

2006 ANNUAL REPORT STRAIGHT UP. NO GIMMICKS.



FirstOntario
CREDIT UNION

OUR VISION, MISSION AND VALUES

OUR VISION

Working together for consistent FIRST quality Member service.

At FirstOntario Credit Union, we believe that creating a sustainable competitive advantage is only possible by positively differentiating ourselves from competitors on the basis of superior service.

Largely as a result of accessible technology, price and products have become commodities. We have to be competitive enough to offer a full range of options to Members but also recognize that, by itself, this will not ensure success.

We must be the best we can be at service in the eyes of our Members.

OUR MISSION

FirstOntario exists to help our Members meet their financial needs.

At FirstOntario Credit Union, everything we do must support our fundamental purpose – helping Members meet or exceed their individual financial needs and goals.

OUR VALUES

Stewardship We will keep Members' assets safe and secure, and look after their financial interests.

Working Together By working together we will provide exceptional service to our Members, as well as a supportive environment that values the contribution of all employees.

Community We will support and contribute to the communities we serve, as well as the credit union system to which we belong.

Integrity We will conduct ourselves with openness and honesty, and treat everyone with dignity and respect.

Learning We will be a continuous learning organization, fostering the learning and growth of both Members and employees.

BOARD OF DIRECTORS

TERM EXPIRES

MURRAY McDIARMID Chair	2007
DON DALICANDRO Vice-Chair	2006
BRIAN POWER Corporate Secretary	2007
KEN BOLTON	2006
ALAN BRATTON	2006
RON FLEET	2007
VAL NARDUZZI	2008
RON NESS	2006
OTTO PENNER	2006
CATHERINE ROGERS	2008
EVE SIGFRID	2007
PRAKASH VYAS	2006

2005-2006 GROWING STRONGER

It is our privilege to be your financial services partner. We continue to build this credit union day after day with our focus on you.

Our Mission, Vision and Values is the compass that guides the credit union. It reaffirms our heritage and unites us as Members, employees and as a credit union.

We are proud to report that you are a Member Owner of an increasingly important financial institution that has reported net income of \$2.6 million. This means we will continue to be strong, financially viable and able to improve our efforts on your behalf.

We are lending more money to more Members than ever before—helping Members to achieve their dreams to own homes and cars, renovate those homes and to educate their children. At the same time, we continue to demonstrate responsible lending practices that enable Members to repay their loans and keep secure other Members' funds on deposit.

We asked you how your credit union was doing in 2006 with our first ever Member Loyalty Survey. Almost 30% of Members gave us the highest score possible on service – in fact, 45% of respondents scored us a 9 or 10 out of 10! Now, that's the credit union difference.

Your credit union is safer and more secure today as a result of your Board having made some progressive decisions in the past 2 years. In 2006, your Board totally revamped its structure including committees, meeting arrangements, Director education as well as Director elections. Your credit union is a leader in corporate governance in the credit union system.

HIGHLIGHTS OF 2006 – AS PROMISED IN 2005

We're sure you will agree with us when we observe that the world gets more challenging every day.

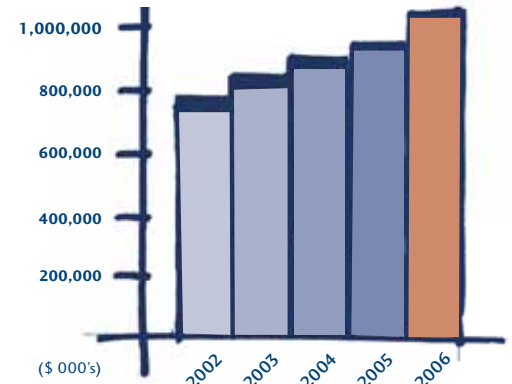
We strive to keep up with your changing needs and to be competitive with the many options from which you have to choose. Our efforts all start with our people.

In the past year, we have strengthened talent in virtually every corner of your credit union, through training employees and through recruiting new employees. It's a winning combination of new perspectives and established company know-how. These changes are having a dramatic positive effect on the service you receive, the professional advice you can access, the enhanced products you can tap into, and the improved access you can enjoy from your credit union.

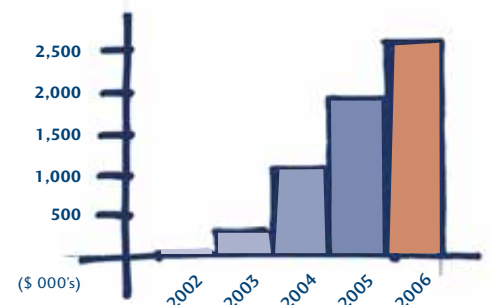


Your credit union's reputation in our community was enhanced during the year with sustained advertising on billboards and in local newspapers in all of the communities we serve. These communication efforts were personally supported by all of your branch teams. Their efforts through volunteer work, fundraising and donations helped to make our communities better places to live and to associate FirstOntario Credit Union with organizations including The United Way, Women's Place, Out of the Cold, and Brock University.

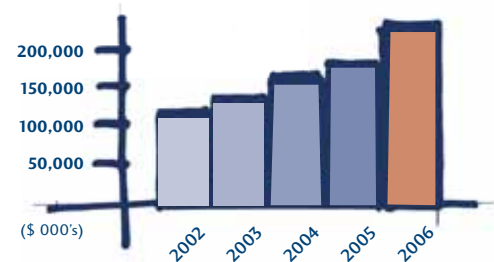
The Oakville branch was relocated in May this year. Members and the community at large have heartily endorsed the new branch design and the greater visibility that this brings to the credit union in the thriving community of Oakville.



