

MINUTES

OF THE 81ST ANNUAL MEETING OF CARPATHIA CREDIT UNION LIMITED HELD ON WEDNESDAY, AUGUST 12, 2020 VIA BELL MTS TELECONFERENCE SYSTEM

1. Call to Order and Introductions

Mr. Roman Zubach, Past-Chair of the Board of Directors, welcomed the members to the 81st Annual General Meeting and called the meeting to order at 7:00pm.

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

The attendees were introduced and it was noted that they were practicing proper physical distancing protocol: Dr. Taras Babick, present Chair of the Board; Mr. Nicholas Rawluk, Chief Executive Officer; Ms. Irka Semaniuk, Chair of this year's Annual General Meeting as well as Chair of last year's Nominating Committee; Mr. Don Cilinsky, Director; Ms. Noella Pylypowich, Director; Mr. Tim Cook, Partner, BDO Canada LLP; and Ms. Elizabeth Erickson, Executive Assistant to CEO.

The other Board members on the call were introduced as well: Mr. Nicholas Chubenko; Mr. Demyan Hyworon; Ms. Sophia Kachor; Ms. Donna Korban; Mr. Mike Mager; Mr. Eugene Waskiw; and Ms. Susan Zuk. Special guest, Mr. Paul Prenovault from Deposit Guarantee Corporation of Manitoba was acknowledged.

Ms. Irka Semaniuk assumed the chairmanship of the meeting. She explained that all attendees, except the participants, had been muted and that motions will be made and seconded by Board members. There will be a call for an opposition to each motion which would be registered through the telephone keypad.

It was noted that there was opportunity to submit questions and business in advance of the meeting. No items were added to the agenda as a result. All questions received were acknowledged, and those deemed not relevant to the Annual General Meeting were addressed directly with the members.

The agenda, financial reports, the proposed bylaw changes, and meeting minutes were available in advance on the Carpathia website or by visiting one of the branches.

2. Opening Prayer

His Grace Metropolitan Archbishop of Winnipeg, the Most Reverend Lawrence Huculak offered the opening prayer.

Ms. Elizabeth Erickson was appointed as recording secretary for the meeting.

The Chair announced the total number of members in attendance. According to the By-Laws, 37 members are required to be present to constitute a quorum, and upon ascertaining that there were 67 members present, the Chair declared the meeting duly constituted.

3. Approval of the Agenda

MOTION by Mr. Don Cilinsky and **SECONDED** by Ms. Noella Pylypowich that the agenda be accepted as circulated.

CARRIED

4. Approval of 2019 Annual General Meeting Minutes

MOTION by Ms. Donna Korban and **SECONDED** by Mr. Demyan Hyworon that the minutes of the Annual General Meeting held on January 23, 2019 be accepted as presented.

CARRIED

5. Request for New Business Items

An agenda item was added for changes to the Credit Union's by-laws that will add the authority to hold a virtual AGM in the future, should the need arise; and secondly, to change to the by-laws to indemnify the Board of Directors to support the ability to attract a larger slate for future Board of Directors. The proposed changes were included in the AGM materials that were available in-branch or online in advance of the meeting.

6. Reports

6.1 Board of Directors – Roman Zubach, Chair

It is my privilege to present the Chairman's annual report on behalf of the Board of Directors of Carpathia Credit Union. Serving as the Chair for the past four years has been a delight, an honour and definitely a challenge.

Reflecting on 2019 and its 80th year of operation, your Credit Union continued to build on its strong legacy. Carpathia Credit Union's deep and proud roots enabled our continued growth and development as we delivered the Carpathia Credit Union difference to our members.

2019 was a remarkable chapter in our history and growth. During the year we implemented a new operating system. We transitioned from an account centric process to a member centric approach. In April, 2019 North Winnipeg Credit Union's membership and Carpathia Credit Union's membership voted in favour of the amalgamation of two historic Ukrainian Credit Unions. The result is a stronger Ukrainian Credit Union to serve our members.

