

Annual Report

FOR THE YEAR ENDED
JANUARY 31, 2022



Our Purpose

Adding economic, social and cultural value for the benefit of our members and the communities that we serve.

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 or in person at its branches in Toronto and Vaughan.



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Message from the Chair of the Board

Our priority, as a Board, is to provide effective governance to the credit union.

Anchored by a commitment to serve in the best interests of our members, we work with senior management to provide input into the organization's strategic direction and to provide oversight to safeguard its stability and sound business practices.

Looking back, I am proud to share that despite prolonged economic uncertainty, IC Savings closed the year in a strong financial and capital position, and for the second straight year of the pandemic, the team continued to demonstrate its resilience while delivering on our credit union's purpose. Everyone at IC Savings stepped up to deliver for our members, showing their dedication and commitment.

In early 2022, we added to the strength of the Board with the appointment of Charles Sousa, former finance minister of Ontario. We are confident that his unique insights and wide-ranging experience in the public and private sectors and in the community will benefit both the Board and our credit union in its mission to add value for our members' benefit.

We continued to invest in our communities and were proud to commit \$250,000 to the Magellan Centre, a long-term care home with affordable



living residences that will be built in Toronto for aging members of the Portuguese Canadian community. Delivering culturally sensitive care, it will be the first of its kind in Ontario.

As we close another fiscal year of progress and growth, I would like to thank the Board for its experienced and thoughtful leadership, our president and chief executive officer and the executive team for guiding us confidently through the second year of the pandemic while delivering strong financial performance. Most importantly, I would like to thank our members, who are committed to IC Savings as their trusted banking partner. There are many options available to you, and we value the confidence you have in us.

Looking forward, there is reason to be both hopeful and optimistic. While there will always be challenges in life, we will take all that we have learned during the past year to meet those challenges head-on, overcome them and thrive.

A handwritten signature in black ink, appearing to read 'Sam J. Ciccolini'. The signature is stylized with a large, sweeping initial 'S' and a long horizontal line extending to the right.

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

Message from the President and CEO

At IC Savings, we are focused on our shared purpose of adding value to better the lives of our members and create lasting impacts within the neighbourhoods and communities that we serve.

The ongoing pandemic has indeed been a time of prolonged uncertainty. Despite this, during the past twelve months, we deepened relationships with our members, we saw more individuals and businesses choose our credit union to be their banking partner, and we supported our communities.

As an enterprise, IC Savings, with strong capital and a proven business model, is well positioned for the future. Our profitability remained strong, as seen in these key performance measures for the year ended January 31, 2022:

- Total assets surpassed \$900 million.
- Members' equity increased by \$6.9 million, or 7.0%, to \$105.2 million.
- Our leverage and risk-weighted assets ratios were more than double what is required by the provincial regulator, the Financial Services Regulatory Authority of Ontario (FSRA).
- At 66.9, our efficiency ratio, which expresses our operating expenses as a percentage of our total income, indicates a well-run and productive operation.

Modernizing for future growth

What members will not see in these numbers is the diligent work undertaken by our team to ensure alignment and compliance with the modernized regulatory requirements developed by the FSRA.



FAUSTO GAUDIO

For the benefit of the credit union sector, and ultimately all its members, the provincial regulator established new rules on sound business and financial practices, capital adequacy requirements and liquidity adequacy requirements. These rules outline principles-based requirements for corporate governance, risk management and other operations such as compliance and finance.

Our credit union supports the implementation of this innovative framework because it will result in a more robust and competitive sector, benefiting consumers who choose to bank with a credit union. This ongoing transformation of the financial services landscape and the strengthening of the credit union sector is good for our members and the communities that IC Savings serves.

While we believe that IC Savings distinguishes itself from other financial institutions by way of our knowledge, personalized advice and dedication to members' changing needs and interests, we recognize that technology is increasingly shaping their day-to-day interactions with us. We continued to invest in ways to ensure that banking with us remains safe, secure and convenient.

Delivering for our members

Whether working at our branch locations or remotely, our team once again delivered for our members and for each other, doing what was needed to continue

“Our team once again delivered for our members and for each other, doing what was needed to continue running our business smoothly.”



running our business smoothly. While there were staggering job losses during the pandemic, I am proud that there was no reduction in our workforce. In fact, positions were added in key areas to better serve our membership.

