

FOR THE YEAR ENDED

JANUARY 31, 2023



Annual Report





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 digitally or in person at its branches in Toronto and Vaughan.

Our Purpose

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



Message from the Chair of the Board	2
Message from the President and CEO	3
Board of Directors and Executive Team	4
Stories of Our Year	5
Financial Highlights	14
Financial Statements	15
Audit Committee Report	20

Message from the Chair of the Board



Sam J. Ciccolini

C.M., O. Ont., O.V., COSSM. IT.

As we close another fiscal year, I am reminded of my good fortune. Since assembling our steering committee in the mid-1990s, I have had the honour of serving with a wonderful Board of Directors united by a commitment to adding value for our members and the communities to which they belong.

This past winter, we welcomed two new voices to the Board: Pina Alberelli-Arone and Marcellina Galvan. Pina is an accomplished Chartered Professional Accountant, and as the Board President of COSTI Immigrant Services, she has been a close collaborator on projects that IC Savings has also enthusiastically supported. Marcellina is a senior human resources executive who brings a valued people-first perspective to our Board. She also has a long history with IC Savings, being one of the credit union's 130 founding members.

I would also like to take this opportunity to thank Charles Sousa for his contribution and tenure on our Board and to wish him well on his new journey as a Member of the Parliament of Canada.

Looking back, I am proud of how our credit union stepped up to support communities in need, both near and far. For instance, our neighbours of Ukrainian heritage have been affected by the war in their homeland. In April 2022, our credit union lent its support, with a donation of \$120,000 to the Canada-Ukraine Foundation for humanitarian relief efforts in Ukraine. Notably, this campaign was successful because members responded so generously to the appeal that was launched by our credit union.

Later, we committed \$500,000 towards the construction of Humber Meadows, a new long-term care home located at the Humber River Hospital's new Seniors Campus of Care at Finch and Hwy 400.

On behalf of the Board of Directors, I am happy to say that we are looking ahead with hope and optimism. Despite disruptive economic conditions, IC Savings closed the year in a strong financial position, thanks to the resilience and dedication of our entire team.

I wish to thank you, our members, for your commitment and your confidence in your credit union. With your support, we will have many more years of adding value for the benefit of our members and the communities that we serve.



Message from the President and CEO



Fausto Gaudio

President and Chief Executive Officer

The year 2022 was a challenging year for many. Our credit union was not isolated from the varied factors that influenced the markets: the pandemic, inflation, rapidly rising interest rates and a war in Europe.

We started the year cautiously. Anticipating a market correction in real estate prices, we had adopted a strategy of slow growth in the years preceding 2022, designed to limit our exposure to inflated prices and market fluctuations. Maintaining that plan has helped us avoid the worst impacts of the economic turmoil we have witnessed in the past year.

The increases in interest rates used by the Bank of Canada to manage inflation have caused a tightening of our financial margins, but because of our cautious approach to inflated real estate prices, we have very little balance sheet risk associated with potential credit losses. Although we anticipate growth in new loans to remain sluggish through to the end of fiscal year 2024, we expect our financial margin to return to previous levels by late 2023.

With strong capital and the proven leadership of our Board of Directors and executive team, IC Savings began the 2023-2024 fiscal year in a position of strength, as seen in these key performance measures for the year ended January 31, 2023:

- Total assets exceeded \$909 million.
- Members' equity increased by \$4.1 million to a total of \$109.3 million.
- Our leverage and risk-weighted assets ratios are nearly three times the minimum required by our provincial regulator, the Financial Services Regulatory Authority of Ontario.

Additionally, we stress test our portfolio of mortgage loans regularly for hypothetical real estate price drops in the range of 30% and more to measure our risk of exposure to potential credit losses. These tests have confirmed that our credit union continues to be in a strong financial position, capable of weathering economic fluctuations both expected and otherwise. We continue to lead the credit union sector with a very strong financial foundation that assures our ongoing ability to serve our members' financial needs.

I would like to thank our members for their confidence in us, and I extend my gratitude to the Board of Directors, the executive team and the entire team at IC Savings.



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

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

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

Pina Alberelli-Arone, CPA, CA
Director
Finance Executive (Retired), Choice Properties REIT,
Loblaw Companies Limited

Dino Bottero, AACI, MRICS, PLE
Director and Member, Nominating and HR Committee
President, D. Bottero & Associates Limited –
Property Valuation and Realty Consulting Services

Alex De Iulis, P.Eng.
Director and Member, Nominating and HR Committee
President and Partner, Resform Construction Ltd.

