

UKRAINIAN CREDIT UNIONS IN CANADA

2004 FINANCIAL RESULTS

By Bohdan Leshchyshen, MBA, CFA

Economic Growth has begun to improve

In 2004, the Canadian economy experienced stronger growth of real gross domestic product (GDP) than in the previous year (growth of 6.1% compared to 5.3% in 2003). The economic growth improved due to higher growth of expenditures on semi-durables and non-durables (5.4% compared to 5.2% in 2003), growth in expenditures on services (5.7% compared to 5.5% in 2003) and significant improvement in investments in machinery & equipment (5.8% growth compared to decline of -1.6% in 2003) and offset somewhat by slower growth of consumer expenditures on durables (0.8% compared to 1.2% in 2003). This improving economic environment led to continued significant growth in consumer credit (11.0% compared to 9.2% in 2003). A slower increase in housing starts, which increased by 5.8% to 232,300 compared to the growth of 6.7% growth in 2003, resulting in strong growth in residential mortgages (9.9% in 2004 compared to 8.7% a year ago).

The impact of demographics has had a significant effect on the Canadian 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. The Canadian 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 7.9% in 2004 compared to 7.6% in the previous year. In the last three years, the credit union's residential mortgage growth has exceeded the growth experienced by the banks, which has resulted in the credit union's market share increasing to 13.5% in 2004 from 13.0% in 2000. The Chartered banks have seen its market share of residential mortgages increase from 61.7% in 2000 to a high of 63.8% in 2002 and have since decreased to 61.8% in 2004.

We have seen further consolidation of the Ukrainian credit union system over the last few years. Just recently, Caisse D'Economie Desjardins Ukrainienne and La Caisse Populaire Ukrainienne de Montreal agreed to amalgamate effective January 1, 2005. The combined assets

of the two caisses populaires totaled \$99.3 million and the combined equity amounted to \$8.2 million or 8.3% of total assets. There are now only 12 Ukrainian credit unions left in Canada.

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 (AUM) increase significantly – Ukrainian CU saw its AUM increase by 14.2% to approximately \$30.6 million, Carpathia CU saw its AUM increase to approximately \$13.2, an increase of 47% and Buduchnist CU saw its AUM increase to \$18.3 million and increase of 52.5% from the previous year.

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 6.4% compared to 8.7% in 2003. Due to a lower inflationary environment in Canada and low interest rates which resulted in slower deposit growth, Ukrainian credit unions' assets grew by only 7.5% compared to 7.5% last year. Canadian banks assets grew by 4.5% and the largest credit unions in Canada saw their assets grow by 11.8%. The Ukrainian credit union's net income before dividend and patronage payments decreased by 21.6% to \$5.1 million from \$6.5 million, primarily due to the net interest margin declining by 30 basis points to 2.56% from the previous year. [This does not include any extraordinary items]. However, the credit unions paid 38.7% of their net income to their members by way of a dividend or a patronage refund totalling \$2.0 million compared to \$2.4 million in the previous year. These patronage dividends helped increase the capital of the credit unions by 6.3% to \$81.2 million representing 7.27% of the assets. The ratio of capital to assets has been declining slightly in each of the last two years.

The return on assets decreased to 0.47% in 2004 from 0.65% in 2003, which is lower than the average level of the large Canadian banks at 0.84% and 0.63% for the 91 largest credit unions in Canada. The main contributing factor to the lower return on assets was the lower net interest margin partially offset by the lower loan loss provision as a % of assets and lower tax rate.

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 13.5% of total revenue compared 12.4% last year. Other income as % of total revenue represented 52.7% for the large Canadian banks and 26.8% for the 91 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 decreased slightly to 2.39% compared to 2.45% in the previous year, which is still

lower than the large Canadian banks at 2.58% and the largest credit unions in Canada at 2.96%. However, the operating expense to revenue (productivity ratio) increased to 81.0% from 75.0% last year. The productivity ratio is higher than the large Canadian banks at 65.3% and higher than the 91 largest Canadian credit unions, which had a productivity ratio of 76.8%.

