

Together We're Better



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GOVERNANCE STATEMENTS

To provide financial products, services and programs that are responsive to the changing needs of our member owners, to participate in the growth of our community, to encourage and facilitate the development of our people and to provide appropriate returns to our member owners

AIM

Our aim is to make this Credit Union our members' first choice as their financial institution.

VISION

Our Credit Union will be acknowledged as a responsible, caring organization that delivers exemplary service, is actively involved in its community, provides local employment and maintains profitable operations in a manner consistent with the co-operative principles and sound business practices.

VALUES

In all of its activities, our Credit Union will be: responsive to the commercial, retail and wealth management needs of members; supportive of its community; respectful in its people practices; balanced in the attainment of financial performance targets; responsible and co-operative in governance.

SERVICE CREED

Peoples Credit Union is a responsible, caring institution that strives to give its members exemplary service. Our management and staff are committed to providing each and every member with the highest level of service delivered in a friendly, competent, professional manner. Our aim is to make this Credit Union our members' first choice as their financial institution.

GUIDING PRINCIPLES

Service to members will be enhanced through a more diverse range of products, services and delivery alternatives or through reduced cost of developing new products, services and delivery alternatives.

Loyalty and support of members will be respected through on-going and proportionate community programs, governance representation and participation in the co-operative sector.

Contributions of staff, management and directors will be respected. Further, there will be commitment to continuity of employment and the on-going opportunity for personal and career development.

Financial performance will be enhanced through increased revenue, efficiencies of service and product delivery, improved measures of financial performance, and, compliance with both regulatory and internal standards.

Governance will be maintained in a manner consistent with the co-operative principles and sound business practices.

PEOPLES CREDIT UNION LIMITED

(Incorporated August 31, 2004)

Amalgamation of Innisfil Credit Union, incorporated July 1944, and Shelburne Credit Union, incorporated August 1947.

- 8034 Yonge Street, Innisfil, Ontario
- 1040 Innisfil Beach Road, Innisfil, Ontario
- 133 Owen Sound Street, Shelburne, Ontario
- Suite 102, 274 Hurst Drive, Barrie, Ontario

YOUR 2007/2008 OFFICIALS



BOARD OF DIRECTORS (ELECTED)

Kevin Augustyn, Chair2009

Al Jones, Vice-Chair*2008

June Money, Corporate-Secretary2009

Stan Dimakos2010

Earl Feren2010

Douglas Fuller*2008

Chris Hand*2008

Ken Wells.....2009

Donna Young2010

AUDIT COMMITTEE (ELECTED)

Brian Jackson, Chair*2008

Wayne Ferris2009

Doris Van Berkel2010

***Term expiring this year**

CHAIR AND CEO REPORT

The plan for our members remains the same... build long-term relationships and, in return, provide quality and value. We do this with a balanced approach...creating and maintaining value in a manner consistent with credit union principles, contemporary governance standards and applicable enterprise risk management techniques... effecting co-operative leadership and community involvement... fulfilling the needs of members and their businesses through a full range of service and delivery methods... having the right people, in the right place, at the right time and with the right skills... providing returns to our member-owners within appropriate, sound business frameworks.

While we continue to grow in numbers, our key focus remains expanding relationships with our current members. As our members change the way they do their banking, whether through automated banking machines, online banking, or through new loan and investment products, or in-branch or paper based services, we adapt to meet their needs.

In 2007 we conducted a member research study. We asked members for their honest feedback about their satisfaction levels with our products and services. In order to maintain confidentiality, we used a professional research company specializing in credit union market research. The responses will be used to ensure relationships with our members grow and strengthen.

Having outgrown our Shelburne location, we are excited to announce we will be moving to a new location. Planned for early 2009, the branch will move to the corner of Highway 89 and County Road 24. A drive-thru ATM will compliment the delivery of service to our Shelburne members.

Competition from the traditional and ever expanding non-traditional financial service providers continues to keep things interesting in the marketplace. Our Credit Union remains committed to stay competitive, and we have done so, but with a difference. We provide our services with a unique and superior approach. We listen to our members and make decisions with them in mind. We take the many challenges head on and will continue to do so.

Our employees continue to be the primary reason for our success. We continue to provide a wide range of training to support career goals, and strive to become the employer of choice in the communities we serve. Promotion from within, combined with key strategic outside hires, has created a truly exceptional team. It is gratifying to see the development of our staff, and to receive member feedback telling us how well our employees are serving their needs.

We are proud of the accountability and democratic values inherent in our co-operative governance practices. Guided by our governance statements, the Board of Directors adheres to very high standards. Peoples Credit Union supports the development of our board through ongoing assessment and education.

CHAIR AND CEO REPORT

For years, members have received quality service from our staff, competitively priced products and services, and ownership in a co-operative, locally owned, financial institution. The increased business that our members brought to us in 2007 supported their commitment to Peoples Credit Union. Assets grew to \$129 million. Off balance sheet relationships amount to \$4.5 million. Loans grew to \$112.5 million and deposits grew to \$119.3 million. In 2007, however, we experienced a loss in income of \$138,651. The negative income includes a prudent allowance for doubtful loans and we are pleased to report we do expect partial recovery.

Despite the increased allowance for doubtful loans and the operating loss, your Board approved the payment of a patronage dividend again this year. We clearly wish to recognize and reward our members for doing their business with the Credit Union, and this will not change.

Co-operatively,



Kevin Augustyn
Chair, Board of Directors

In 2008, we will focus on strengthening our financial position, but not at expense of member service, member relationships, pricing, and support of our communities. We will continue to invest in our communities and in the future of our organization. Your Board and management also remain committed to providing our members with great value through competitive rates and low service charges. Peoples Credit Union is strong and growing. We have laid a strong foundation for the future and continue to deliver on our commitment to our employees, our communities, and our members.

