

Annual REPORT

FOR THE YEAR ENDED JANUARY 31, 2024





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 we serve.

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Message from the Chair of the Board

It is my distinct pleasure to deliver this message, my first as Chair, to our members for the year ended January 31, 2024. Since first being appointed as a director in 2010, I have had the pleasure to witness, together with all of you, the impressive growth of IC Savings and the important contributions it consistently makes to the communities it serves. These results are undoubtedly attributable to the dedication of our management team, supported by the sage governance of my colleagues on the Board.

We are cognizant that the economic conditions faced by all Canadians today are complex and uncertain. In particular, inflation, stubbornly high real estate prices and global banking issues are factors to be managed with precision and sensitivity. I can assure members that IC Savings is well positioned to thrive notwithstanding the present challenges and invite you to consider our financial position and the excellent results we achieved for fiscal year 2024. These prove that our business and risk management strategies were correct and IC Savings is well served by management. Their prudent approach will continue to serve us well into the future.

I wish to acknowledge the depth of experience and talent of our current Board. On your behalf, these individuals bring an exceedingly high level of professionalism and impartiality to the table to oversee the affairs of IC Savings. In particular, our committee chairs, the Hon. Frank Iacobucci (Governance), Tony D'Errico (Audit and Risk) and Luis Arruda (Nominating and Human Resources), bring true expertise to their roles.

I would also like to offer a special thank you to our friend and retiring Chair, Sam Ciccolini, who has provided years of inspired leadership. His loyalty and dedication to IC Savings are unmatched. Members can rest assured that Mr. Ciccolini will continue to provide guidance, as he remains an active member of the Board of Directors.

To our friend, Marisa Zanini, who stepped down as a director after 23 years, we gratefully acknowledge her dedicated service to IC Savings and its members. I also welcome Robert Gray, former corporate secretary, who stepped in as our newest director. He enhances our Board competencies with his recognized legal expertise.

I applaud our management team and, in particular, Fausto Gaudio, President and CEO, who again returned excellent results. Furthermore, senior management has done an excellent job in filling positions in the back office and in branches with competent, kind and dedicated staff. All have contributed to the overall success of IC Savings.

Finally, I thank you, our members, for remaining dedicated to IC Savings and for your continued support moving forward.

A handwritten signature in black ink, appearing to read 'John DaRe'. The signature is fluid and cursive, with a prominent initial 'J'.

John DaRe
Chair of the Board



Message from the President and CEO

Despite a challenging economic environment that continued well into 2023, I am proud to share IC Savings delivered another solid performance for the fiscal year ended January 31, 2024.

We entered the fiscal year with a strong capital position of more than \$109.3 million. By fiscal year-end, this increased by more than 5.5% to \$115.1 million, contributing to a leverage ratio of just under 13.0%. Retained earnings increased from \$60.4 million to \$62.8 million. This strong capital base provided financial security as we navigated a

challenging economic climate, characterized by inflation, rising interest rates, housing market volatilities and affordability concerns.

At IC Savings, we have achieved strong profitability over the years by consistently applying a business model that emphasizes a disciplined pricing approach, as well as proactive management of expenses and of assets and liabilities. Fiscal year 2024 was no different. The credit union ended the year with a total comprehensive income of \$5.1 million, which contributed to a return on assets of 0.54%, compared with the credit union system average of 0.27%.

Other key performance measures include the following:

- 🍀 Assets under administration of \$890.2 million.
- 🍀 Efficiency ratio of 68.6%.
- 🍀 Membership of 21,611.

These achievements are made possible by a strong team of dedicated employees led by a very competent executive team and a committed, professional Board of Directors, led by John DaRe. With deep pride and gratitude, I recognize and thank each of them for their efforts to deliver on our purpose of adding value for the benefit of members and the communities that we serve.

To our valued members: your sustained support and ongoing business are valued, and the trust and confidence you have in our team energizes all of us. While many options for where you bank are available, you have chosen membership with IC Savings. For that we are grateful.