Asset Quality. Overall the asset quality is still quite strong. The loan loss provision as a % of average assets decreased to 0.02% from 0.05% in 2003, which compares very favourably to the large Canadian banks at 0.06% and large Canadian credit unions at 0.11%. The allowance for loan losses also decreased to 0.30% of total loans from 0.37% in 2003, which compares very favourably to the large Canadian banks at 1.17% and to the large Canadian credit unions at 0.50%.

Loan portfolio. The Ukrainian credit unions have a strong concentration in lower risk residential mortgage lending which represents 60.4% of the loan portfolio compared to 60.2% last year. This represents a 11% increase in residential mortgages. Commercial and other loans represent 39.6% of the loan portfolio compared to 39.8% last year, with commercial loans growing by 11.4% and personal loans increasing by 3.9%. 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 7.5% primarily due to slow membership growth. Membership was approximately at 71,954 in 2004 an increase of 3.9% from 69,264 in 2003. Due to aging membership, we estimate that approximately 400 members passed away during 2004. The loan growth was strong, with total loans growing by 10.3% to \$867 million primarily due to commercial and mortgage loans which grew 11.4% and 10.6% respectively, while personal loans saw a small increase of 3.9%. The demographics of the membership and low interest rate environment have affected the deposit growth. Deposits grew by 7.6% to \$1.019 billion 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, 13th largest credit union in Ontario and 49th largest in Canada based on asset size.

- Buduchnist played a significant financial role in the Orange Revolution, by collecting over \$100,000 from its members and providing a matching donation of \$100,000 to support the democratic processes in Ukraine. In addition, Buduchnist donated \$10,000 for the needs of the tent city in Kyiv and to the Ukrainian World Congress for the organization of observers from the eastern Diaspora.
- Buduchnist was a major sponsor of some major events and performances, including the first Canadian Tour of the Kyiv Chamber Choir, Pavlo Hunka Master Class (organized by the Canadian Ukrainian Opera Association and Ukrainian Canadian Choral Federation) and Ukrainian Canadian Art Exhibition. Buduchnist sponsored over 1,000 breakfasts at the Bloor West Village Ukrainian Festival.
- Total assets grew by \$28 million or 9.7% to \$315 million.

- Buduchnist CU's loan portfolio increased by 14.8% in 2004 compared to 14.8% in the previous year and the total deposits increased by only 7.6% in 2004 compared to 7.9% in 2003.
- The membership grew by 4.6% in 2004 compared to 5.7% in 2003.
- The net income decreased by 26.2% to \$1.6 million in 2004 due to lower net interest margin, higher operating expenses and offset slight by lower income tax rate.
- Buduchnist spent \$1,001,865 or 13.2% of its operating income on promotions, donations and advertising compared to 6.8% in the previous year.
- The capital and retained earnings stood at \$26.8 million representing 8.48% of assets.
- Buduchnist introduced a patronage share program in 1997. The credit union made patronage and dividend payment of \$667,000 in 2004 representing 36% of its net income before taxes. Since, the introduction of the patronage program in 1997, Buduchnist has shared \$5.0 million of its profits with its members.
- Buduchnist CU had a return on assets of 0.54% and return on equity of only 6.7%.
- In December 2004, Buduchnist sold its interest in Community Trust for total proceeds of \$2.8 million. A gain on sale of shares of \$1.1 million was recorded, which included a recovery of income taxes realized of \$163,564.
- Buduchnist has 5 branches, 2 ATM locations, together with a web site, newly created wealth management and mutual funds sales operation (\$18 million in assets under administration), Internet and telephone banking services.

Buduchnist CU had a record year in new lending activity:

- Buduchnist advanced a record 369 residential mortgages in 2004 for a total value of \$62.2 million, an increase of 13% (average loan size of \$168,600) compared to 340 loans and loan value of \$55.3 million (average loan size of \$162,600) in the previous year.
- Buduchnist issued 138 commercial loans and mortgages for a total value of \$21.5 million, an increase of 21% (average loan size of \$155,615) compared to 122 loans for a total of \$17.7 million (average loan size of \$145,000).
- Buduchnist provided 553 personal loans for a total value of \$4.6 million compared to 551 loans for total value of \$4.6 million.
- Total loans of 1,060 were issued amounting to \$88.3 million, an increase of 14% compared to 1,103 loans amounting to \$77.3 million in the previous year.

