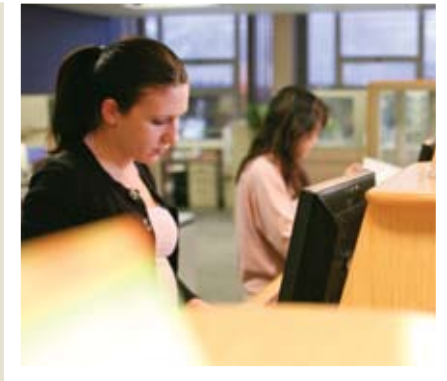
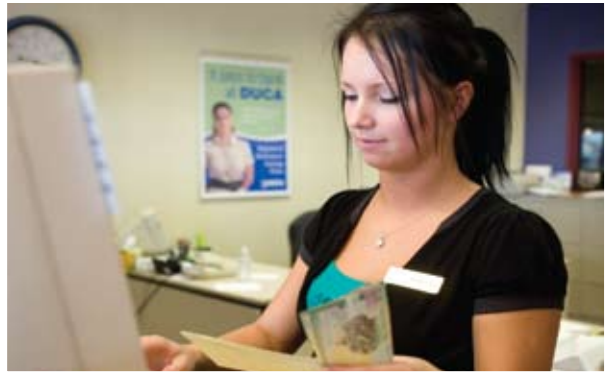


experience  
a new standard in banking



Annual Report  
2008

experience  
a new standard  
in banking





## 2008 Annual Report

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experience  
a history of growth

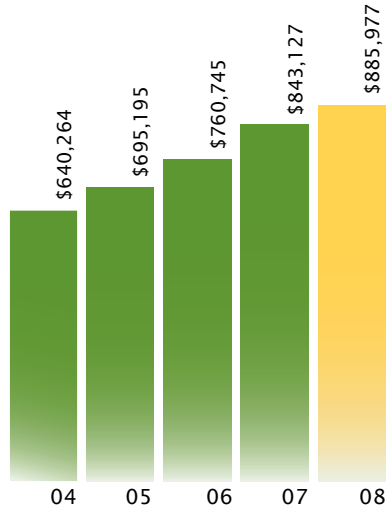
## Financial Highlights

	2008	% change	2007
<b>Total Assets</b>	\$885,977	5%	\$843,127
<b>Deposits from members</b>	803,676	4%	768,739
<b>Loans to members</b>	764,800	4%	732,579
<b>Investments</b>	109,761	3%	105,621
<b>Capital and Retained Earnings</b>			
Retained Earnings	28,662		27,810
Class "A" Bonus Shares (Jan.1)	39,400		34,741
Membership Shares	1,472		1,452
<b>Total Capital and Retained Earnings</b>	69,534		63,968
as a % of assets	8%		8%
as a % of risk weighted assets	18%		17%
<b>Operating Revenue</b>	47,252	5%	45,092
<b>Other Income</b>	3,115	-1%	3,151
<b>Interest Expense</b>	26,191	10%	23,840
<b>Operating Expense</b>	13,853	5%	13,174
as a % of average assets	1.6%		1.7%
<b>Net Results Before Distributions</b>	7,052		8,205
<b>Number of Members</b>	34,790	1%	34,445
<b>Number of Staff</b>			
Full Time	82		85
Part Time	39		28

