



**THE POLICE**  
CREDIT UNION

ANNUAL REPORT **2021**

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## Message from the Chair of the Board of Directors

*I am Rodney Fraser. I have had the privilege and honor to again serve as the Chair on your Board of Directors. The Police Credit Union (TPCU) Board of Directors works for you, our Membership. We have appreciated your support over this past year and hope we have continued to earn your trust.*

It is my pleasure to again host this year's virtual AGM. The Police Credit Union is an organization with 43 approved full-time staff and Management in six branches throughout the GTA, which includes our 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 (OPC) to assist our new recruits with their banking needs.

We have the opportunity today to review the highlights of our strong financials, strong business foundation and acknowledge our engaged and committed staff who have the skills and knowledge to assist you with your everyday financial needs. We also share more information on our online footprint which continues to grow with services and new products that TPCU will be offering our members. We continue to be a financial leader for over 12,000 Civilians, Uniform and Senior Officers, Police Associations, and their families throughout Ontario.

I would like to start off by acknowledging our Senior Management team, staff and all of you, the Membership. As we continue to fight the COVID-19 virus and its effects on our business, health and well-being, it is truly all of you with your hard work and dedication who have helped in seeing TPCU through the past two years of the pandemic. I want to personally thank each one of you.

The Financial Services Regulatory Authority of Ontario (FSRA) regulates the Credit Union and Caisses Populaire sector in Ontario providing deposit insurance and prudential oversight. Ontario credit unions are regulated through a comprehensive regulatory framework, in addition to their own by-laws and articles of incorporation. They are expected to adhere to FSRA issued Guidance Notes and Advisories that outline sound business and financial practices.

Your Board of Directors continues to work with FSRA to ensure that our organization meets safe operating parameters. In 2021, TPCU 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. There were no significant deficiencies noted and we have responded with action plans to FSRA on recommendations for improvement.

Three Directors were acclaimed at last year's Annual General Meeting election: two returning to the Board, Mike Sharp, and Gary Leitch and one new Director, Robert Todd.

Director Rob Todd is a 28-year member of Halton Regional Police Service. He brings with him both a financial and audit background as well as labour management experience to your Board of Directors.

This year, we have 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 are returning Directors. The Nominating Committee, chaired by Mike Sharp has evaluated the three candidates and all three have been recommended for your consideration.

In closing, I would like to thank my fellow Board Members, TPCU management team, and staff for their ongoing support, commitment, dedication, and everyday hard work that makes being here a pleasure and an honor.

We can be proud of our motto "Taking Care of Our Own!" The Police Credit Union has a proud past and a bright future.

Thank you,

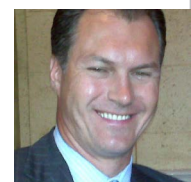
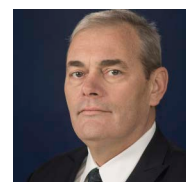


**Rodney Fraser**  
Chair - Board of Directors

As we continue to fight the COVID-19 virus and its effects on our business, health and well-being, it is truly all of you with your hard work and dedication who have helped in seeing TPCU through the past two years of the pandemic.

#### BOARD OF DIRECTORS

*From top to bottom:*  
Rodney Fraser (Chair), Stan Colley, Geraldine James, Gary Leitch, Mike Sharp, Robert Todd, George Tucker



## Message from the CEO

We were still in the grip of the pandemic throughout 2021, as Ontario introduced rolling lockdowns and stay-at-home orders, both of which remained in place until June. Thankfully, vaccinations were made available to Ontarians through the spring and fall.

As a result, Ontario achieved one of the highest vaccination rates in Canada. In September, the province announced the fourth wave was beginning to set in, and until the end of 2021 we were dealing with the Omicron variant. By December 2021, however, over 77% of Ontarians had received at least one dose of the vaccine.

With the full cooperation of our members and the dedication and hard work of our staff, The Police Credit Union was able to remain open and provide uninterrupted financial services throughout most of the year.

Our York Branch experienced a Covid outbreak in March that impacted operations for 12 days. During this time, York members were assisted through Call Centre Operations or at other retail locations.

Members continued to book appointments whenever possible, limiting overcrowding in branches and ensuring the most efficient use of everyone's time. Plexiglass barriers

remained in place at front counters and private offices, along with a masking protocol to ensure everyone's safety.