Ukrainian Credit Union is the second largest Ukrainian credit union in Canada, 15th largest credit union in Ontario and 52th largest in Canada based on asset size.

- Ukrainian CU celebrated its 60th anniversary this year and held a “UCU Family Day” at which over 1,000 people attended. The day featured Ukrainian CU sponsored performers Levko Durko and Lidia Kuchka direct from Ukraine, amusements, games and a delicious BBQ.
- Ukrainian CU officially opened the North York branch located at 5799 Yonge Street to assist in the integration of the ever-growing number of newcomers from Ukraine living in this part of Toronto.
- Ukrainian sponsored the 2004 Eurovision winner Ruslana Lyzhychko as the featured

artist of the 8th annual Bloor West Village Ukrainian Festival.

- Ukrainian CU supported the Orange Revolution in a substantial way, by calling a Special meeting of membership at which it was agreed to redirect the monies that normally would have been paid out as dividends on membership shares to sponsor the Canadian observers for the 3rd round of Ukraine's presidential elections. Following this meeting, Ukrainian CU donated \$150,000 to support the Ukraine Election Project. Individual members and other donors contributed additional funds totalling \$80,000.
- Total assets grew by \$15 million or 5.3% to \$294 million.
- Ukrainian CU's loan portfolio increased by 7.1% in 2004 compared to record 25.3% in the previous year and the total deposits increased by only 5.8% in 2004 compared to 8.0% in 2003.
- The membership grew significantly by 9.1% in 2004 compared to 2.6% in previous year.
- Net income in 2003 declined by 5% to \$826,000 due to a lower net interest margin, which decreased to 2.55% from 2.77% in the previous year.
- Ukrainian spent \$625,000 or 7.6% of its operating income on promotions, donations and advertising, compared to \$418,400 or 4.9% of its operating income in the previous year.
- The credit union experienced deposit growth of 5.8% in 2004 compared to 8.0% in 2003. Net loans saw an increase of 7% in 2004 compared to an increase of 25% in the previous year.
- The capital and retained earnings stood at \$17.8 million representing 6.05% of assets.
- Ukrainian CU has mutual funds and securities under administration, which grew by 14% to exceed \$30.2 million.
- Ukrainian CU had a return on assets of 0.29% and return on equity of 4.9%.
- The credit union did not made a patronage and dividend payment in 2004.
- 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.

Ukrainian CU had a strong year in new lending activity:

- Ukrainian advanced 255 residential mortgages in 2004 for a total value of \$48.0 million, a decrease of 35% (average loan size of \$188,100) compared to 407 loans and loan value of \$74.1 million (average loan size of \$182,100) in the previous year.
- Ukrainian issued 39 commercial loans and mortgages for a total value of \$11.0 million, a decrease of 8% (average loan size of \$282,700) compared to 30 loans for a total of \$12.0 million (average loan size of \$400,700).
- Ukrainian provided 623 personal loans for a total value of \$17.5 million (average loan size of 28,100) compared to 683 loans for total value of \$17.4 million (average loan size of \$25,500).
- Total loans of 917 were issued amounting to \$109.5 million, an increase of 6% compared to 1,120 loans amounting to \$103.5 million in the previous year.

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, 15th largest credit union in Manitoba and the 87th largest credit union in Canada.

