



CUA

2021 Annual Report

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A MESSAGE *from Donna*

As we reflect on the past year, it is clear that there was nothing that was “business as usual” about 2021. Society as a whole experienced significant disruption as we continued to navigate the impacts of COVID-19, which included two closures, three re-openings and two new variants. The repercussions of so much change, uncertainty and economic challenges have been immense. I am incredibly proud of how CUA has been able to adapt and showcase its resiliency by continuing to serve our members in a way that is personalized and responsive.

Since I joined the Board in 2016, I have had the pleasure of witnessing strong professionalism, integrity and sound decision-making from my fellow directors. We have made significant strides in achieving the goals set forth in the 2018-2022 Strategic Plan. This year I was privileged to be named Chair, and it is with great optimism that I look forward to guiding CUA through the coming year.

One of the key areas of attention for the Board in 2021 was its continued focus on CUA’s governance practices. In 2021, we conducted a thorough review of the risk management framework to ensure it reflected a system that supports CUA in mitigating potential threats in the competitive financial services industry as well as leveraging opportunities. This dual lens of risk and opportunity has been pivotal to CUA’s success, including its priority of meeting the needs and expectations of our members. One of the major accomplishments in 2021 was the redemption of \$4.3 million in Preferred Shares. This was possible because of effective fiscal management over the past five years that strengthened CUA’s financial metrics, including its equity position.

The positive results that CUA has experienced are rooted in a team of passionate and enthusiastic individuals who are continually showcasing our mission of providing a “wow” banking experience. I would like to extend a heartfelt thank you to our management team and each and every employee, who have all navigated the turbulence of the past year with patience and kindness, and who provide such essential support to our members.

I would also like to acknowledge and recognize the efforts of our President & CEO, Marie Mullally, who has successfully guided the organization through its 11th year under her leadership. Marie’s commitment, vision and attention to detail at all levels of the organization have been instrumental in CUA’s success. In particular, I am incredibly appreciative of her efforts over the past two years in fearlessly guiding CUA through such an unprecedented and unpredictable time.

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To my fellow directors, your dedication and commitment to governing CUA on behalf of our members have been instrumental in facilitating the achievement of our organizational goals. I would like to acknowledge the significant contribution of Karen Miner, who is stepping down after eight years on the Board, including two of those as Chair. I would also like to thank Darcy Gray, who is leaving the Board this year, for his commitment to CUA and its members. A special welcome to Carrie Cussons who joined the Board in September 2021 as well as to our newest directors, Joyce Carter and Malcolm Fraser.

In closing, I extend a sincere thank you to our members for their continued trust and loyalty. CUA remains steadfast in serving you and in supporting your financial well-being at every touchpoint and in every interaction. It is an honour to be your Chair and to be part of this great organization.



A handwritten signature in blue ink, appearing to read 'Donna Harding'.

Donna Harding
Chair of Board

A MESSAGE *from Marie*

Since joining CUA in 2011, I have had the privilege of reporting on our annual growth and results and am pleased to inform you that CUA had a successful year in 2021.

Like many organizations, the continued instability caused by the COVID-19 pandemic has required CUA to strategically and proactively respond to its changing environment. The financial services sector has seen many ramifications of the pandemic on its business model, including changes in financial behaviour of businesses and individuals as well as the supply and demand issues facing the housing market across the Country. When these elements are considered within the context of the low interest rate and a highly competitive environment, CUA worked very hard to ensure the organization remained strong, progressive and most importantly, focused on supporting its members in their financial journey.

In our financial performance, I am proud to say CUA's financial results reflected growth and responsible fiscal management. Total assets grew by over 8% to \$757.9 million as of December 31, 2021. We also saw loan and deposit growth, with loans increasing by \$12.1 million and deposits by \$50.3 million. Our comprehensive income was \$12.5 million, an increase of \$3.3 million, or 35.9%, from the 2020 level. This growth is indicative of a sound business strategy that places CUA with a stable and sustainable financial foundation. Further details on these results can be found in the Financial Report.

