

MINUTES

OF THE 74th ANNUAL MEETING OF CARPATHIA CREDIT UNION LIMITED HELD ON SUNDAY, JANUARY 20, 2013 AT THE CANAD INNS, 2100 MCPHILLIPS STREET, WINNIPEG, MANITOBA

1. Call to Order

Dr. Taras Babick, President of the Board of Directors, welcomed the members to the 74th Annual General Meeting and called the meeting to order at 2:00 p.m.

A moment of silence was observed in memory of those members who passed away this past year.

Dr. Taras Babick indicated that last year we lost a dear friend, Mr. Andrew Ogaranko, who faithfully attended Carpathia Credit Unions Annual Meetings as a member, a past director, and as Carpathia Credit Union's Corporate Solicitor. Our prayers and thoughts are with his family.

Dr. Taras Babick introduced the special guests in attendance: Mr. Jamie Rudnicki from BDO Dunwoody LLP, Mr. Robert Giesbrecht from Pitblado, LLP, Mr. Bob Lafond Senior Consultant to CEO from Credit Union Central of Manitoba and Ms. Olya Sheweli-Board President of Ukrainian Credit Unions of Canada.

2. Opening Prayer

- a) The Rev. Fr. Eugene Maximiuk of St. Ivan Suchavsky Cathedral offered the opening prayer.
- b) Dr. Taras Babick indicated that we were grateful to have Mr. Roman Zubach join us as his wife is ill and he choose to join us. We send good wishes to his wife and his family.
- c) Dr. Taras Babick introduced Mr. Demyan Hyworon, Director, to assume the chairmanship of the meeting. The Chair welcomed all those in attendance to the 74th Annual General Meeting of Carpathia Credit Union.
- d) The Chair announced the appointments of Vitaliy Lebezun (Ukrainian) and Ms. Marion Wiebe (English) as Recording Secretaries of the meeting.

If voting is required, the ballots will be counted in the presence of our representative from BDO Dunwoody, LLP. The following Individuals have been appointed as scrutineers: Mr. Roman Jaworsky, Ms. Lyndie Bourcier, Ms. Jaroslawa Middleton, Mr. Garry Kolisnyk and Ms. Shelly Maslechko.

- e) The Chair asked Mr. Brian Petrynko to announce the total number of members in attendance. According to the By-Laws, 50 members are required to be present to constitute a quorum, and upon ascertaining that there were 130 members present, the Chair declared the meeting duly constituted.

The Chair reminded Members that registration would close at 2:30 p.m.

- f) Before proceeding with the meeting, the Chair reminded the Membership that the Rules and Regulations governing the Annual General Meeting are included in their package and extra copies are available at the registration tables.
- g) The Chair introduced those seated at the head table: Ms. Marion Wiebe, Recording Secretary (English), Mr. Vitaliy Lebezun, Recording Secretary (Ukrainian), Ms. Noella Pylypowich, Secretary of Board of Directors, Ms. Donna Korban, Vice-President of Board of Directors, Mr. Walter Dlugosh, Chief Executive Officer, Dr. Taras Babick, President, Board of Directors, Mr. Bohdan Halkewycz, Director, Mr. Peter Washchyshyn, Director, Mr. Roman Zubach, Director, Mr. Walter Kulyk, Director and Mr. Don Cilinsky, Director.

3. Approval of the Agenda

The Chair indicated that an agenda was distributed to all those who registered and requested approval of the agenda.

MOTION by Mr. Kevin Malenki **SECONDED** by Mrs. Helen Korban that the agenda be accepted as circulated.

CARRIED

4. Approval of Minutes of the Last Annual General Meeting

The Chair requested a motion that the minutes of the January 22, 2012 Annual General Meeting be accepted as circulated.

MOTION by Ms. Olga Michalchuk **SECONDED** by Mr. Robert Harasym that the minutes of the Annual General Meeting held on January 22, 2012 be accepted as circulated.

CARRIED

The full minutes of the last Annual General Meeting are available at Carpathia Credit Union's Corporate Office upon request or may be reviewed on line at Carpathia Credit Unions web site.

4a) Business Arising from the 2012 AGM Minutes

Dr. Taras Babick reported that the business arising from last year's Annual General Meeting related to an observation made that the credit union was open for business on January 7th when traditionally it would close on the two Ukrainian holidays. The two Ukrainian holidays referred to are religious holidays under the Julian calendar, the first being Christmas which is observed on January 7th and the second is Good Friday which may vary from year to year and may coincide with Good Friday under the Gregorian calendar.

At last year’s Annual General Meeting the Board of Directors made a commitment to undertake a review of the current practice which was initiated in 2005 as a result of inquiries made by members as to why the credit union would be closed on a normal business day.

