

ANNUAL REPORT

FEBRUARY 1, 2018, TO JANUARY 31, 2019



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**SAM J.
CICCOLINI**
C.M., O. ONT., O.V.,
COSSM. IT., CHAIR

Message from the Chair

As the pace of technological change accelerates, as customer expectations for speed, security and convenience become the norm, and as new sources of competition emerge in the financial services sector, your credit union continues to focus on its true purpose: creating real value for its members.

This perspective grounds each of us at IC Savings. It also reflects a tradition we have of embracing challenge to create value. We believe that within every challenge lies an opportunity. Challenges can help propel us forward, by seeing transformative opportunities and seizing innovative possibilities for the benefit of our members and the communities in which we live and work.

During the 2018–2019 fiscal year, your credit union arrived at another pivotal moment in its history when it chose to modernize its IT infrastructure, specifically its banking system. With a significant investment, the credit union built upon a solid foundation to deliver more value, more convenience and more security to members like you. This upgrade, with its enhanced capabilities, will open the door in the near future to the introduction of additional product and service solutions – especially digital banking options – that our members are seeking. With it, we also look to deepen our relationships with existing members and acquire new ones.

The fundamentals of your credit union’s success are deceptively simple: competitive financial products and convenient services for personal and business banking members, exceptional rates and a team that offers trusted advice and puts members at the centre of everything they do. As always, I thank Fausto Gaudio, president and chief executive officer, and his executive team for their leadership, as well as the entire IC Savings team for their enthusiastic commitment to our members. Every day they demonstrate their dedication to helping our members successfully manage their banking life.

In closing, I’d like to thank our members for their continued support. Your board is committed to providing strategic oversight and stewardship to management. Know that we will continue working on your behalf, and that we look forward to serving you in the year ahead.

Best always,



**FAUSTO
GAUDIO**
PRESIDENT AND CEO

Message from the President and CEO

At the core of our business is the value of trust and the relationships that we build with our members. The results can be seen in the financial performance across our various business units for the year ending January 31, 2019.

The credit union ended this year in a position of strength, as indicated by these key performance measures:

- ✔ Net assets under administration increased to \$790.99 million.
- ✔ Net after-tax income is \$6.76 million.
- ✔ Members' equity increased from \$77.57 million to \$84.28 million.
- ✔ Our efficiency ratio, or operating expenses to total income, as reported to DICO, was 58.43%, significantly stronger than the system average of 80.2%.

We pride ourselves on the personal service that we deliver. We also recognize that technology is becoming more and more important in how our members choose to do business with us. It isn't only about visiting us in-branch or calling us – although many members still appreciate this. In today's digital and increasingly interconnected world, members can engage with us through their devices several times a day. This disruption presents an interesting challenge – and opportunity.

At IC Savings, technology will not be a substitute for the expert knowledge, trusted advice and personal service that our members trust will come from our team. Our approach to adjudication, especially among newer Canadians who value home ownership, is an example of how we have always done this. It's also what has come to set us apart from larger financial institutions. Our members know that we will always work in their best interest, we will always listen, and we will look for smart ways to use technology to enhance their banking experience.

Finally, I wish to thank Sam Ciccolini and the entire board for their commitment and wisdom, my executive team for their dedication and vision, and last, but certainly not least, each employee for their part in delivering another year of outstanding results.

Regards,

Our members are at the centre of everything we do. The following highlights from our 2018–2019 fiscal year speak to our commitment to create value for their benefit. It's what drives us, each and every day.

Delivering a better banking experience



In July 2018, after an extensive review process, we embarked on a rigorous process to implement new general ledger, retail banking and loans administration and origination systems to improve business outcomes, operational efficiencies and member satisfaction. Slated for completion in May 2019, this project is considered one of the most important and complex that our company has undertaken.

