



THE POLICE
CREDIT UNION

ANNUAL REPORT **2022**



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Message from the Chair & CEO

On behalf of the Board of Directors of the Police Credit Union, we are pleased to report that 2022 was another successful year for our Credit Union, with assets, loans, deposits, and total members all increasing from 2021 levels.

Profit before taxes was \$985 thousand while on-balance sheet assets finished at \$375.7 million, an increase over the previous year's results at \$369.3 million. The year was not without its challenges, including the lingering effects of Covid-19, rapidly rising inflation and interest rates, strong competition from banks, cybersecurity risk, changing technologies and increasing regulatory requirements. However, our dedicated management and staff overcame these challenges to help members achieve their financial goals by providing excellent service, competitive deposit and loan rates, and customized support and advice.

TAKING CARE OF OUR OWN

The Police Credit Union is the financial institution of choice for over 12,300 Civilians, Uniform and Senior Officers, Police Associations, and their families throughout Ontario. We are truly proud of the way our Credit Union understands the unique needs of the policing community and provides financial solutions to meet those needs. In addition to meeting the financial needs of members, our Credit Union continued to provide support to the policing community, including scholarships for students of

members, support of local police service and associations initiatives and contributions to the Ontario Police Memorial Fund.

ACKNOWLEDGEMENTS

We are very fortunate to have a dedicated group of Directors, each of whom has their own unique abilities and skillsets, to represent the interests of our members. Our Board of Directors continues to support Credit Union initiatives with good governance and stewardship of our Credit Union activities.

Thank you to our Senior Management team for your hard work, dedication, and support throughout this past year. You responded to the challenges of the pandemic and acted effectively to ensure our staff remained safe and operations remained open.

Thank you to our wonderful staff, we would like to express our sincere appreciation and gratitude for the work you do in support of our membership and the contributions you make to ensure The Police Credit Union is the successful organization it is.

Lastly, but most importantly, thank you to the membership for your continued support, loyalty, and trust in our Police Credit Union. Our Credit Union could not have achieved its success without you, our valued members. We hope that our collective efforts show you that we “take care of our own.”

Geri James
Chair, Board of Directors

Andy Doak
Chief Executive Officer

SENIOR MANAGEMENT TEAM

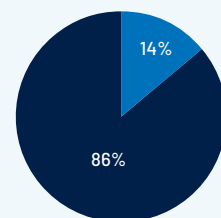
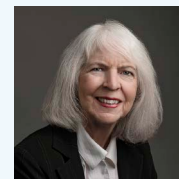


Top row, L to R: Andy Doak, Chief Executive Officer; Denzil D’Mello, Chief Financial Officer
Bottom row, L to R: Karen Zwarych, Human Resources & Training Manager; Sheila Carvalho, Member Credit Manager; Bess Kominos-Estrela, Manager of Retail Services

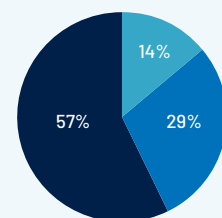
Board Governance and Oversight remains strong. The Board of Directors of the Police Credit Union is comprised of seven Directors, elected by its members.

BOARD OF DIRECTORS

From top to bottom: Geri James (Chair), Mike Sharp (Vice-Chair), Gary Leitch, George Tucker, Rob Todd, Rod Fraser, Stan Colley



■ Male
■ Female



■ 9+ years of service
■ 5-8 years of service
■ 0-4 years of service

Board Governance & Oversight

The Board is responsible for providing oversight, supervision and direction to Management and is responsible for ensuring that our Credit Union operates in a safe and prudent manner and adheres to the standards of sound business and financial practices as required by our regulator, the Financial Services Regulatory Authority of Ontario (FSRA). FSRA regulates the Credit Union sector in Ontario and provides deposit insurance and prudential oversight.

Working closely with our CEO and Senior Management in 2022, the oversight and governance activities of the Board included:

- Monitoring and ensuring appropriate and effective Governance of our Credit Union;
- Establishing policies, including our new Market Code of Conduct;
- Establishing strategic direction and performance expectations;
- Overseeing and approving plans related to capital and liquidity;
- Delegating authority to and assessing the performance of our Chief Executive Officer;
- Monitoring financial performance and approving financial plans and budgets; and
- Communicating with Members and providing leadership by supporting and promoting the Police Credit Union.

BOARD ACTIVITIES

The Board conducts its work through regular Board meetings and met 12 times during 2022. The Board also delegates its powers and authorities to several Committees to ensure efficiency and that specific responsibilities are managed with applicable expertise. These Committees include Audit (6 meetings), Enterprise Risk Management (4 meetings), Governance, Policy, Nominating, and Scholarship Committees which meet regularly and/or as required. Each Committee is chaired by a director who is nominated and approved by the Board.

