

UKRAINIAN CREDIT UNIONS IN CANADA

2005 FINANCIAL RESULTS

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Continued Strong Economic Growth in Canada

In 2005, the Canadian economy experienced stronger growth of real gross domestic product (GDP) than in the previous year (growth of 6.1% compared to 6.1% in 2004). The economic growth improved due to higher growth of expenditures on semi-durables and non-durables (6.1% compared to 5.3% in 2004), significant growth in expenditures on durables (5.5% compared to 1.6% in 2004) and improvement in investments in machinery & equipment (7.3% growth compared to 6.1% in 2004).

This increase in economic growth was offset somewhat by marginally slower growth of consumer expenditures on services (5.4% compared to 5.5% in 2004). The improving economic environment led to continued significant growth in consumer credit (13.1% compared to 10.5% in 2004).

ECONOMIC STATISTICS								
	Durables		Semi-durables		Services	Machinery		
	(\$Mils)	Growth Yr/yr	(\$Mils)	Growth Yr/yr	(\$Mils)	Growth Yr/yr	Equipment (\$Mils)	Growth Yr/yr
1996	59,197	5.4%	161,463	2.6%	259,767	5.0%	53,453	5.2%
1997	67,988	14.9%	168,082	4.1%	274,625	5.7%	67,346	26.0%
1998	71,325	4.9%	173,515	3.2%	286,329	4.3%	74,116	10.1%
1999	77,693	8.9%	182,507	5.2%	300,684	5.0%	79,102	6.7%
2000	81,958	5.5%	195,379	7.1%	318,684	6.0%	83,350	5.4%
2001	84,930	3.6%	204,870	4.9%	330,814	3.8%	81,879	-1.8%
2002	92,400	8.8%	215,375	5.1%	348,574	5.4%	80,150	-2.1%
2003	93,600	1.3%	227,144	5.5%	367,047	5.3%	80,266	0.1%
2004	95,075	1.6%	239,087	5.3%	387,073	5.5%	85,171	6.1%
2005	100,289	5.5%	253,739	6.1%	407,934	5.4%	91,354	7.3%
10 yr Avg		6.0%		4.9%		5.1%		6.3%

Source: Bank of Canada Banking and Financial Statistics June 2006

ECONOMIC STATISTICS								
	GDP		Housing		Residential		Consumer	
	Expenditures	Growth	Starts	Growth	Mortgages	Growth	Credit	Growth
	(\$Mils)	Yr/yr	(\$000s)	Yr/yr	(\$Mils)	Yr/yr	(\$Mils)	Yr/yr
1996	836,864	3.3%	123.4	9.6%	358,570	5.1%	132,275	10.1%
1997	882,733	5.5%	148.2	20.1%	379,759	5.9%	148,975	12.6%
1998	914,973	3.7%	138.3	-6.7%	400,042	5.3%	160,503	7.7%
1999	982,441	7.4%	149.5	8.1%	419,441	4.8%	177,759	10.8%
2000	1,076,577	9.6%	152.9	2.3%	434,879	3.7%	198,854	11.9%
2001	1,108,048	2.9%	162.7	6.4%	461,636	6.2%	206,883	4.0%
2002	1,154,204	4.2%	205.0	26.0%	494,972	7.2%	225,029	8.8%
2003	1,216,191	5.4%	218.4	6.5%	538,241	8.7%	246,483	9.5%
2004	1,290,185	6.1%	233.4	6.9%	593,229	10.2%	272,265	10.5%
2005	1,368,726	6.1%	225.5	-3.4%	652,384	10.0%	307,831	13.1%
10 yr Avg		5.4%		7.6%		6.7%		9.9%

Source: Bank of Canada Banking and Financial Statistics June 2006

The year 2005 saw a decline in housing starts, the first time since 1998. Housing starts decreased by 3.4% to 225,500 compared to a 6.9% growth in 2004. The decline in housing starts occurred primarily in Ontario (7.4% decline), Quebec (12.0% decline) and Saskatchewan (0.1% decline). Three provinces saw increases in housing starts - 12.6% increase in Alberta, 5.3% increase in British Columbia and 6.6% increase in Manitoba. Although, housing starts declined, this did not effect residential mortgage growth. Residential mortgages grew by 10% compared to 10.2% in 2004. Consumer credit saw record growth of 13.1% compared to 10.5% a year ago.

There are three important shifts affecting Canadian demographics. First, young people are taking much longer to complete their education and begin their careers, delaying their use of the credit union services. Second, many people are retiring earlier than age 60. Third, due to aging demographics, the working age population is expected to become smaller in the coming decades. During the past 10 years, the Canadian population between the ages of 45 and 64 increased by 35.8%. The increase in this age group was due primarily to the entry of the oldest baby boomers, those individuals born between 1946 and 1965. These people have either recently retired or will soon begin the retirement process. 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 aging parents need fewer credit products such as consumer loans and residential 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 new younger members through their web sites on the Internet who will become potential users of credit unions credit products.

The large financial institutions are providing more competition each year to credit unions, especially in the areas where the credit unions have been the strongest in the past - residential mortgages. The Chartered banks market share of residential mortgages increased from 61.7% in 2000 to a high of 63.8% in 2002. There has been a reversal of this trend and market share has begun to decline in the last three years to 59.8% in 2005. Conversely, during the last four years, the credit union's residential mortgage growth has exceeded the growth experienced by the banks. The credit union's market share has increased to 13.6% in 2005 from 13.0% in 2000.