Fausto Gaudio
President and Chief Executive Officer

Board of Directors

John DaRe, LL.B.
Chair of the Board
Principal, John DaRe Barrister and Solicitor

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

Pina Alberelli-Arone, CPA, CA
Director; Member, Nominating and Human Resources Committee
Board President, COSTI Immigrant Services

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

Sam J. Ciccolini, C.M., O. Ont., O.V., COSSM. It.
Director; Member, Governance Committee
Co-Founder and Secretary Treasurer,
Masters Insurance Limited

Alex De Iulis, P.Eng.
Director
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; Member, Nominating and Human Resources Committee
Vice President, Human Resources,
Global Markets, Celestica

The Honourable Frank Iacobucci, C.C., K.C., LL.D, LSM
Director; Chair, Governance Committee
Senior Counsel, Torys LLP

Robert J. Gray, LL.B.
Director and Corporate Secretary;
Member, Governance Committee
Partner, Miller Thomson LLP

Frank Petti, CPA, CA
Director; Member, Audit and Risk Committee
Chief Financial Officer, RES Group of Companies

Executive Team

Fausto Gaudio
President
and Chief Executive Officer

David Parks
Chief Operating Officer

Wadood Sheikh
Chief Financial Officer

Joe Rosati
Vice-President, Business Development
and Sales



In the Community

Giving to create value for the benefit of our stakeholders – members, employees and the communities that we serve – is a core part of our credit union’s DNA. We have a long-standing history of supporting individuals and communities on behalf of members, and will donate up to 10 per cent of our net income each year to charities, community groups and associations that do good for all our benefit.



A joyous celebration at Villa Leonardo Gambin

In late July, Fausto Gaudio, President and CEO, was joined by the wonderful residents, their families and friends, and special guests at the ribbon-cutting marking the opening of the renovated IC Savings Wellness Centre. IC Savings had renewed its support of Villa Leonardo Gambin Charity last year with a donation that was used to remodel the residence's accessible wellness centre.

Our credit union was among those present almost 20 years ago when this 168-bed residence first opened its doors in the community of Woodbridge. We were proud to join in these celebrations too.



Fausto Gaudio, President and CEO, IC Savings (far right) is joined by residents (in foreground), Andrew Iacobelli, VLG's Board Chair (far left), the Hon. Michael Tibollo, Associate Minister of Mental Health and Addictions, and Linda Jackson, Deputy Mayor for Vaughan.



Sonia Roul, Administrator, Villa Leonardo Gambin, and Fausto Gaudio at podium.



Fausto Gaudio and the Hon. Michael Tibollo enjoy a moment with a resident.

Cheering One of Our Own



In March 2023, AnaBela Taborda, branch manager at our Little Portugal location (centre), received the Civic Commitment Award from the Federation of Portuguese Canadian Business & Professionals. Selected from an impressive list of candidates, she was honoured for her work at IC Savings and as the chair of the local business improvement area. Our branch managers serve as brand ambassadors in their neighbourhoods, cultivating relationships and enhancing understanding of our credit union's purpose to add value for the benefit of the community through grassroots development initiatives.

Supporting York Region's seniors

Healthcare, and seniors care in particular, has long been a focus of our credit union's purpose to add value. In fall 2023, IC Savings pledged its support for a residential respite care centre, the first in York Region, that will offer short-term, round-the-clock care and support, in a safe and accessible setting, to individuals living at home with dementia and other related diseases. Scheduled to open in late 2024, the home will accommodate up to six people at any one time and will also benefit caregivers by providing relief to help reduce caregiver burnout.

IC Savings committed \$50,000 to the \$3 million Legacy Capital Campaign launched by Care as One, the not-for-profit organization leading the project. This support is in addition to our sponsorships of UniversalCare Stride for Seniors run and walk events. Funds raised through these annual community events were also allocated to the Legacy Capital Campaign, which recently reached an impressive \$1 million milestone.

In addition to this respite care centre, IC Savings has been proud to support Humber River Health's Seniors Campus of Care, which includes Humber Meadows, the Calabrian Benevolent Foundation's Seniors Day Program, the Villa Leonardo Gambin long-term care residence in Woodbridge and the Magellan Centre, the first of its kind in Ontario, that will offer culturally sensitive care to Portuguese-speaking seniors.



IC Savings was among those present for this celebration. Pictured, left to right: The Hon. Michael Tibollo, Associate Minister of Mental Health and Addictions; Mario Ferri, Local and Regional Councillor; Linda Jackson, Deputy Mayor for Vaughan, Local and Regional Councillor; Joseph Gulizia, President & CEO, UniversalCare Canada; Christina Bisanz, CEO, CHATS; Mario Masellis, VP, TLN Media Group; Patrick Ciccolini, Partner, Masters Insurance; and Francesco Sorbara, Member of Parliament for Vaughan-Woodbridge.

