



VALUE DRIVEN. COMMUNITY CONNECTED. MEMBER FOCUSED.

COMTECH FIRE CREDIT UNION

ANNUAL REPORT 2017



VALUE DRIVEN.
COMMUNITY CONNECTED.
MEMBER FOCUSED.

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.

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.

CORE OPERATING STRATEGY

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

ANNUAL REPORT 2017

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MESSAGE FROM THE CEO

2017 marked our first full year operating as the newly united Comtech Fire Credit Union since our mergers with Fire Services and Limestone Credit Unions.

Our seven full service branches operating out of Toronto, Mississauga, Ottawa, Kingston and Amherstview, have been exceeding expectations and are a tribute to our goal of connecting communities as our membership has climbed to over 15,000 members.

Our mission this past year has been three pronged:

To be value driven, drawing from the combined resources that are now at our disposal as a larger amalgamated Credit Union and in turn providing better rates, enhanced products and services and with investment directly in our communities.

To be community connected, by operating as a socially responsible organization and relying on our incredible network of individuals made up of staff and members who are equally united in their desire to contribute to the greater good in a relevant and timely manner.

To be member focused, by going out of our way to create and nurture connections with our members and ensure they receive a more intimate banking experience than they would find anywhere else. It is this shared vision and a core value of helping one another find financial health and happiness that drives us year after year.



THE YEAR IN REVIEW

VALUE DRIVEN IN 2017

Much of this past year has been dedicated to the successful migration of the banking systems previously used by Fire Services Credit Union and Limestone Credit Union, over to a single platform under the newly formed Comtech Fire Credit Union.

This was the final stage in the merger process. With our systems, branches and people all in place and serving our membership we could now focus on the backend with our system conversion.

The system migration is a grand undertaking that is carefully planned in order to ensure minimal disruption to services for our members. The first quarter consisted of extensive training and branch integration with Fire Services. We then moved on to integration with Limestone in the third and fourth quarter of the year.

The new cohesive banking system, which is now fully operational across all of our branch locations, will greatly improve our ability to serve our members banking needs, offering improvements to online banking services including e-documents, me-to-me transfers, as well as member direct small business banking services, our mobile app with deposit anywhere feature, online banking alerts and more.

COMMUNITY CONNECTED IN 2017

Giving back to the communities we serve is simply a part of who we are as a cooperative banking family. This past year, our branches reached out to the surrounding communities that they are located in to provide service and support. Here are some of the initiatives we focused on this past year:

CANADIAN FALLEN FIREFIGHTERS FOUNDATION GOLF TOURNAMENT - we raised \$9,300 in 2017 bringing our five-year total to over \$70,000

TORONTO FIRE CANADA 150 FIRE TRUCK - Comtech Fire Credit Union sponsored the creation of a beautifully painted high-rise pumper that depicts Toronto landmarks in celebration of Canada's 150th birthday

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 to help pay for school supplies and/or uniform

SALUTING FALLEN HEROES - Comtech Fire Vice Chair Michael Neely presented a wreath on behalf of the members and staff of Comtech Fire Credit Union

ST. PAUL'S CATHOLIC SCHOOL BBQ - 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

TORONTO FIRE FIGHTERS TOY DRIVE - Comtech Fire Credit Union made a donation of \$500 on behalf of Firefighter Tamara Sylvan for her tireless humanitarian efforts. Tamara was also awarded the John J. Ryder Award at our AGM

THE FROZEN HOSE HOCKEY CHALLENGE - Comtech Fire is a proud sponsor of the Frozen Hose Hockey challenge that took place at Westwood Arena in March 2017. We are also a supporter of the Toronto Fire Hockey Team. The winning team is presented with the coveted "Comtech Fire Credit Union Cup"

KEVIN FROST, THREE TIME WORLD CHAMPION CANADIAN DEAF-BLIND SPEED SKATER - Comtech Fire Credit Union is proud to support this outstanding athlete in his Olympic ambitions

CAMP BUCKO - Comtech Fire Credit Union & the Personal Insurance donated \$2,000

BREAST CANCER AWARENESS

PINK TRUCKS - Mississauga and Toronto Fire Fighters were very active raising money for the cause

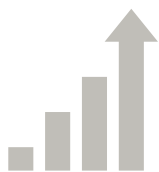
MEMBER FOCUSED IN 2017

The growth of our Credit Union this past year to over 15,000 members across Ontario is quite remarkable. We believe what truly sets us apart is our mindset that no matter how much our membership base expands, we still operate as a “community” credit union that knows its members by name.

