting policies appropriate to its activities and governing legislation, which conform, in all material respects, to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on March 8, 2022. The Board of Directors has the power to amend the financial statements after issuance only in the case of discovery of an error.

[b] Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following:

(i) Derivative financial instruments, fair value through profit or loss ("FVPL") financial assets and fair value through other comprehensive income ("FVOCI") financial assets are measured at fair value; and

(ii) The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the net total of the plan assets.

[c] Currency

The financial statements are presented in Canadian dollars, which is the credit union's functional currency. All values are rounded to the nearest thousand dollars, except where otherwise indicated.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the credit union are summarized below.

[a] Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting years. Actual results may differ from those estimates. Estimates and judgments are continually evaluated and are made based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. The credit union's results and operations have been and will continue to be impacted by the COVID-19 pandemic and related uncertain macroeconomic environment. The breadth and depth of these events and how long they will continue have introduced additional uncertainty around estimates, including a higher degree of uncertainty in determining reasonable and supportable forward-looking information and assessing significant increase in credit risk used in measuring expected credit loss ("ECL").

The most significant uses of estimates and judgments include the following:

(i) Fair value of financial instruments
Where the fair value of financial assets and liabilities cannot be derived from active markets, Libro uses valuation techniques that include inputs derived from either observable market data or management's judgment. Note 18 provides detailed information about the determination of the fair value of financial instruments.

(ii) Impairment losses on financial assets
The measurement of impairment losses under IFRS 9, *Financial Instruments* ("IFRS 9") requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The credit union's ECL allowance calculations are outputs of complex models with a number of underlying assumptions. Note 3[e] and note 6 further describe elements of the ECL models that require judgments and estimates.

(iii) Retirement benefit obligations
Libro estimates the present value of employee retirement benefit obligations that depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The actuarial valuation involves assumptions including discount rates, future salary increases, mortality rates, and other cost increases. Note 13 provides detailed information about the employee retirement benefit obligations.

(iv) Classification of financial assets
Determining the appropriate business model for financial assets and assessing whether cash flows generated by an asset constitute solely payments of principal and interest ("SPPI") can be complex and may require significant judgment.

[b] Foreign currency translation
Assets and liabilities denominated in foreign currencies, primarily US dollars, are translated into Canadian dollars at rates prevailing at the year-end date. Income and expenses are translated at the exchange rates in effect on the date of the transactions. Exchange gains and losses arising on the translation of monetary items are included in net income for the year.

[c] Interest income and expense
Interest income and expense is recognized in the Statements of Income for all interest-bearing financial instruments using the effective interest rate ("EIR") method.

The EIR method is a method of calculating the amortized cost of a financial asset or liability and allocating the interest income or expense over the relevant period. The EIR is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument. The application of this method has the effect of recognizing income and expense on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating the effective interest, the credit union estimates cash flows (using projections based on its experience of owners' behaviour) considering all contractual terms of the financial instruments but excluding future credit losses. Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the EIR. Where it is not possible or practical to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated using the payments or receipts specified in the contract, and the full contractual term.

[d] Fees

Unless included in the effective interest calculation, fees are recognized on an accrual basis as the service is provided and reported on the Statements of Income as non-interest income.

[e] Financial assets and financial liabilities

(i) Classification

Financial assets

All financial instruments are initially recorded at fair value and subsequently classified as measured at amortized cost, FVOCI or FVTPL. A financial asset is measured at amortized cost if it meets the following conditions and is not designated as FVTPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments carried at FVOCI are recorded at fair value at initial recognition. Subsequent remeasurement in fair value is recorded in OCI, except for interest recognized using the effective interest rate method or the remeasurement of ECL, both of which are recognized in profit and loss. A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments are measured at FVTPL unless an irrevocable election is made to designate them at FVOCI upon purchase. All other financial assets are classified as measured at FVTPL.

The details of the business model assessment and contractual term conditions referenced above are outlined below:

Business model assessment

The credit union assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the business model and the way those risks are managed;
- How managers of the business are compensated; and
- The expected frequency, value and timing of sales.

Contractual cash flow characteristics
The credit union assesses the contractual terms of financial assets to identify whether the contractual cash flows are solely principal and interest. Management assesses whether the terms indicate a basic lending arrangement, where the most significant elements of interest are typically the consideration for the time value of money and credit risk. If contractual terms introduce an exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, the financial asset is measured at FVTPL.

Financial liabilities
The credit union classifies its financial liabilities as measured at amortized cost or as at FVTPL. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

Financial assets and liabilities at FVTPL
Financial assets and financial liabilities measured at FVTPL are those that are designated by management upon initial recognition, assets part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets and financial liabilities at FVTPL are recorded in the Balance Sheets at fair value. Changes in fair value are recorded in profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

(ii) Derecognition of financial assets

Derecognition due to substantial modification of terms and conditions
The credit union derecognizes a financial asset, such as a loan to an owner, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the credit union records a modification gain or loss, to the extent that an impairment loss has not already been recorded. The modification of the contractual cash flows for accounts requesting short-term payment relief during the COVID-19 pandemic were not considered substantial and did not result in derecognition of these loans or any modification gains or losses.

Derecognition other than for substantial modification
A financial asset is derecognized when the rights to receive cash flows from the financial asset have expired. The credit union also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition. The credit union has transferred the financial asset if the credit union has transferred its contractual rights to receive cash flows from the financial asset or it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement.

When the credit union has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the credit union’s continuing involvement, in which case, the credit union also recognizes an associated liability.

(iii) Impairment on financial assets

The credit union recognizes an ECL allowance on all financial instruments not recorded at FVTPL, which includes loans to owners, investments and certain loan commitments. Equity instruments are not subject to impairment under IFRS 9. The credit union measures ECL at an amount equal to lifetime ECL or 12-month ECL. The portion of ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date are referred to as the 12-month ECL.

The impairment model measures ECL using a three-stage approach as described below:

- Stage 1: When a financial asset has not shown a significant increase in credit risk since origination, the credit union records a 12-month ECL.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the credit union records a lifetime ECL.
- Stage 3: When a financial asset is credit-impaired, the credit union records a lifetime ECL or the asset is written off.

The interest income is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the gross carrying amount net of impairment allowance for financial assets in Stage 3.

Significant increase in credit risk

The assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The credit union has established thresholds for significant increases in credit risk based on both a risk rating and change in probability of default relative to its initial recognition. In addition, instruments that are 30 days past due are also considered to have experienced a significant increase in credit risk.

The measurement of ECL

The credit union measures ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The ECL is based primarily on the product of the following variables:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. The PD for each instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions.
- The Loss Given Default ("LGD") is an estimate of the amount that may not be recovered in the event of default. LGD takes into consideration the amount and quality of any collateral held as well as reasonable and supportable information about future economic conditions.
- The Exposure at Default ("EAD") is an estimate of the outstanding amount of credit at a future default date.

Expected life
When measuring ECL, the credit union considers the maximum contractual period over which it is exposed to credit risk. For facilities without a maximum contractual period, the credit union uses the period that the entity is expected to be exposed to credit risk and the expected losses are not mitigated by credit risk management actions.

Definition of default
The credit union considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) in all cases when the borrower becomes 90 days past due on its contractual payments. The credit union also considers a variety of qualitative characteristics that may indicate an unlikeliness to pay, in which case the credit union may determine a loan defaulted before contractually past due.

Forward-looking information
The credit union relies on a broad range of forward-looking information as economic inputs, such as unemployment rates, Central Bank base rates, and house price indices. The estimation and application of forward-looking information requires significant judgment.

Purchased or originated credit impaired financial assets ("POCI")
POCI financial assets are initially recognized at fair value with no initial ECL allowance. Changes in lifetime ECL since initial recognition are recorded in the allowance for credit losses.

Write-offs
Financial assets are written off either partially or in their entirety only when the credit union has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to loan provision expense.

[f] Derivatives and hedge accounting
Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices or changes therein to notional contract amounts. Libro uses derivative financial instruments, primarily interest rate swaps, in order to manage interest rate risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; and

- Cash flow hedges when hedging the exposure to variability of cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, Libro formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Libro will assess whether the hedging relationship meets the hedge effectiveness requirements.

Hedges that meet all of the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The changes in fair value of a hedging instrument are recognized in the Statements of Income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statements of Income.

For fair value hedges relating to items carried at amortized cost, any adjustments to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedge is re-recognized, the unamortized fair value is recognized immediately in profit or loss.

Cash flow hedges
Applying cash flow hedge accounting enables the credit union to reduce the cash flow fluctuations arising from interest rate risk on loans. The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income (loss)("OCI"), while any ineffective portion is recognized immediately in the Statements of Income as investment income. The amounts and timing of future cash flows are projected for each portfolio of financial assets and liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate principal balances and interest cash flows across all portfolios over time form the basis for identifying the effective portion of gains and losses on the derivatives designated as cash flow hedges.

If a cash flow hedge is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Certain derivatives embedded in other financial instruments, such as the embedded option in an index-linked term deposit, are treated as separate derivatives when they can be separated from the host contract. These embedded derivatives are separately accounted for at fair value as derivative assets and liabilities with changes in fair market value recognized in the Statements of Income.

[g] Cash and cash equivalents
Cash and cash equivalents include cash on hand, current accounts, and cheques and other items in transit. Given their short-term nature, the carrying value of cash and cash equivalents equals fair value.

[h] Property and equipment
Property and equipment are carried at cost less accumulated depreciation. Assets are generally depreciated on the following basis:

Buildings	40 to 50 years straight-line
Building components	15 to 30 years straight-line
Leasehold improvements	5 to 20 years straight-line
Furniture and equipment	5 to 10 years straight-line
Electronic equipment	3 to 5 years straight-line
Computer equipment	2 to 7 years straight-line

Depreciation in the first year is prorated based on the number of months the asset is in service. Depreciation methods, useful lives and residual value are reviewed annually and adjusted if necessary.

