

ANNUAL REPORT

JANUARY 31, 2021



WHO WE ARE

IC Savings is a full-service credit union that focuses on bringing the benefits of co-operative banking to its personal and business members, whether online, by mobile or in branch at its eight locations in Toronto and Vaughan.

OUR PURPOSE

Adding social, economic and cultural value to the communities we serve.

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¹ Among the 70 independent credit unions in Ontario. Source: CCUA, Largest 100 Credit Unions, Fourth Quarter 2020.

² An expression of our operating expenses or how much we spend in comparison to total income, it is significantly better than the system's average (80.3%).

\$817.6
MILLION

Assets under
administration

18

Ranking,
by asset size ¹

61.5%

Efficiency
ratio ²

19,531

Members

Message from the Chair of the Board

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



By many measures, it has been an extraordinary time for each of us, the community and the world. Against the backdrop of a global pandemic, economic disruption and technological shifts, many sectors – their operations, their people and their resilience – have been tested as never before.

On behalf of myself and the entire board of directors of IC Savings, I want to acknowledge how well our credit union managed throughout this unusual period. I am immensely proud of how it was there for its members and the community.

I also want to express our gratitude to you, our members. We appreciate the support that you have shown and remain grateful for your thoughtfulness and care. Know that we are here for you and will continue to work hard on your behalf.

It has been said that “the true measure of any society can be found in how it treats its most vulnerable members.” This is especially true now. I hope you share my pride when you read about the support our credit union extended to several community organizations that work to help the vulnerable. I am also particularly proud of how our credit union stepped up to support Humber River Hospital in its purchase of COVID-19 rapid-testing equipment. We know that this diagnostic tool made an immediate impact. We owe a debt of gratitude to healthcare workers there and across our region for all they have done, and continue to do, to keep us safe.

For more than 20 years, your credit union has had the privilege of making meaningful differences in the lives of its members and of adding value in the neighbourhoods where it is present. We look forward to many more years of creating positive change.

Best always,

A stylized, handwritten signature in black ink, consisting of a large, flowing 'S' followed by a horizontal line that tapers off to the right.

Message from the President and CEO

FAUSTO GAUDIO



As the real estate market in the Greater Toronto Area continued to heat up throughout 2020, our credit union continued a strategy of restraint. As such, we did not see the portfolio growth that we have been accustomed to in previous years; we chose instead to minimize risk to our balance sheet through controlled growth.

As an enterprise, IC Savings continues to be in an enviable fiscal position. Our profitability remained strong, as evidenced by these key performance measures:

- Total assets under administration reached \$817.6 million.
- Members' equity increased by \$7.2 million, to \$98.3 million, while our leverage and risk-weighted assets ratios were maintained at about three times what is required by regulation. Our credit union has ample room for growth and enough capital to sustain any major adjustment in real estate prices.
- At 61.5%, our efficiency ratio, an expression of operating expenses to total income, was significantly stronger than the system average of 80.3%.
- At 0.1%, the impaired loan ratio, or member loans in arrears, points to the quality of our portfolio, especially when compared to the sector's 0.7%.

In the face of historic challenge and uncertainty, what was most remarkable was how everyone at IC Savings responded in the best interests of our credit union and our members. By coming together, by adapting quickly, we ran the business smoothly, doing what was needed to ensure that your banking experience remained uninterrupted. I am proud of how the team stepped up and rose to the occasion. I also want to express my gratitude to our board chair, Sam Ciccolini, and each director for their wise counsel and support.

Even as the pandemic continues to challenge us, know that we are here to support you, our members. We value the trust and confidence you have in us and look forward to building more value in the years that lie ahead.

A handwritten signature in black ink, appearing to read 'Fausto Gaudio'. The signature is stylized with a large initial 'F' and a long horizontal stroke.

