



2022 ANNUAL REPORT

Celebrating our history.

VISION

To be a financial institution of excellence supporting our Ukrainian and extended community.

MISSION

To ensure financial sustainability by providing responsive and relevant financial services for the communities we serve and by building prosperous and lasting relationships with our members, partners, and staff.

VALUES

Respect

We demonstrate honesty, fairness, care and compassion in everything we do, and everyone with whom we interact.

Integrity

We honour our commitments, and will always do what is collectively right for our business, employees, and members.

People

We work with all stakeholders cooperatively to ensure meaningful participation and collaboration.

Accountability

We demonstrate exemplary stewardship over the finances with which we are entrusted. We are committed to our members' and organization's prosperity

Community

We strive to be an integral part of those communities we exist within and serve. Our commitments to these communities are paramount to our success.



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CHAIRMAN'S REPORT

DON CILINSKY
CHAIRMAN

On behalf of the board of directors I am pleased to present the 2022 Annual Report to our members and associates.

January 2022 began with a continuing financial situation where maintaining profitability together with increasing regulatory requirements challenged the viability of Carpathia Credit Union. The board made the decision to seek out a potential partner within our Manitoba cooperative system so that we could improve our financial services to our members and associates.

Access Credit Union reached out to assist us and we agreed to meet and develop a concept paper towards a potential merger. This merger with Access would provide long term sustainability for our members and associates, including improved rates, services, updated technologies and increased patronage. Within a more profitable credit union, ongoing community support and sponsorships would continue as well. In addition, all our staff would have a position with possibilities for more career advancement opportunities.

In December 2022, the membership of Carpathia supported the board resolution to merge with Access and voted 79% in favour of this merger, which will take place on July 1, 2023.

This is our last Annual Report as Carpathia Credit Union and on behalf of the entire board I would like to thank our management team and staff for all their hard work throughout the many years that they have served the financial needs of our members and associates.

In closing, I would like to thank all the Board of Directors for their guidance during this unprecedented year. All of you were committed and focused on achieving what was best for all our members and associates.

Again, on behalf of the entire board, I thank all of our Carpathia members and associates, past and present, for your loyalty and support throughout the 83 years of Carpathia's history.



CEO'S REPORT

CANDACE MARTYSZENKO
CHIEF EXECUTIVE OFFICER

As Don has mentioned this is our last AGM as Carpathia Credit Union, and it is my privilege to be able to share a few comments on our operating and financial results.

The primary theme for Carpathia Credit Union in 2022 was change, and the preparation for change. As Don noted, the beginning of January 2022 was difficult as the Board, and our Executive team had to face the reality that with our current financial situation, and future endeavours within the financial industry, Carpathia Credit Union was not able to continue with business as usual. As hard of a decision as it was to make, we knew as leaders that this was the time to act and pursue like-minded credit unions for merger options. We also looked at our current portfolio and made difficult decisions surrounding our branch structure and loan write-offs.

- With our lease up for renewal in 2024, it was determined that this was the ideal time to sever our business relationship and close our Henderson Hwy branch effective June 30th, 2023 due to financial restrictions surrounding branch renovations and connectivity issues.
- With the guidance from Deposit Guarantee Corporation of Manitoba, our Board and Executive team reviewed our lending book and determined that our allowance for doubtful accounts did not appropriately reflect the net realizable value of certain loans and assets held for sale. Due to this, our allowance for 2022 was \$6,432,516, resulting in a net loss of \$4,573,017.

The long and hard discussions and work involved to make these difficult decisions were no easy task. Nevertheless, knowing that making these essential changes were a part of the process to prepare our Credit Union for the amalgamation with Access Credit Union, made the changes a little easier to take. I want to thank the members who supported the vote, who shared their voices and concerns, and who worked along side us during this very important journey.

I would also like to take this opportunity to thank the Board of Directors, all of our members, the Management team, and the staff of Carpathia Credit Union for navigating a unique and at times challenging 2022.



Summary Financial Statements of Carpathia Credit Union Limited

December 31, 2022

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Report of the Independent Auditor on the Summary Financial Statements

To the Members of
Carpathia Credit Union Limited

Opinion

The summary consolidated financial statements which comprise the summary statement of financial position as at December 31, 2022, the summary statement of loss and comprehensive loss, changes in members' equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Carpathia Credit Union Limited (the "Credit Union") for the year ended December 31, 2022.

In our opinion, the accompanying summary financial statements are a fair summary of the financial statements, in accordance with the criteria disclosed in Note 1 to the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Credit Union's audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 21, 2023.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1 to the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.


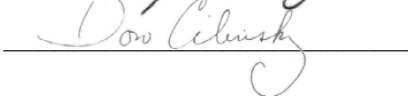
Chartered Professional Accountants
March 21, 2023
Winnipeg, Manitoba

Carpathia Credit Union Limited
Summary statement of financial position
As at December 31, 2022

	2022	2021
	\$	\$
Assets		
Cash and cash equivalents	11,070,984	9,078,525
Income taxes recoverable	311,958	311,958
Other assets	176,533	240,779
Investments	100,317,397	137,659,566
Loans to members	463,342,366	458,870,151
Deferred income tax asset	—	301,900
Property, equipment and intangible assets	6,313,981	6,901,803
Assets held for sale	2,651,750	3,478,947
Right-of-use assets	357,964	491,104
	584,542,933	617,334,733
Liabilities		
Accounts payable and other liabilities	745,716	715,285
Members' deposits	555,032,650	583,114,825
Lease liabilities	382,503	514,832
	556,160,869	584,344,942
Members' equity		
Contributed surplus	6,040,523	6,040,523
Members' shares	466,273	483,563
Retained earnings	21,875,268	26,465,705
	28,382,064	32,989,791
	584,542,933	617,334,733

The accompanying notes are an integral part of the financial statements.

