



Improving
Lives.
Strengthening
Communities.

2025
Annual
Report

PenFinancial
Credit Union



Follow us on social media for news and updates

f **@** **PenFinancial**

Table of Contents

About

- 4** Who We Are
- 5** 2025 by the Numbers
- 6** Message from the CEO

Governance

- 10** Report from the Board Chair
- 12** Board of Directors
- 14** Report from the Audit and Risk Committee
- 15** Report from the Governance and Human Resources Committee
- 16** 2026-2028 Strategic Plan

Community

- 17** Our Members
- 18** Protecting our Members from Fraud
- 19** Our People
- 20** Truly Local Commitment

Financials

- 26** Independent Auditors Report
- 27** Summary Statement of Financial Position
- 28** Summary Statement of Comprehensive Income
- 29** Summary Statement of Changes in Members' Equity
- 30** Summary Statement of Cash Flows

Land Acknowledgment

As a Truly Local Credit Union, PenFinancial is dedicated to serving the members and communities on the traditional territory of the Haudenosaunee, Anishinaabe, and other Indigenous nations. This commitment means we prioritize the needs and interests of our community, recognizing that being part of this land is both a privilege and an honour. We are committed to nurturing respect and understanding in our ongoing relationship with Indigenous peoples.



Who We Are

PenFinancial Credit Union is a member-owned financial institution that has been dedicated to *improving lives and strengthening communities* across Niagara and Haldimand for over 60 years. Serving nearly 19,000 individual members and businesses, we offer full-service digital and in-branch banking backed by honest advice and local expertise. PenFinancial is a Living Wage employer guided by cooperative values, our deep Truly Local Commitment, and a pledge to reinvest a portion of profits to support programs and initiatives that make a meaningful difference in our community. As a values-driven alternative to traditional banks, PenFinancial is built to put people — not profits — first.

OUR PURPOSE

Purpose answers the question “*Why do we exist?*” It is the fundamental reason we exist beyond profits. It is our contribution to society and our core reason for being.

Improving lives and strengthening communities.

OUR VISION

Vision answers the question “*Where are we going?*” It’s an outward-focused and inspirational declaration of what we want to achieve. It inspires others to join us – as employees, as members, and community.

Neighbours cooperating for a prosperous tomorrow.

OUR MISSION

Mission answers the question “*What do we do and how?*” It declares our core function, who we serve and how we deliver value. It also identifies where we must concentrate our efforts to deliver our Vision.

Creating shared prosperity for those we serve through values-driven advice and reliable financial services.

OUR VALUES

Values answer the question “*What do we stand for?*” They are fundamental beliefs and guiding principles that shape our culture, behaviour and decision-making.

Accountability

We willingly accept responsibility for our actions, hold ourselves to high standards, and support each other in doing what’s right.

Respect

We create an environment where people feel seen, heard, and valued — in every interaction, with every member, and within every team.

Cooperation

We achieve more when we work together — combining our strengths, supporting each other, and building shared success through collaboration.

Trust

We build relationships through honest advice, ethical decisions, and doing what’s best for our members and communities.

2025 by the Numbers



18,362

Members

+797

New members



100

Employees



\$2.90M

Net income (after tax)



4.25%

Dividend on Niagara Shares



\$808.58M

Total assets



\$1.01B

Assets under management



\$198.09M

Wealth assets



6.82%

Leverage ratio



14.46%

Risk weighted capital ratio

For more information, refer to the Financials section beginning on page 25.



A Message from Our Chief Executive Officer

When I look back on 2025, one phrase keeps coming to mind: the power of collective strength. It was a year defined not only by major operational and strategic achievements, but also by the steady, determined way our teams supported one another and our members.

Across every area of the Credit Union, our people leaned into challenges with professionalism, warmth, and a shared commitment to *improving lives and strengthening communities*.

As CEO, it is both humbling and inspiring to witness this kind of dedication. The progress we made this year – across member experience, governance, new member acquisition, risk maturity, and the development of our 2026–2028 Strategic Plan - was only possible because of employees who care deeply about their work and about the people we serve.

Delivering Meaningfully for Members

Every year at PenFinancial, our work begins and ends with our members. In 2025, we saw clear evidence of growing trust and engagement across our communities. Nearly 800 new members chose to join PenFi, strengthening our presence throughout Niagara and Dunnville.

Our lending teams supported members' credit needs by underwriting \$212 million in retail lending – representing a 40% increase over the prior year – along with \$128 million in commercial lending that helped local businesses grow and reinvest in their communities. Our frontline retail team processed over 250,000 member transactions, while our Truly Local Contact Centre answered 90% of incoming calls and booked 1,234 advisor appointments for our members. Members also completed more than 737,000 transactions through online banking and a further 115,000 using ATMs.

These numbers reflect more than operational strength – they reflect trust, relationships, and the steady, thoughtful work behind the warm, personal experience our employees deliver every day. This was reaffirmed by our 2025 year-end member satisfaction score of 89.98, an increase of +2 from 2024 and more than 10 points higher than Canadian credit union, broader financial services, and Ontario credit union benchmarks.

We also continued to safeguard our members' financial wellbeing in an increasingly complex risk environment. Teams across the organization prevented numerous fraud attempts throughout the year, helping members avoid significant losses and reinforcing confidence in PenFi's security practices. This work is less visible, but it remains among the most important services we provide.

Modernizing the Member Experience

In retail banking, 2025 was a year of meaningful modernization. We introduced new account packages and updated service fees to align with member expectations for simplicity and digital convenience by notably expanding Interac e-Transfer capabilities and providing access to a wide network of surcharge-free ATMs. These enhancements also contributed to PenFi's financial sustainability by strengthening non-interest revenue in a responsible, long-term way.

We also launched a refreshed member referral program designed for ease and engagement. Within

the first four months, members and employees generated 87 referrals – an enthusiastic response that underscores the trust people place in recommending PenFi to others.