A banking system is the software that financial institutions like ours use to manage and record the daily transactions and account information of their members and clients, and it is also an important tool that we will use to offer more relevant product offerings to our members. The current retail banking system, for example, worked well for us, but our business needs have evolved and become more complex, as have cyber security risks and the regulatory environment in which we operate. Most relevant to our members is that we chose DNA[®] from Fiserv, with its person-centred data model, as our new banking system. An award-winning platform, it will offer us complete 360° views of our relationships with members, and, once fully implemented, will allow us to offer enhancements such as Central 1's MemberDirect[®] Small Business Services.

We will work with numerous industry partners, including Celero, a co-operatively owned Canadian financial technology provider, to implement this platform. Used by more than 100 credit unions in Canada –including 60 of the top 100 based on assets – DNA by Fiserv serves more than 1.2 million Canadians.

Additionally in 2018, we

- solidified our relationship with Banca Popolare di Sondrio, an Italian bank founded in 1871 and headquartered in Sondrio, Lombardy, as our correspondent bank. (A correspondent bank is a financial institution authorized to provide services on behalf of another financial institution.)
- secured our own SWIFT code, a unique code to identify our credit union among the more than 10,000 financial institutions from more than 200 countries participating in the secure SWIFT network, that allows for the safe transmission of information and instructions made on behalf of our members.

Offering more choice

Leveraging the strength of the credit union sector, we launched a new Visa credit card program in March 2018 with Collabria, a unique payment solutions provider created expressly for credit unions. Members can select from a variety of personal and business card options, each with its own distinctive set of benefits. Other features include a rewards program and the Verified by Visa® security service, which blocks online fraud. Our credit union is among the more than 210 financial institutions participating in this program.



Changing our bond of association

A credit union is a financial co-operative that is owned by its members. When a credit union is established, it defines itself with a common bond of association, such as employment within a particular company, or membership in a trade union or in a cultural community. Credit unions can expand their bond of association, as noted in their by-laws, to reflect growth in new members and any new communities that they might not have originally envisioned serving. In accordance with the provisions set out in the Credit Unions and Caisses Populaires Act, 1994, we formally changed our bond of association in October at a special general meeting called by our board of directors. Unanimously approved, the motion called for an update of our by-laws to reflect a community bond of association rather than an ethnic (Italian-Canadian) one. Over the years, our retail branches have come to reflect the diversity of the neighbourhoods in which we operate. While proud of our Italian- and Portuguese-Canadian heritage, we recognize that our mission is to create economic, social and cultural value that extends well beyond these communities.



Banking with confidence

In today's digital age, trust and security are more important than ever. Our credit union is focused on protecting the privacy of our members and safeguarding their data. We follow industry best practices meticulously so that our members can bank with us with confidence, whether that's in-branch, at an ATM or online. In 2018, we implemented increased authentication as an extra layer of security to the online log-in process. This measure is in addition to the sophisticated encryption software used to scramble information, ensuring it can't be read or changed during transmission.

We also place great importance on fraud prevention, an ongoing challenge in our sector. Our ultimate goal: take the necessary measures to mitigate risk, which includes working with payment partners such as Everlink Payment Services and Interac® and industry partners such as Central 1 and the Canadian Credit Union Association.

Here we grow again

2018 saw the purchase of a property in midtown Toronto, on St. Clair Avenue West, in the mature and established Hillcrest Village neighbourhood. This property will become the eighth retail branch for our credit union, with occupancy slated for fall 2019. Long-time residents are largely of Italian and Irish backgrounds, although the area is experiencing an influx of single professionals and families of Jewish or English backgrounds, all attracted by its vibrant mix of lifestyle condos, trendy restaurants, retail shops and arts- and community-based organizations such as Artscape Wychwood Barns.

