

MINUTES

OF THE 77th ANNUAL MEETING OF CARPATHIA CREDIT UNION LIMITED HELD ON SUNDAY, JANUARY 24, 2016 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 77th 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.

2. Opening Prayer

- a) Fr. Taras Udod, Chancellor, Ukrainian Orthodox Church of Canada, offered the opening prayer.
- b) Dr. Taras Babick introduced the special guests in attendance: Mr. Doug Einarson, Partner from BDO Canada LLP; Mr. Wilson Griffiths, Senior Vice-President Member Solutions from Credit Union Central of Manitoba; Janet Hnytka, Manager, Monitoring, Deposit Guarantee Corporation of Manitoba; Victor Hetmanczuk, President, Canada Ukraine Foundation; and Bohdan Halkewycz, Representative of the Council of Ukrainian Credit Unions of Canada.
- 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 77th Annual General Meeting of Carpathia Credit Union.
- d) The Chair announced the appointments of Ms. Oksana Byndyu (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 the representative from BDO Canada, LLP. The following Individuals have been appointed as scrutineers: Mr. Roman Jaworsky, Ms. Lyndie Bourcier, Mr. Brian Petrynko, Ms. Lesia Gojan-Klein, Ms. Tracy Goldstone, Mr Tj Gross, and Mr. Vitaliy Lebezun.

- 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 145 members present, the Chair declared the meeting duly constituted.

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

- 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. Elizabeth Erickson, Recording Secretary (English); Ms. Oksana Byndyu, Recording Secretary (Ukrainian); Mr. Peter Washchyshyn, 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. Demyan Hyworon, Director and AGM Chair; Mr. Don Cilinsky, Director; Ms. Donna Korban, Director; Mr. Walter Kulyk,; and Ms. Irka Semaniuk, Director.

Ms. Susan Zuk, Director and Chair of the Nominating committee sent regrets. She was unable to attend due to a scheduling conflict.

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 Mr. Steve Kiz that the agenda be accepted as circulated.

CARRIED

4. Approval of Minutes of the Last Annual General Meeting

- a) The Chair requested a motion that the minutes of the January 25, 2015 Annual General Meeting be accepted as circulated.

MOTION by Mr. Yuri Nosyk **SECONDED** by Mr. Gerald Machnee that the minutes of the Annual General Meeting held on January 25, 2015 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.

- b) Business Arising from the 2015 Annual General Meeting Minutes

Mr. Walter Dlugosh reported the following:

At last year's Annual General Meeting under New Business a motion was made and seconded recognizing the critical nature of the situation in Ukraine. That the Board of Directors provide financial support and to promote and encourage members to make contributions for humanitarian aid as coordinated by the Canada Ukraine Foundation or the Council of Ukrainian Credit Unions. In April 2015, the Board of Directors held a

meeting to consider options for financial support in accordance with this motion. A review was conducted on specific projects under the direction of the Canada Ukraine Foundation and the Board decided in September to support two projects under the direction of that Foundation for a total amount of \$30,000. The projects approved were the Rehabilitation Retreat Program which was funded immediately in September in the amount of \$15,000. The second project was the Ukraine Prosthetics Assistance Project and that would be funded early in 2016 in the amount of \$15,000. The support for these two projects is based on the ongoing need to provide humanitarian aid to the country of our ancestry. Also, the Credit Union has made the commitment to encourage its' membership to make contributions in support of the Canada Ukraine Foundation and the work it is undertaking in Ukraine. This was communicated in the Credit Union's latest newsletter. Mr. Hetmanczuk has been introduced and will be providing a presentation later on in the program.

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

It is my privilege to present the President's report on behalf of the Board of Directors of Carpathia Credit Union. The report has been printed in our annual statement and is before you on your tables. The report deals with business items because this is a business meeting. But, with your permission, I would like to speak a little bit about the people that are behind the business.

Serving as the President for the past four years has been a delight and an honour. When I assumed the role of President, I assumed that I would be required to provide direction and leadership to the members of the Board of Directors of the Credit Union. Similarly, when I assumed the role of President I assumed that I would provide leadership to the CEO, to senior managers, and to the staff of the Credit Union. And I also assumed that when I assumed the role of President that I would assume to provide leadership to the 8,000 members of Carpathia Credit Union.