Behind the scenes, several teams collaborated to improve operational processes, including mortgage renewals, estates, and dormant accounts, through enhanced internal workflows. We also centralized mortgage broker relationships into a dedicated model that streamlines processing and accelerates response times. These changes have already increased broker engagement and generated new business within the first two months. While these improvements may not be visible to members, they form the foundation for efficient, consistent, and reliable service delivery across the Credit Union.

Strength and Momentum Across Wealth and Commercial Services

2025 also demonstrated the depth and capability of our wealth and commercial teams. In the wealth business, we continued to outperform those within our Aviso peer group. Our wealth team, led by the Vice-President, Member Experience & Advice, received a 2026 Practice Standards Award for their focus on and commitment to wealth advice excellence over the past year.

We welcomed 104 new wealth investors – well above the peer average of 27 – and launched three group RRSP arrangements, a first in PenFi's history! We also completed a targeted wealth segmentation initiative, redistributing member relationships across advisors to better align resources and ensure that members are supported by the advisor most suited to their needs.

Additionally, we introduced a comprehensive Intergenerational Wealth Transfer (IGWT) initiative, including an estate planning resource centre and enhanced internal processes. This work required thoughtful realignment of resources, including re-deploying staff to support both member-facing and back-office functions, and ultimately became PenFi's most focused member acquisition campaign in more than 15 years.

On the commercial side, we strengthened our lending portfolio through disciplined credit practices and sector-focused risk management. The team also completed PenFinancial's second commercial syndication deal and began a review of our small business strategy to position us for growth in 2026 and beyond. These actions reinforce our commitment to meeting the evolving needs of local businesses while maintaining prudent credit practices.

A Significant Year for Governance and Risk

Governance and risk management were among the most important areas of progress in 2025. PenFinancial has always valued responsible stewardship, and this year marked a significant step forward in our maturity.

We collaborated with the Board to finalize and operationalize 23 new governing policies and three new risk frameworks, each of which now guides the way we manage core organizational risks. We rebuilt our Enterprise Risk Management practice from the ground up and implemented a strengthened organizational structure that includes a permanent Director of Risk & Compliance and an enhanced second line of defence for credit risk.

Our continued focus on cybersecurity was validated by a strong annual security audit score of 4.12, well above the peer average of 3.68. Maintaining a secure environment remains a top priority for both member protection and organizational resilience.

“2025 reminded us of the power of collective strength – the way our teams support one another and our members every day.”



“ These numbers reflect more than operational strength – they reflect trust, relationships, and the thoughtful work behind the warm, personal experience our employees deliver every day.”

Our People: The Foundation of Everything We Achieve

What truly distinguishes PenFinancial is our people. In 2025, teams across the organization demonstrated professionalism, adaptability, and a genuine sense of care that helped drive our success.

We welcomed 20 new employees and celebrated 17 internal promotions and transfers, strengthening our talent pipeline and reinforcing PenFi as a workplace that develops and recognizes its people. Our overall employee engagement score rose from 77 to 79 – evidence of the positive, collaborative culture our teams continue to build.

Strengthening Our Communities

Community leadership remains central to who we are. In 2025, employees contributed more than 2,000 volunteer hours, supported local fundraising initiatives, and deepened partnerships with organizations including Birchway Niagara, Big Brothers Big Sisters of Niagara, the Welland Jackfish, and Gillian’s Place – where our presence at Walk A Mile in HER Shoes was proudly led by our Board Chair, David Veres.

We continued to invest in local impact through the Truly Local Grant Program and expanded our financial literacy outreach, including hosting our first Each One, Teach One workshop in Fort Erie. These initiatives reaffirm PenFi’s role not only as a financial partner, but also as an active collaborator in building stronger communities.

A New Strategic Plan for a New Era

Perhaps the most transformative outcome of the year was the development and approval of PenFi’s new 2026–2028 Strategic Plan. Built through deep analysis, thoughtful dialogue, and meaningful contributions from teams across the organization, the plan was approved by the Board and will guide PenFi into its next chapter.

The plan is anchored in three pillars: Integrity-first, People-driven, and Member-centric - and establishes clear priorities in financial sustainability, risk management, digital innovation, employee development, and member growth. It reflects both who we are today and who we aspire to become as we continue evolving to meet the needs of our members and communities.



Looking Ahead to 2026

As we enter 2026, we do so with strong momentum and a renewed sense of purpose. The year ahead will undoubtedly bring new opportunities and challenges, but I am confident in our direction and in the people leading PenFinancial forward. If we continue to work with integrity, curiosity, and a commitment to each other and our members, we will be well-positioned to make the most of the path ahead.

Our work matters. Our members matter. And in communities across Niagara and Dunnville, PenFinancial continues to make a real and lasting difference.

A Final Word of Gratitude

To our employees: thank you for your dedication, professionalism, and care.

To our Board: thank you for your guidance and thoughtful oversight.

And to our members: thank you for your trust. It is an honour to serve you.

As we look ahead, I am filled with optimism. Together, we will continue to improve lives and strengthen communities – one member and one opportunity at a time.

With gratitude,



Shari Sekel,
Chief Executive Officer
PenFinancial Credit Union

“If we continue to work with integrity, curiosity, and commitment to our members, we will be well positioned to make the most of the path ahead.”



Report from the Board Chair



On behalf of the Board of Directors, I am pleased to present this report for the fiscal year ended December 31, 2025.

“The Board carefully considered these developments and their potential impact on the Credit Union. These informed strategic decisions related to risk appetite, capital planning, and investment priorities, helping ensure resilience in the near-term while positioning the organization for the future.”

The Board’s role is one of stewardship and strategic leadership: safeguarding the long-term strength of the Credit Union while ensuring we continue to serve members in a sustainable, responsible manner aligned with our Purpose. Over the past year, the Board focused on strengthening governance, providing effective oversight and judgment, and supporting forward-looking decision-making to position the Credit Union for continued success.

