

2023

Annual
Report

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Our Values

ACCOUNTABILITY

We willingly accept responsibility for our actions.

INCLUSIVITY

We value diversity and treat everyone fairly and equally.

INTEGRITY

We develop trusting relationships and maintain the highest ethical standards.

RESPECT

We build mutual respect through honest and authentic relationships.

WHO WE ARE

Our Purpose

Improving lives and strengthening communities.

Our Mission

At PenFinancial Credit Union, we build authentic relationships and provide targeted services and experiences to improve lives and strengthen our communities.

Our Vision

To be the financial partner of choice in the communities we serve.



2023 PERFORMANCE HIGHLIGHTS

 **\$774.77M**
Total assets


 **\$920.72M**
Assets under management

 **\$1.66M**
Net income (after tax)

 **6.00%**
Dividend on Niagara Shares

 **\$145.95M**
Wealth assets

 **6.81%**
Leverage ratio

 **14.98%**
Risk weighted capital ratio

 **\$201,707.50**
Truly Local Commitment donations

BY THE NUMBERS

 **19,712**
Members

 **109**
Employees

 **1,297**
NaviPlan conversations completed.
121% INCREASE FROM 2022

 **203**
Financial Plans created or updated.
179% INCREASE FROM 2022

 **15,236**
Member Care calls made.
113% INCREASE FROM 2022


 **89.2%**
Contact Centre call answer rate.


 **4,227**
Appointments scheduled through CoconutCalendar.

CoconutCalendar usage improves our Members' experience, our advisors' efficiency, and overall professionalism.

 **71%**
 Of our Licensed Advisors have their PFP or CFP designation.

 **100%**
Of our Licensed Advisors hold their RIS designation.

 **7,837**
Online Banking and Mobile App users.

 **3.3M**
Online Banking and Mobile App interactions.

A MESSAGE FROM OUR ACTING CHIEF EXECUTIVE OFFICER

It is an honour to provide this year's report as the Acting CEO of PenFinancial. I stepped into this role temporarily in late 2023 while our CEO, Theresa Bird, is on a leave of absence.

As Chief Finance and Compliance Officer, I have had the privilege of witnessing firsthand the exceptional leadership exhibited by Theresa and I am committed to ensuring the continued growth and prosperity of our Credit Union during her absence.



NAVIGATING A CHANGING LANDSCAPE

In 2023, the Canadian credit union industry faced an unprecedented landscape marked by both opportunities and challenges. The industry continued to face the impacts of global economic fluctuations, regulatory changes, and rapid technological advancements. The interest rate environment squeezed margins, prompting credit unions to seek opportunities for cost optimization, while continuing to deliver outstanding service to their members.

In November 2023, the Board of Directors of PenFinancial Credit Union announced we had engaged in preliminary conversations about a potential merger with Mainstreet Credit Union and a Letter of Intent was signed by both Credit Unions.

This initiated a detailed due diligence process and the development of a business case to evaluate potential risks, opportunities and overall alignment between both Credit Unions, as well as validating if this merger would achieve the Board of Director's long-term strategic objectives.

After the completion of thorough analysis and subsequent deliberation by our Board of Directors, the business case was not strong enough to support a decision to proceed with this merger. As always, the Board's decisions are guided by the best interests of our members and staff.

FINANCIAL HIGHLIGHTS OF 2023

Despite the headwinds of the last year, PenFinancial Credit Union produced strong results by controlling the controllable factors and applying sound financial judgement and strategic decision-making. A full financial analysis follows, but highlights include:

- Net lending growth of 3.80%
- Risk-weighted capital ratio of 14.98%
- Over \$16 million interest paid on member deposits
- 6.00% dividend declared on all Niagara Shares held by members

While these financials paint a strong and stable picture, they are only part of the story. Across all of our strategic pillars there are reasons to celebrate the successes behind the numbers.

EXCEPTIONAL PEOPLE

At the heart of PenFinancial lies a community of exceptional individuals who embody the mission of improving lives and strengthening communities – whether by supporting our members, improving the Credit Union, or through volunteerism in the community.

Once again, our employee retention and engagement levels are a testament to the vibrant spirit that pervades our organization, remaining consistently within the “Healthy” level—a source of pride and a reflection of our team's commitment to their work and each other.



At the heart of PenFinancial lies a community of exceptional individuals who embody the mission of improving lives and strengthening communities.

MEANINGFUL MEMBER CONNECTIONS

Providing exceptional financial service remains a consistent focus for all employees, resulting in member satisfaction scores for PenFinancial that continue to exceed both the credit union system average and the broader financial services industry average. Complementing this was our focus on providing financial planning and advice to a record number of members last year. Not only has this approach deepened relationships with our members, but we're also confident that we're better meeting the needs of our members in order to set them up for long-term financial success.