As is the case each year, delivering an exceptional banking experience was a priority in 2021. A number of new digital initiatives were introduced, including two-step verification for account logins, self-serve PAC resets, international transfers and integration with QuickBooks for business accounts. We also provided more service offerings by introducing free e-transfers for the majority of account types and by implementing the *Best Fit Account Guarantee Program* to ensure members have the most appropriate bank account to meet their unique needs. In 2021, we continued our investment in financial health and launched

the *Financial Health Index*. A first in Atlantic Canada, this online tool assists individuals with helpful information to assess their current financial health and identify practical ways to improve their financial well-being. We also introduced the *Saver Program*, providing a financial incentive to those who open a new savings account as a way to encourage this important financial behaviour.

"I take great pride in, and applaud, the accomplishments of the entire CUA Team. I am very grateful for their commitment and dedication to going above and beyond in support of our members and of each other in 2021."

Another strategic priority in 2021 was building the awareness and understanding of the CUA brand in the marketplace. Significant effort was carried out on this priority through dedicated brand awareness programs as well as through various marketing and communications tactics. I am very pleased to advise that this effort paid off with exceptional results. In 2021, CUA's brand awareness increased by 10 percentage points, achieving the highest level to date, and the percentage of banking consumers who would consider CUA as a banking option rose to 60% of those respondents surveyed, another record level. These results tell us that our story is being heard and that the CUA Difference is resonating in the market.

Another priority of CUA is to create positive economic and social impacts across Nova Scotia. Our Community Investment Grant Program is a key way in which we help individuals, businesses and non-profit organizations have a direct impact on their community. In 2021, the Program had over 650 applications, with 52% from outside of Halifax, which reflected a strong provincial presence and connection. There were 19 grant recipients, representing a diverse collection of projects that have created new jobs, stimulated economic activity, and positively contributed to environmental and social outcomes.

A MESSAGE *from Marie* (CONTINUED)

Strategic partnerships are a foundation of CUA's business strategy and community impact initiatives. In 2021, we renewed our status as the Affinity Banking Partner of the Halifax Chamber of Commerce, a vital relationship that reflects our natural affiliation with small businesses and enables connection with the Chamber's broad membership base of over 1,700 businesses and community organizations. Through our ongoing financial literacy programming which includes partnership organizations, we reached thousands of individuals through in-person and virtual platforms. I invite you to read about all of CUA's initiatives in the 2021 Community Impact Report.

I would like to sincerely thank our Board of Directors for their ongoing guidance and stewardship through a challenging and unprecedented year. In particular, I would like to recognize the significant contributions of Karen Miner, who completed her term as Board Chair in April 2021, as well as the exceptional leadership that Donna Harding has provided since assuming this role.

I take great pride in, and applaud, the accomplishments of the entire CUA Team. I am very grateful for their commitment and dedication to going above and beyond in support of our members and of each other in 2021. I couldn't ask for a better team.

A final and sincere thank you to our members for your engagement with, and support of, CUA. We will continue to be here for you when you need us, however you need us. That is our commitment and it is an honour to serve you.



A handwritten signature in blue ink that reads "Marie".

Marie Mullally
President and CEO



Financial Report

CUA enhanced its financial position in 2021 while it continued to manage operations during the COVID-19 pandemic, achieving growth in its assets and deposit portfolios as well as an increased Comprehensive Income.

Loan Portfolio

Overall, total assets at December 31, 2021 were \$757.9 million compared to \$699.7 million at December 31, 2020, an increase of \$58.2 million (8.3%). This increase is primarily the result of three key factors: 1. higher cash and deposit position of \$12.0 million; 2. net growth in CUA's loan portfolio of \$12.1 million; and, 3. an increase in financing receivables of \$32.2 million to support the investment and growth in CUA's subsidiaries.

With its \$12.1 million net growth in 2021, CUA's loan balance was \$458.4 million at year-end. This is a positive outcome given the highly competitive lending environment over the past year. The Provision for Impaired Loans expense was at an unprecedentedly low level in 2021 at \$0.2 million, \$2.2 million lower than 2020. As CUA and other financial institutions increased their allowance for impaired loans in 2020, it was evident that these amounts exceeded actual results in 2021, resulting in reductions in allowance balances. There continues to be uncertainty with possible future impairments and therefore, CUA will closely monitor delinquencies in order to mitigate loan defaults and losses wherever possible.