Navigating a Changing Environment

The external environment continued to evolve during the year. Economic conditions were influenced by global political uncertainty, U.S. tariffs, and shifting trade relationships. At the same time, technological change and evolving member expectations continued to reshape the financial services landscape.

The Board carefully considered these developments and their potential impact on the Credit Union. These informed strategic decisions related to risk appetite, capital planning, and investment priorities, helping ensure resilience in the near-term while positioning the organization for the future.

Governance, Risk, and Stewardship

Strong governance remains fundamental to the Credit Union’s success. Throughout the year, the Board maintained rigorous oversight of regulatory compliance, risk management, and internal controls. We worked closely with the Senior Leadership Team and our regulatory partner, the Financial Services Regulatory Authority of Ontario (FSRA), to ensure risks are well understood, proactively managed, and aligned with our cooperative values.

This disciplined approach supports compliance with legislative and prudential requirements and reinforces the confidence of members and stakeholders. The Board remains committed to protecting the Credit Union’s reputation, integrity, and long-term stability.

Financial Oversight and Strength

The Board closely monitored financial performance and balance sheet strength throughout the year. Our continued focus on profitability reflects prudent financial management and a resilient operating model.

The Credit Union maintained a strong liquidity position and continued to enhance its capital strength. This financial foundation enables us to support members through economic cycles, invest in strategic initiatives, and respond effectively to future challenges and opportunities. Capital strength remains a core pillar of the Board's stewardship responsibilities.

Looking Ahead: Strategic Plan 2026–2028

A key focus during the year was the development of the 2026–2028 Strategic Plan. This process reaffirmed our Purpose and established a clear direction for the years ahead. The strategy emphasizes long-term sustainability, member-centricity, and responsible growth, supported by strong governance, skilled people, and resilient systems.

The plan reinforces our commitment to remaining a strong, independent Credit Union. We will continue to enhance how we serve members through a thoughtful mix of services, technology, and personalized care, while actively promoting these benefits to new members within our communities.

The Board will continue to focus on improving returns on assets, supported by robust risk management and strong regulatory compliance. Alongside our commitment to our employees and communities, these efforts support our goal of building a prosperous and sustainable future.

Appreciation

On behalf of the Board, I thank our members for their trust and loyalty, our staff for their dedication and professionalism, and my fellow Directors for their commitment to effective governance. Together, we remain united by our shared Purpose of *improving lives and strengthening communities*.



David Veres
Chair, Board of Directors
PenFinancial Credit Union

“The plan reinforces our commitment to remaining a strong, independent Credit Union while building a prosperous and sustainable future for our members and communities.”

Board of Directors



DAVID VERES
Board Chair



ELIZABETH GRIMMOLD
Board Vice-Chair and
Chair of the Nominating
Committee



SANDY BROWN
Chair of Audit and
Risk Committee



LAURIE RYAN-HILL
Chair of Governance
and Human Resources
Committee



GRACE PANG



KIRBI SIMPSON



RICK TABAKA



DAVID TSANG

The PenFinancial Credit Union Board of Directors is a group of elected officials representing our members on a strategic level. They represent different life stages, professional experiences, social backgrounds, and communities. In 2025, this included 63% of Directors who identify as female, and 37% who identify as male.

The Board is responsible for the leadership of the Credit Union and setting the overall direction of PenFinancial. The Board sets policy and provides oversight of the Credit Union by reviewing and monitoring results, working closely with the CEO and Management, and ensuring ongoing compliance with our regulators. The Board provides overall strategic direction to improve and enhance the short- and long-term stability of PenFinancial and ensure future sustainability.

GET ON BOARD!

If you are interested in learning more about the Board of Directors, visit:

[PenFinancial.com/Board-of-Directors](https://penfinancial.com/Board-of-Directors)

Or email **board@penfinancial.com**



2025 Meeting Attendance

	Board Meetings Attended	Committee Meetings Attended*	Honorarium Paid	Direct Fees (Extra Meetings)	Total	Expenses Reimbursed	Place of Residence
DAVID VERES Board Chair	6/6	4/4	\$8,279.18	\$2,362.50	\$10,641.68	\$1,133.00	Fonthill
ELIZABETH GRIMMOND Board Vice-Chair and Chair of Nominating Committee	10/10	12/13	\$12,900.00	\$3,450.00	\$16,350.00	\$860.00	Niagara Falls
SANDY BROWN Chair of Audit and Risk Committee	6/6	7/7	\$6,883.31	\$2,412.50	\$9,295.81	\$739.00	Niagara Falls
LAURIE RYAN-HILL Chair of Governance and Human Resources Committee	10/10	8/8	\$11,012.49	\$1,800.00	\$12,812.49	\$663.00	St. Catharines
GRACE PANG	9/10	9/10	\$9,849.96	\$2,675.00	\$12,524.96	--	Welland
KIRBI SIMPSON	10/10	8/9	\$10,283.34	\$2,700.00	\$12,983.34	--	Wainfleet
RICK TABAKA	9/10	4/5	\$8,729.16	\$3,062.50	\$11,791.66	--	Niagara Falls
DAVID TSANG	6/10	7/8	\$9,050.04	\$3,125.00	\$12,175.04	\$647.00	Welland
IVAN DAVID CHAMBERLAIN (Term completed April 2025)	4/4	1/1	\$3,541.65	\$3,150.00	\$6,691.65	--	St. Catharines
N. REG SONNENBERG (Resigned June 2025)	7/7	2/2	\$11,491.69	\$1,825.00	\$13,316.69	\$2,823.00	Niagara Falls
ANGIE WALKER (Resigned April 2025)	4/4	3/3	\$5,479.15	\$10,837.50	\$16,316.65	--	Fonthill
CHRIS WALSH (Term completed April 2025)	4/4	1/1	\$3,770.85	\$1,212.50	\$4,983.35	--	Niagara Falls

*Including Audit and Risk Committee, and Governance and Human Resources Committee.