In the spirit of service to our membership, I would like to acknowledge Bruce Savage, Senior Vice-President, Lending Services, for his service and dedication. In 2021, Bruce retired after 20 years with our credit union, leaving an indelible imprint on our business. On behalf of everyone at IC Savings, I thank Bruce for his invaluable leadership and contributions.

Last, but certainly not least, I thank our Board for their leadership, every colleague for their unwavering commitment and our members, who have placed their trust and confidence in us.

A handwritten signature in black ink, appearing to read 'Fausto Gaudio'.

FAUSTO GAUDIO

President and Chief Executive Officer

Board of Directors

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

Anthony D'Errico, B.Comm.
Director and Chair, Audit Committee
Relationship Manager (Retired), Deposit Insurance
Corporation of Ontario

John DaRe, LL.B.
**Vice-Chair, Chair, Nominating Committee
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 and
Nominating Committees**
Partner, Phoenix Consulting

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

Charles Sousa, MBA, ICD.D
Director
Senior Advisor, Loyalist Public Affairs

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

Marisa Zanini, J.D.
Director and Member, Nominating Committee
Principal, Marisa Zanini Barrister & Solicitor

Corporate Secretary

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

Executive Team

Fausto Gaudio

President and Chief Executive Officer

Ron Hodges

Vice-President, Operations and Technology

Joe Rosati

Vice-President, Lending Services

Wadood Sheikh

Chief Financial Officer

Thanking Bruce Savage

After a remarkable 20 years with our organization, Bruce Savage, Senior Vice-President, Lending Services, traded in his suit and tie and the deals and deadlines, to head into retirement in September 2021.



From day one, our “Chief Lender” worked to establish our residential and commercial lending portfolios and was a capable architect of our credit union’s impressive growth story from then on. For colleagues past and present, Bruce was both a mentor and a cheerleader, and he was, without question, a groundbreaker in our industry.

We thank Bruce, as an important protagonist in our company’s history, for all that he achieved with IC Savings for our members and for the tremendous lending services team that he built, which is led by Joe Rosati, a knowledgeable lender and very capable leader.

Stories of Our Year

Welcoming Charles Sousa

In early 2022, our credit union welcomed Charles Sousa, ICD.D, MBA, to its Board of Directors. The prominent business and community leader and former provincial politician brings unique insights and wide-ranging experience in the public and private sectors for the benefit of our credit union and our members.

Elected to the provincial legislature in 2007, Mr. Sousa served in several cabinet positions, including Minister of Finance from 2013 to 2018, during which time he delivered six budgets and initiated the creation of the Financial Services Regulatory Authority of Ontario, the new provincial regulator.

Like IC Savings, Mr. Sousa is deeply committed to community development. He is an ardent advocate for education and financial literacy, especially among youth. Notably, he chairs



Magellan Community Charities, a non-profit organization that will build and operate a long-term care home for Portuguese-speaking seniors in Toronto's west end.

“ I am impressed by IC Savings as a full-service financial institution. Well run and community based, it serves its core purpose and does an effective job of adding value. ”

– Charles Sousa



Our core business continues to grow

Last year, our mortgage portfolio grew by \$89.7 million, ending the year at \$771.4 million, an increase of 13.2%.

We undertook to diversify the geographic distribution of our portfolio. Our traditional lending area for residential and commercial mortgages has been the Greater Toronto Area (GTA), but by late 2021, housing in the GTA, Canada's largest regional housing market, showed signs of increased risk for lenders as decreasing inventory created upward pressure on pricing.

At the same time, due to the pandemic, markets beyond the GTA saw rapid growth as potential homebuyers, especially those now able to work remotely, considered more affordable options in urban centres further afield from the region's "big cities." So we added to our team of business development managers to focus on the lucrative southwestern and eastern Ontario regions, as well as Simcoe County. Over time, we expect this geographic diversification to help insulate us from fluctuations in the various mortgage markets across Ontario.





Building cyber resilience

As cybercrime continues to evolve and incidents continue to increase in Canada, we are acutely aware of how technology can be both a target and an instrument that can cause real harm to our members. From illegal access to computers and devices, social engineering and disruptive service attacks to fraud and identity theft, the threats are real.

