

TOGETHER AS



**FirstOntario**  
CREDIT UNION

ANNUAL REPORT 2020



# BOARD REPORT

As the world continues to face the increasing burden fueled by the ongoing global pandemic, I often comment on the resilience of Canadians and our commitment to one another. The scope of those falling ill daily and the many deaths caused by this unrelenting virus is truly sobering and, as we have seen, caused many of us to focus on what is important, take the time to enjoy the little things in our lives and also become very innovative. Running a successful credit union during a pandemic is another first for FirstOntario. I believe that everyone, including our Members and communities have risen to the occasion. I have repeatedly seen the strength of human spirit and the power of our co-operative values as we continued to focus on what is important, the health and well-being of each other.

Throughout 2020, you, our Members, have shown tremendous support and consideration as we stepped carefully in and out of full-scale lockdowns. The pandemic forced technology and businesses as a whole to leapfrog forward so we could continue to function as normally as possible. We are on the precipice of a change in the way we lead our daily lives. With the shift to much of the population working remotely, electronic meetings with friends and family and conducting our day-to-day business online, I suspect the way we step out of this pandemic may be different than the way we stepped in.

Change can be difficult at the best of times and FirstOntario continued to do our best by working through the many challenges of the pandemic together. FirstOntario's Board of Directors, leadership team and employees adapted exceptionally well to the ongoing disruptions as reflected in the 75% increase in our net income and 6% growth in our assets to \$4.9 billion during the year.

Our main focus in 2020 was to maintain stability, adjust our strategy as required and expand on our digital capabilities. We implemented many systems and technologies to minimize the need to visit a branch in person during the pandemic and introduced the ability to sign legal documents remotely and to meet virtually through online meeting platforms.



**CAREY SMITH,  
BOARD CHAIR**

FirstOntario also held its first-ever virtual Annual General Meeting (AGM) in June 2020, which went very smoothly and was well attended. Our AGM for 2021 is also being held virtually.

During 2020, FirstOntario, as well as many credit unions were forced to take a hard look at their operations. This led us to the decision to close two branches, our aging Niagara Street location in St. Catharines and our Lime Ridge Mall branch in Hamilton. The Lime Ridge Mall location now houses FirstOntario's Investment Advisors and Business Banking services.

Despite the interruptions caused by the pandemic in 2020, FirstOntario continued to move forward with its co-operative mission by opening the doors of our affordable housing project in St. Catharines in early June. Working with our partners Penn Terra Group Limited and Bethlehem Housing and Support Services, 127 struggling families moved into their new homes and are now living more stable lives. Our Blue Wave employee-volunteers also stepped up to volunteer when and where possible throughout the year to support our communities and our award-winning Student Nutrition Program.

Bringing on 2,000 plus Members from Creative Arts Savings and Credit Union was a fulfilling undertaking in 2020. We were thrilled to welcome these thespians, musicians and behind-the-scenes production support workers to the FirstOntario family. Their unique needs fit well with our commitment to supporting the performing arts industry. We welcomed these Members under the new banner of Creative Arts Financial.

During 2020, we also continued to work on improving our services and product offerings all the while focusing on Member and employee safety. We ended the year by announcing a brand new suite of daily chequing accounts that are now available to FirstOntario Members. We developed these accounts to include more of the features you have been asking for, including free Interac e-Transfers.

I would also like to recognize a heartfelt loss to FirstOntario that has left some big shoes to fill on your Board of Directors. Board Director, Mike Shepherd passed away in November of 2020 and the loss of his counsel, experience and presence has left its mark on your Board of Directors. Mike was a very fine man and an exceptional Director. Well-loved and respected by his family, peers and community, Mike continues to be greatly missed.

Your Board of Directors and its four committees meet regularly to serve in the best interests of our Members and the credit union. During 2020, we held 14 Board meetings. The Audit & Risk Committee and the Governance Committee both met ten times. The Elections Committee met nine times, and the Strategic Oversight Committee met eight times. We also formed an Ad Hoc Committee to review our commercial loans process and policies. This committee met three times.

With the close of 2020 also comes another change. This year's AGM marks my term limit on your Board of Directors. It has truly been my honour to be one of the voices at the Board table for the past 13 years and to serve ten of those years as the longest-standing Board Chair in FirstOntario's history. When I joined the Board in 2007, FirstOntario had 17 branches and a net income of \$2.86 million. Since then, FirstOntario has more than doubled in size, made almost 20 times the amount in net income, faced two significant crises to the economy and become a much more complex credit union as a result. We are on track to come out of this pandemic much stronger than I think any of us could have imagined. During my years on the Board, I have come to appreciate the amount of time, commitment and experience that is required to serve as a Director. There is a great responsibility that comes with managing the \$5 billion in assets our Members entrust us with. Our provincial regulator, the Financial Services Regulatory Authority of Ontario, has extensive requirements and high expectations for our Board of Directors. I can honestly say that serving

on this Board has become much more challenging since 2007, with higher performance expectations becoming necessary each year.

As Board Chair, in each FirstOntario quarterly newsletter, I invited Members to reach out to me with any questions or concerns or just to say "hello". Many of you took me up on that invitation and reached out. As a result, I had the opportunity to converse with many Members over the years and to bring their voices and opinions to the Board table. It has been my great privilege to serve on such a strong Board and work with such fine and committed individuals. I wish my peers on the Board much continued success and progress in the years to come.

I also wish to thank FirstOntario's leadership teams and valued employees. These are the people that keep your credit union operating daily and I can say first-hand that you will never meet a more dedicated and caring group of people. These people live and breathe our mission and vision and are truly committed to keeping our credit union on the path of success. On behalf of myself and your Board of Directors, thank you for your unwavering commitment and efforts.

Finally, a special thanks to you, our Members, for your support and trust, especially during these challenging times. The future will always be unpredictable, however I recognize that we are all in this together and we remain united towards common goals. I have much confidence that we will continue to grow and succeed for many years to come.

Here's to the future. I wish you all the very best. Please stay safe and healthy.



# CEO REPORT



Faced with a global pandemic and a stuttering economy, fiscal 2020 proved challenging for every industry and the world as a whole. Experiencing life-altering restrictions, with health and safety protocols constantly changing, made the year very unpredictable. One thing did remain constant throughout 2020 however, I was consistently impressed by how well FirstOntario's employees have supported one another while serving our Members during these difficult times.

FirstOntario's Information Technology teams rose to the challenge presented by the pandemic and went above-and-beyond to move FirstOntario from being 100% open one day, to having 90% of our workforce working from home effectively overnight. As an essential service, our front-line branch employees understood the importance of remaining open to help our Members. These employees faced multiple waves of changing health and safety protocols, yet they took these changes in stride and still do, safely interacting with our Members daily.

FirstOntario's leadership team, supported by your Board of Directors, were able to achieve exceptional results by acting with skill and precision while constantly strategizing and evaluating risks on a daily basis. We were able to leverage the new programs introduced by the government and nimbly maneuver through this ongoing crisis. Due to unflinching commitment and efforts, during what can only be described as a global economic disaster, FirstOntario managed to increase our net income substantially in Fiscal 2020. As shown in previous years, despite downturns in the economy and unpredictable global situations, FirstOntario remains well-positioned and continues to be a successful credit union supported by the trust shown by our Members and communities.

Our co-operative values have never been more important than during a pandemic when every day is unpredictable. During the onset of the pandemic, we re-launched our Community Assistance Program to help Members with loan and mortgage payment deferrals, credit options as well as financial

advice and planning. We also worked closely as a partner with the government to implement the many programs that became available to help our Members cope with their personal and business-related financial challenges.

We started out 2020 by investing in additional employee training as part of our commitment to providing outstanding Member service, expanding the hours and capabilities of our Member Service Centre as the pandemic swept through our regions providing additional support as more Members did their banking from the safety of their homes through online banking. Recognizing, the importance of the health and well-being of our Members and employees, we quickly implemented protocols to keep everyone safe during branch visits and added anti-microbial coatings to our PAT machines and ATMs. Our online banking services were also rapidly expanded to allow new Members to join FirstOntario and enhance the functionality to enable Members to open new accounts digitally.

