

UKRAINIAN CREDIT UNIONS IN CANADA 2002 FINANCIAL RESULTS

By Bohdan Leshchyshen, MBA, CFA

Economic Growth has begun to improve

In 2002, the Canadian economy experienced stronger growth of real gross domestic product (GDP) (growth of 4.36% compared to 3.0% in 2001) and grew by 7.9% in the first three months of 2003. The economic growth improved due to higher growth of consumer expenditures on durables (8.7% compared to 3.5% in 2001) offset by a decline in investments in machinery & equipment (-2.4% compared to growth of 1.4% in 2001), while growth of expenditures on semi-durables and non-durables (4.9% compared to 4.8% in 2001) and growth in expenditures on services (4.7% compared to 4.6% in 2001) remained essentially unchanged. This improving economic environment led to increased growth in consumer credit (8.5% compared to 4.5% in 2001). An increase in the unemployment rate to 7.7% from 7.2% did not slow down the growth in residential mortgages (7.6% in 2002 compared to 5.7% a year ago., nor the significant increase in housing starts, which increased by 26.1% to 205,700 in 2002 .

The impact of demographics has had the greatest effect on the Ukrainian credit unions because a significant percentage of their membership is over 50 years of age. This group holds a significant percentage of the deposits in these credit unions. As the baby boom generation ages, credit union members are shifting from consumption to saving and investment. The boomers and their parents need fewer credit products such as consumer loans and mortgages, and more investment products like mutual funds and equities. However, the recent immigration from Ukraine has seen some credit unions increase their mortgage portfolios as this immigration begins the process of wealth accumulation. The Ukrainian credit unions have responded to these challenges by selling mutual funds, providing financial planning services and on-line equity trading and trying to attract much younger members through their web sites on the Internet.

The large financial institutions are providing more competition each year, especially in the areas where the credit unions have been the strongest in the past - residential mortgages. The chartered banks have seen their residential mortgages grow by 7.8% compared to 9.6% in the previous year and for the first time in the last seven years did not exceed the credit unions growth rate which was 8.4% in 2002. The banks have seen their market share of residential mortgages increase from 55.3% five years ago to approximately 63.5% this year. While, the credit unions have seen their market share of residential mortgages decline slight from 13.7% to 13.0% in the same five year time period.

We will probably see a further consolidation of the Ukrainian credit union system over the next few years in order to allow the Ukrainian credit union to remain competitive and to allow the larger credit unions to introduce new mutual fund and wealth management services.

You will note from the table attached that we have included the financial statements for 2001 for Ukrainian National caisses populaire. Ukrainian National entered into a merger with La Caisse Mazeppa effective January 1, 2003 and did not produce audited statements for the period ending December 31, 2002. This merger resulted in a credit union with \$27 million in assets and we have a new name – Ukrainian Desjardins Credit Union. A number of the larger Ukrainian credit unions have introduced extensive wealth management programs over the last few years with the intent on retaining a significant amount of the deposit business of the older membership of the credit union. The three largest credit unions have seen their assets under administration increase significantly – Ukrainian CU had \$20.3 million, Carpathia CU had \$7.1 million and Buduchnist CU had \$5.0 million in 2002.

Financial Overview

The fundamentals of the Ukrainian credit union in Canada continue to be strong: asset quality is good, capital levels are strong and return on equity was adequate.

Performance. Return on equity was 8.6% compared to 10.7% in 2001 and was higher than the depressed Canadian banking average of 5.1% primarily due to losses incurred by the Toronto Dominion Bank and CIBC. Due to a lower inflationary environment in Canada and poor loan demand for residential mortgages by the members of Ukrainian credit unions primarily due to the demographic makeup of the membership, Ukrainian credit unions' assets grew by only 4.0% compared to 7.0% last year. Canadian banks assets also saw slower growth and increased by 1.2%. The Ukrainian credit union's net income before dividend and patronage payments decreased by 13.3% to \$6.0 million from \$6.9 million, primarily due to increase in operating expenses and smaller net interest margin which decreased to 2.87% from 2.97%. [This does not include any extraordinary items]. However, the credit unions continued to pay over 36% of their net income to their members by way of a dividend or a patronage refund totalling \$2.2 million compared to \$2.5 million in the previous year. These patronage dividends helped increase the capital of the credit unions by 6.7% to \$71.5 million representing 7.40% of the assets.

The return on assets decreased to 0.63% in 2002 from 0.77% in 2001, which is comparable to the average level of the large Canadian banks (0.44%) and 0.67% for the 50 largest credit unions in Canada. The main contributing factor to the lower income was the lower net interest margin as a % of average assets which decreased to 2.87% from 2.97% in 2001.

Ukrainian 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 now represents 12.1% of total revenue compared over 48% for the large Canadian banks and 24% for the 50 largest Canadian credit unions. The higher ratio of other income experienced by the large Canadian banks is due to the significant fees generated from their brokerage, mutual funds and investment management activities, not to mention fees for bank services, which credit unions generally do not charge.

Ukrainian credit unions have a higher cost structure. The operating expense ratio as a % of average assets increased slightly to 2.38% compared to 2.36%, which is now lower than the large

Canadian banks at 12.67%. However, the operating expense to revenue (productivity ratio) increased to 72.8% from 69.6% last year. The productivity ratio is higher than the large Canadian banks at 69.6%, but lower than the 50 largest Canadian credit unions which had a productivity ratio of 75.4%.