*in thousands of dollars*

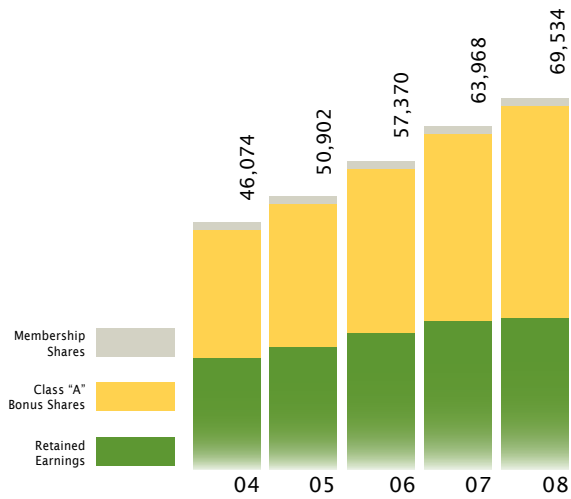
## History of Asset Growth

*in thousands of dollars*

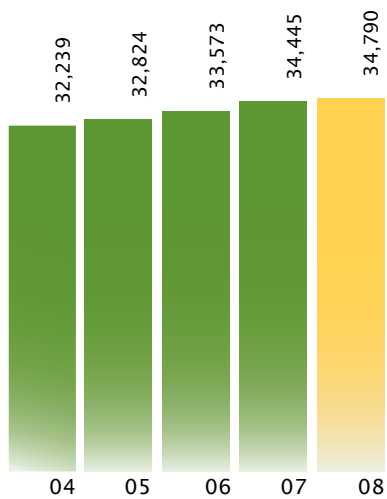


## History of Capital & Reserve Growth

*in thousands of dollars*



## Membership at Year End





“...we continuously strive to enhance the DUCA banking experience for our members.”

## Report from the Chairman

I am honored and privileged to serve another year as chairman of DUCA Financial Services Credit Union. When I consider the accomplishments of the past, I realize they were achieved through the combined efforts of the board, management, staff and members.

As the board of directors, our role is to protect the interests of DUCA's members and provide direction in the organization. Therefore, I am pleased to report an excellent working relationship with the management team, as we continuously strive to enhance the DUCA banking experience for our members, while ensuring security of your funds and compliance with the regulators. As a board, we continue to look forward as we engage with the senior management team in strategic planning.

One thing that sets DUCA apart from other financial institutions is the focus on our members. Our goal is to ensure that as a member, you are so pleased with our services that you will refer others to become members and experience the high standard DUCA sets in the banking industry.

The opening of DUCA's new head office and main branch is reflective of our members' loyalty and commitment, and the hard work of many employees and board members. We look forward to welcoming our members to the Grand Opening of this beautiful facility on April 4, 2009 at 1:00 p.m.

Thank you to the board of directors, our management team, our staff and our members for enabling DUCA's success. We look forward to another successful year in 2009.

Ralph Kikkert,  
Chairman

“We invite everyone  
to be part of the  
DUCA experience...”



## Report from the President & CEO

In the midst of world economic challenges, DUCA Financial Services Credit Union continues to be strong. We are committed to providing excellent value to our members through delivering the unique “DUCA” experience in all areas of the credit union.

Fifty-five years ago, DUCA was started by a group of Dutch Canadian immigrants with a vision of providing financial services to ordinary people regardless of their circumstances. Today, over 35,000 members from all walks of life reap the benefits of that early vision as they enjoy all the products and services which DUCA has to offer through its 12 branches.

DUCA’s history of prudent lending, conservative investing and controlled expenses has resulted in its current success and stability. A symbol of DUCA’s success is its new head office and main branch in North York, which opened for business on February 17, 2009.

DUCA’s commitment to sharing and giving goes beyond its members to the broader community. Extending the original vision of its founders to new ventures in developing countries through micro-credit is one way DUCA makes a difference in the lives of others. Elsewhere in this report the partnership with Opportunity International Canada is featured. This project is an example of DUCA’s generous spirit, as we are committed to give back to the community through donations and sponsorships, which total in excess of 4% of net revenue.

We invite everyone to be part of the DUCA experience – setting a new standard in banking.

Jack Vanderkooy,  
President and CEO



## Board of Directors

DUCA's experienced board of directors consists of nine members who oversee the credit union to ensure that your savings are secure and that we offer the right services and products to meet your needs. The board of directors works with senior management at monthly board meetings to receive reports and review results. The board is also responsible for the governance of the credit union, ensuring that all regulatory requirements are met and that due diligence is performed in all the credit union's activities. The board of directors share the values of our members, protect DUCA's integrity and give direction to our President and CEO to manage the organization.

You have elected an excellent group of directors and we commit to you that in all our activities we will continue to ensure our members' experience is an exceptional one.