BOARD OF DIRECTORS

Sam J. Ciccolini, C.M., O. Ont., O.V., COSSM. It.
Chair of the Board
Co-Founder and Secretary Treasurer,
Masters Insurance Limited

Anthony D'Errico, B.Comm
Director and Chair, Audit Committee

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

The Honourable Frank Iacobucci, C.C., Q.C., LL.D., LSM
Director
Senior Counsel, Torys LLP

J. Luis Arruda, FCIP, FRM
**Second Vice-Chair and Member,
Audit Committee**
President and Principal Broker,
The Regional Insurance Services Inc.

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

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

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

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

CORPORATE SECRETARY

Robert J. Gray, LL.B.
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



Joe Rosati

Vice-President, Sales and Marketing – Lending Services



Ron Hodges

Vice-President, Operations and Technology



Wadood Sheikh

Chief Financial Officer

STORIES OF OUR YEAR

If there is one story that dominated our year, and continues to shape it even now, it is the global pandemic. When our 2020–2021 fiscal year began, no one could have anticipated its far-reaching impacts, but very quickly, each and every member of our team came together to support our members when they needed us most.

In our business, we always consider individual circumstances when building a solution that works for our members. Never has this approach been as important as it was since the pandemic was first declared in March.

- We helped our small business and not-for-profit members access millions of interest-free dollars in federal government relief through the Canada Emergency Business Account, or CEBA. As the entry point of this program for applicants, our credit union, and our lending services and branch teams in particular, provided personal contact and information, as well as support in completing application forms online.
- For personal members who experienced a loss in income, we offered assistance on a case-by-case basis, deferring residential mortgages for up to six months to help ease their anxiety.
- We also assisted in getting members set up, through online banking, to receive federal payments such as the Canada Emergency Response Benefit in a timely manner.
- With our credit card partner, Collabria Financial, we provided relief to qualified cardholders, whether through minimum payment deferrals or reduced interest rates for up to six months.
- To reduce the number of times members would need to touch a point-of-sale terminal, we raised the contactless, or tap, payment limit on our Member Card™ debit card from \$100 to \$250 across all merchant categories (grocery, convenience stores and pharmacies).

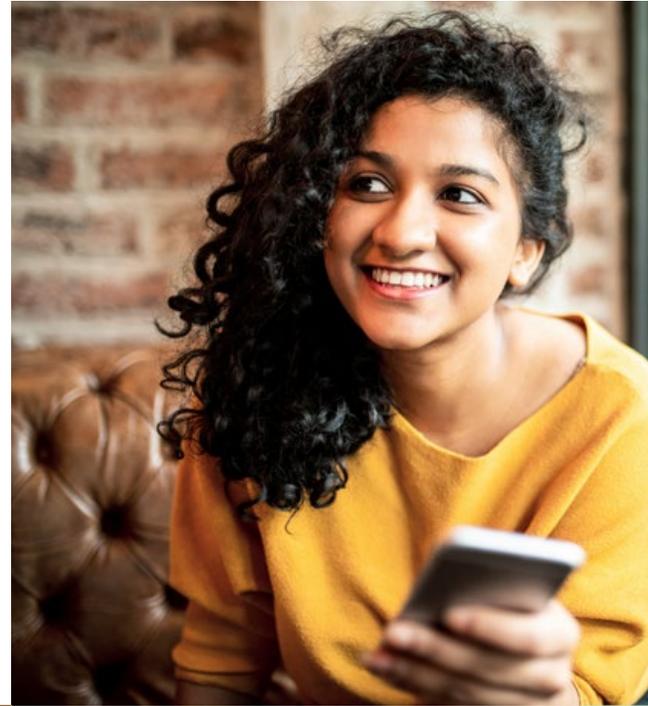


As a business that provides an essential service, we understand our responsibility to adopt the fact-based recommendations and guidance set out by various public health agencies. All this was done to ensure the safety and well-being of our team, our members and the community.

- Our technology team was tireless in their efforts to shift more than half of our employees so each could work remotely with ease and with the utmost security.
- To limit the spread of the virus we adopted many safety-first measures, communicating these to our team and our members. These included using the provincial government's screening tool for employees, members and visitors to any of our premises; adjusting our operating hours and setting appointments to reduce traffic into and limit the time spent in our branches; putting hand sanitizing stations and enhanced cleaning procedures in place; installing plexiglass barriers in our retail spaces; and requiring the use of non-medical masks.