Financial Overview

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

Performance. Return on equity was 9.8% compared to 6.4% in 2004. 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 5.5% compared to 7.5% last year. Canadian banks assets grew by 11.1% and the largest credit unions in Canada saw their assets grow by 10.5%. The Ukrainian Credit Union's net income before dividend and patronage payments increased by 54.1% to \$7.8 million from \$5.1 million, primarily due to the net interest margin increased by 6 basis points to 2.62% from the previous year and a 20 basis point decline in the operating costs from 2.39% to 2.20%. [This does not include any extraordinary items]. However, the Ukrainian Credit Unions paid 33.3% of their net income to their members by way of a dividend or a patronage refund totalling \$2.6 million compared to \$2.0 million in the previous year. These patronage dividends helped increase the capital of the credit unions by 5.9% to \$85.9 million representing 7.35% of the assets. The ratio of capital to assets has increased compared to the previous year.

The return on assets increased significantly to 0.68% in 2005 from 0.47% in 2004, which was in line with the average level of the large Canadian banks at 0.69% and 0.65% for the largest credit unions in Canada. The main contributing factor to the increased return on assets was the improved net interest margin and the lower ratio of operating costs.

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 represents 13.5% of total revenue compared 13.5% last year. Other income as % of total revenue represented 55.6% for the large Canadian banks and 26.3% for the 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.

Ukrainian Credit Unions have operating cost structure is quite competitive. The operating expense ratio as a % of average assets decreased significantly to 2.20% compared to 2.39% in the previous year, which is significantly lower than the large Canadian banks at 2.78% and the largest credit unions in Canada at 2.87%. However, the operating expense to revenue

(productivity ratio) decreased to 72.7% from 75.0% last year. The productivity ratio is slightly higher than the large Canadian banks at 71.8% and lower than the largest Canadian credit unions, which had a productivity ratio of 76.4%.

Asset Quality. Overall the asset quality is still quite strong. The loan loss provision as a % of average assets decreased to 0.03% from 0.02% in 2004, which compares very favourably to the large Canadian banks at 0.10% and large Canadian credit unions at 0.11%. The allowance for loan losses also decreased to 0.28% of total loans from 0.30% in 2004, which compares very favourably to the large Canadian banks at 1.17% and to the large Canadian credit unions at 0.48%.

Loan portfolio. The Ukrainian Credit Unions have a strong concentration in lower risk residential mortgage lending which represents 64% of the loan portfolio unchanged from the previous year. This represents a 7.4% increase in residential mortgages. Commercial and other loans represent 36% of the loan portfolio with commercial mortgage loans growing by 6.7%, business loans growing by 20.3% and personal loans increasing by 6.1%. 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 5.5% primarily due to stagnant membership growth. Membership was approximately at 71,516 in 2005 an increase of 0.3% from 71,327 in 2004. Due to the aging membership, we estimate that approximately 400-500 members passed away during 2005 similar to the previous year. The assets growth has slowed for the Ukrainian Credit Unions because 4 credit unions had seen their assets decline, including So-Use CU, St. Mary's CU, Ukrainian (St. Catharines) CU and St. Josaphat's CU.

Deposits. The demographics of the membership and low interest rate environment have affected the deposit growth. Deposits and borrowings grew by 5.5% to \$1.075 billion compared to 7.6% in 2004. Due to poor deposit growth two of the credit unions – Buduchnist and CP Ukrainienne de Montreal have borrowed money from their respective Centrals. The borrowings from the Central supplemented their deposits and improved their ability to provide loans to their members.

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 46th largest in Canada based on asset size.

- Buduchnist CU spent a significant \$584,133 or 11.3% of its operating income on promotions, donations and advertising compared to 13.2% in the previous year. As such, Buduchnist supported the cultural, social, political and educational endeavours of the Ukrainian community in which it operates, touching virtually every aspect of our community life in Canada. Among others, this amount included the funding of the annual graduation of the students from Ukrainian heritage programs (“Matura”), St. Nicholas Day celebrations, wealth management seminars for Grade 8 students at two

Ukrainian Catholic schools, the purchase of textbooks for students of the Ukrainian language program at Toronto's Josyf Cardinal Slipij School. Buduchnist CU provided significant sponsorship for Ukrainian Youth Associations- SUM and "Plast", corporate sponsorship for the Bloor West Village Ukrainian Festival and supported numerous Ukrainian golf tournaments held as fundraising events. Every year Buduchnist becomes involved in unique projects and has the opportunity to support a worthy cause. 2005 was no exception. Buduchnist Credit Union was the main sponsor of the inaugural "Zolotyj Klen" Music Festival and welcomed Taras Petrynenko who was a supporter and performer in Independence Square in Kyiv during the Orange Revolution. In the fall, Buduchnist was honoured to welcome Dmytro Stus, son of the Ukrainian dissident poet Vasyl Stus and to sponsor his book presentation and tour "Vasyl Stus, zhyttia yak tvorchist." From November 28th to December 2nd the "Not to be Forgotten" exhibit consisting of 54 panels of documentary material documenting the communist rule in Ukraine and Soviet crimes against humanity, including the Great Famine/Genocide of 1932-1933 was displayed in the Toronto City Hall Rotunda. Buduchnist CU was honoured to sponsor the opening reception for the exhibit and Credit Union members made additional donations to the BCU Foundation Holodomor Fund designated for further promoting the exhibit.

- Total assets grew by \$31.5 million or 10.0% to \$347 million, the strongest growth experienced by any of the larger Ukrainian Credit Unions.
- Buduchnist CU's loan portfolio increased by 11.1% in 2005 compared to 14.8% in the previous year.
- Total deposits and borrowings increased by only 10.0% in 2005 compared to 11.4% in 2004, with borrowings representing 5.9% of the total. Deposits alone increased by 7.2%.
- The membership grew by 3.1% in 2005 compared to 4.6% in 2004.
- The net income increased by 79.5% to a record \$2.9 million in 2005, due to higher net interest margin, an increase in other income and lower operating expense ratio.
- Buduchnist spent \$584,133 or 11.3% of its operating income on promotions, donations and advertising compared to 13.2% in the previous year.
- The capital and retained earnings stood at \$29.3 million representing 8.44% of assets.
- Buduchnist introduced a patronage share program in 1997. The credit union made patronage and dividend payment of \$688,000 in 2004 representing 21% of its net income before taxes. Since, the introduction of the patronage program in 1997, Buduchnist has shared \$5.7 million of its profits with its members.
- Buduchnist CU had a return on assets of 0.88% and return on equity of 12.0%.
- Buduchnist CU has mutual funds and securities under administration, which increased significantly by 94% and now stands at \$35 million.
- Buduchnist has 5 branches, 2 ATM locations, together with a web site, Internet and telephone banking services.