We continue to focus on protecting our members' personal and financial information, as well as their hard-earned money. At the core of our cyber security strategy is a continual monitoring of our network for cyber threats. Again, we invested significantly to both protect and harden our IT infrastructure and strengthen our cybersecurity. With our various partners, we continued routine vulnerability and penetration testing to identify

and remediate vulnerabilities and implemented major initiatives, including:

- The modernization of our internal computing environment through a new operating system and suite of office applications, as well as new network management and security capabilities.
- The outsourcing of our internal network management to ensure its protections are always robust and up to date.

Our members are vital partners in combatting the risk of cybercrime. For the benefit of those who bank online, we rolled out real-time direct banking alerts and two-step verification, among other tools. These will empower members to take the extra steps to protect their financial information.

In Our Community

Since our beginnings, we have put our financial resources to work where it matters most. Through donations, partnerships and volunteering, our credit union remains steadfast in our commitment to supporting the communities where our members live and work. We do this to live up to our purpose of adding value, whether economic, social or cultural, for the benefit of our members and the neighbourhoods and communities that we serve.

Magellan Centre

In late 2021, our credit union was proud to announce a commitment of \$250,000 to the **Magellan Community Foundation**. This organization, along with **Magellan Community Charities**, has been tasked with building and operating a 256-bed long-term care centre in the Wallace Emerson neighbourhood, at Bloor and Lansdowne, for aging members of the Portuguese Canadian community. Plans also include 57 affordable housing units. Offering culturally sensitive care and support, it will be the first of its kind in Ontario for this community. Our support of the Magellan Centre, and the Portuguese Canadian community, is yet another example of co-operative banking at work.



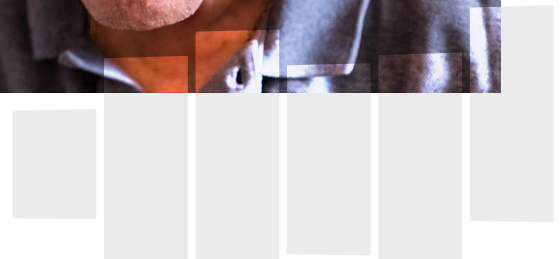


Photo courtesy of Villa Leonardo Gambin

Villa Leonardo Gambin

Our credit union was proud to again step forward to support Villa Leonardo Gambin Charity with an additional \$25,000 donation to Phase II of its Better Beds Campaign; this builds upon our previous donations of more than \$250,000. In 2022, the Woodbridge-based charity plans to provide all 168 residents who call **Villa Leonardo Gambin** home with state-of-the-art Strycker Spirit Select® beds. With a low bed height, these specialty beds are a useful tool in managing the risk of devastating slips and falls. In fact, with their introduction, this long-term care home, which also provides dementia

care and palliative services, has already seen a benefit: it has one of the lowest patient fall rates in the province.



University of Toronto Mississauga

Study abroad is a key component of the university's priorities in reimagining undergraduate education and strengthening its international partnerships. Since the launch of the IC Savings Language Studies Travel Scholarships with the [Department of Language Studies](#), 40 students have received scholarships, with priority given to undergraduates in need of financial assistance. The scholarships have helped the recipients offset the costs associated with studying outside of Canada. We have proudly supported the Study in Florence Program, a unique experiential learning opportunity that requires students to speak, read and write only in Italian for the duration of their stay in Tuscany's captivating capital, described by Mark Twain as a "city of dreams."



Canadian Food for Children

While we lean toward investing in local projects and activities to create lasting impacts, we have extended our support, from time to time, to communities well beyond Canada's borders. In late 2021, we chose to support the selfless work of Toronto dermatologist Dr. Andrew and Joan Simone, founders of [Canadian Food for Children](#). Each year, volunteers with this registered charity pack up and send out containers of food to developing countries around the world, including El Salvador, Ghana, Guatemala, Honduras, Peru, Sierra Leone, Tanzania and Ethiopia. In the face of rising transportation costs, our donation helped much-needed food and other supplies get to those in need well before the holiday season.

