

UKRAINIAN-CANADIAN CREDIT UNIONS 2020 FINANCIAL RESULTS



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This report was commissioned and funded by the *Council of Ukrainian Credit Unions of Canada* (CUCUC), a not-for-profit trade association formed and managed by its Canadian provincial credit union members to promote the collective interests of ethno-Ukrainian Canadian credit unions operating in Canada. CUCUC's members currently have operations in Ontario, Quebec, Manitoba, and Saskatchewan.

Analysis of Financial Results

The financial results of Ukrainian-Canadian credit unions over the last five years have shown consistent profitability, but decreased significantly in 2020 due to a lower net interest margin and significantly higher level of allowance for loan losses, which was partially offset by a lower operating expense ratio.

Asset quality as measured by allowance as a percent of loans and loan loss provision has deteriorated. The allowance as % of loans increased to 0.63% of total loans in 2020 compared to 0.56% in the previous year. The loan loss provision ratio increased to 0.29% of average assets in 2020 compared to 0.16% in the previous year.

Generally, Ukrainian-Canadian credit unions have endeavoured to provide loans using a lower loan to value ratio than the maximum of 80% and have issued more insured mortgages. BCU Financial (Buduchnist) and Carpathia Credit Union (Carpathia) have disclosed their insured mortgage lending amounts. Their combined exposure to insured mortgages represents 25.5% of their residential mortgage portfolio in 2020 compared to 33.0% in the previous year.

Capital to assets ratio had been declining in the previous 4 years but increased in 2020 to 7.13% compared to 6.93% in the previous year. The increase in capital ratio was primarily due to Ukrainian Credit union which raised equity capital in 2020. The return on assets and the return of equity decreased in 2020 compared to 2019. The membership has decreased in the previous 4 years, but increased in 2020 to 61,892 compared to 61,246 in the previous year. The record level of membership was 72,280, which was achieved in 2007. Declines in membership numbers experienced by some of the credit unions was due to the closing of dormant accounts of members and the closing of accounts of members who had passed away. Due to the older demographic of Ukrainian-Canadian credit unions over 400 members pass away each year.

The members of the Ukrainian-Canadian credit unions have continued to financially benefit by receiving significant dividends and patronage payments, which totaled \$1,016,000 in 2020 compared to \$785,000 in 2019. Over the last five years a total of \$4.5 million has been provided by way of dividends and patronage dividends to the members of the Ukrainian-Canadian credit unions in Canada. In the last 10 years, over \$12.2 million has been returned to members.

The Ukrainian-Canadian credit unions have continued to support the Ukrainian community in Canada by providing donations, sponsorship and promotions funds to non-profit and charitable organizations for their deserving projects. The support for the Ukrainian community has averaged about \$2.247 million in the last 5 years and \$2.446 million in the last 10 years.

In 2020, the five Ukrainian-Canadian credit unions had provided \$1.60 million in donations, sponsorship and promotion support for many charitable and non-profit organizations in the Ukrainian community in Canada. This represents a decrease of 21.3% from the previous year. The decline can be partially attributed to the COVID 19 pandemic due to lower advertising cost and sponsorship opportunities.

Contributions by credit unions to the community and to its members. Over the last 10 years, a total of \$28.6 million has been provided by way of donations, sponsorship and promotion funds to the Ukrainian community in Canada. This represents 6.1% of the operating expenses of those credit unions. By comparison, the domestic chartered banks in Canada provided by way of advertising, public relations and business development expenses approximately 3.7% of their operating expenses.

The Ukrainian-Canadian credit unions returned \$12.2 million to its members over the last eleven years by way of dividends and patronage payments; this represents 13.3% of their net income.

Performance. Return on equity was 3.1% compared to 5.0% in previous year. Ukrainian-Canadian credit unions assets grew by 4.7% in 2020 compare to a growth of 4.9% in previous year. *In 2020, the largest credit unions in Canada saw their assets grow by 9.8% compared to 6.6% in 2019.* Ukrainian-Canadian credit unions' total deposits grew by 5.5% compared to a growth of 5.0% in the

previous year. Due to the COVID 19 pandemic, the Federal government provided significant financial support to both individuals and small businesses. Some of this financial support was deposited by our members as demand deposits and this resulted in an 18.8% increase in demand deposits in 2020.

The Ukrainian-Canadian credit unions' net comprehensive income before dividend and patronage payments decreased by 15.0% to \$6.1 million from \$7.2 million, due to a lower net interest margin and significantly higher level of allowance for loan losses, which was partially offset by a lower operating expense ratio. (See Schedule 6a).

The operating expense ratio decreased to 1.64% compared to 1.74% in the previous year. Ukrainian-Canadian credit unions' operating ratio is much lower than the operating expense ratio of the *largest credit unions in Canada, which had a ratio of 1.93%*. This means that the Ukrainian-Canadian credit unions are low cost providers of financial services. The Ukrainian-Canadian credit unions paid 16.7% of their net income to their members by way of a dividend or a patronage refund totaling \$1,016,000 compared to \$785,000 in the previous year. These patronage dividends helped to increase the capital of the credit unions by 7.8% to \$204.5 million representing 7.13% of the assets. The ratio of capital to assets has been decreasing over the previous nine years.

The return on assets (ROA) decreased to 0.22% compared to 0.27% in 2019, which was below the *largest credit unions in Canada average ROA of 0.38%*.

Ukrainian-Canadian 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 14.3% of total net operating revenue. *Other income represented 23.2% 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 member service and lending fees, mutual funds and investment management fees.

Asset Quality. Asset quality has begun to deteriorate since 2018. The allowance for loan losses increased to 0.63% of total loans compared to 0.54% in the previous year. The loan loss provision as a % of average assets was at 0.29% of loans compared to 0.15% in 2019.

Loan portfolio. The Ukrainian-Canadian credit unions have a larger concentration in lower risk residential mortgage lending which represents 69.4% of the loan portfolio. The residential loan portfolio grew by 0.6% in 2020 compared to 10.2% in the previous year. *Residential mortgage portfolio of the largest credit unions in Canada represented 59.7% of the total loan portfolio and saw their residential mortgages declined by 1.0%.*

The commercial mortgage loans represented 29.5% of the total loan portfolio. The commercial mortgage loans declined by 2.9% compared to a decline of 4.5% in the previous year. Providing secured commercial mortgage loans to small businesses and self-employed individuals will ensure the future of Ukrainian-Canadian credit unions, because these two groups of members have generally been ignored by and not well serviced by the chartered bank system in Canada. *Commercial loan portfolio of the largest credit unions in Canada represented 28.8% of the total loan portfolio and saw their commercial loans declined by 0.6%.*

Consumer (personal) loans only represented 3.5% of the total loan portfolio and saw a decline of 15.6% in 2020 compared to a decline of 17.9% in the previous year. *Consumer loan portfolio of the largest credit unions in Canada represented 6.1% of the total loan portfolio and saw their personal loans decline by 9.5%.*

Business loans and leases only represented 0.5% of the total loan portfolio and saw a decline of 31.4% in 2020 compared to a decline of 16.1% in the previous year. *Business loans and leases loan portfolio of the largest credit unions in Canada represented 2.0% of the total loan portfolio and saw their business loans decline by 7.1%.*

Comparison of 2020 and 2019 Loan Portfolios

Net Loans	2020	2019	Growth %
Ukrainian	861,585	820,624	5.0%
Buduchnist	752,292	782,625	-3.9%
Carpathia	472,410	529,930	-10.9%
CP Ukrainienne de Montreal	188,292	171,052	10.1%
New Community	94,143	95,266	-1.2%
	2,368,722	2,399,496	-1.3%

Residential Mortgages	2020	2019	Growth %
Ukrainian	551,808	523,498	5.4%
Buduchnist	515,445	534,884	-3.6%
Carpathia	335,392	353,307	-5.1%
CP Ukrainienne de Montreal	151,636	137,184	10.5%
New Community	80,401	76,602	5.0%
	1,634,682	1,625,475	0.6%

Commercial Mortgages	2020	2019	Growth %
Ukrainian	280,211	262,670	6.7%
Buduchnist	237,853	247,859	-4.0%
Carpathia	111,753	140,353	-20.4%
CP Ukrainienne de Montreal	32,872	30,032	9.5%
New Community	2,602	4,591	-43.3%
	665,291	685,505	-2.9%

Consumer Loans	2020	2019	Growth %
Ukrainian	32,887	36,088	-8.9%
Buduchnist	5,588	7,304	-23.5%
Carpathia	19,311	25,524	-24.3%
CP Ukrainienne de Montreal	4,228	3,957	6.8%
New Community	10,884	13,449	-19.1%
	72,897	86,322	-15.6%

Growth of membership. Membership has increased by 1.05% to 61,892. Carpathia Credit Union saw their membership numbers increase by 5.95%.

Comparison of Membership Growth				
Name of credit union	Members 2020	Members 2019	Growth %	Growth #
1 Ukrainian	24,947	24,697	1.01%	250
2 Buduchnist	19,805	20,012	-1.03%	(207)
3 Carpathia	10,739	10,136	5.95%	603
4 CP Ukrainienne de Montreal	4,121	4,121	0.00%	0
5 New Community	2,280	2,280	0.00%	0
Total	61,892	61,246	1.05%	646

Asset Growth. Ukrainian-Canadian credit unions assets grew by 4.7% in 2020 compared to growth of 4.3% in the previous year. *The largest credit unions in Canada grew by 9.8% in 2020 compared to 6.6% in previous year.* CP Ukrainienne de Montreal had the largest asset growth of 10.3%, followed by New Community Credit Union with growth of 9.6%.

Comparison of Asset Growth				
	Assets 2020 (\$mils)	Assets 2019 (\$mils)	Growth %	Growth \$
1 Ukrainian	\$990.6	\$922.8	7.4%	\$67.8
2 Buduchnist	\$916.3	\$885.0	3.5%	\$31.4
3 Carpathia	\$618.5	\$619.3	-0.1%	(\$0.8)
4 CP Ukrainienne de Montreal	\$214.8	\$194.8	10.3%	\$20.0
5 New Community	\$126.8	\$115.7	9.6%	\$11.1
Total	\$2,867.1	\$2,737.6	4.7%	\$129.5

Deposit growth. Credit union members have been seeking higher interest rates outside of their credit union and using excess funds on deposit to reduce their outstanding debts. However, during the COVID 19 pandemic many members kept their excess funds with their credit unions particularly in short term demand deposits. Demand deposits increased by 17.8%. Total deposits increased by 5.5% in 2020 compared to growth of 5.0% in previous year. *The largest credit unions in Canada grew 6.7% in 2020 compared to 7.6% in previous year.* New Community Credit Union Limited had the largest deposit growth of 9.4%, followed by CP Ukrainienne de Montreal with a growth rate of 8.91.

