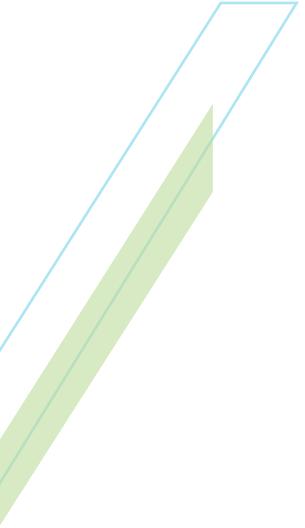




ANNUAL REPORT

FEBRUARY 1, 2016 TO JANUARY 31, 2017





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Chair's Message to Members

Credit unions have long understood that what sets us apart from other financial institutions, what makes us uniquely different, is service to members and to community. As a community financial institution, we are here to help you achieve your financial goals in life. On behalf of the Board of Directors and everyone at IC Savings, I thank you for the privilege of serving you.

In the pages of this 2016–2017 annual report, you will learn how IC Savings has become one of Ontario's best-managed and most trusted credit unions. You will also learn how, time and time again, IC Savings steps up to demonstrate admirable leadership.

Take for example, Career HeadStart, the career development program that launched in late May 2016. Recognizing that a lack of work experience is still one of the most common barriers to securing employment for young people, your credit union launched this program, with the help of The Hon. Charles Sousa and The Hon. Kevin Flynn, Ontario Ministers of Finance and Labour, respectively. Our significant investment demonstrates our belief in a strong financial services sector, and allows us to support both its growth and its success by investing in the next generation of talent and our community.



Also profiled is the Italian Contemporary Film Festival (ICFF). Regarded as the largest showcase of Italian contemporary cinema outside of Italy, this festival has seen steady growth since it began in 2012. Your credit union has been there since the beginning; our affiliation with this remarkable initiative as its presenting sponsor has helped build our brand in the community. We couldn't be prouder to support activities, like the ICFF, that create economic, social and cultural value for the benefit of the communities we serve. The ICFF delivers such value in its innate ability to bring people together, enriching the cultural fabric of not only our city but also our country.

Later in the year, IC Savings again demonstrated leadership by joining other like-minded Italian-Canadian associations and companies to raise funds for The Italy Earthquake Relief Fund (TIERF). Accepting donations at all of its branches, it also made a significant contribution on behalf of you, our members, to the fund, which was established in the wake of the devastating earthquakes that struck central Italy in late August 2016. You'll read more in this report about this, and other amazing community involvements that we undertake on your behalf. I trust you share my pride as a member who knows that IC Savings cares as passionately about service to community as I do.

This success – our success – is attributable to strong leadership, as well as a clear vision that is shared by everyone at all levels of the organization. I wish to acknowledge Fausto Gaudio, president and CEO of IC Savings, for his exemplary vision. Of course, he is supported by a talented executive team and employees who are dedicated to you, our members. Lastly, I commend my fellow board members for their commitment, support and guidance. Each of them offers tremendous skills and insights that can only strengthen and better our credit union.

Thank you for the unwavering confidence you have in us. Trust us to continue being of service to you and the community for many years to come.

A handwritten signature in black ink, appearing to read "SAM J. CICCOLINI".

SAM J. CICCOLINI, C.M., O.O.ONT., O.V., C.O.S.S.M.I.T., CHAIR

CEO's Message to Members

I am pleased to share that in a constantly evolving and challenging marketplace, the fiscal year ended January 31, 2017, was a successful one for our credit union and for our members. Overall, we posted strong financial and operational results across all lines of our personal and commercial business units. I would like to draw attention to several financial highlights:

- Total assets under administration grew to over \$706 million, an increase of 16.82% from the previous fiscal year.
- Loans and deposits each surpassed \$600 million.
- Our total comprehensive income increased by 15.85% over last year to \$6.8 million.
- Retained earnings reached \$33.9 million, reflecting an increase of 19.05%.
- Total regulatory capital amounted to almost \$71 million.

Our financial results however are only part of the story; you can be assured that your credit union is managing itself to the highest standards.

Recent media reports have emerged about employees at some financial institutions upselling their services to unwitting consumers. In an ultimate effort to drive profits, consumers are convinced to take on more debt. I am especially proud that our credit union has, from the very beginning, always placed our members first. We do not employ high-pressure sales, or use aggressive tactics to drive our profits, and we have only non-commissioned employees.