The background is a vibrant blue with a complex, abstract pattern of overlapping geometric shapes, including triangles and polygons. Numerous white arrows of varying lengths and directions are scattered across the scene, creating a sense of movement and connectivity. The overall aesthetic is clean, modern, and professional, typical of a corporate or financial presentation.

Financial Highlights

Financial Highlights

	2022	2021
Total assets	\$900,612,247	\$817,592,872
Member deposits	\$781,697,990	\$696,960,348
Member loans	\$771,436,621	\$681,760,777

Capital and Retained Earnings

Retained earnings	\$58,045,112	\$54,143,994
Class B Investment shares	\$47,100,872	\$44,192,785
Accumulated other comprehensive income (loss)	\$54,079	\$(20,874)
	\$105,200,063	\$98,315,905

Net interest and other income	\$24,203,046	\$21,402,605
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Net income after tax	\$6,437,784	\$6,369,493
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Financial Statements

STATEMENT OF FINANCIAL POSITION

AS AT JANUARY 31

IN \$	2022	2021
Assets		
Cash	16,424,022	21,115,081
Investments	78,642,068	79,670,276
Member loans	771,436,621	681,760,777
Other assets	9,225,118	9,305,998
Property and equipment	24,884,418	25,740,740
	900,612,247	817,592,872
Liabilities		
Bank indebtedness	5,000,000	12,500,000
Member deposits	781,697,990	696,960,348
Other liabilities	8,601,105	9,706,133
Membership shares	113,089	110,486
	795,412,184	719,276,967
Members' Equity		
Retained earnings	58,045,112	54,143,994
Class B Investment shares	47,100,872	44,192,785
Accumulated other comprehensive loss	54,079	(20,874)
	105,200,063	98,315,905
	900,612,247	817,592,872

APPROVED BY THE BOARD



Sam J. Ciccolini
Chair of the Board



Anthony D'Errico
Chair, Audit Committee

Financial Statements

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

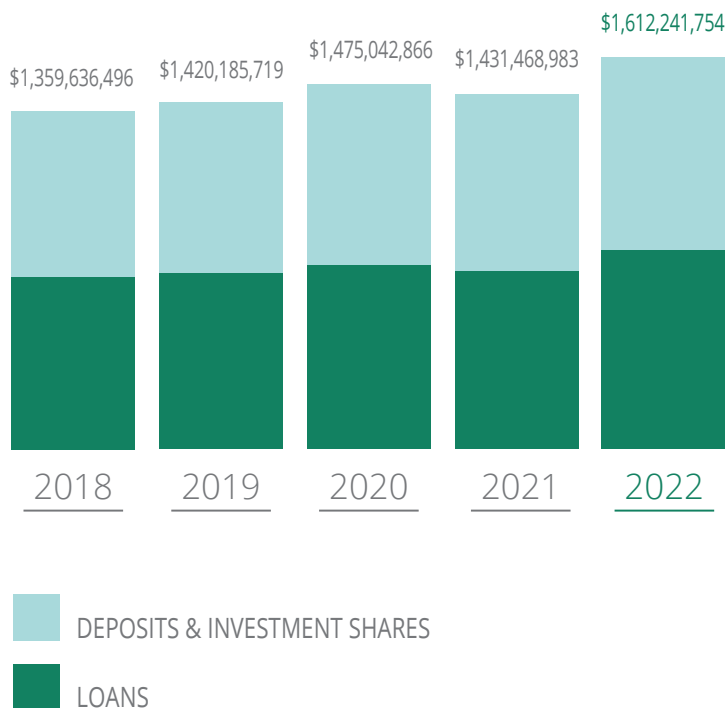
IN \$	2022	2021
Interest income		
Member loans	28,019,024	31,000,437
Investments	1,106,449	573,391
	29,125,473	31,573,828
Interest expense		
Member deposits	7,087,236	11,961,188
Demand loans	-	-
	7,087,236	11,961,188
Net interest income	22,038,237	19,612,640
Other income	2,164,809	1,789,965
Net interest and other income	24,203,046	21,402,605
Operating expenses		
Personnel	8,977,072	7,316,566
Administrative expenses	4,330,308	3,171,675
Occupancy expenses	2,112,310	2,102,035
Deposit insurance premium	569,409	577,681
Provision for loan losses (general)	120,258	-
	16,109,357	13,167,957
Income before income taxes	8,093,689	8,234,648
Income taxes		
Current	1,786,605	1,677,555
Deferred	(130,700)	187,600
	1,655,905	1,865,155
Net income	6,437,784	6,369,493
Other comprehensive income / (loss)	74,953	(20,874)
Net income and comprehensive income	6,512,737	6,348,619

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.

