

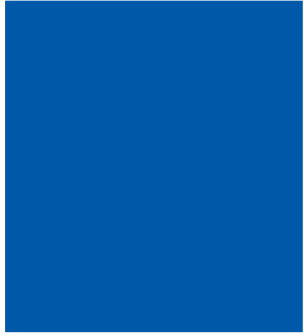
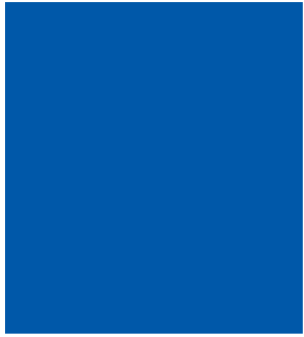
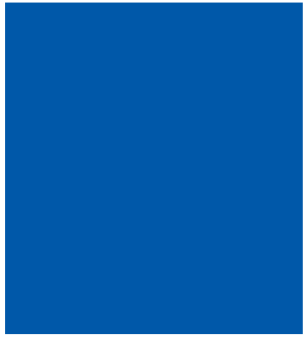


# Ontario

Deposit Insurance  
Corporation of Ontario

Société ontarienne  
d'assurance-dépôts

## 2007 ANNUAL REPORT



1977-2007  
**30 years of**

PROTECTION. SECURITY. STABILITY.

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## PUBLICATIONS AVAILABLE ON DICO'S WEB SITE

### Corporate

- Annual Report

### Member Institutions Information

- BIS II FORM and Completion Guidelines
- Commercial Lending Practices
  - Watch List Accounts
  - Credit Risk Ratings
  - Industry Codes and Concentration Risk
- DICO By-law # 3
- DICO By-law # 5
  - Assessment Workbook for Management
  - Assessment Workbook for Board of Directors
  - Assessment Workbook Module: Commercial Lending
- DICO By-law # 6
  - Application Guide By-law #6, Impaired Loans
- DICO New Accounting Standards and Reporting Requirements
- Director's Handbook
- Guide to DICO's OSV Process
- Guidance Note (Lending) Class 1 Credit Unions
- Guidance Note (Lending) Class 2 Credit Unions
- Guidance Note: Structural (Interest Rate) Risk Measurement and Management
- Deposit Insurance Brochure & FAQ
- League Return (LR) & Annual League Return (ALR) Completion Guides
- Member Institution Return (MIR) & Annual Member Institution Return (AMIR)  
Completion Guide
- On-Site Verification Manual
- SBFP Reference Manual
- System Outlook
- System Releases
- System Statistics

### Deposit Insurance Corporation of Ontario

4711 Yonge Street, Suite 700

Toronto ON M2N 6K8

416 325-9444 in Toronto

1-800-268-6653 Toll Free

FAX: 416 325-9722

Internet site <http://www.dico.com>

E-mail: [info@dico.com](mailto:info@dico.com)



Printed on recycled paper

4711 Yonge Street  
Suite 700  
Toronto ON M2N 6K8  
Telephone: 416-325-9444  
Toll Free: 1-800-268-6653  
Fax: 416-325-9722

4711, rue Yonge  
Bureau 700  
Toronto (Ontario) M2N 6K8  
Téléphone : 416 325-9444  
Sans frais : 1 800 268-6653  
Télécopieur : 416 325-9722



**Ontario**

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**Deposit Insurance  
Corporation of Ontario**

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**Société ontarienne  
d'assurance-dépôts**

**David Yule**

*Chair of the Board*

*Président du Conseil d'administration*

February 27, 2008

The Honourable Dwight Duncan  
Minister of Finance  
Frost Building South, 7<sup>th</sup> floor  
7 Queen's Park Crescent  
Toronto, Ontario  
M7A 1Y7

Dear Minister:

I have the honour to submit to you and the Superintendent of the Financial Services Commission of Ontario the Annual Report of the Deposit Insurance Corporation of Ontario for the 12 month period ended December 31, 2007.

Yours truly,

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## MISSION : To PROTECT DEPOSITORS

### VISION

We will support the Ontario Credit Union and Caisse Populaire System by providing depositor protection, building financial soundness and working in collaboration with stakeholders.

### VALUES

IN ALL OUR ACTIVITIES WE WILL STRIVE TO:

- Act with professionalism and integrity;
- Provide value;
- Be proactive and innovative;
- Recognize and respect the principles, values and diversity of the credit union /  
caisse populaire system;
- Collaborate with stakeholders;
- Recognize the diversity and acknowledge the importance of our staff;
- Provide an environment where employees are treated fairly, and given opportunity  
and encouragement to develop their potential.

### DICO STAFF

Adrienne Barber♦Patricia Bazinet♦Suzanne Boyer♦Alla Brachman♦Barry Brydges♦John Burgman♦Richard Dale♦Gerry Daoust♦  
Tony D'Errico♦Bob Edmison♦Brigitte Elie♦Bill Foster♦Carmen Gheorghe♦Sharon Haslett♦John Hutton♦Entela Josifi♦Yasmin Khoja♦  
Steve Kokaliaris♦Jim Maxwell♦Alana McLeary♦Danny Pianezza ♦Naile Piranaj♦Andy Poprawa♦Andy Rechtshaffen♦Mercedes Ruano♦  
Nelson Verdecia♦Grace Wen♦Michael White♦Richard White♦Winnie Yu.

# CORPORATE GOVERNANCE

The Deposit Insurance Corporation of Ontario is an agency of the Province of Ontario established in 1977 and operates under the Credit Unions and Caisses Populaires Act, 1994. The Act sets out DICO's objects, powers and duties as well as general terms for deposit insurance and other governing parameters. DICO functions within the legal framework established by the Act, Management Board of Cabinet Secretariat Directive on Agency Establishment and Accountability and other applicable laws. The Corporation is ultimately accountable to the Legislature through the Minister of Finance for the conduct of its affairs.

The Act requires that the DICO Board of Directors "shall manage the affairs or supervise the management of the affairs of the Corporation...". The Board of Directors is composed of up to eleven persons all of whom are appointed by the Lieutenant-Governor-in-Council to serve for various terms of usually up to three years. At least four of the members of the Board must be appointed from individuals nominated by the credit union and caisse populaire movement.

DICO follows a unique appointments process to ensure that it recruits the best qualified people to its Board. The Corporation has established a skills profile in addition to a position description for directors. DICO has also established a gender, experience, skills and geographic representation profile for the Board as a whole to ensure that it maintains an appropriate balance of these attributes. All potential candidates for the Board are screened and interviewed by a committee of the Board prior to being recommended for appointment to the Minister. In each case, DICO provides the Minister with more than one candidate for each position. Once the Minister has made a selection, that recommendation is forwarded to the Cabinet for approval.

DICO follows best practices in corporate governance including:

- a formal director orientation process;
- continuous director development;
- Board succession planning;
- annual Board assessment and feedback;
- regular in-camera sessions; and
- annual strategic planning session.

The Board also establishes annual objectives for itself and measures its performance against those stated objectives. These include strategies for risk management and communication with stakeholders, executive management and management reporting and control.

DICO is a member and active participant in the Conference Board of Canada's Corporate Governance Forum. This forum provides the Corporation with an insight into best and next practices for achieving excellence in governance.

DICO'S BOARD OF DIRECTORS MEETINGS 2007*		
	Meetings	% Attendance by Directors
DICO Board	6	96%
Audit and Finance Committee	5	86%
Human Resources Committee	3	89%
Risk Management Committee	4	100%
* Does not include D. Yule, ex-officio for Committee meetings		

## DICO's BOARD OF DIRECTORS



DICO's BOARD OF DIRECTORS (from left to right )*Sitting:* Laura Talbot, David Yule, Leslie Thompson  
*Standing:* Paul Mullins, Carol Lemelin, Robert Hammond and André Auger. *Absent:* Sherry MacDonald

### DAVID YULE, BCOMM, FCA

David Yule, Chair of the Board, retired in 1997 as a partner with Ernst & Young where he was involved in their financial institution audit practice and their forensic accounting practice. He currently serves on several boards of directors and carries on a financial consulting practice. Mr. Yule was appointed to a third term on March 23, 2006 and his term expires on March 23, 2009.

### ANDRÉ AUGER, BA, M.ED.

André Auger is a retired elementary school principal. He has twenty years of experience on *caisse populaire* boards, ten of those as Chair. He also held the position of Chair and Vice-Chair of L'Alliance des caisses populaires de l'Ontario Ltée. Mr. Auger is active in organizations and service clubs at the local level. He was appointed to a first term on January 5, 2006 and his term expires on January 4, 2009.

### ROBERT HAMMOND, BA, MBA, FCIA

Robert Hammond, an actuary by profession, spent 29 years with the Federal Department of Insurance and its successor organization, the Office of the Superintendent of Financial Institutions (OSFI). At various times he was responsible for the supervision of federally registered insurance companies, non-bank deposit-taking institutions, credit union centrals

and pension plans. As Superintendent of Insurance and, subsequently, Deputy Superintendent at OSFI, he served on the Board of Directors of the Canada Deposit Insurance Corporation for ten years. From 1992 until retirement in 2003, he was CEO of the Canadian Payments Association, the organization responsible for operating Canada's clearing and settlement system and having credit union centrals, federations of *caisses populaires* and independent credit unions among its members. Mr. Hammond was appointed to a first term on May 30, 2006 and his term expires on May 29, 2009.

### CAROL LEMELIN, CMA

Carol Lemelin was Chief Financial Officer for the The St. Lawrence Seaway Management Corporation with overall responsibilities including Finance, Information Technology & Telecommunications, Internal Audit, and Revenue & Forecasting. Mr. Lemelin was Chair of Caisse Populaire de Cornwall Inc., and also served in various capacities on the board of Caisse Populaire de Cornwall for several years. Mr. Lemelin was appointed on June 20, 2007 and his term expires on June 19, 2010.

### SHERRY MACDONALD, CA

Sherry MacDonald is VP Risk Management and CFO at a major education savings plan organization with a

focus on risk management of investment portfolios and adherence to regulatory requirements in operations. With more than thirteen years of financial management experience in the investment management and pension industries, she has specialized in start-up implementation of treasury and finance functions as SVP Finance and Chief Financial Officer.

Ms. MacDonald was appointed to a second term on March 2, 2005 and her term expires on March 1, 2008.

#### **PAUL MULLINS, BA, LL.B**

Paul Mullins is a lawyer who has had his own practice in Windsor and Essex County since 1971. He was a commissioner for the Federal Human Rights Tribunal. He is a Director and former President of Windsor Homes Coalition which provides low income housing to needy families. He served as a Director of Woodslee Credit Union Limited for 24 years. He is currently Chair of the Board of United Communities Credit Union which has 33,000 members and assets of over \$550 million. Mr. Mullins was appointed to a second term on March 7, 2007, and his term expires on March 6, 2010.

#### **LAURA TALBOT, MBA, FCMA, ICD.D**

Laura Talbot, Vice-Chair of the Board, is President of the TalbotAllan Consulting Group. Previously she held senior executive roles with University of Waterloo, the Federal government, the Canadian Red Cross, several utilities and US Bank One. She has substantial governance experience, currently on the Boards and Committees of the: Canadian Accounting Standards Oversight Council; Canadian Partnership Against Cancer; Canadian Food Inspection Agency; Ontario Health Quality Council; Fellows FCMA Council of Quebec; and Chair - Info Standards Development for the Ontario Accessibilities Act. She was previously Vice-Chair of the CS COOP Board, Chair of the Society of Management Accountants of Canada, amongst others. Ms. Talbot was appointed to a third term on March 7, 2007 and her term expires on March 6, 2010.