We operate proudly in a manner that recognizes you, our valued membership, through helpful and trusted service based on your own individual needs, not our financial objectives. All financial institutions, like ours, are driven by the need to be profitable, but it's neither at the expense of our members nor our employees.



FAUSTO GAUDIO, PRESIDENT AND CEO

I thank both our senior leadership and our dedicated employees, who place our members at the centre of everything they do. I am very proud of the entire IC Savings team because each one of them works hard each and every day to deliver exceptional service to you.

Lastly, I share my sincerest appreciation to Sam Ciccolini, Chair, and to the board of directors for their guidance and support.

Looking ahead, we are committed to building an even better credit union for all. To our valued members, we remain honoured and humbled by the trust you have placed in us, and we thank you for your continued loyalty and patronage.



Financial Highlights

ASSETS

2017	2016
\$706,777,217	\$604,990,166

DEPOSITS

2017	2016
\$602,227,145	\$540,550,795

CAPITAL & RETAINED EARNINGS

	2017	2016
Retained earnings	\$33,902,981	\$28,478,591
Class B Investment shares	35,023,405	18,767,071
Accumulated other comprehensive income	353,776	353,776
	\$69,280,162	\$47,599,438

PROFITABILITY

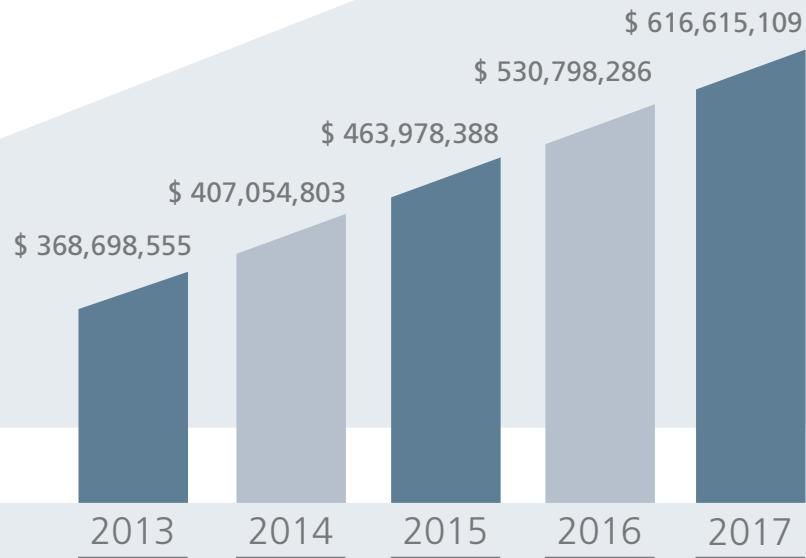
2017	2016
\$6,838,966	\$5,903,428

NET INTEREST & OTHER INCOME

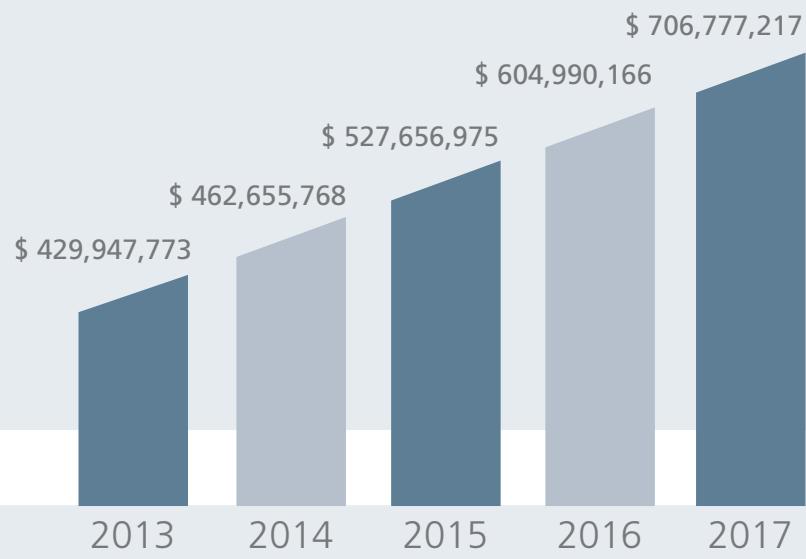
2017	2016
\$17,972,822	\$15,731,018

Financial Highlights

LOANS



ASSETS



MEMBERS

2013	2014	2015	2016	2017
10,044	11,290	12,667	13,720	14,205

Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31

IN \$	2017	2016
Assets		
Cash	22,698,737	18,491,721
Investments	45,441,347	39,456,876
Member loans	616,615,109	530,798,286
Other assets	972,779	812,143
Property and equipment	21,049,245	15,431,140
	706,777,217	604,990,166
Liabilities		
Demand loans	30,000,000	12,500,000
Member deposits	602,227,145	540,550,795
Other liabilities	5,184,468	4,256,210
Membership shares	85,442	83,723
	637,497,055	557,390,728
Members' Equity		
Retained earnings	33,902,981	28,478,591
Class B Investment shares	35,023,405	18,767,071
Accumulated other comprehensive income	353,776	353,776
	69,280,162	47,599,438
	706,777,217	604,990,166

APPROVED BY THE BOARD

FRANK A. PETTI
Chair, Audit Committee

SAM J. CICCOLINI
Chair

Financial Statements

STATEMENT OF INCOME AND COMPREHENSIVE INCOME FOR THE YEAR ENDED JANUARY 31

IN \$	2017	2016
Interest income		
Member loans	25,706,915	22,872,620
Investments	371,831	394,839
	26,078,746	23,267,459
Interest expense		
Member deposits	9,369,742	8,943,052
Demand loans	349,587	55,792
	9,719,329	8,998,844
Net interest income	16,359,417	14,268,615
Provision for impaired loans	185,735	202,323
Net interest income after provision for impaired loans	16,173,682	14,066,292
Other income	1,799,140	1,664,726
