

# **UKRAINIAN CREDIT UNIONS IN CANADA**

## **2007 FINANCIAL RESULTS**

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**October 2008**

## Continued Strong Economic Growth in Canada

In 2007, the Canadian economy experienced strong growth of real gross domestic product (GDP) slightly higher than in the previous year (growth of 5.9% compared to 5.7% in 2006). The economic growth improved due to stronger growth of expenditures on semi-durables and non-durables (5.2% compared to 4.6% in 2006) and expenditures on services (6.9% compared to 6.4% in 2006).

However, the economy was negatively affected by slower growth of investments in machinery & equipment (4.2% growth compared to 7.3% in 2006) and expenditures on durable (5.3% growth compared to 6.2% in 2006). The stronger growth in GDP led to increase in consumer credit growth (10.4% compared to 9.0% in 2006) and stronger in residential mortgages (12.7% compared to 10.6% in 2006).

<b>ECONOMIC STATISTICS</b>								
	<b>Durables</b>	<b>Semi-durables</b>			<b>Services</b>	<b>Machinery</b>		
	<b>Growth</b>	<b>Non-durables</b>	<b>Growth</b>	<b>Services</b>	<b>Growth</b>	<b>Equipment</b>	<b>Growth</b>	
	<b>(\$Mils)</b>	<b>Yr/yr</b>	<b>(\$Mils)</b>	<b>Yr/yr</b>	<b>(\$Mils)</b>	<b>Yr/yr</b>	<b>(\$Mils)</b>	<b>Yr/yr</b>
<b>1997</b>	67,988	14.9%	168,082	4.1%	274,625	5.7%	67,346	26.0%
<b>1998</b>	71,325	4.9%	173,515	3.2%	286,329	4.3%	74,116	10.1%
<b>1999</b>	77,693	8.9%	182,507	5.2%	300,684	5.0%	79,102	6.7%
<b>2000</b>	81,958	5.5%	195,379	7.1%	318,672	6.0%	83,350	5.4%
<b>2001</b>	84,930	3.6%	204,870	4.9%	330,814	3.8%	81,879	-1.8%
<b>2002</b>	92,085	8.4%	215,471	5.2%	348,186	5.3%	80,275	-2.0%
<b>2003</b>	93,793	1.9%	226,629	5.2%	366,130	5.2%	80,831	0.7%
<b>2004</b>	95,433	1.7%	237,389	4.7%	387,096	5.7%	84,732	4.8%
<b>2005</b>	99,724	4.5%	249,960	5.3%	409,535	5.8%	93,035	9.8%
<b>2006</b>	105,904	6.2%	261,421	4.6%	435,935	6.4%	99,853	7.3%
<b>2007</b>	111,535	5.3%	275,071	5.2%	466,164	6.9%	104,069	4.2%
<b>10 yr Avg</b>		<b>5.1%</b>		<b>5.1%</b>		<b>5.4%</b>		<b>4.5%</b>

*Source: Bank of Canada Banking and Financial Statistics June 2008*

<b>ECONOMIC STATISTICS</b>								
	<b>GDP</b>		<b>Housing</b>		<b>Residential</b>		<b>Consumer</b>	
	<b>Expenditures</b>	<b>Growth</b>	<b>Starts</b>	<b>Growth</b>	<b>Mortgages</b>	<b>Growth</b>	<b>Credit</b>	<b>Growth</b>
	<b>(\$Mils)</b>	<b>Yr/yr</b>	<b>(\$000s)</b>	<b>Yr/yr</b>	<b>(\$Mils)</b>	<b>Yr/yr</b>	<b>(\$Mils)</b>	<b>Yr/yr</b>
<b>1997</b>	882,733	5.5%	148.2	20.1%	379,759	5.9%	148,975	12.6%
<b>1998</b>	914,973	3.7%	138.3	-6.7%	400,042	5.3%	160,503	7.7%
<b>1999</b>	982,441	7.4%	149.5	8.1%	419,441	4.8%	177,759	10.8%
<b>2000</b>	1,076,577	9.6%	152.9	2.3%	434,879	3.7%	198,854	11.9%
<b>2001</b>	1,108,048	2.9%	162.7	6.4%	461,636	6.2%	206,883	4.0%
<b>2002</b>	1,152,905	4.0%	205.7	26.4%	494,972	7.2%	225,029	8.8%
<b>2003</b>	1,213,175	5.2%	218.4	6.2%	538,796	8.9%	244,182	8.5%
<b>2004</b>	1,290,906	6.4%	233.4	6.9%	597,178	10.8%	274,696	12.5%
<b>2005</b>	1,372,626	6.3%	225.5	-3.4%	656,325	9.9%	306,764	11.7%
<b>2006</b>	1,450,490	5.7%	227.4	0.8%	725,880	10.6%	334,284	9.0%
<b>2007</b>	1,535,646	5.9%	228.3	0.4%	817,923	12.7%	369,087	10.4%
<b>10 yr Avg</b>		<b>5.7%</b>		<b>4.7%</b>		<b>8.0%</b>		<b>9.5%</b>

*Source: Bank of Canada Banking and Financial Statistics June 2008*

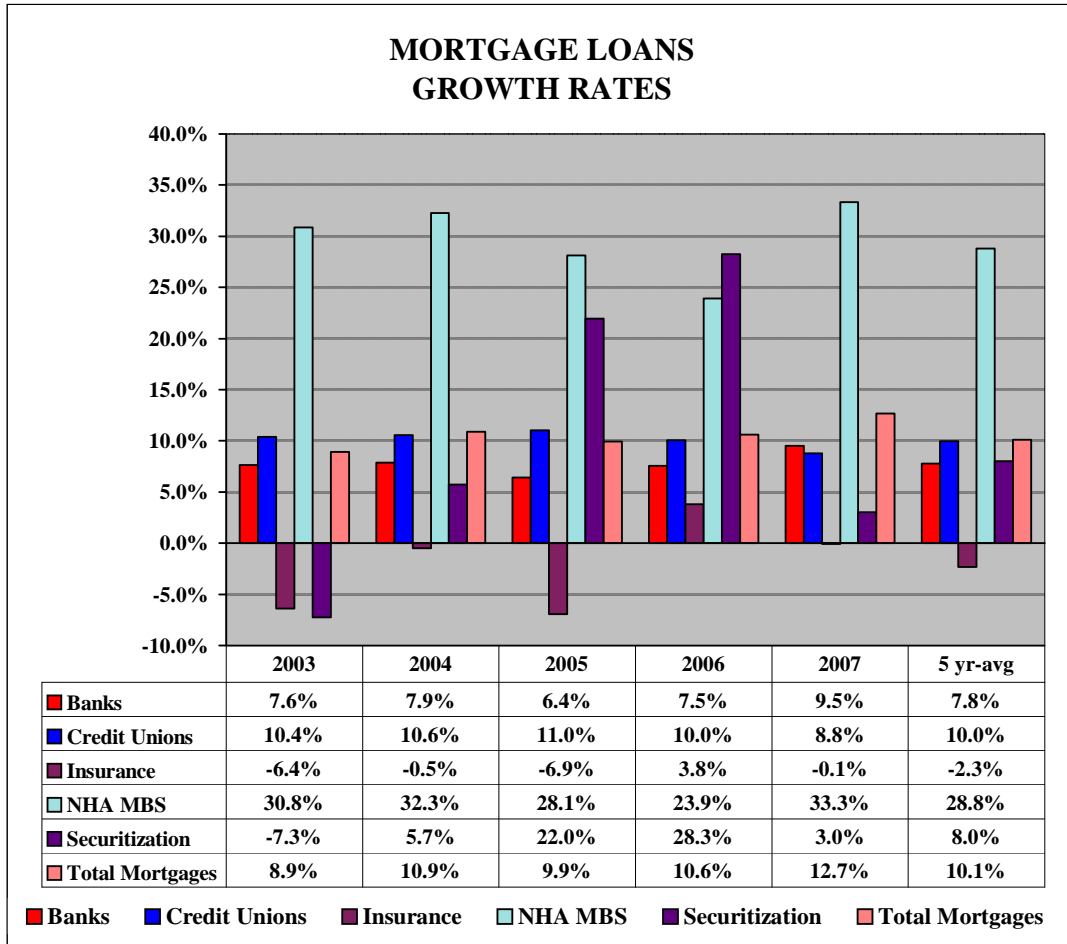
In 2007, there was marginal growth in housing starts of 0.4% similar to 2006 when housing starts grew by 0.8%. In the last three years, housing starts have not recovered to the record achieved in 2004 of 233, 400. The growth in the housing market in Canada was regionally dissimilar. The following provinces had declines in housing starts: Ontario (-7.2%), Nova Scotia (-3.0%) and Alberta (-1.3%). While, the three provinces saw significant increases in housing starts – 61.7% increase in Saskatchewan, 14.1% increase in Manitoba and 18.6% increase in Newfoundland and Labrador.