#### **LESLIE THOMPSON, MBA, MFA, FCSI, ICD.D**

Leslie Thompson is President of LESRISK, Debt and Risk Management Inc. She is a risk management consultant with experience as a senior executive with both financial institutions and government. Formerly, she was Vice-President of Union Bank of Switzerland and The Chase Manhattan Bank. She also led the start-up operations of the Province of Ontario's treasury operations (now Ontario Financing Authority). Ms. Thompson was appointed on October 12, 2005 and her term expires on October 11, 2008.

## **SUB-COMMITTEES OF THE BOARD**

(AS AT DECEMBER 31, 2007)

### **AUDIT AND FINANCE COMMITTEE**

This committee reviews the investment policies and procedures as well as monthly and annual financial statements of the Corporation. It reviews the results of the external auditors' audit of the annual financial statements. The committee also reviews recommendations made by the internal auditor regarding internal controls and procedures and ensures that appropriate action is taken.

- Laura Talbot, *Chair*
- André Auger
- Carol Lemelin
- David Yule, *ex-officio*

### **HUMAN RESOURCES COMMITTEE**

This committee reviews and makes recommendations to the Board on policies relating to the Corporation's human resources plans, compensation, employee benefits and related matters.

- Paul Mullins, *Chair*
- André Auger
- Laura Talbot
- David Yule, *ex-officio*

### **RISK MANAGEMENT COMMITTEE**

This committee reviews the principal risks to the Corporation including deposit insurance risk exposure and makes recommendations to the Board relating to its Framework for Enterprise Risk Management including risk assessment and risk management policies, programs and guidelines.

- Sherry MacDonald, *Chair*
- Robert Hammond
- Leslie Thompson
- David Yule, *ex-officio*

## MESSAGE FROM THE CHAIR

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On behalf of the Board of Directors, I am pleased to present our annual report to the government and our other stakeholders. This past year DICO marked its 30th year of service to the people of Ontario. Over these thirty years DICO has proudly fulfilled its mandate by ensuring that every insured depositor has been fully protected from loss. In fact, no depositor has ever lost any deposit funds placed with an Ontario credit union or caisse populaire. What makes this record even more compelling is that it was achieved while dealing with the failure of over 300 institutions. However, this statistic relates only part of the story.

Throughout our history we have also worked with literally hundreds of credit unions and caisses populaires to assist them in remaining financially and operationally sound in order to meet their goal of serving their members and providing service to their communities. Today, in a more consolidated and efficient network, these institutions continue to play an important role in the financial and social fabric of Ontario.

We are pleased to report that despite some challenges during 2007, we were successful in meeting our primary objectives of protecting depositors and contributing to the stability of the sector. Our 2007 strategic objectives included:

- Proactively assessing and managing risk to the fund and depositors;
- Enhancing the financial soundness of the sector;
- Minimizing the cost of deposit insurance;
- Ensuring that sufficient financial resources are available to protect depositors;
- Maintaining collaborative relationships with stakeholders;
- Effectively and efficiently managing resources.

Our performance against these objectives and our targets for 2007 are laid out in this report. After several years without experiencing significant institutional failures we incurred substantial insurance losses during the year



**David Yule**  
*Chair of the Board of Directors*

resulting from three institutional failures. Our reserve fund improved to 57 basis points of insured deposits as compared to 56 basis points the prior year, and we expect to meet our fund objective of 61 basis points next year. Average premium rates decreased again from the previous year as capital levels in the system improved. An important part of our role as deposit insurer is to make sure that when an institution fails, its insured depositors are paid out on a timely basis. In 2007 we demonstrated our ability to carry out this function.

As a result of effective management by member institution boards and staff, the current financial health and operational capacity of Ontario credit unions and caisses populaires continues to be generally strong, despite ongoing competitive pressures and a changing financial sector landscape.

During 2007, the government passed amendments to the Credit Unions and Caisses Populaires Act, 1994. Once proclaimed, DICO's mandate will include responsibility for the regulation of institutional solvency which is presently within FSCO's mandate. We believe that these new responsibilities demonstrate the government's confidence in our ability to manage risk to depositors, the sector, the fund and the government, and will result in operating efficiencies for the system. In light of these new

responsibilities and upon the request of the Minister of Finance, DICO has also committed to strengthening its accountability regime by creating an Office of the Ombudsman, continuing its practices of holding annual stakeholder information meetings and welcoming suggestions from the sector for nominations to our Board. We also make use of advisory committees to obtain stakeholder advice on our programs. We were also pleased to receive a Ministry of Finance award recognizing the contribution of our staff to the development of new legislation.

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**This past year DICO marked its 30<sup>th</sup> year of service to the people of Ontario. Over these thirty years DICO has proudly fulfilled its mandate by ensuring that every insured depositor has been fully protected from loss.**

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DICO places a considerable degree of importance on its own governance standards. The Board of Directors continues to follow best practices in governance as set out in current literature on the subject including the Conference Board of Canada's publications. For example, each Board meeting includes an in-camera session and a focus on enterprise risk management. Details of our governance practices can be found in this annual report. I would like to take this opportunity to express my appreciation to all our Board members for their dedication and professionalism in working together in the interests of all stakeholders. Readers will note from their respective biographies, that all of our directors bring a high level of skill, expertise and experience to DICO. During the past year, Mr. Benoît Martin of Ottawa retired from the Board after having served for six years. On behalf of the Board and staff I would like to thank Benoît for his valuable contribution and dedication to DICO. In 2007, we welcomed Carol Lemelin of Cornwall to the Board. Mr. Lemelin who was nominated by La Fédération des caisses populaires de l'Ontario, brings a wealth of experience, skill and enthusiasm to our Board.

Developments in the sector's financial and operational position have implications for DICO's strategic direction. The strategies employed over the past few years to improve risk management practices at individual member institutions have been successful due, in large measure, to the ongoing positive and productive co-operation between insured institutions and DICO. For 2008, DICO has identified a number of key priorities:

- Implementing changes required as a result of the expected proclamation of the amendments to the Credit Unions and Caisses Populaires Act;
- Enhancing our risk assessment and oversight capabilities;
- Finalizing our proposal for a revised differential premium system;
- Extending our loan guarantee with the government; and
- Updating our strategic alliance agreements with our various stakeholders.

In conclusion, we believe that our long-term strategic direction has supported our mandate to enhance depositor confidence and the sector's goal to be more competitive and responsive to its members' needs. By exercising continued vigilance through our risk assessment and management programs and by building a strong financial base, DICO believes that we will continue to protect depositors effectively, reduce the cost of depositor protection, and contribute to the stability of and confidence in Ontario's credit unions and caisses populaires. We look forward to working with our various stakeholders to achieve these goals.

On behalf of the Board, I would like to express my sincere appreciation to Andy Poprawa and the staff of DICO and all stakeholders who have joined with us in demonstrating a willingness to work together in achieving these goals.

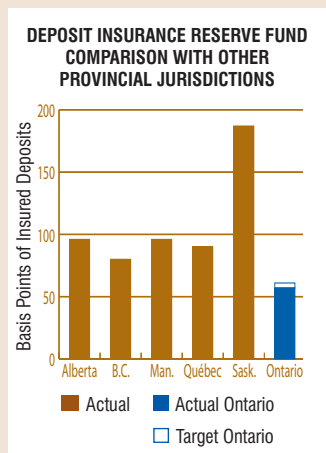
On behalf of the Board of Directors,

David Yule  
*Chair*

## MESSAGE FROM THE CEO: *CHANGES AND CHALLENGES*

Despite a challenging environment during the past year, DICO performed well. We were able to successfully deal with three institutional failures and ensure that all depositors were protected from any loss of their deposit funds. Each of these institutional failures was unique and required creative solutions to ensure the safety of deposits. As insured institutions continue to explore and develop new areas of business, new risks have emerged which will require continuous monitoring and management by institutions as well as DICO.

Our progress toward reaching our reserve fund target slowed during the year because of these failures. At the end of 2007 our reserve fund stood at 57 basis points compared to our target of 60 basis points. We are confident however, that our goal will be reached in 2008.



As the number, complexity, financial and operational health of insured institutions changes, we are continuously reviewing our organization to ensure that we are meeting our mandate while delivering value to our stakeholders. During 2007 we held the number of full time staff equivalents at 30 and net operating expenditures were 7% under budget.



**Andy Poprawa**  
President & CEO

While some other organizations were impacted by concerns over the valuation of Asset Backed Commercial Paper, our sound investment strategy with its objectives of safety, liquidity and reasonable yield ensured that our portfolio included only liquid, high grade and low risk investments.

When new amendments to the Act are proclaimed, DICO's mandate will be expanded to include responsibility for the regulation of capital, liquidity and other solvency related areas. This change in mandate is the result of the work that has been underway since the legislation was last amended. DICO intends to ensure that its new responsibilities are undertaken in a transparent, fair and responsive fashion ensuring that all insured institutions have full access to the criteria to be used for regulatory decision making.

The government introduced changes to the capital, liquidity and lending regulations during 2007 aimed at providing a more risk-based and flexible regulatory regime. The introduction of these new rules has ensured that Ontario now has a modern regulatory environment similar to that of banks and other market competitors.

During the year we drafted and circulated a proposal to change the way we charge premiums to our insured institutions. Once we receive and incorporate stakeholder feedback, we will make a submission to the government proposing changes to the regulations governing the differential premium system. Concurrently, we will be proposing a modest reduction in premium levels assuming our reserve fund target range is maintained.

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**As insured institutions continue to explore and develop new areas of business, new risks have emerged which will require continuous monitoring and management by institutions as well as DICO.**

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In the spirit of the co-operative movement we are also pleased to assist other jurisdictions around the world in developing sound regulatory and depositor protection regimes for co-operative financial institutions. For example, in 2007 we helped establish an international network of credit union and caisse populaire regulators for the purpose of sharing information and experiences with other regulatory bodies. We were also proud to be chosen to chair the executive committee for this network for 2008.

For further information on our programs and to obtain further information about us, we invite stakeholders and readers to visit our website at [www.dico.com](http://www.dico.com).

We expect the next few years to be challenging for some insured institutions as competitive pressures intensify and the economic environment may be uncertain in a number of industries and geographic areas. Continued consolidation and restructuring is expected to address some of these challenges. The board and staff of DICO are committed to providing protection, security and stability to the Ontario Credit Union and Caisse Populaire sector for the benefit of all its members. We look forward to the opportunity in 2008 of continuing to demonstrate our commitment.

In closing, I would like to express my appreciation to our employees, who are an extremely dedicated group of professionals and the major source of DICO's corporate strength. I appreciate, as well, the advice and support that I continue to receive from DICO's Board of Directors. In particular, I am grateful to our Board Chair, David Yule, for his wise counsel and support.

Andy Poprawa, CA  
*President & CEO*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## DICO OVERVIEW

The Deposit Insurance Corporation of Ontario (DICO) provides deposit protection for all eligible deposits held at Ontario credit unions and caisses populaires. Deposit Insurance is part of a comprehensive protection program in all Ontario credit unions and caisses populaires which is backed by provincial legislation. DICO insures deposits up to \$100,000 subject to the eligibility criteria and maximum coverage. For more details regarding the basic coverage that is available for all eligible deposits please visit our web site [www.dico.com](http://www.dico.com).