The Board also holds an annual strategic planning meeting with Senior Management

to review and approve the strategic direction of the Credit Union and ensure it remains relevant in supporting our members. After this meeting, the Board approves the annual budget and key performance objectives (using a “balanced scorecard” approach) for the Credit Union.

In addition to the above meetings, Directors also participated in other committee meetings including the Governance Committee, Policy Committee, Nominating Committee, and Scholarship Committee. Directors also participated in Credit Union Conferences including the 2022 Directors’ Forum “The Fundamentals of Good Governance.”

BOARD TRAINING AND DEVELOPMENT

Directors commit to ongoing training and development, supported by a Board-approved budget. Each year, the Governance Committee initiates a peer review process to assess the skills and competencies of each Director and to facilitate the creation of personal training plans to address any competency gaps. The Governance Committee tracks each Director’s achievement towards their training plan and reports results to the Board.

All Directors who have served on the Board for more than one term (3 years) have completed the CuSource Credit Union Director Achievement program and one Director has earned the Accredited Canadian Credit Union Director designation, awarded jointly by Dalhousie University and the Credit Union Institute of Canada.

BOARD CHARACTERISTICS

The Board of Directors recognizes the benefits of Board diversity and aims to maintain a Board comprised of talented and dedicated Directors with a diverse mixture of experience, skills, and backgrounds reflective of the Credit Union’s membership.

Our Year in Review

During the first quarter of 2022, vestiges of the pandemic remained in place, but by the end of March into the beginning of April, the Ontario government lifted its pandemic restrictions and policies.

Canada's inflation rate rose to 6.7 per cent in March, far more than economists were expecting and a full percentage point higher than February's already 30-year high. The year-over-year Consumer Price Index (CPI) finished at 6.3%.

In response to the runaway inflation rate, the Bank of Canada (BOC) increased interest rates seven times throughout 2022. When the year started, the BOC rate was 0.25% and closed at 4.25%. These rapid increases spiked the cost of borrowing for variable rate mortgage holders, while fixed rate mortgage holders experienced increased rates upon renewals throughout the year as well. Depositors finally gained some relief from historical low interest rates and noticed a positive increase in the interest earned on their investments.

Despite rate increases, members continued to borrow for mortgages and there was little or no delinquency impacting our lending portfolios.

Positive outcomes were experienced during the year as our profit before taxes was \$985 thousand while on-balance sheet assets finished at \$375.7 million, compared to the previous year's results at \$369.3 million.

Members who invested in TPCU Class B Shares – Series 1 received a dividend of 5.60%. The total dividend paid was \$280,000 and was completed in February of 2023.

STRATEGIC INITIATIVES

Our strategic initiatives and priorities focused on providing our members the latest in technology-driven banking solutions and services.

Additional work was completed towards our digitization roadmap as we continued to deploy a significant amount of our staff resources during 2022. The team made up of Senior management, our branch staff and our IT department collaborated to complete a successful fourth quarter launch of our remote account opening and loan application platforms from our website.

Known internally as ASAPP, this fully integrated Loans Origination and Account Opening platform provides a streamlined process for onboarding new members and processing loan applications both in-branch and remotely. The December Recruit class took full advantage of these capabilities. With work completed on the Recruit Loan process, the roadmap will see other loan and deposit products added to the platform next year while mortgage applications are further down the road.

Along with the launch of ASAPP, new Packaged Chequing Accounts were made available. Members now have four options to choose from, including our traditional Rewards and Pay-As-You-Go plans and newly added Rewards Loyalty Chequing Account and the Premium Rewards Chequing Account.

In addition to the ASAPP work, the team has begun to work with our Technology Suppliers to upgrade the online banking and mobile platforms. We anticipate this work to be completed and launched to the membership during the second quarter of 2023.

MARKET CONDUCT CODE

The Credit Union strengthened its business practices through the adoption of a code of market conduct and establishment of related policies, practices, and procedures.

The Code recognizes the best practice principles we pledge to follow for soliciting, promoting, advertising, marketing, selling, or distributing our products or services. The Code demonstrates our commitment to the fair treatment of all those who use our services. We believe in fair sales practices, comprehensive access to banking services, transparency and openness, and a reasonable approach to settling complaints. Individuals are entitled to the best possible care of their financial interests. We respect all our provincial regulatory obligations, and continually practice absolute excellence in consumer protection.

