

# ANNUAL REPORT

FEBRUARY 1, 2017, TO JANUARY 31, 2018





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## Cover images

TOP ROW: Members of the IC Savings Board and the leadership team join Yvan Baker, MPP, Etobicoke Centre (centre) and Peter Milczyn, MPP, Etobicoke-Lakeshore (third from left) on the green roof of the corporate office for the official opening in June.

BOTTOM ROW, LEFT TO RIGHT: The official graphic for the Cinema Under the Stars program, organized with L’Altra Italia for local residents and members of the Etobicoke Centre branch; facade of 5300 Dundas Street West.

# Chair's Message to Members

Now more than ever, our members have many choices open to them about where to bank. Knowing this, I would like to thank you, on behalf of your Board of Directors, for your loyalty to IC Savings.

The 2017–2018 fiscal year was an important one for IC Savings, with one clear highlight. Early in the year, a new retail branch, the credit union's seventh, opened in south Etobicoke. That address – 5300 Dundas Street West – also became the location for the credit union's corporate office. Like everyone who has been involved with IC Savings since the beginning, I am especially proud of this particular milestone. The striking five-storey building stands as a testament to the support that IC Savings has received from the neighbourhoods it serves.

Almost a year on, the residents and businesses of south Etobicoke are experiencing our member-first approach, one that is characterized by a level of personal service that places our members at the centre of everything we do. Not only does this neighbourhood now benefit from a competitive suite of financial products and services, it has also gained from a co-operative model of banking that puts people ahead of profits.



A stylized, 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.IT, CHAIR

We recognize the fortunate position that we are in because of our success. As we do well, we are also able to “do good,” sharing our profits and investing them in the neighbourhoods where our members live and work so that our neighbourhoods prosper for everyone's benefit. By fiscal year-end, we had invested more than \$500,000 in local charities and organizations, and these funds will enrich the lives of many people for years to come.

One such investment was a new support fund that our credit union launched in mid-September. In a relatively short time, *Fundo de Apoio IC Savings* has provided financial support to many of our neighbours and, more broadly, to the GTA's Luso-Canadian community.

The success of our credit union is, without question, the result of visionary leadership and commitment by many individuals. On behalf of the Board, I wish to acknowledge Fausto Gaudio, the credit union's president and chief executive officer, his senior team and all employees for their commitment to deliver a better banking experience. Whether at the front counter or in the back office, each person is always focused on the best interests of our members.

I also wish to thank my fellow board members for their support and unwavering commitment. In particular, I wish to thank director Paolo Canciani, who stepped down in November, for his many contributions over the years, and to formally welcome a new appointee, Anthony D'Errico. Formerly with the Deposit Insurance Corporation of Ontario, Mr. D'Errico brings significant experience in the provincial regulatory framework, compliance and risk management.

On behalf of your Board, we look forward to delivering more “Better Banking” for many years to come.

# CEO's Message to Members

Every year, your credit union challenges itself to continue to improve the quality and value of our services to you, and the 2017–2018 fiscal year was no different. Our continued growth seems to indicate that you appreciate our efforts. But this year presented a couple of additional challenges:

- The housing market in the GTA, on which we rely for most of our asset growth, was unpredictable.
- Credit unions across the country faced an unexpected regulatory challenge from the federal Office of the Superintendent of Financial Institutions (OSFI), about which more below.

Despite these challenges, I am pleased to share that the fiscal year ended January 31, 2018, was one marked by strong performance across all lines of our business. Financial highlights include the following:

- Total assets under administration grew to \$762.4 million, an increase of 7.9% from the previous fiscal year.
- Net after-tax income was \$6.8 million.
- Members' equity increased from \$69.3 million to \$77.6 million.
- Retained earnings grew to more than \$41 million from \$33.9 million.

We are performing well as an organization, and we remain competitive in the marketplace.

## Common sense and reasonable solutions

One of the year's challenges was a conversation that captured the interest (and ire) of our industry and puzzled the average Canadian. OSFI issued an advisory in 2016 that would, in effect, stop all credit unions from using the word "banking" to describe what they do. For example, we use the words "Better Banking" as part of our communications.

Intense lobbying efforts by our national association, the Canadian Credit Union Association, culminated with a request that the federal government review the Bank Act and propose a reasonable solution. I am pleased to say

that your credit union was very involved in seeking legal opinion and in related advocacy efforts at Queen's Park. Fast-forward to July 2017 and the federal budget, when The Hon. Bill Morneau, Minister of Finance, announced the federal government's decision to amend the Bank Act, so credit unions could use these generic terms to describe their financial services, subject to disclosure.