2025 Board Expenses

- Total honorarium paid — **\$101,271**
- Total additional meeting compensation — **\$38,613**
- Total expenses paid including education, conferences and other related expenses — **\$95,852**
- Total Board expenses — **\$235,737**

Report from the Audit and Risk Committee

The Audit and Risk Committee is made up of four Directors who are appointed each year from, and by, the Board of Directors.

The Committee's role is to provide oversight of integrity of PenFinancial's financial reporting and statements, adequacy of internal and external audit functions and their performance, adequacy and effectiveness of risk management process, compliance with laws and regulations, and qualifications and independence of external auditor.

The Audit and Risk Committee is pleased to report to the members of PenFinancial that it has completed its responsibilities for the year. These responsibilities are set out in Section 25 of the Credit Unions and Caisses Populaires Act, 2020 and Section 36 of Ontario Regulation 105/22.

The Audit and Risk Committee provide reports and recommendations to the Board of Directors or Senior Management, as appropriate, and follows up to ensure recommendations are addressed. At year-end, there were no significant recommendations that had not been implemented or were not in the process of being implemented. There were also no matters requiring disclosure under the Act or related Regulations.

During the year, the Committee held eight meetings and carried out the following key activities:

- A comprehensive review and enhancement of the Enterprise Risk Management (ERM) framework for Board to approve. These enhancements strengthen PenFinancial's ability to identify and manage risks in a changing financial environment.
- Reviewed Management's identification of PenFinancial's key risks in accordance with the Risk Governance Policies. The Committee ensured that processes and controls are in place to measure, monitor, manage these risks within Board approved risk tolerances.
- Supported education initiatives focused on deepening knowledge of Enterprise Risk Management (ERM). All Board members and the Senior Leadership Team participated in these educational sessions.

- Reviewed policies and controls related to compliance with legislation, with particular attention to liquidity requirements, capital adequacy, and interest rate risk management.
- Acted as the main point of communication between the Board of Directors and the external auditors. The Committee oversaw the request-for-proposal process to select the new external auditor for 2025, which resulted in the Board appointment of BDO. The Committee also reviewed BDO's audit engagement terms, the audit scope, and PenFinancial's 2025 annual financial statements before they were approved by the Board and issued to members.
- Acted as the Board's liaison with the internal auditor. The Committee reviewed the internal audit plan, risk-ranked priorities, audit reports, and Management's responses.
- Private (in-camera) meetings were held with both the internal and external auditors.

Throughout the year, the Committee received full cooperation and support from Management. This enabled the Committee to effectively carry out its responsibilities, support quality financial reporting for members, and strengthen PenFinancial's overall governance and control environment.

Respectfully submitted on behalf of myself and the members of the Audit and Risk Committee - Elizabeth Grimmond, Kirbi Simpson, and David Tsang.



Sandy Brown
Chair, Audit and Risk Committee

Report from the Governance and Human Resources Committee

The Governance and Human Resources Committee is comprised of four Directors who are appointed each year from, and by, the Board of Directors.

Any member of the Board of Directors may attend the meetings of this Committee as participants; however, they do not have a vote on matters placed before the Committee. The mandate of the Committee is to fulfill the duties that are prescribed by the Board of Directors, as detailed in the Terms of Reference. The Committee is required to meet at least once each quarter. During this past year, the Committee met six (6) times.

The Committee has three (3) primary areas of responsibility:

1. Ensures that governance policies and practices evolve with the needs of the Credit Union. The Committee makes certain that Board members have adequate development and succession plans, that the Board is accountable to stakeholders, and that duties and regulatory requirements are fulfilled.
2. Assists in protecting the reputation of PenFinancial through the oversight of the development and monitoring of ethical conduct policies followed by Directors and employees of the Credit Union, and to prevent the exercise of undue influence by related and restricted parties.
3. Ensures Human Resources policies are in place to provide PenFinancial employees with fair and meaningful employment in a safe and respectful workplace. The Committee also collaborates with the Board Chair in the evaluation and compensation process of the CEO.

The Governance & HR Committee is pleased to report to the members that, throughout 2025, it carried out its responsibilities in accordance with the Terms of Reference assigned to it by the Board of Directors. The following briefly details a few of the many, important issues/projects the Committee was involved in:

1. The continuation of a comprehensive educational program for all Directors, including performance assessment, gap analysis and continuing education.

2. The Committee is in the process of launching a comprehensive on-boarding and mentorship program for new Directors.
3. Reviewed all governance related policies for relevance and recommended changes to the Board of Directors, where appropriate.
4. Reviewed adherence to governance related Standards of Sound Business Practice, and considered appropriate improvements.

The Committee is pleased to report that Management continues to engage with it in a spirit of close cooperation. The Committee notes that it presented numerous recommendations to the Board of Directors during the past year, and that agreement was achieved regarding all matters. There are no matters of concern requiring disclosure or reporting to the members at this time.

PenFinancial Credit Union is committed to achieving high standards of effective governance as we continually improve our structures, processes and relationships to allow us as a Board to uniformly act as a high performing team; collaboratively partner with the CEO on substantive matters; and sharpen our focus on our long-term success.

Thank you to the members of the Governance & Human Resources Committee (Grace Pang, Rick Tabaka and David Veres) for their commitment and candor during our discussions this year. I would also like to thank Management and staff for their cooperation and support.

Respectfully submitted,



Laurie Ryan-Hill
Chair, Governance and
Human Resources Committee

2026-2028 Strategic Plan

In 2025, the Board of Directors initiated the development of a three-year Strategic Plan to guide PenFinancial's future, including refining our Mission, Vision and Values. The plan reinforces our commitment to remaining an independent, financially sustainable credit union grounded in our Purpose and Values. It outlines the three strategic pillars that will shape how we focus our resources and deliver long-term value for our members and communities.