By supporting and nurturing the members who live and work in the communities we serve, we strengthen our community and our financial cooperative. For us, this starts with a foundation of collaboration with the business owners that make up our community.

We do this by providing these members with Personal and Small Business Banking solutions that are specific to their needs, including a line of business banking packages, lending products, and our personal and small business electronic banking platform that allows us to seamlessly connect with our small business groups, while providing real-time banking to business members.





OUR ASSETS
INCREASED BY
13%



INVESTMENT
INCOME INCREASED
34%

TOTAL DEPOSITS
OF \$458 MILLION
14%
GROWTH OVER
2016



\$

LOAN GROWTH
IN 2017 TOTALLED
\$50 MILLION
13%



2017 FINANCIAL REVIEW

Once again, the strength and stability of our Credit Union continued to be proven throughout the year. In 2017, we achieved significant growth on our balance sheet, enhanced our profitability and provided competitive rates of return, all while we ensured that safety and soundness within our operating environment were our primary focus.

Our assets increased by \$56 million or 13% and contributed to the year-end balance sheet totalling \$489 million at December 31, 2017.

As always, 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 on secured mortgages of commercial or residential property. Overall, loan growth in 2017 totalled \$50 million or 13%. With this growth, the loan portfolio ended the year at \$429 million. The largest component of loan growth was in the secured commercial loan portfolio, which rose from \$173 million to \$202 million. The residential mortgage portfolio also grew from \$187 million to \$210 million. Overall, at the end of 2017, assets on which the Credit Union holds title secured 96% of Comtech Fire's loan portfolio.

Another key area of growth at Comtech Fire was our deposit base. We are pleased to report total deposits of \$458 million representing growth of 14% or \$56 million over the prior year.

Registered savings plans grew by \$4 million and non-registered term deposits increased by \$36 million. At the end of the year, term and registered term products accounted for 81% 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 overall members' shares remained relatively stable in 2017 at \$15.5 million. At year-end, our capital ratio decreased from 5.89% to 5.20%, which is due to the significant growth realized on the balance sheet. Despite the drop, we continue to exceed all regulatory requirements. Comtech Fire also paid Class B, series 1, series 2 and series 3 dividends to participating members in 2017 at the rate of 3.00%; and series 4 dividends were paid at 3.50%. The Board of Directors also declared a dividend on Loyalty shares of 2.00%, which will be paid in March 2018.

Comtech Fire's operating profit increased by \$1.8 million mainly as a result of 2017 being the first full year of operations since the Fire and Limestone mergers in 2016. Operating profit as a percentage of income remained relatively stable from the prior year. In 2017, 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 34% from 2016 to \$644,427. Comtech Fire continues to invest in lower-yielding, but highly secured investments. At year-end our portfolio consisted primarily 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.

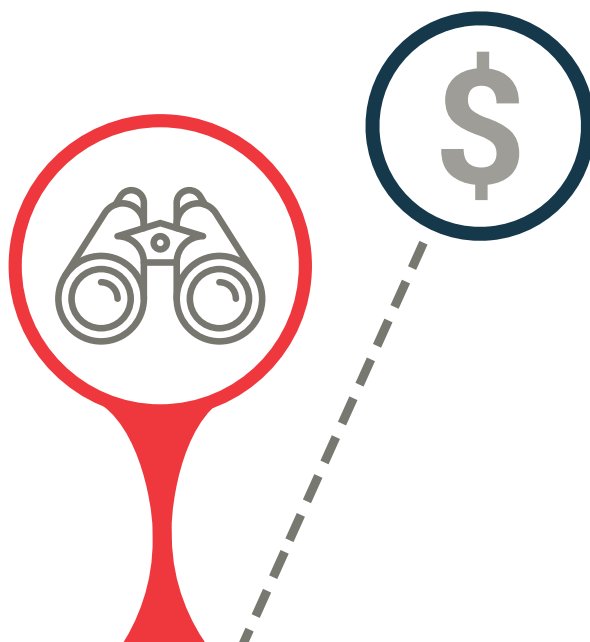
Ancillary revenues in automated teller machines, insurance premiums and other administration increased 21% from the prior year with a combined total of \$1,995,261. An increase in commercial mortgage fee revenue, as well as increases in commissions related to insurance products and mutual funds are the main reasons for the overall increase in 2017.