Impairment of non-financial assets
Non-financial assets are subject to an impairment test whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Impairment charges are included in the Statements of Income, except to the extent they reverse gains previously recognized in OCI.

[i] Intangible assets
Intangible assets are carried at cost less accumulated amortization. Amortization in the first year is prorated based on the number of months the asset is in service. Intangible assets are amortized over their expected lives on the following basis:

Computer software	1 to 3 years straight-line
Banking system software	5 to 10 years straight-line
Core deposit intangibles	7 years straight-line

The core deposit intangibles were acquired through business combinations. They represent the fair market value of the cost savings inherent in acquiring a portfolio of demand deposits with a lower cost of funding versus attracting funds in the open market. Intangible assets are subject to impairment review as described under note 3[h].

[j] Income taxes
The credit union follows the asset and liability method of tax allocation used in accounting for income taxes. Under this method, deferred tax benefits and obligations are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Tax expense recognized in the Statements of Income comprises the sum of deferred tax and current tax not recognized in OCI or directly in equity.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income, based on the credit union's forecast of future operating results. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the credit union has a right and intention to set off current tax assets and liabilities for the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in the Statements of Income, except where they relate to items that are recognized in OCI or directly in equity, in which case the related deferred tax is also recognized in OCI or equity, respectively.

[k] Employee benefit plans
Libro maintains three pension plans for current employees and retirees, and one sick leave benefit plan. The pension plans consist of a Defined Benefit Plan ("DB"), a Supplementary Employee Retirement Plan ("SERP"), and a Defined Contribution Plan ("DC").

Full actuarial valuations of the DB, SERP, and sick leave benefit plans are conducted no less frequently than every three years. The most recent valuation of these plans was prepared as at December 31, 2019.

(i) Defined benefit plans
For the DB pension plan, the SERP and the sick leave plan, plan assets are valued at fair market values. Benefit costs and accrued benefits are determined based upon actuarial valuations using the projected benefit method prorated on service and management's best estimates. The expected return on plan assets is based on the fair value of plan assets. Actuarial gains and losses are recognized immediately through OCI.

Service cost is the change in the present value of the defined benefit obligation resulting from employee service in either the current year or prior years and from any gain or loss on settlement. Net interest is the change in the net defined benefit liability or asset that arises from the passage of time. Both service cost and net interest are recognized immediately in salaries and employee benefits.

Remeasurements of the net defined benefit liability include actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets excluding amounts included in net interest and changes in the effect of any asset ceilings. Remeasurements are recognized immediately in OCI.

(ii) Defined contribution pension plan
For the DC pension plan, annual pension expense is equal to the credit union's contribution to the plan. The assets of the plan are held in independently administered funds. This plan was closed to new members effective July 1, 2014.

[l] Cheques and other items in transit, net
Libro records cheques and other items in transit, representing uncleared settlements with other financial institutions, at cost. The net value of these items is included in accrued and other liabilities or other assets on the Balance Sheets.

[m] Leases
Libro identifies whether a contract is a lease by whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Libro applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Libro recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets
Libro recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the earlier of the useful life of the underlying asset or the lease term. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 3[h].

(ii) Lease liabilities
At the commencement date of the lease, Libro recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under any residual value guarantees. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by Libro and payments of

penalties for terminating the lease, if the lease term reflects Libro exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The lease term is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Libro has lease contracts that include extension and termination options. Judgment is applied in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease based on an assessment of all relevant factors. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within Libro's control and affects Libro's ability to exercise or not to exercise the option to renew or to terminate.

For real estate leases, Libro cannot readily determine the interest rate implicit in the lease and therefore uses the incremental borrowing rate ("IBR") to measure lease liabilities. For vehicle leases, Libro uses the rate implicit in the lease. The IBR is the rate of interest that Libro would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Libro estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

Libro applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low value assets are recognized as an expense on a straight-line basis over the lease term.

[n] Transfer of financial assets

(i) Securitization

When Libro transfers loans in a securitization transaction, loans are derecognized only when the contractual rights to receive the cash flows from the assets have ceased to exist or substantially all the risks and rewards of the loan have been transferred. If the criteria for derecognition have not been met, the securitization is reflected as a financing transaction and the related liability is initially recorded at fair value and subsequently measured at amortized cost, using the EIR method.

Securitized residential mortgages generally do not meet the derecognition requirements of IFRS 9 and as a result, all loans are measured at amortized cost in the Balance Sheets. The securitization is reflected as a financing transaction and the related liability is initially recorded at fair value and subsequently measured at amortized cost, using the EIR method. The credit union retains mortgage servicing responsibilities but does not receive an explicit servicing fee.

[in thousands of dollars except as noted or per share]

(ii) Government loan programs

As a result of the COVID-19 pandemic, the Government of Canada launched several loan programs. Under the Canada Emergency Business Account ("CEBA") Program, funding is provided by the Government of Canada and loans issued under the program are not recognized on Libro's Balance Sheets, as the credit union transfers substantially all risks and rewards in respect of the loans to the Government of Canada. Under the Government of Canada's loan participation ("Co-Lending") program, 80% of funding is provided by the Business Development Bank of Canada and Libro provides the remaining 20% of funding. Libro recognizes 20% of the outstanding loans in Loans to owners on the Balance Sheets, which reflects its share of risks and rewards in respect of the loans.

[o] Going concern

Libro has made an assessment of its ability to continue as a going concern and is satisfied that the credit union has the resources to continue in business for the foreseeable future. Libro is not aware of any material uncertainties that may cause significant doubt regarding the credit union's ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

4) INVESTMENTS

Investments consist of the following:

		December 31, 2021		December 31, 2020	
			Effective		**Effective**
		$	**Rate**	**$**	**Rate**
Short-term investments (due within 1 year):					
Deposits with Financial Institutions	i	**263,550**	**0.49%**	215,307	0.83%
Marketable Securities	iii	**80,866**	**-**	-	-
Central 1 Liquidity Reserve Deposit	i	**-**	**-**	158,723	0.74%
Central 1 Deposits	i	**146,694**	**0.47%**	389,655	0.45%
		491,110	**0.40%**	763,685	0.62%
Long-term investments (due beyond 1 year):					
Marketable Securities	iii	**220,513**	**-**	-	-
Central 1 Liquidity Reserve Deposit	i	**-**	**-**	138,764	1.10%
Central 1 Deposits	i	**40,000**	**0.69%**	40,000	0.69%
Finance lease receivable	i	**120**	**5.00%**	287	4.81%
Central 1 Class A shares	ii	**1,525**	**-**	1,415	-
Central 1 Class E shares	ii	**6,487**	**-**	6,487	-
Central 1 Class F shares	ii	**-**	**-**	12,895	-
Other investments	ii	**735**	**-**	285	-
		269,380	**0.10%**	200,133	0.91%
		760,490	**0.30%**	963,818	0.68%

Financial Instrument Classifications:

i Amortized cost
ii FVTPL
iii FVOCI

Liquidity Reserve Debt Securities Managed by Central 1

The credit union maintains a liquidity reserve portfolio consisting of a number of marketable securities with varying terms and maturities. As of January 4, 2021, the portfolio is managed by Central 1 and all securities must meet the definition of High Quality Liquid Assets. The investments are classified as financial assets valued at FVOCI. The terms and conditions of these instruments are consistent with a lending contract whereby cash flows are invested with a commitment to repay the credit union at a specified rate of interest according to pre-set maturity dates.

Prior to January 4, 2021, the credit union held $297,487 of liquidity reserve deposits plus $1,022 of accrued interest directly with Central 1. As a result of regulatory changes, the liquidity reserve deposits held with Central 1 were discharged at a fair value of $302,087 in exchange for financial assets. An investment gain of $3,578 was recorded in investment income on the Statement of Income. In addition, Central 1 Class F shares were redeemed for cash of $12,895.

Central 1 Deposits

The credit union holds excess liquidity in Central 1 interest deposits with various maturity dates.

Shares in Central 1

The Central 1 shares include Classes A and E, and are required as a condition of membership and are redeemable upon withdrawal of membership or at the discretion of the Board of Directors of Central 1. In addition, the member credit unions are subject to additional capital calls at the discretion of the Board of Directors of Central 1.

Class A Central 1 shares are subject to an annual rebalancing mechanism and are issued and redeemable at par value. There is no separately quoted market value for these shares; however, fair value is determined to be equivalent to the par value due to the fact that transactions occur at par value on a regular and recurring basis.

Class E Central 1 shares are carried at cost, which is considered to be the best representation of fair value given the wide range of possible fair value measurements. These shares are not subject to annual rebalancing. There is no active market for these shares, as they are issued only as a condition of membership in Central 1, and the fair value cannot be reliably measured until such time as a transaction occurs. The fair value of Class E shares cannot be measured reliably as the timing of redemption of these shares cannot be determined; therefore, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

The credit union is not intending to voluntarily dispose of any Central 1 shares as the services supplied by Central 1 are relevant to the day-to-day activities of the credit union. Dividends on these shares are at the discretion of the Board of Directors of Central 1.

[in thousands of dollars except as noted or per share]

5) LOANS TO OWNERS

Loans to owners consist of the following:

	December 31, 2021			
	Principal Balance	**Impaired Loans**	**Allowance for Credit Losses**	**Net Loans**
Residential mortgage loans	**1,644,627**	**-**	**398**	**1,644,229**
Personal loans	**205,355**	**30**	**838**	**204,517**
Agricultural loans	**1,010,651**	**6,119**	**198**	**1,010,453**
Commercial loans	**1,632,976**	**19,088**	**13,275**	**1,619,701**
	4,493,609	**25,237**	**14,709**	**4,478,900**

	December 31, 2020			
	Principal Balance	**Impaired Loans**	**Allowance for Credit Losses**	**Net Loans**
Residential mortgage loans	1,492,787	-	365	1,492,422
Personal loans	201,631	57	847	200,784
Agricultural loans	930,885	2,288	198	930,687
Commercial loans	1,247,748	7,046	9,237	1,238,511
	3,873,051	9,391	10,647	3,862,404

Loans to owners can have either a variable or fixed rate of interest and mature within 10 years. Variable rate loans are based on a "prime rate plus/minus" formula with the rate above or below prime being determined by the size of the loan, the type of collateral offered, the purpose of the loan and the owner's creditworthiness. Interest rates offered on fixed rate loans vary depending on the size of the loan, the type of collateral offered, the purpose of the loan, the owner's creditworthiness, and the loan term. All loans to owners are recorded at amortized cost.