As I look forward, Carpathia Credit Union has a strong financial base; a focused business plan; an experienced and dedicated team of Senior Management and Employees; a strong Board of Directors; and a loyal growing group of Members. These strengths will serve Carpathia Credit Union well in managing the unprecedented times posed by the COVID-19 pandemic in 2020 and will support our continued growth and development well into the future.

The Board of Directors commends our CEO, Nick Rawluk, senior management team and employees for their dedication and sacrifices made in 2019 to ensure that our projects were completed with as little interruption to our members as possible.

It's been my pleasure to serve as Chair this past year. I would like to thank our members for their continued support during this past year. Also my sincere thanks to our Board of Directors for their support and guidance throughout a most challenging year.

6.2 Chief Executive Officer – Nicholas Rawluk

2019 marks the end of my first financial reporting period at Carpathia Credit Union, and the first financial reporting period following the successful merger of Carpathia and North Winnipeg credit unions. This moved Carpathia from the 71st largest credit union in Canada at the end of 2018 to the 64th largest at the end of 2019. With our merger, the group of Ukrainian heritage credit unions changed from 6 to 5. This also added to the number of Manitoba credit unions dropping from 28 to 26. By ending the year with an asset size of just over \$619 million, Carpathia remains the 3rd largest of the group of Ukrainian heritage credit unions and the largest Ukrainian heritage credit union in western Canada.

Following our legal merger on July 1, 2019, management and staff went through a reorganization process and immediately got to work on the logistics of moving from five branches to six. As that work progressed, our dedicated core system conversion team drove ahead on the system change that occurred as scheduled on November 23rd. This new system is a major improvement for Carpathia and will allow our credit union to continue to offer competitive products and services well into the future. Although this was a major project requiring staff from across the organization, there was no time to rest on our laurels, as we had to begin immediate work on converting the Leila Branch off their old system and into Carpathia's new system. That conversion is scheduled to occur September 18 to 20, 2020. Until then, members can continue to complete basic transactions at any of the six branches. Full and seamless service will commence on September 21, 2020.

While we have moved through these major changes and projects, a focus on active cost and revenue management has allowed us to post a modest profit of \$219,184 before taxes. While this is an improvement on the loss posted in 2018, most figures are not

easily comparable because not only did we move through a merger in 2019, but we also changed from a September 30th year-end to December 31st. This change resulted in a 15-month reporting year instead of the regular 12, with the impact of the merger affecting 6 of those 15 months on the income statement.

Although our team still has a lot of work ahead of us, I know we are up to the challenge. We benefit from a devoted and engaged Board of Directors, a committed group of staff, and a dedicated membership base. I would like to thank the Board of Directors for their unwavering commitment to the success of the organization as well as the Executive Team and all my colleagues at the Credit Union whose hard work and passion drive Carpathia forward. Our members and associates are our purpose for existing, and I would like to also thank each of you for your continued engagement. I encourage you to keep challenging us to always improve for the continued benefit of you, your loved ones, and our community.

Note: As this report makes its way into the annual report and delayed AGM, we remain in the middle of a global pandemic. Carpathia has continued to adjust to a changing landscape and will continue to do so. We have plans in place and will continue to adjust them based on feedback and experience. We are prepared and able to continue to serve members through a safe in-person environment as well as through digital channels. As we move through this together, we encourage you to continue to reach out to us if you require financial assistance or advice.

6.3 Auditor's Report

The Chair introduced Mr. Tim Cook, Director, of BDO Canada LLP who provided an overview of the financial statements.

Mr. Tim Cook 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 December 31, 2019.

7. Discussion of Reports

The membership submitted questions on the reports prior to the commencement of the meeting. Three questions from Mr. John Wilmot were received.