- Carpathia CU provided over \$40,000 in donations and sponsored, supported and promoted various local events and organizations such as seven English Ukrainian Bilingual programs, Canada's National Ukrainian Festival (Dauphin), Holy Name Nursing Home, Ukrainian Cultural & Educational Centre "OSEREDOK", including entering into a joint sponsorship with the Wasyl Topolnicki Memorial Foundation and sponsoring a second Leo Mol sculpture "Blind Bandurist" at the Leo Mol Sculpture Gardens in Winnipeg. In addition to local and national events Carpathia Credit Union came to the aid internationally with financial support in the amount of \$5,000 towards the Orange Revolution in support of Democracy.
- Carpathia CU experienced the second year of strong assets growth and saw its assets increase 10.0% in 2004 compared to an increase of 9.1% in the previous year.
- The credit union experienced strong deposit growth of 10.8% in 2004 compared to 9.8% in previous year.
- The membership grew moderately by 1.2% in 2004 compared to 1.2% in previous year.
- Net loans increased by 8.3% in 2004 compared to an increase of 6.7% in the previous year.
- The net income in 2004 decreased by 22% to \$697,200 due primarily to a decrease in net interest margin to 2.61% from 2.98% in the previous year.
- Carpathia CU had a return on assets of 0.42% and return on equity of 6.6%.
- The credit union, which was the one of the first Ukrainian credit union to introduce tax efficient patronage refunds, paid its eighth patronage refund and an additional dividend totalling \$340,000 to its members. From the beginning of its program, Carpathia has returned over \$5.2 million to its members in the form of dividends and patronage refunds.
- Members' equity stood at \$10.9 million representing 6.19% of assets.
- Carpathia CU now has mutual funds under administration, which amounted to \$13.2 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 increased its reputation in the community by its participation in and sponsorship of local events, including the Carassauga (Ethnic festival) held in Mississauga and sponsoring the children's stage at the Bloor West Village Ukrainian Festival. The credit union has continued to be a major sponsor and supporter of the St. Volodymyr Ukrainian Orthodox Cathedral, St. Demetrius Orthodox Church, St. Andrews Orthodox Church, St. Anne's Orthodox Church, St. John's Orthodox Church and St. Vladimir Institute.
- So-Use CU experienced its first increase in assets for a number of years. Assets increased by 6.7% to \$73.2 million compared to a decrease of -0.1% in the previous year.
- The credit union experienced deposit growth of 4.4% in 2004 compared to a decline of 0.6% in previous year.
- Net loans increased by 12.3% in 2004 compared to an increase of 11.8% in the previous year.

- So-Use saw a 5% decrease in the net income to \$319,800 from \$337,100 in the previous year, due primarily to a decrease in net interest margin to 2.89% from 3.23% in the previous year.
- The credit union had an average return on assets of 0.31% and a return on equity of 3.3%.
- So-Use returned \$147,800 of dividends and interest on shares to its members in 2004, which represented 42% of its net income.
- So-Use is one of the best-capitalized Ukrainian credit unions after raising over \$2 million in special Class A shares in 1998. Member's equity stood at \$6.6 million representing 8.9% of assets.
- So-Use has one branch, two ATMs, Internet, and telephone banking services.

So-Use CU had a strong year in new lending activity:

- So-Use advanced 110 residential mortgages in 2004 for a total value of \$19.1 million, an increase of 16% (average loan size of \$174,100) compared to 104 loans and loan value of \$16.6 million (average loan size of \$182,100) in the previous year.
- So-Use provided 105 personal loans for a total value of \$877,000 compared to 166 loans for total value of \$1,297,000.
- Total loans of 225 were issued amounting to \$20.0 million, an increase of 12% compared to 270 loans amounting to \$17.8 million in the previous year.

La Caisse Populaire Ukrainienne de Montreal is the 5th largest Ukrainian credit union in Canada.