Each year, the Board will review and, if necessary, refine the Strategic Plan to ensure it reflects current market conditions and continues to support long-term value for our members. This annual review also recognizes the essential role of our employees, whose expertise and commitment are critical to delivering on our strategic priorities.

PEOPLE-DRIVEN: Empowering people to thrive and grow

By investing in our teams and culture we elevate performance, foster collaboration, and build an organization where people thrive.

Objectives

Employee Engagement

- Maintain healthy employee engagement
- Manage voluntary turnover of employees
- Enhance leadership and sales training

Community Impact

- Deliver on our Purpose by maintaining our Truly Local Commitment

MEMBER-CENTRIC: Serving members through insight and experience

By putting our members at the heart of every decision, we nurture meaningful relationships through value-added service and personalized advice.

Objectives

Membership Growth (critical focus)

- Acquire new members
- Optimize existing membership
- Deepen member relationships to improve profitability

Member Experience

- Maintain member satisfaction
- Enhance digital banking
- Preserve personalized service and advice

INTEGRITY-FIRST: Leading with integrity and financial accountability

By making risk-informed business decisions guided by strong governance, discipline, and regulatory alignment, we act as responsible stewards of our members' trust and financial resources.

Objectives

Profitability (critical focus)

- Grow Return on Assets
- Decrease reliance on investment shares

Governance & Risk

- Ensure regulatory compliance
- Maintain robust Enterprise Risk Management (ERM) practice
- Mature governance practices

Our Members

Our commitment to our members is central to our Purpose of *improving lives and strengthening communities*. Everything we do starts with understanding our members' needs and delivering meaningful, personalized experiences.

In 2025, we continued to bring this commitment to life through several key initiatives:

- Launched a new member referral program
- Increased our focus on providing advice relating to intergenerational wealth transfer and estate planning support
- Refreshed our day-to-day banking accounts to deliver better value
- Continued to survey members twice a year to understand satisfaction and identify opportunities to improve
- Maintained member satisfaction scores that continue to exceed industry averages

Looking ahead, a member-centric approach remains a core pillar of our 2026–2028 Strategic Plan with a number of initiatives planned to improve our ability to meet our members' needs, such as enhanced digital banking, new products, and a continued commitment to providing timely advice that is in the best interest of our members.

ADVICE MADE FOR YOU

From everyday budgeting to long-term planning, our Truly Local Advisors offer personalized advice tailored to your life. Schedule an appointment at PenFinancial.com/BookAMeeting



DELIVERING MEMBER EXPERIENCE

9 in 10

Members are satisfied overall with PenFinancial

9 in 10

Members are confident that PenFinancial can meet their needs

9 in 10

Members are likely to continue using PenFinancial in five years' time

4 in 5

Members are likely to recommend PenFinancial to friends and family

STAYING CONNECTED

 **1.7M**

Point of Sale transactions

 **306,888**

e-Transfer transactions

 **1,448**

Member Care calls made

 **31,030**

Incoming calls answered in our Truly Local Contact Centre

 **6**

Financial Literacy and Estates seminars delivered

LEADING WITH ADVICE

RIA 100%

Of our Licensed Advisors hold their Responsible Investment Specialist (RIS) designation

EOTO 2

Team members trained to lead Each One Teach One financial literacy seminars

 **664**

Financial plans created or updated using Naviplan

 **10**

Truly Local Advice articles published – delivering practical insights on fraud prevention, estate planning, and financial wellbeing

 **1,297**

Life Event Conversations completed

Protecting Our Members from Fraud

Online and banking-related fraud continues to rise across Canada, and seniors are among the most frequently targeted. Scams such as phishing, tech-support fraud, fake websites, and “grandparent” scams are becoming more sophisticated, making awareness and prevention more important than ever.

At PenFinancial, protecting our members is a key part of *improving lives and strengthening communities*. We focus on simple, accessible education and strong security practices to help members bank with confidence.

How we help keep members safe

Practical, easy to understand education

We share regular fraud alerts, prevention tips, and clear guidance through our website, branches, and member communications. Our online Fraud Prevention Centre offers straightforward resources to help members spot common scams and protect their information.



Support for seniors

Because seniors face higher fraud risks, our teams take additional steps to:

- Create awareness about emerging scams
- Provide one-on-one support in branch or by phone
- Encourage family involvement when helpful
- Reinforce safe digital banking habits

Enhanced digital security

We continue to strengthen our systems with:

- Secure online and mobile banking environments
- Multi-factor authentication
- Monitoring for unusual or suspicious activity

Helping members stay vigilant

We remind members to:

- Never share personal or banking information by email, text, or phone
- Be cautious of urgent or emotional requests for money
- Verify unexpected messages directly with PenFinancial
- Report anything suspicious right away

A community approach to fraud prevention

Fraud prevention works best when we work together. By combining strong security practices, ongoing education, and personalized support, we help members—especially seniors—bank with confidence.

To learn more or access our fraud prevention resources, visit [PenFinancial.com/FraudPrevention](https://www.penfinancial.com/fraudprevention)



Our People

At PenFinancial, our people are at the heart of everything we do. Their wellbeing, growth, and engagement shape the experience we deliver to our members every day. When our employees feel supported and empowered, they're able to help our members—and our communities—thrive.

As we look ahead to 2026 and beyond, our People-Driven strategic pillar reinforces this commitment. By investing in our teams and strengthening our culture, we build a workplace where people can grow, collaborate, and do their best work. This focus not only elevates performance—it directly supports our Purpose of *improving lives and strengthening communities*.

EMPLOYEE ENGAGEMENT

We continued to prioritize strong employee engagement, creating a workplace where people feel connected, supported, and motivated to contribute to our shared success.