Comparison of Deposit Growth				
	Deposits 2020 (\$mils)	Deposits 2019 (\$mils)	Growth %	Growth \$
1 Ukrainian	\$800.8	\$743.7	7.7%	\$57.0
2 Buduchnist	\$747.6	\$699.3	6.9%	\$48.3
3 Carpathia	\$580.1	\$581.1	-0.2%	(\$1.0)
4 CP Ukrainienne de Montreal	\$129.6	\$119.9	8.1%	\$9.7
5 New Community	\$114.8	\$105.0	9.4%	\$9.8
Total	\$2,372.9	\$2,249.1	5.5%	\$123.8

Net Interest Margin - Net interest margin decreased to 1.85% compared to 2.10% in the previous year. CP Ukrainienne de Montreal had the highest net interest margin of 2.23%. *The largest credit unions in Canada had a net interest margin of 1.88% in 2020 compared to 1.97% in the previous year.*

Net Interest Margin Comparison			
Name of credit union	2020	2019	Change %
Ukrainian	2.02%	2.22%	-0.20%
Buduchnist	1.79%	1.97%	-0.18%
Carpathia	1.55%	1.95%	-0.40%
CP Ukrainienne de Montreal	2.23%	2.39%	-0.17%
New Community	1.88%	2.37%	-0.49%
	1.85%	2.10%	-0.25%

Operating Costs – Ukrainian-Canadian credit unions have an operating cost structure that is quite competitive. The operating expense ratio decreased to 1.64% in 2020 compared to 1.81% in the previous year, which is *quite favourable compared to the largest credit unions in Canada*. The largest credit unions in Canada decreased their operating expense ratio to 1.83% from 1.93% in the previous year.

Operating Expense Ratio Comparison			
Name of credit union	2020	2019	Change %
Ukrainian	1.97%	2.01%	-0.04%
Buduchnist	1.43%	1.61%	-0.18%
Carpathia	1.56%	1.99%	-0.43%
CP Ukrainienne de Montreal	1.37%	1.41%	-0.03%
New Community	1.52%	1.61%	-0.09%
	1.64%	1.81%	-0.17%

The operating expense to revenue (productivity ratio) increased slightly to 76.0% in 2020 from 75.7% in the previous year. The higher the ratio the more costly it is to run the credit union. The productivity ratio of the Ukrainian-Canadian credit unions is higher (unfavorable) compared to the *largest Canadian credit unions ratio, which had a productivity ratio of 74.4% in 2020 compared to 74.8% in the previous year*.

Productivity Expense Ratio Comparison			
Name of credit union	2020	2019	Change %
Ukrainian	82.2%	81.1%	1.2%
Buduchnist	71.3%	73.2%	-1.9%
Carpathia	80.3%	85.3%	-5.0%
CP Ukrainienne de Montreal	59.2%	50.4%	8.7%
New Community	64.9%	55.3%	9.7%
	76.0%	75.7%	0.3%

Capitalization – The average capital ratio decreased to 6.93% from 7.34% in the previous year. The largest credit unions in Canada had a capital ratio of 6.93% in 2020 compared to 7.10% in the previous year.

The best capitalized credit union was Caisse Populaire Ukrainienne de Montreal with a capital ratio of 12.33%, the next best capitalized credit union was New Community Credit Union with a capital ratio 8.15% followed by Buduchnist Credit Union Limited (BCU Financial) with 7.75% capital ratio.

Capitalization Comparison				
Name of credit union	Capital	%	Capital	%
	(\$000's)	Assets	(\$000's)	Assets
	2020		2019	
Ukrainian	\$63,926	6.45%	\$51,267	5.96%
Buduchnist	\$71,055	7.75%	\$67,644	7.91%
Carpathia	\$32,699	5.29%	\$25,611	5.11%
CP Ukrainienne de Montreal	\$26,485	12.33%	\$23,373	13.51%
New Community	\$10,330	8.15%	\$8,528	8.05%
	\$204,495	7.13%	\$183,016	7.34%

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-Canadian credit unions' total risk adjusted capital ratio increased to 15.67% compared to 14.00% in the previous year. *The Ukrainian-Canadian credit unions' risk adjusted capital ratio now is less than the largest credit unions in Canada's ratio of 14.72% compared to 13.92% in the previous year.*

Risk Adjusted Capitalization Comparison				
Name of credit union	Risk	Total	Risk	Total
	Adjusted	Ratio	Adjusted	Ratio
	Capital	%	Capital	%
	2020		2019	
	(\$000's)	%	(\$000's)	%
Buduchnist	\$67,145	13.34%	\$53,988	11.39%
Ukrainian	\$73,206	16.60%	\$70,782	15.60%
Carpathia	\$33,200	14.65%	\$32,791	11.80%
CP Ukrainienne de Montreal	\$26,074	26.63%	\$23,373	26.65%
New Community	\$10,380	14.60%	\$9,631	14.19%
	\$210,005	15.67%	\$190,566	14.00%

Five Year Results of Ukrainian-Canadian Credit Unions in Canada

Ukrainian Credit Unions in Canada						5 yr Avg.
	2016	2017	2018	2019	2020	
Number of Credit Unions	6	6	6	5	5	
Members	63,773	62,478	62,146	61,246	61,892	
Growth rate %	-1.2%	-2.0%	-0.5%	-1.4%	1.1%	-0.8%
Assets (\$Mils)	\$2,364	\$2,495	\$2,609	\$2,738	\$2,867	
Growth rate %	5.4%	5.5%	4.6%	4.9%	4.7%	5.0%
Assets per member	\$37,066	\$39,933	\$41,984	\$44,699	\$46,325	
Growth rate %	6.7%	7.7%	5.1%	6.5%	3.6%	5.9%
Total Loans (\$Mils)	\$2,011	\$2,188	\$2,307	\$2,399	\$2,369	
Growth rate %	5.0%	8.8%	5.4%	4.0%	-1.3%	4.4%
Allowance % loans	0.12%	0.13%	0.43%	0.56%	0.63%	0.37%
Residential mortgages (\$mils)	\$1,238	\$1,384	\$1,475	\$1,625	\$1,635	
Growth rate %	3.8%	11.8%	6.6%	10.2%	0.6%	6.6%
Commercial mortgages (\$mils)	656	687	718	686	665	
Growth rate %	10.0%	4.7%	4.4%	-4.5%	-2.9%	2.3%
Personal loans (\$mils)	89	93	105	86	73	
Growth rate %	7.1%	5.4%	12.4%	-17.9%	-15.6%	-1.7%
Total Deposits (\$mils)	\$1,983	\$2,075	\$2,143	\$2,249	\$2,373	
Growth rate %	4.0%	4.7%	3.3%	5.0%	5.5%	4.5%
Demand deposits (\$mils)	716	774	817	845	996	
Growth rate %	7.7%	8.2%	5.5%	3.5%	17.8%	8.5%
Term deposits (\$mils)	846	869	871	912	870	
Growth rate %	-0.6%	2.7%	0.3%	4.6%	-4.6%	0.5%
Registered deposits (\$mils)	421	432	455	492	507	
Growth rate %	7.7%	2.8%	5.2%	8.2%	3.1%	5.4%

Five Year Results of Ukrainian-Canadian Credit Unions in Canada

Ukrainian Credit Unions in Canada						5 yr Avg.
	2016	2017	2018	2019	2020	
Equity and Shares (\$mils)	\$170.3	\$179.6	\$184.0	\$189.8	\$204.5	
Growth %	4.7%	5.4%	2.5%	3.1%	7.8%	4.7%
Capital % assets	7.21%	7.20%	7.05%	6.93%	7.13%	7.10%
Promotions, Donations & Advertising (\$Mils)	\$3,084	\$2,645	\$1,866	\$2,037	\$1,603	
Growth rate %	-4.8%	-14.2%	-29.5%	9.2%	-21.3%	-12.1%
As a % total operating expenses	7.83%	6.49%	4.39%	4.30%	3.48%	5.30%
Net Income (\$Mils)	\$8.4	\$7.3	\$8.8	\$7.2	\$6.1	
Growth rate %	-23.7%	-13.3%	21.0%	-18.7%	-15.0%	-9.9%
Return on assets	0.36%	0.30%	0.34%	0.26%	0.22%	0.30%
Return on Equity	5.0%	4.2%	4.9%	3.9%	3.1%	4.2%
Net interest margin % avg. assets	1.89%	1.93%	2.01%	2.01%	1.85%	1.94%
Other Income % avg. assets	0.34%	0.37%	0.28%	0.28%	0.31%	0.32%
Gross Income % avg. assets	2.23%	2.30%	2.29%	2.30%	2.16%	2.26%
Operating expense % avg. assets	1.71%	1.68%	1.67%	1.74%	1.64%	1.69%
Loan loss ratio % avg. assets	0.03%	0.09%	0.26%	0.15%	0.29%	0.17%
Other income % total income	15.1%	16.0%	12.3%	12.3%	14.2%	14.0%
Number of employees	345	355	312	311	328	
Salary expenses (\$mils)	20.3	21.3	22.5	24.0	24.6	
Average salary per employee	\$58,760	\$60,140	\$72,119	\$77,387	\$75,056	\$68,693
Productivity ratio	76.7%	72.9%	72.7%	75.7%	76.0%	74.8%
Dividends/Patronage paid (\$Mils)	\$1.080	\$0.813	\$0.778	\$0.785	\$1.016	
% return to members	12.9%	11.2%	8.8%	11.0%	16.7%	12.1%

Schedule 1 Asset Growth		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020					
Name of credit union	Location	Members	Assets (\$Mils)	Growth %	Net Income * (\$000's)	Return on Assets %	Return on Equity %
1	Ukrainian	24,947	\$991	7.4%	\$2,171	0.23%	3.7%
2	Buduchnist	19,805	\$916	3.5%	\$1,382	0.15%	2.0%
3	Carpathia	10,739	\$619	-0.1%	\$288	0.05%	0.9%
4	CP Ukrainienne de Montreal	4,121	\$215	10.3%	\$1,494	0.73%	5.8%
5	New Community	2,280	\$127	9.6%	\$749	0.62%	7.5%
Total		61,892	\$2,867	4.7%	\$6,084	0.22%	3.1%
Total 2019		61,246	\$2,738	4.3%	\$7,153	0.27%	3.9%
Total 2018		61,646	\$2,609	4.6%	\$8,799	0.34%	4.9%
Total 2017		62,978	\$2,495	5.5%	\$8,810	0.36%	5.1%
Total 2016		63,773	\$2,364	5.4%	\$8,387	0.36%	5.0%
Total 2015		64,543	\$2,242	6.3%	\$10,996	0.51%	6.9%
Total 2014		64,899	\$2,109	6.9%	\$8,842	0.45%	6.0%

* Net income is defined as comprehensive net income before dividends and patronage payments.

