This offering statement must be delivered to every purchaser of the securities described herein prior to the purchaser becoming obligated to complete the purchase and, upon request, to any prospective purchaser and member.

No official of the Government of the Province of Ontario has considered the merits of the matters addressed in this offering statement.

The securities being offered are not guaranteed by the Deposit Insurance Corporation of Ontario or any similar public agency.

The prospective purchaser of these securities should carefully review the offering statement and any other documents it refers to, examine in particular the section on <u>risk factors beginning on page 19</u> and, further, may wish to consult a financial or tax advisor about this investment.

METRO CREDIT UNION LIMITED

OFFERING STATEMENT

dated September 28, 1997

MINIMUM $4,000,000, MAXIMUM $8,000,000
SERIES 2, CLASS A SPECIAL SHARES
(NON-CUMULATIVE, NON-VOTING, NON-PARTICIPATING SPECIAL SHARES)

("Class A Investment Shares")

The subscription price for each Class A Investment Share will be $1 per share with a minimum of 500 shares per member which may be subscribed for $500, to a maximum of 100,000 shares per member which may be subscribed for $100,000.

There is no market through which these securities may be sold.

The purchaser of these securities may reverse his/her decision to purchase the securities if he/she provides notice in writing or by telegraph to the person from whom the purchaser purchases the security within two days, excluding weekends and holidays, of having been provided with a copy of the latest offering statement.

The Class A Investment Shares are subject to the transfer and redemption restrictions under the <u>Credit Unions and Caisses Populaires Act, 1994</u> and the restrictions under this Offering Statement as set out on pages 12 to 15.

The information in any projections or *pro forma* statements may vary materially from actual results.

THE SECURITIES OFFERED ARE NOT DEPOSITS. THE SECURITIES OFFERED ARE NOT INSURED. THE DIVIDENDS ON THE SECURITIES ARE NOT GUARANTEED.

GLOSSARY OF TERMS

"Administration" - a legal status ordered by the Deposit Insurance Corporation of Ontario ("DICO") in any of the following circumstances: (1) DICO, on reasonable grounds, believes that the credit union is conducting its affairs in a way that might be expected to harm the interests of members, depositors or shareholders or that tends to increase the risk of claims against the deposit insurer, but that Supervision by DICO as stabilization authority would, in this case, not be appropriate; (2) The credit union has contravened an order of DICO acting as a stabilization authority; (3) DICO is of the opinion that the assets of the credit union are not sufficient to give adequate protection to its depositors; (4) The credit union has failed to pay any liability that is due or, in the opinion of DICO, will not be able to pay its liabilities as they become due; (5) DICO, as the credit union's stabilization authority, makes a written request that the credit union be placed under Administration; or (6) DICO has received a report from the Director of Credit Unions that the Director has ordered the Credit Union to cease operations; under which DICO has the power to: (a) Carry on, manage and conduct the operations of a credit union; (b) Preserve, maintain, realize, dispose of and add to the property of a credit union; (c) Receive the income and revenues of the credit union; (d) Exercise the powers of the credit union and of the directors, officers, loan officers and credit committees; (e) Exclude the directors of the credit union and its officers, committee members, employees and agents from the property and business of the credit union; and (f) Require the credit union, with or without obtaining member and shareholder consent, to, (i) amalgamate with another credit union, (ii) dispose of its assets and liabilities, or (iii) be wound up.

"Basis Point" - One one-hundredth of one per cent (*i.e.*, .01%)

"Bonus Shares" - Class B Non-Voting Non-Participating Special Shares (Class B Shares) of the Credit Union.

"Canadian Payments Association" - an association of Canadian financial institutions, for the purpose of assisting its members in the clearing of their clients' cheques and electronic debit items.

"Commercial Loan" - a loan, other than the following, made to any person for any purpose: an agricultural loan; a bridge loan; an institutional loan; a personal loan; a residential mortgage loan; a loan to an unincorporated association; a deposit made by the credit union with a financial institution; a loan fully secured by a deposit with a financial institution (including the credit union making the loan); a loan fully secured by debt obligations guaranteed by a financial institution other than the credit union making the loan; an investment in a debt obligation that is fully guaranteed by a stabilization authority or by a financial institution other than the credit union making the loan, fully secured by deposits with a financial institution (including the credit union making the loan), or fully secured by debt obligations that are fully guaranteed by a financial institution other than the credit union making the loan; an investment in a debt obligation issued by the federal government, a provincial or territorial government, a municipality, or any agency of such a government or municipality; an investment in a debt obligation guaranteed by, or fully secured by securities issued by the federal government, a provincial or territorial government, a municipality, or by an agency of such a government or municipality; an investment in a debt obligation issued by a league; an investment in a debt obligation that is widely-distributed; an investment in shares or ownership interests that are widely-distributed; an investment in a participating share; or an investment in shares of a league.

"Credential Securities Inc." - A mutual funds sales agent jointly owned by Credit Union Central of Canada and Midland Walwyn, in which CUCO and a number of Ontario credit unions also have an ownership interest, which will expand to offer full brokerage services within the next twelve months.

"Credit Union Central of Canada" (CUCC) - a financial service co-operative operating at the national level, owned primarily by provincial credit union centrals, providing access to a national liquidity pool and links to the Canadian Payments Association, and to the Interac and PLUS networks.

"Credit Union Central of Ontario" (CUCO) - a financial service co-operative operating at the provincial level, primarily owned by about 380 member credit unions, including Metro Credit Union Limited, and providing clearing, investment, credit and other services.

"Escrow" - a form of trust agreement in which funds are temporarily placed under the control of a third party (trustee) until specific conditions, set out in advance, are met.

"Interac" - a national network of automated banking machines and point-of-sale terminals, enabling clients of a financial institution to use automated banking machines and terminals not owned and operated by that financial institution.

"Leverage Ratio" - total Regulatory Capital divided by total assets.

"Membership Shares" - shares which a person is required to hold, by the credit union's By-laws, to maintain a membership in the credit union in good standing.

"Mortgage Loan" - loan made for the purpose of purchasing, renovating or improving residential property, and secured by a mortgage on a single-family residential property occupied by the borrower; or exceeding $25,000 and given to an individual for personal, family or household use, and secured by a mortgage on a residential property consisting of four units or less, one of which units is occupied by the borrower.

"Net Interest Margin" - the difference between the interest the credit union earns on loans to members and on investments and the interest that the credit union pays on deposits held by members and on borrowings from external sources (such as CUCO).

"Non-cumulative" - dividends not declared or paid for one fiscal year are not carried forward or added to the dividend of a following year but are forever extinguished.

"Non-participating" - in case of dissolution, shareholders receive only the Redemption Amount (see below) and do not participate in receiving any of the residual value of the credit union's assets; shareholders have no right to a share of the earnings of the Credit Union except through dividends declared by the Board.

"Non-voting" - holders vote only at certain Special Meetings, as permitted and required by the Act.

"Personal Loan" - loan given to an individual for personal, family or household use; or to an individual or entity for any other use if the loan, and all other loans outstanding to that individual or entity, do not exceed $25,000.00.

"PLUS" - an international network of automated banking machines, functioning much like Interac.

"Redemption Amount" - the amount a shareholder receives on redemption or at which shares are generally transferred from one member to another; this amount is equal to the issue price of the shares ($1 per share) plus any dividends which have been declared but not yet paid.

"Redemption Price" - the amount paid up per share, which generally equals its acquisition cost.

"Regulatory Capital" - members' equity (Membership Shares and retained earnings) and shareholders' equity.

"Risk-weighted Assets" - the absolute value of assets in specified categories is multiplied by a percentage, varying between 0% and 100% depending on the risk attributed to each category. The sum of all the categories is the credit union's total risk-weighted assets.

"Special Dividend" - the Board may, in its discretion, declare and pay a one-time Special Dividend equal to 4% of the purchase price of Class A Investment Shares acquired pursuant to this offering statement, payable within 30 days after issuance. The Credit Union plans to pay this dividend in the form of additional Class A Investment Shares, and not in the form of cash.

"Special Meeting" - a meeting of the membership or member-shareholders of a credit union, other than its annual members' meeting.

"Special Resolution" - a resolution that is not effective until it is passed by the board of directors and confirmed by a resolution passed by a majority of not less than two-thirds of the votes of the members or member-shareholders, as the case may be, present at the meeting in person or, as permitted by the credit union's by-laws and Articles of Incorporation, by proxy.

"Substantial Portion" - assets having an aggregate value equal to or greater than 15 per cent of a credit union's assets at the end of its previous fiscal year.

"Supervision" - a legal status ordered by the Director of Credit Unions when: (1) The credit union asks, in writing, that it be subject to Supervision; (2) The credit union is not in compliance with prescribed capital or liquidity requirements; (3) The Director has reasonable grounds for believing that the credit union is conducting its affairs in a way that, reasonably, might be expected to harm the interests of members or depositors or that tends to increase the risk of claims against the deposit insurer; (4) The credit union or an officer or director of it does not file, submit or deliver a report or document required to be filed, submitted or delivered under this Act within the prescribed time limits under this

Act; (5) The credit union does not comply with a Director's enforcement order regarding an infringement of the Act; (6) The credit union is not complying with its own investment and lending policy; or (7) DICO, acting as stabilization authority, requests it; under which DICO, acting as stabilization authority, can: (a) order the credit union to correct any practices that the authority feels are contributing to the problem or situation that caused the credit union to be ordered subject to its Supervision; (b) order the credit union and its directors, committee members, officers and employees not to exercise any powers of the credit union or of its directors, committee members, officers and employees; (c) establish guidelines for the operation of the credit union; (d) order the credit union not to declare or pay a dividend or to restrict the amount of a dividend to be paid to a rate or amount set by the authority; (e) attend meetings of the credit union's board and its credit and audit committees; and (f) propose by-laws for the credit union and amendments to its articles of incorporation.

OFFERING STATEMENT SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this offering statement. Certain terms with initial capital letters are used throughout this offering statement and are defined in the "Glossary of Terms" on pages i, ii, and iii.

The Credit Union

Metro Credit Union Limited ("Metro" or the "Credit Union") was incorporated as University of Toronto Employees' Credit Union Limited in August, 1949, and now, as a result of the acquisition of the assets of various other credit unions, enjoys a bond of association which includes Metropolitan Toronto and other portions of the Greater Toronto Area. Metro's assets as of June 30, 1997 were $233,651,278, having increased from $229,280,350 as of March 31, 1997, $224,237,549 as of March 31, 1996, and $212,123,216 as of March 31, 1995.

The Credit Union has executed a non-binding letter of intent to pursue merger negotiations with Jet Power Credit Union Limited. See pages 1, 25 and 60 for details.

Metro provides a broad range of financial services and products to approximately 29,000 members through eight offices. The Credit Union provides a full range of consumer, and a broad range of commercial, credit and non-credit financial services and products. See also "Business of Metro Credit Union Limited", on pages 5 to 8.

The Offering

Metro Credit Union Limited offers for sale to members, at $1 per share, Class A Non-Cumulative, Non-Voting, Non-Participating Special Shares ("Class A Investment Shares") in the capital of the Credit Union. Class A Investment Shares are special, non-membership shares and constitute part of the authorized capital of the Credit Union. Subscriptions will be accepted from members of Metro for a minimum of 500 Class A Investment Shares and a maximum of 100,000 Class A Investment Shares. Subscription, purchase and redemption of these shares are exclusively through Metro's offices. Class A Investment Shares are not redeemable for five years following their issuance, unless the shareholder dies or is expelled from membership in the Credit Union. All redemptions are subject to a limit on the maximum number of shares which can be redeemed in any fiscal year. Transfer of such shares will only be effected through the Credit Union, and transfers are restricted to other members of the Credit Union and certain persons as specified in the *Credit Unions and Caisses Populaires Act, 1994* (the "Act"). The Credit Union, at its option, may acquire the Class A Investment Shares, at the Redemption Amount, for cancellation after a period of five years following the issuance of the shares. See "Description of Securities Being Offered" on pages 12 to 15.

Subscriptions for the Class A Investment Shares shall be accepted as of the date hereof, and for a period of six months thereafter, or until the date on which subscriptions have been received for the maximum 8,000,000 Class A Investment Shares, or until the date on which the Board, having received subscriptions for at least the minimum 4,000,000 Class A Investment Shares but not for the maximum 8,000,000 Class A Investment Shares, and noting that six months has not yet passed since the date of this offering statement, resolves to close the offering, whichever shall occur first (the "Closing Date"). The shares so subscribed shall be issued within sixty days of the Closing Date.

The securities to be issued under this Offering Statement are not secured by any assets of the Credit Union, and are not covered by deposit insurance or any other form of guarantee as to repayment of principal amount or dividends. The Class A Investment Shares will qualify as Regulatory Capital, to the extent permitted and as defined in the Act.

Use of Proceeds

If fully subscribed, the gross proceeds to be derived by the Credit Union from the sale of the Class A Investment Shares shall be $8,000,000. The costs of issuing these securities are not expected to exceed $100,000, and these costs, net of applicable tax savings approximating $24,000, will be deferred and amortized over 5 years. The estimated maximum proceeds of this offering of securities are $8,000,000. The funds raised from this offering will be used to add to Metro's share capital, and will provide an increased capital base for future growth. The additional Regulatory Capital will allow Metro more opportunities to offer new products and services to its members through its existing branch network, and through new and emerging technological advances, and will also permit Metro to consider the acquisition of undercapitalized credit unions, including acquisitions in the normal course of business of credit unions with less than $500,000 in assets, and the acquisition of deposit liabilities from other financial institutions. This share offering will also permit Metro to complete its proposed merger with Jet Power. The Credit Union's capitalization, if this offering is fully subscribed could support additional growth of approximately $133,619,922; Metro's Leverage Ratio would be 7.86%, which exceeds current regulatory capital requirements. On the same conditions, except that this offering is subscribed only in the minimum amount of $4,000,000, the Credit Union's capitalization could support growth of approximately $52,899,922; Metro's Leverage Ratio would be 6.13%, which exceeds current Regulatory Capital requirements. The Credit Union is not currently in compliance with Regulatory Capital requirements without use of the variation discussed at pages 3 and 4. The cash generated from the issuance of the securities, to the extent it represents new cash to the Credit Union rather than being a transfer from existing accounts, will be used for general business purposes. See page 27 for further details.

Risk Factors

Investments in the Class A Investment Shares are subject to a number of risk factors, including regulatory redemption restrictions, the continuous need to maintain minimum Regulatory Capital levels, the uncertainty of payment of dividends, credit risk, risk of loss on investments, liquidity risk, interest rate risk, involvement in derivatives, potential regulatory actions, reliance on key management, the merger with Jet Power Credit Union, economic risk, and competitive risk. See "Risk Factors" on pages 19 to 25.

Dividend Policy

The dividend policy of Metro's Board of Directors for Class A Investment Shares shall be to pay an appropriate dividend in every year in which there are sufficient profits to do so, while still fulfilling all other Regulatory Capital and operational requirements. The dividend rate shall be established by the Board of Directors, in its sole and absolute discretion, based on financial and other considerations prevailing at the time of the declaration. The Board shall consider whether a dividend shall be declared, and at what rate and in which manner, at least annually following each fiscal year end and before each annual general membership meeting. There can be no guarantee that a dividend will be paid in each year.