From time to time, owner loans may be renegotiated, either as part of an ongoing owner relationship or in response to a change in the circumstances of the owner. Renegotiations and debt restructuring are in the normal course of the credit union's business. It is possible that a renegotiation could result in an extension of the due date of a repayment; however, the new terms and new interest rates would reflect the current market rates and economic environment. These are treated as new agreements and the loan would not be considered delinquent or impaired. If an owner is in financial distress they may be placed on an interest-only payment plan. This will result in the loan continuing to be delinquent and the loan will be considered as part of the impairment policy.

[in thousands of dollars except as noted or per share]

As at December 31, the balances of loans in arrears within the portfolio were as follows:

	December 31, 2021				
	Residential Mortgage Loans	Personal Loans	Agricultural Loans	Commercial Loans	Total
Current	**1,637,005**	**204,784**	**1,000,543**	**1,603,898**	**4,446,230**
Less than 30 days arrears	**7,277**	**211**	**5,766**	**13,203**	**26,457**
30–89 days arrears	**-**	**301**	**733**	**13,249**	**14,283**
90–179 days arrears	**345**	**32**	**2,829**	**863**	**4,069**
180–365 days arrears	**-**	**-**	**780**	**1,763**	**2,543**
More than 365 days arrears	**-**	**27**	**-**	**-**	**27**
	1,644,627	**205,355**	**1,010,651**	**1,632,976**	**4,493,609**

	December 31, 2020				
	Residential Mortgage Loans	Personal Loans	Agricultural Loans	Commercial Loans	Total
Current	1,488,649	193,785	920,293	1,238,361	3,841,088
Less than 30 days arrears	3,799	7,758	7,371	7,810	26,738
30–89 days arrears	339	31	1,779	1,038	3,187
90–179 days arrears	-	39	1,442	288	1,769
180–365 days arrears	-	8	-	251	259
More than 365 days arrears	-	10	-	-	10
	1,492,787	201,631	930,885	1,247,748	3,873,051

As at December 31, the term to maturity and effective interest rates of the loan portfolio were as follows:

	December 31, 2021								
Maturity (in years)	**Variable**	**Less than 1**	**1 to 2**	**2 to 3**	**3 to 4**	**4 to 5**	**5 to 7**	**7 to 10**	**Total**
Total loans	**1,108,554**	**616,336**	**541,327**	**598,954**	**590,770**	**844,571**	**89,553**	**103,544**	**4,493,609**
Effective interest rate	**3.67%**	**3.30%**	**3.63%**	**3.45%**	**3.01%**	**2.53%**	**3.99%**	**3.42%**	**3.28%**

	December 31, 2020								
Maturity (in years)	**Variable**	**Less than 1**	**1 to 2**	**2 to 3**	**3 to 4**	**4 to 5**	**5 to 7**	**7 to 10**	**Total**
Total loans	950,009	611,019	539,536	550,431	551,376	532,986	36,797	100,897	3,873,051
Effective interest rate	3.65%	3.38%	3.48%	3.82%	3.59%	3.05%	4.02%	4.25%	3.54%

[in thousands of dollars except as noted or per share]

6) ALLOWANCE FOR CREDIT LOSSES

The carrying amount of loans and the balance of their respective allowance as at December 31, according to the stage in which they are classified are listed below:

	December 31, 2021							
	Stage 1		**Stage 2**		**Stage 3**		**Total**	
	Gross Carrying Amount	**Allowance for Credit Losses**	**Gross Carrying Amount**	**Allowance for Credit Losses**	**Gross Carrying Amount**	**Allowance for Credit Losses**	**Gross Carrying Amount**	**Allowance for Credit Losses**
Residential mortgage loans	**1,607,282**	**301**	**37,345**	**97**	**-**	**-**	**1,644,627**	**398**
Personal loans	**200,151**	**420**	**5,174**	**415**	**30**	**3**	**205,355**	**838**
Agricultural loans	**938,089**	**102**	**66,443**	**35**	**6,119**	**61**	**1,010,651**	**198**
Commercial loans	**1,355,754**	**1,869**	**258,134**	**6,700**	**19,088**	**4,706**	**1,632,976**	**13,275**
Total	**4,101,276**	**2,692**	**367,096**	**7,247**	**25,237**	**4,770**	**4,493,609**	**14,709**

	December 31, 2020							
	Stage 1		**Stage 2**		**Stage 3**		**Total**	
	Gross Carrying Amount	**Allowance for Credit Losses**	**Gross Carrying Amount**	**Allowance for Credit Losses**	**Gross Carrying Amount**	**Allowance for Credit Losses**	**Gross Carrying Amount**	**Allowance for Credit Losses**
Residential mortgage loans	1,401,080	147	91,707	218	-	-	1,492,787	365
Personal loans	193,306	314	8,268	526	57	7	201,631	847
Agricultural loans	809,721	66	118,876	103	2,288	29	930,885	198
Commercial loans	985,300	1,962	255,402	6,974	7,046	301	1,247,748	9,237
Total	3,389,407	2,489	474,253	7,821	9,391	337	3,873,051	10,647

[in thousands of dollars except as noted or per share]

The following table shows the continuity of the allowance for credit losses:

	December 31, 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**2,489**	**7,821**	**337**	**10,647**
Transfer to Stage 1 ECL	**788**	**(771)**	**(17)**	**-**
Transfer to Stage 2 ECL	**(56)**	**56**	**-**	**-**
Transfer to Stage 3 ECL	**(16)**	**(1)**	**17**	**-**
Net remeasurement of loss allowance	**(1,183)**	**(430)**	**4,575**	**2,962**
New financial assets originated or purchased	**983**	**2,538**	**6**	**3,527**
Financial assets derecognized	**(313)**	**(1,966)**	**(42)**	**(2,321)**
Write-offs	**-**	**-**	**(269)**	**(269)**
Recoveries of amounts previously written off	**-**	**-**	**163**	**163**
As at December 31, 2021	**2,692**	**7,247**	**4,770**	**14,709**

	December 31, 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	1,741	4,211	1,050	7,002
Transfer to Stage 1 ECL	537	(537)	-	-
Transfer to Stage 2 ECL	(284)	284	-	-
Transfer to Stage 3 ECL	-	(71)	71	-
Net remeasurement of loss allowance	(150)	3,839	(120)	3,569
New financial assets originated or purchased	1,005	1,119	9	2,133
Financial assets derecognized	(360)	(1,024)	(172)	(1,556)
Write-offs	-	-	(921)	(921)
Recoveries of amounts previously written off	-	-	420	420
As at December 31, 2020	2,489	7,821	337	10,647

[in thousands of dollars except as noted or per share]

The following table further details the continuity of the ECL by loan category:

	December 31, 2021				
	Residential Mortgage Loans	Personal Loans	Agricultural Loans	Commercial Loans	Total Allowance
Balance, January 1, 2021	**365**	**847**	**198**	**9,237**	**10,647**
Collection of accounts previously written off	**-**	**98**	**-**	**65**	**163**
Accounts written off	**-**	**(149)**	**(71)**	**(49)**	**(269)**
Provision for credit losses	**33**	**42**	**71**	**4,022**	**4,168**
Balance, December 31, 2021	**398**	**838**	**198**	**13,275**	**14,709**

	December 31, 2020				
	Residential Mortgage Loans	Personal Loans	Agricultural Loans	Commercial Loans	Total Allowance
Balance, January 1, 2019	345	676	183	5,798	7,002
Collection of accounts previously written off	-	128	-	292	420
Accounts written off	-	(226)	-	(695)	(921)
Provision for (recovery of) credit losses	20	269	15	3,842	4,146
Balance, December 31, 2020	365	847	198	9,237	10,647

The following table shows the ECL by credit quality and stage:

	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Residential Mortgage Loans				
Above standard	**177**	**2**	**-**	**179**
Standard	**104**	**43**	**-**	**147**
Below standard	**20**	**52**	**-**	**72**
Personal Loans				
Above standard	**360**	**14**	**-**	**374**
Standard	**60**	**257**	**-**	**317**
Below standard	**-**	**144**	**3**	**147**
Agricultural Loans				
Above standard	**49**	**6**	**16**	**71**
Standard	**50**	**27**	**1**	**78**
Below standard	**3**	**2**	**44**	**49**
Commercial Loans				
Above standard	**135**	**41**	**-**	**176**
Standard	**1,734**	**566**	**-**	**2,300**
Below standard	**-**	**6,093**	**4,706**	**10,799**
	2,692	**7,247**	**4,770**	**14,709**

[in thousands of dollars except as noted or per share]

	December 31, 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Residential Mortgage Loans				
Above standard	114	3	-	117
Standard	33	121	-	154
Below standard	-	94	-	94
Personal Loans				
Above standard	254	19	-	273
Standard	60	270	-	330
Below standard	-	237	7	244
Agricultural Loans				
Above standard	55	10	19	84
Standard	11	88	9	108
Below standard	-	5	1	6
Commercial Loans				
Above standard	154	947	-	1,101
Standard	1,808	2,507	-	4,315
Below standard	-	3,520	301	3,821
	2,489	7,821	337	10,647

Standard is defined as loans with a credit score between 600 and 649 or C commercial paper.

Collateral

There are documented policies and procedures in place for the valuation of financial and non-financial collateral. The fair value of non-financial collateral is updated if there has been a significant change in the terms and conditions of the loan or the loan is considered impaired. For impaired loans, an assessment of the collateral is taken into consideration when estimating the expected future cash flows and net realizable amount of the loan.

