

UKRAINIAN-CANADIAN CREDIT UNIONS 2014 FINANCIAL RESULTS



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Bob Leshchyshen's analytical career has spanned more than 40 years with particular emphasis on the financial services sector, brokerage research, and corporate development and investor relations.

His chartered bank and credit union regulatory experience includes senior positions with the **Deposit Insurance Corporation of Ontario (DICO)** and the **Office of the Superintendent of Financial Institutions** (Federal regulator).

He has extensive research and analytical experience with several prominent equity research and credit-rating organizations, including **Independent Equity Research (eResearch)**, **Northern Securities**, **St. James Securities**, **Dominion Bond Rating Service**, **PPM Fund Mangers** (Canada), a unit of Prudential Life Insurance Company, and **McNeil Mantha**.

Bob's Credit Union experience includes over eighteen years as a Director of **Buduchnist Credit Union**. He is also a Director of **Selient Inc.**, a public company providing lending software to credit unions in Canada. He was a Director of **Northwest & Ethical Investments LLP** (formerly The Ethical Funds Inc.), a mutual fund company owned by the Credit Union Centrals in Canada and the Desjardins Movement in Quebec between 2006-2009.

Investor relations experience includes two years as Director of Corporate Development with CHF Investor Relations and beginning in April 2011, Vice President, Corporate Development and Investor Relations for Century Iron Mines Corp. recently listed company of the TSX. **In June 2015, he was appointed President and CEO of Old Mill Toronto. Old Mill Toronto has a 250 seat restaurant, 16 banquet halls that host wedding receptions and corporate events and 57 room hotel with a spa.**

He has a **BA** from the University of Toronto and an **MBA** from the University of Toronto - Faculty of Management Studies (Rotman School of Management) and holds a **CFA** designation (Chartered Financial Analyst) from the CFA Institute.

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Five Year Results of Ukrainian-Canadian Credit Unions in Canada

The financial results of Ukrainian-Canadian Credit Unions over the last five years have been mixed: asset quality as measured by allowance as a % of loans and loan loss provision has remained stable at 0.12% of total loans primarily due to a continued lower interest rate environment. Ukrainian-Canadian credit unions have endeavoured to provide loans using a lower loan to value ratio than the maximum of 80% which has helped reduce the loan loss ratio.

Capital to assets ratio in 2014 has declined to 7.20% compared to the record level of 7.48% in the previous year. The return on assets and the return of equity declined in 2014 compared to 2013. The membership has increased in 2014 after a declining for few years. The membership totalled 64,899 and is far from the record level of 72,280, which was achieved in 2007.

The members of the Ukrainian-Canadian credit unions have continued to financially benefit by receiving significant dividends and patronage payments, which totalled \$1.825 million in 2014 compared to \$1.959 million in 2013. Over the last five years a total of \$8.8 million has been provided by way of dividends and patronage dividends to the members of the Ukrainian-Canadian credit unions in Canada.

The Ukrainian-Canadian credit unions have continued to support the Ukrainian community in Canada by providing donations, sponsorship and promotions funds to non-profit and charitable organizations for their deserving projects. In 2014, the five largest credit unions have provided \$2.965 million in donations, sponsorship and promotion funds to many charitable and non-profit organizations in the Ukrainian community in Canada. This represents an increase of 17.3% from the previous year. Over the last five years a total of \$12.8 million has been provided by way of donations, sponsorship and promotion funds to the Ukrainian community in Canada.

Performance. Return on equity was 5.9% compared to 7.8% in 2013. Ukrainian-Canadian credit unions assets grew by 6.9% in 2014 compare to record growth of 6.6% in 2013. *In 2014, the largest credit unions in Canada saw their assets grow by 7.5% compared to 6.2% in 2013.* Ukrainian-Canadian Credit Union's total deposits grew by 3.1% compared to a growth of 7.0% in the previous year. Even in a low interest rate environment, demand deposits grew by 9.0% while Registered Plans (RRSP and RRIF deposits) increased by 7.7%, while term deposits declined by 2.5%.

The Ukrainian-Canadian Credit Union's net income before dividend and patronage payments declined by 20.5% to \$8.8 million from \$11.1 million, primarily due to an decrease in the net interest margin and other income. The operating expense ratio decreased to 1.76% compared to 1.92% in the previous year. Ukrainian-Canadian Credit Union's operating ratio is much lower than the operating expense ratio of the *largest credit unions in Canada, which had a ratio of 2.23%.* This means that the Ukrainian-Canadian Credit Unions are low cost providers of financial

services. The Ukrainian-Canadian Credit Unions paid 20.6% of their net income to their members by way of a dividend or a patronage refund totalling \$1.825 million compared to \$1.959 million in the previous year. These patronage dividends helped increase the capital of the credit unions by 3.5% to \$151.8 million representing 7.20% of the assets. The ratio of capital to assets has decreased compared to the previous year.

The return on assets (ROA) decreased to 0.43% compared to 0.63% in 2013, which was significantly below the *largest credit unions in Canada average ROA of 0.51%*.

Ukrainian-Canadian Credit Unions continue to largely rely on the traditional intermediary function or the net interest margin for their revenue source. Expansion into other sources of income is slowly progressing and represented 17.7% of total net operating revenue compared to 14.7% in the previous year. *Other income represented 23.1% of the total revenue for the largest Canadian credit unions.* The higher ratio of other income total revenue experienced by largest credit unions in Canada was due to the significant fee income generated from their lending activities, mutual funds and investment management activities.

Asset Quality. Overall the asset quality is still quite strong. The loan loss provision as a % of average assets was stable at 0.03% compared to 0.03% in 2013, which compares very favourably to the *large Canadian credit unions, which had a loan loss provision of 0.07%*.

The allowance for loan losses remained the same 0.12% of total loans, which again compares very favourably [*less than half*] to the *largest Canadian credit unions, which had an allowance for loan losses of 0.27%*.

Loan portfolio. The Ukrainian-Canadian Credit Unions have a larger concentration in lower risk residential mortgage lending which represents 62% of the loan portfolio. The residential loan portfolio grew by 7.2% in 2014 compared to 4.2% in the previous year. *Residential mortgage portfolio of the largest credit unions in Canada represented 59.2% of the total loan portfolio and saw their residential mortgages grow by 13.2%.*

The commercial mortgage loans represented 32% of the total loan portfolio. The commercial mortgage loans grew by 11.9% compared to 11.9% growth in the previous year. Providing secured commercial mortgage loans to small businesses and self-employed individuals will ensure the future of Ukrainian-Canadian credit unions, because these two groups of members have generally been ignored by and not well serviced by the chartered bank system in Canada. *Commercial loan portfolio of the largest credit unions in Canada represented 26.4% of the total loan portfolio and saw their commercial loans grow by 17.2%.*

Consumer loans only represented 5% of the total loan portfolio and saw a decline of 1.3% in 2014. *Personal loan portfolio of the largest credit unions in Canada represented 9.1% of the total loan portfolio and saw their personal loans grow by 12.5%.*

Only two Winnipeg based credit unions have business loan portfolios, Carpathia Credit Union and North Winnipeg Credit Union.

Ukrainian Credit union experienced the largest total loan growth of 11.8% of the Canadian-Ukrainian credit unions in Canada.

Growth of membership. Membership has increased by 0.5% to 64,889. CP Ukrainienne de Montreal and North Winnipeg CU saw their membership numbers increase by over 4% each.

Reasons for membership declines. Usually after a merger, it takes a few years for the credit union to identify and consolidate the dual membership of its members. Ukrainian-Canadian CU and United Hamilton merged in 2012 and their combined membership in 2011 was 25,988 and Ukrainian-Canadian CU members in 2012 was 25,764 a decrease of 224 members. The other contributor to memberships decline is that the aging membership, the larger credit unions have between 80 to 100 deceased members per year.

Asset Growth. Ukrainian-Canadian credit unions assets grew by 6.9% in 2014 compared to 6.6% growth in 2013. *The largest credit unions in Canada grew by 7.5% in 2014 compared to 6.2% in previous year.*

Ukrainian-Canadian CU had the largest asset growth of 7.6%, followed by Buduchnist CU with growth of 7.4%.

Deposit growth. CU members have been seeking higher interest rates outside of their credit union and using excess funds on deposit to reduce their outstanding debts. This has resulted in a very difficult and competitive deposit taking environment. Deposits increased by 3.1% in 2014 compared to growth of 7.0% in previous year. *The largest credit unions in Canada grew by 6.2% in 2013 compared to 7.1% in previous year.*

Carpathia CU had the largest deposit growth of 7.0%, followed by North Winnipeg CU with a growth rate of 4.9%.

Net Interest Margin - Net interest margin decreased to 2.06% compared to 2.21% in the previous year. CP Ukrainienne de Montreal had the highest net interest margin 2.58%, followed by Ukrainian CU with 2.13% and then New Community CU with 2.02%.

The largest credit unions in Canada had a net interest margin of 2.23% in 2013 compared to 2.28% in the previous year.

Operating Costs – Ukrainian-Canadian Credit Unions have an operating cost structure that is quite competitive. The operating expense ratio increased to 1.76% in 2014 compared to 1.92% in the previous year. *[Still quite favourable compared to the largest credit unions in Canada].*

The largest credit unions in Canada decreased their operating expense ratio to 2.23% from

2.27% in the previous year.

The operating expense to revenue (productivity ratio) decreased to 74.3% in 2014 from 74.9% in the previous year. The productivity ratio of the Ukrainian-Canadian Credit Unions has decreased below the *largest Canadian credit unions ratio, which had a productivity ratio of 76.8% in 2014.*

Capitalization – The average capital ratio decreased to 7.20% from 7.44% in the previous year. This compares very favourably to *the largest credit unions in Canada which had a capital ratio of 6.88% in 2014 compared to 6.91% in the previous year.*

The best capitalized credit union was CP Ukrainienne de Montreal with a capital ratio of 12.40%, the next best capitalized credit union was Buduchnist CU with a capital ratio 8.16% followed by New Community CU with 7.20% and Ukrainian CU with 6.49% capital ratio.

Canadian credit unions have had to comply with the Risk Adjusted Capital rules (Basel accord) over the last few years, which the chartered banks have been using for many years. The average Ukrainian-Canadian Credit Union's Total risk adjusted capital ratio was 13.88% compared to 13.27% in the previous year. Again, the Ukrainian-Canadian credit union's risk adjusted capital ratio compares very favourably to *the largest credit unions in Canada's ratio of 12.83%.*

| Ukrainian Credit Unions in Canada | | | | | | 5 yr Avg. |
|-----------------------------------|----------|----------|----------|----------|----------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Number of Credit Unions | 7 | 7 | 6 | 6 | 6 | |
| Members | 70,035 | 68,390 | 68,367 | 64,540 | 64,889 | |
| Growth rate % | 2.0% | -2.3% | 0.0% | -5.6% | 0.5% | -1.1% |
| Assets (\$Mils) | \$1,633 | \$1,715 | \$1,851 | \$1,973 | \$2,109 | |
| Growth rate % | 9.6% | 5.0% | 8.0% | 6.6% | 6.9% | 7.2% |
| Assets per member | \$23,317 | \$25,077 | \$27,080 | \$30,570 | \$32,508 | |
| Growth rate % | 7.4% | 7.5% | 8.0% | 12.9% | 6.3% | 8.4% |
| Total Loans (\$Mils) | \$1,356 | \$1,428 | \$1,585 | \$1,687 | \$1,826 | |
| Growth rate % | 9.4% | 5.4% | 11.0% | 6.5% | 8.2% | 8.1% |
| Allowance % loans | 0.21% | 0.15% | 0.16% | 0.12% | 0.12% | 0.15% |
| Residential mortgages (\$mils) | \$867 | \$910 | \$1,014 | \$1,056 | \$1,133 | |
| Growth rate % | 8.6% | 5.0% | 11.5% | 4.2% | 7.2% | 7.3% |
| Commercial mortgages (\$mils) | 365 | 420 | 464 | 519 | 580 | |
| Growth rate % | 11.2% | 15.2% | 10.3% | 11.9% | 11.9% | 12.1% |
| Consumer Loans (\$mils) | 80 | 83 | 86 | 86 | 84 | |
| Growth rate % | 6.5% | 3.6% | 3.2% | 0.0% | -1.3% | 2.4% |
| Total Deposits (\$mils) | \$1,472 | \$1,467 | \$1,640 | \$1,755 | \$1,809 | |
| Growth rate % | 8.9% | -0.4% | 11.8% | 7.0% | 3.1% | 6.1% |
| Demand deposits (\$mils) | 460 | 440 | 524 | 550 | 600 | |
| Growth rate % | -2.8% | -4.4% | 19.2% | 4.9% | 9.0% | 5.2% |
| Term deposits (\$mils) | 785 | 765 | 819 | 869 | 848 | |
| Growth rate % | 16.4% | -2.6% | 7.1% | 6.1% | -2.5% | 4.9% |
| Registered deposits (\$mils) | 227 | 262 | 297 | 335 | 361 | |
| Growth rate % | 11.2% | 15.6% | 13.3% | 12.9% | 7.7% | 12.2% |

| Ukrainian Credit Unions in Canada | | | | | | 5 yr Avg. |
|---|----------|----------|----------|----------|----------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Equity and Shares (\$mils) | \$121.0 | \$130.3 | \$138.7 | \$146.7 | \$151.8 | |
| Growth % | 12.4% | 7.6% | 6.5% | 5.8% | 3.5% | |
| Capital % assets | 7.41% | 7.59% | 7.49% | 7.44% | 7.20% | 7.43% |
| | | | | | | |
| Promotions, Donations & Advertising (\$Mils) | \$2,646 | \$2,149 | \$2,520 | \$2,527 | \$2,574 | |
| Growth rate % | 37.7% | -18.8% | 17.3% | 0.3% | 1.9% | |
| As a % total operating expenses | 8.78% | 5.97% | 7.76% | 7.02% | 7.15% | 7.34% |
| | | | | | | |
| Net Income (\$Mils) | \$9.5 | \$10.6 | \$10.9 | \$11.1 | \$8.8 | |
| Growth rate % | 16.0% | 11.7% | 2.5% | 2.4% | -20.5% | 2.4% |
| Return on assets | 0.62% | 0.63% | 0.62% | 0.63% | 0.43% | 0.59% |
| Return on Equity | 8.5% | 8.5% | 8.1% | 7.8% | 5.9% | 7.8% |
| | | | | | | |
| Net interest margin | 2.31% | 2.25% | 2.18% | 2.21% | 2.06% | 2.20% |
| Other Income | 0.42% | 0.40% | 0.33% | 0.35% | 0.31% | 0.36% |
| Gross Income | 2.73% | 2.66% | 2.51% | 2.56% | 2.37% | 2.56% |
| Operating expense ratio | 1.98% | 1.90% | 1.84% | 1.92% | 1.76% | 1.88% |
| Loan loss ratio | 0.02% | 0.00% | 0.02% | 0.02% | 0.03% | 0.02% |
| | | | | | | |
| Other income % total income | 15.4% | 15.2% | 13.1% | 13.6% | 13.1% | 14.1% |
| | | | | | | |
| Number of employees | 266 | 273 | 280 | 283 | 307 | |
| Salary expenses (\$mils) | 15.0 | 16.4 | 16.8 | 17.6 | 18.4 | |
| Average salary per employee | \$56,283 | \$59,974 | \$59,958 | \$62,131 | \$59,774 | |
| | | | | | | |
| Productivity ratio | 72.5% | 71.7% | 73.4% | 74.9% | 74.3% | 73.3% |
| | | | | | | |
| Dividends/Patronage paid (\$Mils) | \$1.866 | \$1.674 | \$2.035 | \$1.959 | \$1.825 | |
| % return to members | 19.7% | 15.8% | 18.7% | 17.6% | 20.6% | 18.5% |

