

# **UKRAINIAN CREDIT UNIONS IN CANADA**

## **2009 FINANCIAL RESULTS**

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## Economic Growth in Canada Slowed Down in 2009

In 2009, the Canadian economy experienced a significant decline of real gross domestic product (GDP) of 4.9% compared to growth of 4.6% in 2008. These recessionary economic conditions in 2009 resulted in a decline in semi-durables and non-durables expenditures of 1.0% compared to a growth of 4.9% in 2008, a decline in expenditures on durables of 3.7% compared to a growth of 0.5% in 2008 and a significant decline in investments in machinery and equipment of 15.9% compared to a small decline of 0.1% in 2008, while expenditures on services increased by 3.1% compared to 5.3% in 2008.

<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>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>	99,721	4.5%	249,221	5.0%	410,024	5.9%	93,240	10.0%
<b>2006</b>	106,032	6.3%	260,169	4.4%	435,541	6.2%	99,932	7.2%
<b>2007</b>	112,112	5.7%	273,359	5.1%	466,132	7.0%	101,068	1.1%
<b>2008</b>	112,694	0.5%	286,877	4.9%	490,780	5.3%	100,969	-0.1%
<b>2009</b>	108,513	-3.7%	284,113	-1.0%	506,102	3.1%	84,963	-15.9%
<b>10 yr Avg</b>		<b>3.5%</b>		<b>4.5%</b>		<b>5.4%</b>		<b>1.0%</b>
<b>2000-2009</b>								

*Source: Bank of Canada Banking and Financial Statistics June 2010*

Although there was a decline in GDP, consumer credit increased by 9.6% compared to 7.9% in the previous year and there was slower growth in residential mortgages (6.6% compared to 10.2% in 2008).

In 2009, there was a substantial decline in housing starts of 29.4% following a 7.6% decline in 2008. In the last five years, housing starts have either declined or increased marginally and have not recovered to the record achieved in 2004 of 233,400. The growth in the housing market in Canada was regionally dissimilar. Only one province had an increase in housing starts: Prince Edward Island (23.2%). The remaining provinces saw declines in housing starts ranging from 6.3% (Newfoundland & Labrador) to 53.2% (British Columbia).

<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>2000</b>	1,076,577	9.6%	152.4	1.9%	434,879	3.7%	198,854	11.9%
<b>2001</b>	1,108,048	2.9%	162.7	6.8%	461,636	6.2%	206,883	4.0%
<b>2002</b>	1,152,905	4.0%	205.0	26.0%	494,972	7.2%	225,029	8.8%
<b>2003</b>	1,213,175	5.2%	218.4	6.5%	538,796	8.9%	245,915	9.3%
<b>2004</b>	1,290,906	6.4%	233.4	6.9%	597,178	10.8%	274,967	11.8%
<b>2005</b>	1,373,845	6.4%	225.5	-3.4%	656,499	9.9%	307,161	11.7%
<b>2006</b>	1,450,405	5.6%	227.4	0.8%	725,084	10.4%	344,096	12.0%
<b>2007</b>	1,529,589	5.5%	228.3	0.4%	814,129	12.3%	378,051	9.9%
<b>2008</b>	1,599,608	4.6%	211.1	-7.6%	897,227	10.2%	408,056	7.9%
<b>2009</b>	1,527,258	-4.5%	149.1	-29.4%	956,559	6.6%	447,168	9.6%
<b>10 yr Avg</b> <b>2000-2009</b>		<b>4.6%</b>		<b>0.9%</b>		<b>8.6%</b>		<b>9.7%</b>

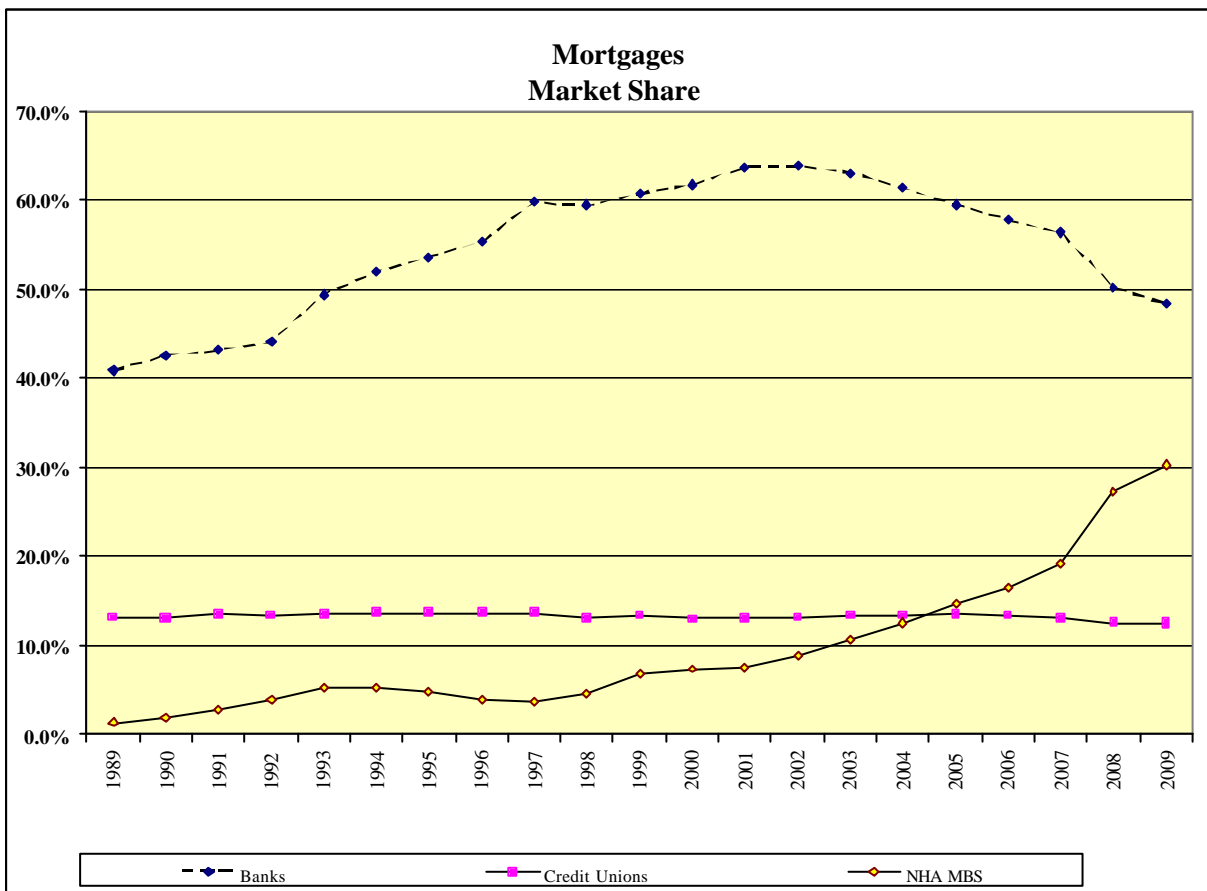
*Source: Bank of Canada Banking and Financial Statistics June 2010*

<b>Housing Starts</b>						<b>Yr/Yr %</b>	<b>5 year</b>
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Change</b>	<b>% growth</b>
Newfoundland & Labrador	2,498	2,234	2,649	3,261	3,057	<b>-6.3%</b>	2.4%
Prince Edward Island	862	738	750	712	877	23.2%	-0.2%
New Brunswick	3,959	4,085	4,242	4,274	3,521	<b>-17.6%</b>	-1.9%
Nova Scotia	4,775	4,896	4,750	3,982	3,438	<b>-13.7%</b>	-5.8%
Quebec	50,910	47,877	48,553	47,901	43,403	<b>-9.4%</b>	-5.6%
Ontario	78,795	73,417	68,123	75,076	50,370	<b>-32.9%</b>	-8.8%
Manitoba	4,731	5,028	5,738	5,537	4,174	<b>-24.6%</b>	-0.2%
Saskatchewan	3,437	3,715	6,007	6,828	3,866	<b>-43.4%</b>	6.2%
Alberta	40,847	48,962	48,336	29,164	20,298	<b>-30.4%</b>	-7.8%
British Columbia	34,667	36,443	39,195	34,321	16,077	<b>-53.2%</b>	-9.5%
<b>Canada</b>	<b>225,481</b>	<b>227,395</b>	<b>228,343</b>	<b>211,056</b>	<b>149,081</b>	<b>-29.4%</b>	<b>-7.8%</b>

*Source: Statistics Canada CANSIM table 027-0008 CMHC modified: April 26, 2010*

## Lending Activity – Residential Mortgages

The chartered banks continued to provide competition to credit unions, especially in the area where the credit unions have been the strongest in the past - residential mortgages - through a combination of direct lending, creation of mortgage back securities and securitization. The chartered banks market share of residential mortgages outstanding has steadily decreased from its peak in 2002 of 63.8% to 48.4% in 2009.

