

MINUTES

OF THE 76th ANNUAL MEETING OF CARPATHIA CREDIT UNION LIMITED HELD ON SUNDAY, JANUARY 25, 2015 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 76th Annual General Meeting and called the meeting to order at 2:00pm.

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

Dr. Taras Babick introduced the special guests in attendance: Mr. Doug Einarson, Partner from BDO Canada LLP; Ms. Marilyn Brennan, Senior Vice-President, Governance & Strategy from Credit Union Central of Manitoba; Janet Hnytka, Manager, Monitoring, Deposit Guarantee Corporation of Manitoba; and Demyan Hyworon, Representative of the Council of Ukrainian Credit Unions of Canada.

2. Opening Prayer

- a) Msgr. Michael Boyachuk of St. Vladimir and Olga Cathedral offered the opening prayer.
- b) Dr. Taras Babick introduced Mr. Bohdan Halkewycz, Director, to assume the chairmanship of the meeting. The Chair welcomed all those in attendance to the 76th Annual General Meeting of Carpathia Credit Union.
- c) The Chair announced the appointments of Mr. Oleksandr Shevchenko (Ukrainian) and Ms. Elizabeth Erickson (English) as Recording Secretaries of the meeting.

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

- d) 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 184 members present, the Chair declared the meeting duly constituted.

The Chair reminded Members that registration will close at 2:30pm.

- e) 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.
- f) The Chair introduced those seated at the head table: Ms. Elizabeth Erickson, Recording Secretary (English); Mr. Olexandr Shevchenko, Recording Secretary (Ukrainian); Ms. Noella Pylypowich, Secretary of Board of Directors; Mr. Roman Zubach, Vice President of the Board of Directors; Mr. Walter Dlugosh, Chief Executive Officer; Dr. Taras Babick, President of the Board of Directors; Mr. Bohdan Halkewycz, Director; Mr. Don Cilinsky, Director; Mr. Walter Kulyk, Director; Ms. Irka Semaniuk, Director; Mr. Peter Washchyn, Director, and Ms. Susan Zuk, 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. Richard Stefanac **SECONDED** by Mr. Bob Harasym that the agenda be accepted as circulated.

CARRIED

4. Approval of Minutes of the Last Annual General Meeting

- 4a) The Chair requested a motion that the minutes of the January 26, 2014 Annual General Meeting be accepted as circulated.

MOTION by Mr. Levett Demchuk **SECONDED** by Mr. Steve Kiz that the minutes of the Annual General Meeting held on January 26, 2014 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 Union's web site.

- 4b) Business Arising from the 2014 Annual General Meeting Minutes

There was no new business from the 2014 Annual General Meeting.

5. Request for New Business Items

The Chair asked members three times if there were any items to add to new business. This item will be discussed during Item #12. The following item(s) was added to the agenda:

- No new items.

No new items will be accepted later.

6. Reports

6.1 Board of Directors – Dr. Taras Babick

At Christmas time of this year one of our members of the Board, Walter Kulyk, suffered a critical illness, which, I think, could be best described as catastrophic. We are delighted that Walter and Alice are among us this afternoon. Walter is out of the hospital and he is at home and he is recuperating. And it takes great strength and courage to try to return to one's normality after one has been ill, especially in the public gatherings. And so, we want to advise Walter that he can certainly leave at any time. But, in the meantime, the Board of Directors, your friends on the Board, your friends who work at Carpathia, your friends in this room, and your friends in the Ukrainian community would like to join with us as we thank you and Alice for joining us and welcome home!

Sitting on the Carpathia Board has privileges which include meeting men and women of distinction and dignity. I knew Bohdan Halkewycz before he and I joined the Board, but I believe I came to know him so much better as a result of our numerous meetings. Bohdan has served on our board for many years, he served in the variety of positions, which includes President and has served on most of our committees, very effectively on our Buildings Committee as we built new branches. Bohdan will be taking at least one year leave of absence from the Board as our By-Law require: nine years in a row and then at least one year off. Bohdan has brought to the Board the clear logic thinking of an engineer for which we are very grateful. And Bohdan, we would like you and Maria to know that the Board of Directors, the staff and the members of the Carpathia Credit Union are very grateful to you for the work which you have done. We would like to thank you and acknowledge Bohdan and Maria Halkewycz.