REACHING MORE ONTARIANS

With consumers becoming more comfortable banking digitally, it's clear that some don't feel limited by geography when choosing a financial partner. As a result, brands like ours can extend their reach beyond a traditional bricks-and-mortar presence to attract new customers and generate new revenues. With a significant investment of resources, we began to lay the foundation for a new digital brand, one that will introduce IC Savings and its promise of better banking to more Ontarians. To prepare for its launch in late 2021, we will work to ensure the necessary structures, processes and controls are in place as we build a digital experience to mirror our hallmark in-branch service.



15%

Percentage increase of members who registered for online banking post-pandemic.

PRIORITIZING CYBERSECURITY

With online and mobile banking, our members can bank any time that suits them and from virtually anywhere. Yet as we provide more ways for our members to do their banking electronically, and as we offer them more convenience and ease, we recognize the inherent downside: the threat of cybercrime and fraud is ever-present, whether it's from viruses, phishing attempts, brute force attacks or identity theft, just to name a few. With the support of industry partners such as Celero and Central 1, we've been relentless in our focus to protect both the personal and financial information of our members, as well as their hard-earned money. In the 2020-21 fiscal year, significant investments were made to strengthen and protect our IT infrastructure. Numerous cybersecurity measures were implemented, including hardware and software upgrades, the requirement for strong passwords, member awareness and staff training. Not only do we monitor our network 24/7 for possible intrusions, we regularly test for potential vulnerabilities and block malicious log-in attempts.

GIVING BACK DURING A TIME OF CHALLENGE

STEPPING UP THE FIGHT AGAINST COVID-19

In the early days of the pandemic, our credit union responded to a challenge, donating \$60,000 to Humber River Hospital to help with the purchase of critical COVID-19 rapid-testing equipment. This was a game-changer for the acute care hospital, which serves a catchment area in the GTA's northwest of about 850,000 residents, many of whom live in high-risk neighbourhoods. With these diagnostic machines, Humber's team accelerated onsite testing up to 210 combined tests each day and reduced the wait time for results – as well as the inevitable anxiety – to 75 minutes. Previously, it took up to six days to receive results from local public health authorities. We were proud to support Humber's efforts to quickly identify new cases, break the cycle of infection and provide treatment and care to members of our community. Our credit union is a long-time supporter of Humber. In 2012, one million dollars was pledged to its building campaign on behalf of our credit union and members, the first community organization to do so. (Photo credit: Humber River Hospital Foundation)



FOCUS ON MENTAL HEALTH

One of the most significant impacts of the pandemic has been on mental health. In particular, research highlights the troubling effects of social isolation on the well-being of school-aged children and youth, as well as vulnerable populations. We were proud to support two community organizations that continued to deliver important services during this unusual time. Mens Sana offers supportive services to adults with mental illness, as well as their families and caregivers, through group homes and a day program. Toronto Azzurri Soccer Club, on the other hand, offered extracurricular group programs between lockdowns to about 80 boys and girls, many of whom live in the Jane-Finch community in Toronto's northwest end – a welcome outlet when access to recreation centres was limited.

#ANDRATUTTOBENE

Italy was among the Western nations worst hit by the global pandemic, living through one of its most painful periods in recent memory. The industrial region of the north, and Lombardy in particular, was ravaged during the pandemic's first wave. Eventually, the virus would surge again during a second wave, this time also straining the south's healthcare system. Our credit union stood with other companies and entities such as the Italian Chambers of Commerce in Canada, all of us united in support of AiutiAMO l'Italia (Help Italy). Organized by the Embassy of Italy in Canada and its various agencies, this appeal benefited the Italian Red Cross. The humanitarian agency, along with the Italian Civil Protection Department, led efforts to help Italy's most vulnerable, especially its elderly citizens. To support this effort, our credit union donated \$10,000.