The Board has defined an appropriate rate to be, for the five years next following the issuance of the shares sold pursuant to this offering statement, at least seven per cent of the Redemption Price of the Class A Investment Shares held by the shareholder at that time. Thereafter, the Board, in its sole and absolute discretion, shall determine the dividend rate at the time it declares each dividend. The Credit Union will pro-rate the dividend in the year the shares are issued.

The Credit Union's dividend policy is subject to change at any time, at the Board's discretion. Dividends paid may therefore not be consistent with this policy.

As a one-time event, the Board of Directors will consider and, if thought appropriate, declare a Special Dividend to holders of Class A Investment Shares within 30 days of issuance. The planned rate for this Special Dividend will be 4% of the principal amount of Class A Investment Shares held. The Credit Union plans to pay the Special Dividend in the form of additional Class A Investment Shares, and not in the form of cash.

Selected Financial Information

The following table sets forth selected financial information as at the dates indicated, which (excluding notes thereto) has been derived from, should be read in conjunction with, and is qualified in its entirety by reference to the financial statements appearing elsewhere in this offering statement, and should also be read in conjunction with "Operating Results and Variations" beginning at page 34.

(In thousands)	As at June 30, 1997 (unaudited)	As at March 31, 1997 (audited)	As at March 31, 1996 (audited)
Balance Sheets			
Cash resources	$4,066	$2,617	$5,439
Loans to members	199,796	195,953	181,236
Investments	24,149	25,117	31,370
Capital assets	3,231	3,194	3,308
Other assets	2,409	2,399	2,885
	$233,651	$229,280	$224,238
Members' deposits	219,515	$216,154	$211,443
Other liabilities	3,849	3,014	3,675
	223,364	219,168	215,118
Membership Shares	3,262	3,323	2,875
Bonus Shares	543	558	420
Retained earnings	6,482	6,231	5,824
	10,287	10,112	9,120
	$233,651	$229,280	$224,238

Statements of Income (In thousands)	Three months ended June 30, 1997 (unaudited)	Year ended March 31, 1997 (audited)	Year ended March 31, 1996 (audited)
Interest revenue	$3,662	$15,728	$17,943
Financial expenses	(1,829)	(8,533)	(10,254)
Net interest income	1,833	7,195	7,690
Provision for impaired loans	(53)	(451)	(594)
Income Before the Under-Noted	1,780	6,744	7,096
Other income	607	2,219	1,758
Non-financial expenses	(2,060)	(8,244)	(7,702)
Earnings before dividends & taxes	327	719	1,152
Income taxes	(76)	(179)	(237)
Net earnings	$251	$540	$915
Dividends	$n/a	$173	$184

Metro Credit Union Limited
The Credit Union

Metro Credit Union Limited ("Metro" or the "Credit Union") was incorporated in August, 1949, as University of Toronto Employees' Credit Union Limited, a closed-bond credit union to serve all employees of the university. Its bond was expanded, in 1969, 1971, and 1972, to include the employees of the Ontario Institute for Studies in Education, of all post-secondary educational institutions located in Metropolitan Toronto, and of the Clarke Institute of Psychiatry, and, in 1973, the Credit Union changed its name to Universities and Colleges (Toronto) Credit Union Limited. In 1994, after additional acquisitions resulted in an expanded bond covering any resident or employee in Metropolitan Toronto, the Credit Union changed its name to Metro Credit Union Limited. For a summary of these acquisitions, please see the chart on the inside front cover of this offering statement. As of June 30, 1997, total assets were \$233,651,278, increasing from \$229,280,350 as of March 31, 1997, \$224,237,549 as of March 31, 1996, and \$212,123,216 as of March 31, 1995. Metro's head office is located at 245 College Street, Toronto, Ontario M5T 1R5 (phone 416-978-3900, fax 416-978-8900).

The Credit Union continues to seek expansion opportunities. Management and the Board of the Credit Union have executed a non-binding letter of intent to enter negotiations regarding a merger with Jet Power Credit Union Limited. This credit union has approximately \$109 million in total assets, and approximately 12,000 members. It operates four branches, located in Bolton, Brampton, and Mississauga. Management initially regards March 31, 1998, which is the next fiscal year-end of both Metro and Jet Power, as a target date for the conclusion of these negotiations. See "Risk of the Merger with Jet Power Credit Union", at page 25. The Credit Union will provide, to each person who at that time has received an offering statement, a statement of material change regarding significant developments in the proposed transaction. See page 60 for further details.

Metro serves approximately 29,000 members through eight offices listed below:

1. 245 College Street, Toronto;
2. York University Campus, 4700 Keele Street, North York;
3. Humber College Campus, 205 Humber College Boulevard, Room D140, Etobicoke;
4. 230 Brown's Line, Etobicoke;
5. 3025 Lakeshore Boulevard West, Etobicoke;
6. 1175 Brimley Road, Scarborough;
7. Ryerson Polytechnic University Campus, 350 Victoria Street, Jorgenson Hall, Room L158, Toronto; and
8. 1577 Danforth Avenue, Toronto.

The Credit Union provides a full range of consumer, and a broad range of commercial, credit and non-credit financial services and products. See "Business of Metro Credit Union Limited" on pages 5 to 8.

The Credit Union owns the properties in which its head office and main branch on College Street in Toronto, and its branches on Brown's Line and on Lakeshore Avenue in Etobicoke are operated. It leases the other premises from which it operates branches.

Bond of Association and Membership

The legislation which governs credit unions and caisses populaires in Ontario specifies a bond of association which must exist among members. Typically, such bonds of association may be community-based, employer-based, or otherwise based on a group of members with a form of common association. Metro's bond of association is now based on geographic areas, employers, and a club affiliation, as fully described in paragraph 2.01 of its By-laws, and as summarized below:

- persons residing or employed in the Municipality of Metropolitan Toronto;
- residents of Markham, Pickering, and Ajax who approach the Credit Union, on an unsolicited or referral basis, and who agree to transact business with the Credit Union;
- current and former employees of the York Board of Education;
- members of the Sherwood Archery and Handicrafts Club residing in the Municipality of Metropolitan Toronto, Ontario and adjoining municipalities; and
- any corporation, unincorporated association, or partnership.

Membership in Metro is granted to applicants who are within the bond of association by enabling them to purchase and hold the required number of Membership Shares as specified in paragraphs 2.03 of the By-laws of the Credit Union. Metro's By-laws permit up to 3% of Metro's membership to come from outside its bond of association.

The membership By-law requires each member to purchase one Membership Share, at a cost of $5. Within four months of acceptance into membership or of attaining the age of sixteen years, whichever is later, each member must acquire an additional 4 Membership Shares of the Credit Union at a cost of $20. After attaining the age of 22 years and before March 31 of each subsequent year, each member must acquire an additional five Membership Shares, at a cost of $25, such that each member eventually holds 30 Membership Shares of the Credit Union, at an aggregate cost of $150.

Corporate Governance

The business of the Credit Union is directed and governed by its Board of Directors (the "Board"), a group of thirteen individuals who are elected by the members (holders of Membership Shares) of the Credit Union at the annual general meeting, with each director being elected for a three-year term on a staggered basis to provide for continuity of board members. The duties, powers and standard of care and performance for boards of directors of credit unions are specified in the Act and accompanying Regulations. The Board has established committees to assist in its effective functioning and to comply with the requirements of the Act. In particular, an Audit Committee has been formed and is currently composed of three members of the Board of Directors of the Credit Union. Its mandate and duties are set out in the Regulations to the Act. The Audit Committee is responsible for, among other things, reviewing any financial statements which are presented to the members, either at an annual general meeting or within an offering statement, and making recommendations to the Board as to the approval of such financial statements. The Credit Union, rather than striking a credit committee to oversee and approve all lending activities, has created the position of loans officer, referred to as "Official Loans Officer" in the By-laws of the Credit Union, to carry out these duties. The Board, not less frequently than annually, is required to establish lending limits and guidelines for the loans officer, within the constraints of the Credit Union's lending licences. The Board, however, has established a sub-committee of the Board to provide guidance and direction to the loans officer, and delegated to such sub-committee, within the constraints of the Credit Union's lending licence, lending limits which exceed those granted to the loans officer. Other Board committees formed from time to time are *ad hoc*, informal and advisory in nature.

The Board has overall responsibility for, and authority within, the Credit Union, and directs the activities of senior management, to whom it has delegated certain responsibilities according to Board policies. Metro operates with a senior management team consisting of the Chief Executive Officer, three Vice-Presidents, the Chief Financial Officer, the Controller, the Internal Auditor, the Sales & Service Manager, and the Manager, Human Resources, who supervise 75 full-time and 11 part-time employees, the part-time employees equating to approximately 8.8 full-time positions. For the names, municipality of residence, offices with the Credit Union and the present principal occupations of the directors and senior management of Metro as of the date of this offering statement, see "Directors and Senior Management" on pages 30 and 31.

The Regulatory Framework

<u>*The Credit Unions and Caisses Populaires Act, 1994*</u> (See also "Capital Adequacy", beginning on page 19)
Credit unions and caisses populaires in Ontario are governed by the *Credit Unions and Caisses Populaires Act, 1994*, with its accompanying Regulations and Guidelines (collectively referred to as the "Act"). The Director of Credit Unions (the "Director") is charged with the responsibility of exercising certain powers and performing certain duties which are conferred or imposed by the Act. Among these duties is monitoring compliance with section 84 of the Act, which requires that adequate and appropriate forms of capital and liquidity be maintained by credit unions and caisses populaires. Credit unions and caisses populaires which do not meet the minimum capital levels required may be granted a variation of the capital requirements by the Director, subject to such terms and conditions as he may impose.

The Credit Union sought from the Ministry of Finance a variation from capital adequacy requirements to permit it to acquire the assets, and assume the liabilities, of SECUL Savings & Credit Union Limited ("SECUL"). This variation was granted by the Ministry in correspondence dated November 15, 1993. This correspondence provides, in essence, that the Credit Union was not required to maintain any Regulatory Capital against any of the SECUL assets until March 31, 1995, when it was required to include twenty per cent of those assets when calculating its Leverage Ratio and Risk-Weighted Assets Ratio and determining if it met the requirements as stated below and on page 4. In each year since that time, the Credit Union included a further twenty per cent of the SECUL assets in calculating its Leverage Ratio and Risk-Weighted Assets Ratio and determining if it met the requirements as stated below and on page 4. The variation, over time, increases the Credit Union's assets included in the calculation of both ratios. Since assets are the denominator of both ratios, the variation will therefore decrease the ratios over time unless Regulatory Capital grows more quickly than the assets to be included in calculating the ratios. As a result of this share offering, the Credit Union will lose the benefit of this calculation method, which was to continue until March 31, 1999.

The following charts present Metro's Regulatory Capital position, at June 30, 1997; March 31, 1997; March 31, 1996; and March 31, 1995; with and without utilizing the variation detailed above:

DATE	REQUIRED LEVERAGE RATIO	LEVERAGE RATIO WITHOUT VARIATION	REQUIRED RISK-WEIGHTED ASSETS RATIO	RISK-WEIGHTED ASSETS RATIO WITHOUT VARIATION
June 30, 1997	5%	4.55%	8%	9.22%
March 31, 1997	4.6%	4.41%	7.5%	9.27%
March 31, 1996	4.25%	4.01%	7%	8.56%
March 31, 1995	4%	3.81%	6.5%	6.82%

DATE	REQUIRED LEVERAGE RATIO	LEVERAGE RATIO WITH VARIATION	REQUIRED RISK-WEIGHTED ASSETS RATIO	RISK-WEIGHTED ASSETS WITH VARIATION
June 30, 1997	5%	5.15%	8%	10.29%
March 31, 1997	4.6%	5.08%	7.5%	10.53%

DATE	REQUIRED LEVERAGE RATIO	LEVERAGE RATIO WITH VARIATION	REQUIRED RISK-WEIGHTED ASSETS RATIO	RISK-WEIGHTED ASSETS WITH VARIATION
March 31, 1996	4.25%	5.02%	7%	10.53%
March 31, 1995	4%	5.37%	6.5%	8.85%

Although the Credit Union exceeds the required Risk-Weighted Assets Ratio without the use of the variation, since the Credit Union does not exceed the required Leverage Ratio without the use of the variation, the Credit Union, if it did not have the variation, would not meet Regulatory Capital requirements. Because of the variation, however, the Credit Union is permitted to carry on business as if it were in full compliance with Regulatory Capital requirements.

The funds raised from this offering will be used to add to Metro's Regulatory Capital, and will provide an increased capital base for future growth.

Deposit Insurance Corporation of Ontario (See also "Regulatory Action", on page 25)
The Deposit Insurance Corporation of Ontario ("DICO") is a provincial Crown corporation responsible for insuring certain deposits made by members in credit unions and caisses populaires, in accordance with the requirements of the Act and the Policy of Deposit Insurance. DICO is also able to impose certain requirements as a condition of continuing its deposit insurance coverage and, in the event that a credit union or caisse populaire fails to comply and is believed to represent a threat to the deposit insurance fund, has broader power to take corrective action, which may include taking control of the credit union or caisse populaire and replacing the existing directors, should circumstances so warrant. By letter dated January 2, 1997, DICO renewed the deposit insurance for the Credit Union for the period August 1, 1996 through July 31, 1997, on condition that the Credit Union:

- submit, not later than January 31, 1997, a business plan that indicates how the credit union will achieve compliance with Regulatory Capital requirements. This plan will include, at a minimum, the following items, and should identify and address any inherent weaknesses of a permanent nature and any strengths of a temporary nature, to ensure that the strategies and action plans developed are sustainable:
    - a budget for the fiscal year ending March 31, 1997, with monthly balance sheets and income statements;
    - a capital management plan which will identify the quality, quantity, sources, availability, and cost of external capital required, if any; and
    - assumptions and strategies supported by action plans which will be implemented, including parties responsible, date of implementation, and the anticipated impact on capital of these strategies;
- comply with all terms and conditions of any variation to Regulatory Capital requirements issued by the Director of Credit Unions from time to time pursuant to section 86 of the Act; and
- ensure that the auditors comment on section 172 of the Act in subsequent management letters. Section 172 requires that the auditors report anything which has come to their attention which they believe could affect the well-being of the Credit Union.

The Credit Union must report to DICO immediately any actual or anticipated event which is likely to have a material impact on the Credit Union's financial position and increase DICO's insurance risk, and, in that event, DICO reserves the right to impose other terms, conditions, or requirements as DICO deems appropriate.

The Credit Union has complied with these conditions, and its deposit insurance is in good standing.

Credit Union Central of Ontario

Each province in Canada has one or more central credit unions which serve their member credit unions in the province. In Ontario, one of these bodies is Credit Union Central of Ontario Limited ("CUCO"), an incorporated association owned by its approximately 380 member credit unions. Metro is one of those member-owners. CUCO is not a retail banking institution; its key financial roles are management of the provincial liquidity reserves of its member credit unions, and provision of central and investment banking services to its member credit unions.