## Placing our members at the centre of everything we do

There is probably no belief that pervades the culture of our company more than this one.

Our credit union has, from the very beginning, always placed our members first, ahead of our financial objectives. We remain committed to better understanding your needs and to building life-long relationships with you. I would like to recognize our senior leadership and our dedicated employees for their continuous efforts to deliver on this promise of an exceptional and better banking experience.

I also wish to thank Sam Ciccolini, Chair, and the Board of Directors for their support. As always, I appreciate their insights and guidance.

Looking ahead, we remain committed to delivering value to you, so that you can succeed in your financial life. Count on us to continue working hard to be your preferred banking choice.



FAUSTO GAUDIO, PRESIDENT AND CEO



# Financial Highlights

## ASSETS

2018	2017
<b>\$762,370,189</b>	<b>\$706,777,217</b>

## DEPOSITS

2018	2017
<b>\$671,178,520</b>	<b>\$602,227,145</b>

## CAPITAL & RETAINED EARNINGS

	2018	2017
Retained earnings	\$41,041,703	\$33,902,981
Class B Investment shares	36,529,514	35,023,405
Accumulated other comprehensive income	-	353,776
	<b>\$77,571,217</b>	<b>\$69,280,162</b>

## PROFITABILITY

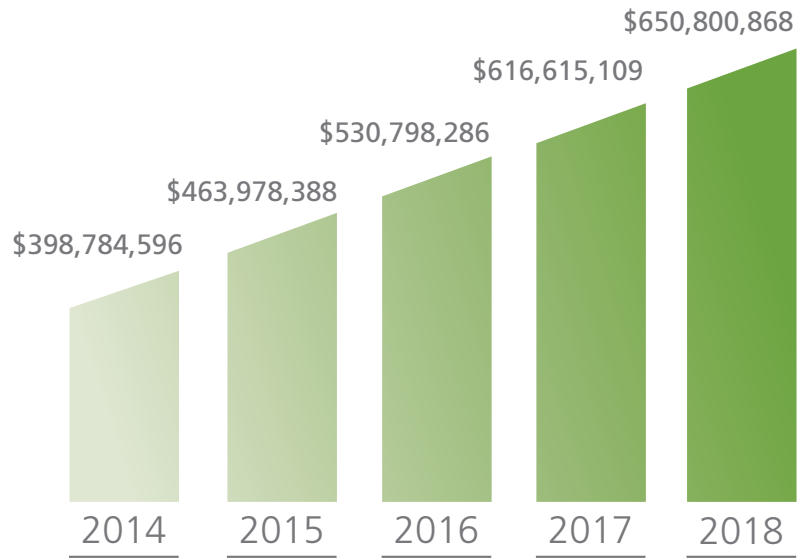
2018	2017
<b>\$6,784,946</b>	<b>\$6,838,966</b>

## NET INTEREST & OTHER INCOME

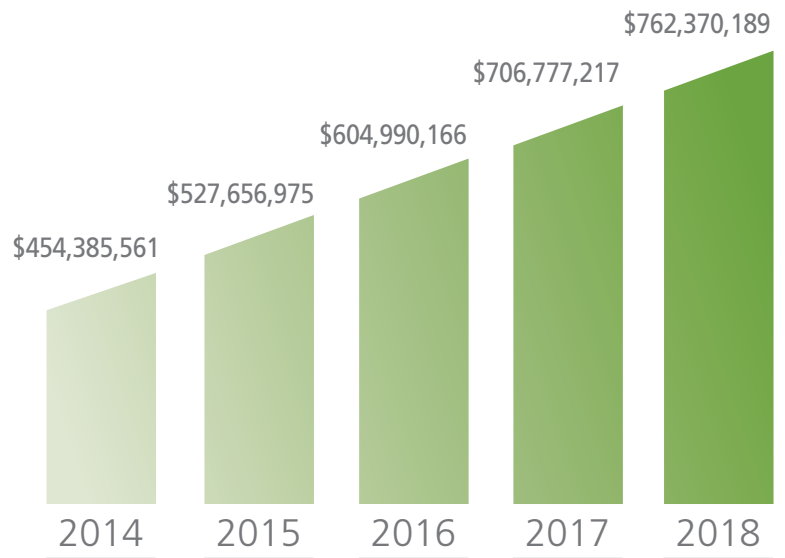
2018	2017
<b>\$19,855,160</b>	<b>\$17,972,822</b>