LEST WE FORGET

With decreased traffic at our branches because of pandemic restrictions, we chose to support the Poppy Campaign, the annual awareness and fundraising initiative of The Royal Canadian Legion, with a direct donation in 2020. A shortfall in campaign revenue was expected, in part because both veterans and cadets could not be out collecting donations in person. Monies raised go a long way to support Canada's veterans and their families. We were proud to support the Legion's programs at these four locals:

#05-414 MACKENZIE, WOODBRIDGE

#05-621 GENERAL W. ANDERS, TORONTO

#05-075 FAIRBANK, TORONTO

#05-643 FLIGHT LT. DAVID HORNELL, VC, ETOBICOKE



FINANCIAL STATEMENTS

FINANCIAL HIGHLIGHTS

ASSETS	2021	2020
Assets under administration	\$817,592,872	\$814,862,368
Member deposits	\$696,960,348	\$713,195,845
Member loans	\$681,760,777	\$710,430,366

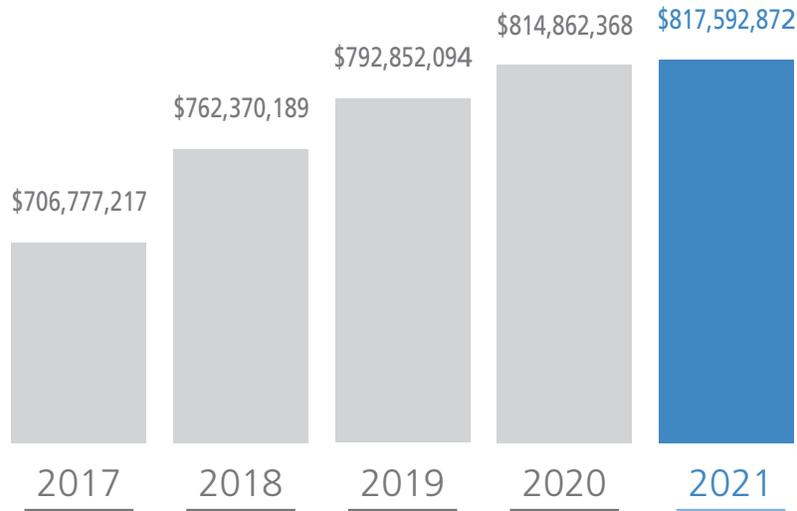
CAPITAL & RETAINED EARNINGS		
Retained earnings	\$54,143,994	\$49,929,869
Class B Investment shares	\$44,192,785	\$41,192,396
	\$98,336,779	\$91,122,265

PROFITABILITY		
	\$6,348,619	\$6,368,067

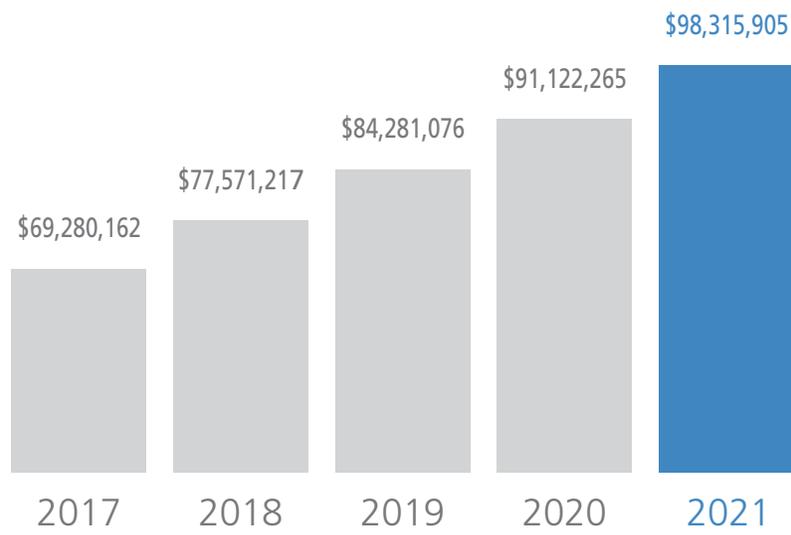
NET INTEREST & OTHER INCOME		
	\$21,402,605	\$20,323,539