In July of 2020, we completed our plan to integrate our PAT and ATM machines. These new hybrid machines provide Members with the option of self-service as well as the ability to video chat with a Member Service Representative if preferred. This increased functionality now allows for seamless transactions. Visiting a FirstOntario PAT/ATM machine now gives Members access to the full capabilities of banking in branch along with extended hours of operation (8 a.m. to 8 p.m. Monday to Friday and 8 a.m. to 5 p.m. on Saturdays).



Boosting our website performance, August 2020 saw the introduction of our new virtual Member Service Representative. This addition to our website is designed to assist Members and visitors with their questions as they visit FirstOntario online without having to call our Member Service Centre.

The decision to close the Niagara Street branch in St. Catharines was not an easy one to make. When looking at the advanced age and upkeep of the building, combined with the proximity of the other FirstOntario branches in the region, I still believe this was a good decision. We are taking the time to revitalize our locations in the Niagara Region. In fact, the renovation to our Port Plaza location in St. Catharines was recently completed. There will be further changes coming to this region in the future and I look forward to sharing more information with you as plans are finalized.

In 2020, our commitment to preserving our environment remained top of mind with our "Go Paperless" campaign. Over 1,800 Members switched to electronic statements (e-statements) during this campaign and we continue to move forward by encouraging Members to protect our environment by going paperless.

One event of particular personal importance was the completion of North Church Court in St. Catharines. This project to build affordable homes for families in need was a work in progress for the past few years. The many families positively impacted by this project demonstrates the true value the co-operative system can bring to our communities. I look forward to working on other projects across our communities in the future to help address the issue of affordable housing.

Despite the challenges of the pandemic, FirstOntario continued to support our communities by contributing \$250,000 to our Student Nutrition Program and donating \$50,000 in December to the local food banks and related agencies throughout our communities. We were also pleased to celebrate the 10th anniversary of FirstOntario's Blue Wave employee-volunteers program.

The stresses that began in 2020 continue today and I would like to highlight the efforts and commitment of our Board of Directors and leadership teams.



These individuals take the responsibility of managing FirstOntario to heart and truly exemplify the co-operative principles we live by. 2020 and 2021 will long stand out in history. I am humbled by how well we are facing the challenges of this pandemic.

I would like to personally thank all FirstOntario employees for their dedication to serving our Members and helping each other throughout this pandemic. It has been challenging, especially for those working each day in our branches. Facing difficult times together can often define us and I am fortunate to lead such a great group of people.

I would also like to thank our Members for the patience, kindness and understanding you continue to show. Together, we continue to build and grow FirstOntario in our communities and I am looking forward to many more years of success. Please be reminded that if you are experiencing financial setbacks during this pandemic, I encourage you to reach out to our Member Service Centre or branches to discuss your options.





# INVESTING IN COMMUNITY



## *Supporting our Communities in 2020*

FirstOntario Credit Union has always believed in the co-operative principal of concern for community. The initiatives we support are designed to improve the lives of our Members and our communities, and we strive to be hands-on contributors in their success. Our contributions are made through more ways than just dollars and sponsorships. We also make a measurable impact through the power of our employee-led Blue Wave volunteer program. Even though the pandemic presented us with a number of new challenges in 2020, we continued our support through a variety of programs and initiatives that made a difference within our FirstOntario community.

### **Community Impact in a year of extraordinary challenge.**

FirstOntario's employee-led Blue Wave program is an example of our hands-on contribution. Balancing the need to keep our employees and neighbours safe and following COVID protocols, we found new ways to reach out and support important community initiatives. We had planned to support as many events as we had in previous years, but had to pivot and change direction quickly. Many of the events we were on track to help were cancelled or postponed.

Although the impact of the pandemic limited community events and activities, our Blue Wave volunteers remained part of the solution either virtually or in-person while following COVID-19 safety protocols.

We worked with our partners to find innovative ways to help with community needs. By shifting resources and working with other like-minded groups, we were able to direct support in new ways and where it was needed most. This was most evident in the unique way we chose to adapt our support of student nutrition programs. A major impact of the pandemic meant a change from in-school learning to at-home learning and we worked with our student nutrition partners to shift our support. This ensured the healthy food and snacks, normally provided at school, were delivered to students while learning at home.

# 2020

VOLUNTEERS

Blue Wave celebrated 10 years of employee volunteerism and over 13,000 hours of community support throughout our regions. This year 13 employees reached volunteer milestones and were recognized for their extraordinary efforts with donations totalling \$9,000 were made to charities of their choice. Since the Blue Wave program began, \$32,500 has been directed by FirstOntario employees to local organizations in the community.



### BLUE WAVE VOLUNTEERS IN THE COMMUNITY



February 2020 - Coldest Night of the Year Walks in Niagara, Hamilton and Simcoe





ASSISTING WITH  
DELIVERIES  
OF HEALTHY FOOD  
AND SNACKS

# 52 EVENTS



Halton Food for Thought Grab  
and Go Healthy Food Boxes



Niagara Nutrition Partners -  
Farm to School Apple Delivery



Throughout the year, FirstOntario responded to increased community need that arose due to the impact of the pandemic. We supported a number of organizations and their fundraising campaigns, virtual events and made in-kind contributions and sponsorships to do our part to help.



**BULLDOGS  
CHRISTMAS  
TREE  
GIVEAWAY**



Bringing holiday cheer to families



## Supporting Homelessness - Safe and Affordable Housing Initiative:

- Coldest Night of the Year - Neighbour to Neighbour
- Coldest Night of the Year - Norfolk County Youth Unlimited
- Coldest Night of the Year - Start Me Up Niagara
- Bethlehem Housing - Empty Bowls



## Supporting Food Insecurity Programs and Agencies:

- Project Share Niagara Falls
- Community Care St. Catharines & Thorold
- Neighbour to Neighbour
- Good Shepherd
- Hamilton Food Bank
- Burlington Food Bank
- Fare Share Food Bank Oakville
- Cayuga Food Bank
- Tillsonburg Helping Hand Food Bank
- Simcoe Caring Cupboard Food Bank
- Salvation Army - Woodstock/Norwich/Ingersoll
- Interval House
- United Way



## Supporting Health and Wellness:

- Hamilton Health Sciences Foundation
- Hotel Dieu - Snowflakes and Angels Lighting
- Alzheimer Raffle - Niagara Walk support
- Cancer Assistance Program



## Supporting our Communities:

- Bulldogs Christmas Tree Drop Off - delivering holiday cheer to families
- Burlington Community Foundation
- CF Lime Ridge - Empowerment Squared gala (newcomers)
- Charity of Hope
- CHCH Toy Drive
- Imagine in the Park
- Hamilton-Halton Construction Association
- Gourlay Park Team
- Niagara Toolbox Project - hygiene essentials for vulnerable men in the community

# 421 HOURS

This year's challenges heightened our understanding of the importance of our continued support of the United Way and our employees, Members and the community stepped up to support the most vulnerable. Employees answered the call by increasing donations through payroll deductions raising \$20,214 and exceeding our stretch target. The overwhelming success of the campaign and generosity of employees resulted in FirstOntario substantially increasing its corporate donation by matching the dollars contributed by staff.

Our Members supported our unique fundraising "Go Paperless" campaign, directing \$8,520 to the United Way and raising awareness of the importance of protecting the environment. Overall, our efforts to support the United Way and its agencies in our communities resulted in \$43,734 in donations, representing a 198% increase from the previous year.

The pandemic brought to light the challenges many face when it comes to food insecurity. To support the agencies that fulfill this need, FirstOntario answered United Way's call for dollars for emergency food services at the beginning of the pandemic. Donations were made to individual food banks for GivingTuesday in early December. To make the holiday season a bit brighter, FirstOntario also donated \$50,000 to food banks across our regions.



# INVESTING IN LEARNING

Awarded \$13,000 in post-secondary Education Awards

## Education Awards

Education creates a solid foundation for our future leaders. That's why we focus on supporting youth by offering leadership opportunities and funding for education. In 2020, we continued to offer bursaries at post-secondary institutions across our footprint including: McMaster University, Mohawk College, Brock University, Niagara College and Fanshawe College.

FirstOntario is committed to the Co-operative Young Leaders (CYL) camp and its objective of educating youth about the purpose and benefits of credit unions and co-ops in our communities. Changes to the program were necessary as a result of the pandemic. We look forward to continuing to support this important program in the future.