SOUND FINANCIAL STEWARDSHIP

PenFinancial undertook numerous strategic initiatives in 2023 that underscored our commitment to safeguarding the assets of both the Credit Union and our valued members. Here are just a few highlights:

- Successful implementation of multi-factor authentication to enhance security on our digital banking channels to protect our members
- Diversification of our commercial lending portfolio to reduce risk and fortify our financial foundation
- Enhanced Anti-Money Laundering (AML) and fraud awareness training for all staff, reinforcing our commitment to regulatory compliance

The Credit Union's strong capital position supported the Board of Directors' decision to declare a dividend of 6.00% on all Niagara Shares held by our members in 2023. The Niagara Shares product continues to be a 'win-win' opportunity for both members who are looking for a long-term investment with a very strong return and the Credit Union whose capital is further strengthened by our members' desire to invest in our collective future.

EFFICIENT OPERATIONS

In 2023, our teams were focused on enhancing the member experience while also implementing more efficient processes to better utilize our resources. This commitment to operational efficiency resulted in streamlining many administrative processes, focusing on a “first time right” member experience, and ultimately creating more time for our staff to build meaningful member connections.

The mid-2022 launch of our Truly Local Contact Centre continues to reap benefits for PenFi members. This initiative provides members with an alternate means of receiving support for their financial needs and offers improved call answer rates. Located in Welland, the Contact Centre is a great example of how the PenFi team listens to the feedback received through our member satisfaction research and takes meaningful action to investment in initiatives that are important to you.

MODERN PRODUCTS AND SERVICES

Ensuring we remain competitive and meet member needs is what drives our approach to products and services. Our new First-time Homebuyer Savings Account (FHSA), launched in 2023, has already helped many members embark on their journey towards home ownership, while our Niagara Shares program continues to gain momentum among members seeking alternative investment options at competitive rates. We continue to closely monitor the financial landscape and regularly adjust our rates to ensure we are providing you with competitive solutions.

TRULY LOCAL COMMITMENT

A final area that deserves to be celebrated is PenFinancial’s ongoing dedication to our local communities through our Truly Local Commitment (TLC). Giving back is at the heart of our values as a Truly Local Credit Union and a Certified B Corp. In 2023, we continued to provide financial support for many local charitable organizations and

launched a new Truly Local Grant program to support more local organizations with charitable projects designed to strengthen our communities.

I am also exceedingly proud of our employees who demonstrate PenFinancial’s values by giving back to the community through volunteerism. In fact, our employees logged more than 1,250 volunteer hours across a wide range of charities, each of which were chosen by the employee based on causes that hold personal meaning for them.

As we close out 2023, we reflect upon the challenges and triumphs that have shaped our journey over the past year. Navigating the complex landscape of the financial industry, we faced headwinds with resilience and celebrated successes with gratitude. The dedication of our teams and the unwavering support of our members have collectively propelled us forward.

In the pages of this 2023 Annual Report, you’ll find a detailed account of our endeavors, illustrating the unique qualities that make PenFinancial special. I invite you to delve deeper into the report to gain a comprehensive understanding of the passion, commitment, and community spirit that define our Credit Union.



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As we look toward the future, we express our sincere gratitude to our members for their trust and continued partnership. Together, we remain steadfast in our drive to empower dreams, build financial security, and foster a community that thrives.

Shari Sekel
Acting Chief Executive Officer
Chief Finance and Compliance Officer



EXCEPTIONAL PEOPLE

When we invest in our people, our most valuable asset, they will be knowledgeable, creative and insightful in serving our members and delivering on our mission.



MEANINGFUL MEMBER CONNECTIONS

By doing what is best for our members, and delivering meaningful and memorable experiences, our members will become lifelong advocates for our brand.



SOUND FINANCIAL STEWARDSHIP

Maintaining a strong and sustainable financial foundation will allow the Credit Union to be forward-thinking with its actions to ensure sustainability and growth.



EFFICIENT OPERATIONS

By focusing on ways to simplify and streamline business practices, we make it easy for our members to do business with us, and optimize the use of resources.



MODERN PRODUCTS & SERVICES

Offering relevant products and services are our core business and will enable us to remain profitable and competitive.

REPORT FROM THE BOARD OF DIRECTORS

It is our pleasure to highlight the work the PenFinancial Board of Directors undertook in 2023.