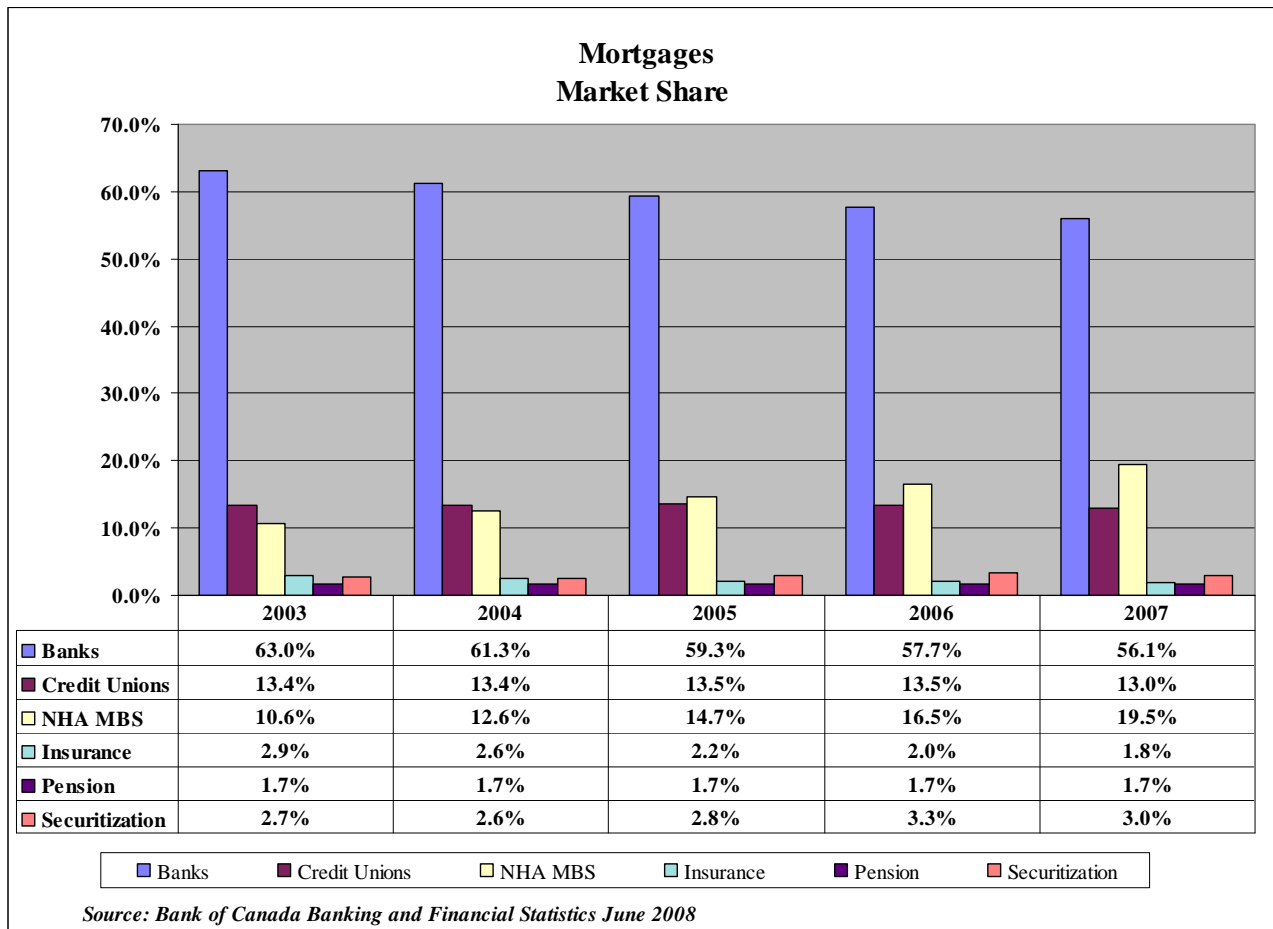
According to a recent study issued by RBC Royal Bank economist Paul Ferley, a “wide range of commodities” are experiencing higher prices. He is predicting that uranium, potash, wheat and oil production will push Saskatchewan’s economy forward by 3.5 percent in 2008, and 3.25 percent in 2009, compared to national growth rates of 1.5 percent and 2.5% respectively. Saskatchewan’s real GDP growth came in at 2.8 percent, just slightly above the national average of 2.7%. However, Saskatchewan’s nominal GDP growth through 2007 was exceptionally strong at 11.4 percent, topping all provinces except Newfoundland and Labrador. Newfoundland & Labrador led the country with a 9.1 per cent surge, primarily due to a strong offshore oil output and a rebound in production at the Voisey’s Bay nickel mine following strike activity in 2006.

<b>Housing Starts</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Yr/Yr % Change</b>	<b>5 year % growth</b>
Newfoundland & Labrador	2,692	2,870	2,498	2,234	2,649	<b>18.6%</b>	2.6%
Prince Edward Island	814	919	862	738	750	1.6%	-0.2%
New Brunswick	4,489	3,947	3,959	4,085	4,242	3.8%	2.3%
Nova Scotia	5,096	4,717	4,775	4,896	4,750	-3.0%	-0.8%
Quebec	50,289	58,448	50,910	47,877	48,553	1.4%	3.4%
Ontario	85,180	85,114	78,795	73,417	68,123	-7.2%	-3.9%
Manitoba	4,206	4,440	4,731	5,028	5,738	<b>14.1%</b>	9.8%
Saskatchewan	3,315	3,781	3,437	3,715	6,007	<b>61.7%</b>	17.3%
Alberta	36,171	36,270	40,847	48,962	48,336	-1.3%	5.0%
British Columbia	26,174	32,925	34,667	36,443	39,195	7.6%	13.0%
<b>Canada</b>	<b>218,426</b>	<b>233,431</b>	<b>225,481</b>	<b>227,395</b>	<b>228,343</b>	0.4%	2.3%

*Source: Statistics Canada CANSIM table 027-0008 CMHC modified: April 21, 2008*

The large financial institutions continued to provide competition to credit unions, especially in the area where the credit unions have been the strongest in the past - residential mortgages. The Chartered banks market share of residential mortgages on their books has steadily decreased over the last four years from 63.8% in 2002 to 56.1% in 2007. The strongest growth of mortgage product has been NHA Mortgaged Backed Securities ("MBS"), which has seen its market share more than double from 8.8% in 2002 to 19.5% in 2006. The trend towards retail investors seeking regular monthly income has resulted in more MBSs being structured and sold by the chartered banks. The credit union's residential mortgage market share has remained stable relative to the banks, due to the credit union's strong growth in mortgages which has exceeded the growth experienced by the banks. This trend was broken in 2007. The banks saw their mortgage portfolios increase by 9.5% compared to credit unions growing by 8.8%, below the 5-yr average of 10%. . This has resulted in the credit union's market share in mortgages declining to 13.0% from 13.5% in 2006.