Operating expenses increased year-over-year by 16%, mainly as a result of 2017 being the first full year of operations after the Fire and Limestone mergers during 2016.

Overall, with the increase in operating profit, despite the increase in operating expenses, the Credit Union reported a net profit for the year after tax of \$732,363, an increase of \$362,183 or 98% from the prior year.

Lastly, in accordance with International Financial Reporting Standards (IFRS), annual pension gains and losses are recorded on the statement of profit and other comprehensive income. In 2017, the discount rate used for estimating the defined benefit obligation decreased 50 basis points from the 2016 yearend rate. As a result, the plan experienced actuarial losses during the 2017 year. 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 2017, net of taxes, is \$123,979. As a result of the pension loss, total comprehensive income for the year was \$608,384.

Our results for 2017 were strong and exceeded our projections. We are extremely pleased with the continued strength of our core business lines and look forward to a strong 2018.



THE YEAR AHEAD



VALUE DRIVEN IN 2018

One of the biggest changes we made moving into 2018 started with our decision to introduce an exciting new family of both personal and corporate Visa cards through our partnership with Collabria.

The new credit card line up offers members a wide range of card options including cash back, travel rewards, low annual fee and even a no fee student visa. With features including exceptional insurance benefits, enhanced security features, and 24/7 support, members are assured a better credit card experience than ever.

As our membership grows and we continue to attract new families into Comtech Fire, we are committed to ensuring transition is as easy as possible for new or existing members to bring more of their banking over to Comtech Fire. That is why we are excited to be partnering with ClickSWITCH, an innovative automated technology that will allow members to easily migrate their recurring transactions over to their Comtech Fire accounts quickly, easily and securely with a few simple clicks.

Small and micro businesses in Canada represent the fastest-growing business segment in the province. These business owners want flexibility and control over their financial affairs so they can remain focused on their core businesses. Our new SMB platform offers a number of key benefits. These features include:

the ability to delegate authority over accounts and functions, as well as Dual Signatures for approval of transactions, and Mobile App access to their accounts anytime anywhere. Additional features also include CRA payments, Interac e-Transfer for business as well as My Business-to-My Business Transfer between accounts at other financial institutions.

We are committed to the constant improvement of our in-branch and online services as we focus our energies on creating an even more member-focused Credit Union going forward. We have mapped out our intentions for the coming year with our sights set on delivering an exceptional banking experience.

We have already laid the groundwork for replacing and updating the existing branch on Avenue Road. Members can anticipate the addition of a new location at 529 Danforth Avenue in Toronto, an area that is currently home to the highest concentration of our collective members. This new, state of the art branch is scheduled to open in May 2018.

It is our collective goal to continue to explore opportunities that will allow us to enhance our level of service. Whether that means opening new branches, extending our hours, adding more ATMs, enhancing our online and mobile banking services, or hosting events that provide our members with an opportunity to learn and grow.

COMMUNITY CONNECTED IN 2018

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 help drive this initiative.

In the coming year we plan to continue to support the organizations and associations that are important to our members and our communities. Our charitable efforts will remain a priority as we renew our commitments to such worthy causes as the Canadian Fire Fighters Annual Golf Tournament, St. Paul's Breakfast Club, Breast Cancer Awareness and many more.

We will also invest our energy into growing our relationships with our existing associations including Fire Fighter Associations and Bell Pensioners Groups, as well, by exploring opportunities that can grow our network with new associations that are a natural fit for our Credit Union.