*(in order from left to right)*

Henry Buikema	Director
Richard Wells	Director
Martin VanDenzen	Director
Angela Pollard	Director
Ralph Kikkert	Chairman
Marten A. Mol	Vice Chairman
John Oostrom	Director
Ted Brabers	Treasurer
Richard Senechal	Secretary



## Senior Management

An organization becomes successful through relentless commitment at all levels. Our senior management team works toward a common goal of enhancing the DUCA banking experience for all of our members. With their years of experience and commitment to growth, DUCA's senior management team provides a solid foundation on which to build.

In 2009, we welcome the addition of Henry Brzuchalski, Senior Vice President of Strategy and Business Development. Henry has an extensive background in the financial services industry and will help develop growth strategies moving toward ensuring DUCA's long term success.

Our senior management team is committed to making sure DUCA's members experience a new standard in banking. They give leadership to the various departments to ensure DUCA's high standard in banking is promoted and applied in all our branches.

*(in order from left to right)*

Robert Cook \_\_\_\_\_ Vice President, Operations

Edward Sweet \_\_\_\_\_ Senior Vice President, Audit and  
Information Technology

Henry Brzuchalski \_\_\_\_\_ Senior Vice President, Strategy  
and Business Development

Jack Vanderkooy \_\_\_\_\_ President and CEO

Arnold Denton \_\_\_\_\_ Senior Vice President, Credit

Michael Creasor \_\_\_\_\_ Vice President, Finance

Over 55 years....  
Building on a foundation of  
value, security and integrity.



1954

VALUE

SECURITY

INTEGRITY

## Building on our Strengths

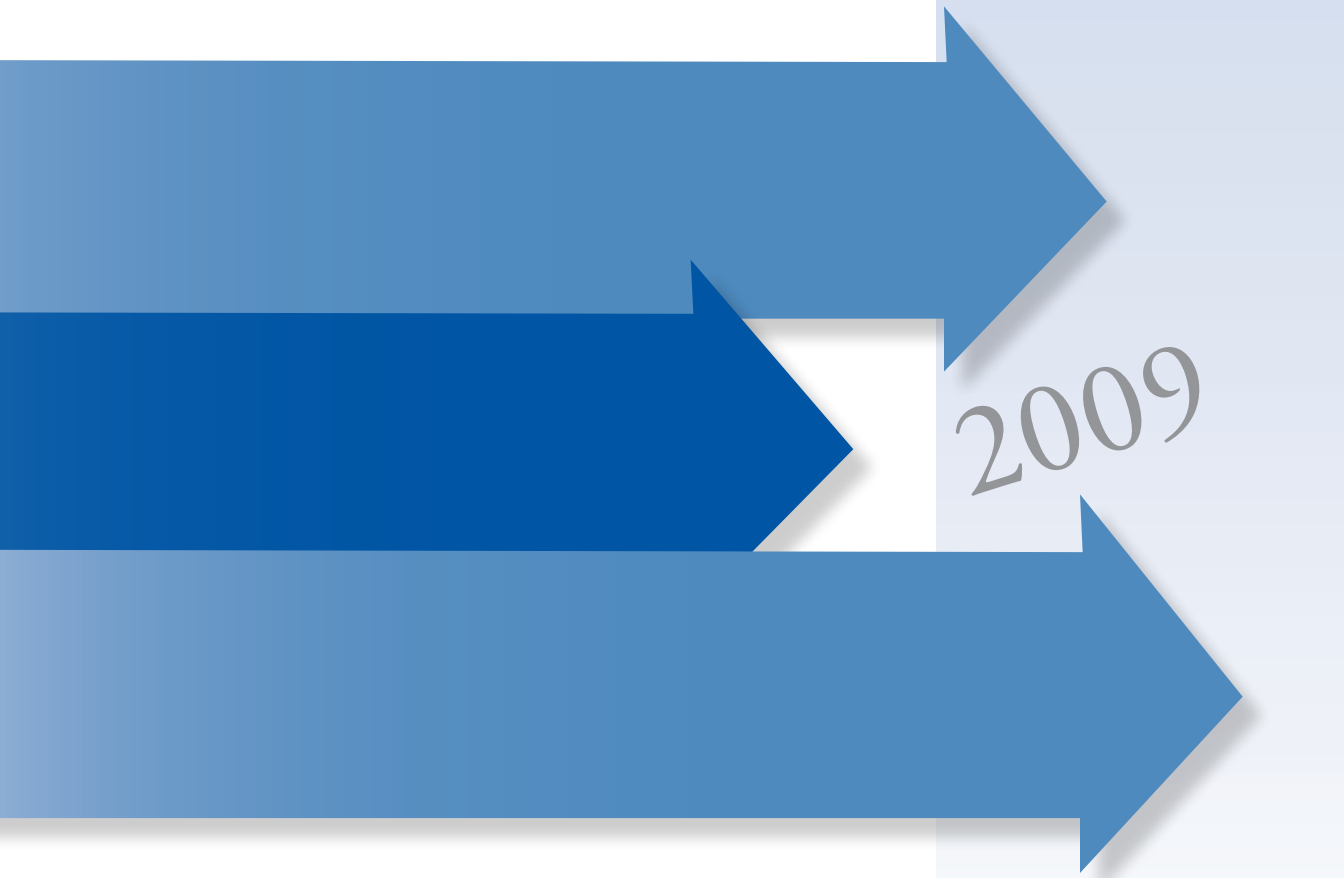
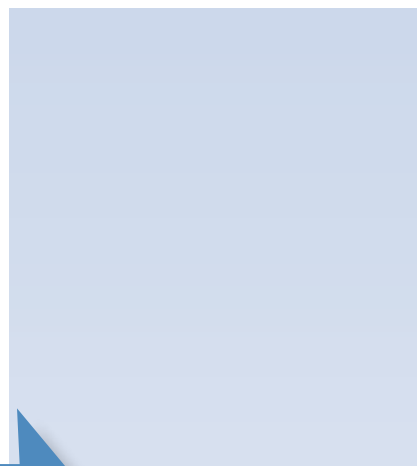
With 55 years of banking experience, DUCA Financial Services Credit Union has built on its unique strengths in the financial services industry. As a financially sound credit union we are committed to the highest standards in banking. Our goal is to provide our members with value, security and integrity in all their experiences at DUCA.