- The Caisse is a major financial sponsor of the Montreal Ukrainian Festival and two youth organizations – Ukrainian Youth Association and Plast.
- The Caisse agreed to amalgamate with the Caisse d'économie Desjardins Ukrainienne effective January 1, 2005. The resulting amalgamated caisse populaire had total assets of \$99.3 million and equity of \$8.2 million as at January 1, 2005.
- The caisse populaire experienced asset growth of 11.8% to \$72.5 million compared to 4.8% growth in the previous year.
- The credit union experienced deposit growth of 12.6% in 2004 compared to an increase of 4.9% in previous year.
- Net loans increased by 8.3% in 2004 compared to an increase of 11.2% in the previous year.
- The net income of the caisse populaire declined by 6.5% to \$1,005,000.
- The Caisse made its sixth tax efficient patronage refund payment of \$571,504 to its members in 2004, which represents a return of 57% of its net income.
- The Caisse is well capitalized with members' equity of \$6.0 million representing 8.30% of assets.
- The Caisse had the best return on assets of 1.46% and best return on equity of 18.0% 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 continued to enhance its tradition of community service. In 2004, the credit union allocated \$12,354 in support of the community and the largest portion (37%) went to Ukrainian Canadian educational organizations and institutions. In addition, the credit union donated \$5,000 to support democracy in Ukraine during the Orange Revolution.
- North Winnipeg CU, the second fastest growing Ukrainian credit union in 2004, saw its assets grow by 11.7% compared to 9% in the previous year.
- North Winnipeg CU's loan portfolio increased by 10.6% in 2004 compared to 19.0% in the previous year and the total deposits increased by 12.3% in 2004 compared to 9.8% in the previous year.
- The membership grew by 3.7% in 2004 compared to 2.2% in previous year.
- The net income decreased by 31% to \$193,300 in 2004 due to lower net interest margin and higher loan loss provision.
- North Winnipeg CU had a return on assets of 0.40% and return on equity of 7.5%.
- The credit union made a patronage and dividend payment of \$60,000 in 2004 which represents 27% of its net income.
- Members' equity stood at \$2.7 million representing 5.33% of assets.
- North Winnipeg CU now has mutual funds under administration, which exceeded \$1.1 million.
- 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.

North Winnipeg CU had a respectable year in new lending activity after a strong year in 2003:

- North Winnipeg advanced 84 residential mortgages in 2004 for a total value of \$7.5 million, a decrease of 12% (average loan size of \$89,300) compared to 88 loans and loan value of \$8.5 million (average loan size of \$96,800) in the previous year.
- North Winnipeg issued 12 commercial loans and mortgages for a total value of \$1.4 million, a decrease of 17% (average loan size of \$119,800) compared to 20 loans for a total of \$1.7 million (average loan size of \$87,000).
- Ukrainian provided 257 personal loans for a total value of \$4.7 million (average loan size of 18,000) compared to 340 loans for total value of \$5.7 million (average loan size of \$16,700).
- Total loans of 353 were issued amounting to \$13.6 million, a decrease of 15% compared to 448 loans amounting to \$15.9 million in the previous year.

Future Challenges

The financial services industry in Canada has been evolving quickly. The independent trust companies have all but disappeared. The independent trust companies had 29.4% of the mortgage market in 1990 and dropped to 1.2% in 2004. While, the 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 61.8% in 2004 compared to 42.5% in 1990. While the credit unions market share has remained in the 13% range, increasing slightly from 13.0% in 1990 to 13.5% in 2004. . Mortgage backed securities have increased their market share from 2% in 1990 to 12.7% in 2004.

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 and trying to encourage the thousands of new Ukrainian immigrants to embrace the Ukrainian credit unions.

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. In May 2004, the Canadian government announced their third grant since 1993 for the development of the credit union system in Ukraine. On May 19, 2004, at a Ukrainian Embassy in Ottawa, the credit union development initiative designed to bring much needed financial services to Ukraine was launched. Mykola Maimeskul, Ambassador of Ukraine to Canada, hosted the event. The Canadian International Development Agency (CIDA) will fund the five year \$4.3 million project, which will enable the Canadian Cooperative Association and its partners, the Ukrainian National Association of Savings and Credit Unions (Ukraine) and the Council of Ukrainian Credit Unions of Canada, to strengthen a network of community-based credit unions to improve services to over 300,000 members. This project is timely due to the recent passing of laws that regulate further development of the credit union movement 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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Schedule 1

