

roots



TEACHERS
CREDIT UNION™

2008 Annual Report to Members

It's Been a Fruitful Year

2008 was a historic year for the world economy. The volatility and vulnerability it created will have lasting effects on industry, organizations and on the co-operative movement.

That's why we've named this annual report, "**Roots**", examining what brings us together and why we've remained rooted for so long as members of this fine credit union.

Examining what brings us together and why we've remained rooted for so long.

New roots have taken well here at Teachers Credit Union: a new president in place for one year now; new innovations in your banking experience such as mobile banking and "round up and save"; a new logo and introduction of our green apples; and even our own radio show called "Ask the Experts".

Some roots have grown stronger through this past year such as our commitment to your financial health; always doing what's in the best interest of our members; our accountability and honest communication when you asked some tough questions; and continuing our steadfast conservation of your assets.

It's been a fruitful year. We hope you enjoy this annual report as we remember what 2008 brought us and how our roots helped us meet every challenge and opportunity along the way.



A joint message from the Board Chair and the CEO

The most significant event in 2008 was and continues to be the worldwide economic crisis. We are facing challenges not seen since the Great Depression and the current economic slowdown most likely will last through 2009 and potentially into 2010. The crisis is in large part due to the subprime lending practices in the United States and the sale of complex financial instruments. A number of financial institutions throughout the world have failed and indications are that there may be more to come. Fortunately the Canadian banking system, due to conservative business practices and regulation, is one of the strongest in the world.

TCU, while not immune to the challenges of the current economic conditions, remains on solid financial ground.

TCU has always maintained prudent lending practices, has never been involved in subprime lending and our percentage of loans written off is amongst the lowest in the industry.

One of the impacts of the world wide financial crisis has been the continued narrowing of our financial margin. This is the difference between what we pay our depositors and what we charge our members to borrow. Wide credit spreads drove up the cost of funds while the Bank of Canada significantly reduced the prime lending rate throughout the year. This resulted in a greater need and a higher cost to attract deposits in order for us to lend to members.

Our balance sheet remains strong and is growing. Assets grew by 8.3% to end the year at \$313.4 million. Our liquidity and regulatory capital ratios are well above the regulatory requirements at 9.19% and 5.9% respectively. We took advantage of opportunities to securitize mortgages to improve our liquidity position. We also proactively took measures to reduce our exposure to falling interest rates.

Net income before distributions to members and income taxes was \$750,000 in 2008 compared to

\$957,000 earned in 2007. The continued compression of our financial margin and the lower revenues from wealth management, due to the dramatic decline in world stock markets, adversely affected our results. We were able to mitigate these factors through prudent lending, cost controls and interest rate swaps. We are pleased to announce that we will again be paying a 5% dividend on investment shares. With the uncertainty of the economic situation ahead, we will not be paying dividends on profit shares or bonus interest based on members' loan and deposit business in 2008. We have chosen to retain the income in reserves to boost capital levels.

As a condition of the merger between Credit Union Central of Ontario and Credit Union Central of British Columbia, member credit unions in Ontario were required to purchase their proportionate share of the asset backed commercial paper (ABCP) that was owned by Credit Union Central of Ontario. Our investment totalled \$2.078 million. A limited partnership has been established to manage the investment in ABCP on behalf of all credit unions in Ontario. A valuation of the ABCP as at December 30, 2008 resulted in a write down of \$486,000 in the value of our investment. On January 21, 2009 after 17 months, the Pan-Canadian Investors Committee announced that a restructuring of the ABCP had been implemented. The ABCP has been converted into long term notes with maturity dates up to eight years. We fully expect that over time we will recover most of our investment.





Gary Lowes
President & CEO

David Staples
Chair, Board of Directors

On a positive note the merger of the two provincial centrals was completed on July 1, 2008 resulting in a new entity, Central 1. We are looking forward to the benefits of greater economies of scale, higher investment returns and future opportunities for growth.

We continue to be proud of our commitment to support education initiatives. In 2008 we focused on education which included further developing partnerships with local school boards and directing our investments in the community on education. **Raise a Reader, Kids Can Fly and Roots of Empathy** are just some examples of our support for these activities.

We continue to believe that by sponsoring education based initiatives we are empowering individuals to reach their full potential.

In July at the World Conference of Credit Unions held in Hong Kong two of our employees, Rachel Milan, Director Marketing and Community Investment and Joe Agro, Manager Information Technology received the prestigious **Young Leaders Scholarship Award**. This is a world wide competition and this was the first time that there were two recipients from Canada and more impressive, from the same credit union. Congratulations Rachel and Joe.