Buduchnist CU had a record year in new lending activity:

- Buduchnist advanced a record 403 residential mortgages in 2005 for a total value of \$71.5 million, an increase of 15% (average loan size of \$177,500) compared to 369 loans

and loan value of \$62.2 million (average loan size of \$168,000) in the previous year.

- Buduchnist issued 130 commercial loans and mortgages for a total value of \$20.2 million, a decrease of 6% (average loan size of \$155,600) compared to 138 loans for a total of \$21.5 million (average loan size of \$155,600).
- Buduchnist provided 522 personal loans for a total value of \$4.4 million compared to 553 loans for total value of \$4.6 million.
- Total loans of 1,055 were issued amounting to \$96.1 million, an increase of 9% compared to 1,060 loans amounting to \$88.3 million in the previous year.

Ukrainian Credit Union is the second largest Ukrainian credit union in Canada, 14th largest credit union in Ontario and 54th largest in Canada based on asset size.

- Ukrainian CU has rolled out a giving strategy that focuses particular support on selected causes requiring seed money to either help get a start, or to be taken to the next level. In 2005, Ukrainian CU supported two main projects – Firstly, Ukrainian CU partnered with Western Union Canada to donate \$20,000 to the Toronto Branch of Ukrainian Canadian Social Services Inc. to help launch a new program coordinator position; secondly, Ukrainian CU provided \$28,000 in seed money to the UNF Foundation in support of a Youth Leadership Development Program.
- Ukrainian CU has sponsored an extensive scholarship program and provided 12 scholarships to university students.
- Ukrainian CU was again a corporate sponsor for the Bloor West Village Ukrainian Festival, supported numerous Ukrainian golf tournaments held as fundraising events and many Ukrainian schools, churches and church related organizations across Ontario.
- Total assets grew by \$14.4 million or 4.9% to \$308.5 million.
- Ukrainian CU's loan portfolio increased by 3.5% in 2005 compared to record 7.1% in the previous year and the total deposits increased by only 5.0% in 2004 compared to 6.7% in 2004. Ukrainian CU had 4 impaired loans in 2005 totalling \$150,000 compared to 13 loans in 2004 totalling \$780,400.
- The membership declined by 3.1% in 2005 compared to significant increase of 9.1% in previous year.
- Net income in 2005 increased by 17.5% to \$971,000, primarily due to increased recovery of previous loan losses. Loan loss recovery was \$184,000 compared to a recovery of \$77,000 in the previous year.
- Ukrainian CU spent \$396,000 or 5.4% of its operating income on promotions, donations and advertising, compared to \$625,000 or 8.5% of its operating income in the previous year.
- The credit union experienced deposit growth of 5.0% in 2005 compared to 6.7% in 2004.
- The capital and retained earnings stood at \$18.6 million representing 6.04% of assets.
- Ukrainian CU has mutual funds and securities under administration, which declined by 4.6% and now stands at \$28.8 million.
- Ukrainian CU had a return on assets of 0.32% and return on equity of 5.7%.
- Ukrainian CU has 5 Toronto area-branches and 5 branches outside of Toronto, 6 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 262 residential mortgages in 2005 for a record total value of \$51.0 million, an increase of 6% (average loan size of \$194,600) compared to 255 loans and loan value of \$48.0 million (average loan size of \$188,100) in the previous year.
- Ukrainian issued 30 commercial loans and mortgages for a total value of \$9.0 million, a decrease of 16% (average loan size of \$307,200) compared to 39 loans for a total of \$11.0 million (average loan size of \$282,700) in the previous year.
- Ukrainian provided 569 personal loans for a total value of \$17.2 million (average loan size of 30,200) compared to 623 loans for total value of \$17.5 million (average loan size of \$28,100) in the previous year.
- Total loans of 861 were issued amounting to \$77.4 million, a decrease of 29% compared to 917 loans amounting to \$109.5 million in the previous year.

Carpathia Credit Union is Western Canada's largest Ukrainian Financial Institution and one of the oldest Ukrainian credit union in Canada. The credit union is the 3rd largest Ukrainian credit union in Canada, 16th largest credit union in Manitoba and the 86th 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, Ukrainian Cultural and Educational Centre Oseredok, Leo Mol Sculpture Garden, Canada Ukraine Foundation, Orlan Ukrainian Folk Ensemble, Ukrainian Adoption Services and Kyiv Pavilion, Folklorama.
- Carpathia CU has sponsored a scholarship program and provided 4 scholarships for \$1000.00 each to graduating Grade 12 students.
- On July 4, 2006, Carpathia CU installed a new computerized banking system.
- 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 deposit growth of 3.7% in 2005 compared to 10.8% in previous year.
- The membership declined moderately by 1.3% in 2005 compared to an increase of 1.3% in previous year.
- Net loans increased by 12.9% in 2005 compared to an increase of 8.8% in the previous year. The strong growth was due to an 18.5% increase in residential loans and 27.9% increase in business loans.
- The net income in 2005 increased by 64% to \$1,167,000 due to an increase in the net interest margin from 2.61% to 2.85% and an increase in other income.
- The credit union, which was one of the first Ukrainian credit union to introduce tax efficient patronage refunds, paid its ninth patronage refund and an additional dividend totalling \$710,000 to its members. From the beginning of its program, Carpathia CU has returned over \$5.9 million to its members in the form of dividends and patronage refunds.
- Members' equity stood at \$11.5 million representing 6.33% of assets.

