



ANNUAL REPORT 2020



THE POLICE
CREDIT UNION

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Message from the Chair of the Board of Directors

I am Rodney Fraser, and I am honored to be the chair of the Board of Directors for the past two years. The Board of Directors works for you and we hope we have continued to earn your trust and we appreciate your support throughout this past year.

I would like to begin by thanking our management team, staff and all our members for their support and understanding in managing the challenges brought on by the pandemic. The pandemic has had a profound impact on our way of life and its effects on our business, health, and well-being. The Police Credit Union team has made every effort to meet the everyday financial needs of our members during these difficult times by working through the pandemic in accordance with the ever-changing Public Health orders.

During this past year, The Police Credit Union (TPCU) also celebrated its 75th Anniversary. Since its creation in 1946, when we were known as the Metropolitan Toronto Police Employees' Credit Union, we have grown to an organization of 44 employees, 6 branches throughout the GTA, 12,000 members strong. We continue to be a financial solutions leader for Civilian, Uniform, Recruits, Senior Officers, Police Associations, and their family members throughout Ontario. The Police Credit Union has a proud past and

looks forward to a brighter future of **taking care of our own.**

The Board of Directors continues to work with the Financial Services Regulatory Authority of Ontario (FSRA), our regulator, to ensure that our organization adheres to the comprehensive regulatory framework for sound business and financial practices for all Credit Unions in Ontario. Compliance to key areas is monitored by our various committees which includes as follows:

- Enterprise Risk Management Committee (ERMCO), chaired by Gary Leitch and,
- Audit Committee chaired by Geri James.

I would like to take this time to acknowledge the hard work and dedication of both committees as well as the External and Internal Auditors.

Over the past year, your Board of Directors examined our election process and identified a need to assist you, our members, by evaluating future Board of Directors applicants, prior to an election. A Nominating Committee, chaired by George Tucker, was established and a process created which was included in the Board of Directors Information and Candidates Application Package.

Our 2021 elections had three open Director positions. As required, a call for nominations was posted on the TPCU public website and a total of three members applied: two incumbents and one candidate. The Nominating Committee reviewed the applicant's submissions, and all were recommended by the Committee. All three applicants will be acclaimed so no election will be required.

Longtime Board Member Bob Spafford decided to step down and not seek re-election in 2021. Mr. Spafford was first elected to the Board in 2003 and has remained a dedicated and knowledgeable Board member for the past 18 years. Over his tenure on the Board, he has been Vice Chair, held various committee positions, and most recently acted as the Board Secretary, maintaining Board files and reports. I, along with my fellow Board members, want to personally thank Bob Spafford for all his hard work, wealth of knowledge, and commitment to the Board of Directors.

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

Thank you,



Rodney Fraser
Chair - Board of Directors

The Police Credit Union team has made every effort to meet the everyday financial needs of our members during these difficult times by working through the pandemic in accordance with the ever-changing Public Health orders.

BOARD OF DIRECTORS



Back row L to R:
Gary Leitch, Rod Fraser (Chair), Mike Sharp, Stan Colley

Front row L to R:
Bob Spafford, Geri James, George Tucker

Message from the CEO

2020 has been a year like no other in our history with the global pandemic crippling the world's economy. Catastrophic deaths and disruptions to our day-to-day lives caused businesses to cease operations, resulting in job losses for many Canadians.

Worldwide travel restrictions were also imposed and many countries mandated the use of Personal Protective Equipment (PPE), including face masks, along with lockdown measures, to protect the health and safety of their citizens.

The pandemic has impacted all provinces and territories throughout Canada. With continuing health threats being an ongoing reality, everyday restrictions are likely to remain until the latter half of 2021 when most Canadians will hopefully have been vaccinated.