DICO'S 2007 FINANCIAL SCORECARD (\$MILLIONS)		
	Target	Actual
Insurance Fund	\$109.7	<b>\$105.3</b>
Gross Insurance Provisions	\$5.0	<b>\$10.8</b>
Recovery of Prior Years' Losses	\$0.2	<b>\$0.2</b>
Total Gross Operating Expenses	\$7.4	<b>\$7.0</b>
Total Net Operating Expenses	\$7.4	<b>\$6.9</b>
Return on investments	3.5%	<b>4.55%</b>

## ECONOMIC OVERVIEW

DICO fulfills its mandate in a complex and dynamic environment. The economy, the performance of insured institutions and legislative and regulatory developments are continually monitored.

Through 2007 the Ontario economy remained strong; however, the higher Canadian dollar and the economic slowdown in the United States has impacted the various sectors of the economy which, in turn, have an effect on the credit union/caisses populaire sector. This trend is expected to continue through 2008. The Ontario economy is expected to show continued modest growth during 2008 depending on the depth of the economic slowdown in the USA.

The well-publicized difficulties with asset backed securities have led to tightening credit markets and an overall decline in liquidity both in the economy as a whole and in the credit union and caisse populaire sector. As the situation is clari-

fied, appropriate market values for these securities should be established and the market should normalize over time.

## OVERVIEW OF ONTARIO CREDIT UNIONS AND CAISSES POPULAIRES

Ontario's relatively strong economic environment has contributed to the credit union and caisse populaire sector's performance over the past few years. Overall, the sector is well capitalized and relatively stable although a number of competitive, economic and other pressures are impacting some individual institution's performance.

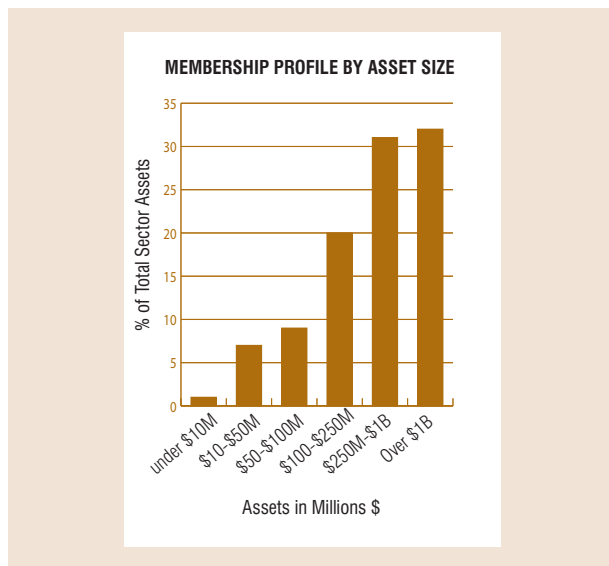
During 2007 consolidation in the industry continued. The number of active insured institutions declined by 12 to a total of 207 as a result of mergers or wind-ups. Today, close to 50% of the assets of the Ontario movement are held by the largest 10 insured institutions.

DICO'S MEMBERSHIP PROFILE... AT A GLANCE....		
	2007	2006
Number of Member Institutions	<b>207</b>	219
Total Assets (billions)	<b>\$26.0</b>	\$24.5
Total Deposits (billions)	<b>\$22.8</b>	\$21.7
Insured Deposits (billions)	<b>\$18.5</b>	\$17.8
% of Total Deposits	<b>81%</b>	82%
Regulatory Capital Ratio (leverage basis)	<b>7.26%</b>	7.11%
Asset Quality (loan costs % of average assets)	<b>0.13%</b>	0.12%
Profitability (net income % of average assets)	<b>0.42%</b>	0.40%

Aggregate on-balance sheet assets and deposits exhibited growth year over year of over 5% to \$26 billion. Growth in commercial loans remained very strong at 15% while aggregate residential mortgage loans showed slower growth at 5%. At the end of 2007 gross liquidity fell to 13.2% continuing a three year downward trend.

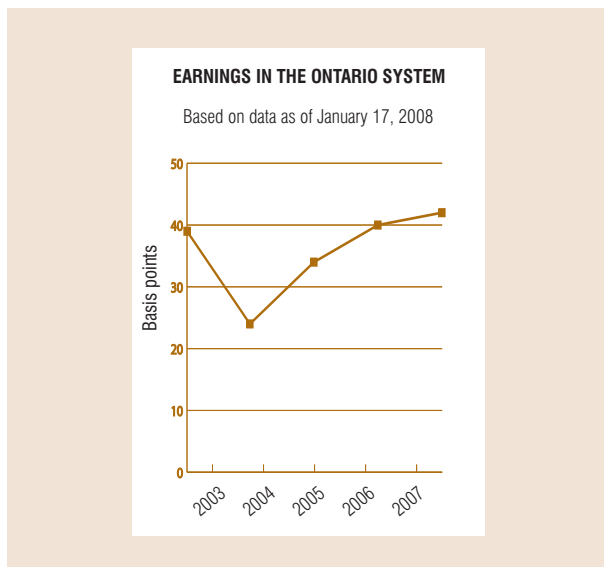
Aggregate capital within the sector improved to 7.26% of assets of which over 4% was retained earnings. At the end of 2007, all but three in-

sured institutions (all of which are under DICO's Supervision) met the prescribed statutory minimum capital requirements.

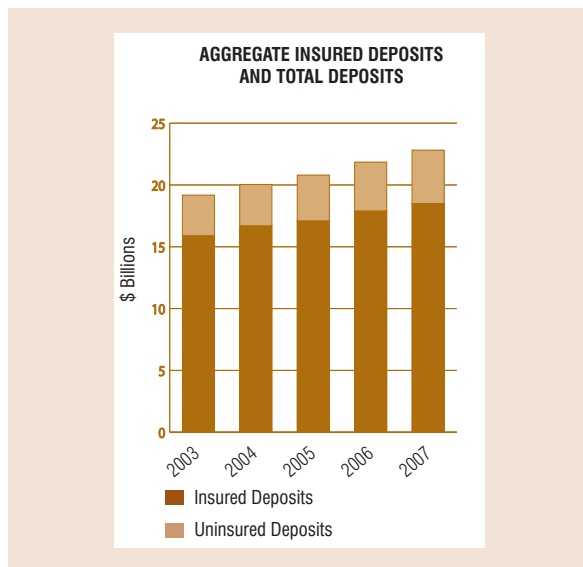
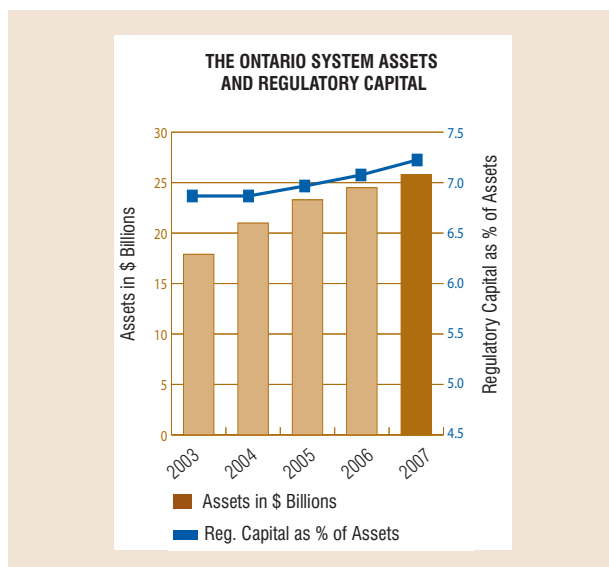


Throughout 2007 the sector's aggregate credit risk, as measured by aggregate loan costs, and delinquency increased but remained within acceptable levels. In addition, the coverage ratio (loan allowances as a percentage of impaired loans) is stable despite increasing delinquencies. Gross delinquency greater than 30 days decreased slightly to 99 basis points of total loans compared to 117 basis points in 2006.

Profitability during 2007 increased slightly to 42 basis points from 40 basis points in 2006. A number of institutions experienced operating losses during 2007. These institutions are being closely monitored to ensure that either the underlying reasons for the losses are being rectified or that sufficient capital is being injected by members to support their continued viability.



During 2007, adherence to the Standards of Sound Business and Financial Practices continued to increase as measured by the results of the On-Site Verification (inspection) program. By the end of the year over 90% of insured institutions, including virtually all larger institutions, had achieved full compliance with all standards – an improvement from the prior year.



DICO's Differential Premium System (DPS) is based on the aggregate risk profiles of institutions using quantitative and qualitative factors for five key components - capital, asset quality, adherence to standards of sound business and financial practices, earnings, and interest rate risk. The following table demonstrates the positive migration to lower premium rate tiers over the past four years. As a result, the average premium rate for deposit insurance continues to decline.

<b>OVERALL DPS RISK RATINGS: 2003 TO 2007 DISTRIBUTION BASED ON % OF SYSTEM ASSETS RATE PER \$1,000 INSURED DEPOSITS</b>						
<b>Premium Rate \$</b>	<b>Risk Level</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
0.90	Low	30%	38%	36%	34%	<b>42%</b>
1.00	Low	39%	40%	48%	53%	<b>46%</b>
1.15	Mod.	30%	20%	15%	6%	<b>10%</b>
1.40	High	1%	1%	1%	7%	<b>2%</b>
2.10	High	0%	1%	0%	0%	<b>0%</b>

In the context of a continuing low interest rate and competitive market environment, the Ontario credit union and caisse populaire sector has further consolidated and, at the same time, grown to expand services to communities across the province. While profitability in some insured institutions continues to be a concern for their future viability in this competitive financial services marketplace, generally the sector remains stable.

**LEGISLATIVE AND REGULATORY DEVELOPMENTS**

In May 2007 Bill 187, which includes amendments to the Credit Unions and Caisses Populaires Act, received Royal Assent. When the amendments to the Act are proclaimed later in 2008, they will provide credit unions and caisses populaires with broader powers to compete in the financial services marketplace. DICO's role, responsibilities and powers will be expanded to include solvency regulation with broader scope to protect depositors and members and to contribute to the stability of the sector.

# DICO's Risk Management

DICO's risks are managed in the context of our framework for Enterprise Risk Management – a well defined set of board approved risk management policies and practices to ensure that the board, the Risk Management Committee of the board and management understand and respond to the risks to which we are exposed. We have segmented our risks into the following major categories:

- Insurance Risks
- Strategic Risks
- Financial Risks
- Operational Risks
- Compliance Risks

The table below sets out in more detail these risks and our assessment of the risk rating and trend.