Anthony D’Errico, B.Comm
Director; Chair, Audit and Risk Committee;
Member, Governance Committee
Relationship Manager (Retired),
Deposit Insurance Corporation of Ontario

Marcellina Galvan
Director
Vice-President, Human Resources, Global Markets, Celestica

The Honourable Frank Iacobucci, CC, QC, LL.D, LSM
Director and Chair, Governance Committee
Senior Counsel, Torys LLP

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

Marisa Zanini, J.D.
Director
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

Joe Rosati
Vice-President, Lending Services

Ron Hodges
Vice-President, Operations
and Technology

Wadood Sheikh
Chief Financial Officer



Stories of Our Year

Welcoming Two New Voices to the Board

IC Savings acknowledges the advantages that diversity offers when living up to our purpose of adding value for the benefit of our members. Assembling an authentically diverse board moves beyond considering the competencies, skills and broad professional experience of its directors. An authentically diverse board seeks to bring new voices and new perspectives forward that will help us grow as an organization.



In September 2022, our credit union welcomed Pina Alberelli-Arone to the Board. An accomplished Chartered Professional Accountant and Chartered Accountant, Ms. Alberelli-Arone brings extensive experience in planning and analysis, risk management, financial operations and reporting. Like IC Savings, Ms. Alberelli-Arone is committed to community development. She has provided leadership to various non-profit organizations over the years, including the YWCA Toronto chapter and COSTI Immigrant Services, a multicultural agency that provides educational, social and employment services to immigrants in the GTA. She has served on its board since 2015, becoming president in 2019.



In January 2023, we welcomed Marcellina Galvan, a highly qualified human resources executive, who is currently Vice-President, Human Resources, Global Markets, at Celestica. Ms. Galvan brings to our credit union a valuable people-first perspective based on her experience in talent management, development and training, and diversity and inclusion. She also provides leadership to various non-profit organizations across the Greater Toronto Area, such as Vita Community Living Services, Mens Sana Families for Mental Health and COSTI Immigrant Services.

Supporting Healthcare in Our Community

As a community-focused financial co-operative, IC Savings is proud to support a number of worthy organizations on behalf of our members. These include the Humber River Hospital Foundation, the CBAO Seniors Day Program, Magellan Community Charities and Villa Leonardo Gambin Charity. This support is a pillar of our purpose: to add economic, social and cultural value for the benefit of our members and the neighbourhoods that we serve. We are also proud that many of our individual members have been inspired to do the same.

Humber River Hospital

This acute care hospital – the largest in the GTA – holds a special significance for many of our members. It has served our community for years, welcoming many of our children into this world and providing many of our seniors with the healthcare they need.

Our commitment to Humber and to healthcare runs deep. In May 2012, IC Savings became the first community organization to pledge its support, with a \$1 million donation towards the building campaign for the state-of-the-art facility, which opened in late 2015, at Highway 401 and Keele. Then, at the onset of the global pandemic, we donated \$60,000 to protect healthcare workers by assisting with the purchase of critical COVID-19 rapid-testing equipment.

In late 2022, IC Savings stepped up again, committing \$500,000 towards seniors care, and a new long-term care home in particular (pictured, opposite page) on the reimagined Seniors Campus of Care at Humber's former Finch site.

To acknowledge our credit union's commitment, the campus' reactivation care centre will be known as the IC Savings Seniors Care Centre (pictured below). This centre will offer a wide range of clinical and community services, including primary and urgent care services, an acute behavioural unit, a family medicine teaching unit and a sleep lab.



Artist rendering, not to scale. Courtesy of Humber River Hospital Foundation.



“ IC Savings, thank you for your gift to support the Seniors Care Program at Humber River Hospital. This gift will help Humber meet the needs of our diverse and growing community with the exceptional patient care it deserves. It also will ensure our seniors feel safe and receive the support they need. Thanks in part to you, Humber is lighting new ways in healthcare. Together, we are creating a brighter future for healthcare in our community.”

– Sandra Sualim, CFRE, President and CEO, Humber River Hospital Foundation

Humber Meadows under construction, early 2023. Courtesy of Humber River Hospital Foundation.