During the year, we had to contend with the first and second waves of the pandemic. 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 these challenging times. This was accomplished by encouraging members to book appointments whenever possible, limiting overcrowding

in branches and making the most efficient use of everyone's time. Plexiglass barriers were installed at front counters and used in private offices to ensure safety and PPE was provided, where required, when social distancing could not be accommodated. Members generally embraced changes to business practices, including wearing masks when entering our branches.

Although our operational hours continue to be temporarily reduced in our Branches and our Call Centre, our staff has worked tirelessly to ensure our members' needs were met. Those who required financial assistance were provided prompt and efficient advice to deal with their unique financial situations.

Operations at our College Branch, inside Toronto Police Headquarters, remain closed due to the pandemic. It is expected to remain closed throughout 2021 until Toronto Police Services eases restrictions and opens access at 40 College Street to the public.

The pandemic also created uncertainty for police recruits and impacted classes scheduled to attend Ontario Police College (OPC). The Credit Union quickly pivoted and worked with our core police services to ensure disruptions were minimal in delivering this important program. This included conducting virtual presentations and meetings with recruits, in addition to 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 up, delivering PPE, updating safety guidelines, 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 finally, 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

As the year began to unfold, the pandemic resulted in many uncertainties pertaining to the severity of financial impacts to our operations.

Responding to rapid interest rate changes and with little or no delinquency impacting our lending portfolio, I am pleased to report positive outcomes for 2020. Overall, our profit before taxes was \$794 thousand and Assets finished at \$356.6 million compared to the previous year's results at \$342.1 million.

75TH ANNIVERSARY

The Police Credit Union celebrated its 75th year of existence in 2020 with in-branch acknowledgements during Credit Union week (October 13th to October 16th, 2020). Members were treated throughout the week with daily handouts and draw prizes for Amazon gift cards (value of \$75), and a Google Nest grand prize drawn at the end of the week. Member participation took place both in branch and online.

Over our history there have been many dedicated Directors, Management, staff, and volunteers that have contributed to the growth and success of this wonderful organization we are all proud to have been a part of.

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, and of course to our many members who have continued to place their faith and trust in The Police Credit Union.

74TH ANNUAL GENERAL MEETING

This past year's Annual General Meeting experience was quite different from our traditional platform of meeting in person with our members, as restrictions to large gatherings were in place due to the pandemic. On Monday June 22nd, 2020 at 4:00 p.m. we hosted our first virtual Zoom meeting event. Director Elections, the approval of the previous Minutes of April 29, 2019 and the appointment of the External Auditor for 2020 were conducted electronically through Simply Voting.

I would like to thank our members for their understanding and acceptance of these new protocols as it was necessary for us to transition to meet our Regulatory obligations and provide our year-end results in a timely fashion.

STRATEGIC INITIATIVES

One of the Credit Union's top strategic initiatives and priorities is to ensure that members have the latest in technology driven banking solutions.

Our road map to digitization of member products and service took significant strides during 2020 with a revamp of the Credit Union's website and mobile banking platforms.

NEW BRANDING AND LOGO FOR TPCU



With the pending implementation of the Forge Digital Banking Platform, the Board of Directors and management felt it was appropriate to update the current branding strategies of the Credit Union.

With the assistance of Central 1's Marketing Team, the Board reviewed several options before choosing a new logo. The new logo uses a chevron, with emphasis on "THE POLICE" or "TPCU" abbreviations and adopts blue colour palettes. The rationale for using the chevron was because of its representation of police stripes worn by the core members we serve. The eternal chevron shape serves to embody the motto *taking care of our own*. Upon closer observation you get the feeling of two hands, one on top of the other, which transitions nicely from the current hands and globe symbol included within our logo today.

The new logo and branding colours will be adopted into the new digital platforms and over time into other Credit Union signage and stationery. The new logo and colours provide a refreshed look and will hopefully appeal to the entire membership base.

FORGE DIGITAL BANKING PLATFORM LAUNCHES

We were thrilled to see the launch of our new Forge Digital Banking Platform website on October 22, 2020. Our new website was rolled out to members who were also provided an upgrade to a new Online Banking and Mobile App featuring our new branding and colour palettes.