- **Employee Engagement score** was 79, a 2-point increase from 2024, after a period of significant transition and following two years in a row of declining engagement.
- Other highlights from the 2025 Employee Engagement Survey included:
 - Strong alignment with Purpose and Values.
 - Increased communications scores citing value received from enhanced internal touchpoints
 - High survey participation of 89%.
- **Employee retention rate** was 83.6%, slightly lower than in 2024.
- **Pay transparency** was implemented in March 2025, ahead of legislated requirements, providing detailed information to staff about their salary range and current wages.

EMPLOYEE EXPERIENCE

We are committed to building a workplace where everyone feels valued and respected. In 2025, we continued to strengthen awareness of the diversity in our workplace and our communities, and foster a culture where different perspectives are welcomed.

- We expanded efforts to **strengthen our workplace culture and celebrate diversity**.
- Initiatives included:
 - Employee Development Day, focused on sharing information and gathering ideas for the new Strategic Plan.
 - We were certified to be able to identify and support victims of financial abuse; plaques were installed in branches to signal available support.

- Spotlight on PenFinancial's history, including charters and documents shared ahead of Labour Day.
- Held Diwali celebrations, featuring a video from participating employees — with more diversity activities planned for 2026.
- Employee feedback reinforced that staff feel safe expressing their ideas, opinions, and beliefs remained strong.

EMPLOYEE GROWTH

We believe that investing in our people is essential to delivering exceptional service. Employees have access to on-the-job learning, professional development, and continuing education opportunities that help them build skills and grow their careers.

- Our commitment to providing growth opportunities for staff was reflected in our survey results — influenced by several factors including:
 - Internal mobility remained strong with 46% of roles filled internally.
 - 21 employees participated in 29 courses, many supporting ongoing certification and professional credit requirements.
 - Two Branch Managers were certified through the Each One Teach One program, allowing them to deliver financial literacy and other financial-related topics in our communities.
 - A Management development program was introduced to support stronger coaching with staff.

EMPLOYEE WELLBEING

Supporting employee wellbeing remains a core priority. We offer comprehensive benefits enhanced for 2026, access to Employee Assistance Programs, paid wellness days, and initiatives that promote physical, mental, and financial health.

- An employee banking offer was introduced late in 2025 which provided enhanced rates on certain products.
- Employee benefits were updated to reflect feedback from employees while creating a more sustainable model for the organization.

Positive progress on wellbeing was also noted through:

- Increased scores on the Employee Engagement Survey relating to workload management, flexibility, and autonomy.
- 97% of wellness days were used in 2025.

Our Truly Local Commitment

Our Truly Local Commitment is central to who we are as a financial cooperative. We understand that when our members grow, our communities grow with them, so we use our business as a force for good to strengthen that connection. It's part of the credit union difference—putting people first and investing locally to create meaningful impact.



A YEAR OF COMMUNITY IMPACT

In 2025, PenFinancial continued to support the communities we proudly serve. From local events and fundraisers to team walks, bike rides, and hands-on volunteer initiatives, our employees, members, and partners helped make a meaningful difference across Niagara and Dunnville.

Working alongside inspiring non-profits and community organizations, we supported more causes and more people than ever before. We also celebrated the third year of our PenFinancial Truly Local Grant Program, awarding four grants to organizations creating lasting, positive change close to home.

Our impact was powered by passionate staff, generous members, and partners who share our belief in people helping people. This commitment will remain a core component of our 2026–2028 Strategic Plan, reflecting how central our Truly Local Commitment is to who we are. It's a key differentiator for PenFinancial, a source of pride for our employees, and something members consistently tell us influences their decision to bank with us.

Learn more at PenFinancial.com/TLC



2025 Highlights

 OVER **2,000**
Volunteer Hours Served

Every PenFi employee is encouraged to complete at least one volunteer activity each year as part of their Truly Local Commitment goal.

 **100+**
Local Organizations Served

Our staff volunteered with more than 100 non-profit and community groups across the Niagara and Haldimand regions.

 OVER **\$18,000**
In Truly Local Ambassador (TLA) Donations

We donate \$200 on behalf of every employee annually to recognize their volunteerism and community involvement with their chosen charity.

 ADDITIONAL **\$7,000+**
Raised Through Branch-led Fundraisers

Supporting local causes chosen by our branches and members.

Community Investment

\$58,000+
In Corporate Donations

\$11,500
In Scholarships and Bursaries

\$25,000
In Truly Local Grant Funding



2025 Truly Local Grant Recipients

Now in its third year, the program provides \$25,000 in funding to grassroots, front-line initiatives that make a meaningful difference in the lives of local residents. Throughout October, PenFinancial's Truly Local Grant Committee reviewed dozens of applications, dedicating time to score and evaluate each initiative based on its community impact. After careful consideration, four organizations were chosen—each demonstrating remarkable commitment to meeting urgent needs and improving quality of life across the region.



\$8,000

Northend Church (St. Catharines)

Supporting the *No Body Goes Hungry Project*, a vital food bank serving more than 280 families each month.

\$7,000

ToolBox Project Niagara

Expanding year-round personal care packages for individuals across the Niagara region.

\$5,000

Crystal Ridge Dream Center

Enhancing the Community Kitchen Program, which provides free, hot, nutritious meals twice a week to neighbours in Crystal Beach and Fort Erie.

\$5,000

Dunnville Secondary School

Strengthening their long-standing Breakfast Program, offering free grab-and-go meals to help students start their day well.