Asset Quality. Overall the asset quality is still quite strong. The loan loss provision as a % of average assets decreased to 0.09% from 0.11% in 2001, which compares very favourably to the large Canadian banks at 0.57% and large Canadian credit unions at 0.19%. The allowance for loan losses also decreased to 0.41% of total loans from 0.53% in 2001, which compares very favourably to the large Canadian banks at 1.79% and in line with the large Canadian credit unions at 0.48%.

Loan portfolio. The Ukrainian credit unions have strong concentration in lower risk residential mortgage lending which represents 57% of the loan portfolio compared to 62% last year. Commercial and other loans represent 43% of the loan portfolio compared to 38% last year and we believe should continue to increase over the next few years as new regulations are implemented allowing higher levels of commercial lending. Providing secured loans to small businesses and self-employed individuals will ensure the future of Ukrainian credit unions because these two groups of individuals have been ignored by and not well serviced by the chartered bank system in Canada.

Growth. Asset growth has been slow at 4% primarily due to none existing member ship growth. Membership was at 67,594 in 2002 almost unchanged from 67,247 in 2001. Due to aging membership, we estimate that approximately 475 members died during 2002. The loan growth was good, with total loans growing by 10.2% to \$684 million primarily due to personal loans growing by 26.4% to \$82 million, while commercial and mortgage loans grew 3% and 2.1% respectively. The demographics of the membership and low interest rate environment have affected the deposit growth. Deposits grew by 4% to \$879 million and represented 91% of the total assets.

Brief overview of the six largest Ukrainian credit unions

Buduchnist Credit Union is the largest Ukrainian credit union in Canada, 12th largest credit union in Ontario and 39th largest in Canada based on asset size. Buduchnist CU's loan portfolio increased by 25.2% in 2002 compared to 12.1% in the previous year and the total deposits increased by only 5.1% in 2002 compared to 11% in 2001. The membership grew by 9.8% in 2002 compared to 7.6% in 2001, two consecutive years of strong growth. The net income decreased by 9.2% to \$2.2 million in 2002 due to higher operating expenses and higher income tax rate. Buduchnist spent \$386,600 or 5.1% of its operating income on promotions, donations and advertising. The capital and retained earnings stood at \$22.2 million representing 8.46% of assets. Buduchnist introduced a patronage share program in 1997, in which each member was paid \$1.75 per \$1,000 of business that was completed with the credit union. The credit union made patronage and dividend payment of \$748,000 in 2002 representing 33% of its net income. Buduchnist CU advanced record 330 residential mortgages in 2002 for a total value of \$50.2 million, 127 commercial loans and mortgages for a total value of \$25.1 million and 581

personal loans for a total value of \$5.4 million. Total loans issued amounted to \$80.8 million compared to \$47.9 million in the previous year. Buduchnist CU had a return on assets of 0.87% and return on equity of 10.5%. Buduchnist has 5 branches, 2 ATM locations, together with a web site, newly created wealth management and mutual funds sales operation (\$5 million assets under administration), Internet and telephone banking services.

Ukrainian Credit Union is the second largest Ukrainian credit union in Canada, 13th largest credit union in Ontario and 40th largest in Canada based on asset size. The credit union had increased its asset base significantly and expanded its branch network in previous years through amalgamations with smaller Ukrainian credit unions. Net income in 2002 declined by 16% to \$1.1 million due to a higher level of operating expenses. Ukrainian spent \$457,000 or 5.4% of its operating income on promotions, donations and advertising. The credit union experienced deposit growth of 6.0% in 2002 compared to 7.8% in 2001. Net loans increase 5.0% in 2002 compared to an increase of 7.6% in 2001. The capital and retained earnings stood at \$16.1 million representing 6.25% of assets. Ukrainian CU has mutual funds and securities under administration, which grew by 45% to exceed \$20 million. Ukrainian CU advanced 213 residential mortgages in 2002 for a total value of \$29.2 million and 34 commercial loans for a total value of \$9.0 million and 672 lines of credit and personal loans totalling \$15.5 million. Ukrainian CU had a return on assets of 0.42% and return on equity of 6.7%. The credit union made a patronage and dividend payment of \$108,000 in 2002 representing 10% of its net income. Ukrainian CU has 2 Toronto area-branches and 5 branches outside of Toronto, 4 ATM locations, together with a Call Centre, a web site, e-mail, Internet and telephone banking services.

Carpathia Credit Union is the one of the oldest Ukrainian credit union in Canada. The credit union is the 3rd largest Ukrainian credit union in Canada. The net income in 2002 declined by 40% to \$706,000 due to decline in net interest margin to 2.96% from 3.11% in the previous year. The credit union experienced much slower deposit growth of 2.5% in 2002 compared to 10.6% in 2001. Net loans increased by 9.0% in 2002 compared to an increase of 8.0% in 2001. Carpathia CU had a return on assets of 0.49% and return on equity of 7.0%. The credit union, which was the first Ukrainian credit union to introduce tax efficient patronage refunds, paid its sixth patronage refund and an additional dividend totalling \$432,000 to its members representing 61% of its net income. From the beginning of its program, Carpathia has returned over \$4.4 million to its members in the form of dividends and patronage refunds. Members' equity stood at \$10.2 million representing 6.98% of assets. Carpathia CU now has mutual funds under administration, which exceed \$7.1 million. Carpathia CU has 3 branches, 3 ATMs, a web site, telephone banking, Internet banking, and a full service financial planning and wealth management operation. Carpathia also offers online securities trading through its alliance with Qtrade.