The amount and type of collateral and other credit enhancements required depend upon Libro's assessment of counterparty credit quality and repayment capacity. Libro's policy is to follow industry standards for collateral valuation, frequency of recalculation of the collateral requirements, documentation, registration and perfection procedures, and monitoring. Non-financial assets accepted as collateral include vehicles, residential real estate, real estate under development, commercial real estate and certain business assets (accounts receivable, inventory, and fixed assets). Financial collateral includes cash and negotiable securities issued by governments and investment grade issuers. Guarantees are also accepted to reduce credit risk.

The fair value of collateral held with respect to assets that are either past due greater than 30 days and/or impaired is $34,747 [$22,941 in 2020].

[in thousands of dollars except as noted or per share]

It is not practical to quantify the fair values on security of all loans at the reporting date; however, loans by security type are as follows:

	December 31, 2021			
	Secured by Real Estate	**Secured by Non-Real Estate**	**Unsecured**	**Total Loans**
Residential mortgage loans[1]	**1,644,627**	**-**	**-**	**1,644,627**
Personal loans	**157,151**	**46,768**	**1,436**	**205,355**
Agricultural loans	**920,019**	**87,863**	**2,769**	**1,010,651**
Commercial loans	**1,514,585**	**114,812**	**3,579**	**1,632,976**
	4,236,382	**249,443**	**7,784**	**4,493,609**

	December 31, 2020			
	Secured by Real Estate	**Secured by Non-Real Estate**	**Unsecured**	**Total Loans**
Residential mortgage loans[1]	1,492,787	-	-	1,492,787
Personal loans	150,910	49,824	897	201,631
Agricultural loans	850,035	77,782	3,068	930,885
Commercial loans	1,147,509	96,214	4,025	1,247,748
	3,641,241	223,820	7,990	3,873,051

[1]Residential mortgage loans include $232,798 of loans insured by Canada Mortgage and Housing Corporation or Sagen [$272,048 in 2020].

In accordance with the Act, personal loans secured by collateral first mortgages on owners' residential property have been designated as residential mortgage loans for the purposes of risk-weighted capital requirements [note 12].

Economic scenarios

Libro determines ECL using multiple probability-weighted forward-looking scenarios. Libro considers both internal and external sources of information in order to achieve an unbiased, probability-weighted measure of the scenarios used.

[in thousands of dollars except as noted or per share]

The “base case” represents the most likely outcome and is given a probability weighting of 80%. The other scenarios represent more optimistic or more pessimistic outcomes and are each given a weighting of 10%.

	December 31, 2021					
	Worst Case		Base Case		Best Case	
	12-month	Thereafter	12-month	Thereafter	12-month	Thereafter
Housing price index	2.9%	3.0%	3.0%	3.2%	3.1%	3.3%
3-month banker's acceptance	0.3%	0.8%	0.6%	2.4%	0.7%	2.8%
Unemployment rate	7.8%	6.7%	6.8%	5.5%	6.5%	5.1%

	December 31, 2020					
	Worst Case		Base Case		Best Case	
	12-month	Thereafter	12-month	Thereafter	12-month	Thereafter
Housing price index	2.5%	2.6%	2.6%	2.6%	2.6%	2.8%
3-month banker's acceptance	0.5%	0.8%	0.3%	1.1%	0.5%	2.8%
Unemployment rate	9.5%	6.9%	8.6%	6.1%	7.8%	5.3%

[in thousands of dollars except as noted or per share]

7) PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2021							
	Buildings and Components	**Land**	**Leasehold Improvements**	**Furniture and Equipment**	**Electronic Equipment**	**Computer Equipment**	**Right-of-use Assets**	**Total**
Cost:								
Opening balance	**53,998**	**6,602**	**9,071**	**9,339**	**10,433**	**7,748**	**10,624**	**107,815**
Additions and adjustments	**1,305**	**-**	**1,881**	**49**	**679**	**501**	**1,541**	**5,956**
Disposals	**(514)**	**(3)**	**-**	**-**	**-**	**-**	**-**	**(517)**
As at December 31, 2021	**54,789**	**6,599**	**10,952**	**9,388**	**11,112**	**8,249**	**12,165**	**113,254**
Accumulated depreciation:								
Opening balance	**(20,847)**	**-**	**(4,604)**	**(6,749)**	**(8,912)**	**(6,483)**	**(1,921)**	**(49,516)**
Depreciation and adjustments	**(2,181)**	**-**	**(504)**	**(475)**	**(782)**	**(822)**	**(1,423)**	**(6,187)**
Disposals	**375**	**-**	**-**	**-**	**-**	**-**	**-**	**375**
As at December 31, 2021	**(22,653)**	**-**	**(5,108)**	**(7,224)**	**(9,694)**	**(7,305)**	**(3,344)**	**(55,328)**
Net book value	**32,136**	**6,599**	**5,844**	**2,164**	**1,418**	**944**	**8,821**	**57,926**

	December 31, 2020							
	Buildings and Components	**Land**	**Leasehold Improvements**	**Furniture and Equipment**	**Electronic Equipment**	**Computer Equipment**	**Right-of-use Assets**	**Total**
Cost:								
Opening balance	51,524	6,645	8,898	9,056	9,811	7,136	8,145	101,215
Additions and adjustments	2,474	(43)	173	283	622	612	2,479	6,600
Disposals	-	-	-	-	-	-	-	-
As at December 31, 2020	53,998	6,602	9,071	9,339	10,433	7,748	10,624	107,815
Accumulated depreciation:								
Opening balance	(18,729)	-	(4,128)	(6,283)	(7,984)	(5,604)	(1,089)	(43,817)
Depreciation and adjustments	(2,118)	-	(476)	(466)	(928)	(879)	(832)	(5,699)
As at December 31, 2020	(20,847)	-	(4,604)	(6,749)	(8,912)	(6,483)	(1,921)	(49,516)
Net book value	33,151	6,602	4,467	2,590	1,521	1,265	8,703	58,299

[in thousands of dollars except as noted or per share]

Right-of-use assets consist of 15 real estate leases [15 in 2020]. There are no leases with residual value guarantees and 1 lease not yet commenced to which Libro is committed. Interest expense on all lease liabilities is $233 and included in occupancy expense in the Statements of Income.

Libro owns properties in which space not used by the credit union is rented to tenants for the purpose of earning rental income. The cost of the land and buildings with respect to floor space rented to tenants by Libro is $13,495 [$13,410 in 2020]. The land and buildings have a net book value of $7,989 [$8,437 in 2020].

The total gross revenue on credit union owned rental properties in the current year was $1,594 [$1,727 in 2020], which resulted in net income of $196 [$358 in 2020]. The net rental income or loss has been included in non-interest income.

8) INTANGIBLE ASSETS

Intangible assets consist of the following:

	December 31, 2021			
	Computer Software	**Banking System Software**	**Core Deposit Intangibles**	**Total**
Cost:				
Opening balance	**6,683**	**4,086**	**14,998**	**25,767**
Additions and adjustments	**1,940**	**-**	**-**	**1,940**
As at December 31, 2021	**8,623**	**4,086**	**14,998**	**27,707**
Accumulated amortization:				
Opening balance	**(5,627)**	**(4,086)**	**(14,462)**	**(24,175)**
Amortization	**(1,789)**	**-**	**(341)**	**(2,130)**
As at December 31, 2021	**(7,416)**	**(4,086)**	**(14,803)**	**(26,305)**
Net book value	**1,207**	**-**	**195**	**1,402**

	December 31, 2020			
	Computer Software	**Banking System Software**	**Core Deposit Intangibles**	**Total**
Cost:				
Opening balance	5,604	4,086	14,998	24,688
Additions and adjustments	1,079	-	-	1,079
As at December 31, 2020	6,683	4,086	14,998	25,767
Accumulated amortization:				
Opening balance	(4,199)	(4,046)	(12,319)	(20,564)
Amortization	(1,428)	(40)	(2,143)	(3,611)
As at December 31, 2020	(5,627)	(4,086)	(14,462)	(24,175)
Net book value	1,056	-	536	1,592

[in thousands of dollars except as noted or per share]

9) OTHER ASSETS

Other assets consist of the following:

	December 31, 2021	December 31, 2020
Prepaid items	**2,318**	1,823
Other receivables	**4,128**	2,906
Cheques and other items in transit, net [note 3[l]]	**26,223**	26,416
	32,669	31,145

10) LOANS PAYABLE

Libro has access to line of credit facilities at Central 1:

- A Canadian dollar Clearing Line of Credit for $45,000 CAD [$35,000 CAD in 2020]; largest draw $nil CAD
- A US dollar Clearing Line of Credit for $3,000 US [$3,500 USD in 2020]; largest draw $740 USD
- A Core Line of Credit Facility for $35,000 CAD [$35,000 CAD in 2020]; largest draw $nil CAD
- A Core Notice Facility for $50,000 CAD [$48,000 CAD in 2020]; largest draw $nil CAD

The balance of the lines of credit facilities at year-end was nil [nil in 2020]. The clearing line of credit facility bears interest at 1.20%% [1.20% in 2020] and the other line of credit facility bears interest at 1.08% [0.98% in 2020]. The lines of credit are payable on or before the facility maturity date of September 30, 2022. The other credit facilities bear a fixed rate depending on the term ranging from seven days to one year. Libro has given a promissory note and pledged an assignment of its assets as collateral.

11) OWNERS' CAPITAL ACCOUNTS

Membership shares
An unlimited number of membership shares have been authorized with a stated value of $1 per share. Owners who are age 18 and over are required to have a minimum of 50 shares while owners under that age are required to have 10 shares. These shares are redeemable at their stated value only when the owner withdraws from ownership in Libro. As at December 31, 2021, Libro had 110,425 owners [108,361 in 2020] who held a total of 5,247,330 membership shares [5,152,010 in 2020]. Each owner who is age 16 and over is entitled to one vote.