OPERATIONS

During the month of November, operations at our College Branch located inside Toronto Police Headquarters resumed after being closed due to pandemic restrictions. Before the branch reopened, a review of past operating efficiencies was completed and after careful consideration, and along with changes in member banking behaviours, the branch opened without cash services. The branch was opened with one Financial Services Officer who is available to assist with a variety of financial requests and needs. The branch opened in time to meet and assist new Toronto Police Recruits scheduled for the winter intake.

The Call Centre was renamed to the Member Solutions Centre to better reflect the role our staff complete in assisting members with their varied inquiries and needs. The Member Solutions Team operates Monday to Friday 9-5 and Saturday 10-3.

Branch operational hours continue to be Monday to Friday from 10-4. The hours are aligned in such a way to ensure key tasks are completed for our members in a timely and efficient manner.

SERVING POLICE COMMUNITIES THROUGHOUT ONTARIO

"Serving Police Communities in Ontario" is more realistic today than it ever has been in the past, thanks to the advancement of technology and its impact on financial services. Geographical boundary limitations have been reduced with the development of online banking services and ease for account openings and loan application platforms.

We are incredibly grateful to the mutually beneficial relationships we have in place with the many police services and their associations we have served throughout our history. This year we developed new relationships with Guelph, South Simcoe, and Niagara Police Services.

CORE POLICE COMMUNITIES

Most of our members are employed by one of our Core Police Communities: the Toronto Police Service, Peel Regional Police Service, York Regional Police Service, Durham Regional Police Service, and the Halton Regional Police Service.

Branch managers and their staff have been active in their respective core policing communities developing and fostering relationships and providing support to the various activities and initiatives provided by each service. Our aim is to position The Police Credit Union as being an integral part of the policing community.

RECRUITS

Our dedication to new police recruits continues as we find improved ways to assist recruits with their tuition financing to attend the Ontario Police College (OPC) in Aylmer, Ontario.

With the launch of ASAPP for tuition loans, this new digital platform has simplified the application and document signing process via e-signature and will re-define our abilities to assist new recruits outside of our core police services.

Recruits receive a pre-approved loan at a low rate of interest, repayable over five years and the loan is open to pay off in full anytime. Additional funds are available to assist recruits as they transition to their new career, along with a Mastercard, personal line of credit, and overdraft protection.

We have a dedicated Financial Services Officer at OPC who is available during the evenings to assist recruits three days a week. Assistance is provided for a number of financial needs, from assistance with banking transactions, to loans, mortgages, and investments.

This year, 364 new recruits joined The Police Credit Union, and 268 (73.6%) of the recruits joined the REWARDS program. Joining the recruit REWARDS program offers several benefits including preferred rates and new chequing account options. Each recruit is eligible for a full financial review to identify opportunities and suggest important next steps to improve financial well-being.

	2022	2021	2020
REWARDS	268	169	227
Regular	62	62	50
Total	364	231	277

We are proud to report that throughout the history of the program, we have assisted 6,371 recruits with their dream of becoming a police officer.

MEMBERSHIP

This year, we welcomed 639 new members which brings our total active membership base to 12,317.

	2022	2021	2020
New	639	475	535
Closed	370	400	696
Members	12,317	12,048	11,973
Net	269	75	-161

MEMBERSHIP SERVICE, ENGAGEMENT AND FINANCIAL CHECKUP

“Taking care of our own” through delivering an excellent member experience is one of our goals that we strive to meet everyday.

Our team of staff work tirelessly to meet these standards by assisting our members with their banking needs, setting up new banking options, and where necessary, finding new and creative ways to assist our members.

Our Financial Service Officers and Branch Managers provide advice to members by looking at their overall financial well-being. This includes a financial checkup to identify members’ financial needs, both short and long-term, and to ensure their decisions meet their financial needs and goals.

EMPLOYEE ENGAGEMENT

An annual Employee Engagement survey is used to measure and assess our employees’ satisfaction with their roles, their level of pride toward the Credit Union, and their desire to remain with our organization. All these factors are integral to high levels of performance, and in order to improve our overall results.

We continue to meet and exceed the desired satisfaction rate year over year. The results are analyzed and compared to the results from the previous year’s survey to ensure that areas noted as strengths continue, and that those deemed below-standard, which are within our control, have a plan in place for improvement.

STAFF DEVELOPMENT

All new Credit Union employees follow an onboarding process and training plan to ensure success in their new role. Additional training is provided for operational procedures and compliance to ensure consistency among our organization as well as keeping staff updated on important industry changes. All new staff follow regular periods of review and assessment, both of which are designed to ensure the manager and new hire are progressing and developing according to plan.

With the introduction of the Market Conduct Code, all Board and staff were provided training on the Credit Union’s market conduct principles, policies, and procedures, with a focus on sales practices and the fair treatment of members.