The Board makes many contributions while providing oversight of the Credit Union – and 2023 was no exception. The responsibilities of your Board of Directors as described by our regulator include:

- Setting the strategic plan of the Credit Union and providing oversight to monitor the achievement of strategic goals;
- Establishing the Credit Union's business objectives;
- Establishing the Credit Union's risk appetite and risk tolerance with respect to the management of key financial and operating risks, as well as strategic risks;
- Reviewing and approving the Credit Union's policies and annual business plan;
- Ensuring that qualified and competent management is appointed to implement appropriate risk measurement techniques and risk management procedures;
- Ensuring that succession plans are in place for key members of the management and staff of the Credit Union;
- Reviewing and approving the annual internal and external audit plans;
- Reviewing reports of the Audit & Risk Committee and ensuring that all recommendations are appropriately addressed;
- Monitoring the performance of the Credit Union to ensure adherence to policy and the annual business plan; and
- Overseeing community relations and protecting members' rights.

We are pleased to report to you, the members and owners of PenFinancial Credit Union, that your Board of Directors has fulfilled the requirements of our regulator and that the Credit Union is operating within the regulatory requirements set forth.

Your Board continues to engage in governance education in order to stay apprised of emerging industry trends and regulatory changes. We have attended education courses, industry conferences and online learning seminars in order to accomplish this. In 2023, three of our Directors completed the Credit Union Director Achievement (CUDA) program.

Congratulations to Elizabeth Grimmond, Laurie Ryan-Hill and Angie Walker!

We are very pleased to report that PenFinancial finished 2023 in a secure financial position despite the many headwinds resulting from volatile markets, a rapidly changing credit union system, and some lingering effects from the pandemic. Our capital and liquidity positions remain very strong. You can read more in the annual report and financial statements which follow.

In addition to fulfilling all of their fiduciary duties, in 2023 the Board also worked with the Senior Leadership Team to develop

a new 3-year Strategic Accountability Framework for the Credit Union. This included validating and updating our organizational purpose, mission, vision and values.

As part of this strategic work, one potential path forward that was identified was to seek a like-minded partner to explore a merger with. In the late summer of 2023, the Board began to consider a potential merger opportunity with Mainstreet Credit Union and tasked its Strategic Oversight Committee (SOC) with oversight of this important process. With the signing of a Letter of Intent, both Credit Unions entered into an agreement to begin due diligence and develop a business case to explore the potential benefits, risks and opportunities of a merger.

After the completion of thorough analysis and subsequent deliberation by our Board of Directors, the business case was not strong enough to support a decision to proceed with this merger. As always, the Board's decisions were guided by the best interests of our members and staff. We thank Mainstreet for the opportunity to explore this potential partnership.

Following the announcement of the Director election results at the AGM, the 2024/2025 Board, with the support of senior management, will revisit the Strategic Accountability Framework developed and approved in 2023 in order to charge the path forward toward our strategic objectives.

This past year has been an exciting time at PenFinancial and it has been an honour for your Board to serve the members of the Credit Union.

Finally, we would also like to thank the employees and leadership team at PenFinancial for their ongoing dedication to serving our members and delivering on our purpose of improving lives and strengthening communities.



We are very pleased to report that PenFinancial finished 2023 in a secure financial position despite the many headwinds resulting from volatile markets, a rapidly changing credit union system, and some lingering effects from the pandemic. Our capital and liquidity positions remain very strong.

BOARD OF DIRECTORS



Sandy Henderson
Board Chair



Kirbi Simpson
Board Vice-Chair



Angie Walker
Chair of Audit and Risk Committee



Elizabeth Grimmond
Chair of Governance and Human Resources Committee



Ryan D'Sa
Chair of Nominating Committee



Evan Acs



Dave Chamberlain



Peter Coughlin



Steve Gandour



Laurie Ryan-Hill



Chris Walsh

2023 MEETING ATTENDANCE

	BOARD MEETINGS ATTENDED	COMMITTEE MEETINGS ATTENDED*	HONORARIUM PAID	PLACE OF RESIDENCE
SANDY HENDERSON Board Chair	10/10	6/6	\$14,316.69	St. Catharines
KIRBI SIMPSON Board Vice-Chair	8/10	6/6	\$11,175.00	Wainfleet
ANGIE WALKER Chair of Audit and Risk Committee	10/10	6/6	\$13,458.31	Fonthill
ELIZABETH GRIMMOND Chair of Governance and Human Resources Committee	10/10	6/6	\$11,962.50	Niagara Falls
RYAN D'SA Chair of Nominating Committee	6/6	5/5	\$6,620.81	St. Catharines
EVAN ACS	10/10	4/6	\$10,304.19	St. Catharines
DAVE CHAMBERLAIN	10/10	5/6	\$9,529.15	St. Catharines
PETER COUGHLIN	5/5	2/2	\$4,669.80	St. Catharines
STEVE GANDOUR	10/10	6/6	\$11,266.69	Dunnville
LAURIE RYAN-HILL	10/10	6/6	\$9,883.31	St. Catharines
CHRIS WALSH	10/10	6/6	\$9,804.19	Niagara Falls
REG SONNENBERG (Resigned April 2023)	5/5	1/1	\$7,450.00	Niagara Falls
RICK TABAKA (Term expired April 2023)	3/4	1/1	\$4,525.00	Niagara Falls