All of our successes would not be possible without the contributions of staff, management and the Board of Directors. We personally wish to thank each and every one. And of course, without the support of our members, we would not be able to report to you on the many successes in 2007.



Heather MacDonald
Chief Executive Officer

FINANCIAL REPORT

Peoples Credit Union continued to grow and build member relationships by providing competitive products and services. Assets increased by 3.9% to \$129 million, with an additional \$4.5 million in off-balance sheet relationships, comprised of mutual funds and other investments purchased by members. Member deposits grew by 2.7% to \$119 million, with the strongest growth in our term deposits. Deposit growth provided the principal source of funds for the increase in loans during the year. Loans to members grew by 8.3% to \$113 million, the result of a highly successfully member directed mortgage campaign.

The credit union is committed to providing competitive rates of return to its membership, reducing interest margins. 2007 net income includes a prudent allowance for doubtful loans and we are pleased to report we do expect partial recovery. Reduced margins and the allowance for doubtful loans resulted in a loss in net income of \$138,651.

In 2007, loan losses were 0.55% of average loans, which is consistent with prior years. We are committed to following sound and prudent lending practices and to deal with problem loans on a timely basis. The mix between mortgage and non-mortgage loans is considered prudent, profitable and well secured. Our liquidity level, consisting primarily of cash and short-term investments, was 9.47% as of December 31, 2007. This exceeds the statutory minimum level of 8% liquidity the Credit Union is required to maintain to ensure that there are sufficient funds to meet all cash outflow commitments as they come due.

The Credit Union continues to surpass compliance with all legislated requirements.

Capital to asset ratio was 5.7% and the capital to risk-weighted asset ratio was 9.3%, providing ample room to finance future growth and expansion. These values exceeded the legislated regulatory capital ratio levels of 4.5% and 8% respectively, that the Credit Union is required to maintain in order to provide a safety net for our members.

Different from the chartered banks, some of our profits, after taxes, were returned to our members, building member-owned financial reserves and, to approximately 1,200 members, through cash dividends that were based on interest paid and/or earned throughout the year. In addition, members benefited from rising interest rates and an increasingly competitive market as \$2.9 million of total income was returned to our members in interest on deposits and investments.

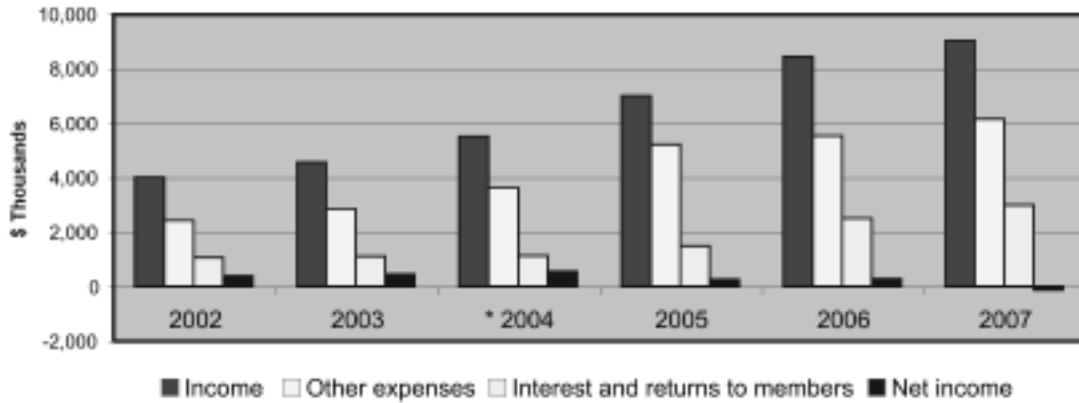
Our ability to report to you, our member owners, on the sound management of the Credit Union encompasses many different areas of financial accountability. Each of our lending practices, liquidity and capital levels, risk management and Deposit Insurance Corporation of Ontario compliance are audited, assessed and evaluated annually. Governance continues to be a key strength of the Credit Union as demonstrated by the continued adherence to all regulatory requirements.

The sustained growth in assets, deposits and loans, and in regulatory capital, is evidence of our members' continued support by bringing more of their financial business to us and using more of our products and services.