# Financial Highlights

## LOANS



## ASSETS



# Financial Statements

## STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31

IN \$	2018	2017
<b>Assets</b>		
Cash	40,810,761	22,698,737
Investments	48,016,099	45,441,347
Member loans	650,800,868	616,615,109
Other assets	1,059,651	972,779
Property and equipment	21,682,810	21,049,245
	<b>762,370,189</b>	<b>706,777,217</b>
<b>Liabilities</b>		
Demand loans	10,000,000	30,000,000
Member deposits	671,178,520	602,227,145
Other liabilities	3,534,582	5,184,468
Membership shares	85,870	85,442
	<b>684,798,972</b>	<b>637,497,055</b>
<b>Members' Equity</b>		
Retained earnings	41,041,703	33,902,981
Class B Investment shares	36,529,514	35,023,405
Accumulated other comprehensive income	-	353,776
	<b>77,571,217</b>	<b>69,280,162</b>
	<b>762,370,189</b>	<b>706,777,217</b>

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 \$	2018	2017
<b>Interest income</b>		
Member loans	27,341,468	25,706,915
Investments	1,001,634	371,831
	28,343,102	26,078,746
<b>Interest expense</b>		
Member deposits	10,268,422	9,369,742
Demand loans	188,614	349,587
	10,457,036	9,719,329
<b>Net interest income</b>	17,886,066	16,359,417
<b>Provision for impaired loans</b>	(35,546)	185,735
<b>Net interest income after provision for impaired loans</b>	17,921,612	16,173,682
<b>Other income</b>	1,933,548	1,799,140
<b>Net interest and other income</b>	19,855,160	17,972,822
<b>Operating expenses</b>		
Personnel	5,851,713	5,673,820
Administrative expenses	2,965,512	2,597,408
Occupancy expenses	1,835,082	1,018,877
Deposit insurance premium	359,354	335,829
	11,011,661	9,625,934
<b>Income before income taxes</b>	8,843,499	8,346,888
<b>Income taxes</b>		
Current	1,626,177	1,659,322
Deferred	78,600	(151,400)
	1,704,777	1,507,922
<b>Net income for the year</b>	7,138,722	6,838,966
<b>Other comprehensive income (net of tax)</b>	(353,776)	-
<b>Total comprehensive income for the year</b>	<b>6,784,946</b>	<b>6,838,966</b>

# 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

**Anthony D'Errico**  
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

# Making a difference in our community





While the numbers in the preceding pages reflect the strong financial performance of our credit union, the images and stories on these and the subsequent pages speak to our deep commitment to community.

Top row, left: Professor Michael Lettieri, Chair, Department of Language Studies, University of Toronto Mississauga (UTM) speaks at a special reception hosted by IC Savings during Global Art50, a special series marking UTM's 50th anniversary. Our credit union renewed its commitment to the department's Travel Abroad Scholarship Program. Beginning in 2018, four scholarships will be awarded annually to students for five years.

Top row, middle: Nicoletta Braschi, the accomplished and award-winning Italian actress and producer, joins Fausto Gaudio, the credit union's president and CEO, and Cristiano de Florentiis, creative director for the Italian Contemporary Film Festival. Ms. Braschi headlined several Global Art50 events. In recognition of Ms. Braschi's love of reading, our credit union made a donation in her name to the student library at North Etobicoke's St. Andrew R.C. Elementary School.

Top row, right: Race of champions in support of the Paul Flumian Grand Prix.

Bottom row, left: IC Savings was well-represented on the organizing committee for the successful Pranzo con Sergio Marchionne (Lunch with Sergio Marchionne), a fundraiser held in May 2017 to benefit The Italy Earthquake Relief Fund. The sold-out event featured the Fiat Chrysler CEO as the keynote speaker, and saw the participation of Prime Minister Justin Trudeau and Premier Kathleen Wynne, with each making funding announcements.

Bottom row, right: Fausto Gaudio meets Prime Minister Justin Trudeau at a reception held before the fundraiser.



# Celebrating our arrival in Etobicoke

In late March 2017, IC Savings achieved two milestones in its impressive growth story: the official opening, at 5300 Dundas Street West in Etobicoke, of the credit union's new corporate office and a new retail branch. Aptly named Etobicoke Centre, this street-level branch brought the total number of retail locations in the Greater Toronto Area to seven.

At the official ribbon-cutting and opening festivities, held in late June, Fausto Gaudio, president and chief executive officer, remarked, "My feelings of pride and gratitude are immense today. From our valued members and staff, both past and present, to our industry partners and government, our success is a testament to our shared vision for a fair banking alternative." He went on to add, "A major motivating force for starting IC Savings was a belief that smaller community banking institutions are indeed viable, and that these can make a difference locally. Seventeen years on, we see how true these statements are."