Deposits

Deposits increased in 2021, with growth of 8.0% or \$50.3 million to \$683.0 million. This growth was caused by increased member savings driven by the change in consumer behaviour during the pandemic and increased account balances held by commercial members. Members' equity grew by \$8.1 million with the inclusion of the 2021 net income in retained earnings. Of particular significance is the growth in CUA's Equity Ratio, which increased from 6.7% in 2020 to 7.6% in 2021, representing a 13% increase. Improving the Equity Ratio in a competitive interest

rate environment with a high asset balance is unique to CUA, and speaks to its prudent fiscal management, strategic investments and responsible operations. It is this strong Equity Ratio position that enabled CUA to redeem \$4.3 million in preferred shares in 2021, which is reflected on the Balance Sheet and Statement of Changes in Members' Equity.

Comprehensive Income

Loan interest revenue and finance fees were \$37.0 million in 2021, an increase of \$1.7 million from 2020. Deposit interest expense was \$6.4 million in 2021, \$1.8 million lower than 2020 as a result of more of CUA's deposits in low-interest chequing and savings accounts. Total expenses decreased by \$0.8 million in 2021, with a higher General Business expense offset by a lower Provision for Impaired Loans expense as described above. The General Business expense is higher in 2021 at \$6.5 million vs. \$5.1 million in 2020 for three key reasons: 1. in 2020, CUA intentionally reduced these expenses in response to anticipated financial challenges due to the pandemic, with these expenses returning to normal levels in 2021; 2. higher member-related transaction costs due to more electronic transactions in 2021; and, 3. increase in fees paid to system partner organizations.

CUA finished the 2021 fiscal year with a Comprehensive Income of \$12.5 million, an increase of \$3.3 million compared to 2020, driven by both revenue growth and cost management. This income enables CUA to have the necessary financial capacity to invest in the business for the benefit of its members. Overall, CUA has continued to achieve excellent financial results, reflective of effective fiscal and operational management.

[Click here to review CUA's Financial Statements for 2021](#)

Community Impact Report

CUA is proud to be a strong contributor to the business and social economy, first and foremost through the products and services we offer to our members. Building strong members and a strong community starts by improving our members' financial health, which will have a positive impact on their families and the broader community. Everything we do is grounded in a desire to help our members and neighbours live better lives. In addition to supporting our growing community of members, CUA supports local businesses, non-profit and community organizations through its various programs and initiatives. CUA is proud to have strengthened its community and the local economy through the following ways in 2021:

Strength of Members

By delivering on our commitment to help each member achieve their full financial potential, CUA is dedicated to developing products, programs and services that are suited to the unique needs of our members to support their financial well-being:

Products and Services

- CUA promoted the *No Down Payment Mortgage* throughout 2021 with an added focus during the spring Brand Awareness Program. Intended to assist individuals who may not otherwise be able to afford homeownership, the product provides access to the financing required to fund a 5% down payment. An additional feature is the option to receive 5% of the mortgage amount in cash back once the house has closed. The homeowners can use the funds as they wish, including paying down their loan or Line of Credit, making improvements to the home, or covering closing costs. In 2021, 64 families accessed the *No Down Payment Mortgage* product, totaling \$14 million, resulting in a positive community impact by helping members to build equity for their financial future.
- CUA continued to offer its *Microloan Program* throughout 2021 to address the underserved, as securing credit and accessing banking services can be major roadblocks for

individuals looking to start or expand a business or rebuild their credit. This Program allows individuals, organizations, social enterprises and small businesses to secure loan amounts between \$500 – \$5,000. There are 22 microloans extended in 2021, totalling \$86,000.

