

UKRAINIAN CREDIT UNIONS IN CANADA

2012 FINANCIAL RESULTS

By Bohdan Leshchyshen, MBA, CFA

August 2013

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 as measured by allowance as a % of loans and loan loss provision has improved primarily due to a continued lower interest rate environment. Ukrainian credit unions have endeavoured to provide loans using a lower loan to value ratio than the maximum of 80% which has helped reduce the loan loss ratio. Capital to assets ratio in 2012 has declined to 7.40% compared to the record level of 7.59% in the previous year. The return on assets and the return of equity declined slightly in 2012 compared to 2011. The membership has decreased again in 2012. The membership totalled 68,132 and is far from the record level of 72,280, which was achieved in 2007. The members of the Ukrainian credit unions have continued to financially benefit by receiving significant dividends and patronage payments, which totalled 2.035 million in 2012.

Performance. Return on equity was 8.1% compared to 8.5% in 2011. Ukrainian credit unions assets significantly grew by 8.0% in 2012 compare to record growth of 5.0% in 2011. In 2012, the largest credit unions in Canada saw their assets grow by 8.1% compared to 8.8% in 2011. Ukrainian Credit Union's total deposits grew by 6.0% compared to a growth of 5.1% in the previous year. Due to low interest rates, demand deposits grew by only 0.7% while Registered Plans (RRSP and RRIF deposits) increased by 13.3% and term deposits grew by 7.1%.

The Ukrainian Credit Union's net income before dividend and patronage payments increased by 2.5% to \$10.9 million from \$10.6 million, primarily due to decrease in operating expense ratio to 1.84% from 1.90% of average assets. The operating expense ratio as a % of average assets of 1.84%, is much lower than the operating expense ratio of the largest credit unions in Canada, which had a ratio of 2.65%. This means that the Ukrainian Credit Unions are low cost providers of financial services. The Ukrainian Credit Unions paid 20.3% of their net income to their members by way of a dividend or a patronage refund totalling \$2.035 million compared to \$1.674 million in the previous year. These patronage dividends helped increase the capital of the credit unions by 6.7% to \$137.0 million representing 7.40% of the assets. The ratio of capital to assets has decreased compared to the previous year.

The return on assets (ROA) increased slightly to 0.62% compared to 0.63% in 2011, which was line with the largest credit unions in Canada, which had an average ROA of 0.62%.

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 13.1% of total net operating revenue compared to 15.2% in the previous year. Other income represented 23.9% of the total revenue for the largest Canadian credit unions. The higher ratio of other income total revenue experienced by largest credit

unions in Canada was due to the significant fee income generated from their lending activities, mutual funds and investment management activities.

Asset Quality. Overall the asset quality is still quite strong. The loan loss provision as a % of average assets was up slightly to 0.02% from 0.00% in 2011, which compares very favourably to the large Canadian credit unions, which had a loan loss provision of 0.09%.

The allowance for loan losses increased slightly to 0.16% of total loans from 0.15% in 2011, which again compares very favourably [*less than half*] to the largest Canadian credit unions, which had an allowance for loan losses of 0.36%.

Loan portfolio. The Ukrainian Credit Unions have a strong concentration in lower risk residential mortgage lending which represents 64% of the loan portfolio no change from last year. However, commercial mortgage loans represented 29% of the loan portfolio with commercial mortgage loans growing by 10.3% compared to 11.5% for residential mortgages. Personal loans saw growth of 3.2%.

Providing secured commercial mortgage 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.

Ukrainian CU experienced the largest growth in loans of 19.1%, while Carpathia and Buduchnist CUs saw their loan portfolios increase by 14.8% and 13.4% respectively. North Winnipeg CU saw its loan portfolio increase by 9.2%.

Growth of membership. Membership has surprisingly decreased again by 0.4% to 68,132. Usually after a merger, it takes a few years for the credit union to identify and consolidate the dual membership of its members. Ukrainian CU and United Hamilton merged in 2012 and their combined membership in 2011 was 25,988 and Ukrainian CU members in 2012 was 25,764 a decrease of 224 members. The three smaller credit unions, CP Ukrainienne de Montreal, North Winnipeg and New Community have each experienced a decline in membership. Only Buduchnist CU and Carpathia CU saw their membership increase. The other contributor to memberships decline is that the aging membership, the larger credit unions have between 80 to 100 deceased members per year.

Asset Growth. Ukrainian credit unions assets grew significantly by 8.0% in 2012 compared to 5.0% growth in 2011. The largest credit unions in Canada grew by 8.1% in 2012 compared to 8.8% in 2011.

Carpathia CU had the largest asset growth of 12.3%, followed by Buduchnist CU with growth of 10.5%. Ukrainian CU had grown by 14.4% including the merged assets of United Ukrainian Hamilton CU which added approximately \$40.1 million in assets. Excluding these merged assets,

Ukrainian CU grew by 6.5%.

Deposit growth. CU members have been seeking higher interest rates outside of the credit union and using excess funds on deposit to reduce their outstanding debts. This has resulted in a very difficult and competitive deposit taking environment. Deposits increased by 6.0% in 2012 compared to growth of 5.1% in 2011. The largest credit unions in Canada grew by 9.1% in 2012 compared to 8.0% in 2011.

