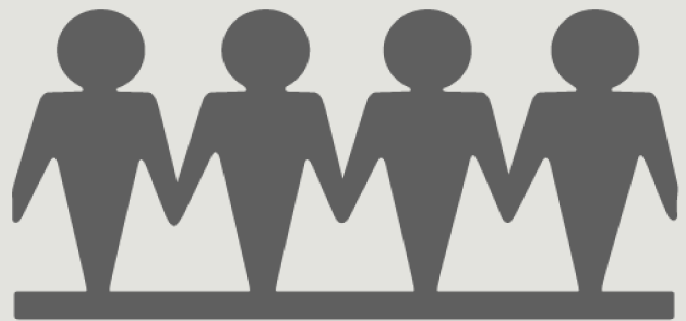


March 7, 2023 at 7:00 PM  
1573 Bloor Street W

**2022**

# **Annual Review**



**PARAMA**  
**CREDIT UNION**

# Meeting Agenda

1. Call to Order
2. Approval of Agenda
3. Approval of 2022 AGM Minutes
4. Reports from:
  - Board Chair
  - CEO
  - Audit Committee
  - Auditor
5. Discussion of Reports
6. Appointment of Auditors
7. Adoption of New By-Laws <sup>1</sup>
8. Elections
  - Election of Director to fill four board vacancies
9. Scholarship Awards
10. Suggestions
11. Adjournment

<sup>1</sup> In early 2022, major changes were made to the regulatory framework which governs Ontario credit unions. Parama's by-laws have been amended to align to this new framework and otherwise improve upon Parama's governance structure.

Members are encouraged to refer to the formal Notice of Meeting available from either branch location or the public website prior to the meeting.

## Message From the Chief Executive Officer, Tarmo Lõbu

2022 goes down as a year in which Parama managed to achieve record levels of financial success. In a year in which we deliberately slowed our growth to adapt to changing market conditions; asset levels still managed to surpass the \$500 million threshold ending the year at \$509 million, a figure that would have been unheard of not that many years ago.



2022 pre-tax profits continued on their upward trajectory surpassing \$7.5 million before patronage distributions. After all taxes and patronage payouts, Parama was still able to reinvest \$5.7 million into its business at a time when capital levels continue to take on greater importance for all financial institutions. Parama's retained earnings or net worth currently sits at \$36 million – a far cry from \$13 million just ten years ago. Parama's regulatory capital ended the year at a record high of 17.5% of risk weighted assets, up from 10.9% over the past three years.

Nevertheless, we are careful not to rest on our laurels. We expect that 2023 will bring a number of challenges which render it unlikely that Parama will be able to duplicate last year's results. The reversal in the real estate bubble as driven by growing difficulties experienced by borrowers in servicing historically high debt loads, can be expected to continue to dampen mortgage demand. At the same time, we anticipate a need to dedicate more resources to the management of existing loans as we continue to work closely with borrowers to help meet their payment obligations. While Parama's significant capital reserves and prudent lending practices are expected to position Parama well against a sudden downturn in real estate markets, the magnitude of a projected setback remains difficult to predict.

We continue to position ourselves to address industry challenges in areas such as payment modernization and the digital transformation of financial services, within rapidly evolving risk, regulatory, and competitive environments. Your management team works hard to ensure that Parama's service levels, product offerings and risk management practices remain not only relevant, but best in class. We will be introducing two step verification in 2023, to significantly reduce the risk of unauthorized remote access to your Parama account.

Significant efforts were also expended to gain access to low-cost sources of funding from securitization activities to enable us to better compete on mortgage pricing against larger financial institutions. As a result of these efforts, Parama was granted issuer status under CMHC’s securitization program in late 2022 and can now begin to integrate these benefits into a more competitive business model.

Underpinning these changes is our commitment to you, our members. Our highly competitive deposit rates, personalized service, evolving digital platforms and lack of fees on core banking activities continue to evolve and reinforce Parama’s positioning as the provider of choice for our members. Parama remains one of the few financial institutions that continues to share its profits with its members through rebates and bonus interest on key loan and deposit products. Parama’s level of community support has grown significantly over the past few years, reinforcing our mandate as a community based, member-owned financial institution.

As Parama continues to build foundations for an exciting future, we are seeing more and more opportunities for bright and enthusiastic individuals. If you or someone you know is interested in developing a rewarding career within a leading, community based financial institution where you can make a real difference, please give us call – you may be pleasantly surprised.