So-Use Credit Union is fourth largest Ukrainian credit union in Canada based on asset size. So-Use CU experienced a decrease in assets of 2.5% in 2002 compared to an increase 1.2% in the previous year. So-Use saw a 30% decrease in the net income to \$433,400 from \$621,600 compared to 25% decline in the previous year. The decline was primarily due to a significant increase in loan loss provisions. The credit union had an average return on assets of 0.62% and a return on equity of 7.0%. So-Use returned \$173,000 of dividends and interest on shares to its

members in 2002, which represents 40% of its net income. So-Use is one of the best capitalized credit unions after raising over \$2 million in special Class A shares in 1998. Member's equity stood at \$6.3 million representing 9.19% of assets. So-Use has one branch, two ATMs, Internet, and telephone banking services.

La Caisse Populaire Ukrainienne de Montreal is the 5th largest Ukrainian credit union in Canada. The caisse populaire experienced strong asset growth of 13.1% compared to 4.9% in the previous year. The net income of the caisse populaire increased by 4.5% to \$850,900 and this does not include the \$303,100 gain that the credit union received from the sale of property that it owned. . The Caisse made its fourth tax efficient patronage refund payment of \$500,000 to its members in 2002, which represents a return of 59% of its net income, before the extraordinary gain on the sale of property. The Caisse is well capitalized with members' equity of \$5.2 million representing 8.39% of assets. The Caisse had the best return on assets of 1.46% and best return on equity of 17.4% of the six largest Ukrainian credit unions in Canada. The Caisse operates out of one branch located in Montreal, Quebec.

North Winnipeg Credit Union, which has been serving the Ukrainian Community in Manitoba for 60 years, is the sixth largest Ukrainian credit union in Canada. North Winnipeg CU, the fastest growing Ukrainian credit union in 2001, saw its assets grow by 9% compared to 12.9% in the previous year. The net income increased by 91% to \$196,100 in 2002 due to strong asset growth, higher level of other income and a decrease in the loan loss provision. North Winnipeg CU's loan portfolio increased by 11.9% in 2002 compared to 14.8% in the previous year and the total deposits increased by 10.0% in 2002 compared to 13.9% in 2001. North Winnipeg CU had an improved return on assets of 0.49% and return on equity of 8.7%. The credit union made a patronage and dividend payment of \$100,000 in 2002 which represents 51% of its net income. Members' equity stood at \$2.3 million representing 5.58% of assets. North Winnipeg has one branch, one ATM, telephone banking and Internet banking. North Winnipeg CU was one of the first Ukrainian credit unions to offer online securities trading through its alliance with Northern Securities Inc., and offers full service financial planning as well as wealth management for its members through its MemberCare Financial Services office.

Future Challenges

The financial services industry in Canada has been evolving quickly. The independent trust companies have all but disappeared. Chartered banks have become much more competitive in the areas of consumer deposits and residential mortgage loans the domain primarily occupied by the credit unions. The chartered banks' market share of residential mortgages has increased to 63.5% in 2001 compared to 42.5% in 1990. While the credit unions market share has remained in the 13% range. Mortgage backed securities have increased their market share from 2% to 8.8% in the same period.

The changing environment has required Ukrainian credit unions to be more innovative in the services and products that they have been providing to their memberships. Many credit unions reviewed in this paper have introduced new credit cards and have expanded their wealth management product offerings including mutual funds, securities, financial planning, estate planning and insurance. The credit unions have begun to aggressively introduce Internet Banking

and On-Line brokerage services. Due to the significantly older membership, the Ukrainian credit unions have been focusing on attracting younger members with specifically targeted marketing programs and products.

Most of Ukrainian credit unions have worked through their Council of Ukrainian Credit Unions of Canada and with the assistance of the Canadian government to play a major role in the development of the credit union system in Ukraine.

Ukrainian credit unions have begun to develop special loan packages for young professionals entering the field of medicine, law and dentistry. With the expected increase in educational costs and the recent changes in the RESP regulations, the credit unions have set up educational savings plans to assist their children and grandchildren. Other products that are being developed are self-administered RRSP and RRIF plans, mutual funds and financial planning services. Registered plans grew by 6.1% in 2002 to \$139 million compared to 1.5% growth in 2001. With their involvement in Ukraine, the credit unions should enter into more strategic alliances with individual banks in Ukraine to provide services for Ukrainians and others doing business in Ukraine.

The major challenge in the future for the Ukrainian credit unions is to seek opportunities where they can work together to provide a more comprehensive list of services and products for their members. By doing so, I believe that they will be able to attract more new and younger members and ensure their survival for future generations.

