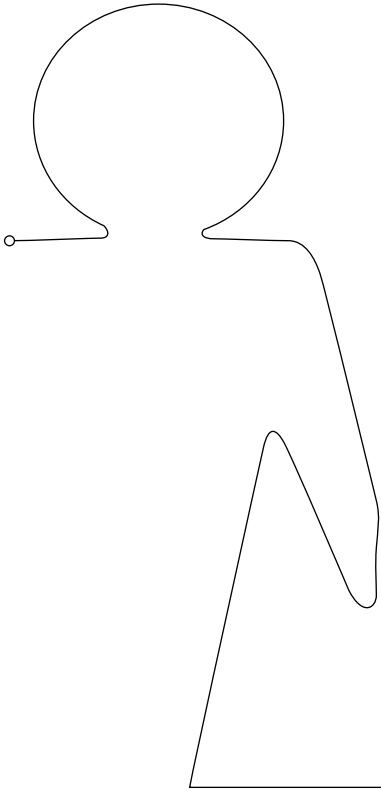
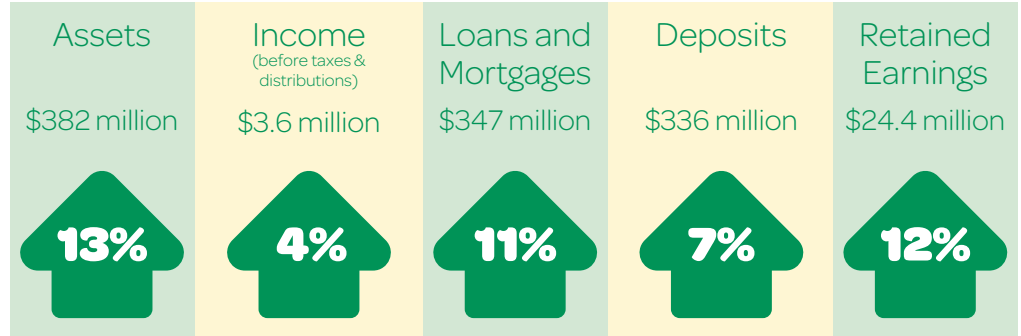




2019 ANNUAL REVIEW  
*Friendly, No-Fee Everyday Banking*



## Financial Highlights



## Message from the Chair & CEO

2019 was an energizing year of new starts for PARAMA, presenting both challenges and growth. And grow we did. Ranked by assets, PARAMA moved up 6 spots to 91st place in the Canadian Credit Union Association's latest 'Largest 100 Credit Unions' report.

Assets grew 13%, ending the year at \$382 million - up from \$339 million at the beginning of 2019. Member deposits grew 7%, while the loans and mortgages book increased 11%. For context, the Canadian Credit Union Association indicates that credit union assets grew 5.9%, deposits grew 6% and loans and mortgage growth were 4.6%. Parama has outperformed at each measure. Additionally, Parama's efficiency ratio illustrates it has managed its assets and liabilities well in comparison to peers (industry average is 78.7%). A lower number is desirable.

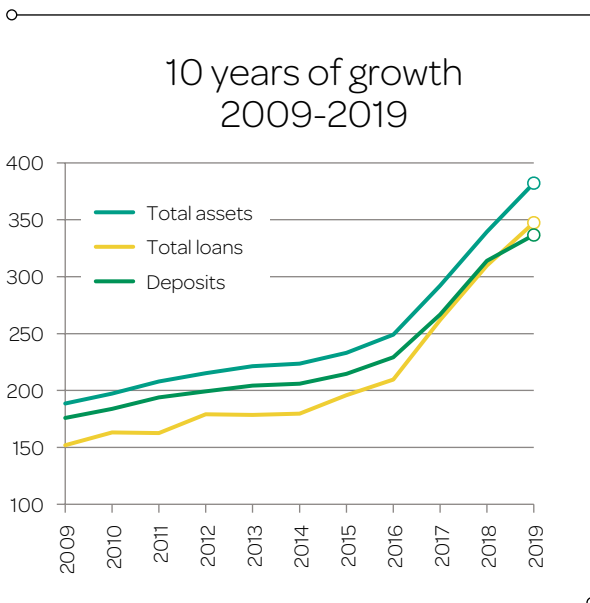
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### Trends and Challenges

The challenge presented by PARAMA's healthy loans and mortgage growth was the need to attract deposits in what was and continues to be a highly competitive market with increasingly discerning depositors demanding higher rates.