Total Funds Under Administration

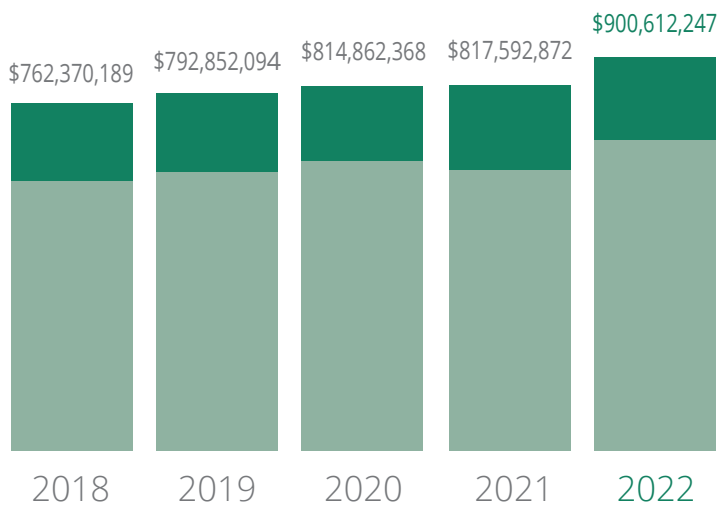
At IC Savings, we help our members achieve their financial goals by providing credit, deposit and investment products and services. A key indicator of our success is total funds under administration, which is the value of all loans, deposits and investment shares that members have with us.

Total funds increased, year over year, by 12.6%, to \$1.6 billion. Specifically, our lending portfolios increased by \$89.7 million, or 13.2%, while member deposits grew by \$84.7 million, or 12.2%.



Total Assets

Notwithstanding ongoing pandemic-related economic challenges, IC Savings posted strong growth in all areas of its business. Total assets grew 10.2% to more than \$900 million at January 31, 2022.



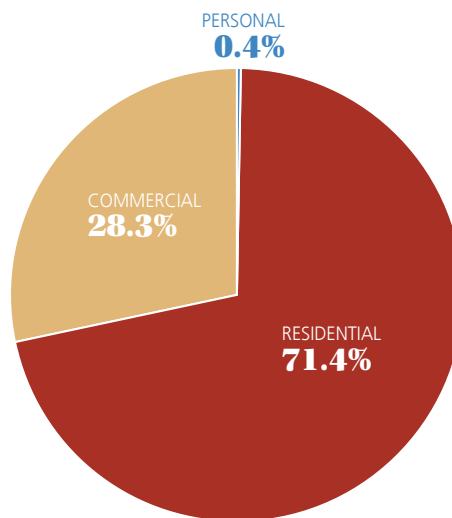
* Includes investments and fixed assets.

MEMBER LOANS

We deliberately adopted another layer of credit risk mitigation by geographically diversifying our mortgage portfolio beyond the GTA, our traditional lending area.

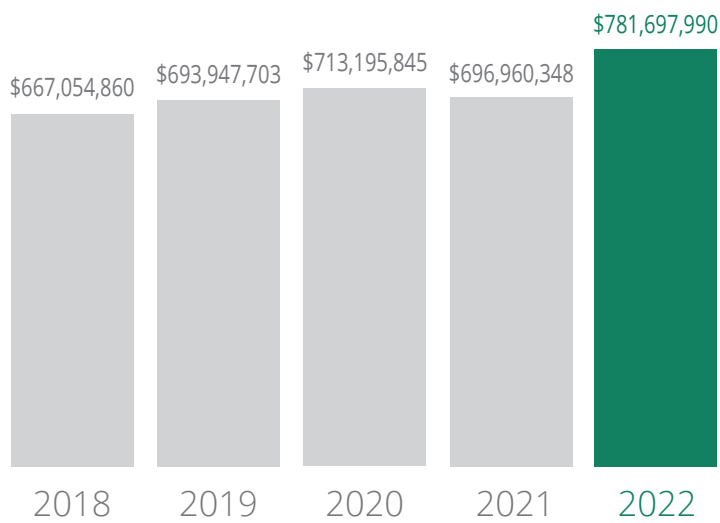
With the addition of business development managers in urban markets outside this region, we focused on sales opportunities in the Greater Ottawa Area, eastern and southwestern Ontario and Simcoe County.