## Five Year Results of Ukrainian Credit Unions in Canada

The financial results of Ukrainian Credit Unions in Canada over the last five years have continued to be robust: asset quality has continued to improve, capital levels are strong and return on equity and assets were adequate. The membership has continued to financially benefit by receiving significant dividends and patronage payments.

**Performance.** Return on equity was 8.1% compared to 9.2% in 2006. Ukrainian credit unions assets grew more slowly in the last three years compared to 7.5% growth in 2003 and 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 6.2% compared to 6.5% last year. Canadian banks assets grew by 10.1% and the largest credit unions in Canada saw their assets grow by 12.3%. The Ukrainian Credit Union's net income before dividend and patronage payments decreased by 6.3% to \$7.7 million from \$8.2 million, primarily due to the a decrease of 13 basis points in the net interest margin to 2.47% from 2.60% in the previous year .[This does not include any extraordinary items]. The Ukrainian Credit Unions paid 21.97% of their net income to their members by way of a dividend or a patronage refund totalling \$2.559 million compared to \$2.620 million in the previous year. These patronage dividends helped increase the capital of the credit unions by 12.0% to \$97.086 million representing 7.35% of the assets. The ratio of capital to assets has decreased compared to the previous year.

The return on assets (ROA) declined to 0.60% in 2007, which was lower than the average level of the large Canadian banks at 0.88% and the largest credit unions in Canada, which had an average ROA of 0.64%.

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 14.2% of total net operating revenue compared to 14.5% last year. Other income as % of total revenue represented 56.4% for the large Canadian banks and 25.9% 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 to 2.12% compared to 2.14% in the previous year. The Canadian chartered banks have reduced their operating expenses in the last two years. The large Canadian bank's operating expenses ratio was 2.04% in 2007 compared to 2.34% in the previous year. The largest credit unions in Canada also reduced their operating expense ratio to 2.74% from 2.85% in the previous year. The operating expense to revenue

(productivity ratio) increased to 73.4% from 70.7% last year. The productivity ratio is higher than the large Canadian banks at 61.0% and lower than the largest Canadian credit unions, which had a productivity ratio of 76.1%.

**Asset Quality.** Overall the asset quality is still quite strong. The loan loss provision as a % of average assets decreased to 0.02% from 0.04% in 2006, which compares very favourably to the large Canadian banks at 0.13% and large Canadian credit unions at 0.10%. The allowance for loan losses also decreased to 0.23% of total loans from 0.25% in 2005, which compares very favourably to the large Canadian banks at 0.79% and to the large Canadian credit unions at 0.45%.

**Loan portfolio.** The Ukrainian Credit Unions have a strong concentration in lower risk residential mortgage lending which represents 63% of the loan portfolio an increase from 60% in the previous year. This represents a 22.4% increase in residential mortgages. Commercial mortgage loans represented 23% of the loan portfolio with commercial mortgage loans growing by 16.9%, business loans grew modestly by 1.9% and personal loans declined by 32.4%. Providing secured loans to small businesses and self-employed individuals will ensure the future of Ukrainian credit unions because these two groups are have presently been ignored by and not well serviced by the chartered bank system in Canada due to the credit crunch which began in August 2007.

**Growth.** Average asset growth over the last 5 years was 6.5%. Assets grew by 6.2% in 2007 compared to 5.6% in the previous year. Membership grew by 1.4% on average over the last five years. The decline in membership in 2005 and 2006 was a result of two factors:

- *Aging membership* - we estimate that approximately 400-500 members have passed in each of the last three years.
- *Mergers* – two credit unions were dissolved or merged in 2006 which resulted in some membership loss.

Ukrainian credit union's asset growth was 6.2% in 2007, but was slower in 2007 than 2006. The loan growth was noteworthy at 15.9% in 2007 compared to 9.3% in the previous year. Membership was approximately at 72,035 in 2007 an increase of 2.9% from 69,984 in 2006. Due to the aging membership, we estimate that approximately 400-500 members passed away during 2007 similar to the previous year. The asset growth was slower for the Ukrainian Credit Unions because three credit unions had seen their assets decline, including So-Use CU, St. Mary's CU and Ukrainian (St. Catharines) CU.



**Deposits.** The demographics of the membership and low interest rate environment have affected the deposit growth in 2005 and 2006. The asset backed commercial paper problem in Canada interested short-term interest rates in the later half of 2007 and this resulted in above average deposit growth in 2007. However, due to the decline in interest rates in 2008, we expect that deposit growth in 2008 will slow down again. Deposits grew significantly by 13.3% to \$1.195 billion compared to 3.8.% growth in 2006. Three of the credit unions – Buduchnist, So-Use 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.

<b>Ukrainian Credit Union In Canada</b>						<i>5 yr Avg.</i>
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	
<b>Number of Credit Unions</b>	13	12	12	10	10	
<b>Members</b>	69,264	71,392	71,516	69,984	72,280	
<b>Growth rate</b>	2.5%	3.1%	0.2%	-2.1%	3.3%	<b>1.4%</b>
<b>Assets (\$Mils)</b>	\$1,038	\$1,117	\$1,179	\$1,245	\$1,322	
<b>Growth rate</b>	7.5%	7.6%	5.6%	5.6%	6.2%	<b>6.5%</b>
<b>Assets per member</b>	\$14,989	\$15,642	\$16,486	\$17,790	\$18,290	
<b>Growth rate</b>	5.0%	4.4%	5.4%	7.9%	2.8%	<b>5.1%</b>
<b>Loans (\$Mils)</b>	\$786	\$867	\$940	\$1,027	\$1,090	
<b>Growth rate</b>	14.9%	10.3%	8.4%	9.3%	6.1%	<b>9.8%</b>
<b>Allowance % loans</b>	0.37%	0.30%	0.28%	0.25%	0.23%	<b>0.29%</b>
<b>Deposits (\$Mils)</b>	\$942	\$1,007	\$1,055	\$1,095	\$1,195	
<b>Growth rate</b>	7.1%	7.0%	4.7%	3.8%	9.1%	<b>6.4%</b>
<b>Equity and Shares (\$Mils)</b>	\$76.4	\$84.2	\$86.7	\$91.9	\$97.1	
<b>Capital % assets</b>	7.36%	7.54%	7.35%	7.38%	7.34%	<b>7.39%</b>
<b>Net Income (\$Mils)</b>	\$6.5	\$5.1	\$7.8	\$8.2	\$7.7	
<b>Return on assets</b>	0.65%	0.47%	0.68%	0.68%	0.60%	<b>0.62%</b>
<b>Return on Equity</b>	8.7%	6.4%	9.8%	9.2%	8.1%	<b>8.4%</b>
<b>Net interest margin</b>	2.86%	2.56%	2.62%	2.60%	2.47%	<b>2.62%</b>
<b>Productivity ratio</b>	72.8%	75.0%	72.7%	70.7%	73.4%	<b>72.9%</b>
<b>Dividends/Patronage paid (\$Mils)</b>	\$2.415	\$1.981	\$2.603	\$2.620	\$2.559	
<b>% return to members</b>	31.4%	34.1%	28.4%	23.7%	21.9%	

## Brief Overview of the Six Largest Ukrainian Credit Unions

**Buduchnist Credit Union** is the largest Ukrainian credit union in Canada, 11th largest credit union in Ontario and 48th largest in Canada based on asset size.