The slower than loan growth, which resulted in two of the Ukrainian credit unions increasing their borrowings from the Central to meet the loan growth. Total borrowings grew by 140% to \$39.4 million from \$16.5 million in 2011. Three credit unions – Buduchnist CU, Ukrainian CU and CP Ukrainienne de Montreal have borrowed money from their respective Centrals. The borrowings from the Centrals supplemented their deposits and improved their ability to provide loans to their members.

Carpathia CU had the largest deposit growth of 12.3%, followed by Buduchnist CU with a growth rate of 9.2%.

Net Interest Margin - The net interest margin continued to decline. Net interest margin decreased to 2.18% compared to 2.25% in the previous year.

CP Ukrainienne de Montreal had the highest net interest margin 2.74%, followed by Ukrainian CU with 2.24% and then Buduchnist CU with 2.17%. The competitive deposit and loan environment in Canada has resulted in the net interest margin getting squeezed.

The largest credit unions in Canada had a net interest margin of 2.63% in 2012 compared to 2.54% in the previous year.

Operating Costs – Ukrainian Credit Unions have an operating cost structure that is quite competitive. The operating expense ratio as a % of average assets has decreased in the last two years. The operating expense ratio declined to 1.84% in 2012 compared to 1.90% in the previous year. *[Still quite favourable compared to the largest credit unions in Canada].*

The largest credit unions in Canada also increased their operating expense ratio to 2.65% from 2.55% in the previous year.

The operating expense to revenue (productivity ratio) increased to 73.4% in 2012 from 71.7% in the previous year. The productivity ratio is still lower than the largest Canadian credit unions, which had a productivity ratio of 76.3%.

Capitalization – The average capital ratio decreased to 7.40% from 7.59% in the previous year. This compares very favourably to the largest credit unions in Canada which had a capital ratio of 6.67% in 2012 compared to 6.66% in the previous year.

The best capitalized credit union was CP Ukrainienne de Montreal with a capital ratio of 12.35%, the next best capitalized credit union was Buduchnist CU with a capital ratio 9.08% followed by Ukrainian CU with 7.82% and New Community CU with 7.05% capital ratio.

Canadian credit unions have had to comply with the Risk Adjusted Capital rules (Basel accord) over the last few years, which the chartered banks have been using for many years. The average Ukrainian Credit Union's Total risk adjusted capital ratio was 13.71% compared to 14.36% in the previous year. Again, the Ukrainian credit union's risk adjusted capital ratio compares very favourably to the largest credit unions in Canada's ratio of 12.77%.

Ukrainian Credit Unions in Canada						5 yr Avg.
	2008	2009	2010	2011	2012	
Number of Credit Unions	9	8	7	7	6	
Members	71,338	68,653	70,035	68,390	68,132	
Growth rate %	-1.3%	-3.8%	2.0%	-2.3%	-0.4%	-1.2%
Assets (\$Mils)	\$1,427	\$1,490	\$1,633	\$1,715	\$1,851	
Growth rate %	7.9%	4.4%	9.6%	5.0%	8.0%	7.0%
Assets per member	\$20,003	\$21,703	\$23,317	\$25,077	\$27,174	
Growth rate %	9.4%	8.5%	7.4%	7.5%	8.4%	8.2%
Total Loans (\$Mils)	\$1,176	\$1,240	\$1,356	\$1,428	\$1,587	
Growth rate %	8.0%	5.4%	9.4%	5.4%	11.1%	7.8%
Allowance % loans	0.29%	0.27%	0.21%	0.15%	0.16%	0.21%
Residential mortgages (\$mils)	\$770	\$798	\$867	\$910	\$1,014	
Growth rate %	7.3%	3.7%	8.6%	5.0%	11.5%	7.2%
Commercial mortgages (\$mils)	296	328	365	420	464	
Growth rate %	3.5%	10.9%	11.2%	15.2%	10.3%	10.2%
Consumer Loans (\$mils)	75	75	80	83	86	
Growth rate %	19.3%	0.2%	6.5%	3.6%	3.2%	6.6%
Total Deposits (\$mils)	\$1,304	\$1,352	\$1,472	\$1,547	\$1,640	
Growth rate %	9.1%	3.7%	8.9%	5.1%	6.0%	6.6%
Demand deposits (\$mils)	405	474	460	521	524	
Growth rate %	16.4%	17.1%	-2.8%	13.1%	0.7%	8.9%
Term deposits (\$mils)	667	674	785	765	819	
Growth rate %	-1.5%	1.2%	16.4%	-2.6%	7.1%	4.1%
Registered deposits (\$mils)	181	204	227	262	297	
Growth rate %	6.7%	12.3%	11.2%	15.6%	13.3%	11.8%

