

GROWING STRONGER TOGETHER



ANNUAL REPORT 2016

**COMTECH FIRE
CREDIT UNION**



GROWING STRONGER TOGETHER

VISION

To be a leading member intimate credit union in Canada.

MISSION

Understanding and anticipating individual member lifecycle needs, preferred channels and the value of their business and creating relationships, systems and infrastructure to support those needs.

OUR CORE VALUES

HONESTY & INTEGRITY

Honesty and integrity guide everything we do. We earn and maintain the trust of our members, employees, communities and business partners throughout every touch point we have. Included in this is our commitment to offer our members products and services that fit their needs and enhance their lives.

RESPECT

We ensure that every human interaction is respectful, courteous and genuine. We value and respect diversity of background, religion, lifestyle and thought.

ENERGETIC, DYNAMIC & MOTIVATED

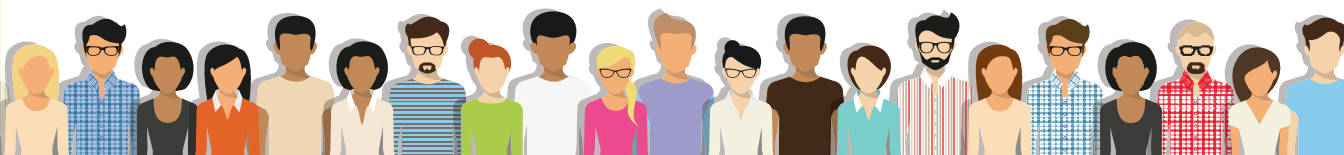
We are never satisfied with the status quo and strive to continually improve our company and ourselves. We communicate openly and embrace member interaction. We continuously drive member intimacy to innovate our products and services.

INNOVATIVE & ENTREPRENEURIAL

We are committed to excellence and the achievement of long lasting relationships through our members' life cycles. We aim high and hold ourselves to those standards. We look to find creative solutions to fulfill expectations of our members, employees, communities and business partners. We will celebrate our successes and learn from our failures.

OUR CORE STRATEGY

We will excel in Customer Intimacy while ensuring that we continually strive to enhance Operational Excellence and Technological Leadership.



ANNUAL REPORT 2016

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MESSAGE FROM THE CEO

This past year was one of profound growth for our Credit Union as we saw our membership grow from 11,000 members to approximately 16,000 when we joined forces with two strong credit unions to expand our cooperative banking family.

Merging three credit unions was challenging. It took great care and commitment from our teams to ensure a smooth transition for our members. Knowing this evolution is an important step for the future of our Credit Union family was a key driver in rallying our teams throughout the entire process.

The new amalgamated Comtech Fire Credit Union services a membership that spans from Mississauga to Kingston and includes the Greater Toronto and Ottawa areas, with seven branch locations at present and prospects for many more to come.

There is strength in numbers and we've seen this vision realized this past year. Growing our Credit Union family by opening our doors to our neighbours and friends has always been an important part of our strategy for success and will continue to be as we look to the future.

When we welcome more members into our fold we become stronger as a whole. We have more resources at our disposal, more branch locations and staff to serve our communities, and more opportunities to provide better pricing, services and support to our members. A stronger, larger and more unified credit union allows us to evolve and prosper together. Simply, our Credit Union is stronger when we come together than when we remain apart.

**THERE IS STRENGTH
IN NUMBERS AND
WE'VE SEEN THIS
VISION REALIZED
THIS PAST YEAR.**



GROWING STRONGER TOGETHER IN 2016

This past year has been a busy one as we completed the mergers with Fire Services Credit Union and Limestone Credit Union respectively. We have been working diligently to ensure a smooth transition for all of our members.

When we released our annual report this time last year we were in talks with Fire Services Credit Union to explore an alliance, and much of our focus this past year was dedicated to that partnership.

FIRE SERVICES CREDIT UNION

It was mid-April of last year when the members of Comtech Credit Union and Fire Services Credit Union voted overwhelmingly in favour of uniting our two Credit Unions.

The new Credit Union, henceforward known as Comtech Fire Credit Union, was officially amalgamated on May 1st, 2016 bringing our membership total up to 14,000 members.

At that time we were operating 5 branches in Toronto, Ottawa and Mississauga with assets totaling over \$400 million.