Co-operative Young Leaders sponsorships

SYED HUSSAIN RIZVI SYEDA TALIYA RIZVI

# 13 EDUCATION AWARD WINNERS

KEAGAN MCNEIL CHARLES EMMA KAIRYS

REBECCA MOSIMANN

KEYLEE SMITH

JULIE GOULDBY



EKATERINI DIMAKIS

CHAMPION

GABRIELLE LAMBERT

LUCAS MARCH

LUCA DIFRANCESCO

GRACE GONG



## Financial Literacy

Knowledge is power. It helps you to make important decisions, especially when it comes to your finances. That's why delivering foundational financial literacy remains an important extension of how we support our Members and our communities. The Each One, Teach One (EOTO) program, created by Vancity Credit Union, was introduced in 2017 to credit unions across Canada. This year all sessions needed to be offered online and we successfully adjusted to this change. We offered virtual instruction on a number of topics such as: basic budgeting, building a healthy credit history, identity theft and fraud prevention, RRSPs and TFSAs, home buying readiness, and much more. Through our commitment to supporting and strengthening our business Members, we also offer financial literacy sessions as part of our Member Value Program (MVP).

27 sessions, 815 people coached



## Finance Friday on CHCH Morning Live

For over a decade, our bi-monthly Finance Friday segments on CHCH Morning Live have offered relevant financial information and insights to viewers. This long standing component of our mission, to strengthen financial literacy, serves to provide information, confidence and a better understanding to make important financial decisions.

This year we leveraged the success of our Finance Friday segments to develop content aimed at secondary school students that was delivered virtually. These sessions were interactive allowing students to get answers to their questions. Student questions were then developed into topics that were discussed during several Finance Friday episodes, providing good advice to the broader community.



## INVESTING IN NUTRITION

"Niagara Nutrition Partners serves 17,000 students a healthy meal daily in 180 schools. For the past 5 years, FirstOntario has been instrumental in providing on-site support - with BlueWave teams cooking, preparing, and serving food in various school locations throughout Niagara. They also assist in coordinating and funding our Farm to School program. Each month, employees pick up and deliver bushels of apples direct to programs across the 12 municipalities we serve. Their commitment to ensuring local and fresh produce is available to students is imperative for the program to run. We truly value their provision! The FirstOntario team played a pivotal role in our response to the COVID-19 school closures. Their assistance allowed us to mobilize quickly and partner with other organizations to have food delivered directly to student doorsteps. During this challenging time, the true character of FirstOntario was evident - remarkable determination to help the community around them!"

JESSICA STEPHENSON, PROGRAM MANAGER, NIAGARA NUTRITION PARTNERS



**\$1.735 million**



**25 volunteers**



**45 schools**



Our support of nutrition programs began in 2014 and represents a commitment of close to \$2 million to ensure students across our geographic footprint have access to healthy snacks and breakfasts while at school. In 2020, the move from in-class learning to at-home learning changed the way the student nutrition program was delivered. FirstOntario provided increased support and worked closely with our partner agencies as they pivoted quickly to ensure students had access to healthy food while learning from home. This meant expanding efforts with other community partners to provide food boxes and/or grocery gift cards to keep students fed. Our support ensured almost 18,000 children and their families continued to receive much needed support from student nutrition programs.

Prior to the shift to remote learning, between January and March and from September to December, our committed employee volunteers supported 45 schools with farm-to-school and food box delivery. More than 89 boxes per month were picked-up and delivered ensuring students received a healthy start to a day of learning.

We were also honoured to be recognized for our commitment to student nutrition programs and volunteerism by both Halton Food For Thought and Niagara Nutrition Partners.

### AGENCIES WE SUPPORT





# INVESTING IN AFFORDABLE HOUSING

Access to affordable housing in our communities remains an important indicator of the health of the community. In 2020, the efforts that began in 2016 came to fruition when 111 Church Street was completed and doors were opened to welcome the 127 families to their new home. The building provides housing and support services for individuals and families facing issues of homelessness, physical disability, mental health, domestic violence and family breakdown in Niagara.



Our collaboration with Penn Terra Group Limited and Bethlehem Housing and Support Services created this new residential complex offering safe, clean long term (guaranteed 99 years) affordable housing in St. Catharines. The success of this affordable rental project will serve as the template to develop future projects in other communities.



# INVESTING IN SPORTS AND CULTURE

FirstOntario's partnership programs provide funding for cultural events and sporting programs that enrich community life and help promote the FirstOntario brand. Cultural enrichment and support remains a big part of our community commitment as evidenced through our investment in the naming rights of facilities across our regions.

The impact of COVID-19 and the reality of 2020 meant that these facilities and organizations would be closed for the majority of the year. We worked with our partners and our discussions are still ongoing on when it will be safe to reopen. We believe strongly in the value that a community rich in sports and culture offers and are looking to the future and the possibilities ahead. Cultural enrichment and support remains a big part of our community commitment as evidenced through our investment in the naming rights of facilities across our regions.



2020 Island Games





## INVESTING IN LOCAL BUSINESS

We believe in supporting our local businesses that make our neighbourhoods feel like home and we want to be there for them. We have experienced business banking experts who are available to guide entrepreneurs on their journeys. For close to a decade, FirstOntario's 1Awards competition goes a step further by offering rewards to help established businesses get to the next level. Winners share cash and in-kind services so they can continue to offer the products and services our communities depend on. FirstOntario and 1Awards partners have invested close to \$1.5 million into its business communities. In 2020 the impact of the pandemic meant that the 1Awards competition had to be postponed and planning began for a virtual version of 1Awards in 2021.

### 1AWARDS

FirstOntario continues to focus on building healthy, growing and vibrant communities. The key pillars of focus for 2021 will continue to be:

- Youth, Health and Wellness
- Providing Access to Safe and Affordable Housing
- Creating Sustainable Financial Futures for our Communities



By continuing to leverage our credit union's unique skills, expertise and commitment, we will bring about meaningful change and create strong communities for all. We believe there is power in connection. By supporting our employees, Members and communities, FirstOntario connects with people and causes in a way that maximizes our collective impact to make a significant difference.

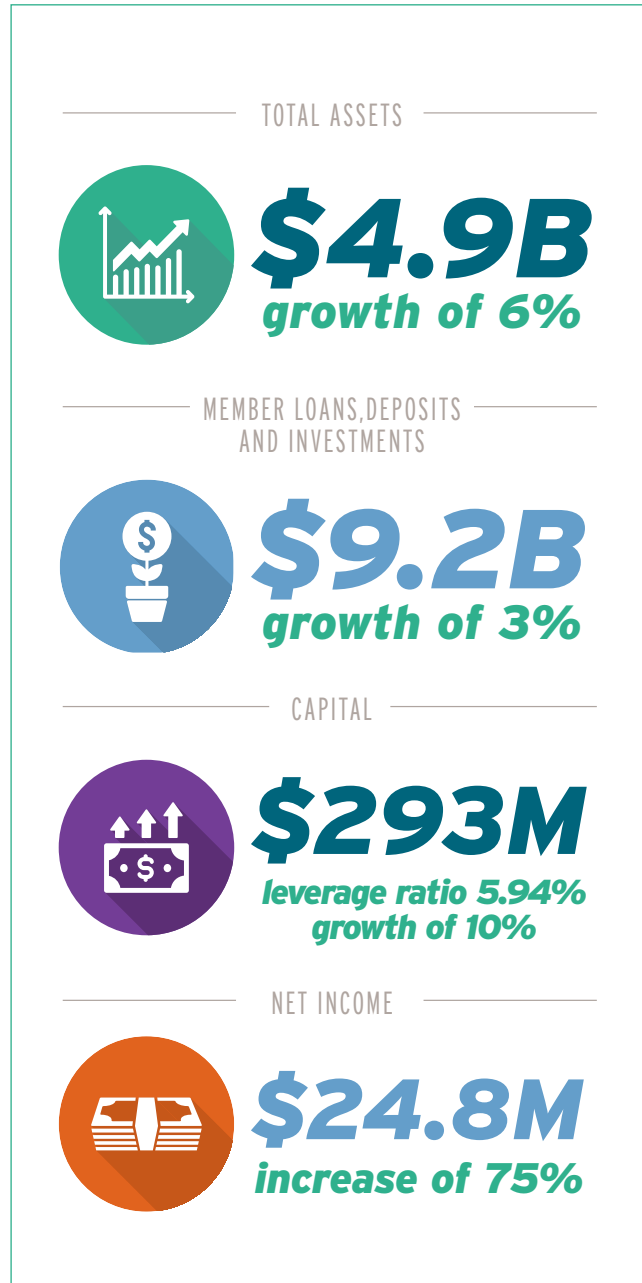
# FINANCIAL HIGHLIGHTS

## Overview

With the many challenges facing the economy and the financial system as a whole due to a global pandemic, FirstOntario's leadership team, supported by your Board of Directors, was able to achieve successful financial outcomes by leveraging the new programs put into place by the Canadian Government, working with our Regulators, the Financial Services Regulatory Authority of Ontario (FSRA) and carefully strategizing, modelling and maneuvering through these challenging times. The result included within this report reveal that FirstOntario continues to be a successful and vibrant credit union supported by the trust and value shown by our Members and communities.