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

2023 BOARD EXPENSES

- Total honorarium paid — \$124,966
- Total expenses paid including education, conferences and other related expenses — \$76,432
- Total Board expenses — \$201,398

REPORT FROM THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is comprised of six Directors who are appointed each year from, and by, the Board of Directors

PenFinancial operates within a comprehensive regulatory framework underpinned by provincial legislation, specifically the *Credit Unions and Caisses Populaires Act, 2020*, S.O. 2020, c. 36, Sched. 7 (“the Act”). Credit unions are regulated by the Financial Services Regulatory Authority (FSRA), which administers regulations under the Act, as well as Rules and Guidance. FSRA oversees both market conduct and prudential regulation of all credit unions – including compliance with solvency rules – and provides deposit insurance held in Ontario Credit Unions and Caisses Populaires, up to prescribed limits.

The primary responsibility for overseeing both the Enterprise Risk Management Framework and PenFinancial’s risk management activities, as they relate to the categories of credit risk, market risk, and operations risk, falls upon the Audit and Risk Committee (ARC). The ARC oversees the design and implementation of internal controls to support both the risk management framework and the integrity of financial reporting, as well as compliance with regulatory matters. Further, the Committee provides oversight of the external and internal audit functions, and facilitates the independence of same.

The Audit Committee is specifically referenced in the Act, and the ARC must ensure that it meets the requirements prescribed therein.

As Chair, I have the pleasure of reporting that the PenFinancial Audit and Risk Committee has effectively conducted its affairs, as per Section 104 of the Act, and Section 36 of *Ontario Regulation 105/22* therein. At this time, there are no matters requiring disclosure to the members pursuant to the Act or Regulations.

I am proud to say that this incredibly hard-working committee has remained on task and on track with bi-monthly meetings fueled by an extensive checklist. In conjunction with management, a true team effort has been made and the ever-evolving list

of regulatory requirements has been fully satisfied. Some highlights of the fulfilled mandate items include:

- Appointment of Internal Auditor Jones and O’Connell LLP;
- Review and approval of the annual internal audit objectives, plans, and priorities, including audit report of branches and central services provided by the internal auditor and subsequent responses from management;
- Roll out of redesigned internal audit score card which is unique to PenFinancial and is an excellent tool to track progress on a year-over-year basis. This unique tool is to be monitored on an ongoing basis for 2024 to foster continuous improvement;
- Appointment of External Auditors, KPMG LLP;
- Assessment of the effectiveness of the External Auditors, and acquisition of assurances that the External Auditors have complied with their obligations and report thereon at least annually to the Board;
- Receipt and review of the results of the 2023 fiscal year; and
- Oversight of the Enterprise Risk Management Framework.

I would like to express my deepest gratitude to this Committee for its tireless devotion to accomplishing all of our goals and fulfilling all requirements, and to the PenFinancial management team for their hard work, dedication and flexibility in the face of an ever-changing regulatory environment. Thank you for cooperation in and dedication to this undertaking and thank you for your trust in me.

Respectfully submitted,



Angie Walker
Chair, Audit and Risk Committee

REPORT FROM THE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

The Governance and Human Resources Committee is comprised of five 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 2023, 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. The Committee is in the process of launching a comprehensive on-boarding and mentorship program for new Directors.

2. Reviewed all governance related policies for relevance and recommended changes to the Board of Directors, where appropriate.
3. Reviewed adherence to governance related Standards of Sound Business Practice, and considered appropriate improvements.

The Committee is also pleased to report that Management continues to work with it in 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 (Peter Coughlin, Sandy Henderson, Laurie Ryan-Hill, and Kirbi Simpson) 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,



Elizabeth Grimmond
Chair, Governance and
Human Resources Committee

ENHANCING THE MEMBER EXPERIENCE

Throughout 2023, we continued to focus on delivering exceptional service to our members. This involved listening to feedback, improving processes and services, and consistently delivering value-added advice.

When surveyed, **93%** of our members are completely satisfied or satisfied with PenFinancial overall, and **9 in 10** members are confident that PenFinancial can meet their needs. In both cases, this represents an increase over previous years.