Along with the complete cohesion and support of our staff, our member-elected board of the new Comtech Fire Credit Union would consist of 13 Directors; 8 from the former Comtech Credit Union and 5 from the previous Board of Fire Services Credit Union. Our inaugural Board Meeting was held in Toronto on May 17th, 2016.

At the time of the amalgamation we assigned an integration team to work through all the administrative issues and regularly posted information regarding our

progress on our website including an FAQ section to answer questions relating to the status of the merger.

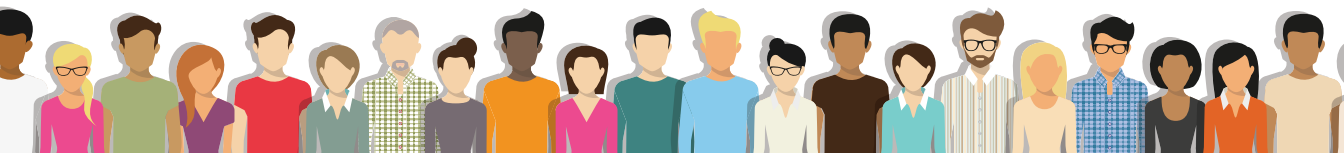
LIMESTONE CREDIT UNION

On July 29th, we were selected for another important deal when our merger with Limestone Credit Union was signed. This merger would expand our presence in the Kingston area, not only providing more services to our members there but would increase the potential for new members in this area as well.

On September 19, 2016 Limestone Credit Union officially announced the adoption of the name Comtech Fire Credit Union. As a result of this integration, Comtech Fire committed to establishing an Advisory Council to serve as the voice of Kingston. Members of this council included previous board members, staff and community leaders. Discussions with the Limestone Advisory Council and staff revealed that the harmonization of our trade name would eliminate member confusion and would help better identify its direction in the Kingston and Amherstview area.

The merger with Limestone Credit Union brought our membership to approximately 16,000 members. With two branch locations in Kingston and Amherstview, we now have 7 full-service branches.

This new expansion of our membership across the 401 East corridor that links Toronto to Ottawa will provide ample opportunity for growth in the coming years.



THE MERGERS INCREASED OUR TOTAL BOOK BY OVER 38%

GROWING OUR MEMBERSHIP

With our system conversion completed, we spent 2016 enhancing our product suites. We also readied our team to begin conversion of Fire and Limestone Credit Unions. The integration began with the merger of our staff in order to ensure that our systems, branches and people were able to meet the needs of our membership with little interruption.

We then moved into system conversion and are happy to report that as of March 2017 this is now complete. The mergers increased our total book by over 38% and provide a better level of scale for our membership to build on. It is our desire to create minimal disruption for our members as we make changes that will provide maximum reward.

Our King Street Branch in Toronto completed its first full year of service this past fall since opening its doors in October 2015. With loan growth of \$16 million and deposit growth of \$14 million, it was a successful year for our newest state of the art branch.

GROWING OUR PRODUCTS & SERVICES

This past summer THE EXCHANGE® Network expanded its surcharge-free ATM fleet by over 800 new cash dispensing ATMs in select Mac's, Couche-Tard and Circle K locations throughout the country. Comtech Fire Credit Union members now have access to the second largest financial

institution ATM network in Canada with over 3,300 locations coast to coast.

In 2016 Comtech Fire had substantial growth in our Investment portfolio. As a result of the merger with Limestone Credit Union, the wealth management portfolio now totals over \$104 million.

In the area of product enhancements, our free Mobile Banking App has quickly become a member favourite for its ease of use and quick account access on the go. We've received positive feedback from members who appreciate the Deposit Anywhere™ feature and how quickly and easily they can deposit cheques securely from anywhere at anytime on their smartphone or tablet.

The Comtech Fire website was rebranded in line with our merger and new amalgamated name, offering members a crisp new look, organized content, quick and easy access to their accounts through online banking and instant access to member support through our LIVE CHAT feature.

In the Fall of 2016, we further enhanced our website by offering our commercial members a dedicated section with products and offers exclusive to them, including our small business electronic banking platform allows us to seamlessly connect with our small business groups, while providing real-time banking to business members.

We also ramped up our social media presence in 2016 to provide members



with timely information about their Credit Union's latest offerings, promotions and initiatives. These outlets have also been invaluable for engaging with our members in real-time and getting their input.

We currently have active profiles on Facebook, Twitter, LinkedIn, Instagram, YouTube and in the near future, Wikipedia.