During 2020, Assets Under Management (AUM) declined by 1% (2019 - 6.0% growth), ending the year at \$5.7 billion. AUM include on and off-balance sheet Member loans, Member deposits, Member investments managed by our Wealth Advisors and Member investment shares.

Our financial model is designed to have many different sources of revenue. This focus of diversifying revenues has greatly enhanced our ability to generate profitability in the recessionary environment caused by the COVID-19 pandemic and helps safeguard FirstOntario. During 2020, profitability increased from our core sources of income, which include retail and commercial lending as well as deposit-taking. Our alternative non-margin sources from a portfolio of investments and using the wholesale financial markets to obtain non-margin financial income, enables us to grow the capital required to support the costs of providing the expanded financial services to our Members during this ongoing pandemic.



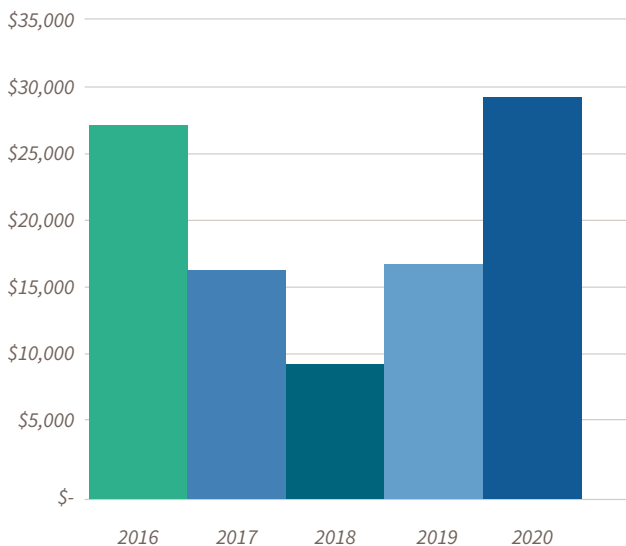
During this pandemic recession, a number of actions were undertaken during the year to manage throughout:

- Creating a ‘business as usual’ banking experience for Members during the pandemic.
- Pivoting and transitioning the FirstOntario workforce to either work-from-home where possible and following strict pandemic protocols in all branch locations.
- Implementing a number of digitization projects and leveraging our Personal Assistance Teller (PAT) technology to enhance the Member experience.
- Prudently managing net interest margin, generating excess spread to cover the potential impact of higher loan losses.
- Managing expenses and creating efficiencies to enhance core components of profitability.

As a result of these actions, additional revenue was generated increasing our wholesale financial market activity.

The following is a chart of pre-tax operating earnings over the past five years.

**Pre-Tax Income**  
*(in thousands of dollars)*



Our 2020 pre-tax income was \$29.1 million (2019 - \$17.4 million); an increase of \$11.7 million over 2019. This revenue increase of 8.8% was complemented by our expenses decreasing by 3.0%.

During 2020, net interest and other income was \$114.0 million (2019 - \$104.8 million), an increase of \$9.2 million. Net interest income increased \$15.4 million, operational non-margin income increased \$0.2 million, strategic non-margin income decreased by \$3.8 million, offset by a higher provision for expected credit (loan) losses. Expenses decreased by \$2.5 million to \$84.9 million (2019 - \$87.4 million). Salaries and benefits decreased by \$3.1 million, technology costs increased by \$1.2 million with the remaining expenses decreasing by \$0.6 million.

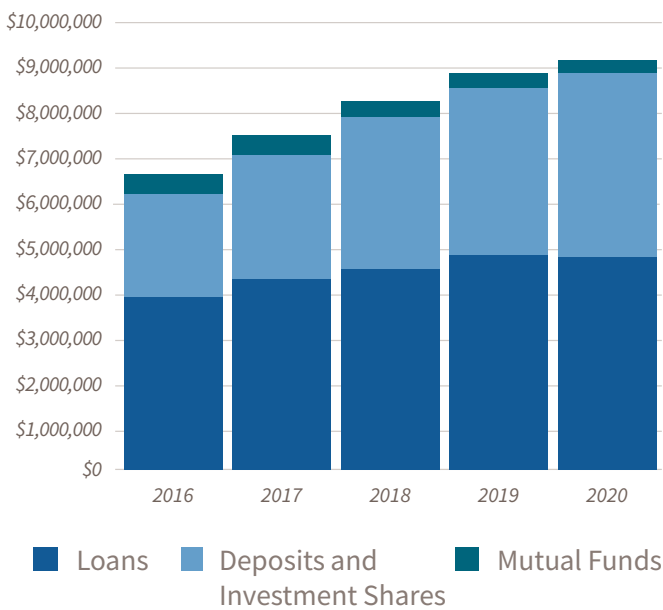


## Funds Under Management

At FirstOntario, we exist to help our Members meet their credit, deposit and investment financial needs. A key indicator of our success is the total loans, deposits and investments Members have with us - Funds Under Management (FUM). Our FUM growth was 3.4% (2019 - 7.7%), increasing to \$9.2 billion.

### Funds Under Management

(in thousands of dollars)



Members entrusted with us an additional \$0.3 billion (2019 - \$0.6 billion) in loans, deposits and investments in 2020. During 2020, FirstOntario's loan portfolio decreased \$19 million (2019 - \$274 million) or 0.4%. Loans are funded by Member deposits and external funding partners. Members' deposits and investment shares grew by \$373.8 million (2019 - \$330 million) or 10.0%. Finally, our Members' mutual fund holdings decreased by \$50.1 million (2019 - \$23.2 million) or 13.8%, due to the loss of certain advisors and related investor relationships.



## Loans Payable and Securitization Liabilities

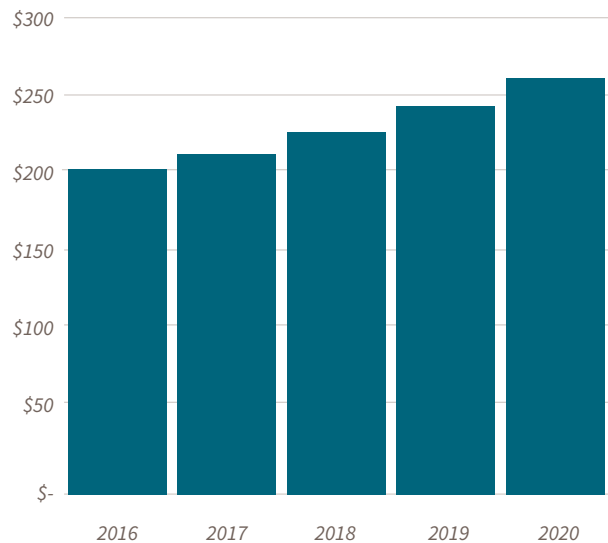
During the year, loans payable and securitization liabilities decreased by \$122 million to \$530 million (2019 - \$652 million) due to deposit growth and lower loan growth.

## Members' Equity

Members' equity increased to \$260.0 million (2019 - \$238.6 million), a growth of \$21.4 million (9.0%). Retained earnings, contributed surplus and accumulated other comprehensive income make up 57% (2019 - 54%) of Members' equity.