Our operational hours continue to be temporarily reduced in our branches. We are now operating Monday to Friday 10-4, with our Call Centre Monday to Friday 9-5 and Saturday 10-3.

Our team of staff have continued to work tirelessly to ensure our members' needs were met; those who required financial assistance were given prompt, efficient advice to deal with their unique situations.

Operations at our College Branch, inside Toronto Police Headquarters, remains closed due to the pandemic as Toronto Police Services restrictions remained in place.

Uncertainties remained in place for police recruits and impacted classes scheduled to attend Ontario Police College (OPC) again this year.

The Credit Union continued to work with our core police services to ensure disruptions were minimal to deliver this important program. This included conducting virtual presentations and meetings with recruits and implementing special accommodations for signing documents. Every effort was made to ensure police recruits received financial help to attend OPC.

Thank you to my Senior Management Team who remain fully committed to the health, safety and well-being of our staff. They continue to provide ongoing support and direction, with regular check-ins and follow ups, updating safety guidelines when required, and monitoring the health and well-being of our entire team.

Thank you to my Staff for their commitment in following all safety protocols in place, for fully participating in the process, advising the management team of any concerns that may arise, and for providing essential financial services to our membership.

Our most heartfelt appreciation goes out to all the frontline workers and our police communities for keeping us healthy and safe—thank you for looking after us all.

### YEAR IN REVIEW

Thankfully, even though the pandemic was still fully entrenched this past year, impact to our operations was negligible.

Members continued to borrow for mortgages and there was little or no delinquency impacting our lending portfolio. Members' savings improved throughout the year as lockdowns and travel restrictions remained in place.

I am pleased to report positive outcomes for 2021 as our profit before taxes was \$1,033 thousand and assets finished at \$369.3 million compared to the previous year's results at \$356.6 million.

Members who have invested in TPCU Class B Shares – Series 1 received a dividend of 3.58%, the total dividend paid was \$178,803.

### STRATEGIC INITIATIVES

Our strategic initiatives and priorities are to ensure that members have the latest in technology driven banking solutions.

As part of the strategy, members gained access to the Apple Pay and Google Pay payment processing platforms as both were launched mid-year.

Our digitization roadmap saw significant resources deployed during 2021 to be able to offer remote account openings and loan applications to our members and provide new opportunities for Police personal and their families to conduct business from anywhere in the Province of Ontario. Our aim is to be able launch these platforms during 2022.

Members can expect to see an upgrade to the online banking platform and mobile apps during 2023.

### YORK BRANCH RELOCATION

The Credit Union's York Branch, which was previously located on Yonge Street in Newmarket, relocated to a new facility. The relocated branch opened its doors on November 1, becoming a tenant of the York Regional Police Association. They are now located on Eric T Smith Way in Aurora just off Highway 404 at the Aurora Road off-ramp. The branch's ground level occupies approximately 2,000 square feet and has a lobby-style ATM machine with 24-hour access. The branch was designed with the same branding our members see at our other branch locations.

### 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 welcomed two new associations into our Credit Union family. We are pleased to partner with Guelph Police Association and South Simcoe Police Association.

### MEMBERSHIP

This year we welcomed 475 new members to our Credit Union family. This brings our total active membership base to 12,048.

	2021	2020	2019
New	475	535	739
Closed	400	696	968
Members	12,048	11,973	12,134
Net	75	-161	222

### RECRUITS

Since 1996, The Police Credit Union has been committed to assisting recruits hired by police services in Toronto, Durham, York, Peel, and others in Ontario with financial assistance for the cost to attend the Ontario Police College (OPC) in Aylmer, Ontario.

As part of this commitment, we offer all new recruits attending OPC, with an automatically pre-approved, low rate, recruit training loan to pay their tuition fees. The loan can include additional funds to cover other expenses, including the purchase of a computer required for their program. These additional funds are optional and have helped recruits manage extra expenses while attending OPC. The recruit package is designed to help recruits transition to their policing career

and includes overdraft protection, a line of credit, and Mastercard.

This year, 231 new recruits joined The Police Credit Union, and 169 (73.16%) recruits joined the REWARDS program. This is an important first step in building long-term relationships with our newest members. Through the REWARDS program, recruits automatically receive special products and services at preferred rates, which enables them to take full advantage of all their Credit Union has to offer and it gives our staff a chance to learn more about each member to determine which financial services are the right fit. Financial reviews are conducted to help recruits navigate financial needs right away and prepare for their financial future.