Net interest and other income	17,972,822	15,731,018
Operating expenses		
Personnel	5,673,820	5,044,410
Administrative expenses	2,438,701	2,058,290
Occupancy expenses	853,930	790,274
Deposit insurance premium	335,829	349,120
Depreciation and amortization	323,654	373,660
	9,625,934	8,615,754
Income before income taxes	8,346,888	7,115,264
Income taxes		
Current	1,659,322	1,354,868
Deferred	(151,400)	(113,612)
	1,507,922	1,241,256
Net income for the year	6,838,966	5,874,008
Other comprehensive income (net of tax)	-	29,420
Total comprehensive income for the year	6,838,966	5,903,428

Audit Committee Report

The Credit Union's Audit Committee is a committee of the Board of Directors and operates pursuant to section 125 of the Credit Unions and Caisses Populaires Act, 1994. The committee, which consists of four directors, has a mandate to cover all of the duties specified to be performed by the audit committee in the Regulations of the Act. The Audit Committee meets at least quarterly and arranges its agenda so that, on an annual basis, the following duties will be performed and appropriate action taken as a result thereof:

- ▶ serve as the principal communication link between the external auditors and the Board of Directors and, in particular, review the terms of engagement and scope of the audit, and review IC Savings' annual financial statements prior to recommending Board approval.
- ▶ obtain a reasonable understanding of the elements of internal controls that are important to safeguard the assets of the Credit Union, ensure the accuracy of financial reports, and ensure compliance with policies and procedures.
- ▶ serve as the Board's liaison with the internal auditor and review the internal audit mandate, work plan and reports.
- ▶ review the policies, procedures and controls which relate to legislative compliance, with a particular focus on requirements for liquidity, capital adequacy and interest rate risk management.

Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or senior management, as appropriate, with respect to the matters outlined above and follows up to ensure that the recommendations are considered and appropriate action taken.

The committee receives full co-operation and support from management to enable it to effectively fulfill its role in maintaining the quality of financial reporting to the Members, and an effective overall control structure.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to the Members, nor are there any further matters which are required to be disclosed pursuant to the Act or the Regulations thereto.



Frank A. Petti
Chair, Audit Committee

Board of Directors

Our Board of Directors reflects a diverse range of industry and professional backgrounds. We are fortunate to draw upon the experience and talents of this committed group who provide leadership and guidance at the highest level of governance.