- CUA offered the *Skip-A-Payment Program* in the first quarter of 2021, which enabled qualifying members the opportunity to skip a payment on their loan during the holiday season. By increasing the amount of cash available to members for purchases, the *Skip-a-Pay* product helped members minimize the purchases made with credit.
- The *Nova Scotia Small Business Loan Guarantee Program* (SBLGP) is designed to help small businesses by providing CUA a 90% guarantee up to \$500,000 in the form of term loans, working capital and Lines of Credit. In 2021, a total of 59 loans were disbursed in the amount of \$3.6 million to 47 different small business members through this Program.
- CUA remained an *official financing partner of Efficiency One* (E1) in 2021, providing financing through Efficiency Nova Scotia's Home Energy Assessment Program. Throughout the year, 257 members leveraged CUA's Energy Efficiency financing, totaling \$3.2 million.
- In 2021, CUA launched the *Best Fit Account Guarantee Program*, a process through which members can ensure they have the most appropriate account for their unique financial needs. If an account holder contacts CUA and a better account is suited than their current package, CUA updates the account and rolls-back the fees for the prior month. The goal for this Program was to achieve 750 unique views on the webpage, and in 2021, 1,015 users viewed the information, 35% over target.



COMMUNITY IMPACT REPORT (CONTINUED)

- CUA focused on *promoting savings* as a core activity of financial health throughout 2021. A special incentive was offered to establish a new savings account. With an automatic transfer of \$50 a month or more set up, CUA made the first deposit of \$25. As a result of this effort, a total of 779 personal and 124 commercial savings accounts were opened and continue to operate as of December 31, 2021.

Education

- As a community-focused banking institution, CUA takes an active leadership role in the area of *financial literacy*, to ensure that members and the larger community are empowered with the knowledge and tools they need in order to lead financially healthy lives. In 2021, a total of ten sessions welcomed more than 130 participants to improve their knowledge and confidence of money matters. CUA also conducted a survey in conjunction with the Halifax Chamber of Commerce to better understand pain points and areas for business education, the results of which will be used to inform future events and information sessions geared towards small business owners.
- CUA also provided financial literacy information through *It's a Money Thing*, a collection of effective financial education content designed to engage and teach young adults. *It's a Money Thing* addresses important financial topics through videos and infographics. The content was delivered via social media and YouTube, where CUA's channel has experienced significant growth in impressions and engagement since the onset of the COVID-19 pandemic. In 2020, impressions more than doubled each month. This growth continued into 2021 with an average of 61,050 impressions per month, compared to approximately 4,000 per month pre-pandemic. Months during community lockdown generated over 100,000 impressions. Of these, 83% of the impressions were generated through Financial Literacy and *It's a Money Thing* video content.
- In June 2021, CUA launched the *Financial Health Index*, an online tool to support financial health and advocacy.

The Index provides individuals with a personalized financial health score in one of three categories: 1. Financially Vulnerable (0-39); 2. Financially Coping (40-79); and, 3. Financially Healthy (80-100). The objective of the Index is to provide information, education and better-informed conversations between banking consumers and their financial institutions. In the third and fourth quarters of 2021, 493 Nova Scotians completed the *Financial Health Index*.



- The *Money Matters* hub supported members in their financial knowledge through a glossary of terms and content geared towards addressing common financial questions. The newly created *Financial Health Index* was added to this section, and it was the most viewed *Money Matters* page. Other popular content included "Buying Your First Home" and "Renovating Your Home" which aligned with messaging in the *Home Financing Campaign*. Throughout the year, this section received over 3,500 unique page views, an increase of 72% year over year.
- CUA prepared and published 12 articles for the *CUAuthors Program* in 2021. The articles focused on topics ranging from investing and planning for the future, financial advice from the front line, tax tips, building credit, budgeting, to home financing. Articles are accessible at cua.com/CUAuthors, are promoted on social media and shared in CUA's monthly newsletters. In total, these articles received over 13,000 views on the CUA website, with the most popular topics being the "No Down Payment Mortgage" and "The 5 C's of Credit."

COMMUNITY IMPACT REPORT (CONTINUED)

Engagement

- CUA continued its *social media* presence on Facebook, Twitter, Instagram and LinkedIn to highlight product campaigns and to share engaging information, including financial tips and informative articles. CUA grew its online community of social media followers by 9%, with 10,800 total social media followers at the end of 2021.
- CUA promoted small and medium-sized businesses through its *Community Partners Program* (CPP), with primary messaging occurring through the website and social media. CPP offers special discounts and services to its members from participating organizations, creating greater membership value. There are 250 organizations that participate in the CPP, 61% of which are CUA commercial members
- CUA's *Better Way Street Team* executed numerous outreach activities across the city as part of the 2021 Summer Brand Awareness Program. Throughout July and August, the *Better Way Street Team* visited member businesses with a health and wellness theme, to promote the *Financial Health Index*, and corresponding *Wallet Wellness Contest*.
- CUA delivered its annual *#10Kinaday* event in September, rewarding students who are investing in their future through post-secondary education. CUA increased the number of tuition prizes given, for a total of \$13,750. This included ten grand prizes of \$1,000 each, five secondary prizes of \$500 each and five tertiary prizes of \$250 each.



