



# 2015 Summarized Financial Statements

Building a strong financial future

## Independent Auditors' Report

### To the Members of DUCA Financial Services Credit Union Ltd.

The accompanying summary consolidated financial statements of DUCA Financial Services Credit Union Ltd., which comprise the summary consolidated statement of financial position as at December 31, 2015, the summary consolidated statement of comprehensive income and changes in equity for the year then ended, and related notes, are derived from the complete audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, of DUCA Financial Services Credit Union Ltd. as at and for the year ended December 31, 2015.

We expressed an unmodified audit opinion on those complete consolidated financial statements in our auditors' report dated March 1, 2016.

The summary consolidated financial statements do not contain all the requirements of International Financial Reporting Standards applied in the preparation of the complete audited consolidated financial statements of DUCA Financial Services Credit Union Ltd. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the complete audited consolidated financial statements of DUCA Financial Services Credit Union Ltd.

#### **Management's Responsibility for the Summary Consolidated Financial Statements**

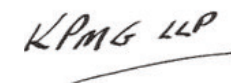
Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in Note 1.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

#### **Opinion**

In our opinion, the summary consolidated financial statements derived from the complete audited consolidated financial statements of DUCA Financial Services Credit Union Ltd. as at and for the year ended December 31, 2015 are a fair summary of those complete consolidated financial statements, in accordance with the basis described in Note 1.



Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Canada

## Consolidated Statement of Financial Position

(thousands of Canadian dollars)

|   | 2015*            | 2014*            |
|---|------------------|------------------|
| <b>Assets</b>   |                  |                  |
| Cash and cash equivalents   | 93,103           | 22,483           |
| Investments   | 188,960          | 120,236          |
| Member loans  |                  |                  |
| Non-securitized mortgages and loans to members                    | 1,655,870        | 1,624,189        |
| Securitized mortgages   | 329,659          | 91,031           |
| <b>Total Member Loans</b>   | <b>1,985,529</b> | <b>1,715,220</b> |
| Unamortized broker fees   | 4,076            | 3,478            |
| Accrued interest receivable                                       | 2,711            | 2,083            |
| Allowance for credit losses                                       | (8,447)          | (5,910)          |
| <b>Net Member Loans</b>   | <b>1,983,869</b> | <b>1,714,871</b> |
| Other assets  | 1,363            | 2,196            |
| Income taxes receivable   | –                | 2,185            |
| Property and equipment  | 13,630           | 13,896           |
| Derivative financial instruments                                  | 54               | 241              |
| Goodwill  | 1,678            | 1,678            |
| <b>Total Assets</b>   | <b>2,282,657</b> | <b>1,877,786</b> |
| <b>Liabilities And Members' Equity</b>                            |                  |                  |
| Liabilities   |                  |                  |
| Member deposits   | 1,790,981        | 1,640,795        |
| Borrowings  | –                | 24,016           |
| Securitization liabilities — mortgage-backed security liabilities | 329,114          | 91,251           |
| Accounts payable and accrued liabilities                          | 3,896            | 4,973            |
| Payable to Zenbanx Holdings Inc.                                  | 4,688            | 825              |
| Income tax payable  | 2,266            | –                |
| Deferred tax liability  | 580              | 556              |
| Derivative financial instruments                                  | 200              | 338              |
| Patronage return and dividend payable                             | 2,064            | 3,124            |
| Deferred revenue  | 3,304            | 2,149            |
| Members' shares   | 1,619            | 1,770            |
| <b>Total Liabilities</b>  | <b>2,138,712</b> | <b>1,769,797</b> |
| Equity  |                  |                  |
| Members' shares   | 86,187           | 46,275           |
| Retained earnings   | 60,427           | 59,300           |
| Non-controlling interest  | (2,669)          | 2,414            |
| <b>Total Equity</b>   | <b>143,945</b>   | <b>107,989</b>   |
| <b>Total Liabilities and Members' Equity</b>                      | <b>2,282,657</b> | <b>1,877,786</b> |