- Carpathia CU has mutual funds under administration, which amounted to approximately \$17 million.
- Carpathia CU had a return on assets of 0.64% and return on equity of 10.8%.
- 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.

Carpathia CU had a strong year in new lending activity:

- Carpathia CU issued about 138 residential mortgages in 2005 for a total value in excess of \$11 million, an increase of 18.5% (average loan size of \$79,496).
- Carpathia CU issued commercial loans and mortgages for a total value of \$8.0 million, an increase of 18.5%

La Caisse Populaire Ukrainienne de Montreal is now the 4th largest Ukrainian credit union in Canada.

- 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 has provided over \$28,000 in donations and sponsored, supported and promoted various local events and organizations such as the Canadian Ukrainian Committee -Montreal branch, two youth organizations – Ukrainian Youth Association - CYM and PLAST and number of church organizations.
- The Caisse experienced asset growth of 2.5% to \$101.7 million since the merger.
- The Caisse experienced deposit growth of 1.9% in 2005 since the merger.
- Net loans increased by 26% in 2005.
- The net income of the caisse populaire increased 36% to \$1,761,000.
- The Caisse made its eighth tax efficient patronage refund payment of \$800,000 to its members in 2005, which represents a return of 45% of its net income. From the beginning of its program, the Caisse has returned over \$4.9 million to its members in the form of dividends and patronage refunds.
- The Caisse is well capitalized with members' equity of \$9.2 million representing 9.03% of assets.
- The Caisse had the best return on assets of 1.75% and best return on equity of 27.0% of the Ukrainian Credit Unions in Canada.
- The Caisse operates out of two branches located in Montreal, Quebec.

So-Use Credit Union is now 5th 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 being a major sponsor of 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 a slight decrease in its assets by 0.4% to \$72.9 million compared to an increase of 6.7% in the previous year.
- So-Use CU deposits essentially remained unchanged compared to a growth of 4.4% in 2004.
- Net loans increased slightly by 0.2% in 2005 compared to an increase of 12.3% in the previous year.
- So-Use saw a 4% decrease in the net income to \$307,200 from \$319,800 in the previous year, due primarily to a decrease in net interest margin to 2.76% from 2.89% in the previous year.
- The credit union had an average return on assets of 0.42% and a return on equity of 8.7%.
- So-Use returned \$120,000 of dividends and interest on shares to its members in 2005, which represented 39% of its net income.
- Member's equity stood at \$6.5 million representing 8.9% of assets.
- So-Use has two branches, two ATMs, Internet site, and telephone banking services.

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

- So-Use CU advanced 75 residential mortgages in 2005 for a total value of \$11.4 million, an increase of 16% (average loan size of \$152,000) compared to 110 loans and loan value of \$19.1 million (average loan size of \$174,100) in the previous year.
- So-Use CU provided 111 personal loans for a total value of \$1,401,480 compared to 105 loans for total value of \$877,000.
- Total loans of 186 were issued amounting to \$12.8 million, a decrease of 36% compared to 225 loans amounting to \$20.0 million in the previous year.

North Winnipeg Credit Union, which has been serving the Ukrainian Community in Manitoba for 63 years, is the sixth largest Ukrainian credit union in Canada.

- North Winnipeg CU continued to enhance its tradition of community service. In 2005, the credit union allocated over \$15,500 in support of over 50 community organizations, including educational, church and youth organizations.
- North Winnipeg CU has sponsored a scholarship program and provided 3 scholarships to university and high school students totalling \$1500.
- North Winnipeg CU saw its assets grow by 5.6% compared to record growth of 11.7% in the previous year.
- North Winnipeg CU's loan portfolio increased by 1.4% in 2005 compared to 10.6% in the previous year and the total deposits increased by 5.3% in 2005 compared to 12.2% in the previous year.
- The membership declined slightly by 0.3% in 2005 compared to 3.7% growth in previous year.

- The income from operations increased by 15.7% to \$257,145 compared to \$222,227 in 2004 due to good operating expense control, operating expense ratio declined to 2.67% of average assets compared to 2.96% in the previous year.
- North Winnipeg CU had a return on assets of 0.42% and return on equity of 8.7%.
- North Winnipeg CU was one of the first Ukrainian credit union to introduce tax efficient patronage refunds, paid its tenth patronage refund and an additional dividend totalling \$72,500 to its members. From the beginning of its program, North Winnipeg CU has returned over \$787,000 to its members in the form of dividends and patronage refunds.
- The credit union made a patronage and dividend payment of \$72,500 in 2005 which represents 32% of its net income.
- Members' equity stood at \$2.9 million representing 5.41% of assets.
- North Winnipeg CU now has mutual funds under administration, which exceeded \$1.1 million.
- North Winnipeg has one branch, two ATMs, 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 another strong year in new lending activity:

- North Winnipeg CU advanced 56 residential mortgages in 2005 for a total value of \$5.2 million, an increase of 24% (average mortgage size of \$92,900) compared to 51 mortgages with a value of \$4.2 million (average loan size of \$82,300) in the previous year.
- North Winnipeg CU issued 16 commercial loans and mortgages for a total value of \$1.5 million, a decrease of 6% (average loan size of \$93,750) compared to 12 loans for a total of \$1.6 million (average loan size of \$133,333) in the previous year.
- North Winnipeg CU provided 75 personal loans for a total value of \$1.48 million, a decrease of 26% (average loan size \$19,733) compared to 100 loans for total value of \$2.01 million (average loan size \$20,100) in the previous year..
- Total loans of 147 were issued amounting to \$8.2 million, an increase of 14% compared to 163 loans amounting to \$7.8 million in the previous year.