Ukrainian Credit Unions in Canada						5 yr Avg.
	2008	2009	2010	2011	2012	
Equity and Shares (\$mils)	\$99.2	\$107.7	\$121.0	\$130.3	\$137.0	
Capital % assets	6.95%	7.23%	7.41%	7.59%	7.40%	7.32%
Donations, Promotion & Advertising	\$1,506	\$1,867	\$2,602	\$2,107	\$2,262	
As a % total operating expenses	5.42%	6.62%	8.63%	6.49%	6.97%	6.83%
Net Income (\$Mils)	\$7.3	\$8.2	\$9.5	\$10.6	\$10.9	
Growth rate %	-5.1%	12.5%	16.0%	11.7%	2.5%	7.5%
Return on assets	0.53%	0.56%	0.62%	0.63%	0.62%	0.59%
Return on Equity	7.4%	8.0%	8.5%	8.5%	8.1%	8.1%
Net interest margin	2.28%	2.27%	2.31%	2.25%	2.18%	2.26%
Other Income	0.44%	0.42%	0.42%	0.40%	0.33%	0.40%
Gross Income	2.73%	2.68%	2.73%	2.66%	2.51%	2.66%
Operating expense ratio	2.03%	1.95%	1.98%	1.90%	1.84%	1.94%
Loan loss ratio	0.07%	0.04%	0.02%	0.00%	0.02%	0.03%
Other income % total income	16.1%	15.7%	15.4%	15.2%	13.1%	15.1%
Number of employees	274	261	266	273	280	
Salary expenses (\$mils)	14.2	14.1	15.0	16.4	16.8	
Average salary per employee	\$51,695	\$53,908	\$56,283	\$59,974	\$59,958	
Productivity ratio	74.4%	72.7%	72.5%	71.7%	73.4%	72.9%
Dividends/Patronage paid (\$Mils)	\$1.280	\$2.153	\$2.083	\$1.674	\$2.035	
% return to members	16.1%	26.3%	22.0%	15.8%	20.3%	20.1%

Schedule 1						
UKRAINIAN CREDIT UNIONS IN CANADA						
as at December 31, 2012						
Name of credit union	Members	Assets (\$Mils)	Growth %	Income * (\$000's)	Assets %	Equity %
1 Buduchnist	20,938	\$622	10.5%	\$4,045	0.68%	8.1%
2 Ukrainian	25,764	\$584	14.4%	\$1,983	0.36%	5.0%
3 Carpathia	12,541	\$358	12.3%	\$2,357	0.70%	12.2%
4 CP Ukrainienne de Montreal	3,600	\$130	0.7%	\$1,827	1.42%	11.7%
5 North Winnipeg	3,135	\$87	2.5%	\$368	0.43%	7.6%
6 New Community	2,154	\$71	3.0%	\$278	0.40%	5.8%
	68,132	\$1,851	10.5%	\$10,857	0.62%	8.1%
Total 2011	68,390	\$1,715	5.0%	10,593	0.63%	8.5%
Total 2010	70,035	\$1,633	9.6%	9,481	0.62%	8.5%
Total 2009	68,653	\$1,490	4.4%	8,172	0.56%	8.0%
Total 2008	71,338	\$1,427	7.9%	7,266	0.53%	7.4%
Total 2007	72,280	\$1,322	6.2%	7,656	0.60%	8.1%
Total 2006	69,984	\$1,245	5.6%	8,169	0.68%	9.2%
Total 2005	71,516	\$1,179	5.6%	7,841	0.68%	9.8%
Total 2004	71,392	\$1,117	7.5%	5,072	0.47%	6.4%
Average Growth (8 years)			6.5%			

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

Schedule 2 Capitalization		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2012				
		Capital (\$000's)	% Assets	Growth in Capital %	Dividends & Patronage (\$000's)	Return to Members %
Name of credit union						
1	Buduchnist	\$51,585	9.08%	7.6%	\$608	16.0%
2	Ukrainian	\$41,050	7.82%	9.2%	\$337	24.1%
3	Carpathia	\$20,294	6.36%	9.9%	\$322	13.7%
4	CP Ukrainienne de Montreal	\$16,228	12.35%	8.8%	\$744	40.7%
5	North Winnipeg	\$4,989	5.85%	5.8%	\$24	6.4%
6	New Community	\$4,880	7.05%	5.4%	\$0	0.0%
Total		\$139,026	8.18%	8.4%	\$2,035	20.3%
Total 2011		\$130,252	7.59%	7.6%	\$1,674	15.8%
Total 2010		\$121,030	7.41%	12.4%	\$2,083	22.0%
Total 2009		\$107,707	7.23%	8.6%	\$2,153	26.4%
Total 2008		\$99,189	6.95%	2.2%	\$1,280	16.1%
Total 2007		\$97,086	7.35%	5.6%	\$2,559	21.9%
Total 2006		\$91,895	7.38%	6.0%	\$2,620	23.7%
Total 2005		\$86,659	7.42%	6.7%	\$2,603	28.4%
Total 2004		\$81,202	7.27%	6.3%	\$1,981	n/a
Average Growth (8 years)			7.33%	6.9%		22.0%