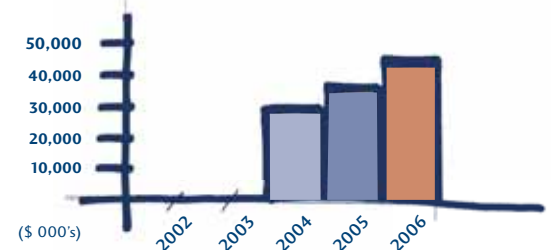
ASSETS UNDER ADMINISTRATION



NET INCOME



COMMERCIAL LOANS



DEALER FINANCE LOANS

The Dealer Finance Centre is a credit loan underwriting department focused solely on financing used car loans throughout the Niagara Region and Southwestern Ontario. Underwriting car loans has provided the credit union with the opportunity to acquire and build new membership relationships.

2005-2006 GROWING IN MEMBER CONFIDENCE

Just as a solid savings account balance helps ensure a family's peace of mind and security, a strong credit union is able to confidently focus on member service without being continually distracted by financial worries. We are pleased to advise that your credit union's credit quality remains very strong despite significant increases in lending. The Commercial Lending group continues to contribute significantly to strong credit quality with zero delinquencies and zero loan losses despite double-digit growth in their business. This means that your credit union's overall loan delinquency is now at a rate less than one-third the average reported in the Ontario credit union system.

We are also pleased to confirm that our focus on meeting or exceeding industry standards for security and control is having its desired effect. We have low levels of fraud and loss. Being strong financially makes us better able to pro-actively focus on Members rather than reacting to crises that only serve to weaken our financial position and reduce our ability to invest in people and infrastructure.

Our technology platform, particularly the banking system, is stable and performing at a very high level of reliability. Steps taken over the past three years to increase security, reliability and performance are having a very positive impact on company performance and Member service. Our adoption of automated credit scoring helps Members to get a loan and mortgage decision far more quickly than before and frees employees to spend more time counseling Members on how to manage personal finances in order to qualify for the credit that is needed.

Our technology staff has developed an impressive number of operational improvements that are saving our employees and Members both time and money.

Recent worldwide events have highlighted the need for organizations, regardless of where they do business, to be ready in the case of disasters. Your credit union has responded by developing and successfully testing a Disaster Recovery Plan for the banking system to

ensure that your banking records are kept safe and that you can continue to do your banking.

In summary, thanks to the support of our Members and outstanding employees, 2006 has been a great year at FirstOntario Credit Union.

Net income of \$2.6 million

Growth of \$121 million
in funds managed

Growth of \$48 million
in Commercial loans

Growth of \$9.5 million
in Dealer Finance loans

Record number of telephone
banking calls—over 4,000
calls per week

Record mortgages
renewed—91%

provide employees with the access to information they need to provide the highest quality information and advice to Members.

- In March 2007, we will raise your credit union's profile in the Greater Hamilton area as a Gold Sponsor of the 2007 Tim Hortons Brier, the Canadian Men's Curling Championships.

THANKS TO ALL

Our sincere thanks to our Members, employees and our many partners who continue to make FirstOntario a vibrant credit union. We remain committed to our Vision, Mission and Values and will work hard to make FirstOntario your first choice financial services partner.



Murray McDiarmid
Chair



John Lahey
President & CEO

LOOKING TO 2007

Once again, it's not about us. It's about you.

- Our plans for 2007 centre around helping Members achieve their goals by providing personal financial advice and flexible lending solutions.
- We plan to grow the credit union by introducing it to other people in our communities who may not have considered credit unions before.
- Commercial Banking Members will benefit with convenient on-line access to their accounts using MembersFirst Online™.
- Continued investments in employee training are planned to further develop employees' confidence in providing personal advice to Members, to enhance employees' product knowledge and to train them on effectively resolving Member problems.
- Our technology team will continue to build better tools for our Members and employees. These tools are designed to

FirstOntario

CREDIT UNION



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COMMERCIAL SERVICES

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NIAGARA REGION
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1 800 616-8878

FIRSTONTARIO TELEPHONE BANKING

HAMILTON REGION
905 643-7873
1 800 661-3555

NIAGARA REGION
1 888 988-6000

INTERNET BANKING

FirstOntarioCU.com
MembersFIRST...online® Internet Banking*

BRANCHES

HAMILTON

928 Barton Street East 1 800 616-8878
486 Upper Sherman Avenue 1 800 616-8878
50 Dundurn Street South, Dundurn Place 1 800 616-8878
95 Highway 8, Stoney Creek 1 800 616-8878

BURLINGTON

895 Brant Street 1 800 616-8878
3300 Fairview Street, Cumberland Square Plaza 1 800 616-8878

OAKVILLE

333 Kerr Street 1 800 616-8878

SIMCOE

140 Queensway East, Simcoe Mall 1 800 616-8878

CAYUGA

5 Talbot Street East 1 800 616-8878

TILLSONBURG

157 Broadway 1 800 616-8878

ST. CATHARINES

148 Niagara Street 905 685-5555
600 Ontario Street, Port Plaza 905 685-5555
215 Pelham Road 905 685-5555
486 Grantham Avenue, Linwell Plaza 905 685-5555

THOROLD

35 Albert Street West 905 685-5555

NIAGARA FALLS

3969 Montrose Road, Thorowest Plaza 905 685-5555

WELLAND

840 Niagara Street 905 685-5555

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