GROWING OUR COMMUNITIES

Along with integrating our three Credit Unions, we have made some great strides in expanding the reach of our cooperative community and providing new opportunities to our membership groups.

Giving back to the communities we serve is at the core of who we are as a cooperative credit union. We believe in supporting and building better communities and take pride in the commitment shown by our Board of Directors, Staff and Members in making their communities a better place for all. Some of the initiatives we focused on this past year include:

ANNUAL GOLF TOURNAMENT -

In support of the Canadian Fallen Firefighters Foundation. We raised \$16,000 in 2016 bringing our four-year total to \$61,000.

ST PAUL'S BREAKFAST PROGRAM -

For over 20 years our Credit Union has been a proud supporter of this program that provides a nutritious balanced meal to over 100 under privileged children on a daily basis.

THE SCOTT JAMIESON SCHOLARSHIP AWARD -

We make an annual commitment to award three outstanding individuals for their community involvement with a \$1,000 scholarship to use towards their post-secondary education expenses.

YOUTH LEADERSHIP AWARD -

Each summer we offer an outstanding grade 8 student the opportunity to come mentor with our Credit Union. The student is paid while job shadowing and also receives a \$200 cheque towards helping purchase their school supplies and/or uniform.

TORONTO FIRE & MISSISSAUGA

FIRE PINK TRUCKS - We held several events throughout the year to raise money for Breast Cancer Research, partnering with both the Toronto Professional Fire Fighters Association and the Mississauga Fire Fighters Benevolent Fund.

- Bell President Hockey Tournament
- McFarlane Bowling Tournament
- The Marcel Vincent Baseball Tournament
- The Bell Canada Curling Tournament
- Kids Come First Golf Tournament in support of Autism
- Bell Pioneers Comfort Pillow Program
- Toronto Professional Fire Fighters Annual Children's Christmas Party
- Toronto Professional Fire Fighters Annual Children's Summer Picnic
- Toronto Professional Fire Fighters Calendar for the Princess Margaret Hospital
- Toronto Professional Fire Fighters Pink Truck for Breast Cancer Research
- Camp Bucko Curling Bonspiel



FINANCIAL REVIEW

Once again, the strength and stability of our Credit Union continued to be proven throughout the year. With organic growth and the combining of three strong credit unions in 2016, we achieved significant growth on our balance sheet, enhanced our profitability and capital, and provided competitive rates of return. All while we ensured that safety and soundness within our operating environment were our primary focus.

The addition of Fire Services and Limestone added \$76 million and \$27 million respectively to our balance sheet. Organically, our assets increased by a record \$60 million; in total, the balance sheet grew by \$162 million. This contributed to the year-end balance sheet totaling \$433 million at December 31, 2016.

With the continued weak economic conditions in 2016, our focus within the loan portfolio was on writing quality loans, working together with our members to find solutions, while being mindful of protecting the assets of the Credit Union. We also focused our commercial loan growth entirely of secured mortgages on commercial or residential property. Overall, organic loan growth in 2016 totaled \$54 million. With this growth, and the addition of the Fire Services and Limestone loan portfolios, our total yearend loan portfolio reports at \$379 million.

The largest component of loan growth

was in residential mortgage portfolio, which rose from \$110 million to \$187 million. The secured commercial loan portfolio also grew from \$120 million to \$173 million. Overall, at the end of 2016, 95% of Comtech Fire's loan portfolio was secured by assets on which the Credit Union holds title.

Another key area of growth at Comtech Fire was our deposit base. We are pleased to report total deposits of \$402 million representing growth of \$152 million over the prior year, of which \$60 million represents organic growth. Registered savings plans grew by \$36 million and non-registered term deposits increased by \$81 million. At the end of the year, term and registered term products accounted for 82% of Comtech Fire's deposit portfolio. Overall, we continue to see a large portion of our membership taking advantage of our competitive fixed-rate term deposits.

Our share capital increased by \$2 million in 2016 as a result of the mergers with Fire Services and Limestone. At year-end, our capital ratio decreased 10 basis points from 5.99% to 5.89%, while our BIS ratio improved 48 basis points to 9.34%. We continue to exceed all regulatory requirements. Comtech Fire also paid Class B, series 1 and series 2 dividends to participating members in 2016 at the rate of 3.00%; series 3 dividends were paid at 4.44%; series 4 dividends were paid at 3.50%; and



series 1 from the Fire Services portfolio were paid dividends at 3.25%. The Board of Directors also declared a dividend on Loyalty shares of 2.00% that will be paid in March 2017.