Schedule 2a Risk Adjusted Capitalization (Basel)		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2012					
		Tier I Risk Adjusted Capital (\$'000's)	Tier II Risk Adjusted Capital (\$'000's)	Total Risk Adjusted Capital (\$'000's)	Risk adjusted Ratios		
2012				Tier I	Tier II	Total	
Name of credit union				Ratio	Ratio	Ratio	
1	Buduchnist	\$48,336	\$3,215	\$51,550	14.16%	0.94%	15.10%
2	Ukrainian	\$39,478	\$1,912	\$41,390	13.73%	0.67%	14.40%
3	Carpathia	\$20,294	\$61	\$20,355	10.56%	0.03%	10.60%
4	CP Ukrainienne de Montre�	\$9,675	\$2,446	\$12,121	9.95%	2.52%	12.46%
5	North Winnipeg	\$4,965	\$1,125	\$6,091	13.48%	2.81%	15.18%
6	New Community	\$4,880	\$0	\$4,880	13.48%	0.00%	13.48%
	Total	\$127,628	\$8,758	\$136,386	12.83%	0.88%	13.71%
	Growth rate %	0.0%	10.0%	0.6%			
	2011						
	Buduchnist	\$47,028	\$575	\$47,603	14.72%	0.18%	14.90%
	Ukrainian	\$36,608	\$1,304	\$37,912	15.16%	0.54%	15.70%
	Carpathia	\$18,180	\$0	\$18,180	8.94%	0.00%	8.94%
	CP Ukrainienne de Montre�	\$13,799	\$4,867	\$18,666	16.33%	5.76%	22.09%
	North Winnipeg	\$4,684	\$1,199	\$5,883	12.29%	3.14%	15.43%
	New Community	\$4,628	\$0	\$4,628	15.44%	0.00%	15.44%
	United Ukrainian	\$2,652	\$21	\$2,673	9.75%	0.08%	9.83%
	Total	\$127,579	\$7,966	\$135,545	13.51%	0.84%	14.36%

Schedule 3						
UKRAINIAN CREDIT UNIONS IN CANADA						
Loan Portfolio						
as at December 31, 2012						
	Residential	Commercial			Total	Allowance/
	Mortgage	Mortgage	Consumer	Business	Loans	Loans
Name of CU	Loans	Loans	Loans	Loans	Loans	%
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	
1 Buduchnist	\$373,093	\$159,917	\$10,630	\$3,130	\$546,770	0.13%
2 Ukrainian	\$358,382	\$132,388	\$14,986	\$0	\$505,756	0.17%
3 Carpathia	\$143,367	\$115,209	\$25,145	\$19,306	\$303,028	0.20%
4 CP Ukrainienne de Montreal	\$43,441	\$39,265	\$16,529	\$0	\$99,235	0.08%
5 North Winnipeg	\$53,517	\$11,683	\$8,903	\$1,673	\$75,777	0.23%
6 New Community	\$42,101	\$5,125	\$9,380	\$0	\$56,606	0.01%
Total	\$1,013,901	\$463,588	\$85,574	\$24,110	\$1,587,172	0.16%
Growth % Year over Year	11.5%	10.3%	3.2%	56.1%	11.1%	
<i>Mix of loans %</i>	64%	29%	5%	2%	100%	
Total 2011	\$909,577	\$420,282	\$82,899	\$15,447	\$1,428,205	0.15%
Total 2010	\$866,555	\$364,909	\$80,030	\$44,073	\$1,355,567	0.21%
Total 2009	\$798,205	\$328,223	\$75,118	\$37,982	\$1,239,528	0.27%
Total 2008	\$769,625	\$295,952	\$74,986	\$35,710	\$1,176,273	0.00%
Total 2007	\$717,447	\$285,915	\$62,877	\$23,348	\$1,089,587	0.23%
Total 2006	\$621,296	\$240,122	\$77,632	\$20,234	\$1,027,250	0.25%
Total 2005	\$562,436	\$216,954	\$78,235	\$22,948	\$939,731	0.28%
Total 2004	\$523,595	\$203,269	\$73,728	\$19,069	\$866,607	0.30%
Total 2003	\$473,311	\$199,521	\$70,982	n/a	\$785,808	0.37%
Growth rates %						
Total 2011	5.0%	15.2%	3.6%	-65.0%	5.4%	0.21%
Total 2010	8.6%	11.2%	6.5%	16.0%	9.4%	0.21%
Total 2009	3.7%	10.9%	0.2%	6.4%	5.4%	0.27%
Total 2008	7.3%	3.5%	19.3%	52.9%	8.0%	0.00%
Total 2007	15.5%	19.1%	-19.0%	15.4%	6.1%	0.23%
Total 2006	10.5%	10.7%	-0.8%	-11.8%	9.3%	0.25%
Total 2005	7.4%	6.7%	6.1%	20.3%	8.4%	0.28%
Total 2004	10.6%	1.9%	3.9%		10.3%	0.30%
Average Growth (7 yrs)	9.1%	9.1%	2.3%	16.5%	8.1%	