Financial Highlights

ASSETS

2019	2018
\$790,999,075	\$762,370,189

DEPOSITS

2019	2018
\$693,774,712	\$667,054,860

CAPITAL & RETAINED EARNINGS

	2019	2018
Retained earnings	\$45,759,460	\$41,041,703
Class B investment shares	\$38,521,616	\$ 36,529,514
Accumulated other comprehensive income	-	-
	\$84,281,076	\$77,571,217

PROFITABILITY

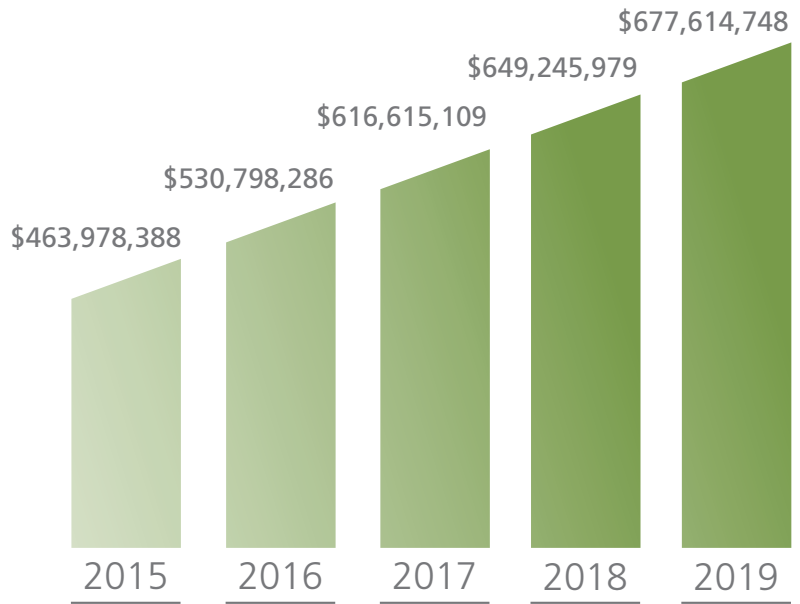
2019	2018
\$6,762,661	\$6,784,946

NET INTEREST & OTHER INCOME

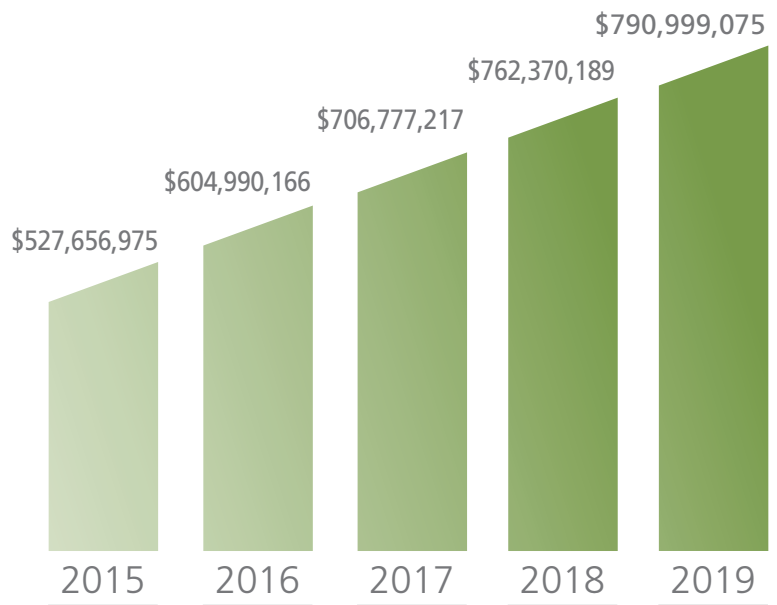
2019	2018
\$20,040,375	\$19,855,160

Financial Highlights

LOANS



ASSETS



Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31

IN \$	2019	2018
Assets		
Cash	33,478,005	40,810,761
Investments	49,310,908	47,975,154
Member loans	677,614,748	649,245,979
Other assets	4,649,774	2,655,485
Property and equipment	25,945,640	21,682,810
	790,999,075	762,370,189
Liabilities		
Demand loans	5,000,000	10,000,000
Member deposits	693,774,712	667,054,860
Other liabilities	7,861,489	7,658,242
Membership shares	81,798	85,870
	706,717,999	684,798,972
Members' Equity		
Retained earnings	45,759,460	41,041,703
Class B investment shares	38,521,616	36,529,514
Accumulated other comprehensive income	84,281,076	77,571,217
	790,999,075	762,370,189