Despite the continuation of low interest rates experienced in 2016, Comtech Fire was able to maintain operating profit as a percentage of income compared to the prior year. In 2016, we continued to focus growth in key product areas, specifically on fully secured residential and commercial mortgages. This resulted in a decrease of our unsecured loan portfolio revenue, while our fully secured loan portfolio revenue increased.

Investment income increased from 2015 despite record low interest rates available on safe and secure investments. Comtech Fire continues to invest in lower-yielding, but highly secured investments. Investment income at year-end increased 28%, of which 17% is attributed from the mergers. At year-end our portfolio consisted only of cash, GICs and our mandatory Central 1 Credit Union membership shares and liquidity reserve deposit. We continue to take the position that safety of your deposits outweighs the opportunity of higher yields.

Ancillary revenues in automated teller machines, insurance premiums and other administration increased 43% from the prior year with a combined total of \$1,643,257. For the year-over-year growth, 28% of the increase is related to the mergers, and 15% relates to organic growth. An increase in commercial mortgage fee revenue is the main reason for the overall increase in 2016.

Operating expenses increased year-over-year by 40% which is the result of the mergers, and is a reasonable increase given that the balance sheet grew by 60% year-over-year. The bulk of the increase is due to the occupancy costs related to the new King Street branch, an increase in depreciation related to the purchase of our banking system code, and the costs related to insuring your deposits.

Overall, despite the continuation of low interest rates, the Credit Union reported a net profit for the year of \$370,180.

Lastly, with the introduction of International Financial Reporting Standards (IFRS) in 2011, annual pension gains and losses are recorded on the statement of profit or loss and other comprehensive income (loss). In 2016, the discount rate used for estimating the defined benefit obligation decreased 30 basis points from the 2015 year-end rate. As a result, the plan experienced actuarial losses during the year 2016. This entry does not relate to the core operating results of Comtech Fire and will move up or down each year based on the discount rate projections for any given year. Other comprehensive loss reported from the pension plan in 2016, net of taxes, is \$26,489. As a result of the pension loss, total comprehensive income for the year was \$343,691.

Our results for 2016 were strong and exceeded our projections. We are extremely pleased with the continued strength of our core business lines and look forward to a stronger 2017.



UNITED TOGETHER IN 2017

As we look to the future we are excited about the prospects that lie ahead and our opportunities for further growth. In the coming years we look forward to opening several new branches in both Ottawa and Toronto.

We have already laid the groundwork for replacing and updating the existing Fire Services Credit Union branch on Avenue Road. Members can anticipate the addition of a new location between the Danforth and the Beaches in Toronto, an area that is currently home to the highest concentration of our collective members.

SUPPORTING OUR MEMBERS

With growth comes change. It is our mandate to ensure that through our evolution you continue to feel well served and supported by your Credit Union. Member loyalty is important to us. We will work diligently through these times of change to ensure we are fostering our relationships with our members and meeting your needs with every step.

As our membership grows and we continue to attract new families into our cooperative family we will continue to look for ways to make it easier for members to join and engage with the Credit Union. Technology and social media will play a key role in our growth strategies moving forward.

We also plan to place more emphasis on increasing the recognition of our

Credit Union name and brand in the communities we serve. The more people we get talking about our cooperative family and how great it is to bank with a credit union, the more we will all benefit.

Exploring opportunities to enhance our level of service and our commitment to our members are high on our agenda in 2017. Some of the areas we will be focusing on include: extended branch hours where the need exists, new locations or ATMs, new technological enhancements including mobile app updates, new enhancements to Deposit Anywhere™ and enhanced security measures.

We also plan to offer more value-added services. During the month of November 2016, we hosted a seminar at our King Street Branch on “Living in a Low Rate World”. We hope to conduct at least two more seminars in 2017 covering related topics on investments.

SUPPORTING MEMBER GROUPS AND ORGANIZATIONS

In the coming year, we will continue to not only solicit new associations, but to develop deeper relationships with our existing associations including Fire Fighter Associations, Bell Pensioners Groups, and other opportunities that present themselves through our ongoing community outreach.

We have plans to further develop our small business offerings with products



such as business banking packages and lending products that are specific to them. We plan to further develop our website offerings for the small business member and increase our presence on social media for this group as well.

SUPPORTING OUR COMMUNITIES

At Comtech Fire, community counts. In the coming year, we plan to support the organizations and associations that are important to our members and our communities.