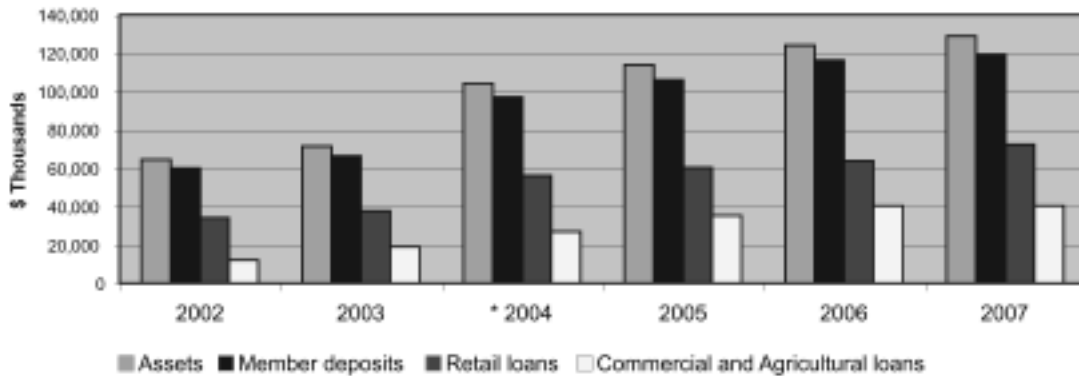
Sandra Delabbio
Chief Financial Officer

FINANCIAL HIGHLIGHTS

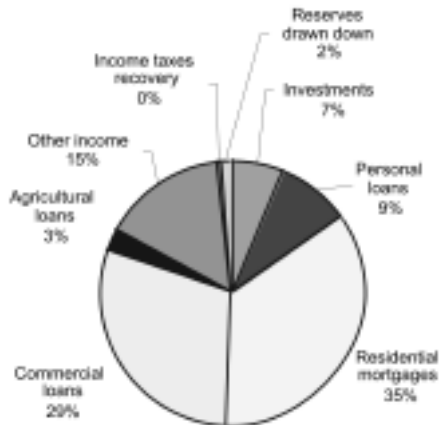
Comparative Highlights



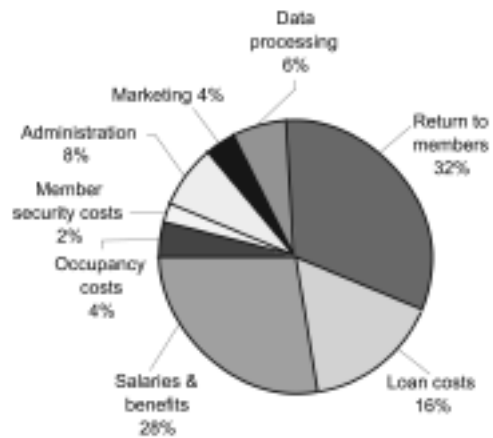
Comparative Highlights



Sources of Revenue



Distributions of Revenue



* On August 31, 2004, Innisfil Credit Union Limited and Shelburne Credit Union Limited were amalgamated. As a result, the figures presented for 2004 include the amalgamated entity for the period August 31, 2004 to December 31, 2006. Results for 2001-2003 represent Innisfil Credit Union Limited only.

BRANCH OPERATIONS REPORT

Peoples Credit Union currently has a membership of over 10,000. Members enjoy the service of branches in Stroud, Shelburne, Alcona and Tollendale, seven ATMs and free access to the Exchange network of ATMs. During 2007, your Credit Union constantly explored and implemented new ways to provide enhanced value, service and convenience to its members.

2007 brought us to within months of the transition to image-based clearing of paper payment items, a Canadian Payments Association (CPA) national and system wide initiative to be fully implemented in September 2008. To ensure compliance with the cheque imaging CPA Standard 006, our Credit Union is in an excellent position for minimal interruption once the initiative is realized.

Operational risk is reviewed and assessed throughout the Credit Union on an ongoing basis. This risk is a function of internal controls, information systems, employee integrity, and operating processes. Risk Management and Insurance Services performed a certification program on-site verification that resulted in a successful corporate audit score of 92%. Twice a year, management report on Enterprise Risk Management, an assessment of key risks identifying inherent risks, mitigation strategies in place, the net risks and gap analysis, which lead to the development of action plans.

Ensuring compliance with Financial Transaction and Reports Analysis Centre of Canada (FINTRAC)

and the Personal Information Protection and Electronic Documents (PIPED) Act, all Credit Union staff completed required annual training and re-certification courses.

Efficiencies continue to be realized with the centralization of branch operations and with the continued review and updating of systems, processes and procedures. Throughout the year, we continued our efforts at better connecting with members through enhanced technology, branch development and training, and community relations.

Staff continued to benefit from aggressive and ongoing product and procedural training throughout the year. Additional training was also provided to our management in the areas of coaching and mentoring skills. These "coaching the coach" sessions empowered managers to coach their staff towards a sales culture and "full relationship" banking.

We look forward to 2008 with anticipation. The financial services industry is one of constant change with advances in technology and competitor innovation. We will continue to strive for growth, accuracy and increased wallet share while continuing to scrutinize for efficiency in our operations. We will continue to employ new technology, where appropriate, in our ongoing quest for productivity and member satisfaction.

John Remillard
Branch Operations Manager

RETAIL SERVICES REPORT

One of the keys to the ongoing success and prosperity of Peoples Credit Union is the belief that superior service coupled with innovative products will ensure an enhanced member experience and ultimately lead to our success. In 2007, our retail service offerings were thoroughly analyzed from a risk perspective. This approach was also used to determine which new product and services should be added and which existing products and services should be enhanced.

Our role as the caretaker of our members' financial security is never underestimated. During 2007, our focus on prudent lending practices and procedures was increased in an ongoing effort to reduce the risk and loan loss exposure of our retail loan portfolio as well as increase its quality and strength. Retail loan delinquency was carefully monitored and extensive efforts made by all staff resulted in a significant improvement in our retail credit risk profile and a reduction in overall retail loan losses. Regular internal reviews of the retail products and services delivered to our members were conducted. The feedback from these audits provided our staff with the information necessary to improve their skills, resulting in the delivery of the professional service standards our members deserve.

The assessment of our retail policies, products and procedures continued in an effort to improve the tools available to our staff for the delivery of superior member service. Retail lending policies were regularly reviewed and amendments were made as required to ensure ongoing relevance and currency. Changes to legislation enabling members to borrow up to 80% of the value of their properties through conventional mortgage products enhanced our lending capabilities. New procedural tools were added such as Purview (an internal appraisal

program) to reduce appraisal costs and complexity when warranted. EHOP Insurance (extended home owner policy) was introduced in response to member concerns about protecting the ownership of and the financial and emotional investment in their homes. A relationship with Spectrum-Canada Mortgage Services Inc. was established to meet the needs of some of our members who are unable to find mortgage financing through traditional sources. Extensive training was provided to our staff to ensure they were well versed in the evolution of our offerings and to position them as financial coaches to our members.