APPROVED BY THE BOARD



Frank A. Petti
Chair, Audit Committee



John DaRe
Vice-Chair

Financial Statements

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

IN \$	2019	2018
Interest income		
Member loans	29,237,848	27,341,468
Investments	1,062,201	1,001,634
	30,300,049	28,343,102
Interest expense		
Member deposits	11,506,044	10,268,422
Demand loans	92,321	188,614
	11,598,365	10,457,036
Net interest income	18,701,684	17,886,066
Provision for impaired loans	-	(35,546)
Net interest income after provision for impaired loans	18,701,684	17,921,612
Other income	1,338,691	1,933,548
Net interest and other income	20,040,375	19,855,160
Operating expenses		
Personnel	6,328,666	5,851,713
Administrative expenses	2,685,123	2,965,512
Occupancy expenses	2,192,653	1,835,082
Deposit insurance premium	503,214	359,354
	11,709,656	11,011,661
Income before income taxes	8,330,719	8,843,499
Income taxes		
Current	1,493,258	1,626,177
Deferred	74,800	78,600
	1,568,058	1,704,777
Net income for the year	6,762,661	7,138,722
Other comprehensive income (net of tax)	-	(353,776)
Total comprehensive income for the year	6,762,661	6,784,946

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 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, C.M., O. Ont., O.V., COSSM. It.
Chair
 Co-Founder and Secretary Treasurer, Masters Insurance Limited

John DaRe, LL.B.
Vice-Chair
 Principal, John DaRe Barrister and Solicitor

J. Luis Arruda, FCIP, FRM
Director
 President and Principal Broker, The Regional Insurance Services Inc.

Dino Bottero, AACI, MRICS, PLE
Director
 President, D. Bottero & Associates Property Valuation & Realty Consulting Services

Alex De Iulis, P.Eng.
Director
 President and Partner, Resform Construction Ltd.

Anthony D'Errico
Director
 Relationship Manager (Retired), Deposit Insurance Corporation of Ontario

Frank Petti, CPA, CA
Director and Chair, Audit Committee
 Partner, Phoenix Consulting

Marisa Zanini, J.D.
Director
 Principal, Marisa Zanini Barrister & Solicitor

Robert J. Gray, LL.B.
Corporate Secretary
 Partner, Miller Thomson LLP

Executive Team

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

Fausto Gaudio
 President and Chief Executive Officer

Bruce Savage
 Senior Vice-President, Lending Services

Ron Hodges
 Vice-President, Corporate Development

Wadood Sheikh
 Vice-President, Finance and Administration

We're All for Community

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



“Humber River Hospital will always be a special place in our community: it is where many of our children were born, and where our seniors receive the medical care they need. Co-operative banking means investing in a community and helping to make lasting and real differences. We are privileged to have participated in reinventing patient care.”

In recognition of our credit union’s one-million-dollar pledge, Humber River Hospital unveiled the IC Savings Heritage Display, an interactive tribute to the community hospital’s significant history, in mid-June.

Located along the busy Main Street, on Level 1, the photo and artefact-rich area pays tribute to generations of individuals – staff, volunteers and donors – all bound by a sense of service to others and who strove to make the lives of patients and their families better.

IC Savings announced its commitment in May 2012. It was the very first community organization to step forward and contribute to the \$225-million capital campaign for the new community hospital under construction at Hwy 401 and Keele Street. The 1.8-million-square-foot facility, also North America’s first fully digital hospital, officially opened in October 2016 and serves a catchment area of about 850,000 people who live in the northwest GTA.