IMPROVED CONNECTIONS WITH MEMBERS

Our Contact Centre, located in Welland, Ontario, continued to provide members with a convenient option for assistance. Since launching in fall 2022, we've improved our call answer rate to **89.2%**, amounting to a total of **31,784** calls in 2023.

We also made more than **15,000** proactive care calls to members and booked **4,227** one-on-one meetings with members.

LEADING WITH ADVICE

Providing members with quality financial advice and financial plans continues to be a key contributor to financial wellbeing. In 2023, our team of PenFinancial Wealth Advisors and Investment Specialists, created more than **203** customized financial plans for our members, and conducted almost **1,300** goal-based financial planning conversations – a record year!

ESTATE PLANNING

When a loved one passes away, our members and their families rely on our compassionate and caring team to help them navigate executor duties during estate settlement. In recent years, we've increased support with the addition of a dedicated Estate Specialist, specialized back-office support, as well as providing resources for members and their families. In 2023 alone, we met one-on-one with **239** executors and settled almost **300** estates.



USING BUSINESS AS A FORCE FOR GOOD®

At PenFinancial, we're committed to using business as a force for good. In 2019, we became a Certified B Corporation after months of preparation, documentation, and hard work. At PenFi, we believe that by holding ourselves to a higher standard, we are showing our members and the community that there is a better way to do business – one that is better for our employees, our communities and the environment.

Why do we decide to put all the time, energy and money into the B Corp certification process when so many people actually don't know what it means? Here's why: any organization can *claim* they care about the environment, their people and their community, but we want to back up those claims. We are willing to put in that extra work and those extra dollars to have a third party like B Corp verify that we actually do and what we say.

Certification requires us to meet the highest standards across five key areas:

-  **GOVERNANCE**
-  **MEMBERS**
-  **ENVIRONMENT**
-  **WORKERS**
-  **COMMUNITY**

YOU SHOULD BANK WITH
PenFinancial
Credit Union

Reason #7



All PenFinancial advisors are highly accredited and committed to continuing education to improve their skills.

71%
Of our licensed advisors have their PFP or CFP designation

100%
Of our licensed advisors have their Responsible Investment Specialist (RIS) designation



REDUCING OUR ENVIRONMENTAL IMPACT

We recognize the increasing importance of addressing our environmental impact. One way we are committed to doing this is by reducing the carbon emissions footprint of our operations and supporting renewable energy in Canada. Since September 2021, we've chosen green electricity and green natural gas for all PenFinancial locations through our partnership with Bullfrog Power, a Spark Power company.

Across Canada, Bullfrog's green electricity comes from a blend of wind and low-impact hydro power sourced from Canadian renewable energy facilities. Bullfrog's green natural gas is sourced from methane-capture projects situated at various Canadian landfills, wastewater treatment facilities, and anaerobic digestion sites.

AS OF DECEMBER 31, 2023,
WE'VE AVOIDED

288 TONNES
OF **CO₂e** EMISSIONS

THAT'S EQUIVALENT TO:

 **64 CARS**
taken off the road for one year

 **10,927 LIGHTBULBS**
switched to LEDs

 **140 HECTARES**
of forest growing for a year

PenFinancial Credit Union has been choosing green energy with Bullfrog Power since 2021.




MOTHER EARTH DAY

In 2023, PenFinancial continued as the Presenting Sponsor of Mother Earth Day in Niagara Falls. Organized and hosted by the Park in the City Committee, with the support of the Stamford Centre Volunteer Fireman's Association, the event is a celebration of the environment. Offering a range of family-friendly activities, the event enabled residents to participate in environmental initiatives, such as a community clean-up, tree planting and learning opportunities.



OUR PEOPLE

The wellbeing of our employees has always been a priority at PenFinancial. Whether that's through our investment in continuing education, our focus on maintaining high employee engagement, or our status as a Living Wage employer, exceptional member experience starts with happy employees.



EMPLOYEE ENGAGEMENT

We continue to maintain healthy employee engagement. A more stable economy in 2023 equaled a more stable workforce and employee satisfaction.

- **78** Healthy engagement score
- **93%** Participation rate
- Maintained a high community score for strong teamwork and pride in PenFinancial



EQUITY, DIVERSITY AND INCLUSION (EDI)

We are proud of the steps we have taken to date to ensure a diverse and inclusive workplace.

- **45%** of Board members identify as female
- **44%** of our workforce is under the age of 24 or over the age of 50



LIVING WAGE

PenFinancial was the first financial institution in Niagara to pay all of our employees a Living Wage and we're proud to see others following in our footsteps.

- Champion level Living Wage employer since 2018



CONTINUOUS LEARNING

PenFinancial provides employees with access to on-the-job skills development and opportunities for continuing education. By investing in our people, we can better support our members.