| Schedule 1 Asset Growth | | | | | | |
|--|----------------|------------------------|-----------------|--------------------------------|---------------------------|---------------------------|
| UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | | | | | |
| Name of credit union | Members | Assets (\$Mils) | Growth % | Net Income * (\$'000's) | Return on Assets % | Return on Equity % |
| 1 Buduchnist | 21,997 | \$709 | 7.4% | \$3,271 | 0.48% | 5.8% |
| 2 Ukrainian | 24,925 | \$675 | 7.6% | \$1,241 | 0.19% | 2.9% |
| 3 Carpathia | 8,840 | \$412 | 7.1% | \$2,355 | 0.59% | 10.4% |
| 4 CP Ukrainienne de Montreal | 3,530 | \$143 | 5.4% | \$1,137 | 0.82% | 6.6% |
| 5 North Winnipeg | 3,375 | \$95 | 4.7% | \$378 | 0.41% | 7.0% |
| 6 New Community | 2,222 | \$76 | 1.1% | \$461 | 0.61% | 8.8% |
| | 64,889 | \$2,109 | 6.9% | \$8,842 | 0.43% | 5.9% |
| 2 Total 2013 | 64,540 | \$1,973 | 6.6% | \$11,121 | 0.63% | 7.8% |
| 3 Total 2012 | 68,367 | \$1,851 | 8.0% | \$10,857 | 0.62% | 8.1% |
| 4 Total 2011 | 68,390 | \$1,715 | 5.0% | \$10,593 | 0.63% | 8.5% |
| 5 Total 2010 | 70,035 | \$1,633 | 9.6% | \$9,481 | 0.62% | 8.5% |
| 6 Total 2009 | 68,653 | \$1,490 | 4.4% | \$8,172 | 0.56% | 8.0% |
| 7 Total 2008 | 71,338 | \$1,427 | 7.9% | \$7,266 | 0.53% | 7.4% |
| 8 Total 2007 | 72,280 | \$1,322 | 6.2% | \$7,656 | 0.60% | 8.1% |
| 9 Total 2006 | 69,984 | \$1,245 | 5.6% | \$8,169 | 0.68% | 9.2% |
| 10 Total 2005 | 71,516 | \$1,179 | 5.6% | \$7,841 | 0.68% | 9.8% |
| Average Growth (10 years) | | | 6.6% | | | |
| * Net income is defined as net income before extraordinary gains/(losses), dividends and patronage payments. | | | | | | |

| Schedule 2 Capitalization | | UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | | |
|--------------------------------------|-------------------------------|--|------------------------------------|---|------------------------------------|
| Name of credit union | Capital (\$'000's) | % Assets | Growth in Capital % | Dividends & Patronage (\$'000's) | Return to Members % |
| 1 Buduchnist | \$57,874 | 8.16% | 5.2% | \$478 | 15.0% |
| 2 Ukrainian | \$43,783 | 6.49% | 2.2% | \$295 | 14.9% |
| 3 Carpathia | \$23,599 | 5.73% | 8.9% | \$433 | 18.4% |
| 4 CP Ukrainienne de Montreal | \$17,705 | 12.40% | 4.7% | \$599 | 36.7% |
| 5 North Winnipeg | \$5,534 | 5.84% | 5.3% | \$20 | 5.4% |
| 6 New Community | \$5,451 | 7.20% | 9.2% | \$0 | 0.0% |
| Total | \$153,946 | 7.30% | 4.9% | \$1,825 | 18.3% |
| Total 2013 | \$146,707 | 7.44% | 5.8% | \$1,959 | 20.8% |
| Total 2012 | \$138,655 | 7.49% | 8.1% | \$2,035 | 20.3% |
| Total 2011 | \$130,252 | 7.59% | 7.6% | \$1,674 | 15.8% |
| Total 2010 | \$121,030 | 7.41% | 12.4% | \$2,083 | 22.0% |
| Total 2009 | \$107,707 | 7.23% | 8.6% | \$2,153 | 26.4% |
| Total 2008 | \$99,189 | 6.95% | 2.2% | \$1,280 | 16.1% |
| Total 2007 | \$97,086 | 7.35% | 5.6% | \$2,559 | 21.9% |
| Total 2006 | \$91,895 | 7.38% | 6.0% | \$2,620 | 23.7% |
| Total 2005 | \$86,659 | 7.42% | 6.7% | \$2,603 | 28.4% |
| Average Growth (10 years) | | 7.36% | 6.8% | | 21.4% |

| Schedule 2a Risk Adjusted Capitalization (Basel) | | | | | | |
|---|---|--|--|----------------------|------------------|----------------|
| UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2013 | | | | | | |
| 2014 Name of credit union | Tier I Risk Adjusted Capital (\$'000's) | Tier II Risk Adjusted Capital (\$'000's) | Total Risk Adjusted Capital (\$'000's) | Risk adjusted Ratios | | |
| | | | | Tier I Ratio | Tier II Ratio | Total Ratio |
| 1 Buduchnist | \$54,025 | \$3,772 | \$57,797 | 14.11% | 0.99% | 15.10% |
| 2 Ukrainian | \$42,630 | \$1,561 | \$44,191 | 12.64% | 0.46% | 13.10% |
| 3 Carpathia | \$23,626 | \$0 | \$23,626 | 10.92% | 0.00% | 10.92% |
| 4 CP Ukrainienne de Montreal | \$11,026 | \$2,086 | \$13,112 | 15.84% | 3.00% | 18.84% |
| 5 North Winnipeg | \$5,516 | \$0 | \$5,516 | 16.11% | 0.00% | 16.11% |
| 6 New Community | \$5,259 | \$27 | \$5,286 | 14.36% | 0.07% | 14.43% |
| Total | \$142,082 | \$7,447 | \$149,529 | 13.19% | 0.69% | 13.88% |
| | 6.0% | -11.9% | 4.9% | | | |
| 2013 | | | | | | |
| 1 Buduchnist | \$51,226 | \$3,695 | \$54,921 | 13.99% | 1.01% | 15.00% |
| 2 Ukrainian | \$40,949 | \$2,299 | \$43,248 | 12.97% | 0.73% | 13.70% |
| 3 Carpathia | \$21,704 | \$0 | \$21,704 | 10.56% | 0.00% | 10.56% |
| 4 CP Ukrainienne de Montreal | \$10,193 | \$2,434 | \$12,627 | 9.55% | 2.28% | 11.83% |
| 5 North Winnipeg | \$5,257 | \$0 | \$5,257 | 11.56% | 0.00% | 11.56% |
| 6 New Community | \$4,746 | \$28 | \$4,774 | 13.74% | 0.08% | 13.82% |
| Total | \$134,075 | \$8,456 | \$142,531 | 12.48% | 0.79% | 13.27% |
| Growth rate % | 5.1% | -3.5% | 4.5% | | | |
| 2012 | | | | | | |
| Buduchnist | \$48,336 | \$3,215 | \$51,550 | 14.16% | 0.94% | 15.10% |
| Ukrainian | \$39,478 | \$1,912 | \$41,390 | 13.73% | 0.67% | 14.40% |
| Carpathia | \$20,294 | \$61 | \$20,355 | 10.56% | 0.03% | 10.60% |
| CP Ukrainienne de Montreal | \$9,675 | \$2,446 | \$12,121 | 9.95% | 2.52% | 12.46% |
| North Winnipeg | \$4,965 | \$1,125 | \$6,091 | 13.48% | 2.81% | 15.18% |
| New Community | \$4,880 | \$0 | \$4,880 | 13.48% | 0.00% | 13.48% |
| Total | \$127,628 | \$8,758 | \$136,386 | 12.83% | 0.88% | 13.71% |

| Schedule 3 Loan Portfolio UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | | | | | |
|--|---|--|---|---|--|-----------------------------------|
| Name of CU | Residential Mortgage Loans (\$000's) | Commercial Mortgage Loans (\$000's) | Consumer Loans (\$000's) | Business Loans (\$000's) | Total Gross Loans (\$000's) | Allowance/ Loans % |
| 1 Buduchnist | \$395,443 | \$207,260 | \$10,735 | \$0 | \$613,439 | 0.13% |
| 2 Ukrainian | \$404,254 | \$170,317 | \$16,424 | \$0 | \$590,995 | 0.13% |
| 3 Carpathia | \$176,417 | \$131,232 | \$23,260 | \$27,511 | \$358,420 | 0.08% |
| 4 CP Ukrainienne de Montreal | \$46,164 | \$55,098 | \$18,026 | \$0 | \$119,288 | 0.11% |
| 5 North Winnipeg | \$63,376 | \$13,079 | \$6,080 | \$2,590 | \$85,124 | 0.19% |
| 6 New Community | \$47,151 | \$3,386 | \$9,918 | \$44 | \$60,499 | 0.00% |
| Total | \$1,132,805 | \$580,372 | \$84,443 | \$30,145 | \$1,827,765 | 0.12% |
| Growth % Year over Year | 7.2% | 11.9% | -1.3% | 12.8% | 8.3% | |
| <i>Mix of loans %</i> | 62% | 32% | 5% | 2% | 100% | |
| Total 2013 | \$1,056,400 | \$518,798 | \$85,549 | \$26,731 | \$1,687,478 | 0.16% |
| Total 2012 | \$1,013,901 | \$463,588 | \$85,574 | \$24,110 | \$1,587,172 | 0.16% |
| Total 2011 | \$909,577 | \$420,282 | \$82,899 | \$15,447 | \$1,428,205 | 0.15% |
| Total 2010 | \$866,555 | \$364,909 | \$80,030 | \$44,073 | \$1,355,567 | 0.21% |
| Total 2009 | \$798,205 | \$328,223 | \$75,118 | \$37,982 | \$1,239,528 | 0.27% |
| Total 2008 | \$769,625 | \$295,952 | \$74,986 | \$35,710 | \$1,176,273 | 0.00% |
| Total 2007 | \$717,447 | \$285,915 | \$62,877 | \$23,348 | \$1,089,587 | 0.23% |
| Total 2006 | \$621,296 | \$240,122 | \$77,632 | \$20,234 | \$1,027,250 | 0.25% |
| Total 2005 | \$562,436 | \$216,954 | \$78,235 | \$22,948 | \$939,731 | 0.28% |
| Growth rates % | | | | | | |
| Total 2014 | 7.2% | 11.9% | -1.3% | 12.8% | 8.3% | |
| Total 2013 | 4.2% | 11.9% | 0.0% | 10.9% | 6.3% | |
| Total 2012 | 11.5% | 10.3% | 3.2% | 56.1% | 11.1% | |
| Total 2011 | 5.0% | 15.2% | 3.6% | -65.0% | 5.4% | |
| Total 2010 | 8.6% | 11.2% | 6.5% | 16.0% | 9.4% | |
| Total 2009 | 3.7% | 10.9% | 0.2% | 6.4% | 5.4% | |
| Total 2008 | 7.3% | 3.5% | 19.3% | 52.9% | 8.0% | |
| Total 2007 | 15.5% | 19.1% | -19.0% | 15.4% | 6.1% | |
| Total 2006 | 10.5% | 10.7% | -0.8% | -11.8% | 9.3% | |
| Total 2005 | 7.4% | 6.7% | 6.1% | 20.3% | 8.4% | |
| Average Growth (10 yrs) | 8.1% | 11.1% | 1.8% | 11.4% | 7.8% | |

Comparison of 2014 and 2013 Loan Portfolios

| Gross Loans | 2014 | 2013 | Growth % |
|-----------------------------------|------------------|------------------|-----------------|
| Buduchnist | 613,439 | 575,716 | 6.6% |
| Ukrainian | 590,995 | 528,804 | 11.8% |
| Carpathia | 358,420 | 333,414 | 7.5% |
| CP Ukrainienne de Montreal | 119,288 | 110,337 | 8.1% |
| North Winnipeg | 85,124 | 79,783 | 6.7% |
| New Community | 60,499 | 59,425 | 1.8% |
| | 1,827,765 | 1,687,478 | 8.3% |
| Residential Mortgages | 2014 | 2013 | Growth % |
| Buduchnist | 395,443 | 380,960 | 3.8% |
| Ukrainian | 404,254 | 362,419 | 11.5% |
| Carpathia | 176,417 | 163,703 | 7.8% |
| CP Ukrainienne de Montreal | 46,164 | 42,526 | 8.6% |
| North Winnipeg | 63,376 | 58,701 | 8.0% |
| New Community | 47,151 | 48,091 | -2.0% |
| | 1,132,805 | 1,056,400 | 7.2% |
| Commercial Mortgages | 2014 | 2013 | Growth % |
| Buduchnist | 207,260 | 184,216 | 12.5% |
| Ukrainian | 170,317 | 150,627 | 13.1% |
| Carpathia | 131,232 | 119,304 | 10.0% |
| CP Ukrainienne de Montreal | 55,098 | 50,888 | 8.3% |
| North Winnipeg | 13,079 | 11,831 | 10.5% |
| New Community | 3,386 | 1,931 | 75.3% |
| | 580,372 | 518,798 | 11.9% |
| Consumer Loans | 2014 | 2013 | Growth % |
| Buduchnist | 10,735 | 10,540 | 1.9% |
| Ukrainian | 16,424 | 15,758 | 4.2% |
| Carpathia | 23,260 | 25,365 | -8.3% |
| CP Ukrainienne de Montreal | 18,026 | 16,923 | 6.5% |
| North Winnipeg | 6,080 | 7,561 | -19.6% |
| New Community | 9,918 | 9,402 | 5.5% |
| | 84,443 | 85,549 | -1.3% |
| Business Loans | 2014 | 2013 | Growth % |
| Carpathia | 27,511 | 25,042 | 9.9% |
| North Winnipeg | 2,590 | 1,689 | 53.3% |
| | 30,101 | 26,731 | 12.6% |

| Schedule 4 Deposit Portfolio | | | | | |
|--|----------------------------------|---|---|--|--|
| UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | | | | |
| Name of credit union | Borrowings (\$'000's) | Demand Deposits (\$'000's) | Term Deposits (\$'000's) | Registered Savings (\$'000's) | Total Deposits (\$'000's) |
| 1 Buduchnist | \$44,315 | \$197,523 | \$311,348 | \$93,083 | \$601,954 |
| 2 Ukrainian | \$70,079 | \$198,171 | \$248,297 | \$107,938 | \$554,406 |
| 3 Carpathia | \$0 | \$130,653 | \$147,720 | \$105,417 | \$383,790 |
| 4 CP Ukrainienne de Montreal | \$9,681 | \$28,734 | \$62,712 | \$20,159 | \$111,604 |
| 5 North Winnipeg | \$0 | \$21,965 | \$39,434 | \$26,353 | \$87,753 |
| 6 New Community | \$0 | \$22,620 | \$38,549 | \$8,080 | \$69,249 |
| Total | \$124,075 | \$599,665 | \$848,060 | \$361,031 | \$1,808,755 |
| Growth % Year over Year | 147% | 9% | -2% | 8% | 3% |
| <i>Mix of deposits</i> | | 33.2% | 46.9% | 20.0% | 100.0% |
| 2 Total 2013 | \$50,326 | \$550,107 | \$869,468 | \$335,141 | \$1,754,716 |
| Growth % Year over Year | 28% | 5% | 6% | 13% | 7% |
| <i>Mix of deposits</i> | | 31.4% | 49.6% | 19.1% | 100.0% |
| 3 Total 2012 | \$39,439 | \$524,322 | \$819,178 | \$296,829 | \$1,640,329 |
| Growth % Year over Year | 140% | 19% | 7% | 13% | 12% |
| <i>Mix of deposits</i> | | 32.0% | 49.9% | 18.1% | 100.0% |
| 4 Total 2011 | \$16,461 | \$439,928 | \$764,892 | \$261,943 | \$1,466,763 |
| Growth % Year over Year | -16% | -4.4% | -2.6% | 15.6% | -0.4% |
| <i>Mix of deposits</i> | | 30.0% | 52.1% | 17.9% | 100.0% |
| 5 Total 2010 | \$19,592 | \$460,399 | \$784,970 | \$226,675 | \$1,472,044 |
| Growth % Year over Year | 69% | -2.8% | 16.4% | 11.2% | 8.9% |
| <i>Mix of deposits</i> | | 31.3% | 53.3% | 15.4% | 100.0% |
| 6 Total 2009 | \$11,593 | \$473,883 | \$674,382 | \$203,757 | \$1,352,022 |
| Growth % Year over Year | 444% | 17.1% | 1.2% | 12.3% | 3.7% |
| <i>Mix of deposits</i> | | 35.0% | 49.9% | 15.1% | 100.0% |
| 7 Total 2008 | \$2,132 | \$404,852 | \$666,631 | \$181,453 | \$1,303,818 |
| Growth % Year over Year | -71% | 16.4% | -1.5% | 6.7% | 9.1% |
| <i>Mix of deposits</i> | | 32.3% | 53.2% | 14.5% | 100.0% |
| 8 Total 2007 | \$7,378 | \$347,911 | \$677,100 | \$170,059 | \$1,195,070 |
| Growth % Year over Year | -78% | 3.8% | 13.2% | 5.4% | 9.2% |
| <i>Mix of deposits</i> | | 29.1% | 56.7% | 14.2% | 100.0% |
| 9 Total 2006 | \$33,341 | \$335,091 | \$598,223 | \$161,374 | \$1,094,688 |
| Growth % Year over Year | 66.2% | -2.9% | 8.2% | 2.7% | 3.8% |
| <i>Mix of deposits</i> | | 30.6% | 54.6% | 14.7% | 100.0% |
| 10 Total 2005 | \$20,056 | \$345,077 | \$552,724 | \$157,101 | \$1,054,902 |
| Growth % Year over Year | 70.9% | 3.6% | 5.8% | 3.4% | 4.7% |
| <i>Mix of deposits</i> | | 32.7% | 52.4% | 14.9% | 100.0% |

