

## MINUTES

### OF THE 78<sup>th</sup> ANNUAL MEETING OF CARPATHIA CREDIT UNION LIMITED HELD ON SUNDAY, JANUARY 22, 2017 AT THE CANAD INNS, 2100 MCPHILLIPS STREET, WINNIPEG, MANITOBA.

#### 1. Call to Order

Roman Zubach, President of the Board of Directors, welcomed the members to the 78<sup>th</sup> Annual General Meeting and called the meeting to order at 2:04pm.

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.

Oh Master, Lord our God, the fountain of life and immortality. The Creator of all things both visible and invisible. Governs the seasons and years and guides all things with thy wise providence. We thank you for all the blessings that you have poured out upon us, upon all the members, supporters and friends of Carpathia Credit Union over the past year. We beg you, oh bountiful Lord to bless this upcoming year with your goodness. Direct our civil authorities in the path of goodness bestow thy heavenly blessing upon all your people. Health, salvation and growth in virtue. Deliver your holy church, our nation of Canada, our Ukrainian ancestral homeland celebrating its' day of independence on this day of January 22. Delivery this city, this community and Carpathia Credit Union from every assault of the Evil One. Grant us all peace and tranquility and grant that we may always offer thanksgiving unto you the Father who is from everlasting, together with your only begotten son and your most holy, good and life-giving spirit. God glorified in three persons. Joyfully praise your all-holy name.

- b) Roman Zubach introduced the special guests in attendance: Mr. Doug Einarson, Partner from BDO Canada LLP and Mr. Nicholas Rawluk, Chief Compliance Officer & Consultant from Credit Union Central of Manitoba.
- c) Roman Zubach introduced Mr. Don Cilinsky, Director, to assume the chairmanship of the meeting. The Chair welcomed all those in attendance to the 78<sup>th</sup> Annual General Meeting of Carpathia Credit Union.
- d) The Chair announced the appointments of Ms. Iryna Gumenyuk (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, Mr. Brian Petrynko, Ms. Lesia Gojan-Klein, Ms. Ashley Elkiw, Ms. Julia Demko, 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 138 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 the current members of the Board: Mr. Roman Zubach, President; Ms. Donna Korban, Vice President, Mr. Peter Washchyshyn, Secretary; Mr. Ivan Baniias; Mr. Demyan Hyworon; Ms. Irka Semaniuk; and Ms. Susan Zuk.

Ms. Noella Pylypowich, 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 Ms. Helen Mazur 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 24, 2016 Annual General Meeting be accepted as circulated.

**MOTION** by Ms. Zorianna Hyworon **SECONDED** by Fr. Taras Udod that the minutes of the Annual General Meeting held on January 24, 2016 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 2016 Annual General Meeting Minutes**

There was no business arising from the 2016 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. No new items were added to the agenda.

No new items to be accepted later.

**6. Reports**

**6.1 Board of Directors – Roman Zubach, President**

The Ukrainian community in Winnipeg can be proud of the fact that Carpathia Credit Union is the largest Ukrainian financial institution in western Canada. As a Credit Union, we are approaching \$500 million in assets. The growth and strength of the Credit Union can be directly attributable to the loyalty of Carpathia’s membership. In 2016, we were proud to introduce to our Ukrainian credit union family, our newest location in Transcona. This branch is ideally located to provide financial services to our membership. Carpathia Credit Union has also committed to preserving our leadership role in the Ukrainian community. This year our financial support to education and to our cultural member organizations exceeded \$130,000. Our future is bright and for that I have to extend the Board’s gratitude to our CEO, Walter Dlugosh; and the senior management team for their vision and dedication. All of this is made possible by the excellent service provided by our staff. It has been my honour to serve as President especially when I am supported by so many talented and committed Board members. In conclusion, I would like to thank the membership for strong, ongoing support of our financial institution. Thank you.

**6.2 Chief Executive Officer – Walter Dlugosh, Chief Executive Officer**

Dear Carpathia Credit Union members

I have the honour to report to you on the financial results for the year ending September 30, 2016.

In 2016, the assets of the Credit Union grew by over \$31 million. This year’s asset growth was greater than that of last year’s even though we continue to experience a low interest rate environment. The Credit Union’s assets are directly related to the growth in members’ deposits. This year deposits experienced an increase of over 7%. Deposit growth during the year resulted in an increase of \$30 million.

Loan growth achieved in 2016 was just over 3%. The Credit Union's total commercial loans decreased by 1% while the Credit Union's total consumer loans grew by 6%. The commercial loan results were definitely lower than what was expected 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. In fact the majority of the residential mortgage growth was realized from June to September and this had a noticeable effect on the financial margin of the Credit Union.

Total equity grew by 5% and stands at over \$26 million. The Credit Union's capital and liquidity remain well in excess of regulatory guidelines.

During the year the Credit Union welcomed 337 new members and 185 associates. In terms of the associate status the Credit Union had 1,390 associates making up 26% of the total loans outstanding and 15% of total deposits payable.

The Credit Union's operating income for the year was \$880,000 less than the previous year due to a decrease in the gross financial margin, an increase in total operating expenses, and a reduction in other income. The decrease in the gross financial margin was a combination of a lower interest rate income earned from loans and a higher amount spent for members' deposit interest. Even though interest rates remained low, members' deposits grew faster than loans resulting in the reduced gross financial margin. For the year, total operating expenses increased by \$350,000. The personnel expense increase was the result of additional staff being hired for the new Regent Avenue branch and related training costs. Increases in administrative expenses were related to additional donations and community support; legal fees; and internal and information technology audits that were conducted during the year. The increase in occupancy was attributable to repairs and maintenance at the McPhillips and Henderson branches and the renovations at the Main Street branch and Corporate Office. Members' security deals with the deposit insurance costs and the related deposit growth experienced during the year. The reduction in other income was comprised of decreases in foreign exchange revenue.