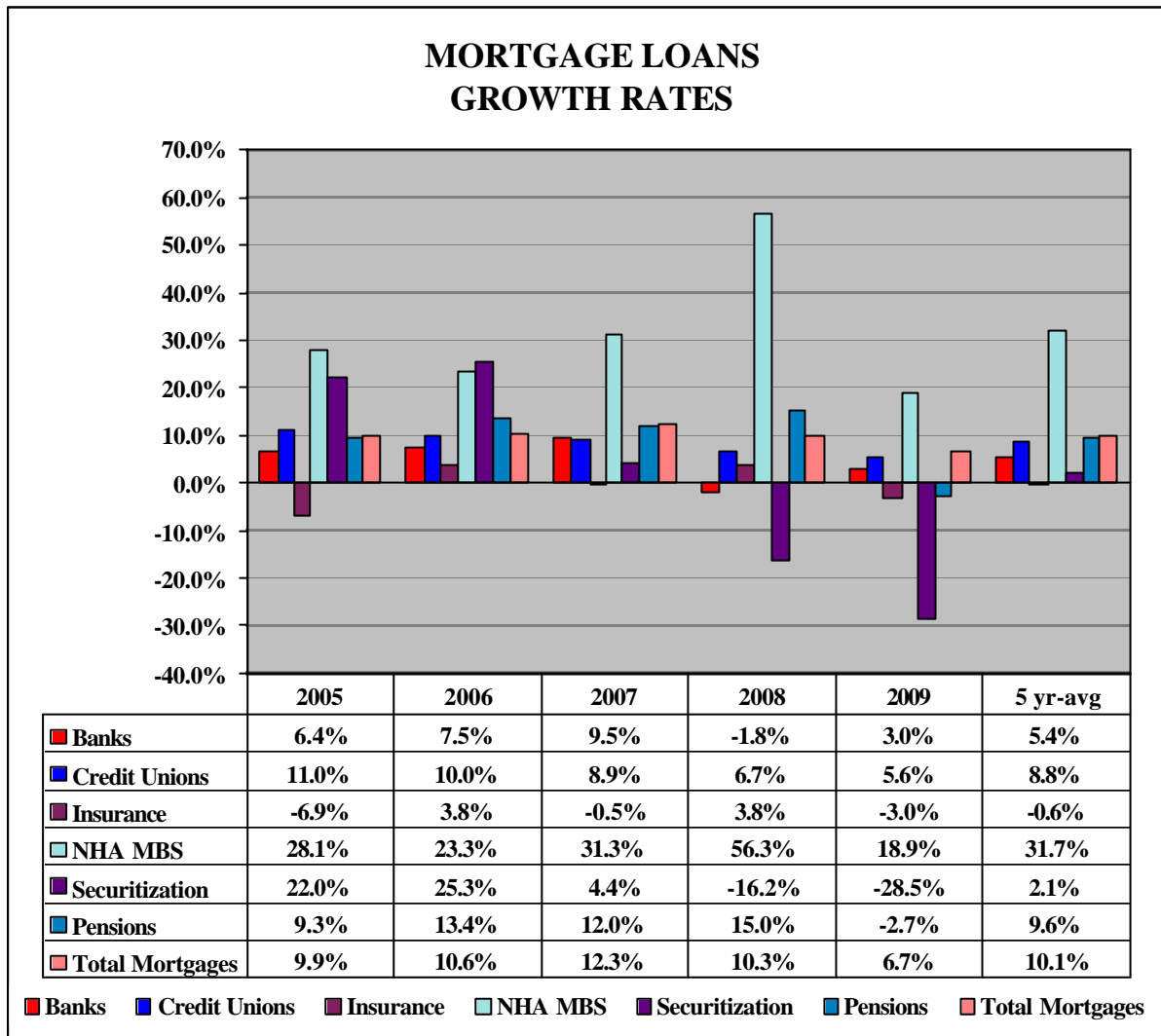


Source: Bank of Canada Banking and Financial Statistics June 2010

The mortgage industry in Canada saw residential mortgages outstanding grow by 6.7% in 2009 compared to 10.3% in the previous year. In the first quarter ending March 31, 2010, the total residential mortgages outstanding increased by 7.2% compared to the previous year.

The strongest growth of mortgage product has been NHA Mortgaged Backed Securities (“MBS”), with an average growth of 31.7% over the last 5 years. The market share has almost tripled from 10.6% in 2003 to 30.3% in 2009. The market share remained stable at 30.3% in the 1Q 2010. The trend towards retail investors seeking regular monthly income has resulting in more MBSs

being structured and sold by the chartered banks.

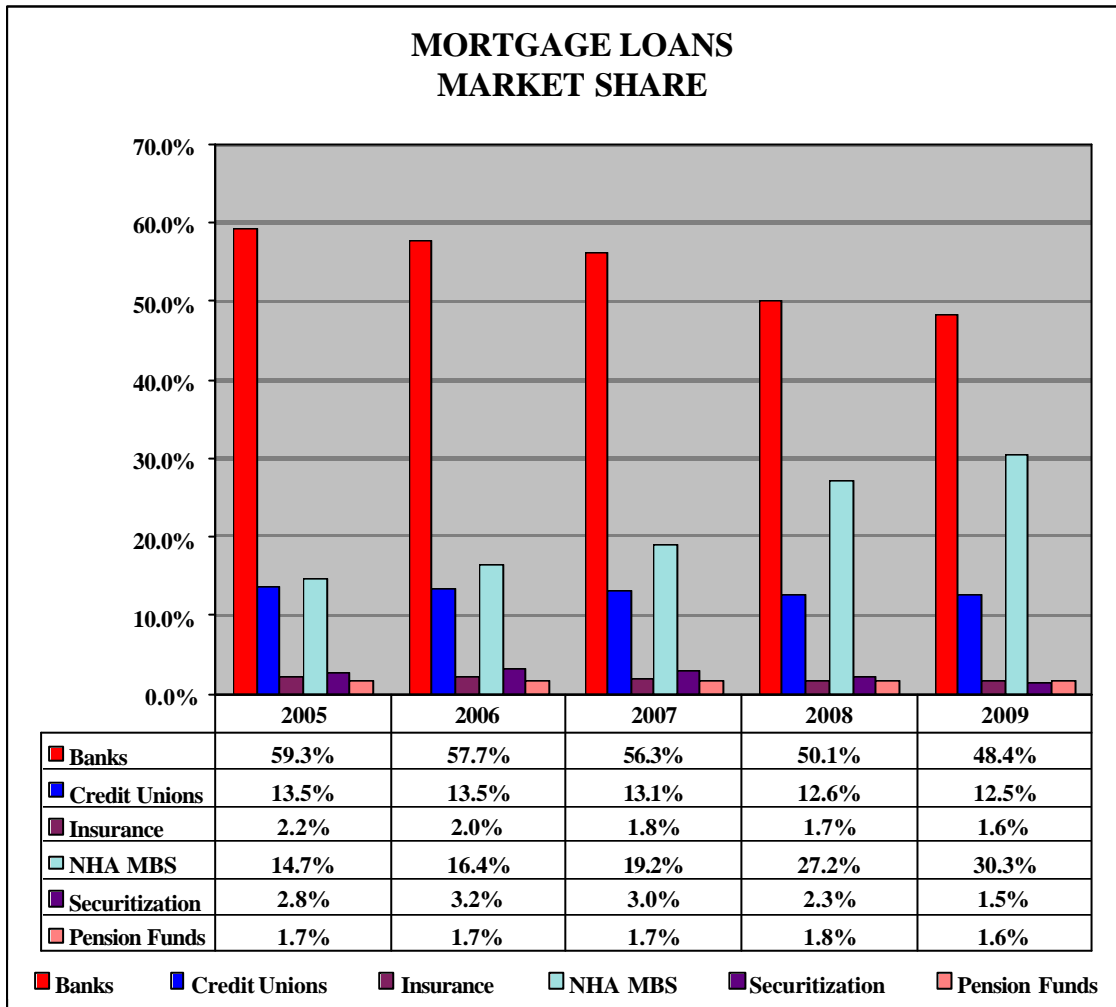


Source: Bank of Canada Banking and Financial Statistics June 2010

The credit union's residential mortgage market share has begun to erode and has decreased progressively in the last three years. The credit union's mortgage growth exceeded the growth experienced by the banks. The average 5 year growth rate for the credit union's mortgage portfolio was 8.8% compared to 5.4% for the chartered banks. However, NHA MBS five year average growth was 31.7%. In the first quarter 2010, the credit unions experienced 4.4% growth in mortgages while chartered banks saw their mortgage portfolios increase by 8.7% compared to the previous year.

The remaining players in the mortgage industry were insurance companies, pension funds and