Schedule 2 Capitalization		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020				
Name of credit union	Capital (\$000's)	% Assets	Growth in Capital %	Dividends & Patronage (\$000's)	Return to Members %	
1	Ukrainian	\$63,926	6.45%	21.5%	\$527	28.7%
2	Buduchnist	\$71,055	7.75%	1.6%	\$200	14.6%
3	Carpathia	\$32,699	5.29%	0.6%	\$13	4.6%
4	CP Ukrainienne de Montreal	\$26,485	12.33%	5.2%	\$275	18.4%
5	New Community	\$10,330	8.15%	7.8%	-	-
Total		\$204,495	7.13%	7.8%	\$1,016	17.7%
Total 2019		\$189,787	6.93%	7.6%	\$785	13.5%
Total 2018		\$183,016	7.01%	3.5%	\$778	9.5%
Total 2017		\$178,009	7.13%	4.5%	\$813	12.8%
Total 2016		\$170,314	7.21%	4.5%	\$1,080	13.9%
Total 2015		\$162,702	7.26%	5.7%	\$1,396	13.3%
Total 2014		\$153,946	7.30%	4.9%	\$1,825	21.8%

Schedule 2a						
Risk Adjusted						
Capitalization (Basel)						
UKRAINIAN CREDIT UNIONS IN CANADA						
as at December 31, 2020						
2020	Tier I Risk Adjusted Capital (\$'000's)	Tier II Risk Adjusted Capital (\$'000's)	Total Risk Adjusted Capital (\$'000's)	Risk Adjusted Ratios		
				Tier I Ratio	Tier II Ratio	Total Ratio
Name of credit union						
Ukrainian	\$65,786	\$1,359	\$67,145	13.07%	0.27%	13.34%
Buduchnist	\$67,095	\$6,111	\$73,206	15.21%	1.39%	16.60%
Carpathia	\$33,200	\$0	\$33,200	14.65%	0.00%	14.65%
CP Ukrainienne de Montreal	\$26,074	\$0	\$26,074	26.63%	0.00%	26.63%
New Community	\$10,308	\$72	\$10,380	14.50%	0.10%	14.60%
Total	\$202,463	\$7,542	\$210,005	15.11%	0.56%	15.67%
Growth rate %	10.2%	9.5%	10.2%			
2019	Tier I Risk Adjusted Capital (\$'000's)	Tier II Risk Adjusted Capital (\$'000's)	Total Risk Adjusted Capital (\$'000's)	Risk Adjusted Ratios		
				Tier I Ratio	Tier II Ratio	Total Ratio
Name of credit union						
Ukrainian	\$51,777	\$2,211	\$53,988	10.92%	0.47%	11.39%
Buduchnist	\$66,178	\$4,605	\$70,782	14.59%	1.01%	15.60%
Carpathia	\$32,791	\$0	\$32,791	11.80%	0.00%	11.80%
CP Ukrainienne de Montreal	\$23,373	\$0	\$23,373	26.65%	0.00%	26.65%
New Community	\$9,559	\$72	\$9,631	14.08%	0.11%	14.19%
Total	\$183,678	\$6,888	\$190,566	13.49%	0.51%	14.00%
Growth rate %	2.2%	19.0%	2.7%			
2018	Tier I Risk Adjusted Capital (\$'000's)	Tier II Risk Adjusted Capital (\$'000's)	Total Risk Adjusted Capital (\$'000's)	Risk Adjusted Ratios		
				Tier I Ratio	Tier II Ratio	Total Ratio
Name of credit union						
1 Buduchnist	\$64,054	\$4,659	\$68,713	14.17%	1.03%	15.20%
2 Ukrainian	\$51,453	\$1,055	\$52,508	11.80%	0.24%	12.04%
3 Carpathia	\$25,792	\$0	\$25,792	9.80%	0.00%	9.80%
4 CP Ukrainienne de Montreal	\$23,373	\$0	\$23,373	21.67%	0.00%	21.67%
5 North Winnipeg	\$6,593	\$0	\$6,593	16.42%	0.00%	16.96%
6 New Community	\$8,502	\$72	\$8,574	13.71%	0.12%	13.83%
Total	\$179,767	\$5,787	\$185,553	13.20%	0.43%	13.83%
Growth rate %	3.8%	2.2%	3.7%			

Schedule 3						
UKRAINIAN CREDIT UNIONS IN CANADA						
Loan Portfolio						
as at December 31, 2020						
Name of CU	Residential Mortgage Loans (\$'000's)	Commercial Mortgage Loans (\$'000's)	Consumer Loans (\$'000's)	Agriculture & Business Loans (\$'000's)	Total Gross Loans (\$'000's)	Allowance/ Loans %
1 Ukrainian	\$551,808	\$280,211	\$32,887	\$0	\$864,906	0.38%
2 Buduchnist	\$515,445	\$237,853	\$5,588	\$0	\$758,886	0.87%
3 Carpathia	\$335,392	\$111,753	\$19,311	\$10,207	\$476,663	0.89%
4 CP Ukrainienne de Montreal	\$151,636	\$32,872	\$4,228	\$0	\$188,736	0.24%
5 New Community	\$80,401	\$2,602	\$10,884	\$606	\$94,492	0.37%
Total	\$1,634,682	\$665,291	\$72,897	\$10,814	\$2,383,684	0.63%
Growth % Year over Year	0.6%	-2.9%	-15.6%	-31.4%	-1.2%	
Mix of loans %	68.6%	27.9%	3.1%	0.5%	100.0%	
Total 2019	\$1,625,475	\$685,505	\$86,322	\$15,752	\$2,413,054	0.56%
Total 2018	\$1,475,243	\$717,778	\$105,097	\$18,782	\$2,316,900	0.43%
Total 2017	\$1,384,460	\$687,237	\$93,463	\$25,614	\$2,190,774	0.09%
Total 2016	\$1,238,489	\$656,157	\$88,711	\$27,279	\$2,010,636	0.12%
Total 2015	\$1,193,572	\$596,457	\$82,830	\$41,223	\$1,914,082	0.12%
Growth rates %						
Total 2019	10.2%	-4.5%	-17.9%	-16.1%	4.2%	
Total 2018	6.6%	4.4%	12.4%	-26.7%	5.8%	
Total 2017	11.8%	4.7%	5.4%	-6.1%	9.0%	
Total 2016	3.8%	10.0%	7.1%	-33.8%	5.0%	
Total 2015	5.4%	2.8%	-1.9%	36.7%	4.7%	

Schedule 4		UKRAINIAN CREDIT UNIONS IN CANADA			
Deposit Portfolio		as at December 31, 2020			
Name of credit union	Borrowings (\$'000's)	Demand Deposits (\$'000's)	Term Deposits (\$'000's)	Registered Savings (\$'000's)	Total Deposits (\$'000's)
1 Ukrainian	\$110,212	\$317,902	\$326,252	\$156,638	\$800,792
2 Buduchnist	\$88,109	\$307,707	\$299,147	\$140,783	\$747,636
3 Carpathia	-	\$271,050	\$142,994	\$166,026	\$580,070
4 CP Ukrainienne de Montreal	-	\$61,085	\$38,669	\$29,797	\$129,551
5 New Community	-	\$38,018	\$62,763	\$14,028	\$114,808
Total	\$198,321	\$995,762	\$869,825	\$507,271	\$2,372,858
Growth % Year over Year	-25%	17.8%	-4.6%	3.1%	5.5%
<i>Mix of deposits</i>		<i>42.0%</i>	<i>36.7%</i>	<i>21.4%</i>	<i>100.0%</i>
Total 2019	\$265,495	\$845,310	\$911,653	\$492,090	\$2,249,052
Growth % Year over Year	18%	3.5%	4.6%	8.2%	5.0%
<i>Mix of deposits</i>		<i>37.6%</i>	<i>40.5%</i>	<i>21.9%</i>	<i>100.0%</i>
Total 2018	\$224,982	\$816,700	\$871,439	\$454,791	\$2,142,930
Growth % Year over Year	3%	5.5%	0.3%	5.2%	3.3%
<i>Mix of deposits</i>		<i>37.3%</i>	<i>41.9%</i>	<i>20.8%</i>	<i>100.0%</i>
Total 2017	\$217,794	\$774,051	\$868,770	\$432,268	\$2,075,090
Growth % Year over Year	16%	8.2%	2.7%	2.8%	4.7%
<i>Mix of deposits</i>		<i>37.3%</i>	<i>41.9%</i>	<i>20.8%</i>	<i>100.0%</i>
Total 2016	\$187,075	\$715,653	\$846,338	\$420,686	\$1,982,677
Growth % Year over Year	25%	7.7%	-0.6%	7.7%	4.0%
<i>Mix of deposits</i>		<i>33.2%</i>	<i>46.9%</i>	<i>20.0%</i>	<i>100.0%</i>
Total 2015	\$150,242	\$664,447	\$851,602	\$390,579	\$1,906,628
Growth % Year over Year	21%	10.8%	0.4%	8.2%	5.4%
<i>Mix of deposits</i>		<i>33.2%</i>	<i>46.9%</i>	<i>20.0%</i>	<i>100.0%</i>

Schedule 5
Operating results

UKRAINIAN CREDIT UNIONS IN CANADA
as at December 31, 2020
As a % of Average Asset

Name of credit union	Net Interest Margin	Other Income	Operating Income	Operating Expenses
1 Ukrainian	2.02%	0.37%	2.39%	1.97%
2 Buduchnist	1.79%	0.21%	2.00%	1.43%
3 Carpathia	1.55%	0.39%	1.94%	1.56%
4 CP Ukrainienne de Montreal	2.23%	0.10%	2.32%	1.37%
5 New Community	1.88%	0.46%	2.35%	1.52%
Total	1.85%	0.31%	2.16%	1.64%
Total 2019	2.10%	0.29%	2.39%	1.81%
Total 2018	2.01%	0.28%	2.29%	1.67%
Total 2017	1.88%	0.34%	2.22%	1.57%
Total 2016	1.89%	0.34%	2.23%	1.71%
Total 2015	1.99%	0.37%	2.36%	1.77%

Schedule 5a Operating results		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020			
Name of credit union		Net Interest Margin (\$000s)	Other Income (\$000s)	Operating Income (\$000s)	Operating Expenses (\$000s)
1	Ukrainian	\$19,360	\$3,547	\$22,907	\$18,837
2	Buduchnist	\$16,144	\$1,894	\$18,039	\$12,858
3	Carpathia	\$9,612	\$2,414	\$12,026	\$9,655
4	CP Ukrainienne de Montreal	\$4,559	\$197	\$4,756	\$2,814
5	New Community	\$2,280	\$564	\$2,844	\$1,846
Total		\$51,955	\$8,616	\$60,571	\$46,011
Growth % Year over Year		-5.4%	12.2%	-3.2%	-2.9%
Total 2019		\$54,927	\$7,678	\$62,605	\$47,390
Growth % Year over Year		7.1%	6.3%	7.0%	11.4%
Total 2018		\$51,266	\$7,222	\$58,488	\$42,528
Growth % Year over Year		9.1%	-19.2%	4.6%	4.3%
Total 2017		\$46,973	\$8,934	\$55,907	\$40,779
Growth % Year over Year		7.8%	15.4%	8.9%	3.6%
Total 2016		\$43,589	\$7,744	\$51,333	\$39,376
Growth % Year over Year		0.5%	-3.2%	0.0%	2.4%
Total 2015		\$43,352	\$7,998	\$51,350	\$38,447
Growth % Year over Year		3.0%	25.8%	6.0%	6.8%

Schedule 6 Operating results		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020 As a % of Average Assets				
Name of credit union	Net Income before loan losses	Provision for Loan Losses	Income Taxes	Compre- hensive Adjustment	Net Income*	
1 Ukrainian	0.43%	0.21%	0.02%	0.04%	0.23%	
2 Buduchnist	0.58%	0.40%	0.02%	0.00%	0.15%	
3 Carpathia	0.38%	0.32%	0.01%	0.00%	0.05%	
4 CP Ukrainienne de Montreal	0.95%	0.17%	0.05%	0.00%	0.73%	
5 New Community	0.82%	0.09%	0.11%	0.00%	0.62%	
Total	0.52%	0.29%	0.03%	0.01%	0.22%	
Total 2019	0.58%	0.16%	0.07%	-0.08%	0.27%	
Total 2018	0.63%	0.26%	0.06%	0.05%	0.34%	
Total 2017	0.62%	0.03%	0.09%	-0.14%	0.36%	
Total 2016	0.52%	0.03%	0.09%	0.00%	0.40%	
Total 2015	0.59%	0.01%	0.09%	0.02%	0.51%	
<i>* Comprehensive net income</i>						