### Members' Equity

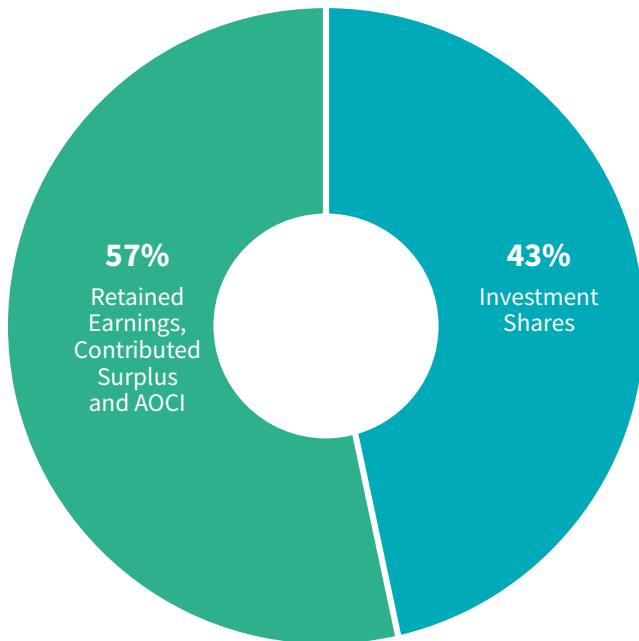
(in millions of dollars)



Growth in 2020 came from net earnings offset by a decrease in our Accumulated Other Comprehensive Income (AOCI). Growth in 2017, 2018 and 2019 primarily came from net earnings, while the growth in 2016 was due to a new issue of investment shares and net earnings.

### Members' Equity

December 31, 2020

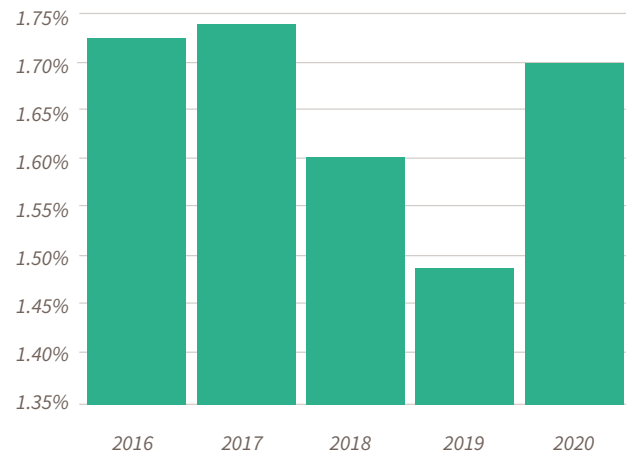


### Net Interest Income

By definition, net interest income is the difference between interest paid by Members on loans and interest earned on our liquidity reserve deposits less interest paid to Members on their deposits and interest paid on outside debt obligations. FirstOntario derived 66% (2019 - 60%) of its gross revenue from net interest income. The ability to grow net interest income is primarily dependent upon growth in Member loans and deposits.

### Net Interest Income

(% of Average Assets)



Net interest income is impacted by changes in interest rates over time (interest rate risk). FirstOntario strives to manage and minimize interest rate risk, sustaining a high but stable net interest income over a number of years.

Net interest income increased by 24% due to positive exposure to low interest rates, a \$7.9 million increase in value of our liquidity reserve deposits, as well as higher market interest spreads during the pandemic. Net interest income as a percentage of average assets increased to 1.70% (2019 - 1.49%).

FirstOntario's net interest income as percentage of average assets has increased during 2020 from 1.49% in 2019 to 1.70%, an increase of 0.21%.

## Other Income - Operations and Alternative Initiatives

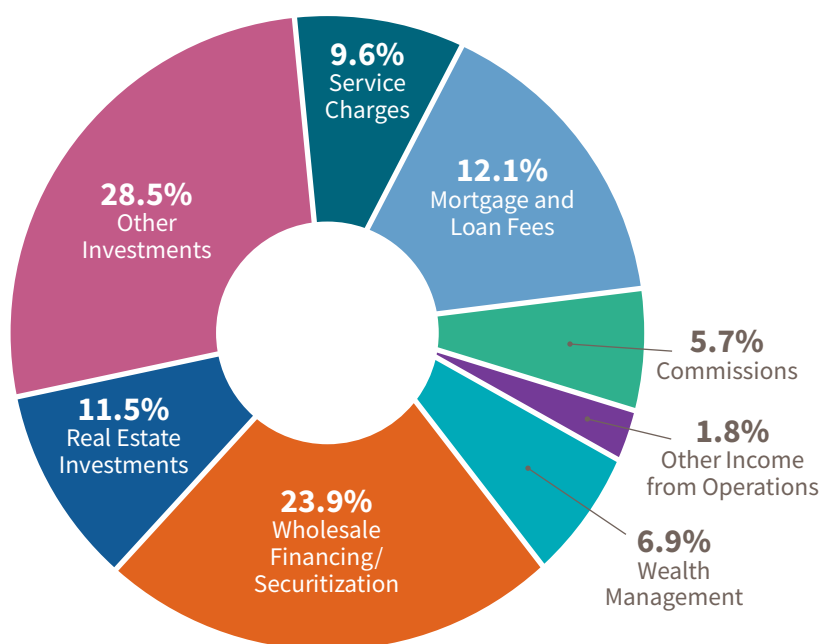
Other income decreased to \$38.9 million (2019 - \$42.4 million), which is a return on average assets of 0.81% (2019 - 0.96%). Our peer credit unions in Ontario average 0.44%. As a percentage of total revenues, other income is 34% (2019 - 40%).

The distribution of our non-interest income sources is depicted in the following chart:

In Thousands of Dollars	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Income	Mix	Income	Mix
<b>Operations</b>				
Service Charges	\$ 3,736	9.6%	\$ 4,023	9.4%
Mortgage and Loan Fees	4,695	12.1%	3,943	9.3%
Commissions	2,222	5.7%	2,122	5.0%
Other	701	1.8%	1,022	2.4%
<b>Alternative</b>				
Wealth Management	2,696	6.9%	2,504	5.9%
Wholesale Financing/ Securitization	9,295	23.9%	5,424	12.8%
Real Estate Investments	4,450	11.5%	13,139	31.0%
Other Investments	11,067	28.5%	10,270	24.2%
<b>Total Other Income</b>	<b>\$ 38,862</b>	<b>100.0%</b>	<b>\$ 42,447</b>	<b>100.0%</b>

### Other Income

12 months ended December 31, 2020



All categories of other operational income showed improvement year-over-year primarily due to increased sales activities and transaction volumes.

Our financial model emphasizes growing non-margin income and includes wealth management, utilizing the wholesale financing markets associated with mortgage-backed securities contained within programs sponsored by the Canada Mortgage and Housing Corporation (CMHC), real estate investments that include property development projects, multi-residential and retail commercial complexes and equity investments in public and private markets. Income from these sources decreased by \$3.8 million to \$27.5 million (2019 - \$31.3 million), due to short term decrease in real estate investment portfolio revenue.



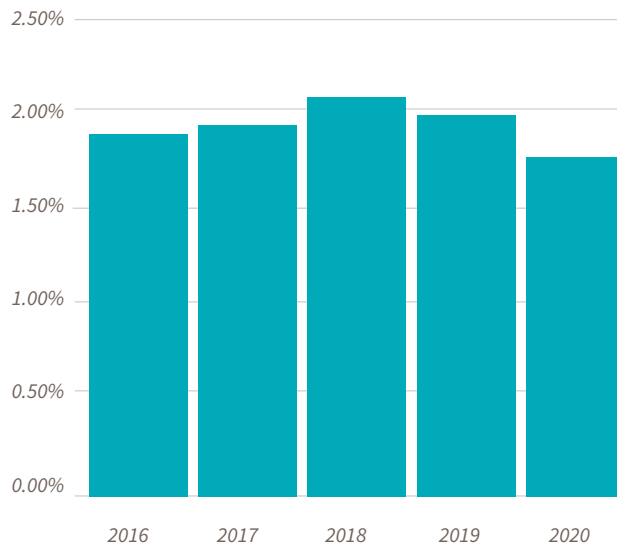
In addition, FirstOntario enters into transactions in the normal course of business by which it transfers recognized financial assets directly to third parties or Special Purpose Entities (SPE's). FirstOntario securitizes mortgage-backed securities through programs sponsored by CMHC and other third party programs. In situations where FirstOntario transfers substantially all the risks and rewards of ownership, de-recognition of that asset occurs. In some cases, FirstOntario retains the rights to certain cash flows related to these de-recognized assets which are recorded in other income.