New Disclosure Regulations

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 0.37% to a high of 10.67% (St. Mary's Credit Union located in Toronto). The average ratio for the 11 credit unions which disclosed the loans held by restricted parties was 2.78% of the total loans outstanding (See schedule 8).

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 affairs with their credit union.

Total remuneration paid to members of the board of directors ranged from \$nil to about \$101,900 (Ukrainian Credit Union with its head office located in Toronto). The average remuneration per director for eight (8) credit unions which disclosed this information was \$2,958 per director. The director fees per director ranged from \$nil to as high as \$6,369. (See schedule 9)

Future Challenges

The changing financial services environment has required Ukrainian credit unions to be more innovative in the services and products that they have been providing to their membership. Many credit unions reviewed in this article 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 with some success. However, the number of Ukrainian credit unions continues to decline through mergers. There is only one

Ukrainian caisse populaire in Montreal. New Community Credit Union in Saskatoon unsuccessfully tried to merge with a non-Ukrainian credit union in 2004. On March 26, 2006, Ukrainian (Calgary) Savings and Credit Union Ltd. approved a resolution to merge with Community Savings at their annual meeting. Ukrainian Credit Union and Community savings will formally merge on November 1, 2006. Community Savings head office is in Red Deer, Alberta and is the second largest credit union in Alberta with over \$2 billion in assets and 110,000 members.

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. More importantly, the Ukrainian communities in Vancouver, Calgary and Edmonton should try to lobby their respective governments to allow them to establish new credit unions in those important markets. By doing so, I believe that they will be able to attract more new and younger members and ensure their survival for future generations.

**Schedule 1
Asset Growth
& Profitability**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005**

Name of credit union	Location	Members	Assets (\$Mils)	Asset	Net	Return on	Return on
				Growth	Income *	Assets	Equity
				%	(\$000's)	%	%
1 Buduchnist	Toronto	16,424	347	10.0%	2,929	0.88%	12.0%
2 Ukrainian	Toronto	21,140	309	4.9%	971	0.32%	5.7%
3 Carpathia	Winnipeg	11,192	182	3.7%	1,167	0.65%	11.0%
4 CP Ukrainienne de Montreal	Montreal	5,122	102	2.4%	1,761	1.75%	27.0%
5 So-Use	Toronto	5,751	73	-0.4%	307	0.42%	5.5%
6 North Winnipeg	Winnipeg	3,581	54	5.6%	223	0.42%	8.7%
7 New Community	Saskatoon	1,992	34	9.2%	306	0.95%	14.1%
8 United Ukrainian	Hamilton	1,901	32	6.9%	114	0.37%	5.7%
9 St. Mary's	Toronto	2,211	25	-6.3%	20	0.08%	1.0%
10 Ukrainian (St. Catharines)	St. Catharines	1,006	11	-1.0%	37	0.32%	4.0%
11 St. Josaphat's Parish	Toronto	688	7	-3.7%	5	0.07%	0.5%
12 Ukrainian (Calgary)	Calgary	508	3	123.4%	0	0.02%	0.0%
Total 2005		71,516	1,179	5.5%	7,841	0.68%	9.8%
Growth % Yr over Yr		0.3%			54.1%		
Total 2004		71,327	1,117	7.5%	5,088	0.47%	6.5%
Growth % Yr over Yr		3.6%			-21.3%		
Total 2003		68,855	1,038	7.5%	6,468	0.65%	8.7%

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

Comments:

Asset growth - Buduchnist CU had the strongest growth in 2005 with a 10% increase in assets. The total assets of the Ukrainian Credit Unions grew more slowly at 5.5% compared to 7.5% in the previous year.

Membership – After a strong membership growth in 2004, membership did not grow significantly in 2005, because four credit unions saw their membership decline including Ukrainian, Carpathia, So-Use and North Winnipeg. United Ukrainian CU saw their membership grow the fastest at 3.8% in 2005.

Net Income - the Ukrainian Credit Unions returned to strong profitability in 2005. The net income increased by 54% to \$7.8 million. Buduchnist and Carpathia saw their net income increase by 78% and 64% respectively. St. Mary's and Ukrainian (Calgary) went from a loss in 2004 to a profit in 2005. While, So-Use and United Hamilton saw their net income decline in 2005 compared to 2004.

Return on Assets (ROA) – the Ukrainian Credit Unions ROA in 2005 was 0.68% better than ROA of the largest Canadian credit unions – 0.65%. CP Ukrainienne de Montreal had the best ROA of 1.75% and New Community was second best with an ROA of 0.95%.

Return on Equity (ROE) – the ROE improved significantly to 9.8% and exceeded the level in 2003. But did not match the ROE of the largest credit unions in Canada, which was 11.4%. Again, CP Ukrainienne de Montreal had the best ROE of 27% and New Community was second best with an ROE of 14.1%.

**Schedule 2
Capitalization**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005**

Name of credit union	Location	Members	Total Capital (\$000's)	Capital % of Assets	Dividends & Patronage (\$000's)
1 Buduchnist	Toronto	16,424	29,283	8.44%	731
2 Ukrainian	Toronto	21,140	18,631	6.04%	65
3 Carpathia	Winnipeg	11,192	11,515	6.33%	710
4 CP Ukrainienne de Montreal	Montreal	5,122	9,186	9.03%	800
5 So-Use	Toronto	5,751	6,507	8.92%	120
6 North Winnipeg	Winnipeg	3,581	2,931	5.41%	73
7 New Community	Saskatoon	1,992	2,287	6.82%	79
8 United Ukrainian	Hamilton	1,901	2,236	7.03%	12
9 St. Mary's	Toronto	2,211	2,482	9.86%	8
10 Ukrainian (St. Catharines)	St. Catharines	1,006	933	8.13%	21
11 St. Josaphat's Parish	Toronto	688	578	7.93%	3
12 Ukrainian (Calgary)	Calgary	508	90	3.00%	0
Total 2005		71,516	86,659	7.35%	2,623
Growth % Yr over Yr		0.3%	6.7%		32.4%
Total 2004		71,327	81,202	7.27%	1,981
Growth % Yr over Yr		3.6%	6.3%		-18.0%
Total 2003		68,855	76,360	7.35%	2,415

*Net Income is defined a net income before extraordinary gains/(

Comments:

Capital – grew by 6.7%, better than the previous year. Most of the growth came from retained earnings which increased by 7.9%, while equity shares increased by 1.8%.