Schedule 6a Operating results		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020			
Name of credit union	Net Income Before loan losses (\$000s)	Provision for Loan Losses (\$000s)	Income Taxes (\$000s)	Compre- hensive Adjustment	Net income* (\$000s)
1 Ukrainian	\$4,070	\$2,008	\$226	\$335	\$2,171
2 Buduchnist	\$5,180	\$3,595	\$216	\$12	\$1,382
3 Carpathia	\$2,370	\$1,998	\$84	\$0	\$288
4 CP Ukrainienne de Montreal	\$1,942	\$343	\$105	\$0	\$1,494
5 New Community	\$998	\$110	\$138	\$0	\$749
Total	\$14,560	\$8,054	\$769	\$347	\$6,084
Growth % Year over Year	-4.3%	96.2%	-60.3%		-30.9%
Total 2019	\$15,215	\$4,106	\$1,936	(\$2,020)	\$7,153
Growth % Year over Year	-4.7%	-39.0%	21.0%		-18.7%
Total 2018	\$15,960	\$6,725	\$1,600	\$1,164	\$8,799
Growth % Year over Year	5.5%	202.1%	-28.0%		21.0%
Total 2017	\$15,128	\$2,226	\$2,223	(\$3,410)	\$7,269
Growth % Year over Year	26.5%	196.8%	9.6%		-13.3%
Total 2016	\$11,957	\$750	\$2,028	(\$792)	\$8,387
Growth % Year over Year	-7.3%	166.2%	-1.2%		-23.7%
Total 2015	\$12,903	\$282	\$2,052	\$427	\$10,996
Growth % Year over Year	3.6%	-49.8%	7.2%		24.4%
* comprehensive net income					

Schedule 7		UKRAINIAN CREDIT UNIONS IN CANADA		
Operating results		as at December 31, 2020		
		As a % of Average Assets		
Name of credit union	Net Income*	Net Dividends & Patronage	Net Income	
1 Ukrainian	0.23%	0.06%	0.17%	
2 Buduchnist	0.15%	0.02%	0.13%	
3 Carpathia	0.05%	0.00%	0.04%	
4 CP Ukrainienne de Montreal	0.73%	0.13%	0.60%	
5 New Community	0.62%	0.00%	0.62%	
Total	0.22%	0.04%	0.18%	
Total 2019	0.27%	0.03%	0.24%	
Total 2018	0.34%	0.03%	0.31%	
Total 2017	0.47%	0.03%	0.44%	
Total 2016	0.36%	0.05%	0.32%	
Total 2015	0.49%	0.06%	0.43%	
Name of credit union	Net Income* (\$000s)	Net Dividends & Patronage (\$000s)	Net Income less dividends (\$000s)	
1 Ukrainian	2,171	527	1,644	
2 Buduchnist	1,382	200	1,181	
3 Carpathia	288	13	275	
4 CP Ukrainienne de Montreal	1,494	275	1,219	
5 New Community	749	0	749	
Total	6,084	1016	5,068	
Growth % Year over Year	-15.0%	29.3%	-20.4%	
Total 2019	\$7,153	\$785	\$6,368	
Growth % Year over Year	-18.7%	0.9%	-20.6%	
Total 2018	\$8,799	\$778	\$8,021	
Growth % Year over Year	-0.1%	-4.3%	0.3%	
Total 2017	\$8,810	\$813	\$7,997	
Growth % Year over Year	5.0%	-24.7%	9.4%	
Total 2016	\$8,387	\$1,080	\$7,307	
Growth % Year over Year	-21.4%	-22.6%	-21.2%	
Total 2015	\$10,673	\$1,396	\$9,277	
Growth % Year over Year	20.7%	-23.5%	32.2%	
* comprehensive net income before distributions to members				

Schedule 8		UKRAINIAN CREDIT UNIONS IN CANADA			
Expense Analysis		as at December 31, 2020			
		As a % of Average Assets			
Name of credit union	Personnel Expense	Occupancy Expense	Other Expenses	Total Operating Expenses	Productivity Expense Ratio (a)
1 Ukrainian	1.17%	0.21%	0.59%	1.97%	82.2%
2 Buduchnist	0.66%	0.11%	0.66%	1.43%	71.3%
3 Carpathia	0.81%	0.27%	0.48%	1.56%	80.3%
4 CP Ukrainienne de Montreal	0.67%	0.00%	0.71%	1.37%	59.2%
5 New Community	0.92%	0.07%	0.53%	1.52%	64.9%
Total	0.88%	0.17%	0.59%	1.64%	76.0%
Total 2019	0.92%	0.18%	0.65%	1.81%	75.7%
Total 2018	0.88%	0.17%	0.61%	1.67%	72.7%
Total 2017	0.79%	0.15%	0.62%	1.57%	70.5%
Total 2016	0.88%	0.17%	0.66%	1.71%	76.7%
Total 2015	0.91%	0.18%	0.68%	1.77%	74.9%

New Disclosure Regulations – Restricted Party Transactions

Restricted Party Transactions

Ontario credit unions are required to disclose the total amount loans made to restricted parties. Under section 82 of Ontario Regulation 76/95 of the Credit Unions and Caisses Populaires Act (Ontario), 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.”

Schedule 9 Director & Employee Loans		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020			
Name of credit union	Location	Net Loans (000's)	Director & Employee Loans (000's)	As a % of Net Loans	
1	Ukrainian	Toronto	861,585	5,270	0.61%
2	Buduchnist	Toronto	752,292	5,382	0.72%
3	Carpathia	Winnipeg	472,410	2,691	0.57%
4	CP Ukrainienne de Montreal	Montreal	188,292	0	0.00%
5	New Community	Saskatoon	94,143	1,709	1.81%
Total			2,368,722	15,051	0.64%
Growth % Year over Year			-1.3%	20.8%	
Total 2018			2,399,496	12,457	0.52%
Growth % Year over Year			4.0%	-24.6%	
Total 2018			2,306,934	16,527	0.72%
Growth % Year over Year			5.4%	14.5%	
Total 2017			2,187,975	14,431	0.66%
Growth % Year over Year			8.9%	-18.4%	
Total 2016			2,008,299	17,676	0.88%
Growth % Year over Year			5.0%	39.9%	
Total 2015			1,911,843	12,631	0.66%
Growth % Year over Year			4.7%	-3.8%	

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.

Schedule 10 Director Fees & Costs		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020				
Name of credit union	Operating Expenses (000's)	Directors Fees & Costs	Directors fees & costs/ Operating Expenses %	Number of Directors	Avg. Director fees & costs/ Director	
1 Ukrainian	\$18,837	\$138,000	0.73%	12	\$11,500	
2 Buduchnist	\$12,858	\$87,500	0.68%	9	\$9,722	
3 Carpathia	\$9,655	\$127,567	1.32%	12	\$10,631	
4 CP Ukrainienne de Montreal	\$2,814	\$0	0.00%	15	\$0	
5 New Community	\$1,846	\$12,650	0.69%	9	\$1,406	
Total	\$46,011	\$365,717	0.79%	57	\$8,708	
Growth % Year over Year	-2.9%	-6.2%			-12.9%	
Total 2019	\$47,390	\$390,032	0.82%	54	\$10,001	
Growth % Year over Year	11.4%	6.2%			38.9%	
Total 2018	\$42,528	\$367,330	0.86%	66	\$7,203	
Growth % Year over Year	4.3%	19.8%			8.0%	
2 Total 2017	\$40,779	\$306,668	0.75%	61	\$6,667	
Growth % Year over Year	3.6%	9.0%			-0.5%	
2 Total 2016	\$39,376	\$281,312	0.71%	61	\$6,698	
Growth % Year over Year	2.4%	-9.3%			-9.3%	
3 Total 2015	\$38,447	\$310,187	0.81%	61	\$7,385	
Growth % Year over Year	6.8%	4.7%			4.7%	

Schedule 11		UKRAINIAN CREDIT UNIONS IN CANADA				
Branch, Member & Employee averages		as at December 31, 2020				
Name of credit union	Branches	Deposits/ Branch (\$Mils)	Members	Assets/ Member	Number of Employees	Average Compensation /Employee
1 Ukrainian	18	\$44.5	24,947	\$37,365	150	\$74,633
2 Buduchnist	9	\$83.1	19,805	\$44,221	80	\$74,279
3 Carpathia	6	\$96.7	10,739	\$61,099	72	\$70,375
4 CP Ukrainienne de Montreal	1	\$129.6	4,121	\$47,274	16	\$85,500
5 New Community	1	\$114.8	2,280	\$50,757	11	\$101,710
Total	35	\$67.8	61,892	\$44,232	328	\$75,056
Growth % Year over Year	0.0%	5.5%	1.1%	-1.0%	5.6%	-3.0%
Total 2019	35	\$64.3	61,246	\$44,699	311	\$77,387
Growth % Year over Year	2.9%	2.0%	-0.6%	5.6%	-0.5%	9.1%
Total 2018	34	\$63.0	61,646	\$42,325	312	\$70,942
Growth % Year over Year	0.0%	3.3%	-2.1%	6.8%	-12.1%	17.7%
Total 2017	34	\$61.0	62,978	\$39,616	355	\$60,259
Growth % Year over Year	3.0%	1.6%	-1.2%	6.9%	2.9%	2.6%
Total 2016	33	\$60.1	63,773	\$37,066	345	\$58,760
Growth % Year over Year	0.0%	4.0%	-1.2%	6.7%	14.6%	-10.3%
Total 2015	33	\$57.8	64,543	\$34,736	301	\$65,484
Growth % Year over Year	0.0%	5.4%	-0.5%	6.9%	-2.0%	9.6%

Schedule 13		UKRAINIAN CREDIT UNIONS IN CANADA				
Membership		as at December 31, 2020				
Name of credit union	2016	2017	2018	2019	2020	20/19 Growth %
1 Ukrainian	23,960	24,425	23,925	24,697	24,947	3.2%
2 Buduchnist	21,940	20,655	20,427	20,012	19,805	-2.0%
3 Carpathia	8,729	8,774	8,656	10,136	10,739	17.1%
4 CP Ukrainienne de Montreal	3,492	3,492	3,667	4,121	4,121	12.4%
5 North Winnipeg	3,375	3,375	2,750	merged*	-	-
6 New Community	2,277	2,257	2,221	2,280	2,280	2.7%
Total	63,773	62,978	61,646	61,246	61,892	-0.6%

* effective July 1, 2019 North Winnipeg Credit Union merged with Carpathia Credit Union.

Canada Emergency Business Account (“CEBA”) [NEW]

The Canada Business Emergency Account (“CEBA”) program provides interest-free loans of up to \$60,000 to small businesses and not-for-profits.

Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 33 percent (up to \$20,000).

As of October 26, 2020, eligibility for CEBA expanded by removing the previous March 1, 2020 condition for having an active business chequing/operating account. With this removal, eligible businesses can now apply after opening a business chequing/operating account with their primary financial institution. For more information about this new criterion or other criteria established since the launch of CEBA we recommend you visit the FAQs below.

As of December 4, 2020 approved CEBA applicants can now receive a \$60,000 loan. CEBA applicants who have received the \$40,000 CEBA loan may apply the CEBA expansion, which provides eligible businesses with an additional \$20,000 of financing.

CEBA was available from more than 220 financial institutions across the country.

Schedule 14 Canada Emergency Business Program (CEBA)		UKRAINIAN CREDIT UNIONS IN CANADA as at December 31, 2020		
Name of credit union	Location	# CEBA loans	(\$000) CEBA loans	Avg per loan
1 Ukrainian	Toronto	170	\$6,790	\$40,000
2 Buduchnist	Toronto	168	\$6,920	\$41,190
3 Carpathia	Winnipeg	-	-	-
4 CP Ukrainienne de Montreal	Montreal	-	-	-
5 New Community	Saskatoon	59	\$3,120	\$52,881
Total		397	\$16,830	\$42,420

Brief Overview of the Ukrainian-Canadian Credit Unions

As outline in the annual reports of each credit union



Ukrainian Credit Union was founded in **1944** and is now the largest Ukrainian credit union in Canada, 12th largest credit union in Ontario and 41st largest in Canada based on asset size.