### Operating Expenses

In 2020, operating expenses were \$84.9 million (2019 - \$87.4 million). Financial institutions also measure operating expenses as a percentage of average assets. As financial institutions grow their assets, expenses assessed as a percentage of average assets should decline. During the year, our operating expenses decreased to 1.78% (2019 - 1.98%).

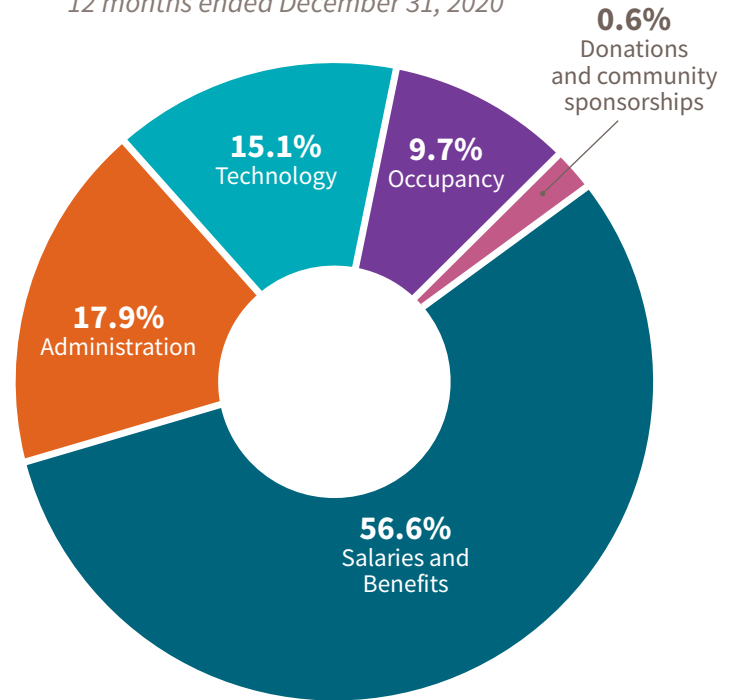
### Non-Interest Expenses

(% of Average Assets)



### Non-Interest Expenses

12 months ended December 31, 2020



Salaries and benefits were \$48.1 million (2019 - \$51.2 million). Salaries and post-employment benefits decreased by 6.0% mainly due to one-time retirement and post-employment benefits in 2019 and due to reduced recruitment activity during the pandemic. During 2020, employee benefit costs increased by 2.4%. As a percentage of average assets, FirstOntario's salary and benefits expenses were 1.01% (2019 - 1.16%).

Other operating expenses were \$36.8 million (2019 - \$36.3 million), an increase of 1.4%. The increase was mainly attributable to increases in technology expenses offset by decreases in marketing costs. As a percentage of average assets, FirstOntario's other expenses were 0.77% (2019 - 0.82%).

## Loan Portfolio

The following chart summarizes FirstOntario's total loans including on-balance sheet and off-balance sheet securitized loans. Growth is the percentage period-over-period increase and the Portfolio Mix is the ratio of a category to the total loan portfolio.

In Thousands of Dollars	December 31, 2020		December 31, 2019	
	Growth	Portfolio	Growth	Portfolio
<b>Total Loan Portfolio</b>		<b>\$4,751,405</b>		<b>\$4,771,307</b>
Personal Loans	-8.4%	2.0%	-12.6%	2.2%
Residential Mortgage Loans	-0.9%	79.0%	6.4%	79.4%
Commercial Loans	2.7%	19.0%	7.4%	18.4%

Growth continued in our residential mortgage loan portfolio through our branches and our continued focus on building relationships with mortgage brokers. New Members resulting from brokered mortgages are introduced to FirstOntario and the full suite of financial services we offer.

In 2020, our commercial loan portfolio increased by 2.7% (2019 - 7.4%). We continued to use our cautious approach to attracting new commercial Members, keeping in mind the pandemic related economic challenges. In 2020, we wrote off \$4.6 million primarily in commercial loans. Net provisions for additional commercial loan losses of \$6.4 million were recorded for the commercial loan portfolio which included \$8.1 million in impaired loans. Over the past five years, FirstOntario's commercial loan write-offs averaged 0.19% of our commercial loan portfolio.

Commercial loans are generally secured by mortgages over land and buildings. The geographic and industry diversification within our commercial portfolio continues to improve. As of December 31, 2020, 18% (2019 - 19%) of the on-balance sheet loan portfolio is associated with five of our largest commercial Members. Commercial loans are well secured with average outstanding loan balances at 38% of the value of security as determined by qualified appraisers.

In 2020, approximately \$146 million (2019 - \$171 million) in residential mortgages was securitized. The reduction was due to a planned reduction in securitization levels, funding available from deposits and due to lower levels of available securitizable mortgages.

## Allowance for Expected Credit (Loan) Losses

The allowance for Expected Credit Losses (ECL) is governed by Board policy, reviewed on an annual basis and approved by the Audit & Risk Committee of the Board. In compliance with IFRS 9 - Financial Instruments, the allowance is determined on an "expected credit loss" basis (allowance is set up on loan origination). FirstOntario uses an advanced data analytics model, as required by IFRS 9, which utilizes FirstOntario detailed loan level historical data, industry data and macro-economic data to calculate the allowance. Watch List accounts, delinquencies, credit quality and Member bankruptcies are used by the model. The provision for ECL is monitored to ensure compliance with Board policy and regulatory requirements.

During 2020, we experienced a material, significant economic recession. While our loan portfolio performed well during the pandemic, we continue to underwrite loans with an abundance of caution in the current economic environment. In particular, the effect of government support on the retail borrowers and commercial sector has positively impacted our credit portfolio results. The length and extent of the pandemic, as well as government actions could affect future credit losses, therefore, Management prudently increased our year-end allowance.

The following is a chart that provides a summary of our allowance for ECL. FirstOntario's loan portfolio continues its strong performance due to our adherence to conservative lending practices, outperforming industry norms.

<i>Amounts in Thousands</i>	<b>Dec 31, 2020</b>	<b>Dec 31, 2019</b>
On Balance Sheet Loan Portfolio	<b>\$ 4,256,777</b>	\$ 3,986,317
<b>Allowance for ECL</b>		
Stage 3	<b>\$ 1,324</b>	\$ 3,772
Stage 1 and 2	<b>8,713</b>	4,664
	<b>\$ 10,037</b>	\$ 8,436
<b>Annual provision for ECL</b>		
	<b>\$ 6,020</b>	\$ 3,297
<b>Net Write-offs</b>	<b>\$ 4,419</b>	\$ 2,967
<b>Impaired loans net of related security</b>		
Impaired loans	<b>\$ 23,846</b>	\$ 48,026
Related security less expected costs	<b>22,522</b>	44,254
	<b>\$ 1,324</b>	\$ 3,772
<b>Delinquency &gt; 90 Days</b>		
	<b>0.27%</b>	0.31%
<b>Allowance for ECL (% of Loan Portfolio)</b>		
Stage 3	<b>0.03%</b>	0.09%
Stage 1 and 2	<b>0.21%</b>	0.12%
	<b>0.24%</b>	0.21%
<b>Allowance for ECL</b>	<b>0.14%</b>	0.08%
<b>Net Write-offs</b>	<b>0.10%</b>	0.07%
<b>Impaired Loans</b>	<b>0.56%</b>	1.20%

Our gross impaired loans decreased to \$23.8 million (2019 - \$48.0 million) due to commercial loans. FirstOntario holds security related to these loans of \$22.5 million (2019 - \$44.3 million). Our 90 day delinquency decreased to 0.27% (2019 - 0.31%).



FirstOntario uses an internal risk rating grid to assess and monitor new loans and our loan portfolio, both retail and commercial. The majority of the retail loan portfolio, 89% (2019 - 86%), has risk ratings of "B" or better. The commercial portfolio has 98% (2019 - 97%) of loans rated as Satisfactory or Superior. These measures and the performance of the loan portfolio indicate FirstOntario has a very strong lending operation.