FINANCIAL HIGHLIGHTS

ASSETS



MEMBERS' EQUITY



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT JANUARY 31

IN \$	2021	2020
ASSETS		
Cash	21,115,081	17,492,879
Investments	79,670,276	51,999,793
Member loans	681,760,777	710,430,366
Other assets	9,305,998	8,933,703
Property and equipment	25,740,740	26,005,627
	817,592,872	814,862,368
LIABILITIES		
Bank indebtedness	12,500,000	-
Member deposits	696,960,348	713,195,845
Other liabilities	9,706,133	10,430,193
Membership shares	110,486	114,065
	719,276,967	723,740,103
MEMBERS' EQUITY		
Retained earnings	54,143,994	49,929,869
Class B Investment shares	44,192,785	41,192,396
Accumulated other comprehensive loss	(20,874)	-
	98,315,905	91,122,265
	817,592,872	814,862,368

APPROVED BY THE BOARD



Sam J. Ciccolini
Chair of the Board



Frank A. Petti
Director

FINANCIAL STATEMENTS

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

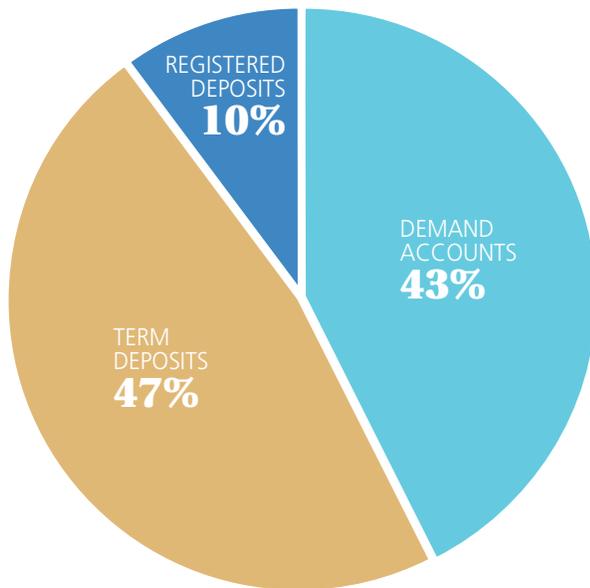
IN \$	2021	2020
Interest income		
Member loans	31,000,437	32,101,334
Investments	573,391	1,212,869
	31,573,828	33,314,203
Interest expense		
Member deposits	11,961,188	14,384,060
Demand loans	-	89,787
	11,961,188	14,473,847
Net interest income	19,612,640	18,840,356
Provision for impaired loans	-	-
Net interest income after provision for impaired loans	19,612,640	18,840,356
Other income	1,789,965	1,483,183
Net interest and other income	21,402,605	20,323,539
Operating expenses		
Personnel	7,316,566	6,650,360
Administrative expenses	3,171,675	3,152,117
Occupancy expenses	2,102,035	2,174,456
Deposit insurance premium	577,681	527,925
	13,167,957	12,504,858
Income before income taxes	8,234,648	7,818,681
Income taxes		
Current	1,677,555	976,614
Deferred	187,600	474,000
	1,865,155	1,450,614
Net income	6,369,493	6,368,067
Other comprehensive loss	(20,874)	-
Net income and comprehensive income	6,348,619	6,368,067

These financial statements represent excerpts from the full set of audited statements of the Italian Canadian Savings & Credit Union Limited. Complete audited financial statements are available upon request.