We also received a national marketing award from the Marketing Association of Credit Unions for our very successful **Winning Strategies Speaker Series**.

In spite of the current economic challenges we are excited about future opportunities. We continue to look for ways to improve and enhance the services

provided to our members. In 2008 we launched mobile banking and early in 2009 we will be offering “round up and save” and e-mail money transfer. We also have a number of initiatives underway designed to provide sustainable growth and profitability ensuring that we continue to provide value to our members.

Our Board of Directors is focusing on long term strategic directions and initiatives that will assist them in setting policy to guide effective decision making now and in the future. In addition to overseeing their financial obligations, the Board has set strategic initiatives to direct the future resources of the credit union and to position ourselves positively when the economic crisis subsides.

We would like to acknowledge Beryl Roberto, the former President and CEO, who as you all know retired in 2008 after 38 exemplary years of service with the credit union. Her legacy will continue through the “**Beryl Roberto Teacher of the Year Award**”.

It is with regret that we acknowledge the passing of Carl Zavitz on January 22, 2009. Carl served on the Board of Directors for more than 30 years and was the Chair of the Board for 7 years from 1961 to 1968.

On behalf of the Board and Management Team we would like to thank our employees for their dedication and commitment to member service excellence under very difficult conditions. The strength of our organization is our people and it is this strength that will enable us to successfully navigate through the current economic crisis. We also thank our members for their support over the years and in particular this past year. With your support we will continue to provide the best in member service and growth.


Gary Lowes
President & CEO


David Staples
Chair

Our Team

Staff

Charlene Albuquerque
Angela Anderson
Debby Arlow
Shelley Arrowsmith
Sue Baker
Heather Balardo
Susanne Bannan
Bonnie Belanger
Lisa Benning
Judy Berlingeri
Nancy Bishop
Mary Anne Blackburn
Stacey Brandwood
Nancy Bucciacchio
Cheryl Buttle
Margaret d'Andrade
Tina Faiazza
Teresa Falbo
Tisha Findlay
Karen Freeborn
Rachel Gallupe
Denise Gilmore
Slavica Gligoric
Emilie Hyde
Erin Kwiatkowski
Wendy Lazar
Georgina Levesque-Kun
Shelley Lockley
Stephanie Lough
Tara Lyons
Diane MacDonald
Susan Maciuk
James Maguire

Julia Mastrangelo
Leah McDonald
Liz McGuigan
Sara McLeod
Marion McNair
Donna Mrowka
Santina Muir
Susan Murphy
Leslie Noel
Roseann Orr
Anita Ouellet
Darlene Pavoni
Brenda Pearce
Kalina Petkova
Yolanda Platt
Deanna Pokupec
Monica Pozza
Michelle Riederer
Kim Rochon
Linda Ross
Christie Scobie
Holly Scobie
Loretta Soster
Deborah Stanners
Lori Stewart
Melanie Stewart
Anita Tari
Lynda Tarves
Linda Thompson
Danielle Veniot
Carol Weber
Myrna Willrich

Credential Financial Strategies Inc.

Philippe Hamon, *Financial Planner, Insurance Services*
Alex Mouriopoulos, *Financial Planner, Insurance Services*
Judy Trevisan, *Coordinator*

Credential Financial Strategies Inc. offers financial planning, life insurance and investments to members of credit unions and their communities.

Board of Directors

David Staples, *Chair*
Elaine Simon, *Vice Chair*
Nancy DiGregorio, *Secretary*
Owen Jackson, *Past Chair*
Jacqueline Aird

Dylan Bailey
Carol Hewings
John Parkhill
Mike Veerman

Management

Gary Lowes, *President & Chief Executive Officer*
Betty Gruba, *Executive Vice-President*
Sandy Alward, *Vice President, Finance*
Kathy Clark, *Vice President, Human Resources*
Ray Hall, *Vice President, Lending*

Kelly Darling, *Director, Staff Development*
Rachel Milan, *Director, Marketing and Community Investment*
Donna Sheppard, *Director, Retail Services*
Cathie Vaillancourt, *Director, Wealth Management Services*
Tom Wilson, *Director, Commercial Services*