Members visiting the new site will experience a best-in-class website with modern design flair and custom imagery reflecting our Credit Union's unique policing culture.

Mobile devices are the centre point of today's digital lives and Forge's responsive mobile first design ensures that the website will look great no matter what device is being used: desktop, tablet or mobile.

As part of the strategy, members can expect to see an upgrade to the Online Banking platform and Mobile Apps in the second quarter of 2021. Soon thereafter, members will also have access to the Apple Pay and Google Pay payment processing platforms.

SERVING POLICE COMMUNITIES THROUGHOUT ONTARIO

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

Our digitization road map will see 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 and their families to conduct business from anywhere in the Province of Ontario.

MEMBERSHIP

This year we welcomed 535 new members to our Credit Union family. This brings our total active membership base to 11,973. Although our closed memberships were quite high, this is a result of the second year that dormant membership cleanup impacted our overall membership results (2019 was the other).

	2020	2019	2018
New	535	739	597
Closed	696	968	375
Members	11,973	12,134	12,363
Net	-161	-229	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 preapproved, 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, 277 new recruits joined The Police Credit Union, and 227 (81.95%) recruits became REWARDS members. 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.

As part of our dedication to the Recruit Program, in 2020, we introduced a part-time Financial Services Officer (FSO) available to recruits on the premises of the Ontario Police College. The FSO is available after hours to assist recruits with any of their financial needs, from helping with setting up banking to loans, mortgages, and other financial questions.

	2020	2019	2018
REWARDS	227	302	214
Regular	50	125	77
Total	277	427	291

We are proud to report that throughout the history of the program, we have assisted 5,776 recruits with their dream of becoming a police officer.

MEMBERSHIP SERVICE, ENGAGEMENT AND FINANCIAL CHECK UP

Delivering an excellent member experience is one of our goals that we strive to meet every day. With the onset of Covid-19 this year our Call Centre 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, emails, contacts, as quickly and efficiently as possible.

The 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 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, The Police Credit Union has developed a meaningful relationship 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

Our Annual Employee Engagement Survey is completed to measure and assess both our

employees' satisfaction and commitment to our organization. An "engaged employee" is one who is fully absorbed and enthusiastic about their work therefore taking positive action to further the organization's reputation and interests. We believe that an "engaged employee" will provide for a better member experience and will result in a win-win situation for all. Since launching the survey in 2015, we have seen a steady increase in the satisfaction rate of our employees and continue to exceed an 80% satisfaction rate in the last three consecutive years.

STAFF DEVELOPMENT

Staff development is integral to the success of our Credit Union. Both our national training partners, CuSource and CUTraining, ensure that all materials available to our employees is current and up-to-date. This is critical when it comes to compliance training for our staff. Both new hires and current employees have access to hundreds of courses to enhance their personal and professional training and development. These opportunities are fully funded by the Credit Union.

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.

YORK BRANCH RELOCATION

The Credit Union's current York Branch located on Yonge Street in Newmarket will relocate to a new facility in 2021. We will become a tenant of the York Regional Police Association at their new location being developed on Eric T Smith Way in Aurora just off Highway 404 at the Aurora Road off ramp. The branch will be located on the ground level floor occupying approximately 2,000 square feet. It will house a lobby-style

ATM machine with 24-hour access and will be designed with our traditional layout and colours as established at our other branch locations. Efforts to construct the branch are expected to begin in the second quarter of 2021 with an anticipated relocation by the end of summer.

INTO THE FUTURE

As we enter our 76th year of providing financial services to our policing communities, our plans include for safe organic growth with our members and increasing our membership base. This will be achieved through active pursuit of 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 possible 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

2020 has been a year like no other as we continued to navigate unknown challenges from the pandemic and its impacts to all parts of society. I am incredibly grateful to our entire staff for their hard work and dedication in assisting our members and ensuring our Credit Union remained open during these challenging times.