As the central banker for its member credit unions, CUCO provides centralized cheque clearing and lending services to member credit unions. Lending services include overdraft facilities, demand loans, and term loans at fixed and variable rates. CUCO also undertakes government relations, economic forecasting, and market research and planning. As a member of Credit Union Central of Canada ("CUCC"), the national central credit union controlled by the provincial central credit unions and federations of caisses populaires, CUCO and its member credit unions enjoy access to national government relations efforts, national marketing and research, and a voice in the World Council of Credit Unions.

To retain membership in CUCO, the Credit Union must purchase shares in CUCO valued at 1.25% of its Membership Shares and members' deposits up to a maximum investment in CUCO's shares of $1.5 million, maintain a liquidity deposit at CUCO equal to 5% of its Membership Shares and members' deposits, and pay membership dues equal to $3.50 per adult member (up to a maximum of 33,333 members) annually. Metro is in compliance with these requirements, and its membership in CUCO is in good standing.

BUSINESS OF METRO CREDIT UNION LIMITED

General Description of the Business

Personal Financial Services

The 9 senior managerial staff, together with the 75 full-time and 11 part-time employees of the Credit Union, provide a full range of personal financial services and products to members. Retail financial products for individuals include most types of deposit accounts, personal chequing services, registered retirement savings accounts, registered retirement income funds, and mutual funds through representatives of Ethical Funds Inc. and Credential Securities Inc. The registered accounts are administered and held by the Credit Union, and the trustee is Co-operative Trust Company of Canada. Other products and services available to all members include safety deposit boxes (at some locations), travellers' cheques, and personal financial planning seminars and workshops. Metro, as a member of CUCO, is linked to the Interac and PLUS System networks (data service networks which enable individuals to use automated banking machines which do not belong to, and are not operated by, their financial institution) through CUCC. This link gives members access to their accounts at automated banking machines ("ABMs") world-wide, and to Interac Direct Payment Services in Canada.

In addition to the personal service offered at the offices of the Credit Union and the opportunity of utilizing any ABM linked to the Interac or Plus networks or any point-of-sale terminal linked to the Interac network, members have the option of completing transactions at the 12 ABMs owned and operated by the Credit Union, located at each of the Credit Union's branches and at 2594 Birchmount, 4630 Kingston Road, 140 Borough Drive, and 725 Warden Avenue, all in Scarborough. The Credit Union also offers its members automated "telephone banking" (providing the opportunity to perform routine, non-cash transactions using a touch-tone telephone), and is currently implementing a loan application call centre and "home banking" (which will provide opportunity to perform routine, non-cash transactions over the Internet using a personal computer equipped with a modem).

The Credit Union is licensed by the Ministry of Finance (Ontario) to offer personal loans, residential mortgage loans, commercial loans, institutional loans, syndicated loans, and loans to unincorporated associations. The Board has approved, and management follows, lending policies in all areas to minimize the risk of loan losses.

Personal Loans
Personal loans to members comprise instalment loans, demand loans, and lines of credit. Metro also offers a MasterCard credit card through an arrangement with CU Credit Co-operative Limited, a joint venture of the Alberta and Saskatchewan credit union systems. Under this arrangement, Metro does not hold the accounts receivable owing from its credit card holders, but earns a fee, which is not material to its financial performance, based on the total net purchases generated by its credit card holders as compensation for its efforts in marketing the card, and providing appropriate documentation, to its members.

At June 30, 1997, Metro had a personal loan portfolio of $34,808,081, and a line of credit portfolio of $14,057,569, representing 24.29% of total loans outstanding. At March 31, 1997, Metro had a personal loan portfolio of $36,501,719, and a line of credit portfolio of $14,861,275, representing 26.04% of total loans outstanding.

Residential Mortgages
Metro offers residential first and second mortgages to its members, and also offers MeritLine (a home equity line of credit). It grants mortgages to individuals according to conventional mortgage lending standards for residential property. Metro offers closed, fixed rate; closed, variable rate; open, fixed rate; and open, variable rate mortgages, written with terms of six months to five years. Approximately 79.14% of the Credit Union's mortgage portfolio consists of conventional mortgages; the remainder are high-ratio mortgages insured by the Mortgage Insurance Corporation of Canada.

At June 30, 1997, residential mortgage loans and home equity lines of credit represented 70.46% of total loans outstanding, and totalled $124,208,839 in residential mortgages and $17,522,728 in home equity lines of credit. At March 31, 1997, residential mortgage loans represented 69.72% of total loans outstanding, and totalled $120,123,957 in residential mortgages and $17,395,705 in home equity lines of credit.

Commercial Lending
Commercial lending by Metro consists of commercial mortgages, term loans, and operating lines of credit, granted to small- and medium-sized businesses in its bond of association. These loans function similarly to their counterparts in "Personal Financial Services" above, but expose the Credit Union to a greater risk of loss because of the risks inherent in lending to small and growing businesses, and the skill required to administer such loans; in particular, these loans are more risky than personal loans because of the larger amounts on loan, the more sophisticated documentation required both to establish capacity to borrow and also to secure the loan, the need for more careful and continuous review to protect the Credit Union's position, and the limited liability afforded by Canadian law to corporations. Approximately 82.98% of the commercial loans outstanding as of June 30, 1997, and approximately 83.01% of the commercial loans outstanding as of March 31, 1997, are secured by mortgages. Metro has developed and follows commercial lending policies, which are approved by its Board of Directors, to minimize its risk of loan delinquencies and losses. Metro hired, in October 1996, an individual with approximately 25 years of commercial lending experience, at ever-increasing levels of responsibility in two Canadian chartered banks and a major Canadian trust company. When that individual was promoted to a branch management position, Metro hired another individual with 25 years of experience in commercial lending and property valuation. Metro's Vice President, Lending & Branch Operations also has approximately nine years of commercial lending

experience. A significant proportion of Metro's commercial lending is commercial mortgages, which typically have a loan-to-value ratio of 65% or less.

At June 30, 1997, commercial lending amounted to 5.25% of the Credit Union's total loans outstanding, or $10,560,715. As of March 31, 1997, commercial lending amounted to 4.24% of the Credit Union's total loans outstanding, or $8,358,415.

Institutional Lending
Institutional lending (loans to the federal government, a provincial or municipal government, an agency of the federal or a provincial or municipal government, a school board, or an entity funded primarily by the federal or a provincial or municipal government) is perceived as having low risk, and Metro has stated as a goal in its business plan that it seeks to develop a portfolio of such loans, particularly in the not-for-profit sector. Metro currently does not have a portfolio of institutional loans.

Syndicated Lending
Syndicated lending, which would permit the Credit Union to join with other credit unions and/or CUCO to serve the need of its members for a loan larger than Metro's lending licence authority would permit, is also an area in which Metro would like to develop its portfolio. Metro did not have any syndicated loans outstanding as of March 31, 1997. Metro, as at June 30, 1997, however, is involved in two loan syndications, one in the amount of $650,000, or 23.64% of the entire loan amount of $2,750,000, and one in the amount of $900,000, for 35.29% of the entire loan amount of $2,550,000. These syndications account for a significant portion of the growth in the Credit Union's commercial loan portfolio between March 31 and June 30, 1997.

Administration
Affiliation
By virtue of its membership in CUCO, the Credit Union has access to the services and products which are developed, either nationally or regionally, and made available to all affiliated credit unions in Canada. In addition, the Credit Union is a participant in the liquidity pool operated by CUCO, and is accordingly permitted to maintain a reduced level of liquid assets in comparison with credit unions which are not participants of a designated liquidity pool and which do not have specified lines of credit. To participate in the liquidity pool, the Credit Union is required to maintain a liquidity deposit at CUCO equal to 5% of its Membership Shares and members' deposits; the Credit Union has met this requirement, and its participation in the liquidity pool is in good standing.

Information Technology
The Credit Union purchased, on February 14, 1995, a non-exclusive license for an agreed-upon number of concurrent users to use software developed by Prologic Computer Corporation. The Credit Union uses this software to process members' in-branch transactions, to receive information to enable processing of its members' ABM and point-of-sale transactions, to access directly the files maintained by the company which provides the Credit Union's lenders with credit bureau reports, and to prepare internal reports. See page 32 for further details.

The Credit Union has also contracted with CDSL Canada Limited for services essential to its members' use of the Credit Union's ABMs, and of the Interac and PLUS networks. See page 33 for details.

Business Strategy

The Credit Union seeks to grow by demonstrating distinctive credit union values, and introducing relationship pricing to reward members for conducting a larger portion of their financial services business with the Credit Union. The Credit Union expects that a portion of its growth will come from increasing the business each existing member does with the Credit Union, and growth may also come from mergers, one of which is currently under consideration; see pages 1, 25 and 60 for details. Metro will focus its growth efforts on specific market niches where it has either a successful history and/or a clear opportunity and ability to offer excellent service. To achieve this growth, Metro must develop an expanded, more efficient service delivery network, which requires investment in both Metro's branch network and also in technology, such as the loan application call centre and home banking facilities currently being implemented. The Credit Union must also train its staff to meet these new challenges. The Credit Union seeks to fund these initiatives, in part, through the increased Regulatory Capital raised through this offering.

CAPITAL STRUCTURE OF THE CREDIT UNION

Prior to June 6, 1995, Metro's authorized capital consisted of an unlimited number of Membership Shares, as this was the only class of share that was legally permitted to be issued under the former credit union legislation. The Credit Union subsequently filed Articles of Amendment to create an unlimited number of Class A Special Shares ("Class A Shares"), and Class B Special Shares ("Bonus Shares").

Membership Shares

Membership Shares are issued at $5 each, the price established by the Board of Directors, to persons who wish to become members of Metro.

Pursuant to the By-laws of Metro, each member, twenty-two years of age and over, must ultimately hold, as outlined on page 2, 30 Membership Shares. Members under the age of sixteen years are required to hold one Membership Share of the Credit Union, and upon attaining the age of sixteen years are required to purchase four additional Membership Shares; the member is then not obliged to purchase further Membership Shares until he or she attains the age of 22 years.

Each member over the age of sixteen years is entitled to one vote at all membership meetings, if they are a member in good standing; only such membership meetings may take certain actions, such as electing the Credit Union's Board. Pursuant to the Act, the By-laws of Metro can be changed by Special Resolution of the members.

The holders of Membership Shares may receive dividends if, as and when declared by the directors of the Credit Union. Membership Shares rank junior to Class A Shares, and to Bonus Shares, as to priority in the declaration and payment of dividends. Membership Shares are non-cumulative as to dividends, which may be paid in cash, in shares, or in a combination of cash and shares.

In the event of liquidation, dissolution or winding-up of the Credit Union or other distribution of assets or property of the Credit Union among its members or shareholders for the purpose of winding-up its affairs, the holders of the Membership Shares shall each be entitled to receive an amount representing equal portions of the assets or property of the Credit Union remaining after payment of all the Credit Union's debts and obligations, including redemption of all senior classes of shares as specified in the Credit Union's Articles of Incorporation, including Class A Shares and Bonus Shares.
Membership Shares are redeemable at the amount paid thereon, plus any declared but unpaid dividends, when a member dies, withdraws or is expelled from membership. Membership Shares cannot be redeemed if the Credit Union is not meeting the requirements of section 84 of the Act (see also "Capital Adequacy" in the section on "Risk Factors", beginning on page 19), except as permitted by a capital adequacy variation. See page 3 for a discussion of the capital adequacy variation under which the Credit Union now operates.

Membership Shares are not transferable between members.

The Credit Union has a lien on the Membership Shares of each member for any indebtedness of the member to the Credit Union.

As at June 30, 1997, there were approximately 652,440 issued and outstanding Membership Shares with a total stated value of $3,262,198. As at March 31, 1997, there were approximately 664,700 issued and outstanding Membership Shares, with a total stated value of $3,323,499.

Class A Special Shares

The Credit Union is authorized to issue to its members an unlimited number of Class A Special Shares ("Class A Shares"), issuable in series.

Class A Shares may only be held by members of the Credit Union. If a member holding both Membership Shares and Class A Shares of the Credit Union seeks to redeem his or her Membership Shares, the member will not be permitted to redeem the Membership Shares he or she holds until he or she transfers the Class A Shares he or she holds to another member of the Credit Union as discussed below, or until the Credit Union redeems the Class A Shares he or she holds, as discussed on pages 10, or 13 and 14, as applicable.

The Class A Shares rank in priority to both the Bonus Shares and the Membership Shares regarding the payment of dividends. The Class A Shares, by majority vote, may waive this priority.

In the event of liquidation or dissolution of the Credit Union, or any other distribution of its assets for the purpose of winding-up its affairs, holders of Class A Shares are entitled to receive the Redemption Amount for each Class A Share held. Class A Redemption Amounts will be paid in priority to the Membership Shares, and to the Bonus Shares, but after provision for payment of all of the Credit Union's other debts and obligations. Holders of Class A Shares are not thereafter entitled to participate in the distribution of residual assets of the Credit Union.

The Class A Shares are non-voting for the purposes of annual general or special meetings of the members. In the event of a proposed dissolution or amalgamation, or the purchase of assets amounting to a Substantial Portion of the Credit Union's assets, or the sale, lease or transfer of a Substantial Portion of the Credit Union's assets, or a proposed resolution which affects the rights attaching to the Class A Shares, the Credit Union must hold a special meeting of the holders of Class A Shares to obtain their approval by Special Resolution of the shareholders present, in person or by proxy as permitted by the Credit Union's By-laws, and voting. In some cases, a separate meeting of the holders of each series of Class A Shares will be required. Holders of Class A Shares have one vote per Class A Share held at such meetings.

Class A Shares may only be transferred to another member of the Credit Union, and all such transfers are subject to Board approval.

The Credit Union has a lien on the Class A Shares of each member, not held in the member's RRSP, for any indebtedness of the member to the Credit Union, pursuant to the Credit Union's By-laws.

Series 1, Class A Special Shares
The Credit Union has authorized the creation and issuance of Series 1, Class A Special Shares ("Series 1, Class A Shares").

Holders of Series 1, Class A Shares are entitled to non-cumulative cash or share dividends, if, as and when declared by the Board of Directors of the Credit Union.

A holder of Series 1, Class A Shares is not entitled at any time to require that the Credit Union redeem the Series 1, Class A Shares he or she holds. The holder, however, may request that the Credit Union redeem, at the Redemption Amount, any of the Series 1, Class A Shares he or she holds, and the Board may, in its discretion, agree to such a request.

If a holder of Series 1, Class A Shares dies or is expelled from membership in the Credit Union, the Board of Directors may authorize the redemption of the Series 1, Class A Shares the deceased or expelled holder holds. The Credit Union has the right, if the shares held by the deceased or expelled holder are not presented for redemption, to deposit to a special account, for payment to the expelled holder or to the deceased holder's estate, the Redemption Amount for the Series 1, Class A Shares not presented for redemption. This deposit redeems the Series 1, Class A Shares not presented for redemption, and thereafter the holder's or estate's rights are limited to receiving the deposited funds.

All such redemptions are limited, in any one fiscal year, to 10% of the issued and outstanding Series 1, Class A Shares of the Credit Union issued and outstanding according to the Credit Union's most recent audited year-end financial statements.

The Credit Union may not redeem a member's Membership Shares until either it redeems the member's Series 1, Class A Shares, or until the member transfers his or her Series 1, Class A Shares to another member of the Credit Union.