Photo caption: Our branch managers tour the IC Savings Heritage Display with David Gilmer, CFRE, Vice-President, Humber River Hospital Foundation (far left) and Caterina Magisano, Director of Development, Leadership Philanthropy (far right).

With clients, their families, staff and many supporters on hand to celebrate, the IC Savings Rooftop Terrace had its official opening on a warm summer evening in early August at Luso Support Centre Peel, part of Luso Canadian Charitable Society. At 4,500 square feet, it was the first project funded by Fundo de Apoio IC Savings, a community support fund that our credit union launched in September 2017.

Our credit union's \$50,000 donation was used to transform the rooftop of Luso Support Centre Peel into a spacious and accessible garden terrace for the benefit of participants who live with physical/and or developmental disabilities and who attend the specialized day program, as well as their families, caregivers and program staff.

Various zones include beds of fresh herbs and garden vegetables for use in the life skills cooking program, with raised planting beds for clients in wheelchairs and shaded seating areas that offer a custom-made, wheelchair-accessible picnic table, a covered BBQ area and a gazebo. To provide the therapeutic benefits of physical exercise, flowers will be planted and maintained by clients.

Fundo de Apoio IC Savings seeks to invest in direct-impact, community-based services and programs in the Portuguese-Canadian community. Grants are awarded annually to registered charities and community groups that are focused on enhancing the Portuguese-Canadian footprint in the Greater Toronto Area.



Clients of Luso Support Centre Peel programs and their families are joined by (fifth from left to right) Fausto Gaudio, President and CEO, IC Savings; AnaBela Taborda, Branch Manager, Little Portugal; Frank Alvarez, Chair, Community Advisory Board and Fundo de Apoio IC Savings; Filomena Silveira, Community Advisory Board; and Jack Prazeres, Chair and President, Luso Canadian Charitable Society.



"Through the generous contribution by IC Savings and the Fundo de Apoio IC Savings, our Luso Support Centre in Peel provides a wonderful space for participants to garden, exercise, play games, socialize or simply relax and enjoy the outdoors. We are proud of the IC Savings Rooftop Terrace and how it has evolved into a unique program area to meet the needs of individuals living with disabilities, and we sincerely thank the Fundo de Apoio IC Savings for realizing our dream."

— Jack Prazeres, Chair and President, Luso Canadian Charitable Society





Fausto Gaudio, President and CEO, IC Savings (second from left) is joined by Tony Altomare, President, INTER-TRANSPORT and ICCO co-President (far left), Bambina Marcello, Director, Business Development, Air Canada and ICCO board member, and Patrick Pelliccione, President, Jan K. Overweel and ICCO co-President. Photo credit: ©Creators at Play

In 2018, our credit union enjoyed the spotlight at two particularly high-profile industry events. In late May, leaders of business and government gathered to pay tribute to Fausto Gaudio, our credit union's president and chief executive officer. Mr. Gaudio received the night's highest accolade, the Air Canada Business Excellence Award, on the occasion of the 16th Business Excellence Awards hosted by

the Italian Chamber of Commerce of Ontario (ICCO). As ICCO's executive director Corrado Paina noted, "It was a great privilege to pay tribute to a distinguished group of leaders whose determination and vision embodies the spirit in which these awards were founded."

Then, in late October, more than 700 business leaders, innovators and influencers from the Italian-Canadian community came together for the 18th edition of the prestigious Premio Italia nel Mondo, which was organized by the Canadian chapter of Fondazione Italia. That night, four Italian citizens or persons of Italian heritage were recognized for their outstanding contributions in entrepreneurship, science or culture. Among them, IC Savings president and chief executive officer, Mr. Gaudio, was feted for his prowess in entrepreneurship.