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APPENDIX I

***UKRAINIAN CREDIT UNIONS
IN CANADA***

SCHEDULES

Schedule 1

UKRAINIAN CREDIT UNIONS IN CANADA

Asset Growth & Profitability

as at December 31, 2002

Name of credit union	Location	Members	Assets (\$Mils)	Asset Growth %	*Net Income (\$000's)	*Return on Assets %
1 Buduchnist	Toronto	14,407	262.7	5.1%	2,233	0.87%
2 Ukrainian	Toronto	19,499	257.5	5.7%	1,053	0.42%
3 Carpathia	Winnipeg	11,083	146.1	2.0%	706	0.49%
4 So-Use	Toronto	5,928	68.7	-2.5%	433	0.62%
5 CP Montreal	Montreal	2,980	61.9	13.1%	851	1.46%
6 North Winnipeg	Winnipeg	3,388	41.8	9.0%	196	0.49%
7 St. Mary's	Toronto	2,211	28.1	-3.5%	76	0.26%
8 United Ukrainian	Hamilton	1,831	27.8	4.8%	92	0.34%
9 New Community	Saskatoon	2,477	28.8	15.2%	208	0.77%
10 Ukrainian National	Montreal**	1,641	21.6	0.0%	70	0.33%
11 Ukrainian (St. Catharines)	St. Catharines	1,006	11.1	2.0%	49	0.44%
12 St. Josaphat's Parish	Toronto	635	7.4	10.8%	23	0.33%
13 Ukrainian (Calgary)	Calgary	508	1.9	7.2%	-1	-0.04%
Total 2002		67,594	965.4	4.0%	5,989	0.63%
Yr/Yr Growth %		0.5%	4%		-13%	
Total 2001		67,247	928.3		6,905	0.77%
*Net Income is defined a net income before extraordinary gains/(losses),dividends and patronage dividends.						
Name of Trust Company						
Community Trust Company	Toronto	n/a	223.3	12.4%	1,825	0.86%
**as at December 31, 2001 <i>Please note numbers in bold are 2001 members</i>						

**Schedule 2
Capitalization**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2002**

Name of credit union	Location	Members	Capital (\$Mils)	Capital % of Assets	Dividends & Patronage (\$000's)
1 Buduchnist	Toronto	14,407	22.2	8.46%	748
2 Ukrainian	Toronto	19,499	16.1	6.25%	108
3 Carpathia	Winnipeg	11,083	10.2	6.98%	432
4 So-Use	Toronto	5,928	6.3	9.19%	173
5 CP Montreal	Montreal	2,980	5.2	8.39%	500
6 North Winnipeg	Winnipeg	3,388	2.3	5.58%	100
7 St. Mary's	Toronto	2,211	2.2	7.80%	16
8 United Ukrainian	Hamilton	1,831	1.9	6.72%	0
9 New Community	Saskatoon	2,477	1.8	6.41%	46
10 Ukrainian National	Montreal**	1,641	1.7	7.76%	40
11 Ukrainian (St. Catharines)	St. Catharines	1,006	0.9	8.19%	25
12 La Caisse Mazeppa	Montreal**	0	0.0	#VALUE!	0
12 St. Josaphat's Parish	Toronto	635	0.5	7.38%	3
13 Ukrainian (Calgary)	Calgary	508	0.1	4.96%	0
Total 2002		67,594	71.5	7.40%	2,191
Yr/Yr Growth %		1%	7%		-12%
Total 2001		67,247	67.0	7.22%	2,499
*Net Income is defined a net income before extraordinary gains/(losses),dividends and patronage dividends.					
Name of Trust Company					
Community Trust Company	Toronto	n/a	20.2	9.06%	0
**as at December 31, 2001 Please note numbers in bold are 2001 members					

**Schedule 3
Loan Portfolio**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2002**

Name of credit union	Residential Mortgage Loans (\$Mils)	Commercial Corporate Loans (\$Mils)	Other Loans (\$Mils)	Total Loans (\$Mils)	Allowance/ Total Loans
1 Buduchnist	127	58	24	208	0.22%
2 Ukrainian	108	47	21	177	0.18%
3 Carpathia	51	50	18	119	0.41%
4 So-Use	38	11	1	51	0.79%
5 CP Montreal	0	0	0	33	1.44%
6 North Winnipeg	20	5	7	31	0.43%
7 St. Mary's	14	1	0	15	0.13%
8 United Ukrainian	7	4	1	12	0.57%
9 New Community	14	0	9	23	0.35%
10 Ukrainian National	4	0	0	4	8.25%
11 Ukrainian (St. Catharines)	5	1	1	7	0.31%
12 La Caisse Mazeppa	0	0	0	0	
12 St. Josaphat's Parish	4	0	1	4	0.38%
13 Ukrainian (Calgary)	1	0	0	1	1.98%
Total 2002	392	176	82	684	0.41%
Yr/Yr Growth %	2%	3%	26%	10%	
Total 2001	384	171	65	621	0.53%
(a) Productivity expense ratio - operating expenses % of operating revenue					
Name of Trust Company					
Community Trust Company	195	0	1	196	1.58%