UKRAINIAN CREDIT UNIONS IN CANADA

Asset Growth & Profitability

as at December 31, 2004

Name of credit union	Location	Members	Assets (\$Mils)	Asset	Net	Return on	Return on
				Growth	Income *	Assets	Equity
				%	(\$000's)	%	%
1 Buduchnist	Toronto	15,927	315.5	9.7%	1,631	0.54%	6.7%
2 Ukrainian	Toronto	21,819	294.1	5.3%	826	0.29%	4.9%
3 Carpathia	Winnipeg	11,350	175.4	10.0%	697	0.42%	6.6%
4 So-Use	Toronto	5,928	73.2	6.7%	320	0.45%	4.9%
5 CP Ukrainienne de Montreal	Montreal	2,900	72.5	11.8%	1,005	1.46%	18.0%
6 North Winnipeg	Winnipeg	3,591	51.3	11.7%	193	0.40%	7.5%
7 New Community	Saskatoon	1,962	30.7	1.0%	273	0.89%	12.6%
8 United Ukrainian	Hamilton	1,831	29.8	6.5%	124	0.43%	6.2%
9 St. Mary's	Toronto	2,211	26.9	-1.9%	-322	-1.19%	-15.8%
10 Caisse d'Economie Desjardins Ukrainienne	Montreal	1,694	26.7	0.0%	287	1.07%	14.0%
11 Ukrainian (St. Catharines)	St. Catharines	1,006	11.6	4.5%	35	0.31%	3.8%
12 St. Josaphat's Parish	Toronto	665	7.6	2.8%	10	0.13%	1.8%
13 Ukrainian (Calgary)	Calgary	508	1.3	-22.0%	-6	-0.41%	-6.6%
Total 2004		71,392	1,116.7	7.5%	5,072	0.47%	6.4%
Growth % Yr over Yr				3.1%		-21.6%	
Total 2003		69,264	1,038.2	7.5%	6,468	0.65%	8.7%
Growth % Yr over Yr				2.5%		8.0%	
Total 2002		67,594	965.4	4.0%	5,989	0.63%	8.6%

*Net Income is defined a net income before extraordinary gains/(losses),dividends and patronage dividends.

**Schedule 1a
Capitalization**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2004**

Name of credit union	Location	Members	Total Capital (\$000's)	Capital % of Assets	Dividends & Patronage (\$000's)
1 Buduchnist	Toronto	15,927	26,764	8.48%	667
2 Ukrainian	Toronto	21,819	17,809	6.05%	0
3 Carpathia	Winnipeg	11,350	10,851	6.19%	324
4 So-Use	Toronto	5,928	6,518	8.90%	148
5 CP Ukrainienne de Montreal	Montreal	2,900	6,024	8.30%	572
6 North Winnipeg	Winnipeg	3,591	2,736	5.33%	60
7 New Community	Saskatoon	1,962	2,110	6.87%	50
8 United Ukrainian	Hamilton	1,831	2,124	7.14%	12
9 St. Mary's	Toronto	2,211	2,487	9.25%	13
10 Caisse d'Economie Desjardins Ukrainienne	Montreal	1,694	2,196	8.21%	93
11 Ukrainian (St. Catharines)	St. Catharines	1,006	920	7.94%	22
12 St. Josaphat's Parish	Toronto	665	574	7.59%	3
13 Ukrainian (Calgary)	Calgary	508	89	6.63%	0
Total 2004		71,392	81,202	7.27%	1,964
Growth % Yr over Yr		3.1%	6.3%		-18.7%
Total 2003		69,264	76,360	7.35%	2,415
Growth % Yr over Yr		2.5%	6.8%		10.2%
Total 2002		67,594	71,479	7.40%	2,191