This year, core support staff and retail employees undertook an intensive training and development program to support the Credit Union’s new on-line lending and account opening platform or ASAPP.

National training partners, CU Training and CUA Campus, continue to support the development of our employees and to assist the Credit Union’s compliance requirements. Some members of our Senior Leadership team have enrolled for enhanced training that focuses on developing skills to both lead and coach their direct reports.

As part of the Annual performance appraisal process, individual education plans are designed for staff where Managers work with their direct reports to select educational courses that will assist in their development and enhance their skills and abilities.

All of these development programs are designed to ensure we are supporting our greatest asset – our employees.

INTO THE FUTURE

As we enter our 78th year of providing financial services to our policing communities, we will continue to plan for safe organic growth by offering our best prices on our products and services, seek out and introduce new product offerings, and ensure our members have access to the latest banking technologies.

We will welcome new members and increase our membership base by continuing to provide funding for new recruits and explore outreach opportunities to civilian hires (and their respective families) of Police Services in the province. We will continue to nurture existing relationships with our Core Police Services and Police Associations while at the same time exploring new relationships with other Police Services and their employees within the Province of Ontario.

Chief Executive Officer Andy Doak
Executive Secretary Linda Fernandes
Investment Specialist Horst Scheibelt
Investment Assistant Maryam Khayyam
Human Resources & Training Manager Karen Zwarych
Marketing Coordinator George Lambropoulos
Member Credit Manager Sheila Carvalho
Loans Officer Rajarshi Konar
Loans Officer Guillermo Verdesoto
Loans Administration Clerk Elizabeth Kunter
Chief Financial Officer Denzil D'Mello
Network & Systems Administrator Arvin Evangelista

Centralized Accounting/ Administration Supervisor Sirin Patel
Accounting Clerk Elizabeth Kunter
Centralized Administration Team Leader Lisa Reeves
Centralized Administration Clerk Carmencita Canivel-Sibug
Centralized Administration Clerk Katherine Emila
Centralized Administration Clerk Neetu Stanford

Manager of Retail Services Bess Kominos-Estrela
Call Centre Representative Jennifer Seerattan
Call Centre Representative Sandra Costanza
Call Centre Representative Erika Richards
Call Centre Representative Tamara Pitter

Toronto/College Branch Manager Peter Giftakopoulos
Financial Services Officer Cyndi Ghoneim
Financial Services Officer Lianne Balasingham
Member Service Representative Ellen Muirhead

40 College St. Branch *reopened November 2022*
Financial Services Officer Roya Ghahremani

Durham Branch Manager Anna Gomes
Financial Services Officer Jackie McCulloch
Financial Services Officer Cari Brothers
Member Service Representative Denise Lombardo
Member Service Representative Heather Bastien (*part-time*)

York Branch Manager Diane Gelinis
Financial Services Officer Jeanette Wood
Member Service Representative Nancy Cotnam

Peel/Halton Branch Manager Donna Aleksovski
Financial Services Officer Katarina Rakic
Financial Services Officer Patema Palmer
Financial Services Officer Tony Brar
Member Service Representative Mirjana Cotra
Member Service Representative Ali Arce (*part-time*)

Halton Branch
Financial Services Officer Nelia Abdullah
Financial Services Officer Nichole Graczyk
Financial Services Officer Vince Sacino

Ontario Police College
Financial Services Officer Sherri Wiebe

Comparative Highlights

<i>Years ended December 31</i>	2022	2021	2020	2019	2018
Operating Revenue	\$ 10,806,929	10,290,732	10,740,261	11,118,956	9,765,683
Interest on Members' Deposits					
- amount	\$ 3,509,901	2,891,084	3,779,753	3,980,557	3,203,067
- percent	32.5%	28.1%	35.2%	35.8%	32.8%
Financial Margin					
- amount	\$ 7,071,746	6,875,207	6,287,542	6,361,127	6,057,838
- percent	65.4%	66.8%	58.5%	57.2%	62.0%
Comprehensive Income					
- amount	\$ 575,280	796,457	687,710	890,750	672,166
- percent	5.3%	7.7%	6.4%	8.0%	6.9%
Loans to Members	\$ 335,638,018	321,253,994	308,927,110	300,968,499	294,410,163
Membership Shares	\$ 1,228,870	1,204,129	1,196,107	1,212,073	1,234,370
Investment Shares (Gross amount)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Members' Deposits	\$ 346,006,002	337,620,354	317,682,529	295,073,046	277,533,822
Total Assets	\$ 375,720,527	369,326,218	356,559,405	342,098,797	323,155,803
Asset Growth	1.73%	3.58%	4.23%	5.86%	10.44%
Leverage Ratio	5.30%	5.87%	5.90%	6.01%	6.15%
Capital Ratio	13.95%	13.88%	14.53%	14.74%	14.77%
Liquidity	10.22%	12.53%	13.52%	12.22%	8.03%

Financial Focus

Despite some of the adverse economic conditions created from prime interest rate increases throughout 2022, the Credit Union achieved growth in both its loans and deposits to its members resulting in strong profits for 2022.