**Schedule 4
Deposit Portfolio**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2002**

Name of credit union	Demand Deposits (\$Mils)	Term Deposits (\$Mils)	Registered Savings (\$Mils)	Total Deposits (\$Mils)
1 Buduchnist	63	142	33	238
2 Ukrainian	71	123	44	238
3 Carpathia	39	63	32	134
4 So-Use	21	29	12	62
5 CP Montreal	16	38	0	54
6 North Winnipeg	12	21	5	39
7 St. Mary's	9	15	2	26
8 United Ukrainian	7	13	6	26
9 New Community	7	15	4	26
10 Ukrainian National	9	10	0	19
11 Ukrainian (St. Catharines)	3	5	1	10
12 La Caisse Mazeppa	0	0	0	0
12 St. Josaphat's Parish	2	5	0	7
13 Ukrainian (Calgary)	1	1	0	2
Total 2002	260	480	139	879
Yr/Yr Growth %	6%	3%	6%	4%
<i>Total 2001</i>	<i>245.2</i>	<i>467.9</i>	<i>131.3</i>	<i>844.3</i>
Name of Trust Company				
Community Trust Company	11	141	38	190

**Schedule 5
Operating results**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2002**

As a % of average assets

Name of credit union	As a % of average assets				Loan Loss Provision	Productivity Expense Ratio(a)
	Net Interest Margin	Other Income	Operating Income	Operating expenses		
1 Buduchnist	2.75%	0.20%	2.94%	1.73%	0.03%	58.73%
2 Ukrainian	2.99%	0.40%	3.39%	2.81%	0.04%	83.00%
3 Carpathia	2.75%	0.58%	3.33%	2.70%	0.09%	81.02%
4 So-Use	3.18%	0.36%	3.53%	2.52%	0.31%	71.32%
5 CP Montreal	3.11%	0.57%	3.68%	1.81%	0.00%	49.05%
6 North Winnipeg	2.67%	0.87%	3.54%	2.87%	0.12%	81.20%
7 St. Mary's	2.17%	0.18%	2.35%	2.10%	-0.06%	89.11%
8 United Ukrainian	2.63%	0.37%	3.00%	2.48%	0.11%	82.72%
9 New Community	4.04%	0.87%	4.91%	3.29%	0.69%	66.98%
10 Ukrainian National	2.55%	0.19%	2.73%	2.07%	0.34%	75.62%
11 Ukrainian (St. Catharines)	3.00%	0.39%	3.39%	2.89%	0.03%	85.10%
12 St. Josaphat's Parish	3.29%	0.00%	3.29%	2.77%	0.13%	84.12%
13 Ukrainian (Calgary)	3.17%	0.07%	3.24%	3.28%	0.00%	101.33%
Total 2002	2.87%	0.40%	3.27%	2.38%	0.09%	72.78%
Yr/Yr Growth %						
<i>Total 2001</i>	<i>2.97%</i>			<i>2.36%</i>	<i>0.11%</i>	<i>69.59%</i>
(a) Productivity expense ratio - operating expenses % of operating revenue						
Name of Trust Company						
Community Trust Company	2.62%			1.79%	-0.21%	59.30%

**Schedule 6
Yield Analysis**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2002**

Name of credit union	Return on Equity %	Yield on Loans %	Yield on Securities %	Cost of Deposits %	Interest Spread %	Assets/Member \$
1 Buduchnist	10.5%	5.54%	2.46%	2.10%	2.67%	\$18,234
2 Ukrainian	6.7%	5.88%	2.61%	1.99%	2.89%	\$13,204
3 Carpathia	7.0%	6.05%	4.29%	3.10%	2.60%	\$13,185
4 So-Use	7.0%	5.67%	2.26%	1.65%	3.19%	\$11,591
5 CP Montreal	17.4%	9.83%	n/a	2.26%	2.98%	\$20,778
6 North Winnipeg	8.7%	6.36%	3.28%	2.92%	2.77%	\$12,327
7 St. Mary's	3.5%	4.90%	2.30%	1.66%	2.08%	\$12,699
8 United Ukrainian	5.0%	6.28%	3.75%	2.29%	2.56%	\$15,176
9 New Community	11.8%	8.00%	3.11%	3.24%	3.85%	\$11,637
10 Ukrainian National	4.2%	1.75%	6.14%	3.06%	2.36%	\$13,172
11 Ukrainian (St. Catherines)	5.4%	6.27%	3.16%	2.21%	2.96%	\$11,020
12 St. Josaphat's Parish	4.3%	6.89%	2.51%	1.98%	3.15%	\$11,650
13 Ukrainian (Calgary)	-0.8%	6.31%	2.94%	1.36%	3.12%	\$3,758
Total 2002	8.6%	6.03%	2.78%	2.27%	2.78%	\$14,282
Total 2001	10.7%	7.14%	4.32%	3.42%	2.04%	\$13,805
Name of Trust Company						
Community Trust Company	9.4%	7.94%	3.10%	5.29%	2.06%	n/a