Humber Meadows Long-Term Care Home

Like the acute care hospital, this new six-floor, 320-bed home will be a community asset, adding much-needed long-term care capacity and offering improved access for older residents in particular. IC Savings is proud to play a part in welcoming its new residents, beginning in mid-2023.

Of special significance is that the hospital has specifically designated two floors, or 128 beds, to provide culturally sensitive care for the Italian-Canadian community; seniors of Italian heritage will have more access to long-term care.

Humber Meadows is also a striking example of how technology and innovation intersect to deliver a high level of care. In particular, this modern home was built to withstand future pandemics. The global pandemic highlighted the weaknesses within the healthcare system, especially in long-term care. By coupling the latest airflow technology with a building design that can pivot to self-contained isolation wards of only private and semi-private rooms, the focus at Humber Meadows is on safety as well as the prevention and control of devastating infection outbreaks among the frail and vulnerable.

Generous Donation by Veterans to Seniors Care

A meeting place since 1938 for military veterans, their families and friends and the surrounding community, the Westmount Army & Navy Veterans Club was located in Humber's catchment area, in Etobicoke. Recognizing how veterans and their families benefited from the hospital's care, the club executive worked with Fausto Gaudio, president and CEO of IC Savings and a director on the Humber River Hospital Foundation board, to donate part of the proceeds of the clubhouse's sale, after its closure in late 2022, to seniors care.



Fausto Gaudio (far left) was joined by members of the Westmount Army & Navy Veterans Club and Laura Berardo, Director of Development, Humber River Hospital Foundation, for this significant donation.

CBAO Seniors Day Program

The revitalized seniors campus will also house the CBAO Seniors Day Program. The program, which will relocate from its current location by mid-2023, has been exclusively funded by the Calabrian Benevolent Association of Ontario (CBAO). The CBAO Seniors Day Program holds a special significance for our credit union; many members of our credit union are also members of this benevolent association.

Overseen by medical director Dr. Giovanni Marotta, this unique program was designed to address the particular needs of Italian-speaking seniors experiencing memory loss, such as early stage dementias.

“The CBAO Seniors Day Program is unusual in two ways: we have a philosophy of creating a safe environment that gives caregivers a break while structuring the day such that clients with dementia can take part in a rehabilitation program that helps them be the best they can be with intellect, behaviour and function. Then, this program has come from many generous donors, such as IC Savings, from within our community. Supporters like IC Savings have seen the gap in care and the suffering felt by our Italian-Canadian families because of long wait lists. With its generous support, IC Savings has made a world of difference.”

Dr. Giovanni Marotta, Medical Director, CBAO Seniors Day Program

Robotic Surgery Program



When the new Humber opened in 2016, it was the first fully digital hospital in North America. Today, it remains at the forefront of innovation in healthcare. Look no further than the da Vinci Surgical System. The centrepiece of Humber's Robotic Surgery Program, this sophisticated technology, with its 3D high-definition views, has improved the care of thousands of patients during the last 10 years.

Many may not be aware, however, that this program is funded entirely by donors. We recognize that support from community organizations like ours has a real and direct impact on quality of life by expanding access to critical surgeries in less time and with better outcomes. For this reason and more, IC Savings was proud to host a special reception in October 2022 at our corporate office with special guest Dr. Jack Barkin (pictured), also the recipient of the hospital foundation's 2022 Doctor of Philanthropy Award. A resounding success, the evening saw more than \$500,000 in donations and pledges raised for the program.

Dr. Barkin is one of the first surgeons at Humber to use the da Vinci robot. He is a leader in training and a champion for the expansion of the program.



Working from the da Vinci system console, Dr. Barkin performs robotic-assisted surgery, a minimally invasive option for patients.

In Support of Ukraine

IC Savings has always put its financial resources to work where it matters most. Through donations, partnerships and volunteering, our credit union remains committed to supporting the communities where our members live and work.



(Left to right) Yvan Baker, Member of Parliament, Etobicoke Centre; Fausto Gaudio, President and CEO, IC Savings; Victor Hetmanczuk, Chair, Canada-Ukraine Foundation; Sam J. Ciccolini, Chair, IC Savings Board of Directors; and Charles Sousa, former Director, IC Savings Board.

From time to time, our credit union also responds to the needs of communities further afield. One salient example is Ukraine. In late April 2022, recognizing that the GTA counts among the largest Ukrainian Canadian populations in the country, IC Savings donated \$120,000 to the Canada-Ukraine Foundation (CUF). This registered Canadian charity has been working on the ground with non-governmental agencies to deliver humanitarian aid since the conflict began.