MEMBER FOCUSED IN 2018

In the end, it all comes down to our members. The individuals and families who make up our cooperative banking family and entrust us everyday with their financial health and happiness. Fostering these important relationships and ensuring our members feel well supported and served for all of their financial needs take precedence over everything we do.

We will do this by investing in our team of dedicated professionals who not only have the knowledge and expertise required to service our members effectively, but who also possess a genuine concern and passion for wanting to help our members succeed on their financial journey.

As a stronger, more unified Credit Union, we know we have something special here, something that others will want to be a part of. In the coming year we 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 us, the more we will all benefit.

If in doing so we attract the attention of like-minded financial cooperatives that have the desire to partner with us, then we will entertain conversations about potential alliances with an open mind and a clear vision of who we are.



SPECIAL THANKS

With over \$489 million in overall assets and more than 15,000 members across 7 branches in Ontario, the success of our Credit Union would not be possible without the dedication of our staff, board, management and the associations we have aligned ourselves with.

It is their collective energy, service and support that keep us connected to our members, to our communities and to our vision of being a leading member intimate Credit Union in Canada. We are creating something truly unique and important here and I am immensely proud of what we can and have accomplished together.

This past year the Ontario Professional Fire Fighters Association (OPFFA) moved into our King Street Branch, which is another testament to the strength of our collaborations and the important role they play in our success. I would like to extend a special thank you to the Fire Associations across Ontario for their ongoing support.

Finally, I would like to thank our members for continuing to choose us for all of their financial needs. As their cooperative banking family, it is our ongoing commitment to remain value driven, community connected and member focused.



John Mach | CEO



BOARD OF DIRECTORS

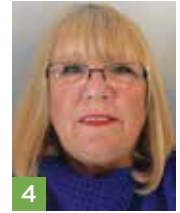
1 Mr. H. Doherty
District Chief,
Toronto Fire Services
Pickering, ON
Board service - 3 years
Term Expires 2018

2 Mr. K. Hamilton
Retired Captain,
Toronto Fire Services
Whitby, ON
Board service - 15 years
Term Expires 2018



3 Mr. S. Longeway
Retired -
Bell Canada
Wheatley, ON
Board service - 33 years
Term Expires 2018

4 Mrs. J. McDonnell
Retired Trust Examiner,
Canada Revenue Agency
Battersea, ON
Board service - 14 years
Term Expires 2018



5 Mr. J. Stubbs
Chartered Professional
Accountant, CA
Alliston, ON
Board service - 20 years
Term Expires 2018

6 Mr. M. Neely
Captain, Toronto Fire
Services
Mississauga, ON
Board service - 12 years
Term Expires 2019



7 Mr. T. Power
ACS-Corp Canada
Mississauga, ON
Board service - 14 years
Term Expires 2019

8 Mr. T. Wright
Chartered Professional
Accountant, CMA
Stittsville, ON
Board service - 8 years
Term Expires 2019



9 Mr. S. Buckingham
Captain,
Toronto Fire Services
Milton, ON
Board service - 20 years
Term Expires 2020

10 Mr. P. Harris
Chartered Professional
Accountant, CGA
Oakville, ON
Board service - 6 years
Term Expires 2020



11 Mr. S. McDermott
SJM Consulting
Ottawa, ON
Board service - 6 years
Term Expires 2020



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 March 28, 2018.

CANDIDATES FOR THE BOARD OF DIRECTORS

Mr. H. Doherty

District Chief, Toronto Fire Services
Pickering, ON
Board service - 3 years
Incumbent

Mrs. J. McDonnell

Retired Trust Examiner,
Canada Revenue Agency
Battersea, ON
Board service - 14 years
Incumbent

Mr. J. Stubbs

Chartered Professional Accountant, CA
Alliston, ON
Board service - 20 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