Comparison of 2014 and 2013 Deposit Balances

| Total Deposits | 2014 | 2013 | Growth % |
|----------------------------|------------------|------------------|-----------------|
| Buduchnist | 601,954 | 592,079 | 1.7% |
| Ukrainian | 554,406 | 540,681 | 2.5% |
| Carpathia | 383,790 | 358,693 | 7.0% |
| CP Ukrainienne de Montreal | 111,604 | 110,938 | 0.6% |
| North Winnipeg | 87,753 | 83,646 | 4.9% |
| New Community | 69,249 | 68,679 | 0.8% |
| | 1,808,755 | 1,754,716 | 3.1% |

| Demand Deposits | 2014 | 2013 | Growth % |
|----------------------------|----------------|----------------|-----------------|
| Buduchnist | 197,523 | 175,310 | 12.7% |
| Ukrainian | 198,171 | 188,529 | 5.1% |
| Carpathia | 130,653 | 112,409 | 16.2% |
| CP Ukrainienne de Montreal | 28,734 | 29,393 | -2.2% |
| North Winnipeg | 21,965 | 20,560 | 6.8% |
| New Community | 22,620 | 23,906 | -5.4% |
| | 599,665 | 550,107 | 9.0% |

| Term Deposits | 2014 | 2013 | Growth % |
|----------------------------|----------------|----------------|-----------------|
| Buduchnist | 311,348 | 332,009 | -6.2% |
| Ukrainian | 248,297 | 248,253 | 0.0% |
| Carpathia | 147,720 | 149,549 | -1.2% |
| CP Ukrainienne de Montreal | 62,712 | 63,341 | -1.0% |
| North Winnipeg | 39,434 | 38,867 | 1.5% |
| New Community | 38,549 | 37,449 | 2.9% |
| | 848,060 | 869,468 | -2.5% |

| Registered Plans | 2014 | 2013 | Growth % |
|-----------------------------------|----------------|----------------|-----------------|
| Buduchnist | 93,083 | 84,761 | 9.8% |
| Ukrainian | 107,938 | 103,899 | 3.9% |
| Carpathia | 105,417 | 96,735 | 9.0% |
| CP Ukrainienne de Montreal | 20,159 | 18,204 | 10.7% |
| North Winnipeg | 26,353 | 24,218 | 8.8% |
| New Community | 8,080 | 7,324 | 10.3% |
| | 361,031 | 335,141 | 7.7% |

| Schedule 5 | | UKRAINIAN CREDIT UNIONS IN CANADA | | |
|------------------------------|----------------------------|--|-------------------------|---------------------------|
| Operating results | | as at December 31, 2014 | | |
| | | As a % of Average Assets | | |
| Name of credit union | Net Interest Margin | Other Income | Operating Income | Operating Expenses |
| 1 Buduchnist | 1.99% | 0.25% | 2.24% | 1.62% |
| 2 Ukrainian | 2.13% | 0.25% | 2.38% | 2.00% |
| 3 Carpathia | 1.92% | 0.36% | 2.29% | 1.59% |
| 4 CP Ukrainienne de Montreal | 2.58% | 0.46% | 3.04% | 1.62% |
| 5 North Winnipeg | 1.99% | 0.44% | 2.43% | 1.95% |
| 6 New Community | 2.02% | 0.68% | 2.70% | 1.96% |
| Total | 2.06% | 0.31% | 2.37% | 1.76% |
| 2 Total 2013 | 2.21% | 0.35% | 2.56% | 1.92% |
| 3 Total 2012 | 2.18% | 0.33% | 2.51% | 1.84% |
| 4 Total 2011 | 2.25% | 0.40% | 2.66% | 1.90% |
| 5 Total 2010 | 2.31% | 0.42% | 2.73% | 1.98% |
| 6 Total 2009 | 2.27% | 0.42% | 2.68% | 1.95% |
| 7 Total 2008 | 2.28% | 0.44% | 2.73% | 2.03% |
| 8 Total 2007 | 2.47% | 0.41% | 2.88% | 2.12% |
| 9 Total 2006 | 2.61% | 0.44% | 3.04% | 2.14% |
| 10 Total 2005 | 2.62% | 0.41% | 3.03% | 2.20% |
| Average (10 yrs) | 2.33% | 0.39% | 2.72% | 1.98% |

| Schedule 5a Operating results | | UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | | |
|----------------------------------|----------------------------|--|-----------------------------|---------------------------------|-----------------------------------|
| Name of credit union | | Net Interest Margin (\$000s) | Other Income (\$000s) | Operating Income (\$000s) | Operating Expenses (\$000s) |
| 1 | Buduchnist | \$13,629 | \$1,709 | \$15,338 | \$11,125 |
| 2 | Ukrainian | \$13,853 | \$1,637 | \$15,490 | \$13,018 |
| 3 | Carpathia | \$7,654 | \$1,447 | \$9,100 | \$6,313 |
| 4 | CP Ukrainienne de Montreal | \$3,591 | \$641 | \$4,232 | \$2,258 |
| 5 | North Winnipeg | \$1,841 | \$409 | \$2,251 | \$1,807 |
| 6 | New Community | \$1,520 | \$514 | \$2,034 | \$1,473 |
| Total | | \$42,088 | \$6,358 | \$48,446 | \$35,993 |
| Growth % Year over Year | | 8.0% | 3.5% | 7.4% | 6.5% |
| Total 2013 | | \$38,974 | \$6,144 | \$45,118 | \$33,783 |
| Growth % Year over Year | | 1.3% | 6.2% | 2.0% | 4.1% |
| Total 2012 | | \$38,456 | \$5,787 | \$44,243 | \$32,463 |
| Growth % Year over Year | | 2.0% | -14.3% | -0.5% | 1.9% |
| Total 2011 | | \$37,710 | \$6,751 | \$44,461 | \$31,862 |
| Growth % Year over Year | | 7.2% | 5.7% | 7.0% | 5.7% |
| Total 2010 | | \$35,180 | \$6,386 | \$41,566 | \$30,136 |
| Growth % Year over Year | | 7.3% | 6.3% | 7.3% | 6.8% |
| Total 2009 | | \$32,781 | \$6,006 | \$38,737 | \$28,213 |
| Growth % Year over Year | | 4.9% | -1.3% | 3.8% | 1.5% |
| Total 2008 | | \$31,245 | \$6,087 | \$37,331 | \$27,793 |

| Schedule 6 | | UKRAINIAN CREDIT UNIONS IN CANADA | | |
|------------------------------|--|--|-------------------------|------------------------|
| Operating results | | as at December 31, 2014 | | |
| | | As a % of Average Assets | | |
| Name of credit union | Net Income Before loan losses | Provision for Loan Losses | Income Taxes | Net Income* |
| 1 Buduchnist | 0.62% | 0.02% | 0.06% | 0.48% |
| 2 Ukrainian | 0.38% | 0.02% | 0.04% | 0.19% |
| 3 Carpathia | 0.70% | 0.04% | 0.10% | 0.59% |
| 4 CP Ukrainienne de Montreal | 1.42% | 0.02% | 0.00% | 0.82% |
| 5 North Winnipeg | 0.48% | 0.02% | 0.00% | 0.41% |
| 6 New Community | 0.75% | 0.02% | 0.00% | 0.61% |
| Total | 0.61% | 0.03% | 0.05% | 0.43% |
| 2 Total 2013 | 0.64% | 0.02% | 0.09% | 0.63% |
| 3 Total 2012 | 0.67% | 0.02% | 0.08% | 0.62% |
| 4 Total 2011 | 0.75% | 0.00% | 0.12% | 0.63% |
| 5 Total 2010 | 0.75% | 0.02% | 0.11% | 0.62% |
| 6 Total 2009 | 0.73% | 0.04% | 0.12% | 0.56% |
| 7 Total 2008 | 0.70% | 0.07% | 0.10% | 0.53% |
| 8 Total 2007 | 0.77% | 0.02% | 0.15% | 0.60% |
| 9 Total 2006 | 0.89% | 0.04% | 0.18% | 0.68% |
| 10 Total 2005 | 0.83% | 0.03% | 0.12% | 0.68% |
| Average (10 yrs) | 0.73% | 0.03% | 0.11% | 0.60% |

| Schedule 7 Operating results UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 As a % of Average Assets | | | | |
|--|--|------------------------|--|-------------------------|
| Name of credit union | Net Income before Comprehensive | Net Income* | Net Dividends & Patronage | Net Income** |
| 1 Buduchnist | 0.46% | 0.48% | 0.07% | 0.41% |
| 2 Ukrainian | 0.30% | 0.19% | 0.05% | 0.15% |
| 3 Carpathia | 0.59% | 0.59% | 0.11% | 0.48% |
| 4 CP Ukrainienne de Montreal | 1.17% | 0.82% | 0.31% | 0.50% |
| 5 North Winnipeg | 0.41% | 0.41% | 0.02% | 0.39% |
| 6 New Community | 0.61% | 0.61% | 0.00% | 0.61% |
| Total | 0.49% | 0.43% | 0.08% | 0.35% |
| Total 2013 | 0.53% | 0.63% | 0.10% | 0.53% |
| Total 2012 | 0.57% | 0.62% | 0.10% | 0.51% |
| Total 2011 | 0.63% | 0.63% | 0.10% | 0.54% |
| Total 2010 | | 0.62% | 0.14% | 0.54% |
| Total 2009 | | 0.56% | 0.15% | 0.45% |

| Name of credit union | Net Income before Comprehensive | Net Income* (\$000s) | Net Dividends & Patronage (\$000s) | Net Income** (\$000s) |
|--------------------------------|--|-------------------------------------|---|--------------------------------------|
| 1 Buduchnist | 3,176 | 3,271 | 478 | 2,793 |
| 2 Ukrainian | 1,978 | 1,241 | 295 | 946 |
| 3 Carpathia | 2,355 | 2,355 | 433 | 1,922 |
| 4 CP Ukrainienne de Montreal | 1,632 | 1,137 | 438 | 699 |
| 5 North Winnipeg | 376 | 378 | 20 | 357 |
| 6 New Community | 461 | 461 | 0 | 461 |
| Total | \$9,976 | \$8,842 | \$1,664 | \$7,178 |
| Growth % Year over Year | -0.6% | -18.6% | -18.2% | -18.6% |
| Total 2013 | \$9,416 | \$11,121 | \$1,768 | \$9,353 |
| Growth % Year over Year | -6.2% | 2.4% | -13.1% | 6.0% |
| Total 2012 | \$10,033 | \$10,857 | \$2,035 | \$8,822 |
| Growth % Year over Year | -5.3% | 3.0% | 37.8% | -2.9% |
| Total 2011 | \$10,593 | \$10,545 | \$1,477 | \$9,082 |
| Growth % Year over Year | | 11.2% | -20.9% | 10.2% |
| Total 2010 | | \$9,481 | \$1,866 | \$8,240 |
| Growth % Year over Year | | 16.0% | -4.5% | 26.1% |
| Total 2009 | | \$8,172 | \$1,953 | \$6,534 |

* comprehensive net income before distributions to members
** net income after dividends and patronage dividends

| Schedule 8 | | UKRAINIAN CREDIT UNIONS IN CANADA | | | |
|------------------------------|--|--|------------------------------|---------------------------|---|
| Expense Analysis | | as at December 31, 2014 | | | |
| | | As a % of Average Assets | | | Productivity Expense Ratio (a) |
| Name of credit union | | Personnel Expense | Occupancy Expense | Other Expenses | |
| 1 Buduchnist | | 0.75% | 0.12% | 0.76% | 1.62% |
| 2 Ukrainian | | 1.12% | 0.23% | 0.65% | 2.00% |
| 3 Carpathia | | 0.83% | 0.24% | 0.52% | 1.59% |
| 4 CP Ukrainienne de Montreal | | 0.71% | 0.11% | 0.80% | 1.62% |
| 5 North Winnipeg | | 1.03% | 0.26% | 0.66% | 1.95% |
| 6 New Community | | 0.97% | 0.13% | 0.85% | 1.96% |
| Total | | 0.90% | 0.18% | 0.68% | 1.76% |
| 2 Total 2013 | | 1.00% | 0.20% | 0.72% | 1.92% |
| 3 Total 2012 | | 0.95% | 0.19% | 0.69% | 1.84% |
| 4 Total 2011 | | 0.98% | 0.19% | 0.73% | 1.90% |
| 5 Total 2010 | | 0.98% | 0.22% | 0.78% | 1.98% |
| 6 Total 2009 | | 0.97% | 0.24% | 0.74% | 1.95% |
| 7 Total 2008 | | 1.03% | 0.25% | 0.75% | 2.03% |
| 8 Total 2007 | | 1.05% | 0.26% | 0.80% | 2.12% |
| 9 Total 2006 | | 1.08% | 0.25% | 0.81% | 2.14% |
| 10 Total 2005 | | 1.13% | 0.25% | 0.82% | 2.20% |
| Average (10 yrs) | | 1.01% | 0.22% | 0.75% | 1.98% |

New Disclosure Regulations – Restricted Party Transactions**Restricted Party Transactions**

Credit unions are required to disclose the total amount loans made to restricted parties. Under section 82 of Regulation 76/95 of the Credit Unions and Caisses Populaires Act, restricted party is defined as follows:

“A restricted party includes a person who is, or has been within the preceding twelve months, a director, officer, committee member, or any corporation in which the person owns more than 10% of the voting shares, his or her spouse, their dependent relatives who live in the same household as the person, and any corporation controlled by such spouse or dependent relative.”