Notably, the money was raised through a campaign which encouraged members to donate, with IC Savings committing to match every donation dollar for dollar. The initial challenge of \$50,000 was handily met by members in just a little more than a week. We thank our members, and the community at large, for responding so generously to this appeal in support of this critical humanitarian effort. With these funds, CUF purchased Canadian buckwheat seeds to address the emerging issue of food insecurity in Ukraine and beyond.

“ We thank IC Savings and its members for their leadership and support. Among the community of 23 credit unions in Canada that stepped forward to support our work, your donation is the largest to date and will help us do more good in the days and months ahead. ”

Victor Hetmanczuk, Chair, Canada-Ukraine Foundation

Villa Leonardo Gambin Charity

Our credit union was proud to renew its support of Villa Leonardo Gambin Charity with a donation of \$32,500, which will be used to remodel the IC Savings Wellness Room at the Villa Leonardo Gambin Long-Term Care Residence in Woodbridge. This commitment builds upon our previous donations of more than \$275,000. Renovations are expected to get underway in mid-2023.

Since opening in 2004 with our credit union's support, this space has provided restorative and wellness care to more than 1,000 residents. Equipped with fitness machines, it offers something to meet every level of physical ability, including residents who are wheelchair bound.

During the past several years, the level of care needed by individuals admitted to this 168-bed residence has changed significantly. Since admission times have lengthened, individuals are presenting with much more complex needs. This is where the Wellness Team, with its physiotherapists and restorative care professionals, steps in to provide tailored programs to support long-term functional mobility. The programs can be self-directed or under supervision.



In long-term care, the focus is on improving or maintaining mobility, gait and balance. For older adults in particular, structured physical activity programs can maintain or improve their ability to perform daily functions. Wellness exercise and restorative care are important aspects of resident treatment plans. When residents keep active, they will enjoy easier mobility for a longer period and the opportunity to socialize with others, and experience more fulfilling lives.

Like our commitment to Humber Meadows and the future Magellan Centre, this funding underscores our desire to help seniors in our community remain as independent as they can be, while acknowledging all that they contribute to make our lives richer.

“ Thank you, IC Savings, for being such an important part of our community. Your gift will ensure that every resident has a wellness space that they are comfortable in and excited to enter, and that will support their needs for years to come. ”

Andrew Iacobelli, P.Eng., M.B.A., Chair, Villa Leonardo Gambin Charity Board of Directors



A Modernized Framework for the Credit Union Sector

On March 1, 2022, the Credit Unions and Caisses Populaires Act, 2020, came into effect, providing a new statutory framework for Ontario's credit unions that is based on modern principles, and that confers new rule-making powers upon the Financial Services Regulatory Authority of Ontario (FSRA). In order to implement the new legislative framework, FSRA developed various rules, including the Sound Business and Financial Practices Rule, which also took effect on March 1, 2022.

The Risk Based Supervisory Framework outlines FSRA's approach to the supervision and risk assessment of Ontario's credit unions and *caisses populaires*. The Approach Guidance does not impose any compliance obligations, but outlines the processes and practices that FSRA will use to establish supervision plans and to exercise its supervisory action or discretionary powers under the Act.

In response to these regulatory developments, the Board of IC Savings implemented several changes, including establishing a Governance Committee and a Nominating and Human Resources Committee. The new committees will help the Board to focus on fulfilling its critical role of strategic stewardship over IC Savings and to provide strategic guidance and direction to ensure the credit union's long-term success and sustainability. The Board also expanded the role of the Audit Committee in line with the FSRA guidelines.

Governance Committee

The Board is accountable for ensuring that IC Savings is governed effectively, and that the Board's governance practices are characterized by openness, collaboration, professionalism and trust. This Committee is specifically responsible for establishing, maintaining and evaluating IC Savings' governance framework, which encompasses its structures, policies and procedures, in accordance with prevailing corporate governance standards and best practices, and with an aim of continual enhancement. This Committee also monitors policies that promote ethical behaviour by the credit union, its directors and officers and employees, and that prevent the exertion of undue influence by related parties. IC Savings is committed to maintaining governance practices that inspire confidence among members, employees, depositors, creditors and regulatory agencies.