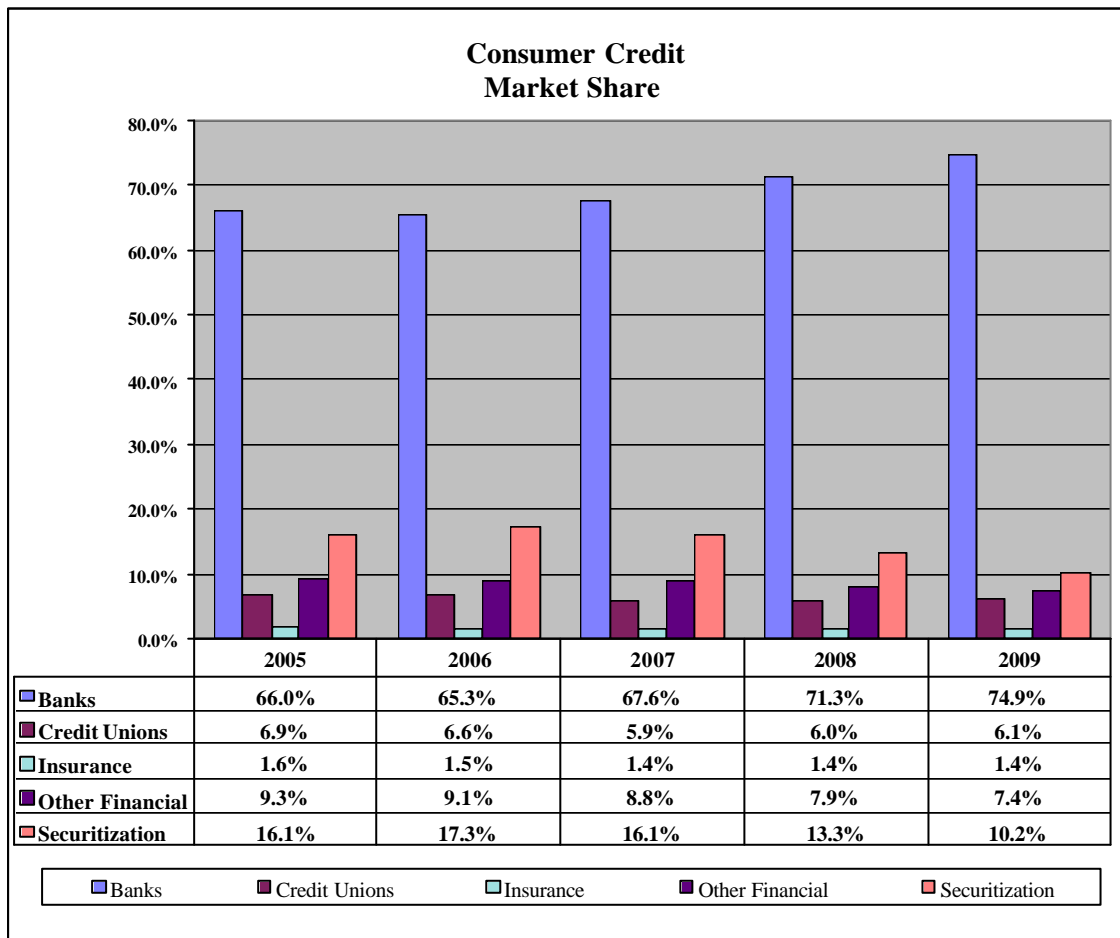
mortgage securitization funds, each of which all have marginal market shares (below 2.0%) and combined had a market share of 4.7%. Interestingly, the pension funds had above average growth in mortgages outstanding until 2009 when they saw a decline of 2.7%. The five year average growth was 9.6%, slightly better than the credit unions.



Source: Bank of Canada Banking and Financial Statistics June 2010

**Lending Activity – Consumer Credit**

The chartered banks continued to provide competition to credit unions in the area of consumer credit through a combination of direct lending and securitization. However, due to the credit crunch there has been less emphasis on securitization of consumer loans in the last two years. The chartered banks market share of consumer credit has increased over the last two years after declining in 2005 and 2006. The market share was at an all time high of 74.9% in 2009. In the first quarter of 2010, the Chartered bank’s market share increased to 75.3%.

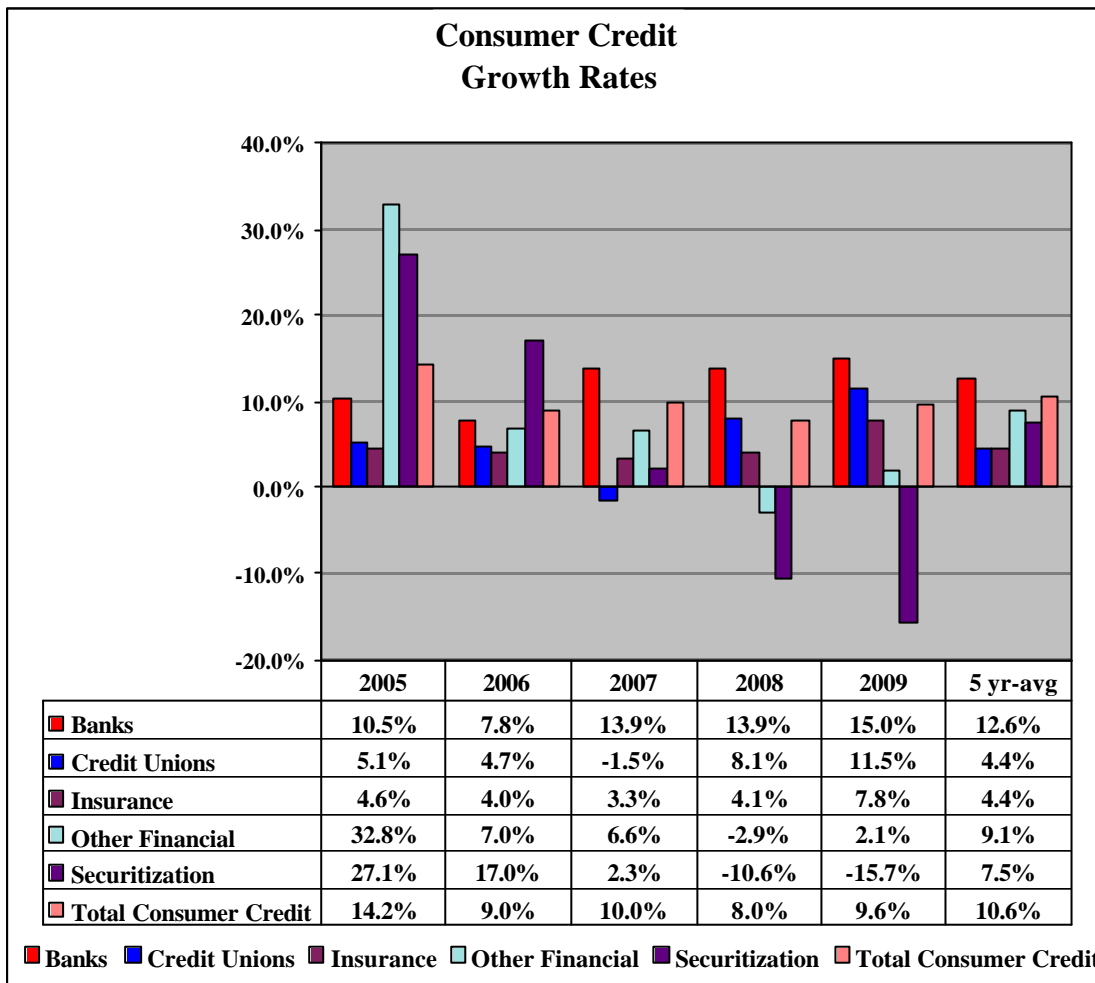


*Source: Bank of Canada Banking and Financial Statistics June 2010 Schedule E2*

The consumer credit industry in Canada saw consumer lending grow by 9.6% compared to 8.0% in the previous year. Consumer credit lending remained fairly strong in the 1Q 2010 and grew by 9.4% compared to the previous year.

The credit union’s consumer credit market share has been declining over the last 10 years. In 1999, the market share was 8.6% and hit a low of 5.9% in 2008 and has slowly inched up to 6.1%. The average growth rate over the last 5 years was 4.4% compared to 12.6% for the

chartered banks.



Source: Bank of Canada Banking and Financial Statistics June 2010 Schedule E2

Strong growth in securitization of consumer credit in 2005 and 2006 saw its market share peak at 17.3% in 2006. The economic crisis has had a major effect on securitization of consumer credit, resulting in growth of 2.3% in 2007 and major decline of 10.6% in 2008 and a further decline of 15.7% in 2009. In the first quarter of 2010, the securitized consumer loans declined by 15.3% compared to the previous year and now represent a market share of 9.7%.

Other financial institutions providing consumer credit as a group have seen their market share of consumer credit decline since 2005, when they had a market share of 9.3%. In the first quarter of 2009, the other financial institutions consumer credit increased by 2.2% and now represents a market share of 7.3%.



## Five Year Results of Ukrainian Credit Unions in Canada

The financial results of Ukrainian Credit Unions in Canada over the last five years have been mixed: asset quality has due to the recession has deteriorated slightly, capital levels although strong have decreased and return on equity and assets were adequate. The membership of the credit unions has continued to financially benefit by receiving significant dividends and patronage payments.

**Performance.** Return on equity was 8.0% compared to 7.4% in 2008. Ukrainian credit unions assets grew by 4.4% in 2009, more slowly compared to 7.9% growth in 2008 and 6.2% in 2007. In 2009, Canadian banks assets grew by 7.5% and the largest credit unions in Canada saw their assets grow by 6.5%. Due to a lower inflationary environment in Canada and low interest rates, deposits grew by 3.7% compared to 9.1% in the previous year. The Ukrainian Credit Union's net income before dividend and patronage payments increased by 12.3% to \$8.2 million from \$7.3 million, primarily due to decline in operating expenses as a percentage of average assets. The decline in operating expense ratio over the last few years has been experienced by the Canadian chartered banks and the largest credit unions in Canada. The Ukrainian Credit Unions paid 26.4% of their net income to their members by way of a dividend or a patronage refund totalling \$2.153 million compared to \$1.280 million in the previous year. These patronage dividends helped increase the capital of the credit unions by 8.6% to \$107.7 million representing 7.23% of the assets. The ratio of capital to assets has increased compared to the previous year.

The return on assets (ROA) increased to 0.56% in 2009, which was lower than the average level of the large Canadian banks at 0.98% and in line with the largest credit unions in Canada, which had an average ROA of 0.55%.

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 represented 15.7% of total net operating revenue compared to 16.1% in the previous year. Other income represented 37% of total revenue for the large Canadian banks and 29% of the total revenue 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 1.95% compared to 2.03% in the previous year. The Canadian chartered banks have reduced their operating expenses in the last two years. The large Canadian bank's operating expense ratio was 2.17% in 2009 compared to 2.33% in the previous year. The largest credit unions in Canada also reduced their operating expense ratio to 2.55% from 2.71% in the previous year. The operating expense to revenue (productivity ratio) decreased to 72.7% from 74.4% in the previous year. The productivity ratio is still higher

than the large Canadian banks, which had a productivity ratio of 53.2%, but lower than the largest Canadian credit unions, which had a productivity ratio of 76.8%.