Mr. John Wilmot wrote: *From the Summary Statement of Comprehensive Income Under the Revenue heading, the line item of CUCM shares has an enormous increase of almost 1000 % comparing this "year" to last year. Why is that?*

Mr. Nicholas Rawluk's response: At the very end of the 2018 year, the credit union entered into a SWAP contract. In simple terms, contracts like this are entered to reduce interest rate risk due to changing variable interest rates. The contract was entered on

September 28, 2018. So, there were only 2 days of income in the prior year while 15 months in current period. The SWAP accounts for the bulk of the income and the rest is the CUCM share income. If I were to adjust this reporting line and rebase it as a 12-month average then the number would be closer to \$83,000, which is much more comparable to the 2018 figure. As the counterparty is CUCM, this was identified by our auditors as the appropriate line to include the SWAP income.

Mr. John Wilmot wrote: *Under the Cost of Funds heading, the line item of Interest paid on borrowings, it went the other way with close to a 75 % drop, this year to last. Why is that?*

Mr. Nicholas Rawluk's response: This is the CUCM Canadian line of credit interest. The line of credit was used more in the prior year hence the decrease in the expense in 2019.

Mr. John Wilmot wrote: *Under the Operating Expenses heading, the line item of Administrative costs, after adjusting for the 15 month period this year compared with the 12 month period last year, are about 1.7 times as much this period. This is more than 1.5 million dollars, or at least as much extra as is the annual occupancy costs. Presumably, this category is where a number of the amalgamation costs went.*

Mr. Nicholas Rawluk's response: Yes, there were some amalgamation costs included in this line. These included advertising related the amalgamation, and 6 months of North Winnipeg administration costs that would not have been included in the past. There were also costs related to the transition of the banking and accounting system included in this expense line. Finally, the other side of the SWAP mentioned in the first question is included in this expense line. Under the IFRS accounting standards, as this SWAP was not designated to be accounted for under Hedge accounting, the income and expense related to the SWAP is shown in the Statement of Operations. If I were to adjust this reporting line and rebase it as a 12-month average then the number would be closer to 1.8 million, which is much more comparable to the 2018 figure; especially when considering the impact of the merger and major initiatives.

MOTION by Ms. Donna Korban and **SECONDED** by Mr. Mike Mager that the reports be accepted as presented.

CARRIED

8. Appointment of External Auditors

MOTION by Mr. Demyan Hyworon, on behalf of the Audit & Risk Committee, and **SECONDED** by Ms. Susan Zuk to reappoint the firm of BDO Canada LLP as external auditors for the year ending September 30, 2020.

CARRIED

9. Board of Directors Election Results

Ms. Irka Semaniuk, as Chair of the Nominating committee explained that there were five candidates for consideration to fill three vacancies.

The individuals were:

- Mr. Ivan Baniias
- Dr. Taras Babick
- Ms. Susan Zuk
- Mr. Roman Zubach
- Mr. Peter Washchyshyn

The results of the election were as follows:

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

MOTION by Ms. Irka Semaniuk and **SECONDED** by Mr. Nicholas Chubenko to destroy the voting ballots.

CARRIED

10. New Business

No new business was added by the membership.

By-Law Changes

The first resolution called for a motion to amend the by-laws to allow the Credit Union to have a virtual Annual General Meeting, should the need arise.

MOTION by Dr. Taras Babick and **SECONDED** by Mr. Roman Zubach to amend the by-laws to allow the Credit Union to have a virtual Annual General Meeting, should the need arise.

CARRIED

The second resolution called for a motion to amend the by-laws through the addition of Section 8.1 to indemnify directors and officers. By guaranteeing this indemnification, a larger pool of members may be willing to run for the Board of Directors and represent the membership.

MOTION by Mr. Don Cilinsky and **SECONDED** by Mr. Eugene Waskiw to amend the by-laws through the addition of Section 8.1 to indemnify directors and officers.

CARRIED

11. Adjournment

The Chair thanked everyone for attending and called the meeting to adjournment at 7:34pm.

MOTION by Mr. Roman Zubach and **SECONDED** by Mr. Don Cilinsky to adjourn the 81st Annual General Meeting.

CARRIED

Dr. Taras Babick
Chair

Elizabeth Erickson
English Secretary