Joe Agro, *Manager, Information Systems*
Susan Bell, *Assistant Branch Manager, Upper Wentworth/Brantford*
Elinor Berquist, *Manager, Financial Administration*
Brenda Henderson, *Branch Manager, Brantford*
Carolyn Humby, *Manager, Investment Services*
Thomas Irvine, *Branch Manager, Ancaster*
Delyn Konstantinidis, *Branch Manager, Upper Wentworth*
Vanessa Leonard, *Manager, Call Centre*
Jane Morreale, *Manager, Marketing*





Financial Performance Report

Sandy Alward, CA
Vice President, Finance

Despite the challenging market conditions in 2008, TCU achieved significant growth. Total assets ended the year at \$313M up 8.3% from 2007. Total assets under administration, which includes off-balance sheet assets, grew by 5.7% to \$423M. The global liquidity and credit crisis during 2008 impacted the valuation of our off-balance sheet investment portfolio. The value of these assets has declined significantly from the prior year. Our income from operations before distributions and income taxes was \$750,000 compared to \$957,000 in 2007. The results reflected compression of our financial margin, lower revenues from wealth management and included an unrealized gain on interest rate swaps of \$889,000 as at December 31, 2008. Derivative instruments, like swaps, are measured at fair value with changes in the fair value recognized in net income. The swaps are used in order to manage our interest rate risk exposure. Also, in 2008 we securitized some mortgage loans primarily to enhance our liquidity position and gains on these securitizations are included in non-interest income.

TCU, as a condition of the merger between Credit Union Central of Ontario (CUCO) and Credit Union Central of British Columbia, was required, along with all other Ontario credit unions that were members of CUCO, to acquire their proportionate share of the asset backed commercial paper (ABCP) that was owned by CUCO. Our initial investment was \$2.078M. A valuation undertaken as at December 30, 2008 resulted

in a write down of \$486,000. Our shares in CUCO were also written down by \$131,000, for a net decrease in net income of \$617,000.

Member deposits continued to grow in 2008 increasing by 7.2% or \$19M.

Total on-balance sheet loans to members also continued to increase in 2008 growing by \$21M or 8.2%.

Operating revenues increased to \$19.4M in 2008 from \$18.1M earned in 2007. Our financial margin increased by 7.3% from 2007, largely due to the inclusion of the unrealized gain on interest rate swaps of \$889,000. We continued to experience the compression on our financial margin due to the lower interest rate environment, increasing pressures from our competitors and the liquidity crisis.

Our members earned \$8.4M in interest on deposits compared to the previous year at \$8.1M. Through diligent efforts we managed to contain operating expenses at close to 2007 levels at \$8.8M.

The Canadian economy slipped into a recession at the end of 2008 and we are anticipating slower consumer spending reflected in the weakening labour and housing markets. During these difficult economic times, it is important that the credit union retain its earnings in order to strengthen its capital base. In 2008, TCU exceeded all regulatory requirements with respect to capital. At \$18.6M or 5.9% of total assets at year-end, regulatory capital exceeded the requirement of 4.25%. Regulatory capital at 12.2% of risk weighted assets also exceeded the 8.0% regulatory requirement.

Glossary

A **derivative** is an investment that is based on a contract that gives you the right to buy and sell at set prices.
Examples: Futures, options and swaps.

A **swap** is a derivative in which two counterparties agree to exchange one stream of cash flows against another stream.

A **write down** is an accounting treatment that recognizes the reduced value of an impaired asset.

Liquidity is defined as the ability to be used as, or directly converted to cash.



Audit Committee Report



Elaine Simon
Audit Committee Chair

The Audit Committee has existed at Teachers Credit Union since it was mandated by the Credit Union and Caisse Populaires Act in 1994. The role of the Audit Committee is to oversee and monitor the activities of Teachers Credit Union's reporting system and the internal and external audit processes.

Members of this committee are: Elaine Simon, David Staples, Jackie Aird and Nancy Di Gregorio. Kathy Clark, Vice President of Human Resources is the staff liaison for this committee.

On an annual basis the key functions of the Audit Committee are planning, monitoring and reporting. The Audit Committee works with senior financial staff to prepare a plan at the onset of each budget year which establishes objectives, goals and deliverables for the organization while ensuring that TCU provides quality and accurate financial reporting to the membership on an annual basis.

Reporting to the full Board of Directors at monthly meetings, this committee presents updates and recommendations in a timely fashion. Some highlights of the Audit Committee's work in 2008 include:

- Ensured compliance to external audits and reviews of the following:
 - Deposit Insurance Corporation of Ontario (DICO)
 - Technology Security Audit
 - Commercial Loan Review
 - Credential Securities Inc.
 - Grant Thornton LLP- Audit Plan 2008
- Ensured the organization's adherence to financial administration policies and procedures including privacy legislation.

