

TALKA Credit Union
Minutes of the 67th Annual Meeting
April 27, 2022
Virtual Meeting held through Zoom

1. Member Attendance – Zoom connection available at 5:00 p.m.

Member registration was done on-line prior to the meeting with log-in access sent to each member by e-mail. A total of 36 members were in attendance for the annual meeting which constituted a quorum.

2. Opening of the meeting / Board Chair Remarks - 5:30 p.m.

Chairman M. Gudinkas opened the 67th annual meeting and welcomed all members and guests. For expediency there was no formal introduction of the Board of Directors, office staff or guests.

- Despite the challenges of 2021 resulting from Covid and accompanying government regulations, Credit Union Board, management, staff were commended for the positive results and uninterrupted service.
- Innovations and variations to the operations are made to ensure the longevity of the credit union and maintain a competitive edge while at the same time delivering enviable products and services to our members.
- Commendable results were achieved while maintaining the health and safety of its staff and members.
- The Board is committed to ongoing compliance with the increasing requirements of Province of Ontario regulations and Financial Services Regulatory Authority (FSRA).
- A moment was taken to thank Board members E. Gocentas and L. Lattanzi for their dedicated service over the years, respectively nine and seven years serving the membership.
- The Chair concluded by thanking the Board, CEO, administration and staff for their commitment and the Members for their continued trust and loyalty.

2A. ZOOM Webinar Instruction

IT Consultant, John Duffin, was introduced as the technology facilitator. Mr. Duffin presented a brief overview of virtual meeting platform including submitting questions either through the “chat” function or by raising “hand” to signal the facilitator.

3. Approval of the 2021 Annual General Meeting Minutes

Minutes of 2021 Annual General Meeting were posted and available on-line on Talka website prior to the meeting. Board Chair, M. Gudinskas facilitated the process for adoption of minutes.

Moved by Board Chair, M. Gudinskas, **seconded** by Corporate Secretary, S. Gaidauskas, that the minutes be approved as presented. **CARRIED.**

4. Approval of the 2022 Annual General Meeting Agenda

The agenda of 2022 Annual General Meeting was posted and available on-line on Talka website prior to the meeting. Board Chair, M. Gudinskas facilitated the process for approval of the agenda.

Moved by Corporate Secretary, S. Gaidauskas, **seconded** by Board Vice-Chair V. Vaičiūnas that the agenda be approved as presented. **CARRIED.**

5. CEO’s Report

CEO, Ron Smith, presented an overview of 2021 results and highlights. Balance Sheet and Income Statements were available on the Talka website and distributed by e-mail prior to the meeting. Highlights include;

- i) Balance Sheet: Total assets grew to \$208M in 2021 which includes an increase of \$18.6 million (10.5%) in member deposits over the previous year of which \$13M was from Demand Deposits such as Chequing and Savings. Residential Mortgage growth was also

strong with an increase of \$20 million (21.6%) and Commercial Loan growth of \$4 million.

- ii) Income Statement: Net Income after Taxes was \$797 thousand versus \$744 thousand in 2021. Interest Income on Loans and Investments increased \$224 thousand.
- iii) Operating Expenses increased \$216 thousand from previous year. Costs related to Salaries and Benefits increased by \$107 thousand due to discontinuation of Covid subsidy, higher than normal vacation accruals associated with Covid restrictions and a staff re-organization occurred in the fourth quarter. Additional increases occurred under Other Administrative Expenses including premiums related to Member Security (\$38 thousand), Data Processing for banking system improvements (\$33 thousand), Professional Fees (\$18 thousand) and Postage (\$17 thousand).
- iv) Key Performance Indicators as compared with previous years (2018 to 2021) and Ontario Credit Union (CU) averages:
 - a. Asset growth in 2021 at 10.4% was lower than growth of 22% in 2020 but almost double the Ontario CU average of 5.6%
 - b. Capital leverage ratio dropped from 6.5% to 6.3% but still above regulatory limits and board limits of 4 and 6% respectively. Capital ratio is below Ontario CU of 7.1% but most of tier-one capital is retained earnings which is the strongest form of capital on the balance sheet.
 - c. Liquidity ratio of 14.9% in 2020 dropped to 9.4% in 2021 based on significant growth in loans and mortgages. FSRA has announced changes in liquidity adequacy to focus on net cash flow for a 30-day window rather as a proportion of member deposits.
 - d. Efficiency ratio which measures the effectiveness of operations is in the range of 65% which is better than Ontario CU average which is 88%. Return on regulatory capital is 6% which is better than Ontario CU average of 5.6%. An improvement of Net Interest Income as a percentage of average assets from 1.4% to 1.9% has now brought this in-line with other Ontario CU.
- v) Management has taken a broader approach to the success of Talka, beyond only financial performance and strategic planning, by introducing a balanced scorecard approach which considers also