Schedule 4					
UKRAINIAN CREDIT UNIONS IN CANADA					
Deposit Portfolio					
as at December 31, 2012					
Name of credit union	Borrowings (\$000's)	Demand Deposits (\$000's)	Term Deposits (\$000's)	Registered Savings (\$000's)	Total Deposits (\$000's)
1 Buduchnist	\$15,204	\$167,202	\$309,693	\$70,822	\$547,718
2 Ukrainian	\$20,820	\$176,015	\$232,630	\$97,142	\$505,787
3 Carpathia	\$0	\$109,288	\$140,487	\$84,025	\$333,800
4 CP Ukrainienne de Montreal	\$3,415	\$27,856	\$63,396	\$15,970	\$107,222
5 North Winnipeg	\$0	\$19,981	\$38,852	\$21,362	\$80,195
6 New Community	\$0	\$23,980	\$34,120	\$7,507	\$65,607
Total	\$39,439	\$524,322	\$819,178	\$296,829	\$1,640,329
Growth % Year over Year	140%	0.7%	7.1%	13.3%	6.0%
<i>Mix of deposits</i>		32.0%	49.9%	18.1%	100.0%
Total 2011	\$16,461	\$520,507	\$764,892	\$261,943	\$1,547,341
Growth % Year over Year	-16%	13.1%	-2.6%	15.6%	5.1%
<i>Mix of deposits</i>		35.5%	52.1%	17.9%	100.0%
Total 2010	\$19,592	\$460,399	\$784,970	\$226,675	\$1,472,044
Growth % Year over Year	69%	-2.8%	16.4%	11.2%	8.9%
<i>Mix of deposits</i>		31.3%	53.3%	15.4%	100.0%
Total 2009	\$11,593	\$473,883	\$674,382	\$203,757	\$1,352,022
Growth % Year over Year	444%	17.1%	1.2%	12.3%	3.7%
<i>Mix of deposits</i>		35.0%	49.9%	15.1%	100.0%
Total 2008	\$2,132	\$404,852	\$666,631	\$181,453	\$1,303,818
Growth % Year over Year	-71%	16.4%	-1.5%	6.7%	9.1%
<i>Mix of deposits</i>		32.3%	53.2%	14.5%	100.0%
Total 2007	\$7,378	\$347,911	\$677,100	\$170,059	\$1,195,070
Growth % Year over Year	-78%	3.8%	13.2%	5.4%	9.2%
<i>Mix of deposits</i>		29.1%	56.7%	14.2%	100.0%
Total 2006	\$33,341	\$335,091	\$598,223	\$161,374	\$1,094,688
Growth % Year over Year	66.2%	-2.9%	8.2%	2.7%	3.8%
<i>Mix of deposits</i>		30.6%	54.6%	14.7%	100.0%
Total 2005	\$20,056	\$345,077	\$552,724	\$157,101	\$1,054,902
Growth % Year over Year	70.9%	3.6%	5.8%	3.4%	4.7%
<i>Mix of deposits</i>		32.7%	52.4%	14.9%	100.0%
Total 2004	\$11,738	\$333,147	\$522,445	\$151,888	\$1,007,480
Growth % Year over Year	114.6%	15.5%	2.1%	7.2%	7.0%
<i>Mix of deposits</i>		33.1%	51.9%	15.1%	100.0%

Schedule 5		UKRAINIAN CREDIT UNIONS IN CANADA			
Operating results		as at December 31, 2012			
		As a % of Average Assets			
		Net			
Name of credit union	Interest Margin	Other Income	Operating Income	Operating Expenses	
1 Buduchnist	2.17%	0.24%	2.41%	1.66%	
2 Ukrainian	2.24%	0.26%	2.50%	2.21%	
3 Carpathia	1.95%	0.42%	2.38%	1.50%	
4 CP Ukrainienne de Montreal	2.74%	0.50%	3.24%	1.65%	
5 North Winnipeg	2.09%	0.50%	2.59%	2.08%	
6 New Community	2.00%	0.62%	2.62%	2.17%	
Total	2.18%	0.33%	2.51%	1.84%	
Total 2011	2.25%	0.40%	2.66%	1.90%	
Total 2010	2.31%	0.42%	2.73%	1.98%	
Total 2009	2.27%	0.42%	2.68%	1.95%	
Total 2008	2.28%	0.44%	2.73%	2.03%	
Total 2007	2.47%	0.41%	2.88%	2.12%	
Total 2006	2.61%	0.44%	3.04%	2.14%	
Total 2005	2.62%	0.41%	3.03%	2.20%	
Total 2004	2.56%	0.40%	2.96%	2.39%	
Total 2003	2.86%	0.40%	3.27%	2.45%	
Name of credit union	Interest Margin	Other Income	Operating Income	Operating Expenses	
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	
1 Buduchnist	\$12,860	\$1,443	\$14,303	\$9,829	
2 Ukrainian	\$12,247	\$1,403	\$13,650	\$12,110	
3 Carpathia	\$6,617	\$1,434	\$8,051	\$5,084	
4 CP Ukrainienne de Montreal	\$3,539	\$645	\$4,184	\$2,135	
5 North Winnipeg	\$1,791	\$425	\$2,216	\$1,780	
6 New Community	\$1,402	\$437	\$1,839	\$1,525	
Total	\$38,456	\$5,787	\$44,243	\$32,463	
Growth % Year over Year	2.0%	-14.3%	-0.5%	1.9%	
Total 2011	\$37,710	\$6,751	\$44,461	\$31,862	
Growth % Year over Year	7.2%	5.7%	7.0%	5.7%	
Total 2010	\$35,180	\$6,386	\$41,566	\$30,136	
Growth % Year over Year	7.3%	6.3%	7.3%	6.8%	
Total 2009	\$32,781	\$6,006	\$38,737	\$28,213	
Growth % Year over Year	4.9%	-1.3%	3.8%	1.5%	
Total 2008	\$31,245	\$6,087	\$37,331	\$27,793	