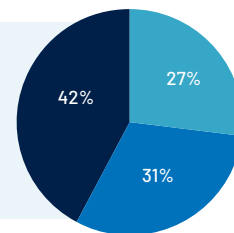
Total loans to members grew by \$14.3 million or 4.5% from \$321.3 million in 2021 to \$335.6 million in 2022. Residential mortgages grew \$10.5 million or 3.5% despite the tough economic conditions from higher mortgage interest rates for most of 2022. Personal loans portfolio grew by \$3.8 million or 19.7% as hiring activities within the core Police Services were at normal levels in 2022. Commercial mortgage activity for investment properties which in prior years was treated as a separate product line was changed by the regulator with the new Credit Union act in 2022 to residential mortgages.

See below for the growth in the deposit portfolio this year.

millions	2022	2021	change
Demand	\$144.9	\$143.3	\$1.6
Term	\$107.4	\$102.3	\$5.1
Registered	\$93.7	\$92.0	1.7
Total	\$346.0	\$337.6	\$8.4

2022 DEPOSITS

- Demand \$144.9M
- Term \$107.4M
- Registered \$93.7M



Assets under administration from our off-balance sheet Wealth Management services

ended the year at \$27.5 million, down \$6.0 million or 17.9% from 2021.

Negative net sales and negative market movement contributed to the decline in the portfolio from the prior year.

Total asset growth for the year which includes off-balance sheet wealth administered assets was up \$0.4 million or 0.1%. Asset growth managed by the Credit Union grew \$6.4 million or 1.7% compared to 2021. Total assets were \$403.2 million in 2022 compared to \$402.8 million in 2021.

Operating revenues which include interest income earned on loans and investments grew \$0.5 million or 4.9%. Income earned from investments was higher from the prior year as yields on investments were higher, combined with lower borrowing costs contributed to the increase in operating revenues.

Interest expense on member's deposits, member rebates and borrowings were higher from 2021 by \$0.3 million or 3.9%. The higher interest expense was driven mostly due to prime interest rate increases throughout 2022.

Financial margin for the Credit Union was \$197 thousand higher from the prior year. Pressures on financial margins from higher interest expenses on deposits was offset by higher interest earned on investments and lower borrowing costs.

Provision on loan losses has always been low compared to the size of the loans portfolio. Other income grew by \$47 thousand in 2022 to \$1.3 million.

Operating expenses increased \$275 thousand in 2022. The increase was across all operating expenditure lines. Salaries and benefits which is included in the increase was up \$73 thousand.

LOAN REPORT

Total loans advanced and lines approved to members decreased \$34 million from just over \$127 million in 2021 to just over \$93 million in 2022. Although personal loan numbers increased due to higher recruit and car loan activity, mortgage volumes were down due to market conditions driven mostly from a volatile housing market and rate environment.

Please note that Commercial Mortgages have been removed from the chart shown below as they are now reflected in our personal portfolio due to recent regulatory changes.

Total loans to members were \$335,363 million, an increase of 4.46% over the previous year when loans to members totalled \$321,039 million.

During the year, the loan loss allowance increased from \$113,420 in 2021 to \$113,420 in 2022. Recoveries on loans previously written-off was \$1,160.05. Loan write-offs during the year amounted to \$16,377.57. Two members filed for Consumer Proposal or Bankruptcy in 2022.

TOTAL LENDING ACTIVITY

	2022		2021	
Personal				
Personal Loans	480	\$ 10,496,105	332	\$ 6,550,001
Lines of Credit	201	13,928,278	297	19,611,100
Mortgages	189	68,717,425	249	101,036,732
Total	870	93,141,808	878	127,197,833
Total Loans not approved	75	4,291,739	87	8,529,283
Total above	945	97,433,547	965	135,727,116
Loan Allowance				
Specific	11	83,427	8	61,936
General Collective Allowance Stage 1 & 2	0	54,893	0	51,484
Total above	11	138,320	8	113,420