Approved by the Board

, Director
, Director

Carpathia Credit Union Limited
Summary statement of loss and comprehensive loss
Year ended December 31, 2022

	2022	2021
	\$	\$
Revenue		
Interest on loans to members	14,595,061	14,553,898
Investment income:		
Liquidity deposits	3,716,782	1,713,335
CUCM shares	188,990	134,520
Interest rate swap	67,148	133,488
	18,567,981	16,535,241
Cost of funds		
Interest paid to members	9,017,625	7,946,754
Interest paid on borrowings	1,087	340
Interest paid on interest rate swap	249,238	797,776
	9,267,950	8,744,870
Financial margin	9,300,031	7,790,371
Operating expenses		
Personnel	4,016,647	4,690,218
Administration	2,070,875	1,854,993
Occupancy	2,043,971	1,955,482
Member security	528,802	555,321
Organizational	279,123	300,366
	8,939,418	9,356,380
Other income	1,800,786	2,231,457
Net operating expenses	7,138,632	7,124,923
Income from operations before the following	2,161,399	665,448
Provision for impaired loans	5,605,319	408,207
Impairment loss on assets held for sale	827,197	—
(Loss) income before provision for income taxes	(4,271,117)	257,241
Provision (recovery) for deferred income taxes	301,900	(74,101)
Net (loss) income and comprehensive (loss) income	(4,573,017)	331,342

The accompanying notes are an integral part of the financial statements.

Carpathia Credit Union Limited
Summary statement of changes in members' equity

Year ended December 31, 2022

	Contributed surplus	Members' shares	Retained earnings	Total
	\$	\$	\$	\$
Balance January 1, 2021	6,040,523	512,793	26,145,658	32,698,974
Net income and comprehensive income	—	—	331,342	331,342
Distribution to members	—	—	(11,295)	(11,295)
Issue of members' shares	—	25,620	—	25,620
Redemption of members' shares	—	(54,850)	—	(54,850)
Balance December 31, 2021	6,040,523	483,563	26,465,705	32,989,791
Net loss and comprehensive loss	—	—	(4,573,017)	(4,573,017)
Distribution to members	—	—	(17,420)	(17,420)
Issue of members' shares	—	2,505	—	2,505
Redemption of members' shares	—	(19,795)	—	(19,795)
Balance December 31, 2022	6,040,523	466,273	21,875,268	28,382,064

The accompanying notes are an integral part of the financial statements.

Carpathia Credit Union Limited
Summary statement of cash flows

Year ended December 31, 2022

	2022	2021
	\$	\$
Operating activities		
Net (loss) income and comprehensive (loss) income	(4,573,017)	331,342
Adjustments for		
Interest revenue	(18,567,981)	(16,535,241)
Interest expense	9,018,712	7,969,463
Depreciation expense	775,345	825,706
Provisions for impaired loans	5,605,319	408,207
Deferred income taxes	301,900	(71,000)
Impairment loss on assets held for sale	827,197	—
Loss on capital assets written off	—	106,143
	(6,612,525)	(6,965,380)
Change in other assets and accounts payable and other liabilities	94,677	(151,384)
Change in income taxes recoverable	—	(3,101)
	94,677	(154,485)
Change in member activities, net		
Change in loans to members	(9,774,830)	10,415,758
Change in members' deposits	(28,033,693)	(487,588)
	(37,808,523)	9,928,170
Cash flows related to interest, dividends, and income taxes		
Interest received on loans to members	14,425,495	15,038,733
Interest received on investments	3,463,528	1,888,351
Interest paid on members' deposits	(9,066,105)	(8,705,070)
Interest paid on borrowings	(1,087)	(340)
	8,821,831	8,221,674
	(35,504,540)	11,029,979
Cash flows from (used in) investing activities		
Redemption (purchase) of investments	37,851,561	(23,203,365)
Purchase of property and equipment	(187,523)	(150,016)
	37,664,038	(23,353,381)
Cash flows from (used in) financing activities		
Issue of common and surplus shares	2,505	25,620
Redemption of member shares	(19,795)	(54,850)
Dividends on shares	(17,420)	(11,295)
Principal paid on lease liabilities	(132,329)	(159,958)
	(167,039)	(200,483)
Net increase (decrease) in cash and cash equivalents during the year	1,992,459	(12,523,885)
Cash and cash equivalents, beginning of the year	9,078,525	21,602,410
Cash and cash equivalents, end of the year	11,070,984	9,078,525

The accompanying notes are an integral part of the financial statements.

1. Summary financial statements

These summary financial statements are derived from the complete audited financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended December 31, 2022.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited financial statements.

The complete audited financial statements of Carpathia Credit Union Limited are available upon request.

2. Compliance with minimum capital and liquidity requirements

The Credit Union is not in compliance with the members' capital requirement at December 31, 2022. The Credit Union met the remaining capital requirements at December 31, 2022 established by DGCM's Standards of Sound Business Practices.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity, the reader must refer to the audited financial statements including notes for the year ended December 31, 2022, which contain the information detailing the calculations.



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