Please be advised that all credit union staff that observe these two religious holidays are given the opportunity to take the time off. The credit union’s goal is to meet the needs of its members and ensure at least one branch remains open on these two religious holidays. For your information on January 7th this year, two branches were open for those members that needed to conduct business.

Management provided the Board of Directors historical statistics relating to member transactions at the branches for the Julian Christmas and Good Fridays. Based on the activity levels at the branches the Board has determined that the current practice will continue such that all staff that observe the two religious holidays will be provided the opportunity to take the time off while those members who view it as a normal business day can be assured that at least one branch is open for their needs.

The Board remains committed to reviewing the current practice and will undertake a regular analysis to ensure that a balance is maintained whereby staff has the opportunity to observe these two religious holidays and those members are not inconvenienced with a disruption of service.

Mr. Richard Stefanec inquired how would members would know which branches are open.

Mr. Walter Dlugosh responded that the information regarding branch house will be included in the newsletter which is mailed in December. In addition the holiday hours will be posted in the branches.

Mr. Robert Harasym inquired what the average transactions are on other days in January.

The following table outlines the transactions on the Julian holidays of Christmas and Easter and a regular day in January:

**Analysis of Transactions on the Julian Holidays
Of Christmas & Easter**

Year	Jan 7th Transactions	Locations Open	Day or Week	Regular Day In January	Transactions Per Hour	Good Friday Total Trans.	Trans. Per Hour
2009	396	All three	Wednesday	W 413	55	569	67
2010	472	All three	Thursday	T 508	60	Julian & Gregorian	60
2011	378	McPhillips & Henderson	Friday	F 665	78	547	61
2012	240	All three	Saturday	S 379	58.3	484	57
2013	149	McPhillips & Grant	Monday	M 550	73		

5. Request for New Business Items

The Chair indicated that in the registration package one item was added to new business - Notice of Amendments to By-Laws. This item will be discussed during Item #12. The Chair asked members if there were any items to add to new business. There was no new business added to the agenda.

The Chair announced that it is 2:30 p.m. and registration was closed.

6. Reports

6.1 Directors

A summary of Dr. Taras Babick's remarks are as follows:

Dr. Taras Babick reported that it has been a very good year. Our assets have increased by 13% and Carpathia has exceeded \$358 million in assets. Carpathia has opened its fourth branch and it is our financial position which allows us to expand. At the end of the meeting a resolution will be introduced which will allow us to investigate future locations.

We are able to do these things because Carpathia has a bright future. We have a dynamic Board, a very competent CEO, skilled Senior Management and dedicated staff and the loyalty of the Ukrainian community. We continue to retain our membership thanks to your loyalty.

Dr. Taras Babick indicated he would like to break from tradition and make a personal comment. Dr. Taras Babick indicated that after 35 years as a tenant he regrets that he will be leaving the premises as he will be joined by a partner on July 1st and this space does not accommodate two doctors. Dr. Taras Babick indicated he is leaving with great regret as a tenant and extended his thanks to the CEO, the Board and the membership for their personal and professional support for which he is grateful.

6.2 Chief Executive Officer

Mr. Walter Dlugosh presented the Chief Executive Officer's report which is as follows:

"I have the honor to report to you on the financial results for the year ending September 30th, 2012.

In 2012 the assets of the credit union grew by \$39 million. The year's asset growth experienced a return to a level that was more in line with what was experienced in 2010. Asset growth is a product of members' deposits and in 2012 members continued to view Carpathia as a safe, secure, and competitive alternative to other investments.

Loan growth achieved in 2012 equaled nearly 15%. The credit union's total commercial loans grew by 21% while the credit union's total consumer loans grew

by 10%. The commercial loan results were nearly two times greater than expected due to increased demand in commercial mortgages. The consumer loan growth was confined to residential mortgages as members took advantage of the credit union's flexible five year mortgage product that was introduced during the year.

Deposit growth was strong and resulted in an increase of \$37 million. Total equity grew by nearly 10 percent and stands at nearly \$20 million. The credit union's capital and liquidity remain well in excess of regulatory guidelines. During the year the credit union welcomed 374 new members and 362 associates. In terms of the associate status the credit union had 972 associates making up 17% of the total loans outstanding and 12% of total deposits payable.

The credit union's operating income decreased by 7% over the previous year primarily due to an increase in operating expenses. The loan growth experienced by the credit union resulted in loan interest income increasing by \$180,000 while the credit union's investment income increased by \$240,000. In contrast total interest paid for members' deposits increased by nearly 10% or \$580,000. Total operating expenses increased by nearly 5% primarily due to increasing Members' Security and Personnel expenses. Operating expense savings were realized for Administration, Occupancy, and Organizational expenses as a result of better utilization of credit union resources. The increase experienced in Members' Security expenses was related to increases in deposit insurance due to deposit growth while the increase in Personnel expenses was primarily due to higher salary and benefit costs. An increase to the credit union's staff compliment was made late in the year as the credit union prepared for the opening of its newest branch and this too contributed to the increase in Personnel expenses.