OVERVIEW OF DICO'S ASSESSMENT OF SIGNIFICANT RISKS		
DESCRIPTION OF RISK	RISK LEVEL	RISK TREND
<b>DEPOSIT INSURANCE RISKS: DICO'S RISK OF LOSS RESULTING FROM:</b>		
<p><b>- Risk Assessment / Monitoring Risk</b> The risk that DICO does not promptly or systematically identify insured institutions that pose an unacceptable level of insurance risk resulting in financial loss.</p>	MODERATE	—
<p><b>- Risk Management / Intervention Risk</b> The risk that DICO does not take appropriate action with respect to an unacceptable level of insurance risk posed by an insured institution resulting in financial loss.</p>	MODERATE	—
<p><b>- Failure / Loss Management Risk</b> The risk that DICO does not take appropriate action to manage insured institutions that are under Administration or in Liquidation resulting in increased financial loss.</p>	MODERATE	—
<p><b>- Risk of Institutional Failure Due to Fraud</b> The risk of failure of an institution due to significant fraud in small insured institutions which do not have sufficient separation of duties or internal audit functions.</p>	HIGH	▲
<p><b>STRATEGIC RISKS</b> DICO's risk of loss resulting from failure of the Regulatory framework and DICO's strategies to address significant and /or emerging risks including: Regulatory Framework and Government Policy Risks; Political Risks; Strategic Direction Risk and Regulatory Risk</p>	LOW / MODERATE	—
<p><b>FINANCIAL RISKS</b> DICO's risk of loss associated with managing its assets and liabilities including: Liquidity Risk; Investment/Market Risk, Internal Controls Risk and Adequacy of the Deposit Insurance Reserve Fund Risk</p>	LOW / MODERATE	▼
<p><b>OPERATIONAL RISKS</b> DICO's risk of loss resulting from inadequate or ineffective internal processes, people and systems, or from external events including: Liability Risk, Property Risk, Communications Risk, Health &amp; Safety Risks, Business Continuity Risk, Technology Risks, Human Resources Risk and Reputation Risk</p>	LOW / MODERATE	—
<p><b>COMPLIANCE RISKS</b> DICO's risk of loss resulting from failure to comply with all applicable legislation and directives including: Credit Unions and Caisses Populaires Act Risk, Management Board Directives Risk, Income Tax Act Risk, Human Resources Legislation Risk and other legislative risk.</p>	LOW	—

# PERFORMANCE AGAINST STRATEGIC OBJECTIVES 2007

## PERFORMANCE AGAINST PLAN

To fulfil its statutory mandate, DICO established five key corporate objectives in its Corporate Plan:

- Proactively assess and manage risk to the fund and depositors;
- Minimize the cost of deposit insurance to insured institutions;
- Ensure that sufficient financial reserves are available to protect depositors' funds;
- Maintain collaborative relationships with our stakeholders; and
- Be as efficient and effective as possible.

DICO's Corporate Scorecard, presented below, indicates that progress against the majority of key performance indicators proceeded as planned for the year ended December 31, 2007.

As a result of unexpected institutional failures, our fund target of 60 basis points of insured deposits was not reached. The deposit insurance fund was at 57 basis points – 3 basis points or \$4.4 million below target.

**In its Corporate Plan for 2007 to 2009, DICO outlined its key strategic objectives for the period. DICO is pleased to report on its achievements of its 2007 major objectives.**

KEY STRATEGIC OBJECTIVES & PERFORMANCE INDICATORS	2007 PERFORMANCE AGAINST TARGETS
<b>Proactively assess and manage risk to the Fund</b>	<ul style="list-style-type: none"> <li>• Managed failure of three institutions and ensured all depositors were protected</li> <li>• Risk profiles completed for all insured institutions</li> <li>• High-risk institutions are identified early; those meeting intervention criteria are placed in appropriate program</li> <li>• Assisted Ministry of Finance in drafting amendments to legislation and regulations</li> </ul>
<b>Enhance the financial soundness of the System</b>	<ul style="list-style-type: none"> <li>• All but three insured institutions fully capitalized and average capital (as a % of assets) in the System approximates 7.3% - over 2% above the required minimum</li> <li>• Adherence to standards of sound business and financial practices increased to 90%</li> </ul>
<b>Minimize the cost of deposit insurance to insured institutions</b>	<ul style="list-style-type: none"> <li>• Cost of deposit insurance reduced to an average rate of \$0.97 per \$1,000 of insured deposits compared to \$0.98 in 2006</li> </ul>
<b>Sufficient financial resources to ensure depositor confidence</b>	<ul style="list-style-type: none"> <li>• Loan guarantee of \$150 million in place until 2008</li> <li>• Ontario Financing Authority managing Deposit Insurance Reserve Fund and increasing fund returns</li> </ul>
<b>Deposit Insurance Reserve Fund to an interim target of \$110.6 million by the end of 2007</b>	<ul style="list-style-type: none"> <li>• Fund \$105.3 million at the end of 2007</li> <li>• Gross Insurance losses amounted to \$10.8 million before recoveries</li> </ul>
<b>Maintain collaborative relationships with stakeholders</b>	<ul style="list-style-type: none"> <li>• Protocols and memoranda of understanding have been maintained with the Minister of Finance, FSCO, La Fédération and L'Alliance des caisses populaires</li> <li>• Advisory and ad-hoc committees provide industry input</li> </ul>
<b>Maintain DICO's effectiveness and efficiency</b>	<ul style="list-style-type: none"> <li>• Enterprise Risk Management process continually improved</li> <li>• Net operating expenses 7% below plan</li> </ul>

## 2008 - BALANCED SCORECARD OVERVIEW

Due to the anticipated change in DICO's role when amendments to the Credit Unions and Caisses Populaires Act are proclaimed DICO has defined four strategic objectives for 2008. The charts indicate the key strategic and performance indicators for each strategic objective.

<b>STRATEGIC OBJECTIVE: PROACTIVE AND BALANCED RISK-BASED REGULATION AND RISK MANAGEMENT</b>	
<b>MEASURE/TARGET: Compliance with the regulations (capital, liquidity, sound business and financial practices)</b>	
<b>KEY STRATEGIES</b>	<b>KEY PERFORMANCE INDICATORS (MEASURE/TARGET)</b>
<b>1.1 Effective Risk Assessment (monitoring and examinations)</b>	<ul style="list-style-type: none"> <li>• Identification of all high-risk institutions within 90 days of reporting / examination</li> </ul>
<b>1.2 Utilize the terms and conditions of the Policy of Deposit Insurance to manage insurance risks</b>	<ul style="list-style-type: none"> <li>• Change in risk ratings</li> </ul>
<b>1.3 Appropriate intervention</b>	<ul style="list-style-type: none"> <li>• All insured institutions that meet defined risk-based criteria assigned to appropriate program</li> <li>• Improved risk rating of institutions in Watch List or Supervision (Graduation from programs)</li> </ul>
<b>1.4 Effective failure resolution</b>	<ul style="list-style-type: none"> <li>• Maintaining Public Confidence</li> <li>• Protection of Depositors</li> <li>• Net cost to DIRF</li> </ul>
<b>1.5 Depositor payout and liquidations</b>	<ul style="list-style-type: none"> <li>• Depositors paid according to entitlement within 30 days</li> <li>• Maximize recovery of assets of institutions in liquidation</li> </ul>
<b>1.6 Compliance with standards of Sound Business and Financial Practices (By-law #5)</b>	<ul style="list-style-type: none"> <li>• 100% compliance or, if non-compliant, under intervention program</li> </ul>
<b>1.7 Develop a new Differential Premium System (DPS)</b>	<ul style="list-style-type: none"> <li>• New risk-based equitable DPS</li> <li>• Approval of new DPS by government</li> <li>• Effective Consultation Process</li> </ul>
<b>1.8 Develop and publish regulatory guidelines and standards</b>	<ul style="list-style-type: none"> <li>• Compliance with guidelines and standards</li> </ul>
<b>1.9 Collection and publication of information</b>	<ul style="list-style-type: none"> <li>• All user needs satisfied</li> </ul>
<b>STRATEGIC OBJECTIVE: SOUND CORPORATE GOVERNANCE</b>	
<b>MEASURE/TARGET: Successful completion of Business Plan and compliance with relevant Statutes</b>	
<b>KEY STRATEGIES</b>	<b>KEY PERFORMANCE INDICATORS (MEASURE/TARGET)</b>
<b>2.1 Sound governance of DICO</b>	<ul style="list-style-type: none"> <li>• Compliance with DICO's policies and procedures</li> <li>• Compliance with the Act, Management Board Secretariat (MBS) and government directives</li> </ul>
<b>2.2 Framework for Enterprise Risk Management</b>	<ul style="list-style-type: none"> <li>• Identification and management of all material risks</li> <li>• Appropriate allocation of resources</li> </ul>
<b>2.3 Adequate Deposit Insurance Reserve Fund (DIRF)</b>	<ul style="list-style-type: none"> <li>• DIRF within approved target</li> <li>• Risk level (preservation of capital), liquidity (within requirements), return (in excess of benchmark)</li> </ul>

<b>2.4 Maintain appropriate contingency financing arrangements (Government Guarantee, Line of Credit)</b>	<ul style="list-style-type: none"> <li>• Adequate Liquidity to manage various failure scenarios</li> </ul>
<b>2.5 Information Technology (IT) Strategy</b>	<ul style="list-style-type: none"> <li>• Reliable and effective IT support in place for all major corporate operations</li> <li>• Less than 2% downtime</li> </ul>
<b>2.6 Planning and Accountability</b>	<ul style="list-style-type: none"> <li>• Effective: Corporate Plan; Balanced Scorecard; Annual Report; Annual Meeting</li> <li>• Stakeholder feedback</li> </ul>
<b>2.7 Establish Ombudsman function</b>	<ul style="list-style-type: none"> <li>• Number of complaints</li> <li>• All Complaints Resolved</li> </ul>
<b>2.8 Revised Comprehensive Human Resources (HR) Strategy</b>	<ul style="list-style-type: none"> <li>• HR Strategy in place</li> <li>• Employee Satisfaction (above benchmark)</li> <li>• Training and Development</li> <li>• Succession Plan</li> </ul>

**STRATEGIC OBJECTIVE: EFFECTIVE PUBLIC & STAKEHOLDER AWARENESS**

**MEASURE/TARGET: Level of Transparency and Accessibility of all appropriate information**

<b>KEY STRATEGIES</b>	<b>KEY PERFORMANCE INDICATORS (MEASURE/TARGET)</b>
<b>3.1 Comprehensive Website: Information for depositors and public information for insured institutions and other stakeholders</b>	<ul style="list-style-type: none"> <li>• Ready access to all appropriate information about DICO's operations</li> <li>• User survey</li> </ul>
<b>3.2 Maintain toll-free telephone access</b>	<ul style="list-style-type: none"> <li>• Ready access to appropriate information (response rate 100% within service standards)</li> </ul>
<b>3.3 "Point of Sale" information</b>	<ul style="list-style-type: none"> <li>• Informative brochures and Quick Reference Guides (measured by further enquiries)</li> </ul>
<b>3.4 Communications</b>	<ul style="list-style-type: none"> <li>• Implementation of Communications Plan</li> <li>• Survey results</li> </ul>

**STRATEGIC OBJECTIVE: STRONG PARTNERSHIPS**

**MEASURE/TARGET: Partners' (Stakeholders and DICO) satisfaction as measured by direct feedback**

<b>KEY STRATEGIES</b>	<b>KEY PERFORMANCE INDICATORS (MEASURE/TARGET)</b>
<b>4.1 Strategic alliances with the Ministry, La Fédération, L'Alliance, Central One, Regulators – FSCO, FINTRAC, OSFI</b>	<ul style="list-style-type: none"> <li>• Effective working relationships (feedback from strategic alliance partners)</li> </ul>
<b>4.2 Stakeholder Consultations</b>	<ul style="list-style-type: none"> <li>• Annual Meeting</li> <li>• Awareness of stakeholder issues and support for DICO's initiatives</li> </ul>
<b>4.3 Interprovincial, national and international networks</b>	<ul style="list-style-type: none"> <li>• Shared expertise and effective working relationships</li> </ul>
<b>4.4 External experts and other professionals</b>	<ul style="list-style-type: none"> <li>• Adequacy of potentially required external resources</li> </ul>

## FINANCIAL OVERVIEW

The following analysis provides a review of the Corporation's financial performance for 2007 focusing on the Consolidated Statement of Operations and Changes in the Deposit Insurance Reserve Fund. Management's Discussion and Analysis (MD&A) should be read in conjunction with the Corporation's Consolidated Financial Statements and related notes for the year ended December 31, 2007.