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: Denizil D'Mello, Controller; Sheila Carvalho, Member Credit Manager; Bess Kominos-Estrela, Manager of Retail Services; Andy Doak, Chief Executive Officer; Karen Zwarych, Human Resources & Training Manager

Comparative Highlights

Years ended December 31	2020	2019	2018	2017	2016
Operating Revenue	\$ 10,740,261	11,118,956	9,765,683	8,843,997	8,039,744
Interest on Members' Deposits					
- amount	\$ 3,779,753	3,980,557	3,203,067	2,661,507	2,621,137
- percent	35.2%	35.8%	32.8%	30.1%	32.6%
Financial Margin					
- amount	\$ 6,287,542	6,361,127	6,057,838	6,107,991	5,351,015
- percent	58.5%	57.2%	62.0%	69.1%	66.6%
Comprehensive Income					
- amount	\$ 687,710	890,750	672,166	670,249	1,373,064
- percent	6.4%	8.0%	6.9%	7.6%	17.1%
Loans to Members	\$ 308,927,110	300,968,499	294,410,163	263,652,868	237,022,226
Membership Shares	\$ 1,196,107	1,212,073	1,234,370	1,213,080	1,216,709
Investment Shares (Gross amount)	5,000,000	5,000,000	5,000,000	-	-
Members' Deposits	\$ 317,682,529	295,073,046	277,533,822	269,626,619	257,424,759
Total Assets	\$ 356,559,405	342,098,797	323,155,803	292,596,571	272,781,195
Asset Growth	4.23%	5.86%	10.44%	7.26%	5.37%
Leverage Ratio	5.90%	6.01%	6.15%	4.90%	5.01%
BIS Ratio	14.53%	14.74%	14.77%	11.89%	13.63%
Liquidity	13.52%	12.22%	8.03%	8.46%	11.17%

Financial Focus

The year 2020 was unlike any other year in our history. Despite all the uncertainties due to the pandemic for most of the year, the Credit Union exceeded its budget financial target on profitability. Mortgage business was strong for the year driven mostly from the low-rate interest environment. The deposit portfolio experienced record growth in 2020. The lockdown due to the pandemic was one of the main reasons why overall members saw strong growth in their chequing and savings account balances.

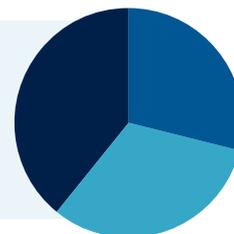
Total residential mortgages held by members grew \$9.0 million or 3.3% to \$282.3 million up from 2019. Personal loan portfolio declined by (\$1.8) million or (7.8%) to \$21.3 million at the end of 2020. The pandemic altered the plans on hiring activities within the Police Services in the GTA which resulted in recruit hiring activities that were below the 2019 levels. Commercial mortgages ended the year with a portfolio balance of \$5.3 million compared with a portfolio balance of \$4.6 million in 2019.

The table below illustrates the growth in the deposit portfolio from 2019. The graph captures the makeup of the different deposit product lines.

millions	2020	2019	change
Demand	\$124.9	\$101.7	\$23.2
Term	\$100.4	\$104.7	(\$4.3)
Registered	\$92.4	\$88.7	\$3.7
Total	\$317.7	\$295.1	\$22.6

2020 DEPOSITS

- Registered \$92.4M
- Term \$100.4M
- Demand \$124.9M



Assets under administration (AUM) from our off-balance sheet Wealth Management services ended the year at \$28.2 million, up 2.1 million or 8.0% from 2019. Strong growth in the Canadian and US equity markets contributed to the AUM growth. Total asset growth for the year, which includes off-balance sheet wealth administered assets, was up \$16.6 million or 4.5%. Asset growth managed by the Credit Union grew \$14.5 million or 4.2% compared to 2019. Total assets for the year ended at \$384.8 million compared to \$368.2 million in 2019.