Celebrating our Truly Local Leaders

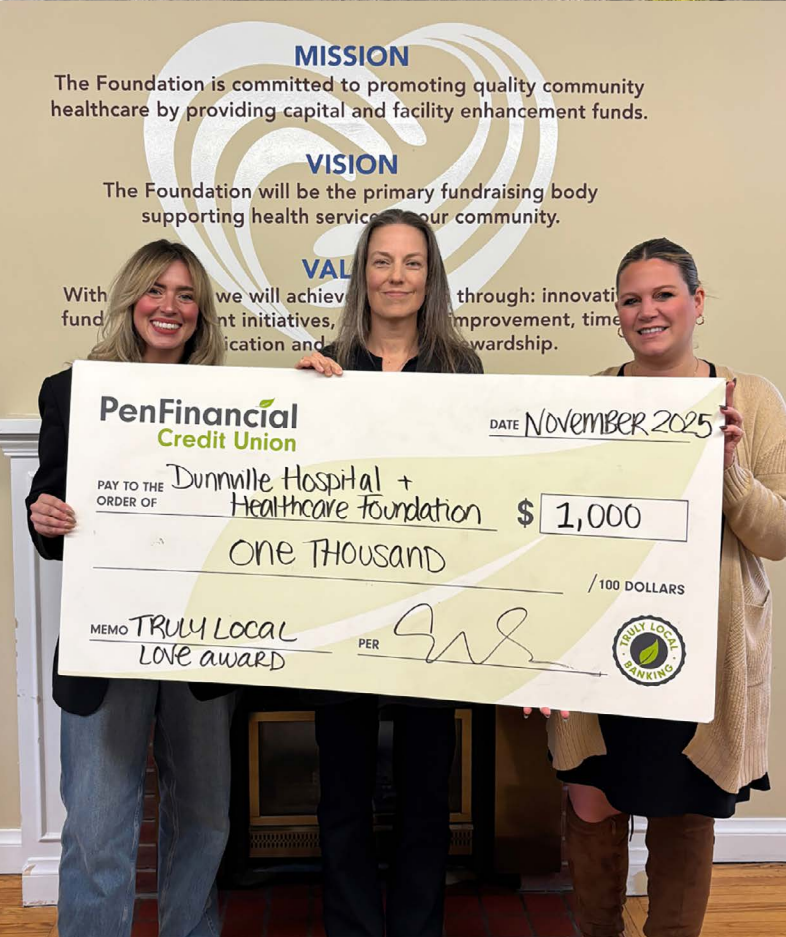


2025 KEN JANZEN TRULY LOCAL AMBASSADOR AWARD

For more than 13 years, **Christine Nadeau** has been a dedicated member of the PenFinancial family—supporting members, uplifting teammates, and giving back through cancer care fundraising, the Rankin Cancer Run, and ongoing volunteer work with several local organizations. She directed her \$1,000 award donation to **Open Arms Mission of Welland's Food Rescue Program**, reflecting her commitment to *improving lives and strengthening communities*.

TRULY LOCAL LOVE AWARD

This year we introduced the Truly Local Love Award, celebrating the organizations our employees personally support. Our first recipient, the **Dunnville Hospital & Healthcare Foundation**, was nominated by **Tetje Allan**, who volunteered 28 hours for the Smile Cookie campaign and helped raise significant funds through the Hearts and Soles Walk. The \$1,000 donation will help purchase critical medical equipment for the Dunnville Hospital.



2025 TRULY LOCAL HERO

We proudly recognize **Stacey Barrett** as our 2025 Truly Local Hero for contributing more than 230 volunteer hours. Her extraordinary dedication to **Niagara Dog Rescue** has helped facilitate 1,258 dog adoptions since 2023—including 634 in 2025 alone. Stacey directed her \$500 award donation to Niagara Dog Rescue, demonstrating how individual passion can create meaningful, lasting change.

What makes us Truly Local

Being Truly Local is about more than donations or volunteer hours—it's about how we choose to do business.



We power all PenFinancial locations with **100% renewable energy** through Bullfrog Power.



We are proud to be **Niagara's first financial institution recognized as a Living Wage Employer.**



We **reinvest a portion of our profits** directly into the communities we serve.

Above all, being Truly Local means showing up, listening, and putting people before profits. It's people supporting people, communities lifting each other up, and a commitment to doing what's right—not what's easy. That's the credit union difference.



Community Spotlight

The BIG Start

with Big Brothers Big Sisters of Niagara

In 2025, we forged a new partnership with Big Brothers Big Sisters of Niagara to sponsor The Big Start campaign this past summer. By providing a \$5,000 donation, BBBSN was able to purchase back-to-school shopping gift cards for youth in need. Our Niagara branches also served as donation drop off sites throughout the region, and our staff volunteered to help stuff backpacks at The Pen Centre in August.

Learn more about Big Brothers Big Sisters of Niagara at Niagara.BigBrothersBigSisters.ca

NEVER MISS AN UPDATE

From community impact to member news, stay in the loop with our eNewsletter. Register at: PenFinancial.com/Signup



2025
Financials

PenFinancial
Credit Union

Report of the Independent Auditor on the Summary Financial Statements

To the Board of PenFinancial Credit Union Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2025, and the summary statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of PenFinancial Credit Union Limited (the Credit Union) for the year ended December 31, 2025.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the criteria disclosed in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Credit Union's 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 March 10, 2026. The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on February 26, 2025.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed 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 Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
March 10, 2026

PenFinancial Credit Union Statement of Financial Position

December 31 2025 2024

Assets

Cash (Note 10)	\$ 20,566,756	\$ 20,580,877
Investments (Note 11)	37,027,002	33,070,774
Income taxes receivable	-	143,196
Loans to members (Note 12)	739,380,912	731,065,035
Other assets	734,482	1,147,153
Deferred income tax asset (Note 22)	19,009	33,210
Investment in joint venture	-	77,487
Property and equipment (Note 15)	10,628,376	10,984,378
Intangible assets (Note 16)	214,177	73,234
	\$ 808,570,714	\$ 797,175,344

Liabilities

Deposits from members (Note 18)	\$ 670,231,180	\$ 654,473,182
Other liabilities (Note 19)	6,962,782	6,654,967
Mortgage securitization liabilities (Note 20)	73,149,372	79,733,244
Member shares (Note 23)	183,910	192,020
Income taxes payable	255,664	-
	750,782,908	741,053,413

Members' Equity

Class B special shares (Note 23)	29,483,527	29,469,324
Retained earnings	28,304,279	26,652,607
	57,787,806	56,121,931
	\$ 808,570,714	\$ 797,175,344

Commitments (Note 27)

On behalf of the Board:



 Director



 Director

The accompanying notes are an integral part of these financial statements.