Class P shares
An unlimited number of Class P non-cumulative, non-voting, non-participating special shares have been authorized having an issue price of $1. As at December 31, 2021, there were 45,782,207 Class P shares outstanding [45,331,125 in 2020].

Class I shares
An unlimited number of Class I non-cumulative, non-voting, non-participating special shares have been authorized to be issued in series at a price of $1. As at December 31, 2021, there were a total of 131,265,237 Class I shares outstanding [126,247,283 in 2020].

As at December 31, 2021, the number of Class I shares outstanding by series were as follows:

[number of shares in thousands]	December 31, 2021	December 31, 2020
Series 1	**3,662**	3,522
Series 2	**3,608**	3,468
Series 3	**9,369**	9,009
Series 4	**23,656**	22,765
Series 5	**90,970**	87,483
Total	**131,265**	126,247

Class P and Class I shares are redeemable by the holder only under certain restricted conditions. The aggregate maximum amount that can be redeemed in any year cannot exceed 10% of the outstanding balance of each series, including any dividends declared but not yet paid, of either the Class P or each series of the Class I shares, provided regulatory capital requirements are met. As at December 31, 2021, the aggregate maximum amount that could be redeemed is $4,578 in Class P shares and $13,127 in Class I shares.

The continuity of outstanding shares is as follows:

[number of shares in thousands]	Membership Shares	Class P Shares	Class I Shares	Total
Outstanding, January 1, 2020	5,074	38,137	121,396	164,607
New shares issued	307	9,289	-	9,596
Shares redeemed	(229)	(2,603)	-	(2,832)
Shares issued as dividends	-	508	4,851	5,359
Outstanding, December 31, 2020	**5,152**	**45,331**	**126,247**	**176,730**
New shares issued	**314**	**2,282**	**-**	**2,596**
Shares redeemed	**(219)**	**(2,130)**	**(30)**	**(2,379)**
Shares issued as dividends	**-**	**299**	**5,048**	**5,347**
Outstanding, December 31, 2021	**5,247**	**45,782**	**131,265**	**182,294**
Less share issuance costs	**-**	**-**	**(154)**	**(154)**
Total carrying value of shares	**5,247**	**45,782**	**131,111**	**182,140**

All owners' capital accounts have been designated as financial liabilities. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

The credit union harmonized its dividend policy for all five series of Class I Investment Shares to pay a dividend rate equal to or greater than the rate which exceeds by 1.25% the simple average of the yield on the monthly series of the Government of Canada five-year bonds during the fiscal year ending December 31, 2021 or after. In 2021, Libro declared a dividend of 3.50% [4.00% in 2020].

[in thousands of dollars except as noted or per share]

Prior to the fiscal year-end, the Board of Directors approved its intent to distribute a portion of the current year's income in the form of stock dividends to be paid in the subsequent year, as follows:

	December 31, 2021	December 31, 2020
Class P Profit share distribution - calculated as $1.00 for every $1,000 of average deposit and loan balances [$0.30 in 2020]	**9,068**	2,369
Class P Profit share dividend - calculated as 0.70% on owner Class P Profit share holdings as at year-end [0.72% in 2020]	**296**	294
Class I, Series 1 Investment share dividend of 3.50% [4.00% in 2020]	**128**	141
Class I, Series 2 Investment share dividend of 3.50% [4.00% in 2020]	**126**	139
Class I, Series 3 Investment share dividend of 3.50% [4.00% in 2020]	**328**	360
Class I, Series 4 Investment share dividend of 3.50% [4.00% in 2020]	**828**	910
Class I, Prosperity Series 5 Investment share dividend of 3.50% [4.00% in 2020]	**3,185**	3,499
Stock dividends payable at year-end	**13,959**	7,712
Accrued dividends from prior years	**(87)**	(32)
Dividend expense	**13,872**	7,680

Although owners' shares are regarded as capital for regulatory purposes, they impose a contractual obligation on Libro to pay cash in certain defined future circumstances and have, therefore, been classified as liabilities for the purposes of these financial statements. Correspondingly, dividends paid on those shares have been included in the Statements of Income as a charge to income.

12) REGULATORY INFORMATION

[a] Regulatory capital

Libro's capital management plan is designed to establish a strong base for future growth, the payment of dividends and profit sharing, as well as provide a cushion in the event of market volatility. Libro's capital plan is designed to comply with the Act, which requires Libro to maintain regulatory capital of not less than 4% of total assets and 8% of a risk-weighted equivalent value. The risk-weighted equivalent value is calculated by applying risk-weighted percentages as prescribed by the Act to various assets, operational and interest rate risk criteria. As at December 31, 2021, the total risk-weighted equivalent value for Libro was $3,535,597 [$3,056,903 in 2020].

[in thousands of dollars except as noted or per share]

Libro is in compliance with the Act and regulations regarding regulatory capital as follows:

	December 31, 2021	December 31, 2020
Tier 1 capital		
Membership shares	**5,247**	5,152
Investment and patronage shares	**176,893**	171,424
Stock dividends payable	**13,959**	7,712
Redeemable portion of shares	**(17,705)**	(17,424)
Retained earnings	**114,178**	100,856
Contributed surplus	**60,998**	60,998
Unqualified portion of fair value adjustments	**580**	580
Total Tier 1 capital	**354,150**	329,298
Tier 2 capital		
Redeemable portion of shares	**17,705**	17,424
Stage 1 and Stage 2 allowance for credit losses	**9,939**	10,310
AOCI defined benefit plans	**(641)**	(10,193)
Total Tier 2 capital	**27,003**	17,541
Total regulatory capital	**381,153**	346,839
% of total assets	**7.07%**	7.00%
% of risk-weighted assets	**10.78%**	11.35%

[b] Restricted party transactions

As at December 31, 2021, the aggregate value of loans, lines of credit, overdrafts and letters of credit outstanding to directors, officers, their spouses and related corporations amounted to $5,091 [$3,153 in 2020]. There was no allowance for credit losses required in respect of these credit facilities. Interest rates and other terms and conditions relating to loans to directors are the same as those offered to all owners of Libro. Terms and rates of loans offered to officers are the same as all terms and rates offered to all Libro staff. Loans committed to restricted parties were nil [nil in 2020].

Deposits held for restricted parties were $6,692 [$6,142 in 2020]. Terms and rates of deposits for officers and directors are the same as those offered to all Libro owners.

The total compensation paid to officers was $2,777 [$2,575 in 2020] and the total remuneration paid to elected representatives, including directors was $345 [$335 in 2020]. In addition to this remuneration, total reimbursement to directors and committee members for travel and out-of-pocket expenses for attendance at meetings was $142 [$110 in 2020].

[in thousands of dollars except as noted or per share]

[c] Executive compensation

The Act requires disclosure of the five highest paid officers and employees where the remuneration paid during the year exceeded $150. The names, positions and remuneration paid during the year of these officers and employees are as follows:

			December 31, 2021		
Name	**Title**	**Salary**	**Variable Compensation**	**Monetary Value of Benefits**	**Total**
Stephen Bolton	President & CEO	**401**	**241**	**54**	**696**
Carol Normandeau	EVP Advice & Service Delivery	**269**	**85**	**33**	**387**
Scott Ferguson	EVP Information Systems	**225**	**72**	**29**	**326**
Tania Goodine	EVP Engagement	**225**	**72**	**29**	**326**
Michael Smit	EVP Brand & Digital Delivery	**179**	**48**	**38**	**265**

			December 31, 2020		
Name	**Title**	**Salary**	**Variable Compensation**	**Monetary Value of Benefits**	**Total**
Stephen Bolton	President & CEO	406	186	44	636
Carol Normandeau	EVP Advice & Service Delivery	272	84	32	388
Scott Ferguson	EVP Information Systems	229	70	27	326
Tania Goodine	EVP Engagement	229	70	28	327
Kathleen Grogan	EVP Finance & CFO	230	44	35	309

The Executive Leadership Team at Libro includes the President & CEO, and all individuals with positions titled Executive Vice President ("EVP").

On an annual basis, the Board of Directors reviews executive compensation and considers market expectations for similar roles in comparable organizations nationally. Variable compensation is based on corporate performance against strategic targets in the previous year. The monetary value of benefits includes a pension plan, dental plan, health plan, automobile benefits (President & CEO), and life and disability insurance.

[d] Deposit insurance

The net premium paid to FSRA for 2021 deposit insurance and prudential regulation assessment was $4,304 [$3,520 in 2020].

[e] Central 1 fees

The total fees paid to Central 1 amounted to $1,371 in the current year [$1,351 in 2020]. These fees were primarily in respect of banking and clearing services, and membership dues.

[f] Libro Foundation

Libro is the sole member of a registered Canadian charity (Libro Foundation). The foundation is designated by Canada Revenue Agency as a private foundation. Contributions to the Libro Foundation were $25 [$nil in 2020].

13) EMPLOYEE FUTURE BENEFITS

Libro sponsors a defined benefit pension plan, a defined contribution pension plan, a supplementary employee retirement plan, and a sick leave benefit plan providing pension and sick leave benefits to eligible employees. The defined contribution pension plan is for staff who were formerly employed by United Communities Credit Union, who were given the option to either remain in the plan or join the defined benefit pension plan. The defined contribution pension plan has been closed to new entrants. The credit union employees' defined benefit pension plan is administered by CUMIS Life Insurance Company, while the defined contribution pension plan is administered by Canada Life.

[in thousands of dollars except as noted or per share]

The defined benefit pension plan is operated under the *Pension Benefits Act* (Ontario) (the "Pensions Benefits Act"). The Pension Benefits Act is administered by the Superintendent of Financial Services appointed by FSRA. Plan valuations must be filed with both FSRA and with the Canada Revenue Agency.

The Pension Benefits Act prescribes the minimum contributions that the credit union must make to the plan. The *Income Tax Act* (Canada) places a maximum limit on the amount of employer contributions. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the credit union.