At this time I am pleased to announce that the newest branch of Carpathia Credit Union has opened its doors. I invite all members to visit the new branch located at Grant Avenue and Waverley Street at your earliest convenience and especially during our grand opening period starting on February 4th.

In closing I would like to thank you our members for your support of the credit union, the board of directors for their support and guidance and of course our staff for their commitment in serving our members".

6.3 Auditors

The Chair introduced Mr. Jamie Rudnicki, the representative of BDO Canada LLP.

Mr. Rudnicki reported that the financial statements of Carpathia Credit Union Limited present fairly, in all material respects, the financial position of the Credit Union as at September 30, 2012, September 30, 2011 and October 1, 2010. It was noted that Mr. Jamie Rudnicki is available to answer any questions regarding the 2012 results.

7. Discussion of Reports

The Chair invited questions from members regarding the reports.

- 1) Mrs. Zorianna Hyworon had two questions relating to the financial statements – (a) as Carpathia is growing the members share value is diminishing and (b) why has the income tax decreased from previous years.

Mr. Walter Dlugosh replied that regarding the equity portion, the Credit Union/Caisses Populaire Act of Manitoba requires that we hold a minimum of 5% equity to assets and we continue to be in excess of that. The function of the surplus share redemption has something to do with that. The Board and Senior Management has a mechanism in place to increase our equity to a level that exceeds the current level (5.65% in 2012 and 5.74% the previous year) and the goal is to increase it to 6% in the next 3 to 4 years.

- 2) Why has income tax expense decreased from previous years?

Mr. Jamie Rudnicki indicated that income tax rates for Credit Unions have decreased this year. As well, there was a decrease from prior years in net income.

- 3) Mr. Richard Stefaniuk question was in regards to income tax indicating in 2010 it was \$34,864 and in 2011 it was \$99,680 when income tax rates have decreased.

Mr. Jamie Rudnicki responded that income tax has decreased in 2012 and the government owes us an amount \$19,932 for the 2012 year.

Eugene Hyworon commended the Directors and Staff on Branch 4 indicating it is nice to have another branch in the south end of the city.

MOTION by Mr. Robert Harasym **SECONDED** by Mrs. Helen Korban that the reports be accepted as presented.

CARRIED

8. Appointment of External Auditors

MOTION by Mr. Demyan Hyworon to reappoint the firm of BDO Canada LLP as external auditors for the year ending September 30, 2013, **SECONDED** by Mr. Richard Stefanec.

CARRIED

9. Patronage Refund Announcement

The Chair called upon the President, Dr. Taras Babick and the CEO, Mr. Walter Dlugosh to present a ceremonial cheque in the amount of \$470,000.

Dr. Taras Babick indicated he was pleased to announce that Carpathia Credit Union has another prosperous year due to the support of the membership and it was a pleasure to present a cheque in the amount of \$470,000 to the membership.

A symbolic cheque in the amount of \$470,000 was presented by Dr. Taras Babick and Mr. Walter Dlugosh to the membership of Carpathia Credit Union. The following members accepted the cheque on behalf of the membership – Mrs. Daria Hyworon, Master Andriyan Hyworon and Mr. Zenon Dlugosh.

Over the next few weeks Carpathia Credit Union members receiving \$50 or more in dividends and patronage refunds will be getting their annual cheque sent to them in the mail. Members receiving less than \$50 will have the funds deposited into their accounts.

10. Board of Directors Election Results

Mr. Bohdan Halkewycz, Chair of the Nominating Committee, presented three nominees for consideration to fill three vacancies on the Board. Mr. Bohdan Halkewycz introduced the individuals nominated as candidates for the Board of Directors: Dr. Taras Babick, Mr. Walter Kulyk and Mr. Peter Washchyshyn.

MOTION by Mr. Bohdan Halkewycz to adopt the slate of Dr. Taras Babick, Mr. Walter Kulyk and Mr. Peter Washchyshyn for the Board of Directors **SECONDED** by Mr. Kevin Malenki.

CARRIED

11. Nominating Committee Appointments

Mr. Bohdan Halkewycz, Chair of the Nominating Committee, presented the Nominating Committee report:

“The role of the Nominating Committee is an extremely important one. The Committee reports to the Board of Directors and is responsible for the recruitment of prospective candidates to the Board, ensuring that all candidates are qualified; and to present the slate of these candidates to the Board of Directors for their approval. The Nominating Committee consisted of four Directors from the Board, as well as three Members-at-Large. I'd like to thank these hard working individuals for their commitment to the committee and to your credit union”.