Aligning our Credit Union with causes and initiatives that shine a spotlight on financial education, stimulation and growth for our members and our local and global communities is what cooperative banking is all about. We have an incredible network of individuals both in our staff and in our members that are united in their desire to contribute to the greater good.

SUPPORTING OUR VISION OF SUCCESS

As the size of our membership continues to grow, so too will the need for resources and support to meet all of your financial needs. This includes hiring new staff and dedicated professionals who can provide the expertise and guidance you desire in a financial partner.

We want to be your financial institution of choice, so we will continue to explore ways to enhance our level of service and provide an exceptional banking experience that is second to none.

It is our goal to prove to our members that we are stronger together. Linking ourselves to likeminded financial cooperatives will only enhance the Credit Union we are today and can become tomorrow. As we move forward we will continue to engage prospective partners in conversation about alliances and the possibility for greatness when we work together.



SPECIAL THANKS

Bringing together three distinctive Credit Unions would not have been possible this past year without the support and dedication of our staff, Board and more than 16,000 members.

It takes a village and the idea that we have successfully united three independent Credit Unions into one strong and resilient financial family is a testament to our collective strength and the power of unity. I look forward to the opportunities we will encounter as a stronger, more unified financial cooperative in the coming years.

I would like to personally thank our staff and Board for their dedication to our members' and ensuring a smooth transition this past year. It is your collective care and commitment to our members' financial health and happiness that makes me proud to serve as your CEO.

We are excited about this coming year and the successes we have set our sights on. It is our goal to be a Credit Union that not only grows together but also thrives together. Together anything is possible.



John Mach
Chief Executive Officer

**I LOOK FORWARD TO
THE OPPORTUNITIES
WE WILL ENCOUNTER
AS A STRONGER, MORE
UNIFIED FINANCIAL
COOPERATIVE**



BOARD OF DIRECTORS

- 1 Mr. S. Buckingham**
Captain, Toronto Fire Services
Georgetown, Ontario
Board service – 19 years
Term Expires 2017
- 2 Mr. J. D'Aloisio**
Platoon Chief, Toronto Fire Services
Woodbridge, Ontario
Board service – 11 years
Term Expires 2017
- 3 Mr. P. Harris**
Chartered Professional Accountant, CGA
Oakville, Ontario
Board service – 5 years
Term Expires 2017
- 4 Mr. S. McDermott**
SJM Consulting
Ottawa, Ontario
Board service – 5 years
Term Expires 2017
- 5 Mrs. J. McDonnell**
Retired Trust Examiner,
Canada Revenue Agency
Battersea, Ontario
Board service – 13 years
Term Expires 2017
- 6 Mr. T. Power**
ACS-Corp Canada
Mississauga, Ontario
Board service – 13 years
Term Expires 2017
- 7 Mr. H. Doherty**
Acting District Chief, Toronto Fire Services
Pickering, ON
Board service – 2 years
Term Expires 2018
- 8 Mr. K. Hamilton**
Retired Captain, Toronto Fire Services
Whitby, ON
Board service – 14 years
Term Expires 2018
- 9 Mr. S. Longeway**
Retired, Bell Canada
Wheatley, Ontario
Board service – 32 years
Term Expires 2018
- 10 Mr. J. Stubbs**
Chartered Professional Accountant, CA
Essa, Ontario
Board service – 19 years
Term Expires 2018
- 11 Mr. M. Neely**
Captain, Toronto Fire Services
Mississauga, ON
Board service – 11 years
Term Expires 2019
- 12 Mr. T. Wright**
Chartered Professional Accountant, CMA
Stittsville, ON
Board service – 7 years
Term Expires 2019



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NOMINATING COMMITTEE REPORT

The by-laws of Comtech Fire Credit Union Limited require the Nominating Committee to present a slate of suitable candidates for election at the annual meeting. Each year a number of vacancies occur. The terms of office are organized in such a manner that 1/3 (one third) of all elected positions are open for consideration each year, with the exception of the first two annual general meetings of Comtech Fire Credit Union. The Board of Directors, therefore, recommends the following slate of candidates for election at the annual meeting on April 4, 2017.