Social Programming and Community Investment

CUA is proud to have supported a variety of organizations and initiatives throughout 2021:

- The *Phoenix Youth Banking Program* provides financial advice, products and services to young adults who have traditionally been underbanked due to financial challenges. The Program waives monthly account package fees for a period of 36 months, recognizing every dollar helps their journey to a brighter financial future. The Program is pivotal in ensuring Phoenix Youth are in the right account, putting their financial health first and continuing to increase their financial knowledge and confidence.
- CUA continued its relationship with *Junior Achievement* (JA) in 2021, providing virtual delivery of *#Adulting*, a financial literacy program for young adults, along with participating in other JA initiatives such as HRM Youth Week.
- As part of CUA's commitment to providing people, products and plain language information in our community, CUA delivered *Financial Literacy sessions*. Throughout 2021, a total of ten sessions welcomed 135 participants to improve their knowledge and confidence of money matters. These programs were all held virtually to accommodate health and safety measures around COVID-19. Of these sessions, three were held in conjunction with MetroWorks to support female refugees from Africa. They were attended by 51 women and assisted them in understanding the Canadian banking system.

Community Investment Grant Program

- CUA delivered its *Community Investment Grant Program* in 2021, providing \$100,000 in direct funding to support initiatives that are working to create an immediate, positive impact across Nova Scotia. CUA offered grants in the following five categories, which align with CUA's strategic goals and priority community-giving efforts:

COMMUNITY IMPACT REPORT (CONTINUED)



1. *Small Business* - Supports the growth of locally owned and registered small businesses or social enterprises in Nova Scotia.
2. *Community and Non-Profit* - Supports projects or initiatives led by community groups and/or non-profits in Nova Scotia.
3. *Health and Wellness* - Supports programs or initiatives that improve the health and well-being of Nova Scotians, enhancing communities and health outcomes in the areas of financial health, mental health, food security, sport or physical fitness.
4. *Sustainability* - Supports projects with a measurable impact on the environment, ecosystem and biodiversity.
5. *New Business* - for businesses who have incorporated or started operations in 2020.

The 2021 Small Business grant recipients were:

- Bailly Cosmetics used the \$10,000 grant to enable an "Asthma & Allergy Friendly Certification" for their new line providing a safe, healthy alternative to perfume for those suffering from asthma and allergies.
- Shivani's Kitchen used a \$10,000 grant to purchase a blast freezer to increase capacity to expand production and the potential for export.

- Chain Yard Cider used the \$7,500 grant to purchase a NS-manufactured "fizz whizz" carbonation system and canning equipment that improved on-site production in their North End Halifax location.
- Tuckamore Homestead used the \$7,500 grant to purchase mechanical equipment for honey extraction to address food insecurity of Potlotek First Nation.
- Zoe's Ferments received a \$5,000 grant to purchase a commercial cabbage shredder, production improvements and website design.

The 2021 Sustainability grant recipients were:

- Button Brook Farm used the \$10,000 grant to purchase materials and install a Climate Battery that extracts heat from soil to heat greenhouses, producing certified naturally grown greens to Nova Scotians through the winter months.
- Greenii Inc. used a \$8,500 grant to purchase a rotary paper sheeter machine to help improve production efforts.



- Solar Schools Canada used a \$1,500 grant to support the purchase of an e-bike, trailer and helmet to facilitate delivery of Hope Bloom products, preventing emissions, promoting urban transportation and connecting residents with locally grown food products.

The 2021 Health and Wellness grant recipients were:

- South Shore Sexual Health Centre who used a \$5,000 grant to make possible gender affirming equipment for youth who face barriers to purchasing the necessary equipment to fully express their identity.
- Fortress Senior Citizens Club used a \$5,000 grant to purchase exercise equipment and set up a new space for an inclusive, senior-focused recreational facility. It provided opportunities to stay social and active beyond the traditional bingo and card games.