I came to know Noella Pylypowich because we both sat on the Board and I do not know if I would have known her otherwise. I certainly knew her name in the community but it was not until I met her at the Board table that I realized that she is a lady of incredible skills and knowledge. Noella was very effective on the Board, on the various positions she held including the most recent position of Secretary, which is exceedingly complex because the Board has a variety of meetings including several which are in camera, dealing with rather delicate circumstances as it involves the running of this organization. She's done so with dignity and style, she is a lady who brought great skills from her

other work as an Administrator in the City government – and we won't hold anything against you for that, Noella. But on the very serious note, we would like to thank her now for her nine years of outstanding work on the Board. Noella, the membership of the Carpathia Credit Union is grateful to you and Alex for your hard work. Thank you!

It is my pleasure to report to you on behalf of the Board of Directors of the Carpathia Credit Union. On February the 3rd, 1940, Carpathia Credit Union received its Charter from the Province of Manitoba. Carpathia was officially created on February the 16th and the first inaugural meeting was held on February the 19th, 1940 at the Ukrainian National Federation Hall in Winnipeg. Under the direction of Mr. Wasyl Topolnicky, 28 men and women came together to create this organization. These were people of courage, these were people of determination and these were people of vision. They have left us a legacy which we call Carpathia and it is ours to safeguard, protect and nurture not only for ourselves and our children but our children's children. Initially, the membership numbered 45, the assets were \$315. Service was provided in two rooms in Kalyna Co-op.

Community support was a hallmark of the founding fathers. The very first donation in 1940 was made to Vyschy Osvitni Kursy at UNF when Dr. Olexandr Koshetz and Dr. Pavlo Macenko instructed young Ukrainians in the art of Ukrainian music locally and from across the country. The donation was in the amount of \$5 – a considerable amount because entire assets were only \$300. The forefathers placed a premium on providing the financial services in the Ukrainian language as the large percentage of the members did not initially use English as their first language. Today our membership and associates number almost ten thousand. Our assets are in excess of \$415 million. We provide service in four branches across the city. We continue to provide community support and this year it was in excess of \$70,000. The Board of Directors is committed to providing financial services in Ukrainian not because our members do not understand English but rather because we appreciate and preserve our Ukrainian roots.

We live in the world of change. The change of incredible magnitude. The change occurs incredibly quickly. The change is incredibly unpredictable. But fortunately, at Carpathia Credit Union we have a world of constant: the constant of member loyalty; the constant of Board integrity in fiduciary responsibility; and the constant of exemplary staff providing service, which, we hope, not only meets your expectations but also exceeds them.

Our forefathers placed a premium on the value of the Ukrainian language. We continue to do that. Fortunately, some things do not change.

Our forefathers placed a premium on the community support. The Board of Directors continues to do that. Fortunately, some things do not change.

In 1940 the Board of Directors declared an interest rate of 2% on the savings accounts. This year the Board declared an interest of 1.9% on our high interest yield account. Unfortunately, some things do not change.

The Board's commitment to management, staff and members is to continue to provide fiduciary guidance and advice as we together perpetuate the dreams of our forefathers.

In closing, to the Members of the Board of Directors, I thank each of you for the confidence which you have placed in me, it is a pleasure in chairing this organization, and thank you for the hard work.

To our Chief Executive Officer Walter Dlugosh, to the Senior Management team of Roman Jaworsky, Lyndie Bourcier, Brian Petrynko, who was especially involved in preparing this Annual Meeting, and to all of our staff. I thank you for your continued excellent work. And to the loyal members of Carpathia Credit Union, I thank you for sharing this vision with us as we soon approach one half billion dollars in assets.

To my wife Patrusia and our children, Andrea and Ivas, I thank you for allowing me to spend Tuesdays at Carpathia Credit Union.

Ladies and gentlemen, thank you for coming to our birthday party. Happy Birthday, Carpathia!

6.2 Chief Executive Officer – Walter Dlugosh

I have the honour to report to you on the financial results for the year ending September 30th, 2014.

In 2014 the assets of the credit union grew by over \$27 million. This year's asset growth was equal to that of last year's. The credit union's assets are directly related to the growth in members' deposits. This year deposits experienced an increase of 7%.

Loan growth achieved in 2014 equaled 7.5%. The credit union's total commercial loans grew by 8% while the credit union's total consumer loans grew by 6%. The commercial loan results were lower than what was experienced last year and matched a visible slowdown in commercial development and financing opportunities. The consumer loan growth as has been the case over the last several years was confined to residential mortgages.

Deposit growth during the year resulted in an increase of \$25 million.

Total equity grew by over 8 percent and stands at over \$23 million. The credit union's capital and liquidity remain well in excess of regulatory guidelines.

During the year the credit union welcomed 387 new members and 180 associates. In terms of the associate status the credit union had 1,218 associates making up 23% of the total loans outstanding and 13% of total deposits payable.