The restricted party loans to total loans ratio ranged from 0.57% (Carpathia CU) to a high of 1.39% (New Community located in Saskatoon). One credit union did not disclose the level of restricted loans in their statements. The average ratio for the 5 credit unions which disclosed the loans held by restricted parties was 0.77% of the total loans outstanding compare to 0.92% in the previous year. (See schedule below).

| Schedule 9 Director & Employee Loans | | UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | |
|---|-----------------|--|--|------------------------------------|
| Name of credit union | Location | Net Loans (000's) | Director & Employee Loans (000's) | As a % of Net Loans |
| 1 Buduchnist | Toronto | 612,621 | 5,490 | 0.90% |
| 2 Ukrainian | Toronto | 590,208 | 4,161 | 0.71% |
| 3 Carpathia | Winnipeg | 358,147 | 2,037 | 0.57% |
| 4 CP Ukrainienne de Montreal | Montreal | 119,162 | 0 | 0.00% |
| 5 North Winnipeg | Winnipeg | 84,966 | 603 | 0.71% |
| 6 New Community | Saskatoon | 60,499 | 843 | 1.39% |
| Total | | 1,825,603 | 13,134 | 0.77% |
| Growth % Year over Year | | 8.3% | -9.7% | |
| Total 2013 | | 1,685,479 | 14,540 | 0.92% |
| Growth % Year over Year | | 6.4% | -3.2% | |
| Total 2012 | | 1,584,698 | 15,022 | 0.78% |
| Growth % Year over Year | | 11.1% | 5.8% | |
| Total 2011 | | 1,426,081 | 14,201 | 0.97% |
| Growth % Year over Year | | 5.4% | -24.2% | |
| Total 2010 | | 1,352,703 | 18,735 | 1.34% |
| Growth % Year over Year | | 9.4% | -16.8% | |
| Total 2009 | | 1,236,135 | 22,516 | 1.76% |
| Growth % Year over Year | | 5.4% | -10.6% | |
| Total 2008 | | 1,172,961 | 25,186 | 2.41% |
| Growth % Year over Year | | 7.9% | 17.8% | |
| Total 2007 | | 1,087,081 | 21,387 | 2.17% |
| Growth % Year over Year | | 6.1% | -6.8% | |
| Total 2006 | | 1,024,673 | 22,945 | 2.40% |
| Growth % Year over Year | | 9.3% | -6.0% | |

New Disclosure Regulations - Expenses Related to Board of Directors**Expenses Related to Board of Directors**

Generally, member of the board of directors are remunerated for their work and may be entitled to be paid their traveling expenses and other expenses properly incurred by them in connection with activities they undertake on behalf of the their credit union.

- Total remuneration (fees & costs) paid to members of the board of directors ranged from \$9,300 to \$101,000.
- The average remuneration per director was \$5,021 per director in 2014 compared to \$4,579 per director in the previous year.

| Schedule 10 Director Fees & Costs | | | | | |
|--|-----------------------------------|-----------------------------------|---|----------------------------|---|
| UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | | | | |
| Name of credit union | Operating Expenses (000's) | Directors Fees & Costs | Directors fees & costs/ Operating Expenses % | Number of Directors | Avg. Director fees & costs/ Director |
| 1 Buduchnist | \$11,125 | \$54,332 | 0.49% | 7 | \$7,762 |
| 2 Ukrainian | \$13,018 | \$101,000 | 0.78% | 12 | \$8,417 |
| 3 Carpathia | \$6,313 | \$96,141 | 1.52% | 9 | \$10,682 |
| 4 CP Ukrainienne de Montreal | \$2,258 | \$10,000 | 0.44% | 15 | \$667 |
| 5 North Winnipeg | \$1,807 | \$35,469 | 1.96% | 9 | \$3,941 |
| 6 New Community | \$1,473 | \$9,349 | 0.63% | 9 | \$1,039 |
| Total | \$35,993 | \$306,291 | 0.85% | 61 | \$5,021 |
| Growth % Year over Year | 6.5% | 9.6% | | | 9.6% |
| Total 2013 | \$33,783 | \$279,344 | 0.83% | 61 | \$4,579 |
| Growth % Year over Year | 4.1% | 28.4% | | | 28.4% |
| Total 2012 | \$32,463 | \$217,623 | 0.67% | 61 | \$3,568 |
| Growth % Year over Year | 1.9% | -21.7% | | | -10.2% |
| Total 2011 | \$31,862 | \$278,024 | 0.87% | 70 | \$3,972 |
| Growth % Year over Year | 5.7% | 21.1% | | | -10.1% |
| Total 2010 | \$30,136 | \$229,619 | 0.76% | 52 | \$4,416 |
| Growth % Year over Year | 6.8% | 11.7% | | | 31.1% |
| Total 2009 | \$28,213 | \$205,517 | 0.73% | 61 | \$3,369 |
| Growth % Year over Year | 1.5% | -19.9% | | | -6.7% |
| Total 2008 | \$27,793 | \$256,490 | 0.92% | 71 | \$3,613 |
| Growth % Year over Year | 2.3% | -7.4% | | | 4.3% |
| Total 2007 | \$27,156 | \$277,017 | 1.02% | 80 | \$3,463 |
| Growth % Year over Year | 4.9% | 8.1% | | | 8.1% |
| Total 2006 | \$25,879 | \$256,186 | 0.99% | 80 | \$3,202 |
| Growth % Year over Year | 3.5% | 8.3% | | | 8.3% |
| Total 2005 | \$24,992 | \$236,618 | 0.95% | 80 | \$2,958 |
| Average (10 years) | | | 0.86% | | |

| Schedule 11 UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 Branch, Member & Employee averages | | | | | | |
|---|-----------------|--|----------------|---------------------------|------------------------------------|---|
| Name of credit union | Branches | Deposits/ Branch (\$Mils) | Members | Assets/ Member | Number of Employees | Average Compensation /Employee |
| 1 Buduchnist | 9 | \$66.9 | 21,997 | \$32,248 | 88 | \$58,088 |
| 2 Ukrainian | 16 | \$34.7 | 24,925 | \$27,083 | 117 | \$62,111 |
| 3 Carpathia | 4 | \$95.9 | 8,840 | \$46,585 | 62 | \$53,195 |
| 4 CP Ukrainienne de Montreal | 1 | \$111.6 | 3,530 | \$36,652 | 13 | \$76,000 |
| 5 North Winnipeg | 2 | \$43.9 | 3,375 | \$25,673 | 16 | \$59,541 |
| 6 New Community | 1 | \$69.2 | 2,222 | \$32,075 | 11 | \$66,636 |
| Total | 33 | \$54.8 | 64,889 | \$28,528 | 307 | \$59,774 |
| Growth % Year over Year | 6.5% | -3.2% | 0.5% | -0.5% | 8.4% | -3.8% |
| Total 2013 | 31 | \$56.6 | 64,540 | \$28,683 | 283 | \$62,131 |
| Growth % Year over Year | 6.9% | 0.1% | -5.6% | 5.9% | 1.2% | 3.6% |
| Total 2012 | 29 | \$56.6 | 68,367 | \$27,080 | 280 | \$59,958 |
| Growth % Year over Year | 0.0% | 11.8% | 0.0% | 8.0% | 2.6% | 0.0% |
| Total 2011 | 29 | \$50.6 | 68,390 | \$25,077 | 273 | \$59,974 |
| Growth % Year over Year | -6.5% | 6.5% | -2.3% | 7.6% | 2.6% | 6.6% |
| Total 2010 | 31 | \$47.5 | 70,035 | \$23,310 | 266 | \$56,283 |
| Growth % Year over Year | 3.3% | 5.3% | 2.0% | 7.4% | 1.9% | 4.4% |
| Total 2009 | 30 | \$45.1 | 68,653 | \$21,706 | 261 | \$53,908 |
| Growth % Year over Year | 7.1% | -3.2% | -3.8% | 8.5% | -4.7% | 4.3% |
| Total 2008 | 28 | \$46.6 | 71,338 | \$20,007 | 274 | \$51,695 |
| Growth % Year over Year | -3.4% | 13.1% | -1.3% | 9.4% | -1.1% | 6.0% |
| Total 2007 | 29 | \$41.2 | 72,280 | \$18,284 | 277 | \$48,779 |

| Schedule 12a | | UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 Promotions, Donations & Advertising (PDA) % operating expenses | | | |
|---|-------------------------|---|-------------------------------|---------------------------|------------------------|
| Name of credit union | PDA Total (\$000) | Operating Expenses (\$000) | PDA/ Operating Expenses | Net Income* (\$000) | PDA/ Net Income* |
| 1 Buduchnist | \$1,719 | \$11,125 | 15.45% | \$5,773 | 29.78% |
| 2 Ukrainian | \$770 | \$13,018 | 5.91% | \$3,086 | 24.95% |
| 3 Carpathia | \$391 | \$6,313 | 6.19% | \$3,001 | 13.03% |
| 4 CP Ukrainienne de Montreal | \$71 | \$2,258 | 3.14% | \$2,013 | 3.53% |
| 5 North Winnipeg | \$14 | \$1,807 | 0.76% | \$436 | 3.15% |
| 6 New Community | \$0 | \$1,473 | 0.00% | \$547 | 0.00% |
| Total | \$2,965 | \$35,993 | 8.24% | \$14,856 | 19.96% |
| * net income before taxes, dividends and PDA | | | | | |

| Schedule 13 UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2014 | | | | | |
|--|---------------|---------------|---------------|---------------|-------------------------------|
| Membership | | | | | 14/13 Growth % |
| Name of credit union | 2011 | 2012 | 2013 | 2014 | |
| 1 Buduchnist | 20,439 | 20,938 | 21,705 | 21,997 | 1.3% |
| 2 Ukrainian | 24,055 | 25,764 | 25,205 | 24,925 | -1.1% |
| 3 Carpathia | 12,414 | 12,541 | 8,737 | 8,840 | 1.2% |
| 4 CP Ukrainienne de Montreal | 3,900 | 3,600 | 3,370 | 3,530 | 4.7% |
| 5 North Winnipeg | 3,371 | 3,370 | 3,389 | 3,375 | -0.4% |
| 6 New Community | 2,278 | 2,154 | 2,134 | 2,222 | 4.1% |
| 7 United Ukrainian | 1,933 | - | - | - | - |
| Total | 68,390 | 68,367 | 64,540 | 64,889 | 0.5% |

** United Ukrainian merged with Ukrainian CU in 2012*

Brief Overview of the Ukrainian-Canadian Credit Unions

[as outline in the annual reports of each credit union]

Buduchnist Credit Union is the largest Ukrainian credit union in Canada, 14th largest credit union in Ontario and 44th largest in Canada based on asset size.

| | |
|----------------------------|---|
| | Buduchnist Credit Union |
| CEO: | Oksana Prociuk-Ciz |
| CFO: | Bohdan Cup |
| Head Office | 2280 Bloor Street West |
| Address: | Toronto, Ontario M6S 1N9 |
| Telephone: | (416) 763-6883 |
| Website: | www.buduchnist.com |
| Board of Directors: | Michael Szepetyk - Chair Tedosij Buyniak - Honorary Board Member Bohdan Leshchyshen - Vice Chair Roman Medyk Orest Kostruba Oleh Romanyshyn Andrew Tarapacky Irene Hryniuk |
| <i>Source: Website</i> | |

REPORT OF THE CHAIRMAN AND PRESIDENT & CEO IN THE ANNUAL REPORT

2014 was a particularly emotional year at Buduchnist Credit Union where staff and members alike were motivated to work hard, deliver results and to make a difference in our many pursuits.

GROWING

In spite of the competitive financial services marketplace, BCU expanded its balance sheet by \$49 million or 7.4% to \$709 million while BCU Wealth Management grew by 15% reaching a milestone in assets of \$100 million. As a result, BCU assets under administration reached \$809 million, an admirable overall growth rate of 8.30%. Our members borrowed \$139 million in 2014, an amount second only to levels reached in 2012. As a result, our loans portfolio topped \$613 million, a 6.5% increase year over year. Our members also continued to take advantage of BCU's competitive deposit rates, investing an additional \$10 million with their Credit Union. Member deposits reached \$606 million by year-end. And the Buduchnist family welcomed 1,124 new members to our growing family, increasing overall membership to 22,091 members.

EARNINGS

Before taxes and dividends, BCU earned \$4.1 million, of which \$2.7 million was put away to our retained earnings. We continue to deliver strong financial results, thereby strengthening our solid capital base which now stands at \$58 million. Our regulatory capital of 8.20% is in excess of the required regulatory minimum of 4%.

REWARDING

Once again, the BCU Patronage Plan distributed a portion of our Credit Union's earnings to our members. Buduchnist CU paid a 3% dividend on Member Shares, a 4% dividend on Bonus Shares and declared patronage dividends in the amount of \$360,000 based on the business members held with BCU throughout the year. To date, since 1998, the BCU Patronage Plan has returned \$10.7 million back to our members, clearly underscoring that at BCU membership has its benefits!

BUILDING

Buduchnist CU continues to play a leading role in the vitality of the Ukrainian community in Canada. Essentially, every good initiative and every important on-going member project in support of the community is sponsored by BCU! Throughout 2014, BCU made a significant contribution of \$1.7 million to numerous charitable, non-profit, Church and community sponsored causes as well as countless youth, cultural, educational, humanitarian and recreational activities, the community media and information sectors. As the only Ukrainian Canadian financial institution to have contributed to the establishment of a charitable foundation, BCU Foundation, BCU continues to play a leadership role as the catalyst for the community's growth and development.

HELPING

2014 was a year without recent precedent for Ukraine and her people in their new struggle for freedom and democracy. From the Kyiv EuroMaidan rallies in support of a democratic and European Ukraine to the new struggle for territorial integrity in the east, Ukraine continued to sacrifice her best men and women. Throughout all of these events, our members responded generously and overwhelmingly to the growing humanitarian needs which developed in Ukraine. We are proud that our members directed humanitarian assistance first to the students of the EuroMaidan and then to the ill-equipped volunteer battalions in the ATO and most recently to the rehabilitation of those injured soldiers returning from Eastern Ukraine. In 2014, BCU and its members raised \$750,000 for these emerging needs. Of this sum, \$100,000 alone was allocated by BCU and its public-spirited members from patronage dividends paid out in 2014!

BCU members demonstrated their solidarity with the Ukrainian people by embracing the shared universal principles of liberty, human rights, and democracy as exemplified by their call to action and their generosity throughout the year.

INVESTING

We continued to focus on the performance of each of our business lines. In 2014 BCU Wealth Management reached a significant milestone, \$100 million in assets under management. Our strategic initiatives for 2015 will build on these successes as we strengthen client relationships, benefit from emerging growth opportunities and support the professional development of our staff to ensure consistent attention and service to our members and clients. We will continue to address the needs of our members as we invest our resources and capital in expanding and enriching the BCU member experience.

COMMITTING

Looking ahead to 2015, we will maintain our disciplined and balanced approach to capital investment, as we look forward to enhancing our members' banking experience. We remain committed to upgrade our product offerings, particularly in the sphere of digital banking services and in technology overall. Equally important, we will continue to focus on investing in our human resources to ensure continuity in our leadership and the knowledge and skills required of our staff to meet the growing needs of our members and the challenges of our expanding business model.

THANKING

BCU members continue to be proud community leaders through community activism and engagement and through their generosity and commitment to community needs and endeavours. With each comment and referral, you express your confidence and support for our BCU community. To these members we say – Thank You. Thank you for putting your trust in us, and in our mutual endeavour, our Buduchnist. To our directors and committee members, we express our appreciation for their dedication and commitment. To our management and staff we acknowledge your hard work and attention to the needs of our members, and your enthusiasm in BCU and in our common purpose. Together, we will continue to grow and prosper and to seize exciting new opportunities that will focus on Your Needs. For Life.