Another key objective for 2007 was to increase member awareness of our products and services and increase member usage of our entire retail product suite. Various channels including our in-branch sales team, internal and external marketing programs and product campaigns were used to deliver our message. The success of our mortgage campaign in 2007 suggests that our members have benefited from these efforts. These kinds of initiatives will continue in 2008 as we strive to build on our successes and continue to focus on enhancing our members' financial well being.

We will remain committed to providing our members with the services and products they want and need. As we look forward to 2008, continual changes and challenges in the financial services industry will be met with careful consideration, close examination of costs and continued efforts to ensure we provide quality financial services. The knowledge and professionalism of our staff and the ongoing satisfaction of our members will ultimately determine our success.

J. Michelle Thompson
Retail Services Manager

COMMERCIAL SERVICES REPORT

We are in the business of helping our members build their futures. As more businesses recognize the value of a partnership with Peoples Credit Union, we are seeing our business grow while simultaneously helping our members grow theirs. We are growing stronger together.

We are very proud of our long-term roots within our communities. We continue to support our commercial members on all levels including loans, mortgages, operating lines, electronic and on-line services, insurance needs, investments, and personal financial services. We assist our members with the financial services they need right now and we offer the services they will require well into the future. Commercial account managers are centrally located in our Stroud branch, but are always available to meet with our members at any of our four branches, or their place of business.

Commercial members receive personalized, experienced and dedicated service. Business banking services are based in the merits of individual business plans, not on industry type. Rooted locally, we know the local economy and can provide quick and efficient responses and decisions. Through partnerships with industry leaders, we offer several commercial related products including insurance, payroll, cash management and group savings plans.

Growth in our commercial portfolio did not meet historical trends, but plan objectives for the year were met. Our 2007 goal was to

strengthen relationships with our members, improve our services, and build a high quality credit portfolio and strong collection processes.

It is our responsibility to ensure that lending is done responsibly to minimize risk. Provisions for credit related losses have been established to absorb probable credit losses. Although we remain optimistic that actual losses will be less than the provision in 2007, there was a substantial increase. With changes implemented, future loan losses will be controlled. Our 2008 plan is to continue to build a risk management and control structure for the purpose of aligning business objectives, risks, and controls to further support Peoples Credit Union in achieving its mission and strategies, which include a decrease in commercial loan losses.

The relationship between our Credit Union and our commercial and agricultural members remains of utmost importance. Our past and future successes can be attributed to these relationships. With the heart of a co-operative and the business powers of a bank, we will continue to present our members with a future full of opportunity. We are proud to help shape their future. We remain dedicated to helping our members prosper. Not only through the customized solutions we offer, but also through the wide range of products and superior service provided by our staff and partners.

Brian Moss

Commercial Services Manager

MARKETING REPORT

With the ever-increasing competitive nature of the financial market, our 2007 marketing focus was to clearly communicate our product and service offerings to members and to position us as the financial institution of consideration within our service area. The 2007 marketing campaign of note was our Mortgage Rate Campaign featuring "Rates that Stand out From the Crowd". Targeted direct mail pieces were sent to our members and the results were very strong. A telephone contact campaign was incorporated, along with integrated staff training about the campaign offer, which effectively strengthened our member relationships. Our mortgage portfolio increased significantly, and our membership also increased through word of mouth.

As an organization, we continued to demonstrate our commitment to the communities we serve by sponsoring many local sports teams, events, and other local charitable and community causes. We sent three students to the Co-operative Young Leaders Camp, and provided financial assistance to a post-secondary student through our annual endowed Christian Scholarship. Our employees also volunteered in the community, participating in events such as Innisfil Summerfest, the Shelburne Fiddlefest, "Doors Open" Shelburne and Shelburne's Canada Day Celebrations.

On Credit Union Day, our \$6000 annual Community Involvement Award was presented to Dufferin Parents Support Network for the purchase of computer equipment and software needed to update their website and to develop support materials; Real Dads Support Association for the purchase of a laptop for educational seminar presentations and developing support materials; Hospice Simcoe to produce brochures as part of their education and awareness project; and Caledon-Dufferin Victim Services to purchase pagers for their expanded network of on-call volunteers.

Two research initiatives brought us greater clarity and understanding of the product and service needs of our members, how members view our image, and how well our staff provide member service in all of our branches. Professional firms conducted a Member Survey and interviewed 382 members by phone, and a Product Affinity Survey analyzed our data for member product usage patterns. The analysis and results enable us to move forward in 2008, with a more focused effort to offer the right members, the right financial products, at the right time, embodying Peoples Credit Union's mission.

Designed to assist us interact with and communicate with youth, Peoples Credit Union joined a teens financial network created to help teens manage their finances and provide them with a solid foundation for success. Called nCharge™ Teens Financial Network, it is an innovative program created to make financial topics relevant and interesting to teens. The state-of-the-art nCharge™ website is packed with teen friendly tips on budgeting, saving, credit, university, jobs, chequing/debit, and cars, and includes a quarterly newsletter sent to our youth members 12-19 years of age.

Finally, as we look towards 2008, we are excited to incorporate the 2007 research findings that have given us a greater understanding of our memberships needs, wants and motivations. Our direction will be inward looking, building our member relationships using focused marketing guided by individual member's financial needs. We recognize that one of our greatest assets is our membership, and we are truly committed to delivering the right product to the right member at the right time.

Michèle Newton
Marketing Manager

HUMAN RESOURCES REPORT

One of our Credit Union's strengths is our exceptional employees who continue to be committed to providing each and every member with the highest level of service delivered in a friendly, competent, and professional manner.