EXECUTIVE REPORT FOR 2020

Dear Members,

In 2020, members, directors, staff and management pulled together and successfully demonstrated the resilience of our financial co-operative in the face of the COVID-19 world pandemic. We are gratified to be able to report that despite these tumultuous times, the past year has been one of healthy growth, solid results, and prudent increases in reserves to mitigate pandemic related uncertainties ahead.

As our country's largest Ukrainian Canadian credit union, we have also remained mindful throughout the COVID-19 crisis to do our best to assist those members who needed help most, and to build community by morally and financially supporting our cultural, educational, religious, and volunteer organizations. We also increased our support for charitable programs that provide help to those in need throughout the neighbourhoods we serve, while continuing to maintain our unwavering support for Ukraine which in 2020 marked six years of defending itself against aggression by the Russian Federation.

THANK YOU TO OUR EMPLOYEES

Normally, our report would first speak to the credit union's financial results for the past year. On this occasion however, we feel that our first obligation on behalf of members and the board is to extend our heartfelt appreciation to all UCU employees who kept our branches open as an essential service to meet members' needs.

In particular we want to thank our branch staff whose positions dealing directly with the public provided them limited ability to work from the safety of their homes, and who had to be mindful at all times to follow health and safety protocols to keep members, themselves and their families healthy from infection.

Many staff had to take on new responsibilities to serve members remotely through our expanded call centre to ensure that those members who could not come into the branch were not forgotten. Yet others were focused on keeping abreast of the latest public health advice, educating staff and members on how to stay safe, implementing anti-pandemic best practices like physical barriers and increased cleaning and disinfection protocols in branches. Those employees who did work from home, like many of our members, often had the additional stresses of balancing care for school age children forced to stay home and coordinating with others in their households who were also required to work remotely.

Again, we extend a big thank you to all of our member facing and back-office employees for all they have done and sacrificed to keep member service going and to capably manage our business during COVID-19. We will continue to rely on them in the months ahead before COVID-19 is brought under control and the main impacts of the pandemic are overcome.

FINANCIAL HIGHLIGHTS FOR 2020

In 2020, our credit union continued to grow, and its underlying financial performance remained stable year-over-year notwithstanding financial margin compression and the pandemic's other disruptive effects.

Assets increased by \$67.830 million (7.35%) to \$990.637 million; deposits grew \$56.370 million (7.52%) to \$805.971 million, while loans to members increased \$40.790 million (4.96%) to \$862.911 million.

Careful asset liability management and the benefits of interest rate hedges put into place long before the pandemic, coupled with stronger revenues from wealth management, creditor insurance and fees for service, resulted in total financial margin and other income of \$22.907 million before provision for loan loss (vs. \$22.097 million in 2019).

Income before provision for loan losses and income taxes for 2020 remained stable year over year at \$4.037 million (vs. \$4.152 million in 2019).

Net income for 2020 after taxes, distribution to members, and including loan loss provisions came in at \$1.803 million (vs. \$3.087 million in 2019), somewhat higher than the budgeted profit figure of \$1.603 million for a year in which we executed on plans to heavily invest in digital transformation.

Regulatory capital grew to \$67.145 million (vs. \$53.988 million in 2019), helped by a successful 75th anniversary investment share offering to members which netted \$9.613 million in new share capital. Our year-end leveraging ratio stood at 6.78% (vs. 5.85% in 2019), and our risk weighted capital ratio was 13.34% (vs. 11.39% in 2019). Both ratios substantially exceed minimum regulatory requirements as in past years.

Summarized financial statements, and the reports of the Audit Committee that follow provide additional detail on your credit union's financial performance and regulatory compliance.

CREDIT REPORT

The Credit Union received a total of 2,250 credit applications (vs. 2,810 in 2019) of which 1,313 were advanced, 760 were declined or cancelled, and 177 were approved but not yet advanced by year-end.

Based on our conservative credit loss projection methodology which emphasizes prudent income recognition and balance sheet soundness, 2020 saw provisions for doubtful loans increase by \$2.008 million (vs. \$356 thousand in 2019). While the credit union did not experience a year-over-year spike in loans actually written off, management was careful to set aside sufficient loan reserves to take into account possible fallout from the once-in-a-century social and economic turmoil brought on by the pandemic.

According to industry data provided by our regulator FSRA, the credit union's indicators for credit risk and delinquent loans in 2020 remained well below that of the credit union sector overall.

COVID-19 RESPONSE

Through the enabling efforts of the Canadian Credit Union Association and Central 1, UCU was able to support our business members through the administration of 170 Government of Canada CEBA loans totaling \$6.79 million. With regulatory support from FSRA, the credit union also implemented a successful loan deferral program to assist borrowing members negatively impacted by the pandemic.

At their height on April 30, 2020, there were 236 loans under deferral representing an aggregate principal balance of \$70.6 million, or 8.49% of our total loan portfolio. By year end, the level of loan deferrals returned to normal pre-pandemic minimal levels.

The credit union increased its call centre capacity by four times and also extended call centre hours to grow this service channel in the wake of public health warnings which led us to somewhat shorten branch hours to reduce the risk of infection among members and staff. But for some limited

alternative methods like “through the door” service, our St. Demetrius Branch with its very limited room for social distancing, was closed altogether from March 17 until the introduction of by appointment only service on October 19, 2020. This was to protect the health of the branch’s higher risk demographic which skews towards the most vulnerable seniors grouping, a high proportion of whom live in the adjoining St. Demetrius retirement residence and the local neighbourhood.

On the other hand, in conjunction with more limited branch hours, our staff was very pleased to welcome many new call centre and on-line users as members discovered the convenience and safety of doing their banking from home.

By year-end, we also rolled out the ability for new members to join the credit union on-line without having to come into a branch during periods of stay-at-home orders from provincial authorities.

During the pandemic we further extended our outreach to members through sixteen on-line member education webinars including topics like Buying Your First Home, Digital Banking Access & Enablement for Small Business and Investing in Volatile Markets.

Finally, throughout the pandemic, even during those times when full time hours were not possible, there were no COVID-19 related reductions in staffing or benefits. Neither were limitations imposed on paid sick leave, both to encourage staff to do the right thing and stay home if they were not feeling well and also not to further burden the families of our dedicated employees psychologically and financially.

In the rare instances of potential exposures to COVID-19 or the even rarer infections among staff, the credit union worked closely with local public health authorities to take remedial measures like deep cleaning of our branches, encouraging and accommodating employee testing, and assisting with any required contact tracing using visitor logs maintained at all of our locations.

With the pandemic far from over at this time, the credit union is committed to keeping up its guard against COVID-19 and we kindly ask for members continued cooperation when it comes to compulsory masking and other in-branch anti-infection measures which we intend to retain fully in place until public health authorities direct otherwise.

INVESTMENT SHARES AND MEMBERSHIP

To mark the special anniversary of the founding of UCU in 1944, we launched our 75th Anniversary Class A Share Offering in October 2019. An earlier planned launch was delayed by the transition of our former regulator, the Deposit Insurance Corporation of Ontario (DICO), to the newly created Financial Services Regulatory Authority of Ontario (FSRA), which officially went into effect on June 8, 2019. Nevertheless, there was strong demand for the offering which was closed off earlier than planned on June 30, 2020 due to the declaration of the COVID-19 world pandemic.

We express sincere thanks to those members who invested in 75th Anniversary Class A Investment Shares for their confidence in UCU and joining previous Class A investment share owners in giving UCU room to grow and invest in transformative technologies with greater momentum.

The aggregate annualized dividend paid on Class A Investment Shares was 4%, and at the end of December, 2020 the credit union’s membership was 24,947 (vs. 24,697 in 2019).

INNOVATION AND PRODUCT ENHANCEMENTS

Ukrainian Credit Union Limited remains committed to be a financial services technology leader by providing members with a range of innovative products and services. In 2020, we introduced or laid the groundwork for the following new service offerings and improvements:

- Introduction of online banking transfer of funds between Canadian dollar and US dollar accounts (February, 2020)
- CRA Deposit for special government payments in response to the COVID-19 pandemic (April, 2020)
- Expansion of Call Centre Capacity (April, 2020)

- Option to apply for Federal COVID-19 relief programs CEBA and CESB online (April, 2020)
- Mobile app version updated to increase accuracy and speed of Deposit Anywhere (July, 2020)
- Online banking integration to Collabria Credit Cards (August, 2020)
- Extension of Call Centre hours (December, 2020)
- Launch of on-line on-boarding for new members (December, 2020)

SHARING OUR CO-OPERATIVE SUCCESS

On pages 8 and 9 of this report you will find the dozens of worthwhile causes and organizations that Ukrainian Credit Union Limited supported in 2020. One of our credit union's core values, "Building Community", did not take a break during the pandemic when assistance was needed more than ever. Members can share in the pride of our credit union maintaining the lion's share of previous years' community support in place despite the uncertainty and tighter economic conditions brought on by COVID-19.

THANK YOU

Again, we extend our sincere appreciation to our member facing and back-office employees for all they have done and sacrificed to keep member service going and to capably manage our business during COVID-19. We will continue to rely on them in the months ahead before COVID-19 is brought under control and the most serious impacts of the pandemic are overcome through mass vaccination programs and continued vigilance around public health measures.

In closing, we save our biggest thank you for you, our members, for your kindness, patience, and for your continued confidence in your financial co-operative during the pandemic. Your credit union has stood by you in these difficult times, and you have stood by your credit union. We cannot think of a better indicator of the strength and resilience through co-operation with which we will together overcome the challenges ahead for our member families, businesses, and the communities we serve. May God grant all of us good health, safety and well-being as we pursue this joint endeavor.

Co-operatively yours,

Yaroslav Borys - Chair of the Board

Taras Pidzamecky - Chief Executive Officer

Corporate Governance

Ukrainian 2020		Toronto, Ontario				
Name	Board	Position	Profession	Business	Education	
1	Bob Diakow	6		IT Consultant	Former Director, IR Solutions - Niagara Region (24 yrs)	BA-Computer Science (Waterloo), B.Sc (Brock)
2	Irena Fedchun	18	Chair-Audit	Director of Finance & Admin	Community & Home Assistance to Seniors (CHATS)	MS Science, MBA, CPA, CUDA
3	Jerry Pryshlak	29	Secretary	Retired -entrepneur	Retail Business & Business Manager YMCA	BA (Brock), C.Dir
4	Michael Mychailyshyn	2		Lawyer	Private Practise	BA (McMaster), JD (Michagan)
5	Myron Oleksyshyn	2		Retired	Managing Director MNO procurement Solutions	B. Com (Windsor), CUDA
6	Natalia Lishchyna	4	1st Vice Chair	Chiroprator & Politician	Assistant Professor at Canadian Memorial Chiropractic College (13 yrs)	BA (McMaster), ICD.D
7	Orest Sklierenko	1		Oncology Bran Lead	Sanofi Genzyme	BSc (Toronto), MBA (York)
8	Peter Malajczuk	6	2nd Vice Chair	Finance Executive - Telecommunications Industry	Bell Canada	B. Com (Toronto)
9	Slawko Borys	8	Chair	Aviation Industry	Director of Safety, Security & Regulatory Affairs -Air Canada	Aviation Management (Georgian College)
10	Taras Hetmaneczuk	1		VP Regional Sales	Molson Coors	BSc (Toronto), MBA (Wilfred Laurier)
11	Taras Rohatyn	4		Retired - Small business consultant		BA (Laurentian)
12	William Roman	1		General Manager	Rosewood Estates Winery	B. Comm (McMaster), Wine (Niagara College)
	Average	6.9				



Buduchnist Credit Union opened its doors on May 29, **1952**, with 162 members and over \$22,000 in assets. It was founded by 25 forward-thinking Ukrainians who immigrated to Canada after WW II. Their mission was to create a financial cooperative whose combined assets would benefit both its members and the larger Ukrainian community in Canada. Buduchnist Credit Union is the second largest Ukrainian credit union in Canada, 13th largest credit union in Ontario and 44th largest in Canada based on asset size.