Capital ratio – stood at 7.35% recovered to the level in 2003. Better than largest credit unions – 6.31%. Only 19% of the capital came from equity shares and 81% from retained earnings. The largest credit unions in Canada had 29% of its capital represented by equity shares and 68% from retained earnings. Best capitalized – St. Mary's at 9.86% and CP Ukrainienne de Montreal at 9.03%

Patronage Payments- Represented 33% of the net income after taxes returned to the members. Best returns from Carpathia at 61% and CP Ukrainienne de Montreal at 45% of their respective net incomes after taxes.

**Schedule 3
Loan Portfolio**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005**

Name of credit union	Residential	Residential	Commercial	Consumer Loans (\$000's)	Business Loans (\$000's)	Total Loans (\$000's)	Allowance/ Loans %
	Mortgage Loans (\$000's)	Mortgage/ Loans %	Mortgage Loans (\$000's)				
1 Buduchnist	186,423	61.0%	72,983	35,890	10,341	305,636	0.14%
2 Ukrainian	188,355	76.8%	51,601	5,266	0	245,222	0.07%
3 Carpathia	71,253	45.9%	54,307	17,990	11,720	155,271	0.39%
4 CP Ukrainienne de Montreal	0	0.0%	0	0	0	59,157	1.08%
5 So-Use	46,292	72.9%	14,990	1,326	887	63,496	0.55%
6 North Winnipeg	23,035	55.1%	11,262	7,478	0	41,775	0.39%
7 New Community	17,048	67.1%	1,616	6,755	0	25,419	0.30%
8 United Ukrainian	9,259	50.4%	8,350	766	0	18,375	0.50%
9 St. Mary's	12,238	89.1%	1,290	214	0	13,742	0.13%
10 Ukrainian (St. Catharines)	3,197	67.4%	554	989	0	4,740	0.70%
11 St. Josaphat's Parish	3,409	76.1%	0	1,069	0	4,478	0.67%
12 Ukrainian (Calgary)	1,928	79.7%	0	492	0	2,420	0.56%
Total 2005	562,436	63.9%	216,954	78,235	22,948	939,731	0.28%
<i>Growth % Yr over Yr</i>	<i>7.4%</i>		<i>6.7%</i>	<i>6.1%</i>	<i>20.3%</i>	<i>8.4%</i>	
<i>Mix%</i>	<i>64%</i>		<i>25%</i>	<i>9%</i>	<i>3%</i>		
Total 20034	523,595	63.9%	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>	
<i>Mix%</i>	<i>64%</i>		<i>25%</i>	<i>9%</i>	<i>2%</i>		
Total 2003	473,311	63.6%	199,521	70,982	n/a	785,808	0.37%

Comments:

Residential mortgages – increased by 7.4% vs 10.6% in previous year. Strongest growth – Ukrainian Calgary – 146% and Carpathia – 19%. Four CUs saw declines – New Community, St. Mary's, Ukrainian St. Catharines and St. Josaphats.

Commercial mortgages – increased by 6.7% vs 1.9% in previous year. Strongest growth - United Ukrainian – 35%, Carpathia and Buduchnist each 11%. United Ukrainian has largest exposure to commercial mortgages – 45% and Carpathia – 35%. Five CUs saw declines – Ukrainian, So-Use, New Community, St. Mary's, and Ukrainian St. Catharines.

Consumer loans – increased by 6.1% vs 3.9% in previous year. Strongest growth by Ukrainian St. Catharines – 57%, Ukrainian Calgary -45% and St. Josaphats -37%. Six CUs saw declines – Ukrainian, So-Use, Carpathia, New Community, United Ukrainian and St. Mary's. Largest exposure to personal loans – New Community at 27%.

Total loans - increased by 8.3% vs 10.3% in the previous year – due to slower residential mortgage growth. Strongest growth – Ukrainian Calgary -115%, CP Ukrainienne de Montreal – 27% and United Hamilton -19%. Three CUs saw declines – New community, St. Mary's and St. Josaphats.

**Schedule 4
Deposit Portfolio**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005**

Name of credit union	Borrowings (\$000's)	Demand Deposits (\$000's)	Term Deposits (\$000's)	Registered Savings (\$000's)	Registered	Total
					Savings/ Deposits %	Deposits & Borrowings (\$000's)
1 Buduchnist	18,412	75,295	180,751	39,568	13%	314,026
2 Ukrainian	0	83,685	152,969	49,273	17%	285,927
3 Carpathia	0	82,682	49,224	36,301	22%	168,207
4 CP Ukrainienne de Montreal	1,644	29,539	59,150	0	0%	90,334
5 So-Use	0	21,618	30,652	11,593	18%	63,863
6 North Winnipeg	0	20,273	23,211	6,882	14%	50,366
7 New Community	0	8,682	17,429	4,507	15%	30,618
8 United Ukrainian	0	8,930	14,374	5,907	20%	29,212
9 St. Mary's	0	7,566	13,182	1,731	8%	22,479
10 Ukrainian (St. Catharines)	0	3,540	5,545	1,339	13%	10,424
11 St. Josaphat's Parish	0	2,075	4,533	0	0%	6,608
12 Ukrainian (Calgary)	0	1,191	1,704	0	0%	2,895
Total 2005	20,056	345,077	552,724	157,101	15%	1,074,958
<i>Growth % Yr over Yr</i>	<i>70.9%</i>	<i>3.6%</i>	<i>5.8%</i>	<i>3.4%</i>		<i>5.5%</i>
Mix %	2%	32%	51%	15%		
Total 2004	11,738	333,147	522,445	151,888	15%	1,019,219
<i>Growth % Yr over Yr</i>	<i>114.6%</i>	<i>15.5%</i>	<i>2.1%</i>	<i>7.2%</i>		<i>7.6%</i>
Mix %	1%	33%	51%	15%		
Total 2003	5,469	288,485	511,664	141,694	15%	947,312
Mix %	1%	30%	54%	15%		

Comments:

Borrowings: for Buduchnist represented 6% of its funding base. Loan growths exceed deposit growth.