In order to support our commitment to provide our members with a better banking experience, we continue to encourage and support our staff's ongoing commitment to continuing education. Each staff member received an average of 51 hours of training in 2007. This included an enhanced orientation program, in-house training, on line tutorials and off site training. Training and development was instrumental in successfully launching new and planned products and services. Follow up training is delivered on a regular basis to ensure staff continue to provide high quality and knowledgeable service to members.

In 2007, we conducted a member survey and asked our members how our employees were doing and how we can serve them better and ensure they have the financial services needed to be successful. Overall, members surveyed have highest satisfaction levels (80% to 100%) with the service levels they receive from the Credit Union with overall satisfaction with frontline staff (95%), staff availability (95%), staff giving the feeling that business is appreciated (93%), staff solving problems quickly and effectively (91%), privacy at teller counters when performing business (89%), and amount of product and services information received (89%). Although the results were encouraging, we are committed to improving these ratings. A better understanding of our members' satisfaction levels will help to provide

solutions that will assist our employees in retaining and building increasingly profitable relationships.

We have developed an extremely comprehensive human resources strategic plan and to support this approach, we have implemented a competency based people development strategy, focusing on recruitment, orientation, training and development, performance planning and management, compensation and rewards, and continuity. In 2007 we also started to develop the same type of approach for our Board of Directors. The implementation of a competency based people development strategy for the Board of Directors is expected to take place in 2008.

On December 31, 2007, the number of employees totalled 54. The Credit Union saw minimal staff turnover in 2007. Our recruiting practices continue to support the recruitment of qualified and experienced staff with the right knowledge, skills, and abilities to fill key positions.

Our employees are key to providing superior member service and we view superior member service as a key competitive advantage. Our goal is to hire the right people, train them well, instill our Credit Union values as well as a sales culture, and effectively measure and reward performance.

Our staff is our most valuable asset. Peoples Credit Union continues to work towards being the employer of choice in our communities.

Pat Ashwood
Human Resources Manager

CONSOLIDATED LOAN OFFICER REPORT FOR THE YEAR 2007

Loan Purpose	2007		2006	
	No.	Amount	No.	Amount
Business Capital	77	10,978,825	169	12,326,794
Building and House Repairs	36	1,290,380	35	1,167,397
Vehicle Purchase and/or Repairs	135	1,594,544	146	1,455,194
Purchase Property	59	9,667,954	58	8,240,02
Personal Expenses	77	494,319	84	573,685
Consolidation of Debts Internal and External	131	4,055,385	162	4,140,264
Mortgage Payouts Internal and External	37	5,904,491	16	2,788,791
Taxes and/or Insurance	5	15,450	8	28,391
Sports/Recreation Equipment	7	76,162	16	162,908
Travel Expenses	7	34,741	9	61,872
Education Expenses	10	66,329	8	63,570
RRSP and OHOSP	10	51,709	7	58,204
Investment Purposes	8	977,093	6	95,947
LOC/MeritLine	172	3,623,819	248	6,121,353
Xmas Expenses	24	46,747	17	28,260
Total Loans Approved	795	38,877,948	989	37,312,655
Total Number of Loans Rejected	(164)	(7,308,916)	(202)	(9,645,491)
Renegotiated Loans	25	2,851,211	64	3,353,268
Renegotiated and Receiving New Money	241	10,402,592	292	11,566,552
Loans Reviewed (No Changes in Terms)	1116	37,084,095	853	32,191,556
Loans-Due Date Postponed (Incl. Int. Only Req.)	40	571,452	28	358,002
Loans-Security Substituted or Released	7	62,997	11	552,182
Loans Renegotiated Due to Change in Circumstances (Payments Reduced)	13	101,964	28	407,058
Loan Delinquent Over 90 Days	65	2,878,502	38	843,649

(Total \$ value and #'s include all related loans including those with no current arrears)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation, presentation and consistency of the financial statements and all other information contained in the annual report. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. The preparation of the financial statements necessarily involves the use of estimates and approximations, which are made using careful judgment. Management is responsible for maintaining a system of internal controls designed to provide reasonable assurance as to the reliability of financial information and to ensure assets under the control of the Credit Union are safeguarded and accurate records are maintained. The Audit Committee meets periodically with management and the external auditors to review the internal accounting controls and the quality of the financial reporting process. The Committee reviews the financial statements with management and the external auditors, and reports to the Board on its findings prior to the Board's approval. The Committee's role is explained in the "Report from the Audit Committee".

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and meets monthly to review and approve management's

financial reports. The Deposit Insurance Corporation of Ontario conducts a periodic examination of the financial condition and affairs of the Credit Union. The examination includes a review of the Credit Union's compliance with the provisions of the Credit Unions and Caisses Populaires Act, 1994 under which it is chartered and regulated. The members' external auditors conduct an independent examination of the financial statements and report on the fairness of the statements and the application of generally accepted accounting principles in their preparation in all material respects. The auditors have free and independent access to the Audit Committee.



Heather MacDonald
Chief Executive Officer



Sandra Delabbio,
Controller

AUDIT COMMITTEE REPORT

The Audit Committee (the "Committee") of the Credit Union is a committee operating pursuant to section 125 of the Credit Unions and Caisses Populaires Act, 1994 (the "Act"). The Committee, elected, consists of three members and has adopted a mandate to perform all the duties set out in the Act and Regulations thereto. The Committee must meet quarterly and during the past year met 7 times to carry out its duties, which included:

- Serving as the liaison between the Board of Directors and the external auditors.
- Reviewing the annual financial statements and any findings and recommendations arising from the audit.
- Reviewing internal controls designed to safeguard assets, ensure the accuracy of financial reports and ensure compliance with policies and procedures.
- Serving as the Board's liaison with the internal audit process and reviewing the internal audit mandate and reports.
- Reviewing the policies, procedures and controls which

relate to legislative compliance, including those pertaining to liquidity, capital adequacy, interest rate management, business interruption, money laundering and privacy.