A noteworthy trend over the year is the growing mix of residential mortgages within our loan book, coupled with a decline in commercial mortgage exposures. This is partially market driven. More lenders are entering the commercial mortgage business -- creating competitive pressures -- while federal bank rules continue to create niche opportunities for credit unions in the residential sphere.

10 years of growth  
2009-2019



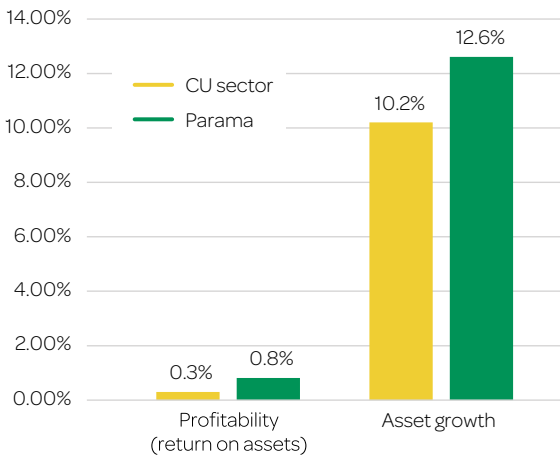
Registered and demand deposits were stable over the year, though not surprisingly we have seen significant growth in non-registered term deposits as depositors flock to take advantage of PARAMA's highly attractive GIC rates.

Maintaining adequate funds to support strong growth is a challenge we will continue to address over 2020. What we have learned from our Members is that they prefer to be rewarded with bank-beating rates on GICs and demand deposits than with the ability to participate in PARAMA's profit-sharing program. Nevertheless, PARAMA increased its Members profit-sharing distribution from 2018.

Thanks to a highly efficient operation, PARAMA's pre-tax operating profits continued to rise, ending the year at a healthy \$3.6 million before taxes and profit-sharing payouts. This figure would have been much higher were it not for significant non-recurring expenses comprised of a substantial increase in PARAMA's loan loss cushion and costs associated with the banking systems conversion. Even with these additional costs PARAMA was still able to reinvest close to \$3 million back into its business to support future growth.

## Enhancing systems, refreshing Branches

### Parama vs Ontario credit unions



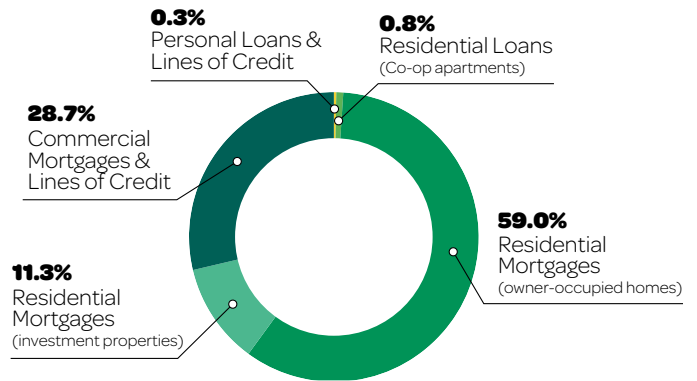
By the end of 2019 the conversion of our core banking systems was well underway. This is a challenging implementation -- it will be felt until mid-2020 -- but is necessary to address growing concerns over data security and vastly improve our ability to compete in a rapidly evolving digital economy. Digital upgrades will continue over 2020 with the addition of capabilities that will enhance online banking experience and create process efficiencies.

Beyond technology, we recently completed a lighting improvement and refresh to our Roncesvalles branch. This will be complemented with a similar refresh -- and an exciting new look -- for our Kingsway branch. We're also opening a new administrative centre to alleviate the strain on PARAMA's physical premises.