Among the 150 guests on hand to celebrate with Mr. Gaudio and Sam Ciccolini, chair of the credit union's board and the evening's emcee, were Peter Milczyn, Member of Provincial Parliament (MPP) for Etobicoke-Lakeshore, Yvan Baker, MPP, Etobicoke Centre and Rebecca Guida, representing Ward 5 councillor Justin Di Ciano. Among his many responsibilities, Mr. Baker is also the parliamentary assistant to Ontario's Minister of Finance, The Hon. Charles Sousa.

"Our service philosophy has always been that it's not just about doing well. It's also about 'doing good' in the neighbourhoods where we operate," explained Mr. Gaudio. He added, "Our ownership structure allows for our profits to be shared locally on behalf of our members for direct community support."

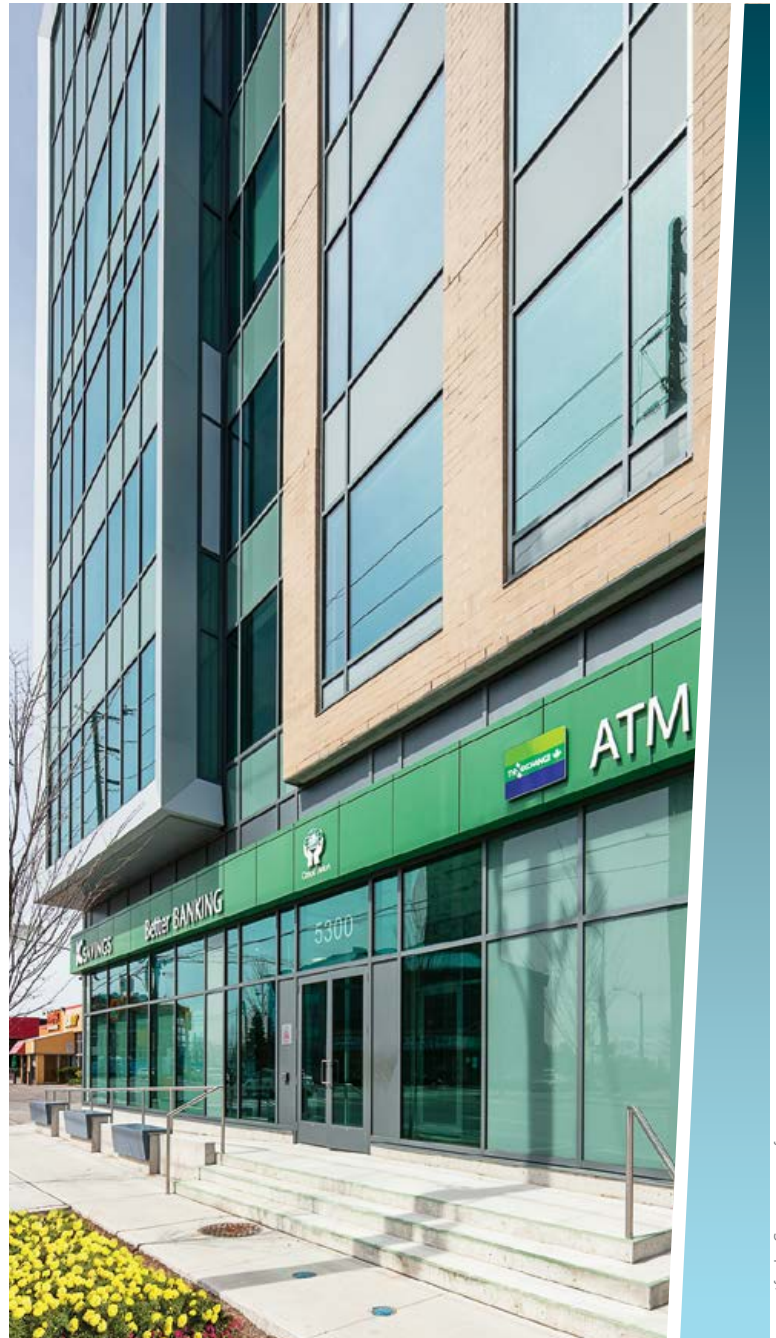


Photo credit: Industrious Photography, 2017



Fausto Gaudio (third from left) and members of the IC Savings board, including Sam Ciccolini (second from right), mark a remarkable milestone with MPPs Yvan Baker (centre) and Peter Milczyn (fourth from the right).