	2021	2020	2019
REWARDS	169	227	302
Regular	62	50	125
Total	231	277	427

As part of our dedication to the Recruit Program, we have made available a part-time Financial Services Officer (FSO) to recruits when they are at the Ontario Police College. The FSO is available after hours to assist recruits with any of their financial needs, from setting up banking to loans, mortgages, and other financial questions. This arrangement has been well-received by those attending OPC and we are quite excited to see our results increase over the coming years.

We are proud to report that throughout the history of the program, we have assisted 6,007 recruits with their dream of becoming a police officer.

### MEMBERSHIP SERVICE, ENGAGEMENT AND FINANCIAL CHECKUP

Delivering an excellent member experience is one of our goals that we strive to meet everyday. Throughout year two of the

pandemic, lockdowns returned impacting increased call volumes to our Call Centre. Our team worked tirelessly to meet these standards, assisting our members with their banking needs, setting up new banking options, and where necessary, finding new and creative ways to assist our members with the many restrictions in place. When needed, branch staff were added to our Call Centre team to provide additional member support to answer member calls and emails as quickly and efficiently as possible.

Staff continued to assist our members with their financial needs from helping them set up alternate and safe methods of banking, to processing loans and mortgages, as well as assistance for investments. The heart of all these interactions is rooted in taking care of our members.

Our Financial Service Officers and Branch Managers provide advice to members by looking at their overall financial well-being. Part of the process 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.

#### CORE POLICE COMMUNITIES

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

Our 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 provided by each service. Branch Managers are tasked with evaluating the effectiveness of our current support activities and to identify new opportunities for community involvement in existing core services and potentially new police services.

The goal is to position The Police Credit Union as being an integral part of the policing community.

To developing membership growth beyond our core policing communities, we continue to work with the Police Association of Ontario (PAO) who is the official voice and representative body for Ontario's front-line police personnel. They also provide representation, resources, and support for 53 police associations. Their membership is comprised of over 18,000 uniform and civilian members of police services.

#### EMPLOYEE ENGAGEMENT

We have continued to measure and assess both our employees' satisfaction and commitment to our organization by conducting an annual Employee Engagement Survey. Through this survey, we can measure the level of contentment a person has with their individual job or position, the Credit Union itself, and their general feeling about their employment. In addition, we measure the pride one feels towards the Credit Union and their desire to remain with our organization and to obtain high levels of performance to improve in our overall results. We continue to show a satisfaction rate at an average of 80% since inception, and are always looking to further improve that result.

#### STAFF DEVELOPMENT

Staff development is integral to our success. We continue to use our national training partners, CU Training and CUA Campus (CuSource) to assist with both the development of our employees and meeting compliance requirements.

As part of the performance appraisal process, Managers worked with their direct reports to select specific development goals for which educational courses were assigned to enhance their skills. As a result, an increase in training assignment through our national partners, and a revitalization in the desire to learn, was notable this year.

Position training plans were also added to the CU Training program and allowed employees to select from a list of topics relating to their position, creating a unique training path for their development.

We continue to review and improve training of new employees, or employees entering new positions, to ensure successful transition to their new roles. In addition, internal training is provided for operations and other areas to ensure consistency among our organization as well as keeping staff updated on important industry changes.

#### INTO THE FUTURE

As we enter our 77th year of providing financial services to our policing communities, our plans include safe, organic growth to increase our membership base. To achieve this, we will pursue new recruits and civilian hires (and their respective families) of Police Services. In addition, we will continue to nurture existing relationships with the Police Services and Police Associations to which our members belong, and explore new relationships with other Police Services and their employees within the Province of Ontario.

We will continue to offer our best prices on all our products and services, ensure that we have the latest in product offerings, and provide our members with the newest technological advancements made available by financial institutions.

#### ACKNOWLEDGEMENTS

I'm incredibly grateful to our entire staff for their hard work and dedication in assisting our members with their financial needs during the pandemic.

Thank you to the Board of Directors for their continued support and the faith they have placed in me to lead The Police Credit Union.

To my Senior Management team, thank you for all your hard work, dedication, and support throughout this past year. You have been challenged by the pandemic and have succeeded in all respects.

