

MINUTES OF THE 77th ANNUAL MEETING

Annual General Meeting of The Police Credit Union held on
Monday April 24, 2023, at 4:00 pm by
Zoom Webcast

CALL TO ORDER

The Chair, Geri James, called the meeting to order at 4:00 p.m. noting that The Police Credit Union's 78th Annual General Meeting is being held online via Zoom Webcast.

QUORUM

In accordance with the Credit Union's By-law 7.11, a quorum was present as determined by the 382 members who participated in the online voting process.

WELCOME AND MEETING OVERVIEW

Chair James, welcomed those present to the 77th Annual General Meeting and paid tribute to the Credit Union members, colleagues and friends who had passed since the previous Annual General Meeting.

Chair James 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.

Chair James introduced the panelists, Andy Doak – Chief Executive Officer of The Police Credit Union, Mike Sharp – Chair of the Audit Committee, Wayne O'Connell – from Jones & O'Connell LLP (our external auditors), Denzil D'Mello – Chief Financial Officer of The Police Credit Union, and herself, Geri James – Chair of the Board of Directors

CHAIR'S REMARKS

Chair James stated that the Board was pleased to report that 2022 was another successful year for the Police Credit Union, with assets, loans, deposits, and total membership all increasing from previous year levels.

Chair James noted that 2022 presented some significant 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, the Board maintained its focus on protecting the Credit Union, and 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. Chair James noted that the Board is truly proud of the way our Credit Union understands and provides financial solutions to meet the unique needs of our policing communities.

Chair James indicated that it was an honour to serve our members, alongside her fellow Directors. Chair James described the composition of the Board and noted that the Directors have a diverse mixture of experience, skills, and backgrounds reflective of the Credit Union's membership and the broader policing community.

Chair James described the responsibilities of the Board, including providing oversight, supervision, and direction to Management and 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.

Chair James noted that every member of your Board worked diligently during the past year to carry out their responsibilities, through various board and committee meetings, and by participating in relevant training and industry events to enhance their knowledge and skills, to remain current and responsive to the changes in the financial environment, and to be well-positioned to address future economic challenges.

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Chair James concluded her remarks by stating that “with strong management, committed staff, a dedicated board and supportive membership, the future of our credit union is strong”. Chair James ended her remarks by thanking her fellow Board members who work diligently to ensure proper governance remains the priority of the Board.

CHIEF EXECUTIVE OFFICER’S ADDRESS

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

Mr. Doak noted that during the first quarter of 2022, remnants of the pandemic remained in place, however by the end of March and into April the Ontario government lifted its pandemic restrictions and policies as the pandemic receded.

Mr. Doak thanked his Senior Management Team who continued to support the staff, with regular check-ins and monitoring their health and well being. Mr. Doak thanked all Credit Union staff for their commitment to follow all safety protocols.

Mr. Doak commented that Canada's inflation rate, as measured by the Consumer Price Index, rose to a 30-year high of 6.7% in March 2022 and rose 6.3% for the full year ending December 2022. In response to the rapidly increasing inflation rate, the Bank of Canada increased interest rates seven times throughout 2022. These rapid rate increases spiked the cost of borrowing for variable rate mortgage holders, while fixed rate mortgage holders experienced increased rates upon renewals. Depositors finally gained some relief from the historically low interest rates and experienced a significant increase in the interest earned on their investments.

Mr. Doak noted that despite the interest 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.

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 5.60%, representing a total dividend paid of \$280,000.

Mr. Doak provided an update on the strategic initiatives and noted that additional work was completed on the implementation of our digital strategy as we completed a successful fourth quarter launch of our remote account opening and loan application platforms from our website and in branch. Known internally as ASAPP by our staff, 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 online and provides for digital signatures when utilized remotely. Additional loan and deposit products will be added to the platform during 2023 with car loans to launch next, and mortgage loans at a later date.

Mr. Doak noted that along with the launch of ASAPP, new Packaged Chequing Accounts were made available to Members who now have four options to choose from, including the traditional Rewards and Pay as You Go plans and newly added Rewards Loyalty Chequing Account and the Premium Rewards Chequing Account.

Mr. Doak noted that new online banking and mobile platforms were launched on April 13th, 2023. Members were introduced to a new modern look and user experience on both platforms.

Mr. Doak provided an update on the lending activity which was down slightly with 870 applications approved compared to 878 applications that were approved during 2021. Lending volume (or dollars) for 2022 was \$93.1 million, which was a decrease of 27% when compared to 2021 volumes. With the

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economic uncertainty and the rapid increase in interest rates, mortgage activity slowed with 189 mortgages underwritten compared to 299 mortgage deals that were booked in 2021. With a significant increase in Recruits being hired by police services this year, we experienced an increase in personal loan activity of 44%.

Mr. Doak announced that Membership activity improved as we welcomed 639 new members to the Credit Union in 2022. This brings the total active membership base to 12,317, an increase of 269 over the previous year end.

Mr. Doak reflected on the achievements of the Recruit loans and noted that we assisted 364 new recruits with loans and of those, 268 (74%) recruits joined the REWARDS program. Since the program's inception we have assisted over six thousand recruits with their dream of becoming a police officer. As part of our dedication to the program, we have made available a part-time Financial Services Officer at the Ontario Police College. This individual was able to assist recruits with any of their financial needs, from helping with setting up banking, to loans, mortgages, and answering other financial questions. This arrangement has been well received and we are quite pleased with the success of this initiative.