Schedule 6		UKRAINIAN CREDIT UNIONS IN CANADA			
Operating results		as at December 31, 2012			
		As a % of Average Assets			
Name of credit union	Net Income Before loan losses	Provision for Loan Losses	Income Taxes	Net income	
1 Buduchnist	0.76%	0.02%	0.09%	0.64%	
2 Ukrainian	0.28%	-0.01%	0.03%	0.26%	
3 Carpathia	0.88%	0.10%	0.08%	0.70%	
4 CP Ukrainienne de Montreal	1.59%	-0.09%	0.26%	1.42%	
5 North Winnipeg	0.51%	0.02%	0.05%	0.44%	
6 New Community	0.45%	0.00%	0.05%	0.40%	
Total	0.67%	0.02%	0.08%	0.57%	
Total 2011	0.75%	0.00%	0.12%	0.63%	
Total 2010	0.75%	0.02%	0.11%	0.62%	
Total 2009	0.73%	0.04%	0.12%	0.56%	
Total 2008	0.70%	0.07%	0.10%	0.53%	
Total 2007	0.77%	0.02%	0.15%	0.60%	
Total 2006	0.89%	0.04%	0.18%	0.68%	
Total 2005	0.83%	0.03%	0.12%	0.68%	
Total 2004	0.54%	0.02%	0.07%	0.47%	
Total 2003	0.82%	0.05%	0.12%	0.65%	
Name of credit union	Net Income Before loan losses (\$000s)	Provision for Loan Losses (\$000s)	Income Taxes (\$000s)	Net income (\$000s)	
1 Buduchnist	4,474	\$122	555	3,798	
2 Ukrainian	1,540	(\$37)	179	1,398	
3 Carpathia	2,967	\$340	270	2,357	
4 CP Ukrainienne de Montreal	2,049	(\$117)	339	1,827	
5 North Winnipeg	436	\$15	46	376	
6 New Community	314	(\$0)	37	278	
Total	\$11,780	\$322	\$1,425	\$10,033	
Growth % Year over Year	-6.5%	-	-29.8%	-5.3%	
Total 2011	\$12,599	(\$23)	\$2,029	\$10,593	
Growth % Year over Year	10.2%	-108.0%	21.9%	11.7%	
Total 2010	\$11,430	\$285	\$1,664	\$9,481	
Growth % Year over Year	8.1%	-55.9%	-5.3%	16.0%	
Total 2009	\$10,574	\$646	\$1,757	\$8,172	
Growth % Year over Year	10.9%	-32.7%	33.8%	12.5%	
Total 2008	\$9,539	\$960	\$1,313	\$7,266	

Schedule 7 Operating results		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2012 As a % of Average Assets		
		Net		
Name of credit union	Net Income*	Dividends & Patronage	Net Income	
1 Buduchnist	0.68%	0.10%	0.58%	
2 Ukrainian	0.36%	0.06%	0.30%	
3 Carpathia	0.70%	0.09%	0.60%	
4 CP Ukrainienne de Montreal	1.42%	0.42%	0.99%	
5 North Winnipeg	0.43%	0.03%	0.40%	
6 New Community	0.40%	0.00%	0.40%	
Total	0.62%	0.10%	0.51%	
Total 2011	0.63%	0.10%	0.54%	
Total 2010	0.62%	0.14%	0.54%	
Total 2009	0.56%	0.15%	0.45%	

		Net		
Name of credit union	Net Income*	Dividends & Patronage	Net Income	
	(\$000s)	(\$000s)	(\$000s)	
1 Buduchnist	4,045	608	3,437	
2 Ukrainian	1,983	337	1,646	
3 Carpathia	2,357	317	2,039	
4 CP Ukrainienne de Montreal	1,827	544	1,283	
5 North Winnipeg	368	22	346	
6 New Community	278	0	278	
Total	\$10,857	\$1,828	\$9,030	
Growth % Year over Year	14.5%	-12.2%	9.6%	
Total 2011	\$10,593	\$1,674	\$9,082	
Growth % Year over Year	11.7%	-19.6%	10.2%	
Total 2010	\$9,481	\$2,083	\$8,240	
Growth % Year over Year	16.0%	-3.3%	26.1%	
Total 2009	\$8,172	\$2,153	\$6,534	

** net income before distributions to members and extraordinary writeoffs*

Schedule 8 Expense Analysis		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2012				
		As a % of Average Assets			Total	Productivity
Name of credit union		Salary Expense	Occupancy Expense	Other Expenses	Operating Expenses	Expense Ratio (a)
1	Buduchnist	0.80%	0.13%	0.73%	1.66%	68.7%
2	Ukrainian	1.23%	0.27%	0.71%	2.21%	88.7%
3	Carpathia	0.82%	0.18%	0.50%	1.50%	63.2%
4	CP Ukrainienne de Montreal	0.68%	0.12%	0.86%	1.65%	51.0%
5	North Winnipeg	1.04%	0.34%	0.70%	2.08%	80.3%
6	New Community	1.14%	0.13%	0.90%	2.17%	82.9%
Total		0.95%	0.19%	0.69%	1.84%	73.4%
Total 2011		0.98%	0.19%	0.73%	1.90%	71.7%
Total 2010		0.98%	0.22%	0.78%	1.98%	72.5%
Total 2009		0.97%	0.24%	0.74%	1.95%	72.7%
Total 2008		1.03%	0.25%	0.75%	2.03%	74.4%
Total 2007		1.05%	0.26%	0.80%	2.12%	73.4%
Total 2006		1.08%	0.25%	0.81%	2.14%	70.7%
Total 2005		1.13%	0.25%	0.82%	2.20%	72.7%
Total 2004		1.19%	0.26%	0.95%	2.39%	75.0%
Total 2003		1.25%	0.30%	0.90%	2.38%	72.8%
Average						

New Disclosure Regulations – Restricted Party Transactions

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 0.36% (Ukrainian CU) to a high of 1.50% (New Community located in Saskatoon). One credit union did not disclose the level of restricted loans in their statements. The average ratio for the 5 credit unions which disclosed the loans held by restricted parties was 0.78% of the total loans outstanding compare to 0.97% in the previous year. (See schedule below).