- **1,000+** Courses completed by employees to invest in skills development through continuous education in 2023



EMPLOYEE WELLBEING

We continue to support employees and encourage wellbeing through a variety of ways, including comprehensive benefits, Employee Assistance Programs, paid wellness days, and a wellness allowance. To provide added flexibility to employees, many roles are now supported through hybrid working arrangements.

IMPROVING LIVES STRENGTHENING COMMUNITIES

Here are just a few of the organizations we support:



HOSPICE NIAGARA

Hospice palliative care is needed more than ever in Niagara. For more than 30 years, Hospice Niagara has served communities across the region and is once again responding to an increased need for care, by building a new 10-suite hospice in Welland.

PenFinancial understands the importance of providing compassionate care for people at end of life and is supporting the construction of Walker House with a **\$25,000** investment to the Close to Home capital campaign. Construction is on track for opening in the fall of 2025 with all programs and services free of cost and offered in both English and French. This new hospice will benefit the entire Niagara region and, in addition to end-of-life care provided in the residence, it will increase in-home services and bereavement care for children, youth and adults. Walker House will provide all the comforts of home including warm and inviting spaces to gather with family and friends, outdoor patios with each suite, quiet places to take a break and relax and a peaceful outdoor greenspace.

By supporting hospice care in Niagara, PenFinancial will leave a legacy of care, compassion and dignity and make a lasting difference for generations to come.



OUR TRULY LOCAL COMMITMENT

2023 was jam-packed with community events, fundraisers, concerts, art displays, runs, bike rides...and more! We had a blast helping to improve lives and strengthen communities with so many other great partners and non-profits in Niagara and Haldimand.

It was also a special year for us since we launched our first ever PenFinancial Truly Local Grant Program, with **\$25,000** in funding to support local non-profit organizations in our communities.



By giving back a generous portion of our pre-tax profits through our TLC investment program, PenFinancial is making a Truly Local Commitment to help improve lives and strengthen communities. Through collaborative work with local charities and

not-for-profits, we're addressing challenges like health and wellness, poverty, access to education, and the environment. Since 2014, we've donated more than **\$1.4 million** back into our local communities.

NEW SCHOOL YEAR, NEW DONATIONS!

As part of our Truly Local Commitment, PenFinancial made a **\$12,000** donation to support school nutrition programs in Niagara and Haldimand!

\$8,500 was donated to Community Crew to purchase a new commercial fridge and to fund their lunch program. **\$3,500** was donated to Haldimand-Norfolk R.E.A.C.H. Child Nutrition Network's student nutrition programs in Dunnville schools. At PenFinancial, we're committed to improving lives and strengthening communities, and we're so thankful to be able to pay it forward and start this school year off right!



TLC | BY THE NUMBERS



OVER
1,250
VOLUNTEER HOURS SERVED

in the Niagara & Haldimand regions.
Every PenFi employee is encouraged to complete at least 1 volunteer activity in their community as part of their Truly Local Commitment goal.



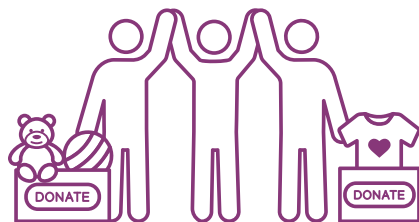
\$21,300
IN TLA DONATIONS MADE.

Every year, we make a charitable donation of \$200 on behalf of each of our employees to reward their volunteerism and community involvement!

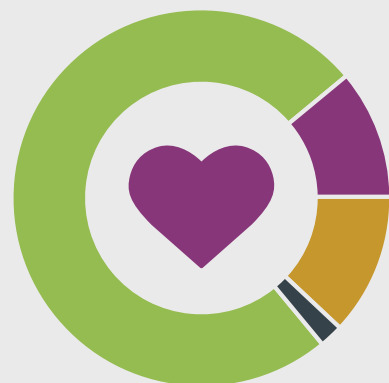


15 CHEQUE PRESENTATIONS
to local non-profit organizations.

Our PenFi team members love celebrating and sharing our Truly Local Commitment!



OVER
\$5,000
in additional donations raised through
BRANCH-LED FUNDRAISERS.



\$151,411 IN CORPORATE SPONSORSHIPS AND DONATIONS

\$21,300 IN TRULY LOCAL AMBASSADOR DONATIONS

\$25,000 IN TRULY LOCAL GRANT FUNDING

\$3,997 IN COMMUNITY SUPPORT AND IN-KIND DONATIONS

\$201,708



Our 2023 Truly Local Grant Recipients

\$10,000

TO **HOLY TRINITY CHURCH** IN WELLAND

Purchased new movable racks for their food and hygiene bank that increased their capacity by 40%!



