Q2 2015 Management Discussion and Analysis

Financial and Business Summary

(Certain prior year figures have been reclassified to conform to the current year's presentation)

DUCA Financial Services Credit Union Ltd. ("DUCA") reported consolidated net income of $1.2 million for the six months ended June 30, 2015 compared with net income of $5.0 million for the six month period ended June 30, 2014.

Six month period ended	*06/30/15*	*06/30/14*
Net Income - DUCA only	$ 4.6	$ 5.0
Net Income/(Loss)- ZBC	$ (3.4)	$ -
Net Income - Consolidated	$ 1.2	$ 5.0

The consolidated half-year results include, for the first time, the start-up losses from DUCA's subsidiary, ZenBanx Canada ("ZBC"). Excluding ZBC, DUCA reported net income of $4.6 million for the six month period ended June 30, 2015 and down $0.4 million or 9% from the prior corresponding period. The year-over-year reduction in net income for DUCA only was primarily due to higher operating expenses and higher loan loss provision partially offset by higher net margin. For the six month period ended June 30, 2015, ZBC incurred a loss of $5.7 million compared to $Nil for the corresponding period in 2014 as ZBC was launched in July 2014. DUCA's 60% ownership portion represented $3.4 million.

Financial Commentary (excluding ZBC)

Operating Efficiency: DUCA's cost efficiency ratio at 30 June 2015 was 66% compared with 64% for the corresponding period in 2014.

Return on Equity ("ROE"): DUCA's Return on average Equity ("ROE") was 8.17% for the six months ended June 30 2015 compared with 8.32% for the corresponding 2014 period.

Loans and Assets: DUCA ended the quarter with $1.97 billion in loans and $2.22 billion in assets. Loans and assets increased $593 million and $658 million from 30 June 2014, respectively.

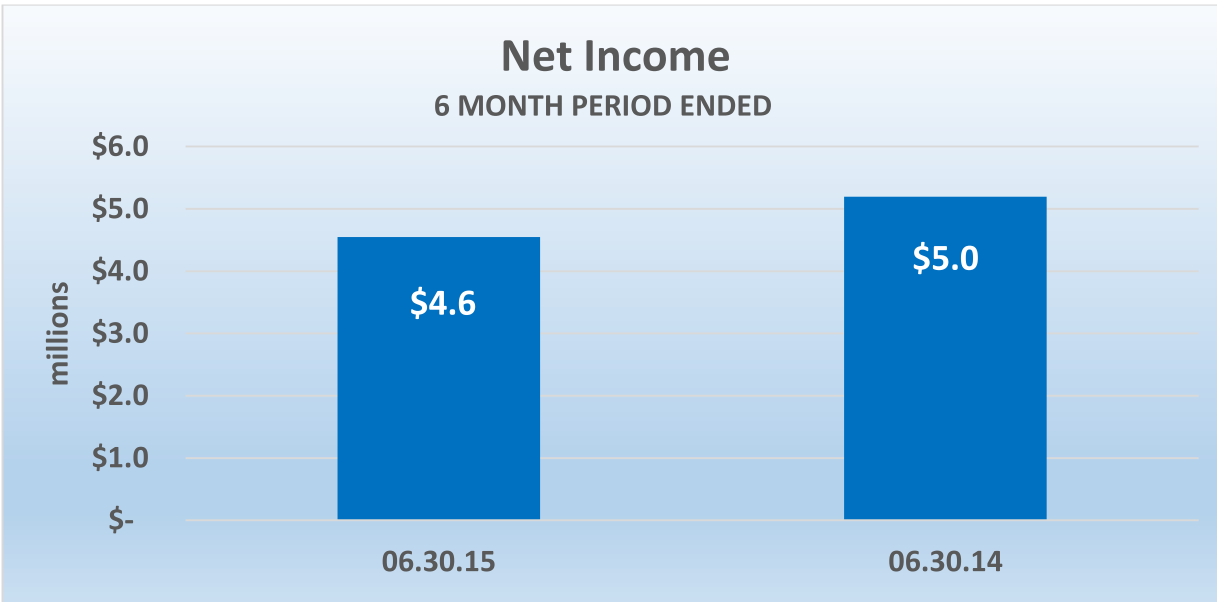
DUCA continues to make investments to build for the future. In June, we launched a new Loan Origination System ("LOS") that enables branches to electronically submit applications to credit and replaces a manual paper based process. In conjunction with the deployment of LOS, we centralized our underwriting and appraisals to ensure a consistent underwriting framework in our branch network and also enable us to leverage capacity across the credit team resulting in increased efficiency and faster response time for our Members.