Nominating and HR Committee

Accountable for identifying suitable candidates for election to the Board, this Committee also ensures that director elections are conducted in a proper, transparent and democratic manner. The objective of the process is to maintain a board that has the expertise needed to provide effective supervision of the credit union, operates with an independent mindset and enables each director to comprehend his or her fiduciary duties. The Committee also establishes policies that confirm the principles for creating a positive work environment for employees at the credit union. The Committee collaborates with the Board to fulfill its policy obligations to the employees, and on the Board's role as the supervisor of the credit union's chief executive officer.

Audit Committee

This Committee's duties have been broadened to administer an efficient enterprise risk management (ERM) framework and to ensure that management implements systems and procedures that correspond to the ERM framework. These efforts will provide rational assurance that IC Savings' strategic, operational and financial objectives are attained. The Committee is also accountable for obtaining assurance that risks are managed individually, and as a whole, in such a manner that the credit union is not exposed to undue risks, and that the credit union is sufficiently resilient to withstand risk shocks.

FINANCIAL HIGHLIGHTS

2022-2023



Financial Highlights

	2023	2022
Total assets	\$909,219,428	\$900,612,247
Deposits	\$789,225,788	\$781,697,990
Loans	\$792,383,838	\$795,710,810

Capital and Retained Earnings

Retained earnings	\$60,432,608	\$58,045,112
Class B investment shares	\$48,176,596	\$47,100,872
Accumulated other comprehensive income	\$707,903	\$54,079
	\$109,317,107	\$105,200,063

Net interest and other income	\$22,728,359	\$24,203,046
-------------------------------	---------------------	---------------------

Income after tax	\$5,525,323	\$6,512,737
------------------	--------------------	--------------------



Financial Statements

STATEMENT OF FINANCIAL POSITION

AS AT JANUARY 31

IN \$	2023	2022
Assets		
Cash	25,679,554	16,424,022
Loans	792,383,838	795,710,810
Investments	57,953,788	54,367,879
Other assets	9,065,034	9,225,118
Property and equipment	24,137,214	24,884,418
	909,219,428	900,612,247
Liabilities		
Bank indebtedness	-	5,000,000
Deposits	789,225,788	781,697,990
Other liabilities	10,559,660	8,601,105
Membership shares	116,873	113,089
	799,902,321	795,412,184
Members' Equity		
Retained earnings	60,432,608	58,045,112
Class B investment shares	48,176,596	47,100,872
Accumulated other comprehensive income	707,903	54,079
	109,317,107	105,200,063
	909,219,428	900,612,247



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 \$	2023	2022
Interest income		
Member loans	29,524,358	28,019,024
Investments	2,707,227	1,106,449
	32,231,585	29,125,473
Interest expense		
Member deposits	10,931,828	7,087,236
	10,931,828	7,087,236
Net interest income	21,299,757	22,038,237
Other income	1,428,602	2,164,809
Net interest and other income	22,728,359	24,203,046
Operating expenses		
Personnel	8,991,431	8,977,072
Administrative expenses	4,270,825	4,330,308
Occupancy expenses	2,099,863	2,112,310
Deposit insurance premium	620,159	569,409
Provision for bad debts	120,000	120,258
	16,102,278	16,109,357
Income before income taxes	6,626,081	8,093,689
Income taxes		
Current	1,924,582	1,786,605
Deferred	(170,000)	(130,700)
	1,754,582	1,655,905
Net income	4,871,499	6,437,784
Other comprehensive income	653,824	74,953
Total comprehensive income for the year	5,525,323	6,512,737

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.

The Impact of Inflation

When inflation began to increase sharply in 2021, fuelled by a breaking down of supply chains due to the pandemic and later exacerbated by the war in Ukraine, central banks sought to contain it with a rapid rise in interest rates.¹

Having anticipated the possibility of interest rate increases, IC Savings had implemented a strategy of slow growth to avoid excessive exposure to price fluctuations in the real estate market. This allowed us to weather the economic turmoil with little risk to our balance sheet.

There were, however, significant effects on our business. First, increases in interest rates squeezed our financial margin, as rapidly rising rates have a more immediate impact on repricing deposits and short-term investments than on mortgages. Then these rate increases also brought the real estate market to a crawl, limiting our volume of new mortgage loans and reducing the fees that we typically earn on early discharges. This has had a direct impact on our financial results:

- While interest income on member loans increased by \$1.5 million, interest expense on member deposits increased by \$3.8 million.
- Other income, which is primarily made up of early discharge and lender's fees, dropped to \$1.4 million, from \$2.2 million the year before.
- Return on short-term investments, however, increased to \$2.7 million, from \$1.1 million the year before, which helped to narrow the gap between total interest revenue and expense.