## Member satisfaction

Helping our Members buy their first homes, vacation homes and investment properties is rewarding. The role we play in important life decisions is a responsibility we take very seriously. As part of our ongoing efforts to ensure we are meeting our Members' needs, feedback is encouraged, is highly valued and is taken very seriously. At 45%, a measure of Member satisfaction called the

### Loans By Type December 31, 2019





“It is precisely because you communicate well with us, and treat us like friends, that we continue to prefer Parama (quirks and all) to the BIG banks. Parama staff are just nicer people ... patient, helpful and friendly. Thank you.”

– Colin Burns of Media Alternatives (Member)  
Google, December 2019

Net Promoter Score compares very well to Canada’s Big Banks, which average in the high 20’s. But we’d like to do better. Building on the friendly, community-focused Member service PARAMA is known for, we want to focus on improving Member experience both in-branch and online.

You can help. We encourage our Members to participate in the online survey which keeps us in touch with your experiences, expectations and needs.

### In the Community

Because we answer to our Members and not to shareholders, we can be very responsive to community need. PARAMA’s growth – its success – directly benefits the Community.

Supporting youth is a cornerstone of our giving program. We awarded several promising scholars who applied for a PARAMA Scholarship. This program will continue in 2020, awarding up to \$10,000 to successful applicants to help with the cost of getting an education in Ontario. Also for youth, we support Scouts Canada and an array of sports programs and camps. We fund nursing homes in the community. We support various community-focused events and intend to continue with our support of grass-roots activities and look for ways of expanding our giving program to provide greater support for strategic community initiatives.

### Thank you!

In closing, we would like to thank our employees. They arrive at work every day with a smile, ready to help our Members achieve their financial goals. You can expect a warm, friendly welcome when you visit our branches.

PARAMA’s growth is a testament to hard work and efficiency - but without question, the engine fuelling our efforts is the satisfaction we get interacting with our Members. You are the reason we exist. We can’t thank you enough for your trust and your patronage.

With appreciation,



**Rita Urbonavičius**  
Chair of the Board



**Tarmo Lõbu**  
Chief Executive Officer



2019 Parama Scholarship Recipients

# Parama Credit Union Limited

## Statement of Financial Position

<i>As at December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash	\$4,630,301	\$3,007,265
Investments	24,601,989	24,257,485
Member loans	347,451,011	309,761,396
Other assets	1,660,526	1,625,948
Property and equipment	3,881,340	776,931
	<b>\$382,225,167</b>	<b>\$339,429,025</b>
<b>Liabilities</b>		
Member deposits	\$336,650,018	\$314,102,624
Other borrowings	17,000,000	-
Other liabilities	3,942,441	3,627,911
Member shares	224,990	235,650
	<b>\$357,817,449</b>	<b>\$317,966,185</b>
<b>Members' Equity</b>		
Retained earnings	\$24,407,718	\$21,462,840
	<b>\$382,225,167</b>	<b>\$339,429,025</b>

## Limited Statement of Income

<i>For the year ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Interest income</b>		
Member loans	\$13,644,317	\$11,040,275
Investments	559,521	500,875
	<b>\$14,203,838</b>	<b>\$11,541,150</b>
<b>Interest expense</b>		
	\$6,853,620	\$5,146,827
<b>Net interest income</b>		
	\$7,350,218	\$6,394,323
<b>Provision for loan losses</b>		
	243,078	-
<b>Net income after provision for loan losses</b>		
	\$7,107,140	\$6,394,323
<b>Other income</b>		
	526,192	537,444
<b>Net interest and other income</b>		
	\$7,633,332	\$6,931,767
<b>Operating expenses</b>		
Administrative expenses	\$1,116,739	\$994,174
Depreciation	206,494	34,129
Donations, community promotion and marketing	239,521	245,614
Insurance and regulatory costs	456,075	413,629
Salaries and benefits	1,986,509	1,744,722
	<b>\$4,005,338</b>	<b>\$3,432,268</b>
<b>Income before distribution and taxes</b>		
	3,627,994	3,499,499
Distribution to members	182,648	175,000
Income taxes	500,470	717,083
Net income	<b>\$2,944,876</b>	<b>\$2,607,416</b>



“Whether you are looking to acquire a home, arrange a commercial mortgage, tailor an investment portfolio or harness the latest technology to access products and services, our people continue to be there to make you feel at home and help in arriving at a solution that meets your needs. It is only by enriching your lives that we, as an organization and together as a community, can expect to thrive.”