PenFinancial Credit Union Summary Statement of Comprehensive Income

For the year ended December 31	2025	2024
Interest income	\$ 33,420,709	\$ 33,697,419
Investment income	1,665,212	1,807,868
	<u>35,085,921</u>	<u>35,505,287</u>
Interest expense	15,930,416	19,289,873
Other interest expense	2,731,962	2,207,867
	<u>18,662,378</u>	<u>21,497,740</u>
Net interest income	16,423,543	14,007,547
Recovery (provision) for impaired loans	46,172	(434,156)
Financial margin	<u>16,469,715</u>	<u>13,573,391</u>
Net gain (loss) from other financial instruments carried at fair value through profit or loss	933	(1,069)
Other income	4,584,054	4,343,087
Total operating income	<u>21,054,702</u>	<u>17,915,409</u>
Deposit insurance premium	565,316	508,169
General and administrative	4,963,567	5,036,167
Occupancy	1,637,142	1,594,747
Personnel expenses	10,690,791	10,346,576
Total operating expenses	<u>17,856,816</u>	<u>17,485,659</u>
Income before income taxes	3,197,886	429,750
Income tax - current (recovery)	<u>293,485</u>	<u>(177,055)</u>
Net income and comprehensive income	<u>\$ 2,904,401</u>	<u>\$ 606,805</u>

The accompanying notes are an integral part of these financial statements.

PenFinancial Credit Union Summary Statement of Changes in Members' Equity

For the year ended December 31	Class B special shares	Retained earnings	Total
As at January 1, 2024	\$ 27,787,299	\$ 27,527,814	\$ 55,315,113
Total comprehensive income	-	606,805	606,805
Total dividends declared on Class B special shares	-	(1,482,012)	(1,482,012)
Dividends reinvested in Class B special shares	1,682,537	-	1,682,537
Net shares redeemed	(512)	-	(512)
As at December 31, 2024	29,469,324	26,652,607	56,121,931
Total comprehensive income	-	2,904,401	2,904,401
Total dividends declared on Class B special shares	-	(1,252,729)	(1,252,729)
Dividends reinvested in Class B special shares	14,203	-	14,203
Net shares redeemed	-	-	-
Balance at December 31, 2025	\$ 29,483,527	\$ 28,304,279	\$ 57,787,806

The accompanying notes are an integral part of these financial statements.

PenFinancial Credit Union Summary Statement of Cash Flows

For the year ended December 31	2025	2024
Cash provided by (used in)		
Operations		
Excess of revenues over expenses	\$ 2,904,401	\$ 606,805
Items not involving cash:		
(Recovery) provision for impaired loans	(46,172)	434,156
Interest income	(33,420,709)	(33,697,419)
Interest expense	15,930,416	19,289,873
Depreciation and amortization	924,641	959,714
Net loss (gain) from other financial instruments carried at fair value through profit and loss	(933)	1,069
Loss on sale of property and equipment	20,275	32,956
Income tax expense (recovery)	293,485	(177,055)
	(13,394,595)	(12,549,901)
Changes in operating assets/liabilities		
Change in loans to members	(8,239,618)	(29,011,393)
Change in deposits from members	16,539,128	(2,155,286)
Change in other assets and liabilities	1,090,669	(876,392)
	(4,004,416)	(44,592,972)
Interest received	33,387,622	33,686,023
Interest paid	(16,711,546)	(18,717,490)
Income tax refund	119,576	538,333
	12,791,236	(29,086,106)
Investing		
Net change in investments	(3,877,808)	(1,809,339)
Purchase of intangible assets	(183,334)	-
Purchase of property and equipment	(546,524)	(338,276)
	(4,607,666)	(2,147,615)
Financing		
Proceeds from securitization of mortgages	10,920,795	31,759,078
Repayment of mortgage securitization liabilities	(17,501,667)	(7,394,940)
Redemption of membership shares - net	(8,110)	(5,240)
Issuance of Class B special shares - net	14,203	1,682,537
Redemption of Class B shares	-	(512)
Dividends on Class B special shares	(1,482,012)	(1,682,537)
Repayment of lease liabilities	(140,901)	(132,346)
	(8,197,692)	24,226,040
Net decrease in cash	(14,122)	(7,007,681)
Cash, beginning of the year	20,580,877	27,588,558
Cash, end of the year	\$ 20,566,756	\$ 20,580,877

The accompanying notes are an integral part of these financial statements.

PenFinancial Credit Union Notes to Summary Financial Statements

December 31, 2025

1. Nature of Operations

The summary financial statements are derived from the audited financial statements, prepared in accordance with IFRS Accounting Standards, as at December 31, 2025 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with the audited financial statements.

Management has prepared these summary financial statements using the following criteria:

- a) the summary financial statements include a statement for each statement included in the audited financial statements;
- b) information in the summary financial statements agrees with the related information in the audited financial statements;
- c) major subtotals, totals and comparative information from the audited financial statements are included; and
- d) the summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summarized financial statements.

The audited financial statements of PenFinancial Credit Union Limited are available upon request by contacting the Credit Union.

Notes

Notes



PenFinancial

Credit Union



247 East Main Street
Welland, ON, L3B 3X1



1-866-866-6641



info@penfinancial.com



penfinancial.com



@PenFinancial