- Glooscap First Nation Health and Healing Centre received a \$3,000 grant to develop new signage to proudly identify the Glooscap Nature Trail and the valuable role it plays in the community for locals and visitors.
- Southend Community Centre used a \$2,000 grant to purchase equipment for their adaptive program in partnership with Island Martial Arts.

The 2021 Community grant recipients were:

- Halifax Transition House Association who used a \$5,000 grant to support the creation of a space to provide meaningful programming to women.

- ElevateHER Mental Health Support Services Canada used the \$5,000 grant to purchase raw materials to enable clients to start production of products to sell, teaching entrepreneurial skills to women in poverty.

- YWCA Halifax used a \$3,500 grant to construct a permanent outdoor shelter for strollers and bicycles.

- Second Story Women’s Shelter received a \$1,500 grant to support the purchase of shelving to make accessing free menstrual products and basic toiletries an easier and more welcoming experience.

The 2021 New Business grant recipients were:

- Truro Brewing Company used a \$5,000 grant to purchase a second brite (conditioning/carbonating) tank to double production and increase sales.
- Cashew Brothers Foods received a \$3,000 grant to purchase a new ice cream machine to meet market demand and increase sales.
- Axe to Grind Foods used their \$2,000 grant to purchase an automated integrated dispensing and packaging machine to increase efficiency in production for sales efforts.



COVID-19 Management and Plans

CUA pivoted several times in 2021 with regards to a changing COVID-19 environment to ensure the safety of its members, staff and community. In 2021, the following initiatives were completed in support of this objective:

- *Financial Assistance Program* – While launched in 2020, this robust financial assistance program for members continued until early 2021. The Program included the deferral of loan payments for a maximum of six months as well as other relief measures. 643 members accessed this element of the Program, representing approximately \$100 million (23%) of the loan portfolio split evenly between personal and commercial members. All files have resumed repayment and the overall strong management of this Program mitigated significant risk to CUA's members and to the organization.
- *Safety Measures in Branches and Corporate Office* – Masks continued to be mandatory in public areas, but physical distancing was lifted with the Provincial Phase 5 Reopening Plan. At the FSR / teller counter as well as the offices in the branches, the plexiglass barriers remained in place to provide additional protection. Hand sanitizers continue to be available in all locations. Signage was amended for the changes and CUA's COVID-19 Prevention Plan was updated to reflect the current environment.
- *Hybrid Work Model* – A hybrid work model entails an employee having pre-established days of the work week in which they work either in the office or remotely. This model was established in 2021, with an assessment model put in place to determine what positions could move to this model, with consideration of impact on operational requirements, productivity, staff engagement and service. This Model is an important part of offering flexibility to staff who wish to work remotely and is reflective of a strong work environment.
- *Return to Work Plan* – Based on the safety measures in Corporate Office and the outcome of the Hybrid Work model assessments, a sequential return to work plan was established to ensure the company was well-organized and well-supported to maintain continued, strong operations.
- *Mandatory Vaccination Policy* – Considerable research was conducted on the policy concept, which leveraged the work of other companies and various levels of government.

CUA developed and implemented its mandatory vaccination policy in October 2021, which applies to staff, the Board of Directors and contract resources.

Sustainability and the Environment

- CUA continued to offer its suite of energy-efficient products as a collection of offerings that welcomed members to "Go Green." The promotion included financing for heat pumps, solar panels and energy-efficient renovations. As a financing partner of Efficiency Nova Scotia, CUA promotes this partnership and program with content and articles distributed via its website and social media channels. In 2021, CUA issued 257 loans totaling \$3.2 million.



- CUA's *Responsible Investing* products are a key element of the investment offering. Responsible Investing refers to the process of making investment decisions using traditional financial analysis, while also evaluating performance on environmental, social and governance factors. Investors can choose to achieve their financial goals while also making a positive impact on people, companies and the environment.
- CUA continued to practice energy-efficiency wherever possible, including using *energy-efficient, LED-lit signage* throughout our branches. Additionally, CUA continued its practice of using 100% recycled, FSC-certified paper in the majority of its locations.