CANDIDATES FOR THE BOARD OF DIRECTORS

Mr. S. Buckingham

Captain, Toronto Fire Services
Georgetown, Ontario
Board service – 19 years
Incumbent

Mr. P. Harris

Chartered Professional Accountant, CGA
Oakville, Ontario
Board service – 5 years
Incumbent

Mr. S. McDermott

SJM Consulting
Ottawa, Ontario
Board service – 5 years
Incumbent

Mrs. J. McDonnell

Retired Trust Examiner,
Canada Revenue Agency
Battersea, Ontario
Board service – 13 years
Term Expires 2017
Incumbent

Mr. T. Power

ACS-Corp Canada
Mississauga, Ontario
Board service – 13 years
Incumbent

AUDIT COMMITTEE

Mr. T. Wright, Chair
Mr. S. Buckingham
Mr. K. Hamilton

EXECUTIVE COMMITTEE

Mr. J. Stubbs, Chair
Mr. T. Power, Secretary
Mr. M. Neely, Vice Chair



CREDIT REPORTS

COLLECTION REPORT

	DECEMBER 31, 2016			DECEMBER 31, 2015		
	NO. OF LOANS	PRINCIPAL \$	TOTAL \$ OWING	NO. OF LOANS	PRINCIPAL \$	TOTAL \$ OWING
Repayment lapse 90 to 179 days	8	102,607	103,385	5	26,718	26,722
Repayment lapse 180 to 364 days	8	4,049,677	4,136,530	10	265,498	266,270
Repayment lapse 365 days and greater	24	226,746	246,071	20	209,068	230,607
Bankruptcies	0	0	0	1	16,103	16,103
Impaired - current	1	7,377	7,377	1	816,628	816,628
Total of loans in collection related to the Allowance for Impaired Loans	41	4,386,407	4,493,363	37	1,334,015	1,356,330

LOAN REPORTS

Balance as of December 31	2016	2015
	\$	\$
Variable Rate Loans	5,820,321	1,361,687
Lines of Credit and Overdrafts	13,291,485	14,154,336
Fixed Personal Loans	206,588	198,436
Fixed Commercial Loans	101,436	22,914
Residential Equity Lines of Credit	38,478,879	25,027,490
Commercial Equity Lines of Credit	22,500,327	12,126,187
Residential Mortgages	148,874,550	85,358,261
Commercial Mortgages	150,153,368	107,386,727
Total Value of Loans Outstanding	379,426,954	245,636,038
Total Value of Loans Outstanding (less allowance)	378,779,267	245,300,476

Loans granted during the year - number of loans and value	2016		2015	
	#	\$	#	\$
Variable Rate Loans	98	2,880,261	70	930,743
Lines of Credit	76	2,043,575	24	400,775
Chequing Overdrafts	9	8,851	2	1,700
Fixed Personal Loans	3	147,575	3	71,522
Fixed Commercial Loans	3	112,575	1	24,397
Residential Equity Lines of Credit	42	15,121,710	29	8,062,000
Commercial Equity Lines of Credit	2	7,000,000	4	9,415,913
Residential Mortgages	121	57,138,531	109	33,777,207
Commercial Mortgages	48	46,400,395	30	46,826,758
Number of Loan Applications Received	626		400	
Number of Loan Applications Declined	108		56	

AUDIT COMMITTEE REPORT

The Audit Committee of Comtech Fire Credit Union Limited is appointed by the Board and all Committee members are active Directors of the Credit Union. The Committee meets regularly with management to discuss operational and accounting practices, and internal controls over the financial reporting issues in order to be satisfied that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the Credit Union membership. The Committee also considers for review by the Board and approval by all members, the engagement or reappointment of the external auditors.

In 2016, the firm of Deloitte LLP performed the statutory audit. The results of external and internal audits have been very good, indicating that the accounting systems and internal controls are adequate. The response of the members to the statement audit conducted in 2016 and each preceding year has shown a consistently low level of discrepancy and a high level of membership acceptance to our standards of care in handling members' money.

The Audit Committee and the auditors co-operate and perform reviews together. Our duties included the examination of new loans, members' account balances, and term deposits on a test basis, in addition to officer and staff loans. Additional duties included auditing a sampling of office policies and procedures which incorporate Board policy, cash verification, verification of the monthly financial report and verification of the bank reconciliation insofar as is necessary to ensure that internal controls are adequate. In 2016, the Audit Committee held five meetings during the year and it has conducted its affairs in accordance with the Credit Union Act and the regulations.

It is our opinion that the financial affairs of Comtech Fire Credit Union Limited are being conducted in the best interests of the membership.