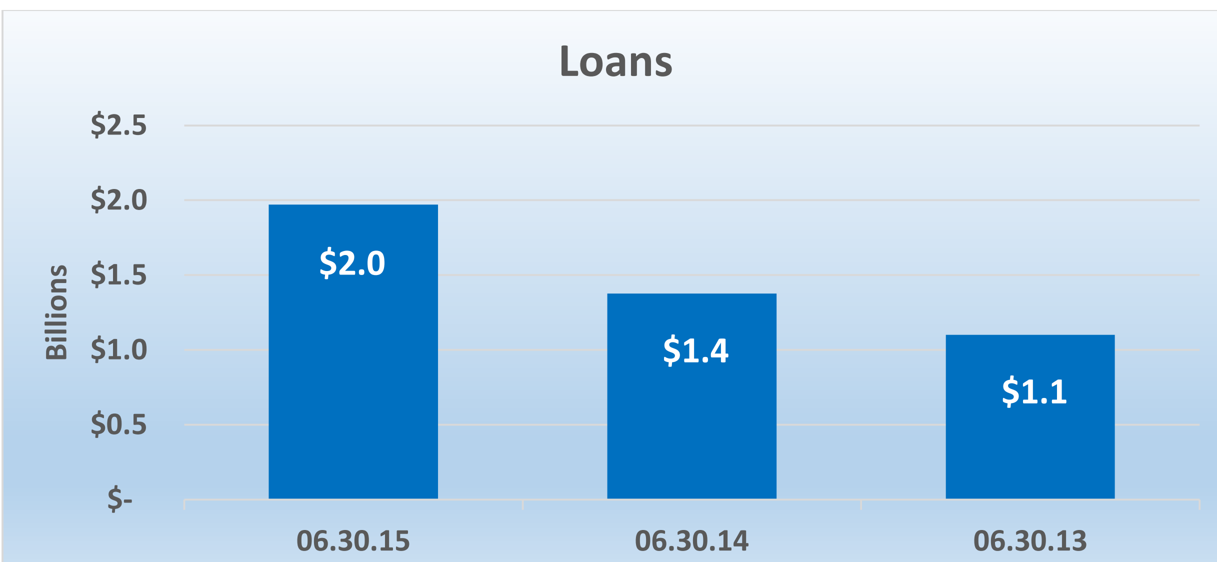
We made investments in technology to improve our security and enhance our network and business capabilities.

DUCA continues to securitize its mortgage loans increasing the securitization pool from $90 million at December 31, 2014 to $260 million at June 30th, 2015. Securitization activities provide DUCA with an additional funding vehicle at lower funding costs.

We improved our funding capabilities by entering into a Credit Agreement with Caisse Centrale Desjardins for a one-year $60 million credit facility.

In April, we launched a new DUCA Visa credit card in partnership with Collabria Financial Services, Inc. ("Collabria"). Collabria is dedicated to offering unique payment services programs to Canadian credit unions. DUCA has worked in close collaboration with Collabria and has signed on as the first partner to use the services of Collabria in Canada.





Net Interest Margin: For the six months ended 30 June 2015, net interest income was $15.9 million and down $0.6 million compared to the previous six month period ended 30 June 2014. DUCA experienced good growth in our loan portfolio as a result of a renewed focus both in the residential and commercial space. However, DUCA's net interest margin contracted primarily due to higher funding costs and the lower interest rate environment.

