

MINUTES OF THE 76th ANNUAL MEETING

**Annual General Meeting of The Police Credit Union held on
Monday April 25, 2022, at 4:00 pm by
Zoom Webcast**

CALL TO ORDER

The Chair, Rod Fraser, called the meeting to order at 4:00 p.m. He noted considering the public health risks relating to COVID-19 and to protect the health and safety of our members, employees, and communities, the Annual General Meeting of The Police Credit Union is being held completely online via Zoom Webcast.

QUORUM

In accordance with the Credit Union's By-law 7.11, a quorum was present as determined by the 530 members who participated in the online voting process.

WELCOME AND MEETING OVERVIEW

Chair, Rod Fraser, welcomed those present to the 76th Annual General Meeting and paid tribute to the Credit Union members, colleagues and friends who had passed since the previous Annual General Meeting. In addition, a special note of thanks was given to all Credit Union staff and Management for continuing to work through the COVID-19 pandemic. Rod Fraser also acknowledged the policing community and all front-line workers for their dedication and commitment during this time.

Rod Fraser commented that all attendees would not have video or voice capabilities and any questions should be directed to the dedicated address agmquestions@tpcu.on.ca. All materials for the meeting were made available for download on the Credit Union's website.

Rod Fraser introduced the following panelists:

Andy Doak – Chief Executive Officer of The Police Credit Union

Geri James – representing the Audit Committee as the Chair, Mr. Mike Sharp is unavailable.

Wayne O'Connell – from Jones & O'Connell LLP, our external auditors

Denzil D'Mello – Chief Financial Officer of The Police Credit Union

And himself, Rod Fraser – Chair of the Board of Directors

CHAIR'S REMARKS

The Chair, Rod Fraser, began by acknowledging the Credit Union's annual donation to the Ontario Police Memorial Foundation in the amount of \$10,000. He reminded the membership that the Credit Union, through its Mastercard Program, has committed to donating, annually, a portion of the revenue sharing profits to the Ontario Police Memorial Foundation. He added that to date the Credit Union had donated over \$64,000

Mr. Fraser began his address by noting The Police Credit Union is an organization with forty-three approved full-time staff and Management in six branches throughout the GTA, which includes a new location, the York Branch now located at 63 Eric T Smith Way in Aurora. We also have a part-time Financial Service Officer at the Ontario Police College to assist our new recruits with their banking needs.

Mr. Fraser commented that we have the opportunity today to review the highlights of our strong financials, strong business foundation and to acknowledge our engaged and committed staff who have the skills and knowledge to assist you with your everyday financial needs. We continue to be a financial leader for over 12,000 Civilians, Uniform and Senior Officers, Police Associations, and their families throughout Ontario.

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Mr. Fraser noted that the Board of Directors continues to work with the Regulator (FSRA) to ensure that the organization meets safe operating parameters. In 2021, The Police Credit Union underwent a FSRA examination designed to assess and assist a credit union in becoming more effective in its risk management practices. The results of the examination show that TPCU has sound practices and systems in place to oversee the management of the Credit Union. The report affirms that good practices for corporate governance, strategic planning, risk management and managing its operations are in place.

Mr. Fraser advised that there were two Director positions up for election. As in previous years, a call for nominations was posted on our website and we received applications from three interested candidates, two of which are returning Directors. The Nominating Committee has evaluated the three candidates and all three have been recommended for your consideration.

In closing, Mr. Fraser extended a thank you to the TPCU management team, staff, and his fellow Board Members, for their ongoing support, commitment, and everyday hard work.

CHIEF EXECUTIVE OFFICER'S ADDRESS

Chair, Rod Fraser, introduced Andy Doak, Chief Executive Officer, to present his address.

Mr. Doak acknowledged that as the pandemic remained in place throughout 2021 and with the full cooperation of our members and the dedication and hard work of staff, The Police Credit Union was able to remain open and provide uninterrupted financial services throughout most of the year. Operations at the College Branch, inside Toronto Police Headquarters, remained closed as Covid restrictions remained in place once again this year.

Mr. Doak thanked his Senior Management Team and Credit Union staff for their commitment to follow all safety protocols and for providing essential financial services to the membership during these challenging times. He stated that our most heartfelt appreciation goes out to all the frontline workers and those in our police communities for keeping us healthy and safe.