## Investments

FirstOntario's investment portfolio is internally divided into two main categories - alternative non-margin income (alternative) investments and statutory investments. Statutory investments are required to be a member of Central 1.

<i>Amounts in Thousands</i>	<b>Dec 31, 2020</b>	<i>Dec 31, 2019</i>
<b>Alternative Investments</b>		
Managed Funds and Other	<b>\$ 108,435</b>	\$ 101,199
Real Estate Joint Ventures	<b>97,679</b>	84,262
Loans	<b>11,912</b>	18,028
Retained Rights - loan securitizations	<b>15,793</b>	39,455
	<b>233,819</b>	242,944
<b>Statutory Investments</b>		
Liquidity Reserve Deposits	<b>304,322</b>	275,341
Shares - Central 1	<b>19,611</b>	19,610
CUCO Cooperative Association	-	-
	<b>323,933</b>	294,951
<b>Other Investments</b>	<b>2,140</b>	2,227
	<b>\$ 559,892</b>	\$ 540,122

Alternative investments as at December 31, 2020 represent 4.75% (2019 - 5.25%) of total assets. Managed funds is a diversified portfolio of investments actively managed by external Investment Advisors. FirstOntario has entered into agreements to jointly own and develop retail mall complexes and develop multi-tenant residential properties. Retained rights are associated with our wholesale financial market transactions involving securitized insured mortgages.

Our statutory investments include liquidity reserve deposits required by member credit unions of Central 1 equalling 6% of FirstOntario's assets. In addition, there are investments in affiliates including Central 1 shares.

## Investment in Affiliates

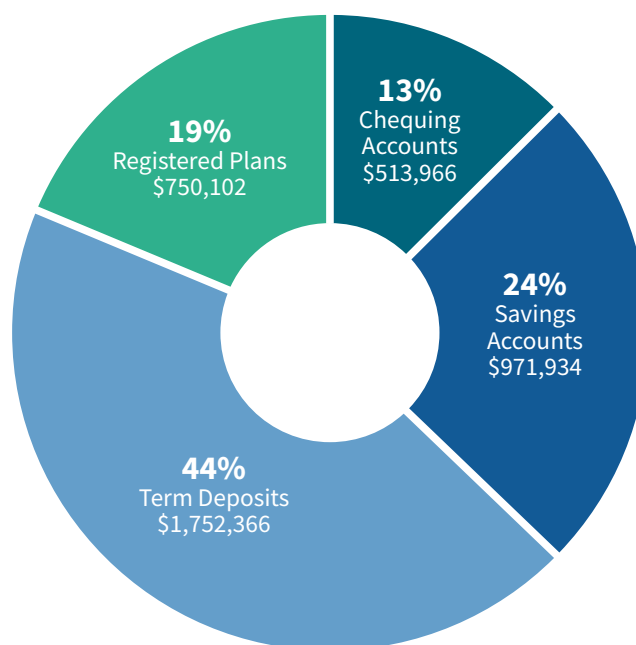
FirstOntario is a member of Central 1 Credit Union - whose primary function is to maintain a liquidity pool for use by its member credit unions. This liquidity arrangement means that a credit union Member's deposits are backed by a larger organization and by the combined strength of 100 affiliated credit unions in Canada.

## Deposit Portfolio

FirstOntario grew its deposit base by 10.3% (2019 - 9.7%). Term deposit accounts decreased by 1.4%, savings accounts increased by 34.1%, chequing accounts grew by 30.6% and registered plans increased by 4.1%. The current average cost of Member deposits is 1.69% (2019 - 2.29%). Increasingly, consumers are using deposit brokers to place deposits at financial institutions. As of December 31, 2020, 16.4% (2019 - 16.0%) of deposits were sourced from deposit brokers with the portfolio having 51% (2019 - 45%) maturing beyond the next 12 months.

## Deposits

December 31, 2020 (in thousands of dollars)







## RISK MANAGEMENT

The Board of Directors has overall responsibility for the oversight of FirstOntario's risk management. Board policy sets FirstOntario's philosophy to have appropriate and sensible policies, procedures and controls to manage operational risk. The Board's Audit & Risk Committee responsibilities in risk management include:

- The development and monitoring of controls to support the enterprise risk management framework;
- The review of enterprise risk reports issued to the Board; and
- The management of risk and controls related to the safeguarding of assets and financial reporting.

All FirstOntario employees have a role in risk management. Our Risk Management Division includes a Chief Risk Officer, a Vice President, Risk and a team of professionals, who together oversee all risk management activities throughout FirstOntario.

### Enterprise Risk Management

Enterprise Risk Management (ERM) provides a uniform process to identify, measure, treat and report on significant risks within FirstOntario. ERM is a discipline to enable the achievement of our strategic plan objectives within the Board of Director's approved risk appetite.

During 2020, the Audit & Risk Committee reviewed and discussed FirstOntario's complete inventory of risks, paying special attention to significant (i.e. top 10) and emerging risks. The Audit & Risk Committee also reviewed the process management undertook in documenting and rating the effectiveness of controls in place to reduce inherent risks within the credit union.

Through our Internal Audit department, FirstOntario conducted testing of documented controls to provide a level of independence and assurance that the controls as stated are effective. FirstOntario takes both integrative and holistic approaches to managing and mitigating identified risks.

FirstOntario's approach to managing and mitigating specific risks are as follows:

### **Credit Risk**

Credit risk is the risk of financial loss to FirstOntario if a Member or counterparty to a financial instrument fails to meet its contractual obligations. This risk primarily arises from FirstOntario's loans and advances to Members.

FirstOntario's lending philosophy is established by its Board-approved Credit Risk Management Policy.

Our Credit Risk Management Policy provides detailed guidance to Management that includes:

- Creating operational credit policies covering eligible purposes of loans, collateral requirements, credit assessment, risk rating and reporting and compliance with regulatory requirements.
- Establishing a lending authority structure for the approval and renewal of Member loans.
- Limits on concentrations of exposures related to Members, industries and geographic locations.

### **Interest Rate Risk**

Interest rate risk is the risk to net interest income associated with changing interest rates on FirstOntario's interest bearing loans and investments and interest bearing deposits and other debt obligations.

FirstOntario is required by legislation to measure and manage interest rate risk. FirstOntario complies with this requirement through its Board approved Structural Risk Management Policy. FirstOntario uses sophisticated industry standard tools and techniques to aid in monitoring and controlling interest rate risk within sensible limits. An Asset and Liability Committee, made up of Senior Management, reviews interest rate risk on a regular basis.

One of the tools used with regard to interest rate risk is an income simulation model. The purpose of the model is to simulate the 12-month net interest income of the current mix of business taking into

account current and forecasted interest rates (yield curves), growth assumptions on new business (loans and deposits), behaviours of Members (impacted by prepayment assumptions) and competitive pricing conditions. The main form of interest rate risk measurement is the use of a parallel shock test that is sustained for a 12-month period. The purpose



of the shock test is to have a single test that will replicate many of the unexpected interest rate risks facing FirstOntario. For this purpose, FirstOntario uses a 1% shock rate. However, depending on market and economic conditions, this shock rate can and will be amended from time to time.

If Management determines the level of interest rate risk is too high or approaching Board policy limits, strategies are evaluated and implemented to mediate the issue. Some of these strategies are internally focused such as product pricing on loans and deposits while other strategies are external. With respect to external strategies, FirstOntario will engage in the use of interest rate derivatives, primarily where FirstOntario will swap fixed rate funding for floating rate funding or vice versa.



### Liquidity Risk

FirstOntario is required by the Credit Union and Caisses Populaires Act, 1994 to maintain certain levels of liquidity. Under the regulations, FirstOntario must establish and maintain sensible levels of liquidity that are sufficient to meet its cash flow needs, including deposit withdrawals and all other obligations as they come due. FirstOntario complies with this requirement through its Board approved Liquidity Risk Management Policy. The policy addresses limits on the sources, quality and amount of liquid assets to meet normal operations (day to day commitments including Member withdrawals), contingency funding for significant deposit withdrawals and regulatory requirements.