Based on the financial results a patronage refund of 14% of the Credit Union's income will be paid out to the members by the end of this month. Last year the patronage refund was 11% of the Credit Union's income. The percentage being paid back to members this year is the highest since 2010.

Highlighting the year was the opening of our fifth branch on Regent Avenue in June strengthening the Credit Union's commitment to serve its members. In the next several months new services will be introduced that will allow our members to access the Credit Union in a variety of other ways. Unlike other credit unions, Carpathia will be investing in technology to complement its current branch network.

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 our staff for their commitment in serving our members throughout the year. And finally, I would like to once again thank my family and my spouse for continued support and understanding throughout the year.

Thank you.

### **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, 2016. It was noted that Mr. Doug Einarson is available to answer any questions regarding the 2016 results.

The Chair announced that it was after 2:30pm and that registration was closed.

## **7. Discussion of Reports**

The Chair invited questions from members regarding the reports.

- Mr. Eugene Hyworon expressed appreciation for the financial reports and enquired about Carpathia Credit Union's standing within the credit union system.

W. Dlugosh explained that the auditors are hired to confirm the integrity of the Credit Union's financial statements not to show where Carpathia stands with regards to the other credit unions. He continued by explaining the peer group system within the province and Carpathia's status.

Mr. E Hyworon requested that at future AGMs that the membership is provided with the peer group comparison.

**MOTION** by Mr. Roman Korbutiak **SECONDED** by Mr. Gerald Machnee the reports be accepted as presented.

**CARRIED**

## **8. Appointment of External Auditors**

**MOTION** by Mr. Demyan Hyworon, on behalf of the Audit & Risk Committee, to reappoint the firm of BDO Canada LLP Chartered Accountants as external auditors for the year ending September 30, 2017 **SECONDED** by Mr. Peter Manastyrsky.

**CARRIED**

**9. Board of Directors Election Results**

Mr. Ivan Baniias, on behalf of Ms. Noella Pylypowich, the Chair of the Nominating Committee, presented four candidates to fill three vacancies on the Board.

The individuals were:

- Dr. Taras Babick
- Ms. Irka Semaniuk
- Mr. Roman Zubach
- Ms. Susan Zuk

The results of the election were as follows:

- Susan Zuk
- Roman Zubach
- Dr. Taras Babick

**MOTION** by Mr. Terrance Machalek to destroy all ballots after the voting results are tabulated and announced **SECONDED** by Mr. Walter Zapisocki.

**CARRIED**

**10. Nominating Committee Appointments**

Mr. Ivan Baniias, on behalf of Ms. Noella Pylypowich, 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. Ariadna Choptiany, Dr. Mark Karpa, and Mr. Alex Yaworski.

The following Members-at-Large have been appointed to the Nominating Committee for 2017-18: Ms. Ariadna Choptiany, Dr. Mark Karpa, and Mr. Alex Yaworski.

**11. New Business**

There was no new business added to the agenda.

**12. Greetings from Special Guests**

Greetings were received from Council of Ukrainian Credit Union via a letter.

The Chair called upon Mr. Nicholas Rawluk, Chief Compliance Officer & Consultant from Credit Union Central of Manitoba to say a few words.

Credit Union Central of Manitoba exists to serve their members, the credit unions. So, in case you didn't know, you own a piece of us. We are all here for our members. As a central, we are a trade association, a liquidity provider, we share services. We basically do what we need to do to help the Manitoba system collaborate, be strong and work well. We also help represent Manitoba credit unions on national scale and feed into many important projects in that way.

I can say that the Manitoba system is strong and growing. As of November 30, we broke \$27 billion in assets on a fiscal basis. There is 33 credit unions with 182 branches. You are adding to that number. There is over 600,000 memberships in Manitoba. So, over half of all Manitobans have a membership.

Not to say it is all easy because we are seeing extended competition from the banks in recent years. They have really ramped up their competition. Manitoba is different. I always say that and I represent that nationally and I see that in other provinces. We are very competitive. We pay very high rates and charge low on loans. We are fighting off the banks pretty well. Any time I say that I am from Manitoba, credit unions in other provinces can't wait to hear how we do it. It is difficult, there is increased regulatory burden. These regulations are even harder when you are our size. Against the banks we are all small. It is very tough. I have to hand it to credit unions to do what we do with the staff that we have because we are definitely holding our own in that way.

As of November 2015 we are about \$25.9 billion in assets on a system basis which is a \$1.1 billion in growth which is 4%. That 4% is a hard fought 4% against everything we are feeling out there. If you compare to the year before, the system grew 7.35% in that same basis. So, you can see competition, tight margins, extended competition from FINTECs, Apple Pay and everyone else who is trying to get in our space. It is definitely a battle. So, it is always nice when you see a credit union that is strong and growing and serving its community.

Thank you.

**13. 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 Richard Stefanec, **SECONDED** by Mr. Gerald Machnee to adjourn the 78<sup>th</sup> Annual General Meeting.

**CARRIED**

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Don Cilinsky  
Chair

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Elizabeth Erickson  
English Secretary

**Results of the Door Prize Draws**

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

Daria Hyworon  
Zorianna Hyworon  
Walter Chubaty  
Jim Keller  
Kevin Malenki

Grand Prize – Stan Jaworsky