- Issuing reports and making recommendations to the Board or senior management on its findings and following up to ensure the recommendations are being reviewed and implemented.

The Committee has a solid working relationship with senior staff and the CEO. I would like to extend a sincere thank you to the committee members for their commitment and dedication to the Audit Committee.

Respectfully submitted,




Wayne Ferris
Chair, Audit Committee

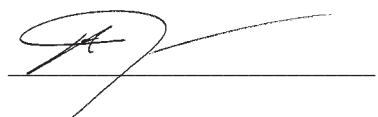
CONSOLIDATED BALANCE SHEET

December 31	2007	2006
Assets		
Cash	\$ 1,841,347	\$ 3,821,611
Accrued interest receivable	417,929	485,020
Investments	11,684,330	12,569,338
Loans to members	111,003,614	103,273,351
Property, plant and equipment	3,732,613	3,620,433
Other assets	174,743	264,155
Income taxes recoverable	127,577	79,286
	\$ 128,982,153	\$ 124,113,194
Liabilities and Members' Equity		
Liabilities		
Members' deposits	\$ 119,290,923	\$ 116,137,661
Term loan	2,000,000	0
Members' certified cheques outstanding	58,029	47,628
Accounts payable and accrued liabilities	153,703	318,926
Accrued dividends payable	60,000	50,100
Derivative financial instruments	63,970	0
	121,626,625	116,554,315
Liabilities Qualifying as Regulatory Capital		
Members' capital shares	231,026	234,306
	121,857,651	116,788,621
Members' Equity		
Contributed surplus	1,459,999	1,459,999
Undivided earnings	5,707,868	5,864,574
Accumulated other comprehensive income (loss)	(43,365)	0
	7,124,502	7,324,573
	\$ 128,982,153	\$ 124,113,194

This is a condensed financial report. The Consolidated Balance Sheet, the Consolidated Statement of Operations and Comprehensive Income (Loss) and the Consolidated Statement of Members' Equity have been extracted from the audited financial statements for the year ended December 31, 2007 as reported by our auditors BDO Dunwoody LLP Chartered Accountants, Licensed Public Accountants. Complete audited financial statements are available at all branch locations.

On behalf of the Board:

 Chair

 Director

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

For the year ended December 31	2007	%	2006	%
Interest income				
Interest on member loans	\$ 7,037,897	92.2	\$ 6,768,530	94.4
Investment interest and dividends	599,225	7.8	399,238	5.6
	7,637,122	100.0	7,167,768	100.0
Interest expense				
Interest on members' deposits	2,931,655	38.4	2,349,258	32.8
Interest on external borrowings	47,482	0.6	150,297	2.1
	2,979,137	39.0	2,499,555	34.9
Net interest income	4,657,985	61.0	4,668,213	65.1
Other income	1,386,093	18.1	1,253,840	17.5
Patronage dividends	(60,000)	(0.8)	(50,100)	(0.7)
Net interest and other income	5,984,078	78.3	5,871,953	81.9
Non-interest expenses				
Administration costs	635,945	8.3	683,543	9.5
Advertising and communications	338,477	4.4	371,383	5.2
Computer, office and other equipment	576,496	7.5	651,421	9.1
Loan costs	1,455,058	19.1	651,323	9.1
Member security costs	192,882	2.5	205,085	2.9
Occupancy costs	404,172	5.3	396,590	5.5
Other miscellaneous	5,926	0.1	43,405	0.6
Salaries and benefits	2,542,293	33.3	2,523,200	35.2
	6,151,249	80.5	5,525,950	77.1
Income (loss) for the year before income taxes	(167,171)	(2.2)	346,003	4.8
Provision for (recovery of) income taxes				
Current	(28,520)	(0.4)	48,673	0.7
Future	-	-	27,850	0.4
	(28,520)	(0.4)	76,523	1.1
Net income (loss) for the year	(138,651)	(1.8)	269,480	3.7
Other comprehensive income				
Gains (losses) on financial derivatives designated as cash flow hedges	-	-	-	-
Related tax effect	-	-	-	-
	-	-	-	-
Comprehensive income (loss) for the year	\$ (138,651)	(1.8)	\$ 269,480	3.7

This is a condensed financial report. The Consolidated Balance Sheet, the Consolidated Statement of Operations and Comprehensive Income (Loss) and the Consolidated Statement of Members' Equity have been extracted from the audited financial statements for the year ended December 31, 2007 as reported by our auditors BDO Dunwoody LLP Chartered Accountants, Licensed Public Accountants. Complete audited financial statements are available at all branch locations.

CONSOLIDATED STATEMENT OF MEMBERS' EQUITY

For the year ended December 31	2007	2006
Contributed Surplus		
Balance, beginning and end of the year	\$ 1,459,999	\$ 1,459,999
Undivided Earnings		
Balance, beginning of the year	5,864,574	5,595,094
Transition adjustment on adoption of financial instruments standards	(18,055)	-
Adjusted undivided earnings	5,846,519	5,595,094
Net income (loss) for the year	(138,651)	269,480
Balance, end of the year	5,707,868	5,864,574
Accumulated Other Comprehensive Income (Loss)		
Balance, beginning of the year	-	-
Transition adjustment on adoption of financial instruments standards	(43,365)	-
Other comprehensive income for the year	-	-
Balance, end of the year	(43,365)	-
Total Members' Equity	\$ 7,124,502	\$ 7,324,573

This is a condensed financial report. The Consolidated Balance Sheet, the Consolidated Statement of Operations and Comprehensive Income (Loss) and the Consolidated Statement of Members' Equity have been extracted from the audited financial statements for the year ended December 31, 2007 as reported by our auditors BDO Dunwoody LLP Chartered Accountants, Licensed Public Accountants. Complete audited financial statements are available at all branch locations.