Schedule 9 Director & Employee Loans		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2012			
Name of credit union	Location	Net Loans (000's)	Director & Employee Loans (000's)	As a % of Net Loans	
1	Buduchnist	Toronto	546,034	6,556	1.20%
2	Ukrainian	Toronto	504,889	1,794	0.36%
3	Carpathia	Winnipeg	302,423	1,898	0.63%
4	CP Ukrainienne de Montreal	Montreal	99,151	0	0.00%
5	North Winnipeg	Winnipeg	75,603	531	0.70%
6	New Community	Saskatoon	56,598	849	1.50%
Total			1,584,698	11,628	0.78%
Growth % Year over Year			17.2%	-37.9%	
Total 2011			1,426,081	14,201	0.97%
Growth % Year over Year			5.4%	-24.2%	
Total 2010			1,352,703	18,735	1.34%
Growth % Year over Year			9.4%	-16.8%	
Total 2009			1,236,135	22,516	1.76%
Growth % Year over Year			5.4%	-10.6%	
Total 2008			1,172,961	25,186	2.41%
Growth % Year over Year			7.9%	17.8%	
Total 2007			1,087,081	21,387	2.17%
Growth % Year over Year			6.1%	-6.8%	
Total 2006			1,024,673	22,945	2.40%
Growth % Year over Year			9.3%	-6.0%	

New Disclosure Regulations - Expenses Related to Board of Directors**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 activities they undertake on behalf of the their credit union.

- Total remuneration (fees & costs) paid to members of the board of directors ranged from \$9,341 to \$83,000.
- The average remuneration per director for five (5) credit unions which disclosed this information was \$3,957 per director in 2012 compared to \$3,972 per director in the previous year.

Schedule 10 Director Fees & Costs		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2012				
Name of credit union	Operating Expenses (000's)	Directors Fees & Costs	Directors fees & costs/ Operating Expenses %	Number of Directors	Avg. Director fess & costs/ costs/ Director	
1 Buduchnist	\$9,829	\$34,819	0.35%	7	\$4,974	
2 Ukrainian	\$12,110	\$83,000	0.69%	12	\$6,917	
3 Carpathia	\$5,084	\$65,907	1.30%	9	\$7,323	
4 CP Ukrainienne de Montreal	\$2,135	-	-	9	-	
5 North Winnipeg	\$1,780	\$24,556	1.38%	9	\$2,728	
6 New Community	\$1,525	\$9,341	0.61%	9	\$1,038	
Total	\$32,463	\$217,623	0.72%	55	\$3,957	
Growth % Year over Year	7.7%	-5.2%			-10.4%	
Total 2011	\$31,862	\$278,024	0.93%	70	\$3,972	
Growth % Year over Year	5.7%	21.1%			-10.1%	
Total 2010	\$30,136	\$229,619	0.82%	52	\$4,416	
Growth % Year over Year	6.8%	11.7%			31.1%	
Total 2009	\$28,213	\$205,517	0.78%	61	\$3,369	
Growth % Year over Year	1.5%	-19.9%			-6.8%	
Total 2008	\$27,793	\$256,490	1.05%	71	\$3,613	
Growth % Year over Year	2.3%	-7.4%			4.3%	
Total 2007	\$27,156	\$277,017	1.15%	80	\$3,463	
Growth % Year over Year	4.9%	8.1%			8.1%	
Total 2006	\$25,879	\$256,186	1.12%	80	\$3,202	
Growth % Year over Year	3.5%	8.3%			8.3%	
Total 2005	\$24,992	\$236,618	1.06%	80	\$2,958	

Schedule 11		UKRAINIAN CREDIT UNIONS IN CANADA				
Branch, Member & Employee averages		as at December 31, 2012				
Name of credit union	Branches	Deposits/ Branch (\$Mils)	Members	Assets/ Member	Number of Employees	Average Compensation /Employee
1 Buduchnist	9	\$60.9	20,938	\$29,706	78	\$60,762
2 Ukrainian	15	\$33.7	25,764	\$22,660	107	\$62,692
3 Carpathia	3	\$111.3	12,541	\$28,557	53	\$52,420
4 CP Ukrainienne de Montreal	1	\$107.2	3,600	\$35,982	13	\$67,462
5 North Winnipeg	2	\$40.1	3,135	\$27,639	16	\$55,397
6 New Community	1	\$65.6	2,154	\$33,087	13	\$61,476
Total	31	\$52.9	68,132	\$27,174	280	\$59,958
Growth % Year over Year	6.9%	4.6%	-0.4%	8.4%	2.6%	0.0%
Total 2011	29	\$50.6	68,390	\$25,077	273	\$59,974
Growth % Year over Year	-6.5%	6.5%	-2.3%	7.6%	2.6%	6.6%
Total 2010	31	\$47.5	70,035	\$23,310	266	\$56,283
Growth % Year over Year	3.3%	5.3%	2.0%	7.4%	1.9%	4.4%
Total 2009	30	\$45.1	68,653	\$21,706	261	\$53,908
Growth % Year over Year	7.1%	-3.2%	-3.8%	8.5%	-4.7%	4.3%
Total 2008	28	\$46.6	71,338	\$20,007	274	\$51,695
Growth % Year over Year	-3.4%	13.1%	-1.3%	9.4%	-1.1%	6.0%
Total 2007	29	\$41.2	72,280	\$18,284	277	\$48,779