\$8,000

TO THE **FORT ERIE NATIVE FRIENDSHIP CENTRE**

Purchased a brand new greenhouse and supplies for their upcoming Grow @ FENFC program.

\$5,000

TO **DUNNVILLE YOUTH IMPACT INC.**

A brand new commercial dishwasher was purchased for their life skills and community meals programming.



\$2,500

TO **PROJECT SHARE OF NIAGARA FALLS**

Gift cards and toys were purchased for their annual Christmas campaign that supports Niagara Falls families in needs.

TRULY LOCAL AMBASSADOR PROGRAM

The **Truly Local Ambassador** program encourages PenFinancial employees to get involved in their local community as brand ambassadors.

Employees can identify a charity that is meaningful to them personally and volunteer in some way to support that organization. In turn, PenFinancial provides **\$200** to their chosen charity on behalf of the employee with additional donations made for staff who lead a team activity.

Since its introduction in 2021 more than **\$39,700** has been directed to local charities on behalf of our employee ambassadors across a wide range of causes.



2023

Financials

KEN JANZEN TRULY LOCAL AMBASSADOR AWARD

Our former CEO, Ken Janzen, made his mark in the Niagara region with his commitment to bettering the lives of those in our community who were most vulnerable. Through his volunteer work with numerous charities, in both his personal life and as an Ambassador for PenFinancial Credit Union, Ken embodied our philosophy of Improving Lives and Strengthening Communities.

To recognize PenFinancial employees who show a similar commitment, the “Ken Janzen Truly Local Ambassador” award was introduced in 2022. This recognition is awarded to an employee of PenFinancial who goes above and beyond through their personal contribution of volunteering their time in the community. Staff can nominate their peers or self-nominate, and all nominations are scored by our Social Purpose Advisory Committee based on a variety of factors. The winner and runner up receive a donation in their name to a charity or non-profit of their choice.



JODIE DRENNAN

2023 Ken Janzen Truly Local Ambassador award winner

We were thrilled to present our HR Generalist, Jodie Drennan, with the 2023 TLA Award. We were even more thrilled to present a **\$2,000** cheque to Wellspring Niagara on her behalf!



DEBBI TONNIES-VIOLETTE

2023 Ken Janzen Truly Local Ambassador runner-up

Debbi is one of our trusted Wealth Advisors and was our runner up for the 2023 TLA Award. To recognize the her achievements, we made a **\$500** donation to The Hope Centre on her behalf.



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INDEPENDENT AUDITOR’S REPORT

To the Members of PenFinancial Credit Union Limited

Opinion

The summary financial statements of PenFinancial Credit Union Limited (the “Credit Union”), which comprise:

- the summary statement of financial position as at end of December 31, 2023
- the summary statement of comprehensive income for the year then ended
- the summary statement of changes in members’ equity for the year then ended
- the summary statement of cash flows for the year then ended
- and related note

are derived from the audited financial statements of PenFinancial Credit Union Limited as at and for the year ended December 31, 2023 (the “audited financial statements”).

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 1 in the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all of 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 Credit Union’s audited financial statements and auditor’s report thereon.

The summary financial statements and audited financial statements do not reflect the effects of events that have occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

On our report dated February 28, 2024, we expressed an unqualified opinion on the audited financial statements.

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 in the summary financial statements.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP



Auditor’s Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, Engagements to Report on Summary Financial Statements.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Ontario
 February 28, 2024

PENFINANCIAL CREDIT UNION LIMITED
SUMMARY STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

ASSETS	2023	2022
Cash	\$ 27,588,558	\$ 22,239,849
Investments	31,262,504	50,201,033
Income taxes receivable	587,236	98,836
Loans to members	702,476,402	676,789,059
Other assets	1,067,047	1,341,298
Investment in joint venture	77,487	77,487
Property and equipment	11,581,532	12,158,678
Intangible assets	130,474	166,349
	\$ 774,771,240	\$ 763,072,589
LIABILITIES		
Deposits from members	\$ 656,056,085	\$ 649,248,823
Other liabilities	7,784,124	7,157,585
Mortgage securitization liabilities	55,369,106	52,143,768
Deferred income tax liability	49,552	107,561
Membership shares	197,260	204,100
	719,456,127	708,861,837
MEMBERS' EQUITY		
Class B special shares	27,787,299	26,710,718
Retained earnings	27,527,814	27,500,034
	55,315,113	54,210,752
	\$ 774,771,240	\$ 763,072,589

See accompanying note to summary financial statements.