Demand Deposits – increased by 3.6% vs 15.5% in the previous year. Strongest growth – United Ukrainian – 24% and New Community -23%. Highest exposure– Carpathia -49% and North Winnipeg – 40% of deposits.

Term deposits – increased by 5.8% vs 2.1% in the previous year. Strongest growth – Buduchnist – 9%. Carpathia least dependent on term deposits at 29% all other CUS have over 45% of their funding coming from term deposits.

Registered deposits – increased by 3.4% vs 7.2% in the previous year. Strongest growth – Buduchnist – 6%. Highest exposure – Carpathia -22% and United Ukrainian – 20% of deposits.

Total deposits – increased by 5.5% vs 7.6% in the previous year. Strongest growth – New community -9% and Buduchnist -7%.

**Schedule 5
Operating results**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005
As a % of Average Assets**

Name of credit union	Net Income			
	Before loan losses	Loan Losses	Income Taxes	Net income
1 Buduchnist	1.12%	0.05%	0.19%	0.88%
2 Ukrainian	0.34%	-0.06%	0.08%	0.32%
3 Carpathia	0.80%	0.08%	0.06%	0.65%
4 CP Ukrainienne de Montreal	2.05%	0.09%	0.21%	1.75%
5 So-Use	0.46%	-0.03%	0.07%	0.42%
6 North Winnipeg	0.68%	0.19%	0.06%	0.42%
7 New Community	1.15%	0.04%	0.16%	0.95%
8 United Ukrainian	0.48%	0.03%	0.08%	0.37%
9 St. Mary's	0.06%	-0.02%	0.00%	0.08%
10 Ukrainian (St. Catharines)	0.45%	0.10%	0.03%	0.32%
11 St. Josaphat's Parish	0.02%	-0.05%	0.00%	0.07%
12 Ukrainian (Calgary)	0.00%	-0.02%	0.00%	0.02%
Total 2005	0.83%	0.03%	0.12%	0.68%
<i>Change % Yr over Yr</i>	<i>0.29%</i>	<i>0.00%</i>	<i>0.05%</i>	<i>0.21%</i>
Total 2004	0.54%	0.02%	0.07%	0.47%
<i>Growth % Yr over Yr</i>	<i>-0.28%</i>	<i>-0.02%</i>	<i>-0.06%</i>	<i>-0.17%</i>
Total 2003	0.82%	0.05%	0.12%	0.65%

Comments:

Net Income – Significantly improved profitability with ROA of 0.68%, inline with the largest credit unions at 0.65% and the chartered banks at 0.69%. Most profitable - CP Ukrainienne de Montreal – ROA of 1.75% - primarily due to strong net interest margin (3.47%) and low operating costs (1.68%).

Net Interest margin – improved by 6 basis points (bp) compared the largest credit unions which saw a decline of 9 bp. Highest - CP Ukrainienne de Montreal 3.47% and New Community -3.64%.

Other income – at 0.41% significantly lower than larges credit unions at 0.99% and chartered banks at 2.15%. Highest – New Community at 0.88% and North Winnipeg at 0.84%.

Loan Losses – significantly lower (0.03%) than largest credit unions at 0.11% and chartered banks at 0.10%. Interestingly, five credit unions experienced recoveries – Ukrainian largest recovery.

Income Taxes – generally on par with the largest credit unions, which had 0.13%. Highest - CP Ukrainienne de Montreal 0.21% and Buduchnist – 0.19%.

**Schedule 6
Operating results**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005**

As a % of Average Assets

Name of credit union	Net			
	Interest Margin	Other Income	Operating Income	Operating Expenses
1 Buduchnist	2.37%	0.31%	2.68%	1.56%
2 Ukrainian	2.38%	0.38%	2.75%	2.42%
3 Carpathia	2.85%	0.63%	3.48%	2.69%
4 CP Ukrainienne de Montreal	3.47%	0.26%	3.73%	1.68%
5 So-Use	2.76%	0.28%	3.04%	2.58%
6 North Winnipeg	2.51%	0.84%	3.35%	2.67%
7 New Community	3.64%	0.88%	4.52%	3.37%
8 United Ukrainian	2.66%	0.29%	2.95%	2.47%
9 St. Mary's	2.26%	0.15%	2.41%	2.35%
10 Ukrainian (St. Catharines)	2.54%	0.45%	2.99%	2.54%
11 St. Josaphat's Parish	2.85%	0.00%	2.85%	2.83%
12 Ukrainian (Calgary)	2.75%	0.26%	3.01%	3.01%
Total 2005	2.62%	0.41%	3.03%	2.20%
<i>Change % Yr over Yr</i>	<i>0.06%</i>	<i>0.01%</i>	<i>0.07%</i>	<i>-0.19%</i>
Total 2004	2.56%	0.40%	2.96%	2.39%
<i>Growth % 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%