Inflation also puts upward pressure on variable expenses such as salaries, utilities and other premises-related costs, acquisition of capital items, technology, etc. Thankfully, in this regard we have managed to keep our expenses in line with the previous year, as we do have some control over discretionary expenses, unlike the impact of inflation on interest rates. We predict this squeeze to be short term, and fully anticipate our financial margin to return to previous levels.

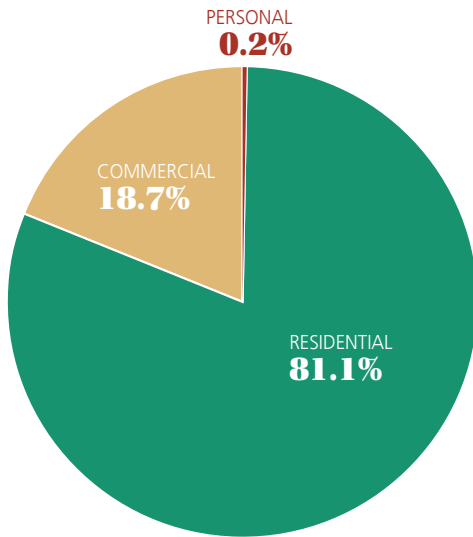


inflation

¹ Bank of Canada, Preferred Measures of Core Inflation, 2013-2023 (graph)

Loans

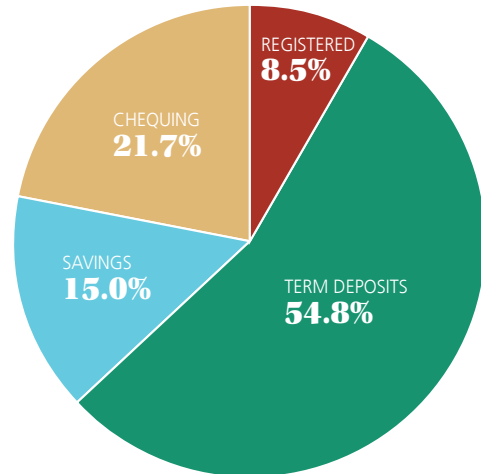
As we continue to be generally dependent on the residential real estate market, we adopted another layer of credit risk mitigation by geographically diversifying our mortgage portfolio beyond the GTA, our traditional lending area. Last year, our business development managers continued to pursue sales opportunities in the Greater Ottawa Area, eastern and southwestern Ontario and Simcoe County.



- PERSONAL
\$1,966,784
- RESIDENTIAL
\$642,221,084
- COMMERCIAL
\$148,195,970

Deposits

With the rise of interest rates in the current year, there was a noticeable shift by our members from savings accounts to term deposits. Consequently, our holdings in savings accounts decreased to 15% of total deposits from a high of 29% at the end of last year.



- REGISTERED DEPOSITS
\$66,720,692
- SAVINGS ACCOUNTS
\$118,033,236
- CHEQUING ACCOUNTS
\$171,631,298
- TERM DEPOSITS
\$432,840,562

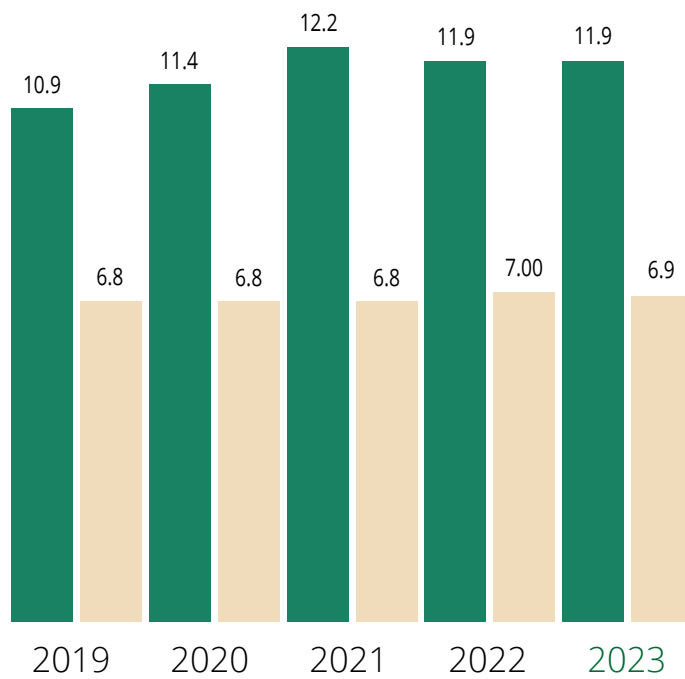


Capital Ratios

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.