To my wonderful staff, I would like to express my sincere appreciation and gratitude for the work you do. You are all wonderful people, and you do a fantastic job in making The Police Credit Union the successful organization it is.

Lastly, but most importantly, thank you to the membership for putting your faith in The Police Credit Union, we hope that our collective efforts show you that we "take care of our own".

**Andy Doak**  
Chief Executive Officer

#### SENIOR MANAGEMENT TEAM



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

<b>Chief Executive Officer</b>	Andy Doak
<b>Executive Secretary</b>	Linda Fernandes
<b>Investment Specialist</b>	Horst Scheibelt
<b>Investment Assistant</b>	Maryam Khayyam
<b>Human Resources &amp; Training Manager</b>	Karen Zwarych
<b>Marketing Coordinator</b>	George Lambropolous
<b>Member Credit Manager</b>	Sheila Carvalho
<b>Loans Officer</b>	Rajarshi Konar
<b>Loans Officer</b>	Guillermo Verdesoto
<b>Loans Administration Clerk</b>	Roya Ghahremani
<b>Chief Financial Officer</b>	Denzil D'Mello
<b>Network &amp; Systems Administrator</b>	Arvin Evangelista
<b>Centralized Accounting/ Administration Supervisor</b>	Sirin Patel
<b>Accounting Clerk</b>	Elizabeth Kunter
<b>Centralized Administration Team Leader</b>	Lisa Reeves
<b>Centralized Administration Clerk</b>	Carmencita Canivel-Sibug
<b>Centralized Administration Clerk</b>	Katherine Emila
<b>Centralized Administration Clerk</b>	Neetu Stanford
<b>Manager of Retail Services</b>	Bess Kominos-Estrela
<b>Call Centre Representative</b>	Jennifer Seerattan
<b>Call Centre Representative</b>	Sandra Costanza
<b>Call Centre Representative</b>	Erika Richards
<b>Call Centre Representative</b>	Tamara Pitter
<b>Toronto/College Branch Manager</b>	Peter Giftakopoulos
<b>Financial Services Officer</b>	Cyndi Ghoneim
<b>Financial Services Officer</b>	Lianne Balasingham
<b>Member Service Representative</b>	Ellen Muirhead
<b>40 College St. Branch</b>	<i>temporarily closed</i>
<b>Durham Branch Manager</b>	Anna Gomes
<b>Financial Services Officer</b>	Jackie McCulloch
<b>Financial Services Officer</b>	Cari Brothers
<b>Member Service Representative</b>	Denise Lombardo
<b>Member Service Representative</b>	Heather Bastien ( <i>part-time</i> )
<b>York Branch Manager</b>	Diane Gelinas
<b>Financial Services Officer</b>	Susan Van Winckle
<b>Financial Services Officer</b>	Jeanette Wood
<b>Member Service Representative</b>	Nancy Cotnam
<b>Peel/Halton Branch Manager</b>	Donna Aleksovski
<b>Financial Services Officer</b>	Katarina Rakic
<b>Financial Services Officer</b>	Patema Palmer
<b>Financial Services Officer</b>	Tony Brar
<b>Member Service Representative</b>	Mariel Casallo-Garcia ( <i>on leave</i> )
<b>Member Service Representative</b>	Mirjana Cotra
<b>Halton Branch Member Service Representative</b>	Anu Rai
<b>Financial Services Officer</b>	Nelia Abdullah
<b>Financial Services Officer</b>	Nichole Graczyk ( <i>on leave</i> )
<b>Financial Services Officer</b>	Romeo Mernacaj ( <i>College branch</i> )
<b>Ontario Police College Financial Services Officer</b>	Sherri Wiebe