Operating revenues, which include interest income earned on loans and investments, declined by \$0.4 million or 3.6%. During the first quarter of 2020, the Bank of Canada lowered its overnight interest rate by 1.50%, the rate cuts had a direct impact on lower interest and investment income for the year.

Interest expense on member deposits, member rebates and borrowings were \$0.3 million lower compared to 2019. The savings in lower interest expenses was due to the rate cuts.

Financial margin for the Credit Union was \$74 thousand lower from the prior year. The lower rates for most of 2020 was the main reason for the decline in financial margin.

Provision on loan losses has always been low compared to the size of the loan's portfolio. Loan loss provision was \$22 thousand in 2020 compared to \$26 thousand in 2019. Other income mostly generated from various transaction fees was \$1.3 million for the year.

Operating expenses increased \$44 thousand in 2020. The slight increase from the prior year is mainly from staffing cost for the year. During the year there were number of marketing and corporate initiatives that had to be postponed or changed due to the pandemic.

Income before income tax expenses was \$242 thousand below the prior year. The decline was impacted mostly from lower interest rates for most of the year. The Credit Union maintained strong leverage capital and risk weighted capital exceeding both the regulatory limits and policy limits. Leverage capital level was 5.90% (2019 - 6.01%) while Risk weighted capital was 14.53% (2019 - 14.74%).

The Credit Union's strategic objective is to improve operating efficiency down to 85% in the next few years. For the current year, operating efficiency was 89.5% (2019 - 87.0%).

LOAN REPORT

Total loans advanced and lines approved to members increased \$24.7 million from

\$75.3 million in 2019 to \$100 million in 2020. Although personal loan numbers decreased due to lower recruit activity, mortgage volumes were up due to market conditions driven primarily by a favorable rate environment.

Total loans to members were \$308.9 million, an increase of 2.62% over the prior year when loans to members totalled \$301 million.

During the year, the loan loss allowance increased from \$91,577 in 2019 to \$100,337 in 2020. Recoveries on loans previously written-off was \$11,969. Loan write-offs during the year amounted to \$24,923. Four members filed for Consumer Proposal or Bankruptcy in 2020.

TOTAL LENDING ACTIVITY	2020		2019	
Personal				
Personal Loans	406	\$ 7,232,470	585	\$ 10,235,353
Lines of Credit	301	15,637,020	365	14,849,590
Mortgages	187	75,025,497	147	48,135,458
Commercial				
Mortgages	5	2,084,000	6	2,102,644
Total	899	99,978,987	1,103	75,323,043
Total Loans not approved	75	7,064,690	93	3,167,802
Grand Total	974	107,043,677	1,196	78,490,845
Loan Allowance				
Specific	6	43,096	8	17,908
Non-Specific and General	0	57,241		73,669
Grand Total	6	100,337	8	91,577