## Consolidated Statement of Comprehensive Income (Loss)

(thousands of Canadian dollars)

|   | 2015*          | 2014*         |
|---|----------------|---------------|
| <b>Interest And Other Income</b>  |                |               |
| Interest income   |                |               |
| Interest on member loans  | 74,787         | 58,551        |
| Other interest  | 2,426          | 1,884         |
| <b>Total Interest Income</b>  | <b>77,213</b>  | <b>60,435</b> |
| Interest expenses   |                |               |
| Interest on member deposits   | 35,968         | 26,619        |
| Borrowings and securitizations  | 4,664          | 1,528         |
| <b>Total Interest Expenses</b>  | <b>40,632</b>  | <b>28,147</b> |
| <b>Net Interest Income</b>  | <b>36,581</b>  | <b>32,288</b> |
| Other income, including Zenbanx   | 10,598         | 5,739         |
| <b>Net Interest And Other Income</b>  | <b>47,179</b>  | <b>38,027</b> |
| Provision for credit losses   | 2,899          | 3,831         |
| <b>Net Interest And Other Income After Provision For Credit Losses</b>              | <b>44,280</b>  | <b>34,196</b> |
| <b>Operating Expenses</b>   |                |               |
| Salaries and benefits   | 15,131         | 12,635        |
| Occupancy   | 2,640          | 2,126         |
| Depreciation and amortization   | 1,413          | 1,325         |
| Deposit insurance   | 1,485          | 931           |
| Directors and committees  | 544            | 459           |
| Gain on derivative instruments  | 121            | (193)         |
| Zenbanx Canada  | 12,912         | 3,910         |
| Other operating and administrative expenses   | 8,174          | 8,998         |
| <b>Total Operating Expenses</b>   | <b>42,420</b>  | <b>30,191</b> |
| <b>Income before patronage return and income taxes and non-controlling interest</b> | <b>1,860</b>   | <b>4,005</b>  |
| Patronage return  | 1,173          | 2,141         |
| <b>Income Before Income Taxes And Non-Controlling Interest</b>                      | <b>687</b>     | <b>1,864</b>  |
| Income taxes  | 3,752          | 941           |
| <b>Comprehensive (Loss) Income</b>  | <b>(3,065)</b> | <b>923</b>    |
| Net loss attributable to non-controlling interest Zenbanx Canada                    | (5,083)        | (1,586)       |
| <b>Net Income Attributable To Members</b>   | <b>2,018</b>   | <b>2,509</b>  |



# Consolidated Statement of Changes in Equity

(thousands of Canadian dollars)

|                            | Class A<br>Shares | Class B<br>Shares | Retained<br>Earnings | Non-<br>controlling<br>Interests | Total<br>Equity |
|----------------------------|-------------------|-------------------|----------------------|----------------------------------|-----------------|
| Balance, December 31, 2013 | 47,054            | –                 | 57,710               | –                                | 104,764         |
| Comprehensive income       | –                 | –                 | 2,509                | (1,586)                          | 923             |
| Dividends to members       | –                 | –                 | (919)                | –                                | (919)           |
| Issue of shares            | 2,621             | –                 | –                    | –                                | 2,621           |
| Redemption of shares       | (3,400)           | –                 | –                    | –                                | (3,400)         |
| Capital contributed        | –                 | –                 | –                    | 4,000                            | 4,000           |
| Balance, December 31, 2014 | 46,275            | –                 | 59,300               | 2,414                            | 107,989         |
| Comprehensive loss         | –                 | –                 | 2,018                | (5,083)                          | (3,065)         |
| Dividends to members       | –                 | –                 | (891)                | –                                | (891)           |
| Issue of shares            | 2,736             | 41,337            | –                    | –                                | 44,073          |
| Redemption of shares       | (4,161)           | –                 | –                    | –                                | (4,161)         |
| Balance, December 31, 2015 | 44,850            | 41,337            | 60,427               | (2,669)                          | 143,945         |

## Approved on behalf of the Board

Ralph Kikkert, Chair

Marijke Kanters, Vice Chair

### Note 1

The summary consolidated financial statements are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards.

Management is responsible for the preparation of the Summary Consolidated Financial Statements.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with, or represent a fair summary of, the audited consolidated financial statements.

Management prepared these summary consolidated financial statements using the following criteria:

- a. the summary consolidated financial statements include the summary consolidated statement of financial position and the summary consolidated statements of comprehensive income and changes in Members’ equity.
- b. information in the summary consolidated financial statements agrees with the related information in the audited consolidated financial statements;
- c. the summary consolidated financial statements contain the information from the audited consolidated financial statements dealing with matters having a pervasive or otherwise significant effect on the summarized consolidated financial statements.

See **the full 2015 Consolidated Financial Statements** at [www.duca.com/about-us/governance/corporate-reports/](http://www.duca.com/about-us/governance/corporate-reports/)

\* As at December 31



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