## Comparative Highlights

<i>Years ended December 31</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Operating Revenue</b>	\$ 10,290,732	10,740,261	11,118,956	9,765,683	8,843,997
<b>Interest on Members' Deposits</b>					
- amount	\$ 2,891,084	3,779,753	3,980,557	3,203,067	2,661,507
- percent	28.1%	35.2%	35.8%	32.8%	30.1%
<b>Financial Margin</b>					
- amount	\$ 6,875,207	6,287,542	6,361,127	6,057,838	6,107,991
- percent	66.8%	58.5%	57.2%	62.0%	69.1%
<b>Comprehensive Income</b>					
- amount	\$ 796,457	687,710	890,750	672,166	670,249
- percent	7.7%	6.4%	8.0%	6.9%	7.6%
<b>Loans to Members</b>	\$ 321,253,994	308,927,110	300,968,499	294,410,163	263,652,868
<b>Membership Shares</b>	\$ 1,204,129	1,196,107	1,212,073	1,234,370	1,213,080
<b>Investment Shares (Gross amount)</b>	5,000,000	5,000,000	5,000,000	5,000,000	0
<b>Members' Deposits</b>	\$ 337,620,354	317,682,529	295,073,046	277,533,822	269,626,619
<b>Total Assets</b>	\$ 369,326,218	356,559,405	342,098,797	323,155,803	292,596,571
<b>Asset Growth</b>	3.58%	4.23%	5.86%	10.44%	7.26%
<b>Leverage Ratio</b>	5.87%	5.90%	6.01%	6.15%	4.90%
<b>BIS Ratio</b>	13.88%	14.53%	14.74%	14.77%	11.89%
<b>Liquidity</b>	12.53%	13.52%	12.22%	8.03%	8.46%

## Financial Focus

As we prepared for 2021, there was all the uncertainty with the pandemic and the financial impact it would have on the Credit Union, but despite all those challenges, the Credit Union exceeded its budget financial target for 2021. Loans to members increased year over year and Member's deposits also saw a significant increase from the prior year.

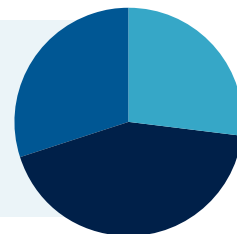
Total residential mortgages held by members grew 10.4 million or 3.7% to \$292.5 million from 2020. Personal loan portfolio declined by (\$2.0) million or (9.4%) to \$19.3 million at the end of 2021. The impact of the pandemic altered plans of our core Police Services on hiring activities which led to lower recruit loans. Commercial mortgage activity was stronger as members invested in rental properties growing the portfolio from \$5.3 million in 2020 to \$9.3 million in 2021.

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

millions	2021	2020	change
Demand	\$143.3	\$124.9	\$18.4
Term	\$102.3	\$100.4	\$2.0
Registered	\$92.0	\$92.4	(\$0.4)
<b>Total</b>	<b>\$337.6</b>	<b>\$317.7</b>	<b>\$19.9</b>

### 2021 DEPOSITS

- Demand \$143.3M
- Term \$102.3M
- Registered \$92.0M



Assets under administration from our off-balance sheet Wealth Management services ended the year at \$33.5 million, up \$5.3 million or 18.8% from 2020. Net sales of \$2.0 million and market appreciation of \$3.3 million is

what gave rise to the growth in the portfolio. Total asset growth for the year which includes off-balance sheet wealth administered assets was up \$18.0 million or 4.7%. Asset growth managed by the Credit Union grew \$12.7 million or 3.6% compared to 2020. Total assets for 2021 was \$402.8 million compared to \$384.8 million in 2020.

Operating revenues which include interest income earned on loans and investments declined by (\$0.4) million or (3.7%). With competitive mortgage rates available to borrowers for most of the year, the Credit Union had to compete to win business at the lower mortgage rates to support its balance sheet growth.

Interest expense on member's deposits, member rebates and borrowings were lower from 2020 by \$1.1 million or 24.4%. The savings in interest expenses on member's deposits can be attributed to the low interest rate environment during 2021.

Financial margin for the Credit Union was \$588 thousand higher from the prior year. Mortgage penalty revenues was the primary reason for the improved performance from the prior year. Borrowers took advantage of the low mortgage rate environment and paid the mortgage penalty for early renewal.

Provision on loan losses has always been low compared to the size of the loan's portfolio. Loan loss provision was \$24 thousand in 2021 compared to \$22 thousand in 2020. Other income was \$1.2 million in 2021 compared to \$1.3 million in 2020.

Operating expenses increased \$292 thousand in 2021. Expenses for the new digital platform for Account Origination Solution and the Loan Origination Solution started effective April 1, 2021. Salaries and benefits increased year over year.

Realizing the amortization of investments in Payments Modernization and Forge also contributed to the year-over-year increase.