This strategic combination of solid origination efforts and concerted retention activities delivered excellent growth without compromising on quality; year over year, the lending portfolios increased by 13.2%, to \$771.4 million.



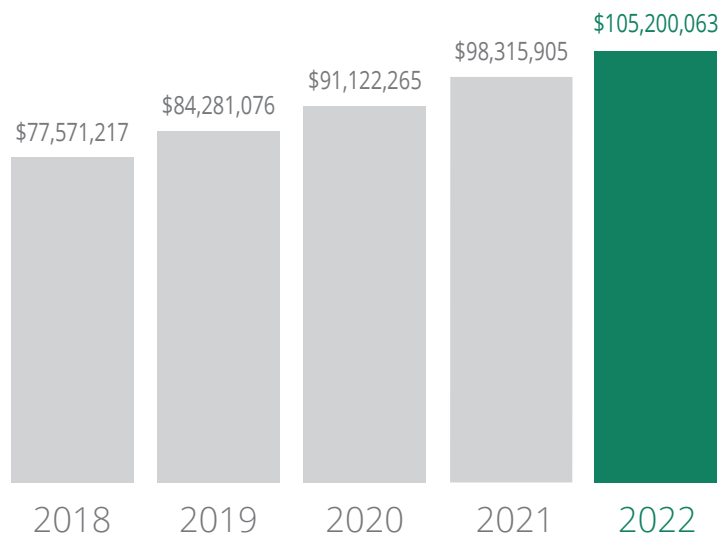
Member Deposits

Year over year, deposits increased by more than 12%, to \$781.7 million. Our reputation for sustained community involvement and for delivering exceptional service enabled us to attract new members. In addition, our existing membership continued to demonstrate its confidence and trust in us by increasing their deposits.

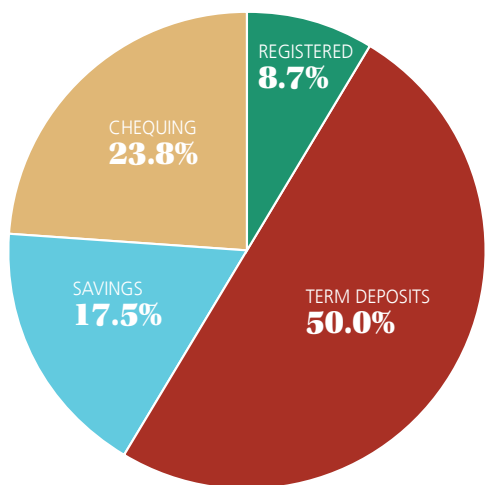


Members' Equity

Members' equity, which includes retained earnings and investment shares capital, has shown significant growth over the years. By fiscal year-end, it increased to \$105.2 million from \$98.3 million the previous year, representing growth of \$6.9 million, or 7.0%.

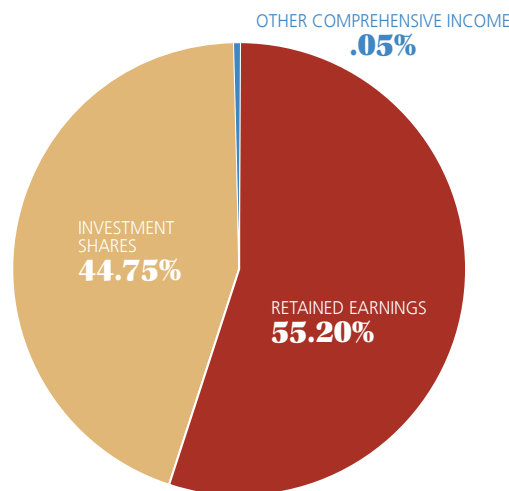


The prevailing low-interest-rate environment resulted in strong growth in demand deposits.