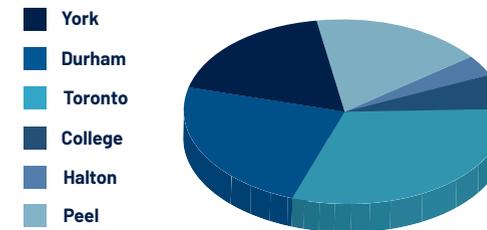
Mentions & Milestones

- **Total Assets** were up \$14.5 million from \$342.1 million in 2019 to \$356.6 million in 2020.
- **Total Loans** to members grew \$7.9 million or 2.6%. Personal loans provision charged to operations was \$21,714, recoveries on loans previously written off was \$11,969 and loans written off during the year was \$24,923. The allowance balance for impaired personal loans grew from \$91,577 in 2019 to \$100,337 in 2020.
- **Loan request applications** from members declined 18.5% compared to 2019.
- **Residential mortgage portfolio** grew \$9.0 million or 3.3%. Personal loans portfolio declined 7.8% from \$23.1 million in 2019 to \$21.3 million in 2020. Commercial mortgage and loans portfolio was up \$0.7 million and closed the year at \$5.3 million.
- **Members' Deposits** grew \$22.6 million or 7.7% from \$295.1 million in 2019 to \$317.7 million in 2020.
- **Net Income** for the year was \$687,710 compared with \$890,750 in 2019.
- **Members' Equity** which is comprised of investment shares and undivided earnings closed the year at \$19,784,840 compared to \$19,265,784 in 2019. Investment shares qualifies as equity as such was included in member's equity with a closing balance of \$4,936,231. Investment shares were sold to the membership in 2018 to strengthen the Credit Union's regulatory capital. Dividends were declared and paid on the investment shares from 2018 to 2020.
- **Financial Margin** declined \$73,585 or 1.2% from 2019. Operating revenue for 2020 was lower by \$378,695 compared to 2019. Interest expense was lower by \$305,110 compared to 2019. The net impact resulted in lower financial margin.
- **In 2020 we welcomed 277 new recruits as members**, and 227 of the new recruits became REWARDS members. In 2019, 427 new recruits joined as members, of which 302 became REWARDS members.
- **Wealth Management Services** - Assets under Administration grew \$2.1 million or 8.0% from \$26.1 million in 2019 to \$28.2 million in 2020.

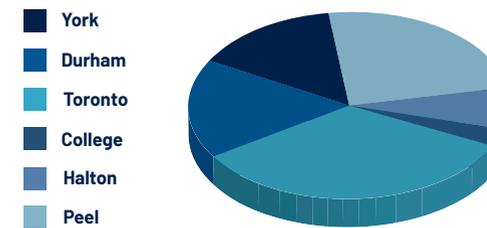
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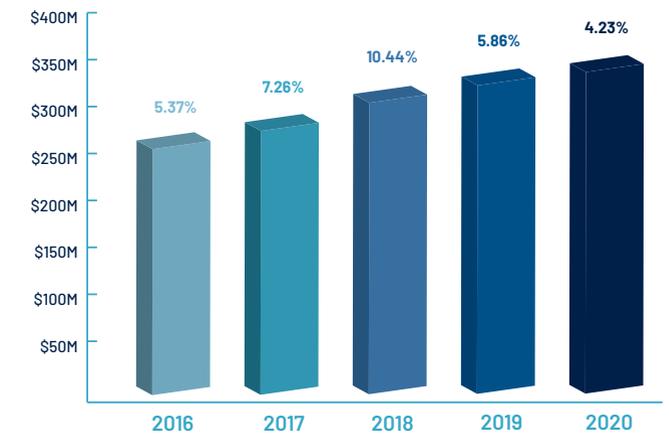
MEMBERSHIP



ASSETS



ASSET GROWTH



BRANCHES

Toronto		York		Consolidated	
Members	3,707	Members	2,173	Members	11,973
Assets	\$144.7 million	Assets	\$62.9 million	Assets	\$429.2 million
Deposits	\$125.9 million	Deposits	\$52.7 million	Deposits	\$315.6 million
Loans	\$44.2 million	Loans	\$62.4 million	Loans	\$308.7 million
College		Peel		Halton	
Members	756	Members	2,069	Members	422
Assets	\$13.5 million	Assets	\$104.4 million	Assets	\$30.3 million
Deposits	\$8.9 million	Deposits	\$51.9 million	Deposits	\$4.9 million
Loans	\$13.4 million	Loans	\$103.5 million	Loans	\$29.7 million
Durham		Halton			
Members	2,846	Members	422		
Assets	\$73.4 million	Assets	\$30.3 million		
Deposits	\$71.3 million	Deposits	\$4.9 million		
Loans	\$55.5 million	Loans	\$29.7 million		

Community Involvement

The Police Credit Union actively supports and partners with our policing communities throughout the year. 2020 however presented challenges as picnics, children's holiday parties and Association charitable golf tournaments were cancelled due to the Covid-19 pandemic. Sponsored events, galas and various police organization conferences were also cancelled.