Income before income tax expenses was \$240 thousand higher than the prior year. The higher mortgage penalty revenue was one of the main reasons for the improved pre-tax profitability from the prior year.

The Credit Union maintained strong leverage capital and risk weighted capital exceeding both the regulatory limits and policy limits. Leverage capital level was 5.87% (2020 - 5.90%) while Risk weighted capital was 13.88% (2020 - 14.53%).

The Credit Unions strategic priority is to maintain strong operating efficiency results. For 2021 operating efficiency was 87.3% (2020 - 89.5%).

### LOAN REPORT

Total loans advanced and lines approved to members increased \$28.7 million from \$107.0 million in 2020 to just under \$135.7 million in 2021. Although personal loan numbers decreased due to lower recruit and car loan activity, mortgage volumes were up due to market conditions driven mostly from a favorable rate environment.

Total loans to members were \$321.3million, an increase of 4.08% over the previous year when loans to members totalled \$308.7 million.

During the year, the loan loss allowance increased from \$100,337 in 2020 to \$113,420 in 2021. Recoveries on loans previously written-off was \$8,668. Loan write-offs during the year amounted to \$19,441. Two members filed for Consumer Proposal or Bankruptcy in 2021.

TOTAL LENDING ACTIVITY	2021		2020	
<b>Personal</b>				
Personal Loans	332	\$ 6,550,001	406	\$ 7,232,470
Lines of Credit	297	19,611,100	301	15,637,020
Mortgages	235	95,309,312	187	75,025,497
<b>Commercial</b>				
Mortgages	14	5,727,420	5	2,084,000
<b>Total</b>	<b>899</b>	<b>127,197,833</b>	<b>899</b>	<b>99,978,987</b>
<b>Total Loans not approved</b>	<b>87</b>	<b>8,529,283</b>	<b>75</b>	<b>7,064,690</b>
<b>Grand Total</b>	<b>965</b>	<b>135,727,116</b>	<b>974</b>	<b>107,043,677</b>
<b>Loan Allowance</b>				
Specific	8	61,936	6	43,096
Non-Specific and General	0	51,484	0	57,241
<b>Grand Total</b>	<b>8</b>	<b>113,420</b>	<b>6</b>	<b>100,337</b>

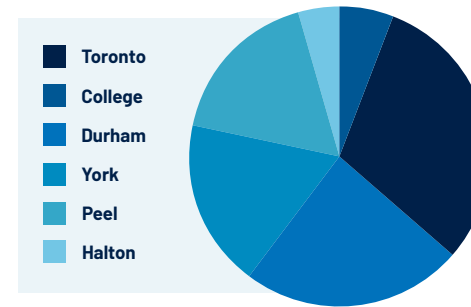
## Mentions & Milestones

- **Total Assets** were up \$12.7 million from \$356.6 million in 2020 to \$369.3 million in 2021.
- **Total Loans** to members grew \$12.4 million or 4.0%. Personal loans provision charged to operations was \$23,856, recoveries on loans previously written off was \$8,668 and loans written off during the year was \$19,441. The allowance balance for impaired personal loans grew from \$100,337 in 2020 to \$113,420 in 2021.
- **Loan request** applications from members declined 0.92% compared to 2020.
- **Residential mortgage** portfolio grew \$10.4 million or 3.7%. Personal loans portfolio declined 9.4% from \$21.3 million in 2020 to \$19.3 million in 2021. Commercial mortgage portfolio was up \$4.0 million and closed the year at \$9.3 million.
- **Members' Deposits** grew \$19.9 million or 6.3% from \$317.7 million in 2020 to \$337.6 million in 2021.
- **Comprehensive income** for 2021 was \$796,457 compared with \$687,710 in 2020.
- **Members' Equity** which is comprised of investment shares qualifying as equity, undivided earnings and accumulated other comprehensive loss closed the year at \$20,424,340 compared to \$19,784,840 in 2020. Investment shares qualifying as equity with a closing balance of \$4,958,077. 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 2018 to 2021.
- **Financial Margin** increased \$587,665 or 9.3% from 2020. Operating revenue for 2021 was lower by \$449,529 compared to 2020. Interest expense was lower by \$1,037,194 compared to 2020.
- In 2021 we welcomed 231 new recruits as members, 169 of the new recruits became REWARDS members. In 2020 277 new recruits joined as members of which, 227 became REWARDS members.
- **Wealth Management Services** - Assets under Administration grew \$5.3 million or 18.8% from \$28.2 million in 2020 to \$33.5 million in 2021.