Terry Wright
Chair, Audit Committee



AUDIT COMMITTEE:

T. WRIGHT
S. BUCKINGHAM
K. HAMILTON

MANAGEMENT'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Comtech Fire Credit Union Limited and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Comtech Fire Credit Union Limited maintains systems of internal accounting and administrative controls of high quality and consistent with reasonable cost. Such systems are designed to provide reasonable assurances that the financial information is relevant, reliable and accurate, and that the Credit Union's assets are properly accounted for and safeguarded. Also, the Credit Union has established an appropriate Code of Business Ethics, Conflict of Interest Policy, Confidential Information Policy, and Disclosure Statements for all officers.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The financial statements have been audited by Deloitte LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Credit Union membership.



John Mach
Chief Executive Officer



Judy Woehl
Chief Financial Officer



J. MACH, J. WOEHL



AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Comtech Fire Credit Union Limited

The accompanying summarized consolidated financial statements, which comprise the summarized consolidated statement of financial position as at December 31, 2016 and the summarized consolidated statement of profit and other comprehensive income, the summarized consolidated statement of changes in members' equity, and the summarized consolidated schedule of administrative expenses for the year then ended, are derived from the audited consolidated financial statements of Comtech Fire Credit Union Limited for the year ended December 31, 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 2, 2017.

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Comtech Fire Credit Union Limited.

Management's Responsibility for the Summarized Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with International Financial Reporting Standards.

Auditor's Responsibility

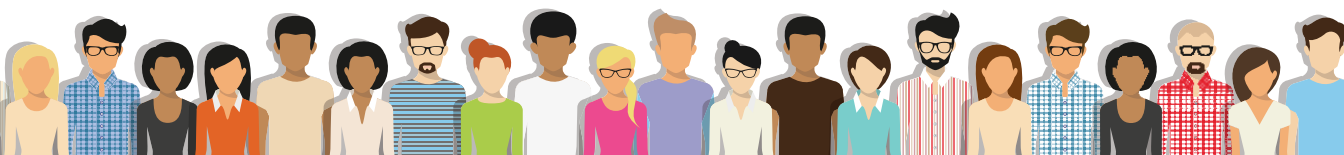
Our responsibility is to express an opinion on the summarized consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summarized consolidated financial statements derived from the audited consolidated financial statements of Comtech Fire Credit Union Limited for the year ended December 31, 2016 are a fair summary of those consolidated financial statements, in accordance with International Financial Reporting Standards.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
February 2, 2017



FINANCIAL STATEMENTS

SUMMARIZED CONSOLIDATED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2016

(IN CANADIAN DOLLARS)	2016	2015
	\$	\$
Interest on loans to members		
Personal loans	1,710,521	1,659,704
Residential mortgages	4,977,693	3,540,331
Commercial mortgages	6,147,267	4,326,958
Investment income	480,371	374,315
	13,315,852	9,901,308
Interest expense		
Dividends on savings dividend accounts	12,086	12,052
Interest on daily savings and chequing accounts	139,113	75,698
Interest on term deposits	4,645,466	3,291,030
Interest on registered products	1,493,456	1,195,084
	6,290,121	4,573,864
Net interest income	7,025,731	5,327,444
(Recovery of) provision for impaired loans	(6,419)	75,616
Net interest margin	7,032,150	5,251,828
Other operating income (net)	1,643,257	1,147,006
Total operating profit	8,675,407	6,398,834
Personnel expenses	3,575,454	2,612,525
Administrative expenses (schedule)	1,769,423	1,331,341
Occupancy	942,945	381,395
Data processing	500,640	401,938
Depreciation	462,933	270,024
Deposit insurance premium	361,118	234,323
Pension expense	359,974	317,965
Promotion, marketing and publicity	296,116	337,652
Total operating expenses	8,268,603	5,887,163
Dividends on investment shares	33,347	33,334
Profit before income taxes	373,457	478,337
Income tax expense	3,277	27,792
Profit for the year	370,180	450,545
Other comprehensive (loss) income, net of income taxes		
Items that will not be reclassified subsequently to profit or loss	(26,489)	388,998
Total comprehensive income for the year	343,691	839,543