- REGISTERED DEPOSITS \$68,344,739
 ● SAVINGS ACCOUNTS \$136,765,188
- CHEQUING ACCOUNTS \$186,059,891
 ● TERM DEPOSITS \$390,528,172

In addition to providing a solid base for future growth, the credit union's strong capital position provides ample strength to absorb shocks due to external factors such as a major correction in the housing sector. At 55.2% of total capital, our retained earnings point to a very solid capital structure and far exceed our regulatory obligations.



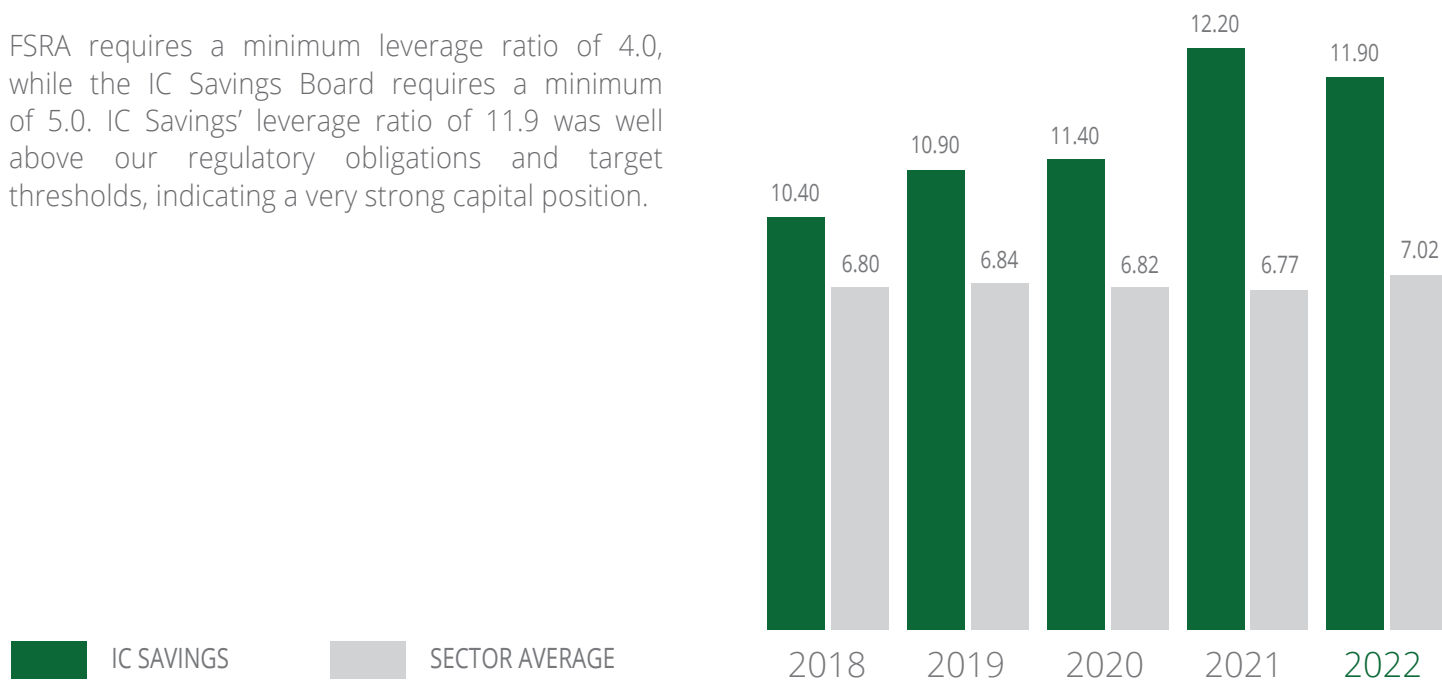
- INVESTMENT SHARES \$47,100,872
 ● RETAINED EARNINGS \$58,045,112
- OTHER COMPREHENSIVE INCOME \$54,079

Capital Ratios

The capital ratios are key financial metrics that illustrate our ability to support operations, growth and risks. The following measurements illustrate our performance in the context of the wider credit union sector in Ontario.