On each occasion, the story of our credit union's made-in-Ontario success was front and centre, as was the story of Mr. Gaudio's remarkable ability to unite people behind an extraordinary vision of a fair banking alternative and a deep conviction in community development.



"Today, more than ever, students seek an education that teaches them the competencies they need for real-world success and prepares them to be successful in a global society. In an ever-changing marketplace where direct experience and global fluency are invaluable assets, IC Savings is providing our students with incredible opportunities to adapt to the international work environment and play a leading role on the world stage. Thank you, IC Savings, for sponsoring our Study Abroad Program in Florence and helping us prepare students for a world that is displaying a heightened interconnectedness."



— Michael Lettieri, Professor of Italian and Vice-Dean, Academic Experience, University of Toronto

We are proud to support the University of Toronto Mississauga's Department of Language Studies and its Study in Florence Program. It is an exceptional opportunity to develop the leaders of tomorrow. Since 2013, we have provided annual travel scholarships to 25 individual students, with preference given to those with financial need. In 2018, we renewed our commitment for an additional five years.

This experiential learning opportunity was established in 2011 and is taught by U of T professors in tandem with colleagues from the Accademia Fiorentina di Lingua e Cultura Italiana.



Constable Bussie Wood, a seniors safety officer with York Regional Police, provides fraud tips to an appreciative group of seniors.

We believe an informed member is the best and first line of defence against fraud. Our teams regularly share best practices and tips with members one-on-one, and, throughout 2018, led community information sessions with law enforcement authorities on topics as varied as debit and credit card scams, identity theft and cyber security.



Photo credit: Francesco Riondino

“What an incredibly amazing initiative to have a movie under the stars. The experience brought me back to when my parents brought their chairs to watch a movie next to church in my hometown of Alife, Caserta. I was only 14, but the memory was relived last night. Your initiative must be applauded, and you are to be commended for giving people like me a reconnection to the past. Life could do with more of these evenings as we share and build relationships. It was great being part of the experience. Many, many thanks.”

Events like our free outdoor cinema nights, hosted for the second year with L’Altra Italia and ICFF, for the Etobicoke Centre community can create powerful emotional connections. Read this note from Marcellina, one of the evening’s 350 attendees.

THANK YOU

In early May, we bid farewell to a remarkable member of our executive team. After 18 years, Clara Astolfo officially retired to embark on the next chapter of her life.

There are many of us, and many of our members, who would say that Clara was much more than a banker and the vice-president of business and community development for IC Savings. Rather, she was a loyal and trusted friend who cared deeply about people, relationships and her community. She understood very early on that as bankers, we are often privy not only to moments of celebration and joy but also to moments of anxiety and times of challenge. Many members will recall Clara making time to listen to them over an espresso at their kitchen table to work out a plan that could get them back on track, or to begin that much-anticipated next chapter of their life.

This feisty trailblazer, this proud *Furlan* with the firm handshake, has been an unabashed cheerleader for our credit union; a patient teacher, sharing all she knows with those eager to learn from her; and an inspiring mentor, especially to women who were drawn to her remarkable passion for our business.

Our thanks too to her husband Giacomo (Jack) and their three daughters for their unwavering support of her, and by extension, our credit union.



Grazie, Clara, for your selfless service to our credit union and to our members.

Connect With Us

CORSO ITALIA
1254 ST. CLAIR AVENUE WEST

WOODBIDGE WEST
7766 MARTIN GROVE ROAD

LITTLE ITALY
637 COLLEGE STREET

YORKDALE-GLEN PARK
2900 DUFFERIN STREET

WOODBIDGE VILLAGE
6-53 WOODBRIDGE AVENUE

LITTLE PORTUGAL
1168 DUNDAS STREET WEST

ETOBICOKE CENTRE & HEAD OFFICE
5300 DUNDAS STREET WEST

OPENING FALL 2019
HILLCREST VILLAGE, MIDTOWN TORONTO



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