For the past four years I have been pleasantly surprised. I wasn't required to provide any leadership to the Board of Directors. These are men and women of integrity and vision. Don Cilinsky; Donna Korban; Walter Kulyk; Demyan Hyworon; Susan Zuk; Peter

Washchyshyn; Irka Semaniuk; and our President-Elect, Roman Zubach are all people who bring extraordinary skills to the board table and generously share them with this organization.

There's no question that for at least the next year the Board will sorely miss the brilliance, and the imagination of Walter Kulyk. Walter Kulyk's skills and his creativity allow him to be a marketer and an advertiser of the highest renown and for the past nine years we have had the benefit of this gift at our table. It will be missed.

The Board is blessed to have at its incoming president, Roman Zubach. Mr. Zubach was previously the Chief Executive Officer at one of the largest corporations in Manitoba. This, in conjunction with his presence in the Ukrainian community will facilitate him to very ably guide this organization. The men and women who will represent this organization, including those who are newly elected today, will assume the fiduciary responsibility to protect your interests so that this organization can continue to grow.

I thought that I would be required to provide leadership to the CEO, management and staff but I actually didn't have to do any of that. The CEO - Walter Dlugosh; our senior managers – Lyndie Bourcier, Operating; Brian Petrynko, Marketing; Roman Jaworsky, Finance. I wasn't required to provide any leadership to our administrative assistant, Elizabeth Erickson. I certainly didn't provide any leadership to the 50 men and women who come to work in the organization every day because these are people of energy and strength. They will continue to work as a team so that this organization will continue to grow.

Lastly, I wasn't required to provide any leadership to our 8,000 members. You are people of loyalty and courage. As long as you continue to take an active role in this organization we will flourish as our assets approach one-half billion dollars.

So, as the President, I was able to use integrity and vision; the strength and the energy; the loyalty and the courage and the end result is Carpathia Credit Union – Western Canada's largest Ukrainian financial institution. I am grateful to all of you for allowing me to serve as the President. I am very grateful to every member of the Board for his or her confidence which they had in the cooperation that I received. I would like to acknowledge my family. My wife understood that Tuesday evenings belonged to Carpathia Credit Union. It is a great credit to my wife Patrusia, she had surgery on Monday and she said that I had better be at the meeting on Tuesday. I am grateful to her for that. I am grateful to our son, Ivas, who had to find a new partner for the Jets games on Tuesdays. He has made some very good friends. And I am grateful to my daughter and partner, Dr. Andrea Babick, who gladly realized that Tuesdays would be very long days for her.

The experience has been incredible. I am grateful to each of you. This is a marvelous organization. Thank you for your continued support and for your kind attention.

6.2 Chief Executive Officer – Walter Dlugosh

I have the honour to report to you on the financial results for the year ending September 30, 2015.

In 2015, the assets of the Credit Union grew by over \$20 Million. This year's asset growth was less than that of last year's and was indicative of the low interest rate environment we are facing. The Credit Union's assets are directly related to the growth in members' deposits. This year, deposits experienced an increase of 5%.

Loan growth achieved in 2015 was just over 6%. The Credit Union's total commercial loans grew by 5% while the credit union's total consumer loans grew by 8%. The commercial loan results were lower than what was experienced last year and continued to reflect a noticeable slowdown in commercial development and financing opportunities in the city of Winnipeg along with an increase in competition from other financial institutions. 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 \$19 million.

Total equity grew by 7% and stands at over \$24 million. The Credit Union's capital and liquidity remain well in excess of regulatory guidelines.

During the year the Credit Union welcomed 315 new members and 225 new associates. In terms of the associate status, the Credit Union had 1,330 associates making up 25% of the total loans outstanding and 13% of total deposits payable.

The Credit Union's operating income for the year was \$50,000 less than the previous year due to an increase in total operating expenses. Specifically, Personnel, Administrative and Occupancy expenses reflected increases. Additional staff acquired during the year along with increases in staff training and education resulted in the Personnel expense increase. An increase in advertising and promotions along with community support resulted in the Administrative expense increase. The increase in Occupancy was the result of expensing renovations to the Main Street building that had taken place prior to the major renovation undertaken in 2015. The recently completed renovations to the Main Street building were undertaken to improve its utilization as a branch, commercial business centre, and corporate office.

