

MINUTES OF THE 78th ANNUAL MEETING

**Annual General Meeting of The Police Credit Union held on
Monday April 22, 2024, 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 479 members who participated in the online voting process.

WELCOME AND MEETING OVERVIEW

Chair James welcomed those present to the 78th Annual General Meeting and paid tribute to the Credit Union members, colleagues and friends who had passed since the previous Annual General Meeting in a moment of silence.

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. Replies to all questions will be posted on the Credit Union's website. 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), and herself, Geri James – Chair of the Board of Directors

CHAIR'S REMARKS

Chair James stated that the Board was pleased to report that 2023 was another successful year for the Police Credit Union, with profit before taxes of just over a half a million dollars with assets of 374 million dollars.

2023 presented challenges with high interest and inflation rates, strong competition from Banks, increased regulatory requirements and the reduction of recruit training loan opportunities. Our staff and management overcame these challenges by offering competitive deposit and loans rates, excellent member service, and customized support and advice to assist members in reaching their financial goals.

The Board is truly proud of how the Credit Union understands and provides financial solutions to meet the unique needs of our policing community. Our Credit Union has an understanding, respect and admiration for the work done in our policing communities which sets us apart from other financial institutions.

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 takes this responsibility seriously and addresses risk at every Board meeting. In addition, opportunities are addressed to ensure your needs as a member are also considered.

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

CHIEF EXECUTIVE OFFICER’S ADDRESS

Mr. Doak noted that the Bank of Canada carried it is fight against inflation into 2023 as it further raised interest rates, marking at total of ten interest rate increases since 2021. Responding to the BOC rate increases, the CPI index slowed and finished the year at 3.4% compared with a 6.7% CPI for 2022.

Mr. Doak continued to present his report to the membership.

Mr. Doak commented that home owners, with variable rate mortgages continued to feel the effects of the BOC rate increases with increased borrowing costs while fixed rate mortgage holders experienced similar increased borrowing costs when renewing their fixed term mortgages throughout the year. Members would not have experienced mortgage rates this high since 2008. Meanwhile, depositors were pleased as deposit rates increased and positively impacted maturing investments throughout the year.

In April, the Ontario Government announced their intentions to make it easier for police services across the province to recruit and train more police officers by covering 100% of the tuition cost for the Basic Constable Training program at the Ontario Police College (OPC). This new pilot program is planned to remain in place for the next three years and will impact the success of the Credit Union’s Recruit Loan program which has been in place since 1996.

Despite the challenges presented to us during 2023, overall results where positive as Net Income before taxes was of \$521 thousand and on-balance sheet assets finished at \$374.3 million.

Continuing with his report, Mr. Doak mentioned that members who have invested in Class B Shares – Series 1 received a dividend of 6.26%, the total dividend paid was \$313,000 and was completed in February of 2024.

In December, a new First Home Savings Account (FHSA) was launched and integrates key benefits from both RRSPs and Tax-Free Savings Accounts. This means your contributions are generally deductible on your income tax return and when withdrawn to purchase your first home, the amount is exempt from taxation.

Mr. Doak spoke to a new Civilian loan now available, both in-branch and on-line, for newly hired civilians employed with a police service in the province of Ontario. Flexible terms are provided at a preferred rate of interest. Civilians may also apply for a Collabria Mastercard, personal line of credit and overdraft protection.

The total loans advanced and lines approved to members was \$54 million a decrease of \$39 million from 2022 to results. Although personal loan numbers increased due to higher car loan activity, the Ontario government announcement impacted recruit loans and as a result, loan and line of credit activity was much lower than experienced the previous year.

Mortgage volumes were down approx. 46% due to market conditions driven mostly from a volatile housing market and an increased rate environment.

Mr. Doak added that the total loans to members on the balance sheet were \$331,830 million, a decrease of 1.1% over the previous year when loans to members totalled \$335,495 million.

During the year, the loan loss allowance increased from \$138,320 to \$156,140, while loan write-offs amounted to \$78,930. Five members filed for Consumer Proposal or Bankruptcy in 2023.

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Despite the changes to the recruit loan program, we still welcomed 591 new members bringing our total active membership base to 12,459.

Mr. Doak added that even though the Ontario Government announced its intention to cover the tuition cost for the Basic Constable Training program at OPC, we confirmed our dedication to new police recruits and continued to find alternative ways to support recruits in their transition from school or existing career into their new career in policing.