In the spirit of *taking care of our own* The Police Credit Union continued to support the community where possible, regardless of cancellations. Monetary donations were made to the Holiday Heroes campaign and the Ontario Law Enforcement Torch Run for the special Olympics. Our branches reached out to their local policing community and were successful in arranging gifts to some of our police Associations.

The Police Credit Union's commitment to donating, annually, a percentage of the revenue sharing profits generated by our Mastercard, to the Ontario Police Memorial Foundation remained a focus for 2020. We believe the foundation is near and dear to our members 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. After six years, the Credit Union will have donated more than \$55,000 to the foundation.



Durham Member Appreciation Week
Winner Sarah Nation-Williams



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'

OUR COMMUNITY PROGRAMS

The Police Credit Union is a proud supporter of the Ontario Police Memorial Foundation, which honours fallen officers who have died in the line of duty protecting the people of Ontario.

We also offer scholarships for children and grandchildren of our members. The Police Credit Union awards five \$1000 yearly scholarships to second year university students for their fall semester.



Toronto Branch 2020 TPCU scholarship winners Anthony Girmenia and Sienna Mitchell



OUR IMPACT AT A GLANCE



SCHOLARSHIPS & BURSARIES

In 2020, we gave out \$7,213 in scholarships and bursaries to help students with their education.



POLICING COMMUNITY SPONSORSHIPS

Over the past two years, almost \$20,000 in sponsorship funds were given to help our local police communities.



OPMF DONATIONS

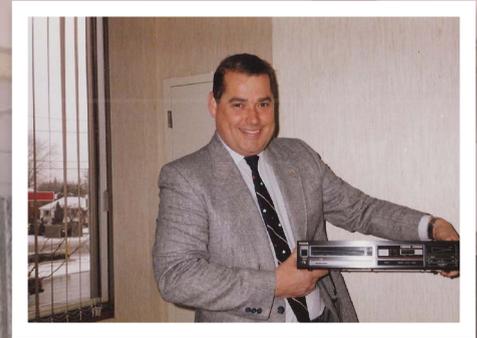
We've donated over \$40,000 over the last four years to the Ontario Police Memorial Foundation through our Mastercard profits.



DONATIONS IN KIND

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

75 Years in Pictures



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 2020 and performed the following duties:

- Reviewed results of our external audit provided by Jones & O'Connell LLP resulting in the recommendation to the Board to approve the 2020 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 (Chair), Mike Sharp and Bob Spafford.



Geri James
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, 2020, 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, 2020.

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 22, 2021. 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 22, 2021

Financial Statements

Balance Sheet

Year ended December 31	2020	2019
Assets		
Cash	\$ 14,752,175	\$ 14,723,164
Investments	28,963,970	22,286,987
Loans to members	308,927,110	300,968,499
Other assets	1,015,464	650,477
Property and equipment	1,791,790	2,138,829
Right of use assets	1,108,896	1,330,841
	\$ 356,559,405	\$ 342,098,797
Liabilities and Members' Equity		
Members' deposits	\$ 317,682,529	\$ 295,073,046
Securitization liabilities	14,989,932	23,051,956
Other current liabilities	920,961	1,231,035
Provisions	346,400	353,400
Lease liabilities	1,638,636	1,911,503
Membership shares qualifying as liabilities	1,196,107	1,212,073
	\$ 336,774,565	\$ 322,833,013
Members' Equity		
Investment shares qualifying as equity	4,936,231	4,914,385
Undivided earnings	14,848,609	14,351,399
	19,784,840	19,265,784
	\$ 356,559,405	\$ 342,098,797