Tarmo Lõbu,  
Chief Executive Officer





## Community Impact

“Parama has been a great support to Labdara Lithuanian Nursing Home in the past and remains so in the present. Parama is always eager to assist the community and our home with extra projects. These extra touches are what make our home unique and make Labdara warm, welcoming and a great place to live. In 2019, Parama supported the nursing/care team station renovations. Thank you.”

- Board of Directors, Labdara Foundation



“Ausra Sports Club is celebrating its 65th anniversary. We thank Parama for its moral and financial support. The organizing committee, coaching staff, volunteers and 80 athletes thank YOU so very much for your support!!! Parama Credit Union was a large part of the great success of the Christmas basketball camp.”

- Ona Stanevicius, Ausra Sports Club





“Labai ačiū! We all appreciate your financial support and the lesson – the game was fun and a wonderful way to teach children about finances.”

- Rima Žemaitytė-De Iuliis, Lithuanian Maironis School



“When I work with our Members, I want them to feel like a valued family member.”

Grazina Siauciunas, Branch Supervisor





“There is an alignment between Parama’s financial strength and our ability to support the community.”

Rita Urbonavičius,  
Chair of the Board

## We are Proud to Support

- Anapolis 80th Anniversary
- Anapolis Sports Club
- Camp Kretinga
- Canadian Lithuanian Community Association
- Celebrity Symphony
- Dainos Choras
- Gintaras Folk Ensemble
- Gintareliai
- Jungtis Bowling
- Labdara Nursing Home
- Scouts Canada
- Lithuanian Canadian Foundation
- Lithuanian Embassy
- Lithuanian Martyrs Parish
- Lithuanian Museum - Archives
- Lithuanian Resurrection Parish
- Maironis Lithuanian Heritage School
- Mulai (Mules) Movie
- Resurrection Children’s Choir
- Scholarship
- Scout Camp Romuva
- Sea Scouts/Juru Skautai
- Sport Club Ausra
- Teviskes Ziburiai Community Newspaper
- Toronto Jaunimo Choras
- Toronto Klevo Lapai
- Toronto Lithuanian Golf club
- Volunge Choir





## Board of Directors

- Rita Urbonavičius (2021) Chair  
Tomas Kuras (2020) Vice-Chair  
Janė Macijauskas (2021) Secretary  
Monika Spudas (2020) Audit Committee chair  
Audrius Vaidila (2021) Audit committee member  
Edmund Pamatat (2020) Audit committee member  
Rimas Kružik (2019) Member



## Our Friendly Branch Staff



1573 Bloor St. West



2975 Bloor St. West



“They are always friendly,  
happy and helpful.”

– Lydia Petrenko (Member)  
Facebook, December 2019



Reinhard Schuller,  
Member



“Thank you for making us feel like a part of your family and for making banking so simple. Thank you so much for everything and much blessings and happiness and may God bless the ladies at the Bloor and Roncesvalles branch.

Merry, Merry Christmas and have a very happy start to the year.”

– Jadwiga (Member)  
Google, December 2019

## 68th Annual General Meeting

The 2020 Annual General Meeting will be held on Tuesday, March 10, 2020 at 7:00 PM.

Lithuanian Hall, 1573 Bloor St. W., Toronto. Registration will commence at 6:30 PM.

### 68th Annual General Meeting Agenda

1. Opening Remarks
2. Reports from:
  - a. Chair
  - b. Chief Executive Officer
  - c. Audit Committee
  - d. Auditor
3. Discussion of Reports
4. Appointment of Auditors
5. Elections
6. Scholarship Awards
7. Suggestions
8. Adjournment

Note: Copies of the 2019 audited financial statements, reports of the Audit Committee and the Auditor and minutes from the 67th AGM will be available for inspection at the meeting and at the offices of the credit union 10 days prior to the AGM.





## Parama Credit Union

**Kingsway Branch**

2975 Bloor Street West,  
Etobicoke, ON M8X 1C1  
(416) 207-9239

**Roncesvalles Branch**

1573 Bloor Street West,  
Toronto, ON M6P 1A6  
(416) 532-1149

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