Michael Szepetyk, Chairman of the Board
Oksana Prociuk Ciz, President & CEO

BCU WEALTH MANAGEMENT

BCU Wealth Management has grown into a specialized boutique brokerage, providing investment advice to a wide variety of individuals, corporate and non-profit clients. At BCU WM each investor experiences personalized service, investment strategies, and customized wealth management solutions.

This year, the wealth management team continued their Speakers Series annual event by presenting an evening with Larry Berman at the Lambton Golf Club. BCU WM's investors received the opportunity to hear Larry Berman's financial insights and analysis of the markets. As Chief Technical Strategist at CIBC World Markets, Larry was ranked as one of Canada's "Top 3 Analysts" according to Brendan Wood institutional investor surveys.

In 2014, BCU Wealth Management celebrated a milestone achieving a \$100 million in assets under management. A special thank you to the clients of BCU WM for their support and loyalty.

BCU INSURANCE

BCU Insurance provides products and services that protect our clients against loss of income due to death, long-term disability, critical illness, estate costs, and life's other unforeseen surprises.

Our insurance representatives can help you determine the insurance policy that is right for you and meets your current and future needs. In order to ensure that our clients are taken care of, we actively shop the market for great rates and we deliver the highest level of client services.

DONATIONS, SPONSORSHIP AND PROMOTIONS

Buduchnist Credit Union plays an integral role in the life of our community. BCU not only provides financial services to its members, but is a bridge to the community, a meeting place, a centre of

community activity. BCU is committed to sponsoring events and projects supported by our diverse and growing membership.

Last year, BCU's community sponsorship totaled \$1.7 million. BCU Financial Group funds over 300 projects, events, community organizations, media outlets, publications, and institutions annually. BCU provides more community funding than all of the other Ukrainian credit unions combined!

In 2014, mayoralty candidate and now Mayor, John Tory, recognized the important role played by Buduchnist Credit Union and BCU Financial Group during a community round table at BCU.

Honouring Our History, Heritage, and Faith

We are proud to promote the unique historical context of the Ukrainian-Canadian experience – our history, our heritage, and our faith. We support the work of the Ukrainian Canadian Research and Documentation Centre, the Ucrainica Research Institute, academic projects, and conferences that provide a forum for international historians and researchers. Buduchnist also recognizes the important role played by our religious organizations and institutions, which not only foster faith but also provide a foundation for our community's unique culture and traditions.

Community Development

Buduchnist Credit Union is a leading sponsor of coordinating national and international organizations, such as the Ukrainian World Congress, the International Council in Support of Ukraine, the Ukrainian Canadian Congress. We support community organizations engaged in cultural, educational, humanitarian, and charitable projects. These include the Ukrainian Canadian Professional & Business Association, Ukrainian Canadian Social Services of Canada, the Ukrainian Canadian Women's Council, the League of Ukrainian Canadians, the Canadian Lemko Association, the Canadian Bandurist Capella, the League of Ukrainian Canadian Women, and many others. We also provide support to several community centres, nursery schools and seniors homes throughout Ontario.

BCU was among the 100 communities across Canada that unveiled plaques marking the 100th anniversary of the implementation of the War Measures Act, which led to Canada's first internment operations. Buduchnist Credit Union, the largest Ukrainian-Canadian financial institution, was honoured to be one of the sites to display this historic plaque not only in remembrance of those interned, but as a reminder of the value of civil liberties and human rights.

Buduchnist is a proud sponsor of the Shevchenko monument on the "Allée des Poètes." On May 31, 2014, the Shevchenko monument by sculptor Oleh Lesiuk, was unveiled by the Ukrainian community on "Poets' Lane" in Quebec City, commemorating the 200th Anniversary of the birth of Ukraine's most famous poet Taras Shevchenko.

BCU took part in Government of Canada Trade Mission to Ukraine. In July of 2014, the Honourable Ed Fast, Minister of International Trade headed a trade mission to Ukraine. Buduchnist Credit Union was invited to participate in the official trade delegation, which marked Canada's ongoing commitment to supporting the new Ukrainian government's economic, political, and security needs.

The **Ukrainian Star Singing Contest** is a part of the Ukrainian Independence Day Celebrations at Centennial Park, Toronto sponsored by Buduchnist Credit Union. BCU would like to congratulate Ukrainian Star Singing Contest Winners Oleh Buncha and Tymofiy Pelekh. Sixteen talented performers took part in the competition by submitting their own music videos. The top three performers from each

category who received the most 'Likes' on the BCU Facebook page combined with the judges' scores were invited to perform as finalists at the 23rd Ukrainian Independence Day celebrations at Centennial Park on August 23, 2014.

Sports

USC Karpaty U13 soccer team participated in the Ukrainian Nationals Memorial Day 2014 Tournament held in the Ukrainian American Sports Centre "Tryzub" in Philadelphia, USA, where they were finalists. Buduchnist Credit Union is proud to continue their support of the Ukrainian Students Clubs at Ryerson University, at the University of Toronto, at York University, at the University of Ottawa, and SUSK (Ukrainian Canadian Students Union).

Buduchnist Foundation and Buduchnist Credit Union were proud sponsors of EuroMaidan Ottawa's Myth Busters event. With special guests MPs James Bezan and Ted Opatz, and active members of our community, the event raised money for KrymSOS – a charitable organization providing help to Crimean refugees.

The BCU Foundation held their annual golf tournament for the 4th year at the Dragon's Fire Golf Club to raise funds in support of Ukrainian Canadian Athletes.

The BCU Foundation was a proud sponsor of a benefit concert Canada & Ukraine Together – Razom. This unique event was undertaken to show the support Canadians have for those selfless heroes who continue to fight for dignity, freedom and human rights in Ukraine, the values Canadian hold dear.

More than 100 performers from Canada and Ukraine came together at the Mississauga Living Arts Centre on March 28th to support the families of those who perished or were seriously injured on the Maidan and on the streets of Kyiv in February 2014.

DONATIONS AND SPONSORSHIP – 2014

CHARITABLE AND HUMANITARIAN

1. EuroMaidan Project
2. Friends of Ukraine Defense Forces Fund
3. Nebesna Sotnia Families Fund
4. Guardian Angels Fund
5. Children of Chernobyl Canadian Fund: Dzherelo Children's Rehabilitation Centre and Help Us Help the Children
6. Pomich Ukraini Fund
7. Music Mission Kyiv

COMMUNITY CENTRES

1. St. Vladimir Institute (Toronto)
2. Taras Shevchenko Ukrainian Community Centre (Etobicoke)
3. Ukrainian Cultural Centre Toronto
4. Ukrainian Canadian Community Centre Foundation

COMMUNITY EVENTS & PROJECTS

1. Boznian Flood Victims
2. Break for Jesus
3. Canada Ukraine Together – Razom Concert

4. Enbridge Ride to Conquer Cancer
5. Euromaidan Ottawa Myth Busters Event
6. Ivan Franko Homes Family Barbecue
7. Knights of Columbus – Hamilton
8. St. Nicholas Day celebrations in Hamilton, Ottawa and the GTA
9. Ukrainian Canadian Business and Professionals Tradeshow

COMMUNITY ORGANIZATIONS

1. Canadian Friends of Ukraine Canadian Lemko Association
2. Canada Ukraine Chamber of Commerce
3. Canada Ukraine Foundation
4. Desna Foundation
5. Fourth Wave International Organization of Ukrainian Communities
6. International Conference in Support of Ukraine
7. League of Ukrainian Canadians – National Executive
8. League of Ukrainian Canadians – Etobicoke Branch
9. League of Ukrainian Canadians – Toronto Branch
10. League of Ukrainian Canadian Women – National Executive
11. League of Ukrainian Canadian Women – Etobicoke Branch
12. League of Ukrainian Canadian Women – Toronto Branch
13. Society of Veterans of UPA
14. PLAST Ukrainian Youth Association
15. Ukrainian Canadian Congress – National Executive
16. Ukrainian Canadian Congress – Hamilton Branch
17. Ukrainian Canadian Congress – Toronto Branch
18. Ukrainian Canadian Professional Business Association of Ottawa
19. Ukrainian Canadian Professional Business Association of Toronto
20. Ukrainian Canadian Social Services of Canada – Toronto Branch
21. Ukrainian Canadian Women's Council – Toronto Branch
22. Ukrainian World Congress
23. Ukrainian Youth Association of Canada (CYM) – National Executive
24. Ukrainian Youth Association of Canada (CYM) – Etobicoke Branch
25. Ukrainian Youth Association of Canada (CYM) – Mississauga Branch
26. Ukrainian Youth Association of Canada (CYM) – St. Catharines
27. Ukrainian Youth Association of Canada (CYM) – Camp Weselka
28. Ukrainian Canadian Fishing and Hunting Club

CHURCHES AND RELIGIOUS INSTITUTIONS

1. Assumption of the Blessed Virgin Ukrainian Orthodox Church (Ottawa)
2. Assumption of the Blessed Virgin Mary Ukrainian Catholic Church (Toronto)
3. Holy Dormition of the Mother of God Ukrainian Catholic Church (Mississauga)
4. Holy Spirit Ukrainian Catholic Church (Hamilton)
5. Knights of Columbus Sheptytsky Council
6. St. Demetrius The Great Martyr Ukrainian Catholic Church
7. St. Josaphat's Ukrainian Catholic Cathedral
8. St. Joseph's Ukrainian Catholic Church (Oakville)
9. St. Volodymyr Ukrainian Orthodox Cathedral
10. Sts. Volodymyr and Olha Ukrainian Catholic Church – Cawaja Beach

11. Ukrainian Catholic Education Foundation
12. Ukrainian Catholic Sobor of The Holy Protection (Toronto)
13. Ukrainian Catholic Women's League of Canada – Toronto Eparchy
14. Ukrainian Catholic Women's League of Canada –
15. St. Basil the Great Branch
16. Ukrainian Catholic Women's League of Canada –
17. St. Volodymyr Branch
18. Ukrainian Catholic Women's League of Canada – St. Josaphat's Branch
19. Ukrainian Orthodox Church of St. Andrew the Apostle
20. Ukrainian Catholic Church of The Holy Transfiguration (Kitchener)

CULTURE AND THE ARTS

1. Art Gallery of Mississauga
2. Barvinok Ukrainian Dance School
3. Canadian Bandurist Capella
4. Canadian Ukrainian Opera Association – Art Song Project
5. Carassauga Ukraine Pavilion (Holy Dormition of the Mother of God Church)
6. Celebrity Symphony Orchestra
7. Christmas Benefit Concert for Ivan Franko Homes
8. Desna Dance Company
9. Dnipro Choir
10. Expressions in Art Exhibit
11. Natalia Kolacz Koulinich Concert
12. Ottawa School of Ukrainian Dance
13. Pikkardijska Tercia
14. Resonance Music Studio
15. Tyrsa Ukrainian Dance School (Hamilton)
16. Ukrainian Academy of Arts (Winnipeg)
17. Ukrainian Canadian Art Foundation
18. Ukrainian Music Festival
19. Ukrainian Youth Association (CYM) Ensembles
20. Ukrainian Youth Ensembles (Levada and Orion Mixed Chorus)
21. Zolotyj Klen Ukrainian Music Festival

MEDIA SUPPORT

1. Forum TV Show
2. Homin Ukrainy Newspaper
3. Meest Newspaper
4. Novyj Shliakh Newspaper
5. Postup Radio Program – Toronto
6. Prometheus Radio Program, CHIN – Toronto
7. Radio Meest – Toronto
8. Raduysia Mariye Radio Program – Toronto
9. Razom magazine
10. Song of Ukraine Radio Program – Toronto
11. Ukrainian Canadian Business Directory
12. Ukrainian News – Edmonton
13. Ukrainian Radio Program, CHIN – Ottawa
14. Visti Kombatanta Journal

RESEARCH & PUBLICATIONS

1. Canadian Institute of Ukrainian Studies (Holodomor Conference)
2. Desna Foundation
3. Ucrainica Research Institute: Baturyn project and Holodomor Special Publication
4. Nebesna Sotnia Book
5. Petro Jacyk Education Foundation
6. Ukrainian Canadian Research & Documentation Centre

SCHOOLS & DAYCARES

1. Holy Dormition Catholic Church Nursery School
2. Josyf Cardinal Slipyj School
3. Lesia Ukrainka School
4. Sadochok Preschool Centre
5. Sonechko Nursery School
6. St. Demetrius Catholic School
7. St. Josaphat Catholic School
8. St. Paul Catholic Secondary School
9. St. Sofia Ukrainian Catholic School
10. Svitlychka Ukrainian Cooperative Nursery School
11. Ukrainian Canadian School Board – Toronto (Matura Graduation)
12. Ukrainian First Steps Playgroup
13. William Sarchuk Ukrainian School Nursery – Hamilton
14. Yuriy Lypa Ukrainian Heritage School

SPORTS

1. BCU Foundation Golf Tournament
2. Canadian Ukrainian Chamber of Commerce Golf Tournament
3. Karpaty Sports Association
4. Larisa Yurkiw athletic sponsorship
5. Mike Serba Memorial Golf Tournament
6. MUSA Volleyball Tournament
7. Ottawa Ukrainian Golf Association
8. Port Credit 98 Hockey Team
9. Simcoe Ukrainian Church Golf Tournament
10. St. Demetrius Golf Tournament
11. St. Elias Golf Tournament
12. UCPBA Golf Tournament
13. Ukraina Sports Association
14. Ukrainian Diaspora World Cup
15. Ukrainian Golf Association
16. Ukrainian Youth Association Golf Tournament

UNIVERSITY STUDENTS' ASSOCIATIONS

1. McMaster Ukrainian Students' Association (Hamilton)
2. Ukrainian Canadian Students' Union (SUSK)
3. Ukrainian Students' Club at Ryerson University

4. University of Western Ontario Ukrainian Students' Club
5. University of Waterloo & Sir Wilfrid Laurier University
6. University of Ottawa Ukrainian Students Club

Lending Activity

| Buduchnist Credit Union | 2014 | | | 14/13 |
|----------------------------------|---------------|-----------------|----------------|---------------|
| | Number | (\$mils) | Average | growth |
| Residential Mortgages | 338 | \$97.1 | \$287,216 | 9% |
| Commercial loans | 117 | \$38.1 | \$325,752 | 18% |
| Personal loans & Lines of Credit | 347 | \$4.2 | \$11,986 | -19% |
| | 802 | \$139.4 | \$173,754 | 10% |

| Buduchnist Credit Union | 2013 | | | 13/12 |
|----------------------------------|---------------|-----------------|----------------|---------------|
| | Number | (\$mils) | Average | growth |
| Residential Mortgages | 329 | \$89.1 | \$270,690 | -21% |
| Commercial loans | 102 | \$32.3 | \$316,363 | -13% |
| Personal loans & Lines of Credit | 390 | \$5.1 | \$13,182 | -1% |
| | 821 | \$126.5 | \$154,040 | -18% |

Ukrainian Credit Union is the second largest Ukrainian credit union in Canada, 15th largest credit union in Ontario and 45rd largest in Canada based on asset size.

| | |
|----------------------------|---|
| | Ukrainian Credit Union |
| CEO: | Taras Pidzamecky |
| CFO: | Marc Sirard |
| Head Office | 145 Evans Avenue, Suite 300 |
| Address: | Toronto, Ontario M8Z 5X8 |
| Telephone: | (416) 922-2797 |
| Website: | www.ukrainiancu.com |
| Board of Directors: | Andre Sochaniwsky _ Chair Michael Shipowick - Honourary Director Jerry Pryshlak - 1st Vice-Chair Annie Mishchenko - 2nd Vice-Cahir Walter Kish - Secretary Euegne Roman - Past Chair Peter Szlichta Walter Dorozdowsky Borden Osmak Olya Sheweli Slawko Borys Robert Diakow Oleh Marianchuk |
| <i>Source: Website</i> | |

Executive Report for 2014 in the annual report

Dear Members,

With your support and patronage over the past year our co-operative enjoyed continued financial growth and increased profitability. At the same time Ukrainian Credit Union Limited expanded its services and stayed true to our vision of supporting causes close to the hearts of our membership and our goal of building community.