member satisfaction and employee engagement. The first member survey was launched in April and a quarterly employee survey will be issued in the near future.

- vi) Key priorities for 2022 will focus time and effort to comply with FSRA requirements around sound business practice and recovery planning as well as continued modernization to banking payment systems over the next five years.

A member asked a question as to whether Talka borrows money from the National Bank of Canada. The CEO answer that this is not the case and that Talka has a credit facility with Central 1 Credit Union.

6. External Auditor's Report

Scott Klein of Millard, Rouse & Rosebrugh LLP confirmed that audited financial statements are in compliance with the Credit Union Act and that their audit has been conducted in accordance with Canadian generally accepted auditing principles. Highlights of the Financial Statements were provided in the CEO report. Copies of the External Auditor's Report and financial statements are available on the Talka website under "About Us / Annual Reports".

7. Audit Committee Report

Audit Committee Chair, Karolina Zanon, prefaced the presentation by providing an overview of the Acts and Regulations by which it was governed. The Audit Committee held 5 formal meetings throughout the year. This included a meeting with the External Auditor to which the Committee invited the entire Board. There was also a meeting with the Internal Auditor and the AC. These were in addition to the monthly Board meetings attended by all committee members.

During the year, the Audit Committee performed the following:

- a) Reviewed management's prepared financial statements and reports;
- b) Reviewed list of delinquent loans;

- c) Reviewed quarterly ERM reports and quarterly investment reconciliation reports;
- d) Reviewed the Audited Financial Statements as prepared by the External Auditors;
- e) Reviewed the reports issued by the Internal Auditor, and monitored implementation of any recommendations;
- f) Reviewed the Credit Union's by-laws, and ensured that the Credit Union adheres to the by-laws;
- g) Prepared a new Audit Committee Work Plan.
- h) Reviewed in detail the Disaster Recovery Plan/Business Continuity Plan for the Credit Union.
- i) Met with Rick Belsby and assessed his continued appointment as Internal Auditor for the Credit Union;
- j) Met with Scott Klein of the firm Millard, Rouse and Rosebrugh LLP in September and November for an audit planning meeting for Talka.
- k) Created, augmented, or commented on new policies and procedures including Audit Committee members' orientation.

It is the opinion of the Audit Committee that all operations and functions performed at Talka are being completed in accordance with the rules and regulations of the Credit Union Act.

8. Appointment of External Auditor

The Audit Committee recommends Millard, Rouse & Rosebrugh LLP as the External Auditor for 2022.

Moved by Audit Committee Chair, K. Zanon, **seconded** by Audit Committee Secretary, L. Stankus that Millard be reappointed as the External Auditor.

CARRIED.

9. Nominations Committee Report

Nomination Committee Chair, L. Lattanzi, informed the membership that Charles Puma joined the Board in January 2022 to fill one of two open

Board positions, to a maximum of nine, as a result of an amendment of By-Law 5.1 approved at the 2021 AGM.

Further to the regular application period to fill four open Board positions, after a complete and extensive review, the Nominations Committee unanimously and respectfully recommended the incumbent Karolina Zanon, and new applicants Rod Frank, Michael Moore and Tim McClement for Board approval, who then unanimously endorsed the Committee's recommendation.

Prior to the closure of the meeting, a call for additional questions was announced. No additional questions were received.

10. Adjournment of the Meeting

Moved by E. Gocentas, **seconded** by C. Puma that the 67th Annual General Meeting be adjourned. **CARRIED.**

Chair, M. Gudinskas, brought the meeting to a close at 6:15 p.m.