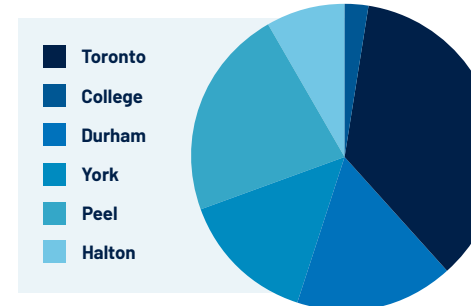
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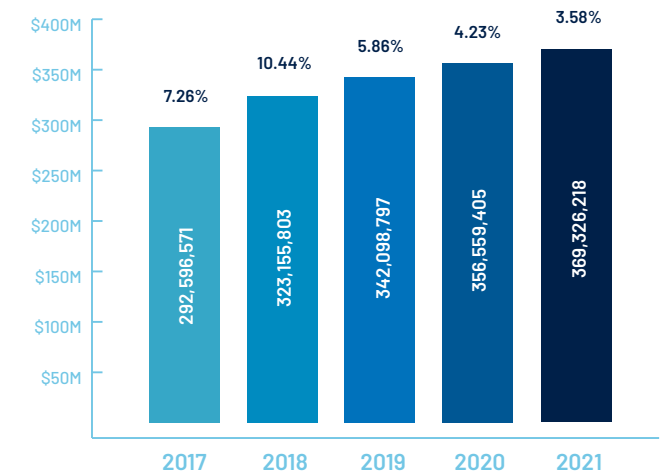
### MEMBERSHIP



### ASSETS



### ASSET GROWTH



### BRANCHES

Branch	Members	Assets	Deposits	Loans
<b>Toronto</b>	3,666	\$169.7 million	\$135.2 million	\$46.5 million
<b>College</b>	736	\$12.5 million	\$8.9 million	\$12.5 million
<b>Durham</b>	2,872	\$80 million	\$77.9 million	\$53.7 million
<b>York</b>	2,185	\$67.4 million	\$52.4 million	\$65 million
<b>Peel</b>	2,081	\$106.2 million	\$56.6 million	\$105.3 million
<b>Halton</b>	508	\$38.6 million	\$5.5 million	\$38 million
<b>Consolidated</b>	12,048	\$474.4 million	\$326.5 million	\$321 million



## Community Involvement

The Covid-19 pandemic continued to impact community activities throughout 2021 as we entered a second year of lockdowns and gathering restrictions. The charity events, galas, and conferences we have attended in past years, were cancelled. Police associations hoped for a return of their charity golf tournaments and summer picnics, but unfortunately those did not transpire. The Police Credit Union continued to find ways to support our policing community, as much as possible, despite these challenges.

In the spirit of 'taking care of our own' The Police Credit Union donated to the Holiday Heroes campaign, the Ontario Law Enforcement Torch Run for the special Olympics, and Boots on the Ground. We supported and participated in the Toronto Police Association's Christmas party at Canada's Wonderland; the only association holiday party held in 2021. Branches supported 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.



## OUR PARTNERS

- Cobourg Police Association
- Durham Region Police Association
- Halton Regional Police Association
- Mtp Auxiliary Police Association
- Ontario Police Memorial Foundation
- Peel Regional Police Association
- Peel Regional Police Amateur Athletic Association
- Peterborough Police Association
- Police Association Of Ontario
- 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'



TPCU 2021 scholarship winners, from top: Kayleigh Reparon, Paige Edwards, Alexander MacDonald, Jade Branker

## OUR IMPACT AT A GLANCE



### SCHOLARSHIPS & BURSARIES

In 2021, we gave out \$5,700 in scholarships and bursaries to help students with their education.



### POLICING COMMUNITY SPONSORSHIPS

Over the past three years, almost \$21,000 in sponsorship funds were given to help our local police communities.



### OPMF DONATIONS

We've donated over \$55,000 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 1994 (Act) and accompanying Regulations. 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 2021 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 2021 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, Geri James, 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, 2021, 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, 2021.