During 2009, the credit union amended its sick leave benefit plan whereby after December 31, 2008, staff members can no longer accrue a benefit to be paid out on termination or retirement. Existing members had their accumulated sick leave days capped at the level achieved as at December 31, 2008.

[a] Defined benefit plans

Actuarial valuations of the plans are made based on market-rated discount rates. The following table presents information related to Libro's benefit plans as at December 31, 2021 including the amounts recorded on the Balance Sheets, and the components of net benefit expense:

	December 31, 2021		**December 31, 2020**	
	Pension Benefits	**Sick Leave Benefits**	**Pension Benefits**	**Sick Leave Benefits**
Accrued benefit obligation				
Balance as at beginning of year	**83,200**	**1,778**	67,677	1,697
Current service cost	**6,183**	**-**	5,023	-
Interest cost	**2,381**	**48**	2,302	54
Benefits paid	**(2,666)**	**(45)**	(1,670)	(49)
Employee contributions	**137**	**-**	136	-
Actuarial loss (gain)	**(7,347)**	**(31)**	9,732	76
Balance as at end of year	**81,888**	**1,750**	83,200	1,778
Plan assets				
Fair value at beginning of year	**59,248**	**-**	51,843	-
Expected return on plan assets	**1,617**	**-**	1,703	-
Employer contributions	**3,799**	**45**	4,389	49
Employee contributions	**137**	**-**	136	-
Benefits paid	**(2,666)**	**(45)**	(1,670)	(49)
Actuarial gain on assets	**4,300**	**-**	2,847	-
Fair value as at end of year	**66,435**	**-**	59,248	-
Funded status - plan deficit	**(15,453)**	**(1,750)**	(23,952)	(1,778)

The supplementary employee retirement plan is included in the defined benefit pension plan. The weighted average duration of liabilities is 22.8 years [23.3 in 2020] for the defined benefit plan, 11.5 years [10.9 in 2020] for the supplementary employee retirement plan, and 6.8 years [7.4 in 2020] for the sick leave plan.

[in thousands of dollars except as noted or per share]

Assets held within the pension plan consist of balances in the units of Addenda Capital Tactical Balanced Fund (24%), Mawer Investment Management's Balanced Fund (52%), and Northwest Ethical Investments Select Balanced RS Portfolio (24%).

Contributions for the upcoming year are anticipated to be approximately $3,707 for the defined benefit plans, and $45 for the sick leave plan.

Libro's net defined benefit plan expenses recognized in the Statements of Income were as follows:

	December 31, 2021		**December 31, 2020**	
	Pension Benefits	**Sick Leave Benefits**	**Pension Benefits**	**Sick Leave Benefits**
Current service cost	**6,183**	**-**	5,023	-
Net interest cost	**764**	**48**	599	54
Total included in salaries and employee benefits expense	**6,947**	**48**	5,622	54

Libro's net defined benefit plan expenses recognized in OCI loss were as follows:

	December 31, 2021		**December 31, 2020**	
	Pension Benefits	**Sick Leave Benefits**	**Pension Benefits**	**Sick Leave Benefits**
Actuarial gain on assets	**4,300**	**-**	2,847	-
Actuarial gain (loss) on liabilities	**7,347**	**31**	(9,732)	(76)
Total gain (loss) recognized in OCI	**11,647**	**31**	(6,885)	(76)

Included in the above total actuarial gain (loss) on liabilities are the following:

	December 31, 2021		**December 31, 2020**	
	Pension Benefits	**Sick Leave Benefits**	**Pension Benefits**	**Sick Leave Benefits**
Change in discount rate	**7,382**	**48**	(8,457)	(64)
Other	**(35)**	**(17)**	(1,275)	(12)
Total actuarial gain (loss) on liabilities	**7,347**	**31**	(9,732)	(76)

[in thousands of dollars except as noted or per share]

The assumptions used in the measurement of the benefit obligations are shown in the following table:

[percentages]	December 31, 2021 Pension Benefits	December 31, 2021 Sick Leave Benefits	December 31, 2020 Pension Benefits	December 31, 2020 Sick Leave Benefits
Discount rate	**3.10%**	**3.10%**	2.70%	2.70%
Expected long-term rate of return on plan assets	**3.10%**	**-**	2.70%	-
Rate of compensation increase	**2.50%**	**2.50%**	2.50%	2.50%

A one percentage point change in assumed discount rates and salary costs would have the following impact on the defined benefit plans:

Change in Benefit Obligations	December 31, 2021 Pension Benefits	December 31, 2021 Sick Leave Benefits	December 31, 2020 Pension Benefits	December 31, 2020 Sick Leave Benefits
1% increase in discount rate	**(16,432)**	**(115)**	(16,995)	(123)
1% decrease in discount rate	**20,580**	**123**	21,385	140
1% increase in rate of compensation increase	**6,251**	**119**	6,428	138
1% decrease in rate of compensation increase	**(5,805)**	**(111)**	(5,966)	(125)

Through its defined benefit pension plans and post-employment plans, the credit union is exposed to a number of risks, the most significant of which are detailed below:

(i) Equity risk
The plans hold balanced funds, which include equity investments, and are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short term. However, due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the long-term strategy to manage the plans efficiently.

(ii) Changes in bond yields
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's fixed income investments.

(iii) Inflation risk
The majority of the plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The plan's assets may or may not correlate with inflation, meaning that an increase in inflation may also increase the deficit.

[in thousands of dollars except as noted or per share]

(iv) Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the employee, so increases in life expectancy will result in an increase in the plan's liabilities.

[b] Defined contribution plans
The pension expense for the defined contribution plan in the current year was $14 [$19 in 2020]. The contributions for the upcoming fiscal year are anticipated to be approximately $14 [$14 in 2020].

14) COMMITMENTS

[a] Loan commitments
As at December 31, 2021, Libro had commitments to advance loans totalling $453,768 [$358,396 in 2020]. The mix of loans committed is consistent with existing funded portfolio balances.

[b] Undrawn lines of credit
As at December 31, 2021, Libro had undrawn lines of credit outstanding on behalf of owners amounting to $1,010,873 [$831,667 in 2020].

[c] Letters of credit
As at December 31, 2021, Libro had letters of credit outstanding on behalf of owners amounting to $38,128 [$37,247 in 2020].

[d] ECL on commitments
Included in the ECL in note 6 is $944 [$582 in 2020] related to undrawn lines of credit and unused letters of credit.

15) DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the carrying values of the derivative financial instruments held by Libro. The credit union only enters into derivative contracts with a counterparty it has determined to be creditworthy.

	December 31, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap agreements	**1,484**	**334**	-	3,718
Index-linked term deposit hedge agreements	**1,185**	**1,185**	649	649
	2,669	**1,519**	649	4,367

Interest rate swap agreements

Libro enters into interest rate swap agreements in order to hedge against exposure to interest rate fluctuations. As at December 31, 2021, Libro was party to six such agreements [six in 2020] with Central 1. The agreements, in aggregate, represent a notional principal amount of $250,260 [$103,473 in 2020]. The notional principal amounts are used as the basis for determining payments under the contracts and are not actually exchanged between Libro and its counterparties.

Interest rate swap agreements are valued by netting the discounted variable and fixed cash flows. Variable cash flows are calculated using implied interest rates as determined by current Canadian Dealer Offered Rate ("CDOR") and swap interest rates, and term relationships. Fixed cash flows are calculated based on the rates stated in the agreements. These notional cash flows are discounted using the relevant points on the zero-interest curve as derived from the month-end CDOR and swap rates.

[in thousands of dollars except as noted or per share]

A summary of Libro's swap agreements is given below:

December 31, 2021

Counterparty	Notional Amount	Maturity Date	Paying Rate Index	Receiving Rate Index	Paying Rate	Receiving Rate	Value Fair
Central 1	**260**	**Oct. 2022**	**10-year swap rate - fixed**	**30-day CDOR**	**2.090%**	**0.440%**	**(3)**
Central 1	**50,000**	**May 2024**	**5-year swap rate - fixed**	**30-day CDOR**	**1.825%**	**0.450%**	**(331)**
Central 1	**50,000**	**Aug. 2024**	**5-year swap rate - fixed**	**30-day CDOR**	**1.460%**	**0.445%**	**28**
Central 1	**75,000**	**Jun. 2026**	**5-year swap rate - fixed**	**30-day CDOR**	**1.380%**	**0.443%**	**1,240**
Central 1	**50,000**	**Dec. 2026**	**5-year swap rate - fixed**	**30-day CDOR**	**1.770%**	**0.440%**	**3**
Central 1	**25,000**	**Jun. 2028**	**7-year swap rate - fixed**	**30-day CDOR**	**1.650%**	**0.443%**	**213**
	250,260				**1.591%**	**0.444%**	**1,150**

December 31, 2020

Counterparty	Notional Amount	Maturity Date	Paying Rate Index	Receiving Rate Index	Paying Rate	Receiving Rate	Fair Value
Central 1	1,124	May 2021	10-year swap rate - fixed	30-day CDOR	1.860%	0.469%	(6)
Central 1	934	Jun. 2021	10-year swap rate - fixed	30-day CDOR	3.070%	0.469%	(12)
Central 1	1,124	Jul. 2021	10-year swap rate - fixed	30-day CDOR	1.890%	0.460%	(9)
Central 1	291	Oct. 2022	10-year swap rate - fixed	30-day CDOR	2.090%	0.469%	(8)
Central 1	50,000	May 2024	5-year swap rate - fixed	30-day CDOR	1.825%	0.460%	(2,065)
Central 1	50,000	Aug. 2024	5-year swap rate - fixed	30-day CDOR	1.460%	0.469%	(1,618)
	103,473				1.662%	0.464%	(3,718)

Foreign exchange forward contracts

Libro uses foreign exchange forward contracts to manage liquidity, interest income, and to hedge the exchange risk in products denominated in US dollars. As at December 31, 2021 Libro was not party to any such agreements [none in 2020] with Central 1.