Board of Directors and CEO Report

2020 challenged us. It challenged us to be insightful and forward thinking. It challenged us to be resourceful and strategic. It challenged us to be thoughtful and caring and, most importantly, to adapt and to decide. And BCU delivered!

Insightful and Forward-Thinking

The year 2020 opened with optimism and excitement in well laid plans for growth and renewal. BCU Head Office staff completed its move from 2280 Bloor Street to our new back-office facilities in preparation for the physical transformation of our Head Office on the eve of the CU's 70th Anniversary in 2022.

However, by early March we were faced with the reality of a pandemic that had already affected much of the world. BCU responded quickly, laying plans well before any governmental announcements. Our priorities were our personnel and our members. Gloves and antiseptics were deployed immediately, and extra cleaning and disinfecting in all public areas became the norm.

The number of members who could transact in our branches at any one time was reduced. Initially, we divided our front line branch staff into two teams that worked alternate weeks, both to ensure continuous service to our members in case of infection, but also to allow our staff to rest and recharge as members too were anxious about the pandemic and business was condensed into fewer, but certainly more intense hours of operation.

Resourceful and Strategic

BCU was one of the first CUs to install glass dividers at our teller counters and barriers for our branch office staff. We quickly deployed masks and our branch managers went to work, directing traffic in our branches and reassuring our members that the CU was taking thorough precautions to safeguard both our members and our staff.

We upgraded our technology, enhancing online transfers between accounts as well as e-mail money transfers. To encourage the use of technology for payments, BCU continued to offer our members free e-mail money transfers along with the traditional free chequing services. As a result, the way our members accessed BCU services changed dramatically - likely much of it shifting permanently. The use of BCU MemberCards for debit and ATM transactions became prevalent and Telephone Banking and BCULink Internet and Mobile Banking became even more important delivery channels for our services.

Thoughtful and Caring

In April, BCU began our Wellness Campaign, reaching out to members who were using technology for the first time and to seniors to find out how they were doing generally, how they were transacting with BCU, and whether they needed any other special services. What began as a CU call to members often ended in a simple hello, stay safe and in a declaration that we were thinking about them.

At the same time, BCU also became aware of the pressures of COVID-19 on our personnel and their related needs and those of their families. As a result, BCU accommodated those staff members with special needs in the face of the threat of COVID -19. Our HR staff worked diligently to set a plan in place appropriately separating departments and distancing those who worked in one location. At the same time, our IT staff worked quickly to set up staff to work from home, particularly those staff with health issues or those with spouses or children who were ill or with compromised respiratory or immune systems. Staffs with children at home were likewise accommodated for pick-up from school, and caregivers were also accommodated, as required. As a result, much more pressure and work fell on the staff in our branches and those physically still in the office.

To all our staff, particularly in our branches and in our IT Department, we express our sincere appreciation for a big job well done!

Adaptive and Decisive

As closures and lockdowns persisted, our members accessed government assistance programs and once again BCU pivoted and assisted. Our business members were particularly hurt as many of their businesses were closed for long periods of time. BCU worked with each and every member to arrange mortgage deferrals or loan payment reductions and to access additional funding from the CU or through federal government loans and grants.

Yes, your CU was resourceful and thoughtful, caring about our members and decisive about their well-being, both physical and financial. And we strive to exceed your expectations of us.

Financial Results

BCU members' financial pressures, the drastic fall in interest rates and resulting pressure on our interest rate margins, the decision to prioritize both our investing and borrowing members, and planning for contingency in 2021 were all reflected in our year-end financial results.

BCU assets reached \$916 million while BCU Wealth Management reached \$142 million. Together, overall BCU assets under administration reached \$1.058 billion, a steady 4% growth for the year. Our members borrowed over \$120 million for the year; however, many retrenched and opted to repay outstanding debt, reducing our loan portfolio by \$30 million to \$754 million. Likewise, in the face of the uncertainty of the pandemic, our members sold properties and saved, as deposits increased by almost \$50 million to \$753 million, an increase we have not seen for some years.

In 2020, we remained true to our co-operative values, offering our members both competitive investing and borrowing rates. As a result, our net interest income decreased by \$1 million as interest rates declined rapidly. Taking into consideration the lockdowns and the continued financial pressure on our members' businesses and on their livelihoods, BCU increased its loan provisions by \$1.7 million over 2019. At the same time, BCU reduced its operating costs for the year by \$1.1 million, in particular, decreasing salaries and administrative expenses.

Net Operating Income of \$1.2 million was recorded for the year and transferred to retained earnings which, in turn, increased to \$64.1 million maintaining a very respectable regulatory capital ratio of 8%.

There was no question that throughout 2020, BCU put its members first. Our ability to act quickly and decisively, often at substantial cost, and in the face of uncertainty is a testament to our commitment to our members, our co-operative principles and to the strength of our financial institution.

Community Commitment

BCU Financial is a proud partner of the Ukrainian community in Canada and plays a vital role in its growth and development. We proudly embrace our members' initiatives and support every one of them to the benefit of our community. In addition, a significant contributor to community projects is BCU Foundation which provides support to strictly charitable causes or significant community projects which are at the heart of community development.

Based on our 2020 results, BCU Financial made a significant contribution of over \$1.2 million directly and from our designated funds at BCU Foundation to youth, cultural, educational and COVID-related initiatives, to media and information, as well as to charitable, Church and worth-while humanitarian causes.

Guided by our members' generosity in the past, as it relates to support for the humanitarian needs in wartorn Eastern Ukraine, BCU matched \$200,000 of dividends to support the people of Ukraine committed to our on-going Dividends For Ukraine campaign.

As we move forward into 2021, we are mindful of our commitment to our members, to be the best that we can be at all things financial, and of service to the community. We will enhance our communication, both through better technology as we upgrade our digital banking services and through personal interactions.

We are focused on investing in our human resources, not only to ensure that our knowledge and skills meet the challenges of change, but also to ensure that every member has a voice at BCU - someone to contact for all things Buduchnist. We are committed to enriching the BCU member experience.

A Heartfelt Thank You

Buduchnist Credit Union has the most community engaged and proud membership anywhere. Through community activism and engagement and your generosity and commitment to community needs and endeavours, BCU members continue to be community leaders. And it is our honour and pleasure to engage with you every day. To you, our members, we loudly say, thank you! Thank you for your patience and understanding during this challenging 2020 year and for putting your trust in us, and in our mutual endeavour, our Buduchnist.

To our management and staff, we acknowledge your hard work and attention to the needs of our members, particularly in these trying times, and in your enthusiasm in BCU and in our common purpose.

To our directors and volunteers, we express our appreciation for your hard work, dedication and commitment to the stewardship of BCU. Together, we will continue to grow and prosper and enrich our shared values and those of our community while we seize new opportunities that continue to focus on Your Needs.

For Life.

Andrew Tarapacký – Chairman of the Board
Oksana Prociuk-Ciz – President & CEO

Corporate Governance

Buduchnist 2020		Toronto, Ontario				
Name	Years on Board	Position	Profession	Business	Education	
1	Andrew Tarapacký	25	Chair & Chair-Human Resources	IT Consultant (30 yrs)	Telecom Industry	BA, Economics (Toronto), PMP
2	Bohdan Leshchysen	28		Retired	Financial Service Executive (40 yrs)	MBA (Toronto), CFA, FICB
3	Ihor Kozak	6	1st Vice Chair & Chair-Governance	Entrepreneur & Consultant	Former member of Canadian Armed Forces	MBA (Royal Military College)
4	Irene Hryniuk	12	2nd Vice Chair & Chair-Building	Hospitality Industry	CEO Old Mill Toronto	BA (York)
5	Nadia Kuz	3	Chair - Audit & Risk	Accountant	Controller Old Mill Toronto	CPA
6	Oleh Leszczyszyn	1	Chair-Technology	Retired	Past BMO Financial (24 yrs)	B.Sc (London School of Economics)
7	Paul Biszko	1		Senior Principal - Portfolio Construction Group	Ontario Teachers' Pension Plan	MBA (Western University), CFA
8	Roman Kulyk	3	Chair- Scholarship	Mortgage Broker (18 yrs)	Blurock Capital	B. Comm (U of Toronto)
9	Stefan Steciw	4	Chair-Investment	Senior VP	Guy Carpenter - Re-Insurance	H.BSc Actuarial (Western Ontario), MBA (Toronto)
	Average	9.2				



In **1940**, Wasyl Topolnicky, the driving force behind the Ukrainian credit union movement in Canada and the free world, founded the Savings-Credit Union “Karpatia” (**Carpathia Credit Union**) in Winnipeg, Manitoba. There were 24 founding members who each paid \$0.25 for a membership. Carpathia began serving members in the facilities of the book cooperative “Kalyna”, on the corner of Main Street and Euclid Avenue. People came to bank at Carpathia and shop at Kalyna. Carpathia Credit Union is Western Canada’s largest Ukrainian Financial Institution and one of the oldest Ukrainian credit unions in Canada. The credit union is the 3rd largest Ukrainian credit union in Canada, 13th largest credit union in Manitoba and the 58th largest credit union in Canada.

Chairman’s Report

Dear members of the Carpathia Credit Union

Our world is changing. We are adapting. Our success is dependent upon our willingness to respond to the challenges which are presented before us as a result of this global pandemic. This is no blueprint or is there a manual. We are active participants in these historic times. We are 21st century pioneers.

The strength of Carpathia Credit Union is measured by your loyalty and determination. For the past eighty years, our Ukrainian roots have helped us to establish Carpathia Credit Union as a solid financial institution. We recently became partners with North Winnipeg Credit Union as we joined together to become one. Our traditions and heritage serve to remind us all of our commonality of a solid work ethic and ongoing determination. Together we are strong. Our future remains bright as we navigate a difficult journey from this day onward.

Our staff remains dedicated to serving you in a variety of ways, including virtual interactions. We are striving to not only meet your expectations but to exceed them. We not only value your business but also your suggestions. We need your assistance and your feedback as we together embark upon new strategies and options.

The Board of Directors commends the Chief Executive Officer, the Senior Executive Team, and our staff, as together we work to achieve the goals of our mission statement. With your ongoing loyal support Carpathia Credit Union will continue to prosper during uncertain financial times. The Board of Directors remains committed to our fiduciary responsibility to the membership which elected us.

Our twelve current Board members are grateful to you, for the faith and trust which you have bestowed upon us individually and collectively.

As we implement medical solutions to the problems posed by this pandemic, I wish each of you continued good health. For those of you who have been struck with this illness, I wish you a peaceful and full recovery. Please keep yourselves and your loved ones safe and healthy.

Dr. Taras Babick – Chairman of the Board

Chief Executive Officer's Report

2020 was always going to be a year of change as we at Carpathia had a lot of positive initiatives planned.