**Asset Quality.** Overall the asset quality is still quite strong. The loan loss provision as a % of average assets decreased to 0.04% from 0.07% in 2008, which compares very favourably to the large Canadian banks, which had loan loss provision of 0.48% and large Canadian credit unions, which had a loan loss provision of 0.13%. The allowance for loan losses also decreased slightly to 0.27% of total loans from 0.29% in 2008, which again compares very favourably to the largest Canadian credit unions, which had an allowance for loan losses of 0.53%.

**Loan portfolio.** The Ukrainian Credit Unions have a strong concentration in lower risk residential mortgage lending which represents 64% of the loan portfolio, a small decrease from 65% in the previous year. However, commercial mortgage loans represented 26% of the loan portfolio with commercial mortgage loans growing by 10.9% compared to only 3.7% for residential mortgages. Business loans grew by 6.49% and personal loans remained stagnant. Providing secured loans to small businesses and self-employed individuals will ensure the future of Ukrainian credit unions, because these two groups of members have generally been ignored by and not well serviced by the chartered bank system in Canada. Two smallest Ukrainian credit unions experienced the largest loan growth. United Ukrainian CU saw its loan portfolio increase by 15.6% and New Community CU experienced a growth of 13.3% of its loan portfolio. Carpathia CU saw its loan portfolio grow by 13% and Buduchnist CU experienced a growth of 11.6% of its loan portfolio (a portion of which was due to merger with St. Mary's CU)

**Growth of membership.** Membership has continued to decline primarily due to:

- *Aging membership* - we estimate that approximately 400-500 members have passed away in each of the last three years.
- *Mergers* – St. Mary's CU agreed to merge with Buduchnist CU in 2009 and Ukrainian (St. Catharines) CU agreed to merge with Ukrainian Credit Union in 2008. These mergers required the acquiring credit unions to eliminate overlapping membership.
- *System upgrades* - Ukrainian credit union installed a new computer system, which resulted in the elimination of approximately 1,500 dormant non-active members.

**Asset Growth.** Ukrainian credit unions assets grew by 4.4% in 2009, more slowly compared to 7.9% growth in 2008 and 6.2% in 2007. Carpathia CU had the largest asset growth of 10.9%, followed by Buduchnist CU with growth of 8.6% (a portion of which was due to merger with St. Mary's CU) and North Winnipeg CU with growth of 8.1%. So-Use CU experienced a 4.7% decline in assets.

**Deposit growth.** The demographics of the membership and low interest rate environment have

affected the deposit growth in 2009. Only two 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. Carpathia CU had the largest deposit growth of 11.5%, followed by North Winnipeg CU with a growth rate of 8.3%.

Ukrainian Credit Unions in Canada						5 yr
	2005	2006	2007	2008	2009	Avg.
<b>Number of Credit Unions</b>	12	10	10	9	8	
<b>Members</b>	71,516	70,452	72,280	71,338	68,653	
<b>Growth rate</b>	-0.7%	-1.5%	2.6%	-1.3%	-3.8%	<b>-0.9%</b>
<b>Assets (\$Mils)</b>	\$1,179	\$1,245	\$1,322	\$1,427	\$1,490	
<b>Growth rate</b>	5.6%	5.6%	6.2%	7.9%	4.4%	<b>5.9%</b>
<b>Assets per member</b>	\$16,486	\$17,672	\$18,290	\$20,003	\$21,703	
<b>Growth rate</b>	6.4%	7.2%	3.5%	9.4%	8.5%	<b>7.0%</b>
<b>Loans (\$Mils)</b>	\$940	\$1,027	\$1,090	\$1,176	\$1,240	
<b>Growth rate</b>	8.5%	9.3%	6.1%	8.0%	5.4%	<b>7.4%</b>
<b>Allowance % loans</b>	0.28%	0.25%	0.23%	0.29%	0.27%	<b>0.26%</b>
<b>Deposits (\$Mils)</b>	\$1,075	\$1,101	\$1,195	\$1,304	\$1,352	
<b>Growth rate</b>	5.5%	2.4%	8.6%	9.1%	3.7%	<b>5.8%</b>
<b>Equity and Shares (\$Mils)</b>	\$86.7	\$91.9	\$97.1	\$99.2	\$107.7	
<b>Capital % assets</b>	7.35%	7.38%	7.34%	6.95%	7.23%	<b>7.25%</b>
<b>Net Income (\$Mils)</b>	\$7.8	\$8.3	\$7.7	\$7.3	\$8.2	
<b>Return on assets</b>	0.68%	0.68%	0.60%	0.53%	0.56%	<b>0.61%</b>
<b>Return on Equity</b>	9.8%	9.3%	8.1%	7.4%	8.0%	<b>8.5%</b>
<b>Net interest margin</b>	2.62%	2.60%	2.47%	2.28%	2.27%	<b>2.45%</b>
<b>Operating expense ratio</b>	2.20%	2.14%	2.12%	2.03%	1.95%	<b>2.09%</b>
<b>Loan loss ratio</b>	0.03%	0.04%	0.02%	0.07%	0.04%	<b>0.04%</b>
<b>Productivity ratio</b>	72.7%	70.7%	73.4%	74.4%	72.7%	<b>72.8%</b>
<b>Dividends/Patronage paid (\$Mils)</b>	\$2.623	\$2.711	\$2.559	\$1.280	\$2.153	
<b>% return to members</b>	28.4%	23.7%	21.9%	16.1%	26.3%	

## Brief Overview of the Ukrainian Credit Unions in Canada

**Buduchnist Credit Union** is the largest Ukrainian credit union in Canada, 14th largest credit union in Ontario and 48th largest in Canada based on asset size.

- Buduchnist CU spent \$1,243,868 or 16.9% of its operating expenses on promotions, donations and advertising compared to \$820,284 or 12.5% 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 Ukrainian community life in Canada.
- **Sponsorship of Youth** – funding for annual graduation of the students from Ukrainian heritage programs (“Matura”), [provided each student with \$100 towards a new graduate account, as well as commemorative, one-of-a-kind sterling silver trident pendant]; grade eight graduations at Ukrainian bilingual schools; St. Nicholas Day celebrations, sponsorship for Ukrainian Youth Associations- SUM and “Plast” [funding for two scout cabins at the Plastova Sich summer camp in Grafton, Ontario]. Buduchnist CU scholarship program provided four scholarships to university students recognizing both academic achievement and community involvement.
- **Sponsorship of culture** - funding for Kyiv Chamber Choir 2009 Canadian Tour; The performance of Solomiya Ivakiv and Marianna Kumetska at the Glenn Gould Studio; Golden Maple (Zolotyj Klen) Music Festival celebrating Canada day; Ukrainian Independence Day sponsored by the Ukrainian Canadian Congress (Toronto) held at Centennial Park; the Toronto Ukrainian Festival in Toronto’s Bloor West Village; the Mazeppa Commemorative Concert; Canadian Bandurist Capella; the 39<sup>th</sup> annual Ukrainian Music Festival ; the Christine Granger icon exhibit; and the St. Volodymyr Ukrainian Orthodox Cathedral “Expression of Art” show. Also supported wide array of cultural festivals like Carabram (Brampton), Carassauga (Mississauga). In addition supported the Hamilton Conservatory of Arts, the Tyrsa Ukrainian Dance School in Burlington and numerous Ukrainian golf tournaments held as fundraising events.
- **Community Development Support** – sponsors of “Share the Spirit Gala” in support of the St. Joseph’s Ukrainian Catholic Church Capital Campaign in Oakville; annual sponsorship of Ukrainian Canadian Social Services (Toronto) Community Lottery and St. Vladimir Institute “Casino Odessa” fundraiser.
- **Honouring the Past.** – promoting awareness about the Ukrainian Famine-Genocide by supporting Holodomor Education Week in Toronto; sponsor of the “Pier 21 project” undertaken by the League of Ukrainian Canadian Women [document the experiences of Ukrainian immigrants who passed through Pier 21 in Halifax upon first arriving in Canada after World War II] and the sponsor of the Canadian Archeological project

initiated by historian Volodymyr Mezentsev in the historic town of Baturyn, site of the renowned Hetman Roumovsky Palace.

- **Ties with Ukraine** – granted sponsorship funding to the Children of Chernobyl Canadian Fund; funding for UCC's Canadian election observer mission to Ukraine and participated in the CIDA funded "Ukraine Credit Union Strengthening Program".
- Total assets grew by \$37.5 million or 8.6% to \$472.7 million, which included approximately \$20 million of assets from the acquisition of St. Mary's Credit Union. Not including the acquisition, organic asset growth was 4.0%
- Buduchnist CU's net loan portfolio increased by 11.6% in 2009 to \$400.1 million primarily due to 17.2% increase in business loans and 14.4% increase in commercial mortgages. Buduchnist CU increased its allowance for impaired loans by 10% to \$780,954, which represented a respectable 0.19% of the loans outstanding. However, the actual loans written off increased to \$149,558 compared to \$94,417 in the previous year, an increase of 58.4%. Gross impaired loans increased substantially to \$1.123 million from \$160,810 in the previous year. Commercial mortgage loans now present 25% of the loan portfolio compared to 24% last year.
- Total deposits increased by 6.6% in 2009 compared to 9.4% in 2008 primarily due to a strong growth of 17.4% in demand deposits and 16.9% increase in registered plans, while term deposits declined by 0.9%.
- The membership grew by only 12.0% in 2009 compared to 1.6% in 2008, primarily due to the acquisition of St. Mary's Credit Union. Buduchnist had 114 members, who passed away in 2009 compared to 86 in the previous year.
- The net income before write-offs decreased by 1.7% to \$2.666 million in 2009, due to lower level of other income. The capital and retained earnings stood at \$40.9 million representing 8.65% of assets.
- Buduchnist CU introduced a patronage share program in 1997. The credit union made patronage and dividend payment of \$597,000 in 2009 representing 17% of its net income before taxes. Since, the introduction of the patronage program in 1997, Buduchnist has shared approximately \$7.7 million of its profits with its members.
- Buduchnist CU had a return on assets of 0.59% and return on equity of 6.9%. Buduchnist CU has mutual funds and securities under administration, which increased by 8% and now stands at \$76 million. (of which, \$12 million securitized residential mortgages). The mutual funds under administration increased by 37% to \$64 million.