The Credit Union has the right, at any time following the date which is five years following the issuance of the Series 1, Class A Shares, to redeem some or all of the Series 1, Class A Shares outstanding at that time. If the Credit Union redeems only some of the Series 1, Class A Shares outstanding at that time, the Credit Union must redeem such Series 1, Class A Shares *pro rata* from all holders of such shares at that time, and must, at its expense, issue to each holder of Series 1, Class A Shares at that time a certificate representing the Series 1, Class A Shares such holder continues to hold.

There are no Series 1, Class A Shares issued and outstanding as of the date hereof.

<u>Series 2, Class A Special Shares</u>
The Board has authorized the creation and issuance of Series 2, Class A Special Shares ("Class A Investment Shares"), at an issue price of $1 each. For an outline of the terms and conditions of these shares, see "Description of Securities Being Offered", beginning on page 12.

There are no Class A Investment Shares issued or outstanding as of the date of this Offering Statement.

Class B Special Shares

The Credit Union is authorized to issue to its members an unlimited number of Class B Special Shares ("Bonus Shares"). Bonus Shares will be used to pay dividends on Membership Shares, and to pay patronage rebates to members; the Credit Union has no policy, as of the date hereof, regarding the payment of patronage rebates.
Bonus Shares may only be held by members of the Credit Union. If a member holding Membership Shares and Bonus Shares wishes to redeem his or her Membership Shares in the Credit Union, he or she will not be permitted to redeem his or her Membership Shares until he or she transfers his or her Bonus Shares to another member of the Credit Union as outlined below, or until the Credit Union redeems his or her Bonus Shares as outlined below.

The Bonus Shares rank in priority to the Membership Shares, but junior to the Class A Shares, in the payment of dividends. The holders of Bonus Shares may by majority vote, waive their priority. Dividends on Bonus Shares are non-cumulative.

In the event of liquidation or dissolution of the Credit Union, or any other distribution of its assets for the purpose of winding-up its affairs, holders of Bonus Shares are entitled to receive the Redemption Amount for each Bonus Share held. Bonus Share Redemption Amounts will be paid in priority to the Membership Shares, but junior to the Class A Shares, and after provision for payment of all of the Credit Union's other debts and obligations. Holders of Bonus Shares are not thereafter entitled to participate in the distribution of residual assets of the Credit Union.

A holder of Bonus Shares is not entitled at any time to require that the Credit Union redeem the Bonus Shares he or she holds. The holder, however, may request that the Credit Union redeem, at the Redemption Amount, any of the Bonus Shares he or she holds, and the Board may, in its discretion, agree to such a request.

If a holder of Bonus Shares dies or is expelled from membership in the Credit Union, the Board of Directors may authorize the redemption of the Bonus Shares the deceased or expelled holder holds. The Credit Union has the right, if the shares held by the deceased or expelled holder are not presented for redemption, to deposit to a special account, for payment to the expelled holder or to the deceased holder's estate, the Redemption Amount for the Bonus Shares not presented for redemption. This deposit redeems the Bonus Shares not presented for redemption, and thereafter the holder's or estate's rights are limited to receiving the deposited funds.

Any redemptions are limited, in any fiscal year, to 10% of the issued and outstanding Bonus Shares as of the beginning of that fiscal year.

The Bonus Shares are non-voting for the purposes of annual general or special meetings of the members. In the event of a proposed dissolution or amalgamation, or the purchase of assets amounting to a Substantial Portion of the Credit Union's assets, or the sale, lease or transfer of a Substantial Portion of the Credit Union's assets, or a proposed resolution which affects the rights attaching to the Bonus Shares, the Credit Union must hold a special meeting of the holders of Bonus Shares to obtain their approval of the proposed action by Special Resolution of those present, in person or by proxy as permitted by the Credit Union's By-laws, and voting. Holders of Bonus Shares have one vote per Bonus Share held at such meetings.

Bonus Shares may only be transferred to another member of the Credit Union, and all such transfers require the approval of the Board of Directors.

Pursuant to Article 9.04 of its By-laws, the Credit Union has a lien on all Bonus Shares held by any member, to the extent of that member's indebtedness to the Credit Union.

There are, as of June 30, 1997, 543,110 Bonus Shares issued and outstanding, with a total stated capital of $543,110.

DESCRIPTION OF SECURITIES BEING OFFERED

Class A Investment Shares

<u>Issue</u>
Class A Investment Shares, issuable at $1.00 each, will only be issued to members of Metro. If the purchaser is a natural person, he or she must be at least 18 years of age. Members must subscribe for at least 500 Class A Investment Shares, and may not subscribe for or purchase more than 100,000 Class A Investment Shares.

Dividends

The holders of Class A Investment Shares are entitled, in preference to the Membership Shares and to the Bonus Shares, to receive dividends if, as and when declared by the Board. The holders of Class A Investment Shares may, by majority vote, waive their priority. Dividends for the Class A Investment Shares are dependent upon, in part, the earnings and/or retained earnings of Metro, and on its ability to comply with the capital adequacy and liquidity requirements of section 84 of the Act (see also "Capital Adequacy" in the section on "Risk Factors" beginning on page 19). The payment of such dividends will be in such manner (including whether in the form of additional shares, or in cash, or partly in shares and partly in cash), and on such terms as may be determined from time to time by the Board. Class A Investment Shares allotted as part of a declared dividend will be issued in whole dollar amounts (rounded down to the nearest dollar); no fractional shares will be issued.

For a discussion of the Credit Union's dividend policy, see pages 26 and 27.

Canadian Federal Income Tax Aspects

The following commentary has been prepared by Deloitte & Touche, Chartered Accountants, based solely on the information contained in this offering statement and their understanding of the meaning and intent of the relevant provisions of the *Income Tax Act*, including legislation that is pending at the date of this offering statement. This commentary summarizes the principal Canadian federal income tax consequences to individuals, other than trusts, who are resident in Canada for income tax purposes, who become holders of Class A Investment Shares by acquiring shares pursuant to this offering statement and who hold the interest as capital property. No advance income tax ruling has been requested or obtained from Revenue Canada in connection with this offering statement, and there is therefore the risk that Revenue Canada may have a different view of the income tax consequences to holders from that described herein. INVESTORS ARE CAUTIONED THAT THIS COMMENTARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO CONSTITUTE ADVICE TO ANY PARTICULAR INVESTOR. INVESTORS SHOULD SEEK INDEPENDENT ADVICE FROM THEIR OWN ADVISORS.

Investors who acquire one or more Class A Investment Shares will be required to include in income the dividends paid on the shares, whether paid in cash or in the form of additional shares. This income is considered to have been received, for income tax purposes, as interest income from Canadian sources and not as dividend income.

Dividends paid in the form of additional Class A Investment Shares will be considered a stock dividend for income tax purposes. On the basis that the Credit Union will add to the stated capital of the Class A Investment Shares an amount equal to the amount of the dividend, it will constitute interest income to the holders and be added to the adjusted cost base of the shares for income tax purposes.

The disposition of a share may give rise to a capital gain (or capital loss) to the extent that the proceeds received on the disposition exceed (or are exceeded by) the sum of the adjusted cost base of the share and any costs of disposition. If certain criteria are met, a capital loss may be considered a business investment loss. Any amount received on redemption of a share in excess of its paid-up capital for income tax purposes is interest income and is not included in the proceeds of disposition of the share.

Generally, any interest expense incurred on money borrowed to acquire shares is deductible for income tax purposes, provided it is incurred to earn income. However, this is subject to the overriding condition that the interest expense be reasonable in the circumstances. In general, if the shares are disposed of, any interest expense would cease to be deductible.

The Class A Investment Shares will be qualified investments for RRSP contracts. The transfer of any shares by a holder to an RRSP constitutes a disposition of the shares by the holder for income tax purposes. In such circumstances, the holder is deemed to receive the proceeds of disposition for the shares equal to their fair market value at the time of such transfer, and this amount is included in computing the capital gain or loss from the disposition. Any capital loss arising on such disposition is denied to the shareholder. Interest expense related to shares held in an RRSP is not deductible for income tax purposes.

Metro Investment Retirement Plan
The Co-operative Trust Company of Canada is the trustee of this retirement savings plan, which will accept Class A Investment Shares as contributions to a member's Registered Retirement Savings Plan (RRSP). Class A Investment Shares are also acceptable investments for Registered Retirement Income Funds (RRIFs); because of potential adverse tax consequences to the holder, however, the Credit Union will not knowingly sell Class A Investment Shares to be placed in the holder's RRIF.

Rights on Distributions of Capital
On liquidation or dissolution, holders of Class A Investment Shares will be paid the Redemption Amount for each such share held, in priority to the Membership Shares and to the Bonus Shares, but after provision for payment of all the Credit Union's other debts and obligations. Holders of Class A Investment Shares shall not thereafter be entitled to participate in the distribution of the Credit Union's assets then remaining.

Voting Rights
The Class A Investment Shares are non-voting for the purposes of annual general or special meetings of the members. In the event of a proposed dissolution, amalgamation, purchase of assets representing a Substantial Portion of Metro's assets, the sale, lease or transfer of a Substantial Portion of Metro's assets, or a proposed resolution which affects the rights attaching to the Class A Investment Shares, the Credit Union shall hold a special meeting of the holders of Class A Investment Shares. The holders of Class A Investment Shares shall have one vote per Class A Investment Share held at such meetings to consider such an event or resolution, which requires approval by Special Resolution of those present in person or, as permitted by the Credit Union's By-laws, by proxy, and voting.

Redemption Provisions and Restrictions
Class A Investment Shares are not redeemable for five years after their issue; thereafter, any holder of Class A Investment Shares may, at any time, make a request to the Board, in writing, to redeem, at the Redemption Amount, their Class A Investment Shares held. Redemptions are subject to the aggregate limits detailed on page 14.

Exceptions, during the first five years following issue, are made in cases where a holder of Class A Investment Shares dies or is expelled from membership in the Credit Union. In that case, redemptions are permitted during the five years after the shares are issued, but are still subject to the aggregate limits detailed on page 14. Approval of any redemption request is in the sole and absolute discretion of the Board. The Board will ordinarily approve such requests unless, in the opinion of the Board, such redemption will cause the Credit Union to be unable to comply with the capital requirements of section 84 of the Act.

In no case shall total redemptions approved for holders of Class A Investment Shares in any fiscal year exceed an amount equal to 10% of the total Class A Investment Shares outstanding at the end of the previous fiscal year. The Board will approve redemption requests twice annually, at its first meeting following March 31 and September 30 of each year, and at each such meeting may generally approve redemption requests only up to 5% of the issued and outstanding Class A Investment Shares at the end of the preceding fiscal year. The Credit Union will consider all requests made, first, by the estates of deceased shareholders, before considering requests made by shareholders who have been expelled from membership in the Credit Union, then by shareholders who require redemption to facilitate a required payment from a RRIF, then by shareholders who require redemption to facilitate a conversion of an RRSP to a RRIF, and only then all other requests. Requests in each category will be considered on a first come, first served basis as evidenced by the time and date to be marked on each request when received by the Credit Union. Redemption requests not fulfilled during one fiscal year will, at the holder's option, be carried forward and considered in the following fiscal year, or be cancelled.

A member of the Credit Union holding both Membership Shares and Class A Investment Shares of the Credit Union will not be permitted to redeem his or her Membership Shares unless he or she either redeems his or her Class A Investment Shares as discussed above, or transfers his or her Class A Investment Shares to another person as discussed below.

The Credit Union has the option of redeeming, at the Redemption Amount, all or any portion of the Class A Investment Shares then outstanding, subject to restrictions in the Act, after giving at least 21 days notice of its intent to redeem, at any time after five years from the date of issuance. If the Credit Union redeems only a portion of the Class A Investment Shares then outstanding, the Credit Union must redeem such Class A Investment Shares *pro rata* from all holders of such shares at that time, and must, at its expense, issue certificates to each holder of Class A Investment Shares representing the number of Class A Investment Shares such holder continues to hold.

Purchasers of Class A Investment Shares who are intending to include such shares in an RRSP contract should carefully review the above redemption provisions and restrictions before proceeding.

Modification

Modification of the provisions attached to Class A Investment Shares will require the approval by Special Resolution of the members voting at a special or annual general meeting, and the approval of the holders of Class A Investment Shares. The approval of the holders of the Bonus Shares may be required if the rights of the Bonus Shareholders, as holders of a junior class of shares, are affected. Such shareholder approval will be expressed by Special Resolution of the holders of the Class A Investment Shares present, in person or by proxy as permitted by the Credit Union's By-laws, and voting at a separate meeting of such shareholders, with each shareholder having one vote per Class A Investment Share held. The approval of the Bonus Shareholders, if required, will be obtained in a similar manner.

Restrictions on Transfer

Class A Investment Shares may not be transferred except to another member of Metro. Transfers will be subject to the approval of the Board of Directors, which will generally not be granted for transfers at a price other than the current Redemption Amount. Transfer requests must be in writing, using a form approved by the Board. Transfer requests will be tendered to the Head Office of the Credit Union, together with the certificate or certificates representing the shares to be transferred.

No member, through transfers of Class A Investment Shares from other members, will be allowed to hold more Class A Investment Shares than the member would otherwise have been able to subscribe for in this initial offering (100,000). **There is no market for the Class A Investment Shares issued by the Credit Union.**

Articles of Amendment

Prospective purchasers of Class A Investment Shares may obtain, on request at the Head Office of the Credit Union, a copy of the Special Resolution of the membership, and the Special Resolution of the Board of Directors, which amended Metro's Articles of Incorporation and defines its share capital structure, including the full terms and conditions, rights and privileges of Class A Investment Shares.

CAPITALIZATION TABLE
FOR REGULATORY PURPOSES

The capitalization of the Credit Union as at June 30, 1997 after giving effect to the full issuance of Class A Investment Shares and the payment of the Special Dividend, as at June 30, 1997, and as at March 31, 1997, is set out in the following table:

Share Capital	As at June 30, 1997, after giving effect to the full issuance of the Class A Investment Shares and payment of the Special Dividend (unaudited)	As at June 30, 1997 (unaudited)	As at March 31, 1997 (audited)
Membership Shares	$3,262,198	$3,262,198	$3,323,499
Bonus Shares	543,110	543,110	557,885
Class A Investment Shares	8,320,000	0	0
Retained Earnings	* 6,237,252	6,482,252	6,231,075
Total	$18,363,560	$10,287,560	$10,112,459

* The Special Dividend is being shown as paid entirely from retained earnings for illustrative purposes only, and is reflected net of income tax savings of approximately $75,000. The Special Dividend may not be paid from retained earnings accumulated prior to March 31, 1997.

The Canadian Institute of Chartered Accountants has issued Section 3860 of the CICA Handbook which establishes standards for presentation and disclosure of financial instruments. As part of its pronouncements, Section 3860 states that where an organization has an obligation to redeem shares for a fixed amount under conditions certain to occur, such as a member's resignation or death, these obligations should be disclosed as financial liabilities and not as equity interests. Notwithstanding this change in accounting principles and financial statement disclosure, which will take effect for the Credit Union's fiscal year ending March 31, 1998, shares will continue to be recognized as capital for regulatory purposes.