Sam J. Ciccolini
Chair

John Da Re
Vice-Chair

Frank A. Petti
Chair, Audit Committee

Dino Bottero
Director

Paolo Canciani
Director

Alex De Iulis
Director

Marisa Zanini
Director

Robert Gray
Corporate Secretary

Executive Team

Our experienced senior team strives for excellence, seeking to deliver an exceptional member (customer) experience. Their continued focus on this goal has been instrumental to our success.

Fausto Gaudio
President and CEO

Bruce Savage
Senior Vice-President,
Credit Services

Clara Astolfo
Vice-President, Business and
Community Development

Wadood Sheikh
Vice-President, Finance
and Administration

The Credit Union Difference

It's all about service to members and to community

► Simply the best

For the 12th year, Canadians have ranked credit unions first in overall Customer Service Excellence and Branch Service Excellence. In total, Canada's credit unions received a record number of nine awards through the annual 2016 Ipsos® Best Banking Awards.

► Top marks from Canada's SMEs

When it comes to serving the needs of Canada's micro, small- and medium-sized businesses, credit unions consistently outperform all banks according to the Canadian Federation of Independent Business (CFIB). In fact, credit unions have consistently been ranked #1 by CFIB members in four of their last five surveys, receiving the highest overall score, and top marks in the categories of financing, fees and account manager experience.

► **Members have ding free®** access to over 600 ATMs in Ontario as well as over 4,100 Canada-wide. This means our members pay no surcharges at credit union and other participating ATMs across Canada for their withdrawals, deposits and balance inquiries.

Source: Canadian Credit Union Association

► **Currently, there are more than 300 credit unions** nationwide that serve more than 5.5 million members. That's about 1 in 5 Canadians who belong to a credit union.

It comes as no surprise to learn that credit union market share is growing. In fact, it's now at 11.5 per cent of the national market, and more impressively, it's larger than the footprint of two of the country's largest banks.

Source: Canadian Federation of Independent Business

Of Service to Members and to Community



IC Savings opened for business in October 2000 with a single branch in Woodbridge. Since then, we've grown to become one of the most successful credit unions in the province of Ontario.

Our more than 14,200 members can now access a full range of financial products and services online, or through the six branches and credit centres that operate in some of the GTA's most vibrant neighbourhoods.

We've achieved this success by remaining true to our mission, and because we understand the responsibility that has been entrusted to us by our members.

This annual report is a distillation of our activities between February 1, 2016 and January 31, 2017. The numbers in the preceding pages speak to our entire team's focus on the practices that will ensure a fiscally sound enterprise. The stories that follow, on the other hand, underscore a deep commitment to our communities and to the future, and to creating value for all.

Developing the next generation of talent

IC Savings launches career development program for recent graduates

Career HeadStart had its official launch in May 2016, and the selected candidates (opposite page, bottom photo) recently had an opportunity to look back on what they've learned through the new career development program.

Reflecting how they've grown professionally since joining the IC Savings team, they also spoke of the struggles they faced as recent graduates in today's competitive job market, highlighting what appears to be the biggest hurdle of them all: gaining valuable work experience. In fact, the twelve-month placement was established as a way to bridge the gap between graduation and long-term employment, easing the tedious and difficult road leading to a full-fledged career.

"Career HeadStart is our way of acting on our mandate for community development. We're investing in people and developing their potential and talents," says Fausto Gaudio, the credit union's president and CEO. "IC Savings is committed to hiring an incremental 10 per cent of its current workforce each year for internships in entry-level positions through this program."

In the program's first year, recent college and university graduates were hired to work at IC Savings retail branches in the Greater Toronto Area, or its various business units, including mortgage lending and finance. Candidates were eligible to apply if they met certain criteria: they were unable to find work in line with their academic track and career interests; they had graduated from an accredited Canadian college or university, and they had been out of school for at least six but not more than 24 months.

Providing a varied work experience is a key focus of Career HeadStart; each intern turns his or her preceding academic knowledge from theory into practice. Aside from the technical skills, possibly the most valued

experience came from the professional relationships that were built. For some, the program helped establish a supportive bond – or mentorship – with some of their more senior co-workers. These individuals provided direction and advice for personal growth, both within the credit union and regarding their prospective paths as well. Giuliano Rachiero, a recent bachelor of commerce graduate, spoke candidly about his mentor and manager, Giovanni Pagliuso, also manager of the Corso Italia branch: "He is nurturing and presses you every day. He goes above and beyond 'above and beyond' is his norm."