FINANCIAL STATEMENTS

SUMMARIZED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2016

(IN CANADIAN DOLLARS)	MEMBER SHARES	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
	\$	\$	\$	\$
As at January 1, 2015	13,253,882	-	1,956,397	15,210,279
Profit for the year	-	-	450,545	450,545
Other comprehensive income	-	-	388,998	388,998
Dividends on investment shares	-	-	(391,692)	(391,692)
Reclassification of Class B investment shares, series 3	(350,000)	-	-	(350,000)
Net decrease in members' shares	(140,989)	-	-	(140,989)
As at December 31, 2015	12,762,893	-	2,404,248	15,167,141
Profit for the year	-	-	370,180	370,180
Other comprehensive loss	-	-	(26,489)	(26,489)
Dividends on investment shares	-	-	(391,377)	(391,377)
Limestone business combination	-	-	1,854,533	1,854,533
Fire amalgamation	-	5,315,116	-	5,315,116
Reclassified to retained earnings	-	(5,315,116)	5,315,116	-
Net increase in members' shares	1,776,309	-	-	1,776,309
As at December 31, 2016	14,539,202	-	9,526,211	24,065,413

FINANCIAL STATEMENTS

SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

(IN CANADIAN DOLLARS)	2016	2015
	\$	\$
Assets		
Cash and cash equivalents	15,827,234	3,884,275
Investments	29,565,813	17,536,021
Loans to members	378,779,267	245,300,476
Accounts receivable	236,026	125,075
Accrued interest on members' loans	596,532	376,289
Deferred income tax asset	17,255	154,046
Property and equipment	6,917,167	2,743,727
Current tax assets	78,598	25,093
Other assets	1,068,740	707,980
	433,086,632	270,852,982
Liabilities		
Deposits from members		
Savings dividend accounts	26,061,489	26,590,129
Daily savings and chequing accounts	46,771,920	12,094,316
Term deposits	232,935,421	151,538,007
Registered savings plans	96,264,349	59,987,758
	402,033,179	250,210,210
Accrued dividends on savings dividend accounts and Class B investment shares	167,140	134,126
Accrued interest on members' accounts	3,298,202	1,982,828
Accounts payable and other liabilities	1,590,596	1,338,426
Defined benefit obligation	798,597	1,040,860
Members' shares	1,133,505	979,391
	409,021,219	255,685,841
Members' equity		
Members' shares	14,539,202	12,762,893
Retained earnings	9,526,211	2,404,248
	24,065,413	15,167,141
	433,086,632	270,852,982

On behalf of the Board



Jeff Stubbs, Chair



Tony Power, Secretary

FINANCIAL STATEMENTS

SUMMARIZED CONSOLIDATED SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended December 31, 2016

(IN CANADIAN DOLLARS)	2016	2015
	\$	\$
Directors meetings and honoraria	249,677	180,549
Legal and professional fees	234,345	149,352
Automated teller machines	230,029	244,181
Lending and collection costs	139,415	84,791
Bank charges and interest	125,036	69,141
Sundry	114,742	55,904
Travel and seminar	108,463	69,773
Postage and mailing	94,073	103,098
Community involvement and donations	84,431	38,645
Telephone	76,611	63,493
Bonding insurance	69,020	62,744
Share and loan insurance	67,089	60,223
Central 1 member fees	55,096	36,110
Annual meeting	42,524	31,395
Stationery and printing	39,211	33,843
Mutual fund fees	21,883	22,323
Staff training and consulting	17,778	25,776
	1,769,423	1,331,341

COMTECH FIRE CREDIT UNION

HEAD OFFICE

Toronto Eaton Centre
220 Yonge Street, Suite 102
Toronto, Ontario M5B 2H1
416.598.1197 | 1.800.209.7444

TORONTO

637 King Street West
Toronto, Ontario M5V 1M5
416.598.1197 | 1.800.209.7444

OTTAWA

363 Bank Street
Ottawa, Ontario K2P 1X9
613.234.0450

MISSISSAUGA

5099 Creekbank Road, Level P2
Mississauga, Ontario L4W 5N2
905.625.6662

EAST YORK

850 Coxwell Avenue
Toronto, Ontario M4C 5R1
416.397.4641 | 1.866.833.3285

AVENUE ROAD

1997 Avenue Road
Toronto, Ontario M5M 4A3
416.440.1294 | 1.866.833.3285

AMHERSTVIEW

501-4499 Bath Road
Amherstview, Ontario K7N 1A6
613.634.3875

KINGSTON

572 Princess Street
Kingston, Ontario K7L 1C9
613.548.4094

MEMBER SUPPORT CENTRE

1.800.209.7444
member_services@comtechfirecu.com

comtechfirecu.com