- Buduchnist CU spent \$1,027,045 or 16.1% of its operating expenses on promotions, donations and advertising compared to \$992,116 or 16.6% of its operating expenses in the previous year. As such, Buduchnist and BCU Foundation 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 financial support of the annual graduation of the students from Ukrainian heritage programs (“Matura”), grade eight graduations at our bilingual schools, St. Nicholas Day celebrations, Buduchnist CU provided significant sponsorship for Ukrainian Youth Associations- SUM and “Plast”, corporate sponsorship of the Bloor West Village Ukrainian Festival, Zolotyj Klen Music 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. 2007 was no exception. Highlights of the year included numerous projects commemorating the 75th anniversary of the Holodomor in Ukraine; the 60th anniversary of Akcija Wisla and the Ukrainian Youth Organization Plast International Jamboree. Buduchnist CU has a scholarship program which provides up to five scholarships to university students recognizing both academic achievement and community involvement.
- Total assets grew by \$14 million or 3.5% to \$404 million, because the credit union securitized \$27.2 million of residential mortgages. Growth of assets not including the mortgage securitization would have been 10.5%.
- Buduchnist CU's net loan portfolio decreased by 1.5% in 2007 due to securitization of loans compared to an 11.8% increase in the previous year.
- Total deposits increased by 10.3% in 2007 compared to 9.7% in 2006, with borrowings representing 1.4% of the total borrowings and deposits.
- The membership grew by 4.4% in 2007 compared to 3.2% in 2006.
- The net income decreased by 5.9% to \$2.8 million in 2007, due to lower net interest margin. The capital and retained earnings stood at \$34.7 million representing 8.59% of assets.

- Buduchnist introduced a patronage share program in 1997. The credit union made patronage and dividend payment of \$478,000 in 2007 representing 17% of its net income before taxes. Since the introduction of the patronage program in 1997, Buduchnist has shared \$6.9 million of its profits with its members.
- Buduchnist CU had a return on assets of 0.71% and return on equity of 8.5%. Buduchnist CU has mutual funds and securities under administration, which increased by 9% and now stands at \$42 million.

Buduchnist CU had a record year in new lending activity:

- Buduchnist advanced 396 residential mortgages in 2007 for a total value of \$78.0 million, an increase of 11.2% (average loan size of \$196,900) compared to 416 loans and loan value of \$70.1 million (average loan size of \$168,600) in the previous year.
- Buduchnist issued 140 commercial loans and mortgages for a total value of \$20.8 million, a decrease of 4.3% (average loan size of \$148,800) compared to 116 loans for a total of \$21.7 million (average loan size of \$187,100).
- Buduchnist provided 615 personal loans for a total value of \$6.4 million, an increase of 12.3% compared to 536 loans for total value of \$5.7 million.
- Total loans of 1,151 were issued amounting to \$105.3 million, an increase of 8% compared to 1,068 loans amounting to \$97.5 million in the previous year.

**Ukrainian Credit Union** is the second largest Ukrainian credit union in Canada, 14th largest credit union in Ontario and 55th largest in Canada based on asset size.

- In 2007, Ukrainian CU spent a \$511,469 or 6.6% of its operating expenses on promotions, donations and advertising compared to \$422,263 or 5.7% of its operating expenses in the previous year. In 2007, Ukrainian CU supported over 100 different charitable and volunteer organizations, including over 10 different churches and church organizations, the UNYF, SUM and Plast youth organizations, various cultural ensembles, six charitable golf tournaments and over 15 nursery schools, Ukrainian Heritage and Saturday morning schools. As part of its emphasis on youth support, UCU operates a in-school banking program in three Toronto-area Eastern Rite Catholic Schools. The credit union's community support program also includes an employee volunteer program under which UCU employees can use up two paid days per year to volunteer in the non-profit sector. Ukrainian CU has sponsored an extensive scholarship program and provided 8 scholarships to university students.
- Total assets grew significantly in 2007 by \$34.9 million or 11.1% to \$348.5 million.

- Ukrainian CU's loan portfolio increased by record 13.4% in 2007 compared to 9.9% in the previous year and the total deposits increased significantly by only 11.5% in 2007 compared to 1.1% in 2006. Ukrainian CU had impaired loans of \$628,898 in 2007 compared to \$324,367 in 2006.
- The membership increased by 2.3% in 2007 to 21,857 compared to increase of 1.1% in previous year. Ukrainian has the largest membership base and branch network of the Ukrainian credit unions in Canada.
- Net income in 2007 increased by 28.2% to \$1,139,000, primarily due good operating cost control, lower level of income taxes and lower loan loss provision.
- The capital and retained earnings stood at \$20.5 million representing 5.88% of assets.
- Ukrainian CU has mutual funds and securities under administration remains at approximately \$35 million.
- Ukrainian CU had a return on assets of 0.34% and return on equity of 5.7%. Ukrainian CU has 5 Toronto area-branches and 6 branches outside of Toronto, 6 ATM locations, together with a Call Centre, a web site, e-mail, Internet and telephone banking services.
- Ukrainian CU operates a separately branded suite of no fee internet banking products under the name **ucubluTM** and **ucublu tooTM** which respectively include high interest savings and free daily transaction accounts.

Ukrainian CU had a strong year in new lending activity:

- Ukrainian advanced 319 residential mortgages in 2007 for a record total value of \$65.2 million (average loan size of \$204,300), an increase of 8% compared to 308 loans and loan value of \$60.0 million (average loan size of \$195,200) in the previous year.
- Ukrainian issued 75 commercial loans and mortgages for a total value of \$17.4 million (average loan size of \$231,400), compared to 31 loans for a total of \$17.4 million (average loan size of \$562,000) in the previous year.
- Ukrainian provided 854 personal loans for a total value of \$29.0 million (average loan size of \$34,000) compared to 638 loans for total value of \$15.5 million (average loan size of \$24,200) in the previous year.
- Total loans of 1,248 were issued amounting to a record \$111.5 million, an increase of 20% compared to 977 loans amounting to \$93.0 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, 11<sup>h</sup> largest credit union in Manitoba and the 81<sup>th</sup> largest credit union in Canada.

- Carpathia CU provided over \$50,000 in donations and sponsored, supported and promoted various local events and organizations such as seven English Ukrainian Bilingual programs, Holy Family Home, Leo Mol Sculpture Garden, Canada Ukraine Foundation, Eastern European Adoption Services, The Metropolitan Ilarian Centre of St. Mary the Protectress Ukrainian Orthodox Cathedral 75<sup>th</sup> Anniversary of the Holodomor, Taras Shevchenko Foundation, Ukrainian Catholic Archeparchy of Winnipeg, Wasyl Topolnicky Memorial Foundation and Folklorama's Kyiv Pavilion. Carpathia CU has sponsored a scholarship program and provided 6 scholarships for a total of \$4,000.00 to graduating Grade 12 students.
- Carpathia CU experienced another year of above average asset growth and saw its assets increase 8.5% in 2007 compared to an increase of 7.8% in the previous year.
- The credit union experienced deposit growth of 8.7% in 2007 compared to 7.8% in previous year.
- The membership increased by 8.8% in 2007 compared to a small increase of 0.9% in previous year.
- Total loans increased by 9.4% in 2007 compared to an increase of 7.6% in the previous year. The strong growth was due to a 16% increase in residential loans.
- The net income in 2007 decreased by 12.4% to \$1,545,000 due primarily to a decrease in the net interest margin from 2.85% in 2006 to 2.58% in 2007.
- The credit union, which was one of the first Ukrainian credit union to introduce tax efficient patronage refunds, paid its eleventh patronage refund and an additional dividend totalling \$575,000 to its members. From the beginning of its program, Carpathia CU has returned over \$7.2 million to its members in the form of dividends and patronage refunds.
- Members' equity stood at \$13.1 million representing 6.16% of assets.
- Carpathia CU has mutual funds under administration, which amounted to approximately \$19 million.