Mr. Bohdan Halkewycz thanked Dr. Patricia Kmet, Dr. Mark Karpa and Mr. Patrick Kuzyk for their contribution this past year. The following Members-at-Large have been appointed to the Nominating Committee for 2013 year: Mr. Patrick Kuzyk, Ms. Nadia Kmet and Mr. Ihor Michalchyshyn.

12. New Business

12.1 Resolution of Members for By-law Amendments

Dr. Taras Babick presented the By-law amendments as follows:

A credit union's by-laws are required to comply with the Manitoba Credit Union and Cassie Populaires Act. Periodically, amendments are made to the Act that eventually should be incorporated in a credit union's by-laws. In 2012 a review of Carpathia Credit Union's By-laws was undertaken to ensure that the By-laws were up-to-date and in compliance with the Act. The review identified three areas that required amendments to the Credit Union's current By-laws.

A formal Notice of Amendments to the By-laws was included in the Annual General Meeting Notice which was delivered by mail to all current Carpathia Credit Union members. The proposed amendments to the By-laws, as presented in the Resolution, require a vote be undertaken by all members who have registered at

today's Annual General Meeting. Further to this, a two-thirds majority is required for approval of the Resolution. The proposed Amendments to the By-laws are outlined in the Resolution of Members which was included in your registration package. The summary of changes is as follows:

- 1) The first amendment is in accordance with a change in the Act which no longer requires the approval of the credit union's members for the opening of a new branch or for the relocation of an existing branch.
- 2) The second amendment provides for the safeguarding of members' personal information and is the result of recent personal privacy legislation.
- 3) The third amendment allows for greater flexibility in the use of technology and telecommunications that could be incorporated with the existing mail-in ballot voting procedure.

MOTION by Dr. Taras Babick to accept the resolution of members as presented in the registration package **SECONDED** by Mr. Bill Balan.

CARRIED

13. Greetings From Special Guests

The Chair introduced Mr. Bob Lafond from Credit Union Central of Manitoba. A summary of Mr. Lafond's remarks is as follows:

Mr. Lafond expressed his pleasure in attending Carpathia's AGM which gives him a chance to view firsthand how credit unions are meeting the needs of its members. The growth of the Credit Unions has tripled in the past 10 years. This success is the adherence to democratic principles as members have a direct say in the decisions of the credit union.

In 2012 Credit Unions donated \$3.2 million to the Manitoba communities. Carpathia Credit Union provided five high school scholarships in the amount of \$1,000 and provided financial support to 60 organizations in Manitoba. Carpathia Credit Union is the largest Ukrainian credit union in Canada.

On behalf of Credit Union Central of Manitoba he congratulated the Board, Management and Staff and wished them continued success.

The Chair introduced Mrs. Olya Sheweli from the Council of Ukrainian Credit Unions of Canada. The following are her remarks:

"It is with great pleasure that the Council of Ukrainian Credit Unions of Canada extends its sincere best wishes to the Board of Directors, Staff and Members of Carpathia Credit Union on the occasion of its Annual General Meeting. Carpathia Credit Union is the third largest Ukrainian credit union in Canada and one of the oldest Ukrainian credit unions that service the Ukrainian community in Manitoba.

The Council of Ukrainian Credit Unions of Canada has six Credit Union members in Canada and together are building a better future for our members. Due to the ever changing needs of credit unions, the Council of Ukrainian Credit Unions of Canada has embarked upon an ambitious plan to revitalize and reinvigorate our mandate. One such item is a website, which incorporate, amongst other things, credit union statistics, regulatory news, US and Ukraine credit union news, archival materials, etc.

The Ukrainian Community in Canada counts on its Credit Unions for survival. It is difficult to find any activity in the community without support from a Credit Union. The millions of dollars that have over the years supported our communities are needed even more today.

Once again we wish you much success in the future.”

14. Adjournment

The Chair thanked everyone for attending and adjourned the meeting at 3:20 p.m. which was followed by a reception.

MOTION by Rev. Mitrat Buyochuk **SECONDED** by Ms. Breanne Korban to adjourn the 74th Annual General Meeting.

CARRIED

Demyan Hyworon
Chair

Marion Wiebe
English Secretary

Results of the Door Prize Draws

The results of the draw for the ten \$50 prizes are as follows:

1. Mrs. Elsie Baryluk
2. Mr. Peter Moroz
3. Mr. John Chrol
4. Mr. Edward Kubara
5. Mrs. Nadia Leskiw
6. Mr. Roman Yureniuk
7. Mr. Walter Antoniow
8. Mrs. Olga Michalchuk
9. Mr. William Perstanski
10. Mrs. Anne Wach

The winner of the \$250 prize was Mrs. Audrey Landigo.