Looking ahead, Career HeadStart will continue to support aspiring young professionals and continue to offer them the tools and guidance needed to achieve their ultimate career goals. Carlos Alves remains hopeful about what lies ahead. "Since we lack experience, companies can't gauge how we'd perform in their environments. It's really difficult for them to assess us and see if we'd be a good fit. This is why this program is an important vehicle for us to gain experience as it will help integrate us into the workforce."

“ I commend IC Savings for providing Ontario youth with valuable experience which will help them thrive in today’s knowledge-based economy. ”

The Hon. Charles Sousa, Minister of Finance



A screenshot of a Twitter post from IC Savings (@IC_Savings). The post reads: "A Twitter user was mentioned in a retweet! 🎉". Below this is a reply from Laura Albanese (@Laura_Albane) to @IC_Savings: "Pleased to be joined by Min. @MPPKevinFlynn & @SousaCharles to support @ICSavings at #CareerHeadstart announcement pic.twitter.com/omCUazocO8". The tweet has 8 retweets and 1 like. At the bottom, it says "Retweeted by Kevin Flynn (@MPPKevinFlynn)".

(Above) The. Hon. Charles Sousa, Minister of Finance (third from left) and The Hon. Kevin Flynn, Minister of Labour (far right) joined Fausto Gaudio, president and CEO of IC Savings (far left) for the official media launch of Career HeadStart. Also participating were (from left to right) Martha Durdin, president and CEO of the Canadian Credit Union Association, Sam Ciccolini, IC Savings Board Chair, and The Hon. Laura Albanese, Minister of Citizenship and Immigration.

A screenshot of a Twitter post from Kevin Flynn (@MPPKevinFlynn). The post reads: ".@ICSavings #CareerHeadstart launch was a great success. Pleasure sharing the podium w/ @SousaCharles @Laura_Albane". It includes a photo of the podium where the officials were speaking. The post has 14 retweets and 1 like. At the bottom, it says "View conversation".





A modern take on the banker, philosopher and poet

In 2012, when the idea for an Italian-Canadian film festival started to germinate, the impetus was a desire to showcase a fresh depiction of Italy and the community: a young and contemporary interpretation that refined, and occasionally replaced, the stereotype of a country steeped in postcard mythology.

That year the Italian Contemporary Film Festival (ICFF) showcased five days of films, shorts and documentaries. There to support this cultural happening in Toronto was IC Savings. "With films made by Italians and Italo-Canadians as well, we recognized early on that this showcase of Italy's modern cinema could both entertain and educate audiences of every kind on universal and challenging issues, thereby creating social and cultural value," said Fausto Gaudio, president and CEO of the credit union.

IC Savings and the ICFF share more than the first two letters of their name and acronym. They share a foundation that is rooted in community, and a philosophy and mandate to forge new ideas about fostering relationships within the Italian community and beyond.

"From the beginning, the two organizations shared values and a commitment to working with the roots of the community," said Maurizio Magnifico, the ICFF's managing director and its co-founder. "It was only natural that they would meet."

Cristiano de Florentiis, the ICFF's artistic director and also co-founder, concurred. "IC Savings was the perfect fit for this project. We shaped the festival alongside IC Savings. Our dream was to create a major Italian cultural event that reached beyond the community. We are about Italy, but not 'Made in Italy.' In the way that IC Savings is a community bank, the ICFF is a community festival. Our philosophies seamlessly aligned."

For IC Savings, the festival's long-time presenting sponsor, the association with the ICFF was synergistic; its brand

is twinned with a growing and vibrant cultural event – one that USA Today has dubbed one of their 10 best. "What makes the ICFF special is that it allows us to directly connect with our target markets in a meaningful way," said Mr. Gaudio. "It is rewarding to see audiences connecting, responding and learning from the universal and powerful stories that the ICFF has brought to the big screen over the years."