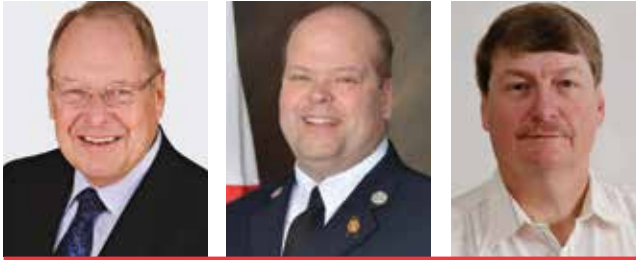
	DECEMBER 31, 2017			DECEMBER 31, 2016		
	NO. OF LOANS	PRINCIPAL \$	TOTAL \$ OWING	NO. OF LOANS	PRINCIPAL \$	TOTAL \$ OWING
Repayment lapse 90 to 179 days	3	41,888	41,888	8	102,607	103,385
Repayment lapse 180 to 365 days	5	52,948	53,253	8	4,049,677	4,136,530
Repayment lapse 365 days and greater	19	3,956,248	4,199,837	24	226,746	246,071
Bankruptcies	1	6,496	6,496	-	-	-
Impaired - current	-	-	-	1	7,377	7,377
Total of loans in collection related to the Allowance for Impaired Loans	28	4,057,580	4,301,474	41	4,386,407	4,493,363

LOAN REPORTS

Balance as of December 31	2017	2016
	\$	\$
Variable Rate Loans	3,125,436	5,820,321
Lines of Credit and Overdrafts	13,937,689	13,291,485
Fixed Personal Loans	175,906	206,588
Fixed Commercial Loans	85,395	101,436
Residential Equity Lines of Credit	42,394,157	38,478,879
Commercial Equity Lines of Credit	27,711,459	22,500,327
Residential Mortgages	167,152,584	148,874,550
Commercial Mortgages	174,480,321	150,153,368
Total Value of Loans Outstanding	429,062,947	379,426,954
Total Value of Loans Outstanding (less allowance)	428,635,676	378,779,267

Loans granted during the year - number of loans and value	2017		2016	
	#	\$	#	\$
Variable Rate Loans	83	1,112,413	98	2,880,261
Lines of Credit	92	2,521,726	76	2,043,575
Chequing Overdrafts	5	2,700	9	8,851
Fixed Personal Loans	11	87,531	3	147,575
Fixed Commercial Loans	1	40,000	3	112,575
Residential Equity Lines of Credit	60	21,267,778	42	15,121,710
Commercial Equity Lines of Credit	6	1,882,000	2	7,000,000
Residential Mortgages	143	61,917,986	121	57,138,531
Commercial Mortgages	48	68,195,768	48	46,400,395
Number of Loan Applications Received	793		626	
Number of Loan Applications Declined	121		108	

AUDIT COMMITTEE REPORT



AUDIT COMMITTEE:

T. WRIGHT
S. BUCKINGHAM
K. HAMILTON



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 2017, 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 2017 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 2017, 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.

Handwritten signature of Terry Wright.

Terry Wright
Chair, Audit Committee

MANAGEMENT'S REPORT



J. MACH, J. WOEHL

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

AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARIZED FINANCIAL STATEMENTS

To the Members of Comtech Fire Credit Union Limited

The accompanying summarized financial statements, which comprise the summarized statement of financial position as at December 31, 2017 and the summarized statement of profit and other comprehensive income, the summarized statement of changes in members' equity, and the summarized schedule of administrative expenses for the year then ended, are derived from the audited financial statements of Comtech Fire Credit Union Limited for the year ended December 31, 2017. We expressed an unmodified audit opinion on those financial statements in our report dated February 1, 2018.

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

Management's Responsibility for the Summarized Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized 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 financial statements derived from the audited financial statements of Comtech Fire Credit Union Limited for the year ended December 31, 2017 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Deloitte LLP.

Chartered Professional Accountants
Licensed Public Accountants
February 1, 2018

FINANCIAL STATEMENTS

SUMMARIZED STATEMENT OF PROFIT AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2017