STAFF

CHIEF EXECUTIVE OFFICER

Heather MacDonald

MANAGEMENT TEAM

Patricia Ashwood – *Human Resources*
Sandra Delabbio – *Chief Financial Officer*
Brian Moss – *Commercial Services*
Michèle Newton – *Marketing*
John Remillard – *Acting Branch Operations*
Kim Stoddart – *Branch Operations*
J. Michelle Thompson – *Retail Services*

HEAD OFFICE SUPPORT STAFF

Ryan Bosco – *IT Manager*
Michele Cobby – *Retail Services Administration Officer*
Ursula Mackay – *Executive Assistant*
Erin Novakovich – *Training and Development Officer*

STROUD BRANCH

Jan Rouse – *Branch Manager*
Bonnie Leuthardt – *Assistant Branch Manager*
Tracey Adams
Bonnie Elliott
Dale Elsasser
Tonya Harper
Stacey Hodgson
Shelley Jong
Melanie Junkins
Marika Nietvelt
Laureen Payne
Sherri Reeves
Laura Renouf Young
Jenny Sacco
Vida Williams

COMMERCIAL SERVICES

Brian Moss – *Manager*
Amy Dewar
Wayne Patterson
Gail Roubos

ACCOUNTING/ADMINISTRATION

Brenda Curtis
Doreen Laarakkers
Anita Plewes
Wendy Sendall

ALCONA BRANCH

Marilyn Bly – *Branch Manager*
Joy-Lynne Pulita – *Assistant Branch Manager*
Margeret Acton-Hammill
Bonnie Coelho
Pamela Geddes
Samantha Kennedy
Wendy Richardson
Brittany Sisera
Beverley Speare
Diana Verwaayen-Wagg

SHELBURNE BRANCH

Raymond Hunking – *Branch Manager*
Debbie Scace – *Acting Branch Manager*
Faye Allan
Tammy Ashton
Dana Cater
Amy Davies
Ione Elo
Amanda Galbraith
Whitney Montgomery
Rosemeri Ricci
Kathy Storey
Kim Stringer

TOLLENDALE BRANCH

Edith Blain – *Branch Manager*
Janice Sefton
May Trillo

COMMUNITY SPONSORSHIPS, DONATIONS AND AWARDS

INNISFIL AND AREA

Canadian Paraplegic Association
South Simcoe Wheelchair Relay
Challenge
Canadian Paraplegic Association
Barrie Wheelchair Relay
Challenge
Canadian Cancer Society Innisfil
Branch
Friends of South Simcoe Police
Gilford & District Horticultural
Society
Greater Innisfil Chamber of
Commerce

Innisfil Communities in Bloom
Innisfil Minor Baseball
Innisfil Minor Hockey Association
Innisfil Minor Lacrosse Association
Innisfil Minor Softball League
Innisfil Skating Club
Innisfil Soccer Club
Innisfil Summerfest
Innisfil Women's 3-Pitch League
Ontario Credit Union Charitable
Foundation
Painswick Horticulture Society

Rugby Ontario Women/Men
Simcoe County Holsteins's Club
Simcoe County Plowmens
Association
South Innisfil Business
Community Association
South Simcoe Police Association
Spin-4-Kids 2007 – Nantyr Shores
Stroud Curling Club
Sunnybrae Public School – Trees
Please Campaign

SHELBURNE AND AREA

Doors Open Shelburne
Dundalk Mixed Slow Pitch
Dufferin Town & Country Farm
Tour
Dufferin 4-H Judging Club
Fiddle Championship Gold
Partner The Rotary Club of
Shelburne

Forum for Young Canadians –
Youth Sponsorship
Grey Bruce Highlanders AAA
Holiday Home Tour
Hospice Dufferin Ladies Golf
Tournament
Shelburne Dairy Club – 4H
Shelburne Minor Baseball

Shelburne Minor Hockey
Shelburne Muskies
Shelburne Vets Minor Lacrosse
SPCA Orangeville and District
Branch
Town of Shelburne Canada Day
2007

AWARDS GRANTED BY PEOPLES CREDIT UNION

Community Involvement Award

Hospice Simcoe, \$2000
Real Dads Support Association, \$1000
Caledon-Dufferin Victim Services, \$1000
Dufferin Parent Support Network, \$2000

High School Achievement Awards

Nantyr Shores Peoples Credit Union Award
Centre Dufferin District High School Peoples Credit
Union Award

Christian Endowed Scholarship

Jennifer Dew

Co-operative Young Leaders Camp Sponsorship

Russell Kennedy – Innisfil
Denise Brown - Barrie
Joshua Stringer - Shelburne

Community Corporate Donation

Innisfil Recreation Centre, \$10,000

Patronage Donation – Membership and Corporate

RVH Simcoe-Muskoka Regional Cancer
Care Centre, \$8,000

PRODUCTS AND SERVICES

CHEQUING

Personal Chequing
Business Chequing
Club 55 "senior" account
Overdraft Protection
Service Charge Packages

SAVINGS

Plan 24 – Daily Interest Savings
Premium Savings
Special Deposit Savings
U.S. Dollar Account

INVESTMENT DEPOSITS

Cdn. \$ Term Deposits - short term and 1 to 5 year terms
US\$ Term Deposits - short term and 1 year term
Mutual Funds
Index Linked Term Deposits
Registered Retirement Savings Plans
Registered Retirement Income Funds
Registered Education Savings Plans