- Carpathia CU had a return on assets of 0.76% and return on equity of 12%. Carpathia CU has 3 branches, 3 ATMs, a web site, telephone banking, Internet banking, a full service financial planning and wealth management operation and a commercial portfolio. Carpathia also offers online securities trading through its alliance with Qtrade.

Carpathia CU had a strong year in new lending activity:

- Residential mortgages issued in 2007 increased by over \$20 million for a total value in excess of \$92 million, an increase of 16% (an average loan size of some \$120,000) from the prior year.
- Commercial portfolio increased by over \$4 million to almost \$44 million, an increase of 11% from the prior year.

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

- The Caisse has provided over \$85,000 in donations supporting youth organizations, church organizations, Ukrainian schools, the Ukrainian festival and other community causes.
- The Caisse experienced asset growth of 1.7% to \$110.3 million compared to 6.6% growth in the previous year.
- The Caisse saw its deposits grow by 2.10% compared to 5.9% in the previous year.
- The Caisse had loan growth of 5% compared to 15.2% last year.
- The net income of the Caisse was \$1,319,846.
- In 2008, the Caisse paid out \$1,150,000 in member dividends to its members, representing a return of 87% of its net income. Since the beginning of its program, the Caisse has paid over \$7 million to its members in the form of such member dividends (ristournes).
- The Caisse is capitalized with members' equity of \$11.0 million representing 10% of assets, making it the second best capitalized Ukrainian credit union in Canada.
- The Caisse had returns on assets and equity respectively of 1.0% and 10.5%, which is the highest return on assets of all the Ukrainian credit unions in Canada and the second highest return on equity.

- The total loans issued amounted to a record \$70.9 million, an increase of 5.2% compared to the previous year.

**So-Use Credit Union** is now 5th largest Ukrainian credit union in Canada based on asset size.

- So-Use CU continued its financial support for the community at large by donating to local Ukrainian schools, Churches (Orthodox and Catholic), dance and musical groups. As well, yearly donations to help preserve the Ukrainian presence in the GTA were provided to the Ukrainian Pavilions during Carabram and to the highly successful Bloor West Village Ukrainian Festival. Financial support was provided to St. Vladimir Institute and its affiliated organizations and the very successful yearly Expressions in Art Show and Sale. Participation and donations toward the major golf tournaments help charitable groups continue their important work. This year So-Use CU made a major commitment to the Ukrainian Canadian Care Centre Capital Campaign in order to insure our senior members receive the care they deserve in their later years with dignity and respect. In total, So-Use Credit Union spent approximately 2% of its gross revenues on initiatives that help the community grow and flourish. Many of the projects in the community would not be successful without the work of many volunteers. Approximately 35% of So-Use Credit Union staff continues to hold leadership positions within the Ukrainian Canadian community in the GTA. So-Use Credit Union awarded three major scholarships, each averaging \$1,500 to help students, who are members, achieve their academic goals.
- So-Use CU experienced a slight decrease in its assets by 0.3% to \$77.4 million compared to an increase of 6.4% in the previous year.
- So-Use CU deposits increased by 1.2% compared to 5.6% in the previous year. Total loans decreased by 4.5% in 2007 compared to an increase of 7.7% in the previous year.
- So-Use saw a decrease of 21.0% in the net income to \$236,100 from \$299,000 compared to the previous year. The operating expenses ratio declined to 2.52% from 2.57% in the previous year.
- The credit union had an average return on assets of 0.30% and a return on equity of 3.9%.
- So-Use returned \$131,900 of dividends and interest on shares to its members in 2007, which represented 56% of its net income.
- Member's equity stood at \$6.1 million representing 7.93% 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 73 residential mortgages in 2007 for a total value of \$10.2 million, a decrease of 45% (average loan size of \$140,300) compared to 91 loans and loan value of \$18.6 million (average loan size of \$204,300) in the previous year.
- So-Use CU provided 63 personal loans for a total value of \$531,000 compared to 92 loans for total value of \$1,024,000.
- Total loans of 136 were issued amounting to \$10.8 million, a decrease of 45% compared to 183 loans amounting to \$19.6 million in the previous year.

**North Winnipeg Credit Union**, which has been serving the Ukrainian Community in Manitoba for 65 years, is the sixth largest Ukrainian credit union in Canada. North Winnipeg CU continued to enhance its tradition of community service.

- In 2007, the credit union allocated over \$12,300 in support of community organizations, including educational, church and youth organizations. The larger sponsorships went to Oserodok Ukrainian Cultural and Educational Centre, Ukrainian Orthodox Summer Camp “Veselka”, Manitoba Council of the Ukrainian Canadian Congress, Seven Oaks General Hospital Foundation Inc., Rusalka Ukrainain Dance Ensemble, Knight of Columbus Ukrainian Catholic Youth, Ukrainian Catholic Council of the Winnipeg Archeparchy and the Taras Shevchenko Foundation. North Winnipeg CU has sponsored a scholarship program and provided 4 scholarships to university and high school students totaling \$2,700.
- North Winnipeg CU saw its assets grow by 6.6% to \$60.4 million compared to growth of 4.6% in the previous year.
- North Winnipeg CU's loan portfolio increased by 14.3% in 2007 compared to 92% in the previous year, primarily due to strong residential mortgage lending growth of 20.3%.
- Total deposits increased by 6.7% in 2007 compared to 4.6% in the previous year. The membership increased by 3.1% in 2007 compared to a decline of 5.9% in previous year.
- Net income declined by 47.4% to \$61,845 from \$117,599 in 2006 due to additional operating expenses associate with the opening of the second branch. The operating expense ratio increased to 2.95% from 2.64% in the previous year.
- North Winnipeg CU had a return on assets of 0.16% and return on equity of 3.0%.
- North Winnipeg CU was one of the first Ukrainian credit union to introduce tax efficient patronage refunds, paid its twelve patronage refund and an additional dividend totaling \$33,000 to its members, which represents 34% of its net income. From the beginning of

its program, North Winnipeg CU has returned over \$1,022,000 to its members in the form of dividends and patronage refunds. Members' equity stood at \$3.1 million representing 5.22% of assets.

- North Winnipeg CU now has mutual funds under administration, which exceeded \$1.3 million.
- North Winnipeg opened a second branch in April 2007. This 2,800 square foot branch, offers full financial services including two ATMs. With two branches, North Winnipeg offers its members four ATMs, telephone banking and Internet banking.

## 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 0.5% (Carpathia CU) to a high of 15.9% (St. Mary's Credit Union located in Toronto). Two credit unions did not disclose the level of restricted loans in their statements. The average ratio for the 8 credit unions which disclosed the loans held by restricted parties was 2.2% of the total loans outstanding (See schedule 8 below).