The credit union's operating income for the year increased by 21% over the previous year due to an increase in revenue earned from loans and investments. The loan growth experienced by the credit union resulted in loan interest income increasing by \$800,000 while the credit union's investment income increased by \$480,000. Total interest paid for members' deposits increased by 7% or \$460,000. Total operating expenses increased by just over \$200,000 or 3%. This increase in expenses was partially the result of incurring costs for a full year of operating the new branch located on Grant Avenue. After 21 months of operations the financial results of this branch have been better than originally expected with growth coming equally from members and associates.

During the course of the year the Board and Senior Management undertook the development of a revitalized five year plan for Carpathia. The focus of this plan is to provide value to our members and strengthen their financial well-being. A number of initiatives will be developed to enable the credit union to grow in terms of assets, deposits, loans, members and even branch locations. Ultimately the credit union is committed to achieving excellence in providing financial services in a manner that is beneficial to our members and community. Further communication and announcements will be made as progress continues.

Several weeks ago a small number of our members were victims of a debit card fraud incident which was widely reported in the local media. The fraud resulted in money being withdrawn from accounts by utilizing ATMs in and around the New York area. This type of crime can affect a wide number of consumers, not only credit union members but also bank customers. For your information the credit union has undertaken measures to limit the exposure of our members from these types of crimes. In the most recent incident, as soon as it became apparent that membercards had been compromised they were inactivated. Unfortunately this type of crime is committed over a weekend and members might be inconvenienced by not being able to access their accounts. By Monday morning we contacted those members that were affected and arranged to replace their membercards as soon as possible. The credit union carries insurance for fraudulent activities and members who were compromised were fully reimbursed. We continue to advise and remind all of our members that it is good practice to regularly change their membercard PINs (Personal Identification Number) so that these types of frauds become less likely.

In reference to last year's item under new business, the credit union provided financial support in the amount of \$5,000. Additionally, in the Saturday February 1st edition of the Winnipeg Free Press a ½ page ad was paid for by the credit union informing the general public and our members of the need for financial support and this could be made through the credit union.

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. In particular I would like to thank Bohdan Halkewycz and Noella Pylypowich who will be retiring from the Board of Directors today after serving Carpathia Credit Union and its members over the last nine years. I would like to thank our staff for their commitment in serving our members. Finally, I would like to thank my spouse for her continued support and understanding.

Thank you.

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

6.3 Auditors

The Chair introduced Mr. Doug Einarson, Director, of BDO Canada LLP.

Mr. Einarson 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, 2014. It was noted that Mr. Doug Einarson is available to answer any questions regarding the 2014 results.

7. Discussion of Reports

The Chair invited questions from members regarding the reports.

- Ms. Zorianna Hyworon had a question regarding the fundraising for Ukraine support. She was interested in knowing how much had been collected. Mr Walter Dlugosh reported that from December 2013 to now over \$40,000 was collected. Canada-wide contributions have been in excess of \$3.5 million.
- Ms. Zorianna Hyworon asked as to the continuation of donations as there is an ongoing need especially with medical supplies, etc. Dr. Taras Babick requested that a specific motion be submitted to provide the board with direction.

MOTION by Mr. Kevin Malenki **SECONDED** by Mr. Peter Kuryk that the reports be accepted as presented.

CARRIED

8. Appointment of External Auditors

MOTION by Mr. Don Cilinsky to reappoint the firm of BDO Canada LLP Chartered Accountants as external auditors for the year ending September 30, 2015, **SECONDED** by Msgr. Michael Buyachok.

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 \$750,000.

Dr. Taras Babick indicated he was pleased to announce that Carpathia Credit Union had another prosperous year due to the support of the membership and it was a pleasure to present a cheque in the amount of \$750,000 to the membership.

A symbolic cheque in the amount of \$750,000 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 – Ms. Lesia Zubach and Mr. Axel Bachmeier.

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 that \$50 will have the funds deposited into their accounts.

10. Board of Directors Election Results

The Chair introduced the Chair of the Nominating Committee, Mr. Roman Zubach, to announce the results. Mr Roman Zubach presented three candidates to fill three vacancies on the Board.

The individuals were:

- Don Cilinsky
- Demyan Hyworon
- Donna Korban

MOTION by Mr. Roman Zubach to adopt the slate of Mr. Don Cilinsky, Mr. Demyan Hyworon and Ms. Donna Korban for the Board of Directors as presented **SECONDED** by Ms. Maria Halkewycz.