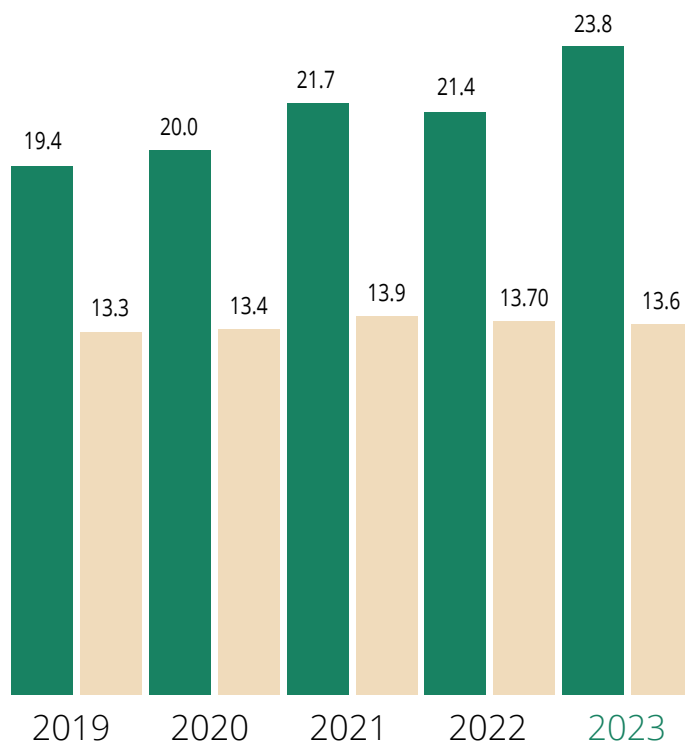
LEVERAGE RATIO

The credit union is subject to the capital requirements set out in the Act, which prescribes several capital adequacy measures and minimum capital requirements. The leverage ratio compares capital to total assets including prescribed adjustments (“net assets”). While FSRA requires a minimum leverage ratio of 3.0, and the Board requires a minimum of 5.0, our leverage ratio, at 11.9, was well above our regulatory obligations and target thresholds, indicating a very strong capital position.



TOTAL CAPITAL RATIO

Some of the measures compare capital to assets that receive prescribed risk weightings, known as risk-weighted assets. The total capital ratio measures a credit union’s financial stability by measuring its available capital as a percentage of its risk-weighted assets. FSRA requires the credit unions to maintain a minimum total capital ratio of 8.0; our credit union achieved 23.8, well above the sector average of 13.6.



■ IC SAVINGS ■ SECTOR AVERAGE

Audit Committee Report

The credit union's Audit Committee is a committee of the Board of Directors and operates pursuant to section 177 of the Credit Unions and Caisses Populaires Act, 2020. 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 are 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 for 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.

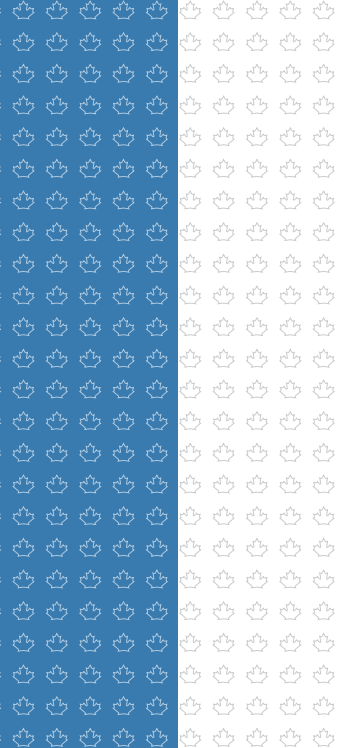
Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or senior management, as appropriate, with respect to the matters outlined above and follows up to ensure that the recommendations are considered and appropriate action is taken.

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 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.



Anthony D'Errico
Chair, Audit Committee



www.icsavings.ca



facebook.com/ICSavings



linkedin.com/company/ic-savings



twitter.com/ICSavings