Financial Highlights for 2014

Maintaining financial margins in a falling rate environment, increased generation of non-interest revenues, and operational cost control remained the focus of our financial strategy in 2014. This strategy resulted in strong asset and profit growth, together with the additional regulatory capital required to grow our business in a sustainable manner and ensure the safety of member deposits.

Assets increased \$47.7 million (7.6%) to \$675 million, deposits grew \$13.6 million (2.5%) to \$557,613 million, while loans to members increased \$42.16 million (7.7%) to \$591.0 million. Securitization of residential mortgage pools originated by the credit union continued to be a key source of liquidity in funding new borrowing by members.

The aggregate annualized dividend paid on Class A Shares was 3.58%. Loan loss provisions were adjusted upward to \$787 thousand (vs. \$680 thousand in 2013) reflecting loan growth and the credit union's updated assessment of our credit portfolio's risk profile.

Income before income taxes for the year was \$2.301 million (vs. \$2.121 million in 2013). After income taxes of \$338 thousand (vs. \$362 thousand in 2013), net profit for 2014 was \$1.963 million (vs. \$1.759 million in 2013).

Comprehensive income, which includes unrealized gains and losses, was \$1.226 million compared to \$2.986 million in 2013. The change in comprehensive income was primarily due to the re-measurement of the credit union's liability under its defined benefit pension plan for employees, a figure which fluctuates periodically based on prevailing interest rate projections used in actuarial calculations. Retained earnings increased to \$25.807 million (vs. \$24.124 million in 2013), and as at December 31, 2014, the credit union's regulatory capital stood at \$44.191 million, an increase of \$0.942 million over the previous year. Our year-end capital leveraging ratio was 6.5%, while our risk-weighted capital ratio stood at 13.1%. Both capital ratios continued to significantly exceed regulatory requirements of 4% and 8%, respectively.

As one of the 15 largest credit unions in Ontario by asset size, in 2014 UCU compared favourably with this peer group both in terms of operating costs and net income before taxes and non-recurring and extraordinary items as percentage of average assets. At the end of December, 2014 the credit union's membership was 24,925.

Summarized financial statements, and the reports of the Audit Committee that follow provide additional details on your credit union's financial performance and regulatory compliance.

Service & Product Enhancements

During 2014, your credit union completed the following initiatives to improve product and service offerings to members:

- Our credit union's full line of business products was re-launched as ucubiz in May, 2014 with our new Business Centre co-located with UCU Wealth Strategies at our Bloor and Durie location
- In November, 2014 we launched our web mobile application for Android and iOS devices to provide our members with the latest in banking convenience
- On December 3, 2014 UCU opened its newly-relocated branch in Thunder Bay and a new ATM location at 657 Red River Road with a solemn blessing by Ukrainian Orthodox and Catholic clergy and a ribbon cutting by Mayor Keith Hobbs before a packed audience of members and special guests

Russia's War of Aggression against Ukraine & Humanitarian Assistance

In keeping with the resolution of members at the 2014 annual general meeting, all dividends budgeted in the past year for payment on qualifying membership shares were directed instead towards humanitarian assistance to the heroic people of Ukraine as they battled against the Russian Federation's war of

aggression. Funds earmarked by the credit union from 2014 earnings for assistance to Ukraine were over \$100,000, well surpassing the sum of membership dividends voluntarily foregone by members.

Among other humanitarian projects, funds were directed towards reconstructive skull surgeries for civilian survivors of sniper attacks, lifesaving first aid kits, reconditioned ambulances to evacuate wounded Ukrainian soldiers as well as to the related humanitarian work of leading community organizations like the Canada Ukraine Foundation, the Ukrainian World Congress, the Ukrainian Canadian Congress, and the Toronto Euromaidan Committee. UCU also helped facilitate the collection of humanitarian assistance for Ukraine by other organizations and informal groups, including an effort led by our own UCU staff members to provide financial assistance to seriously wounded soldiers returning from battles with separatist terrorists and Russian regulars and security services.

Our credit union remains committed to provide moral and material humanitarian support to the people of Ukraine in their struggle to preserve their statehood and territorial integrity, and in helping them build a prosperous and democratic country.

Banking System Conversion

As a result of our core banking system supplier's decision to consolidate its product offerings, last year UCU commenced work to move to another platform to process member transactions. We have taken this opportunity to upgrade to a more robust solution and are scheduled to convert to this new system during the third quarter of 2015. As we approach the conversion date, members will be provided with all the additional information they will need to ensure that any disruption to service is minimized.

Review of Ontario Credit Union Legislation

Ukrainian Credit Union Limited has been playing an active role in advancing the interests of credit union members from across Ontario in conjunction with the pending review of our governing legislation, the Credit Unions and Caisses Populaires Act. This has included providing representation to the Central 1 Act Review Committee, successfully encouraging members to speak in support of important changes to the law at the cross-province consultations recently held by MPP and Parliamentary Assistant to the Minister of Finance Laura Albanese, meeting with Ontario Finance Minister, the Hon. Charles Sousa, and members of the provincial legislature, particularly with those representing the ten communities where UCU has branches.

Among the key issues being raised by Ontario's credit unions with our province's legislature are the adaptation of new international capital and liquidity rules to reflect the cooperative structure of credit unions and their centrals, improvements to deposit insurance coverage for nonregistered member deposits, non-discriminatory access to the deposits of municipalities, universities, schools and hospitals (MUSH) sector, as well as the right to own the same types of subsidiaries as banks in order to be able to generate new sources of non-interest revenue. The review of our Act will continue throughout 2015 and we urge all members to speak to their Members of Provincial Parliament about the need to adopt favourable legislation for credit unions and their members.

Building Community

Notwithstanding the attention that of necessity had to be paid to developments in Ukraine during the past year, UCU did not stop "building community" at home. In the GTA and well beyond in communities like Ottawa, Sudbury, London and St. Catharines, your credit union continued to support community volunteers and notfor-profit institutions and charities. We do this as part of our vision to transform our cooperative's prosperity into support for the cultural, education, religious and recreational activities of

the Ukrainian Canadian community and the broader community of which we are a part. We invite you to peruse pages 14 and 15 of this report for a listing of worthy recipients of our support in 2014.

Governance

The UCU Board pays particular attention to issues of governance to ensure we operate our business in a prudent and productive manner while staying onside regulatory requirements. Over the past year your directors have been especially diligent in seeing through the full implementation of new and more demanding sound business requirements recently introduced by the Deposit Insurance Corporation of Ontario (DICO). Our credit union's response to these regulatory changes has also extended to the development of current and recruitment of future directors to align with the new governance norms. We are also pleased to report that in April, 2014 the credit union underwent and passed a routine regulatory on-site examination by DICO.

Andre Sochaniwsky, Chairman of the Board

Taras Pidzamecky, President and CEO

DONATIONS AND SPONSORSHIP – 2014**Projects and Organizations**

1. Autism Ontario, Halton Chapter
2. Babylon 13
3. Berkut Ukrainian Canadian Fishing and Hunting Club
4. Big Band Orpheus
5. Bishop Crosby Charities
6. Blue Door Cafe Soup Kitchen, Sudbury
7. Briarwood Public School
8. Canadian Lemko Association Inc.
9. Council of Ukrainian Credit Unions of Canada
10. Carabram Ukrainian Pavillion
11. Carassauga Ukraine Pavillion
12. Crimean Tatar Community of Toronto
13. Croatia Sports
14. Cure: Blood Cancer
15. Daily Bread Food Bank
16. Dzherelo Children's Rehabilitaion Centre, Lviv
17. For the Sake of Soul Concert
18. Holodomor Occasional Papers
19. Ivan Franko Homes for the Aged
20. Ivan Franko School, Oshawa
21. Jr. Chaika Cultural & Education Society, Hamilton
22. Jubilee United Pentecostal Apostolic Church, Ottawa
23. Knights of Columbus Shashkevych Council
24. Knights of Columbus Sheptytsky Council
25. Lemon Bucket Orkestra
26. Lesia Ukrainka Ukrainian School
27. Martingrove Baseball
28. Matura 2014 Committee of the Ukrainian
29. Canadian School Board
30. Music of Survival – Documentary

31. My Baba's Kitchen – short film
32. My Shevchenko Contest
33. Nasha Rodyna Dance Ensemble, Sudbury
34. O.W.L. Ukrainian Canadian Education and Charity Trust
35. Oshawa West Lions Club
36. Patriot Defence
37. Plast Ukrainian Youth Association
38. Pokrova Ukrainian Arts Network, Ottawa
39. Raduisia Mariye Radio Program
40. Resonans Music Studio
41. Ridna Shkola, Oakville
42. Ridna Shkola UNF, Toronto West
43. Robert Johnston Kidney & Pancreas Fundraiser
44. Ruined – short film
45. Runnymede School STEM Lab
46. Silvercreek Park Rejuvenation Project, Etobicoke
47. Stanislav Khomenko Art Exhibit
48. Stryj Credit Union ATO Ambulance Project
49. Studio Ikona/Byzantine Sacred Arts Symposium
50. Svitlychka Ukrainian Cooperative Nursery School
51. SWAY Collective Drama “Yes, Tak!”, Kingston
52. Taras Shevchenko Home for the Aged, Hamilton
53. The New Pathway – Press Fund
54. Thunder Bay Christmas Cheer Fund
55. Toronto Euromaidan Committee
56. Tribute to Liberty
57. Trident Fishing Club, St. Catharines
58. Tsiopa Palijiw Ukrainian School
59. Ukraine United Soccer Club
60. Ukrainian Canadian Activists Society
61. Ukrainian Canadian Care Centre
62. Ukrainian Canadian Social Services, Hamilton
63. Ukrainian Canadian Social Services, Toronto
64. Ukrainian Canadian Student's Union (SUSK)
65. Ukrainian Cultural Group of Timmins
66. Ukrainian Culture Festival
67. Ukrainian Language Workshop, UNF Windsor
68. Ukrainian Music Festival
69. UNYF (MYHO), Toronto
70. Ukrainian Seniors' Centre – Garlic Festival, Sudbury
71. Ukrainian Sports Central America & Canada (USCAK)
72. Ukrainian Sports Club “Karpaty”

Churches and Religious Organizations

1. Sts. Cyril & Methodius Ukrainian Catholic Church, St. Catharines
2. St. Demetrius Catholic School
3. St. Demetrius Ukrainian Catholic Church
4. St. Demetrius Ukrainian Orthodox Church
5. St. Elias Ukrainian Catholic Church

6. St. George the Great Martyr Ukrainian Catholic Church, Oshawa
7. St. George Ukrainian Orthodox Church, St. Catharines
8. St. George's Ukrainian Orthodox Church, Grimsby
9. St. John The Baptist Ukrainian Catholic Shrine, Ottawa
10. St. John the Baptist Ukrainian Orthodox Church, Oshawa
11. St. John the Theologian Ukrainian Catholic Church, St. Catharines
12. St. Josaphat's Ukrainian Catholic Cathedral
13. St. Joseph's Ukrainian Catholic Church, Oakville
14. St. Mary's Dormition Ukrainian Catholic Church Nursery School
15. St. Mary's Ukrainian Catholic Church, Sault Ste. Marie
16. St. Michael's Choir School
17. St. Nicholas Serbian Orthodox Church, Hamilton
18. St. Nicholas Ukrainian Catholic Church, Hamilton
19. St. Nicholas Ukrainian Catholic Church, Toronto
20. St. Pius X Parish
21. St. Sofia Catholic School
22. St. Stefan Serbian Orthodox Church, Ottawa
23. St. Vladimir Institute
24. St. Vladimir Ukrainian Orthodox Church, Hamilton
25. St. Volodymyr & Olha Ukrainian Catholic Church, Windsor
26. St. Volodymyr Ukrainian Orthodox Cathedral
27. Ukrainian Catholic Church of Christ the King, London
28. Ukrainian Catholic Church of the Holy Transfiguration, Kitchener
29. Ukrainian Catholic Church of the Resurrection, Hamilton
30. Ukrainian Catholic Education Foundation
31. Ukrainian Catholic Women's League of Canada, St. Demetrius Branch
32. Ukrainian Catholic Women's League of Canada, St. Volodymyr (Thornhill) Branch
33. Ukrainian Catholic Women's League of Canada, St. Josaphat's Branch
34. Ukrainian Orthodox Church of Canada-Eastern Eparchy
35. Ukrainian Orthodox Church of St. Andrew the Apostle, Toronto
36. Assumption of the Virgin Mary Ukrainian Orthodox Cathedral, Ottawa
37. Break for Jesus Camp, Toronto Ukrainian Catholic Eparchy
38. Holy Cross Croatian Church
39. Holy Eucharist Ukrainian Catholic Church
40. Holy Family Catholic Church, Whitby
41. Holy Protection of the Blessed Virgin Mary
42. Ukrainian Catholic Church, Burlington
43. Holy Spirit Ukrainian Catholic Church, Hamilton
44. Holy Spirit Ukrainian School, Hamilton
45. Ukrainian Gospel Church, Toronto
46. Fellowship of Sts. Cyril and Methodios
47. Metropolitan Andrey Sheptytsky Institute
48. Pontifical Institute of Medieval Studies – Baturyn Project
49. Patriarchal Visit to Canada of His Beatitude Sviatoslav

Foundations and Charitable Organizations

1. Canada Ukraine Foundation
2. Ukrainian Canadian Art Foundation (KUMF)
3. Petro Jacyk Educational Foundation

4. Shevchenko Foundation
5. Help Us Help the Children
6. SickKids Foundation – Ukraine Paediatric
7. Ukrainian Canadian Research & Documentation Centre
8. Canadian Ukrainian Immigrant Aid Society

Dance Groups

1. Barvinok Ukrainian School of Dance, Mississauga
2. Barvinok Dance Group, Hamilton
3. Ukrainian Dunai Dancers, St. Catharines
4. Desna Ukrainian Dance Company of Toronto
5. Tyrsa Dance Group, Burlington
6. Odessa Dancers, Oshawa
7. Svitanok Dance Group, Ottawa

National Ukrainian Organizations

1. Ukrainian Canadian Congress, Durham Region Branch
2. Ukrainian Canadian Congress, Hamilton
3. Ukrainian Canadian Congress, National
4. Ukrainian Canadian Congress, Ontario Provincial Council
5. Ukrainian Canadian Congress, St. Catharines
6. Ukrainian Canadian Congress, Toronto
7. Ukrainian Canadian Professional & Business Association, Ottawa
8. Ukrainian Canadian Professional & Business Association, Toronto
9. Ukrainian Canadian Professional & Business Federation, National
10. Ukrainian Women's Association of Canada, Hamilton Branch
11. Ukrainian Women's Association of Canada, Sophia Rusova Branch
12. Ukrainian Women's Association of Canada, St. Volodymyr Branch
13. Ukrainian Women's Organization of Canada, Hamilton Branch
14. Ukrainian Women's Organization of Canada, Toronto Branch
15. Ukrainian World Congress
16. Ukrainian National Federation, Sudbury
17. Ukrainian National Federation of Canada
18. Ukrainian National Federation, Hamilton
19. Ukrainian National Federation, Ottawa
20. Ukrainian Self Reliance Association
21. Ukrainian National Federation, Toronto
22. Canada-Ukraine Chamber of Commerce
23. League of Ukrainian Canadian Women
24. League of Ukrainian Canadians

Student Organizations

1. Ukrainian Student's Club, Ryerson University
2. Ukrainian Student's Club, University of Ottawa
3. DeGroote MBA Games Team 2014
4. McGill Ukrainian Students' Association
5. McMaster Ukrainian Students' Association

Lending Activity

| Ukrainain Credit Union | 2014 | | | 14/13 |
|----------------------------------|--------|----------|-----------|--------|
| | Number | (\$mils) | Average | growth |
| Residential Mortgages | 341 | \$88.7 | \$260,154 | -2% |
| Commercial loans | 162 | \$48.4 | \$298,780 | 29% |
| Personal loans & Lines of Credit | 678 | \$36.2 | \$53,384 | -5% |
| | 1,181 | \$173.3 | \$146,748 | 5% |

| Ukrainain Credit Union | 2013 | | | 13/12 |
|----------------------------------|--------|----------|-----------|--------|
| | Number | (\$mils) | Average | growth |
| Residential Mortgages | 367 | \$90.1 | \$245,567 | 11% |
| Commercial loans | 135 | \$37.6 | \$278,777 | -5% |
| Personal loans & Lines of Credit | 683 | \$38.0 | \$55,675 | -2% |
| | 1,185 | \$165.8 | \$139,902 | 4% |

History of Mergers

The proud histories of UCU and all the Ukrainian community credit unions who joined with it, together form the legacy of a united province-wide co-operative financial institution. We pay tribute to all the founders, volunteers and loyal members of all the credit unions who came to make up UCU, and commit to carrying on their work and vision into the future.