CARRIED

11. Nominating Committee Appointments

Mr. Roman Zubach, 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 of Directors, ensuring that all candidates are qualified; and to present the slate of these candidates to the Board of Directors for approval. Over the past year the Nominating Committee met on several occasions to recruit nominees to board of director positions using

various methods of recruitment. The Nominating Committee consisted of board members as well as Ms. Nadia Kmet, Mr. Ihor Michalchyshyn, and Mr. Alex Yaworski.

The following Members-at-Large have been appointed to the Nominating Committee for 2015-16: Ms. Nadia Kmet, Mr. Ihor Michalchyshyn and Mr. Alex Yaworski.

12. New Business

12.1 Based on the President and CEO reports the Chair allowed the members present at the meeting to formulate a motion for consideration to provide financial support to Ukraine. This motion will be presented prior to the adjournment of the meeting.

MOTION by Ms. Zorianna Hyworon, **SECONDED** by Msgr Michael Buyachok that “recognizing the critical nature of the situation in Ukraine that the Board of Directors provide financial support and promote and encourage members to make contributions for humanitarian aid as coordinated by the Canada Ukraine Foundation or the Council of Ukrainian Credit Unions”.

CARRIED

13. Greetings from Special Guests

The Chair introduced Ms. Marilyn Brennan from Credit Union Central of Manitoba. A summary of Ms. Brennan’s remarks is as follows:

Good afternoon, ladies and gentlemen. It is a pleasure to be here today and I would like to thank Walter and Taras for allowing me the opportunity to say a few words. Indeed my last name is Brennan but don’t let that fool you because my maiden name is Sturzek. My parents, John and Elizabeth have been members for close to half a century now and that relationship started when they applied for and received an \$8,000 mortgage to finance what ultimately became our childhood home on Wallace Avenue in East St. Paul.

In my father’s words, “I was with a bank at the time but I didn’t feel confident about approaching them because I wasn’t making good money at the time. And I went to the credit union because it was a Ukrainian place and easy to get to. It was the little branch on Main Street next to the Yale Hotel. They helped me fill out an application and told me to come back tomorrow. So I did. When I got there it was all ready to go. They have had my business and loyalty ever since. I moved with them to Main and Selkirk and then onto the Henderson Highway branch closer to home after I retired from Winnipeg Transit Service after 35 years. Carpathia had been very good to me. Everyone has been very kind to us over the years including Lesia who will always find time to ask how we are doing. Please make sure you thank them for all the years of good service.” So being a good Ukrainian daughter that is exactly what I am here to do.

Service, of course, has always been a critical focus of credit unions. After all, when you are owned and run by your members it only makes sense to only provide the very best

service. Manitobans are noticing. More than 600,000 Manitobans, that is nearly 1 in every 2, now belong to a credit union. And all told, Manitoba's credit unions continue to play a key role in the financial services industry in our province which is no small feat given the level of competition they face in the market, both from traditional competitors like the banks and from emerging new competitors. With a strong focus on efficiency and service and peace of mind provided by the 100% deposit guarantee, Carpathia Credit Union is well positioned to help members now and into the future. Your credit union will continue to prosper and offer the products and services that members need to prosper in their own lives.

This brings me back to this afternoon. As members of this credit union you are here because this organization means something to you and to the community. And, of course as has been mentioned and everybody knows the credit union celebrated its 75th anniversary and being an integral part of the Ukrainian Canadian community of Winnipeg is what has carried Carpathia through those 75 years and what has contributed to its growth and prosperity.

I am confident that this emphasis on members and the Ukrainian Canadian population will continue to serve the credit union well in the years to come. And, when you get right down to it, commitment to community is what credit unions are all about. So, in closing, on behalf of Credit Union Central of Manitoba, my congratulations to the board, management, staff and to all of you, the members on another successful year and best wishes for continued success in the years to come.

The chair noted that Mr. Demyan Hyworon is the representative from Carpathia Credit Union to the Council of Ukrainian Credit Unions of Canada. The council has sent a traditional written greeting.

14. Adjournment

The Chair thanked everyone for attending and called the meeting to adjournment.

The meeting was adjourned at 2:57pm and was followed by a reception.

MOTION by Ms. Donna Babick **SECONDED** by Kevin Malenki to adjourn the 76th Annual General Meeting.

CARRIED

Bohdan Halkewycz
Chair

Elizabeth Erickson
English Secretary

Results of the Door Prize Draws

The results of the draw for the five \$75 prizes are as follows:

1. Kathy Monaster
2. Michael Lepki
3. Allessa Matwycz
4. Patrusia Babick
5. D. Kent

The winner of the \$750 prize was Myron Matwijiw