APPENDIX II

***UKRAINIAN CREDIT UNIONS
IN UNITED STATES***

SCHEDULES

**Schedule 1
Asset Growth & Profitability**

**UKRAINIAN CREDIT UNIONS
IN THE UNITED STATES
as at December 31, 2002**

Name of credit union	Members	Assets (\$Mils)	Asset Growth %	*Net *Return on Income (\$000's)	Assets %
1 Self Reliance	20,913	422.9	8.0%	4,104	1.01%
2 Self Reliance	14,084	446.5	13.6%	8,116	1.93%
3 Self Reliance	6,870	140.6	5.4%	490	0.36%
4 SUMA	6,059	144.0	12.4%	2,059	1.51%
5 Self Reliance	7,335	122.2	8.3%	1,200	1.02%
6 Ukrainian Orthodox	5,206	97.6	17.3%	627	0.69%
7 Rochester Ukarinian	7,062	77.4	9.3%	1,047	1.41%
8 Self Reliance	4,013	76.3	10.6%	453	0.62%
9 Self Reliance	4,098	65.2	5.3%	745	1.17%
22 Self Reliance	0	0.0	0.0%	0	0.00%
11 Ukrainan Future	4,345	67.1	11.1%	780	1.22%
12 Self Reliance	2,664	27.4	3.0%	91	0.34%
13 Self Reliance	1,873	16.5	5.0%	75	0.46%
14 Self Reliance	940	13.1	20.2%	24	0.20%
15 Self Reliance	843	8.2	-0.1%	-280	-3.40%
16 Ukrainian	2,108	7.3	-6.9%	-179	-2.36%
17 Ukr. Dnipro Home	969	7.8	4.1%	94	1.22%
18 Ukr. Fraternal	554	6.2	22.2%	32	0.57%
19 OSNOVA	490	4.5	4.9%	26	0.60%
20 Ukrainian	267	1.1	18.4%	9	0.89%
23 Ukr. Fraternal*		#VALUE!			
22 Ukrainian	71	0.2	-5.6%	-2	-1.26%
Total	90,764	1,752.0	10.1%	19,511	1.17%
Yr/Yr Growth %	5.8%			23.4%	
Total 2001	85,811	1,591.5	10.7%	15,817	1.04%
Savings and Loan Bank					
First SecurityFed Financial Inc.	n/a	464.3	7.7%	11,976	2.89%

*Net Income is before extraordinary items.

**Schedule 2
Capitalization**

**UKRAINIAN CREDIT UNIONS
IN THE UNITED STATES
as at December 31, 2002**

Name of credit union	Location	Capital (\$Mils)	Capital % of Assets	Return on Capital %
1 Self Reliance	<i>Chicago, IL</i>	49.1	11.62%	8.7%
2 Self Reliance	<i>New York, NY</i>	92.9	20.80%	9.4%
3 Self Reliance	<i>Warren, MI</i>	13.9	9.91%	3.7%
4 SUMA	<i>Yonkers, NY</i>	25.5	17.69%	8.7%
5 Self Reliance	<i>Philadelphia</i>	16.5	13.50%	7.6%
6 Ukrainian Orthodox	<i>New York, NY</i>	11.0	11.25%	6.1%
7 Rochester Ukarinian	<i>Rochester, NY</i>	11.4	14.76%	9.8%
8 Self Reliance	<i>Clifton, NJ</i>	8.3	10.86%	5.7%
9 Self Reliance	<i>Parma, OH</i>	8.3	12.66%	9.6%
22 Self Reliance	<i>Newark, NJ</i>	0.0	0.00%	0.0%
11 Ukrainan Future	<i>Warren, MI</i>	6.6	9.92%	12.6%
12 Self Reliance	<i>Hartford, CI</i>	4.5	16.33%	2.1%
13 Self Reliance	<i>Syracuse, NY</i>	2.1	12.57%	3.8%
14 Self Reliance	<i>Baltimore, MD</i>	1.3	10.19%	1.8%
15 Self Reliance	<i>Pittsburg, PA</i>	0.9	11.06%	-26.9%
16 Ukrainian	<i>Minneapolis</i>	0.8	11.03%	-19.3%
17 Ukr. Dnipro Home	<i>Buffalo, NY</i>	0.9	12.06%	10.4%
18 Ukr. Fraternal	<i>Boston, MA</i>	1.1	18.07%	3.0%
19 OSNOVA	<i>Parma, OH</i>	0.5	11.88%	5.1%
20 Ukrainian	<i>Washington, DC</i>	0.1	6.79%	13.0%
22 Ukrainian	<i>Milwaukee, WI</i>	0.0	30.81%	-4.1%
Total		255.8	14.60%	15.2%
<i>Yr/Yr Growth %</i>		<i>0.0%</i>		
<i>Total 2001</i>		<i>255.8</i>	<i>14.32%</i>	<i>13.9%</i>
<i>Savings and Loan Bank</i>				
First SecurityFed Financial In Chicago, IL		72.0	15.52%	15.6%

*Net Income is before extraordinary items.