LOANS

Personal Loans – Fixed and Variable
Student Lines of Credit
Registered Retirement Lines of Credit
Mortgages – Open and Closed, Fixed and Variable
High Ratio Mortgages – CMHC, Genworth, AIG
United Guaranty
PRIMA Mortgage
MeritLine – Home Equity Line of Credit
Second Mortgages
Commercial Loans
Commercial Mortgages

PAYROLL

Direct Pay Deposit

OTHER SERVICES

Credential Direct® Online Brokerage
Credential Financial Strategies Inc.
Extended Home Ownership Insurance
(Property Ownership Identity Protection)
Home and Auto Insurance
Life Insurance
Credit Disability Insurance
Credit Life Insurance and Mortgage Insurance
Member Plan Personal Benefits Program
Automated Teller Machines – Lobby & Drive Thru
Customer Automated Funds Transfer
Utility Payments
Signature Guarantee
Safety Deposit Boxes
Foreign Currency
Travellers Cheques, Travellers Insurance
Money Orders, Official Cheques
Mastercard® Credit Card
HyperWALLET Online Payment System

MEMBERDIRECT ONLINE BANKING www.peoplescu.ca

YOUTH BANKING SERVICES

Online Banking at www.peoplescu.ca
nCharge™ Teens Financial Network at www.peoplescu.ca
Next Steps Youth Account (18-24 years)
Headstart Youth Account (13-17 years)
FatCat Youth Account (12 and under)
Student Loans/Lines of Credit

DEBIT CARD ATM NETWORKS

The Exchange® (www.the-exchange.ca)
AccuLink
Interac®
Plus
ACCEL

TELEPHONE BANKING

705.436.6600 (Innisfil and Barrie)
519.925.0159 (Shelburne)
877.414.0100 (Toll-Free)

BRANCH INFORMATION

Head Office

8034 Yonge Street
Innisfil, Ontario
L9S 1L6

Telephone: 705-436-2044
Toll Free: 1-888-777-8891
Fax: 705-431-5610
E-Mail: info@peoplescu.ca

Business Hours:

Mon: 9:00 - 5:00
Tues: 9:00 - 5:00
Wed: 9:00 - 5:00
Thur: 9:00 - 5:00
Fri: 9:00 - 5:00

Stroud Branch

8034 Yonge Street
Innisfil, Ontario
L9S 1L6

Telephone: 705-436-1910
Toll Free: 1-877-414-0195
Fax: 705-436-7548
E-Mail: info@peoplescu.ca
Telephone Banking:
705-436-6600
877-414-0100

Business Hours:

Mon: 9:00 - 4:30
Tues: 9:00 - 4:30
Wed: 9:00 - 4:30
Thur: 9:00 - 8:00
Fri: 9:00 - 8:00
Sat: 9:00 - 1:00

Alcona Branch

1040 Innisfil Beach Road
Innisfil, Ontario
L9S 2M5

Telephone: 705-436-6005
Toll Free: 1-877-414-0196
Fax: 705-436-4603
E-Mail: info@peoplescu.ca
Telephone Banking:
705-436-6600
877-414-0100

Business Hours:

Mon: 9:00 - 6:00
Tues: 9:00 - 6:00
Wed: 9:00 - 6:00
Thurs: 9:00 - 8:00
Fri: 9:00 - 8:00
Sat: 9:00 - 3:00

Shelburne Branch

133 Owen Sound Street
Shelburne, Ontario
L0N 1S0

Telephone: 519-925 3204
Toll Free: 1-877-925-3204
Fax: 519-925-2311
E-Mail: info@peoplescu.ca
Telephone Banking:
519-925-0159
877-414-0100

Business Hours:

Mon: 9:00 - 4:30
Tues: 9:00 - 4:30
Wed: 9:00 - 4:30
Thurs: 9:00 - 5:00
Fri: 9:00 - 6:00
Sat: 9:00 - 1:00

Tollendale Branch

Suite 102, 274 Hurst Drive
Barrie, Ontario
L4N 0Z3

Telephone: 705-719-4460
Toll Free: 1-866-992-9931
Fax: 705-719-4464
E-Mail: info@peoplescu.ca
Telephone Banking:
705-436-6600
877-414-0100

Business Hours:

Mon: 9:00 - 4:30
Tues: 9:00 - 4:30
Wed: 9:00 - 4:30
Thurs: 9:00 - 4:30
Fri: 9:00 - 4:30

IN MEMORIAM

We would like to offer our condolences to the families of the members who passed away in 2007. Our Credit Union will miss each and every one of them.

The following members passed away in 2007:



Mervyn Ayres	Betty Krompass	Mark Oziewicz
John Bell	Pearl Long	Carol Palmer
Sandy Biggerstaff	John Lucas	Molly Peacock
Walter Blackstock	Glen MacMillan	George Sanderson
Lillian Boychoff	June Marlatt	M Jean Saunter
Williamina Bull	Les Marston	Adriana Schouten
Nick Duivenvoorden	James Martin	Lois Sellwood
Gwenneth Fralick	Marjorie McFarlane	Gordon Shering
Jackie Gerrard	Carol McPherson	Bonnie Small
Ernest Goheen	Kenneth Miedema	Elizabeth Tower
Ronald Hadley	Margaret Miller	Olive Warner
Harvey Hadwen	Bill Monger	Charles Wass
Winnie Haines	Bessie Morgan	Mary Wilson
Harold Hogeboom	George Morgan	Robert Wright
Josef Jans	Douglas Neely	John (Jack) Young
George Julian	Gladys New	
Sungdoo Kim	Johna Nijboer	