Mentions & Milestones

- **Total Assets** were up \$6.4 million from \$369.3 million in 2021 to \$375.5 million in 2022.
- **Total Loans** to members grew \$14.3 million or 4.5%. Personal loans provision charged to operations was \$40,117, recoveries on loans previously written off was \$1,161 and loans written off during the year was \$16,378. The allowance balance for impaired personal loans grew from \$113,420 in 2021 to \$138,320 in 2022.
- **Residential mortgage** portfolio grew \$19.8 million or 6.8%. Personal loans portfolio grew 19.7% from \$19.3 million in 2021 to \$23.1 million in 2022. Commercial mortgages in 2022 were reclassified to residential mortgages as per the new Act.
- **Members' Deposits** grew \$8.4 million or 2.5% from \$337.6 million in 2021 to \$346.0 million in 2022.
- **Comprehensive income** for 2022 was \$575,280 compared with \$796,457 in 2021.
- **Members' Equity** which is comprised of investment shares, undivided earnings and accumulated other comprehensive loss

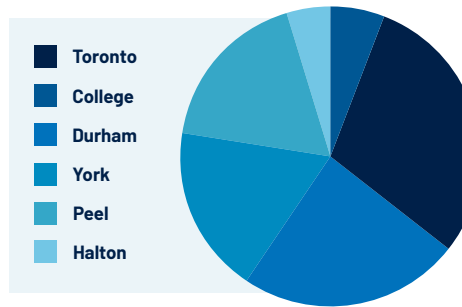
closed the year at \$20,741,466 compared to \$20,424,340 in 2021. Investment shares qualifies as equity as such was included in member's equity with a closing balance of \$4,979,923. Investment shares were sold to the membership in 2018 to strengthen the Credit Union's regulatory capital. Dividends were declared and paid each year on the investment shares from 2019 to 2022.

- **Financial Margin** increased \$196,539 or 2.9% from 2021. Operating revenue in 2022 was higher by \$516,197 compared to 2021. Interest expenses were higher by \$319,658 compared to 2021.
- In 2022 we welcomed **364 new recruits** as members, and 268 of the new recruits became REWARDS members. In 2021, 231 new recruits joined as members of which 169 became REWARDS members.
- **Wealth Management Services** – Assets under Administration declined \$6.0 million or 18.0% from \$33.5 million in 2021 to \$27.5 million in 2022.

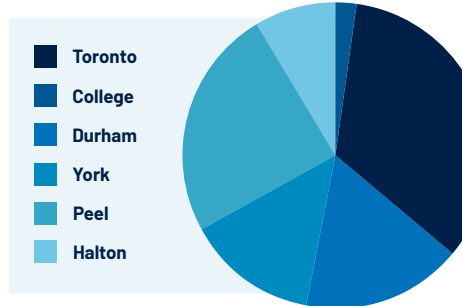
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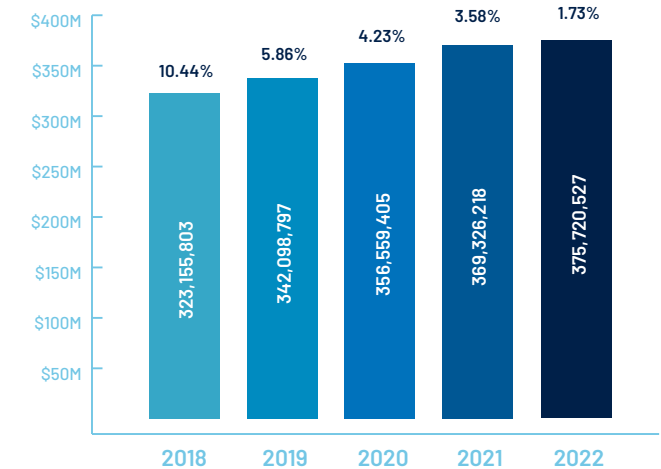
MEMBERSHIP



ASSETS



ASSET GROWTH



BRANCHES

Toronto		York		Consolidated Branch Results	
Members	3,682	Members	2,222	Members	12,137
Assets	\$163 million	Assets	\$68 million	Assets	\$482.9 million
Deposits	\$132.6 million	Deposits	\$57 million	Deposits	\$342.9 million
Loans	\$44.8 million	Loans	\$65.8 million	Loans	\$335.4 million
College		Peel			
Members	730	Members	2,176		
Assets	\$11.6 million	Assets	\$117.9 million		
Deposits	\$7.1 million	Deposits	\$59 million		
Loans	\$11.5 million	Loans	\$117 million		
Durham		Halton			
Members	2,929	Members	578		
Assets	\$81.8 million	Assets	\$40.6 million		
Deposits	\$79.7 million	Deposits	\$7.5 million		
Loans	\$56.2 million	Loans	\$40.1 million		

Community Involvement

As the Covid-19 pandemic began to subside police events resumed throughout 2022 to our delight as we once again were provided the opportunity to participate in community activities. We attended various conferences such as YRPAs Police Appreciation Night, the Beyond the Blue Gala and both Chiefs Gala dinners in Hamilton and Toronto. We also attend various association Christmas parties, picnics and golf tournaments and the Toronto Special Olympics Torch Run.