SUMMARY OF SHARE TERMS AND CONDITIONS

The table below represents a summary of the significant terms and conditions of Metro's classes of shares, and their treatment for Regulatory Capital purposes:

Characteristics	Series 1, Class A Shares	Class A Investment Shares (Series 2, Class A Shares)	Bonus Shares
Dividends	Dividends on these shares are preferential to dividends on Membership Shares and Bonus Shares, but holders may, by majority vote, waive their priority. These shares rank equally with Class A Investment Shares. Dividends are non-cumulative, and are paid if, as and when declared by the Board.	Dividends on these shares are preferential to dividends on Membership Shares and Bonus Shares, but holders may, by majority vote, waive their priority. These shares rank equally with Series 1, Class A Shares. Dividends are non-cumulative, and are paid if, as and when declared by the Board.	Dividends on these shares are preferential only to dividends on Membership Shares, and holders may, by majority vote, waive their priority. Dividends are non-cumulative, and are paid if, as and when declared by the Board.
Participation on liquidation, dissolution or wind-up	Holders of these shares are entitled to receive the Redemption Amount for all such shares held, in preference to holders of Membership Shares and Bonus Shares, but equally with the holders of Class A Investment Shares. Thereafter, these shares enjoy no participation.	Holders of these shares are entitled to receive the Redemption Amount for all such shares held, in preference to holders of Membership Shares and Bonus Shares, but equally with the holders of Series 1, Class A Shares. Thereafter, these shares enjoy no participation.	Holders of these shares are entitled to receive the Redemption Amount for all such shares held, in preference to holders of Membership Shares, but after the required payments to holders of Series 1, Class A Shares and Class A Investment Shares. Thereafter, these shares enjoy no participation.
Characteristics	**Series 1, Class A Shares**	**Class A Investment Shares**	**Bonus Shares**
Redeemability at holder's initiative	Holders are entitled to request redemption, and the Board may, in its discretion, agree. In particular, the Board may agree if the holder dies or is expelled from membership in the Credit Union. All redemptions in a fiscal	Holders may not request redemption in the five years following issuance, unless the holder dies or is expelled from membership in the Credit Union. Thereafter, the holder may request	Holders are entitled to request redemption, and the Board may, in its discretion, agree. In particular, the Board may agree if the holder dies or is expelled from membership in the Credit Union. All redemptions in a fiscal

	year are subject to an aggregate limit of 10% of the Series 1, Class A Shares issued as of the Credit Union's last audited balance sheet.	redemption. All redemptions in a fiscal year are subject to an aggregate limit of 10% of the Class A Investment Shares issued as of the Credit Union's last audited balance sheet.	year are subject to an aggregate limit of 10% of the Bonus Shares issued as of the Credit Union's last audited balance sheet.
Redeemability at Metro's initiative	These shares are fully redeemable five years after issuance.	These shares are fully redeemable five years after issuance.	These shares are fully redeemable five years after issuance.
Treatment as Regulatory Capital	These shares are included as Tier I as to 90% of the unredeemed shares, and Tier II as to the remaining 10%.	These shares are included as Tier I as to 90% of the unredeemed shares, and Tier II as to the remaining 10%.	These shares are included as Tier I as to 90% of the unredeemed shares, and Tier II as to remaining 10%.

Capital is defined by its relative permanence (inability to be redeemed quickly), freedom from mandatory fixed charges against the earnings of the Credit Union (*e.g.*, cumulative dividends), and subordinate position to the rights of depositors and other creditors of the Credit Union, who are paid the sums they are due before the holders of capital receive any funds. Tier I capital qualifies as capital under all three definitions. Tier II capital, in general, meets only two of the three definitions. A credit union, to the extent that its Tier II capital exceeds its Tier I capital, may not include the excess Tier II capital as regulatory capital. A credit union's Membership Shares and retained earnings qualify as Tier I capital.

RISK FACTORS

The following risk factors should be considered in making a decision to purchase Class A Investment Shares.

Transfer and Redemption Restrictions

There is no market through which the Class A Investment Shares may be sold. Further, it is not expected that any market will develop. These securities may only be transferred to another member of the Credit Union, or to a person prescribed by the Act.

The Act prohibits redemption of shares if the Board of Directors of the Credit Union has reasonable grounds to believe that the Credit Union is, or the payment would cause it to be, in contravention of prescribed liquidity and capital adequacy tests for credit unions.

Redemptions of Class A Investment Shares are permitted at the sole and absolute discretion of the Board, are not permitted during the five years following the issuance of Class A Investment Shares except where the shareholder dies or is expelled from membership in the Credit Union, and are limited in any fiscal year to 10% of the Class A Investment Shares outstanding at the end of the previous fiscal year. In approving redemptions after 5 years following the issuance of the shares, the Board gives preference to requests made by the estates of deceased holders, holders who have been expelled from membership in the Credit Union, and holders who require redemption to facilitate either the conversion of an RRSP into a RRIF or a required payment from a RRIF. The Credit Union considers all redemption requests at two Board meetings annually, and at each such Board meeting may generally approve redemption requests only up to 5% of the issued and outstanding Class A Investment Shares at the end of the previous fiscal year. Consequently, holders of Class A Investment Shares may not be able to sell or redeem their securities when they wish to do so.

Members who intend to hold Class A Investment Shares within an RRSP contract should carefully review this risk factor before proceeding.

Capital Adequacy

The Act requires Metro to maintain certain levels of Regulatory Capital according to its risk-weighted assets (i.e. actual assets multiplied by a percentage, set by Regulation, to approximate the risk associated with these assets) ("Risk-Weighted Assets Ratio") and its actual assets ("Leverage Ratio") as follows:

	RISK-WEIGHTED ASSETS RATIO *		LEVERAGE RATIO *	
	REQUIRED	ATTAINED	REQUIRED	ATTAINED
As of April 1, 1997 and thereafter	8.00%	10.53%	5.0%	5.08%
As of April 1, 1996	7.5%	10.53%	4.6%	5.02%
As of April 1, 1995	7.0%	8.85%	4.25%	5.37%

* Calculations were performed in accordance with the capital adequacy variation discussed at page 3, in all cases.

The Credit Union was required to maintain the minimum capital ratios set out above on a continuous basis throughout the periods until the ratios increased to the current maximum level.

See the charts on pages 3 and 4 for a discussion of the Risk-Weighted Assets Ratios and Leverage Ratios attained by the Credit Union, with and without utilizing the capital adequacy variation discussed at page 3.

As a result of the capital adequacy variation, the Credit Union was in compliance with the transitional Leverage Ratio and Risk-Weighted Assets Ratio requirements of Section 84 of the Act on a continuous basis from March 31, 1995 to March 31, 1997, and has been in compliance with the requirements continuously from April 1, 1997 to the date of this offering statement.

If this offering raises the maximum $8,000,000 in capital, the Credit Union will comply with all Regulatory Capital requirements with which it is required to comply, and will no longer require the capital adequacy variation outlined at page 3. If this offering is fully subscribed and the Special Dividend is paid, assuming the levels of assets and equity stated in the June 30, 1997 unaudited financial statements, the Credit Union will have a Leverage Ratio of 7.86% calculated as required by the Act. If this offering is subscribed only to the minimum level of $4,000,000, on the same conditions, the Credit Union will have a Leverage Ratio of 6.13%.
If the merger with Jet Power occurs, this offering is fully subscribed and the Special Dividend is paid, assuming the level of assets and equity stated in the March 31, 1997 audited financial statements for both Metro and Jet Power, the merged credit union will have a Leverage Ratio of 6.45%. On the same conditions except that this offering is subscribed only to the minimum level of $4,000,000, the merged credit union will have a Leverage Ratio of 5.26%.

In the period from March 31, 1995 to the date of this offering statement, the Credit Union has met the Risk-Weighted Assets Ratio specified by the Act on a continuous basis, without considering the variation discussed at page 3.

The Director of Credit Unions is empowered to specify terms and conditions with which the Credit Union must comply while its regulatory capital does not meet the minimum levels specified in section 84 of the Act. The Credit Union is currently in compliance with the regulatory capital requirements of the Act because of the capital adequacy variation discussed at page 3.

Payment of Dividends

This is the initial offering of Class A Investment Shares and, accordingly, there is no dividend record for the Class A Investment Shares. The payment of dividends to the holders of Class A Investment Shares is dependent on the ability of Metro to meet the capital adequacy requirements of the Act, the availability of earnings, and the exercise by the Board of Directors of the Credit Union of its discretion as to whether or not to declare a dividend, the rate at which the dividend is to be declared, and the proportions of additional shares and cash for payment of such dividend.

The Board has stated a dividend policy for Class A Investment Shares, as outlined on pages 26 and 27 hereof; this policy may be changed at any time at the discretion of the Board, and therefore dividends paid may not be as set out in the policy outlined herein.

Holders of Class A Investment Shares may, by majority vote, waive their priority in the payment of dividends, and permit dividends to be paid on Bonus Shares and/or Membership Shares before dividends are paid on the Class A Investment Shares.

Credit Risk

The major activity of Metro is the lending of money to members and, as a result, there exists the risk of loss from uncollectible loans. The lending policies of the Credit Union, the care and attention of staff and management in applying such policies to loan applications and loans granted, and the security taken in connection with such applications, will affect the future profitability of the Credit Union and impact on its ability to pay dividends and redeem Class A Investment Shares when the members wish it to do so. The loan portfolio at June 30, 1997, March 31, 1997, and March 31, 1996, segregated into those classes of loans which are defined in the Regulations to the Act, and the activity in the allowance for impaired loans are detailed below.

Loans by Classification	June 30, 1997	March 31, 1997	March 31, 1996
Personal Loans	$34,808,081	$36,501,719	$34,462,918
Personal Lines of Credit	14,057,569	14,861,275	15,671,645
Residential Mortgages	124,208,839	120,123,957	114,558,241
Home Equity Lines of Credit	17,522,728	17,395,705	14,176,256
Commercial Loans	10,560,715	8,358,415	3,446,022
Less allowance for impaired loans	(1,361,535)	(1,288,096)	(1,078,980)
	$199,796,397	$195,952,975	$181,236,102

ALLOWANCE FOR IMPAIRED LOANS - CONTINUITY SCHEDULES FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 1997 AND FOR THE FISCAL YEARS ENDED MARCH 31, 1997 AND MARCH 31, 1996

June 30, 1997	PERSONAL	MORTGAGE	COMMERCIAL	TOTAL
Opening Balance	$1,108,096	$130,000	$50,000	$1,288,096
Recoveries on loans written off	20,715	-	-	20,715
Accounts written off	-	-	-	-
Provision charged to operations	52,724	-	-	52,724
Balance, end of Period	$1,181,535	$130,000	$50,000	$1,361,535

March 31, 1997	PERSONAL	MORTGAGE	COMMERCIAL	TOTAL
Opening Balance	$953,980	$75,000	$50,000	$1,078,980
Recoveries on loans written off	56,586	-	-	56,586
Accounts written off	(298,856)	-	-	(298,856)
Provision charged to operations	396,386	55,000	-	451,386
Balance, end of Year	$1,108,096	$130,000	$50,000	$1,288,096

March 31, 1996	PERSONAL	MORTGAGE	COMMERCIAL	TOTAL
Opening Balance	$784,679	$10,000	$50,000	$844,679
Recoveries on loans written off	71,440	-	-	71,440
Accounts written off	(420,719)	(10,000)	-	(430,719)
Provision charged to operations	518,580	75,000	-	593,580
Balance, end of Year	$953,980	$75,000	$50,000	$1,078,980

Impaired loans are loans which, in the opinion of management, cast doubt as to the ultimate collectibility of some portion or all of the principal or interest. Accrual of interest on loans where interest is due and has not been collected for a period of 90 days is automatically discontinued, unless management determines that there is no reasonable doubt as to the ultimate collectibility of principal and interest.

Metro has an established policy of providing, on a monthly basis, an allowance to cover potential loan losses. Each month the allowance is reviewed and, if potential loan losses are identified, an allowance is specifically allocated to each impaired loan. The allowance for impaired loans provided for in the accounts of the Credit Union is in accordance with the DICO By-law governing such allowances. The following table shows Metro's impaired loans, net of the related allowance for loan losses, as at June 30, 1997, March 31, 1997, and March 31, 1996:

	June 30, 1997	March 31, 1997	March 31, 1996
Impaired loans			
Personal loans	$2,013,826	$1,995,172	$1,894,131
Mortgage loans	170,170	56,915	75,000
Commercial loans	-	-	-
Total impaired loans	2,183,996	2,052,087	1,969,131
Less allowance for impaired loans	(1,361,535)	(1,288,096)	(1,078,980)
Net impaired loans	$822,461	$763,991	$890,151

Impaired personal loans as a percentage of gross personal loans	4.12%	3.88%	3.78%
Impaired mortgages as a percentage of gross mortgages	.12%	.04%	.06%
Impaired commercial loans as a percentage of gross commercial loans	0.00%	0.00%	0.00%
Impaired loans as a percentage of total loans outstanding	1.09%	1.04%	1.08%

Net loans written off during the three-month period ended June 30, 1997, and the fiscal years ended March 31, 1997 and 1996 were nil, $298,856 and $430,719, respectively. Provisions for impaired loans charged to operations for the same periods were $52,724, $451,386 and $593,580, respectively. The allowance for impaired loans is .68% of total loans outstanding as at June 30, 1997, .65% of total loans outstanding at March 31, 1997, and .59% of total loans outstanding as of March 31, 1996.

Liquidity Risk

Liquidity risk is the risk that a financial institution will have to sell assets at a loss to meet cash demands. As a member of a qualifying liquidity pool, the Credit Union must maintain an amount at least equal to 8% of its members' deposits and borrowings in prescribed classes of assets pursuant to Regulations to the Act. The Credit Union maintained an average liquidity position of 10.90% in the three-month period ended June 30, 1997, 15.02% in the fiscal year ended March 31, 1997, and 15.79% in the fiscal year ended March 31, 1996.

Investment Risk

The Credit Union is also exposed to risk in respect of its investments. The investment policy of the Credit Union, approved by its Board, requires that the Credit Union, after satisfying the loan demand of its members and complying with all regulatory requirements, invest its excess funds so as to demonstrate prudent fiscal management, emphasize security of capital, reflect the social investment criteria of the Credit Union, and maximize the return on the Credit Union's investments. Permitted investments are federal and provincial debt instruments or fully-guaranteed obligations (up to the entire investment portfolio), municipal government debt instruments rated at least R1-Middle or AA by a recognized rating service (up to 25% of the investment portfolio), CUCO investment instruments (up to the entire investment portfolio), investments and deposits in or guaranteed by DICO (up to 50% of the investment portfolio), insured mortgage-backed securities (up to 25% of the investment portfolio), deposits in and bankers' acceptances issued by chartered banks which are rated at least R1-Middle or AA by a recognized rating service (up to 10% of the portfolio), commercial paper rated at least R1-Middle or AA by a recognized rating service (up to 30% of the investment portfolio), corporate bonds rated at least R1-Middle or AA by a recognized rating service (up to 15% of the portfolio), and other investments permitted by the Act (up to 5% of the portfolio). Maturity of debt obligations shall not exceed five years. The Credit Union's investment policy does not allow investments in common or preferred shares, convertible bonds or debentures, corporate debentures, rights and warrants, mutual funds, stock/bond/index options, futures contracts, and all other derivatives except as outlined below.