- Buduchnist CU provided \$14.8 million of loans to its employees and directors which represent 3.7% of the total loan portfolio.

Buduchnist CU had a strong year in new lending activity:

- Buduchnist advanced 316 residential mortgages in 2009 for a total value of \$63.7 million, an increase of 9% in loan value (average loan size of \$201,700) compared to 288 loans and loan value of \$58.3 million (average loan size of \$202,400) in the previous year.
- Buduchnist issued 110 commercial loans and mortgages for a total value of \$32.6 million, an increase of 28% in loan value (average loan size of \$296,200) compared to 122 loans for a total of \$25.4 million (average loan size of \$207,900).
- Buduchnist provided 480 personal loans for a total value of \$5.2 million, a decrease of 15% in loan value compared to 529 loans for total value of \$6.1 million.
- Total loans of 906 were issued amounting to \$101.5 million, an increase of 13% in loan value compared to 939 loans amounting to \$89.8 million in the previous year.

**Ukrainian Credit Union** is the second largest Ukrainian credit union in Canada, 16th largest credit union in Ontario and 56th largest in Canada based on asset size.

- In 2009, Ukrainian CU spent a \$383,967 or 4.4% of its operating expenses on promotions, donations and advertising compared to \$454,694 or 5.7% of its operating expenses in the previous year. In 2009, 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 by \$13.4 million or 3.5% in 2009 to \$397.4 million.
- Ukrainian CU's loan portfolio increased by 2.0% in 2009 compared to 4.2% in the previous year and the total deposits increased by 3.0% in 2009 compared to 10.8% in 2008. Ukrainian CU decreased its allowance for impaired loans by 1.5% to \$608,000, which represented a respectable 0.19% of the loans outstanding. Ukrainian CU had gross impaired loans of \$3,793,000 in 2009 and increase of 206% compared to \$1,237,000 in 2008. Commercial mortgage loans now present 23% of the loan portfolio compared to

21% last year.

- The membership decreased by 14.1% in 2009 to 18,973 primarily due to the elimination of non-active members, which were uncovered during the computer conversion. Ukrainian has the largest branch network of any Ukrainian credit union in Canada. Ukrainian had 190 members, who passed away in 2009 compared to 186 in the previous year.
- Net income in 2009 increased by 7.7% to \$1,388,000, primarily due significant increase in other income of 74%. The capital and retained earnings increased by 15.2% and stood at \$24.6 million representing 6.19% of assets.
- Ukrainian CU has mutual funds and securities under administration remains at approximately \$26 million compared to \$28 million in the previous year.
- Ukrainian CU had a return on assets of 0.36% and return on equity of 6.0%. Ukrainian CU has 5 Toronto area-branches and 7 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 **ucublu<sup>TM</sup>** and **ucublu too<sup>TM</sup>** which respectively include high interest savings and free daily transaction accounts.

Ukrainian CU had a record year in new commercial lending activity:

- Ukrainian advanced 268 residential mortgages in 2009 for a total value of \$52.4 million (average loan size of \$195,600), a decrease of 13% in loan value compared to 292 loans and loan value of \$60.1 million (average loan size of \$205,800) in the previous year.
- Ukrainian issued 44 commercial loans and mortgages for a total value of \$19.8 million, an increase of 89% in loan value (average loan size of \$449,800), compared to 38 loans for a total of \$10.5 million (average loan size of \$276,000) in the previous year.
- Ukrainian provided 570 personal loans for a total value of \$18.2 million (average loan size of \$32,000), a decrease of 29% compared to 778 loans for total value of \$25.6 million (average loan size of \$32,900) in the previous year.
- Total loans of 882 were issued amounting to \$90.4 million, a decrease of 6% in loan value compared to 1,108 loans amounting to \$96.2 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>th</sup> largest credit union in Manitoba and the 75<sup>th</sup> largest credit union in



Canada.

- Carpathia CU provided over \$75,000 in donations and sponsorships, supporting and promoting various local events and organizations such as seven English Ukrainian Bilingual programs. Carpathia CU provided funding to Orlan, Romanetz, Rozmai, Rusalka, Triyanda and Veselka Ukrainian Dance Ensembles. Carpathia CU provided funding for musical production – “Strike! The Musical”, National Ukrainian Festival held in Dauphin, Manitoba, Folklorama’s Kyiv Pavilion and Ukrainian Cultural and Educational Centre Oseredok. Carpathia CU has sponsored a scholarship program and provided 4 scholarships to graduating Grade 12 students.
- Carpathia CU experienced strong asset growth and saw its assets increase 10.9% in 2009 to \$261.9 million compared to a similar increase of 10.9% in the previous year.
- The membership increased by 1.1% in 2009 to 12,426.
- Carpathia CU’s loan portfolio increased by 12.6% in 2009 compared to an increase of 13.1% in the previous year and total deposits increased by record 11.5% in 2009 compared to 11.8% in previous year. The strong loan growth was primarily due to a 27.3% increase in commercial mortgage loans. Carpathia CU decreased its allowance for impaired loans by 0.5% to \$691,000, which represented above average 0.30% of the loans outstanding. However, the actual loans written off increased to \$253,000 compared to \$179,000 in the previous year, an increase of 41.5%. Commercial mortgage loans now present 34% of the loan portfolio compared to 30% last year.
- The net income in 2009 increased by 3.8% to \$1,493,000 due primarily to a decrease in the operating cost margin from 2.11% in 2008 to 1.83% in 2009. The capital and retained earnings increased by 5.0% and stood at \$14.5 million representing 5.52% of assets.
- The credit union, which was one of the first Ukrainian credit union to introduce tax efficient patronage refunds, paid its thirteenth patronage refund and an additional dividend totalling \$444,000 to its members. From the beginning of its program, Carpathia CU has returned over \$8.1 million to its members in the form of dividends and patronage refunds.
- Carpathia CU has mutual funds under administration, which amounted to approximately \$14.5 million.
- Carpathia CU had a return on assets of 0.60% and return on equity of 10.6%. 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 2009 increased by over \$8 million for a total value in excess of \$117 million, an increase of 8% (an average loan size of some \$115,000) from the prior year.
- Commercial portfolio increased by over \$17 million to almost \$91 million, an increase of 23% from the prior year.

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

- The Caisse has provided over \$60,000 in donations and sponsorship supporting youth organizations, church organizations, Ukrainian schools, the Ukrainian festival and other community causes.
- The Caisse experienced asset growth of 2.7% to \$118.0 million compared to 4.2% growth in the previous year.
- The membership remained at approximately 4,000 members in 2009.
- The Caisse’s loan portfolio increased slightly by 0.8% in 2009 compared to an increase of 24% in the previous year and total deposits increased by record 1.3% in 2009 compared to 5.1% in previous year. The Caisse decreased its allowance for impaired loans by 6.5% to \$576,000, which represented above average 0.65% of the loans outstanding. The Caisse had gross impaired loans of \$450,000 in 2009 and increase of 2.5% compared to \$439,000 in 2008. Commercial mortgage loans now present 40% of the loan portfolio compared to 43% last year.
- Net income in 2009 increased by 75.4% to \$1,653,000, primarily due to an increase in the net interest margin and significant reduction in the loan loss provisions. The capital and retained earnings increased by 11.8% and stood at \$11.9 million representing a record high 10.10% of assets, making it the best capitalized Ukrainian credit union in Canada.
- In 2009, the Caisse paid out \$863,000 in member dividends to its members, representing a return of 52% of its net income. Since the beginning of its program, the Caisse has paid over \$7.9 million to its members in the form of such member dividends (ristournes).
- The Caisse had returns on assets and equity respectively of 1.42% and 14.6%, which represents the highest return on assets and return on equity of all the Ukrainian credit unions in Canada.

**North Winnipeg Credit Union**, which has been serving the Ukrainian Community in Manitoba for over 65 years, is now the fifth largest Ukrainian credit union in Canada; it overtook So-Use Credit Union. North Winnipeg CU continued to enhance its tradition of community service.

- In 2009, the credit union allocated over \$11,295 in support of community organizations, including educational, church and youth organizations. The larger sponsorships went to Oserodok Ukrainian Cultural and Educational Centre, Manitoba Council of the Ukrainian Canadian Congress, Knight of Columbus Ukrainian Catholic Youth Winter Games, Youth Ministry Archdiocese of Winnipeg, Osvita Foundation Inc. and the Taras Shevchenko Foundation. North Winnipeg CU has sponsored a scholarship program and provided seven scholarships to university and high school students totaling \$2,700.
- North Winnipeg CU saw its assets grow by 8.1% to \$72.9 million compared to growth of 11.7% in the previous year.
- North Winnipeg CU's loan portfolio increased by 6.9% in 2009 compared to 14.2% in the previous year, primarily due to strong residential mortgage lending growth of 14.0%. Total deposits increased by 8.2% in 2009 compared to 12.1% in the previous year. North Winnipeg CU increased its allowance for impaired loans to \$154,000, which represented 0.24% of the loans outstanding. However, the actual loans written off decreased to \$19,000 compared to \$57,000 in the previous year, a decrease of 66.1%. Commercial mortgage loans now present 21% of the loan portfolio compared to 20% last year.
- Net income declined by 39.5% to \$134,000 from \$222,000 in 2008, primarily due to reduced net interest margin (declined by \$116,000).
- North Winnipeg CU had a return on assets of 0.19% and return on equity of 3.8%.
- Members' equity stood at \$3.7 million representing 5.06% of assets. North Winnipeg introduced a Member Common Share Program allowing members to purchase up to \$5,000 in common shares of the credit union. The program began November 30, 2009 and will end on November 30, 2010. By December 31, 2009, membership shares increased by \$188,000 to \$893,000, an increase of 26.6%. At June 30, 2010, North Winnipeg Credit Union had met 95% of the target for share issuance.
- North Winnipeg has two branches, four ATMs, internet and telephone banking services.