The Police Credit Union continued to find ways to support our policing community by donating over \$11,000 to police charities or events we could not attend. These contributions went to important events such as the Ontario Women in Law Enforcement Awards Gala, the YRP Holiday Heroes Charity Toy Drive, and the 2022 International Association of Women Police Conference held in Niagara Falls.

In the spirit of 'taking care of our own' The Police Credit Union continued to support the annual toy drive on behalf of those police services that collected toys and gifts for the holiday season.

The Police Credit Union continues to support the Ontario Police Memorial Foundation (OPMF) by donating a percentage of the revenue sharing profits, generated each year, by our Mastercard. The OPMF is a foundation that is near and dear to our members, and police associations, and continues to resonate with our membership. The more our members use our Mastercard for their credit card purchases, the greater the annual donation will be.



Below, top to bottom: Peter Giftakopoulos and Dilnaz Garda at the Beyond the Blue gala; various staff at the Ontario Women in Law Enforcement event; Jeanette Wood at our yearly golf tournament; Peter Giftakopoulos and Cyndi Ghoneim awarding a scholarship to Madison Stewart

OUR PARTNERS

- Cobourg Police Association
- Durham Region Police Association
- Guelph Police Association
- Halton Regional Police Association
- Mtp Auxiliary Police Association
- Niagara Police Association
- Ontario Police Memorial Foundation
- Peel Regional Police Association
- Peel Regional Police Amateur Athletic Association
- Peterborough Police Association
- Police Association Of Ontario
- South Simcoe Police
- Timmins Police Association
- Toronto Police Amateur Athletic
- Toronto Police Association
- Toronto Police Military Veteran's Association
- Toronto Police Pensioners Association
- Toronto Police Senior Officers
- Toronto Police Widows And Orphans Fund
- York Regional Police Association
- York Regional Police Retirees Associaton
- York Regional Police Senior Officers'



OUR IMPACT AT A GLANCE



SCHOLARSHIPS & BURSARIES

In 2022, we gave out \$5,100 in scholarships and bursaries to help students with their education.



POLICING COMMUNITY SPONSORSHIPS

Over the past four years, over \$33,000 in sponsorship funds were given to help our local police communities.



OPMF DONATIONS

We've donated over \$65,000 over the last six years to the Ontario Police Memorial Foundation through our Mastercard profits.



DONATIONS IN KIND

Over \$10,000 donations in kind were given to the police community in the past three years.

Audit Committee Report

The Audit Committee of the Board of Directors of The Police Credit Union (TPCU) consists of four Directors and has a mandate to carry out the duties specified in the Credit Unions and Caisses Populaires Act, 2020 (Act) and Ontario Regulation 105/22. The Audit Committee is an integral part of the overall framework of corporate governance for the TPCU. In fulfilling its role, the Audit Committee encompasses four critical oversight responsibilities:

1. Review of financial reporting,
2. Risk management and controls,
3. Audit activities; and
4. Compliance activities.

In the fulfillment of these responsibilities, the Committee met six times during 2022 and performed the following duties:

- Reviewed the results of our external audit provided by Jones & O'Connell LLP resulting in the recommendation to the Board to approve the 2022 Financial Statements.
- Directed the functions of our internal auditor, Rick Belsby & Associates, including review of detailed internal audit reports, recommendations, and actions.
- Reviewed the TPCU's risk management policies and procedures and found no major areas of weakness that required mitigation.

- Reviewed reports provided by Management to ensure that the TPCU complies with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.
- Reviewed and approved Management's recommendations for short-term and long-term interest rate limits; and
- Recommended professional development and training as appropriate to ensure that Audit Committee Members and all Directors effectively fulfill their responsibilities.

The Audit Committee had the full co-operation and support of TPCU's Management team, and all significant recommendations have been or are in the process of being implemented.

The Audit Committee believes there are no matters, other than those contained in the Financial Statements, that should be reported to our members or which are required to be disclosed pursuant to the Act.

This report is submitted on behalf of the Audit Committee: Stan Colley, Rod Fraser, George Tucker and Mike Sharp (Chair).