**Schedule 7
Expense Analysis**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005
As a % of Average Assets**

Name of credit union	Salary Expense	Occupancy Expense	Other Expenses	Total Operating Expenses	Productivity Expense Ratio (a)
1 Buduchnist	0.73%	0.14%	0.69%	1.56%	58.4%
2 Ukrainian	1.30%	0.29%	0.82%	2.42%	87.8%
3 Carpathia	1.39%	0.37%	0.92%	2.69%	77.1%
4 CP Ukrainienne de Montreal	0.70%	0.14%	0.83%	1.68%	45.0%
5 So-Use	1.42%	0.44%	0.72%	2.58%	85.0%
6 North Winnipeg	1.33%	0.39%	0.95%	2.67%	79.7%
7 New Community	1.96%	0.16%	1.25%	3.37%	74.5%
8 United Ukrainian	1.30%	0.14%	1.06%	2.47%	83.8%
9 St. Mary's	1.30%	0.23%	0.83%	2.35%	97.6%
10 Ukrainian (St. Catharines)	1.44%	0.42%	0.68%	2.54%	85.0%
11 St. Josaphat's Parish	1.35%	0.42%	1.06%	2.83%	99.4%
12 Ukrainian (Calgary)	1.96%	0.22%	0.84%	3.01%	100.1%
Total 2005	1.13%	0.25%	0.82%	2.20%	72.7%
<i>Change % Yr over Yr</i>	<i>-0.06%</i>	<i>0.00%</i>	<i>-0.14%</i>	<i>-0.19%</i>	<i>-2.27%</i>
Total 2004	1.19%	0.26%	0.95%	2.39%	75.0%
<i>Growth % Yr over Yr</i>	<i>-0.06%</i>	<i>-0.04%</i>	<i>0.05%</i>	<i>0.02%</i>	<i>2.23%</i>
Total 2003	1.25%	0.30%	0.90%	2.38%	72.78%

Comments:

Salary expense - Ukrainian CU's 1.13%, largest CUs 1.49%, Banks 1.37% - Ukrainian CUs have been able to compete with lower cost structure. Interestingly, as Ukrainian CUs get larger they seem to be getting more efficient from salary cost point of view.

Occupancy costs - Ukrainian CU's 0.25%, largest CUs 0.25%, Banks 0.27% - very similar cost structure.

Other expenses - much lower than competitors. Ukrainian CU's 0.82%, largest CUs 1.49%, Banks 1.37%.

Operating expenses - Ukrainian CUs 2.20% vs largest credit unions 2.87% and the chartered banks at 2.78%. Due to low level of other income, productivity ratio Ukrainian CUs at 72.7% only slightly better than largest credit unions at 76.4% and slightly worse than the chartered banks ratio of 71.8%.

**Schedule 8
Director &
Employee Loans**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005**

Name of credit union	Location	Net Loans (\$000's)	Director & employee loans (\$000's)	As a % net loans %
1 Buduchnist	Toronto	\$305,216	\$11,822	3.87%
2 Ukrainian	Toronto	\$245,059	\$2,260	0.92%
3 Carpathia	Winnipeg	\$154,661	\$4,639	3.00%
4 CP Ukrainienne de Montreal	Montreal	\$58,520	n/a	n/a
5 So-Use	Toronto	\$63,146	\$231	0.37%
6 North Winnipeg	Winnipeg	\$41,614	\$1,788	4.30%
7 New Community	Saskatoon	\$25,344	\$835	3.29%
8 United Ukrainian	Hamilton	\$18,283	\$567	3.10%
9 St. Mary's	Toronto	\$13,725	\$1,464	10.67%
10 Ukrainian (St. Catharines)	St. Catharines	\$4,707	\$467	9.93%
11 St. Josaphat's Parish	Toronto	\$4,449	\$139	3.12%
12 Ukrainian (Calgary)	Calgary	\$2,406	\$195	8.09%
Total 2005		\$937,129	\$24,406	2.78%

Comment:

New disclosure requirements

Loans to employees and directors - three of the smaller credit unions have made over 8% of their loans to their directors and staff : St. Mary's at 10.7%, Ukrainian St. Catharines 9.9% and Ukrainian Calgary 8.1%.

**Schedule 9
Director Fees**

**UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2005**

Name of credit union	Operating expenses (\$000's)	Directors fees	Director fees/ Operating expenses	Number of Directors	Director fee/ Director
1 Buduchnist	\$5,182	\$11,450	0.22%	7	\$1,636
2 Ukrainian	\$7,281	\$101,900	1.40%	16	\$6,369
3 Carpathia	\$4,798	\$32,170	0.67%	9	\$3,574
4 CP Ukrainienne de Montre	\$1,686	n/a	n/a	n/a	n/a
5 So-Use	\$1,887	\$38,600	2.05%	10	\$3,860
6 North Winnipeg	\$1,409	\$11,940	0.85%	9	\$1,327
7 New Community	\$1,082	n/a	n/a	n/a	n/a
8 United Ukrainian	\$760	\$8,098	1.07%	9	\$900
9 St. Mary's	\$613	\$29,420	4.80%	11	\$2,675
10 Ukrainian (St. Catharines)	\$293	\$3,040	1.04%	9	\$338
11 St. Josaphat's Parish	\$210	\$0	n/a	n/a	n/a
12 Ukrainian (Calgary)	\$65	\$0	n/a	n/a	n/a
Total 2005	\$24,992	\$236,618	1.06%	80	\$2,958

Comment:

New disclosure requirements

Directors fees – the average compensation per director was \$2,958. It ranged from a low of \$0 to a high of \$6,369.

Bob (Bohdan) Leshchyshen's analytical career has spanned more than 25 years with particular emphasis on the financial services sector and special situations. His 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 **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 fifteen 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. Recently, he was appointed as a Director of **The Ethical Funds Inc.**, a mutual fund company owned by the Credit Union Centrals.

He presently holds the position of Vice-President, Operations of **Independent Equity Research** (eResearch).

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.

For further information and past reports, please visit: www.canadiancreditunion.ca