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 28, 2022. 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 28, 2022

# Financial Statements

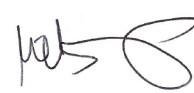
## Summary Balance Sheet

Year ended December 31	2021	2020
<b>Assets</b>		
Cash	\$ 18,060,017	\$ 14,752,175
Investments	26,365,322	28,963,970
Loans to members	321,253,994	308,927,110
Other assets	736,654	1,015,464
Property and equipment	2,676,953	1,791,790
Right of use assets	2,233,278	1,108,896
	<b>\$ 369,326,218</b>	<b>\$ 356,559,405</b>
<b>Liabilities and Members' Equity</b>		
Members' deposits	\$ 337,620,354	\$ 317,682,529
Securitization liabilities	6,337,484	14,989,932
Other current liabilities	601,045	920,961
Provisions	297,204	346,400
Lease liabilities	2,841,662	1,638,636
Membership shares qualifying as liabilities	1,204,129	1,196,107
	<b>\$ 348,901,878</b>	<b>\$ 336,774,565</b>
<b>Members' Equity</b>		
Investment shares qualifying as equity	4,958,077	4,936,231
Undivided earnings	15,569,933	14,848,609
Accumulated other comprehensive loss	(103,670)	-
	<b>20,424,340</b>	<b>19,784,840</b>
	<b>\$ 369,326,218</b>	<b>\$ 356,559,405</b>

ON BEHALF OF THE BOARD



R. Fraser, Chair



M. Sharpe, Director

## Summary Statement of Operations & Comprehensive Income

For the year ended December 31	2021	2020
<b>Operating Revenue</b>		
Interest on loans	\$ 9,969,867	\$ 10,322,532
Investment income	194,997	417,729
Investment income (one-time)	125,868	-
	<b>10,290,732</b>	<b>10,740,261</b>
<b>Interest Expense</b>		
Interest on members' deposits	2,891,084	3,779,753
Member rebates	25,882	40,522
Interest on borrowings - liquidity	24,719	25,336
Interest on securitization liabilities	442,070	607,108
Asset management services cost	31,770	-
	<b>3,415,525</b>	<b>4,452,719</b>
	<b>6,875,207</b>	<b>6,287,542</b>
<b>Financial Margin</b>		
<b>Other Operating Items</b>		
Provision for losses on loans	\$ (23,856)	\$ (21,714)
Other income	1,222,396	1,276,414
	<b>\$ 8,073,747</b>	<b>\$ 7,542,242</b>
<b>Operating Margin</b>		
<b>Operating Expenses</b>		
Administrative	2,408,347	2,217,688
Amortization of property and equipment	533,764	453,581
Amortization of right of use assets	177,749	221,945
Deposit Insurance	252,053	238,910
Salaries and benefits	3,715,542	3,616,173
Savings insurance - decrease in provision	(47,196)	-
	<b>7,040,259</b>	<b>6,748,297</b>
	<b>1,033,488</b>	<b>793,945</b>
<b>Income Before Income Tax Expense</b>		
<b>Income Tax Expense</b>		
Current	(67,876)	(67,876)
Deferred	(65,485)	-
	<b>(133,361)</b>	<b>(106,235)</b>
	<b>900,127</b>	<b>687,710</b>
<b>Net Income for the Year</b>		
<b>Other Comprehensive Loss</b>		
Unrealized loss on investments	(103,670)	-
	<b>\$ 796,457</b>	<b>\$ 687,710</b>
<b>Comprehensive Income for the Year</b>		

## Summary Statement of Changes in Members' Equity

	Investment Shares Qualifying as Equity	Undivided Earnings	Accumulated Other Com- prehensive Loss	Members' Equity
Balance, December 31, 2019	\$ 4,914,385	\$ 14,351,399	\$ -	\$ 19,265,784
Amortization cost of issuance of investment shares	21,846	-	-	21,846
Dividends declared on investment shares	-	(190,500)	-	(190,500)
Comprehensive income	-	687,710	-	687,710
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
<b>Balance, December 31, 2021</b>	<b>\$ 4,958,077</b>	<b>\$ 15,569,933</b>	<b>\$ (103,670)</b>	<b>\$ 20,424,340</b>

### 1. Basis of Presentation

These financial statements are a summary version of the audited financial statements for the year ended December 31, 2021, which have been approved for issue by the Board of Directors on February 28, 2022. 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, 2021.



*Taking care of our own*