PENFINANCIAL CREDIT UNION LIMITED
SUMMARY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	2023	2022
Interest income	\$ 30,147,818	\$ 23,880,701
Investment income	2,272,806	1,046,212
	32,420,624	24,926,913
Interest expense	16,394,775	7,805,647
Other interest expense	1,223,665	1,263,848
	17,618,440	9,069,495
Net interest income	14,802,184	15,857,418
Provision for impaired loans	83,924	267,793
NET INTEREST MARGIN	14,718,260	15,589,625
Net gain (loss) from other financial instruments carried at fair value through profit or loss	861	(1,876)
Gain on disposal of property and equipment	-	420,194
Gain on disposal of property and equipment	-	551,549
Other income	3,878,059	4,324,685
TOTAL OPERATING INCOME	18,597,180	20,884,177
Deposit insurance premium	521,307	529,934
General and administrative	4,817,378	4,659,701
Occupancy	1,638,154	1,564,570
Personnel expenses	9,966,032	9,352,487
TOTAL OPERATING EXPENSES	16,942,871	16,106,692
Income before income taxes	1,654,309	4,777,485
Income tax expense	(9,327)	601,931
NET INCOME AND COMPREHENSIVE INCOME	\$ 1,663,636	\$ 4,175,554

See accompanying note to summary financial statements.

PENFINANCIAL CREDIT UNION LIMITED
SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

	CLASS B SPECIAL SHARES	RETAINED EARNINGS	TOTAL
As at January 1, 2022	\$ 25,884,241	\$ 24,605,823	\$ 50,490,064
Total comprehensive income	-	4,175,554	4,175,554
Total dividends declared on Class B special shares	-	(1,281,343)	(1,281,343)
Dividends reinvested in Class B special shares	826,477	-	826,477
AS AT DECEMBER 31, 2022	\$ 26,710,718	\$ 27,500,034	\$ 54,210,752
Total comprehensive income	-	1,663,636	1,663,636
Total dividends declared on Class B special shares	-	(1,635,856)	(1,635,856)
Dividends reinvested in Class B special shares	1,208,192	-	1,208,192
Net shares redeemed	(131,611)	-	(131,611)
AS AT DECEMBER 31, 2023	\$ 27,787,299	\$ 27,527,814	\$ 55,315,113

See accompanying note to summary financial statements.

PENFINANCIAL CREDIT UNION LIMITED
SUMMARY STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE INFORMATION FOR 2022

CASH PROVIDED BY (USED IN):	2023	2022
Operations:		
Net income	\$ 1,663,636	\$ 4,175,554
Items not involving cash:		
Provision for impaired loans	83,924	267,793
Interest income	(30,147,818)	(23,880,701)
Interest expense	16,394,775	7,805,647
Depreciation and amortization	1,003,450	1,023,999
Net gain from other financial instruments carried at fair value through profit or loss	(861)	1,876
Gain on sale of property and equipment	-	(551,549)
Gain on sale of other assets held for sale	-	(420,194)
Proceeds received on disposal of other assets held for sale	-	2,343,779
Income (recovery) tax expense	(9,327)	601,931
	(11,012,220)	(8,631,865)
Change in operating assets/liabilities:		
Change in loans to members	(25,422,758)	(10,677,850)
Change in deposits from members	3,176,338	13,169,338
Change in other assets and liabilities	1,033,927	1,061,562
	(32,224,713)	(5,078,815)
Interest received	29,799,308	23,651,484
Interest paid	(12,763,850)	(5,884,433)
Income tax paid (net of recoveries received)	(537,083)	(1,110,550)
	(15,726,338)	11,577,686
Investing:		
Net change in investments	18,939,390	(6,971,446)
Purchase of intangible assets	(24,533)	(160,602)
Purchase of property and equipment	(369,618)	(1,391,343)
Proceeds received on disposal of PPE	3,722	177,254
	18,548,961	(8,351,771)
Financing:		
Proceeds from securitization of mortgages	12,491,186	12,374,852
Repayment of mortgage securitization liabilities	(9,265,848)	(16,258,765)
Redemption of membership shares - net	(6,840)	(4,068)
Issuance of Class B special shares - net	1,076,581	826,477
Dividends on Class B shares	(1,635,856)	(1,281,343)
Repayment of lease liabilities	(133,137)	(119,182)
	2,526,086	(4,462,029)
Increase (decrease) in cash	5,348,709	(1,236,114)
Cash, beginning of year	22,239,849	23,475,963
CASH, END OF YEAR	\$ 27,588,558	\$ 22,239,849

See accompanying note to summary financial statements.

YEAR ENDED DECEMBER 31, 2023

1. **Applied criteria in the preparation of the summarized financial statements:**
- The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at December 31, 2023 and for the year than 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.

PenFinancial

Credit Union



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