What we didn't plan for was the onset of a global pandemic that would have such profound worldwide effects. As a local business and a member-owned institution, we have been encouraged by the renewed focus on buy-local and recognition of the value of supporting and investing in your local community.

Our history of member loyalty has allowed Carpathia to continue to support our members and community through loan and mortgage deferrals, the waiving of many fees, as well as our continued free administration and support of the many government programs that directly support and benefit our members. We have also been able to maintain support for our community through scholarships, sustaining donations, direct grants, and targeted advertisements.

Now that we have fully converted to a new core system, with the legacy North Winnipeg conversion occurring in the fall, we are excited to move forward with internal technology improvements as well as more noticeable member-centric improvements such as eStatements. In the near future, you can also expect to see new set-ups coming to your local branch that will allow members to identify themselves via the wave of their palms. All of us at Carpathia are thrilled to bring these and many other improvements to our members in 2021.

While we have continued to move through these major changes and the implementation of improvements, a focus on active cost and revenue management has allowed us to again post a modest profit of \$371,918 before taxes. While this is a continued improvement from 2019, most figures are not easily comparable because our change of fiscal year-end in 2019 resulted in a 15-month reporting year instead of the regular 12; with the impact of the merger affecting 6 of those 15 months on the income statement in 2019.

Our work is not done, but the team at Carpathia is entering 2021 with excitement and energy. I know we are up to the challenges ahead and that our dedicated membership base will be the beneficiaries of all the positive changes we have planned. Carpathia benefits from a devoted and engaged Board of Directors and a committed group of staff, and I would like to thank the Board of Directors for their faithfulness to the success of the organization as well as the Executive Team and all my colleagues at the credit union whose hard work and passion continue to drive Carpathia forward. We exist for our members and associates. I would like to also thank each of you for your continued engagement.

Nicholas Rawluk – Chief Executive Officer

Corporate Governance

Carpathia 2020						
		Winnipeg, Manitoba				
		Years on				
Name	Board	Position	Profession	Business	Education	
1	Demyan Hyworon	14		VP, IT & Product Support	InfoTech Inc.	BA, (Manitoba)
2	Don Cilinsky	9		Retired	Independent Research Consultant	BA, B Ed
3	Dr. Taras Babick	14	Vice Chair	Deputy Registrar	College of Physicians & Surgeons	MD, (Manitoba)
4	Irka Semaniuk	6				BA, (Manitoba)
5	Donna Korban	1		Retired	Former owner Korban Funeral Home	
6	Eugene Waskiw	1		Lawyer	Own Practise	LLB
7	Mike Mager	1		CFO	Vomar Industries Inc.	CPA
8	Nick Chubenko	2		Retired	Geriatric Clinician	
9	Noella Pylypowich	14	Secretary	Boutique and Spa Consultant	Spa Lifestyle Fashion Boutique Inc.	
10	Roman Zubach	14	Chair	VP Human Resources	Manitoba Liquor Control Commission	
11	Sophia Kachor	2		Retired - Executive Director	Oseredok Ukrainian Cultural & Educational Centre	
12	Susan Zuk	7		Associate VP & Senior Consultant	Paradigm Consulting Group	BA, (Manitoba)
	Average	7.1				

**Desjardins**Caisse populaire Ukrainienne de Montréal
Українська Народна Каса у Монреалі

Caisse populaire Desjardins Ukrainienne de Montréal was founded in **2004** and is the 4th largest Ukrainian credit union in Canada.

MESSAGE FROM THE GENERAL MANAGER

Dear Members,

In 2020, your caisse, like all of Desjardins Group, worked hard to help you get through this unusual pandemic period. Never was our mission to improve the lives of people and communities more important, and that was reflected in our actions every day.

Financial results

Our results show not only how committed members are to our financial services cooperative, but also how soundly the affairs of the caisse have been managed. These results encourage us to continue our efforts to offer services and solutions that meet and exceed your expectations.

With business under management totalling 353,798,000 \$, up 10,2 % compared to 2019, we're well positioned in our market. To ensure you continue to have the best possible experience as a member, we'll be focusing on delivering innovative products and quality service. We'll also be counting on the expertise of all our employees and the many specialists who work at Desjardins.

Reinventing how we work When everything was shut down, our teams responded right away with a series of measures to keep our employees and members healthy, while continuing to offer essential services.

To limit the spread of COVID-19, we temporarily reduced our in-person business hours. Nothing was overlooked at our sites to make sure we could keep our staff and members safe – installing Plexiglas and hand sanitizing stations, posting signs for maintaining physical distancing, wearing masks, etc.

We also carried out a massive internal shift almost overnight, with many of our employees pivoting to working from home. Whether by phone or online, our advisory team worked tirelessly so they could continue to meet member's expectations. Our caring and flexible staff handled the high number of relief measure requests from our members who were struggling to meet their financial obligations.

Proactive, customized support

Isolated, restricted in their movements and cut off from the support provided by loved ones, the elderly were particularly affected by the lockdown. Wanting to offer them special support, we set up a hotline for seniors and created tutorials to teach them how to manage their day-to-day finances online. We also increased our promotion of our In Charge of Your Life and Your Property program to help prevent the financial exploitation of people in a vulnerable position.

Our cooperative also introduced other measures to help limit the spread of the virus:

- Raising the contactless payment limit to \$250.
- Adding new features to our online services to offer a complete end-to-end service.
- Encouraging members to sign up to receive their government benefits by direct deposit.
- An even more inclusive and generous dividend

In times like these, when acts of kindness and support are so invaluable, we recognize the importance of our dividend and how it has changed in recent years.

This year, we're proposing a total member dividend of 275,000 \$. And to help enrich our community by supporting major initiatives, we will maintain our donations and sponsorship program recommend a contribution of while recommending not to contribute to the Community Development Fund this year.

Good people striving to do what's best for members

To help us through this exceptional situation, we harnessed one of our greatest strengths: our relationships with our members and community. These relationships are cemented every day through our dedicated employees, managers and directors.

When I reflect on everyone's hard work during these uncertain and demanding times, the first word that comes to mind is PRIDE! It fills me with pride that I have such resourceful and committed people I can count on who will stop at nothing to ensure the quality of our service remains our top priority. My sincere thanks to everyone for their exceptional commitment.

Together, we're shaping the future of our cooperative for the next 120 years.

Yourko Kulycky – General Manager

Corporate Governance

CP Ukrainienne de Montreal						
2020	Years on Board	Position on The Board	Profession	Business	Education	
1	Anastasia Kyva	9	Chair	Title & Estate Attorney	Anastasia Kyva Notary Inc.	LLB (Montreal)
2	Eugène Czolij	17	Vice-Chair	Partner	Lavery – Lawyers	LLB (Montreal)
3	Garry W. Grosko	17		Entrepreneur	Logistics Specialist	MBA (Concordia)
4	Georges Szytk	9	Secretary	CFO	Stateside Energy LLC	BA (Concordia)
5	Gregory Kowryha	17		Retired	Federal Government	B.A. Political Science (Concordia)
6	Helen Holowka	11		Accountant (32 yrs)	Tretiak Holowka Inc.	CPA
7	Igor Pryszlak	17		Notary	Pryszlak & Tran	LLB
8	Marichka Netak	3		Credit Manager	B Terfloth +CIE (Canada)	CPA, BA, Accounting (McGill)
9	Myroslaw Balycky	12		Real Estate Broker	Group Sutton Synergie Inc.	Dawson College
10	Nicholas Hladky	2		President	Wilton-Panorama Group	B. Com (Concordia), CPA
11	Orest Humenny	17		Architect		B. Arch (McGill), M. Arch (Yale)
12	Orest Mytko	11		Retired	Business Consultant	B.Com (Sir George Williams)
13	Stephen Spilkin	17		Retired	Financial Controller	B.Com (Sir George Williams)
14	Volodymyr Zhovtulya	17		Technician	Manufacturing	Lviv Polytechnic Institute
15	Yury Monczak	6		Assistant Professor of Medicine	McGill University	M. SC (Montreal), Ph.D. (Montreal)
	Average	12.1				



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 six years. The credit union is the 5th largest Ukrainian credit union in Canada, 24th largest credit union in Saskatchewan and the 141st largest credit union in Canada.

Chairman's Report

On behalf of the Board of Directors, it is my pleasure to present the 2020 Annual Financial Report for New Community Credit Union.

Despite the economic uncertainty that this year brought, we saw another successful year with growth in assets and a satisfactory net revenue.

2020 brought us many changes with the arrival of the Covid-19 Pandemic. The end of March saw us working at 50% capacity to help eliminate risk, eventually having to close the doors to our members completely. During that challenging time, our focus remained on delivering consistent value to our members, enhancing operational efficiencies, and continuing to meet our members financial needs including the ability to assist our small businesses by providing the Canada Emergency Business account (CEBA) Loan.

On behalf of the board, we would like to thank the management team and each of our employees of the Credit Union for their continued commitment and exceptional customer service that makes New Community Credit Union the financial institution choice for our members.

I would like to thank my fellow board members for their time, commitment, and dedication to New Community Credit Union. Your guidance and leadership within the credit union is much appreciated. You truly represent the members, and always have their best interest at heart.

In Closing, on behalf of our Board of Directors, management, and staff of our credit union, we want to extend our sincere appreciation to all our loyal members for their continued support and patronage.

Morris Bodnar - Chairman of the Board

CEO's Report

Introduction

New Community Credit Union (NCCU) is an independent member owned Saskatchewan credit union. A credit union is a financial service co-operative where the members are the owners and decision-makers. Members have a say in their credit union's actions through an elected board of directors who provide governance and ensure that members' views are represented.

NCCU's members hold two \$5 shares, allowing them to participate in the credit unions democratic process. Current legislation enables NCCU to provide financial services to members and non-members. As of December 31, 2020, there are 2,238 members. This is down slightly from 2019.

NCCU has held our office in Saskatoon's Riversdale Community throughout and predominately provide services to Saskatoon and bordering communities. Service delivery channels are in-branch, the ATM network, internet banking and mobile banking. We continue to experience solid growth and as such continue to expand our staff compliment. Although recruitment is a challenge in the competitive urban market NCCU is confident our well-trained and capable staff provide a strong member experience, while mitigating risk of our 100% deposit guarantee.

Although cost restraints limit NCCU from being on the leading edge of technology we continue to listen to the needs of our membership. NCCU remains dedicated to balancing the cost of technological advancements with the evolving expectations of a more connected society. It is our hope by consistently implementing different levels of technology, we will remain relevant to our core membership. These technology advancements continue to drive work areas and 2020 proved to be an exceptional year with heightened attention on technology. NCCU remains committed to providing a good balance between fiscal responsibility and meeting and exceeding the service level expectations of our members.

Strategy

NCCU's Mission is "To be the premier provider of personalized financial services to a growing and diverse membership". Our strategic initiative has always been to provide our members with an elite level of personal service. We have continued to focus this key objective while balancing the need for long term sustainability.

Meeting quality member service goals is our ongoing commitment whether it's on the phone, with face to face transactions or offering the option of expanded electronic channels. We truly believe our entire staff have embraced our member-first philosophy. NCCU is proud of the commitment our staff has made to provide a premier level of personal service.

NCCU has experienced considerable growth in the past number of years. Although our membership base has experienced marginal growth, the asset base serviced by our staff continues to grow. Not unlike most businesses and financial institutions 2020 was a unique year for NCCU. Our organization was adversely impacted by the rate reduction which followed COVID-19.