*Net Income is defined a net income before extraordinary gains/(losses),di

**Schedule 2
Loan Portfolio**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2004**

Name of credit union	Residential	Residential	Commercial	Consumer	Business	Total	Allowance/ Loans
	Mortgage Loans (\$000's)	Mortgage/ Loans %	Mortgage Loans (\$000's)				
1 Buduchnist	169,192	61.6%	65,864	30,222	9,218	274,496	0.16%
2 Ukrainian	178,492	75.3%	52,596	5,910	0	236,998	0.12%
3 Carpathia	60,116	43.9%	48,811	18,845	9,163	136,934	0.39%
4 So-Use	46,070	72.7%	15,144	1,465	688	63,367	0.59%
5 CP Ukrainienne de Montreal	0	0.0%	0	0	0	42,245	0.73%
6 North Winnipeg	23,132	56.2%	10,799	7,242	0	41,172	0.35%
7 New Community	17,196	65.8%	1,806	7,149	0	26,151	0.35%
8 United Ukrainian	8,465	54.9%	6,186	778	0	15,428	0.54%
9 St. Mary's	12,909	88.7%	1,333	307	0	14,549	0.15%
10 Caisse d'Economie Desjardins Ukrainienne	0	0.0%	0	0	0	4,701	5.10%
11 Ukrainian (St. Catharines)	3,395	71.4%	730	629	0	4,754	0.46%
12 St. Josaphat's Parish	3,845	82.0%	0	842	0	4,687	0.82%
13 Ukrainian (Calgary)	785	69.8%	0	340	0	1,124	1.25%
Total 2004	523,595	60.4%	203,269	73,728	19,069	866,607	0.30%
<i>Growth % Yr over Yr</i>	<i>10.6%</i>		<i>1.9%</i>	<i>3.9%</i>		<i>10.3%</i>	
Total 2003	473,311	60.2%	199,521	70,982	n/a	785,808	0.37%
<i>Growth % Yr over Yr</i>	<i>20.6%</i>		<i>13.1%</i>	<i>-13.7%</i>		<i>14.9%</i>	
Total 2002	392,410		176,365	82,223	n/a	683,833	0.41%

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2004**

Schedule 3

Deposit Portfolio		Demand	Term	Registered	Registered	Total
Name of credit union	Borrowings	Deposits	Deposits	Savings	Savings/ Deposits	Deposits & Borrowings
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	%	(\$000's)
1 Buduchnist	9,732	72,951	165,416	37,493	14%	285,592
2 Ukrainian	0	81,597	142,812	48,115	18%	272,524
3 Carpathia	0	77,395	49,911	34,905	22%	162,212
4 So-Use	0	21,988	30,662	11,288	18%	63,938
5 CP Ukrainienne de Montreal	1,329	19,549	44,014	0	0%	64,891
6 North Winnipeg	0	18,964	22,255	6,619	14%	47,837
7 New Community	0	7,035	16,649	4,428	16%	28,112
8 United Ukrainian	0	7,179	14,197	5,916	22%	27,292
9 St. Mary's	0	8,121	14,099	1,800	7%	24,021
10 Caisse d'Economie Desjardins Ukrainienne	677	11,561	11,893	0	0%	24,131
11 Ukrainian (St. Catharines)	0	4,170	5,055	1,324	13%	10,549
12 St. Josaphat's Parish	0	2,110	4,770	0	0%	6,880
13 Ukrainian (Calgary)	0	528	711	0	0%	1,239
Total 2004	11,738	333,147	522,445	151,888	15%	1,019,219
Growth % Yr over Yr	114.6%	15.5%	2.1%	7.2%		7.6%
Total 2003	5,469	288,485	511,664	141,694	15%	947,312
Growth % Yr over Yr	n/a	11.0%	6.5%	1.8%		7.7%
Total 2002	0	259,829	480,375	139,199	16%	879,402

**Schedule 4
Operating results**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2004**

As a % of Average Assets

Name of credit union	Net			
	Interest Margin	Other Income	Operating Income	Operating Expenses
1 Buduchnist	2.26%	0.26%	2.52%	1.88%
2 Ukrainian	2.55%	0.34%	2.89%	2.55%
3 Carpathia	2.61%	0.58%	3.19%	2.64%
4 So-Use	2.89%	0.27%	3.16%	2.70%
5 CP Ukrainienne de Montreal	2.92%	0.35%	3.27%	1.69%
6 North Winnipeg	2.54%	1.03%	3.57%	2.96%
7 New Community	3.59%	0.84%	4.42%	3.43%
8 United Ukrainian	2.54%	0.53%	3.08%	2.49%
9 St. Mary's	1.88%	0.14%	2.02%	3.04%
10 Caisse d'Economie Desjardins Ukrainienne	3.34%	0.44%	3.78%	2.74%
11 Ukrainian (St. Catharines)	2.61%	0.37%	2.98%	2.65%
12 St. Josaphat's Parish	3.02%	0.00%	3.02%	2.64%
13 Ukrainian (Calgary)	3.31%	0.22%	3.53%	4.28%
Total 2004	2.56%	0.40%	2.96%	2.39%
<i>Change % Yr over Yr</i>	<i>-0.30%</i>	<i>-0.01%</i>	<i>-0.31%</i>	<i>-0.06%</i>
Total 2003	2.86%	0.40%	3.27%	2.45%
<i>Growth % Yr over Yr</i>	<i>-0.01%</i>	<i>0.01%</i>	<i>0.00%</i>	<i>0.07%</i>
Total 2002	2.87%	0.40%	3.27%	2.38%