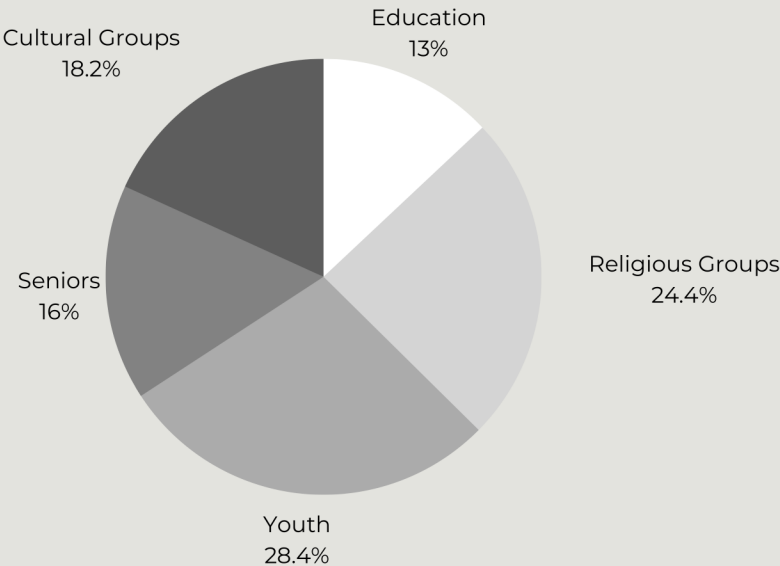
Lastly, I can’t thank you, our highly valued members enough for the considerable confidence and trust which you place in Parama. We consider it a privilege to serve you and very much look forward to continuing to provide you with the best possible banking experience and working together in achieving your financial goals.

Tarmo Lõbu,  
Chief Executive Officer

## Community Impact

Parama Credit Union is proud to support and enrich our community by donating to several organizations and offering financial assistance to those in need. We are pleased to announce that Parama has contributed \$250,000 to the community in various commitments.

**\$250,000**  
RETURNED TO THE COMMUNITY



## Parama Stands with Ukraine

To support those directly affected by the war in Ukraine, Parama is a supporter and a two-time donor to the Ukrainian Humanitarian Appeal. Our hearts reach out to the people in Ukraine and all whose lives are affected by this tragedy.

## Message From the Board of Directors Chair, Tomas Kuras

Dear Members,

As we and the rest of the world navigate the complexities of a post pandemic world, we are pleased to share that 2022 resulted in another excellent year for Parama. Parama remains agile and nimble and represents a source of stability within this challenging period of uncertainty. I thank you for your continued trust in Parama.



Our successful track record continues as we finished the year in a strong financial position, invested in new technologies and delivered exceptional service to members. Throughout the upcoming year, Parama's focus will remain on ensuring that our members have the ability to conduct their financial affairs in a highly convenient and timely manner. This ongoing adaptive mindset has cumulated in Parama not only being nominated but also being afforded the honor of winning the Toronto Star's Reader's Choice Diamond Award for Best Credit Union! An excellent way to commemorate Parama's 70th Anniversary!

I would like to take a moment to thank Parama's employees for their dedication in providing a trusted and advice-based member experience day in and day out. I encourage those members, or their family and friends, who would like to contribute to Parama's continued success in a rapidly evolving industry to consider opportunities within our dynamic workforce or Board of Directors. It would be a pleasure to have you as part of Parama's exciting journey.

Parama continues to connect, support, and give back to member organizations so that together, we succeed in building a stronger community. Parama is proud to announce that \$250,000 was contributed in support of a variety of community organizations in 2022. We look forward to continuing on this path over 2023.

Finally, I would like to congratulate and thank Rita Urbonavičius for her nearly 25 years of service as Board Chair and Director to Parama. We appreciate her strong leadership and value the legacy she leaves behind.

Wishing all our members health and prosperity in 2023!

Tomas Kuras,  
Board Chair

## Board of Directors

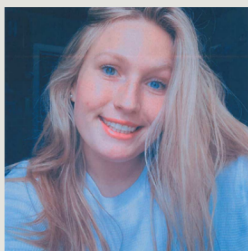
Tomas Kuras, Chair  
Rita Urbonavičius, Past Chair (2009-2021)  
Janė Macijauskas, Vice Chair  
Rimas Kružyskas, Secretary  
Monika Spudas, Audit Committee Chair

Kris Povilaitis, Director  
Edmundas Pamataitis, Director  
Audrius Vaidila, Director  
Ramona Kaminskas, Director



# 2022 Scholarship Winners

Parama is proud to support the education of our youth. These recipients have demonstrated high academic achievement, volunteer experience, and community involvement. Congratulations!