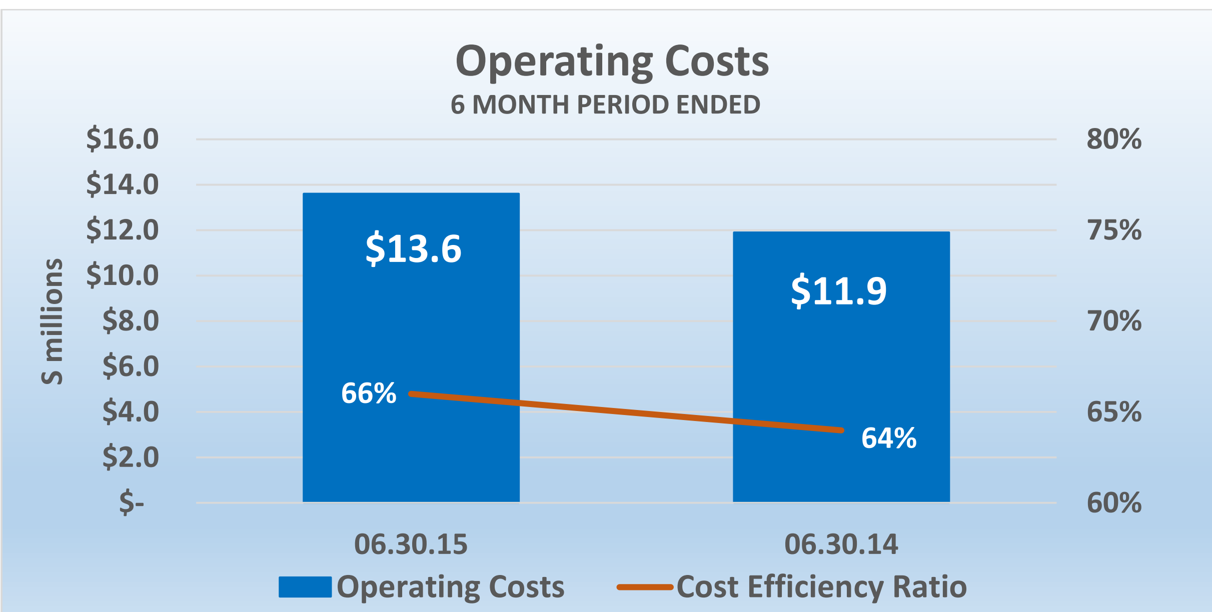
Non-Interest Income: Non-interest income commercial increased significantly to $4.7 million for the six months ended 30 June 2015 and up $2.6 million from the corresponding period in 2014 driven primarily from marked improvement in investment management, commercial loan fees, and foreign exchange.

Loan Loss Provision: Our loan loss provision was $1.1 million and up $0.5 million from the corresponding period in 2014 of $0.6 million. DUCA continues to build its allowance for doubtful accounts. The increase in loan loss provision in 2015 is in line with the increase in loans and the desire to continue to improve the reserve position at DUCA.

In the second half of 2014, we reported on a handful of problem commercial loans and that we were working expeditiously to resolve these loans while, at the same time, minimizing any losses for DUCA. One of the problem loans has now been resolved and no losses incurred. We continue to work on the remaining two loans.

Operating Expenses: Operating expenses were $13.6 million for the six months ended 30 June 2015 compared with $11.9 million for the corresponding period in 2014. The cost efficiency ratio is 66% YTD which is an increase from 64% for the same six month period ended June 30, 2014.

However, on a quarterly basis, the cost efficiency ratios improved to 65.4% in the second quarter from 66.7% in the prior quarter and from 79.4% in the fourth quarter of 2014. DUCA continues to make strategic investments in people, business channels and compliance as it builds a framework for sustainable growth.



Excluding ZBC, DUCA's net income for the six month period is 10.2% below our Annual Operating Plan.

DUCA's capital ratios meet the requirements of the Credit Union Act and DUCA's Capital Management Policy. DUCA's Capital Leverage Ratio was 5.05% at June 30, 2015 (the Act's requirement is a minimum of 4% and DUCA's Capital Policy requirement is a minimum is 4.5%). DUCA's Risk-Weighted Assets Ratio was 9.71% at June 30, 2015 (the Act's requirement is a minimum of 8% and DUCA's Capital Policy requirement is a minimum is 8.5%).

Outlook for the balance of 2015

As we stated at the Annual General Meeting, DUCA will be looking to raise additional share capital in the second half of 2015 to add to DUCA's Regulatory Capital in order to provide for the future growth, development and stability of the Credit Union.

DUCA expects improved performance in the second half. We expect improved performance in net interest margin as we focus our growth efforts on our higher yielding commercial loans, undertake more mortgage securitization to reduce our funding costs and reduce our non-performing loan balances. We will continue our focus on making prudent investments and cost management.