## A stunning new address

As the City of Toronto notes in its current Official Plan for municipal growth to the year 2031, “great cities are built one building at a time, with each new building making a contribution to the overall urban design of the city.” We share the City’s view, and are extremely proud to have collaborated with the award-winning firm Architecture Unfolded to create a striking space that will successfully blend into the city’s emerging Etobicoke Centre neighbourhood, both now and in the future.

A statement about the credit union’s ability to translate excellent service to its members into a remarkable success, the five-storey, 35,000-square-foot structure was envisioned to meet Tier 2 City of Toronto Green Standards and was a finalist in the 2017 Toronto Urban Design Awards. It will seek Leadership in Energy and Environmental Design Gold certification under the internationally recognized green-building LEED certification system.



"We are delighted to be part of the Etobicoke Centre community, and we share the City's view of the tremendous potential of this neighbourhood as a significant centre of economic activity," said Mr. Gaudio. "It's for these reasons that we chose to relocate our corporate headquarters to this dynamic mixed-use setting, and to open a seventh retail branch." Etobicoke Centre has been identified by the City of Toronto as one of four key urban focal points, and one that will play an important role in the managed growth of the broader region.



## Cinema under the stars



Etobicoke, thanks for the warm welcome! The parking lot at our newest branch became a *piazza*, a place for the community to gather, on two summer evenings thanks to a unique collaboration with L'Altra Italia. Almost 500 Etobicoke residents and credit union members enjoyed two free outdoor screenings of award-winning Italian films and *gelato*. Despite a sudden but brief downpour of rain at August's screening, a good time was had by all.



# Sempre consigo: Investing today for brighter futures

In late September, among leaders of the Greater Toronto Area's Portuguese community, IC Savings proudly announced details of a new fund, *Fundo de Apoio IC Savings*. Through it, donations and grants will be offered annually to registered local charities, community groups and associations that deliver direct-impact services and programs within the Portuguese-Canadian community.

"At IC Savings, our mission is to build economic, social and cultural value for the benefit of our members and within the communities where they live and work. The Portuguese-Canadian community is an important part of our credit union's success, and *Fundo de Apoio IC Savings* is intended to help achieve our mission in this

community," said Fausto Gaudio, president and chief executive officer (far left).

In addition to details about the fund, a trio of highly respected Portuguese-Canadians were also introduced as the credit union's new community advisory board. Frank Alvarez (far right), currently the president and chief executive officer of FPTV, the Toronto-based, Portuguese-language specialty broadcaster, will serve as its chair. Luis Arruda, president and principal broker at Regional Insurance Services, and Filomena Silveira, assurance and advisory partner with BGD, round out the advisory board and will serve as its directors.



\*Sempre consigo is Portuguese for "Always with you."

“We are so pleased to welcome Frank, Luis and Filomena to these key roles within our organization. They are valued ambassadors within their community, and we are fortunate to be able to draw upon their deep community knowledge and expertise for the benefit of our credit union and its membership,” said Mr. Gaudio. Not only will the board be tasked with managing *Fundo de Apoio IC Savings* and advising the credit union on which projects to support, it will also advise on matters pertaining to the Portuguese-Canadian community and how to better serve it.

“On behalf of the Portuguese-Canadian community and my fellow board members, I commend IC Savings for its inspired leadership and its commitment to the true principle of co-operation that exists within the co-operative movement,” said Mr. Alvarez.

This particular commitment underscores a tradition for the credit union to enable long-lasting, positive impacts in the communities where it operates, whether through donations, bursaries and scholarships or employee volunteerism. During the last ten years, the credit union and its charitable arm, the IC Savings Foundation, have contributed more than \$5 million to largely local projects and activities.



On June 17, 2017, more than 60 people were killed in a massive forest fire in central Portugal's Pedrógão Grande region, with almost half of them perishing in their vehicles as they attempted to flee the flames to safety.

“Those of us in the Portuguese-Canadian community awoke that morning to the stunning news of this horrific tragedy. We knew that we had to reach out and help those who had suffered so much,” said Frank Alvarez, chair of the credit union’s community advisory board.

Through the board’s efforts, contact was eventually made with the local parish, which then assisted by helping to identify the families in dire need of financial assistance. A donation of \$25,000 was personally delivered in late September by Mr. Alvarez to those who were hardest hit.

“For those who have lost so much, we hope that this financial aid will bring some measure of comfort from a community that stands with them in solidarity,” added Mr. Alvarez.

## Connect With Us

WOODBIDGE VILLAGE  
6-53 WOODBRIDGE AVENUE

WOODBIDGE 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

**ETOBICOKE CENTRE, 5300 DUNDAS ST. WEST**  
NEW HOME OF OUR CORPORATE OFFICE AND SEVENTH BRANCH



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