« IC Savings, we are grateful for your support of this residential respite dementia care centre, the first of its kind in York Region. As a founding donor of our campaign, IC Savings stands among a generous community of individuals and businesses that stepped forward to support this legacy project. This home and its staff will provide vital support, resources and compassionate care to enhance the lives of seniors and their families living in our community. »

Joseph Gulizia, President and CEO, UniversalCare Canada Inc. and Founder, Care As One Campaign

One step closer: An exciting milestone for the Magellan Centre

In September, IC Savings was proud to join community members, Toronto councillors and staff, as well as provincial and federal government members and Portuguese government officials and delegates, to celebrate a milestone moment: the groundbreaking ceremony for the project. Previously, our credit union committed \$250,000 towards the future construction of this unique long-term care residence and affordable housing units, in the Wallace-Emerson neighbourhood in west Toronto, that will cater to Portuguese-speaking seniors.

Pictured, left to right: Charles Sousa, Member of Parliament for Mississauga-Lakeshore and former director on the IC Savings Board; Alejandra Bravo, City Councillor (Davenport); Ana Bailao, former Deputy Mayor and City Councillor; Her Worship Olivia Chow, Mayor of Toronto; Manuel DaCosta, Board Chair, Magellan Community Charities; His Excellency Marcelo Rebelo de Sousa, President of Portugal; Paulo Cafôfo, Secretary of State of Portuguese Communities; and His Excellency António Leão Rocha, Ambassador of Portugal to Canada.



Seeing a future in theirs



With Philip Arruda, President, FPCBP (right), AnaBela Taborda, Branch Manager, Little Portugal, presented a scholarship recognizing this university undergraduate's academic achievement and community involvement.

Our credit union is proud to support young adults with scholarships and bursaries. Whether exploring their heritage or furthering their studies in finance and business, this year, these included local high school students and those enrolled in language heritage programs with cultural associations such as *Centro Scuola e Culura Italiana*. We also partnered again with the Ontario Credit Union Foundation and the Federation of Portuguese Canadian Business & Professionals. This builds upon past support to undergraduates with financial need at the University of Toronto Mississauga and York University.



Financial Highlights

2023-2024

Financial Highlights

In \$	2024	2023
Total assets	890,181,309	909,219,429
Member deposits	760,915,582	789,225,788
Loans	783,811,757	792,383,838
Capital & retained earnings		
Retained earning	62,763,982	60,432,608
Class B Investment shares	51,459,681	48,176,596
Accumulated other comprehensive income	909,158	707,903
	115,132,821	109,317,107
Net interest & other income	21,895,987	22,728,359
Total comprehensive income	5,114,748	5,525,324

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.

Financial Statements

Statement of Financial Position

as at January 31

In \$	2024	2023
Assets		
Cash	18,256,855	25,679,554
Investments	56,490,017	57,953,788
Loans	783,811,757	792,383,838
Property and equipment	23,462,926	24,137,214
Other assets	8,159,754	9,065,035
	890,181,309	909,219,429
Liabilities		
Member deposits	760,915,582	789,225,788
Other liabilities	14,014,133	10,559,661
Membership shares	118,773	116,873
	775,048,488	799,902,322
Members' Equity		
Retained earnings	62,763,982	60,432,608
Class B Investment shares	51,459,681	48,176,596
Accumulated other comprehensive income	909,158	707,903
	115,132,821	109,317,107
	890,181,309	909,219,429



John DaRe
Chair of the Board



Anthony D'Errico
Chair, Audit and Risk Committee

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.

Financial Statements

Statement of Income and Comprehensive Income

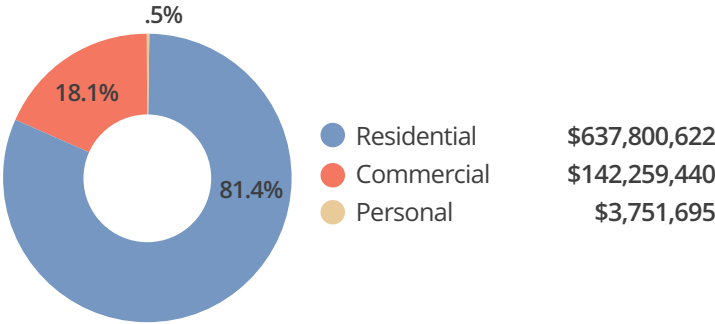
For the year ended January 31

In \$	2024	2023
Interest income		
Member loans	39,778,936	30,433,943
Investments	1,916,722	1,797,642
	41,695,658	32,231,585
Interest expense		
Member deposits	21,207,889	10,931,828
	21,207,889	10,931,828
Net interest income	20,487,769	21,299,757
Other income	1,408,218	1,428,602
Net interest and other income	21,895,987	22,728,359
Operating expenses		
Personnel	7,739,734	8,991,431
Administrative expenses	4,474,066	4,270,824
Occupancy expenses	2,130,017	2,099,863
Deposit insurance premium	601,416	620,159
Provision for bad debts	120,000	120,000
	15,065,233	16,102,277
Income before income taxes	6,830,754	6,626,082
Income taxes		
Current	1,902,261	1,924,582
Deferred	15,000	(170,000)
	1,917,261	1,754,582
Net income	4,913,493	4,871,500
Other comprehensive income	201,255	653,824
Total comprehensive income for the year	5,114,748	5,525,324

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.