PORTFOLIO OVERVIEW

COMPOSITION OF DEPOSITS

FISCAL YEAR ENDED JANUARY 31, 2021



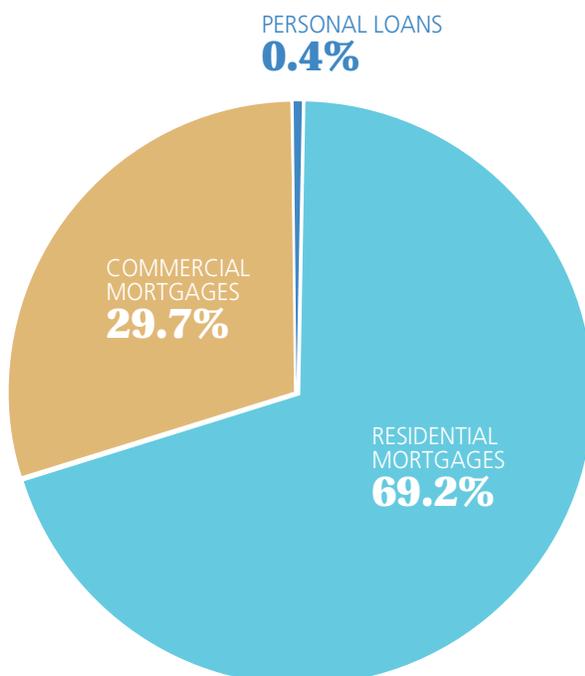
REGISTERED DEPOSITS
\$70,263,912

DEMAND ACCOUNTS
\$298,296,481

TERM DEPOSITS
\$328,399,955

COMPOSITION OF LOANS

FISCAL YEAR ENDED JANUARY 31, 2021



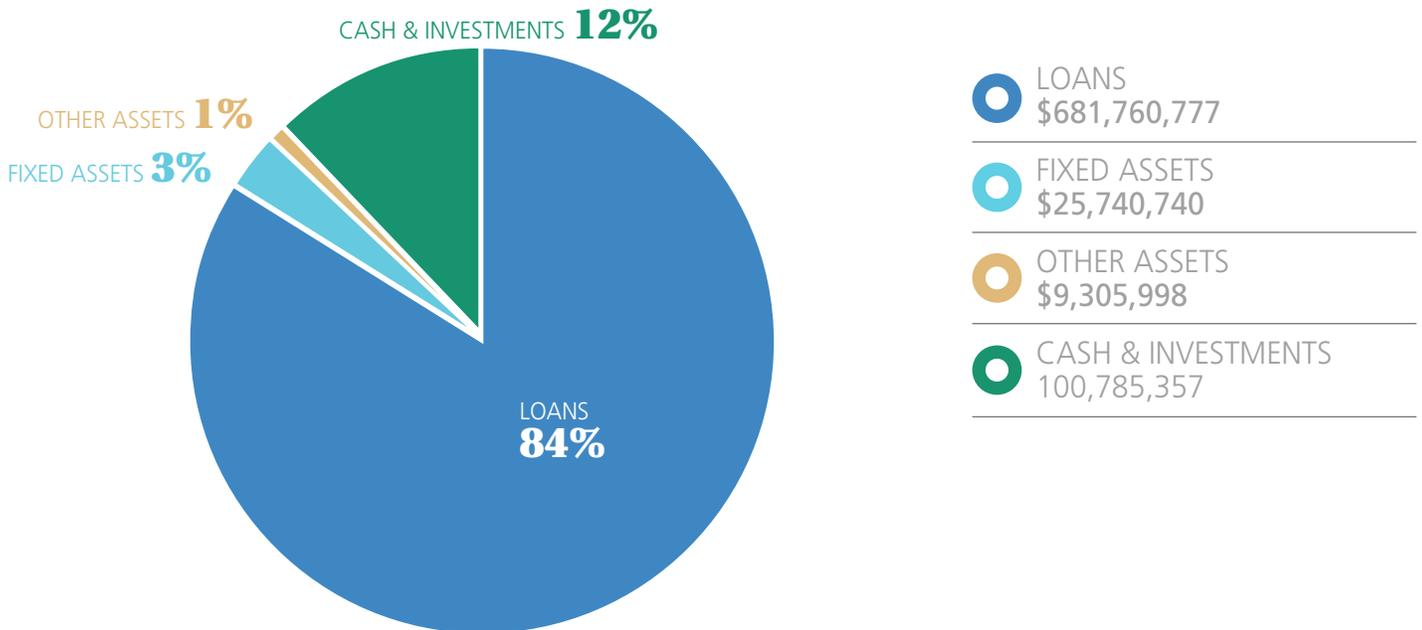
PERSONAL LOANS
\$2,840,492

RESIDENTIAL MORTGAGES
\$476,693,254

COMMERCIAL MORTGAGES
\$202,227,031

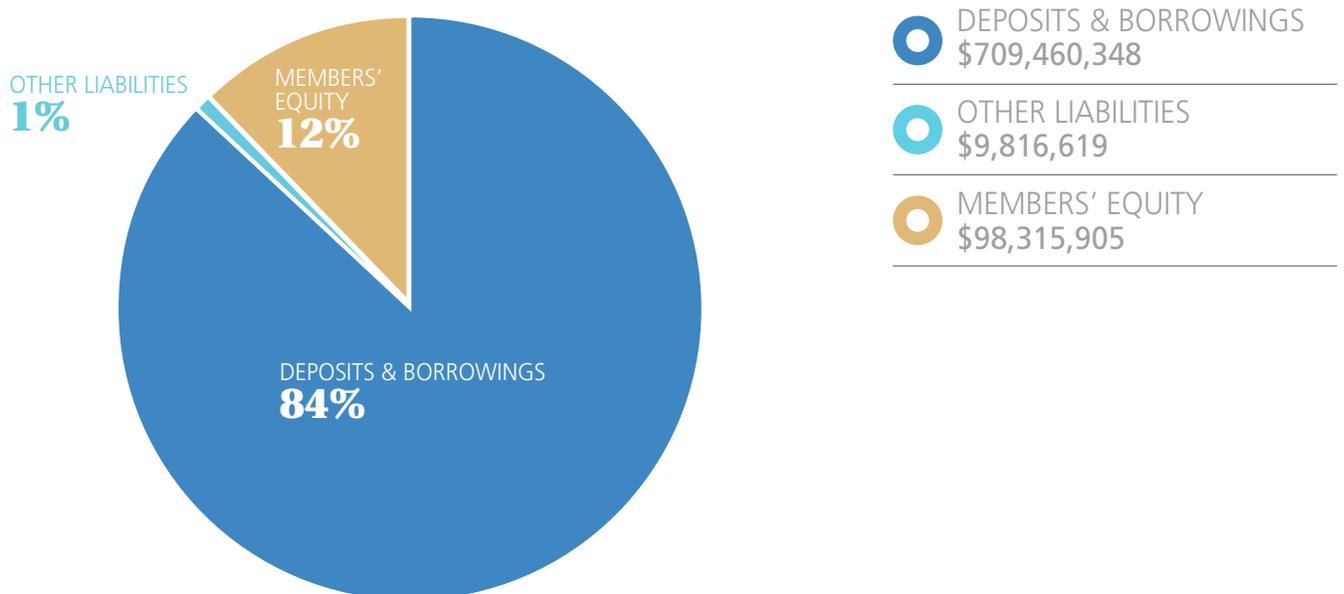
COMPOSITION OF ASSETS

FISCAL YEAR ENDED JANUARY 31, 2021



COMPOSITION OF LIABILITIES

FISCAL YEAR ENDED JANUARY 31, 2021



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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 is 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 either been 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.



Anthony D'Errico
Chair, Audit Committee



OUR BRANCHES

Corso Italia, 1254 St. Clair Avenue West, Toronto

Etobicoke Centre, 5300 Dundas Street West, Toronto

Hillcrest Village, 814 St. Clair Avenue West, Toronto

Little Italy, 640 College Street, Toronto

Little Portugal, 1168 Dundas Street West, Toronto

Woodbridge Village, 6-53 Woodbridge Avenue, Woodbridge

Woodbridge West, 7766 Martin Grove Road, Woodbridge

Yorkdale-Glen Park, 2900 Dufferin Street, Toronto



SAVINGS

CELEBRATING *20*
years

www.icsavings.ca