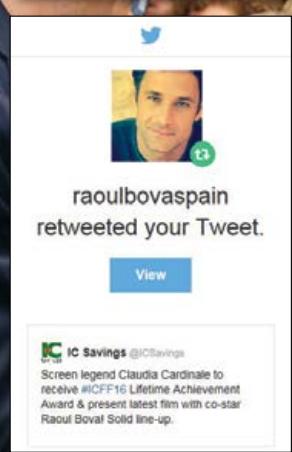
In 2016, the festival welcomed more than 30,000 people in Toronto, Vaughan, Hamilton, Montreal, Quebec City, and the Niagara Region. Past attendees have included Roberto Benigni, Nicoletta Braschi, Carlo Verdone, Danny Glover, and Al Pacino. And as more luminaries attend, the demand grows for star power. In 2016, that star power included screen legend Claudia Cardinale and Raoul Bova.

"To bring a quality product to market, you need access to funds, and the IC Savings sponsorship has directly impacted our ability to continually improve the festival. Their financial contribution has grown with the ICFF," Mr. Magnifico said.

Sowing the seeds for future artists and audiences, a festival offshoot, ICFF Junior, brings cinema to under-18 youth with screenings in schools. In addition, there are industry events and panels that run during the festival. In 2017, the festival is expected to screen double the films in Vaughan alone, and will host 130 screenings in six cities, including 13 Canadian premieres.

"IC Savings believed in the festival from the moment the idea was born, and without them we could not have achieved the potential we have reached today," said Mr. Magnifico.

At the end of the 15th century, a banker, a philosopher and a poet ignited one of the highest moments in human history, the Renaissance, bringing art to the people. Today, a credit union has partnered with a film festival to do the same.



(Clockwise from top): Nicoletta Braschi and Roberto Benigni arrive for the 2015 edition of the festival; the pair were honoured with a Lifetime Achievement Award. Film enthusiasts gather at the TIFF Bell Lightbox, home to the festival since 2013. Fausto Gaudio of IC Savings speaks at the 2016 press conference.

Our Community Involvement

Coming together through a legacy effort to help re-build lives



In the early morning hours of August 24, 2016, a devastating 6.2 magnitude earthquake tore through the regions of Umbria, Lazio and Marche in central Italy. The following day, yet another quake and more than 200 aftershocks were felt. The fabled towns of Amatrice and Accumoli in Lazio and Arquata del Tronto and Pescara del Tronto in Marche were among those hardest hit, and more than 300 lives were lost. Images of devastation soon filled the airwaves, and were shared by millions through social media. It was difficult not to be affected by what you were seeing.

Soon after, Canadians united to offer their help. We were honoured to join other organizations and associations from the Italian-Canadian community under the banner of The Italy Earthquake Relief Fund (TIERF), formerly the Central Italy Earthquake Relief Fund, to support

those who were affected. We wished to reassure these individuals and families that we would help rebuild their lives, communities and economies.

Not only did we step in to accept donations from individual donors, we also made a significant donation of \$50,000, which was presented at the Lazio Federation of Ontario's annual gala fundraiser in mid-November. "Our credit union was proud to make this donation on behalf of our more than 14,200 members and employees," said Fausto Gaudio, the credit union's president and chief executive officer. "We have a long-standing tradition of supporting communities in need, and especially because of our deep roots in the Italian-Canadian community, it was important for us to give." By January 31, 2017, more than \$394,000 had been donated by Canadians.

Connect With Us

WOODBRIDGE VILLAGE
6-53 WOODBRIDGE AVENUE

WOODBRIDGE WEST
7766 MARTIN GROVE ROAD

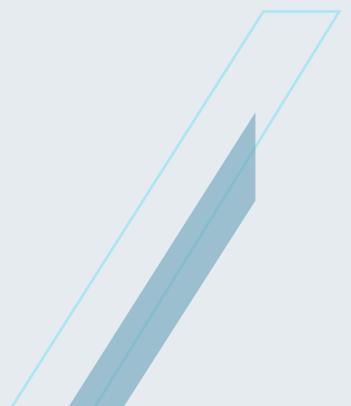
YORKDALE-GLEN PARK
2900 DUFFERIN STREET

LITTLE ITALY
637 COLLEGE STREET

LITTLE PORTUGAL
1168 DUNDAS STREET WEST

CORSO ITALIA
1254 ST. CLAIR AVENUE WEST

OPENING MARCH 2017: ETOBICOKE CENTRE, 5300 DUNDAS ST. WEST
NEW HOME OF OUR CORPORATE OFFICE AND SEVENTH BRANCH





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IC Savings

www.icsavings.ca