Mike Sharp
Chair, Audit Committee

Independent Auditors' Report

To the Members of The Police Credit Union Limited:

OPINION

The summary financial statements, which comprise the summary balance sheet as at December 31, 2022, the summary statement of changes in members' equity and summary statement of operations and comprehensive income for the year then ended, and related notes are derived from the audited financial statements of The Police Credit Union Limited for the year ended December 31, 2022.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements on the basis described in Note 1.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 27, 2023. The audited financial statements are available upon request from management.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
St. Catharines, Ontario
February 27, 2023

Financial Statements

Summary Balance Sheet

Year ended December 31	2022	2021
Assets		
Cash	\$ 4,056,866	\$ 16,060,017
Investments	31,097,675	26,365,322
Loans to members	335,638,018	321,253,994
Other assets	646,092	736,654
Property and equipment	2,291,454	2,676,953
Right of use assets	1,990,422	2,233,278
	\$ 375,720,527	\$ 369,326,218
Liabilities and Members' Equity		
Members' deposits	\$ 346,006,002	\$ 337,620,354
Borrowings - liquidity	731,532	-
Securitization liabilities	3,200,716	6,337,484
Other current liabilities	974,022	601,045
Provisions	285,204	297,204
Lease liabilities	2,552,715	2,841,662
Membership shares qualifying as liabilities	1,228,870	1,204,129
	\$ 354,979,061	\$ 348,901,878
Members' Equity		
Investment shares qualifying as equity	4,979,923	4,958,077
Undivided earnings	16,158,980	15,569,933
Accumulated other comprehensive loss	(397,437)	(103,670)
	20,741,466	20,424,340
	\$ 375,720,527	\$ 369,326,218

ON BEHALF OF THE BOARD



R. Fraser, Chair



M. Sharpe, Director

Summary Statement of Operations & Comprehensive Income

For the year ended December 31	2022	2021
Operating Revenue		
Interest on loans	\$ 10,118,815	\$ 9,969,867
Investment income	688,114	194,997
Investment income (one-time)	-	125,868
	10,806,929	10,290,732
Interest Expense		
Interest on members' deposits	3,509,901	2,891,084
Member rebates	11,748	25,882
Interest on borrowings - liquidity	23,998	24,719
Interest on securitization liabilities	159,033	442,070
Asset management services cost	30,503	31,770
	3,735,183	3,415,525
Financial Margin	7,071,746	6,875,207
Other Operating Items		
Provision for losses on loans	\$ (40,116)	\$ (23,856)
Other income	1,269,106	1,222,396
	\$ 8,300,736	\$ 8,073,747
Operating Margin		
Operating Expenses		
Administrative	2,444,240	2,408,347
Amortization of property and equipment	565,462	533,764
Amortization of right of use assets	242,856	177,749
Deposit Insurance	275,964	252,053
Salaries and benefits	3,786,917	3,715,542
Savings insurance - decrease in provision	-	(47,196)
	7,315,439	7,040,259
Income Before Income Tax Expense	985,297	1,033,488
Income Tax Expense		
Current	(141,417)	(67,876)
Deferred	25,167	(65,485)
	(116,250)	(133,361)
Net Income for the Year	869,047	900,127
Other Comprehensive Loss		
Unrealized loss on investments	(359,129)	(103,670)
Related current income tax recovery	65,362	-
	(293,767)	(103,670)
Comprehensive Income for the Year	\$ 575,280	\$ 796,457

Summary Statement of Changes in Members' Equity

	Investment Shares Qualifying as Equity	Undivided Earnings	Accumulated Other Com- prehensive Loss	Members' Equity
Balance, December 31, 2020	\$ 4,936,231	\$ 14,848,609	\$ -	\$ 19,784,840
Amortization cost of issuance of investment shares	21,846	-	-	21,846
Dividends declared on investment shares	-	(178,803)	-	(178,803)
Comprehensive income (loss)	-	900,127	(103,670)	796,457
Balance, December 31, 2021	\$ 4,958,077	\$ 15,569,933	(103,670)	\$ 20,424,340
Amortization cost of issuance of investment shares	21,846	-	-	21,846
Dividends declared on investment shares	-	(280,000)	-	(280,000)
Comprehensive income (loss)	-	869,047	(293,767)	575,280
Balance, December 31, 2022	\$ 4,979,923	\$ 16,158,980	\$ (397,437)	\$ 20,741,466

1. Basis of Presentation

These financial statements are a summary version of the audited financial statements for the year ended December 31, 2022, which have been approved for issue by the Board of Directors on February 27, 2023. A copy of the audited financial statements is available upon request from management of the credit union.

Management and the board of the credit union have determined that presentation of the credit union's summary balance sheet and summary statements of changes in members' equity and summary statement of operations and comprehensive income in these summary financial statements provides sufficient information to allow members to assess the financial position and financial performance of the credit union for the year ended December 31, 2022.



Taking care of our own



THE POLICE
CREDIT UNION