ON BEHALF OF THE BOARD



R. Fraser, Chair



R. Spafford, Director

Statement of Operations

For the year ended December 31	2020	2019
Operating Revenue		
Interest on loans	\$ 10,322,532	\$ 10,482,948
Investment income	417,729	636,008
	10,740,261	11,118,956
Interest Expense		
Interest on members' deposits	3,779,753	3,980,557
Member rebates	40,522	39,300
Interest on borrowings - liquidity	25,336	118,131
Interest on securitization liabilities	607,108	619,841
	4,452,719	4,757,829
	6,287,542	6,361,127
Financial Margin		
Other Operating Items		
Provision for losses on loans	\$ (21,714)	\$ (26,349)
Other income	1,276,414	1,405,691
	\$ 7,542,242	\$ 7,740,469
Operating Margin		
Operating Expenses		
Administrative	2,217,688	2,347,817
Amortization of property and equipment	453,581	428,387
Amortization of right of use assets	221,945	225,962
Deposit Insurance	238,910	223,741
Salaries and benefits	3,616,173	3,478,409
	6,748,297	6,704,316
	793,945	1,036,153
Income Before Income Tax Expense		
Income Tax Expense		
Current	(106,235)	(145,403)
	\$ 687,710	\$ 890,750
Net Income and Comprehensive Income for the Year		

Statement of Changes in Members' Equity

	Investment Shares Qualifying as Equity	Undivided Earnings	Members' Equity
Balance, December 31, 2018	\$ 4,894,079	\$ 13,692,149	\$ 18,586,228
Cost of issuance of investment shares	(1,515)	-	(1,515)
Amortization cost of issuance of investment shares	21,821	-	21,821
Dividends declared on investment shares	-	(231,500)	(231,500)
Comprehensive income	-	890,750	890,750
Balance, December 31, 2019	\$ 4,914,385	\$ 14,351,399	\$ 19,265,784
Amortization of 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

1. Basis of Presentation

These financial statements are a summary version of the audited financial statements for the year ended December 31, 2020, which have been approved for issue by the Board of Directors on February 22, 2021. 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, 2020.

Corporate Office	
Chief Executive Officer	Andy Doak
Executive Secretary	Linda Fernandes
Investment Specialist	Horst Scheibelt
Human Resources & Training Manager	Karen Zwarych
Marketing Coordinator	George Lambropolous
Member Credit Manager	Sheila Carvalho
Loans Officer	Rajarshi Konar
Loans Officer	Guillermo Verdesoto
Loans Administration Clerk	Roya Ghahremani
Controller	Denzil D'Mello
Network & Systems Administrator	Arvin Evangelista
Centralized Accounting/ Administration Supervisor	Sirin Patel
Accounting Clerk	Elizabeth Kunter
Centralized Administration Team Leader	Susan Proulx
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 Branch	
Toronto/College Branch Manager	Peter Giftakopoulos
Financial Services Officer	Cyndi Ghoneim
Financial Services Officer	Stephanie Edgal
Member Service Representative	Maryam Khayyam
40 College St. Branch	
Financial Services Officer	Romeo Mernacaj
Member Service Representative	Lisa Chu
Durham Branch Manager	
Financial Services Officer	Lianne Balasingham (acting)*
Financial Services Officer	Jackie McCulloch
Senior Member	Cari Brothers
Service Representative	Denise Lombardo
York Branch Manager	
Financial Services Officer	Diane Gelinas
Financial Services Officer	Susan Van Winckle
Financial Services Officer	Lancim Mascarehas
Financial Services Officer	Jeanette Wood
Member Service Representative	Nancy Cotnam
Peel Branch	
Peel/Halton Branch Manager	Donna Aleksovski
Financial Services Officer	Katarina Rakic
Financial Services Officer	Patema Palmer
Financial Services Officer	Tony Brar
Member Service Representative	Marisel Casallo-Garcia
Halton Branch	
Member Service Representative	Erin Skinner
Member Service Representative	Nelia Abdullah
Financial Services Officer	Nichole Graczyk
Ontario Police College	
Financial Services Officer	Sherri Wiebe

*Durham Branch Manager Anna Gomes (on maternity)



Taking care of our own