**So-Use Credit Union** is now 6th largest Ukrainian credit union in Canada based on asset size.

- In 2009, So-Use CU spent \$63,874 or 3.4% of its operating expenses on promotions, donations and advertising compared to \$97,064 or 5.0% of its operating expenses in the previous year. So-Use CU continued its financial support for the community at large by donating to local Ukrainian schools, Churches (Orthodox and Catholic) along with their

affiliated organizations, dance and musical groups. As well, a yearly donation to help preserve the Ukrainian presence in the GTA was provided to the highly successful Boor West Village Ukrainian Festival. Financial support was also provided to the annual Expressions in Art Show and Sale and the popular Vesnivka Choir. Participation and donations toward the major golf tournaments help charitable groups continue their important work. So-Use CU continues to fund 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 4.7% decrease in its assets to \$72.3 million compared to a decrease of 1.9% in the previous year.
- The membership remained at approximately 5,446 members in 2009. So-Use had 46 members, who passed away in 2009 compared to 44 in the previous year.
- So-Use CU's loan portfolio decreased by 14.46% in 2009 compared to a decrease of 5.8% in the previous year and total deposits decreased by 5.2% in 2009 compared to a decrease of 0.5% in previous year. So-Use CU increased its allowance for impaired loans by 2.2% to \$415,000, which represented above average 0.79% of the loans outstanding. Commercial mortgage loans now present 20% of the loan portfolio compared to 18% in the previous year.
- So-Use returned to profitability and had net income to \$62,000 compared to a loss of \$42,800 in the previous year. The return to profitability was primarily due to an increase in net interest margin and other income combined with lower operating expenses.
- The credit union had an average return on assets of 0.09% and a return on equity of 1.1%.
- So-Use returned \$7,000 of dividends and interest on shares to its members in 2009, which represented 11.5% of its net income.
- Member's equity stood at \$5.8 million representing 8.05% 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 76 residential mortgages in 2009 for a total value of \$8.7 million, a decrease of 15% (average loan size of \$114,300) compared to 71 loans and loan value of \$10.2 million (average loan size of \$140,200) in the previous year.
- So-Use CU provided 48 personal loans for a total value of \$304,000 compared to 60 loans for total value of \$762,000.
- Total loans of 124 were issued amounting to \$9.0 million, a decrease of 18% compared to 131 loans amounting to \$10.9 million in the previous year.

**United Ukrainian Credit Union**, which has been serving the Ukrainian Community in Hamilton since 1976, when three credit unions amalgamated to form United Ukrainian. The three credit unions were St. Vladimir, Ukrainian (Hamilton) and Holy Ghost Parish. United Ukrainian is the eighth largest Ukrainian credit union in Canada,

- In 2009, the credit union allocated over \$17,100 in marketing, education and promotion support of community organizations, including educational, church and youth organizations.
- United Ukrainian CU saw its assets grow by 2.8% to \$37 million compared to growth of 7.5% in the previous year.
- United Ukrainian CU's loan portfolio increased by 15.0% in 2009 compared to 4.6% in the previous year, primarily due to strong commercial mortgage lending growth of 16.8%. Total deposits increased by 2.7% in 2009 compared to 7.5% in the previous year. United Ukrainian CU increased its allowance for impaired loans by 23.7% to \$152,000, which represented above average 0.53% of the loans outstanding. However, the actual loans written off decreased to \$4,000 compared to \$7,000 in the previous year, a decrease of 34.4%. United Ukrainian CU had gross impaired loans of \$436,000 in 2009 and compared to \$338,000 in 2008. Commercial mortgage loans now present 51% of the loan portfolio compared to 50% last year. In this percentage are residential investment properties.
- The credit union's membership reduced by 103 to 1,980, primarily due to the closure of dormant accounts and the elimination of non active members.
- Net income increased by 41.7% to \$263,000 from \$186,000 in 2008, primarily due to an increased net interest margin.
- United Ukrainian CU had a return on assets of 0.72% and return on equity of 11%.
- United Ukrainian CU paid a \$19,000 dividend in 2009 to its members representing 7.7% of its net income.
- Members' equity stood at \$2.2 million representing 6.74% of assets.

- United Ukrainian CU now has mutual funds under administration, which exceeded \$1 million.

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

- In 2009, the credit union allocated over \$11,700 in marketing, education and promotion support of community organizations, including educational, church and youth organizations.
- New Community CU saw its assets grow by 6.2% to \$57.9 million compared to growth of 35.3% in the previous year.
- New Community CU's loan portfolio increased by 13.3% in 2009 compared to 29.8% in the previous year, primarily due to strong residential mortgage lending growth of 17.1%. Total deposits increased by 6.0% in 2009 compared to 36.4% in the previous year. New Community CU increased its allowance for impaired loans by 2.4% to \$17,009, which represented a low 0.04% of the loans outstanding. New Community had a recovery on loans \$1,724 in 2009 compared to net loans write-off of \$18,647. Commercial mortgage loans now present 5% of the loan portfolio compared to 6% last year.
- The membership remained at approximately 2,187 members.
- Net income increased by 8.8% to \$513,000 from \$472,000 in 2008, primarily due to an increase in other income.
- New Community CU had a return on assets of 0.91% and return on equity of 14.2%.
- New Community CU paid a \$65,000 patronage dividend in 2009 compared to \$76,000 in the previous year. The patronage dividend in 2009 to its members representing 12.7% of its net income.
- Members' equity stood at \$3.9 million representing 6.65% of assets.
- New Community CU now has mutual funds under administration, which exceeded \$7.0 million.

## 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 0.59% (Carpathia CU) to a high of 4.32% (United Ukrainian located in Hamilton). Two credit unions did not disclose the level of restricted loans in their statements. The average ratio for the 6 credit unions which disclosed the loans held by restricted parties was 1.76% of the total loans outstanding (See schedule below).

<b>Schedule 9 Director &amp; Employee Loans</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2009</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	400,077	14,792	3.70%
2	Ukrainian	Toronto	324,578	2,212	0.68%
3	Carpathia	Winnipeg	232,123	1,362	0.59%
4	CP Ukrainienne de Montreal	Montreal	88,693	0	0.00%
5	North Winnipeg	Winnipeg	63,551	1,911	3.01%
6	So-Use	Toronto	52,274	1,020	1.95%
7	New Community	Saskatoon	46,615	0	0.00%
8	United Ukrainian	Hamilton	28,224	1,219	4.32%
<b>Total</b>			<b>1,236,135</b>	<b>22,516</b>	<b>1.76%</b>
<b>Growth % Year over Year</b>			<b>5.4%</b>	<b>-10.6%</b>	
<b>Total 2008</b>			<b>1,172,961</b>	<b>25,186</b>	<b>2.41%</b>
<b>Growth % Year over Year</b>			<b>7.9%</b>	<b>17.8%</b>	
<b>Total 2007</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 (fees & costs) paid to members of the board of directors ranged from \$nil to \$63,349 (Carpathia Credit Union with its head office located in Winnipeg). The average remuneration per director for seven (7) credit unions which disclosed this information was \$3,369 per director. The director fees and costs per director ranged from \$nil to as high as \$7,039. (See schedule below)

<b>Schedule 10 Director Fees</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA</b>				
<b>Name of credit union</b>	<b>Operating Expenses (000's)</b>	<b>Directors Fees &amp; Costs</b>	<b>Directors fees/ Operating Expenses %</b>	<b>Number of Directors</b>	<b>Avg. Director Fee/ Director</b>	
1 Buduchnist	\$7,358	\$29,820	0.41%	7	\$4,260	
2 Ukrainian	\$8,671	\$44,300	0.51%	9	\$4,922	
3 Carpathia	\$4,557	\$63,349	1.39%	9	\$7,039	
4 CP Ukrainienne de Montreal	\$1,954	n/a	n/a	0	n/a	
5 North Winnipeg	\$1,651	\$19,245	1.17%	9	\$2,138	
6 So-Use	\$1,892	\$16,749	0.89%	9	\$1,861	
7 New Community	\$1,311	\$16,007	1.22%	9	\$1,779	
8 United Ukrainian	\$818	\$16,047	1.96%	9	\$1,783	
<b>Total</b>	<b>\$28,213</b>	<b>\$205,517</b>	<b>0.78%</b>	<b>61</b>	<b>\$3,369</b>	
<b>Growth % Year over Year</b>	<b>1.5%</b>	<b>-19.9%</b>			<b>-6.7%</b>	
<b>Total 2008</b>	<b>\$27,793</b>	<b>\$256,490</b>	<b>1.05%</b>	<b>71</b>	<b>\$3,613</b>	
<b>Growth % Year over Year</b>	<b>2.3%</b>	<b>-7.4%</b>			<b>4.3%</b>	
<b>Total 2007</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 2006</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>3.5%</b>	<b>8.3%</b>			<b>8.3%</b>	
<b>Total 2005</b>	<b>\$24,992</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. Subject to membership approval, So-Use Credit Union has agreed to a merger with Ukrainian Credit Union, which will take effect on October 31, 2010. After this merger there will be only seven Ukrainian credit unions in Canada.