The Credit Union continues to have a dedicated Financial Services Officer at OPC who is available during the evenings to assist recruits four days a week. Assistance is provided for a number of financial needs, from banking transactions, to loans, mortgages, and investments. We have received great feedback from recruits who have appreciated the support provided right on-site during hours convenient to them.

This year, 121 new recruits joined The Police Credit Union, and 106 (87.6%) recruits joined the REWARDS program.

Andy Doak commented on some key deliverables that we are working on for 2024. Noting that members can expect additional products to be released on-line including TFSA Term deposits and FHSA. Plans are also in place to enhance security protocols for On-line Banking and the Mobile app, as we look to launch Two Factor Authentication for these platforms in Q3 or Q4.

In closing, 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 also thanked his Senior Management team, for their leadership, dedication, and the support they have provided and to the staff of the Credit Union in the accomplishment of the Credit Union goals. And to the membership, for putting their faith in The Police Credit Union.

Andy Doak added his heartfelt appreciation for all the staff, commenting "You all are amazing people and its very noticeable how much you care about our members and the wellbeing of our Credit Union."

Chair James thanked Andy Doak for his report and introduced the Chair of the Audit Committee, Mr. Mike Sharp.

REPORT OF THE AUDIT COMMITTEE

Mike Sharp provided an overview of the committee's key responsibilities and activities for 2023 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 five 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.

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

INDEPENDENT AUDITOR'S 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

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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 26, 2024.

REPORT ON THE FINANCIAL STATEMENTS

Andy Doak presented the Financial Statements as noted on page 18 of the Annual General Meeting booklet.

Mr. Doak reported that this year, our loans to members finished at \$332 million, down slightly by \$3.6 million or a 1% decline over the 2022 levels, which were \$335.6 million. Member deposits had a decrease of \$7,000,000 and finished the year at \$339 million. Showing a slight decline of some 2% with much of the decline in members checking and savings account balances.

Our Operating revenues, interest earned on loans to members and interest from Credit Union investments, saw increases that finished at \$12.42 million, which is an increase of \$2.31 million over last year's results, representing an increase of some 22.8%.

Not surprisingly, interest expenses also increased significantly this year as interest on member deposits almost doubled compared to 2022 results.

Our total interest expense was \$6.79 million, an increase of 83.5% compared to 2022 interest expense levels.

Operating margin for the Credit Union was \$8.13 million and declined by about \$200,000 over last year's levels or 2.4%.

Mr. Doak noted that operating margin is an important financial measurement for the Credit Union. The stronger the operating margin, the greater likelihood you can cover off your operating expenses and finishes the year with an increased profit.

Profits enable the Credit Union to continue to invest in technology solutions and business operations to deliver valuable services to our membership.

Operating expenses were \$7.61 million, which was a slight increase of \$270,000 over last year's levels. Investment in technology solutions combined with standard salary increases were some of the key reasons for the higher operating costs.

Results this year showed income before taxes were \$521,000, which was a significant decline of some \$464,000 or 47% compared to last year's results.

Mr. Doak was pleased to report that the Credit Union met the capital requirements for the Capital Rule Regulations and the Act for 2023.

NEW BUSINESS

Chair, Geri James, commented that Members were asked to participate in voting electronically for the adoption of the minutes of the April 23, 2023, Annual General Meeting, the appointment of the External Auditor for 2024, and the Director Elections.

All voting occurred online through Simply Voting in advance of the AGM. Voting opened on April 15th and closed on April 21st @ 8pm.

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Chair, Geri James provided the results. In the matter of the adoption of the minutes of the previous meeting of April 24, 2023, the membership approved the minutes.

In the matter of the appointment of the External Auditor, the membership approved the appointment of Tinkham LLP as the External Auditor for 2024.

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

Mr. Wayne O'Connell noted the Credit Union received four (4) 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 three (3) vacancies on the Board, each for a three (3) year term.

Mr. Wayne O'Connell noted there were 479 ballots cast in this year's election. The number of votes received by each candidate was announced in alphabetical order. Shannon Dawson - 373 votes, Owen Mashinter - 181 votes, Mike Sharp - 336 votes, and Rob Todd - 331 votes.

Mr. Wayne O'Connell declared that Shannon Dawson, Mike Sharp, and Rob Todd were elected Directors for three- year terms.

CLOSING REMARKS

Chair, Geri James, thanked Shannon Dawson, Owen Mastinter, Mike Sharp, and Rob Todd for putting their names forward to run for a seat on the Board of Directors. Congratulations to Shannon, Mike, and Rob 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 17/06/24.



Geri James, Chair



Stan Colley, Secretary

Signature: *Stan Colley*

Email: colley3478@rogers.com