### 2007 CONSOLIDATED FINANCIAL OVERVIEW

Effective January 2005, DICO adopted the Canadian Institute of Chartered Accountants' "CICA" Accounting Guideline 15 on the consolidation of variable interest entities "VIEs". For 2007 the consolidated financial statements combined DICO's results and those of seven institutions in liquidation that met the VIE criteria for consolidation, after the elimination of inter-company transactions and balances. Details of this accounting policy are provided in Note 1(B) of the Notes to the Consolidated Financial Statements.

The impact of the VIE consolidation on DICO's financial statements as at December 31, 2007 (after elimination of inter-company transactions) is a net increase in total assets of \$8 million and an increase in liabilities of \$9 million. The statement of operations also reflects an increase in other income of \$0.4 million and an increase in operating expenses of \$1.2 million. The net impact on DICO's Deposit Insurance Reserve Fund (DIRF) is a reduction of \$0.9 million.

### SELECTED CONSOLIDATED FINANCIAL AND OTHER HIGHLIGHTS:

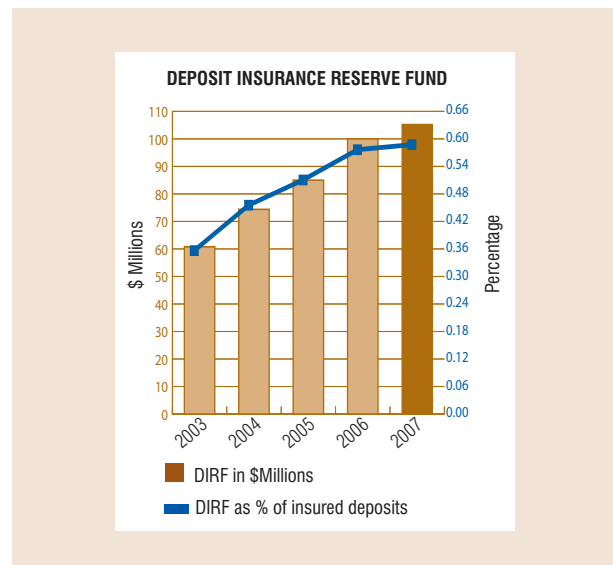
For the year ended December 31 (in thousands \$)	2007 \$	2006 \$	2005 \$	Change from 2006		Compared to Target	2007 Target* \$
				\$	%		
Deposit Insurance Reserve Fund	105,308	100,020	85,004	5,288	5	X	109,739
\$ of System Insured Deposits (in Billions)	18.5	17.8	17.0	0.7	4	X	18.6
DIRF as % of System Insured Deposits	0.57%	0.56%	0.50%	-	0.01	X	0.60%
Premium income	17,414	16,845	16,513	569	3	X	17,766
Other income	5,448	4,177	2,460	1,271	30	✓	4,303
Gross operating expenses	7,025	5,775	5,699	1,250	22	✓	7,372
Provision for insurance losses	10,800	500	3,188	10,300	2,060	X	5,000
Recovery of insurance losses	196	212	499	(16)	(8)	-	196
Recovery of operating expenses	55	57	68	(2)	(4)	✓	0

\*For comparative purposes, 2007 Target Included VIE operations

### DEPOSIT INSURANCE RESERVE FUND (DIRF)

The Deposit Insurance Reserve Fund increased by \$5.3 million (5%) during 2007 to reach \$105.3 million at the end of the year, which represents 57 basis points of the system's insured deposits. In 2007, total income amounted to \$22.9 million, against net operating expenses of \$7.0 million and a net provision for insurance losses of \$10.6 million, resulting in a net gain for the year of \$5.3 million. The increase in DIRF, compared to target, was primarily attributable to an increase in investment income and tight control of operating expenses, which were offset by a significant increase in new provisions for insurance losses of \$10.8 million.

The DIRF was below the target of \$109.7 million by \$4.4 million mainly due to the new insurance loss provisions of \$10.8 million, compared to a forecast of \$5 million. This variance was due to the failure of five institutions, four of which have been placed in liquidation and one institution which is under supervision.



#### PREMIUM INCOME

Premium income for the year increased by \$0.57 million, or 3%, to \$17.4 million. This increase was due to growth in insured deposits (3.4%) partially offset by marginally lower risk profiles in the system. The average premium rate in 2007 was \$0.97 per thousand of insured deposits (\$0.98 in 2006).

Differential premium rates in effect for 2007 remained unchanged from 2006. Premiums are based on the total amount of insured deposits held by insured institutions as of their fiscal year ends, calculated in accordance with the Differential Premium Risk Classification System as defined by the Regulation.

THE PREMIUM RATE STRUCTURE IS AS FOLLOWS:					
Premium Class	5	4	3	2	1
Risk Rating	0 to 39.9	40 to 54.9	55 to 69.9	70 to 84.9	85 to 100
Premium Rate	\$2.10	\$1.40	\$1.15	\$1.00	\$0.90

#### OTHER INCOME

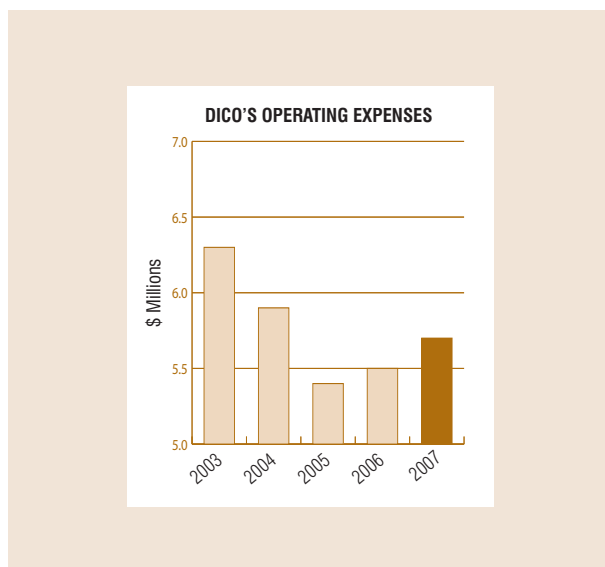
Other income for the year increased by \$1.3 million, or 30%, from 2006. Interest earned from cash and investments totalled \$5.4 million (including \$0.4 million due to the consolidation of VIEs) and other miscellaneous income of \$28 thousand. The increase is due primarily to higher cash and investment balances and higher average yields earned during the year. The Ontario Financing Authority (OFA) manages the Corporation's investment portfolio under an investment management agreement. The portfolio is invested in 100% money market securities and yielded 4.55% for the twelve months of 2007 (4.09% in 2006).

#### PROVISION FOR DEPOSIT INSURANCE LOSSES

The increase in the provision for insurance losses for 2007 was \$10.8 million, compared to \$0.5 million last year. This increase was due to the new insurance loss provisions for four of the five institutions placed into liquidation and one institution placed under supervision during the year.

#### OPERATING EXPENSES

Gross operating expenses for 2007 totalled \$7.0 million, an increase of \$1.2 million compared to last year's expenses of \$5.8 million. The increase was due to the consolidation of VIEs expenses of \$1.2 million. DICO's operating expenses before the consolidation were \$5.7 million, \$0.3 million below the target for the year of 2007.



## SUMMARY REVIEW OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

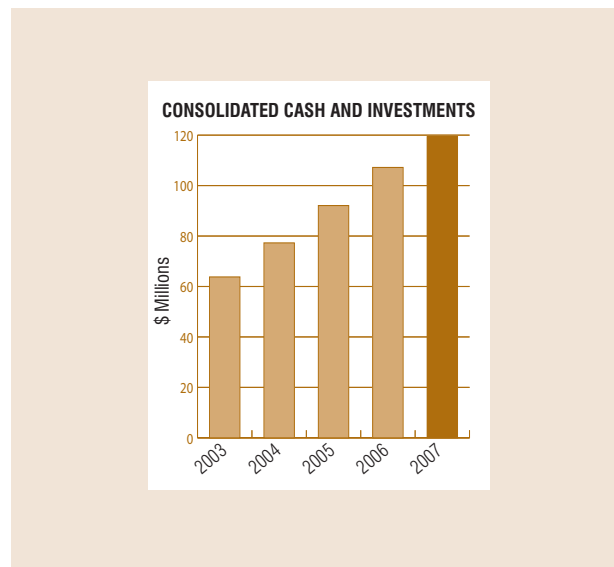
Total consolidated assets increased by \$20.3 million, or 18% from last year to \$131.0 million at December 31, 2007. Combined cash and investments increased by \$12.2 million; loans receivable (net of allowances) of the VIEs increased by \$6.9 million; combined premiums and other receivables increased by \$0.6 million; and capital assets (net of accumulated depreciation) increased by \$0.6 million.

Total consolidated liabilities increased by \$14.8 million, or 138%, from last year to \$25.5 million. The most significant increases are the membership shares of \$0.7 million and deposits of \$12.5 million consolidated from the VIEs (total of seven institutions in liquidation).

### CASH AND INVESTMENTS

With the adoption of the new accounting standards related to financial instruments effective January 1, 2007, all investments are classified as “available-for-sale”, and are measured at fair market value with unrealized gains and losses recorded in the consolidated statement of comprehensive income until the investment is sold. As at December 31, 2007, cash and investments totalled \$119.4 million compared with \$107.2 million last year, an increase of \$12.2 million of which \$5.1 million cash was the increase from VIE consolidation. The Corporation’s investment portfolio showed a weighted average effective yield of 4.01% as at December 31, 2007, compared to 4.20% at the end of last year. All investments are highly liquid, fixed rate contracts and are R1 Mid or better on the DBRS scale. The portfolio does not have any exposure to the Asset-Backed Commercial Paper market.

DICO’s investment policy is to invest in shorter term, low-risk, securities in order to meet its possible liquidity needs in the event of an institutional failure, and to comply with the requirements of both the Income Tax Act and Regulation 78/95 of the *Credit Unions and Caisses Populaires Act, 1994*.



### LOANS

When institutions are placed in liquidation and DICO is appointed as liquidator, DICO has the obligation to realize on the assets of the estate of each institution. One of the major components of the assets of these institutions is loans. As of December 31, 2007, consolidated loans (net of allowances \$5.7 million) amounted to \$7.2 million. A total of five new institutions were placed in liquidation during 2007. The general process for determining the loan allowances by institution’s management is through identification and determination of losses related to specific loan portfolios. It inherently requires the use of management’s best judgements and estimates.