We offer our members value through low cost banking services and competitive interest rates on their investments and loans. We are also committed to our surrounding and global communities as we strive to make an impact beyond our own bottom line.

DUCA has also built its success on financial responsibility. With prudent lending policies and competitive interest rates, we are able to provide a solid base for growth. Financial security is paramount to DUCA's long term success.

In our dealings with staff, members and the general public, we aim to be fair and honest. We are committed to showing you, our members, that we can be entrusted with all of your banking needs. We want you to experience the highest standard of banking at DUCA and we will do it with integrity.

At DUCA, our success is directly related to our relationship with our members, and this will never change.



2009

# experience...

DUCA purchased its very first office located at 100 Shaftsbury Avenue in Toronto in 1969.

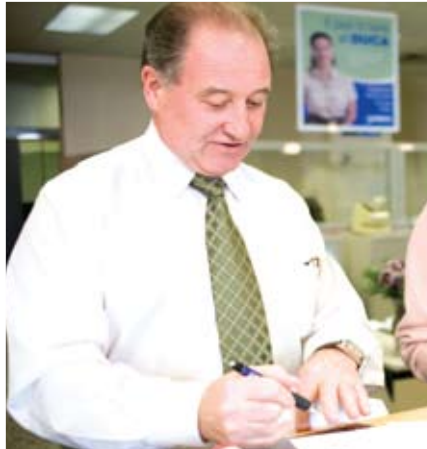


In 1973, DUCA moves its Head Office to 4985 Yonge Street in North York.



DUCA had outgrown its space and made the move to 5290 Yonge Street in 1980

# a new standard in banking.



“...we continue our  
commitment to provide  
a higher standard  
of banking.”

DUCA has been a part of the North York landscape since 1973 when it was located at Yonge Street and Hollywood Ave. In 1980, DUCA purchased its present property at 5290 Yonge Street. Since 1998, the board and management have worked to maximize the value of the property at 5290 Yonge Street, with a vision to maintain a strong presence in North York, and to realize the increase in land value. To that end, we have today built a new main branch and head office and have sold off the remaining property and old building for redevelopment into a retirement residence.