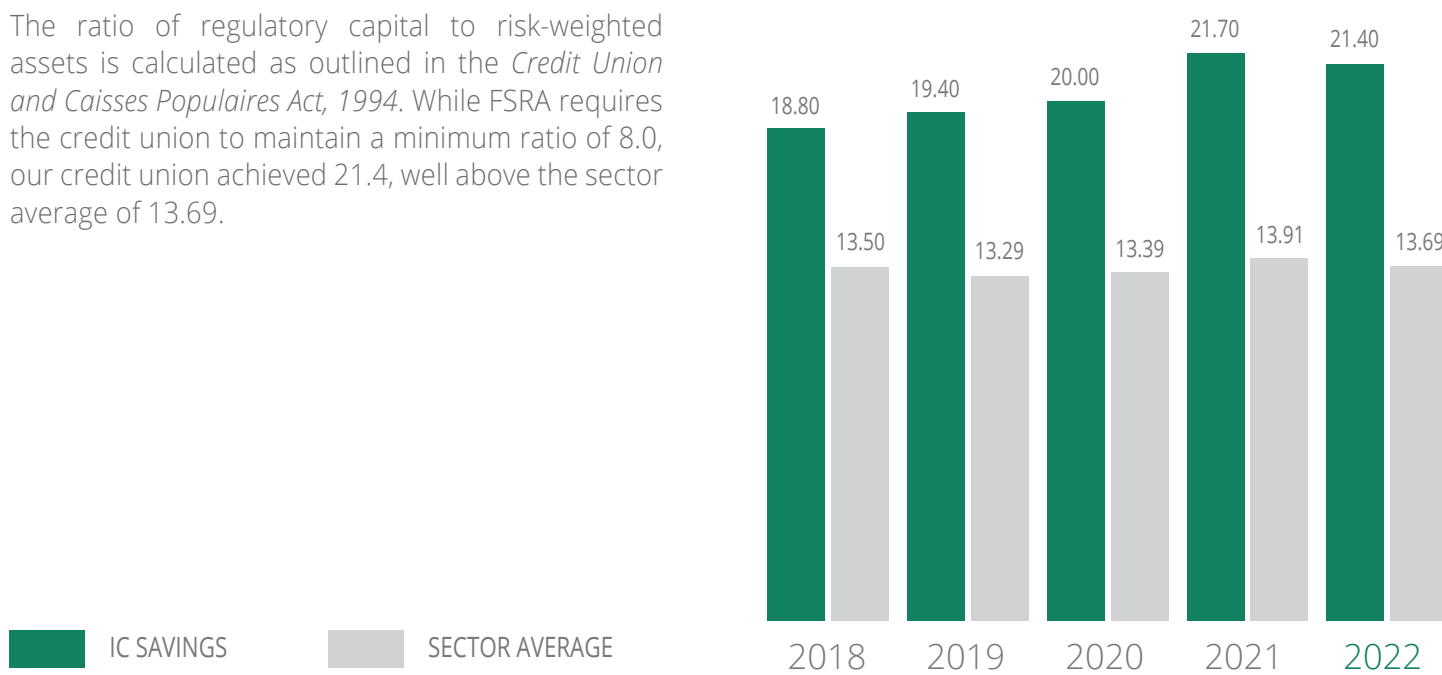
LEVERAGE RATIO

FSRA requires a minimum leverage ratio of 4.0, while the IC Savings Board requires a minimum of 5.0. IC Savings' leverage ratio of 11.9 was well above our regulatory obligations and target thresholds, indicating a very strong capital position.



RISK-WEIGHTED ASSETS RATIO

The ratio of regulatory capital to risk-weighted assets is calculated as outlined in the *Credit Union and Caisses Populaires Act, 1994*. While FSRA requires the credit union to maintain a minimum ratio of 8.0, our credit union achieved 21.4, well above the sector average of 13.69.



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 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



WHERE TO FIND US

TORONTO

Head Office & Etobicoke Centre,
5300 Dundas Street West

Corso Italia, 1254 St. Clair Avenue West

Hillcrest Village, 814 St. Clair Avenue West

Little Italy, 640 College Street

Little Portugal, 1168 Dundas Street West

Yorkdale-Glen Park, 2900 Dufferin Street

VAUGHAN

Woodbridge Village, 6-53 Woodbridge Avenue

Woodbridge West, 7766 Martin Grove Road



www.icsavings.ca