As of June 30, 1997, the Credit Union had investments, other than deposits in CUCO, consisting of federal and provincial bonds, and mortgage-backed securities guaranteed by the federal government.

Interest Rate Risk

Interest rate risk arises from a mismatch between rates and maturities of members' deposit liabilities and the yields and maturities of members' loans and other investments of the Credit Union. It is the policy of the Credit Union to keep exposure to interest rate fluctuations within limits set by the Act and Regulations. Regulations require that the Credit Union expose no more of its net income than a sum equal to 15 basis points of its total assets to a reasonably-anticipated change in interest rates. The Credit Union's policy is to define "reasonably-anticipated" as a 1% change in interest rates. To achieve this matched position, the Credit Union uses a comprehensive set of financial reporting systems, including computerized modelling techniques. The Credit Union can respond to market interest rate changes with immediate pricing adjustments to deposit and loan products, if necessary to correct a potential mismatch, although such adjustments, because they only affect new transactions, may not succeed in eliminating the mismatch. As at June 30, 1997, the Credit Union's matching analysis indicated that an increase in interest rates of 100 basis points (1%) would have exposed net income equivalent of approximately 6 basis points of the total assets of the Credit Union to that fluctuation, while for a commensurate decrease the exposure was approximately 1 basis point. This exposure complies with Credit Union policy and Regulations.

In the event that the Credit Union were to become mismatched to an extent which exceeds the limits described above, future profitability could become seriously eroded, with a resulting negative impact on the ability of the Credit Union to pay dividends or redeem shares. The Credit Union can mitigate this risk by involving itself in derivatives, as outlined below.

Involvement in Derivatives

The Credit Union is permitted by its policy to involve itself in interest rate risk management and other "hedging" activities. Hedging involves entering into contracts with counter-parties, whereby the Credit Union transfers a risk which it does not wish to have, to a counter-party who is willing to undertake that risk, with the aim of reducing or eliminating the risk to which the Credit Union is exposed.

The Credit Union's primary hedging activities involve interest rate "swaps" (agreements where the Credit Union swaps its over-exposure in short-term assets with a counter-party which has an over-exposure in long-term assets, or *vice versa*, to reduce or eliminate the risk it undertakes if interest rates change) with CUCO; see page 33 for details of the Credit Union's current interest rate swap with CUCO.

The Credit Union is also currently involved in "hedges" of the risk of the Credit Union's Index-Linked Term Deposit product; see pages 33 and 34 for details.

Regulatory Action

Under the Act, the Deposit Insurance Corporation of Ontario, as stabilization authority for the credit unions and caisses populaires in Ontario, can ask the Director of Credit Unions to place a credit union or caisse populaire under Supervision, and may, itself, place a credit union or caisse populaire under Administration should it believe that there is a potential for the credit union or caisse populaire to encounter financial or management problems which could affect its financial well-being or which could tend to increase the risk of claims by the credit union or caisse populaire against the deposit insurance fund.

Reliance on Key Management

The success of Metro's business strategy is dependent on the ability of the Credit Union to retain its senior management personnel. The inability to retain such persons, or replace them with individuals of equal competence, could adversely affect the Credit Union's financial performance. The Credit Union does not generally have in place written employment agreements covering the services of any key management personnel which would require those personnel to provide the Credit Union with longer notice of their intention to terminate their employment relationship with the Credit Union than would ordinarily be required by law.

Risk of the Merger with Jet Power Credit Union Limited

The Credit Union expects that the proposed transaction would provide it with an increase in its economies of scale, allowing it to decrease its product development, human resources, training, marketing, service delivery, information technologies, and administration expenses as a percentage of the (larger) credit union's assets. If Metro merges with Jet Power and does not gain the expected advantages from the merger, Metro's profitability, and resultant ability to redeem and pay dividends on Class A Investment Shares while complying with Regulatory Capital requirements, may be impaired. Management, however, does not anticipate that the proposed merger with Jet Power will significantly affect, positively or negatively, any other risk factor discussed herein.

Economic Risk

Metro, despite being a community credit union, remains dependent to a degree on its original bond of association, which included federal, provincial and municipal public servants and the teachers and staff at many of the elementary, secondary, and post-secondary educational institutions in Toronto. Metro is therefore sensitive to changes in provincial and federal government expenditures. Like every other financial institution, Metro is affected by periods of economic downturn which result in a lack of consumer confidence, a drop in demand for loans and mortgages, and a reduction in the level of savings. This exposure is mitigated by the diversity of Metro's membership and the geographic distribution of its branch network, relative to other Ontario credit unions.

Competitive Risk

The financial services industry continues to be extremely competitive. The major banks have expanded their traditional core banking business into other financial services. As a result, the sheer size and increasing scope of their diversified operations represent a challenge to credit unions. The success of credit unions largely depends on their ability to differentiate themselves from large banks and trust companies, and on their ability to be proactive in providing products and services to meet their members' needs while ensuring that they earn sufficient profits to continue to grow and prosper.

DIVIDEND RECORD AND POLICY

Prior to the recent creation of the current classes of shares, Metro's formal capital structure consisted only of Membership Shares on which dividends could be paid. The Credit Union has paid dividends, in the form of

Bonus Shares in each of the fiscal years ended March 31, 1995, 1996 and 1997, and in cash regarding fiscal years ended March 31, 1993 and 1994, as detailed in the following table:

Issued and Outstanding Membership Shares	Fiscal Year Ended	Dividends Paid	Percentage *
$3,323,499	March 31, 1997	$173,000	5.00%
$2,875,142	March 31, 1996	$184,488	8.00%
$2,804,144	March 31, 1995	$179,099	8.00%
$2,595,369	March 31, 1994	$89,524	1.00%
$2,031,475	March 31, 1993	$253,983	2.50%

* Regarding fiscal years ended March 31, 1993, 1994, and 1995, percentages are calculated based on the balance in members' former share savings accounts, which included both Membership Shares and also other deposits. Regarding fiscal years ended March 31, 1996 and 1997, percentages are calculated based on issued and outstanding Membership Shares and Bonus Shares.

For a discussion of the priority of the various classes of shares in the payment of dividends, and the restrictions placed on the Board in the declaration of dividends, see page 12.

The dividend policy of the Metro Board of Directors for Class A Investment Shares shall be to pay an appropriate dividend for every year in which there are sufficient profits to do so while still fulfilling all Regulatory Capital and operational requirements. The dividend rate shall be established by the Board of Directors, in its sole and absolute discretion, based on financial and other considerations prevailing at the time of the declarations. The Board shall consider whether a dividend shall be declared, and at what rate and in which manner, at least annually following each fiscal year end and before each annual general membership meeting. Although there can be no guarantee that a dividend will be paid for each year, it is the policy of the Board that an appropriate dividend will be declared and paid for each year, provided that the Credit Union is in compliance with Section 84 of the Act.

The Board of Directors has defined an appropriate dividend rate on the issue price of the Class A Investment Shares to be, for the five years next following the issuance of the Class A Investment Shares sold pursuant to this offering statement, at least seven per cent of the Redemption Price of such Class A Investment Shares. Thereafter, the dividend rate shall be as determined by the Board of Directors at the time the Board declares each dividend. The dividend, in the fiscal year Class A Investment Shares are first issued, shall be pro-rated for the number of days the Class A Investment Shares were issued and outstanding in that fiscal year.

As a one-time event, the Board of Directors plans to meet to consider, and, if thought appropriate, declare and pay a Special Dividend to holders of Class A Investment Shares within 30 days of issuance. The planned dividend rate for this Special Dividend is 4% of the principal amount of Class A Investment Shares held, and it will be paid out of profits earned by the Credit Union in its fiscal year ending March 31, 1998, subject to meeting Regulatory Capital and other operating requirements. The Credit Union plans to pay the Special Dividend in the form of additional Class A Investment Shares, and not in the form of cash.

The dividend policy followed by the Credit Union is at the discretion of the Board, and is subject to change. Dividends paid may not, therefore, be as set out in this dividend policy.

Following consideration and payment of a dividend on the Class A Investment Shares, the Board may decide to pay a dividend on shares ranking junior to the Class A Investment Shares, including Membership Shares and Bonus Shares.

USE OF PROCEEDS FROM SALE OF SECURITIES

Shares will be issued for cash only.

The funds raised from this offering will be used to add to Metro's share capital and will provide an increased capital base for future growth. In addition, these funds will allow Metro to invest in further service and product improvements for its members, and to continue providing superior value-added services to its members in an environment of rapidly-changing technology.

It is management's belief that the credit union system has been going through a rationalization and will continue to do so as undercapitalized or limited service credit unions are being absorbed by other credit unions. This share offering will allow Metro to consider acquisitions of, or mergers with, undercapitalized credit unions, and expansion of its market share, while maintaining compliance with Regulatory Capital requirements. For example, this share offering will permit Metro to complete its proposed merger with Jet Power, or to acquire the deposit liabilities of other financial institutions. The Credit Union may also choose to acquire, in the ordinary course of business, credit unions with less than $500,000 in assets. The cash generated from the issuance of the securities, to the extent it represents new cash to the Credit Union rather than being a transfer from existing accounts, will be used for general business purposes.

Based on a Leverage Ratio of 5%, assuming the offering is fully subscribed, the Special Dividend is paid, and that in all other respects the Credit Union's assets and equity are as stated on its June 30, 1997 unaudited financial statements, the Credit Union's capitalization could support additional growth of approximately $133,619,922. On the same assumptions except that the offering is subscribed to the minimum of $4,000,000, the Credit Union's capitalization could support additional growth of $52,899,922.

Potential growth is calculated as follows. The capitalization table for regulatory purposes, found on page 16, states that, if this offering is fully subscribed, the Special Dividend is paid, and otherwise the Credit Union's Regulatory Capital is as shown on its June 30, 1997 unaudited financial statements, Metro will have $18,363,560 in Regulatory Capital. Dividing $18,363,560 by 5% (the required Leverage Ratio as at April 1, 1997) shows that this level of Regulatory Capital could support total assets of approximately $367,271,200. Subtracting the Credit Union's total assets as at June 30, 1997 of $233,651,278 from $367,271,200 illustrates that the Credit Union could grow by approximately $133,619,922 if this offering is fully subscribed and the Special Dividend is paid. Similarly, if this offering is subscribed only to the minimum level of $4,000,000, the Special Dividend is paid, and otherwise, the Credit Union's Regulatory Capital is as shown on its June 30, 1997 unaudited financial statements, Metro will have $14,327,560 in Regulatory Capital. Dividing $14,327,560 by 5% shows that this amount of Regulatory Capital could support total assets of approximately $286,551,200. Subtracting the Credit Union's total assets as stated in its June 30, 1997 unaudited financial statements from $286,551,200 illustrates that the Credit Union's Regulatory Capital would support additional growth of approximately $52,899,922 if this offering is subscribed to the minimum level of $4,000,000.

PLAN OF DISTRIBUTION

1. The price to members for each Class A Investment Share will be $1.
2. There will be no discounts or commissions paid to anyone for the sale of these securities.

3. One hundred percent (100%) of the proceeds of the sale of these securities will go to the Credit Union, which will then be responsible for the payment of the costs associated with this offering statement.

Subscriptions for the Class A Investment Shares shall be accepted as of the date hereof, and for a period of six months after the date hereof; or until a date on which subscriptions have been received for the maximum 8,000,000 Class A Investment Shares; or until a date when the Credit Union has received subscriptions for at least the minimum 4,000,000 Class A Investment Shares but has not received subscriptions for the maximum 8,000,000 Class A Investment Shares, before six months have passed from the date hereof, on which the Board, in its sole and absolute discretion, shall determine to close the offering; whichever shall occur first (the "Closing Date"). Subscriptions will be accepted on a first come, first served basis, and subscription forms will be marked with the time and date accepted. The Credit Union will closely monitor subscriptions being received as total subscriptions approach the maximum. Potential purchasers making subscription requests at that time may not be allowed to subscribe for the full number or amount of shares they desire, or their subscription request may be refused. This offering may not be over-subscribed, and subscriptions will not be pro-rated.

If the funds to be used by a subscriber to pay for shares subscribed are on deposit at the Credit Union, the subscriber will authorize the Credit Union to place a hold on such accounts in an amount equal to the issue price of the number of shares for which the member subscribes. If the offering is completed, such hold will be released, and the authorized amount will be used to pay for the shares for which the member subscribed. If the offering is withdrawn, or if the decision to buy is reversed by the subscriber (as described on the cover of this offering statement), the hold will be released immediately thereafter.

If the funds to be used by a subscriber to pay for shares subscribed are coming from outside the Credit Union, such funds will be held in escrow, in accounts to be trusteed by Co-operative Trust Company of Canada, until the offering is completed or withdrawn, or until the subscriber exercises the right to reverse the decision to purchase the securities (as described on the cover of this offering statement). If the offering is completed, the proceeds will be released from escrow and used to pay for the shares for which the member subscribed. If the offering is withdrawn, or if the subscriber reverses the decision to buy, the proceeds will be refunded in full, plus interest calculated at the Credit Union's 30-day term deposit rate as at the date of this offering statement, pro-rated for the number of days the funds were in escrow, to those who subscribed.

The above-noted terms and conditions regarding holds on deposit accounts and regarding escrow accounts are detailed on the Credit Union's subscription form for Class A Investment Shares and on separate agreements, to be signed by subscribers, authorizing holds on deposit accounts and/or placement of proceeds in escrow accounts. Copies of the Subscription Form and the forms for authorization of a hold on funds in deposit accounts and/or placement of funds in escrow accounts are printed in this offering statement on pages 64, 65 and 66.

If fully subscribed, the gross proceeds to be derived by the Credit Union from the sale of the Class A Investment Shares shall be \$8,000,000. The costs of issuing these securities are not expected to exceed \$100,000, and these costs, net of applicable tax savings approximating \$24,000, will be deferred and amortized over 5 years. The estimated maximum net proceeds of this offering of securities are \$8,000,000.

Shares for which subscriptions have been received shall be issued within sixty days of the Closing Date.

If, after six months from the date of this offering statement, subscriptions received for the Class A Investment Shares amount to less than \$4,000,000 in the aggregate, and this offering for Class A Investment Shares has not been renewed with the approval of the Director of Credit Unions, it will be cancelled and withdrawn, and all funds "frozen" or held in escrow to support subscriptions will be returned to the respective members within 30 days thereof, with applicable interest, without shares being issued.

The Class A Investment Shares will not be sold by underwriters or other dealers in securities. The minimum subscription per member shall be $500 for 500 Class A Investment Shares. The maximum subscription per member shall be $100,000 for 100,000 Class A Investment Shares. Shares will only be issued subject to the full price of such securities being paid.

MARKET FOR THE SECURITIES

There is no market for the Class A Investment Shares. These securities may only be transferred to another member of the Credit Union or to a person prescribed by the Act and accompanying Regulations.

SENIOR DEBT (RANKING AHEAD OF CLASS A INVESTMENT SHARES)

Metro has arranged lines of credit and overdraft facilities, totalling CDN$7,000,000 and US$1,000,000, at CUCO. The purpose of these facilities is to cover fluctuations in daily clearing volume on the chequing accounts of the members of the Credit Union.