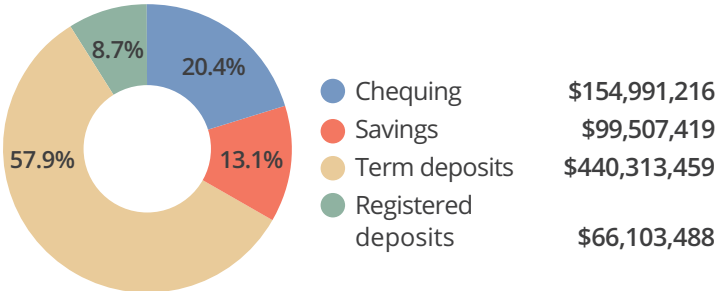
Loans

IC Savings maintains an emphasis on residential mortgage lending, as evidenced by having 81.4% of our total loans in the residential portfolio. Leveraging our established track record of providing residential mortgage solutions to address growing market demands, during the period under review we introduced three innovative mortgage products aimed at supporting our members. The strength of our mortgage portfolio remains evident through the absence of loan losses, and favourable outcomes for several stress test scenarios, reaffirming our unwavering commitment to upholding the stability and resilience of our loan portfolio.



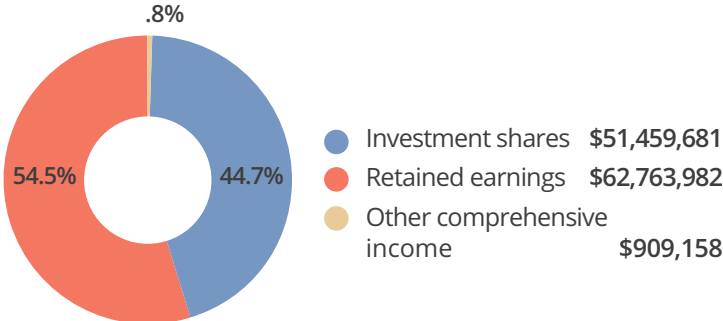
Member Deposits

A balanced blend of chequing, savings, term deposits and registered plans characterizes our deposit offerings, which is consistent with the deposit portfolio's composition of the previous fiscal year. Beyond entrusting us with their savings, our members actively use our diverse product suite for their everyday banking needs. Sustained growth in membership results from our members' confidence in our business model, along with the personalized service they consistently receive.



Member Equity

Membership continued to grow, and at January 31, 2024 was at the highest level in the past five years. Our capital position was further strengthened, with Members' equity, including capital and retained earnings, increasing to \$115.1 million by fiscal year-end, up from \$109.3 million the previous year.

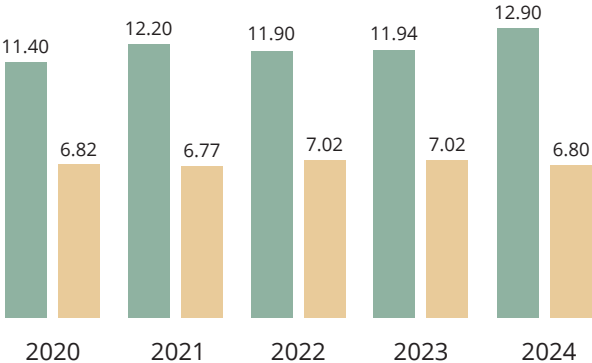


Ratios

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.