### ACCRUAL FOR DEPOSIT INSURANCE LOSSES

The accrual for deposit insurance losses includes both provisions for specific losses and a general accrual for losses. After consolidating the VIEs in liquidation, the accrued deposit insurance losses as of December 31, 2007 were \$5.8 million. This amount includes a specific provision of \$2.5 million for an institution under supervision and \$1.5 million for institutions in liquidation. A general accrual for losses of \$1.75 million, which reflects management’s best estimate of losses on insured deposits arising from the inherent risk in insured institutions, was also recorded.

## MANAGEMENT'S RESPONSIBILITY

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The Deposit Insurance Corporation of Ontario's management is responsible for the integrity and fair presentation of the financial statements included in the annual report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The Corporation maintains systems of internal accounting controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate and reliable and that company assets and liabilities are adequately accounted for and assets safeguarded.

The consolidated financial statements have been reviewed by the Corporation's Audit and Finance Committee and have been approved by its Board of Directors. In addition, the financial statements have been examined by KPMG LLP, the auditors, whose report follows.

Andy Poprawa, CA  
*President & CEO*

James Maxwell  
*Chief Administrative  
and Financial Officer*

Toronto, Canada  
January 25, 2008

## AUDITORS' REPORT

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KPMG LLP

### **To the Board of Directors of Deposit Insurance Corporation of Ontario**

We have audited the Consolidated Statement of Financial Position of Deposit Insurance Corporation of Ontario as at December 31, 2007 and the Consolidated Statements of Operations and Changes in the Deposit Insurance Reserve Fund, Comprehensive Income and Cash Flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada  
January 25, 2008

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2007, with comparative figures for 2006 (in thousands of dollars)

	2007	2006
<b>Assets</b>		
Cash and short-term investments (note 2)	\$ 9,376	\$ 24,599
Investments (note 3)	110,011	82,637
Loans (net of allowance of \$5,746 (2006 - \$1,642)) (note 4)	7,161	307
Premiums receivable	2,965	2,590
Interest and other receivables	631	315
Capital assets (net of accumulated amortization of \$3,619 (2006 - \$3,405))	851	239
<b>Total Assets</b>	<b>\$130,995</b>	<b>\$110,687</b>
<b>Liabilities</b>		
Payables and accruals	\$ 3,239	\$ 2,940
Member shares and deposits of institutions in liquidation (note 5)	13,324	116
Deferred premium income	3,079	2,821
Accrual for deposit insurance losses (note 6)	5,826	4,790
<b>Total Liabilities</b>	<b>25,468</b>	<b>10,667</b>
<b>Equity</b>		
Deposit insurance reserve fund	105,308	100,020
Accumulated other comprehensive income	219	-
<b>Total Equity</b>	<b>105,527</b>	<b>100,020</b>
<b>Total Liabilities and Equity</b>	<b>\$130,995</b>	<b>\$110,687</b>

Lease Commitments (note 7)

Contingencies (note 12)

See accompanying notes to consolidated financial statements.

### On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN THE DEPOSIT INSURANCE RESERVE FUND

Year ended December 31, 2007, with comparative figures for 2006 (in thousands of dollars)

	2007	2006
<b>Income</b>		
Premium income	\$ 17,414	\$ 16,845
Other income	5,448	4,177
	<u>22,862</u>	<u>21,022</u>
<b>Expenses</b>		
Provision for losses	10,604	288
Salaries and benefits	3,686	3,505
Operating expenses - DICO	2,057	2,015
Operating expenses - credit unions in liquidation	1,282	255
Recovery of operating expenses	(55)	(57)
	<u>17,574</u>	<u>6,006</u>
<b>Excess of income over expenses</b>	<b>5,288</b>	<b>15,016</b>
Deposit Insurance Reserve Fund, beginning of year	<u>100,020</u>	<u>85,004</u>
<b>Deposit Insurance Reserve Fund, end of year</b>	<b><u>\$ 105,308</u></b>	<b><u>\$100,020</u></b>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2007, with comparative figures for 2006 (in thousands of dollars)

	2007	2006
<b>Excess of income over expenses</b>	<b>\$ 5,288</b>	\$ 15,016
<b>Other comprehensive income:</b>		
Unrealized gains (losses) on available-for-sale investments arising during the year	(6)	0
<b>Comprehensive income</b>	<b>\$ 5,282</b>	\$ 15,016

### Statement of Accumulated Other Comprehensive Income

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Accumulated other comprehensive income, beginning of year (note 3)	\$ 225	\$ 0
Sale of available-for-sale investment from opening balance of accumulated other comprehensive income	(225)	0
Unrealized gains and losses on available-for-sale investments arising during the year	219	0
Net change during the year	(6)	0
<b>Accumulated other comprehensive income, end of year</b>	<b>\$ 219</b>	\$ 0

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2007, with comparative figures for 2006 (in thousands of dollars)

	2007	2006
<b>Cash received from (applied to)</b>		
<b>Operations</b>		
Excess of income over expenses	\$ 5,288	\$ 15,016
Items charged to operations not affecting cash		
Provision for losses	10,604	288
Loss (gain) on disposal of capital assets	3	(4)
Unrealized loss (gain) on available-for-sale investments arising during the year	219	-
Amortization	152	118
Acquisitions of capital assets of institutions in liquidation	(83)	-
	<u>16,183</u>	<u>15,418</u>
Changes in		
Loans	(6,880)	38
Premiums receivable	(375)	18
Interest and other receivables	(316)	(165)
Payables and accruals	299	853
Membership shares and deposits of institutions in liquidation	13,208	(578)
Deferred premium income	258	49
	<u>6,194</u>	<u>215</u>
Changes in cash balances of institutions in liquidation	(9,547)	576
Net advances by deposit insurer	9,580	115
Net deposit insurance advances (note 6)	(9,575)	(1,060)
	<u>(9,542)</u>	<u>(369)</u>
	<u>12,835</u>	<u>15,264</u>
<b>Investing activities</b>		
Purchase of investments	(110,011)	(82,637)
Proceeds on sale of investments	82,637	88,289
Purchase of capital assets	(687)	(163)
Proceeds on sale of capital assets	3	8
	<u>(28,058)</u>	<u>5,497</u>
<b>Increase (decrease) in cash position during the year</b>	<b>(15,223)</b>	<b>20,761</b>
Cash position, beginning of year	24,599	3,838
<b>Cash position, end of year</b>	<b>\$ 9,376</b>	<b>\$ 24,599</b>
Supplementary cash flow information:		
Loan guarantee fee paid during the year	\$ 8	\$ 14
Interest received during the year	\$ 5,350	\$ 4,069

Cash position is defined as cash and short-term investments less any borrowings (note 2)

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

### GENERAL

Deposit Insurance Corporation of Ontario (“DICO” or “the Corporation”) is an "Operational Enterprise" Agency of the Province of Ontario established without share capital under the provisions of the Credit Unions and Caisses Populaires Act, 1994 (“the Act”).

The statutory objects of the Corporation under the Act are to:

- provide deposit insurance to depositors of member institutions;
- act as stabilization authority for the credit union and caisse populaire system;
- promote standards of sound business and financial practices;
- collect and publish statistics;
- provide financial assistance to member institutions;
- act as administrator of member institutions;
- minimize deposit insurance risk and size of claims.

On May 18, 2007 Bill 187 which included amendments to the Act that will revise the Corporation’s mandate and its responsibilities received Royal Assent. The amendments are expected to be proclaimed in 2008.

The Act empowers the Corporation to assess its member institutions deposit insurance premiums to meet the Corporation's requirements for insurance funding and administrative costs. The Corporation establishes its premium rates annually. They are approved by the Government of Ontario and incorporated into the regulations through appropriate amendments as necessary.

Any borrowings of the Corporation are guaranteed by a Minister of Finance's guarantee on behalf of the Province of Ontario. The guarantee is for a maximum of \$150 million and continues until December 31, 2008. In addition to a guarantee fee of one-half of one per cent of the av-

erage end of day balance outstanding of any debt obligation subject to the Minister's guarantee, the Province of Ontario charges a fee of 5 basis points on the unused portion of any credit facility guaranteed for the period ending December 31 of each year during which the guarantee is in effect. The Corporation has in place a revolving credit facility with a Canadian chartered bank in the amount of \$10 million, approved by the Ontario Financing Authority which administers the Minister's guarantee. The standby fee charged by the Chartered bank is 3 basis points on average unused portion of the credit facility, payable in arrears quarterly.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles “GAAP”. To facilitate a better understanding of our consolidated financial statements, the Corporation has disclosed its significant accounting policies as summarized below.

#### (A) BASIS OF CONSOLIDATION:

These consolidated financial statements include the assets and liabilities and results of operations of all variable interest entities “VIEs” where the Corporation is the primary beneficiary after elimination of inter-company transactions and balances.

#### (B) FINANCIAL INSTRUMENTS:

##### *Changes in accounting policy:*

On January 1, 2007 the Corporation adopted the new financial instruments accounting standards that were issued by the Canadian Institute of Chartered Accountants “CICA”. They include Handbook Section 1530, Comprehensive Income, and Handbook Section 3855, Financial Instruments - Recognition and Measurement. This change in accounting policy requires that we present a Consolidated Statement of Comprehensive Income, which is comprised of the excess of income over expenses and changes in

unrealized gains or losses related to available-for-sale investments. This change in accounting policy is applied on a prospective basis with no restatement of prior year.

**(C) VARIABLE INTEREST ENTITIES:**

In 2005, the Corporation adopted the accounting guideline on the consolidation of VIEs. VIEs include entities in which the equity investors do not have a controlling financial interest or the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support by other parties. AcG-15 requires the consolidation of a VIE by its primary beneficiary defined as the party that receives the majority of expected residual returns and/or that absorbs the majority of the entity's expected losses. As liquidator of the estates of credit unions in liquidation, it has been determined that these rules require the Corporation to consolidate credit unions in liquidation if claims by DICO against the estate represent more than 50% of the total liabilities of the credit unions during the year. The assets and liabilities of the credit unions which meet the criteria for consolidation were recorded in the Corporation's books at their respective fair values as of December 31, 2007 and 2006.

**(D) PREMIUM INCOME:**

Premiums are based on a Differential Premium Risk Classification System as defined by regulation applied to insured deposits held by member institutions. Premium income is calculated based on the Annual Member Institution Return submitted by the member institution, which is due 75 days after its fiscal year end. Premium income is recognized when earned.

**(E) PROVISION FOR LOSSES:**

The provision for losses includes allowances against deposit insurance advances to member institutions in liquidation and an accrual for losses for which advances have not been made at the date of the Consolidated Statement of Financial Position.

Funds advanced in respect of deposit insurance and loans to member institutions are initially recorded at cost. Deposit insurance advances re-

coverable are presented on the Consolidated Statement of Financial Position net of allowances thereon.

The accrual for deposit insurance losses includes both provisions for specific losses and a general accrual for losses. Specific provisions for losses in respect of insured deposits are estimated by management and recorded when conditions exist, in management's opinion, that will likely result in losses to the Corporation.

The general accrual for losses reflects management's best estimate of losses on insured deposits arising from the inherent risk in member institutions. The provision is established by assessing the aggregate risk in member institutions based on current market and economic conditions, the likelihood of losses and the application of historic loss experience. Future economic conditions are not predictable with certainty and actual losses may vary, perhaps substantially, from management's estimates.