<b>Schedule 8 Director &amp; Employee Loans</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2007</b>			
<b>Name of credit union</b>	<b>Location</b>	<b>Net Loans (000's)</b>	<b>Director &amp; Employee Loans (000's)</b>	<b>As a % of Net Loans %</b>	
1	Buduchnist	Toronto	336,246	11,528	3.4%
2	Ukrainian	Toronto	305,462	2,378	0.8%
3	Carpathia	Winnipeg	182,204	830	0.5%
4	CP Ukrainienne de Montreal	Montreal	70,896	n/a	n/a
5	So-Use	Toronto	64,925	880	1.4%
6	North Winnipeg	Winnipeg	52,009	1,740	3.3%
7	New Community	Saskatoon	31,719	n/a	n/a
8	United Ukrainian	Hamilton	23,454	1,010	4.3%
9	St. Mary's	Toronto	15,233	2,428	15.9%
10	Ukrainian (St. Catharines)	St. Catharines	4,934	594	12.0%
<b>Total 2006</b>			<b>1,087,081</b>	<b>21,387</b>	<b>2.17%</b>
<b>Growth % Year over Year</b>			<b>6.1%</b>	<b>-6.8%</b>	
<b>Total 2006</b>			<b>1,024,673</b>	<b>22,945</b>	<b>2.40%</b>
<b>Growth % Year over Year</b>			<b>9.3%</b>	<b>-6.0%</b>	
<b>Total 2005</b>			<b>937,129</b>	<b>24,406</b>	<b>2.78%</b>

#### **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 \$101,700 (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 \$3,463 per director. The director fees per director ranged from \$nil to as high as \$7,080. (See schedule 9 below)

<b>Schedule 9 Director Fees</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2007</b>					
<b>Name of credit union</b>	<b>Location</b>	<b>Operating Expenses (000's)</b>	<b>Directors Fees &amp; Costs</b>	<b>Directors</b>		<b>Avg. Director Fee/ Director</b>	
				<b>fees/ Operating Expenses %</b>	<b>Number of Directors</b>		
1	Buduchnist	Toronto	\$6,368	\$22,750	0.36%	7	\$3,250
2	Ukrainian	Toronto	\$7,796	\$101,700	1.30%	16	\$6,356
3	Carpathia	Winnipeg	\$4,486	\$63,722	1.42%	9	\$7,080
4	CP Ukrainienne de Montreal	Montreal	\$1,873	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
5	So-Use	Toronto	\$1,954	\$34,603	1.77%	10	\$3,460
6	North Winnipeg	Winnipeg	\$1,724	\$12,244	0.71%	9	\$1,360
7	New Community	Saskatoon	\$1,233	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
8	United Ukrainian	Hamilton	\$755	\$10,095	1.34%	9	\$1,122
9	St. Mary's	Toronto	\$652	\$28,653	4.40%	11	\$2,605
10	Ukrainian (St. Catharines)	St. Catharines	\$316	\$3,250	1.03%	9	\$361
<b>Total 2006</b>			<b>\$27,156</b>	<b>\$277,017</b>	<b>1.15%</b>	<b>80</b>	<b>\$3,463</b>
<b>Growth % Year over Year</b>			<b>4.9%</b>	<b>8.1%</b>			<b>8.1%</b>
<b>Total 2005</b>			<b>\$25,879</b>	<b>\$256,186</b>	<b>1.12%</b>	<b>80</b>	<b>\$3,202</b>
<b>Growth % Year over Year</b>			<b>2.4%</b>	<b>8.3%</b>			<b>8.3%</b>
<b>Total 2005</b>			<b>\$25,268</b>	<b>\$236,618</b>	<b>1.06%</b>	<b>80</b>	<b>\$2,958</b>

## 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. The Ukrainian credit unions experienced strong lending growth especially in residential mortgages and commercial mortgages. This strong growth may be in reaction to the credit crunch which began in August 2007 due to the asset-backed commercial paper problem. Many of the Canadian chartered banks have been selectively reducing the credit exposure to small businesses.

The major challenge 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.

<b>Schedule 1 Asset Growth &amp; Profitability</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2007</b>					
		<b>Members</b>	<b>Assets (\$Mils)</b>	<b>Asset Growth %</b>	<b>Net Income * (\$000's)</b>	<b>Return on Assets %</b>	<b>Return on Equity %</b>
<b>Name of credit union</b>							
1	Buduchnist	17,711	\$404	3.5%	\$2,834	0.71%	8.5%
2	Ukrainian	21,857	\$349	11.1%	\$1,139	0.34%	5.7%
3	Carpathia	12,287	\$213	8.5%	\$1,545	0.76%	12.0%
4	CP Ukrainienne de Montreal	4,000	\$110	1.7%	\$1,320	1.21%	12.5%
5	So-Use	5,751	\$77	-0.3%	\$236	0.30%	3.9%
6	North Winnipeg	3,369	\$60	6.6%	\$94	0.16%	3.0%
7	New Community	2,187	\$40	19.1%	\$358	0.97%	12.9%
8	United Ukrainian	1,901	\$33	3.5%	\$58	0.18%	2.6%
9	St. Mary's	2,211	\$24	-4.7%	\$30	0.12%	1.2%
10	Ukrainian (St. Catharines)	1,006	\$11	-1.8%	\$42	0.39%	4.4%
<b>Total 2007</b>		<b>72,280</b>	<b>\$1,322</b>	<b>6.2%</b>	<b>\$7,656</b>	<b>0.60%</b>	<b>8.1%</b>
<b>Growth % Year over Year</b>		<b>3.3%</b>			<b>-6.3%</b>		
<b>Total 2006</b>		<b>69,984</b>	<b>\$1,245</b>	<b>6.5%</b>	<b>\$8,169</b>	<b>0.68%</b>	<b>9.2%</b>
<b>Growth % Year over Year</b>		<b>-2.1%</b>			<b>4.2%</b>		
<b>Total 2005</b>		<b>71,516</b>	<b>\$1,179</b>	<b>5.5%</b>	<b>\$7,841</b>	<b>0.68%</b>	<b>9.8%</b>
<b>Growth % Year over Year</b>		<b>0.2%</b>			<b>54.6%</b>		
<b>Total 2004</b>		<b>71,392</b>	<b>\$1,117</b>	<b>7.5%</b>	<b>\$5,072</b>	<b>0.47%</b>	<b>6.4%</b>
<b>Growth % Year over Year</b>		<b>3.1%</b>			<b>-21.6%</b>		
<b>Total 2003</b>		<b>69,264</b>	<b>1,038.2</b>	<b>7.5%</b>	<b>\$6,468</b>	<b>0.65%</b>	<b>8.7%</b>

\* Net income is defined as net income before extraordinary gains/(losses), dividends and patronage payments.