Schedule 12		UKRAINIAN CREDIT UNIONS IN CANADA				
Promotions, Donations & Advertising		as at December 31, 2012				
Name of credit union	2008 Total (\$000)	2009 Total (\$000)	2010 Total (\$000)	2011 Total (\$000)	2012 Total (\$000)	12/11 Growth %
1 Buduchnist	\$820	\$1,244	\$1,670	\$1,189	\$1,681	41.4%
2 Ukrainian	\$455	\$384	\$513	\$551	\$498	-9.6%
3 Carpathia	\$50	\$75	\$300	\$240	-	-
4 CP Ukrainienne de Montreal	\$99	\$60	\$79	\$83	\$71	-14.5%
5 North Winnipeg	\$12	\$11	\$14	\$14	\$12	-15.8%
6 So-Use	\$50	\$64	-	-	-	-
7 New Community	\$10	\$12	\$17	\$15	-	-
8 United Ukrainian	\$10	\$17	\$10	\$15	-	-
Total	\$1,506	\$1,867	\$2,602	\$2,107	\$2,262	-19.0%

Ukrainian Credit Unions and their respective Ethnic Ukrainian populations based on the 2011 Census

- There are now six (6) Ukrainian credit unions left in Canada compared to ten (10) Ukrainian credit unions in 2006 when the last census was completed. The number of credit unions have declined due to mergers with the two largest credit unions.
- The total membership of the six credit unions in 2011 was 68,390 compared to 69,984 for the ten credit unions in 2006, a decrease of 1,594 members. The decrease in membership can somewhat explained by the Ukrainians who had accounts in more than one of credit unions. Their account were consolidated as a result of the mergers which occurred over the last 5 years.
- The total assets in 2011 amounted to \$1.715 billion or \$25,077 per member compared to \$1.245 billion in 2006 or \$17,787 per member, an average asset growth rate of 6.6% per year.
- The two Manitoba credit union's memberships represented approximately 9.0% of the Ukrainian population in Manitoba. Carpathia Credit Union's members represent about 10.8% of the Winnipeg Ethnic Ukrainian population.
- The two largest Ukrainian credit union's memberships represent approximately 10% of the Ethnic Ukrainian populations in the cities where they have branches. Together, their memberships represented approximately 13.6% of the Ethnic Ukrainian population in Ontario.
- The Montreal Caisse Populaire's membership represents approximately 14.6% of the Ukrainian population in the Montreal CMA area.
- New Community Credit Union located in Saskatoon total membership represents only 5.4% of the Ethnic Ukrainian population in Saskatoon.
- Total membership of the Ukrainian credit unions in Canada of 68,390 represents only 5.5% of the Ethnic Ukrainian population in Canada.
- Taking into consideration only those cities which Ukrainian credit unions have branches, the total membership represents about 14.7% of the Ethnic Ukrainian population.

Penetration based on Ethnic Ukrainian Population				
Name of CU	City	CU		Penetration %
		Members 2011	2011 Census	
Carpathia CU	Winnipeg	12,414	115,230	10.8%
North Winnipeg CU	Winnipeg	3,371	115,230	2.9%
Total Manitoba		15,785	174,995	9.0%
Buduchnist CU		20,439		
Branch locations				
	Toronto		130,355	
	Hamilton		25,810	
	Ottawa		22,155	
	Mississauga		19,260	
	Oakville		6,345	
Total by branch			203,925	10.0%
Ukrainian CU	Toronto	24,055		
United Ukrainian *	Hamilton	1,933		
Total after merger		<u>25,988</u>		
Branch locations				
	Toronto		130,355	
	Hamilton		25,810	
	Mississauga		19,260	
	St. Catherines		18,775	
	Thunder Bay		16,245	
	Oshawa		13,385	
	London		10,965	
	Windsor		9,630	
	Sudbury		7,045	
	Oakville		6,345	
Total by branch			257,815	10.1%
Total Ontario		46,427	342,005	13.6%
CP Ukrainienne de Montreal	Montreal	3,900	26,695	14.6%
New Community CU	Saskatoon	2,278	41,965	5.4%
Total Canada		68,390	1,251,170	5.5%
Total Canada**		68,390	463,860	14.7%

* merged with Ukrainian CU in 2012

** including cities where Ukrainian credit unions have branches.

Bob (Bohdan) Leshchysheh

Bob Leshchysheh'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 Managers (Canada)**, a unit of Prudential Life Insurance Company, and **McNeil Mantha**.

Bob's Credit Union experience includes over eighteen 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. He was 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 between 2006-2009.

Investor relations experience includes two years as Director of Corporate Development with CHF Investor Relations and *beginning in April 2011, Vice President, Corporate Development and Investor Relations for Century Iron Mines Corp. recently listed company of the TSX.*

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:

www.canadiancreditunion.ca