**(F) PENSION BENEFITS:**

Pension benefits include a defined contribution pension plan covering all of its regular, non-contractual employees as well as supplemental arrangements, which provide pension benefits in excess of registered pension plan limits. Earnings are charged with the cost of pension benefits earned by employees as service is rendered. Pension expense is determined by a fixed percentage of the employees' income plus the matching of the employees' contribution to a maximum of 4%. The Corporation assumes no actuarial or investment risk.

**(G) FUTURE NON-PENSION POST-RETIREMENT BENEFITS:**

Future non-pension post-retirement benefits relate to the Corporation's extended health, dental and life benefits for both active employees for whom a full eligibility date was determined and existing qualified retirees. The Corporation accrues obligations under these plans as the employees render the service necessary to earn the future benefits. The accrued benefits obligation is actuarially determined using the projected benefit method prorated on service. Cumulative gains and losses in excess of the accrued benefit

obligation at the beginning of the year are amortized over the expected average remaining service of active members.

#### (H) INVESTMENTS:

Investments are classified, based on management's intentions, as available for sale. They are measured at fair value with unrealized gains and losses recorded in other comprehensive income until realized or sold. Interest earned is calculated using the effective interest rate.

#### (I) CAPITAL ASSETS:

Capital assets are recorded at cost less accumulated amortization. Amortization of furniture and equipment is provided by the diminishing-balance method at the rate of 20 per cent per annum. Computer and related equipment and software are amortized over three years on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

#### (J) INCOME TAXES:

The Corporation uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

## 2. CASH AND SHORT-TERM INVESTMENTS

	December 31, 2007			December 31, 2006		
	Amount (thousands)	Weighted Average Effective Yield	Weighted Average Days to Maturity	Amount (thousands)	Weighted Average Effective Yield	Weighted Average Days to Maturity
Short-term investments	\$ -	-	-	\$ 22,984	4.35%	68
Cash	3,437			763		
Cash of institutions in liquidation	5,939			852		
<b>Total</b>	<b>\$ 9,376</b>			<b>\$ 24,599</b>		

The short-term investments have a term to maturity of less than 90 days on the date of purchase. All investments are highly liquid fixed rate contracts.

## 3. INVESTMENTS

On January 1, 2007, the Corporation adopted the CICA's new accounting requirements for financial instruments. The investments are financial instruments and, as such, classified as available-for-sale and are measured at fair value with unrealized gains and losses recorded in Consolidated Statement of Comprehensive Income until the investment is sold. On January 1, 2007, the investments were measured at fair value, as appropriate. A net unrealized gain of \$225 thousand was recorded in opening accumulated other comprehensive income on available-for-sale investments.

Investments have terms to maturity of 90 days or greater on the date of purchase. They have a weighted-average yield of 4.01% (2006: 4.20%). In compliance with the Corporation's investment policy and relevant statutes, all investments are highly liquid fixed rate contracts and are RI MID or better on the DBRS scale.

	December 31, 2007			December 31, 2006		
	Amount (thousands)	Weighted Average Effective Yield	Weighted Average Days to Maturity	Amount (thousands)	Weighted Average Effective Yield	Weighted Average Days to Maturity
Treasury Bills - Canada	\$ 72,884	3.83%	94	\$ 61,587	4.16%	95
Bankers' acceptances/Deposit Notes	37,127	4.63%	53	12,253	4.31%	31
Structured Securities	-	-	-	8,797	4.36%	36
<b>Total</b>	<b>\$ 110,011</b>	<b>4.01%</b>	<b>80</b>	<b>\$ 82,637</b>	<b>4.20%</b>	<b>75</b>

The Corporation has contracted the Ontario Financing Authority to manage its investment portfolio. The composition of DICO's investments reflects the nature of the Corporation's potential insurance obligations and is structured to comply with the requirements under both the Income Tax Act and Regulation 78/95 of the Credit Unions and Caisses Populaires Act, 1994.

## 4. LOANS (NET OF ALLOWANCE)

Loans (net of allowance) of \$7,161,000 (2006 - \$307,000) are comprised of loans of the estates of credit unions in liquidation of \$ 7,115,000 (2006 - \$235,000) as a result of the consolidation

of these estates being treated as variable interest entities and residual loans of \$46,000 (2006 - \$72,000) purchased by DICO from the estates of credit unions in order to complete the liquidation.

The aggregate allowance of \$5,746,000 (2006 - \$1,642,000) for impaired loans was established by the management of credit unions now in liquidation based on their own analysis or based on an independent contracted advisor's recommendation prior to DICO's appointment as liquidator. DICO has accepted the allowances as established. Any subsequent adjustments to the allowance are recorded as adjustments to DICO's provision for losses. A total of 5 new institutions were placed in liquidation during 2007. The general process for determining the loan allowances by institution's management is through identification and determination of losses related to specific loan portfolios. It inherently requires the use of management's best judgements and estimates. The liquidator uses the proceeds of the realized assets of each estate, supplemented as necessary by advances from DICO, to pay all creditors of the estate. The balance of realization proceeds are used to firstly repay DICO's advances and thereafter are distributed on a pro-rata basis to the members of the estate.

## 5. MEMBER SHARES AND DEPOSITS OF INSTITUTIONS IN LIQUIDATION

Member shares and deposits of institutions in liquidation of \$13,324,000 (2006 - \$116,000) are comprised of \$778,000 (2006 - \$103,000) in member shares and \$12,546,000 (2006 - \$13,000) in deposits. DICO has an obligation to insure the amounts on deposit up to the prescribed amounts. DICO has no obligation to insure member shares but as liquidator has the responsibility to distribute any residual funds to members once the liquidation is complete.

## 6. ACCRUAL FOR DEPOSIT INSURANCE LOSSES

The provision for losses includes specific provisions for known or likely losses from specific member institutions not included in their financial statements and a general accrual for losses

not identified with specific institutions. That portion of the provision for losses recorded in the year and in previous years which has not yet required payment by the Corporation is shown in liabilities on the Consolidated Statement of Financial Position as "Accrual for deposit insurance losses".

	2007	2006
	(thousands)	
Accrual for deposit insurance losses, beginning of year	\$ 4,790	\$ 4,861
Increase in accrual for current year's deposit insurance losses	10,800	500
Decrease in accrual for prior year's deposit insurance losses	(196)	(212)
(Decrease) Increase in deposit insurance advances recoverable	(26)	10
Accrual for deposit insurance losses, end of year	(5,826)	(4,790)
Net deposit insurance advances	\$ 9,542	\$ 369

The general accrual for losses included in "Accrual for deposit insurance losses" amounted to \$1,750,000 (2006 - \$1,750,000) and is calculated in accordance with the methodology as described in note 1(E).

## 7. LEASE COMMITMENTS

The operating lease for the Corporation's reduced premises has been renewed commencing August 6, 2007 and ending August 5, 2017. The terms of the lease waive basic rent for the first twelve months. The aggregate lease obligations under the new lease are allocated over the term of the lease on a straight-line basis. Future minimum rents for the next 10 years are summarized as follows:

Years	Annual rent per annum
Aug 6, 2007 – Aug 5, 2008	\$ 0
Aug 6, 2008 – Aug 5, 2010	\$ 187,000
Aug 6, 2010 – Aug 5, 2012	\$ 206,000
Aug 6, 2012 – Aug 5, 2017	\$ 218,000

In addition, the Corporation is required to pay property taxes and common area maintenance costs which are currently approximately \$250,000 per annum.

## 8. INCOME TAXES

The Corporation is subject to income taxes on its income as defined under the Income Tax Act. It has accumulated losses for income tax purposes of \$21,535,000. They expire as follows:

<u>Originating Taxation Year</u>	<u>Expiring Taxation Year</u>	<u>Amount (thousands)</u>
2001	2008	\$ 4,191
2002	2009	5,161
2003	2010	4,124
2004	2014	3,790
2005	2015	2,833
2006	2026	1,102
2007	2027	334
		<u>\$ 21,535</u>

The Corporation has determined that realization of the future income tax assets does not meet the more-likely-than-not criterion for recognition and, therefore, a valuation allowance has been recorded against future income tax assets.

## 9. PENSION PLAN

The Corporation operates a defined contribution pension plan for its employees. The pension expense which included supplemental pension expenses charged to income for 2007 was \$331,000 (2006 - \$310,000).

## 10. FUTURE NON-PENSION POST-RETIREMENT BENEFITS

The Corporation accounts for the current value of future non-pension post-retirement benefits. The accrued benefit liability as at December 31, 2007, as actuarially determined, is \$1,284,000 (2006 - \$1,122,000). Current service costs, including interest, were \$198,000 (2006 - \$194,000). Actuarial valuation for the Corporation's plan is required every three years. The most recent actuarial valuation was conducted as of September 30, 2005 and the date of the next required valuation is September 30, 2008.

The assumptions used in the actuarial valuation of the future benefits obligations consisted of: interest rate of 5.5% (2006 - 5.25%), rate of compensation increase of 3.5% (2006 - 3.5%) and initial weighted average trend rate in health and dental costs of 5.8% (2006 - 6.0%), grading down to 5% per annum by 2016. The Corpora-

tion measures its accrued benefit obligations as at September 30 of each year.

<b>RECONCILIATION OF ACCRUED BENEFIT OBLIGATION TO THE ACCRUED BENEFIT LIABILITY</b>	<b>FISCAL YEAR ENDING DECEMBER 31, 2007 (THOUSANDS)</b>	<b>FISCAL YEAR ENDING DECEMBER 31, 2006 (THOUSANDS)</b>
Accrued benefit obligation	\$ 1,901	\$ 1,868
Employer contributions during year	(9)	(10)
Unamortized net actuarial loss	(608)	(736)
Accrued benefit liability	\$ 1,284	\$ 1,122

<b>CHANGE IN BENEFIT OBLIGATIONS</b>	<b>FISCAL YEAR ENDING DECEMBER 31, 2007 (THOUSANDS)</b>	<b>FISCAL YEAR ENDING DECEMBER 31, 2006 (THOUSANDS)</b>
Balance beginning of the year	\$ 1,868	\$ 1,755
Current service cost	56	53
Interest cost	100	94
Actuarial loss (gain)	(86)	4
Benefit payments	(37)	(38)
Balance end of year	\$ 1,901	\$ 1,868

## 11. DIRECTORS' EXPENSE

During the year, the directors received an aggregate remuneration of \$93,000 (2006 - \$83,000). Total directors' expenses were \$46,000 (2006 - \$35,000). The remuneration for the Chair is a minimum of \$2,000 per month which includes a per diem rate of \$500. The per diem rate for all other board members is \$350 plus an annual retainer of \$3,500.

## 12. CONTINGENCIES

The Corporation may be involved in various legal actions in the normal course of business, when acting in the capacity of administrator or liquidator. At the end of 2007 there were no actions brought against the Corporation by third parties. Accordingly, no provisions have been made in these financial statements.

## 13. FAIR VALUE DISCLOSURE

The fair value of financial assets and liabilities which include cash and short-term investments, investments, loans, premiums receivable, interest and other receivables, payables and accruals, member shares and deposits approximate their carrying amounts. The fair value of accrual for deposit insurance losses has not been determined because it is not practicable to determine fair value with sufficient reliability.

## 14. COMPENSATION

The following information is furnished in compliance with the Public Sector Salary Disclosure Act, 1996.