The Ukrainian credit unions experienced slower lending growth in all sectors - residential mortgages increased by 3.7% compared to 11.85% in the previous year, commercial mortgages increased by 10.9% compared to 16.7% in the previous year, consumer loans increased by 0.2% compared to 52.9% in the previous year. This slower growth may be in reaction to the recessionary forces which Canada had been experiencing in 2009. 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. The new federal legislation allowing federally chartered credit unions may be the solution to expanding credit union services to Ukrainian communities in other cities that presently have no hope of receiving these services.

<b>Schedule 1</b>						
<b>UKRAINIAN CREDIT UNIONS IN CANADA</b>						
<b>as at December 31, 2009</b>						
<b>Asset Growth &amp; Profitability</b>		<b>Assets</b>	<b>Asset Growth</b>	<b>Net Income *</b>	<b>Return on Assets</b>	<b>Return on Equity</b>
<b>Name of credit union</b>	<b>Members</b>	<b>(\$Mils)</b>	<b>%</b>	<b>(\$000's)</b>	<b>%</b>	<b>%</b>
1 Buduchnist	20,272	\$472.7	8.6%	\$2,666	0.59%	6.9%
2 Ukrainian	18,973	\$397	3.5%	\$1,388	0.36%	6.0%
3 Carpathia	12,426	\$262	10.9%	\$1,493	0.60%	10.6%
4 CP Ukrainienne de Montreal	4,000	\$118	2.7%	\$1,653	1.42%	14.6%
5 North Winnipeg	3,369	\$73	8.1%	\$134	0.19%	3.8%
6 So-Use	5,446	\$72	-4.7%	\$62	0.08%	1.1%
7 New Community	2,187	\$58	6.2%	\$513	0.91%	14.2%
8 United Ukrainian	1,980	\$37	2.8%	\$263	0.72%	11.0%
	<b>68,653</b>	<b>\$1,490</b>	<b>4.4%</b>	<b>\$8,172</b>	<b>0.56%</b>	<b>8.0%</b>
<b>Growth % Year over Year</b>	-3.8%			12.5%		
<b>Total 2008</b>	71,338	\$1,427	7.9%	\$7,266	0.53%	7.4%
<b>Growth % Year over Year</b>	-1.3%			-5.1%		
<b>Total 2007</b>	72,280	\$1,322	6.2%	\$7,656	0.60%	8.1%
<b>Growth % Year over Year</b>	3.3%			-6.3%		
<b>Total 2006</b>	69,984	\$1,245	6.5%	\$8,169	0.68%	9.2%
<b>Growth % Year over Year</b>	-2.1%			4.2%		
<b>Total 2005</b>	71,516	\$1,179	5.5%	\$7,841	0.68%	9.8%
<b>Growth % Year over Year</b>	0.2%			54.6%		
<b>Total 2004</b>	71,392	\$1,117	7.5%	\$5,072	0.47%	6.4%
<b>Growth % Year over Year</b>	3.1%			-21.6%		

\* 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, 2009</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	\$40,879	8.65%	12.8%	\$597	22.4%	
2 Ukrainian	\$24,590	6.19%	15.2%	\$157	11.3%	
3 Carpathia	\$14,463	5.52%	5.0%	\$444	29.7%	
4 CP Ukrainienne de Montreal	\$11,916	10.10%	11.8%	\$863	52.2%	
5 North Winnipeg	\$3,694	5.06%	8.6%	\$1	0.4%	
6 So-Use	\$5,819	8.05%	1.1%	\$7	11.5%	
7 New Community	\$3,853	6.65%	15.0%	\$65	12.7%	
8 United Ukrainian	\$2,492	6.74%	9.8%	\$19	7.1%	
<b>Total</b>	<b>\$107,707</b>	<b>7.23%</b>	<b>11.3%</b>	<b>\$2,153</b>	<b>26.4%</b>	
<b>Total 2008</b>	<b>\$99,189</b>	<b>6.95%</b>	<b>3.2%</b>	<b>\$1,280</b>	<b>16.1%</b>	
<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>Total 2006</b>	<b>\$91,895</b>	<b>7.38%</b>	<b>6.0%</b>	<b>\$2,620</b>	<b>23.7%</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>Total 2004</b>	<b>\$81,202</b>	<b>7.27%</b>	<b>6.3%</b>	<b>\$1,981</b>	<b>n/a</b>	

<b>Schedule 3</b>						
<b>UKRAINIAN CREDIT UNIONS IN CANADA</b>						
<b>Loan Portfolio</b>						
<b>as at December 31, 2009</b>						
<b>Name of credit union</b>	<b>Residential</b>		<b>Commercial</b>		<b>Total Loans (\$000's)</b>	<b>Allowance/Loans %</b>
	<b>Mortgage Loans (\$000's)</b>	<b>Mortgage Loans (\$000's)</b>	<b>Consumer Loans (\$000's)</b>	<b>Business Loans (\$000's)</b>		
1 Buduchnist	\$267,540	\$98,955	\$10,306	\$24,057	\$400,858	0.19%
2 Ukrainian	\$240,564	\$73,499	\$11,123	\$0	\$325,187	0.19%
3 Carpathia	\$117,123	\$79,579	\$24,720	\$11,390	\$232,813	0.30%
4 CP Ukrainienne de Montreal	\$40,439	\$35,525	\$13,304	\$0	\$89,268	0.65%
5 North Winnipeg	\$41,621	\$13,289	\$6,887	\$1,909	\$63,705	0.24%
6 So-Use	\$40,505	\$10,643	\$913	\$627	\$52,689	0.79%
7 New Community	\$37,667	\$2,224	\$6,741	\$0	\$46,633	0.04%
8 United Ukrainian	\$12,744	\$14,508	\$1,123	\$0	\$28,376	0.53%
<b>Total</b>	<b>\$798,205</b>	<b>\$328,223</b>	<b>\$75,118</b>	<b>\$37,982</b>	<b>\$1,239,528</b>	<b>0.27%</b>
<b>Growth % Year over Year</b>	<b>3.7%</b>	<b>10.9%</b>	<b>0.2%</b>	<b>6.4%</b>	<b>5.4%</b>	
<i>Mix of loans %</i>	64%	26%	6%	3%	100%	
<b>Total 2008</b>	<b>\$769,625</b>	<b>\$295,952</b>	<b>\$74,986</b>	<b>\$35,710</b>	<b>\$1,176,273</b>	<b>0.29%</b>
<b>Growth % Year over Year</b>	<b>11.8%</b>	<b>16.7%</b>	<b>41.8%</b>	<b>52.9%</b>	<b>8.0%</b>	
<i>Mix of loans %</i>	65%	25%	6%	3%	100%	
<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>10.8%</b>	<b>5.6%</b>	<b>-31.9%</b>	<b>15.4%</b>	<b>6.1%</b>	
<i>Mix of loans %</i>	63%	23%	5%	2%	100%	
<b>Total 2006</b>	<b>\$621,296</b>	<b>\$240,122</b>	<b>\$77,632</b>	<b>\$20,234</b>	<b>\$1,027,250</b>	<b>0.25%</b>
<b>Growth % Year over Year</b>	<b>10.5%</b>	<b>10.7%</b>	<b>-0.8%</b>	<b>-11.8%</b>	<b>9.3%</b>	
<i>Mix of loans %</i>	60%	23%	8%	2%	100%	
<b>Total 2005</b>	<b>\$562,436</b>	<b>\$216,954</b>	<b>\$78,235</b>	<b>\$22,948</b>	<b>\$939,731</b>	<b>0.28%</b>
<b>Growth % Year over Year</b>	<b>7.4%</b>	<b>6.7%</b>	<b>6.1%</b>	<b>20.3%</b>	<b>8.4%</b>	
<i>Mix of loans %</i>	60%	23%	8%	2%	100%	
<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>	
<i>Mix of loans %</i>	60%	23%	9%	2%	100%	

<b>Schedule 4</b>					
<b>UKRAINIAN CREDIT UNIONS IN CANADA</b>					
<b>Deposit Portfolio</b>					
<b>as at December 31, 2009</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	\$10,040	\$136,663	\$226,824	\$53,713	\$417,201
2 Ukrainian	\$0	\$132,930	\$174,413	\$60,645	\$367,988
3 Carpathia	\$0	\$91,408	\$98,585	\$53,442	\$243,435
4 CP Ukrainienne de Montreal	\$1,553	\$35,816	\$66,370	\$0	\$102,186
5 North Winnipeg	\$0	\$19,342	\$37,850	\$10,896	\$68,088
6 So-Use	\$0	\$27,281	\$25,703	\$12,045	\$65,030
7 New Community	\$0	\$17,832	\$29,832	\$6,255	\$53,918
8 United Ukrainian	\$0	\$12,612	\$14,805	\$6,760	\$34,178
<b>Total</b>	<b>\$11,593</b>	<b>\$473,883</b>	<b>\$674,382</b>	<b>\$203,757</b>	<b>\$1,352,022</b>
<b>Growth % Year over Year</b>	<b>444%</b>	<b>17.1%</b>	<b>1.2%</b>	<b>12.3%</b>	<b>3.7%</b>
<i>Mix of deposits</i>		35%	50%	15%	
<b>Total 2008</b>	<b>\$2,132</b>	<b>\$404,852</b>	<b>\$666,631</b>	<b>\$181,453</b>	<b>\$1,303,818</b>
<b>Growth % Year over Year</b>	<b>-71%</b>	<b>16.4%</b>	<b>-1.5%</b>	<b>6.7%</b>	<b>9.1%</b>
<i>Mix of deposits</i>		34%	55%	15%	
<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>-78%</b>	<b>3.8%</b>	<b>13.2%</b>	<b>5.4%</b>	<b>9.2%</b>
<i>Mix of deposits &amp; borrowings</i>		29%	57%	14%	
<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>		31%	55%	15%	
<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>		33%	52%	15%	
<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>		33%	52%	15%	