As was reported at last year's Annual General Meeting, the Board and Senior Management undertook the development of a revitalized five-year plan for Carpathia in 2014. The focus of this plan was to provide value to our members and strengthen their financial well-being. The Credit Union is committed to achieving excellence in providing financial services in a manner that is beneficial to our members and community. Recent

events have exhibited the Credit Union's commitment. Last month's newsletter announced the plans of opening our fifth branch on Regent Avenue.

Our demographic analysis indicated that this part of the city could support another branch based on the future growth projections of in excess of 22% by 2019. Clearly a five kilometre zone would not be negative to our current member's business and would be an opportunity to increase our membership.

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 Dr. Babick and Walter Kulyk, who will be retiring from the Board of Directors today after serving Carpathia Credit Union and its members over the last nine years. Dr. Babick, I especially would like to thank you for your support over the last several years while you served as President of the Board. Your wisdom, guidance and understanding were much appreciated. I would like to thank our staff for their commitment in servicing our members throughout the year. And finally, I would like to thank my spouse for her continued support and understanding.

Thank you.

The Chair announced that it is 2:30pm 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, 2015. It was noted that Mr. Doug Einarson is available to answer any questions regarding the 2015 results.

7. Discussion of Reports

The Chair invited questions from members regarding the reports.

- There were no questions regarding the reports.

MOTION by Mr. Richard Stefanec **SECONDED** by Ms. Natalie Kishensky the reports be accepted as presented.

CARRIED

8. Appointment of External Auditors

MOTION by Mr. Roman Zubach to reappoint the firm of BDO Canada LLP Chartered Accountants as external auditors for the year ending September 30, 2016. **SECONDED** by Mr. Terrance Machalek.

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 \$300,000.

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 \$300,000 to the membership.

A symbolic cheque in the amount of \$300,000 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. Olga Babick and Mr. Eugene Waskiw.

The patronage refund will be deposited to the accounts over the next few weeks.

10. Board of Directors Election Results

The Chair, on behalf of Ms. Susan Zuk, the Chair of the Nominating Committee, presented four candidates to fill three vacancies on the Board.

The individuals were:

- Mr. Ivan Banias
- Mr. Bohdan Halkewycz
- Ms. Noella Pylypowich
- Mr. Peter Washchyshyn

The results of the election were as follows:

- Mr Ivan Banias
- Ms Noella Pylypowich
- Mr Peter Washchyshyn

MOTION by Mr. Kevin Malenki to destroy all ballots after the voting results are tabulated and announced **SECONDED** by Mr. Eugene Waskiw.

CARRIED

11. Nominating Committee Appointments

The Chair, on behalf of Ms. Susan Zuk, 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 coming year the Nominating Committee will meet 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 2016-17: Ms. Adrianna Choptiany, Dr. Mark Karpa and Mr. Alex Yaworski.

12. New Business

12.1 Canada Ukraine Foundation Presentation

Mr. Victor Hetmanczuk from the Canada Ukraine Foundation (CUF) was introduced to provide a report on the funds received as a result of the motion to provide humanitarian assistance to Ukraine from the 2015 AGM.

A brief history of CUF was provided as well as a description of the Foundation's purpose was given. Carpathia Credit Union's contribution assisted in funding the 8th Rehabilitation Retreat for Widows and Orphans. This program provides a safe and relaxing atmosphere where the attendees can receive help dealing with the psychological trauma of losing family members to the conflict. Other projects managed by CUF were introduced as well: Holodomor Awareness Bus; Kyiv National Military Hospital capacity improvement; the shipment of used ambulances to Ukraine; and the Help Mykola project.

Dr. T. Babick presented a cheque in the amount of \$15,000, the second half of the Credit Union's pledge of \$30,000, to Mr. Hetmanczuk.

After the presentation by Mr. Hetmanczuk, the Chair invited Ms. Zorianna Hyworon to speak with regards to the motion she put forth at the 2015 Annual General Meeting.

On behalf of the members, Ms. Hyworon thanked the Board for their generosity with the donation to the humanitarian projects in Ukraine. She requests that the support be continued.

13. Greetings from Special Guests

The Chair called upon Mr. Wilson Griffiths, Senior Vice-President Member Solutions, Credit Union Central of Manitoba to say a few words.