Employee	Position held	Compensation	Taxable benefits*
Brydges, Barry	Vice President Insurance & Risk Management	\$165,350	\$ 8,275
Burgman, John	Chief Information Officer	\$130,392	\$ 1,808
Dale, Richard	Regional Manager, Insurance & Risk Management	\$109,500	\$ 1,410
D'Errico Tony	Regional Manager, Insurance & Risk Management	\$104,869	\$ 1,399
Foster, C. William D.	Vice President Asset Management & Recoveries	\$166,200	\$ 8,668
Hutton, John	Regional Manager, Insurance & Risk Management	\$107,869	\$ 1,399
Maxwell, James	Chief Administrative & Financial Officer	\$141,820	\$14,847
McLeary, Alana	Regional Manager, Insurance & Risk Management	\$102,569	\$ 1,399
Poprawa, Andrew	President and CEO	\$220,000	\$ 7,549
White, Michael	Manager, Asset Management & Recoveries	\$102,523	\$ 3,012
White, Richard	Manager, Policy & Research	\$106,923	\$ 3,051
Yu, Winnie	Manager, Accounting & Finance	\$100,200	\$ 3,005

\* Includes taxable group life insurance, parking and use of company vehicle.

## 15. COMPARATIVE FIGURES

Certain comparative figures for 2006 have been reclassified to conform with the financial statement presentation adopted for 2007.

# DEPOSIT INSURANCE CORPORATION OF ONTARIO'S INSURED INSTITUTIONS

AT DECEMBER 31, 2007

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3M Employees' (London) Credit Union Limited	G.S.W. (Fergus) Credit Union Limited
Adjala Credit Union Limited	Ganaraska Credit Union Ltd.
Air - Toronto Credit Union Limited	Goderich Community Credit Union Limited
Airline Financial Credit Union Limited	Golden Horseshoe Credit Union Limited
All Trans Financial Services Credit Union Limited	Goodyear Employees (Bowmanville) Credit Union Limited
Alterna Savings and Credit Union Limited	Grey Bruce Health Services Credit Union Limited
Anishinabek Nation Credit Union Inc.	Hald - Nor Community Credit Union Limited
APPLE Community Credit Union Limited	Hamilton Community Credit Union Limited
Arnstein Community Credit Union Limited	Hamilton Municipal Employees' Credit Union Limited
Auto Workers Community Credit Union Limited	Hamilton Teachers' Credit Union Limited
Bay Credit Union Limited	Health Care Credit Union Limited
Bayshore Credit Union Ltd.	Heritage Savings & Credit Union Inc.
Brewers Warehousing Employees (Hamilton) Credit Union Limited	Hir-Walk Employees' (Windsor) Credit Union Limited
Brewers Warehousing Employees (Kitchener) Credit Union Limited	Hobart Employees' (Owen Sound) Credit Union Limited
Budd Automotive Employees (Kitchener) Credit Union Limited	Holy Angel's & St. Anne's Parish (St. Thomas) Credit Union Limited
Buduchnist Credit Union Limited	Italian Canadian Savings & Credit Union Limited
C.N. (London) Credit Union Limited	Kawartha Credit Union Limited
C.N.R. Employees (Lakehead Terminal) Credit Union Limited	Kellogg Employees Credit Union Limited
Campbell's Employees' (Toronto) Credit Union Limited	Kenora District Credit Union Limited
Canada Sand Papers Employees' (Plattsville) Credit Union Limited	Kingston Community Credit Union Limited
Canadian General Tower Employees (Galt) Credit Union Limited	King-York Newsmen Toronto Credit Union Limited
Canadian Transportation Employees' Credit Union Ltd.	Korean (Toronto) Credit Union Limited
Canal City Savings and Credit Union Limited	Korean Catholic Church Credit Union Limited
Cataract Savings & Credit Union Limited	Kraft Canada Employees' (Cobourg) Credit Union Limited
CCB Employees' Credit Union Limited	Krek Slovenian Credit Union Ltd.
City Savings & Credit Union Limited	L.I.U.N.A. Local 183 Credit Union Limited
Communication Technologies Credit Union Limited	Lakewood Credit Union Limited
Community First Credit Union Limited	Lambton Financial Credit Union Limited
Community Saving & Credit Union Limited	Lasco Employees' (Whitby) Credit Union Limited
Croatian (Toronto) Credit Union Limited	Latvian Credit Union Limited
Crown Cork & Seal Employees Credit Union Limited	Lear Seating Canada Employees' (Kitchener) Credit Union Limited
Dana Canada Employees' (Ontario) Credit Union Limited	Libro Credit Union Limited
Desjardins Credit Union Inc.	London Civic Employees' Credit Union Limited
Domtar Newsprint Employees (Trenton) Credit Union Limited	London Diesel Employees' Credit Union Limited
DUCA Financial Services Credit Union Ltd.	London Fire Fighters' Credit Union Limited
Dundalk District Credit Union Limited	McMaster Savings and Credit Union Limited
Dunnville and District Credit Union Limited	Media Group Financial Credit Union Limited
Durham Educational Employees' Credit Union Limited	Member Savings Credit Union Limited
Education Credit Union Limited	MemberOne Credit Union Limited
Equity Credit Union Inc.	Mennonite Savings and Credit Union (Ontario) Limited
Espanola & District Credit Union Limited	Meridian Credit Union Limited
Estonian (Toronto) Credit Union Limited	Miracle Credit Union Ltd.
ETCU Financial Credit Union Limited	Mitchell & District Credit Union Limited
Etobicoke Aluminum Employees' Credit Union Limited	Moore Employees' Credit Union Limited
Federal Employees (Kingston) Credit Union Limited	Motor City Community Credit Union Limited
Fiberglas Employees (Guelph) Credit Union Limited	Municipal Employees (Chatham) Credit Union Limited
Finnish Credit Union Limited	Nasco Employees' Credit Union Limited
FirstOntario Credit Union Limited	Northern Credit Union Limited
Food Family Credit Union Limited	Northern Lights Credit Union Limited
Fort Erie Community Credit Union Limited	Northland Savings and Credit Union Limited
Fort York Community Credit Union Limited	Northridge Savings & Credit Union Limited
Frontline Financial Credit Union Limited	ONR Employees' (North Bay) Credit Union Limited

Ontario Civil Service Credit Union Limited  
Ontario Educational Credit Union Limited  
Ontario Provincial Police Association Credit Union Limited  
Oregon Employees Credit Union Limited  
Oshawa Community Credit Union Limited  
Ottawa Police Credit Union Limited  
Ottawa Women's Credit Union Limited  
Pace Savings & Credit Union Limited  
Parama Lithuanian Credit Union Limited  
Pedeco (Brockville) Credit Union Limited  
Peek Frean Employees' (Toronto) Credit Union Limited  
PenFinancial Credit Union Limited  
Peoples Credit Union Limited  
Peterborough Community Credit Union Limited  
Polish Alliance (Brant) Credit Union Limited  
Portuguese Canadian Credit Union Limited  
Prime Financial Savings & Credit Union Limited  
Prosperity One Credit Union Limited  
Provincial Alliance Credit Union Limited  
QuintEssential Credit Union Limited  
R.B.W. Employees' (Owen Sound) Credit Union Limited  
Railway Employees' (Sarnia) Credit Union Limited  
Resurrection Credit Union Limited  
Rochdale Credit Union Limited  
Saugeen Community Credit Union Limited  
Scarborough Hospitals Employees' Credit Union Limited  
Sheridan Park Credit Union Limited  
Slovenia Parishes (Toronto) Credit Union Limited  
Smiths Falls Community Credit Union Limited  
So-Use Credit Union Limited  
Southlake Regional Health Centre Employees' Credit Union Limited  
Southwest Regional Credit Union Ltd.  
St. Mary's (Toronto) Credit Union Limited  
St. Stanislaus-St. Casimir's Polish Parishes Credit Union Limited  
Standard Tube Employees' (Woodstock) Credit Union Limited  
Starnews Credit Union Limited  
State Farm (Toronto) Credit Union Limited  
Sudbury Credit Union Limited  
Sunnybrook Credit Union Limited  
Superior Credit Union Limited  
Sydenham Community Credit Union Limited  
Taiwanese - Canadian Toronto Credit Union Limited  
Talka Lithuanian Credit Union Limited  
Thamesville Community Credit Union Limited  
The Fire Department Employees Credit Union Limited  
The Police Credit Union Limited  
The Toronto Electrical Utilities Credit Union Limited  
Thorold Community Credit Union Limited  
Thunder Bay Elevators Employees' Credit Union Limited  
Toronto Catholic School Board Employees Credit Union Limited  
Toronto Municipal Employees' Credit Union Limited  
Twin Oak Credit Union Ltd.  
Ukrainian (St. Catharines) Credit Union Limited  
Ukrainian Credit Union Limited  
Unigasco Community Credit Union Limited  
United Communities Credit Union Limited

United Employees Credit Union Limited  
United Ukrainian Credit Union Limited  
Unity Savings and Credit Union Limited  
Utilities Employees' (Windsor) Credit Union Limited  
Victory Community Credit Union Limited  
Virtual One Credit Union Limited  
Wallace Barnes Employees' Credit Union Limited  
William S. Gibson Employees' Credit Union (Mt. Dennis) Limited  
Windsor Family Credit Union Limited  
Windsor-Essex County Catholic Parishes Credit Union Ltd.  
Your Credit Union Limited  
Your Neighbourhood Credit Union Limited

### Caisses Populaires

Caisse populaire Azilda Inc.  
Caisse populaire Coniston Inc.  
Caisse populaire d'Alban Limitée  
Caisse populaire d'Alfred Limitée  
Caisse populaire de Bonfield Limitée  
Caisse populaire de Cochrane Limitée  
Caisse populaire de Cornwall Inc.  
Caisse populaire d'Earlton Limitée (La)  
Caisse populaire de Field Limitée (La)  
Caisse populaire de Hawkesbury Limitée  
Caisse populaire de Hearst Limitée  
Caisse populaire de Kapuskasing Limitée  
Caisse populaire de la Vallée  
Caisse populaire de Mattawa Limitée  
Caisse populaire de Mattice Limitée  
Caisse populaire de Noëlville Limitée  
Caisse populaire de North Bay Limitée  
Caisse populaire de Pointe-aux-Roches Limitée  
Caisse populaire de Tégumseh Inc.  
Caisse populaire de Verner Limitée  
Caisse populaire d'Orléans Inc.  
Caisse populaire Lasalle Inc.  
Caisse populaire de New Liskeard Limitée (La)  
Caisse populaire Nolin de Sudbury Incorporée  
Caisse populaire Nouvel-Horizon Inc.  
Caisse populaire Rideau d'Ottawa Inc.  
Caisse Populaire St. Charles Limitée  
Caisse populaire St-Jacques de Hanmer Inc.  
Caisse populaire Sturgeon Falls Limitée  
Caisse populaire de Timmins Limitée (La)  
Caisse populaire Trillium Inc.  
Caisse populaire Val Caron Limitée  
Caisse populaire Vermillon  
Caisse populaire Vision Inc.  
Caisse populaire Welland Limitée

### Leagues

L'Alliance des caisses populaires de l'Ontario Inc.  
Credit Union Central of Ontario  
Fédération des caisses populaires de l'Ontario Inc.(La )