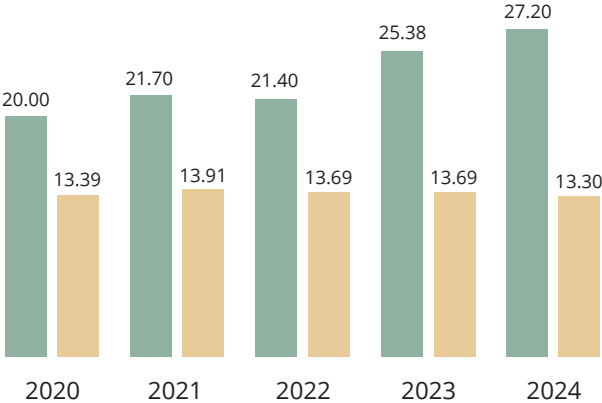
Leverage Ratio

The leverage ratio is a critical financial measure in assessing a company's strength and stability. IC Savings boasts a robust capital position, providing a foundation for resilience against unforeseen external pressures and expansion. The increase in capital in the fiscal year 2024 contributed to improving the leverage ratio to 12.90%, the strongest it has been in the last five years. Nearly double the sector average and four times the regulatory threshold, our leverage ratio exhibits exceptional financial strength and capacity to weather market uncertainties. This advantageous position underscores our ability to navigate challenges and pursue growth opportunities with confidence.



Risk-Weighted Capital Ratio

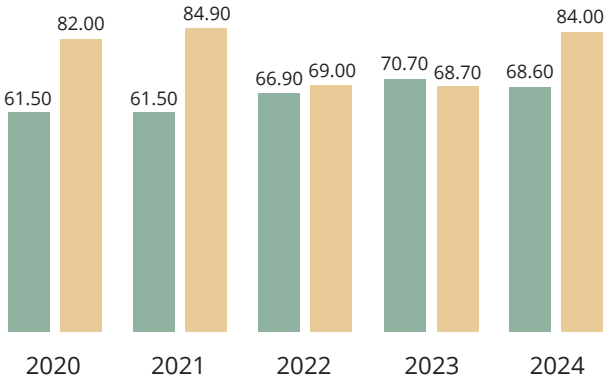
The risk-weighted capital ratio is a financial measure used to evaluate a financial institution's resilience. IC Savings' risk-weighted capital ratio confirms our financial strength and reflects a strong capital buffer to mitigate potential risks effectively. In the period under review, improvements in the quality of our loan portfolio, along with capital growth, contributed to an increase in our risk-weighted capital ratio to 27.20%, up from 25.38% last year. Our ratio exceeds the sector average by more than two times and surpasses regulatory requirements by three times, underscoring our robust financial position and strong capacity to endure adverse economic conditions.



- IC Savings
- Sector average

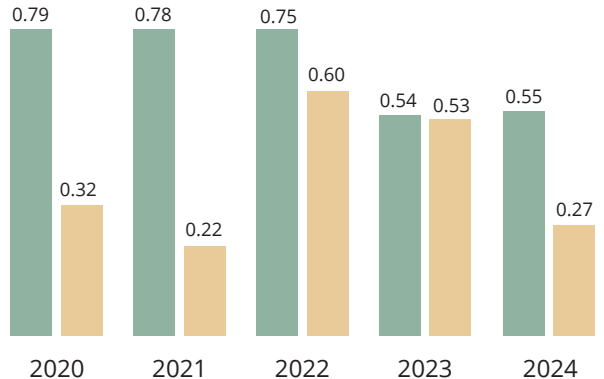
Efficiency Ratio

The efficiency ratio serves as a financial benchmark for assessing a company's operational effectiveness. A lower efficiency ratio signals stronger operational performance. Throughout the fiscal year 2024, as inflationary pressures increased and escalating operating expenses continued to affect the sector, IC Savings remained dedicated to strong expense management. This resulted in an improved efficiency ratio that is also stronger than that of the credit union sector generally.



Return on Assets

Return on assets is a key indicator of a company's profitability and operational efficiency. Throughout the fiscal year, challenges such as elevated funding costs and inflationary pressures on operating expenses had a significant impact on financial margins. Despite these challenges, IC Savings remains committed to a business model that emphasizes a disciplined pricing strategy, prudent asset and liability management, and efficient expense control, all focused on optimizing financial margins. This strategy enables us to consistently achieve a return on assets that exceeds the sector average.



- IC Savings
- Sector average

Annual Audit and Risk Committee Report to Members

For the Fiscal Year Ended January 31, 2024

The Credit Union's Audit and Risk Committee is a committee of the Board of Directors and operates pursuant to section 177 of the Credit Unions and Caisses Populaires Act, 2020, along with sections 35 and 36 of Ontario Regulation 105/22. Comprising four directors, the committee is tasked with fulfilling all responsibilities outlined for an audit committee in the Act's Regulations. The Committee convenes 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 and Risk 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 and Risk Committee that have not been either implemented or are in the process of being implemented. In addition, there are no matters which the Audit and Risk 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 and Risk Committee

March 19, 2024





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