This resulted in a shrinking interest margin and resulted in a significant reduction in profitability. This, along with many other challenges, led to merger discussions being a real possibility in our future. Discussions throughout 2020 took place about the possibility of a merger with TCU Financial. Although these discussions have been suspended, the 2021 Board will undoubtedly ask questions about the long-term sustainability of your credit union and how our membership are best served and protected.

Key Performance Results

The following will provide a summary of the Financial Statements found later in this report. Although New Community Credit Union's net profit experienced an un-budgeted 28.9% decline, this reduction can exclusively be attributed to the impact of the reduced financial margin. Considering the significant

impact on the pandemic had on the world, national and local economies, NCCU's financial performance in 2020 has contributed to its financial strength.

Financial Performance:

Balance Sheet Assets increased 8.91%, to end the year at \$126.8M.

The growth in Assets was a result of an increase in total deposits. We saw deposits increase 9.41% to \$115.8M. This growth was spread throughout several demand accounts and the various fixed rate deposits, both registered and non-registered. As is generally the case most of this growth was experienced in term deposits.

Unlike what NCCU has experienced for many years the loan demand fell off significantly in 2020. This was a direct result of consumer confidence shifting dramatically with the pandemic. The result was a net reduction in loans of 1.67%. Loans outstanding at the end of 2020 were \$94,659,128. With an increase in deposits and reduction of loans the loan to asset ratio of 74.1% is the lowest NCCU has had in many years. In addition to balance sheet loans NCCU administered an additional \$29.1M for strategic partners. Our total loan portfolio as at Dec 31st exceeded \$123M.

NCCU's loan portfolio can be influenced by excessive concentration several different ways: geographic region, type of product, industry, demographic characteristics and associated groups. In 2020 the largest impact was due to COVID-19. Many members faced uncertainty with job loss and the strength of business. With the shutdown of the economy consumers did not know when or even if they would be called back to work. They were required to take time off work to care for children or aging parents and businesses were faced with closures for extended periods of time. Our credit union was no different. Very quickly we were required to find alternate ways of doing business in order to provide essential services to our members. This really magnified the need to stay current on all service delivery channels.

The government announced financial programs such as CERB payments to individuals and CEBA loans to the business community. NCCU was able to participate in the CEBA program providing members with \$3,120,000 in government funded loans (see note 21 in the financial statements for a more in-depth explanation). Although NCCU's credit portfolio was impacted by the pandemic, the government programs have helped to stabilize what could have been a much more significant situation.

Not unlike past significant world, national and local events Credit Union Deposit Guarantee Corporation's (CUDGC) Regulatory environment has continued to evolve. One example is a more robust stress-testing regime that attempts to capture unlikely, but plausible scenarios and their impact on residential mortgages. Results of stressed scenarios are captured in the credit union's internal capital adequacy assessment process. Credit unions perform these stress tests through ICAAP no less than quarterly, reporting the results to your board and CUDGC. NCCU continues to manage with the assumption that local events can have an adverse effect on earnings and capital. This was undoubtedly tested in 2020.

NCCU's loan portfolio is made of 8.58% consumer loans, 0.66% agricultural loans, 2.84% commercial loans, 50.49% residential mortgages, 0.71% agricultural mortgages and 36.71% commercial mortgages. We have limited geographical diversification, with the loan portfolio almost exclusively

coming from the greater Saskatoon market. Although we utilize funding partnerships to sell loans, we traditionally have not participated in syndicated loans which many utilize for geographical diversity.

At year end of 2020 NCCU's residential mortgage portfolio was \$43.8M - 19.1% of this was insured, 70.68% conventional and 10.21% non-conforming. Insured mortgages are those that are government guaranteed through the National Housing Act.

NCCU for many years provided insured mortgages with guarantees from Sagen (formerly Genworth) and Canada Mortgage and Housing Corp (CMHC). Conventional mortgages are those that have a minimum equity position of 20%. Non-conforming mortgages have minimum equity of 35% but are to members who don't qualify through traditional qualifying processes. Despite the pandemic, property values have held steady and as a result NCCU believes we do not hold undue risk in the loan portfolio.

Credit Risk

NCCU's loan portfolio has traditionally been heavily weighted in residential mortgages. The last number of years the Board has assessed risk through a Risk Appetite Statement. Although comfortable with the lack of diversity in a heavily concentrated residential portfolio, we recognized the strain that it placed on the interest margin. Over the past number of years NCCU has placed emphasis on a more diversified loan portfolio. Being an urban based credit union, this has resulted in an increase in our commercial loan portfolio. Although this does expose our organization to increased credit risk, the expectation is it will also increase interest and non-interest revenue. Most of this increase has been experienced in mortgage financing. Along with a focus in commercial NCCU has taken on more risk in our consumer loan portfolio. This change is the primary reason you see increases in our loan write-offs over the past several years. In 2020 we experienced a year-over-year decrease in loan writeoffs of 20.6%, for a total amount of \$110,292. It is worth mentioning that of this \$110,292 allocation only \$32,292.07 were realized loan write-offs in 2020. The remaining \$77,999.93 are specific allowances on loans determined to have the potential for a future loss. It is also worth mentioning that, along with a \$50,000 collective allowance, NCCU currently has \$132,400 in specific loan allowances. Along with the total write-off and allocations NCCU's delinquency greater than 90days has had an increase from 0.60% to 1.43% at yearend. Much of this delinquency is with one account which we believe is trending in the right direction.

Liquidity Risk

Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. Saskatchewan credit unions are required to maintain 10% of their deposits with SaskCentral. These statutory deposits support clearing and settlement within the national credit union system and are administered by SaskCentral. As at year end we held the required 10%, or \$11.5M. NCCU has never had to draw upon this facility to fund liquidity requirements.

Operating Liquidity is the availability of high-quality liquid assets as a percentage of potential outflows. As at year end our Operating Liquidity was 284%. With NCCU's deposit growth outpacing loan growth in 2020 this has resulted in excess liquidity not experienced in many years. This combined with a reduction in net margin has resulted in reduced earnings. In 2017 saw our regulator, Credit Union Deposit Guarantee Corporation implement new Liquidity Standards. A new measure of

liquidity referred to as Liquidity Coverage Ratio (LCR) came into effect January 2017. The objective of the LCR is to ensure a credit union has an adequate stock of unencumbered high-quality liquid assets (HQLA). NCCU has done an effective job of managing these new standards, comfortably exceeding the range throughout 2020.

Capital and Profitability Management

NCCU pleased to report 2020's after-tax earnings of \$748,935. Although this represents a 28.9% decrease, presented with the many challenges in 2020 we are comfortable with these results. Increased regulatory requirements continue to place pressure on building reserves; as a result, the Board made the decision to once again move 100% of this year's profit into Retained Earnings. Equity is the difference between assets and liabilities which is the measure of ownership. Equity can be measured both as a percentage of assets or as a dollar amount. Equity or Capital is the financial strength of a credit union. We completed 2020 with \$10,308,067. The level of capital held protects us against anticipated and unexpected events. Credit Union Deposit Guarantee Corporation sets standards to follow. Although CUDGC sets minimum standards, they consider it prudent to maintain Capital levels which exceed regulatory minimums. One ratio measured is the Leverage Ratio. NCCU has a Leverage Ratio of 8.01% which exceeds the 5.0% regulatory minimum. The Board has a self-imposed target of 7.5%, which continues to be maintained.

Corporate Governance

New Community 2020		Saskatoon, Saskatchewan				
Name	Years on Board	Position	Profession	Business	Education	
1 Angela Wojcichowsky	9	Vice Chair	Director International Projects	Saskatchewan Polytechnic (SIAST)	BA (Saskatchewan), MPA (Regina)	
2 George Zerebecky	9		Retired		BA (Saskatchewan), B Ed (Saskatchewan)	
3 Gwen Klypak	6		Independent Artist	Gwen Klypak Design	Diploma Applied Arts (SIAST)	
4 Ivan Besermenji	2		Entrepreneur			
5 Morris Bodnar	11	Chair	Retired	Former Partner Bodnar & Campbell	LLB	
6 Rosanne Alain	4	Secretary	Retired	Former Teacher Valley Manor School		
7 Sandra Isteevan	1		Finance Assistant	Saskatoon Community Foundation	Saskatchewan Polytechnic, Diploma	
8 Jay Walker	1		Self Employed Accountant	PC Limited	CPA	
9 Paul Miazga	1		Self Employed	Media & Business Consultant	BA (Saskatchewan), BA Journalism (Ryerson)	
	4,9					

Profile Bohdan Leshchyshen

Bohdan Leshchyshen has been a member of Buduchnist Credit Union for over 60 years and was first elected to the Board of Directors in 1993. He presently serves as a Director and sits on the following committees: Audit Committee and Investment Committee.

In addition to his board work at Buduchnist Credit Union, Mr. Leshchyshen has the following community service experience. He was the Executive Producer of Forum TV Omni Community TV program from August 2012 to April 2017 and Chairman of BCU Foundation from July 2010 to April 2017. He has been member of the Ukrainian Youth Association of Canada and League of Ukrainian Canadians for over 50 years. He sits on the Board of Directors of the National Executive of the League of Ukrainian Canadians, Desna Foundation, Ucrainica Research Institute, and Ukrainian Youth Association Charitable Trust.

Bohdan Leshchyshen's business career has spanned more than 40 years with particular emphasis on the financial services sector.

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) and credit lending positions with the Canadian Imperial Bank of Commerce.

He has had 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.

In December 2007 he was appointed Director of Corporate Development with CHF Investor Relations and in April 2011, he was appointed Vice President, Corporate Development & Investor Relations for Century Iron Mines Corporation. He served as President and CEO of Old Mill Toronto for a one year term ending July 2016. Old Mill Toronto has a 250 seat restaurant, 16 banquet halls that host wedding receptions and corporate events and 57 room hotel with a spa.

Most recently, he came out of semi-retirement and was appointed in March of 2018 as the Canadian Project Director of Canada-Ukraine Trade and Investment Support Project (CUTIS). The CUTIS Project is a 5-year (2016-2021) Canadian development assistance initiative designed to help Ukraine through increasing exports from Ukraine to Canada and investment from Canada to Ukraine.

Bohdan Leshchyshen's credit union related public and private directorships included the following: Director of Selient Inc., a public company providing lending software to credit unions in Canada (2003-2007); 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 (2006-2009).

He has a Bachelor of Arts Degree from the University of Toronto and a Master of Business Administration from the University of Toronto - Faculty of Management Studies (Rotman School of Management), Fellow of the Institute of Canadian Bankers (FICB) and holds a CFA designation (Chartered Financial Analyst) from the CFA Institute.

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

About the *Council of Ukrainian Credit Unions of Canada*



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The *Council of Ukrainian Credit Unions of Canada* (CUCUC) is a not-for-profit trade association formed and managed by its Canadian provincial credit union members to promote the collective interests of ethno-Ukrainian Canadian credit unions operating in Canada. CUCUC's members currently have operations in Ontario, Quebec, Manitoba, and Saskatchewan and provide a full array of financial services, business banking, and wealth management solutions to their members of both Ukrainian and non-Ukrainian heritage.

CUCUC's members are *Ukrainian Credit Union Limited* (Ontario), *BCU Financial (Buduchnist Credit Union Limited)* (Ontario), *Caisse Populaire Desjardins Ukrainienne de Montréal* (Quebec), *New Community Credit Union* (Saskatchewan), and *Carpathia Credit Union* (Manitoba).

For more information about the *Council of Ukrainian Credit Unions of Canada*, visit www.cucuc.ca.