From time to time, Libro enters into foreign exchange forward contracts with some of its owners. Owners enter into these contracts primarily to manage interest expense and hedge against US dollar exchange rates in their own operations. The notional value of these agreements in US dollars was $3,445 [$771 in 2020] at year-end. Libro enters into offsetting agreements with Central 1 to hedge the exchange risk with its owners. The notional amount of these offsetting agreements in US dollars was $3,300 [$745 in 2020] at year-end. These agreements represent a fair market value on a combined basis of nil [nil in 2020] at year-end.

Index-linked term deposit agreements

Libro has outstanding $7,393 [$6,727 in 2020] in index-linked term deposits to its owners. The index-linked term deposits are three and five-year deposits that pay interest at the end of the term, based on performance of a variety of indices. The embedded derivative associated with these deposits is presented in liabilities and has a fair value of $1,185 [$649 in 2020].

Libro has entered into agreements with Central 1 to offset the exposure to the indices associated with each product, whereby the credit union pays a fixed rate of interest for the term of each index-linked deposit on the face value of the deposits sold. At the end of the term, the credit union receives an amount equal to the amount that will be paid to depositors based on the performance of the indices. As at December 31, 2021, Libro had entered into such contracts in the amount of $7,393 [$6,727 in 2020]. The agreements are secured by a general security agreement covering all assets of the credit union. The embedded derivative associated with these agreements is presented in assets and has a fair value of $1,185 [$649 in 2020].

[in thousands of dollars except as noted or per share]

Hedge accounting for interest rate swaps

As part of its risk management strategy for interest rate risk, the credit union uses interest rate swaps to reduce its exposure. A discussion of the credit union's approach to management of interest rate risk is in note 21[c].

As at December 31, 2021, Libro had no financial instruments designated for hedge accounting.

16) OWNERS' DEPOSITS

	December 31, 2021	December 31, 2020
Demand deposits	**1,019,346**	896,286
Chequing deposits	**1,732,758**	1,441,814
Term deposits	**1,181,671**	1,123,592
Registered savings plans	**302,247**	321,118
Registered income funds	**220,355**	214,443
Registered tax free savings accounts	**437,306**	413,507
	4,893,683	4,410,760

Owners' deposits are either redeemable on demand or have a fixed date of maturity up to five years. Interest rates are set based upon the type, size and term to maturity of the deposit. All owners' deposits are financial liabilities and measured at amortized cost.

The term to maturity and effective interest rates of Libro owners' deposit portfolio were as follows:

	December 31, 2021						
Maturity	**Demand**	**1 year or Less**	**Over 1 to 2 Years**	**Over 2 to 3 Years**	**Over 3 to 4 Years**	**Over 4 to 7 Years**	**Total**
Total deposits	**2,926,834**	**1,355,231**	**287,978**	**163,800**	**101,334**	**58,506**	**4,893,683**
Effective interest rate	**0.25%**	**1.37%**	**1.85%**	**2.15%**	**2.12%**	**1.52%**	**0.77%**

	December 31, 2020						
Maturity	**Demand**	**1 year or Less**	**Over 1 to 2 Years**	**Over 2 to 3 Years**	**Over 3 to 4 Years**	**Over 4 to 7 Years**	**Total**
Total deposits	2,500,043	1,082,821	471,940	163,477	102,382	90,097	4,410,760
Effective interest rate	0.26%	1.66%	2.26%	2.35%	2.66%	2.20%	1.00%

[in thousands of dollars except as noted or per share]

17) STATEMENTS OF INCOME AND CASH FLOW DISCLOSURES

[a] Interest income and expense

The amount of income earned from each loan class and interest expense for each type of deposit was as follows:

	December 31, 2021	December 31, 2020
Interest Income		
Residential mortgage loans	**47,190**	46,983
Personal loans	**8,790**	12,960
Agricultural loans	**35,775**	36,161
Commercial loans	**56,738**	50,775
	148,492	146,879

	December 31, 2021	December 31, 2020
Interest Expense		
Demand deposits	**2,829**	4,721
Chequing deposits	**3,364**	3,387
Term deposits	**18,649**	22,336
Registered savings plans	**5,510**	6,863
Registered income funds	**4,227**	4,705
Registered tax free savings accounts	**6,290**	7,472
	40,869	49,484

[b] Non-interest income

Non-interest income consists of the following:

	December 31, 2021	December 31, 2020
Service fees	**14,646**	12,511
Commissions	**5,439**	4,967
Foreign exchange	**1,660**	1,485
Unrealized gains (losses) on derivatives	**4,976**	(5,127)
Income from property	**196**	358
	26,917	14,194

[c] Supplemental cash flow disclosures

Total interest paid in the year on owners' deposits and securitization liabilities was $49,019 [$55,184 in 2020]. Total interest received on loans to owners and investments was $157,420 [$151,660 in 2020].

[in thousands of dollars except as noted or per share]

18) FINANCIAL INSTRUMENTS

The following table represents the fair values of Libro's financial instruments. The fair values disclosed do not include the value of assets that are not considered financial instruments. While the fair value amounts are intended to represent estimates of the amounts at which these instruments could be exchanged in a current transaction between willing parties, some of Libro's financial instruments lack an available trading market. Consequently, the fair values presented are estimates derived using present value and other valuations techniques and may not be indicative of the net realizable values. The calculation of estimated fair values is based on market conditions at a specific point in time and may not be reflective of future fair values.

	December 31, 2021			December 31, 2020		
	Book Value	**Fair Value**	**Difference**	**Book Value**	**Fair Value**	**Difference**
Amortized Cost						
Loans to owners	**4,493,609**	**4,482,423**	**(11,186)**	3,873,051	3,941,567	68,516
Investments	**450,364**	**450,633**	**269**	942,736	947,256	4,520
Fair Value through Profit or Loss						
Investments	**8,747**	**8,747**	**-**	21,082	21,082	-
Index-linked deposits	**1,185**	**1,185**	**-**	649	649	-
Derivative financial instruments	**1,484**	**1,484**	**-**	-	-	-
Fair Value through OCI						
Investments	**301,379**	**301,379**	**-**	-	-	-
Total financial assets	**5,256,768**	**5,245,851**	**(10,917)**	4,837,518	4,910,554	73,036
Amortized Cost						
Owners' deposits	**4,893,683**	**4,887,235**	**6,448**	4,410,760	4,419,069	(8,309)
Accrued and other liabilities	**20,962**	**20,962**	**-**	17,734	17,734	-
Securitization liabilities	**72,651**	**73,202**	**(551)**	140,617	141,203	(586)
Fair Value through Profit or Loss						
Index-linked deposits	**1,185**	**1,185**	**-**	649	649	-
Derivative financial instruments	**334**	**334**	**-**	3,718	3,718	-
Total financial liabilities	**4,988,815**	**4,982,918**	**5,897**	4,573,478	4,582,373	(8,895)

Estimated fair values are determined as follows:

(i) Fair values for items that are short term in nature approximate their book value. These include cash and cash equivalents, accrued interest receivable, other assets, accrued and other liabilities and accrued interest payable. Fair values for floating rate financial instruments are equal to book value as the interest rates automatically reprice to market.

(ii) Investments are valued using quoted market prices where available. Cost is used where no ready market values are available.

(iii) Fixed-rate loans are valued by discounting the contractual future cash flows at current market rates for loans with similar credit risks.

(iv) Fixed-rate deposits are valued by discounting the contractual future cash flows using market rates currently being offered for deposits with similar terms.

Fair values are determined based on a three-level fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels of the hierarchy are as follows:

(i) Level 1 - Unadjusted quoted prices in active markets for identical financial assets and financial liabilities;

(ii) Level 2 - Inputs other than quoted prices that are observable for the financial asset or financial liability either directly or indirectly; and

[in thousands of dollars except as noted or per share]

(iii) Level 3 - Inputs that are not based on observable market data.

The following table illustrates the classification of Libro's financial instruments within the fair value hierarchy:

	December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Recorded at Fair Value				
Assets				
Index-linked deposits	-	1,185	-	1,185
Central 1 Class E shares	-	-	6,487	6,487
Central 1 Class A shares	-	-	1,525	1,525
Marketable Securities	301,379	-	-	301,379
Other investments	-	-	735	735
Derivative financial instruments	-	1,484	-	1,484
Total assets held at fair value	301,379	2,669	8,747	312,795
Liabilities				
Index-linked deposits	-	1,185	-	1,185
Derivative financial instruments	-	334	-	334
Total liabilities held at fair value	-	1,519	-	1,519
Fair Value Disclosed				
Assets				
Loans to owners	-	-	4,482,423	4,482,423
Investments	-	450,633	-	450,633
Total assets disclosed at fair value	-	450,633	4,482,423	4,933,056
Liabilities				
Owners' deposits	-	4,887,235	-	4,887,235
Securitization liabilities	-	73,202	-	73,202
Total liabilities disclosed at fair value	-	4,960,437	-	4,960,437

[in thousands of dollars except as noted or per share]

	December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Recorded at Fair Value				
Assets				
Index-linked deposits	-	649	-	649
Central 1 Class E shares	-	-	6,487	6,487
Central 1 Class A shares	-	-	1,415	1,415
Central 1 Class F shares	-	-	12,895	12,895
Other investments	-	-	285	285
Total assets held at fair value	-	649	21,082	21,731
Liabilities				
Index-linked deposits	-	649	-	649
Derivative financial instruments	-	3,718	-	3,718
Total liabilities held at fair value	-	4,367	-	4,367
Fair Value Disclosed				
Assets				
Loans to owners	-	-	3,941,567	3,941,567
Investments	-	947,256	-	947,256
Total assets disclosed at fair value	-	947,256	3,941,567	4,888,823
Liabilities				
Owners' deposits	-	4,419,069	-	4,419,069
Securitization liabilities	-	141,203	-	141,203
Total liabilities disclosed at fair value	-	4,560,272	-	4,560,272

19) INCOME TAXES

Significant components of the deferred tax assets are as follows:

	January 1, 2021	**Statements of Income**	**OCI**	**December 31, 2021**
Allowance for credit losses	**1,883**	**13**	**-**	**1,896**
Employee future benefits	**4,682**	**574**	**(2,125)**	**3,131**
Property and equipment	**20**	**97**	**-**	**117**
Deferred revenue	**372**	**63**	**-**	**435**
Prepaid expenses	**(232)**	**123**	**-**	**(109)**
	6,725	**870**	**(2,125)**	**5,470**

[in thousands of dollars except as noted or per share]

	January 1, 2020	Statements of Income	OCI	December 31, 2020
Allowance for credit losses	1,121	762	-	1,883
Employee future benefits	3,203	212	1,267	4,682
Property and equipment	67	(47)	-	20
Fair value adjustments on acquisition	(98)	98	-	-
Deferred revenue	343	29	-	372
Prepaid expenses	-	(232)	-	(232)
	4,636	822	1,267	6,725

The reconciliation of income tax computed at the statutory rates to income tax expense is as follows:

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Expected tax provision based on combined federal and provincial rate	**4,281**	**26.5%**	2,439	26.5%
Credit union deduction	**(1,340)**	**(8.3%)**	(764)	(8.3%)
Permanent differences	**40**	**0.2%**	39	0.4%
Other	**(149)**	**(0.9%)**	205	2.2%
	2,832	**17.5%**	1,919	20.8%

Tax amounts related to current year OCI are as follows:

	December 31, 2021	December 31, 2020
Tax on actuarial gain (loss)	**(2,125)**	1,267
Tax on unrealized loss on investments	**398**	-
Net tax recorded in OCI	**(1,727)**	1,267

20) TRANSFER OF FINANCIAL ASSETS

[a] Securitization activity

Libro periodically may securitize mortgages through the transfer of mortgage loans to a special purpose entity as described in note 3[n] through programs sponsored by the Canada Mortgage and Housing Corporation. The following table summarizes Libro's securitization activity in the year:

	2021	2020
Residential mortgages securitized and sold	**-**	60,883
Net cash proceeds received	**-**	60,135
Outstanding balance of securitized mortgages	**70,279**	137,156

There were no mortgage loans that were delinquent as at year-end [nil in 2020]. In addition, there were no credit losses incurred on the mortgages transferred in 2021 or 2020.

Libro retains a securitization liability for mortgages transferred. The liability bears an average fixed interest rate of 2.24% [1.83% in 2020] and bears a weighted average maturity date of 2023 [2023 in 2020]. As at December 31, 2021, the liability was $72,651 [$140,617 in 2020].

[b] Government loan programs

In 2021, Libro funded $39,320 [124,200 in 2020] of loans under the CEBA Program and $nil [$4,005 in 2020] under the Co-Lending program. As at December 31, 2021, outstanding balances were $153,254 [$122,909 in 2020] of loans under the CEBA Program and $3,622 [$4,005 in 2020] of loans under the Co-Lending program.

[c] Loans Sales

Libro has a loan purchasing and servicing agreement with Farm Credit Canada to periodically sell loans. The aggregate outstanding value of loans transferred in 2021 was $9,622 [$nil in 2020] and the servicing fees received were $21 [$nil in 2020].

21) RISK MANAGEMENT

The credit union's results and operations have been and will continue to be impacted by the COVID-19 pandemic. The adverse effects include but are not limited to a decline in interest rates, increase in credit risk, volatility in equity markets and disruption of business operations. Significant uncertainty remains regarding the breadth and depth of these events and the long-term economic impact on the credit union.

[a] Liquidity risk

Liquidity risk is defined as the risk that the credit union will be unable to pay obligations when they fall due, or become unable to repay depositors when funds are withdrawn, or become unable to meet commitments to lend money. Libro manages liquidity risk within Board of Directors' Policy limits to ensure the credit union has sufficient liquidity to meet its obligations. This is managed by monitoring cash flows and cash forecasts, maintaining a portfolio of high-quality liquid financial assets [note 4], monitoring and managing the remaining contractual term to maturity of its loan and deposit portfolios [notes 5 and 16], and maintaining access to credit facilities through Central 1 [note 10]. Libro achieves this through a combination of active management of organic balance sheet growth, borrowing, whole loan sales, and loan securitization. Since the credit union does not issue redeemable long-term deposit products, liquidity risk will not increase as a result of unexpected prepayments or changing deposit maturity forecasts.

As at year-end, Libro's liquidity ratio was 16.25% [21.85% in 2020] and assets held for liquidity purposes totalled $794,988 [$990,209 in 2020], consisting of $301,379 in high quality liquid assets [$297,488 in liquidity reserve deposits in 2020] and $493,609 cash and other qualifying deposits [$692,721 in 2020].

[b] Credit risk

Credit risk is defined as the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms and arises from the credit union's direct lending, trading, investment and hedging activities. Granting loans to owners is one of the credit union's primary sources of income and Libro grants credit through consideration of an owner's credit history, character, collateral, and capacity for debt. Owners' financial situations are monitored through the life of the loan and all current receivables are expected to be collected. Debt that appears to be in arrears is impaired to the extent that a loss is expected. Libro uses internal risk scoring measures to assess the credit quality of commercial and agricultural borrowers. These measures are derived from the underlying credit experience, collateral, management expertise, and other objective financial measures.

[in thousands of dollars except as noted or per share]

(i) Credit quality

Credit quality of retail borrowers is measured in part by a standardized credit rating system, which considers payment history, current debt, age of accounts, type of credit and credit enquiries. Standard is defined as loans with a credit score between 600 and 649 or C commercial paper.

The application of these scoring measures is as follows:

	December 31, 2021				
	Residential Mortgage Loans	**Personal Loans**	**Agricultural Loans**	**Commercial Loans**	**Total**
Above standard	**1,531,275**	**196,788**	**465,385**	**530,687**	**2,724,135**
Standard	**73,882**	**6,020**	**469,680**	**990,828**	**1,540,410**
Below standard	**39,470**	**2,547**	**75,586**	**111,461**	**229,064**
	1,644,627	**205,355**	**1,010,651**	**1,632,976**	**4,493,609**

	December 31, 2020				
	Residential Mortgage Loans	**Personal Loans**	**Agricultural Loans**	**Commercial Loans**	**Total**
Above standard	1,363,078	190,909	432,902	417,854	2,404,743
Standard	82,037	7,034	406,162	756,501	1,251,734
Below standard	47,672	3,688	91,821	73,393	216,574
	1,492,787	201,631	930,885	1,247,748	3,873,051

To manage credit risk, Libro secures collateral against all types of loans. In the event that an owner is unwilling or unable to meet their obligations as a borrower, security is liquidated to repay the obligation to Libro. Collateral is taken on each loan funded with regard to the owner's overall creditworthiness including credit history, character, capacity for debt, and type of loan granted. Note 6 provides detail on collateral held against loans.

[c] Market risk

Market risk is defined as the risk that the credit union's ability to meet business objectives will be adversely affected by volatility in market rates. Libro manages market risk using an earnings at risk approach. The primary objective of this approach is to maximize earnings on a consistent basis while minimizing reductions to net income resulting from changes in future interest rates.

Interest rate risk is the impact that changes in interest rates could have on the credit union's margins, profit or loss, and equity. Interest rate risk arises from the difference between interest paid related to the credit union's liabilities and the interest earned on its assets. As part of the credit union's risk management strategy, the Board of Directors has established limits on the interest rate exposures that are consistent with the credit union's risk appetite.

[in thousands of dollars except as noted or per share]

The credit union's policy is to monitor positions on a monthly basis. Libro uses income simulation modeling to measure exposure to changes in interest rates over short-term periods. Earnings at risk is calculated by forecasting the net interest margin for the next 12-month period using most likely assumptions, including existing hedging activities. Most likely assumptions include management's best estimates for planned growth rates and the use of future interest rates. Planned growth rates are recorded at the start of the fiscal period as initially set out in the budget and modified to actual experience through the fiscal period. Future interest rates on new business and product renewals are determined using the future interest rates derived mathematically based on the term structure of interest rates. The impact of rate shock scenarios are measured against the most likely forecast ("MLF") as defined above. The resulting change in the forecast as a result of interest rate shocks is then compared to the MLF to determine the earnings at risk amount. Maximum change limits under these interest rate scenarios have been set out by the Board of Directors. These scenarios are based on hypothetical simulations assuming the markets are shocked with 100 or 200 basis point volatility. At the current time, Libro is in compliance with all limits set by the Board of Directors' Policy.

The policy limits and most likely projections are as follows:

Asset Liability Management Limits	**Maximum Change Limit**	**Projected Change to Earnings**	**Status**
Most Likely Shocked + 200 basis points	**-10%**	**2.08%**	**Compliant**
Most Likely Shocked + 100 basis points	**-5%**	**1.53%**	**Compliant**
Most Likely Forecast Scenario	**0%**	**0.00%**	**Compliant**
Most Likely Shocked - 100 basis points	**-5%**	**-2.32%**	**Compliant**
Most Likely Shocked - 200 basis points	**-10%**	**-5.29%**	**Compliant**

[d] Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of a change in foreign currency rates. Libro's net income is exposed to currency risk from US dollar investments and owner US dollar deposits. Libro mitigates currency risk of US dollar financial assets and liabilities by investing in offsetting US dollar financial instruments with similar terms. Currency risk is managed in accordance with the Board of Directors' Policy which the Board of Directors reviews annually. For a 1% instantaneous increase or decrease in exchange rate, Libro's net income would change by $1 [$3 in 2020].

22) ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consist of the following:

	December 31, 2021	**December 31, 2020**
Owner remittances to third parties	**3,271**	2,923
Salaries payable to employees	**8,415**	5,934
Accounts payable	**6**	49
Lease obligations	**9,270**	8,828
	20,962	17,734

The lease obligations by maturity date are as follows:

	Leases Maturing
2022	-
2023	**479**
2024	**287**
Thereafter	**9,706**
Less: Present value discount	**(1,202)**
Lease obligations	**9,270**