Mr. Doak noted that although the pandemic was fully entrenched again this year, the impact to operations was negligible as demonstrated by the positive results.

Mr. Doak noted that members continued to borrow for mortgages and there was little or no delinquency impacting the lending portfolio and as lockdowns and travel restrictions remained in place, member's balances and savings improved throughout the year. He reported that profit before taxes were \$1.033 million while assets finished at \$369.3 million compared to the previous year's results at \$356.6 million.

Mr. Doak further noted that with these results, the Board of Directors declared a dividend for members who had invested in The Police Credit Union's Class B Shares – Series 1. Those members who held shares received a dividend of 3.58%, the total dividend paid out was \$178,803.

Mr. Doak provided an update on the strategic initiatives and noted the York Branch which was in Newmarket relocated to a new location and is now a tenant of the York Regional Police Association at their new facility at 63 Eric T Smith Way in Aurora. The new branch opened its doors on November 1st, with street level access it occupies approximately 2,000 square feet and boasts a state of the art ATM machine with 24-hour access in the entrance vestibule. Mr. Doak commented that he is excited with this new opportunity and believes that there will be a mutual benefit for the employees of the York Regional Police Service and the members of the York Regional Police Association.

Mr. Doak noted that the digitization roadmap saw significant resources deployed during 2021 as work got underway to be able to offer remote account openings and loan applications to our members and provide new opportunities for Police personnel and their families from anywhere in the Province of

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Ontario. He further commented that Apple Pay and Google Pay payment processing platforms were launched mid-year and members have been very keen to sign up for these convenient platforms for their daily purchasing needs.

Mr. Doak provided an update on the lending activity which was down 2.4% with 878 applications approved compared to 899 applications that were approved during 2020. Total lending volume (or dollars) finished at \$127.7 million an increase of 28% when compared to 2020 volumes of \$99.9 million. Exceptionally strong mortgage activity contributed to the increase in volumes as 285 mortgages were underwritten compared to 187 mortgage deals that were booked the previous year. With fewer Recruits attending Ontario Police College this year, personal loan activity was down 38% compared to the previous year.

Mr. Doak announced that Membership activity improved as we welcomed 475 new members to the Credit Union. This brings our total active membership base to 12,048, an increase of 75 over the previous year end. The new growth was refreshing, and reversed trends experienced during the previous two years when membership declined.

Mr. Doak reflected on the achievements of the Recruit loans, we assisted 231 new recruits with loans and of those, 169 (73.16%) Recruits joined the REWARDS program. Since the programs inception in 1996, the Credit Union has assisted over 6,000 Recruits with their dream of becoming a police officer.

Mr. Doak summarized some of the key deliverables of the Credit Union for 2022, "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.

Mr. Doak noted that the geographical limitations that challenges delivery of our services today will be significantly reduced with the completion of our on-line banking initiatives. The goal is to be able to offer remote account openings and loan applications to our members and provide new opportunities for Police and their families to conduct business with the Credit Union from anywhere in the Province of Ontario. We look forward to launching these new platforms in the second quarter of 2022.

Mr. Doak noted that as we head into 2023, members can expect to see an upgrade to the On-line Banking platform and Mobile Apps.

In closing Mr. Doak commented that he is incredibly grateful to his entire staff for their hard work and dedication in assisting our members with their financial needs during the pandemic. He thanked the Board of Directors for their continued support and the faith they have placed in him to lead The Police Credit Union. Mr. Doak thanked his Senior Management Team and Credit Union staff for their hard work, dedication, and support throughout this past year. He commented on the fantastic job they do in making The Police Credit Union the successful organization it is.

Mr. Doak concluded by thanking the membership for putting their faith in The Police Credit Union and noted that we hope that our collective efforts show you that we "take care of our own".

REPORT OF THE AUDIT COMMITTEE

Chair, Rod Fraser, introduced a pre-recorded video from the Chair of the Audit Committee, Mr. Mike Sharp.

In the recording, Mike Sharp provided an overview of the committee's key responsibilities and activities for 2021 as presented within the annual report. Mr. Sharp noted that the committee had fulfilled all the required duties under the Credit Union Act and had met six times during the year. In addition, there were no matters which the committee believed should be reported to the members or which were required to be disclosed pursuant to the Act or the Regulations.

Mr. Sharp noted the role of the internal auditor Mr. Rick Belsby and external auditor Jones and O'Connell LLP and thanked them for their assistance this year.