- Reviewed monthly financial statements and forecasts for the 2008 budget year.
- Confirmed for the year ending December 31st 2008, that there were no material findings outstanding.

Having concluded the 2008 audit plan, the Audit Committee is satisfied with the policies, procedures and internal controls engaged by management in conducting the business of the Teachers Credit Union.

A handwritten signature in black ink that reads "E. Simon".

Elaine Simon
Audit Committee Chair



Credential Securities Inc. is a Member-CIPF

Rooted in Community

In 2008, Teachers Credit Union strengthened its commitment to the community by sharing time and resources with various educational programs and events in Hamilton, Brantford and Niagara.

Corporately, TCU directed 17% of its gross income to sponsorships and partnerships that support literacy, poverty reduction, arts and music, anti-bullying and student scholarships.

Here is a breakdown of how our corporate Community Investment Funds were distributed in 2008:

- 65% was shared with education and school related programs and services such as: Roots of Empathy, Hamilton Spectator's Newspapers in Education Program (Pulse Page, Stock Market Challenge), student art shows, Chamberworks music in the classroom and nutrition programs. This also includes TCU's support of educational employee groups' P.D. days and in-services where we were on-site to promote positive financial health.

- 25% was directed to community programs and events that are education-related. Raise a Reader Hamilton was a strong community event this fall where our staff sold copies of the Hamilton Spectator to raise funds and awareness for literacy. We continued to support Kids Can Fly in Brantford, a not-for-profit agency that makes literacy and anti-bullying programs available to families. Theatre Aquarius offers a program for teachers called "Directors in Education" where drama teachers enhance their theatrical talents and then share them with their classes.

Teachers Credit Union,
transforming our community
one classroom at a time.

There were great events this year such as the "Amazing Steeltown Race" for City Kidz, the **Volunteer Hamilton Community Builders Breakfast** and of course the **Roman Vishniac Photo Exhibit** where TCU sponsored the bussing costs to enable Hamilton school students to see this world renowned art exhibit.

- 10% of the total amount was directed to our support of student achievements with TCU's Post-Secondary Scholarships, Community Commitment Awards, various college and university bursaries and continuing education bursaries.

Since we are using the word "**Roots**" this year in our annual report, it is appropriate to showcase our proud partnership with the amazing, life-altering program occurring in classrooms all over the world right now.

"**Roots of Empathy**" is an anti-bullying program that teaches empathy and social skills to elementary school students through "mirrored learning". In 2008, TCU was a presenting partner where over 100 classrooms in Hamilton and Brantford received the Roots curriculum and enjoyed monthly visits from a "roots" baby and parent (or grandparent),



culminating in a baby graduation ceremony in June. For more information on all of TCU's community investments or to become a Roots of Empathy baby or instructor, please visit our website under "In Our Community".

Team ABC is a volunteer committee where 16 TCU employees shape the staff fundraising efforts for the organization. They work tirelessly to gather the resources and "people-power" to run events, engage staff and increase our impact on the community. The funds they raise are in addition to the corporate dollars that TCU invests as mentioned above.

2008 was transformational for **Team ABC** as they launched a new focus to enable all staff to have an impact on the community in which they serve or live.



The Adopt-a-School Program and Staff Volunteer Program were launched in December 2008.

TCU has endorsed a corporate volunteering program where it will match up to 2 hours per month of any staff's volunteer time. We know this will harness the spirit of our staff who can enjoy some additional time with their favourite cause in the community.

In 2009, the staff at each TCU location will adopt a local elementary school to provide support and resources all year long through volunteering their time and skills, in-kind donations such as books drives, food and clothing drives and financial support.

The 4 schools that have been selected for 2009-2010 school years are:

- St. Lawrence
- Holbrook
- Eastmount Park
- Princess Elizabeth Elementary, Brantford

Financial support is achieved by the fundraising initiatives this team does throughout the year such as staff dress down days (the biggest fundraiser!), staff 50/50 draws and various events that all contribute to the fund which is shared with the recipients.

The CHML/Y108 Children's Fund

The CHML/Y108 Children's Fund is a long-standing charitable organization in the greater Hamilton area that supports over 40 local organizations such as Neighbour to Neighbour, City Kidz and school nutrition programs. Team ABC is a proud partner of this community leader and we donate 20% of our funds to the Christmas Tree of Hope program every year.