(IN CANADIAN DOLLARS)	2017	2016
	\$	\$
Interest on loans to members		
Personal loans	1,657,262	1,710,521
Residential mortgages	6,478,718	4,977,693
Commercial mortgages	7,696,061	6,147,267
Investment income	644,427	480,371
	16,476,468	13,315,852
Interest expense		
Dividends on savings dividend accounts	20,735	12,086
Interest on daily savings and chequing accounts	233,594	139,113
Interest on term deposits	5,900,824	4,645,466
Interest on registered products	1,806,109	1,493,456
	7,961,262	6,290,121
Net interest income	8,515,206	7,025,731
Provision for (recovery of) impaired loans	20,688	(6,419)
Net interest margin	8,494,518	7,032,150
Other operating income (net)	1,995,261	1,643,257
Total operating profit	10,489,779	8,675,407
Personnel expenses	4,242,029	3,575,454
Administrative expenses (schedule)	1,959,427	1,769,423
Occupancy	1,111,765	942,945
Data processing	509,397	500,640
Depreciation	504,600	462,933
Deposit insurance premium	468,472	361,118
Pension expense	449,599	359,974
Promotion, marketing and publicity	360,221	296,116
Total operating expenses	9,605,510	8,268,603
Dividends on investment shares	33,714	33,347
Profit before income taxes	850,555	373,457
Income tax expense	118,192	3,277
Profit for the year	732,363	370,180
Other comprehensive loss, net of income taxes		
Items that will not be reclassified subsequently to profit or loss	(123,979)	(26,489)
Total comprehensive income for the year	608,384	343,691

FINANCIAL STATEMENTS

SUMMARIZED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2017

(IN CANADIAN DOLLARS)	MEMBER SHARES	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
	\$	\$	\$	\$
As at January 1, 2016	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
Profit for the year	-	-	732,363	732,363
Other comprehensive loss	-	-	(123,979)	(123,979)
Dividends on investment shares	-	-	(373,277)	(373,277)
Net decrease in members' shares	(543,557)	-	-	(543,557)
As at December 31, 2017	13,995,645	-	9,761,318	23,756,963

FINANCIAL STATEMENTS

SUMMARIZED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

(IN CANADIAN DOLLARS)	2017	2016
	\$	\$
Assets		
Cash and cash equivalents	15,265,097	15,827,234
Investments	32,771,754	29,565,813
Loans to members	428,635,676	378,779,267
Accounts receivable	185,705	236,026
Accrued interest on members' loans	850,300	596,532
Deferred income tax asset	-	17,255
Property and equipment	10,240,187	6,917,167
Current tax assets	-	78,598
Other assets	1,261,119	1,068,740
	489,209,838	433,086,632
Liabilities		
Deposits from members		
Savings dividend accounts	49,306,075	26,061,489
Daily savings and chequing accounts	39,246,439	46,771,920
Term deposits	268,622,983	232,935,421
Registered savings plans	100,530,121	96,264,349
	457,705,618	402,033,179
Accrued dividends on savings dividend accounts and Class B investment shares	128,684	167,140
Accrued interest on members' accounts	3,603,648	3,298,202
Accounts payable and other liabilities	1,460,468	1,590,596
Deferred income tax liabilities	77,713	-
Defined benefit obligation	966,164	798,597
Members' shares	1,510,580	1,133,505
	465,452,875	409,021,219
Members' equity		
Members' shares	13,995,645	14,539,202
Retained earnings	9,761,318	9,526,211
	23,756,963	24,065,413
	489,209,838	433,086,632

On behalf of the Board



Jeff Stubbs, Chair



Tony Power, Secretary

FINANCIAL STATEMENTS

SUMMARIZED SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended December 31, 2017

(IN CANADIAN DOLLARS)	2017	2016
	\$	\$
Directors meetings and honoraria	286,090	249,677
Automated teller machines	262,931	230,029
Lending and collection costs	234,172	139,415
Legal and professional fees	189,702	234,345
Bank charges and interest	163,974	125,036
Travel and seminar	135,639	108,463
Postage and mailing	117,838	94,073
Share and loan insurance	91,456	67,089
Telephone	83,474	76,611
Sundry	78,003	114,742
Stationery and printing	70,820	39,211
Bonding insurance	58,536	69,020
Central 1 member fees	54,139	55,096
Community involvement and donations	52,894	84,431
Annual meeting	34,122	42,524
Staff training and consulting	30,234	17,778
Mutual fund fees	15,403	21,883
	1,959,427	1,769,423

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](https://www.comtechfirecu.com)