The new office opened its doors in February 2009. The new building exemplifies DUCA's commitment to its members by creating space conducive to an excellent banking experience- to the staff by offering a bright, spacious and comfortable working environment, and to the community through a building with architectural integrity which enhances the streetscape in North York. In addition, the building is friendly to the environment with its state of the art heating and air-conditioning systems as well as a green roof, which not only reduces operating costs, but is aesthetically pleasing as well.

The completion of the new DUCA head office and main branch is a historic moment for our board of directors, staff and, most importantly, our members, as we continue in our commitment to provide a higher standard of banking.



“DUCA is committed to enabling people to experience a new standard of banking...”

## Reaching Out to Our Global Community

DUCA is committed to enabling people to experience a new standard of banking not just in Canada but also internationally. This year we celebrate an expanding partnership with the micro finance organization Opportunity International Canada.

DUCA's partnership will enable Opportunity International Canada to provide essential banking services to thousands in Colombia, helping people like Edwin start a business and find their own way out of poverty.

With a \$150 loan from Opportunity International, Edwin purchased bulk flour and a press and built a pastry business. Everyday, Edwin makes 160 flat waffle-cone-like wafers, called obleas. He uses these obleas to make traditional Colombian dulce de leche filled treats which he sells locally. Edwin dreams of moving his wife and four children from their small driftwood house into a proper brick home. The steady income generated from this pastry business gives them hope of making this dream a reality.

Like the Dutch Canadian immigrants who founded DUCA, Opportunity International is committed to creating an alternative for people who cannot access big banks. For many Colombians, the only means to obtain business-building capital is through loan sharks, who often charge 20% interest per month.

With DUCA's help, Opportunity International will be able to offer Colombians a much higher standard of banking.



### The Opportunity Core Values

Respect, commitment to the poor, integrity, stewardship and transformation.



### Opportunity International in Columbia

- Office was established in Cartagena in January 2006
- They currently provide micro loans as small as \$50 to help people expand a small business. The average loan size is \$111
- Most loans are made to small groups of entrepreneurs who co-guarantee one another's loans. Should one business struggle, the others promise to fill the gap.



Opportunity International  
CANADA



# Sharing 55 years of banking experience.

## Experienced Staff

### Executive Team

Jack Vanderkooy  
Henry Brzuchalski  
Robert Cook  
Michael Creasor  
Arnold Denton  
Edward Sweet

### Head Office

Verna Abma  
Evert Akkerman  
Mike Boadway  
Ray Bomben  
Ed Cahais  
Patrick Cho  
Linda Choi  
Sue DiGironimo  
Megan Fabieniak  
Malene Fernandes  
Geoff Gleason  
Gabriela Hosu  
Anne Marie Kaye  
Michelle Kerr  
Joseph LiVolsi  
Rita Martin  
Nadia Muzychyshyn  
Laura Nikhamkin  
Devi Ramlu  
Michelle Schulder  
Usha Shah  
Fabrizio Stirpe  
Judy Szabo  
Franca Tamburello  
Pauline Tomlinson  
Linda van den Heuvel-Smith  
Chris Zegers

### Branches

Abbas Ahmed  
Cheryl Allison  
Joan Barnes  
Esther Bijl  
Gary Bovair  
Sherri Bowie  
Paul Bruinooge  
Hugo Byleveld  
Helen Calkowski  
Cyndy Cayco  
Ken Clarke  
Julie Cullum  
Maria Curnow  
Stacie Davey  
Sharon Davis  
Chandani de Costa  
Tammi de Lima  
Lydia deHaan  
Audrey Dykgraaf  
Ramsey Fashho  
Tammy Fekri  
Annette Fox  
Michelle Gallagher  
Gillian Griffith-Nelson  
Carmen Guarrasi  
Irene Haines  
Christine Hamilton  
Cherryl Harvey  
Wendy Hasenhindl  
Meeghan Herrington  
Kelly Hutter  
Karen Jarvis  
Sue Jones  
Grace Kalverda  
Nellie Kamerman  
Madina Karim  
Kim Katschewitz  
Marti Keep-Worden  
Kris Kelley  
Joanne Key  
Sarah Koerssen