The Board's policy requires operational liquidity to be maintained within a range of 8% to 16%. Generally, Management targets liquidity levels in the 9% to 11% range thereby allowing FirstOntario to maximize our net interest income returns. On occasion, FirstOntario's liquidity levels do drop to the 8% to 9% range. When this happens, steps are taken to restore liquidity levels to above 9%. To ensure FirstOntario continually maintains the minimum liquidity levels, Management measures and monitors liquidity levels on a daily basis. Management also prepares detailed monthly and three-month cash flow forecasts. If there is any risk of liquidity dropping below the policy minimum of 8%, a plan for corrective action is developed and implemented. As of December 31, 2020, FirstOntario's liquidity ratio was 14.05% (2019 - 9.53%).

To ensure FirstOntario has adequate sources of liquidity, Management has developed a liquidity plan, which sets out various liquidity sources. Our primary liquidity is derived internally from Member deposits. FirstOntario has three external liquidity sources. These include funding from deposit brokers, securitization of residential mortgage loans through the issuance of Mortgage Backed Securities and Canada Mortgage Bonds and the sale of commercial mortgage loans through other credit unions and other credit union affiliated partners. As part of our contingency liquidity plan, FirstOntario has \$264.7 million available in operating loan facilities with Central 1 Credit Union and Caisse Centrale Desjardins. On December 31, 2020, the outstanding balance was \$30 million (2019 - \$48 million). These loans are generally used to fund mortgages until they are securitized at which time the loans are replaced by long-term debt associated with the securitization.

In addition to the above, FirstOntario also uses the Liquidity Coverage Ratio (LCR) to manage and monitor liquidity risk levels. The LCR quantifies the proportion of highly liquid assets held by FirstOntario relative to the riskiness of its modeled deposit and other liability cash flow. The LCR stress-tests the balance sheet over a 30 day time period to ensure adequate liquidity is held. As at December 31, 2020, FirstOntario's LCR ratio was 311%, triple the regulatory minimum of 100%.



## Foreign Exchange Risk

FirstOntario provides Members with the opportunity to buy and sell U.S. dollars (cash, cheques and drafts). In addition, FirstOntario provides Members with U.S. dollar deposits (chequing, savings and short-term deposits). By providing these services, FirstOntario is exposed to foreign exchange risk, which is the risk to income that could result from changes in U.S. currency rates.

To measure and control our exposure to U.S. currency risk, FirstOntario tracks the net U.S. position (U.S. dollar assets less U.S. dollar liabilities) on a daily basis. Within our Liquidity Risk Management Policy, the maximum U.S. currency exposure FirstOntario can take is \$1 million. Management operates on a day-to-day basis at a lower limit of between \$200,000 and \$300,000.

To ensure we maintain our foreign exchange risk within policy limits, FirstOntario enters into various foreign exchange forward contracts (contract to purchase U.S. dollars in the future at an agreed upon exchange rate).

## Capital Risk Management

Capital is monitored monthly on both a capital leverage and a risk weighted basis. During 2020, FirstOntario conducted an Internal Capital Adequacy Assessment Process (iCAAP) incorporating a new sophisticated model that utilizes industry best practices in evaluating capital in light of a financial institution's risk inventory. In general terms, the iCAAP is an assessment of FirstOntario's risk profile and determines if FirstOntario has enough capital to support that risk profile. The iCAAP includes a three-year financial forecast and is an important component of the annual planning process. Future capital requirements are based on planned asset growth, strategic investments and fixed asset acquisition plans. The iCAAP indicates FirstOntario's capital levels are \$62 million above the iCAAP and ERM risk requirements.

The following chart summarizes FirstOntario's capital position for 2020 and 2019:

<i>In Thousands of Dollars</i>	<u>Dec 31, 2020</u>	<u>Dec 31, 2019</u>
<b>Capital</b>	<b>\$ 292,542</b>	\$ 265,427
<b>Leverage ratio</b>	<b>5.94%</b>	5.73%
Minimum regulatory limit	<b>4.00%</b>	4.00%
<b>Risk Weighted ratio</b>	<b>12.90%</b>	11.71%
Minimum regulatory limit	<b>8.00%</b>	8.00%
<b>Tier 1 Capital</b>	<b>\$ 275,063</b>	\$ 251,165
% of Total Capital	<b>94.03%</b>	94.63%
<b>Tier 2 Capital</b>	<b>\$ 17,479</b>	\$ 14,262
% of Total Capital	<b>5.97%</b>	5.37%

On both the leverage and risk weighted ratio basis, capital is well in excess of regulatory minimums. In addition, our Tier 1 capital was 94% on December 31, 2020 and is well in excess of the regulatory minimum of 50%.





## Summarized Consolidated Statement of Financial Position

December 31, 2020 with comparative figures for December 31, 2019 to December 31, 2016

(amounts in thousands)	2020	2019	2018	2017	2016
<b>Assets</b>					
Mortgages	\$ 3,350,091	\$ 3,080,625	\$ 2,722,818	\$ 2,437,411	\$ 2,440,515
Personal Loans	95,262	103,590	118,869	128,287	129,956
Commercial Loans	801,386	793,666	747,565	808,779	791,546
Loan Accrued Interest	19,514	18,187	19,754	18,918	20,441
Loans to Members	\$ 4,266,253	\$ 3,996,068	\$ 3,609,006	\$ 3,393,395	\$ 3,382,458
Cash	26,892	25,712	62,317	43,098	43,026
Investments	559,892	540,122	495,853	408,296	355,329
Fixed assets	56,105	57,700	39,109	38,201	35,715
Other assets	11,079	8,392	6,109	5,899	1,639
Derivative assets	2,140	1,648	443	1,383	4,010
	\$ 4,922,361	\$ 4,629,642	\$ 4,212,837	\$ 3,890,272	\$ 3,822,177
<b>Liabilities and Members' Equity</b>					
Members' Deposits and Shares	\$ 4,034,238	\$ 3,659,537	\$ 3,332,404	\$ 2,820,396	\$ 2,371,206
Loans payable and securitization liabilities	529,999	652,340	608,088	802,382	1,198,796
Other liabilities	95,491	78,002	45,573	49,660	46,647
Derivative liabilities	2,582	1,211	1,195	1,329	2,118
Investment shares	112,293	110,261	106,934	104,208	103,246
Retained earnings and contributed surplus	154,006	132,257	121,649	116,188	104,097
Accumulated other comprehensive loss	(6,248)	(3,966)	(3,006)	(3,891)	(3,933)
	\$ 4,922,361	\$ 4,629,642	\$ 4,212,837	\$ 3,890,272	\$ 3,822,177

## Summarized Consolidated Statement of Income

For year ended December 31, 2020 with comparative figures for years ended December 31, 2019 and December 31, 2018, December 31, 2017 and the 16-month period ended December 31, 2016

(amounts in thousands)	2020	2019	2018	2017	2016
<b>Interest Income</b>	\$ 168,942	\$ 151,742	\$ 132,950	\$ 124,751	\$ 151,120
<b>Interest Expense</b>	87,800	86,053	68,036	57,985	71,669
<b>Net Interest Income</b>	81,142	65,689	64,914	66,766	79,451
Provision for loan losses	(5,970)	(3,297)	(2,445)	(1,642)	(1,542)
Other income	38,862	42,447	31,418	26,567	33,731
<b>Net Interest and Other Income</b>	114,034	104,839	93,887	91,691	111,640
<b>Operating Expenses</b>					
Salaries and employee benefits	48,075	51,152	46,504	41,096	46,018
Administrative	15,224	15,188	17,856	15,847	18,302
Technology	12,825	11,556	11,084	9,533	9,850
Occupancy	8,210	8,116	7,485	7,190	8,972
Donations and community sponsorships	530	1,436	1,550	1,380	1,254
<b>Total Operating Expenses</b>	84,864	87,448	84,479	75,046	84,396
<b>Income Before Income Taxes</b>	29,170	17,391	9,408	16,645	27,244
Income Taxes	4,407	3,247	1,339	3,434	5,075
<b>Net Income for the Period</b>	\$ 24,763	\$ 14,144	\$ 8,069	\$ 13,211	\$ 22,169

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

Further detailed information on our 2020 financial results can be obtained from our 2020 Financial Reports available online at [FirstOntario.com](https://www.firstontario.com/about-us/governance/our-annual-reports) (<https://www.firstontario.com/about-us/governance/our-annual-reports>).



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