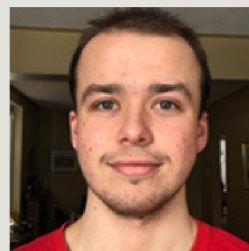
Makana  
Malinauskas-Mclean



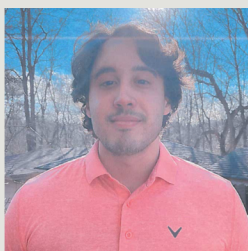
Andrius Kišonas



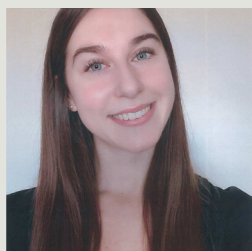
Aleksa Groen in t'  
Woud



Andriejus Šimkus-  
Sukauskas



Julian Defina



Melanie Gegar



Aistis Meiklejohn



Diana Juodis

# Financial Highlights

Percentage increases based on Parama's financial performance from 2021 to 2022.



## Statement of Comprehensive Income

<i>As at December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Interest Income</b>		
Loans receivable	21,045,756	14,980,615
Investments	577,251	148,654
	<b>21,623,007</b>	15,129,269
<b>Interest Expense</b>		
Member deposits	8,808,304	5,628,524
Other	202,080	47,856
	<b>9,010,384</b>	5,676,380
<b>Net Interest Income</b>	<b>12,612,623</b>	9,452,889
Provision for loan losses	177,495	180,000
<b>Net interest income after provision for loan losses</b>	<b>12,435,128</b>	9,272,889
<b>Other income</b>	<b>824,723</b>	1,528,906
<b>Net interest and other income</b>	<b>13,259,851</b>	10,801,795
<b>Operating Expenses</b>		
Salaries and benefits	2,997,532	2,658,184
Administrative expenses	1,698,441	1,733,201
Insurance	470,470	499,260
Advertising and promotion	287,547	232,150
Depreciation	255,786	220,865
	<b>5,709,776</b>	5,343,660
<b>Income before distribution and income taxes</b>	<b>7,550,075</b>	5,458,135
Distribution to Members	258,692	183,276
<b>Income before income taxes</b>	<b>7,291,383</b>	5,274,859
<b>Income Taxes</b>		
Current	1,657,840	1,068,337
Deferred	(24,210)	(38,527)
	1,633,630	1,029,810
<b>Net Income</b>	<b>5,657,753</b>	4,245,049
Other comprehensive Loss		
Unrealized loss on fixed income investments	(421,454)	(80,320)
<b>Total Comprehensive Income</b>	<b>5,236,299</b>	4,164,729





## Statement of Financial Position

<i>As at December 31,</i>	<i>2022</i>	<i>2021</i>
<b>Assets</b>		
Cash	17,342,157	10,641,581
Investments	27,717,072	25,510,763
Loans receivable	455,855,454	434,604,178
Other assets	3,559,119	3,789,579
Property and equipment	4,333,447	4,236,927
	<b>508,807,249</b>	478,783,028
<b>Liabilities</b>		
Member deposits	466,021,839	435,949,581
Demand loans payable	-	7,000,000
Other liabilities	6,841,735	5,130,631
Member shares	244,225	239,665
	<b>473,107,799</b>	448,319,877
<b>Members' Equity</b>		
Retained earnings	36,201,224	30,543,471
Accumulated other comprehensive loss	(501,774)	(80,320)
	<b>35,699,450</b>	30,463,151
	<b>508,807,249</b>	478,783,028

Parama achieved record levels of financial success in 2022. In a year in which we deliberately slowed our growth to adapt to changing market conditions; asset levels still managed to surpass the \$500 million threshold ending the year at \$509 million.

2022 pre-tax profits continued on their upward trajectory surpassing \$7.5 million before patronage distributions. After all taxes and patronage payouts, Parama was still able to reinvest \$5.7 million into its business at a time when capital levels continue to take on greater importance for all financial institutions. Parama's retained earnings or net worth currently sits at \$36 million. Parama's regulatory capital ended the year at a record high of 17.5% of risk weighted assets, up from 10.9% over the past three years.



## Parama Celebrates 70 Years

2022 marks Parama's 70th anniversary. Anniversaries are a time to reflect on the passage of time and our values as a financial institution. Being a financial resource for our Members as they work towards life goals keeps us firmly rooted in what matters most - helping our members. While much has changed since 1952, in the important ways we are still the same.

## Two Branches to Best Serve You

### **Kingsway Branch**

2975 Bloor Street W  
Toronto, ON M8X 1C1  
416-207-9239

### **Roncesvalles Branch**

1573 Bloor Street W  
Toronto, ON M6P 1A6  
416-532-1149

## Get in Touch

[info@parama.ca](mailto:info@parama.ca) | [www.parama.ca](http://www.parama.ca)

## Follow Parama on Social Media

 Parama Credit Union  @ParamaCU  @parama\_cu  Parama Credit Union