1. St. Mary Dormition Parish (Mississauga) Credit Union
2. Plast (Toronto) Credit Union
3. St. George's Parish (Oshawa) Credit Union
4. Ukrainian People's Home (Toronto) Credit Union
5. St. Mary's Parish (Sudbury) Credit Union
6. St. Demetrius Parish (Toronto) Credit Union
7. Holy Eucharist Parish (Toronto) Credit Union
8. St. Josaphat Parish (Toronto) Credit Union
9. Ukrainian Youth Association SUM (Sudbury) Credit Union
10. Ukrainian (Windsor) Credit Union
11. Ukrainian (London) Credit Union
12. Ukrainian (Sudbury) Credit Union
13. Ukrainian (Fort William) Credit Union
14. Ukrainian (St. Catharines) Credit Union
15. So-Use Credit Union
16. United Ukrainian Credit Union (Hamilton)
17. Ukrainian (Hamilton) Credit Union
18. St. Vladimir Ukrainian Orthodox Credit Union (Hamilton)
19. Holy Spirit Ukrainian Catholic Credit Union (Hamilton)

Carpathia Credit Union is Western Canada's largest Ukrainian Financial Institution and one of the oldest Ukrainian credit unions in Canada. The credit union is the 3rd largest Ukrainian credit union in Canada, 12th largest credit union in Manitoba and the 68th largest credit union in Canada.

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|-----------------------------|---|
| | Carpathia Credit Union |
| CEO: | Walter Dlugosh |
| CFO: | Roman Jaworsky |
| Head Office Address: | 952 Main Street, 3rd Floor Winnipeg, Manitoba R2W 3P4 |
| Telephone: | (204) 989-7400 |
| Website: | www.carpathiacu.mb.ca |
| Board of Directors: | Dr. Taras Babiak - President Roman Zubach - Vice President Peter Washchyshen - Secretary Don Clinsky Demyan Hyworon Donna Korban Walter Kulyk Irka Semaniuk Susan Zuk |
| Source: Website | |

2014 President's Report in the annual report

In 2014 we find ourselves in a position of considerable financial strength. Our successes and accomplishments allow us to enter the year 2015 with optimism and energy. We complete three quarters of a century with dignity and pride.

Carpathia has completed one full year in south Winnipeg. Our fourth branch on Grant has been extremely successful. The building is beautiful indeed. Carpathia Credit Union was awarded a community award for building design by Commerce Design Winnipeg. This award added to the success of our 75th anniversary year.

Our 75th anniversary celebration included several special events for our members. The weekly draw for \$75 produced 52 lucky winners. The children's birthday party in March was great fun for all. The children were treated to games, a magician, a pizza lunch, and, of course, a birthday cake comprised of birthday cupcakes. The contest for a new Member Card debit card design attracted several talented artists.

Carpathia Credit Union received a community leadership Bulava award from the Ukrainian Canadian Congress. The Gala Celebration in October enabled over 400 members to spend an afternoon of fellowship. A buffet luncheon was served, and this was followed by a first-rate program of entertainment, compliments of our choirs and dance ensembles. Carpathia received a community service award from the City of Winnipeg. The Christmas gold luncheon in December was well attended, and continues to be a popular event for our members. A special commemorative anniversary 2015 calendar was created by our marketing department. The calendar featured photographs and stories from our interesting history. It will serve as a historical keepsake for our members for years to come.

What an exciting anniversary year. Bravo to the members of the board, the management and staff, and of course to our members. An Xtreme Savings Account was developed, offering a higher rate of return. New mortgage products were offered to our members. New marketing initiatives continue to attract new members, as Carpathia continues to expand and grow. New financial products will be developed and introduced over the next several months.

The board of directors and senior management are constantly exploring new options for new locations to better serve our members. We are also reviewing new technologies in order to remain current and relevant to our members.

We will be undertaking special training for our employees to enhance their service skills in an attempt to exceed the expectations of our members. The members of the board also participate in educational seminars and events to better understand the changing financial environment which faces not only our members but also their children. The board of directors and senior management are committed to changing with the times to better meet the members' needs.

None of our successes would be possible without the cooperation and loyalty of you – our members. Your ongoing support has allowed Carpathia to eclipse \$400 million in assets. We will work diligently to reach one half billion in the next few years. The board of directors is grateful to the members of the staff for their energy and commitment to Carpathia Credit Union. The board is grateful to the members of the senior management team and the chief executive officer for their creativity and integrity as they manage the daily affairs of Carpathia Credit Union. The board of directors is grateful to the membership of Carpathia for the strong ongoing support of our financial organization.

Board, management, staff, and membership have created the largest Ukrainian financial institution in western Canada. Bravo. I would like to thank the members of the board for their continued support during my presidency. The members of the board have each made a unique contribution to the success of Carpathia Credit Union. They are committed to the success and viability of this organization. It is a pleasure and honour to work with such a dynamic board of fine men and women. I would also like to thank my wife Patrusia, our daughter Andrea, and our son Ivas for their continued support as I complete three years as President of Carpathia Credit Union Limited.

In closing I would like to reiterate that none of this would be possible without the long history of member loyalty. Seventy-five years of steadfast member loyalty has nurtured Carpathia Credit Union and has allowed Carpathia to assume a role of success and leadership, not only in our own Ukrainian community, but also in the Manitoba community as well. You have built an organization of which we are all very proud. Congratulations. Thank you very much. Several new products were introduced this year for our members, who continue to be loyal to Carpathia Credit Union.

Taras Babiak, *President – Board of Directors*

2014 Chief Executive Officer's Report in the annual report

The growth rate of the credit union's assets this year was slightly greater than last year, surpassing \$410 million by the end of May and reaching \$412 million by September 30th. For the year Carpathia Credit Union's assets increased by \$27.4 million. The deposits of the credit union's members grew in total by \$25.3 million, ending the year at \$387 million. Given the low interest rates that we have become accustomed to, the credit union understood that members were concerned with their deposit returns. As a result, the introduction of a higher yielding savings account during the year allowed members the flexibility to reinvest their deposits into fixed rate terms should those interest rates increase in the future. This new savings account product was highly successful and contributed to the overall deposit growth for the year.

Loan growth during the 2014 year was in excess of \$25 million or 7.5%. The credit union's total commercial loans grew by 8% while the credit union's total consumer loans grew by 6%. As was the case last year the consumer loan growth was confined to residential mortgages. Commercial loan growth, as expected, was strongest in the mortgage area as a result of the financing of several commercial members' projects and developments.

Carpathia welcomed 387 new members and 180 associates during 2014. In terms of the associate status, which was introduced in 2003, Carpathia Credit Union had 1,218 associates as at September 30, 2014. Associate loans outstanding as at September 30, 2014 comprised 23% of total loans outstanding (20% in 2013), while associate deposits remained at 13% of total deposits payable (13% in 2013). Income earned from associates of the credit union was equal to 21% of the total income earned by the credit union in 2014. This was an increase over the 18% of the total income earned from associates in 2013.

The credit union's operating income 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 \$400,000.

Total interest paid for members' deposits increased by nearly 7% or \$460,000. Total operating expenses for the year increased by 3%. This increase was partially the result of incurring costs for a full year of operating the new Grant Avenue branch. This branch has only been opened since January, 2013 but has resulted in financial activities that were not projected until after its third year of operations. During the year the board and senior management reviewed the credit union's 5 year plan and made a commitment to achieve excellence in providing financial services in a manner that is beneficial to our members and community. The focus over the next 5 years will be to provide value to our members and strengthen their financial well-being.

Based on the 2014 financial results the board of directors declared a cash dividend of \$20,000 or 4.5% on existing surplus shares. Carpathia Credit Union's Member Equity Plan has distributed to the membership almost \$10 million in patronage awards since its inception. With this year's rate of surplus share redemption, the total cash payments to qualifying members will equal \$750,000 to coincide with the 75th anniversary of the credit union. The redemption rate is equal to 100% and results in achieving the credit union's long term objective of paying out all the surplus shares that have been earned by the members. For the 2015 year members can expect to share in the credit union's financial results with a similar redemption rate allowing unconditional access to the amount that will be declared by the board of directors. In the future members can expect to earn patronage refunds in a manner that

will correlate to their utilization of the credit union resulting in immediate rewards. In addition to the patronage refunds program another initiative that is currently under review by the board of directors could result in an attractive limited time investment opportunity for our members. The details still need to be finalized and will be communicated to the membership sometime after the Annual General Meeting.

During 2014 Carpathia Credit Union celebrated its 75th Anniversary with a weekly \$75 draw to the members along with a children's event held in mid-March and a members' reception which took place in mid-October. Both events were centered on thanking our members for their past and continuing loyalty. February 3, 2015 marks the 75th anniversary of Carpathia Credit Union receiving its charter from the province of Manitoba. Ever since this date the credit union has continued to retain its original closed bond status something very few credit unions in the province can claim. I would like to personally thank our members for their continued support and loyalty to our credit union over the last year, our board of directors for their support and guidance throughout the year, and our staff for their commitment and dedication in serving our members.

Walter J. Dlugosh, CMA - Chief Executive Officer

DONATIONS AND SPONSORSHIP – 2014

Organizations

1. Alpha Omega Alumnae
2. CancerCare Manitoba
3. Canon Luhovy Assembly of the Knights of Columbus
4. EuroMaidan
5. FR. Shsyshkovich Council
6. Holy Family Home
7. Kino Film Festival
8. Kyiv Pavilion
9. League of Ukrainian Canadians
10. Litopys UPA
11. Manitoba Parents for Ukrainian Educations
12. Manitoba Schools Science Symposium
13. Manitoba Winter Games
14. Melos Folk Ensemble
15. North End Community Renewal
16. O. Koshetz Choir
17. Paul Macenko Choir
18. Plast Winnipeg
19. Pratts Golf Tournament
20. Ridna Shkola Grad Committee
21. Rusalka Alumni Association
22. Rusalka Ukrainian Dance Ensemble
23. Seven Oaks Hospital
24. Spirit of Ukraine Pavilion
25. The Friends Foundation of St. Joseph's Residence
26. Troyanda Ukrainian Dance Ensemble
27. UAS Eastern European Adoptions Inc.
28. Ukrainian Canadian Congress - MB Provincial

29. Ukrainian Canadian Social Services Inc.
30. Ukrainian Golf Classic
31. Ukrainian Park Camp
32. Ukrainian Reading Association
33. Ukrainian Self-Reliance Association of Canada
34. Ukrainian Youth Association
35. United Way
36. University of Manitoba
37. Veselka Ukrainian Dance Ensemble

Foundations

1. Wasyl Topolnicky Memorial Foundation
2. Westland Foundation
3. The Winnipeg Foundation
4. Shevchenko Foundation
5. Oseredok Ukrainian Cultural and Educational Centre
6. Osvita Foundation
7. Canadian Ukrainian Foundation (Liubov-Love)
8. Never Alone Foundation

Churches and Religious Organizations

1. Ukrainian Catholic Archeparchy of Winnipeg
2. Ukrainian Catholic Women's League of Canada
3. The Ukrainian Orthodox Cathedral of St. Ivan Suchavsky
4. St. Anne's Ukrainian Golf Tournament
5. St. Michael's Parish
6. Sts. Vladimir & Olga Cathedral
7. The Catholic Foundation of Manitoba
8. Holy Family Ukrainian Catholic Parish
9. Blessed Virgin Mary Ukrainian Catholic Church

Schools

1. Springfield Heights School
2. Springfield Middle School
3. R.F. Morrison School
4. Ralph Brown School
5. Bernie Wolfe School
6. Happy Thought School
7. Chief Peguis School
8. David Livingston School
9. East Selkirk Middle School
10. Immaculate Heart of Mary School
11. Manitoba High School Annual Donation

Caisse populaire Desjardins Ukrainienne de Montréal (the “Caisse”) is the 4th largest Ukrainian credit union in Canada.

| CP Desjardins Ukrainienne de Montreal | |
|--|---|
| CEO: | Yourko Kulyckyj |
| Head Office Address: | 3250 rue Beaubien Est Montreal, Quebec H1X 3C9 |
| Telephone: | (514) 727-9456 |
| Website: | Desjardins.com |
| Board of Directors: | Eugene Czolij - Chair Stephen Spilkin, Vice-President Marie-Marthe Ménard-Markiza, Secretary Myroslaw Balycky Petro Choma Garry W. Grosko Helen Holowka Orest Humenny Gregory Kowryha Martha Mayer Orest Mytko Edmond Pasieka Igor Pryszlak George Szyk Volodymyr Zhovtulya |
| Source: Annual Report | |

President's report

On behalf of the Board of Directors, it is with pleasure that I present to you the annual report of the Caisse populaire Desjardins Ukrainian de Montréal (**Caisse Ukrainian**) for the financial year 2014. This report provides an excellent opportunity to share with you information about the achievements of the past year and about the task facing us in 2015.

The Caisse Ukrainian recorded surpluses of \$898,000. This is the result of a sound and prudent management, with a focus on your needs and the quality of our service delivery. The positive financial results of the Caisse Ukrainian enable the Board of Directors to pay a rebate of \$600,000 to be paid to

our members. Moreover, in 2014, the Caisse Ukrainian has donated nearly \$71,000 in support of community projects. Our Caisse Ukrainian has been working tirelessly to offer solutions and services that meet your expectations. We aim to achieve this by using innovative products, as well as the expertise of competent persons who spare no efforts to guarantee your satisfaction.

In 2013, a decision by the Quebec regulatory agency reinforced the importance that we attach to the prudent management of your assets. Indeed, the Mouvement Desjardins has been identified by the regulatory agency as a financial institution of very great importance in Quebec. This status means that its activities have a crucial impact on the Quebec economy. This increases the requirements imposed on the Mouvement Desjardins, including capitalization. This is why the Caisse Ukrainian prudently manages the distribution of its surplus.

Since the creation of the first Caisse many technological advances have taken place. The advent of ATMs, direct payment, Internet and payment by mobile phone is so that you can complete your transactions 24 hours a day, 7 days a week. We adapt to your needs, using this technology.