<b>Schedule 2 Capitalization</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2007</b>			
<b>Name of credit union</b>	<b>Capital (\$000's)</b>	<b>Capital % Assets</b>	<b>Growth in Capital %</b>	<b>Dividends &amp; Patronage (\$000's)</b>	<b>Return to Members %</b>
1 Buduchnist	\$34,693	8.59%	8.2%	\$478	16.9%
2 Ukrainian	\$20,482	5.88%	5.4%	\$132	11.6%
3 Carpathia	\$13,112	6.16%	4.6%	\$575	37.2%
4 CP Ukrainienne de Montreal	\$10,922	9.90%	6.5%	\$1,100	83.3%
5 So-Use	\$6,136	7.93%	1.0%	\$132	55.8%
6 North Winnipeg	\$3,152	5.22%	2.5%	\$33	34.4%
7 New Community	\$2,943	7.30%	12.3%	\$65	18.1%
8 United Ukrainian	\$2,140	6.39%	-9.2%	\$13	22.8%
9 St. Mary's	\$2,546	10.68%	0.4%	\$8	26.4%
10 Ukrainian (St. Catharines)	\$960	8.99%	1.7%	\$24	56.7%
<b>Total 2007</b>	<b>\$97,086</b>	<b>7.35%</b>	<b>5.6%</b>	<b>\$2,559</b>	<b>21.9%</b>
<b>Growth % Year over Year</b>	<b>12.0%</b>			<b>-1.7%</b>	
<b>Total 2006</b>	<b>\$91,895</b>	<b>7.38%</b>	<b>6.0%</b>	<b>\$2,620</b>	<b>23.7%</b>
<b>Growth % Year over Year</b>	<b>6.0%</b>			<b>0.7%</b>	
<b>Total 2005</b>	<b>\$86,659</b>	<b>7.42%</b>	<b>6.7%</b>	<b>\$2,603</b>	<b>28.4%</b>
<b>Growth % Year over Year</b>	<b>6.7%</b>			<b>31.4%</b>	
<b>Total 2004</b>	<b>\$81,202</b>	<b>7.27%</b>	<b>6.3%</b>	<b>\$1,981</b>	<b>n/a</b>
<b>Growth % Year over Year</b>	<b>6.3%</b>			<b>-18.0%</b>	
<b>Total 2003</b>	<b>\$76,360</b>	<b>7.35%</b>	<b>n/a</b>	<b>\$2,415</b>	<b>n/a</b>

<b>Schedule 3 Loan Portfolio</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2007</b>					
<b>Name of credit union</b>		<b>Residential Mortgage Loans (\$000's)</b>	<b>Commercial Mortgage Loans (\$000's)</b>	<b>Consumer Loans (\$000's)</b>	<b>Business Loans (\$000's)</b>	<b>Total Loans (\$000's)</b>	<b>Allowance/ Loans %</b>
	1	Buduchnist	\$235,346	\$79,043	\$9,492	\$12,752	\$336,632
2	Ukrainian	\$228,506	\$68,298	\$8,842	\$0	\$305,646	0.06%
3	Carpathia	\$92,780	\$61,392	\$18,807	\$9,898	\$182,877	0.37%
4	CP Ukrainienne de Montreal	n/a	n/a	n/a	n/a	\$71,395	0.70%
5	So-Use	\$50,627	\$12,917	\$1,080	\$698	\$65,322	0.61%
6	North Winnipeg	\$30,046	\$15,426	\$6,678	\$0	\$52,151	0.27%
7	New Community	\$23,218	\$2,458	\$6,073	\$0	\$31,750	0.10%
8	United Ukrainian	\$9,944	\$12,722	\$908	\$0	\$23,573	0.50%
9	St. Mary's	\$14,095	\$1,018	\$159	\$0	\$15,273	0.26%
10	Ukrainian (St. Catharines)	\$3,815	\$316	\$837	\$0	\$4,969	0.70%
<b>Total 2007</b>		<b>\$688,377</b>	<b>\$253,590</b>	<b>\$52,877</b>	<b>\$23,348</b>	<b>\$1,089,587</b>	<b>0.23%</b>
<b>Growth % Year over Year</b>		<b>5.7%</b>	<b>5.6%</b>	<b>11.3%</b>	<b>15.4%</b>	<b>6.1%</b>	
<b>Mix of loans %</b>		<b>63%</b>	<b>23%</b>	<b>5%</b>	<b>2%</b>	<b>100%</b>	
<b>Total 2006</b>		<b>\$651,428</b>	<b>\$240,122</b>	<b>\$47,499</b>	<b>\$20,234</b>	<b>\$1,027,249</b>	<b>0.25%</b>
<b>Growth % Year over Year</b>		<b>9.9%</b>	<b>10.7%</b>	<b>1.1%</b>	<b>-11.8%</b>	<b>9.3%</b>	
<b>Mix of loans %</b>		<b>63%</b>	<b>23%</b>	<b>5%</b>	<b>2%</b>	<b>100%</b>	
<b>Total 2005</b>		<b>\$592,568</b>	<b>\$216,954</b>	<b>\$46,980</b>	<b>\$22,948</b>	<b>\$939,731</b>	<b>0.28%</b>
<b>Growth % Year over Year</b>		<b>13.2%</b>	<b>6.7%</b>	<b>-36.3%</b>	<b>20.3%</b>	<b>8.4%</b>	
<b>Mix of loans %</b>		<b>63%</b>	<b>23%</b>	<b>5%</b>	<b>2%</b>	<b>100%</b>	
<b>Total 2004</b>		<b>\$523,595</b>	<b>\$203,269</b>	<b>\$73,728</b>	<b>\$19,069</b>	<b>\$866,607</b>	<b>0.30%</b>
<b>Growth % Year over Year</b>		<b>10.6%</b>	<b>1.9%</b>	<b>3.9%</b>	<b>n/a</b>	<b>10.3%</b>	
<b>Mix of loans %</b>		<b>60%</b>	<b>23%</b>	<b>9%</b>	<b>2%</b>	<b>100%</b>	
<b>Total 2003</b>		<b>\$473,311</b>	<b>\$199,521</b>	<b>\$70,982</b>	<b>n/a</b>	<b>\$785,808</b>	<b>0.37%</b>
<b>Mix of loans %</b>		<b>60%</b>	<b>25%</b>	<b>9%</b>		<b>100%</b>	



<b>Schedule 4 Deposit Portfolio</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2007</b>			
<b>Name of credit union</b>	<b>Borrowings (\$000's)</b>	<b>Demand Deposits (\$000's)</b>	<b>Term Deposits (\$000's)</b>	<b>Registered Savings (\$000's)</b>	<b>Total Deposits (\$000's)</b>
1 Buduchnist	\$5,000	\$77,466	\$237,640	\$42,562	\$357,667
2 Ukrainian	\$0	\$88,304	\$181,290	\$52,771	\$322,365
3 Carpathia	\$0	\$82,748	\$71,546	\$42,171	\$196,465
4 CP Ukrainienne de Montreal	\$978	\$26,373	\$69,581	\$0	\$95,954
5 So-Use	\$1,400	\$21,106	\$35,753	\$11,402	\$68,261
6 North Winnipeg	\$0	\$19,933	\$28,646	\$7,594	\$56,173
7 New Community	\$0	\$12,751	\$19,850	\$4,102	\$36,703
8 United Ukrainian	\$0	\$9,199	\$15,393	\$6,360	\$30,952
9 St. Mary's	\$0	\$6,426	\$12,909	\$1,617	\$20,952
10 Ukrainian (St. Catharines)	\$0	\$3,606	\$4,492	\$1,480	\$9,578
<b>Total 2007</b>	<b>\$7,378</b>	<b>\$347,911</b>	<b>\$677,100</b>	<b>\$170,059</b>	<b>\$1,195,070</b>
<b>Growth % Year over Year</b>	<b>-63.2%</b>	<b>0.8%</b>	<b>22.5%</b>	<b>8.2%</b>	<b>13.3%</b>
<i>Mix of deposits &amp; borrowings %</i>	<i>1%</i>	<i>29%</i>	<i>56%</i>	<i>14%</i>	
<b>Total 2006</b>	<b>\$33,341</b>	<b>\$335,091</b>	<b>\$598,223</b>	<b>\$161,374</b>	<b>\$1,094,688</b>
<b>Growth % Year over Year</b>	<b>66.2%</b>	<b>-2.9%</b>	<b>8.2%</b>	<b>2.7%</b>	<b>3.8%</b>
<i>Mix of deposits &amp; borrowings %</i>	<i>3%</i>	<i>30%</i>	<i>53%</i>	<i>14%</i>	
<b>Total 2005</b>	<b>\$20,056</b>	<b>\$345,077</b>	<b>\$552,724</b>	<b>\$157,101</b>	<b>\$1,054,902</b>
<b>Growth % Year over Year</b>	<b>70.9%</b>	<b>3.6%</b>	<b>5.8%</b>	<b>3.4%</b>	<b>4.7%</b>
<i>Mix of deposits &amp; borrowings %</i>	<i>2%</i>	<i>32%</i>	<i>51%</i>	<i>15%</i>	
<b>Total 2004</b>	<b>\$11,738</b>	<b>\$333,147</b>	<b>\$522,445</b>	<b>\$151,888</b>	<b>\$1,007,480</b>
<b>Growth % Year over Year</b>	<b>114.6%</b>	<b>15.5%</b>	<b>2.1%</b>	<b>7.2%</b>	<b>7.0%</b>
<i>Mix of deposits &amp; borrowings %</i>	<i>1%</i>	<i>33%</i>	<i>51%</i>	<i>15%</i>	
<b>Total 2003</b>	<b>\$5,469</b>	<b>\$288,485</b>	<b>\$511,664</b>	<b>\$141,694</b>	<b>\$941,843</b>
<i>Mix of deposits &amp; borrowings %</i>	<i>1%</i>	<i>30%</i>	<i>54%</i>	<i>15%</i>	