**Schedule 4a
Operating results**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2004
As a % of Average Assets**

Name of credit union	Net Income			
	Before loan losses	Loan Losses	Income Taxes	Net income
1 Buduchnist	0.64%	0.03%	0.08%	0.54%
2 Ukrainian	0.33%	-0.03%	0.07%	0.29%
3 Carpathia	0.55%	0.07%	0.06%	0.42%
4 So-Use	0.46%	-0.03%	0.04%	0.45%
5 CP Ukrainienne de Montreal	1.57%	0.03%	0.08%	1.46%
6 North Winnipeg	0.61%	0.15%	0.06%	0.40%
7 New Community	0.99%	0.04%	0.06%	0.89%
8 United Ukrainian	0.59%	0.08%	0.08%	0.43%
9 St. Mary's	-1.02%	0.01%	0.16%	-1.19%
10 Caisse d'Economie Desjardins Ukrainienne	1.04%	-0.02%	-0.01%	1.07%
11 Ukrainian (St. Catharines)	0.34%	0.00%	0.03%	0.31%
12 St. Josaphat's Parish	0.38%	0.22%	0.03%	0.13%
13 Ukrainian (Calgary)	-0.75%	-0.33%	0.00%	-0.41%
Total 2004	0.56%	0.02%	0.07%	0.47%
Change % Yr over Yr	-0.25%	-0.02%	-0.05%	-0.17%
Total 2003	0.82%	0.05%	0.12%	0.65%
Growth % Yr over Yr	-0.07%	-0.04%	-0.05%	0.01%
Total 2002	0.89%	0.09%	0.17%	0.63%

**Schedule 5
Expense Analysis**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2004**

As a % of Average Assets

Name of credit union	As a % of Average Assets			Total	Productivity
	Salary Expense	Occupancy Expense	Other Expenses	Operating Expenses	Expense Ratio (a)
1 Buduchnist	0.78%	0.14%	0.62%	1.88%	74.5%
2 Ukrainian	1.33%	0.28%	0.72%	2.55%	88.4%
3 Carpathia	1.38%	0.39%	0.88%	2.64%	82.6%
4 So-Use	1.50%	0.45%	0.75%	2.70%	85.3%
5 CP Ukrainienne de Montreal	0.83%	0.05%	0.81%	1.69%	51.8%
6 North Winnipeg	1.44%	0.43%	1.10%	2.96%	83.0%
7 New Community	1.96%	0.19%	1.29%	3.43%	77.6%
8 United Ukrainian	1.28%	0.14%	1.06%	2.49%	80.9%
9 St. Mary's	1.25%	0.25%	1.53%	3.04%	150.5%
10 Caisse d'Economie Desjardins Ukrainienne	1.30%	0.23%	1.21%	2.74%	72.4%
11 Ukrainian (St. Catharines)	1.53%	0.42%	0.69%	2.65%	88.7%
12 St. Josaphat's Parish	1.31%	0.40%	0.93%	2.64%	87.4%
13 Ukrainian (Calgary)	2.67%	0.31%	1.29%	4.28%	121.1%
Total 2004	1.19%	0.26%	0.80%	2.39%	81.0%
<i>Change % Yr over Yr</i>	<i>-0.06%</i>	<i>-0.04%</i>	<i>0.02%</i>	<i>-0.06%</i>	<i>5.96%</i>
Total 2003	1.25%	0.30%	0.78%	2.45%	75.0%
<i>Growth % Yr over Yr</i>	<i>0.05%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.07%</i>	<i>2.23%</i>
Total 2002	1.20%	0.30%	0.78%	2.38%	72.78%