Cynthia Lee  
Meiji Lee  
Lisa Lewington  
Cindy Ley  
Anita Lizewski  
Valentyna Lupina  
Alison Mason  
Al McNicoll  
Cecilia Montagn  
Janice Morton  
Casandra Raileanu  
Michele Raisbeck  
Shar Ramsingh  
Barbarah Raymond  
Michelle Robertson  
Toni Rodell  
Juliet Ryves  
Anna Sellito  
Karen Shaver  
Robina Shiwmgangal  
Marie Singer  
Iwona Sniezko  
John Stammis  
Karen Straatsma  
Ashley Swanton  
Scott Taylor  
Simona Tencaliuc  
Dolores Tjart  
Marija Toracki  
Andrea Vaillancourt  
Julie Van Roon  
George Van Dyk  
Hannah Vanderkooy  
Theresa Vanderlaan  
Shannon Viaes  
Rita Vidotto  
Sonia Vidovic  
Linda Vignale  
Tina Whittle  
David Willet  
Karyn Williams  
Hilda Yeung



## Financial Statements

Good financial results are what makes DUCA's banking experience possible. Loan granting is funded by member deposits, and to grow, we need to ensure that all members benefit from competitive interest rates and low service charges.

Financially, DUCA had a very good year in 2008. Growth was a healthy 5% as assets increased from \$843 million to \$886 million. Most of this growth came about as a result of increased deposits and loans. Net interest income was \$24 million which is unchanged from 2007. DUCA continues to make prudent provisions for impaired loans. Currently, the allowance exceeds actual impairments by \$6 million, offering a good cushion to withstand future losses on loans due to a deteriorating economy. Operating expenses continue to be in line with previous years and totaled \$13.9 million or 1.6% of average assets. Net income before taxes, distributions and market value adjustments was \$9.3 million compared to \$10 million in 2007. From that, we were able to distribute \$6.2 million in new Class A Bonus shares to our members on January 1, 2009 as well as pay our taxes in the amount of \$335,000.

The gauge of a healthy financial institution is the amount of surplus capital it holds. DUCA is in the unique position that all of its capital is earned. Capital consists of membership shares, Class A Bonus Shares and Retained Earnings. Combined, DUCA's capital currently totals 8% of assets and 18% of risk weighted assets, both of which ratios are more than double the regulatory requirements for credit unions.



## Credit Report

2008 was a challenging but successful year in the lending area. Growth slowed as we pursued a more cautious approach towards lending earlier in the year, which proved to be prudent as economic events unfolded in the latter part of 2008. Our loan portfolio grew 4.4% in 2008, from \$733 million to \$765 million.

During the year we strengthened the credit area with an additional credit adjudicator to help with retail lending approvals. The year has ended with delinquencies well under control as evidenced by the chart below, despite the uncertainties in the world economy. Reserve for losses that have not yet occurred (non-specific reserve) was \$6 million at year-end in addition to the specific reserve for identifiable potential losses of only \$749,000. DUCA is well positioned to weather further economic turmoil.

In our efforts to enhance the member experience when borrowing, we implemented 35 year amortization for new mortgages, enabling more members to realize their dream of home ownership. Furthermore, DUCA now covers many of the costs associated with arranging a mortgage, creating more value for our members.

2009 will be challenging, but stabilization of prices in general and real estate specifically will bode well for future long-term growth. We are cautiously optimistic for the future, and look forward to fulfilling your credit union needs in the year ahead.

A handwritten signature in black ink, appearing to read 'Arnold Denton'.

Arnold Denton,  
Senior Vice President, Credit

Total Lending Activity 2008	#	\$
Personal Loans	555	3,148
Personal Mortgages	679	97,184
Commercial Mortgages	42	50,570
Total Net Approved	328	255,407
Total Applications Received	2,648	181,001
Loans in Arrears in excess of 90 days	20	4,689

*(in thousands of \$)*



## Management Responsibility for Financial Reporting

The summarized financial statements and the complete financial statements of DUCA Financial Services Credit Union Ltd. (“DUCA”) and all the information in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The complete financial statements have been prepared by management in accordance with the Credit Unions and Caisses Populaires Act 1994 (Ontario) and Canadian Generally Accepted Accounting Principles. When alternative accounting methods exist, management has chosen those that it deems most appropriate in the circumstances. Financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information contained elsewhere in the Annual Report and has ensured that it is consistent with the financial statements.