Thank you to all of our staff, volunteers and members who consistently demonstrate that we are all rooted in community investment and can change the world, one classroom at a time.



LENDING SERVICES REPORT

December 31, 2008

OUTSTANDINGS	2008	2007
Residential Mortgages	\$147,404,127	\$147,114,043
Residential Investment Properties	4,920,791	4,138,773
Commercial Mortgages	42,511,690	30,235,465
Commercial Loans/Lines of Credit	2,860,891	1,107,594
Personal Loans	21,036,154	25,206,627
MERITlines	43,868,150	37,778,634
ADVANTAGELines	14,239,005	10,250,526
Deposit Lines of Credit	696,198	647,333
Overdrafts	13,743	34,243
Total	277,550,749	256,513,238
Mortgages Under Administration	22,275,828	15,859,692
Grand Total	299,826,577	272,372,930

AUTHORIZED LIMITS

MERITlines	\$94,371,281	\$85,266,911
ADVANTAGELines	27,203,200	23,524,626
Deposit Lines of Credit	6,456,150	6,567,615

MORTGAGES

Applications	450	450
Declined	23	26
Disbursements	\$29,476,884	\$29,818,592

PERSONAL LOANS

Applications	1,538	1,708
Declined	171	147
Disbursements	\$11,534,197	\$14,738,586

COMMERCIAL LOANS

Applications	87	50
Declined	48	23
Disbursements	\$12,648,973	\$6,647,500

SPECIFIC ALLOWANCE FOR IMPAIRED LOANS

Loans/Overdrafts/Mortgages in excess of 90 days	\$311,721	\$265,115
Loans deemed to be impaired	117,655	80,943
Total	429,376	346,058

Management's Responsibility for Financial Reporting

The information in this annual report and the accompanying summarized financial statements are the responsibility of Management and have been approved by the Board of Directors.

Management is responsible for preparing the financial statements and for ensuring their reliability and accuracy. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. When required to make estimates, management did so to the best of its knowledge.

The accounting system of Hamilton Teachers' Credit Union Limited (operating as Teachers Credit Union) and related internal controls and procedures are designed to ensure the reliability of financial information and, to a reasonable degree, safeguard assets against loss or unauthorized use. These procedures include standards in hiring and training employees, an organizational structure with clearly defined lines of responsibility, written and updated policies and procedures, planning and follow-up of projects and budget controls. In addition, in the course of carrying out duties, the Internal Auditor may confer at any time with the Audit Committee. Composed entirely of directors of Teachers Credit Union, this Committee ensures that management has fulfilled its responsibilities with respect to financial information and the application of internal controls. During 2008, the Audit Committee met ten times.

Deposit Insurance Corporation of Ontario will examine the affairs of Teachers Credit Union to ensure that the provisions of its constituent legislation, particularly with respect to the protection of depositors, are duly observed and that Teachers Credit Union is in sound financial condition.

The independent auditors appointed by the general meeting of the members, Grant Thornton LLP, have the responsibility of auditing the financial statements in accordance with Canadian generally accepted auditing standards and of expressing their opinion. Their report follows. They may, at any time, confer with the Audit Committee on all matters concerning the nature and execution of their mandate, particularly with respect to the accuracy of financial information provided by Teachers Credit Union and the reliability of its internal control systems.

Hamilton Teachers' Credit Union Limited
(operating as Teachers Credit Union)

Hamilton, Ontario
February 16, 2009


Gary Lowes
President & CEO


Sandy Alward, CA
VP, Finance



Auditor's Report

To the Members of
Hamilton Teachers' Credit Union Limited
(operating as Teachers Credit Union)

The accompanying summarized balance sheet and statements of income, comprehensive income, retained earnings, and cash flows are derived from the complete financial statements of **Hamilton Teachers' Credit Union Limited (operating as Teachers Credit Union)** as at December 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated February 16, 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 entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