The Mouvement Desjardins is one of the leaders in its ability to meet your expectations. Visiting the new website desjardins.com, you will get more information on the wide variety of products and services that are offered to you.

From 2014, you can also receive very useful assistance in difficult situations. New services, travel assistance and assistance in the event of identity theft have been designed. They are exclusive and free for all Caisse Members.

We also want to educate young people to be responsible in the use of credit. In this regard, the prepaid card Visa Desjardins is an excellent tool to learn to stick to a budget and develop healthy financial habits.

You can take pride in belonging to the Mouvement Desjardins, which differs by its stability, its ability to innovate and its sound quality expertise. The Caisse Ukrainian is actively involved in the Ukrainian cooperative movement. The Ukrainian credit unions are a major financial force in the Canada and the United States. Significantly, they support our communities and various projects that matter to them. The Caisse Ukrainian is a member of the Council of Ukrainian Credit Unions in Canada.

On behalf of the Board of Directors, I wish to thank Mr. Yourko Kulycky our General Manager for his dynamic management of Caisse Ukraine. I would like to thank all of the employees for their dedication to our Caisse Ukraine.

In 2015, we will continue our efforts so that the Caisse Ukraine stands by its products and the quality of its services. Your satisfaction will remain our focus and will guide our decision making. Do not hesitate to share your comments about our services. Your constructive contribution will allow us to further improve the quality of our activities.

Eugène Czolij
President

North Winnipeg Credit Union, which has been serving the Ukrainian Community in Manitoba for over 65 years, is now the fifth largest Ukrainian credit union in Canada; North Winnipeg CU continued to enhance its tradition of community service. North Winnipeg has two branches, four ATMs, internet, telephone banking services, website and mobile banking access.

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| | North Winnipeg Credit Union |
| CEO: | Roman T. Hrabowych |
| CFO: | Lisa Jaworsky |
| Head Office Address: | 310 Leila Avenue Winnipeg, Manitoba R2V 1L8 |
| Telephone: | (204) 954-7450 |
| Website: | www.nwcu.mb.ca |
| Board of Directors: | Myron Pawlowsky - Chair Nicholas Chubenko - Vice Chair Ihor Gawrachynsky - Secretary Ruslan Bobelyak Orest Deneka Ostap Hawaleshka Olena Lyubashenko Maxim Paches Eugene Waskiw |
| Source: Website | |

2014 Chairman's Report in the annual report

It is my pleasure to present the 2014 Annual Report of North Winnipeg Credit Union. It is a positive report demonstrating our ability to manage a small niche credit union with a good measure of success.

Our healthy financial results bear witness to the confidence our members have in North Winnipeg Credit Union.

Our strategic objectives were focused on managing growth and incrementally increasing equity. Our CEO, Roman Hrabowych, together with his management team and staff, has steered a balanced course to achieve these goals despite very low interest rates and very tight financial margins. Their professionalism and commitment to work for the benefit of the credit union's members is reflected by the performance indicators for 2014. Their efforts are acknowledged and very much appreciated.

Our credit union places particular value on concern for and support of the community as indeed social responsibility is one of the cooperative values credit unions espouse. In 2014 North Winnipeg Credit Union distributed \$13,726 in support dollars to a variety of community organizations, \$2,700 of which was awarded as scholarships to high school and university students.

Throughout the year the Board of Directors has been paying particular attention to strategic issues of equity and growth. I thank them for their commitment to thoughtful leadership and a determination to be responsive and responsible stewards of North Winnipeg Credit Union for the benefit of members.

Three directors are completing terms of office this year. Sophia Kachor and Steve Werhun have completed three consecutive three-year terms and are stepping off the Board. Ihor Gawrachynsky has agreed to let his name stand for re-election. I thank them all for the years of service to North Winnipeg Credit Union. For me personally, it has been an honour and privilege to serve as the credit union's chair, to see the credit union adapt to change and continue its solid and steady performance from year to year for the benefit of its members.

Finally, it is important to acknowledge that credit unions are first and foremost about members. You are the engine that powers the financial performance of the credit union. Your patronage is a reflection of your trust in the integrity of the institution and for this we are all truly grateful.

Sophia Kachor, Chairman of the Board of Directors

2014 Chief Executive Officer's Report in the annual report

It is again my honour and privilege to have the opportunity to report to the members of North Winnipeg Credit Union Ltd. for the year ended December 31, 2014.

Financial Highlights:

- Total assets increased by \$4.2 million to \$94.8 mil (4.7% growth)
- Member deposits increased by \$4.1 million to \$88.7 mil (4.9% growth)
- Member loans/mortgages increased by \$5.4 million to \$85.1 mil (6.7% growth)
- Net income was \$375,659

The Credit Union's Equity position, which is an indication of the credit union's financial strength and stability, increased to 5.82% of total assets, which exceeds the 5.00% regulatory requirement. In addition, both risk-weighted equity and liquidity of member deposits are both well above regulatory requirements.

During 2014, financial margins were again very tight; however with our diligence in controlling expenses and improving operational efficiency, we were able to achieve such good results.

We continue to explore collaboration opportunities with other credit unions to seek potential opportunities for cost reduction and revenue enhancement. Some of our operating initiatives in 2014 were the implementation of MTS Wi-Fi Hotspots at both branches, successful launch of the North Winnipeg Credit Union Facebook page, and upgrades to our banking system. In 2015, Leila branch is scheduled for a new lobby ATM.

Board of Directors declared a 4.63% cash dividend on all common shares raised in the common share offering totaling an impressive payout of \$20,368. In addition, in March 2015 the Board of Directors approved a 10% cash payout of all active surplus shares held by members for a total payout of \$57,574. Funds were deposited to member's accounts. This is the fourth consecutive year that the Credit Union has paid out surplus shares in cash, and it is our intention to do so until full payout of all active surplus shares.

North Winnipeg Credit Union has served the Ukrainian community for over 70 years, and continues to maintain its closed bond status, one of only three credit unions in Manitoba that has retained this bond.

I would like to thank the Board of Directors for their guidance and dedication, and to the staff for their hard work and commitment in serving our members.

In closing, I would like to personally thank all of our members for their support and loyalty to our credit union over the past year.

Roman Hrabowych, B.Comm. (Hons.), F.I.C.B.
Chief Executive Officer

DONATIONS AND SPONSORSHIP – 2014

Community Organizations

1. Canadian Diabetes Association - MB Division
2. Canadian Ukrainian Institute "Prosvita"
3. Folklorama - Ukraine - Kyiv Pavilion
4. Folklorama - Spirit of Ukraine Pavilion
5. Holy Family Nursing Home Ladies Auxillary
6. Hoosli Ukrainian Male Chorus
7. Humanitarian Association of Ukrainian Volunteers Myloserdia
8. Immaculate Heart of Mary School
9. Kinofilm Fest Winnipeg
10. Knights of Columbus - Canon Luhovy Assembly #0374
11. Knights of Columbus - Fr. Fillipow #8944
12. Knights of Columbus - Fr. Shyshkowich Council #8925
13. Manitoba High School Athletic Association
14. Multiple Sclerosis Society - MB Division
15. Never Alone Foundation
16. O. Koshetz Choir
17. Oseredok Ukrainian Cultural and Educational Centre
18. Osvita Foundation
19. Plast - Ukrainian Youth Association of Manitoba
20. Platinum Jets Charity Golf Classic
21. Project "Humanitarian Medical Assistance for Children of Ukraine"
22. Project "Liubov - Love"
23. Ralph Brown School
24. Rozmai Winnipeg CYMK Ukrainian Dancers
25. Seven Oaks Sadok Inc.
26. St. Anne Ukrainian Catholic Church
27. St. Joseph's Ukrainian Catholic Church

28. Sts. Vladimir and Olga Cathedral
29. Troyanda Dance Ensemble
30. Ukrainian Canadian Congress
31. Ukrainian Catholic Women's League of Canada
32. Ukrainian Catholic Women's League of Canada, St. Joseph Branch
33. Ukrainian Orthodox Summer Camp "Veselka"
34. Ukrainian Park Camp
35. Ukrainian Social Services Manitoba Branch
36. Ukrainian World Congress
37. University of Winnipeg Chair in Cooperative Management
38. Winnipeg Ukrainian Golf Classic

New Community Credit Union is the oldest Ukrainian credit union in Canada and was incorporated on January 26, 1939, which has been serving the Ukrainian Community in Saskatoon for over seventy six years. New Community is the sixth largest Ukrainian credit union in Canada.

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| | New Community Credit Union |
| GM: | Darren Doepker |
| Office Supervisor: | Cheryl Helmeczi |
| Head Office Address: | 321 - 20th Street West Saskatoon, Saskatchewan S&M 0X1 |
| Telephone: | (306) 653-1300 |
| Website: | www.newcommunitycu.com |
| Board of Directors: | Cliff Arthurs _ Chair Julius Calyniuk - Vice Chair Colleen Brown - Secretary Angela Wojcichowsky Barry Slowski Delva Rebin George Zerebecky Gwen Klypak Roman Sywanyk |
| Source: Website | |

2014 Chairman's Report in the annual report

Our credit union enjoyed another successful year with growth in assets and increase in net revenue.

During the past year, we have had some staff changes and I wish to welcome the new staff members. Darren Doepker, our General Manager is dedicated and working hard towards maintaining the growth and stability of our credit union.

The number of credit unions in our province has declined again this year and the mergers are expected to continue. Although we continue to grow and be profitable, we must be mindful of the future. The main challenges for our credit union are the compliance requirements set by our regulators.

Congratulations to the New Community Credit Union for 76 years of excellent service to our members and community.

I am honoured to have served on the Board of New Community Credit Union, both as a member of the Board and Chairman this past year.

In closing, on behalf of our Board of Directors, management and staff of our credit union, we extend our sincere thanks to our members for their continued loyalty and patronage. Our sincere gratitude to our management and staff in providing excellent member service assuring our success into the future.

Cliff Arthurs
Chairman of the Board

NCCU is an independent member owned Saskatchewan credit union. Current credit union legislation enables NCCU to provide financial services to members and non-members. As of December 31, 2014 NCCU had 2,222 members, which grew considerably from the 2,134 members in 2013. All members hold two \$5 shares, allowing them to participate in the democratic process. NCCU has held its office in Riversdale our entire 76 year history, predominately providing services to Saskatoon and bordering communities. Service channels are in-branch, the ATM network, CU Connect, internet banking and some mobile banking.

Strategy

NCCU is "To be the premier provider of personalized financial services to a growing and diverse membership". A strategic Initiative has always been to provide our members with an elite level of service.

After the previous year's retirements resulted in considerable disruption at the senior level, our key personnel stabilized nicely in 2014. We did see increased movement in other positions which has resulted in a number of new faces again this past year. NCCU remains committed to providing a premier level of personal service and really need to commend our existing staff for continuing to embrace this member-first philosophy. Being mindful of our organizational expenses and remaining focused on the diverse needs of our membership, while maintaining relevance in the highly competitive and scrutinized financial services industry, is a daily challenge. However, NCCU is committed to long term sustainability. Success and sustainability both continue to have an ever-evolving definition. Escalating attention on Capital Adequacy and managing risks result in continued pressure to manage growth, while remaining profitable and growing Retained Earnings. NCCU is pleased to report a strong financial performance again in 2014 with good profitability. This success is certainly a byproduct of a strong Saskatchewan and Saskatoon Market, but would not be possible without the continued patronage of our loyal membership.

Assets

NCCU had a challenging year retaining deposits. As a result we report a nominal growth of < than 1%. At the end of 2014 loans made-up just over 80% of our Assets. Difficulties in retaining deposits and continuing our historically strong loan demand made for challenging times, balancing Deposits with Loans. As a result NCCU continued to rely heavily on strategic partners to fund excess loan demand. We closed the year administering just under \$21M in mortgages for these partners. The net result was a marginal increase of 1.85% in balance sheet loans, but a total loan portfolio increase of 4.58%. Our total loan portfolio stands at \$81.6M

Loans

Although our loan portfolio is heavily weighted in Residential Mortgages, providing a very safe Investment for NCCU, it has resulted in a continued strain on our Interest Margin. Since interest is the primary source of revenue, as well as the single largest expenditure, it is critical to find the best balance of risk and reward. The primary risk for a financial institution is its loan portfolio. NCCU continues to have excellent results in this area, with nominal write-offs. It is worth noting only \$5,000 of the reported 2014 write-off was a single bad loan. The remaining \$9,000 was a result of Card Skimming. NCCU's loan delinquency greater 90 days increased to \$598,571 at year-end. This consisted of 3 accounts all secured by mortgages. We are confident our loan portfolio remains low risk.

Liquidity Risk

Liquidity is the capacity to generate or obtain sufficient cash in a timely manner at a reasonable price to meet commitments as they become due. High-quality liquid assets can be easily and immediately converted into cash at little or no loss of value.

Saskatchewan credit unions are required to maintain 10% of their deposits with SaskCentral. These statutory deposits support clearing and settlement within the national credit union system and are administered by SaskCentral.

Operating liquidity is defined as available liquidity as a percentage of potential liquidity outflows. NCCU's ongoing strength in loan demand continues to place a strain on Liquidity. We have been managing this risk for the past number of years, almost exclusively with strategic funding partnerships with other Saskatchewan CU's. We ended the year at an excess liquidity position: \$4.3M.

Capital and Profitability Management

We are very pleased to report another successful year with net profit of \$460,721. This represents a 35.79% year-over-year increase. Good profitability results in a strong and healthy equity position. Increased regulatory requirements continue to place pressure on building reserves; as a result, the Board made the decision to move 100% of this year's profit into Retained Earnings. Equity is the difference between assets and liabilities which is the measure of ownership. Equity can be measured both as a percentage of assets or as a dollar amount. We completed the 2014 year with \$5,423,656. Equity or Capital is the financial strength of a credit union. The level of capital held protects against anticipated and unexpected events.

Credit Union Deposit Guarantee Corporation sets standards for the Credit Unions to follow. Although CUDGC set's minimum standards, they consider it prudent to maintain Capital levels which exceed regulatory minimums. One ratio measured is the Leverage Ratio. NCCU has a leverage ratio of 6.92%. This exceeds the 5.0% regulatory minimum, falling short of our target of 7.5%. Throughout the credit union system we are becoming very familiar with the phrase "Capital is King". Productivity is an area of operations we continue to focus considerable attention on. With increased costs and continued pressure on interest rate margin we look for ways to become more efficient.

Efficiency ratio is another measure often used in the financial services industry. Although we are pleased with our profitability, to remain competitive we will continue to assess this ratio. Effectively, Efficiency Ratio is the amount you need to spend in order to make \$1 - the lower the ratio the better. We are extremely proud of the fact we were able to lower this ratio by 7.58%, to 72.40%. This brings us in below the system average and very near our Peers who sit at 71.60%.

Summary

With a 35.79% increase in net income NCCU has maintained good profitability. A 6.85% increase in non-interest revenue and two SaskCentral dividend payments played a role in profitability. Continuing to look for additional revenue streams will be important moving forward. Board and management are committed to sound financial management. Part of this will be to pay close attention to balancing capital levels and maintaining growth at or near 5%. With escalating attention on capital, NCCU will continue to focus on building reserves for the foreseeable future.

As a financial institution, the credit union is essentially in the business of taking on and managing risk on a number of fronts. The Board of Directors and Executive Management are committed to balancing and managing the various risks of the organization to ensure strength and stability well into the future.

Although we continue to see staff turnover, we feel we have the expertise combined with the financial industry experience to position NCCU for the future. Management works closely with the credit union's Board of Directors to establish policies and procedures to effectively manage the various risks that the organization is exposed to. The Financial Services Industry is highly scrutinized and regulated. Regular audits; both internal and external, combined with ongoing monitoring performed by the Credit Union.