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In conclusion, Mr. Sharp acknowledged the other members of the Audit Committee for their support throughout the year and the co-operation of the Credit Union's Management team.

INDEPENDENT AUDITOR'S REPORT

Chair, Rod Fraser, introduced Wayne O'Connell, of Jones & O'Connell LLP, to present the report.

Mr. O'Connell advised the membership that the summarized financial statements in the annual report were excerpts taken from the full audited financial statements that were made available to the members for downloading on the Credit Union's website.

Mr. O'Connell noted that Jones & O'Connell LLP's responsibility as the external auditors was to review and audit the financial statements and express an audit opinion based on the audit. Performance of the audit is governed by the standards in accordance with the Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Mr. O'Connell noted that Jones & O'Connell expressed a clean audit opinion on the financial statements in accordance with financial auditing standards in their report dated February 22, 2022.

REPORT ON THE FINANCIAL STATEMENTS

Chair, Rod Fraser, introduced Denzil D'Mello, the Chief Financial Officer to present the report.

Mr. D'Mello welcomed the members and commented that as members, you have entrusted the Police Credit Union with meeting your borrowing needs which has resulted in Loans to Members that grew from \$308.9 million to \$321.3 million in 2021 which represents a growth of \$12.4 million or 4%.

Mr. D'Mello noted that the Credit Union saw members deposits grow by \$19.9 million or 6.3% from 2020. Most of the growth was realized in the members chequing and savings deposit balances.

Mr. D'Mello noted that operating margin was higher by \$600 thousand or 8% compared to 2020. He noted that like financial margin, operating margin is an important financial measure for the Credit Union. The stronger the operating margin the greater likelihood for higher profits. This enables the Credit Union to invest in technology solutions and business operations to deliver valuable services to our membership.

Mr. D'Mello noted that operating expenses for 2021 were 4.5% or \$300 thousand higher than 2020. Investment in technology solutions combined with standard salary increases were some of the key reasons for the higher operating expenses.

Mr. D'Mello noted that the Credit Union's income before taxes grew \$239.6 thousand higher from 2020. Lower interest expense on member's deposits and Credit Union borrowings partially offset by higher operating expenses contributed to an increase of 30.2%.

Mr. D'Mello highlighted the key ratios that the Credit Union reported to the Regulator in 2021. While these ratios were below what was reported to the Regulator in 2020, both ratios exceeded the requirements under the Credit Union Act as well as our policy requirements as approved by the Board.

NEW BUSINESS

Chair, Rod Fraser, commented that the members were asked to participate in voting electronically for the minutes of the April 26, 2021, Annual General Meeting, the appointment of the External Auditor for 2022, and the Director Elections through Simply Voting in advance of the AGM. Voting opened on April 18th at 7 a.m. and closed on April 24th at 8 p.m.

The results were as follows:

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(a) ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING

In the matter of the adoption of the minutes of the previous meeting of April 26, 2021, the membership approved them.

(b) APPOINTMENT OF EXTERNAL AUDITOR

In the matter of the appointment of the external auditor, the membership approved the appointment of Jones & O'Connell as the External Auditor for 2022.

Mr. Rod Fraser then called upon Wayne O'Connell - from Jones & O'Connell LLP, to present the Election Results.

(c) ELECTION- BOARD OF DIRECTORS

Mr. Wayne O'Connell noted in the matter of the election results, there were 3 candidates on the ballot this year, all three applications were reviewed and recommended by the Nominating Committee. The applications were also received 90 days prior to the AGM in accordance with the Act and the Credit Union's by-laws.

There are two (2) vacancies to be filled and both are for a three (3) year term.

There were 530 ballots cast in this year's election.

Mr. O'Connell announced the number of votes per candidate in alphabetical order.

Rod Fraser	363 votes
Geri James	417 votes
Owen Mashinter	192 votes

Mr. O'Connell declared Rod Fraser and Geri James Directors for the 3-year terms.

CLOSING REMARKS

Chair, Rod Fraser, thanked all in attendance for taking the time to attend the AGM. He congratulated Geri James on her re-election and hoped that we would see Owen Mashinter's name on the ballot in future Credit Union elections.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:35 p.m.

MINUTES APPROVED this 30th day in May 2022.

Geri James, Chair

Stan Colley, Secretary