Hamilton, Canada
February 16, 2009

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants



BALANCE SHEET

December 31, 2008

	2008	2007
	(in thousands)	
ASSETS		
Cash and cash equivalents	\$ 4,244	\$ 5,820
Loans to members	277,254	256,394
Liquidity reserves	22,375	19,979
Central 1 shares	2,438	2,169
Investment in ABCP LP	1,436	-
Property and equipment	3,023	3,158
Other assets	1,537	1,129
Derivative instruments	1,054	775
Future income taxes	49	30
	<u>\$ 313,410</u>	<u>\$ 289,454</u>
LIABILITIES		
Liabilities to non-members		
External borrowings	\$ 6,500	\$ 2,000
Payables and accruals	1,642	1,235
	<u>8,142</u>	<u>3,235</u>
Deposits of members		
Term and other deposits	103,320	96,263
Registered retirement savings plan deposits	62,271	59,867
Registered retirement income fund deposits	23,124	24,624
Other registered deposits	2,147	1,871
Chequing and savings	92,322	81,287
Derivative instruments	165	775
Accrued interest on deposits	3,218	3,183
	<u>286,567</u>	<u>267,870</u>
Shares	6,098	6,308
EQUITY		
Retained earnings	12,603	12,041
	<u>\$ 313,410</u>	<u>\$ 289,454</u>

On behalf of the Board,



David Staples
Chair, Board of Directors



Elaine Simon
Vice Chair, Board of Directors

STATEMENT OF INCOME, COMPREHENSIVE INCOME & RETAINED EARNINGS

December 31, 2008

	2008	2007
	(in thousands)	
Financial income		
Residential mortgages	\$ 10,308	\$ 10,146
Commercial mortgages	2,686	2,282
Personal loans	2,880	3,224
Cash and cash equivalents, liquidity reserves and investments	890	864
Other income	2,633	1,567
	<u>19,397</u>	<u>18,083</u>
Interest expense		
Term and other deposits	4,004	3,447
Registered savings plans	3,216	3,113
Chequing and savings	1,213	1,496
Interest on external borrowings	453	230
	<u>8,886</u>	<u>8,286</u>
Financial margin	10,511	9,797
Provision for impaired loans	377	367
Operating margin	<u>10,134</u>	<u>9,430</u>
Operating expenses		
Administrative	2,720	2,735
Computer processing	827	827
Personnel	5,220	4,911
	<u>8,767</u>	<u>8,473</u>
Income from operations before distributions to members, write-downs and income taxes	1,367	957
Write-downs on proportionate shares of Central 1 and ABCP LP investments	617	-
Net income before distributions and taxes	<u>750</u>	<u>957</u>
Distributions to members	126	609
Net income before taxes	<u>624</u>	<u>348</u>
Income taxes	62	39
Net income	<u>\$ 562</u>	<u>\$ 309</u>
Retained earnings, beginning of year	\$ 12,041	\$ 11,732
Net income	562	309
Retained earnings, end of year	<u>\$ 12,603</u>	<u>\$ 12,041</u>

STATEMENT OF CASH FLOWS

December 31, 2008

	2008	2007
	(in thousands)	
Increase (decrease) in cash and cash equivalents		
OPERATING		
Net income	\$ 562	\$ 309
Provision for impaired loans	377	367
Depreciation and amortization	522	539
Fair value of interest rate swap contracts	(889)	-
Write-downs on proportionate shares of Central 1 and ABCP LP investments	617	-
Other non-cash items	(20)	(505)
	1,169	710
FINANCING		
Advance of external borrowings (net)	4,500	2,000
Increase in deposits of members (net)	19,307	15,420
(Decrease) increase in shares (net)	(210)	285
Proceeds from mortgage securitization	14,064	-
	37,661	17,705
INVESTING		
Increase in loans to members (net)	(35,301)	(16,689)
Increase in Central 1 shares	(400)	(608)
Increase in liquidity reserves	(2,396)	(1,763)
Purchase of ABCP LP investment	(1,922)	-
Purchase of property and equipment	(387)	(264)
	(40,406)	(19,324)
Net decrease in cash and cash equivalents	(1,576)	(909)
Cash and cash equivalents		
Beginning of year	5,820	6,729
End of year	\$ 4,244	\$ 5,820
Interest paid	\$ 8,851	\$ 8,110
Income taxes paid	\$ 176	\$ 52
Patronage dividends paid	\$ -	\$ 50

DOWNTOWN BRANCH

75 James St. S.
Hamilton ON L8P 2Y9

MOUNTAIN BRANCH

990 Upper Wentworth
Hamilton ON L9A 5E9

ANCASTER BRANCH

21 Stone Church Rd.
Ancaster ON L9K 1S4

BRANTFORD BRANCH

25-27 King George Rd.
Brantford ON N3R 5J8

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TEACHERS
CREDIT UNION™

Shared Interest.