The Credit Union also has a $5,000,000 term credit facility from CUCO to support its operations, $60,000 in letters of credit or guarantees issued in favour of the Credit Union by CUCO, and a $3,000,000 line of credit to secure payments under the “swap” agreement discussed at page 33.

As security for these credit facilities, the Credit Union has given CUCO promissory notes, a general assignment of its book debts, and a general security agreement covering all of its assets.

The low balance on each of these credit facilities is always nil. The following chart details the high balances outstanding on each facility during the fiscal year ended March 31, 1997, and the three-month period ended June 30, 1997:

Credit Facility	High balance during the fiscal year ended March 31, 1997	High balance during the three-month period ended June 30, 1997
CDN$ Line of Credit	$4,800,000	$6,000,000
US$ Line of Credit	$20,000	$77,000
Term Credit Facility	-	$5,000,000
Letters of Credit/Guarantees	-	-
Swap Line of Credit	$1,000,000	$1,000,000

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Metro Credit Union Limited are Deloitte & Touche, BCE Place, 181 Bay Street, Suite 1400, Toronto, Ontario M5J 2V1, telephone 416-601-6150, fax 416-601-6151.

The registrars and transfer agents for the Class A Investment Shares are designated staff of Metro.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The following table sets forth the board of directors of Metro:

Name/Municipality of Residence	Principal Occupation	Position/Office
Donald Altman Toronto, Ontario.	Manager, Budget Planning & Policy	Chair
Jonathan Rudin Toronto, Ontario.	Consultant	1st Vice-Chair
William Burleigh Pickering, Ontario.	Supervisor, Programming	2nd Vice-Chair
Patricia McClellan Toronto, Ontario.	Senior Manager	Corporate Secretary
Penny McCabe Toronto, Ontario.	Co-ordinator, Housing Co-operative	Chair, Audit Committee
Penny Bethke Toronto, Ontario.	Co-operative Housing Manager	Director; Member, Audit Committee
Jack Craig King City, Ontario.	Professor Emeritus and Senior Scholar	Director
Alyson Grannum Toronto, Ontario.	Financial Administrator	Director
Heather Johnston Toronto, Ontario.	Executive Director	Director
Linda McCormick East York, Ontario.	Co-operative Housing Manager	Director
John Murray Willowdale, Ontario.	Chair, Commission on Election Finances	Director; Member, Audit Committee
Patricia Sibley Toronto, Ontario.	Accountant / Financial Consultant	Director
Bev Walden Oakville, Ontario.	Professor, Information Technology	Director

Senior Management

The following table sets forth the senior management of Metro:

Name/Municipality of Residence	Position/Title
Howard Bogach Toronto, Ontario.	Chief Executive Officer
Greg Anderson Bolton, Ontario.	Chief Financial Officer

Ray Hull Scarborough, Ontario.	Vice President, Lending & Branch Operations
Larry Gordon Toronto, Ontario.	Vice President, Development
Don Cole Pickering, Ontario.	Vice President, Information Systems & Technology
Florentina Harjadi Pickering, Ontario.	Controller
Beth Sorichetti North York, Ontario.	Manager, Human Resources
Kimberley Ney Toronto, Ontario.	Sales & Service Manager
Kerry Hadad Oakville, Ontario.	Internal Auditor

All senior management have been employed continuously by the Credit Union during at least the previous five years, except for Messrs. Bogach, Hadad, Anderson, and Cole. Mr. Bogach joined Metro in June, 1994, and previously was the Vice-President, Human Resources and Administration of a large Alberta credit union and served in various capacities in the equivalent of DICO in Alberta. Mr. Hadad joined Metro in April, 1996, and previously was employed by the Liquor Control Board of Ontario in a similar capacity. Mr. Anderson joined the Credit Union in April, 1997, and previously served in various asset/liability management and analysis capacities at CUCO. Mr. Cole previously was a management information systems consultant, and joined Metro in February, 1995.

LAWSUITS AND OTHER MATERIAL OR REGULATORY ACTIONS

Other than actions to recover delinquent loans where Metro is the plaintiff, the Credit Union is not aware of any material pending or contemplated legal proceedings to which the Credit Union is a party.

The Credit Union is not aware of any regulatory actions resulting from any past non-compliance with regulatory capital requirements.

MATERIAL INTERESTS OF DIRECTORS, OFFICERS AND EMPLOYEES

All loans to the directors, officers and employees and persons related to them are made in the normal course of business, using standard credit granting criteria, and are made at market rates, except as disclosed below.

Any permanent employee may qualify for conventional or CMHC-insured mortgages on his or her principal residence up to $350,000 for a one-year term at an interest rate which is 3% below the posted rate offered to members at the time of approval. As of June 30, 1997, there was $5,242,853 outstanding in such discount mortgages; as of March 31, 1997, there was $4,652,624 outstanding in such discount mortgages.

In addition, any permanent employee may qualify for a MeritLine up to the lesser of 65% of the appraised value of the property or $250,000, at an interest rate which is 3% below the posted rate offered to members at the time of approval. As of June 30, 1997, there was $169,424 outstanding in such discount MeritLines; as of March 31, 1997, there was $243,521 outstanding in such discount MeritLines.

Finally, any permanent employee may qualify for a personal loan for up to $50,000 at the Credit Union's prime rate of interest. As of June 30, 1997, there was $358,708 outstanding in such personal loans; as of March 31, 1997, there was $371,620 outstanding in such personal loans.

The aggregate value of loans in all categories to directors, officers and committee members, as of June 30, 1997, consisted of nine mortgage loans totalling $1,009,258, and 17 personal loans totalling $469,612. As of March 31, 1997, these figures were $929,483 and $475,059, respectively. No allowance for loan losses was required in respect of these loans at either date.

As members of Metro, directors, officers and employees of the Credit Union each hold Membership Shares in the number required to maintain membership in Metro. Accordingly, each director, officer and employee may subscribe for the Class A Investment Shares, should any of such persons wish to do so.

MATERIAL CONTRACTS

The following material contracts have been entered into by Metro during the last three years, and/or which remain in force as of the date hereof.

Ovation Software Licensing and Services Agreement with Prologic Computer Corporation, dated February 14, 1995

This agreement provides the Credit Union with a non-exclusive, non-transferable license for an agreed-upon number of concurrent users to use software developed by Prologic to process its members' in-branch transactions, receive information regarding its members' ABM, point-of-sale, and telephone banking transactions to enable the processing of those transactions, prepare internal reports, and contact on-line the Credit Union's supplier of credit bureau reports. The Credit Union also contracted for professional services associated with the installation and customization of the system, and conversion of the Credit Union's data to the new system. The total cost of the project was approximately $500,000. The Credit Union also contracted for software support, at an ongoing cost of approximately $12,000 quarterly.

Client Switching Agreement with CDSL Canada Limited, effective July 1, 1995

This agreement provides the Credit Union with the services essential for its members' use of its ABMs, and of the Interac and PLUS networks. CDSL invoices the Credit Union monthly for services used, at an agreed-upon fee schedule. The agreement, which expired June 30, 1997, was renewed for a further one-year period because neither party gave notice to the other, at least twelve months before the term expired, of their intention to terminate the agreement. CDSL is required to give the Credit Union notice of its proposed new fee schedule at least six months before the Credit Union is required to give notice of its termination.

Credit Facilities with CUCO

This agreement provides Metro with lines of credit and overdraft facilities, totalling CDN$7,000,000 and US$1,000,000, at CUCO. The purpose of these facilities is to cover fluctuations in daily clearing volume on the chequing accounts of the members of the Credit Union.

The Credit Union has a $5,000,000 term credit facility from CUCO to support its operations, $60,000 in letters of credit or guarantees issued in favour of the Credit Union by CUCO, and a $3,000,000 line of credit to secure payments under the "swap" agreement discussed below. As security for these credit facilities, the Credit Union has given CUCO promissory notes, a general assignment of its book debts, and a general security agreement covering all of its assets. This facility will next be reviewed in June, 1998.

Interest Rate Swap with CUCO, effective May 11, 1993

This agreement pertains to a notional principal amount of CDN$1,000,000, and matures May 11, 1998. The Credit Union pays to CUCO a fixed rate of 7.62%, payable semi-annually on May 11th and November 11th, and calculated on an actual 365-day basis. CUCO pays to the Credit Union a floating rate, which currently equals 3.348%, based on the average rate earned on 90-day bankers' acceptances, reset and compounded quarterly on the 11th day of every third month until maturity, but paid semi-annually on May 11th and November 11th. The required net payment is either made from or paid to, as the case may be, the Credit Union's current account at CUCO. This agreement protects the Credit Union against the interest rate risk associated with some of Metro's short-term deposits.

Index-Linked Term Deposit User Agreement with CUCO, effective January 29, 1996

Under this agreement CUCO grants to the Credit Union a non-exclusive, non-transferable license to identify the Toronto 35 Index as a component of the Index-Linked Term Deposit. The Credit Union agrees to promote and sell to its members the Index-Linked Term Deposit. The Credit Union is required to manage its financial exposure to fluctuations in the stock market by entering into a hedging contract with CUCO. The Credit Union is also required either to establish a line of credit with CUCO, or to pledge a deposit in favour of CUCO as specific security for its obligations under this agreement. The agreement continues in effect until February 1, 2001.

Index-Linked Term Deposit Hedge Contracts with CUCO

The Credit Union is involved in a series of these contracts with CUCO. As of June 30, 1997, these contracts are for notional principal amounts ranging from $75,112 to $1,233,424, and totaling $4,068,127. The notional principal amount for the hedge contract pertaining to any particular series of Index-Linked Term Deposits is the value of such term deposits sold to members of the Credit Union. The Credit Union is obliged to make payments to CUCO at rates between 4% and 5.75% of the notional principal amount. These payments are made once annually. On the maturity date, which is the same as the maturity date of the Index-Linked Term Deposits to which the hedge contract pertains, CUCO is obliged to pay to the Credit Union, for payment to its members holding the Index-Linked Term Deposits, the return Metro owes those members. Unless the notional principal amount differs from the actual amount of the Index-Linked Term Deposits sold by Metro to its members, these hedge contracts eliminate all risk to the Credit Union in offering the Index-Linked Term Deposit product, and enable the Credit Union to treat the funds as if the members had used the funds to purchase standard term deposits of the same duration, bearing simple interest at the rate which the Credit Union pays CUCO annually under the hedge contract.

OPERATING RESULTS AND VARIATIONS

Three-Month Period ended June 30, 1997 over Fiscal Year ended March 31, 1997

Assets grew by 1.91% in the three-month period, as a result of an increase both in cash resources (55.35%) and in the Credit Union's loan portfolio (1.96%). The Credit Union's commercial loan portfolio continued to increase significantly, as a result of the Credit Union's continued employment of an experienced, qualified commercial lender. Members' deposits grew by only 1.55%. Members' equity grew by 1.73% over the three-month period, as a result of the Credit Union's profitability.

On an annualized basis, the profitability of the Credit Union has improved, despite a stagnant net interest margin, due to an increase in non-interest income and a decrease in total operating expenses.

Fiscal Year ended March 31, 1997 over Fiscal Year ended March 31, 1996

Assets grew by 2.25%, as a result of strong loan demand which decreased the liquidity of the Credit Union. While the Credit Union's loan portfolio grew by 8.12%, its members' deposits grew by only 2.23%. The Credit Union's investment portfolio declined by 19.93% as the Credit Union sought to satisfy loan demand. The Credit Union's commercial loan portfolio grew particularly significantly, as a result of the Credit Union's hiring of an experienced, qualified commercial lender to increase Metro's role in the commercial lending market. Members' equity in the Credit Union grew by 10.88%, as a result of both membership growth and the profitability of the Credit Union.

The Credit Union's investment and lending operations were less profitable in 1997 than they were in 1996, largely as a result of the decreased "spread" between the revenues earned by the Credit Union on its loans and investments, and the cost of the Credit Union's members' deposits and external borrowings; financial margin decreased to 3.17% of average assets held in the fiscal year ended March 31, 1997, from 3.52% of average assets held in the fiscal year ended March 31, 1996.

The Credit Union, however, increased its reliance on fee income in 1997. The Credit Union's other (non-financial) income increased to .98% of average assets held during the fiscal year ended March 31, 1997, from .80% of average assets held during the fiscal year ended March 31, 1996.

The Credit Union's operating (non-financial) expenses increased only marginally in the year, to 3.83% of average assets held during the fiscal year ended March 31, 1997, from 3.80% of average assets held during the fiscal year ended March 31, 1996.

Despite relatively constant costs and increased fee income, however, the decreased spread earned by the Credit Union reduced its pre-tax, pre-dividend income to .32% of average assets held during the fiscal year ended March 31, 1997, from .53% of average assets held during the fiscal year ended March 31, 1996.

Fiscal Year ended March 31, 1996 over Fiscal Year ended March 31, 1995

Assets grew by 5.71%; the Credit Union's cash resources, loan portfolio, and investment portfolio all grew (by 235.01%, 2.30%, and 10.60% respectively). Members' deposits also grew by 5.90%. Asset and liability growth was the result of the acquisition of the assets, and assumption of the liabilities, of Lakeshore Community Credit Union Limited on November 1, 1995 (the "Lakeshore Acquisition"). Members' equity in the Credit Union also grew (by 16.10%), as a result of both the Credit Union's introduction of Bonus Shares, and also the Credit Union's profitability.

The profitability of the Credit Union's lending and investment operations declined in the fiscal year ended March 31, 1996, as a result of the increased cost of members' deposits. The Credit Union's financial margin decreased to 3.52% of average assets held in the fiscal year ended March 31, 1996, from 3.64% of average assets held in the fiscal year ended March 31, 1995.

The Credit Union, however, increased its reliance on fee-based revenue. The Credit Union's other income increased to .80% of average assets held during the fiscal year ended March 31, 1996, from .62% of average assets held during the fiscal year ended March 31, 1995.

The Credit Union's operating expenses increased in 1996, to 3.80% of average assets held during the fiscal year ended March 31, 1996, from 3.62% of average assets held during the fiscal year ended March 31, 1995. This resulted from increased data processing and salaries & benefits costs, and an increased provision for impaired loans, resulting from the Lakeshore Acquisition.

As a result of both the decline in financial margin and also the increase in operating costs, the Credit Union's pre-tax, pre-dividend income decreased to .53% of average assets held during the fiscal year ended March 31, 1996, from .65% of average assets held during the fiscal year ended March 31, 1995.

Fiscal Year ended March 31, 1995 over Fiscal Year ended March 31, 1994

Assets grew by 3.95%, as a result of growth in the loan and investment portfolios (4.67% and 15.00%, respectively). Members' deposits grew by 3.35%. The members' equity in the Credit Union also grew (by 15.77%), as a result of both growth in membership and also the Credit Union's profitability.

The profitability of the Credit Union's lending and investment operations improved in 1995, predominantly because of increased interest revenue from members' loans. Financial margin increased to 3.64% of average assets held during the fiscal year ended March 31, 1995, from 2.93% of average assets held during the fiscal year ended March 31, 1994.