Thank you very much. Good afternoon, ladies and gentlemen. It is my pleasure to be here today representing Credit Union Central of Manitoba. I would like to thank your CEO, Walter Dlugosh, and your President for having me here today to speak to you at the annual meeting.

The Manitoba credit union system comprises of 34 credit unions now. A year ago we had Starbuck Credit Union joining with Noventis, and LaSalle Credit Union return to the Caisse Populaire system. There are 190 branches in total which is two more than this time last year. I understand that there is one more coming soon. Credit unions are serving in 116 distinct communities in the province. Total system assets now stand at \$25.7 billion which has increased from a year ago. On the consumer side, 47.6% of Manitobans, nearly one in two, belong to a credit union. Among small and medium sized businesses, 52% deal with a credit union. These are very impressive numbers.

Why are credit unions so popular? Arguably, credit unions offer the best lending and deposit rates and the lowest fees in the province. It makes sense when people are governed by their wallets. More clues can be found in our market research which asks people a number of questions access to ATMs, online services, personalized service and how they are generally treated by their financial institution. Putting aside responses from people who simply say they are satisfied, the percentage of Manitobans who say they are very satisfied with their financial institution is quite revealing. According to the survey results, 54% of our members say they are very satisfied with their credit union and that is compared to 36% of bank users.

All told, Manitoba's credit unions continue to play a key role in the financial services industry in the province which is no small feat given the level of competition we face in the market both from traditional competitors like the big banks and from emerging new competitors. With a strong focus on efficiency, service, and peace of mind provided by the 100% deposit guarantee, Carpathia Credit Union is well positioned to help its members now and into the future.

Your credit union is an integral part of the Ukrainian Canadian community in Winnipeg and that has contributed to its growth and prosperity. I am confident that that this emphasis on members in the Ukrainian population will continue to serve Ukrainians well in the years to come. When you get right down to it, commitment to community is what credit unions are all about.

In closing, on behalf of Credit Union Central of Manitoba, my congratulations to the Board, management, staff, and you the members on another successful year. Best wishes in continued success in the years to come. Thank you.

The Chair called Mr. Roman Zubach, Vice President of the Board of Directors, to say a few words.

On behalf of the Board of Directors and management of Carpathia Credit Union, I would like to take this opportunity to thank Dr. Taras Babick for his many years of hard work and commitment to the Credit Union this past nine years. Taras has tirelessly given his time to the Credit Union and board. Now his term has come to a close. This year he has served as President of the Board and under his stewardship the Credit Union has prospered.

As a Credit Union we have been fortunate to have Taras serve on the board considering he has many other commitments outside the Credit Union. He has a medical practice with his daughter, Andrea. He provides medical service to two personal care homes. He is deputy registrar to the College of Physicians and Surgeons of Manitoba. He is founder and artistic director of Orlan Ukrainian Folk Ensemble and he plays for the Winnipeg Jets. This is just a short list because I know he has other community commitments.

As President of the Board, contrary to what Taras said, he did provide leadership to the Board. These are qualities required of a board chair. He has the ability to keep the big picture in view and promoted dialogue amongst Board members. When you get nine people around the board table you have to provide consensus. He definitely was an effective communicator and demonstrated his strong interpersonal skills.

On behalf of the Board of Directors I would like to thank Taras for his loyalty, his passion, commitment to the Credit Union. We must also thank his wife, Patrusia, his daughter Andrea and his son Ivas for their understanding of the time commitments required that the Chair can be with the Credit Union. We have referred to this departure from the Board as a retirement but in Taras' case this is simply freeing up time to devote to your family, your other commitments, and community. So, in parting, I will not state "enjoy your retirement" but a heart-felt thank you for having the privilege of working with you and enjoy your new free time. Thank you.

14. Adjournment

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

The meeting was adjourned at 3:19pm and was followed by a reception.

MOTION by Ms. Sofia Ilnyckyj, **SECONDED** by Ms. Helen Mazur to adjourn the 77th Annual General Meeting.

CARRIED

Demyan Hyworon
Chair

Elizabeth Erickson
English Secretary

Results of the Door Prize Draws

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

Larice Sych
Helen Korban
Pauline Machnee
Daria Hyworon
Stephen Kolody

Grand Prize – Markian Yereniuk