<b>Schedule 5 Operating results</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2009 As a % of Average Assets</b>			
<b>Name of credit union</b>	<b>Net</b>				
	<b>Interest Margin</b>	<b>Other Income</b>	<b>Operating Income</b>	<b>Operating Expenses</b>	
1 Buduchnist	2.17%	0.24%	2.41%	1.62%	
2 Ukrainian	2.19%	0.50%	2.68%	2.22%	
3 Carpathia	2.16%	0.45%	2.61%	1.83%	
4 CP Ukrainienne de Montreal	2.92%	0.48%	3.40%	1.68%	
5 North Winnipeg	2.04%	0.64%	2.68%	2.35%	
6 So-Use	2.32%	0.33%	2.66%	2.55%	
7 New Community	2.47%	0.94%	3.41%	2.33%	
8 United Ukrainian	2.93%	0.26%	3.19%	2.24%	
<b>Total</b>	<b>2.27%</b>	<b>0.42%</b>	<b>2.68%</b>	<b>1.95%</b>	
<b>Total 2008</b>	<b>2.28%</b>	<b>0.44%</b>	<b>2.73%</b>	<b>2.03%</b>	
<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>2.61%</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>(\$000s)</b>	<b>(\$000s)</b>	<b>(\$000s)</b>	<b>(\$000s)</b>	
1 Buduchnist	\$9,856	\$1,075	\$10,931	\$7,358	
2 Ukrainian	\$8,542	\$1,936	\$10,478	\$8,671	
3 Carpathia	\$5,374	\$1,113	\$6,486	\$4,557	
4 CP Ukrainienne de Montreal	\$3,400	\$559	\$3,959	\$1,954	
5 North Winnipeg	\$1,432	\$451	\$1,883	\$1,651	
6 So-Use	\$1,721	\$247	\$1,968	\$1,892	
7 New Community	\$1,388	\$530	\$1,918	\$1,311	
8 United Ukrainian	\$1,069	\$95	\$1,164	\$818	
<b>Total</b>	<b>\$32,781</b>	<b>\$6,006</b>	<b>\$38,787</b>	<b>\$28,213</b>	
<b>Growth % Year over Year</b>	4.9%	-1.3%	3.9%	1.5%	
<b>Total 2008</b>	<b>\$31,245</b>	<b>\$6,087</b>	<b>\$37,331</b>	<b>\$27,793</b>	

<b>Schedule 6 Operating results</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2009 As a % of Average Assets</b>			
<b>Name of credit union</b>	<b>Net Income</b>	<b>Provision</b>	<b>Income Taxes</b>	<b>Net income</b>	
	<b>Before loan losses</b>	<b>for Loan Losses</b>			
1 Buduchnist	0.79%	0.02%	0.18%	0.59%	
2 Ukrainian	0.46%	0.05%	0.05%	0.36%	
3 Carpathia	0.77%	0.10%	0.07%	0.60%	
4 CP Ukrainienne de Montreal	1.72%	-0.03%	0.33%	1.42%	
5 North Winnipeg	0.33%	0.11%	0.03%	0.19%	
6 So-Use	0.10%	0.02%	0.00%	0.08%	
7 New Community	1.08%	0.00%	0.17%	0.91%	
8 United Ukrainian	0.95%	0.09%	0.13%	0.72%	
<b>Total</b>	<b>0.73%</b>	<b>0.04%</b>	<b>0.12%</b>	<b>0.56%</b>	
<b>Total 2008</b>	<b>0.70%</b>	<b>0.07%</b>	<b>0.10%</b>	<b>0.53%</b>	
<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>(\$000s)</b>	<b>(\$000s)</b>	<b>(\$000s)</b>	<b>(\$000s)</b>	
1 Buduchnist	3572	105	801	2666	
2 Ukrainian	1806	203	215	1388	
3 Carpathia	1929	250	187	1493	
4 CP Ukrainienne de Montreal	2005	(35)	387	1653	
5 North Winnipeg	232	77	21	134	
6 So-Use	76	12	2	62	
7 New Community	607	(1)	96	513	
8 United Ukrainian	346	34	49	263	
<b>Total</b>	<b>\$10,574</b>	<b>\$646</b>	<b>\$1,757</b>	<b>\$8,172</b>	
<b>Growth % Year over Year</b>	<b>10.9%</b>	<b>-32.8%</b>	<b>33.8%</b>	<b>12.5%</b>	
<b>Total 2008</b>	<b>\$9,539</b>	<b>\$960</b>	<b>\$1,313</b>	<b>\$7,266</b>	

<b>Schedule 7 Operating results</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2009 As a % of Average Assets</b>			
		<b>Net</b>			
<b>Name of credit union</b>	<b>Net Income*</b>	<b>Dividends &amp; Patronage</b>	<b>ABCP Writeoff</b>	<b>Net Income</b>	
1 Buduchnist	0.59%	0.13%	-0.07%	0.52%	
2 Ukrainian	0.36%	0.04%	0.00%	0.32%	
3 Carpathia	0.60%	0.18%	0.00%	0.42%	
4 CP Ukrainienne de Montreal	1.42%	0.74%	0.00%	0.86%	
5 North Winnipeg	0.19%	0.00%	0.00%	0.19%	
6 So-Use	0.08%	0.01%	0.00%	0.07%	
7 New Community	0.91%	0.12%	0.00%	0.80%	
8 United Ukrainian	0.72%	0.05%	0.00%	0.67%	
<b>Total</b>	<b>0.56%</b>	<b>0.15%</b>	<b>-0.02%</b>	<b>0.45%</b>	
	<b>(\$000s)</b>	<b>(\$000s)</b>	<b>(\$000s)</b>	<b>(\$000s)</b>	
1 Buduchnist	2,666	597	(319)	2,356	
2 Ukrainian	1,388	157	0	1,240	
3 Carpathia	1,493	444	0	1,054	
4 CP Ukrainienne de Montreal	1,653	863	0	1,003	
5 North Winnipeg	134	1	0	134	
6 So-Use	62	7	0	55	
7 New Community	513	65	0	448	
8 United Ukrainian	263	19	0	244	
<b>Total</b>	<b>\$8,172</b>	<b>\$2,153</b>	<b>(\$319)</b>	<b>\$6,534</b>	
<i>* net income before distributions to members and extraordinary writeoffs</i>					



<b>Schedule 8</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA</b>				
<b>Expense Analysis</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	0.74%	0.15%	0.73%	1.62%	67.3%
2	Ukrainian	1.18%	0.31%	0.73%	2.22%	82.8%
3	Carpathia	0.89%	0.29%	0.65%	1.83%	70.3%
4	CP Ukrainienne de Montreal	0.70%	0.13%	0.85%	1.68%	49.4%
5	North Winnipeg	1.14%	0.41%	0.79%	2.35%	87.7%
6	So-Use	1.42%	0.42%	0.70%	2.55%	96.1%
7	New Community	1.28%	0.17%	0.87%	2.33%	68.3%
8	United Ukrainian	1.16%	0.14%	0.94%	2.24%	70.3%
<b>Total</b>		<b>0.97%</b>	<b>0.24%</b>	<b>0.74%</b>	<b>1.95%</b>	<b>72.7%</b>
<b>Total 2008</b>		<b>1.03%</b>	<b>0.25%</b>	<b>0.75%</b>	<b>2.03%</b>	<b>74.4%</b>
<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>Schedule 11</b>		<b>UKRAINIAN CREDIT UNIONS IN CANADA</b>					
<b>Branch, Member &amp; Employee averages</b>		<b>as at December 31, 2009</b>					
<b>Name of credit union</b>		<b>Branches</b>	<b>Deposits/ Branch (\$Mils)</b>	<b>Members</b>	<b>Assets/ Member</b>	<b>Number of Employees</b>	<b>Average Compensation /Employee</b>
1	Buduchnist	9	\$46.4	20,272	\$23,317	70	\$48,231
2	Ukrainian	11	\$33.5	18,973	\$20,943	75	\$62,114
3	Carpathia	3	\$81.1	12,426	\$21,077	50	\$44,429
4	CP Ukrainienne de Montreal	1	\$102.2	4,000	\$29,505	12	\$67,789
5	North Winnipeg	2	\$34.0	3,369	\$21,651	16	\$50,216
6	So-Use	2	\$32.5	5,446	\$13,276	18	\$58,664
7	New Community	1	\$53.9	2,187	\$26,496	13	\$55,514
8	United Ukrainian	1	\$34.2	1,980	\$18,688	7	\$60,467
<b>Total</b>		<b>30</b>	<b>\$45.1</b>	<b>68,653</b>	<b>\$21,706</b>	<b>261</b>	<b>\$53,908</b>
<b>Growth % Year over Year</b>		<b>7.1%</b>	<b>-3.3%</b>	<b>-3.8%</b>	<b>8.5%</b>	<b>-4.9%</b>	<b>4.3%</b>
<b>Total 2008</b>		<b>28</b>	<b>\$46.6</b>	<b>71,338</b>	<b>\$20,007</b>	<b>274</b>	<b>\$51,695</b>
<b>Growth % Year over Year</b>		<b>-3.4%</b>	<b>13.1%</b>	<b>-1.3%</b>	<b>9.4%</b>	<b>-1.1%</b>	<b>6.0%</b>
<b>Total 2007</b>		<b>29</b>	<b>\$41.2</b>	<b>72,280</b>	<b>\$18,284</b>	<b>277</b>	<b>\$48,779</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.

**For further information and previous reports, please visit:**

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