Mr. Doak summarized some key deliverables of the Credit Union for 2023. "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. Our goal is to be able to offer remote account openings and loan applications to our members and provide new opportunities for Police officers and their families to conduct business with the Credit Union from anywhere in the Province of Ontario. Mr. Doak noted that members can expect additional products to be released online and an upgrade to the Online Banking platform and Mobile Apps has already launched.

Mr. Doak 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 for their hard work, dedication, and support throughout this past year. He then expressed his sincere appreciation and gratitude for his staff. You are all wonderful people, and you do a fantastic job 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 James introduced the Chair of the Audit Committee, Mr. Mike Sharp.

Mike Sharp provided an overview of the committee's key responsibilities and activities for 2022 as presented within the annual report. Mr. Sharp noted that the committee had fulfilled all the required duties under the Credit Union Act, 2020, 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.

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, Geri James, introduced Wayne O'Connell, of Jones & O'Connell LLP, to present the report.

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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. Mr. O'Connell commented that a clean audit opinion was provided by Jones and O'Connell LLP on the financial statements in accordance with financial auditing standards in their report dated February 27, 2023.

REPORT ON THE FINANCIAL STATEMENTS

Chair, Geri James, 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 at December 31, 2022, of \$335.6 million, representing a growth of \$14.3 million or 4% from December 31, 2021.

Mr. D'Mello noted that the Credit Union saw members deposits grow to \$346 million at the end of 2022, which represents a growth of \$8.4 million or 6.3% from the end of 2021. Most of the growth was realized in the members' chequing and savings deposit balances.

Mr. D'Mello noted that the Financial Margin for the Credit Union for 2022 was higher by almost \$197 thousand, which represented a growth of 2.9% over 2021.

Mr. D'Mello noted that the operating margin in 2022 was higher by \$227 thousand or 2.9% compared to 2021. Like Financial margin, operating margin is an important financial measure for the Credit Union. The stronger the operating margin the greater the likelihood of 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 2022 were 3.9% or \$275 thousand higher than 2021. 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 declined by \$48.2 thousand from 2021.

Mr. D'Mello highlighted the key ratios that the Credit Union reported to the Regulator in 2022. The Credit Union had to adopt changes in the new Act and the new Capital Rules that came into force in 2022.

Mr. D'Mello noted that the Credit Union met the capital requirements of the Capital Rule, Regulation, and the Act for 2022.

NEW BUSINESS

Chair, Geri James, commented that Members were asked to participate in voting electronically for the adoption of the minutes of the April 25, 2022, Annual General Meeting, the appointment of the External Auditor for 2023, the repeal of the Credit Union's existing By-laws and replacement with a new By-law No. 1, and the Director Elections.

All voting occurred online through Simply Voting in advance of the AGM. Voting opened on April 17th and closed on April 23rd @ 8pm.

Chair, Geri James provided the results. In the matter of the adoption of the minutes of the previous meeting of April 25, 2022, the membership approved the minutes. In the matter of the appointment of

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the External Auditor, the membership approved the appointment of Jones & O'Connell as the External Auditor for 2023. In the matter of the repeal of The Police Credit Union's By-law and replacement with a new By-law No.1, the membership approved this motion.

Geri James then called upon Wayne O'Connell to present the Election Results.

Mr. Wayne O'Connell noted the Credit Union received three applications by the closing deadline. The Nominating Committee reviewed these applications and recommended all three candidates to stand for election.

Mr. Wayne O'Connell noted that there are two (2) vacancies on the Board, each for a three (3) year term.

Mr. Wayne O'Connell noted there were 382 ballots cast in this year's election. The number of votes received by each candidate was announced in alphabetical order. Stan Colley - 265 votes, Owen Mashinter 135 votes and George Tucker 317 votes.

Mr. Wayne O'Connell declared that George Tucker and Stan Colley were elected Directors for three-year terms.

CLOSING REMARKS

Chair, Geri James, thanked Stan, George, and Owen for putting their names forward to run for a seat on the Board of Directors. Congratulations to George Tucker and Stan Colley on their successful election to the Board. Thank you to Owen Mashinter for participating in the election process and your ongoing support of our Credit Union.

Geri James thanked the Senior Management team for their hard work, dedication, and support throughout this past year. To our wonderful staff, we express our sincere appreciation and gratitude for the work you do every day in support of our membership, we couldn't have done this without you. Finally, thank you to our membership for your continued support, loyalty, and trust in our Police Credit Union. Our Credit Union could not have achieved its success without you. We hope that our collective efforts show you that we "take care of our own."


Chair Geri James announced those attending the AGM are eligible for a draw for one of three \$50 Amazon gift cards. Winners will be announced on our website tomorrow and contacted directly by email to arrange delivery of your prize.

Chair Geri James thanked everyone for making time to attend this year's AGM. On behalf of the Board of Directors, I wish you a good evening.

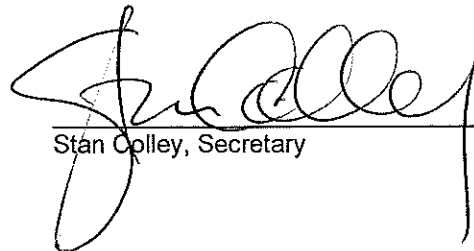
ADJOURNMENT

There being no further business, the Chair adjourned the meeting at 4:33 pm

MINUTES APPROVED this 29th day of May 2023.



Geri James, Chair



Stan Colley, Secretary