The Audit Committee meets periodically with management, as well as the internal and external auditors, to discuss internal controls over the financial reporting process, auditing matters, financial reporting issues and to review the financial statements and the external auditors’ report. The Committee reports its findings to the Board for consideration when approving the complete financial statements for issuance to the members. The Committee also considers, for approval by the members, the engagement or reappointment of the external auditors.

BDO Dunwoody LLP, the external auditors, have examined the complete financial statements in accordance with Canadian generally accepted auditing standards. BDO Dunwoody LLP have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Jack Vanderkooy,  
President and CEO

Michael Creasor,  
Vice President, Finance

Please note that the full financial statements are available for download at [www.duca.com](http://www.duca.com) or through any of our branches.



## Auditor's Report

TO THE MEMBERS  
DUCA FINANCIAL SERVICES CREDIT UNION LTD.

The accompanying balance sheet and statement of income and retained earnings are derived from the complete financial statements of DUCA Financial Services Credit Union Ltd. as at December 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated February 11, 2009. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the Credit Union's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

*BDO Dunwoody LLP*

Chartered Accountants,  
Licensed Public Accountants

Toronto, Ontario  
February 11, 2009



## Balance Sheet as at December 31, 2008

*(in thousands of dollars)*

	2008	2007
<b>ASSETS</b>		
<b>Cash Resources</b>	\$73,135	\$73,880
<b>Accrued Interest Receivable</b>	2,248	2,505
<b>Future Income Tax Assets</b>	1,600	1,136
<b>Investments</b>	36,626	31,741
<b>Loans and Mortgages</b>		
Residential mortgages	505,056	487,333
Other loans and mortgages	259,744	245,246
	764,800	732,579
Allowance for impaired loans	(6,830)	(6,279)
	757,970	726,300
<b>Other</b>		
Accounts receivable and prepaid expenses	1,084	1,215
Income taxes recoverable	600	250
Capital assets	12,356	5,711
Accrued benefit asset	358	389
	14,398	7,565
	<b>\$885,977</b>	<b>\$843,127</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	2,987	\$2,527
Interest rate swap agreements	2,441	386
Deferred revenue	516	501
	5,944	3,414
<b>Liabilities to Members</b>		
Deposits	803,676	768,739
Accrued interest	6,319	6,405
Patronage return payable and dividend payable	6,240	5,971
Shares	35,136	30,788
	851,371	811,903
<b>Members Equity</b>		
Retained earnings	28,662	27,810
	<b>\$885,977</b>	<b>\$843,127</b>

Approved on behalf of the Board:

Ralph Kikkert,  
Chairman

Ted Brabers,  
Treasurer



# Statement of Income and Retained Earnings

for the year ended  
December 31, 2008

<i>(in thousands of dollars)</i>	2008	2007
<b>Operating Revenue</b>		
Interest on residential mortgage loans	\$26,904	\$23,469
Interest on other loans and mortgages	16,517	16,992
Interest and investment income	3,831	4,631
Other income	3,115	3,151
	50,367	48,243
<b>Financial Expense</b>		
Interest on members' deposits	26,152	23,793
Interest on external borrowings	39	47
	26,191	23,840
<b>Financial Margin</b>	24,176	24,403
<b>Provision for Impaired Loans</b>	985	1,255
<b>Income before Operating Expenses and Income Taxes</b>	23,191	23,148
<b>Operating Expenses</b>		
Administrative	4,588	4,289
Occupancy costs	1,562	1,517
D.I.C.O. deposit insurance premium	605	552
Remuneration to officers and staff	7,098	6,816
	13,853	13,174
<b>Income before the Undernoted</b>	9,338	9,974
Market value adjustment on interest rate swap	1,951	369
Patronage return to members	4,853	4,469
Dividend on Class "A" Shares	1,347	1,471
<b>Before Income Taxes</b>	1,187	3,665
<b>Income Taxes</b>	335	1,400
<b>Net Income</b>	852	2,265
Retained earnings, beginning of year	27,810	25,545
<b>Retained Earnings, End of Year</b>	<b>\$28,662</b>	<b>\$27,810</b>