**Schedule 3
Loan Portfolio**

**UKRAINIAN CREDIT UNIONS
IN THE UNITED STATES
as at December 31, 2002**

Name of credit union	Location	Mortgage Loans (\$Mils)	Other Loans (\$Mils)	Total Loans (\$Mils)	Allowance/ Total Loans
1 Self Reliance	<i>Chicago, IL</i>	182	23	205	2.72%
2 Self Reliance	<i>New York, NY</i>	193	18	211	2.28%
3 Self Reliance	<i>Warren, MI</i>	48	11	59	0.09%
4 SUMA	<i>Yonkers, NY</i>	52	19	71	3.04%
5 Self Reliance	<i>Philadelphia</i>	58	8	66	1.60%
6 Ukrainian Orthodox	<i>New York, NY</i>	26	9	34	1.30%
7 Rochester Ukarinian	<i>Rochester, NY</i>	28	13	40	0.68%
8 Self Reliance	<i>Clifton, NJ</i>	25	3	28	1.20%
9 Self Reliance	<i>Parma, OH</i>	28	7	35	0.21%
22 Self Reliance	<i>Newark, NJ</i>	0	0	0	0.00%
11 Ukrainan Future	<i>Warren, MI</i>	31	9	40	0.11%
12 Self Reliance	<i>Hartford, CI</i>	11	7	18	0.23%
13 Self Reliance	<i>Syracuse, NY</i>	2	2	4	1.04%
14 Self Reliance	<i>Baltimore, MD</i>	6	1	7	0.43%
15 Self Reliance	<i>Pittsburg, PA</i>	1	1	1	3.58%
16 Ukrainian	<i>Minneapolis</i>	1	2	3	1.09%
17 Ukr. Dnipro Home	<i>Buffalo, NY</i>	3	3	5	1.37%
18 Ukr. Fraternal	<i>Boston, MA</i>	2	0	3	2.54%
19 OSNOVA	<i>Parma, OH</i>	2	0	2	0.26%
20 Ukrainian	<i>Washington, DC</i>	0	0	1	
23 Ukr. Fraternal*	<i>Scranton, NY</i>	0	0	0	1.00%
22 Ukrainian	<i>Milwaukee, WI</i>	0	0	0	10.19%
Total		699	136	834	1.87%
Growth Yr/Yr%		9%	3%	9%	
Total 2001		642	132	774	1.87%
Savings and Loan Bank					
First SecurityFed Financial In	Chicago, IL	222	83	305	0.96%

(a) Productivity expense ratio - operating expenses % of operating revenue

**Schedule 4
Deposit Portfolio**

**UKRAINIAN CREDIT UNIONS
IN THE UNITED STATES
as at December 31, 2002**

Name of credit union	Shares Notes (\$Mils)	Money Market (\$Mils)	Share Certificates (\$Mils)	Registered		Total Deposits (\$Mils)
				IRA/ Keogh (\$Mils)	Other deposits (\$Mils)	
1 Self Reliance	156	9	100	30	20	315
2 Self Reliance	159	0	159	30	1	350
3 Self Reliance	57	0	62	8	0	127
4 SUMA	43	22	43	9	1	119
5 Self Reliance	29	16	52	9	0	106
6 Ukrainian Orthodox	31	6	43	7	0	87
7 Rochester Ukarinian	33	1	26	6	1	66
8 Self Reliance	32	0	30	6	0	68
9 Self Reliance	29	0	23	5	0	57
22 Self Reliance	0	0	0	0	0	0
11 Ukrainan Future	34	0	22	4	0	60
12 Self Reliance	8	2	10	3	0	23
13 Self Reliance	10	0	4	1	0	14
14 Self Reliance	6	0	5	0	0	12
15 Self Reliance	3	0	3	1	0	7
16 Ukrainian	5	0	1	0	0	6
17 Ukr. Dnipro Home	4	0	3	0	0	7
18 Ukr. Fraternal	2	0	2	0	0	5
19 OSNOVA	2	0	2	0	0	4
20 Ukrainian	0	0	1	0	0	1
23 Ukr. Fraternal*	0	0	0	0	0	1
22 Ukrainian	0	0	0	0	0	0
Total	645	56	589	120	24	1,435
Growth Yr/Yr%	<i>12%</i>	<i>25%</i>	<i>12%</i>	<i>6%</i>	<i>3%</i>	<i>12%</i>
<i>Total 2001</i>	<i>544</i>	<i>48</i>	<i>571</i>	<i>114</i>	<i>23</i>	<i>1,300</i>
<i>Savings and Loan Bank</i>						
First SecurityFed Financial Inc.						291

**Schedule 5
Operating Results**

**UKRAINIAN CREDIT UNIONS
IN THE UNITED STATES
as at December 31, 2002**

As a % of average assets

Name of credit union	As a % of average assets				Loan Productivity	
	Net Interest Margin	Other Income	Operating Income	Operating expenses	Loss Provision	Expense Ratio(a)
1 Self Reliance	2.62%	0.25%	2.87%	1.54%	0.32%	53.77%
2 Self Reliance	3.06%	0.11%	3.17%	1.22%	0.02%	38.40%
3 Self Reliance	1.71%	0.17%	1.89%	1.60%	-0.07%	84.92%
4 SUMA	2.80%	0.14%	2.93%	1.42%	0.00%	48.37%
5 Self Reliance	2.70%	0.10%	2.80%	1.78%	0.00%	63.51%
6 Ukrainian Orthodox	2.36%	0.08%	2.44%	1.87%	-0.12%	76.36%
7 Rochester Ukarinian	3.30%	0.34%	3.64%	2.08%	0.15%	57.16%
8 Self Reliance	2.28%	0.18%	2.46%	1.84%	0.00%	74.66%
9 Self Reliance	2.65%	0.12%	2.77%	1.59%	0.01%	57.24%
22 Self Reliance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11 Ukrainian Future	3.04%	0.43%	3.47%	2.15%	0.09%	62.00%
12 Self Reliance	3.76%	0.15%	3.91%	3.43%	0.15%	87.64%
13 Self Reliance	2.61%	0.18%	2.79%	2.22%	0.11%	79.44%
14 Self Reliance	1.68%	0.23%	1.91%	1.62%	0.09%	84.99%
15 Self Reliance	0.73%	-3.45%	-2.72%	2.14%	-1.46%	-78.47%
16 Ukrainian	3.21%	0.31%	3.51%	3.65%	2.23%	103.89%
17 Ukr. Dnipro Home	4.20%	0.05%	4.25%	3.02%	0.00%	71.16%
18 Ukr. Fraternal	2.77%	0.04%	2.82%	2.25%	0.00%	79.90%
19 OSNOVA	2.55%	0.24%	2.79%	2.08%	0.12%	74.38%
20 Ukrainian	0.00%	0.20%	2.60%	0.00%	0.00%	0.00%
23 Ukr. Fraternal*	2.40%	0.00%	0.00%	1.71%	0.00%	65.61%
22 Ukrainian	3.98%	0.00%	3.98%	3.54%	1.70%	88.95%
Total	2.51%	0.21%	2.72%	1.60%	0.07%	58.97%
<i>Total 2001</i>	<i>2.51%</i>	<i>0.21%</i>	<i>2.72%</i>	<i>1.60%</i>	<i>0.07%</i>	<i>58.97%</i>
<i>Savings and Loan Bank</i>						
First SecurityFed Financial Inc.	4.40%	0.23%	4.63%	1.71%	0.03%	36.97%