**Schedule 5  
Operating results**

**UKRAINIAN CREDIT UNIONS IN CANADA  
as at December 31, 2007**

As a % of Average Assets

Name of credit union	Net			
	Interest Margin	Other Income	Operating Income	Operating Expenses
1 Buduchnist	2.23%	0.29%	2.51%	1.60%
2 Ukrainian	2.45%	0.36%	2.81%	2.35%
3 Carpathia	2.58%	0.55%	3.14%	2.19%
4 CP Ukrainienne de Montreal	2.83%	0.50%	3.33%	1.71%
5 So-Use	2.60%	0.27%	2.87%	2.52%
6 North Winnipeg	2.50%	0.75%	3.25%	2.95%
7 New Community	3.31%	1.15%	4.46%	3.32%
8 United Ukrainian	2.24%	0.34%	2.57%	2.29%
9 St. Mary's	2.60%	0.15%	2.75%	2.67%
10 Ukrainian (St. Catharines)	2.94%	0.39%	3.33%	2.93%
<b>Total 2007</b>	<b>2.47%</b>	<b>0.41%</b>	<b>2.88%</b>	<b>2.12%</b>
<b>Total 2006</b>	<b>2.60%</b>	<b>0.44%</b>	<b>3.04%</b>	<b>2.14%</b>
<b>Total 2005</b>	<b>2.62%</b>	<b>0.41%</b>	<b>3.03%</b>	<b>2.20%</b>
<b>Total 2004</b>	<b>2.56%</b>	<b>0.40%</b>	<b>2.96%</b>	<b>2.39%</b>
<b>Total 2003</b>	<b>2.86%</b>	<b>0.40%</b>	<b>3.27%</b>	<b>2.45%</b>

**Schedule 6**  
**Operating results**

**UKRAINIAN CREDIT UNIONS IN CANADA**  
**as at December 31, 2007**

As a % of Average Assets

Name of credit union	Net Income	Provision	Income	Net
	Before	for Loan		
	loan losses	Losses		
1 Buduchnist	0.91%	0.00%	0.19%	0.71%
2 Ukrainian	0.46%	0.01%	0.11%	0.34%
3 Carpathia	0.94%	0.07%	0.11%	0.76%
4 CP Ukrainienne de Montreal	1.62%	0.00%	0.41%	1.21%
5 So-Use	0.35%	0.01%	0.04%	0.30%
6 North Winnipeg	0.31%	0.12%	0.02%	0.16%
7 New Community	1.13%	0.00%	0.17%	0.97%
8 United Ukrainian	0.28%	0.06%	0.04%	0.18%
9 St. Mary's	0.09%	-0.04%	0.00%	0.12%
10 Ukrainian (St. Catharines)	0.39%	0.00%	0.00%	0.39%
<b>Total 2007</b>	<b>0.77%</b>	<b>0.02%</b>	<b>0.15%</b>	<b>0.60%</b>
<b>Total 2006</b>	<b>0.89%</b>	<b>0.04%</b>	<b>0.18%</b>	<b>0.68%</b>
<b>Total 2005</b>	<b>0.83%</b>	<b>0.03%</b>	<b>0.12%</b>	<b>0.68%</b>
<b>Total 2004</b>	<b>0.54%</b>	<b>0.02%</b>	<b>0.07%</b>	<b>0.47%</b>
<b>Total 2003</b>	<b>0.82%</b>	<b>0.05%</b>	<b>0.12%</b>	<b>0.65%</b>

<b>Schedule 7 Expense Analysis</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2007</b>				
		<b>As a % of Average Assets</b>			<b>Total</b>	<b>Productivity</b>
<b>Name of credit union</b>		<b>Salary Expense</b>	<b>Occupancy Expense</b>	<b>Other Expenses</b>	<b>Operating Expenses</b>	<b>Expense Ratio (a)</b>
1	Buduchnist	0.70%	0.16%	0.74%	1.60%	63.8%
2	Ukrainian	1.18%	0.31%	0.86%	2.35%	83.8%
3	Carpathia	1.18%	0.35%	0.66%	2.19%	70.0%
4	CP Ukrainienne de Montreal	0.68%	0.15%	0.89%	1.71%	51.4%
5	So-Use	1.38%	0.40%	0.74%	2.52%	87.7%
6	North Winnipeg	1.54%	0.45%	0.95%	2.95%	90.6%
7	New Community	1.91%	0.25%	1.16%	3.32%	74.6%
8	United Ukrainian	1.13%	0.12%	1.04%	2.29%	89.1%
9	St. Mary's	1.63%	0.26%	0.78%	2.67%	96.9%
10	Ukrainian (St. Catharines)	1.67%	0.46%	0.81%	2.93%	88.2%
<b>Total 2007</b>		<b>1.05%</b>	<b>0.26%</b>	<b>0.80%</b>	<b>2.12%</b>	<b>73.4%</b>
<b>Total 2006</b>		<b>1.08%</b>	<b>0.25%</b>	<b>0.81%</b>	<b>2.14%</b>	<b>70.7%</b>
<b>Total 2005</b>		<b>1.13%</b>	<b>0.25%</b>	<b>0.82%</b>	<b>2.20%</b>	<b>72.7%</b>
<b>Total 2004</b>		<b>1.19%</b>	<b>0.26%</b>	<b>0.95%</b>	<b>2.39%</b>	<b>75.0%</b>
<b>Total 2003</b>		<b>1.25%</b>	<b>0.30%</b>	<b>0.90%</b>	<b>2.38%</b>	<b>72.8%</b>

## Profile Bob (Bohdan) Leshchyshen

**Bob (Bohdan) Leshchyshen's** analytical career has spanned more than 30 years with particular emphasis on the financial services sector and special situations.

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

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

Bob's Credit Union experience includes over 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 **Northwest & Ethical Investments LLP** (formerly The Ethical Funds Inc.), a mutual fund company owned by the Credit Union Centrals in Canada and the Desjardins Movement in Quebec.

He presently holds the position of Director of Corporate Development with CHF Investor Relations.

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

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