The Credit Union also increased its reliance on fee-based income in 1995. Other income increased to .62% of average assets held in the fiscal year ended March 31, 1995, up from .44% of average assets held during the fiscal year ended March 31, 1994.

Operating expenses increased to 3.62% of average assets held during the fiscal year ended March 31, 1995, from 3.18% of average assets held during the fiscal year ended March 31, 1994. The increase is due to increased data processing costs, deposit insurance premiums, general and administrative expenses, occupancy costs, and salaries and benefits resulting from the acquisition, on January 31, 1994, of the assets, and assumption of the liabilities, of SECUL.

As a result of the increased spread-based and fee-based revenue, in spite of the increased operating expenses, the pre-tax, pre-dividend income of the Credit Union increased to .65% of average assets held during the fiscal year ended March 31, 1995, up from .20% of average assets held during the fiscal year ended March 31, 1994.

The following table presents financial performance indicators for the Credit Union for the three-month period ended June 30, 1997, and for the fiscal years ended March 31, 1997, 1996, and 1995. These figures are based on unaudited financial statements for the three-month period ended June 30, 1997, and on audited financial statements for the fiscal years ended March 31, 1997, 1996 and 1995. (1 basis point (1 bp) equals 0.01% of average assets during the period.)

Financial Performance	**Three-month**	**Year Ended**	**Year Ended**	**Year Ended**

Indicators	**Period Ended June 30, 1997**	**March 31, 1997**	**March 31, 1996**	**March 31, 1995**
Profitability				
Total Assets ($ Thousands)	$233,651	$229,280	$224,238	$212,123
Pre-tax Profit ($ Thousands)	$327	$719	$1,152	$1,352
Pre-tax Profit (bp)	14	32	53	65
Net Interest Margin (bp)	79	317	352	365
Non-Interest Income (bp)	26	98	81	62
Total Operating Expenses (bp)	91	383	380	362
Compliance with Capital Requirements *				
Risk-Weighted Assets Ratio	10.29%	10.53%	10.53%	8.85%
Risk-Weighted Assets Ratio Requirement (8% at April 1, 1997)	8%	7.5%	7%	6.5%
Leverage Ratio	5.07%	5.08%	5.02%	5.37%
Leverage Ratio Requirement (5% at April 1, 1997)	5%	4.6%	4.25%	4%
Loan Composition				
Total Loans Outstanding ($ Thousands)	$201,158	$197,241	$182,315	$177,830
Personal Loans and Lines of Credit (% of total)	24.29%	26.04%	27.49%	27.80%
Residential Mortgage Loans and Home Equity Lines of Credit (% of total)	70.46%	69.72%	70.61%	70.34%
Commercial Loans (% of total)	5.25%	4.24%	1.89%	1.86%
Loan Quality				
Allowance for Impaired Loans (% of Total Loans)	.68%	.65%	.59%	.38%
Provision for Impaired Loans Charged to Operations (bp)	2	20	27	20
	Three-month Period Ended June 30, 1997	**Year Ended March 31, 1997**	**Year Ended March 31, 1996**	**Year Ended March 31, 1995**
Other Factors				
Total Members' Deposits ($ Thousands)	$219,515	$216,154	$211,443	$199,672
Average Liquidity During the Period	10.90%	15.02%	15.79%	14.68%

(% of total deposits and borrowings)				
Asset Growth (% change for Period)	1.91%	2.25%	5.71%	3.95%
Total Members' Equity ($ Thousands)	$10,287	$10,112	$9,120	$7,855
Equity Growth (% change for Period)	1.73%	10.88%	16.10%	15.77%

* calculated in accordance with the variation discussed on page 3.

Further analysis is presented in the financial statements which are included in this offering statement, beginning on page 39.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management is responsible for the preparation, presentation and consistency of financial information, including the financial statements, and other commentary contained in the offering statement. The financial statements and accompanying notes, prepared in accordance with the requirements of the Credit Unions and Caisses Populaires Act, 1994 and generally accepted accounting principles, are considered by the Board and management to be fairly presented. In preparing the financial statements, management has exercised judgment in the selection of significant accounting policies and the determination of reasonable estimates which are reflected therein.

Management has developed and maintains the necessary systems of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. The controls are monitored by the Credit Union's internal auditor.

The Audit Committee of the Board of Directors meets regularly with the Credit Union's management and internal and external auditors to review matters relating to the quality of financial reporting and internal accounting controls and the nature, extent and results of the audits. In addition, this Committee recommends the appointment of external auditors and reviews and reports on the Credit Union's financial statements to the Board of Directors.

The Board of Directors oversees management's performance of its financial reporting responsibilities and meets monthly to approve the Chief Executive Officer's report containing the financial statements and other financial information.

Howard Bogach
Chief Executive Officer

Greg Anderson
Chief Financial Officer

Toronto, Ontario
August 7, 1997

Metro Credit Union Limited
Financial Statements

SIGNED CONSENT OF AUDITORS

To the Board of Directors of
Metro Credit Union Limited:

We refer to the offering statement of Metro Credit Union Limited, dated September 28, 1997, related to the sale and distribution of Class A Investment Shares.

We consent to the use in the above-mentioned offering statement of our auditors' report dated August 7, 1997, to the Board of Directors of Metro Credit Union Limited on the following annual audited financial statements:

- Balance Sheets as at March 31, 1997 and 1996; and
- Statements of Earnings and Retained Earnings and of Changes in Financial Position for each of the years ended March 31, 1997 and 1996.

We report that we have read the offering statement and have no reason to believe that there are any misrepresentations in the information therein that is derived from the audited annual financial statements upon which we have reported, or that is within our knowledge as a result of our audits of such financial statements.

Further, we hereby consent to the following:

- the use of our review engagement report dated August 7, 1997, to the Board of Directors of Metro Credit Union Limited on the following unaudited financial statements:
  - Balance Sheet as at June 30, 1997; and
  - Statements of Earnings and Retained Earnings and of Changes in Financial Position for the three months ended June 30, 1997;
- the use of our name and the inclusion of our comments relating to certain income tax considerations in the said offering statement under the subheading "Canadian Federal Income Tax Aspects".

This letter is provided to the Credit Union pursuant to the requirements of the *Credit Unions and Caisses Populaires Act, 1994* and not for any other purpose.

DELOITTE & TOUCHE
Chartered Accountants

August 7, 1997
Toronto, Ontario

STATEMENT OF OTHER MATERIAL FACTS

There are no other material facts relating to the issues of securities in this offering statement which have not been suitably disclosed herein, except as stated below.

Opposition to Trademark Registration

Metro's attempt to register as a trademark the words "Metro Credit Union" and its logo have been met with opposition from Surrey Metro Savings Credit Union, a credit union operating in British Columbia. The major grounds of Surrey Metro Savings Credit Union's opposition are that Metro's proposed trademark is confusing with trademarks registered by Surrey Metro Savings Credit Union, and is not sufficiently distinctive. Negotiations to settle this opposition have been ongoing since September 1995. If Metro is unable to settle this matter or prevail against the opposition to its registration as a trademark of the words "Metro Credit Union" and its logo, Metro may be unable to protect its right to its use of this design, which it has used since it changed its name in late 1994.

Merger with Jet Power Credit Union

The following presents financial information on Metro as of its fiscal year ended March 31, 1997, Jet Power as of its fiscal year ended March 31, 1997 and an unaudited *pro forma* consolidation to illustrate how the financial statements of the merged credit union would have appeared had the merger taken place on that day.

(In thousands) **BALANCE SHEET**	Metro, March 31/97 (audited)	Jet Power, March 31/97 (audited)	*Pro Forma* Consolidation, March 31/97 (unaudited)
Assets			
Cash Resources	$2,617	$4,126	$6,743
Loans to Members	195,953	89,706	285,659
Investments	25,117	13,690	38,807
Property & Equipment	3,194	432	3,626
Other Assets	2,399	678	3,077
Total Assets	$229,280	$108,632	$337,912
Liabilities			
Members' Deposits	$216,154	$102,742	$318,896
Other Liabilities	3,014	2,216	5,230
Total Liabilities	219,168	104,958	324,126
Members' Equity			

(In thousands) **BALANCE SHEET**	Metro, March 31/97 (audited)	Jet Power, March 31/97 (audited)	*Pro Forma* Consolidation, March 31/97 (unaudited)
Membership Shares	3,323	1,225	4,548
Bonus Shares	558	-	558
Retained Earnings	6,231	2,449	8,680
Total Members' Equity	10,112	3,674	13,786
Total Liabilities and Members' Equity	$229,280	$108,632	$337,912

SIGNED CONSENT OF JET POWER CREDIT UNION LIMITED

To the Board of Directors of Metro Credit Union Limited:

We refer to the offering statement of Metro Credit Union Limited, dated September 28, 1997, related to the sale and distribution of Class A Investment Shares.

We consent to the use in the above-mentioned offering statement of our balance sheet as at March 31, 1997.

This letter is provided to the Credit Union pursuant to the requirements of the *Credit Unions and Caisses Populaires Act, 1994* and not for any other purpose.

JET POWER CREDIT UNION LIMITED

____
Ivan Fraser, Chief Executive Officer

____
Roman Litwinchuk, Controller

BOARD RESOLUTION

August 7, 1997

"The Board of Directors of Metro Credit Union Limited approves the issue of Series 2, Class A Special Shares (Investment Shares), subject to the Articles of Incorporation and Articles of Amendment of Metro Credit Union Limited, and as described in the offering statement to be dated September 28, 1997."

I certify the above to be a true copy of a resolution adopted by the Board of Directors of Metro Credit Union Limited at their meeting of August 7, 1997.

________________________________ Patricia McClellan, Corporate Secretary

CERTIFICATE

Form 1
Credit Unions and Caisses Populaires Act, 1994
CERTIFICATE OF DISCLOSURE
(Subsection 77 (4) of the Act)

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this offering statement as required by Part V of the Credit Unions and Caisses Populaires Act, 1994, and the regulations thereunder.

Dated at Toronto, Ontario, August 7, 1997

____

Howard Bogach, Chief Executive Officer

____

Greg Anderson, Chief Financial Officer

____

Donald Altman, President

Subscription Form

Please accept my subscription for (_______) (number of shares)
Class A Investment Shares (at $ 1.00 per share)
of Metro Credit Union Limited

______________________________ ______________________

Name (as it should appear on share certificate/shareholders' register) Social Insurance Number

______________________________ ______________________

Street Address Apt. # Account #

____

City Province Postal Code

I will be paying cash for these shares as follows: (check as many as apply)

☐ $__________ is already on deposit at Metro Credit Union Limited. I have signed a separate authorization form to put these funds on hold until this offering is completed or withdrawn.

☐ $__________ is coming from outside the Credit Union. I have signed a separate authorization form to place these funds in escrow until this offering is completed or withdrawn.

☐ $__________ of the shares being subscribed are to be put into the Metro Investment Retirement Plan (RRSP). I have completed and signed a separate RRSP Contract Application Form.

_ $___________ of the shares are to be held by me outside any RRSP I may have.

By signing this form, I hereby acknowledge that I am a member of Metro Credit Union Limited, have received and read in its entirety a copy of the offering statement dated September 28, 1997 for Metro Credit Union Limited Class A Investment Shares, serial number ____________, and that I have noted in particular the Description of Securities Being Offered as set out on pages 12 to 15 and the Risk Factors starting on page 19. I understand that holders of Class A Investment Shares may, by majority vote of those holders present either in person or by proxy as permitted by Metro's By-laws, consent to the payment of a dividend to holders of a more junior class of shares, before any dividend is paid to the holders of the Class A Investment Shares. I also understand that the securities being purchased are NOT deposits, and are NOT insured by the Deposit Insurance Corporation of Ontario, and that dividends on these securities are NOT guaranteed. I have considered whether or not I should obtain independent advice on the suitability of this investment to my particular financial situation, and have either obtained such advice or determined that I do not require such advice. I am not placing these Class A Investment Shares into a RRIF.

____

Member's Signature Date Time (a.m./p.m.)

FOR OFFICE USE ONLY

____

Date and Time

Accepted by: ______________________________

Employee's Signature Branch #

AUTHORIZATION TO PLACE FUNDS ON HOLD

Name of Member: ____

Date: ____

I have subscribed today to buy a total of ____________ Class A Investment Shares of Metro Credit Union Limited. By signing this form below, I hereby authorize Metro Credit Union Limited to place the following funds on deposit at the Credit Union on hold to guarantee payment for these shares.

This hold will be released only in one of the following three manners:

1 Upon the offering being closed, the Credit Union will release the hold and then debit the accounts to pay for the shares on the issue date.
2 If the offering is withdrawn or cancelled for any reason, the Credit Union will release the hold immediately.
3 If I exercise my right to reverse my decision to purchase these shares within two days, excluding weekends and holidays, following receipt of a copy of the offering statement, dated September 28, 1997, for the Class A Investment Shares, the Credit Union will release the hold on funds immediately upon being informed of such reversal.

The Credit Union account(s) and dollar amounts(s) to be placed on hold under this agreement is (are):

Branch #	Acc't #	Type	Sub #	$
Branch #	Acc't #	Type	Sub #	$
Branch #	Acc't #	Type	Sub #	$
Branch #	Acc't #	Type	Sub #	$
Branch #	Acc't #	Type	Sub #	$
Branch #	Acc't #	Type	Sub #	$

______________________________ ______________________________

(Credit Union Witness) (Credit Union Member/Share Subscriber)

AUTHORIZATION TO PLACE FUNDS IN ESCROW

Name of Member: ______________________________

Date: ______________________________

I have subscribed today to buy a total of __________________ Class A Investment Shares of Metro Credit Union Limited. By signing this form below, I hereby authorize Metro Credit Union Limited to place the funds specified below, as soon as such funds are made payable to the Credit Union, into an escrow account, to be trusteed by the Co-operative Trust Company of Canada ("Co-op Trust"), to guarantee payment for these shares.

These funds will be released from escrow only in one of the following four manners:

1 Upon the offering being closed, Co-op Trust will release the funds from escrow to the Credit Union to pay for the shares on the issue date.
2 If the offering is withdrawn or cancelled for any reason, Co-op Trust will immediately release the non-RRSP funds from escrow and pay them to me, together with interest calculated at the Credit Union's 30-Day Term Deposit rate as of September 28, 1997, prorated for the number of days such funds were in escrow.
3 If I exercise my right to reverse my decision to purchase these shares within two days, excluding weekends and holidays, following receipt of a copy of the offering statement, dated September 28, 1997, for the Class A Investment Shares, Co-op Trust will immediately release the non-RRSP funds from escrow and pay them to me, together with interest calculated at the Credit Union's 30-Day Term Deposit rate as of September 28, 1997, prorated for the number of days such funds were in escrow.
4 If all or part of such funds which are used to purchase shares are identified as being part of a Registered Retirement Savings Plan (RRSP) contract, the RRSP funds will be transferred directly into an RRSP contract held in escrow at the Credit Union under the control of Co-op Trust. If not used to pay for shares under the terms outlined above, the RRSP funds will stay in such RRSP contract until I have given Co-op Trust direction as to their disposition.

The source(s) of funds and dollar amount(s) to be placed in escrow under this agreement is (are):

Source	$
Source	$

______________________________ ______________________________

(Credit Union Witness) (Credit Union Member/Share Subscriber)