(a) Productivity expense ratio - operating expenses % of operating revenue

APPENDIX II

***UKRAINIAN CREDIT UNIONS
IN AUSTRALIA***

SCHEDULES

Schedule 1
Asset Growth & Profitability

UKRAINIAN CREDIT UNIONS
IN THE AUSTRALIA
As at June 30, 2002

Name of credit union	Members	Assets (\$Mils)	Asset Growth %	*Net Income (\$000's)	*Return on Assets %
1 Dniester	7,644	51.6	4.7%	157	0.31%
2 Karpaty	3,793	30.0	2.6%	155	0.52%
3 Hoverla	1,238	15.6	3.5%	67	0.44%
Total	12,675	97.1	3.9%	378	0.40%
<i>Yr/Yr Growth %</i>	<i>-1%</i>	<i>4%</i>		<i>-2%</i>	
<i>2001</i>	<i>12,865</i>	<i>93.5</i>	<i>10.0%</i>	<i>386</i>	<i>0.43%</i>

*Net Income is before extraordinary items.

Schedule 2
Capitalization

UKRAINIAN CREDIT UNIONS
IN THE AUSTRALIA
As at June 30, 2002

Name of credit union	Capital (\$Mils)	Capital % of Assets	Return on Capital %
1 Dniester	4.6	9.00%	3.4%
2 Karpaty	4.9	16.32%	3.2%
3 Hoverla	1.4	8.91%	4.9%
Total	10.9	11.25%	3.5%
<i>Yr/Yr Growth %</i>	<i>3%</i>		
<i>Total 2001</i>	<i>10.6</i>	<i>11.34%</i>	<i>3.7%</i>

**Schedule 3
Loan Portfolio**

**UKRAINIAN CREDIT UNIONS
IN THE AUSTRALIA
As at June 30, 2002**

Name of credit union	Location	Mortgage	Commercial	Personal	Total	Allowance/ Total Loans
		Loans (\$Mils)	Loans (\$Mils)	Loans (\$Mils)	Loans (\$Mils)	
1 Dniester	Essendon	32	5	7	43	0.50%
2 Karpaty	Lidcombe	17	1	4	22	1.42%
3 Hoverla	Hindmarsh	10	1	1	11	0.54%
Total		59	6	12	76	0.77%
Growth Yr/Yr%		<i>15%</i>	<i>-35%</i>	<i>-19%</i>	<i>2%</i>	
<i>Total 2001</i>		<i>51</i>	<i>9</i>	<i>15</i>	<i>75</i>	<i>0.81%</i>

**Schedule 4
Deposit Portfolio**

**UKRAINIAN CREDIT UNIONS
IN THE AUSTRALIA
As at June 30, 2002**

Name of credit union	Location	Call	Term	Total
		Deposits (\$mils)	Deposits (\$mils)	Deposits (\$mils)
1 Dniester	Essendon	15	31	46
2 Karpaty	Lidcombe	10	15	25
3 Hoverla	Hindmarsh	4	7	11
Total		29	53	82
Growth Yr/Yr%		<i>13%</i>	<i>0%</i>	<i>5%</i>
<i>Total 2001</i>		<i>26</i>	<i>52</i>	<i>78</i>

**Schedule 5
Operating Results**

**UKRAINIAN CREDIT UNIONS
IN THE AUSTRALIA
As at June 30, 2002**

As a % of average assets

Name of credit union	Net	Other Income	Operating Income	Operating expenses	Loan	Productivity
	Interest Margin				Loss Provision	Expense Ratio(a)
1 Dniester	3.18%	1.23%	4.40%	3.64%	0.29%	82.61%
2 Karpaty	3.66%	0.30%	3.96%	3.25%	0.01%	82.02%
3 Hoverla	3.26%	0.85%	4.11%	3.30%	0.13%	80.29%
Total	3.34%	0.88%	4.22%	3.46%	0.18%	82.08%
Growth Yr/Yr%						
Total 2001	3.37%	0.87%	4.24%	3.56%	0.01%	84.06%

(a) Productivity expense ratio - operating expenses % of operating r